



Illinois Department of Financial and Professional Regulation

NEWS

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IDFPR uncovers mortgage scheme, cites companies and key players who preyed on Chicago homeowners

Mortgage Fraud Task Force investigation finds three 'stolen' homes in Chicago, including bungalow of South Side widow

CHICAGO – The Illinois Department of Financial and Professional Regulation's (IDFPR) Mortgage Fraud Task Force (MFTF) continues to investigate a multi-layered mortgage scheme involving at least nine real estate and mortgage professionals who allegedly defrauded at least three unsuspecting Chicago-area homeowners.

MFTF's initial investigation cited several licensed individuals for their respective roles in the ruse. IDFPR revoked the licenses of:

- Oak Brook-based Trust One Mortgage Corporation; ([Read Order](#))
- Paul L. Shelton of Hinsdale, loan originator and Trust One's owner; ([Read Order](#))
- David Offett of Markham, loan originator; ([Read Order](#))
- James Taylor of Olympia Fields, loan originator; and ([Read Order](#))
- Jeffery Watkins of Riverdale, loan originator. ([Read Order](#))

Named in revocation orders as employees and/or agents of Trust One but not formally disciplined at this point were Peter Blythe of Hinsdale and Percilla Moreno (available now - [Read Order](#)) of the south suburbs.

IDFPR also filed disciplinary complaints against the following licensees:

- Lisa Foster of Chicago, real estate appraiser; ([Read Notice](#))
- Grace Acquah of Tinley Park, real estate salesperson; ([Read Notice](#))
- Larson Richmond of Olympia Fields, real estate salesperson; and

- Richstar, Inc., doing business as Richmond GMAC Real Estate in Olympia Fields.

More disciplinary actions are expected this week, according to Brent Adams, Deputy Secretary of IDFPR and chair of the MFTF.

“We continually pursue disciplinary action against individuals and businesses that violate state laws, but our action will be especially decisive when consumers are at-risk and when time is of the essence to prevent a consumer from being victimized,” Adams said.

Anatomy of the Trust One Scheme

Like many homeowners, 75-year-old Lessie Towns reliably was making her monthly mortgage payments on the South Side bungalow that she has called home for more than 40 years. In April 2008, Mrs. Towns visited IDFPR’s Chicago office seeking assistance because a lender was threatening to evict her from her home in the 9400 block of South Ada Avenue. At that point, IDFPR’s Mortgage Fraud Task Force began its extensive investigation reviewing mounds of mortgage documents—including appraisals, HUD settlements and contracts—uncovering facts related to Towns’ home and two others allegedly stolen from unsuspecting homeowners.

For Towns, the first indication that things were amiss occurred in June 2005 when she learned that her home had been placed in foreclosure, even though she had been making timely mortgage payments to the company that she believed serviced her mortgage. Shortly thereafter, she received notice that her home would be sold at auction on July 5, 2005.

The MFTF believes that’s when Percilla Moreno showed up at Towns’ door claiming to represent Oak Brook-based Trust One Mortgage Corporation, which was purportedly willing to help save Towns’ home. According to Towns, only a few days before her home was to be sold at auction, she met with Trust One, which offered to save the home by placing it in a trust with both Towns and Trust One as beneficiaries. Towns signed a one-page document that she believed established the trust. Towns alleges that Trust One officials told her to make the monthly mortgage payments directly to Moreno.

Like clockwork, according to the MFTF investigation, Moreno visited the home each month to collect the monthly payment. However, Moreno failed to show up to collect the December 2006 payment and, a couple of months later, a man came to Towns’ home, identified himself as a real estate investor, and said the home was in foreclosure.

Towns retained an attorney who learned that the home had eventually been purchased by Willie Smith, a man whom Towns has never met. According to the MFTF investigation, Smith had obtained a loan to purchase the home from Long Beach Mortgage Company, and he also

was the purchaser of homes in the 300 block of West 51st Street and in the 5900 block of South Parnell Avenue.

The loan on Towns' home was later purchased by Washington Mutual Bank and eventually, the loan ended up at Deutsche Bank, which began foreclosure proceedings on the home in 2008, prompting Towns to seek assistance from IDFPR.

"IDFPR is taking action to help keep a responsible homeowner in her home," said Adams.

The fate and ownership of Towns' home still hangs in the balance. Her case was heard late last week in Cook County Circuit Court, Chancery Division. Closing arguments between Deutsche Bank and Towns' attorney wrapped up last Thursday, May 7, 2009 with Judge Lisa R. Curcio presiding. The judge has indicated that she will rule on June 12, 2009.

The Mortgage Fraud Task Force (MFTF), which consists of the Illinois Divisions of Financial Institutions, Banking, and Professional Regulation, was formed in 2006 to investigate and stop mortgage fraud. Since its inception, the MFTF has taken disciplinary action against more than 70 persons and entities and assessed fines in excess of \$200,000. Also, last year, the MFTF conducted a regulatory sweep of more than 150 mortgage companies to ensure that they were complying with a new law that established stricter underwriting standards for mortgage companies.