



**For Immediate Release**  
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## **MADIGAN SUES THREE MORTGAGE RESCUE COMPANIES**

### ***Attorney General Seeks to Shut Down Businesses and Obtain Restitution for Distressed Homeowners***

Chicago – Attorney General Lisa Madigan has filed three lawsuits against mortgage rescue companies for allegedly violating the Illinois Mortgage Rescue Fraud Act and the Consumer Fraud and Deceptive Business Practices Act.

The Mortgage Rescue Fraud Act was initiated by Madigan in 2006 and became law in January 2007. It prohibits mortgage rescue companies from requiring payment from consumers prior to completing all the terms of a rescue contract. It also requires rescue businesses to fully disclose to a homeowner the exact terms and nature of the proposed rescue services and their rights to cancel the contract. With today's filings, the Attorney General has sued 11 mortgage rescue companies.

Madigan filed suit against Homeowners' Assistance Association, Lender's Foreclosure Relief, Inc., and United Home Savers, LLP, based on allegations that these three companies falsely promised to help consumers save their homes after falling behind on their mortgage payments.

Madigan filed the Homeowners' Assistance Association complaint against the company and Casimar Cerniaukas (also known as "Casey Cerni") and Jim Hamilton. The complaint also names as a defendant Foreclosure LMS, an affiliated company that purportedly trained people to conduct mortgage rescue services. Homeowners' Assistance Association is registered as an Illinois nonprofit corporation and deceptively claims to be affiliated with the City of Chicago's foreclosure prevention program. The lawsuit alleges that the defendants charged homeowners illegal upfront fees of between \$500 and \$2,000 for mortgage foreclosure rescue services which either were never authorized by the consumer or proved ineffective.

Madigan's suit against California-based Lender's Foreclosure Relief, Inc., alleges that the defendant charged Illinois homeowners illegal upfront enrollment fees of \$1,395 for a "Pre-Foreclosure Workout Program." The third lawsuit, filed against Florida-based United Home Savers, LLP, alleges that the company similarly required an illegal \$1,200 upfront fee for services. Both Lender's Foreclosure Relief and United Home Savers failed to provide refunds for the illegal fees upon consumers' request.

“The last thing desperate homeowners on the verge of losing their homes need is a so-called ‘mortgage rescue firm’ that does little more than separate homeowners from their money,” Madigan said. “A home is a consumer's most valuable asset. In the current tumultuous mortgage climate, these firms must realize that they cannot further victimize Illinois homeowners with these catch-all universal mortgage ‘rescue’ packages.”

In all three cases, Madigan asks the court to order the defendants to stop all deceptive business practices and to pay restitution to defrauded homeowners. Each lawsuit also seeks a civil penalty of \$50,000 and additional penalties of \$50,000 for every individual violation found to have been committed with the intent to defraud.

With tens of thousands of Illinoisans poised to lose their homes in the collapse of the subprime mortgage industry, Attorney General Madigan has worked aggressively on several fronts to protect consumers from the devastating results caused by predatory lending and other forms of mortgage fraud. Madigan's office has sued eight other mortgage rescue companies to stop deceptive practices and successfully participated in three multi-state settlements against major subprime lenders Household Finance, Ameriquest and First Alliance Mortgage Company. To date, she has obtained nearly \$900 million in enforcement actions against these lenders. Currently, the Attorney General is investigating the lending practices of Countrywide Home Lending, which she subpoenaed earlier this year.

Madigan played a principal role in working to pass the High Risk Home Loan Act of 2003 and drafted the Mortgage Rescue Fraud Act of 2006. Earlier this year, she announced a comprehensive strategy to address the looming home foreclosure crisis in Illinois. As part of this strategy, the Attorney General drafted new legislation, Senate Bill 1167, which requires proof that borrowers can repay the entire loan and that brokers act in the best interest of borrowers. The bill was signed into law this fall and will take effect in June 2008. Also this year, Madigan's office hosted a statewide home ownership preservation summit bringing together more than 100 participants from the mortgage lending industry, consumer advocacy groups, and government agencies to identify solutions to the mortgage foreclosure crisis.

Madigan urges Illinois homeowners who are unable to make their mortgage payments to contact their lenders as soon as possible to work out a plan to avoid foreclosure. With the rise in foreclosures nationwide, many lenders have set up special units to assist borrowers in trouble. Madigan warns that the longer consumers delay, the greater the chance of losing their homes to foreclosure.

In addition, Madigan's office has compiled a guide, “Predatory Home Loans: A Guide to Prevention and Rescue Resources.” The guide lists many of the HUD-approved counseling agencies in both the Chicago area and in downstate Illinois. Homeowners can obtain a copy of these free guides by visiting the Attorney General's Web site at [www.illinoisattorneygeneral.gov](http://www.illinoisattorneygeneral.gov) or by calling the Consumer Fraud Hotline at 1-800-386-5438 (TTY 1-800-964-3013). Using the information in this guide, homeowners should seek out one-on-one assistance to help them save their homes.

West Side Regional Office Director and Assistant Attorney General Kimberly Slider, South Side Regional Office Director and Assistant Attorney General

Kevin Rouse, and Assistant Attorneys General Anshuman Vaidya and Shantanu Singh are handling these cases for Madigan's Consumer Fraud Bureau.

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[Return to December 2007 Press Releases](#)