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~~~*Editor-in-Chief, Gordon Wayne Watts*

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### **"While mom took care of others, she got taken," May 10, 2009|By John Kass**

This is a Mother's Day column for Lessie Towns, 75, who is called "Mom" by her neighbors and has lived in her brick Chicago bungalow in the 9400 block of South Ada Street for almost 40 years.

Towns is the daughter of Arkansas sharecroppers and moved to Chicago as a teenager. She worked all her life, raised five children and made sure each child worked and went to college.

She lost two of her grown children, one to a heart attack, the other to lung disease -- and has another daughter in the hospital battling cancer. Last year, Towns adopted a 5-year-old boy.

During all this, the mortgage vultures came circling.

Now Lessie Towns may lose her home, just another victim of alleged mortgage fraud.

According to state records filed by the Illinois Department of Financial and Professional Regulation last week, here's what happened:

In 2005, Lessie Towns thought she was keeping up with her house payments, but in fact was in trouble. A woman from Oak Brook-based Trust One Mortgage Corp. -- owned by lawyer Paul L. Shelton of Hinsdale --

knocked on her door.

The Trust One agent told Towns that the bungalow was close to being foreclosed upon, but that Trust One had a plan to refinance the mortgage so Towns could keep her home.

All she had to do was sign some papers to add another person's name on the house, because Towns didn't have enough credit.

"I told her, 'I don't want to sell my house, I want to keep my house. I don't want to sell it because I've been here too long,'" Towns told this column. "She said, 'No, we're not going to sell it. We're going to help you keep your house and then turn it back into your name in six months or a year.'"

Towns said she decided to take the deal, and signed what she thought were re-financing papers. Actually, they were papers authorizing the sale of her home to another Trust One employee.

Louis Pukelis, spokesman for the department of professional regulation, said the agency's investigation found that Towns kept making monthly mortgage payments of \$700 to the Trust One agent who had first approached her, who often came to pick up the checks in person. But after about eight payments, the agent didn't show, so Towns drove over to the Homewood office of Trust One.

"I went out to the office in Homewood to pay, and a padlock was on the front door, and there was nothing in that big, old, pretty office," Towns said. "Just locks on the door, nobody in the building at all. I started running around to see who could help me."

The Homewood office phones had been disconnected, so she kept calling Trust One headquarters in Oak Brook, but never received a return call, she said. That's about the time she learned that even though she'd been paying the mortgage, she didn't really own her home.

A check of Cook County real estate records last week confirmed that her home was sold to the Trust One employee for \$120,000. A few months later, it was sold to a part-time maintenance man and gospel singer, Willie Smith, for \$175,000. Smith never made a single payment.

We interviewed Smith on Friday. He said that a deacon at his Englewood neighborhood church -- another Trust One agent -- approached him with an offer he couldn't refuse.

"He said, 'How would you like to make a little money in real estate?' He wanted to use my name and put them on the properties," Smith told us.

Smith said he was paid \$10,000 to use his name on three different properties, including Towns' home, a claim confirmed by Pukelis. In all the deals, Trust One boss Paul L. Shelton was the lawyer, state documents show.

"I thought I was going to be buying and selling properties, but I didn't have to put up a dime," said Smith.

At the time Smith was signing his name as a real estate baron, he was a part-time security guard.

Now Towns has gone to court to try to get her home back. State regulators are investigating Trust One further, and Illinois Atty. Gen. Lisa Madigan's office is also taking a look.

Last week, state regulators stripped Paul L. Shelton of Trust One Mortgage of his real estate and other licenses, alleging that Towns was the victim of real estate fraud, that her home was flipped to "straw buyer" Willie Smith and that Smith was recruited by a Trust One agent. Smith's income and other documents were "falsified" in the deal brokered by Trust One, the agency alleged.

Repeated calls to Trust One boss Shelton were not returned. Perhaps he's not interested in telling me his story because I'm not a 75-year-old woman.

The biography of Shelton on his company's Web site lists him as a married Hinsdale father of five, so it's quite possible that he's hosting a fancy Mother's Day brunch.

As his family sips their mimosas and munches on smoked salmon and asparagus frittatas, and he hands out a Mother's Day present, I wonder if they'll think of all the people who made it possible.

People like Lessie Towns, out on the South Side, an old woman with a kindergartner to raise, living in a house she thought was her own.

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Source: [http://articles.chicagotribune.com/2009-05-10/news/0905090103\\_1\\_trust-bungalow-house-payments](http://articles.chicagotribune.com/2009-05-10/news/0905090103_1_trust-bungalow-house-payments)

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**“CHICAGO OWNER LOSES HOME IN MORTGAGE SCAM,” June 12, 2009 2:50:32 PM PDT, By Paul Meincke**

June 12, 2009 (BERWYN, Ill.) -- A Chicago woman is battling to keep the home she has owned for 40 years. Lessie Towns is a victim of mortgage fraud, and she could lose her home, despite the fact she has never missed a mortgage payment.

Towns, who is 75 years old, raised five children as a single mother in her South Side home. Four years ago, she was astonished to discover that her home was in foreclosure. She says she was current with her payments, although her lender had changed hands.

Then came a cold-call visit from a lender who knew about the pending foreclosure.

"I said, 'I don't want to sell my house. I don't want to lose my house. I just want somebody to save my house,' and he said, 'We're not gonna take your house,'" said Towns.

She signed what she thought was a refinancing agreement with Oak Brook based Trust One Mortgage. She was regularly making payments until she found the company's south suburban office empty and padlocked.

Then, Lessie Towns discovered she no longer owned her home. It had been sold, investigators say, at least twice to straw buyers who made a profit.

"We believe this is part of a broader scheme involving these players that have implicated other homes as well," said Brent Adams of the Ill. Dept. of Financial and Professional Regulation.

Adams heads that department's mortgage fraud task force. Last month, it revoked the licenses of Trust One Mortgage and its owner, Paul Shelton, saying the alleged fraud scheme involved Lessie Towns and at least 13 other homeowners.

Towns was back in court Friday in the fight to keep her home. When asked if she was angry she responded:

"No, I'm not angry. I'm disgusted. Just tired of fraud, tired of people using people," Towns said.

Her attorney is optimistic Towns will win the fight to keep her home, but it's been a very emotional fight for the homeowner who technically does not own her home. She says she won't yield.

"When you're right, right follows you, and I'm gonna stand on my right until I die," Towns said.

The Department of Financial and Professional Regulation continues its investigation through its mortgage fraud task force. Its findings have been turned over to the attorney general for review.

ABC7 Chicago was not able to reach Trust One Mortgage's Paul Shelton for comment. Shelton's firm is appealing its license revocation.

Lessie Towns' effort to stay in her home is set for a court ruling July 14.

Source: <http://abc7chicago.com/archive/6862674/>

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**“WOMAN ALLEGEDLY SWINDLED OUT OF HOME ALLOWED TO STAY,” Tuesday, July 28, 2009, Tags: local, paul meincke**

July 28, 2009 (CHICAGO) -- A 75-year-old Chicago woman will be allowed to stay in her South Side home - at least for now.

Lessie Town's bungalow is threatened by foreclosure.

Towns and others say she is the innocent victim of mortgage rescue fraud.

Lessie Towns will be able to stay - for now - in her South Side home of 40 years.

Four years ago, Ms Towns, who is 75, was facing foreclosure, and she signed what she thought was a refinancing agreement to keep her home. In reality, the papers she signed authorized the sale of her home.

"I know when you buy a house or sell a house, you have to sign attorney papers. I know that. I did not do that," said Lessie Towns.

Towns continued to live in what she thought was her home even though it had been sold, not once, but twice.

"Ms. Towns home was sold for a fraction of its value and the cost was jacked up and sold to another person and the person in the middle collected all that windfall. This was a classic mortgage rescue scheme," said Brent Adams, Illinois Department of Financial and Professional Regulations.

The state department of Finance and Professional regulation has taken disciplinary action against Oak Brook-based Trust One mortgage. Its President Paul Shelton declined today to talk on camera, but insists Ms Towns was never misled, that she most certainly had to have known she was selling her home, and that her signature on documents supports that. Towns' attorney says it was fraud.

"I think they understood that she doesn't understand certain terminology and they used that to their advantage to get what they wanted," said Sabrina Herrell, Towns' attorney.

Facing possible eviction, Lessie Towns won a small victory in court on Tuesday. The foreclosure action against her will continue, but she'll be allowed to stay in her home while she attempts to prove she did not know she was selling her home when she signed her name four years ago.

"I'm glad. I thank God for that...I told them I wouldn't leave. Because when you know you're right, you stand on that right, and I know I'm right," said Towns.

Ms. Towns still faces what her attorney concedes is a serious challenge. For Ms. Towns bears the burden of proving to the court that she didn't know she was selling her home.

No criminal charges have been filed in this case though the department of finance and professional regulation and the attorney general's office are investigating over a dozen similar cases involving the same lender.

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Source: <http://abclocal.go.com/story?section=news/local&id=6937078>

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### **“Statement Regarding Loan Modification Services,” By Bryan A. Schneider, Secretary, Illinois Department of Financial & Professional Regulation**

Several licensees and members of the general public have inquired as to whether loan modification services require a license issued by the Department. While the Department does not issue “advisory opinions” or dispense legal advice, the public’s interest in this subject merits this statement from the Department. Parties seeking a legal opinion should consult with their own attorney.

On July 31, 2009, Governor Pat Quinn signed HB 4011, the “Lessie Towns Act,” which permits Illinois to join the Nationwide Mortgage Licensing System and establishes tougher standards for loan originators. The Act, which took effect upon being signed, defines “mortgage loan originator” as “an individual who for compensation or gain or in the expectation of compensation or gain . . . offers or negotiates terms of a residential mortgage loan.” 205 ILCS 635/1-4(jj). Individuals who engage in loan modifications must obtain a license from the Department. 205 ILCS 635/7-1A(a).

Source: <http://www.idfpr.com/banks/resfin/news/loanmodstatement.asp>

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### **“From Quinn on down, all were on her side,” August 21, 2009|By John Kass**

Lessie Towns was told that the governor of Illinois would be in her backyard in 20 minutes.

She didn't even have time to fix lemonade and cookies, and there he was, Pat Quinn giving her a big kiss on the cheek, signing what his office called the "Lessie Towns Act," to protect homeowners against unscrupulous mortgage vultures.

"It was awesome," said Towns, 75, who has lived in the same house in the 9400 block of South Ada Street in Chicago for more than 40 years. "I was just shocked. I didn't know they had reached all the way to the governor."

So her backyard garden was decorated with politicians in suits, and they signed decrees and Towns served them pop and water.

"I couldn't count 'em," she said of the politicians. "The backyard was full. The gangway was full, and the streets were full. Camera people. TV. Everybody on the block was looking, like, 'What's going on with all those dignitaries over there?' I don't think I ever witnessed anything like that."

Many politicians snicker that our Gov. Quinn is somewhat ostentatiously naive, but as a political gadfly, he knows which side of Lessie Towns to stand on. Quinn stood on the good side. It just so happens that's also the right side.

I often rip on politicians and bureaucrats, but heck, I was born in Chicago and one of my earliest childhood memories was of the city inspectors putting the muscle on my dad at his grocery, walking out with bags full of steaks. Sometimes, though, more often than I give them credit for, people in government -- like the Illinois Department of Professional Regulation -- stick up for those like Towns. And when they do, I should say so.

Back on Mother's Day, I told you about Towns. The daughter of Arkansas sharecroppers worked all her life, raised five children and hoped to die in her bungalow with the garden and all the flowers. But at 74, she adopted a 5-year-old boy and began a day-care business out of her home to supplement her meager Social Security benefit.

She thought she was keeping up with her house payments. But unbeknown to Towns, her mortgage had slipped into delinquency. She told state regulators that an agent from Trust One Mortgage Corp. of Oak Brook convinced her that all she had to do was add another person's name on the documents, sign them, and everything would work out.

She kept paying on schedule. But her house was sold without her knowledge, then resold again, this time to a part-time gospel singer and janitor named Willie Smith. He told us that another agent of Trust One paid him \$10,000 for the use of his name on three different properties, including Towns' home. The other agent was a deacon at Smith's church in the Englewood neighborhood.

"[The deacon] said, 'How would you like to make a little money in real estate?' He wanted to use my name and put them on the properties," Smith recalled in May. "I thought I was going to be buying and selling properties, but I didn't have to put up a dime."

Towns' house ended up in foreclosure court. But wise Cook County Chancery Court Judge Lisa Curcio put a stop to it -- at least temporarily -- by vacating the foreclosure until things get sorted out. Thanks to Curcio, and the hard work of Towns' lawyer, Sabrina Herrell, Towns gets to stay in her home.

But the real heroes work at the Department of Professional Regulation. Now, the department is investigating lawyers, agents and owners of Trust One and has moved to revoke their business and legal licenses.

So there, I've praised a judge, bureaucrats, politicians, even the governor, all in the same column. Quinn knows what this means: That by the time you read this, the ground has cracked wide open under my keyboard and I've been swallowed whole by the Earth.

Now, back to Lessie Towns.

She's tired, having raised five children and lost three of them, the last being a daughter who succumbed to cancer a few weeks ago. She has that little boy to raise now, and a house to raise him in. What we wanted to know was what Quinn said to her as he gave her that big smooch in front of the TV cameras a couple of weeks ago.

"The governor invited me to the mansion. He told me he was proud of me, that I stepped up to the plate to do the right thing," Towns said, meaning she contacted Professional Regulation, brought her receipts and began fighting back.

"Everybody before them was trying to steal my house or telling me I could get another house. But I don't want another house. This is my house. I've been here for 40-some years, and I'm going to stay right here," Towns

said.

Before the politicians left her backyard, they did an amazing thing. They cleaned up after themselves and helped bring the chairs back inside.

"The neighbors helped, too, then it was quiet again," she said.

Did the politicians fix any potholes?

"No. They didn't fix any potholes. Maybe next time."

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Kass and the Chicago Way: Catch up on John Kass' recent Tribune columns at [chicagotribune.com/kass](http://chicagotribune.com/kass)

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## **“Illinois Department of Financial and Professional Regulation Mortgage Fraud Task Force Wins Award,” by Moe Bedard | Jul 19, 2010 | News – LoanSafe.org**

ILLINOIS (LoanSafe.org) – IDFPR’s Mortgage Fraud Task Force wins the 2010 CLEAR Investigative Excellence Award

The Council on Licensure, Enforcement and Regulation (CLEAR) honored task force for its two-year ‘Avenue of Broken Dreams’ investigation

**Overview of case:** Lessie Towns, 75, was consistently making monthly mortgage payments on a bungalow that she has called home on Chicago’s South Side since the 1960s. In April 2008, Mrs. Towns learned that her home was one week away from foreclosure.

**Investigative techniques:** The Mortgage Fraud Task Force is comprised of investigators and attorneys representing IDFPR’s licensing and regulatory divisions. The MFTF spent more than 600 hours investigating licensees, combing through over 4,000 pages of mortgage documents and interviewing more than 30 individuals connected to the case, all in an effort to uncover potential crimes, discipline licensed professionals, and refer cases to state and federal law enforcement agencies for further legal action. The investigative and legal team behind “Avenue of Broken Dreams” brought real-world knowledge to the case. Many had professional experience in the real estate, appraisal, and mortgage industries prior to serving in state government. These attributes proved to be essential in uncovering the complex layers of the fraud scheme.

Detail of how the case is exceptional, going beyond what is normally expected or required: The MFTF was formed in 2006 specifically to investigate complex, multi-layered transactions and to place a “victim’s eye” perspective on mortgage fraud. Prior to the MFTF’s creation, no state regulatory body investigated fraud schemes as a whole; rather, each agency focused on a specific aspect of a real estate transaction, which was both inefficient and ineffective in stopping fraud rings with multiple tentacles. Now, under the unified MFTF, results are more comprehensive, timely, and impactful, which increases the chance of helping the victims of fraud and sends a stronger message to would-be perpetrators of fraud. The Towns’ case exemplifies the effectiveness of a comprehensive investigatory model: a new law was passed, multiple bad actors were stopped, and the home of an established community member was saved.

Action resulting from investigation: Over a two-day period, IDFPR issued revocation orders against three loan originators, one mortgage brokerage corporation, and one mortgage broker; disciplined one individual for

unlicensed loan origination; and filed formal disciplinary complaints against one real estate corporation, one real estate salesperson, and one real estate appraiser.

Effects and results: In summer 2009 in Mrs. Towns' backyard, Illinois Governor Pat Quinn signed the "Lessie Towns Act," which provides increased oversight of residential mortgage companies and mortgage loan originators. Although the fate of Mrs. Towns' home hung in the balance for almost two years, with the MFTF's assistance, she recovered the title to her home and the ringleader earned a lifetime ban from the mortgage industry. For more information, click here. [[[Editor's note; leads to <http://www.idfpr.com/finlit101/brokendreams.asp> which is a broken link: "Active Server Pages error 'ASP 0126' [line-break] Include file not found [line-break] /finlit101/brokendreams.asp, line 23 [line-break] The include file '/includes/leftnavbarag.htm' was not found." A good related link, however, is this one: <https://www.idfpr.com/news/2010/07162010MFTFAward.asp> ]]]

Source: <http://www.loansafe.org/illinois-department-of-financial-and-professional-regulation-mortgage-fraud-task-force-wins-award>

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## **“Victory for South Side victim of mortgage fraud,” Friday, November 19, 2010, tags: local, paul meincke**

November 19, 2010 (CHICAGO) -- A woman who nearly lost her South Side residence in a mortgage rescue scheme gets to keep the home she has lived in for the last 40 years.

The man who operated the mortgage company is now banned from working in the mortgage business in Illinois for life.

Lessie Towns launched a fight in court to keep her home. She won and her case triggered a new law to better protect homeowners.

Towns has a birthday coming up, and this one will be far more relaxed than her birthdays of the last several years. She has gone from a foreclosure action to a near eviction, to TV and newspaper attention, to having the governor in her backyard sign a new law strengthening sanctions on mortgage fraud.

It's been quite a roller coaster for someone unsure of who was friend and who was foe.

"I wasn't eating. I wasn't sleeping. I wasn't doing anything but just running," said Towns. "I didn't have no appetite. I was just doing what I thought I could to keep this house."

Her neighbors all look out for Lessie Towns. After all, she has lived in her home for over 40 years, and they like her a lot.

Five years ago Towns was facing foreclosure, and she signed what she thought was a refinancing agreement that would keep her in her home. That agreement, state investigators say, was with Oak Brook-based Trust One Mortgage and its President Paul Shelton.

"Mr. Shelton was essentially coordinating a mortgage-rescue scheme, whereby he would be conceiving home owners to eventually sign over their homes," said Brent Adams, Illinois Department of Financial and Professional Regulation secretary. "Those homes would be sold to a straw buyer and effectively flipped at a higher appraised value."

Towns continued to live in her home completely unaware it had been sold twice to straw buyers who failed to pay the mortgage.



Then, one evening, sheriff's police come to evict the owner.

"We're looking for Willie Smith. No Willie Smith lives here," said towns. "They said, 'How long you lived here?' I said, '40 years or more.' "

Towns got mad, went to court, and earlier this year won a settlement that allows her to stay in her home.

And Paul Shelton of Trust One Mortgage has agreed to a consent order that bans him for life from any work originating loans. The department of financial and professional regulation won't pursue a big fine, and Shelton admits no wrongdoing.

"Lifetime bans are never issued without cause. There are always reasons for lifetime bans," said Adams.

Lessie Towns is happy, and proud that she stood up to fight, and relieved that the fight is now over.

"I just said, 'Lord, I need a vacation to go and thank God and sit down and relax.' "

ABC 7 was unable to reach Shelton Friday, though he previously said that there never was any purposeful attempt to mislead Towns, and that the papers she signed were very clear.

Shelton does not face any criminal sanction, though he could be subject to additional discipline from the Illinois Attorney Registration and Disciplinary Commission.

Towns will now be able to stay in her home for the rest of her life by way of a reverse mortgage.

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Source: <http://abclocal.go.com/story?section=news/local&id=7799653>

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***~~Editor-in-Chief, Gordon Wayne Watts***

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