

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

In the Matter of:

**CARLO P. PALLADINETTI,**

Attorney-Respondent,

No. 6189764.

Commission No. 2020PR00083

**REPORT AND RECOMMENDATION OF THE HEARING BOARD**

**DEFAULT PROCEEDING**

The hearing in this matter was held by video conference on May 26, 2021 and May 25, 2022, before a Hearing Board Panel consisting of Henry T. Kelly, Chair, Gary Vanek, and Ghian Foreman. Patrick A. Bernard and Jonathan M. Wier appeared on behalf of the Administrator. Respondent joined the video conference on May 25, 2022 but then declined to participate and disconnected. No counsel appeared on Respondent's behalf. The Administrator recommended that Respondent be disbarred. We agree with the Administrator's recommendation.

We have considered the Administrator's one-count Complaint, a copy of which is attached as Exhibit 1. We have also considered the Order entered on April 16, 2021, deeming the allegations of the Complaint admitted, a copy of which is attached as Exhibit 2. Respondent did not file an answer or respond to the Motion to Deem the Allegations of the Complaint Admitted.

This matter was initially scheduled for hearing on May 26, 2021. At that time, upon learning that Respondent had a pending appeal of his criminal conviction, the Chair continued the hearing. On October 25, 2021, the United States Court of Appeals for the Seventh Circuit affirmed Respondent's conviction. No further appeals were filed. On May 25, 2022, the hearing was

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June 07, 2022

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reconvened. Respondent, who is incarcerated, joined the hearing by telephone and requested a continuance until after his release from prison in 2025. The Chair denied Respondent's motion. Respondent then indicated that he would not participate and disconnected from the hearing.

The allegations deemed admitted establish as follows. On March 1, 2016, Respondent was found guilty of one count of bank fraud in violation of Title 18, United States Code, Section 1344. His conviction arose from his participation in a multi-year scheme that provided fraudulent information to lenders in order to qualify buyers for mortgage loans to purchase condominium units owned by other participants in the scheme. Respondent made false representations to lenders and acted as the seller's attorney for the properties, which were owned by other defendants. On September 10, 2020, Respondent was sentenced to 96 months of incarceration, followed by 24 months of supervised release, and was ordered to pay \$10,032,200 in restitution.

Respondent has no prior discipline. We considered that factor in mitigation, but it does not lead us to recommend a different sanction.

In aggravation, the Panel considered Respondent's failure to participate in the hearing, his pattern of misconduct, his dishonest motives, and the significant financial harm that resulted from his misconduct.

Accordingly,

1. Respondent was personally served with the Complaint on February 22, 2021. A copy of the Proof of Service is attached as Exhibit 3.
2. The allegations of the Complaint were deemed admitted in an Order filed on April 16, 2021. A copy of that Order is attached as Exhibit 2.
3. In consideration of the Order deeming the allegations of the Complaint admitted, this Panel finds Respondent committed the misconduct charged in the Complaint.

4. Given Respondent's misconduct, the serious aggravating factors present, and the case law cited by the Administrator, we recommend that Respondent, Carlo P. Palladinetti, be disbarred.
5. The Panel has concluded this report format will adequately and appropriately communicate its recommendation to the Court.

Respectfully submitted,

Henry T. Kelly  
Gary M. Vanek  
Ghian Foreman

### **CERTIFICATION**

I, Michelle M. Thome, Clerk of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois and keeper of the records, hereby certifies that the foregoing is a true copy of the Report and Recommendation of the Hearing Board, approved by each Panel member, entered in the above entitled cause of record filed in my office on June 7, 2022.

/s/ Michelle M. Thome  
Michelle M. Thome, Clerk of the  
Attorney Registration and Disciplinary  
Commission of the Supreme Court of Illinois

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# **Exhibit 1**

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

In the Matter of:

Carlo P. Palladinetti,  
  
Attorney-Respondent  
  
No. 6189764.

Commission No. 2020PR00083

COMPLAINT

Jerome Larkin, Administrator of the Attorney Registration and Disciplinary Commission, by his attorney, Patrick A. Bernard, pursuant to Supreme Court Rule 761(d), complains of Respondent, Carlo P. Palladinetti, who was licensed to practice law in Illinois on May 9, 1985, and alleges that Respondent has engaged in the following conduct which subjects Respondent to discipline pursuant to Supreme Court Rule 770:

*(Conviction for Bank Fraud)*

A. *Procedural History of Respondent's Criminal Case*

1. On September 26, 2013, a federal grand jury charged Respondent and two other co-defendants in a 16-count criminal indictment, charging Respondent with bank fraud and making false statements in a loan application. The indictment was filed in the United States District Court for the Northern District of Illinois, captioned *United States of America v. Carl P. Palladinetti*, case number 13 CR 00771, and assigned to Judge Virginia M. Kendall ("Judge Kendall").

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12/15/2020 11:48 AM  
ARDC Clerk

2. On March 1, 2016, following a one-day bench trial, Judge Kendall found Respondent guilty of one count (Count 1) of bank fraud in violation of Title 18, United States Code, Section 1344. The remaining counts were dismissed on the motion of the United States.

3. From March 1, 2016 through September 10, 2020, Respondent's sentencing was delayed by various motions and the withdrawal of Respondent's defense counsel.

4. On September 10, 2020, Judge Kendall sentenced Respondent to 96 months of incarceration in the United States Bureau of Prisons, followed by 24 months of supervised release, and required Respondent to pay \$10,032,200.00 in restitution.

B. *Summary of the Criminal Charges in Count I of the Indictment*

5. Beginning no later than May 2005, and continuing until at least March 2008, Respondent knowingly participated in a scheme to defraud a financial institution. The scheme involved obtaining money and funds owned by and under the control of a financial institution, by means of materially false and fraudulent pretenses, representations, and promises. (Count 1, ¶ 2 of the indictment)

6. Specifically, the indictment charged that Respondent worked with individuals who owned and were seeking to sell individual units within multi-unit buildings to find and fraudulently qualify buyers for mortgage loans to purchase the units, and as part of the scheme qualified buyers for mortgage loans to purchase the units. Additionally, as part of the scheme Respondent caused buyers to fraudulently obtain over seven mortgage loans totaling at least \$1.5 million. (*Id.*, at ¶ 3)

7. In furtherance of the scheme, the indictment charged that Respondent made and caused to be made materially false representations in documents submitted to lenders, including loan applications, real estate contracts, and HUD-1 settlement statements, concerning, among

other things, the sales price of the properties and the buyers' income, employment, financial condition, they payment and source of earnest money and the payment and source of a down payment, and intention to occupy the property. (Count 1, ¶ 4 of the indictment)

8. Respondent then agreed to act as the seller's attorney for properties owned by other defendants and, in his capacity as the seller's attorney, prepared and submitted, and caused to be prepared and submitted, to lenders real estate sales contracts that Respondent knew contained false and fraudulent information, including inflated sales prices of the properties being sold and false information about earnest money payments the buyers had purportedly made. (*Id.*, at ¶ 6)

9. Respondent caused to be prepared and submitted to lenders HUD-1 settlement statements Respondent knew contained false and fraudulent information, including false and fraudulent information about the true source of the buyers' down payments and about payments provided by the buyers at closing to fund the property purchases. (*Id.*, at ¶ 8)

10. Respondent provided and caused others to provide, money to buyers knowing that money would be falsely represented to lenders as the buyers' down payments. (*Id.*, at ¶ 10)

11. Respondent received payment at or near the time of closing for certain real estate transactions in which entities affiliated with other defendants were the sellers, knowing that the buyers in the transactions were qualified for mortgage loans based on false and fraudulent information submitted to lenders, including false information about the existence and source of buyers' down payments. (*Id.*, at ¶ 14)

12. Respondent caused lenders to send or wire funds to a title company, which funds Respondent knew represented the proceeds of mortgage loans obtained from lenders based on fraudulent information, and caused a portion of the funds to be disbursed to other defendants

either directly or through entities controlled by other defendants. (Count 1, ¶ 15 of the indictment)

13. Respondent misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, acts done in furtherance of the scheme and the purpose of those acts.

14. As a result of the order of conviction described above, Respondent has engaged in the following misconduct:

- a. committing criminal acts that reflect adversely on his honesty, trustworthiness or fitness as a lawyer in other respects, by conduct including committing and being convicted of the offenses of bank fraud, in violation of Title 18 U.S.C. Section 1344, in violation of Rule 8.4(b) of the Illinois Rules of Professional Conduct (2010); and
- b. engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation, by conduct including engaging in bank fraud, in violation of Title 18 U.S.C. Sections 1344, in violation of Rule 8.4(c) of the Illinois Rules of Professional Conduct (2010).



WHEREFORE, the Administrator respectfully requests that this matter be assigned to a panel of the Hearing Board of the Commission, that a hearing be held pursuant to Rule 761(d), and that the Hearing Panel make findings of fact, conclusions of fact and law, and a recommendation for such discipline as is warranted.

Respectfully Submitted,

Jerome Larkin, Administrator  
Attorney Registration and  
Disciplinary Commission

By: /s/ Patrick A. Bernard  
Patrick A. Bernard

Patrick A. Bernard  
Counsel for Administrator  
One Prudential Plaza  
130 East Randolph Drive, Suite 1500  
Chicago, Illinois 60601  
Telephone: (312) 565-2600  
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# **Exhibit 2**

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

In the Matter of:

**CARLO P. PALLADINETTI,**

Attorney-Respondent,

No. 6189764.

Commission No. 2020PR00083

**ORDER**

The Chair having considered the Administrator's Motion to Deem the Allegations of the Complaint Admitted Pursuant to Commission Rule 236 ("Motion") and Respondent having filed no response to the Motion;

**IT IS ORDERED:**

The Administrator's Motion is granted. No further proof of the allegations of the Complaint is required, and the evidence presented at the hearing, in this matter, is limited to evidence of matters in aggravation and mitigation.

**CERTIFICATION**

I, Kenneth G. Jablonski, Clerk of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois and keeper of the records, hereby certifies that the foregoing is a true copy of the order, approved by the Hearing Board Chair, entered in the above entitled cause of record filed in my office on April 16, 2021.

/s/ Kenneth G. Jablonski

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Kenneth G. Jablonski, Clerk of the  
Attorney Registration and Disciplinary  
Commission of the Supreme Court of Illinois

**FILED**

April 16, 2021

**ARDC CLERK**

**PROOF OF SERVICE**

I, Michelle M. Thome, hereby certify that I served a copy of this Order on the Attorney-Respondent listed at the addresses shown below by regular mail by depositing it with proper postage prepaid, by causing the same to be deposited in the U.S. Mailbox in Chicago, Illinois on April 16, 2021, at or before 5:00 p.m. At the same time, a copy of this Order was sent to Counsel for the Administrator by e-mail service.

Carlo P. Palladinetti  
Attorney-Respondent  
#46297-424  
USP Thomson  
1100 One Mile Rd.  
Thomson, IL 61285

Carlo P. Palladinetti  
Attorney-Respondent  
Palladinetti & Associates PC  
4856 W. Diversey  
Chicago, IL 60639-1704

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that she verily believes the same to be true.

\_\_\_\_\_  
/s/ Michelle M. Thome  
Michelle M. Thome

# **Exhibit 3**

BEFORE THE HEARING BOARD  
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In the matter of:

CARLO P. PALLADINETTI,

Commission No. 2020PR00083

Attorney-Respondent,

No.6189764.

PROOF OF SERVICE

I, Deputy Michael Holland, on oath state that I personally served a copy of an introductory letter from Patrick A. Bernard, ARDC Litigation Counsel, the Notice of Complaint, the disciplinary complaint, the filing and procedures memorandum, Rules of the ARDC dated January 2020, a listing of attorneys with experience litigating matters before the ARDC, an Order of the Hearing Board December 15, 2020 appointing Henry T. Kelly as Chairperson, on the Respondent, Carlo P. Palladinetti, by leaving a copy with Carlo Palladinetti at the following address:  
1100 one Mile in Thomson, Illinois,

on Feb 22, 2021, at or about 1:15 a.m. (p.m.)

[Signature] #8022  
Process Server

Subscribed and sworn to before me  
on this 22 day of Feb., 2021.

[Signature]  
Notary Public



FILED  
3/2/2021 10:58 AM  
ARDC Clerk