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Attorney General Martha Coakley's Office Announces Indictments Against Four People in Complex Mortgage Rescue Scheme

WORCESTER – Attorney General Martha Coakley's Office announces that a Worcester County Grand Jury returned indictments on Friday against an Oxford man, a real estate lawyer, a real estate paralegal and a notary public for their roles in a complex scheme in which fraudulent documents were used to defraud homeowners and mortgage lenders in numerous real estate transactions involving distressed properties in the Worcester County area. Allen Seymour, age 41, of Oxford, Raymond A. Desautels III, age 43, also of Oxford, Jason Passell, age 51, of Worcester, and Judith Piette, age 44, of Worcester, are charged as follows:

Allen Seymour

Forgery (4 counts)
Uttering (8 counts)
Inducing a Lender to Part with Property (12 counts)
Larceny by False Pretenses

Raymond A. Desautels, III (real estate lawyer)

Inducing a Lender to Part with Property (5 counts)

Jason Passell (real estate paralegal)

Forgery
Uttering (7 counts)

Judith Piette (notary public)

False Written Report by Public Officer (4 counts)

This is the second phase of a 24-month investigation stemming from a referral from the Massachusetts Division of Banks. The first phase of the investigation covered the alleged creation of fraudulent Verifications of Deposit, a document used to prove a borrower's assets to a lender. Phase I of the investigation led to indictments of five individuals, including mortgage broker Erik Tancun, on a variety of charges stemming from the alleged creation of these false documents.

The second phase of the investigation focused on 14 real estate transactions in the Worcester County area. Massachusetts State Police and financial investigators assigned to the Attorney General's Office have uncovered a scheme, allegedly organized by Allen Seymour, whereby Seymour was able to transform apparent equity in distressed properties into cash.

According to authorities, Seymour targeted properties in danger of foreclosure. He personally approached the owners of these properties and presented a variety of rescue options. For those homeowners who merely wished to sell their property to avoid foreclosure, Seymour allegedly offered to purchase the property for the amount owed to the foreclosing lenders. For the several homeowners who wanted to remain in their homes, Seymour allegedly presented rescue plans which ranged from "lifetime leases" and "reverse mortgages" to a simple refinance. Some of these homeowners were told they would need to transfer title of the property to an "investor," and some were not. Seymour allegedly had some homeowners sign innocuous documents to begin the process. These innocuous pages were then discarded and substituted with pages purporting to grant Power of Attorney from the homeowner to Jason Passell.

Simultaneously, Seymour found individuals with good credit who were looking to begin investing in real estate. Many of these "investors" were told they would be helping homeowners in danger of foreclosure. Seymour told several investors that the purchase would only be temporary, and the homeowners would purchase the property back

from them after Seymour repaired the homeowner's credit. Others were allegedly told that Seymour's company would repair and rehab the properties, and then sell them at a profit, to be shared by Seymour and the investors.

None of the proposals made to these "investors" matched the transactions presented to the homeowner. The investors were not told of the "lifetime leases" and "reverse mortgages" Seymour had promised to the homeowners.

Investigators discovered that nearly \$3 million dollars in loans were obtained for these purchases. Loan documents indicate the lender believed the purchase price was far greater than the amount the homeowner was selling the property for, if in fact the homeowner knew they were selling the property at all.

Raymond Desautels, III, conducted all of the real estate closings. The lender wired funds into his legal business account based on the erroneous belief that the homeowner was selling the property for the inflated price. The lender was unaware that the stated price was in fact inflated. Authorities allege that on five occasions Desautels prepared documents indicating the investor had brought their own funds to the closing table, further bolstering the lender's misunderstanding about the transaction and the purchase price. The homeowners never attended these closings, as their documents were signed using a fraudulent Power of Attorney.

Desautels issued a proceeds check payable to the homeowners, based on the false purchase price. Seymour and Passell, with both this check and false Power of Attorney in hand, then allegedly cashed the check at a check cashing business in Worcester. In a roughly 18-month time period, authorities allege that Seymour cashed well over \$1 million dollars in proceeds checks.

After the closing, several investors state that Seymour abandoned them to the mortgage payments. Without Seymour's assistance, the investors were unable to pay the loans, and these mortgages themselves fell into foreclosure. Some homeowners, promised lifetime leases, have been evicted from their homes by these foreclosures.

On four occasions, documents signed by the homeowner were presented to notary public Judith Piette. Although Piette never saw the homeowner, Piette allegedly signed these documents stating the homeowner had personally appeared before her and acknowledged they had signed the document voluntarily and for its intended purpose. There is no evidence Piette had any knowledge of the larger scheme.

The indictments against these individuals were returned late Friday afternoon by a Worcester Grand Jury. Arraignment dates in Worcester Superior Court have not yet been scheduled.

The case is being prosecuted by Assistant Attorneys General Andrew Doherty and David Lieberman of Attorney General Coakley's Corruption and Fraud Division. The case was investigated by Financial Investigator James McFadden and Massachusetts State Troopers assigned to the Attorney General's Office, with assistance from the Worcester field office of the FBI.

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