

**BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION**

In the Matter of:

PAUL LESLIE SHELTON,

Attorney-Respondent,

No. 6191197.

Commission No. 09 CH 58

NOTICE OF FILING

TO: Warren Lupel
Counsel for Respondent
Lupel Weininger, LLP
30 N. LaSalle St., Suite 3520
Chicago, IL 60602-3334

PLEASE TAKE NOTICE that on November 20, 2009, I will file the **ADMINISTRATOR'S NOTICE TO APPEAR AT DEPOSITION**, copies of which are attached, by causing the original and four copies to be delivered to the Clerk of the Attorney Registration and Disciplinary Commission in Chicago, Illinois.


Tracy L. Kepler

Tracy L. Kepler
Counsel for the Administrator
One Prudential Plaza
130 East Randolph Drive, Suite 1500
Chicago, Illinois 60601
Telephone: (312) 565-2600

MAINLIB341691N1

FILED

NOV 20 2009

**ATTY REG & DISC COMM
CHICAGO**

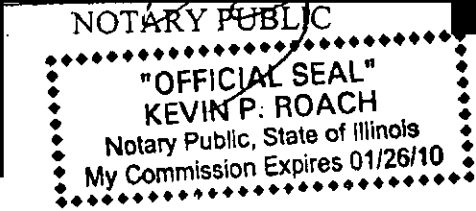
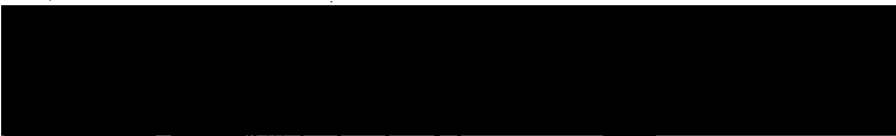
PROOF OF SERVICE

I, Roni M. Martin, upon oath state that I served a copy of this Notice of Filing and the **ADMINISTRATOR'S NOTICE TO APPEAR AT DEPOSITION** on the individual at the listed address shown on the foregoing Notice of Filing, by regular mail, proper postage prepaid, by causing the same to be deposited in the United States Mailbox located at One Prudential Plaza, 130 E. Randolph Dr., Chicago, Illinois, on November 20, 2009, at or before 5:00 p.m.



Roni M. Martin

Subscribed and sworn to before me
this 20th day of November, 2009.



**BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION**

In the Matter of:

PAUL LESLIE SHELTON,

Attorney-Respondent,

No. 6191197.

Commission No. 09 CH 58

NOTICE TO APPEAR AT DEPOSITION

TO: Warren Lupel
Lupel Weininger LLP
30 N. LaSalle St., Suite 3520
Chicago, IL 60602-3334

Jerome Larkin, Administrator of the Attorney Registration and Disciplinary Commission, by his attorney Tracy L. Kepler, pursuant to Supreme Court Rule 204(a)(3) notifies Respondent Paul Leslie Shelton to appear for a discovery deposition before a notary public at the Commission's Chicago office, 130 East Randolph Drive, Suite 1500, Chicago, Illinois 60601 on Thursday, January 7, 2010 at 2:00 p.m.

Respectfully submitted,

Jerome Larkin, Administrator
Attorney Registration and
Disciplinary Commission.

By: _____

Tracy L. Kepler

Tracy L. Kepler
Counsel for Administrator
One Prudential Plaza
130 East Randolph Drive, Suite 1500
Chicago, Illinois 60601
Telephone: (312) 565-2600
MAINLIBJ4169111

FILED

NOV 20 2009

**ATTY REG & DISC COMM
CHICAGO**

**BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION**

In the Matter of:

PAUL LESLIE SHELTON,

Attorney-Respondent,

No. 6191197.

Commission No. 09 CH 58

ORDER

A pre-hearing conference was held in this matter on November 18, 2009, at 12:30 p.m. by telephone. Participating were Terrence M. Burns, Chair; Tracy L. Kepler, Counsel for the Administrator; and Warren Lupel, Counsel for Respondent. The parties advised the Chair as to the status of the matter. Accordingly,

IT IS ORDERED:

1. The parties shall complete all discovery on or before January 19, 2010; and
2. A further pre-hearing conference shall be held on January 26, 2010, at 11:30 a.m. by telephone. Counsel for the Administrator and Counsel for Respondent shall be available at that time. The Clerk of the Commission shall initiate the call.

Date Entered: November 19, 2009

Terrence M. Burns ^{ks}

Terrence M. Burns, Chair
Hearing Panel

FILED

2009 NOV 19 AM 8:39

ATTY REG & DISC COM
CHICAGO

PROOF OF SERVICE

I, Raquel Tovar, on oath state that I served a copy of this Order on the Counsel for Respondent listed at the address shown below by regular mail by depositing it with proper postage prepaid, by causing the same to be deposited in the U.S. Mailbox at One Prudential Plaza, 130 East Randolph Drive, Chicago, Illinois 60601 on November 19, 2009, at or before 4:30 p.m. At the same time, a copy of this Order was mailed to the Chairperson of a Hearing Panel and delivered to Counsel for the Administrator.

Warren Lupel
Counsel for Respondent
Lupel Weininger LLP
30 N. LaSalle St., Suite 3520
Chicago, IL 60602-3334

Raquel Tovar

Subscribed and sworn to before me
this 19th day of November, 2009.

Notary Public



BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION

In the Matter of

PAUL LESLIE SHELTON,

Attorney-Respondent,

No. No. 6191197.

)
)
)
)
)
)
)

Commission No. 09 CH 58


NOTICE OF FILING

TO: Ms. Tracy L. Kepler
Attorney Registration &
Disciplinary Commission
130 East Randolph Street
Suite 1500
Chicago, Illinois 60601

PLEASE TAKE NOTICE that on October 1, 2009, we filed with the Clerk of the Attorney Registration and Disciplinary Commission, Chicago, Illinois, the attached Respondent's Report Pursuant to Commission Rule 253. A copy of said Report, together with this Notice of Filing is herewith served upon you.

Paul L. Shelton

By


One of Respondent's Attorneys
Lupel Weinger LLP
Attorneys for Respondent
30 North LaSalle Street
Suite 3520
Chicago, Illinois 60602
312-260-7700

FILED

OCT - 1 2009

**ATTY REG & DISC COMM
CHICAGO**

CERTIFICATE OF SERVICE

Under penalties as provided by law pursuant to Section 1-109 of the Illinois Code of Civil Procedure, the undersigned certifies that she caused a copy of the foregoing Notice of Filing and attached Answer to Complaint to be served on the above named attorney by messenger on October 1, 2009.

[REDACTED]

BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION

FILED

OCT - 1 2009

**ATTY REG & DISC COMM
CHICAGO**

In the Matter of

PAUL LESLIE SHELTON,

Attorney-Respondent,


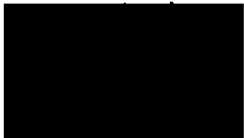
No. No. 6191197.

)
)
)
)
)
)
)

Commission No. 09 CH 58

RESPONDENT'S REPORT
PURSUANT TO COMMISSION RULE 253

PAUL LESLIE SHELTON, Respondent, by his attorney, Warren Lupel, pursuant to Commission Rule 253, reports the following witnesses and persons having knowledge of facts related to the above matter which are not listed in the Administrator's Rule 253 Report:

	NAME	SUBJECT MATTER
1.	Bishop Jerome E. ListECKi 17350 Olcott Ct Tinley Park, IL 60477 708-429-2352 The Roman Catholic Diocese of La Crosse La Crosse, Wisconsin www.dioceseoflacrosse.com (608) 788-7700	Character witness
2.	Fr. Dennis Lewandowski 	Character witness
3.	Vennie Arquilla 	Character witness

4.	Yukiko Shelton [REDACTED]	Character witness
5.	Elizabeth Karwowski Address unknown [REDACTED]	Fact witness; has knowledge of the events alleged in the complaint
6.	The Stouts Address unknown	Fact witnesses; has knowledge of the events alleged in the complaint
7.	Joseph Younes 120 West Madison Chicago, IL 60602 312-372-1122	Fact witness; has knowledge of the events alleged in the complaint

The Respondent reserves the right to supplement this list if he becomes aware of the identity of others having knowledge of the facts relating to this matter.

Respectfully submitted,

~~PAUL LESLIE SHELTON~~ [REDACTED]

By [REDACTED]

One of Respondent's Attorneys
[REDACTED]

Warren Lupel
LUPEL WEININGER LLP
Attorneys for Respondent
30 North LaSalle Street
Suite 3520
Chicago, Illinois 60602
312-260-7700

BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION

FILED

SEP 16 2009

ATTY REG & DISC COMM
CHICAGO

In the Matter of:

PAUL LESLIE SHELTON,

Attorney-Respondent,

No. 6191197.

Commission No. 09 CH 58

ORDER

A pre-hearing conference was held in this matter on September 15, 2009, at 1:00 p.m. by telephone. Participating were Terrence M. Burns, Chair; Tracy L. Kepler, Counsel for the Administrator; and Warren Lupel, Counsel for Respondent. The parties advised the Chair as to the status of the matter. Accordingly,

IT IS ORDERED:

1. Respondent shall file an answer or other responsive pleading to the Administrator's Complaint on or before September 18, 2009;
2. Respondent shall file a report pursuant to Commission Rule 253 on or before September 29, 2009;
3. The parties shall proceed with discovery; and
4. A further pre-hearing conference shall be held on November 18, 2009, at 12:30 p.m. by telephone. Counsel for the Administrator and Counsel for Respondent shall be available at that time. The Clerk of the Commission shall initiate the call.

Date Entered:

Sept 16, 2009

Terrence M. Burns ^{KJ}
Terrence M. Burns, Chair
Hearing Panel

PROOF OF SERVICE

I, Andrea L. Watson, on oath state that I served a copy of this Order on the Counsel for Respondent listed at the address shown below by regular mail by depositing it with proper postage prepaid, by causing the same to be deposited in the U.S. Mailbox at One Prudential Plaza, 130 East Randolph Drive, Chicago, Illinois 60601 on September 16, 2009, at or before 4:30 p.m. At the same time, a copy of this Order was mailed to the Chairperson of a Hearing Panel and delivered to Counsel for the Administrator.

Warren Lupel
Counsel for Respondent
Lupel Weininger LLP
30 N. LaSalle St., Suite 3520
Chicago, IL 60602-3334



Andrea L. Watson

Subscribed and sworn to before me
this 16th day of September, 2009.



Notary Public



BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION

In the Matter of

PAUL LESLIE SHELTON

Attorney-Respondent

No. No. 6191197.

)
)
)
)
)
)
)

Commission No. 09 CH 58

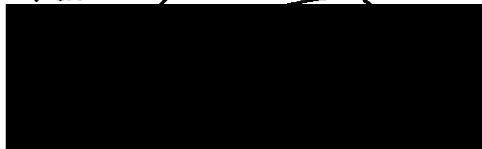
NOTICE OF FILING

TO: Ms. Tracy L. Kepler
Attorney Registration &
Disciplinary Commission
130 East Randolph Street
Suite 1500
Chicago, Illinois 60601

PLEASE TAKE NOTICE that on September 15, 2009, we filed with the Clerk of the Attorney Registration and Disciplinary Commission, Chicago, Illinois, the attached Answer to Complaint. A copy of said Answer, together with this Notice of Filing is herewith served upon you.

Paul L. Shelton

By



One of Respondent's Attorneys
Lupel Weininger LLP
Attorneys for Respondent
30 North LaSalle Street
Suite 3520
Chicago, Illinois 60602
312-260-7700

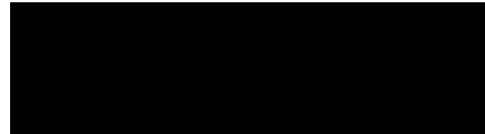
FILED

SEP 15 2009

ATTY REG & DISC COMM
CHICAGO

CERTIFICATE OF SERVICE

Under penalties as provided by law pursuant to Section 1-109 of the Illinois Code of Civil Procedure, the undersigned certifies that she caused a copy of the foregoing Notice of Filing and attached Answer to Complaint to be served on the above named attorney by messenger on September 15, 2009.



FILED

SEP 15 2009

**BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION**

**ATTY REG & DISC COMM
CHICAGO**

In the Matter of

PAUL LESLIE SHELTON

Attorney-Respondent

No. No. 6191197.

)
)
)
)
)
)
)

Commission No. 09 CH 58

ANSWER TO COMPLAINT

Respondent, Paul Leslie Shelton ("Shelton"), by his attorney, Warren Lupel, in response to the Administrator's Complaint, states as follows:

Conflict of Interest - William and Rose Stout

1. In 2005, William and Rose Stout ("the Stouts") owned and resided in the real property located at 3114 Rush Creek Road in Stockton, Illinois, Jo Daviess County (the "Jo Daviess property") which consisted of approximately 12 acres of land improved by several buildings, including an eight unit apartment complex, guest house and manor home, and an adjacent parcel of approximately 44 acres of undeveloped farmland. At that time, the Jo Daviess property had an appraised value in excess of \$1,000,000.

ANSWER: Shelton is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 1 of the Complaint concerning the Stouts' ownership of real estate and its then appraised value, and therefore denies the same.

2. In late April and early May 2005, given William Stout's medical condition and the need for ongoing hospitalizations and treatment, the Stouts looked for a residence closer to William Stout's treatment providers.

ANSWER: Shelton is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 2 of the

Complaint concerning William Stout's medical condition or what the Stouts did or planned to do in late April or early May 2005, and therefore denies the same.

3. On or about May 23, 2005, the Stouts entered into a residential lease with the option to buy the real property located at [REDACTED] in Winnebago County (the "Winnebago property"). At that time, Barbara Derrickson ("Derrickson") owned the Winnebago property.

ANSWER: Shelton is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 3 of the Complaint related to what the Stouts did on or about May 23, 2005, and therefore denies the same. Shelton acknowledges that the Stouts advised him that they entered into a residential lease in May 2005 and that the lessor of that lease was a realtor named Barbara Derrickson who was a friend of Elizabeth Karwowski-Amato, Shelton's partner.

4. In or about June 2005, Derrickson told the Stouts that she was facing foreclosure on the Winnebago property, and that if they wanted to continue to reside in the property, time was of the essence and they would have to exercise their option to purchase under the lease agreement.

ANSWER: Shelton is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 4 of the Complaint, but he subsequently learned that the Stouts' lease did have an option to purchase and that the Winnebago property was threatened with foreclosure.

5. Between June 2005 and January 2006, the Stouts unsuccessfully attempted to secure financing and/or sell the Jo Daviess property in order to fund their purchase of the Winnebago property.

ANSWER: Although the Stouts advised Shelton that they attempted to secure financing, he has no information sufficient to form a belief as to truth of the allegations contained in Paragraph 5 and therefore denies the same.

6. Unable to secure conventional financing for the purchase of the Winnebago property, in or about January 2006, the Stouts began to seek financing by other means and contacted Trust One Mortgage Corporation ("Trust One"), an Illinois licensed mortgage brokerage company.

ANSWER: Shelton denies the allegations of paragraph 6 in that although the Stouts contacted Derrickson's friend Amato, no contact was made with Trust One.

7. Between July 28, 2005 and November 4, 2007, Respondent held a fifty percent ownership interest in Trust One. Elizabeth Karwowski-Amato ("Amato") held the other fifty percent ownership in Trust One, and Respondent and Amato were the only directors of Trust One. Amato served as the President of Trust One and handled the mortgage and financing side of the business. Respondent served as the Vice-President, Secretary and Registered Agent of Trust One, and handled the legal services for Trust One clients, including but not limited to ordering and clearing title and/or legal representation at closings on properties. Respondent was also a sole practitioner operating under the name, Shelton Law Group, LLC.

ANSWER: Shelton obtained 50% ownership interest of Trust One in November of 2005, and become 100% owner in January of 2008. Shelton admits he was Vice-President, Secretary, registered agent and corporate counsel of Trust One from November 2005 to December 2007. He became President in January 2008. Shelton ordered title in his capacity as member of Shelton Law Group, LLC, providing legal representation as an attorney for that entity, not performing these legal services for Trust One.

8. In January 2006, Amato suggested to the Stouts that they mortgage the Jo Daviess property and use the funds to purchase the Winnebago property. Amato told the Stouts that Trust One had an investor, Sam Fakhouri ("Fakhouri"), who was interested in financing a loan for them, using the Jo Daviess property as collateral for the mortgage and note.

ANSWER: Shelton can neither admit nor deny what Amato suggested to the Stouts, and further denies the allegations of paragraph 8 of the Complaint in that Trust One was not involved in the transaction.

9. In or about March 2006, the Stouts requested and Respondent agreed to represent them in their purchase of the Winnebago property and in negotiating with and securing a mortgage from Fakhouri.

ANSWER: Shelton admits that he was asked and agreed to represent the Stouts in the purchase of the Winnebago property. Shelton denies the remaining allegations of paragraph 9 in that he did not negotiate with Fakhouri in securing a mortgage.

10. By reason of the trust and confidence that the Stouts placed in Respondent pursuant to the attorney-client relationship, Respondent stood in a position of a fiduciary to the Stouts. As such, Respondent owed the Stouts the fiduciary duties attendant to the attorney-client relationship, including the duty to perform the requested services with the highest degree of honesty, fidelity, and good faith, a duty of undivided loyalty, a duty to avoid placing himself in a position where his interests would conflict with the interests of his clients and a duty of care, including but not limited to a duty to ascertain if the actions he was taking on behalf of the Stouts in relation to the loan transaction with Fakhouri and the purchase of the Winnebago property accurately reflected the Stouts' desires and protected their legal interests.

ANSWER: Shelton admits that he entered into an attorney-client relationship, but denies the balance of paragraph 10 in that it purports to state, and in fact does state, legal conclusions.

11. At all times relevant, as a result of the attorney-client relationship with Respondent, the Stouts expected Respondent to exercise his independent professional judgment for their protection.

ANSWER: Shelton is without knowledge or information sufficient to form a belief as to what the Stouts expected of him and therefore denies paragraph 11. Shelton acknowledges that he had an attorney-client relationship with the Stouts and included with that relationship would be the duties and obligations attendant to such a relationship.

12. At some point in late March 2006, William Stout, Fakhouri and Respondent met at Respondent's law office to discuss the terms of the mortgage and note. At that time, Respondent drafted a mortgage and demand note evidencing the loan transaction between Fakhouri and the Stouts which reflected the following: a mortgage loan from Fakhouri to the Stouts in the amount of \$345,000, due on October 25, 2006, and a demand note which reflected the Stouts' obligation to pay Fakhouri \$345,000, plus annual interest at 5%.

ANSWER: Shelton admits the allegations of paragraph 12.

13. At the meeting referenced in paragraph 12 above, Respondent also drafted an agreement between Fakhouri and the Stouts setting forth additional terms and conditions of the loan agreement. Pursuant to the agreement, the Stouts were required to use the services of Trust One to procure a refinancing loan with which to satisfy their obligation to Fakhouri, pay no less than a 3% mortgage broker's fee to Trust One to obtain the refinancing, pay \$650 to Respondent as his fee for representing the Stouts at the closing on the Winnebago property, and \$3,500 to Respondent, through Shelton Law Group, LLC, for his services in drafting and negotiating the mortgage, demand note and agreement between Fakhouri and the Stouts.

ANSWER: Shelton admits that he was to receive a \$4,150.00 fee for the legal services he performed on behalf of the Stouts, including the drafting and negotiation of the mortgage note and agreement. Further answering, Shelton refers the Panel to the complete written documents for the terms and provisions thereof.

14. On or about April 26, 2006, the Stouts executed the mortgage, demand note and agreement referenced in paragraphs 12 and 13 above.

ANSWER: Shelton admits the allegations of paragraph 14.

15. At no time before the Stouts executed the agreement referenced in paragraph 13 above, did Respondent disclose the nature of his financial or ownership interest in Trust One to the Stouts, nor did Respondent inform the Stouts that as a shareholder in Trust One, he would receive a financial benefit as a result of the Stouts' use of Trust One to obtain refinancing to repay the loan to Fakhouri.

ANSWER: Shelton denies the allegations of paragraph 15.

16. At no time did Respondent tell the Stouts that his own business, personal and financial interest in Trust One might materially affect his representation of them in the agreement between the Stouts, Trust One and Fakhouri as referenced in paragraph 13 above.

ANSWER: Shelton states there was no agreement between Trust One and the Stouts at the time referenced in paragraph 16 and further states that it was well known between the Stouts and the referral source, Derrickson, of the business relationship between Shelton and Amato, and accordingly, Shelton denies the allegations of paragraph 16.

17. At no time did Respondent disclose any potential conflict between Respondent, individually as the Stouts' attorney, and Respondent, as half owner of Trust One, that may be created as a result of the agreement between Respondent, Trust One, Fakhouri and the Stouts referred to in paragraph 13 above.

ANSWER: Shelton denies the allegations of paragraph 17.

18. On April 26, 2006, the closing on the Winnebago property took place. The Stouts were not present at the closing, and Respondent executed the closing documents on behalf of the Stouts pursuant to a previously executed Power of Attorney drafted by Respondent. Pursuant to the closing statement, the Stouts paid Respondent \$2,500 as his attorney's fee, or \$1,850 more than the Stouts had agreed to pay pursuant to the agreement referenced in paragraph 13 above, and E & J Capital, Inc., a corporation owned and operated by Amato, \$2,500 as a broker commission.

ANSWER: Shelton denies the allegations of paragraph 18 and the mathematics as stated therein is incorrect. Shelton had negotiated for an attorney's fee of \$4,150.00 as referenced in paragraph 13 of the complaint and received only \$2,500.00, or \$1,650.00 less than what he had

negotiated with his clients. Accordingly, Sheldon denies the allegations of paragraph 18.

19. At no time prior to the closing on the Winnebago property did Respondent discuss with the Stouts their payment of a \$2,500 attorney fee to Respondent or a \$2,500 payment to Amato, through E & J Capital, Inc.

ANSWER: Shelton denies the allegations of paragraph 19.

20. Between April 26, 2006, and September 2006, the Stouts attempted to find a buyer for the Jo Daviess property and also tried to work with Trust One to obtain refinancing without success.

ANSWER: Shelton is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 20 of the Complaint and therefore denies the same.

21. On or about September 22, 2006, the Stouts faxed a letter to Respondent and to Fakhouri in which they sought to exercise their right to extend the maturity date on the mortgage for an additional six months, and advising Fakhouri that they were still trying to obtain financing through Trust One. Neither Fakhouri nor Respondent responded to the letter.

ANSWER: Shelton is without knowledge or information sufficient to form a belief as to whether or not the Stouts faxed a letter to him on that date, but no evidence has ever been presented to him to suggest that they did and in fact Shelton never received such a fax. Accordingly, Shelton denies the allegations of paragraph 21.

22. On July 6, 2007, Joseph Younes, a former law partner of Respondent and counsel on behalf of Fakhouri, caused to be filed a verified complaint to foreclose mortgage against the Stouts in the Circuit Court of the is" Judicial Circuit, J 0 Daviess County, Illinois. The Clerk of Court docketed the matter as Sam Fakhouri v. William A. Stout and Rose V Stout, Unknown Owners and Non-Record Claimants, case no. 07 CH 34. Fakhouri was seeking a foreclosure and sale on the Jo Daviess property and/or possession of the property which was used as collateral for the \$345,000 mortgage.

ANSWER: Shelton admits the allegations of paragraph 22 although he did not know of the facts contained therein on the date of the filing.

Shelton has subsequently learned that the Stouts refinanced the Winnebago property and have not repaid the Fakhouri loan.

23. On April 17, 2008, the Court entered judgment in favor of Fakhouri in the amount of \$407,250.00, plus an award of attorneys fees in the amount of \$14,998.75, costs in the amount of \$775.65, and foreclosure of the Jo Daviess property in case no. 07 CH 34. The order also allowed the Stouts ninety days to redeem their property and payoff the judgment for the full judgment amount of \$423,024.40.

ANSWER: Shelton is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 23 of the Complaint and therefore denies the same.

24. On May 12, 2008, counsel on behalf of the Stouts caused to be filed a motion to reconsider the April 17, 2008 judgment order in case no. 07 CH 34. The motion was denied on July 18, 2008.

ANSWER: Shelton is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 24 of the Complaint and therefore denies the same.

25. On September 5, 2008, at the sheriff's sale of the Jo Daviess property, Fakhouri submitted the winning bid of \$100.

ANSWER: Shelton is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 25 of the Complaint and therefore denies the same.

26. By reason of the conduct described above, Respondent has engaged in the following misconduct:

- a. overreaching;
- b. breach of fiduciary duty by advancing his own self-interests above those of the Stouts;

c. failing to explain a matter to the extent reasonably necessary to permit the client to make informed decisions about the representation in violation of Rule 1.4(b) of the Illinois Rules of Professional Conduct;

d. representing a client where the representation of that client was materially limited by the lawyer's own interests in violation of Rule 1.7 (b) of the Illinois Rules of Professional Conduct;

e. entering into a business transaction with a client without obtaining the client's consent to a conflict of interest after full disclosure, in violation of Rule 1.8(a)(2) of the Illinois Rules of Professional Conduct; and,

f. conduct which tends to defeat the administration of justice, or to bring the courts or the legal profession into disrepute, in violation of Supreme Court Rule 770.

ANSWER: Shelton neither admits, nor denies the allegations of paragraph 26, subparagraphs a through f, inclusive as said allegations are not factual but state conclusions of law. To the extent an answer is deemed required, the allegations are denied.

WHEREFORE, Paul L. Shelton requests that the Complaint be dismissed as having been wrongfully brought.

Paul L. Shelton

By

One of Respondent's attorneys

RULE 231

a. Shelton was admitted to practice before the Illinois Supreme Court in November 1985 and before the United States District Court for the Northern District of Illinois in November 1985. Paul Shelton has never been known by any other name since the time of his admission.

b. In addition to his license to practice law, Shelton is and remains licensed as a mortgage loan officer since June 2008 and holds a license as a real estate broker since 2004 and as a mortgage broker since November 2005, all three licenses issued and renewed by the State of Illinois

Warren Lupel
LUPEL WEININGER LLP
30 North LaSalle Street
Suite 3520
Chicago, Illinois 60602
312-260-7700

**BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION**

In the Matter of:

PAUL LESLIE SHELTON,

Attorney-Respondent,

No. 6191197.

Commission No. 09 CH 58

NOTICE OF FILING

TO: Warren Lupel
Counsel for Respondent
Lupel Weininger, LLP
30 N. LaSalle St., Suite 3520
Chicago, IL 60602-3334

PLEASE TAKE NOTICE that on August 26, 2009, I will file the **ADMINISTRATOR'S REPORT PURSUANT TO COMMISSION RULE 253**, copies of which are attached, by causing the original and four copies to be delivered to the Clerk of the Attorney Registration and Disciplinary Commission in Chicago, Illinois.


Tracy L. Kepler


Tracy L. Kepler
Counsel for the Administrator
One Prudential Plaza
130 East Randolph Drive, Suite 1500
Chicago, Illinois 60601
Telephone: (312) 565-2600

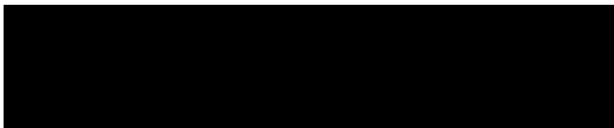
FILED

AUG 26 2009

**ATTY REG & DISC COMM
CHICAGO**

PROOF OF SERVICE

I, Roni M. Martin, upon oath state that I served a copy of this Notice of Filing and the **ADMINISTRATOR'S REPORT PURSUANT TO COMMISSION RULE 253** on the individual at the listed address shown on the foregoing Notice of Filing, by regular mail, proper postage prepaid, by causing the same to be deposited in the United States Mailbox located at One Prudential Plaza, 130 E. Randolph Dr., Chicago, Illinois, on August 26, 2009, at or before 4:00 p.m.

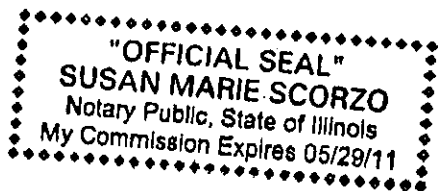


Roni M. Martin

Subscribed and sworn to before me this 26th day of August, 2009.



NOTARY PUBLIC



**BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION**

FILED

AUG 28 2009

**ATTY REG & DISC COMM
CHICAGO**

In the Matter of:

PAUL LESLIE SHELTON,

Commission No. 09 CH 58

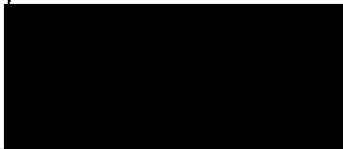
Attorney-Respondent,

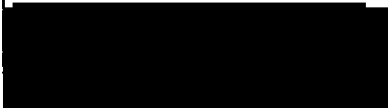
No. 6191197.

**ADMINISTRATOR'S REPORT PURSUANT
TO COMMISSION RULE 253**

Jerome Larkin, Administrator of the Attorney Registration and Disciplinary Commission, by his attorney Tracy L. Kepler, pursuant to Commission Rule 253, submits the following report disclosing the identity of persons who have knowledge of facts which are the subject of this proceeding and identifying the subject matter of their knowledge:

	<u>Name</u>	<u>Subject Matter</u>
1.	Paul Leslie Shelton Shelton Law Group, LLC 1010 Jorie Blvd, Suite 144 Oak Brook, IL 60523-4442 (630) 993-9999	Party-Respondent
2.	William & Rose Stout P.O. Box 728 Lena, IL 61048 [REDACTED]	Fact witnesses; have knowledge of the events alleged in the complaint
3.	Elizabeth T. Karwowski-Amato [REDACTED]	Fact witness; has knowledge of the events alleged in the complaint
4.	Barbara M. Mattson Derrickson [REDACTED]	Fact witness; has knowledge of the events alleged in the complaint

5.	Sam A. Fakhouri 	Fact witness; has knowledge of the events alleged in the complaint
6.	Joseph Younes Law Offices of Joseph Younes 120 W. Madison St, Suite 1405 Chicago, IL 60602-4128 (312) 372-1122	Fact witness; has knowledge of the events alleged in the complaint
7.	Sharon A. Wand Circuit Court Clerk Jo Daviess County Courthouse 330 N. Bench Street Galena, IL 61036 (815) 777-0037	Document foundation witness
8.	Stephen A. Ellis Ellis & Ellis 321 W. State St., Suite 600 Rockford, IL 61101-1129 (815) 968-1881	Fact witness; has knowledge of the events alleged in the complaint
9.	Ronald J. Leinen Mary M. Vincent Vincent Roth & Toepfer 122 1/2 N. Main St. P.O. Box 334 Galena, IL 61036-2222 (815) 777-0533	Fact witnesses; have knowledge of the events alleged in the complaint
10.	Keeper of Records Trust One Mortgage Corporation 1010 Jorie Blvd., Ste 140 Oak Brook, IL 60523 (630) 833-1300	Document foundation witness
11.	Recorder of Deeds Jo Daviess County Recorder 330 N. Bench Street, Rm. 104 Galena, IL 61036 (815) 777-0161	Document foundation witness
12.	Joseph E. Nack Nack Richardson & Kurt 106 N. Main Street P.O. Box 336 Galena, IL 61036-2222 (815) 777-1218	Fact witness; has knowledge of the events alleged in the complaint

13.	Hon. William A. Kelly Jo Daviess County Courthouse 330 N. Bench St Galena, IL 61036-1828 (815) 777-6445	Fact witness; has knowledge of the events alleged in the complaint
14.	Kevin G. O'Leary Stateline Realty Solutions 18 W. Stephenson Street Freeport, IL 61032 (815) 233-5994	Fact witness; has knowledge of the events alleged in the complaint
15.	Keeper of Records Attorneys' Title Guaranty Fund, Inc. 1 S. Wacker Dr., 24 th Floor Chicago, IL 60606 (312) 372-8361	Document foundation witness
16.	Stephen J. Link Attorney at Law 1001 W. Lake Street Addison, IL 60101-2094 (630) 543-3010	Fact witness; has knowledge of the events alleged in the complaint
17.	Lisa C. Vitek 	Fact witness; has knowledge of the events alleged in the complaint

The Administrator reserves the right to supplement this list as he becomes aware of the identity of others having knowledge of facts relating to this matter.

Jerome Larkin, Administrator
Attorney Registration and
Disciplinary Commission

By: 

Tracy L. Kepler


Tracy L. Kepler
Counsel for the Administrator
One Prudential Plaza
130 East Randolph Drive, Suite 1500
Chicago, Illinois 60601
Telephone: (312) 565-2600

BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION

In the Matter of:

PAUL LESLIE SHELTON,

Attorney-Respondent,

No. 6191197.

Commission No. 09 CH 58


ORDER

On the Chair's own motion and pursuant to Commission Rule 260;

IT IS ORDERED:

A pre-hearing conference in this matter is scheduled for September 15, 2009, at 1:00 p.m., and will be conducted by telephone. Counsel for the Administrator and Counsel for Respondent shall be available in their respective offices at this time. The Clerk of the Commission shall initiate the call.

Date Entered: August 20, 2009


Terrence M. Burns, Chair
Hearing Panel

FILED

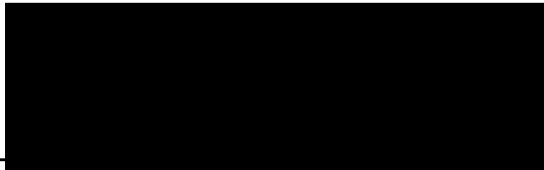
2009 AUG 20 PM 1:53

CITY REG & DISC COM
CHICAGO

PROOF OF SERVICE

I, Raquel Tovar, on oath state that I served a copy of this Order on the Counsel for Respondent listed at the address shown below by regular mail by depositing it with proper postage prepaid, by causing the same to be deposited in the U.S. Mailbox at One Prudential Plaza, 130 East Randolph Drive, Chicago, Illinois 60601 on August 20, 2009, at or before 4:30 p.m. At the same time, a copy of this Order was mailed to the Chairperson of a Hearing Panel and delivered to Counsel for the Administrator.

Warren Lupel
Counsel for Respondent
Lupel Weininger LLP
30 N. LaSalle St., Suite 3520
Chicago, IL 60602-3334



Raquel Tovar

Subscribed and sworn to before me
this 20th day of August, 2009



Notary Public



**BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION**

In the Matter of:)

PAUL LESLIE SHELTON,)

Attorney-Respondent,)

No. 6191197.)

Commission No. 09 CH 58

ENTRY OF APPEARANCE AND ACCEPTANCE OF SERVICE

I, Warren Lupel, hereby enter my appearance and accept personal service of the Complaint, Notice of Complaint, Order assigning Chairperson of Hearing Panel, Rules of the Supreme Court of Illinois and Pre-hearing Conference Procedures Memorandum in this matter.

DATED: Aug 17, 2009


Warren Lupel

Name: Warren Lupel
Address: Lupel Weininger LLP
30 N. LaSalle St., Suite 3520
City: Chicago
State: Illinois 60602-3334
Telephone: (312) 845-2568

MAINLIB_#332541_v1

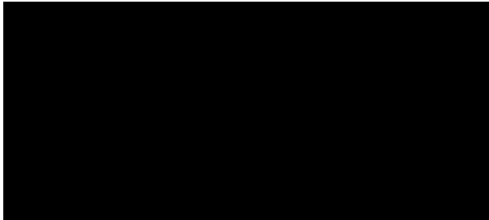
FILED
AUG 17 2009
ATTY REG & DISC COMM
CHICAGO

**BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION**

In the Matter of:)
)
PAUL LESLIE SHELTON,)
) Commission No. 09 CH 58
Attorney-Respondent,)
)
No. 6191197.)

PROOF OF SERVICE

I, Humberto Bobadilla, upon oath state that I personally served a copy of a Complaint, Notice of Complaint, Order assigning Chairperson of Hearing Panel, Rules of the Supreme Court of Illinois and Pre-hearing Conference Procedures Memorandum on Warren Lupel on behalf of Respondent at 30 North LaSalle Street, Suite 3520, Chicago, Illinois on August 14, 2009 at or about 11:45 a.m.



Humberto Bobadilla

Subscribed and sworn to before me
on this 17th day of August, 2009.



Notary Public

MAINLIB_#332541_v1



FILED

AUG 17 2009

**ATTY REG & DISC COMM
CHICAGO**

**BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION**

In the Matter of:

PAUL LESLIE SHELTON,

Attorney-Respondent,

No. 6191197.

Commission No. 09 CH 58

NOTICE OF COMPLAINT

TO: Paul Leslie Shelton
Attorney-Respondent
Shelton Law Group LLC
1010 Jorie Blvd., Suite 144
Oak Brook, IL 60523-4442


Tracy L. Kepler
Counsel for the Administrator

You are hereby notified that a Complaint has been filed in the above captioned matter.

Copies of the Complaint, Order assigning Terrence M. Burns, Chairperson of a Panel of the Hearing Board and the Rules of the Supreme Court of Illinois and Rules of the Attorney Registration and Disciplinary Commission are enclosed.

NOTICE

**YOU MUST ANSWER (INCLUDING DISCLOSURES REQUIRED BY COMMISSION
RULE 231) OR OTHERWISE PLEAD WITHIN 21 DAYS OF SERVICE AND COMPLY
WITH COMMISSION RULE 253 (DISCLOSURE OF WITNESSES) WITHIN 28 DAYS.**


Kenneth G. Jablonski,
Clerk of the Commission

Kenneth G. Jablonski, Clerk
Attorney Registration and
Disciplinary Commission
One Prudential Plaza
130 East Randolph Drive, Suite 1100
Chicago, Illinois 60601
Telephone: (312) 565-2600

FILED

AUG - 7 2009

**ATTY REG & DISC COMM
CHICAGO**

BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION

In the Matter of:

PAUL LESLIE SHELTON,

Attorney-Respondent,

No. 6191197.

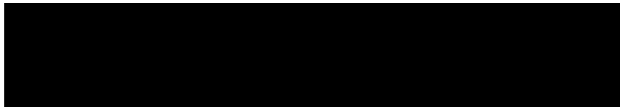
Commission No. 09 CH 58

ORDER

Pursuant to Supreme Court Rule 753(c)(1) and (2), and the Amended Administrative Order entered on March 2, 2009, appointing lawyers and nonlawyers as commissioners of the Supreme Court to serve as members of the Hearing Board for a term expiring February 28, 2010, until further order of the Commission and Commission policy;

IT IS ORDERED that the above matter is assigned to Terrence M. Burns, Chairperson of a Panel of the Hearing Board.

Date Entered: August 7, 2009


Kenneth G. Jablonski,
Clerk of the Commission

Kenneth G. Jablonski, Clerk
Attorney Registration and
Disciplinary Commission
One Prudential Plaza
130 East Randolph Drive, Suite 1100
Chicago, Illinois 60601
Telephone: (312) 565-2600

FILED

AUG - 7 2009

**ATTY REG & DISC COMM
CHICAGO**

**BEFORE THE HEARING BOARD
OF THE
ILLINOIS ATTORNEY REGISTRATION
AND
DISCIPLINARY COMMISSION**

In the Matter of:

PAUL LESLIE SHELTON,

Attorney-Respondent,

No. 6191197.

Commission No. 09 CH

58

COMPLAINT

Jerome Larkin, Administrator of the Attorney Registration and Disciplinary Commission, by his attorney, Tracy L. Kepler, pursuant to Supreme Court Rule 753(b), complains of Respondent Paul Leslie Shelton, who was licensed to practice law in Illinois on November 7, 1985, and alleges that Respondent has engaged in the following conduct which tends to defeat the administration of justice, or to bring the courts or the legal profession into disrepute:

Conflict of Interest – William and Rose Stout

1. In 2005, William and Rose Stout (“the Stouts”) owned and resided in the real property located at 3114 Rush Creek Road in Stockton, Illinois, Jo Daviess County (the “Jo Daviess property”) which consisted of approximately 12 acres of land improved by several buildings, including an eight unit apartment complex, guest house and manor home, and an adjacent parcel of approximately 44 acres of undeveloped farmland. At that time, the Jo Daviess property had an appraised value in excess of \$1,000,000.

FILED

AUG - 7 2009

**ATTY REG & DISC COMM
CHICAGO**

2. In late April and early May 2005, given William Stout's medical condition and the need for ongoing hospitalizations and treatment, the Stouts looked for a residence closer to William Stout's treatment providers.

3. On or about May 23, 2005, the Stouts entered into a residential lease with the option to buy the real property located at [REDACTED] in Winnebago County (the "Winnebago property"). At that time, Barbara Derrickson ("Derrickson") owned the Winnebago property.

4. In or about June 2005, Derrickson told the Stouts that she was facing foreclosure on the Winnebago property, and that if they wanted to continue to reside in the property, time was of the essence and they would have to exercise their option to purchase under the lease agreement.

5. Between June 2005 and January 2006, the Stouts unsuccessfully attempted to secure financing and/or sell the Jo Daviess property in order to fund their purchase of the Winnebago property.

6. Unable to secure conventional financing for the purchase of the Winnebago property, in or about January 2006, the Stouts began to seek financing by other means and contacted Trust One Mortgage Corporation ("Trust One"), an Illinois licensed mortgage brokerage company.

7. Between July 28, 2005 and November 4, 2007, Respondent held a fifty percent ownership interest in Trust One. Elizabeth Karwowski-Amato ("Amato") held the other fifty percent ownership in Trust One, and Respondent and Amato were the only directors of Trust One. Amato served as the President of Trust One and handled the mortgage and financing side of the business. Respondent served as the Vice-President, Secretary and Registered Agent of

Trust One, and handled the legal services for Trust One clients, including but not limited to ordering and clearing title and/or legal representation at closings on properties. Respondent was also a sole practitioner operating under the name, Shelton Law Group, LLC.

8. In January 2006, Amato suggested to the Stouts that they mortgage the Jo Daviess property and use the funds to purchase the Winnebago property. Amato told the Stouts that Trust One had an investor, Sam Fakhouri ("Fakhouri"), who was interested in financing a loan for them, using the Jo Daviess property as collateral for the mortgage and note.

9. In or about March 2006, the Stouts requested and Respondent agreed to represent them in their purchase of the Winnebago property and in negotiating with and securing a mortgage from Fakhouri.

10. By reason of the trust and confidence that the Stouts placed in Respondent pursuant to the attorney-client relationship, Respondent stood in a position of a fiduciary to the Stouts. As such, Respondent owed the Stouts the fiduciary duties attendant to the attorney-client relationship, including the duty to perform the requested services with the highest degree of honesty, fidelity, and good faith, a duty of undivided loyalty, a duty to avoid placing himself in a position where his interests would conflict with the interests of his clients and a duty of care, including but not limited to a duty to ascertain if the actions he was taking on behalf of the Stouts in relation to the loan transaction with Fakhouri and the purchase of the Winnebago property accurately reflected the Stouts' desires and protected their legal interests.

11. At all times relevant, as a result of the attorney-client relationship with Respondent, the Stouts expected Respondent to exercise his independent professional judgment for their protection.

12. At some point in late March 2006, William Stout, Fakhouri and Respondent met at Respondent's law office to discuss the terms of the mortgage and note. At that time, Respondent drafted a mortgage and demand note evidencing the loan transaction between Fakhouri and the Stouts which reflected the following: a mortgage loan from Fakhouri to the Stouts in the amount of \$345,000, due on October 25, 2006, and a demand note which reflected the Stouts' obligation to pay Fakhouri \$345,000, plus annual interest at 5%.

13. At the meeting referenced in paragraph 12 above, Respondent also drafted an agreement between Fakhouri and the Stouts setting forth additional terms and conditions of the loan agreement. Pursuant to the agreement, the Stouts were required to use the services of Trust One to procure a refinancing loan with which to satisfy their obligation to Fakhouri, pay no less than a 3% mortgage broker's fee to Trust One to obtain the refinancing, pay \$650 to Respondent as his fee for representing the Stouts at the closing on the Winnebago property, and \$3,500 to Respondent, through Shelton Law Group, LLC, for his services in drafting and negotiating the mortgage, demand note and agreement between Fakhouri and the Stouts.

14. On or about April 26, 2006, the Stouts executed the mortgage, demand note and agreement referenced in paragraphs 12 and 13 above.

15. At no time before the Stouts executed the agreement referenced in paragraph 13 above, did Respondent disclose the nature of his financial or ownership interest in Trust One to the Stouts, nor did Respondent inform the Stouts that as a shareholder in Trust One, he would receive a financial benefit as a result of the Stouts' use of Trust One to obtain refinancing to repay the loan to Fakhouri.

16. At no time did Respondent tell the Stouts that his own business, personal and financial interest in Trust One might materially affect his representation of them in the agreement between the Stouts, Trust One and Fakhouri as referenced in paragraph 13 above.

17. At no time did Respondent disclose any potential conflict between Respondent, individually as the Stouts' attorney, and Respondent, as half owner of Trust One, that may be created as a result of the agreement between Respondent, Trust One, Fakhouri and the Stouts referred to in paragraph 13 above.

18. On April 26, 2006, the closing on the Winnebago property took place. The Stouts were not present at the closing, and Respondent executed the closing documents on behalf of the Stouts pursuant to a previously executed Power of Attorney drafted by Respondent. Pursuant to the closing statement, the Stouts paid Respondent \$2,500 as his attorney's fee, or \$1,850 more than the Stouts had agreed to pay pursuant to the agreement referenced in paragraph 13 above, and E & J Capital, Inc., a corporation owned and operated by Amato, \$2,500 as a broker commission.

19. At no time prior to the closing on the Winnebago property did Respondent discuss with the Stouts their payment of a \$2,500 attorney fee to Respondent or a \$2,500 payment to Amato, through E & J Capital, Inc.

20. Between April 26, 2006, and September 2006, the Stouts attempted to find a buyer for the Jo Daviess property and also tried to work with Trust One to obtain refinancing without success.

21. On or about September 22, 2006, the Stouts faxed a letter to Respondent and to Fakhouri in which they sought to exercise their right to extend the maturity date on the mortgage

for an additional six months, and advising Fakhouri that they were still trying to obtain financing through Trust One. Neither Fakhouri nor Respondent responded to the letter.

22. On July 6, 2007, Joseph Younes, a former law partner of Respondent and counsel on behalf of Fakhouri, caused to be filed a verified complaint to foreclose mortgage against the Stouts in the Circuit Court of the 15th Judicial Circuit, Jo Daviess County, Illinois. The Clerk of Court docketed the matter as *Sam Fakhouri v. William A. Stout and Rose V. Stout, Unknown Owners and Non-Record Claimants*, case no. 07 CH 34. Fakhouri was seeking a foreclosure and sale on the Jo Daviess property and/or possession of the property which was used as collateral for the \$345,000 mortgage.

23. On April 17, 2008, the Court entered judgment in favor of Fakhouri in the amount of \$407,250.00, plus an award of attorneys fees in the amount of \$14,998.75, costs in the amount of \$775.65, and foreclosure of the Jo Daviess property in case no. 07 CH 34. The order also allowed the Stouts ninety days to redeem their property and pay off the judgment for the full judgment amount of \$423,024.40.

24. On May 12, 2008, counsel on behalf of the Stouts caused to be filed a motion to reconsider the April 17, 2008 judgment order in case no. 07 CH 34. The motion was denied on July 18, 2008.

25. On September 5, 2008, at the sheriff's sale of the Jo Daviess property, Fakhouri submitted the winning bid of \$100.

26. By reason of the conduct described above, Respondent has engaged in the following misconduct:

- a. overreaching;
- b. breach of fiduciary duty by advancing his own self-interests above those of the Stouts;

- c. failing to explain a matter to the extent reasonably necessary to permit the client to make informed decisions about the representation in violation of Rule 1.4(b) of the Illinois Rules of Professional Conduct;
- d. representing a client where the representation of that client was materially limited by the lawyer's own interests in violation of Rule 1.7(b) of the Illinois Rules of Professional Conduct;
- e. entering into a business transaction with a client without obtaining the client's consent to a conflict of interest after full disclosure, in violation of Rule 1.8(a)(2) of the Illinois Rules of Professional Conduct; and,
- f. conduct which tends to defeat the administration of justice, or to bring the courts or the legal profession into disrepute, in violation of Supreme Court Rule 770.

WHEREFORE, the Administrator requests that this matter be assigned to a panel of the Hearing Board, that a hearing be held, and that the panel make findings of fact, conclusions of fact and law, and a recommendation for such discipline as is warranted.

Respectfully submitted,

Jerome Larkin, Administrator
Attorney Registration and
Disciplinary Commission

By:

Tracy L. Kepler

Tracy L. Kepler
Counsel for the Administrator
One Prudential Plaza
130 E. Randolph Dr., Suite 1500
Chicago, Illinois 60601
Telephone: (312) 565-2600
MAINLIB_#321493_v1