

DLLR News

DLLR's Financial Regulation Division Targets More Mortgage Scams

BALTIMORE (12/10/09) -- The Maryland Department of Labor, Licensing and Regulation's Office of the Commissioner of Financial Regulation, as part of its ongoing crackdown against mortgage fraud, today issued cease-and-desist orders in three additional cases in which entities and individuals are accused of illegal activities that victimized Maryland homeowners.

"Today's actions are part of an ongoing enforcement effort to protect consumers from operators of foreclosure rescue scams and other forms of mortgage fraud," said Alexander M. Sanchez, Secretary of Labor, Licensing and Regulation.

The Office of the Commissioner of Financial Regulation has taken these actions:

- Summarily suspended the Maryland Mortgage Lender License and Mortgage Loan Originator licenses of ATT Mortgage Co., Shawpin Jong a/k/a/ Steve Chung, and other affiliated companies and individuals. They are accused of engaging in, or conspiring to engage in, mortgage fraud (in violation of the Maryland Mortgage Fraud Protection Act), as well as for other violations of the Maryland Mortgage Lender Law and the Mortgage Originators Law. ATT Mortgage Co. allegedly obtained at least 11 different mortgage loans for borrowers after submitting fraudulent employment information to a single lender, falsely claiming that the borrowers were all employed by ASI Alpha Scientific. Both ATT Mortgage and ASI Alpha Scientific are allegedly owned and operated by Shawpin Jong a/k/a Steve Chung, at the same location in Rockville, MD.
- Summarily suspended the mortgage loan originator license of Nicholas Elko for allegedly engaging in an illegal foreclosure rescue scheme in violation of Maryland's Protection of Homeowners in Foreclosure Act. Elko, who worked with Baltimore-based Equitable Trust Mortgage Corp., obtained the title to a Maryland residential property in foreclosure after promising the homeowner that he would convey title back to her after a period of time. Instead, Elko allegedly refinanced the property multiple times through Equitable Trust Mortgage. Each time that the property was refinanced, Elko stripped more and more equity out of the home, ultimately conveying the property to his mother. "
- Issued a Summary Order to Cease and Desist against The Shmuckler Group, LLC, Nova Key, LLC, Howard R. Shmuckler, Alon Fisch, and Ted Dubin for allegedly engaging in illegal loan modification activities. They are accused of collecting up-front fees from Maryland homeowners in default on their residential mortgage loans, in exchange for promises to assist them in obtaining a loan modification from their mortgage lender. By failing to obtain a Maryland credit services business license, and by collecting up-front fees prior to completing all promised services, the group's activities allegedly violated the Maryland Credit Services Businesses Act and the Protection of Homeowners in Foreclosure Act. These Respondents allegedly collected a total of over \$1.2 million in up-front fees while promising to modify 372 different Maryland residential mortgage loans (charging an average of \$3,440 in up-front fees to each Maryland resident, with amounts varying between \$1,750 and \$6,000). Respondents allegedly obtained loan modifications or analogous results in only a quarter of those cases, yet refused to provide any refunds to Maryland consumers. These Respondents operate primarily out of Northern Virginia.

These enforcement actions follow cease-and-desist orders issued in 22 cases in recent months against operators of illegal foreclosure rescues and loan modification schemes that victimized Maryland homeowners.

"We continue to work to protect Marylanders in this crisis against mortgage fraud and to address newer scams which unfortunately prey on those most in need of assistance," said Sarah Bloom Raskin, Commissioner of Financial Regulation. "These predators offer assistance - for a fee of course - in getting a loan modification. Quite simply, do not pay, walk away. Call your servicer directly or see a non-profit counselor. Because my office may be able to recover your money, but we'll never recover the time."

It is illegal in Maryland for credit services businesses and foreclosure consultants to charge up-front fees. Maryland residents facing foreclosure should avoid anyone who requires advance fees, who guarantees results, or who advises them to stop making mortgage payments and/or stop communicating with their lender. Free assistance from housing counselors is available by contacting the Maryland HOPE (<http://www.mdhope.org/>) Hotline at 1-877-462-7555.

Consumers who believe they have been victimized by a loan modification scheme or any other form of mortgage fraud

should call the Office of the Commissioner of Financial Regulation at 1-888-784-0136.

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Questions or comments regarding the Department of Labor, Licensing and Regulation may be directed to **pio@dllr.state.md.us**
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