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Prosecutor Worthy Charges in Connection with Reverse Mortgage Fraud Scheme

Prosecutor Kym L. Worthy charged Anthony James, 43, of Romulus, Michigan in connection with a reverse mortgage fraud scheme that involved Shirley Schultz, 84, of Belleville, Michigan.

In November of 2003, Ms. Schultz contacted one of the largest mortgage lenders in the United States, Financial Freedom Senior Funding Corporation located in San Francisco, California after seeing a television commercial. She called a 1-800 number and was directed to Mr. James of Park Place Mortgage Company located at 9340 South Wayne Road in Romulus, Michigan. Mr. James allegedly informed Ms. Schultz that he would come to her home to process the required paperwork and that this was a service provided to senior citizens. Ms. Schultz met with Mr. James numerous times over the next 12 months.

A counseling meeting explaining the reverse mortgage process was required by Financial Freedom before the loan could be processed. Mr. James allegedly informed Ms. Schultz that he would be able to waive the counseling meeting by just asking a few questions over the phone.

Tri-County Title Insurance Company was the closing agent who processed the title work for Mr. James. They were allegedly directed by Mr. James to issue two checks at the closing. The two checks were both payable to

Ms. Schultz. One check was in the amount of $61,325.79 and the second check was in the amount of $42,667.11 also payable to Ms. Schultz.

In January 2004, Ms. Schultz received the check for $61,325.79. She was expecting to receive approximately $62,000 at the closing and was allegedly informed by Mr. James that the balance would be placed in an account that she could draw upon as needed. It was not until Financial Freedom started sending her monthly statements for an amount owed of $131,000 that she realized something was wrong. When Ms. Schultz contacted Financial Freedom she was advised that she borrowed approximately $103,992.90 including 6% interest which totaled approximately $131,000.

Shortly thereafter, Ms. Schultz discovered that there was a second check for $42,667.11 that she never received with a forged endorsement in her name along with the signature of Anthony James. The check was deposited in a bank account belonging to Anthony James. Ms. Schultz retained an attorney to assist her and the Sumpter Township Police were contacted and investigated the case.

As a result of the investigation by Officer Danielle Buccellato, the Wayne County Prosecutor's Elder Abuse Unit was able to charge Mr. James with Uttering and Publishing, an offense with a maximum penalty of 14 years in connection with presenting and cashing the $42,667.11 check. He was also charged with Larceny by Conversion of $20,000 or more, which has a maximum penalty of 10 years for taking the $42,667.11 check and fraudulently converting it to his own use.

Financial Freedom Senior Funding Corporation defines a reverse mortgage as: "A way to enable senior home owners, age 62 or older to convert part of the equity in their home to tax free income without having to sell the home, giving up title or taking on a new monthly mortgage payment. Borrowers should never under any circumstances resulting from the reverse mortgage be forced to leave their homes provided they make their real estate property tax and insurance payments.

"Borrowers can choose to receive the funds as a lump sum, line of credit, or any combination of these options. They can use the funds in any way they wish and make no monthly payment on a reverse mortgage during the life of the loan. The loan is repayable when the borrower sells the home or permanently moves out. In addition the repayment amount cannot exceed the value of the home.

"Reverse mortgages are insured by the Federal Housing Administration, an arm of the Department of Housing and Urban Development. The predominate reverse mortgage product in the market place is the Home Equity Conversion Mortgage (HECM)."

Financial Freedom Senior Funding Chief Executive Officer James Mahoney said, "We are outraged but very grateful that we could assist in this effort to bring Mr. James to justice and protect our senior customers. We will continue to vigorously provide whatever assistance we can."

Prosecutor Worthy said, "We want to thank Financial Freedom for their cooperation in our investigation. This is a despicable act of one of the lowest forms of criminals, one who will prey upon our senior citizens. By taking this money and engaging in fraud Mr. James literally tried to steal one of the most valuable assets that Ms. Schultz has away from her. We want to make sure that senior citizens are aware that they must be very careful with their financial transactions. Predators are everywhere and we must do a better job of educating the public to be circumspect in these matters."

An arraignment was held at 34th District Court before Judge Brian Oakley this morning and received a $1,000,000 cash or surety bond. His preliminary exam is scheduled for June 28, 2006. Please call Sumpter Township Police Department at (734) 461-4833 for a mug shot of Mr. James.

If you know of a senior citizen who has experienced financial exploitation in connection with a reverse mortgage please call the Elder Abuse Unit of the Wayne County Prosecutor's Office at (313) 224-6304 or (313) 224-0585.

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