

Gulf Shores Plantation deal paid everyone except sellers, lawsuit alleges

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By [Brendan Kirby, Press-Register](#)

Shores plantation is seen on April 7. (Press-Register/John David Mercer)

James and Florine Coleman decided to put their condo in Gulf Shores Plantation up for sale in 2006 and, according to court records, agreed in November of that year [to sell the unit](#) to Rodger Gulledge for \$344,000.

Gulledge negotiated a deal to borrow \$206,400, or 60 percent of the sale price, from First Educators Credit Union.

The Colemans, in turn, agreed to extend Gulledge a second mortgage: simply let him owe them the remaining 40 percent.

He promised to pay them interest each month on the \$137,600 over four years, with a balloon payment at the end.

Surprises at closing

When the Colemans attended the closing to finalize the deal, however, they encountered a couple of surprises.

Gulledge's wife, Melissa, had been substituted as the buyer. And the primary mortgage from the credit union was for 80 percent of the sale price, not 60 percent.

Melissa Gulledge made a down payment of \$72,232.84 — allegedly using money put up by her brother's company, Tradestone Industries — and walked away from the closing with the difference: \$141,699.60.

The result, according to the Colemans' attorney, William "Trey" Traylor, was that the property was "upside down" from Day One. Without informing the credit union of the existence of the "silent" second mortgage, Traylor said, Gulledge borrowed a total of \$412,800 — more than the selling price of the property. Related

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Had credit union officials known about it, they never would have approved the loan, according Traylor's account of the lender's policies.

The real estate agents on both sides, the mortgage broker, the closing agent and the title company all took commissions. The credit union sold the mortgage the same day to Wall Street investors.

Bad mortgages sold on Wall Street played a role in the financial meltdown that took the economy with it. But the only parties locally who lost money on this deal was the Colemans, who stopped receiving money from Gulledge after a few payments.

'Everybody got paid except the seller'

The Jefferson County couple has since filed suit, which is scheduled to go to trial in Baldwin County in September.

“The beauty of this fraud, this scheme, is that on the day of closing, everybody got paid except the seller,” Traylor said.

Traylor said he suspects most of the money that Gulledge took away from the closing went into the account of Tradestone Industries to finance future transactions.

The Colemans’ lawsuit seeks damages from Birmingham-based Pinkerton Financial Corp. and the plaintiffs’ Gulf Shores real estate agency, Mandoki Corp., which stands accused of failing to fulfill its duty to inform the sellers of the risk involved.

Both defendants have denied wrongdoing.

Mark Newell, an attorney for Mandoki, said state law does not require real estate agents to inform their clients about anything that appears in the real estate documents. He said they have neither a duty — nor even an ability — to research the finances of a buyer.

“My clients are hired to market and sell the properties — that’s it,” he said.