



For Immediate Release

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**MADIGAN SUES MEDITATION AND ACUPUNCTURE TEACHER
ACCUSED OF DEFRAUDING HIS STUDENTS IN A REAL ESTATE
INVESTMENT SCHEME**

Chicago- Attorney General Lisa Madigan today filed a lawsuit against a Northbrook man operating a Tibetan School and monastery for allegedly deceiving his followers into purchasing stock and investing in a real estate scheme.

Madigan's lawsuit alleges that the defendants, the Monastery of Heavenly Bird, Inc., Ner-Pa, Inc., and Oleh Cherednyk, the president and owner of both entities, violated the Illinois Consumer Fraud and Deceptive Business Practices Act.

According to the complaint, Cherednyk teaches courses on meditation, hypnotherapy, and acupuncture at Ner-Pa, Inc., the Tibetan school that he owns and runs. Cherednyk advertised Ner-Pa to the Polish community in the Chicago area through advertisements in the weekly Polish magazine, *Express*, and on 1490 AM, a Polish radio station in Chicago. In January 2005, Cherednyk allegedly solicited his students, some of whom speak little or no English, to purchase stock in his new monastery. Cherednyk allegedly told his students that the Monastery of Heavenly Bird would be dedicated to peaceful study and meditation.

As part of his sales pitch, Cherednyk allegedly promised students that he would use their investment funds to purchase and resell property, and then direct the profits from the property sales to building a church for the Monastery. He convinced 12 of his students to purchase a total of 435 shares of Monastery stock for \$97,000.

As described in the complaint, Cherednyk also convinced four of the 12 students to purchase five properties in their own names. Cherednyk promised these students that he would pay the mortgages on the properties if they made this additional investment to help build the Monastery. Madigan's complaint alleges that Cherednyk never made the mortgage payments on the five properties and that he misled two of the students who are not native English speakers into transferring legal title to three of the properties to him.

"We allege that Cherednyk used his position as a trusted advisor and teacher to deceive his students into purchasing stock and property," Madigan said. "To stop these practices and protect the consumers, we are taking legal action."

In one of the specific examples set forth in the complaint, Cherednyk sold 75 shares of Monastery stock to one of his students for \$15,000. This student purchased the stock based on Cherednyk's alleged promise that he would use the investment money to purchase and sell homes on the Monastery's behalf, that the profits from the sales would be used to build a church for the Monastery, that the student would share proportionately in any of the Monastery's profits from the home sales, and that the student could resell his shares to Cherednyk after one year. Cherednyk has never fulfilled these promises or explained what has happened to the student's money.

Cherednyk also allegedly solicited this student to purchase property in the student's own name to sell on behalf of the Monastery. Cherednyk again represented that he would share the profits from these property sales with the Monastery shareholders and use the Monastery's portion of the profits to fund the building of the Monastery church.

Based on these representations the student purchased two properties in Northbrook for \$282,000 and \$356,000 respectively. The student then transferred legal title to both properties to Cherednyk in exchange for Cherednyk's promise that he would pay the mortgages on the properties. The complaint alleges that Cherednyk has never fulfilled his promises to the student or paid the mortgages on these properties. The complaint also alleges that Cherednyk has rented out the properties and kept the rental payments. The student cannot afford to make the mortgage payments on the two properties, so other students have come to his aid by using their own money to help him pay the mortgages.

Madigan's lawsuit asks the court to prohibit the defendants from operating any real estate investment businesses, offering for sale or selling securities, or offering for sale or selling any real estate investment services in Illinois. In addition, the lawsuit seeks a civil penalty of \$50,000 and additional penalties of \$50,000 for each violation found to have been committed with the intent to defraud. Finally, Madigan's lawsuit asks the court to order the defendants to pay restitution to consumers.

Assistant Attorney General Henry J. Ford, Jr., is handling the case for Madigan's Consumer Fraud Bureau.

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