

MARGARET T. CONNOLLY

Order (public reprimand) entered by the Board July 1, 2004.

SUMMARY<sup>1</sup>

The respondent is a sole practitioner who concentrates her practice in representing sellers, buyers, and, as settlement agent, lenders in real estate closings. In 2001 and 2002, the respondent's total monthly deposits and disbursements from her conveyancing account ranged between \$1,000,000.00 and \$3,000,000.00.

In early 2001, a mortgage company agreed to loan the buyers \$256,000.00 for purchasing a house. The closing was scheduled for June 25, 2001, and the respondent was the closing agent for the loan.

On June 20, 2001, the respondent sent a fax to the mortgage company that included an "Authorization to Close" and directions to wire-transfer the loan proceeds to her current conveyancing account.

On or about June 21, 2001, the mortgage company sent a funding request to the company that was to fund the loan. The mortgage company mistakenly directed the loan proceeds to be wire-transferred to a conveyancing account that the respondent had used in the past, but had closed in January 2001.

On June 25, 2001, the closing proceeds were wire-transferred to the closed account. Upon receipt of the funds, the bank returned the funds. The funding company did not recognize the error and did not redirect the funds to the correct account.

On June 25, 2001, the respondent closed the loan. The respondent did not confirm that the loan had been funded. The respondent negligently used funds in her conveyancing account belonging to clients and/or other lenders to fund the loan. When the respondent recorded the mortgage deed, she failed to verify that she had good funds in the conveyancing account, in violation of G.L. 183, § 63B.

The respondent failed to keep adequate records of her receipt and maintenance of client funds and failed to reconcile her conveyancing account. Between June 25, 2001 and May 1, 2002, 90 checks issued from the conveyancing account drew against a negative balance. The respondent had no intent to deprive any client of funds, and no client was in fact deprived of the use of funds. The bank's charges for these transactions were reflected in the monthly statements received by the respondent, but the respondent did not review the statements.

In May 2002, the respondent learned that a check written on her conveyancing account was dishonored due to insufficient funds. The respondent promptly investigated and discovered that the June 2001 loan had never been funded. The respondent notified both companies, and the error was immediately rectified. The respondent has retained an accounting firm and has made the necessary changes to her record keeping practices.

The respondent's conduct in recording a mortgage deed without having good funds to pay the mortgagor, in violation of law, was a violation of Mass. R. Prof. C. 1.3 and 8.4(h). The respondent's negligent misuse of funds and her failure to keep complete records of her receipt, maintenance, and disposition of client funds violated Mass. R. Prof. C. 1.15(a)

The respondent received a public reprimand with conditions for accounting probation for one year for her conduct in this matter.

<sup>1</sup> Compiled by the Board of Bar Overseers based on the record of proceedings before the Board.

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