



For Immediate Release

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**MADIGAN SETTLES NORVERGENCE CLAIMS WITH TENTH
LEASING COMPANY ON BEHALF OF ILLINOIS SMALL
BUSINESSES**

***LATEST AGREEMENT COULD PROVIDE NORVERGENCE
CUSTOMERS IN ILLINOIS WITH MORE THAN \$3,000,000 IN DEBT
FORGIVENESS***

Chicago – Attorney General Lisa Madigan today announced that a tenth settlement agreement has been reached in relation to a fraudulent telecommunications company that went bankrupt in July 2004, leaving hundreds of small businesses nationwide on the hook for costly payments. The latest settlement agreement could provide \$3,114,000 in debt forgiveness to one hundred thirteen Illinois small businesses.

Madigan was joined by the Attorneys General from California, Colorado, Connecticut, Delaware, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, North Carolina, Ohio, Pennsylvania, Rhode Island, Washington, West Virginia, the District of Columbia, and the Georgia Governor’s Office of Consumer Affairs, in reaching an agreement with Missouri-based Popular Leasing U.S.A., Inc. (“PLUSA”). The settlement was reached in connection with collection agreements the financing company holds on behalf of NorVergence, Inc.

Impacted consumers and businesses may choose or decline to participate in the settlement agreement. If all affected consumers in the participating states and Washington, D.C. accept the deal the financing company will write off approximately \$15,300,000 in debt for 650 small businesses.

Madigan and Attorneys General from across the country have reached similar agreements with nine other financing companies including GE Capital, US Bancorp, Wells Fargo and CIT Technology. Those financing companies, including PLUSA, agreed to write off more than \$53.9 million they claimed to be owed by 2356 NorVergence customers, including more than \$12.06 million owed by 532 Illinois customers.

“With each of these additional settlements with a finance company more small businesses are provided relief from the collection hassles that have mounted against them since the collapse of NorVergence in July of 2004,” Madigan said.

Under today's settlement agreement PLUSA has agreed to write off or forgive a combined \$15,302,391 they claimed to be owed by 650 NorVergence customers from the states represented in the agreement, including \$3,114,144 owed by 113 Illinois consumers.

While PLUSA denies any wrongdoing, it has agreed to forgive approximately 85 percent of the debt they claim consumers owe on rental agreements and provide up to two years for customers to pay any remaining balances. Specifically, today's settlement agreement provides that small businesses that have not previously reached independent settlement agreements with PLUSA will have the opportunity to receive an 85 percent write-off of the money owed from the period beginning on July 15, 2004, the approximate date that NorVergence ceased providing any services. Consumers who have made payments to PLUSA since July 15, 2004, will receive credit for those payments toward their remaining balance. In addition, any customer or business that previously settled with PLUSA will have the opportunity to choose to receive an 80 percent write-off of the money owed after July 15, 2004 if they settled for terms that are less favorable than this settlement.

In November 2004, Madigan filed a lawsuit against NorVergence, a telecommunications company based in Newark, New Jersey, that set up a sales office in Oakbrook Terrace. Madigan's lawsuit alleged the company's sales pitch offered small businesses discounted telecommunications services through the use of a "Matrix" box. NorVergence claimed the device was necessary to allow small businesses to reap a 30 percent discount on current telecommunications costs, including long distance, DSL service, and wireless phone service. The total cost of agreements to lease the matrix boxes ranged from approximately \$12,000 to \$175,000.

Under NorVergence's alleged scheme, the company would sell its five-year contracts to finance companies and walk away with the profit. When NorVergence was forced into bankruptcy in June 2004, its customers were left without service but still responsible for the five-year lease payments to the finance companies.

In addition, PLUSA charged customers for replacement insurance premiums based on the total contract amount, instead of the smaller value of the Matrix box. PLUSA has agreed to refund a portion of the premiums and associated fees collected for this insurance.

All Illinois consumers who signed agreements with NorVergence that were bought by PLUSA will receive a notice in the mail shortly regarding the opportunity to participate in this settlement. To accept the settlement offer, consumers must follow instructions contained in the notice and execute a Settlement and Mutual Release by the date indicated in the notice.

Illinois consumers with questions about the settlement can contact Madigan's Consumer Fraud Hotline at 1-800-243-0618. Assistant Attorney General Elizabeth Blackston and Assistant Attorney General Louis J. Gale are handling the case for Madigan's Springfield Consumer Fraud Bureau.

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