

## IN RE: CHRISTOPHER T. HAJEC

S.J.C. Judgment of Disbarment entered by Justice Cordy on April 16, 2008, with an effective date of May 16, 2008.<sup>1</sup>

SUMMARY<sup>2</sup>

The respondent's misconduct occurred in the course of his real estate business. In addition to the Massachusetts Rules of Professional Conduct, the respondent was subject to M.G.L. c. 112, §87AAA(d) and (h), and 254 CMR 3.00(10)(a), which require a real estate broker to remit funds belonging to others within a reasonable time; prohibit a real estate broker from commingling real estate funds with his own; and require a broker to hold all funds paid to him in an escrow account. The respondent was disbarred for converting funds of a real estate client; obtaining funds from a business associate by fraud; converting the funds of the business associate; failing to make restitution to the business associate; failing without good cause to cooperate with bar counsel's investigation; and failing without good cause to participate in the disciplinary proceedings against him.

The respondent was the sole principal and owner of Hajec & Associates Real Estate Services, Inc. In early January 2005, a brokerage client engaged the services of one of the respondent's real estate agents to locate properties for purchase. The agent located two properties that were acceptable to the client. The client authorized the agent to make offers on the two properties and provided two checks in the amount of \$1,000 each as deposits for the purchases. Approximately two weeks later, the client provided the agent with two additional deposits, one of \$5,000 and the other \$20,000. The agent forwarded all of the funds to the respondent for safekeeping pending the transactions.

The respondent understood that he was to hold the funds from the brokerage client in escrow for her purchases. The respondent maintained an IOLTA account, a Master Funds account, and a Business account. The respondent maintained his personal funds in his IOLTA and Master Funds accounts. The respondent deposited one of the \$1,000 deposits from the brokerage client into his IOLTA account. He deposited the remaining funds from the brokerage client into his Master Funds account. The respondent forwarded only the \$5,000 deposit to the appropriate seller's agent. The respondent converted at least \$12579.49 of the brokerage client's funds to his own use.

In mid-February 2005, the brokerage client informed the respondent that she declined to complete the real estate purchases and demanded that the respondent return all of her funds. The respondent intentionally misrepresented to the brokerage client that he had provided her initial deposits to the sellers of the properties and was only holding \$20,000 of her funds. The client demanded that the respondent return the \$20,000. The respondent told the brokerage client that he could not return the \$20,000 to her because the seller of the property for which the funds had been given as a deposit might have a claim to the funds. The brokerage client nonetheless insisted that the respondent return her \$20,000.

The respondent hand delivered a check for \$20,000 drawn on his IOLTA account to the brokerage client. When the respondent provided the check to the brokerage client, he knew that his account contained no or insufficient funds to pay the check and the check would likely be dishonored. The check was dishonored due to insufficient funds.

The brokerage client contacted the respondent by telephone to inform him that the check had been dishonored and to demand her funds. The respondent wired the \$20,000 from his Business account to the brokerage client. To fund this wire the respondent intentionally misused funds belonging to a business associate.

By commingling real estate deposits and escrow funds with his personal and business funds in violation of law, the respondent violated Mass. R. Prof. C. 8.4(h).

By converting funds held in trust for a brokerage client to his own use, the respondent violated Mass. R. Prof. C. 8.4(b), (c) and (h).

By using his IOLTA account to hold business funds and to pay business obligations, the respondent violated Mass. R. Prof. C. 1.15(b)(2).

By failing within a reasonable time to turn over to the brokerage client the funds due to her, the respondent violated M.G.L. c. 112, § 87AAA(d) and Mass. R. Prof. C. 8.4(h).

By misrepresenting to Reyes that he continued to hold \$20,000 of her funds and by issuing a check that the respondent knew would not be honored by his bank, the respondent violated Mass. R. Prof. C. 8.4(b) and (c).

The respondent engaged in misconduct in a related matter to obtain the funds to repay the brokerage client. In late February or early March 2005, the respondent contacted a business associate with whom the respondent had previously been involved in a real estate transaction to solicit funds for a purported real estate investment. The business associate had previously contacted the respondent about participating with the respondent in additional investment opportunities. The respondent proposed that the business associate enter into a partnership with the respondent and others to purchase a piece of commercial property.

The respondent gave the business associate a document purporting to establish the business associate's interest in a partnership in consideration for \$50,000. The agreement provided that the respondent would hold in escrow the \$50,000 from the business associate pending the purchase of the real estate. The respondent knew that his representations were false, and that he intended to use the funds to make restitution to the brokerage client.

The respondent obtained the \$50,000 from the business associate and converted all of the funds to his own use. The respondent deposited the \$50,000 into his business account. The respondent used \$20,000 of the funds to repay the brokerage client her deposit. The respondent converted the remaining funds for personal and business expenses unrelated to the purchase of the commercial real estate or any property in which the business associate had an interest. The respondent intentionally misused the associate's funds with the intent to deprive him of the funds and with deprivation actually resulting.

In late July or early August 2005, the respondent asked the business associate to lend him and a non-existent LLC \$13,000 for expenses associated with the renovation of the commercial property. The respondent advised the business associate that the funds would be used to renovate the commercial property. The respondent knew that the LLC did not exist and he had not purchased the commercial property. The respondent gave the business associate an unsecured promissory note in which the respondent personally and the non-existent LLC promised to repay the business associate \$13,000 with a short-term interest rate in the greater amount of 3.2% or the prevailing interest published in the "newspaper" on August 1, 2005. The business associate loaned the respondent and the non-existent LLC the funds.

In October 2005, the respondent formed an LLC and registered the corporation with the Secretary of the Commonwealth. The respondent was the sole principal and owner of the corporation. The business associate had no interest of record in the corporation. The respondent then acquired several units in the commercial property on behalf of the newly

formed corporation.

The respondent did not advise the business associate that the corporation had acquired the units in the property, and the respondent did not convey any interest in the property to the business associate. The respondent subsequently acquired an additional unit in the commercial property in his own name. The respondent did not advise the business associate that he had acquired the additional unit. The respondent did not convey any interest in the additional unit to the business associate.

The respondent has not returned any of the funds the business associate provided to acquire the commercial property or that the business associate lent him for the purported renovations.

By converting funds belonging to the business associate, the respondent violated Mass. R. Prof. C. 8.4(b), (c) and (h).

By obtaining \$63,000 from the business associate through false statements and promises, the respondent violated Mass. R. Prof. C. 8.4(b), (c) and (h).

The respondent failed without good cause to cooperate with bar counsel's investigation. The respondent failed to respond to bar counsel's initial request for information. Bar counsel subsequently served the respondent with a subpoena requiring the respondent's appearance in the Office of the Bar Counsel. The respondent failed to appear as required, and was administratively suspended. Prior to the initiation of the disciplinary proceedings, the respondent provided information requested by bar counsel and was reinstated from his administrative suspension.

By intentionally failing without good cause to cooperate with bar counsel's investigation, the respondent violated Mass. R. Prof. C. 8.1(b) and 8.4(g).

The respondent failed to participate in these disciplinary proceedings. On March 21, 2008, the Board of Bar Overseers voted to recommend that the Court enter a judgment disbaring the respondent from the practice of law. On April 16, 2008, the single justice for the Supreme Judicial Court for Suffolk County entered a judgment of disbarment.

#### FOOTNOTES:

<sup>1</sup> The complete Order of the Court is available by contacting the Clerk of the Supreme Judicial Court for Suffolk County.

<sup>2</sup> Compiled by the Board of Bar Overseers based on the record before the Supreme Judicial Court.