

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF RHODE ISLAND

UNITED STATES OF AMERICA

vs.

PASQUALE SCAVITTI, III

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**CR 09**

**27 ML**

Cr. No.

In Violation of 18 U.S.C § 1343

INFORMATION

The United States Attorney charges:

COUNT 1

A. Introduction

1. At all times relevant to this Information, Mortgage Guarantee and Title Company, hereinafter referred to as "Mortgage Guarantee," was a corporation that was incorporated in the State of Rhode Island, that acted as a real estate title and closing company. Mortgage Guarantee was a subsidiary of First American Title Insurance, hereinafter referred to as "First American," a corporation that was incorporated in the State of California, and which also acted as a real estate title and closing company.

2. At all times relevant to this Information, the defendant, PASQUALE SCAVITTI, III, was a resident of Rhode Island, and was admitted to practice law in the State of Rhode Island. SCAVITTI operated a law office at 1225 Cranston St., Cranston, Rhode Island. At various times, SCAVITTI shared his office space with other attorneys, including attorney "P.M."

3. At all times relevant to this Information, the defendant, PASQUALE SCAVITTI, III, maintained a client escrow bank account and an office bank account. SCAVITTI initially maintained these accounts at Citizens Bank; that is client escrow account # \*\*\*-272-2, and office bank account # \*\*\*\*-981-1. Beginning in or about January, 2007, he maintained these accounts

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at Sovereign Bank; that is client escrow account # \*\*\*\*\*64537, and office bank account # \*\*\*\*\*64529. At all times relevant to this Information, SCAVITTI was the only person who had signature authority over the client escrow and business accounts.

4. As a real estate title and closing company, Mortgage Guarantee maintained a list of Approved Attorneys who could act as agents of Mortgage Guarantee. The function of the Approved Attorneys was to run title searches relating to mortgage refinancings and real estate transactions, and also disburse the proceeds of these transactions as the closing agent. The proceeds of the transactions were sent by wire transfer into the attorney's escrow account, and the attorney was to make the appropriate disbursement of the proceeds from the escrow account. Most commonly, the largest disbursement from the escrow account was used to pay off existing mortgages. The payoff of existing mortgages was supposed to take place at the time of the closing. Before the proceeds of the transaction were sent to the attorney's escrow account, the lender required a Closing Protection Letter, hereinafter referred to as "CPL," from Mortgage Guarantee. The CPL sets forth the identity of the attorney who is to act as the closing attorney on the transaction, and states that the identified attorney is an Approved Attorney of Mortgage Guarantee. It further states that Mortgage Guarantee guarantees the lender against any losses incurred as a result of the failure of the Approved Attorney to comply with closing instructions and/or fraud or dishonesty by the attorney.

#### **B. The Scheme**

5. Beginning in or about 2003, and continuing until in or about August, 2008, in the District of Rhode Island, and elsewhere, the defendant, PASQUALE SCAVITTI, III, knowingly devised and intended to devise a scheme and artifice to defraud, and to obtain money and

property from purchasers and sellers of real estate, mortgagees and mortgagors, and Mortgage Guarantee, by means of false and fraudulent pretenses, representations and promises.

**C. Manner and Means**

6. Beginning sometime prior to 2003, P.M. and the law offices PASQUALE SCAVITTI, III became Approved Attorneys for Mortgage Guarantee. P.M. subsequently acted as the closing agent for Mortgage Guarantee on numerous mortgage refinancings and mortgage loans. In each of these transactions, a CPL letter was sent to the lender. The loan and refinancing proceeds from each transaction were wired transferred into the client escrow account of PASQUALE SCAVITTI, III.

7. Between in or about 2003, and in or about August 2008, the defendant, PASQUALE SCAVITTI, III, directed that funds which were deposited into his client escrow account at closings not be used to pay off the corresponding existing mortgages. Instead, at his direction, these funds were used to pay for various personal expenses of the defendant, and also used to pay for law office expenses, above and beyond the fees to which his office was entitled to as the closing attorney. Escrow funds were also used to pay off existing mortgages that were already delinquent, since they were originally not paid off in a timely fashion. The defendant used the escrow funds to pay for personal and office expenses by transferring funds from his escrow account into his office account and into a personal bank account, by cashing checks from the escrow account, and by writing checks against the escrow account for deposit into his office and personal bank accounts.

8. In or about September, 2007, Mortgage Guarantee terminated the authority of P.M. and the law offices of the defendant, PASQUALE SCAVITTI, III, to act as an Approved

Attorney for Mortgage Guarantee.

9. After P.M. and the defendant's law office were terminated as Approved Attorneys for Mortgage Guarantee, the defendant, PASQUALE SCAVITTI, III, contacted other attorneys to act as the title attorney on real estate transactions and closings. On these transactions, SCAVITTI sent fraudulent CPL letters to the lenders, which fraudulent letters incorrectly and falsely identified SCAVITTI'S law office as the Approved Attorney for Mortgage Guarantee. On each transaction where these fraudulent CPL letters were sent, the lender, in reliance upon the CPL letter, sent the loan proceeds to SCAVITTI'S client escrow account. As he did before, SCAVITTI continued to direct that funds which were deposited into his client escrow account at closings not be used to pay off the corresponding existing mortgages. Instead, at his direction, these funds were used to pay for various personal expenses of the defendant, and also used to pay for law office expenses. Escrow funds were also used to pay off existing mortgages that were already delinquent, since they were originally not paid off in a timely fashion.

10. In or about August, 2008, it was determined that as a result of the fraudulent scheme, thirteen (13) mortgage loans and/or refinancings had not been paid off by the defendant, PASQUALE SCAVITTI, III, resulting in total losses of approximately \$2,539,551.65.

#### **D. Execution of the Scheme**

11. On or about May 31, 2008, in the District of Rhode Island, and elsewhere, for the purpose of executing the aforementioned scheme and artifice, and attempting to do so, the defendant, PASQUALE SCAVITTI, III, did knowingly cause to be transmitted in interstate commerce, writings, signs, signals, and sounds, according to the directions thereon, that is, by causing the wire transfer of \$198,858.54 from National City Bank into client escrow account

number \*\*\*\*\*64537of PASQUALE SCAVITTI, III, ESQ., LLC, located at Sovereign Bank.

All in violation of 18 U.S.C. § 1343.

ROBERT CLARK CORRENTE  
United States Attorney



By: ANDREW J. REICH  
Assistant U.S. Attorney



LEE H. VILKER  
Deputy Criminal Chief

Dated: 3/13/09