

# Facing foreclosure? Con man Paul Noe II has a deal for you

By Matt Smith

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[Matt Smith on foreclosure scam](#)

Dunstanto Lopez stands at the center of the foreclosure storm that's boarding up neighborhoods around America. The value of his home in Hayward has recently plummeted by nearly half. He owes hundreds of thousands of dollars more to the bank than his house is worth. He can't afford the payments, and there's little chance he'll be able to stay there much longer.

Lopez is also a typical victim of the kind of "foreclosure assistance" schemes that flood desperate homeowners' mailboxes during real-estate crashes like the current one.

A few months ago, Lopez got a phone call from someone offering him a tempting, if screwy, deal with a company called United First, Inc. that would supposedly help postpone foreclosure proceedings.

Under the arrangement, Lopez would enter a joint venture with the company and add United First to his homeowners' insurance policy, retain Sherman Oaks-based attorney Mitchell Roth as legal counsel, and pay the firm an initial \$2,250, then \$1,750 per month. According to the contract, the monthly payments are supposed to end "upon termination of legal proceedings," or whenever Roth stops representing Lopez.

The contract's language suggested that the venture might later result in Roth's filing a lawsuit based on the claim that the foreclosing bank doesn't really own title to Lopez' home — what people in real estate call a "missing title" case. In the unlikely prospect that such a lawsuit resulted in a bank cutting a deal with Lopez, United First would keep half the value of any benefit the bank offered. If such a lawsuit somehow won outright, United First would keep 80 percent of the profit. And in the very likely event the lawsuit idea went nowhere, Lopez would have paid fees to United First without improving his foreclosure situation.

Roth declined to be interviewed for this story, but responded in writing to a list of questions. He said the type of deal offered to Lopez breaks no laws and is a bargain for his intended customers.

"The fact that the United First, Inc. joint ventures afford property owners the ability to test the facts in their cases on financial terms they can and are willing to handle is highly commendable," Roth wrote. "Any monthly contribution they may pay to United First, Inc. as their joint venture contribution is typically less than the cost of litigation and less than they would have had to spend on rent if they moved out of their home."

But what Lopez didn't know was that the president, secretary, treasurer, and director of the recently registered Nevada shell company United First, Inc. was a con man — one I knew quite well.

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Five years ago I had lunch with Paul Noe II — a man convicted of five felony counts of aiding and abetting wire fraud in 1989, and the former target of a state insurance fraud investigation. At the time, the fleshy, soft-spoken Noe seemed to think that persuading me to write about his supposedly altruistic nature might somehow get state insurance regulators investigating his activities off his back. During a four-hour lunch at a Burbank Sizzler restaurant, I swear Noe actually brought himself to tears. "All I really want to do is help people," he proclaimed.

I never did write the story Noe wanted. But even without it, he managed to avoid major trouble. In 2004, state insurance regulators slapped him on the wrist with a cease-and-desist order telling him to end his involvement in a scheme allegedly tricking the elderly into buying insurance products they didn't need. Now, as Lopez' foreclosure intrigue suggests, Noe appears to have switched from targeting the elderly to pursuing desperate homeowners.

Consumer attorneys who specialize in missing-title cases reviewed the contract between Noe's company and Lopez, and said the proposed agreement appeared to run afoul of myriad laws, including California statutes regulating so-called foreclosure consultants who have long preyed upon homeowners drowning in debt. Accordingly, Noe's contract states that his company "is not a foreclosure consultant as that term is used in the California Civil Code."

The fact that Roth's wife, Victoria, owns part of Noe's company suggests a conflict of interest given the contract requires Lopez to sign Roth as his counsel. So the contract includes a clause saying, "Neither United First nor Property Owner perceives a conflict of interest."

These supposed absolutions belie a basic common-sense principle, which is that which walks and quacks like a duck is indeed a duck. "It says both United and the attorney believe there is no conflict of interest, but this is *all* conflict of interest," says Pamela Simmons, a Soquel real estate attorney. "It asks you to waive your rights, but the rights aren't waivable."

Negotiated contracts, meanwhile, must be written in the language in which they were negotiated. Noe's contract with Lopez is in English, despite Lopez' limited proficiency in that language. The voice-mail system for Roth's office, it turns out, has a roster of six Spanish-speaking employees.

The Noe-Lopez contract "was just mind-boggling," said Rick Jurgens, an advocate with the National Consumer Law Center in Washington, who also reviewed Roth's answers. Jurgens was previously an investigative reporter with the *Contra Costa Times*, where he wrote a 2005 piece linking Paul Noe II with insurance sales schemes under investigation by California regulators. "Bogus doesn't begin to define it," he said. "To have these for-profit enterprises come in and throw a deal that's just there to squeeze the last penny out of a victim's pocket is really horrifying to see."

Sadly, my old acquaintance Paul Noe II did not return my call requesting comment. The job of proving Noe's altruism and all-around good-guy credentials was left to Roth.

In his written responses, Roth said the contract is in English — rather than the Spanish spoken by Lopez or other potential clients — because it describes a joint venture agreement offered by property owners such as Lopez to a company owned by Noe, a native English speaker. He said it is available to "prospective joint venture partners" in Spanish.

With regard to the type of missing title lawsuit Roth and Noe's proposed contract with Lopez suggests they might file on Lopez' behalf, Roth claims he has filed "something like 700 cases of this type" but that "the time required for litigation precludes there from being results at this time."

As for the potential conflict of interest stemming from his wife's part-ownership of Noe's company, he said his wife doesn't control it, and that her estate "is her separate property."

I asked Roth why "partners" such as Lopez are asked to add United First to their homeowners' insurance policies. Insurance companies generally don't include anyone as a beneficiary of such a policy unless they actually own the property. So Noe's requirement seemed to be an attempt to seize control of the house so that he could profit in case it was ever worth anything. Roth wrote that Noe's company must be named on the policy because "the upside in the joint venture depends upon there being a structure to sell or refinance it."

Despite Roth's effort to paint a benign picture of the venture, "upside" in this case is best described as "heads I win, tails you lose." Roth, Noe, and their platoon of so-called independent contractors are seeking out vulnerable people who need help and every last cent they can hang on to. Instead, they're asked to pour thousands of dollars into a lopsided "joint venture" with a convicted felon.

It's telling that Roth asked me to postpone publication of this column so he could prepare a seven-page defense of this "commendable" scheme. Yet he offered no evidence that he and Noe have done any good for anybody but themselves.

"It's an outrageous contract," real estate lawyer Simmons said. "I can't even imagine any

attorney in the state would be party of such a contract."

Despite all the red flags, when I spoke with Lopez recently he told me he was still mulling whether to continue giving money to Noe's operation, after having already paid a \$2,000 fee. "I don't know whether it's fraud or not," he said.

Mr. Lopez, here's a hint: Quack quack.

*To read attorney Mitchell Roth's detailed written responses, [click here](#).*