

Suit alleges child sex abuse at West Palm Hospital

IN LOCAL



Muriel Siebert dies Part-time Palm Beacher was first woman to own a seat on the NYSE

IN BUSINESS

Local surgeon first in Florida to implant new hearing aid

IN ACCENT

BREAKING NEWS AT PALMBEACHPOST.COM

WEATHER

TODAY

Partly cloudy

HIGH: 86 LOW: 77



WEDNESDAY Partly cloudy 88/78

THURSDAY Partly cloudy 88/78

LIVE RADAR PALMBEACHPOST.COM, WEATHER PAGE BACK OF SPORTS

The Palm Beach Post

Tuesday, August 27, 2013

REAL NEWS STARTS HERE

Final edition | One dollar

IN THE NEWS

Wildfire nears water supply

Crews battling California's massive wildfire gain ground, but flames threaten San Francisco's water supply. **A2**

NATION & WORLD

Fort Hood survivors, victims' families talk

Prosecutors hope their testimony helps persuade jurors to impose a rare military death sentence. **A3**

POST COVERAGE FORECLOSURES

State closes more land trusts

Trusts preyed on vulnerable homeowners trying to avoid foreclosure, authorities say.

By Kimberly Miller
Palm Beach Post Staff Writer

The Florida attorney general's office shut down two more South Florida land trusts Monday, continuing a yearlong pursuit to stop multiple intertwined firms from selling a complex foreclosure res-

cue scheme to vulnerable homeowners.

A Broward County judge's order Monday temporarily froze the operations and assets of the Lauderdale by the Sea-based firms of Cambridge Land Trust and Hartford Land Trust. The company's owner, Robert Vitale, 42,

is also named in the complaint.

The attorney general's land trust investigations have so far ensnared 11 people, seven trusts and eight affiliated companies, all of which are named in lawsuits first filed in September. The largest firm, Fidelity Land Trust, which had an office in Boca Raton, had an estimated 300

Trusts continued on A5

ABOUT OUR COVERAGE

Palm Beach Post real estate reporter Kimberly Miller first uncovered the land trust practice in June 2012. Scores of Palm Beach County homeowners have signed over their deeds to land trusts after being promised that their underwater mortgages would be canceled and that they would get to keep their property.

Judges denounce the trusts

Trusts

continued from A1

properties statewide at one point.

According to the complaints, the trusts hired boiler-room-type call centers to solicit homeowners with underwater mortgages or who are in foreclosure. The borrowers allegedly paid thousands of dollars in upfront fees and signed over the deeds to their homes to the trusts under the belief the company could get their mortgage canceled.

A Davie homeowner complained to the state in October that he gave \$3,700 to Cambridge Land Trust to save his home by filing a quiet title lawsuit to remove the bank's claim on the home. In many cases, the land trusts also ask homeowners to set up a new "mortgage" with payments going to the trust, according to the state.

"Needless to say, I'm writing you today because Robert Vitale never did file this lawsuit," homeowner Joseph Bean said. "To make matters worse, Robert (Vitale) keeps calling me asking for monthly mortgage payments that include taxes and insurance that need to be paid to his trust."

The suit against Cambridge, Hartford and Vitale says the companies cannot deliver the services they pitch and are "deceptive, misleading and/or unconscionable, because Cambridge's scheme does not bring about the cancellation of a homeowner's mortgage."

Vitale did not return a message left at his office Monday, but said in a July interview with The Palm Beach Post that he closed his land trust companies when he realized the business model wasn't viable. He said he was signing the deeds he had back

to the homeowners.

Royal Palm Beach-based foreclosure defense attorney Tom Ice was one of the first to raise concerns about the trusts after a client signed his deed over to Fidelity.

"These scams prey upon those that already have financial difficulties and directs them away from resources that could help them," Ice said Monday. "Worse, because they involve filing frivolous motions, it denigrates the legal profession and creates even more confusion in the

courts."

County and federal judges have denounced the land trusts' legal theories, saying their actions to cancel a mortgage have "absolutely no chance of success."

"A state judge has told (Fidelity) that its legal theory is meritless; a federal judge has told Fidelity its legal theory is frivolous; and the Florida Attorney General has obtained injunctive relief against plaintiff," federal District Judge Roy Dalton wrote in a Dec. 27 order. "Yet even in its objection,

plaintiff clings to the notion that its claims have merit. They do not."

This month, the state sued Whitestone Capital Trust, Become the Bank LLC and Lake Worth homeowner Nicholas Torgerson. Torgerson has hired West Palm Beach-based attorney Michael Pike, who in a news release last week said he will challenge the state.

"Whitestone Capital Trust and Torgerson have attempted to distinguish their services from other land trust models and establish a legit-

imate and viable service for homeowners," the release said.

Court filings show the land trusts are connected and trace the business model to Plantation resident Edward Cherry, who was barred in a 2009 consent judgment by the attorney general from dealing in consumer debt-settlement services.

Cherry shared the land trust plan with Fidelity Land Trust operator Paul Gellenbeck in 2011, according to a deposition. Gellenbeck and Torgerson worked together at

Fidelity, according to emails between the two in which Torgerson calls himself Fidelity's vice president. And Vitale said Gellenbeck gave him the business model.

Vitale is facing other legal trouble. He pleaded guilty last month to criminal charges that he obstructed justice and lied to investigators from the U.S. Securities and Exchange Commission. His sentencing is scheduled for Sept. 9.

kmiller@pbpost.com

Twitter: @pbpostrealtime