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of fraudulent personal real estate dealings, now faces a federal bank fraud charge for allegedly transferring a home she owned in Florida to allow for the short sale of her home in Grosse Pointe Park.

Jan. 21, 2013

Michigan Supreme Court Justice Diane Hathaway, retiring Monday after accusations of fraudulent personal real estate dealings, now faces a federal bank fraud charge for allegedly transferring a home she owned in Florida to allow for the short sale of her home in Grosse Pointe Park.

A complaint filed in U.S. District Court in Detroit Friday alleges Hathaway fraudulently transferred the real estate to others before telling financial institution ING Direct she needed to sell her Grosse Pointe Park home by short sale because she couldn't afford the house payments.

Hathaway's lawyer, Steve Fishman, did not respond to email or a call Saturday for comment.

Hathaway is set to retire on Monday. She has been off the bench since she announced the decision to retire Jan. 7 after the Judicial Tenure Commission filed a complaint and sought her immediate suspension. The commission alleged she committed "blatant and brazen" misconduct violations in connection with private real estate transactions.

Friday's complaint was filed on behalf of U.S. Attorney Barbara McQuade by assistants in the White Collar Crimes Unit of the U.S. Attorney General's Office in Detroit.

In it, investigators say Hathaway transferred properties to others in January 2010 and November 2011 to hide her ownership interest from ING Direct. But in the

process, she was negotiating with ING to sell her house at 15834 Lakeview Court for

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In a civil filing in November, the U.S. Justice Department accused Hathaway and her husband, attorney Michael Kingsley, of fraudulently concealing their net worth by temporarily transferring to a family member a home they own in Florida. The short sale in Michigan allowed the couple to erase nearly \$600,000 in mortgage debt on the \$1.5-million Grosse Pointe Park home, which eventually sold for \$850,000. The debt-free Windermere, Fla., home then went back into their names.

The maximum penalty on conviction of bank fraud is 30 years in prison.

Hathaway, who was nominated by the state's Democratic Party, is expected be replaced by an appointment by Republican Gov. Rick Snyder. The situation likely will restore the 5-2 majority the GOP held from 1999 through 2008, when she was elected to the high court. Hathaway was halfway through an 8-year term.

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The Associated Press contributed to this report.

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