



**For Immediate Release
August 16, 2007**

Contact: Robyn Ziegler
312-814-3118
877-844-5461 (TTY)
rziegler@atg.state.il.us

MADIGAN CONTINUES FIGHT AGAINST MORTGAGE FRAUD

Sues Michigan Company Operating a Mortgage Rescue Scheme

Chicago – As part of her ongoing efforts to target scam artists committing mortgage fraud, Attorney General Lisa Madigan has filed a lawsuit against a Michigan-based business operating a mortgage rescue scheme that strips the home equity from unsuspecting homeowners and usually causes the owners to lose their homes.

Madigan filed the suit in Cook County Circuit Court against RYM Technology Holdings, LLC, an investment company which does business as RYM Tech, LLC, and its owner, Felix L. Daniel, Sr.

According to the lawsuit, since at least 2003, RYM Tech and Mr. Daniel have solicited Illinois consumers to participate in their “Mortgage Reduction Program” by claiming that through this program, consumers can own their homes free of mortgage debt in five years. As part of their Mortgage Reduction Program, the defendants claim that they will transfer the title to the homeowner's property to a real estate trust, invest the homeowner's equity in “high yield, guaranteed investments,” and use the earnings from those investments to pay off the homeowner's mortgage.

The defendants allegedly promise homeowners that after five years, RYM Tech will transfer the home title back to the owners and, at that point, the owners will no longer have mortgage payments to make. Based on the defendants' promises, the homeowners believe they are the beneficiaries of the real estate trusts and that during the five-year period, they will be monthly lease-paying tenants in the homes, while the equity from the transfer builds the money to payoff the mortgage and the monthly “lease” payments cover the existing mortgage payments.

Madigan's complaint alleges that the defendants' scheme is actually much different than the promises made to the homeowners. In reality, through the defendants' Mortgage Reduction Program, the homeowner is selling the property to a third party investor, who becomes the mortgagor on a new mortgage. The defendants never return or invest the homeowner's equity and never make payments on the homeowner's outstanding mortgage. When foreclosure proceedings begin due to the failure to make mortgage payments, the homeowners learn that they no longer own their home, they have lost all the equity they built up, and in some cases, they face eviction.

As part of this scheme, the defendants allegedly target homeowners who are experiencing financial difficulties and struggling to make mortgage payments. The defendants mislead these consumers into believing that by placing their homes in real estate trusts with RYM Tech, they will protect their homes from foreclosure. Unfortunately, at the end of this scheme, the consumers are in significantly worse financial straights because they have lost the titles to their homes and the accumulated equity.

“These defendants target homeowners who are in difficult financial situations and are looking for solutions to help them save their homes. Instead of fulfilling their promises to help, the defendants steal the homeowners' hard-earned equity, destroying the financial health of these families,” said Attorney General Madigan. “We are working hard to investigate and take legal action against mortgage rescue schemes like this and to educate homeowners so that they can spot and avoid these scams.”

Nine consumers have filed complaints against the defendants with the Attorney General's Consumer Fraud Bureau. In all of these cases, the defendants' Mortgage Reduction Program caused the consumers' homes to go into foreclosure.

Madigan's two-count lawsuit alleges that the defendants violated the Illinois Securities Law of 1953 and the Illinois Consumer Fraud and Deceptive Business Practices Act by engaging in the sale of unlicensed investment contracts and misleading consumers into participating in transactions by falsely promising to eliminate mortgage debt. The lawsuit asks the court to enter a permanent injunction order prohibiting the defendants from selling securities in Illinois and to Illinois consumers and from engaging in the Mortgage Reduction Program or operating any similar mortgage rescue fraud scheme in Illinois .

The suit also asks the court to enter an order rescinding all contracts between the defendants and consumers and requiring the defendants to pay full restitution to consumers, as well as civil penalties of \$50,000 for each violation of the Illinois Consumer Fraud and Deceptive Business Practices Act and \$10,000 per violation committed against a person 65 years of age or older.

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

-30-

[Return to August 2007 Press Releases](#)