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ATTORNEY GENERAL MADIGAN FILES SUIT AGAINST CHICAGO MORTGAGE RESCUE FRAUD COMPANY

Deceptive Tactics Sent Five Homeowners into Foreclosure

Chicago –Attorney General Lisa Madigan filed a lawsuit late yesterday against a Chicago-based mortgage rescue fraud firm for allegedly violating the Consumer Fraud and Deceptive Business Practices Act for activities that have caused at least five homeowners to lose their homes to foreclosure.

Madigan filed suit against Victory Consulting and Investments Inc. and the company's general manager, Walter C. Armstrong, based on allegations that the defendants falsely promised to help consumers save their homes after falling behind on their mortgage payments. The defendants charged consumers a \$600 retainer and \$400 for legal services and promised to provide mortgage foreclosure rescue services, which either were never performed or proved to be ineffective.

The lawsuit alleges Victory Consulting sought out consumers who were behind in their mortgage payments through flyers, word-of-mouth and in person, gaining consumers' trust by indicating the company is a faith-based organization and introducing themselves to consumers as "Reverend," "Bishop" or "Pastor." Victory Consulting allegedly instructed consumers to send their mortgage payments to Victory, rather than to their lenders. However, Victory Consulting allegedly never paid consumers' lenders, therefore putting consumers deeper into debt and at risk of foreclosure.

According to the complaint, the defendants also offered a "surrogate program" but they failed to adequately explain to consumers the complex real estate transactions involved in this program. As a result, some consumers failed to understand that as part of the program, they would be transferring the title of their homes to surrogates and they would lose the equity in their homes.

"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. This is the 12th suit I have filed against a mortgage rescue company, and I will continue to take legal action against firms that further victimize Illinois homeowners with deceptive mortgage 'rescue' practices."

Madigan's suit asks the court to prohibit defendants from engaging in mortgage rescue practices. The suit also seeks a civil penalty of \$50,000, additional penalties of \$50,000 for every violation found to have been

committed with the intent to defraud, as well as a \$10,000 penalty for each violation committed against a person 65 years or older. Further, the suit asks the court to rescind the contracts signed as a result of these deceptive practices and offer full restitution to affected consumers. Finally, Madigan's suit asks the court to order the defendants to pay all costs associated with the investigation and prosecution of the lawsuit.

Madigan urged Illinois homeowners who are facing foreclosure to immediately contact their mortgage company or a HUD-certified housing counselor for assistance. To get a referral to a certified housing counselor or to learn more about the steps to take to avoid foreclosure, homeowners can call Madigan's **Homeowners' Referral Helpline** at 1-866-544-7151 from 8 a.m. to 7 p.m. Monday through Thursday and 8 a.m. to 5 p.m. on Friday.

Homeowners also can visit Attorney General Madigan's Web site at www.IllinoisAttorneyGeneral.gov, to access the **Illinois Mortgage Lending Guide**, a resource manual containing step-by-step instructions for those struggling to make their loan payments and a list of HUD-certified counseling agencies that offer default counseling services. Homeowners who do not have easy access to the Internet should call the Attorney General's Referral Helpline to request a copy of the guide by mail.

Assistant Attorney General Michelle Garcia is handling the case for Madigan's Consumer Fraud Bureau.

-30-

[Return to April 2008 Press Releases](#)