



Money

Fallout from Earl Jones fraud continues; Elderly woman takes mortgage firm, notary to court

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On a chilly, damp December day right after Christmas in 2006, **Earl Jones** left the office of his notary Linda Frazer \$1.1 million richer than when he walked in. Three transactions in two days had fattened his "**Earl Jones** in trust" account to the tune of \$1,165,000.

The now-convicted money man took out second mortgages on the two Quebec properties he had bought with client money, and, unbeknownst to one of his elderly clients, he had just mortgaged her downtown townhouse.

That client, Electa McMaster, is in the process of suing the financial services company that issued the mortgage, as well as the notary Jones used, alleging "gross imprudence and negligence."

McMaster said she had no clue there was a mortgage of \$367,250 on the townhouse she had been given by her parents in 1976 -- free and clear -- until she noticed, months later, that payments of \$2,196.97 were being deducted each month from her chequing account with the CIBC.

"I was totally devastated. I didn't need a mortgage, I didn't want a mortgage," she said.

She was not at the notary's office that December day, she had not signed the all-important loan offer that was supposed to be attached to the mortgage, and she claims the power of attorney Jones used to sign for her had been granted 15 years prior, for what she thought was a one-time use, as he was the executor settling her late mother's estate.

Jones pleaded guilty this year to defrauding 158 clients of a total of \$50 million and was sentenced to 11 years in prison.

When Jones's **Ponzi** scheme came to light in July 2009, McMaster realized to her horror that not only had she lost all her money but she was in debt as well.

The septuagenarian, who formed half the makeup company Electa & Corrado that dominated beauty counters in the 1970s, now takes antidepressants and her weight has dropped to 100 pounds. She said she just wants to regain some normality in her life.

McMaster is seeking the cancellation of her mortgage debt and damages equal to the payments she made on that mortgage (30 months' worth) for a total of \$65,909 from both co-defendants, Frazer and mortgage issuer Industrial Alliance Insurance & Financial Services.

McMaster said she told Jones in 2007 that she didn't want a mortgage, but he put her off and never gave her a proper explanation.

At that time, she said, she was distracted by the fact her former husband and business partner, Corrado di Genova, was dying.

Because of the financial ruin McMaster suffered as a result of her trust in Jones, she is losing her downtown haven. The townhouse is on the market and McMaster expects it to be sold next week.

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