

BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION

FILED
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ARDC Clerk

In the Matter of:

PATRICK DALEY THOMPSON,

Attorney-Respondent,

No. 6270729.

Commission No. 2022PR00059

COMPLAINT

Jerome Larkin, Administrator of the Attorney Registration and Disciplinary Commission, by his attorney, Scott Renfroe, pursuant to Supreme Court Rule 761, complains of Respondent Patrick Daley Thompson, who was licensed to practice law in Illinois on November 4, 1999, and alleges that Respondent has engaged in the following conduct which subjects him to discipline pursuant to Supreme Court Rule 770:

COUNT I

(Conviction for False Statements and Tax Fraud)

1. On April 29, 2021, a federal grand jury in the Northern District of Illinois charged Respondent in a seven-count criminal indictment with the offenses of knowingly making false statements to a financial institution and tax fraud. The matter was captioned *United States of America v. Patrick D. Thompson*, docket number 1:21-cr-00279, and assigned to the Hon. Franklin U. Valderrama.

2. Count One of the indictment charged that Washington Federal Bank for Savings (“Washington Federal”) was a financial institution in Chicago whose deposits, beginning in 1989, were insured by the Federal Deposit Insurance Corporation (“FDIC”). (Count One, at ¶ 1 (b)) In 2011, Respondent solicited and obtained a check from Washington Federal in the amount of \$110,000 that was used to pay his capital contribution to a law firm. Respondent executed a note,

but the loan was otherwise unsecured. (Count One, at ¶ 1 (d)) In 2013, by which time Respondent had made only one payment on the \$110,000 loan (Count One, at ¶ 1 (e)), he obtained a \$20,000 unsecured loan from Washington Federal, the proceeds of which he used to pay past-due taxes to the Internal Revenue Service (“IRS”). (Count One, at ¶ 1 (f)) In 2014, Respondent obtained a third loan from Washington Federal, in the amount of \$89,000, the proceeds of which he used to pay off a lien on property he owned. (Count One, at ¶ 1 (g))

3. Between 2012 and 2017, despite his having made only one payment towards any of the three loans, Respondent received IRS Forms 1098 that falsely stated that Washington Federal had received mortgage payments from Respondent. (Count One, at ¶¶ 1 (h-j)) In 2017, the Office of the Comptroller of the Currency determined that Washington Federal was insolvent and closed the bank. (Count One, at ¶ 1(k)) The FDIC, acting as a receiver, succeeded to all of Washington Federal’s interests, and it attempted (on its own and through other financial institutions acting as its agents) to obtain repayment from individuals (including Respondent) who had received money from Washington Federal and not repaid those funds. (*Id.*)

4. On or about February 23, 2018, Respondent falsely told a financial institution acting as an agent of the FDIC that he owed only \$100,000 or \$110,000 to Washington Federal, although he knew the total amount he had borrowed was \$219,000. (Count One, at ¶ 2) The indictment charged that Respondent’s statement violated Title 18, United States Code, Section 1014 (knowingly making false statements to a financial institution) (*Id.*).

5. Count Two of the indictment charged that Respondent again violated Title 18, United States Code, Section 1014 on March 1, 2018, when he falsely told the FDIC that he owed only \$110,000 to Washington Federal, that any higher amount was incorrect and that the loan proceeds had been used for home improvement. (Count Two, at ¶ 2) In fact, Respondent knew that

he had borrowed \$219,000 from Washington Federal and that the initial \$110,000 loan had been used to fund Respondent's capital contribution to the law firm. (*Id.*)

6. Counts Three, Four, Five, Six and Seven of the indictment alleged that Respondent violated Title 26, United States Code, Section 7206(1) (tax fraud) when he submitted to the IRS individual tax returns, schedules and attachments in which he falsely stated, under penalties of perjury, that he had paid various amounts in mortgage interest and had received certain amounts in income, when he did not believe those statements to be true and correct as to every material matter. More specifically, Count Three charged that Respondent filed an IRS Form 1040 tax return and schedules for calendar year 2013 in which he reported having paid mortgage interest in the amount of \$32,259 when he knew he had not paid that amount in mortgage interest, and that he reported \$356,951 in taxable income when he knew the actual amount was in excess of that amount. (Count Three, at ¶ 3 (a-b)) Count Four alleged that Respondent filed an IRS Form 1040 tax return and schedules for calendar year 2014 in which he reported having paid mortgage interest in the amount of \$34,735 when he knew he had not paid that amount in mortgage interest, and that he reported \$454,753 in taxable income when he knew the actual amount was in excess of that amount. (Count Four, at ¶ 2 (a-b)) Count Five alleged that Respondent filed an IRS Form 1040 tax return and schedules for calendar year 2015 in which he reported having paid mortgage interest in the amount of \$35,141 when he knew he had not paid that amount in mortgage interest, and that he reported \$1,802,518 in taxable income when he knew the actual amount was in excess of that amount. (Count Five, at ¶ 2 (a-b)) Count Six alleged that Respondent filed an IRS Form 1040 tax return and schedules for calendar year 2016 in which he reported having paid mortgage interest in the amount of \$34,879 when he knew he had not paid that amount in mortgage interest, and that he reported \$166,994 in taxable income when he knew the actual amount was in excess of that amount. (Count Six, at ¶ 2 (a-b)) Finally, Count Seven alleged that Respondent filed an IRS Form

1040 tax return and schedules for calendar year 2017 in which he reported having paid mortgage interest in the amount of \$33,371 when he knew he had not paid that amount in mortgage interest, and that he reported \$429,465 in taxable income when he knew the actual amount was in excess of that amount. (Count Seven, at ¶ 2 (a-b))

7. A jury trial in Respondent's criminal case began on Monday, February 7, 2022 and continued through Friday, February 11, 2022 before breaking for the weekend. The trial resumed on Monday, February 14, 2022, and the jury began and concluded its deliberations on that date, finding Respondent guilty of the conduct alleged in all seven counts of the indictment. That same day, Judge Valderrama granted Respondent's unopposed motion for an extension of time to file post-trial motions, to March 30, 2022, and scheduled sentencing for July 6, 2022.

8. On June 3, 2022, Judge Valderrama entered a memorandum opinion and order in Respondent's criminal case that rejected Respondent's arguments in favor of either a judgment of acquittal on all charges or a new trial, concluding that the evidence had been sufficient to establish Respondent's guilt of all charges and that there was no basis for him to receive a new trial.

9. At a July 6, 2022 sentencing hearing, Judge Valderrama sentenced Respondent to serve a period of four months in prison as to Counts One through Seven, to run concurrently. On July 11, 2022, Judge Valderrama entered a judgment of conviction in case number 1:21-cr-00279 that recommended that Respondent's four-month prison sentence be served at either of the Federal Correctional Institutions in Oxford, Wisconsin, or Terre Haute, Indiana, and ordered that Respondent serve a 12-month period of supervised release, pursuant to 18 United States Code 3583(d), following his release from prison, subject to certain conditions, including the payment of restitution of \$50,120.58 to the Federal Deposit Insurance Corporation and \$8,395 to the Internal Revenue Service.

