



For Immediate Release
February 28, 2007

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MADIGAN FILES SUIT TO END MORTGAGE RESCUE SCHEME

Chicago – Continuing her aggressive fight against mortgage fraud, Attorney General Lisa Madigan today filed a lawsuit in Cook County Circuit Court against multiple businesses and individuals who operated a mortgage rescue scheme that targeted Illinois homeowners facing mortgage foreclosure.

The suit, filed against Eyes Have Not Seen, Inc. (EHNS), its president, Charles T. White, Jr., Debra Gray and Darius K. Monroe as agents of EHNS, Mutual Trust Funding, formerly known as Greater Investment Solutions, Inc., and Creative Financial Solutions, alleges that the defendants violated the Illinois Consumer Fraud and Deceptive Practices Act and the Credit Services Organization Act, by misleading homeowners into participating in transactions that the defendants falsely promised would save the homes from foreclosure.

“Mortgage rescue fraud artists, like these defendants, take advantage of homeowners who are in financial distress,” Madigan said. “Instead of fulfilling their promises to help, these defendants take away the homeowners’ hard-earned equity, destroying the financial health of these families. We are working aggressively to investigate and prosecute these frauds.”

The suit alleges that EHNS and White, operating at 800 South Wells Street in Chicago, preyed on homeowners in financial distress and on the verge of foreclosure by convincing them to put their homes in someone else’s name and obtain a new mortgage.

According to the complaint, EHNS and White approach homeowners who are struggling to pay their monthly mortgage payments and tell the homeowners that if they put their home in someone else’s name for a certain period of time, the homeowners will not have to pay the monthly mortgage payments and can use that time period to restore their financial health and rebuild their credit record. EHNS and White encourage the homeowners to put the home in the name of either a relative who has a good credit history or a third party recommended by EHNS and White. This “investor” becomes the mortgagor on a new mortgage taken out on the home.

EHNS and White represent to both the homeowners and investors that EHNS will pay the monthly mortgage payments on the new mortgage for a period of time. Based on these representations from EHNS and White, homeowners agree to take out new mortgages on their homes that are far larger than the existing mortgage.

Contrary to EHNS' and White's representations that they will help the homeowners save their home, the defendants proceed to craft a transaction that significantly worsens the homeowners' financial plight. Working with Mutual Trust Funding, Inc., at 120 West Madison Street, Suite 1305 in Chicago and Creative Financial Solutions, at 55 West Monroe Street, Suite 500 in Chicago, EHNS and White pay off the homeowners' existing loans with funds from new mortgages on the homes and take the equity that the homeowners have built up in their homes. The new mortgages are significantly larger than the previous mortgages and have a value far in excess of what the homes are worth. Consequently, the new monthly mortgage payments are higher than the homeowners' old mortgage payments.

Despite their promises to pay the new monthly mortgage payments, EHNS and White often fail to make these payments, leaving the homeowner or the investor to make the payments on the new mortgage. Homeowners who had been experiencing difficulty making mortgage payments before being approached by EHNS and White are unable make the even higher payments for the new mortgage and, thus, they fall into foreclosure.

Madigan's complaint alleges that through this scheme, EHNS and White strip the homeowners of their home equity and walk away with a substantial amount of money at the time of the loan closings. In the thirteen consumer complaints against the defendants filed with Madigan's Consumer Fraud Bureau, Illinois homeowners lost from \$28,174.02 to \$85,000 at the closings arranged by the defendants.

To make this scheme work, the defendants obtain the new, excessive mortgage loans using falsified loan documents. In some instances, the defendants create fake lease agreements, fake pay-stubs and income tax returns to deceive the lenders into believing that the investors have a sufficient stream of income to qualify for a loan when, in reality, the investors would not qualify based on their accurate employment and financial information.

Madigan's lawsuit asks the court to enter a permanent injunction order, prohibiting the defendants from engaging in the mortgage brokering and mortgage foreclosure rescue businesses in Illinois. The suit also asks the court to order the defendants to make full restitution to homeowners and to pay civil penalties of \$50,000 for each violation of the Illinois Consumer Fraud and Deceptive Business Practices Act and the Credit Services Organization Act, and civil penalties of \$10,000 per violation committed against a person 65 or older.

Assistant Attorney General Shantanu Singh is handling the case for Madigan's Consumer Fraud Bureau.

-30-

[Return to February 2007 Press Releases](#)