



November 18, 2008

## **MADIGAN SUES SEVEN COMPANIES FOR MORTGAGE RESCUE FRAUD**

### ***Attorney General Urges Consumers to Resist "Rescue" Schemes and Seek Reputable Assistance***

Chicago — Attorney General Lisa Madigan today announced that she has filed seven new lawsuits against so-called mortgage "rescue" companies and warned consumers about an alarming rise in these scams that prey on vulnerable homeowners on the verge of foreclosure. Madigan urged consumers to use caution when seeking help if they are at risk of losing their homes and to seek reputable sources for assistance.

"Consumers need to resist offers of a 'rescue,'" Madigan said. "These scam artists prey on desperate homeowners who are struggling to save their homes. I urge consumers to avoid 'rescue' offers and, instead, reach out to trusted sources for help. My office assists homeowners attempting to avoid foreclosure. Anyone looking for help should call us immediately."

In each of the lawsuits filed late yesterday, Madigan alleges that con artists targeted homeowners who have fallen behind on their mortgage payments and promised that, for an upfront fee, the scammers could negotiate with the mortgage lenders to reduce the payments and save their homes. However, according to Madigan's complaints, after these "consultants" collected the upfront fees, they failed to negotiate or perform any services on behalf of the homeowners, leaving consumers at risk of losing their homes to foreclosure.

This tactic violates Illinois' Mortgage Rescue Fraud Act, which prohibits mortgage rescue companies from requiring payment from consumers prior to completing all the terms of a rescue contract. The law also requires rescue businesses to fully disclose to a homeowner the exact terms and nature of the proposed rescue services and the homeowner's right to cancel the contract. With these new filings, Madigan has brought lawsuits against 22 mortgage rescue fraud companies.

Madigan filed lawsuits against the following companies in the Circuit Court of Cook County:

- National Foreclosure Counseling Services, 7954 Baymeadows Way, Jacksonville, Fla.
- Foreclosure Solutions, 488 Pine Street, Burlington, Wis.
- Homestead Protection Services, 151 Southhall Lane, Maitland, Fla.
- Home Foreclosure Solutions, 17550 South Williamsburg Drive, Plainfield, Ill.
- Foreclosure Experts, 220 S. State Street, Chicago.

Madigan sued the following company in the Circuit Court of Sangamon County:

- Mason Capital Group, 18375 Ventura Blvd., Tarzana, Ca.

And Madigan sued the following company in the Circuit Court of Winnebago County:

- StopMyForeclosure.net, 3914 Abbotsford Road, Rockford, Ill.

In each suit, the Attorney General is seeking a permanent injunction preventing the defendants from engaging in mortgage rescue. Madigan is also asking the courts to award restitution to consumers and to order each defendant to pay a civil penalty of \$50,000, additional penalties of \$50,000 for each act committed with intent to defraud, an additional \$10,000 for each act committed against a senior citizen, and costs for the investigation and prosecution of the cases.

**Homeowners Should Watch Out For "Title Taking" Schemes**

As she urged homeowners to avoid falling prey to mortgage rescue fraud, Madigan took the opportunity to outline one type of rescue fraud scheme. In "title taking" schemes, con artists convince homeowners to sign over the title of their home. The original owners then make "rent payments" to the rescue fraud scammer based on the promise that the scam artist will sign the home back over to the original owner at a later date, after the home value increases and/or the homeowner's credit is repaired. Usually, the con artist is long gone before the victim realizes they've lost both their home and the equity that they had established over the time that they owned the home.

"This is especially devastating to older homeowners who often have their entire life savings wrapped up in their home's equity," said Madigan.

**Homeowners Should Make the Call To Find Reputable Help**

Madigan reminded Illinoisans not to wait for a rescue fraud scheme to happen to them. "You do not have to be a victim," she said. "There are a lot of reputable resources available, free of charge, and I urge homeowners to reach out for help."

To prevent homeowners in crisis from losing their homes to foreclosure, Madigan urged them to immediately contact:

- Attorney General Madigan's Homeowners' Referral Helpline at 1-866-544-7151 for guidance on avoiding mortgage foreclosure;
- A HUD-certified housing counselor for assistance in working out a solution with the lender (Madigan's office can provide names and numbers for these counselors); and
- Their mortgage company, whose contact information is found on their monthly mortgage statement.

Madigan also directed homeowners to her Web site at [www.IllinoisAttorneyGeneral.gov](http://www.IllinoisAttorneyGeneral.gov), to access her Mortgage Rescue Fraud Brochure and her 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 Helpline, to quickly receive the guide or the brochure by mail.

Assistant Attorneys General Jennifer Franklin, Michelle Garcia, Junko Minami, Elizabeth Phalen, Rebecca Pruitt and Kimberly Slider are handling these cases for Attorney General Madigan's Consumer Fraud Bureau.

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Note to Media: Electronic versions of the individual complaints are available upon request to the press office.

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IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT, CHANCERY DIVISION

2008 NOV 17 PM 3:55

THE PEOPLE OF THE STATE OF ILLINOIS )

Plaintiff, )

v. )

FORECLOSURE SOLUTIONS EXPERTS, an )  
unincorporated business d/b/a FORECLOSURE )  
EXPERTS, GAIL STRONG a/k/a )  
STACY STRONG, individually and doing business )  
as FORECLOSURE SOLUTIONS EXPERTS )  
and FORECLOSURE EXPERTS, )

Defendants. )

CLERK  
DEBORAH DORR

Case no.

08CH43266

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by Lisa Madigan, Attorney General of the State of Illinois, brings this action against Defendants, FORECLOSURE SOLUTIONS EXPERTS d/b/a FORECLOSURE EXPERTS, an unincorporated business, GAIL STRONG a/k/a STACY STRONG individually and doing business as FORECLOSURE SOLUTIONS EXPERTS and FORECLOSURE EXPERTS:

**JURISDICTION**

1. This action is brought for and on behalf of THE PEOPLE OF THE STATE OF THE ILLINOIS, by Lisa Madigan, Attorney General of the State of Illinois, pursuant to the Consumer Fraud and Deceptive Business Practices Act (Consumer Fraud Act), 815 ILCS 505/1 et seq, the Mortgage Rescue Fraud Act, 765 ILCS 940/55(a) and her common law authority to represent the People of the State of Illinois.

2. Venue is properly in Cook County, pursuant to section 2-101 of the Illinois Code of Civil Procedure, 735 ILCS 5/2-101, because Defendants are doing business in Cook County, Illinois.

## PARTIES

3. Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by Lisa Madigan, Attorney General of the State of Illinois is charged with enforcing the Consumer Fraud Act, 815 ILCS 501/et seq and the Mortgage Rescue Fraud Act, 765 ILCS 940/et seq.

4. Defendant, FORECLOSURE SOLUTIONS EXPERTS, is an unincorporated business registered in the assumed named index of Cook County, Illinois. FORECLOSURE SOLUTIONS EXPERTS also does business as FORECLOSURE EXPERTS and until September 2008, Defendant had an office located at 220 S. State Street, Suite #726, Chicago Illinois 60604. Yet, Defendant has an operable phone number, voice mail and email address at [foreclosureexperts@yahoo.com](mailto:foreclosureexperts@yahoo.com).

5. For purposes of this Complaint for Injunctive and Other Relief, any references to the acts and practices of Defendants shall mean acts of FORECLOSURE SOLUTIONS EXPERTS officers, owners, directors, employees, or other agents.

6. Defendant, GAIL STRONG, is also known as Stacy Strong. Ms. Strong has been in the business of mortgage rescue services for almost twelve years and she is the sole proprietor and president of Foreclosure Solutions Experts. Ms. Strong obtained a business license for Foreclosure Solutions Experts with the City of Chicago and registered Foreclosure Solutions Experts with the Cook County's Assumed Name Index.

7. Ms. Strong is sued individually, as president of Foreclosure Solutions Experts, and for doing business as Foreclosure Solutions Experts and Foreclosure Experts. There exists and at all times relevant hereto, has existed, a unity of interest between Ms. Strong and Foreclosure Solutions Experts such that any individuality and separateness of Ms. Strong and Foreclosure Solutions Experts has ceased to exist. To adhere to such a fiction would serve to sanction fraud and promote injustice.

## COMMERCE

8. Section 1(f) of the Consumer Fraud Act defines “trade” and “commerce” as:

the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal, or mixed, and any other article, commodity or thing of value wherever situated and shall include any trade or commerce directly or indirectly affecting the people of this State. 815 ILCS 505/1(f).

9. Defendants engaged in trade and commerce in the State of Illinois. Defendants solicit and offer mortgage foreclosure rescue services to Illinois consumers who are in behind in their mortgage payments, by flyers, word-of-mouth and in person.

### DEFENDANTS' BUSINESS PRACTICES

10. On February 8, 2008, the Attorney General's office served Gail “Stacy” Strong with administrative subpoena, #2007- 198, for Foreclosure Solutions Experts, which requested client files from January 2007 through February 2008. Shortly thereafter, Ms. Strong provided the Attorney General's Office with 13 consumer files. The results of the subpoena are the basis for the complaint.

11. Since 1981, Foreclosure Solutions Experts solicited and offered mortgage rescue services to distressed property owners who are behind in their mortgage payments and or facing foreclosure. For majority of the consumers, Foreclosure Solutions Experts calls itself Foreclosure Experts verbally and in written documentation.

12. Neither Foreclosure Solutions Experts, Foreclosure Experts and Gail Strong are licensed pursuant to the Residential Mortgage License Act of 1987, 205 ILCS 635/1-3, or the Real Estate License Act of 2000, 225 ILCS 454/1-1. Foreclosure Solutions Experts and Foreclosure Experts are also neither incorporated nor registered with the Illinois Secretary of State.

13. Although Foreclosure Solutions Experts represents itself on its documents as “Mediator Housing Counselors” it has no affiliation with the U.S. Department of Housing and Urban Development.

14. Foreclosure Solutions Experts represents to consumers and to the public that it is associated with the government, working to keep distressed property owners in their homes. In reality, Foreclosure Solutions Experts is not associated with any government nor registered as a charity and is a for profit entity.

15. Foreclosure Solutions Experts "cold calls" consumers facing foreclosure and offers their services. It also places advertisements in the yellow pages. During initial conversations, Foreclosure Solutions Experts encourages consumers to make appointments with Stacy Strong at their offices.

16. Consumers arrive at Foreclosure Solutions Experts offices and initial meet with a receptionist who provides them with a questionnaire. Afterwards, the consumers meet with Stacy Strong in her office.

17. At the first appointment, Foreclosure Solutions Experts solicits and charges consumers upfront fees of up to \$1300 prior to providing any services, in violation of the Mortgage Rescue Fraud Act, 765 ILCS 940/50(a)(1).

18. In exchange for its fees, Foreclosure Solutions Experts promises to save consumers' homes from foreclosure by: (1) negotiating with their mortgage lenders; (2) finding refinancing or loans to repurchase their homes; (3) finding surrogate buyers to obtain mortgages or purchase consumers' properties with an option for consumers to repurchase their properties; (4) providing documents on filing chapter 7 bankruptcy; or (5) providing their own attorney for filing chapter 7 bankruptcies and representing consumers in court for their foreclosures.

19. Foreclosure Solutions Experts induces consumers to sign consultant contracts for their services which do not comply with the Mortgage Rescue Fraud Act, 765 ILCS 940/10. A copy of a contract used by Foreclosure Solutions Experts is attached as Exhibit A.

20. For example, the contracts do not include the following notice, as required by 765 ILCS 940/10(b):

“NOTICE REQUIRED BY ILLINOIS LAW

.....(Name) or anyone working for him or her CANNOT:

- (1) Take money from you or ask you for money until.....(Name) has completely finished doing everything he or she said he or she would do; or
- (2) Ask you to sign or have you sign any lien, mortgage or deed.”

21. Further, the contracts only provide consumers three days to cancel the contract, when Section 940/10(b) of the Mortgage Rescue Fraud Act states that consumers may cancel their contracts at any time until after the distressed property consultant has fully performed each contracted service. 765 ILCS 940/10(b).

22. The contracts do not comply with the Mortgage Rescue Fraud Act’s requirement that they contain in 12 point font the following language which explains the distressed property owner’s right to cancel the contract:

“You, the owner, may cancel this transaction at any time until after the distressed property consultant has performed each and every service the distressed property consultant contracted to perform or represented he or she would perform. See the attached notice of cancellation form for an explanation of this right.”

765 ILCS 940/10(c).

23. Finally, Defendants provides consumers with Notice of Cancellations do not meet the standards of Mortgage Rescue Fraud Act, 765 ILCS 940/10(e), because again, they only provide consumers with three days to cancel, when the Act provides a much longer time period to cancel. A copy of Foreclosure Solutions Experts’ Notice of Cancellation form is attached as Exhibit B.

24. After accepting upfront fees, Defendants advises consumers to stop paying their mortgages and to save the payments for future down payments for refinancing or repurchasing of their homes. Yet, Foreclosure Solutions Experts does not obtain loans for refinancing or repurchasing of consumers’ homes.

25. For some consumers, Foreclosure Solutions Experts negotiates with their lenders and arrange for forbearance agreements which merely, increase the consumers' mortgage payments for three months and at the fourth month there are large balloon payments equal to the balance of the loan. Yet, these consumers often have weak credit and are unable to obtain refinancing or resources to pay such large balloon payments. As a result this negotiation only buys them a few months in the home and then, they are right back where they started, facing foreclosure.

26. For other consumers, Foreclosure Solutions Experts accept upfront fees and do very little to help distressed property owners keep their homes. When consumers call Foreclosure Solutions Experts for updates on their cases, often Foreclosure Solutions Experts are unavailable to take their calls. When consumers asked to speak with Stacy Strong, she routinely tells consumers that Foreclosure Solutions Experts are working on it or that Foreclosure Solutions Experts have a lot of experience and for consumers not to worry.

27. Rather than encouraging distressed property owners to keep abreast of their foreclosure cases, Foreclosure Solutions Experts discourage distressed property owners from going to court and participating in their foreclosure cases. Foreclosure Solutions Experts assure consumers that it isn't necessary and Foreclosure Solutions Experts will appear in court. As a result, some consumers do not appear in court and are blindsided when the court enters Judgment of Foreclosure, Approval of the Sale or Orders of Possession in their foreclosure cases. For other consumers, who do attend court, they discover that no one from Foreclosure Solutions Experts' offices has appeared to represent them. These consumers must defend themselves, unprepared and alone.

28. Many consumers become fed up with Foreclosure Solutions Experts' inactions, demand repayment of their fees but Foreclosure Solutions Experts refuse to return any money. This



refusal is the final blow to vulnerable consumers, who could have used refunded money to retain attorneys, pay mortgages, file bankruptcies or find necessary alternative housing.

29. The following consumer examples are illustrations of Defendants' unlawful business practices and is not meant to be exhaustive. The Attorney General's Office is aware of 15 other consumers who were victims to Foreclosure Solutions Experts' mortgage rescue scheme. There may likely be more such consumers and the Attorney General's Office intends to seek restitution for all consumers that Plaintiff discovers.

**Karen R. Parr**

30. In or about October 2007, Ms. Parr fell behind in her payments to Discover Home Loans for a second mortgage on her home in Crestwood, Illinois. She called Foreclosure Solutions Experts and spoke with a woman who identified herself as Stacy. Ms. Parr explained to Stacy that she needed help lowering her monthly payments on her second mortgage which had a balance of \$66,000. Stacy told her that Foreclosure Experts would negotiate with Discover Home Loans to lower her payments and refinance her into a loan with a lower interest rate. Stacy told Ms. Parr to bring \$500 to the appointment to pay for Foreclosure Experts' services.

31. On or about October 17, 2007, Ms. Parr went to Defendants' office at 220 S. State Street, Suite 726, Chicago, Illinois 60604, and met with a woman who said that she worked for Foreclosure Experts. Ms. Parr gave the woman a money order for \$500. Then, she asked to meet with Stacy.

32. Ms. Parr met with a woman who introduced herself as Stacy Strong. Ms. Parr told her that she was able to pay her first mortgage but had difficulty paying her second mortgage with Discover Home Loans. Ms. Strong promised Ms. Parr that she would call Discover Home Loans and ask them to lower to her monthly payments. She also told Ms. Parr that she would

refinance her mortgage with Discover Home Loans to lower the interest rate. Ms. Strong instructed Ms. Parr not to pay her mortgage to Discover Home Loans because she couldn't make full payments and that she should save those payments.

33. During the meeting, Defendants gave Ms. Parr a document which listed Foreclosure Experts' services, a copy of which is attached as Exhibit C.

34. During the meeting, Foreclosure Experts and Ms. Parr signed a consultant contract, which did not comply with the Mortgage Rescue Fraud Act, 765 ILCS 940/10(b) and (c), because it failed to include proper notice language and advise the consumer of the wrong right to cancel. Foreclosure Solutions Experts also gave Ms. Parr a Notice of Cancellation, which stated that she had only three days to cancel which is not true under the Mortgage Rescue Fraud Act, 765 ILCS 940/10(c).

35. From October 2007 through April 2008, Ms. Parr called Ms. Strong approximately 100 times to find out the status of her case. The majority of the times, Ms. Parr was unable to speak with anyone and left messages on Foreclosure Solutions Experts' answering machine.

36. During this time, Ms. Parr managed to speak with Ms. Strong several times on the phone. In those conversations, Ms. Strong told Ms. Parr not to worry and that she had done this many times. Ms. Strong repeatedly promised her that she could lower her balance with Discover Home Loans from \$66,000 to \$10,000. Ms. Strong again told Ms. Parr that Foreclosure Solutions Experts were negotiating with Discover Home Loans.

37. On or about April 12, 2008, Ms. Parr received a summons in the mail for foreclosure by Discover Home Loans.

38. In or about mid - April 2008, Ms. Parr called Discover Home Loans. She learned that the loss mitigation specialist assigned to her loan had not worked there since December 2008 and it was highly unlikely that Ms. Strong actually spoke to anyone at Discover Home Loans.

Discover Home Loans also informed Ms. Parr that she was in foreclosure. Upset and frustrated, Ms. Parr went to Defendants' offices to confront Ms. Strong with the summons.

39. When Ms. Parr met with Ms. Strong, Ms. Strong told Ms. Parr that the summons was "not foreclosure papers" and that the papers just told Ms. Parr that she was delinquent in her loan.

40. Then, Ms. Strong went into her office and returned with a document entitled sales contract. She told Ms. Parr to sign the contract which effectively sold her home for \$20,000 and an earnest money of \$2,000. Ms. Strong told Ms. Parr that she would then send this sales contract to Discover Home Loans to show that someone would pay off the mortgage for \$20,000.

41. When Ms. Parr asked who would buy out her mortgage for \$20,000, Ms. Strong told her that Foreclosure Experts worked with investors who were millionaires. Ms. Strong explained that one of the investors would buy it and then Ms. Parr would pay them back, "just like paying a mortgage." Ms. Parr asked to speak with one of the investors and Ms. Strong refused. Ms. Parr asked if she could list her friend's name as the buyer rather than leave the line blank. Ms. Strong agreed to this but then instructed Ms. Parr to forge her friend's signature. Ms. Parr refused.

42. Then, Ms. Strong gave Ms. Parr an "AS IS" Rider to sign. A copy of which is attached as Exhibit D.

43. Ms. Strong promised Ms. Parr that she would call Discover Home Loans on Monday to resolve the foreclosure.

44. Despite Defendants' promises, Foreclosure Solutions Experts never resolved the foreclosure, or failed to negotiated a lower monthly payment for Ms. Parr and they never assisted with her refinancing the mortgage with Discover Home Loans.

45. Defendants' instruction to Ms. Parr to not pay her mortgage to Discover

Home Loans for almost six months further damaged her credit and caused her to incur more late fees.

46. Foreclosure Solutions Experts never returned Ms. Parr's money of \$500. Currently, Ms. Parr is facing a foreclosure lawsuit against her by Discover Home Loans and may lose her home.

#### Carol McClelland

47. In or about February 2007, Carol McClelland had fallen behind in her mortgage payments and HSBC Bank filed a foreclosure lawsuit against her.

48. In or about the end of May 2008, a woman called Ms. McClelland on the telephone. She introduced herself as Stacy and said that she worked with Foreclosure Experts. She asked Ms. McClelland if she knew that she was in foreclosure. Stacy represented that Foreclosure Experts could save Ms. McClelland's home from foreclosure. Ms. McClelland made an appointment with Stacy for June 6, 2008.

49. On or about June 6, 2008, Ms. McClelland and her nephew, Danny Baker went to Foreclosure Solutions Experts' office. They met with Stacy Strong.

49. During the meeting, Stacy Strong mentioned that Foreclosure Experts' offices were in a government building and implied that Foreclosure Experts were associated with the government.

50. During the meeting, Stacy Strong reviewed Ms. McClelland and Danny Baker's income and assets. She promised Ms. McClelland that Foreclosure Experts could reduce her mortgage payments from almost \$1,000 a month to \$600 or \$500. Stacy Strong instructed Ms. McClelland and Danny Baker to stop paying their mortgage and save their money for refinancing, and said that Foreclosure Experts' attorney would represent Ms. McClelland in court. Stacy told Ms. McClelland that Foreclosure Experts would charge \$1300 for their services.

51. Stacy Strong, Ms. McClelland and Danny Baker signed a consultant contract. It was agreed that Ms. McClelland would pay \$300 on June 10 and then the remaining balance soon after.

52. Foreclosure Solutions Experts gave Ms. McClelland a copy of the Notice of Cancellation which only provided her with three days to cancel the contract.

53. On or about June 10, 2008, Ms. McClelland paid Defendants \$300 in cash. Then, on or about June 11, 2008, Ms. McClelland paid Defendants \$100 in cash. Finally, on or about June 28, 2008, Ms. McClelland paid Defendants the remaining \$900 in cash and Foreclosure Solutions Experts stamped her copy of the contract with "PAID."

54. Despite receiving \$1300, Defendants has not contacted Ms. McClelland to refinance her home or lower her monthly mortgage payments.

55. On or about July 29, 2008, despite promising Ms. McClelland that an attorney would appear on her behalf, no one from Foreclosure Solutions Experts appeared in foreclosure court. The Judge approved a Sheriff's Sale and entered an Order of Possession against Ms. McClelland and Danny Baker.

#### APPLICABLE STATUTES

56. Section 2 of the Illinois Consumer Fraud and Deceptive Business Practices Act (Consumer Fraud Act), 815 ILCS 505, states that:

Unfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of any material fact, with intent that others rely upon the concealment, suppression or omission of such material fact, or the use or employment of any practice described in section 2 of the 'Uniform Deceptive Trade Practices Act', approved August 5, 1965, in the conduct of any trade or commerce are hereby declared unlawful whether any person has in fact been misled, deceived or damaged thereby.

57. A violation of any of the provisions of the recently enacted Mortgage Rescue Fraud Act constitutes a violation of the Consumer Fraud Act, 765 ILCS 940/55(a).

58. The Mortgage Rescue Fraud Act defines "distressed property" as a:

residential real property consisting of one to 6 family dwelling units that is in foreclosure or at risk of loss due to nonpayment of taxes, or whose owner is more than 90 days delinquent on any loan secured property. 765 ICLS 940/5.

59. Under section 940/5 of the Mortgage Rescue Fraud Act a "distressed property consultant" is:

any person who directly, or indirectly, for compensation from the owner, makes any solicitation, representation, or offer to perform or who, for compensation from the owner performs any service that the person represents will in any manner do any of the following:

- (1) stop or postpone the foreclosure sale or the loss of the home due to nonpayment of taxes;
- (2) obtain any forbearance from any beneficiary or mortgagee or relief with respect to a tax sale of the property;
- (3) assist the owner to exercise any right of reinstatement or right of redemption;
- (4) obtain any extension of the period within which the owner may reinstate the owner's rights with respect to the property;
- (5) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a distressed property or contained in the mortgage;
- (6) assist the owner in foreclosure, loan default, or post-tax sale redemption period to obtain a loan or advance of funds;
- (7) avoid or ameliorate the impairment of the owner's credit resulting from the recording of a notice of default or the conduct of a foreclosure sale or tax sale; or
- (8) save the owner's residence from foreclosure or loss of home due to nonpayment of taxes. 765 ILCS 940/5.

60. The Mortgage Rescue Fraud Act provides that "service" means without limitation, any of the following:

- (1) debt, budget, or financial counseling of any type;
- (2) receiving money for the purpose of distributing it to creditors in payment or partial payment of any obligation secured by a lien on a distressed property;
- (3) contacting creditors on behalf of an owner of a residence that is distressed property
- (4) arranging or attempting to arrange for an extension of a period within which the owner of a distressed property may cure the owner's default and reinstate his or her obligation;
- (5) arranging or attempting to arrange for any delay or postponement of the

- time of sale of the distressed property;
  - (6) advising the filing of any document or assisting in any manner in the preparation of any document for filing with any court or
  - (7) giving any advice, explanation, or instruction to an owner of a distressed property that in any manner relates to the cure of a default or forfeiture or to the postponement or avoidance of sale of the distressed property.
- 765 ILCS 940/5.

61. Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, requires some of the following terms for a distressed property consultant contract:

- (a) A distressed property consultant contract must be in writing and must fully disclose the exact nature of the distressed property consultant's services and the total amount and terms of compensation.
- (b) The following notice, printed in at least 12-point boldface type and completed with the name of the distressed property consultant, must be printed immediately above the statement required by subsection (c) of this Section:

**"NOTICE REQUIRED BY ILLINOIS LAW**

.....(Name) or anyone working for him or her CANNOT:  
 (1) Take any money from you or ask you for money until ..... (Name) has completely finished doing everything he or she said he or she would do; or  
 (2) ask you to sign or have you sign any lien, mortgage or deed."

- (c) A distressed property consultant contract must be written in the same language as principally used by the distressed property consultant to describe his or her services or to negotiate the contract, must be dated and signed by the owner, and must contain in immediate proximity to the space reserved for the owner's signature a conspicuous statement in a size equal to at least 12-point bold face type as follows:

"You, the owner, may cancel this transaction at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform. See the attached notice of cancellation form for an explanation of this right."...

- (e) A distressed property consultant contract must be accompanied by a completed form in duplicate, captioned, "NOTICE OF CANCELLATION," which must be attached to the contract, must be easily detachable, and must contain, in at least 12-point boldface type, the following statement written in the same state language as used in the contract:

**"NOTICE OF CANCELLATION"**  
 .....  
 (Enter date of Transaction)

You may cancel this transaction, without any penalty or obligation, at any time until after the distressed property consultant has fully performed each and every service of the distressed property consultant contracted to perform or represented he or she would perform. To

cancel this truncation, mail, or deliver a signed and dated copy of this cancellation notice or any other written notice to:

..... ( Name of distressed property consultant) at ..... (Address of distressed property consultant's place of business)

I hereby cancel this transaction on .....(Date) ..... (Owner's signature).”

765 ILCS 940/10(a), (b), (c) and (e).

62. It is a violation of the Mortgage Rescue Fraud Act for a distressed property consultant to:

(1)claim, demand, charge, collect or receive any compensation until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented that he or she would perform;

...  
(7) induce or attempt to induce an owner to enter a contract that does not comply in all respects with Section 10 and 15 of the Act. 765 ICLS 940/50(1) and (7).

### COUNT I

#### **Violations of the Consumer Fraud Act**

63. Foreclosure Solutions Experts and Gail Strong engaged in unfair and deceptive acts unlawful under Section 2 of the Consumer Fraud Act, 815 ICLS 505/2 by:

- a. Representing to distressed property owners that they can save their homes, when in fact they cannot save their homes with their services;
- b. Representing to distressed property owners that Foreclosure Solutions Experts and Gail Strong will lower their interest rates and or mortgage balances by negotiating with lenders, when they do not;
- c. Representing to distressed property owners that Foreclosure Solutions Experts and Gail Strong will modify their loans to prevent foreclosure, when in reality; Foreclosure Solutions Experts merely negotiates forbearance agreements which place consumers in jeopardy of foreclosure in a matter of months;



- d. Representing to distressed property owners that Foreclosure Solutions Experts and Gail Strong will obtain refinancing for them; when they do not;
- e. Representing to distressed property owners that Foreclosure Solutions Experts and Gail Strong will find financing to allow consumers to repurchase their homes, when they do not;
- f. Inducing distressed property owners to enter into complex real estate transactions without explaining or adequately disclosing the terms of the transactions; and
- g. Inducing distressed property owners to stop paying their mortgages because Foreclosure Solutions Experts and Gail Strong are allegedly negotiating with lenders or finding refinancing, and thus placing consumers further in jeopardy of losing their homes to foreclosures; and
- h. Instructing consumers to forge signatures.

### **Statutory Remedies for the Consumer Fraud Act**

64. Section 7 of the Consumer Fraud Act, 815 ILCS 505/7, provides:

Whenever the Attorney General has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by the Act to be unlawful, and that proceeding would be in the public interest, he may bring an action in the name of the State against such person to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including, but not limited to: injunction, revocation, forfeiture or suspension of any license, charter franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.

In addition to the remedies provided herein, the Attorney General may request and this Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation.

In addition to any other civil penalty provided in this Section, if a person is found by the court to have engaged in any method, act, or practice declared unlawful under this Act, and the violation was committed against a person 65 years of age or older, the court may impose an additional civil penalty not to exceed \$10,000 for each violation.

65. Section 10 of the Consumer Fraud Practices Act, 815 ILCS 505/10, provides: "In any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for the use of this State."

### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff prays that this honorable Court enter an Order:

A. Finding that Foreclosure Solutions Experts and Gail Strong have violated section 2 of the Consumer Fraud Act, 815 ILCS 505/1; including, but not limited to, the unlawful acts and practices alleged herein;

B. Temporarily, preliminarily and permanently enjoining Foreclosure Solutions Experts and Gail Strong from engaging in the business of foreclosure or mortgage rescue, negotiating forbearance or any other type of agreements with mortgage lenders in the State of Illinois;

C. Declaring that all contracts entered into between Foreclosure Solutions Experts, Gail Strong and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that full restitution be made to said consumers;

D. Assessing a civil penalty in the amount of fifty thousand dollars (\$50,000) per violation of the Consumer Fraud Act found by the Court to have been committed by Foreclosure Solutions Experts and Gail Strong with the intent to defraud; if the Court finds that they have engaged in methods, acts or practices declared unlawful by the Consumer Fraud Act, without the intent to defraud, then assessing a statutory civil penalty of fifty thousand Dollars (\$50,000), all as provided in section 7 of the Consumer Fraud Act, 815 ILCS 505/7;

E. Assessing an additional civil penalty in the amount of ten thousand dollars (\$10,000) per violation of the Consumer Fraud Act found by the Court to have been committed by Foreclosure Solutions Experts and Gail Strong against a person 65 years of age and older as provided in section 7(c) of the Consumer Fraud Act, 815 ILCS 505/7(c);

F. Requiring Foreclosure Solutions Experts and Gail Strong to pay all costs for the prosecution and investigation of this action, as provided by section 10 of the Consumer Fraud Act, 815 ILCS 505/10; and

G. Providing such other and further equitable relief as justice and equity may require.

## **COUNT II**

### **Violations of the Mortgage Rescue Fraud Act**

66. Defendants are distressed property consultants under the Mortgage Rescue Fraud Act because Foreclosure Solutions Experts solicits and offers: (1) stop or postpone the foreclosure sale; (2) offer to assist the owner in foreclosure, loan default or post tax sale redemption period to obtain a loan; and (3) save consumers' homes from foreclosure with their services. 765 ILCS 940/5(1), (6) and (8).

67. Defendants charges and receives compensation before they have fully performed each service that they have contracted to do or represented that they would perform, in violation of section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50(a)(1).

68. In violation of the Mortgage Rescue Fraud Act, Defendants induces distressed property owners to sign mortgage rescue consultant contracts that do not comply with Section 10 of the Act. 765 ILCS 940/10 and 50.

69. In particular, the mortgage rescue consultant contract does not include the following notice, as required by 765 ILCS 940/10(b):

“NOTICE REQUIRED BY ILLINOIS LAW

.....(Name) or anyone working for him or her CANNOT:  
(1) Take money from you or ask you for money until.....(Name) has completely finished doing everything he or she said he or she would do; or  
(2) Ask you to sign or have you sign any lien, mortgage or deed.”

70. Additionally, the mortgage rescue contract only provides distressed property owners three days to cancel the contract, when Section 10(b) of the Mortgage Rescue Fraud Act states that consumers may cancel their contracts at any time until after the distressed property consultant has fully performed each contracted service. 765 ILCS 940/10(b).

71. Likewise, the contract does not comply with the Mortgage Rescue Fraud Act’s requirement that it contain in 12 point font the following language which explains the distressed property owner’s right to cancel the contract:

“You, the owner, may cancel this transaction at any time until after the distressed property consultant has performed each and every service the distressed property consultant contracted to perform or represented he or she would perform. See the attached notice of cancellation form for an explanation of this right.”  
765 ILCS 940/10(c).

72. Finally, Defendants fail to provide consumers with Notice of Cancellations that has the required language under 765 ILCS 940/10(e):

“NOTICE OF CANCELLATION  
.....  
(Enter date of transaction)

You may cancel this transaction, without any penalty or obligation; at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to:

..... (Name of distressed property consultant)  
at .....(Address of distressed property consultant’s place of business)

I hereby cancel this transaction on .....(Date)  
.....(Owner’s signature).”

### Statutory Remedies

73. Under the Mortgage Rescue Fraud Act, "all remedies, penalties and authority granted to the Attorney General ... by the Consumer Fraud and Deceptive Business Practices Act shall be available to him or her for the enforcement of the Act." 765 ILCS 940/55(a).

### PRAYER FOR RELIEF

**WHEREFORE**, the Plaintiff prays that this honorable Court enter an Order:

- A. Finding Foreclosure Solutions Experts and Gail Strong violated Section 50(a)(1) of the Mortgage Rescue Fraud Act, 765 ILCS 940/50(a)(1), by soliciting, charging and receiving compensation prior to performing their services,
- B. Finding Foreclosure Solutions Experts and Gail Strong violated Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50(a)(7) by inducing distressed property owners to enter into consultant contracts which do not comply in all respects with Section 10 of the Acts.
- C. Temporarily, preliminarily and permanently enjoining Foreclosure Solutions Experts and Gail Strong from engaging in the business of mortgage rescue or foreclosure rescue in or from the State of Illinois;
- D. Declaring that all contracts entered into between Defendants and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that full restitution be made to said consumers;
- E. Assessing a civil penalty in the amount of fifty thousand dollars (\$50,000) per violation of the Consumer Fraud Act found by the Court to have been committed by Defendants with the intent to defraud; if the Court finds Defendants have engaged in methods, acts or practices declared unlawful by the Consumer Fraud Act, without the intent to defraud, then assessing a statutory civil penalty of fifty thousand Dollars (\$50,000), all as provided in Section 7 of the Consumer Fraud Act, 815 ILCS 505/7;
- F. Assessing an additional civil penalty in the amount of ten thousand dollars (\$10,000)

per violation of the Consumer Fraud Act found by the Court to have been committed by Foreclosure Solutions Experts against a person 65 years of age and older as provided in Section 7(c) of the Consumer Fraud Act, 815 ILCS 505/7(c);

G. Requiring Defendants to pay all costs for the prosecution and investigation of this action, as provided by Section 10 of the Consumer Fraud Act, 815 ILCS 505/10; and

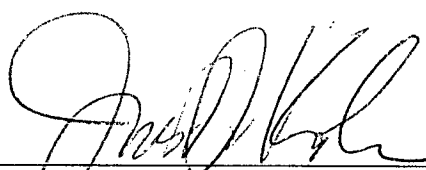
H. Providing such other and further equitable relief as justice and equity may require.

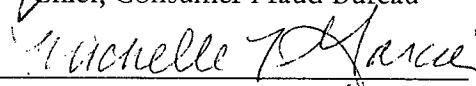
Respectfully Submitted,

THE PEOPLE OF THE STATE OF  
ILLINOIS, by LISA MADIGAN,  
ATTORNEY GENERAL OF ILLINOIS

Attorney #99000  
**LISA MADIGAN**  
Attorney General of Illinois

**JAMES D. KOLE**  
Chief, Consumer Fraud Bureau

BY:   
**JAMES D. KOLE**  
Chief, Consumer Fraud Bureau

BY:   
**MICHELLE T. GARCIA**  
Assistant Attorney General  
Consumer Fraud Bureau

Michelle T. Garcia  
Assistant Attorney General  
Consumer Fraud Bureau  
100 W. Randolph St., 12<sup>th</sup> floor  
Chicago, IL 60601  
(312) 814 - 3000  
(312) 814 - 2593 (fax)

# FORECLOSURE EXPERTS

## CLIENT CONSULTANT SERVICE AGREEMENT

This agreement entered into this 6 day of June, 2008 by and between Foreclosure Experts Mediator Housing Counselors and Danny Baker.

Mutually agree as follows:

Client (s) wish to engage the services of the above Foreclosure Experts Mediator Housing Counselors for a FEE. The Fee for the following checked (✓) services is \$ 1200.00 payable by  Cash  Money Order. Client (s) minimum initial deposit is \$ 300.00 with the balance of \$ 900.00 due and payable upon completion of client (s) case. Should Foreclosure Experts fail to provide the Client (s) with an option to save their home, the initial deposit less the minimum retainer fee will be returned to the Client (s). However, if Foreclosure Experts offer a viable option, legal or otherwise, to save the Client home, but the client declines the offer, the fee of \$500.00 is still due Foreclosure Experts. Client (s) understand that the minimum within 3 business days is \$250.00. There will be a \$40.00 charge for returned checks.

Only the services checked (✓) below shall be provided. NOTICE: Client (s) have the right to cancel this agreement within 3 business days (see Notice of Cancellation). Refunds for cash are issued immediately and for checks, after 5 to 7 business days. Should the Client (s) elect to rescind (cancel) this agreement after the 3 day period in which services have commenced, Client (s) agree that Foreclosure Experts shall be due a minimum retainer fee in the amount of \$250.00 for services rendered.

Client (s) hereby contracts Foreclosure Experts to:

**PAID**

300.00 down. 6-10-08.  
900.00 Bal.  
100.00 6-11-08.

- Contact their Mortgage (Loan) Company (s) or creditors on his/her/their behalf.
- Stop/Attempt to stop the foreclosure process and/or the forced sale of the Client (s) home/property.
- Assist/Attempt to obtain a forbearance or advance of funds to stop foreclosure.
- Assist/Attempt to obtain a loan based on equity and/or current value of the property.
- Provide Documents for emergency Chapter 7 or documents only. Foreclosure Experts Agents are not attorneys and will only provide client with documents necessary for emergency filing only. If Client (s) require further assistance in the bankruptcy proceedings such as a court represent action, filing additional forms, or preparing plans, Client may do it themselves, obtain their own counsel, or use the services of Attorneys recommended by Foreclosure Experts. This service is only available when applicable and any fees associated with the bankruptcy must be paid by the Client (s). Foreclosure Experts, or its agents will not give legal advice, but will direct the client to our attorney if the client so desires.

Client (s) understand that no forbearance or loan guarantee is implied, as the Mediator Housing Counselor Consultant is relying upon information provided by the Client (s) at the time of the interview and agreement. The final decision for forbearance, advance of funds or loan will be based on the actual (true) facts obtained by the Mediator Housing Counselors findings during the course of investigation and research of the Client (s) case. Any loan or advance of funds will be based on (equity) value of the property.

Foreclosure Experts agrees to commence services for the Client (s) immediately after the signing of this agreement by the Client (s) and upon payment of the required fee to the Consultant by the Client (s) and Foreclosure Experts, any changes must be agreed to in writing and initiated by all parties.

The Client (s) have read and understand the terms of this agreement and wish to contract Foreclosure Experts to work on his/her behalf.

[Signature] 6-6-08  
Client Signature Date

[Signature] 6-6-08  
Client Signature Date

[Signature]  
Housing Counselor Signature Date

Client (s) signature above is an indication of this agreement, he/she/they attest that all information provided to the Mediator Housing Counselor, is true and correct to the best of his/her/their knowledge at the time this agreement was signed. Client (s) understand that the Housing Counselor works on a best effort basis relying upon information provided by the Client (s), which is assumed to be accurate to be best of his/her/their knowledge.

# FORECLOSURE EXPERTS

## NOTICE OF CANCELLATION

Date service agreement signed with consultant 6 day of June 2008. You may cancel this transaction at any time within the three (3) business days of the above date, if the transaction and the signing of this agreement took place in your HOME, you may cancel without penalty and/or obligation.

To cancel this transaction, please mail or deliver a signed and dated copy of this CANCELLATION NOTICE, or send a telegram to:

Company Name: FORECLOSURE EXPERTS  
Address: 220 S State Street, Suite 726  
City: Chicago, IL 60604

**PAID**  
900.10 Bal.

**TO CANCEL: NOTICE MUST BE RECEIVED BY CONSULTANT NO LATER THAN MIDNIGHT OF 11 DAY OF June 2008**

I/We client (s) do hereby cancel this agreement/transaction on this \_\_\_ day of \_\_\_ 20\_\_.  
Which I/We signed with the above Consultant in our Home/Office on the \_\_\_ day of \_\_\_ 20\_\_

[Signature] 6-6-08  
Client Signature Date

Coral McEllell 6-6-08  
Client Signature Date

\_\_\_\_\_  
Client Name Printed

\_\_\_\_\_  
Client Name Printed

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip

Consultants name and address must be provided in the space above; also the date of the signing of any agreement of contracts must be included in the space provided.

Client receives two copies (2)

Consultant retains one copy (1)





**A LIST OF SOME OF THE SERVICES AVAILABLE TO OUR CLIENTS**

**We assist homeowners who have CREDIT PROBLEMS.**

**Provide consulting services and assistance to homeowners who are behind in their payments, IN OR NEAR FORECLOSURE. Loans are also arranged, if needed, for ANY CREDIT, ANY LOAN!**

**Contact your mortgage holder and/or lender (s) regarding your loan condition and payment status.**

**We work with you and your mortgage holder and/or lender (s) to arrange an agreement based on a proven system in use since 1981 to save hundreds of homeowners' home.**

**Discuss with our clients their present and future budget plans.**

**Provide counseling and suggestions to allow our clients to take the necessary steps to meet present and future financial need.**

**Help our clients to meet with bill consolidation counselor when necessary.**

**Provide information and services regarding credit re-establishment and credit improvement for the future.**

**Make ourselves available to our clients who contract our services; to answer their questions and provide moral support and guidance regarding their financial situation.**

**Provide a written agreement of the service available to our clients.**

**Assist our clients in any way possible to improve their standard of living and financial condition present and future.**

**All the items in this list may or may not apply to your case; we may provide other services necessary to save your home that are not on this list. We are committed to taking whatever steps necessary to assist you to stop foreclosure process and save your home.**

**Phone: 312-447-0800**

**Fax: 312-447-0803**

**E-mail: [foreclosurexperts@yahoo.com](mailto:foreclosurexperts@yahoo.com)**

**RIDER 6**

**"AS-IS CONDITION"**

Form Approved by the South Suburban and Southwest Bar Associations  
EXCEPTING HANDWRITTEN, UNDERLINED, OR BOLD ITALIC PROVISIONS, BUYER AND SELLER REPRESENT AND WARRANT TO EACH OTHER THAT NO ALTERATIONS HAVE BEEN MADE TO THIS RIDER AS PUBLISHED BY THE BAR ASSOCIATIONS ABOVE

The property, including all mechanical equipment and personal property to be conveyed by Seller, is accepted by Buyer in its present condition and Buyer makes this offer to purchase all of the above in its present condition "AS-IS." No representations have been made by Seller or Seller's agents with respect to the condition of the property, mechanical equipment, or personal property to be conveyed by Seller.

(Check One)

Buyer has inspected the property to Buyer's satisfaction and Buyer hereby waives the "Property Inspection Contingency" in the Contract. Buyer shall be responsible for any repairs required under any town, village, city, or other applicable governmental inspection ordinance.

OR

Buyer shall be permitted to perform a property inspection as described in the "Property Inspection Contingency" in the Contract. In the event any defects ascertained thereby are not acceptable to Buyer, Buyer shall have the option to notify Seller, in writing, that Buyer has elected to terminate the Contract. Any such notice of termination shall be provided within the time allowed for buyer to perform the property inspection. In the absence of written notice or termination, within the time specified herein, the "Property Inspection Contingency" shall be deemed waived by the Buyer and this Contract and "AS-IS" Rider shall continue in full force and effect. Buyer shall be responsible for any repairs required under any town, village, city, or other applicable governmental inspection ordinance.

BUYER:

SELLER:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT-CHANCERY DIVISION

THE PEOPLE OF THE STATE OF ILLINOIS, )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 FORECLOSURE SOLUTIONS, LLC, a Delaware limited )  
 liability company, RICHARD J. ALLEN, individually and as )  
 Managing Member of Foreclosure Solutions, and )  
 LISA RADICHEL ALLEN, individually and as )  
 Director of Foreclosure Solutions, )  
 )  
 Defendants. )

08C H 4 3 2 5 7

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

NOW COMES the Plaintiff, PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, and brings this action complaining of Defendants, FORECLOSURE SOLUTIONS, LLC, a Delaware limited liability company, RICHARD J. ALLEN, individually and as Managing Member of Foreclosure Solutions, and LISA RADICHEL ALLEN, individually and as Director of Foreclosure Solutions

JURISDICTION AND VENUE

1. This action is brought for and on behalf of the PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Illinois Attorney General, pursuant to the provisions of the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 et seq., the Mortgage Rescue Fraud Act, 765 ILCS 940/1 et seq., and her common law authority as Attorney General to represent the People of the State of Illinois.

2. Venue for this action properly lies in Cook County, Illinois, pursuant to Sections

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08 NOV 17 PM 3:10  
CIRCUIT COURT OF COOK COUNTY ILLINOIS  
CHANCERY DIV.  
CLERK  
DCCOT BROWN

2-101 and 2-102(a) of the Illinois Code of Civil Procedure, 735 ILCS 5/2-101, 735 ILCS 5/2-102(a), in that the Defendants are doing business in Cook County, Illinois.

**PARTIES**

3. Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, is charged, *inter alia*, with the enforcement of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 *et seq.*

4. Defendant FORECLOSURE SOLUTIONS, LLC, a Delaware limited liability company, was formed in or about April 2004 with its principal place of business located at 488 Pine Street, Burlington, Wisconsin 53105-1417.

5. Defendant RICHARD J. ALLEN is the co-owner and Managing Member of FORECLOSURE SOLUTIONS, LLC, and has served in that capacity from the company's inception to the present. As the Managing Member, Richard J. Allen manages, formulates, controls and has knowledge of the acts and practices of Defendant FORECLOSURE SOLUTIONS, LLC.

6. Defendant LISA RADICHEL ALLEN is the co-owner and Director of FORECLOSURE SOLUTIONS, LLC, and has served in that capacity from the company's inception to the present. As the Director, Lisa Radichel Allen manages, formulates, controls and has knowledge of the acts and practices of Defendant FORECLOSURE SOLUTIONS, LLC.

7. To adhere to the fiction of separate corporate existence among the Defendants, and sole owners, RICHARD J. ALLEN, LISA RADICHEL ALLEN and FORECLOSURE SOLUTIONS, LLC, would serve to sanction fraud and promote injustice.

8. Defendants RICHARD J. ALLEN and LISA RADICHEL ALLEN are being sued individually and in their respective capacities as Managing Member and Director of

FORECLOSURE SOLUTIONS, LLC.

9. Defendants FORECLOSURE SOLUTIONS, LLC, RICHARD J. ALLEN, and LISA RADICHEL ALLEN, are collectively hereinafter referred to as "Defendants."

10. For purposes of this Complaint for Injunctive and Other Relief, any references to the acts and practices of the Defendants shall mean that such acts and practices are by and through the acts of Foreclosure Solutions, LLC and/or its officers, owners, directors, employees, or other agents.

### **COMMERCE**

11. Subsection 1(f) of the Consumer Fraud and Deceptive Business Practices Act defines "trade" and "commerce" as follows:

The terms "trade" and "commerce" mean the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal, or mixed, and any other article, commodity, or thing of value wherever situated, and shall include any trade or commerce directly or indirectly affecting the people of this State.

815 ILCS 505/1(f).

12. Defendants were at all times relevant hereto engaged in trade and commerce in the State of Illinois by advertising and offering mortgage rescue consultant services to the general public of the State of Illinois via mail solicitations, telephone calls, and personal visits to the homes of Illinois consumers.

### **DEFENDANTS' BUSINESS PRACTICES**

13. Defendants entered into contracts as early as July 2003 to provide mortgage consultation and rescue services to Illinois homeowners who were 90 or more days delinquent on their mortgage payments.

14. These contracts required homeowners to pay Defendants a \$695 fee prior to receiving any services. *See* Contract (attached as Exhibit A).

15. Defendants' contracts did not contain any notice that consumers had a right to cancel the contract within three days or inform consumers that they could cancel their contracts at any time. Instead, Defendants' contract informed consumers that a minimum service fee of \$150 would be assessed if the homeowners rescinded their contracts.

16. In addition, Defendants' written contracts were not accompanied by a completed form in duplicate captioned "Notice of Cancellation."

17. Defendants' written contracts also did not describe the exact nature of services to be provided. The contracts merely promised Defendants would contact the homeowners' lenders immediately after the contracts were signed to stop or attempt to stop the consumers' foreclosures and attempt to obtain mortgage workouts for the consumers or refinance their mortgage loans.

18. Contrary to the contracts, however, after the contracts were signed, Defendants did not contact consumers' lenders immediately as promised or attempt to obtain mortgage workouts for the homeowners.

19. Defendants told consumers that, instead of sending their mortgage payments directly to their lenders, they should send their mortgage payments to Defendants, who would forward the payments to the lenders.

20. But, instead of forwarding the payments, Defendants kept the money.

21. In addition, Defendants sometimes promised to assist consumers by attending court to assist them with defending against foreclosure proceedings.

22. Defendants would then fail to appear in court as promised.

23. As a result, many of the consumers' homes were not saved from foreclosure.

24. Despite this, Defendants failed to refund any fees charged to homeowners.

25. More specifically, but not by way of limitation, the following allegations are pled as illustrations of unlawful business practices of Defendants. These allegations are not meant to be exhaustive. The State reserves the right to prove that other homeowners have been injured as a result of Defendants' unlawful activities. The State intends to seek restitution for all consumers who have been injured and not just restitution for those consumers set forth below as illustrative examples.

**MARIVEL & WILSON MEDINA**

26. Marivel and Wilson Medina purchased their single-family bungalow in Chicago, Illinois on April 28, 2000, for \$152,000. In 2003, the Medinas experienced unforeseen hardships and fell behind on their mortgage.

27. On or about January 21, 2005, Mr. Medina's sister-in-law referred him to Foreclosure Solutions and he called the company. Defendant Richard Allen answered the call and, after talking to Mr. Medina, said that he could get the Medinas' lender, Washington Mutual, to agree to a forbearance on the foreclosure within six months and then the Medinas could refinance their home with another lender. Allen said that he could also successfully locate another lender for the Medinas.

28. On or about February 11, 2005, Allen visited the Medinas' home to discuss the services Defendants could offer. During this visit, Allen promised he could stop any foreclosure proceedings against the Medinas within the year.

29. Allen told the Medinas that they had to pay \$695 upfront before he could help them. Ms. Medina gave Allen a check payable to "Foreclosure Solutions" for this amount.

30. Allen had brought two documents for the Medinas to sign, a "Client Consultant Service Agreement" and a "Guarantee."

31. The Client Consultant Service Agreement did not inform the Medinas of their three-day right to cancel the contract or that they had the right to cancel the contract at any time. It also did not contain any of the notice of cancellation language required by Illinois law. The Client Consultant Service Agreement did say, however, that the Medinas would have to pay a \$150 service fee if they cancelled their contract.

32. Allen explained that Defendant Lisa Radichel Allen would handle everything related to the services provided by Defendants going forward.

33. Lisa Radichel Allen subsequently instructed the Medinas that they should send their mortgage payments directly to Foreclosure Solutions, instead of Washington Mutual, and she promised that Defendants would then mail the payments to the Medinas' lender.

34. As directed, the Medinas sent their \$1410 monthly mortgage payment to Foreclosure Solutions from about March 2005 through March 2007.

35. On March 9, 2005, Washington Mutual initiated foreclosure proceedings.

36. On or about June 15, 2005, the Medinas received notice that a foreclosure judgment had been entered against them. Ms. Medina promptly called Defendants and spoke to Richard Allen. She informed him of the foreclosure judgment and also that she had learned there was a pending sheriff's sale. Allen told them not to worry because Defendants were negotiating a loan modification with Washington Mutual.



37. Lisa Radichel Allen also spoke with the Medinas. She instructed them to not contact Washington Mutual, to continue mailing their payments to Defendants and to ignore any foreclosure notices they received since Defendants were working as their agent.

38. Shortly thereafter, the Medinas received a notice from the Cook County Circuit Court asking them to vacate their home. Lisa Radichel Allen still assured the Medinas that everything would be fine and to ignore the notice.

39. The Medinas subsequently lost ownership of their home through the foreclosure action and a final sheriff's sale was held on March 14, 2007.

40. After they received notice that an order of possession had been entered against them, the Medinas left their home and moved into an apartment.

#### **TUYUNDA LOPEZ**

41. In February 2007, Tuyunda Lopez was five months behind on her mortgage with Ocwen and facing foreclosure on her Chicago, Illinois home when she received a flyer in the mail from Foreclosure Solutions.

42. The advertisement promised that Foreclosure Solutions would help her get her home out of foreclosure.

43. When Ms. Lopez called the phone number on the flyer, a woman answered the phone, and handed it to Richard Allen. Allen promised to talk to her lender to make arrangements to help her.

44. He indicated he was an expert who had helped many others get out of foreclosure. He scheduled a meeting with Ms. Lopez at her home and also stated that he required an upfront payment of \$695 for his services.

45. On March 5, 2007, Allen met Ms. Lopez in her home. She told him there was a court hearing on April 5, 2007 regarding her foreclosure. Allen agreed to be present for the court date. Ms. Lopez gave him \$350 as a portion of his fee.

46. On April 2, 2007, Ms. Lopez gave Allen a second payment of \$345. The payment check was post-dated for April 30, 2007.

47. Allen failed to appear at Ms. Lopez's April 5, 2007 court date as promised.

48. Ms. Lopez then stopped payment on the April 2, 2007 check.

49. Her home remained in foreclosure, until she later discovered that a neighborhood HUD-approved housing agency provided mortgage delinquency assistance for free. She was able to work with this agency to get her home out of foreclosure.

50. Ms. Lopez called Defendants repeatedly asking for a refund of the \$350 she had paid them, but her money was never refunded and her calls were not even answered or returned.

**MILDRED SANCHEZ**

51. Mildred Sanchez purchased her home, a two-flat property in Chicago, Illinois, in November 1998. Ms. Sanchez rented out one of the two units, but her tenant stopped paying rent in 2000. Therefore, Ms. Sanchez found herself unable to continue making her entire mortgage payment.

52. In March 2005, a foreclosure complaint was filed against Ms. Sanchez. A judgment of foreclosure was entered against her on April 25, 2005.

53. Shortly after the foreclosure judgment was entered, Defendant Richard Allen came to Ms. Sanchez's home. When she answered the door, Allen told her that he knew her home was in foreclosure, but that he could help save it.

54. Allen gave Ms. Sanchez a copy of a "Client Consultant Service Agreement" and told her he needed \$695 upfront to stop the foreclosure. Ms. Sanchez gave him \$695 in cash.

55. The Client Consultant Service Agreement did not contain any information regarding Ms. Sanchez's right to cancel the transaction, except that cancelling the contract would require payment of an additional \$150 service fee. The Client Consultant Service Agreement did not contain any of the notices required by Illinois law.

56. Allen explained to Ms. Sanchez that she was not to contact her lender because he was her representative. In addition, she should send her mortgage payments directly to Foreclosure Solutions instead of to her lender.

57. Allen also told Ms. Sanchez that Defendant Lisa Radichel Allen would handle everything related to Defendants' services going forward. She would be responsible for working out an agreement with Ms. Sanchez's lender and also forwarding her mortgage payments to her lender.

58. From January 3, 2005, to approximately April 2006, Ms. Sanchez sent monthly money orders made payable to "Foreclosure Solutions" of roughly \$1,157 to Defendants for her mortgage payments.

59. Months later, Ms. Sanchez called the mortgage company to inquire about a tax statement she received. At that time, the mortgage company representative informed Ms. Sanchez that they had not agreed to anything with Foreclosure Solutions and that the foreclosure was proceeding because they had received no payments from Ms. Sanchez nor Foreclosure Solutions.

60. When Ms. Sanchez reported this to Lisa Radichel Allen, she advised her to

purchase a bankruptcy kit, advising that this would certainly stop the foreclosure. Based on this, Ms. Sanchez filed Chapter 13 bankruptcy and began making payments according to the plan. When the payments increased to \$2300 a month, however, she could no longer afford to make them.

61. On April 12, 2007, Ms. Sanchez's home was sold in a sheriff's sale and an Order for Possession was entered on May 15, 2007.

#### **APPLICABLE STATUTE**

62. Section 2 of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2, provides:

Unfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of any material fact, with intent that others rely upon the concealment, suppression or omission of such material fact, or the use or employment of any practice described in Section 2 of the "Uniform Deceptive Trade Practices Act", approved August 5, 1965, in the conduct of any trade or commerce are hereby declared unlawful, whether any person has in fact been misled, deceived or damaged thereby.

63. Section 3 of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/3, provides in relevant part as follows:

When it appears to the Attorney General that a person has engaged in, is engaged in, or is about to engage in any practice declared to be unlawful by this Act, when he receives a written complaint from a consumer or borrower of the commission of a practice declared to be unlawful under this Act, or when he believes it to be in the public interest that an investigation should be made to ascertain whether a person in fact has engaged in, is engaged in, or is about to engage in any practice declared to be unlawful by this Act, he may:

- (A) Require the person to file on such terms as he prescribes a statement or report in writing, under oath or otherwise, as to all information as he may consider necessary;
- (B) Examine under oath any person in connection with the conduct of any trade or commerce;
- (C) Examine any merchandise or sample thereof, record, book, document, account or paper as he may consider necessary.

64. Section 4 of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/4, provides in relevant part:

To accomplish the objectives and to carry out the duties prescribed by this Act, the Attorney General, in addition to other powers conferred upon him by this Act, may issue subpoenas to any person, administer an oath or affirmation to any person, conduct hearings in aid of any investigation or inquiry, prescribe such forms and promulgate such rules and regulations as may be necessary, which rules and regulations shall have the force of law. To accomplish the objectives and to carry out the duties prescribed by this Act, the State's Attorney of any county may issue subpoenas to any person.

65. Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, provides in relevant part:

"Distressed property" means residential real property consisting of one to 6 family dwelling units that is in foreclosure or at risk of loss due to nonpayment of taxes, or whose owner is more than 90 days delinquent on any loan that is secured by the property.

"Distressed property consultant" means any person who, directly or indirectly, for compensation from the owner, makes any solicitation, representation, or offer to perform or who, for compensation from the owner, performs any service that the person represents will in any manner do any of the following:

- (1) stop or postpone the foreclosure sale or the loss of the home due to nonpayment of taxes;
- (2) obtain any forbearance from any beneficiary or mortgagee, or relief with respect to a tax sale of the property;
- (3) assist the owner to exercise any right of reinstatement or right of redemption;
- (4) obtain any extension of the period within which the owner

may reinstate the owner's rights with respect to the property;

- (5) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a distressed property or contained in the mortgage;
- (6) assist the owner in foreclosure, loan default, or post-tax sale redemption period to obtain a loan or advance of funds;
- (7) avoid or ameliorate the impairment of the owner's credit resulting from the recording of a notice of default or the conduct of a foreclosure sale or tax sale; or
- (8) save the owner's residence from foreclosure or loss of home due to nonpayment of taxes. . . .

66. Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10,

provides that:

(a) A distressed property consultant contract must be in writing and must fully disclose the exact nature of the distressed property consultant's services and the total amount and terms of compensation.

(b) The following notice, printed in at least 12-point boldface type and completed with the name of the distressed property consultant, must be printed immediately above the statement required by subsection (c) of this Section:

"NOTICE REQUIRED BY ILLINOIS LAW"

.....(Name) or anyone working  
for him or her CANNOT:

(1) Take any money from you or ask you for money until  
.....(NAME) has  
completely finished doing everything he or she said he or  
she would do; or

(2) Ask you to sign or have you sign any lien, mortgage, or  
deed."

(c) A distressed property consultant contract must be written in the same language as principally used by the distressed property consultant to describe his or her services or to negotiate the contract, must be dated and signed by the owner, and must contain in immediate proximity to the space reserved for the owner's signature a conspicuous statement in a size equal to at least 12-point boldface type, as follows:

“You, the owner, may cancel this transaction at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform. See the attached notice of cancellation form for an explanation of this right.”

(d) A distressed property contract must contain on the first page, in a type size no smaller than that generally used in the body of the document, each of the following:

- (1) the name and address of the distressed property consultant to which the notice of cancellation is to be mailed; and
- (2) the date the owner signed the contract.

(e) A distressed property consultant contract must be accompanied by a completed form in duplicate, captioned “NOTICE OF CANCELLATION,” which must be attached to the contract, must be easily detachable, and must contain, in at least 12-point boldface type, the following statement written in the same language as used in the contract:

“NOTICE OF CANCELLATION

.....

(Enter date of transaction)

You may cancel this transaction, without any penalty or obligation, at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice to:

.....(Name of distressed property consultant)

at .....(Address of distressed property consultant’s place of business) I hereby cancel this

transaction on.....(Date)

.....(Owner’s signature)”.

(f) The distressed property consultant shall provide the owner with a copy of a distressed property consultant contract and the attached notice of cancellation immediately upon execution of the contract.

67. Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, states:

(a) In addition to any other legal right to rescind a contract, an owner has the right to cancel a distressed property consultant

contract at any time until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform.

(b) Cancellation occurs when the owner gives written notice of cancellation to the distressed property consultant at the address specified in the distressed property consultant contract.

(c) Notice of cancellation, if given by mail, is effective when deposited in the mail properly addressed with postage prepaid. Notice by certified mail, return receipt requested, addressed to the address specified in the distressed property consultant contract, shall be conclusive proof of notice of service.

(d) Notice of cancellation given by the owner need not take the particular form as provided with the distressed property consultant contract and, however expressed, is effective if it indicates the intention of the owner not to be bound by the contract.

68. Section 20 of the Mortgage Rescue Fraud Act, 765 ILCS 940/20, states:

(a) Any waiver by an owner of the provisions of Section 10 or 15 is void and unenforceable as contrary to public policy.

(b) Any attempt by a distressed property consultant to induce an owner to waive the owner's rights is a violation of the Act.

69. Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, states in

relevant part:

(a) It is a violation for a distressed property consultant to:

(1) claim, demand, charge, collect, or receive any compensation until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform;

(2) claim, demand, charge, collect, or receive any fee, interest, or any other compensation for any reason that exceeds 2 monthly mortgage payments of principal interest or the most recent tax installment on the distressed property, whichever is less;

...

(4) receive any consideration from any third party in



connection with services rendered to an owner unless the consideration is first fully disclosed to the owner;

...

(6) take any power of attorney from an owner for any purpose, except to inspect documents as provided by law;

or

(7) induce or attempt to induce an owner to enter a contract that does not comply in all respects with Sections 10 and 15 of this Act.

### COUNT I

#### **VIOLATIONS OF THE CONSUMER FRAUD AND DECEPTIVE BUSINESS**

#### **PRACTICES ACT**

70. The Defendants have engaged in a course of trade or commerce which constitutes unfair and deceptive acts and practices declared unlawful under Section 2 of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2, by:

- a. misrepresenting to Illinois consumers that Defendants would send mortgage payments to the consumers' lenders if the consumers made their payment to Defendants and then failing to do so as promised;
- b. misrepresenting to Illinois consumers that they would appear in court on their foreclosure cases as part of their services, then failing to actually perform this service; and
- c. misrepresenting to Illinois consumers that they would negotiate with their lenders, charging a fee for this service, and then failing to actually perform the negotiations as promised.

#### **REMEDIES UNDER CONSUMER FRAUD ACT**

71. Section 7 of the Consumer Fraud Act, 815 ILCS 505/7, provides in relevant part:

a. Whenever the Attorney General or a State's Attorney has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by this Act to be unlawful, and that proceedings would be in the public interest, he or she may bring an action in the name of the People of the State against such person to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including but not limited to: injunction; revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.

b. In addition to the remedies provided herein, the Attorney General or State's Attorney may request and the Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with the intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation.

c. In addition to any other civil penalty provided in this Section, if a person is found by the Court to have engaged in any method, act, or practice declared unlawful under this Act, and the violation was committed against a person 65 years of age or older, the court may impose an additional civil penalty not to exceed \$10,000 for each violation.

72. Section 10 of the Consumer Fraud Act, 815 ILCS 505/10, provides:

In any action brought under the provision of this Act, the Attorney General is entitled to recover costs for the use of this State.

#### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff prays for the following relief:

A. A finding that Defendants have engaged in trade or commerce in the State of Illinois;

B. A finding that Defendants have engaged in unfair or deceptive acts or practices in the course of trade or commerce which constitute violations of Section 2 of the Illinois Consumer Fraud Act;

C. An order preliminarily and permanently enjoining Defendants from the use of acts or practices that violate the Illinois Consumer Fraud Act, including but not limited to, the unlawful acts and practices specified herein above;

D. An order declaring that all contracts entered into between Defendants and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that restitution be made to such consumers;

E. Revocation, forfeiture, or suspension of any and all licenses, charters, franchises, certificates or other evidence of authority of Defendants to do business in the State of Illinois;

F. An order assessing a civil penalty in the amount of Fifty Thousand Dollars (\$50,000.00) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendants with intent to defraud. If the Court finds Defendants have engaged in methods, acts, or practices declared unlawful by the Illinois Consumer Fraud Act, without intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars (\$50,000.00) all as provided in Section 7 of the Illinois Consumer Fraud Act;

G. An order assessing an additional civil penalty in the amount of Ten Thousand Dollars (\$10,000.00) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendants against a person 65 years of age and older as provided in Section 7 of the Illinois Consumer Fraud Act;

H. An order requiring Defendants to pay the costs of the investigation and

prosecution of this action as provided under Section 10 of the Illinois Consumer Fraud Act; and

- I. An order granting such other relief as this Honorable Court deems just and proper.

## COUNT II

### **VIOLATIONS OF THE MORTGAGE RESCUE FRAUD ACT**

73. Plaintiff re-alleges and incorporates paragraphs 1-72 as Paragraph 73 of Count II.

74. Defendants are “distressed property consultants” as that term is defined under Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, since they make solicitations, representations and offers and receive compensation to perform services to stop or postpone foreclosure sales (765 ILCS 940/5(1)), assist homeowners with exercising rights of reinstatement or redemption (765 ILCS 940/5(3)), obtain an extension of the period in which a homeowner’s rights with respect to property may be reinstated (765 ILCS 940/5(4)), or assist the owner in foreclosure, loan default, or post-tax sale redemption period to obtain a loan or advance of funds 765 ILCS 940/5(6)).

75. Defendants have violated Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, by utilizing distressed property consultant contracts that do not:

- a. fully disclose the exact nature of their services and total amount and terms of compensation;
- b. contain the requisite “Notice Required by Illinois Law” regarding the prohibition on taking fees before fully providing services;
- c. inform consumers they may cancel the contract at any time; or
- d. provide the requisite easily detachable “Notice of Cancellation.”

76. Defendants have violated Section 15 of the Mortgage Rescue Fraud Act, 765

ILCS 940/15, by representing to homeowners that they will be liable for a \$150 service fee if they cancel their Service Agreements, when in fact, Illinois homeowners may cancel the mortgage foreclosure rescue contract at any time prior to full completion of the services and receive a full refund.

77. Defendants have violated Section 20 of the Mortgage Rescue Fraud Act, 765 ILCS 940/20, by attempting to induce owners to waive their rights under Section 10 and 15 of this Act by telling consumers a minimum \$150 service fee would be imposed if consumers cancel their contracts.

78. Defendants have violated Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, by:

- a. claiming, demanding, charging, collecting, and/or receiving compensation in the amount of \$695 per transaction before fully performing the services for which they were contracted to perform; and
- b. inducing or attempting to induce an owner to enter a contract that does not comply in all respects with Sections 10 and 15 of the Mortgage Rescue Fraud Act.

**REMEDIES UNDER THE MORTGAGE RESCUE FRAUD ACT**

79. Section 55 of the Mortgage Rescue Fraud Act, 765 ILCS 950/55, provides:

(a) A violation of any of the provisions of this Act constitutes an unlawful practice under the Consumer Fraud and Deceptive Business Practices Act. All remedies, penalties, and authority granted to the Attorney General or State's Attorney by the Consumer Fraud and Deceptive Business Practices Act shall be available to him or her for the enforcement of this Act.

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff prays for the following relief:

A. A finding that Defendants are distressed property consultants under the Mortgage Rescue Fraud Act;

B. A finding that Defendants have violated Sections 10, 15, 20, and 50 of the Mortgage Rescue Fraud Act;

C. A finding that by violating Sections 10, 15, 20, and 50 of the Mortgage Rescue Fraud Act, Defendants have thereby violated the Consumer Fraud and Deceptive Business Practices Act;

D. An order preliminarily and permanently enjoining Defendants from the use of acts or practices that violated the Mortgage Rescue Fraud Act, including but not limited to, the unlawful acts and practices specified herein above;

E. An order declaring that all contracts entered into between Defendants and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that restitution be made to such consumers;

F. Revocation, forfeiture, or suspension of any and all licenses, charters, franchises, certificates or other evidence of authority of Defendants to do business in the State of Illinois;

G. An order assessing a civil penalty in the amount of Fifty Thousand Dollars (\$50,000.00) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendants with intent to defraud. If the Court finds that Defendants have engaged in methods, acts, or practices declared unlawful by the Illinois Consumer Fraud Act, without intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars (\$50,000.00) all as provided in Section 7 of the Illinois Consumer Fraud Act;

H. An order assessing an additional civil penalty in the amount of Ten Thousand Dollars (\$10,000.00) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendants against a person 65 years of age and older as provided in Section 7 of the Illinois Consumer Fraud Act;

I. An order requiring Defendants to pay the costs of the investigation and prosecution of this action as provided under Section 10 of the Illinois Consumer Fraud Act; and

J. An order granting such other relief as this Honorable Court deems just and proper.

### **COUNT III**

#### **VIOLATION OF 815 ILCS 505/6**

#### **(ENFORCEMENT OF *SUBPOENA DUCES TECUM*)**

80. Plaintiff re-alleges and incorporates Paragraphs 1-79 as Paragraph 80 of Count III.

81. Pursuant to Sections 3 and 4 of the Consumer Fraud Act, the Office of the Illinois Attorney General issued an administrative *Subpoena Duces Tecum* with a Document Rider requiring the Defendants to mail or deliver certain documents to the Office of the Attorney General, Consumer Fraud Bureau, 100 West Randolph Street, 12th Floor, Chicago, Illinois 60601 by 10:00 a.m. on April 21, 2008 to aid the Attorney General's investigation. *See Subpoena Duces Tecum* and Document Rider(attached as Exhibit B).

82. The certified mail receipt was signed by Dawn Shear on March 24, 2008. *See* Certified Mail Return Receipt (attached as Exhibit C).

83. Defendants did not object or assert any privilege as to any request in the Subpoena or Rider prior to April 21, 2008. Despite this, Defendants failed to produce any of the requested materials by that date.

84. Defendant Richard Allen telephoned Assistant Attorney General Kimberly Slider on or about June 19, 2008 regarding the *Subpoena Duces Tecum* and Rider.

85. During this call, Assistant Attorney General Slider offered Defendants a 10-day extension of time to produce the requested information.

86. Defendants have still failed to produce any of the requested materials or respond in any way to the Subpoena to date.

87. Because Defendants have failed to obey the *Subpoena Duces Tecum* and Document Rider issued by the Office of the Attorney General, the State is thereby entitled to injunctive and other relief pursuant to the Consumer Fraud Act.

#### **REMEDIES**

88. Section 6, 815 ILCS 505/6, of the Consumer Fraud Act provides as follows:

If any person fails or refuses to file any statement or report, or obey any subpoena issued by the Attorney General or a State's Attorney, the Attorney General or the State's Attorney may file a complaint in the Circuit Court for the:

- (a) Granting of injunctive relief, restraining the sale or advertisement of any merchandise by such persons, or the conduct of any trade or commerce that is involved;
- (b) Vacating, annulling, or suspending the corporate charter of a corporation created by or under the laws of this State or revoking or suspending of the certificate of authority to do business in this State of a foreign corporation or the revoking or suspending of any other licenses, permits or certificates issued pursuant to law to such person which are used to further the allegedly unlawful practice; and
- (c) Granting of such other relief as may be required; until the person files the statement or report, or obeys the subpoena.

#### **PRAYER FOR RELIEF**

**WHEREFORE**, the Plaintiff prays that this Honorable Court enter an order:



A. Compelling Defendants FORECLOSURE SOLUTIONS, LLC, RICHARD J. ALLEN and LISA RADICHEL ALLEN to comply with the *Subpoena Duces Tecum* and Document Rider issued March 18, 2008;

B. Enjoining Defendants FORECLOSURE SOLUTIONS, LLC, RICHARD J. ALLEN, and LISA RADICHEL ALLEN from providing mortgage consultation services in or from the State of Illinois until they fully comply with the *Subpoena Duces Tecum* and Document Rider issued by the Illinois Attorney General; and

C. Providing any other and further relief as justice and equity may require.

**RESPECTFULLY SUBMITTED,**

**THE PEOPLE OF THE STATE OF  
ILLINOIS, by LISA MADIGAN,  
ATTORNEY GENERAL OF ILLINOIS**

BY:   
JAMES D. KOLE, CHIEF  
CONSUMER FRAUD BUREAU

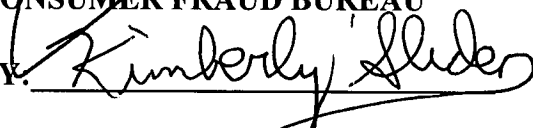
BY:   
KIMBERLY SLIDER  
Assistant Attorney General  
Consumer Fraud Bureau  
100 W. Randolph Street, 12<sup>th</sup> Floor  
Chicago, Illinois 60601  
312-814-3312

Exhibit A

# Foreclosure Solutions

488 N. Pine Street  
Burlington, WI 53105  
(262) 763-2500

## CLIENT CONSULTANT SERVICE AGREEMENT

This agreement entered into this \_\_\_\_ day of \_\_\_\_\_ 2005

By and between FORECLOSURE SOLUTIONS/ FORECLOSURE CONSULTANT (S)

And \_\_\_\_\_  
Client Name Client Name  
CLIENT (S)

Mutually agree as follows;

Client (s) wish to engage the services of the above Consultants for a FEE. The Fee for the following checked services is \$695.00. PAYABLE IN ADVANCE, BY (check one) CASH\_\_\_\_, CASHIERS CHECK\_\_\_\_, MONEY ORDER\_\_\_\_, or in the judgment of consultant PERSONAL CHECK\_\_\_\_, before checked services can commence.

Only the service (s) checked below shall be provided. NOTICE: If the client (s) elect to rescind ("cancel") this agreement after checked services have commenced; Client(s) agree the consultant shall be due a minimum service fee in the amount of \$150.00

Client (s) hereby contract the Consultant to;

1. \_\_\_ Contact the Creditors on His/Her /Their behalf.
2. \_\_\_ Stop/Attempt to Stop the Foreclosure process and/ or the forced sale of the Client (s) Home/Property.
3. \_\_\_ Assist/Attempt to obtain a forbearance or advance of funds.
4. \_\_\_ Assist/Attempt to obtain a loan based on equity value.
5. \_\_\_ Obtain/Arrange for an Appraisal to determine the market value or loan value of Client (s) Home/Property.

Client (s) understand that no forbearance or loan guarantee is implied as the consultant is relying on information provided by the Client (s) at the time of the interview and agreement. The consultant works on a best efforts basis. The final decision for a forbearance, advance of funds or loan will be based on the actual facts obtained by the consultant's findings during the course of research of the Client (s) case. Any loans that may be arranged are based on the value of Client (s) Home or Property.

Consultant agrees to commence services to the Client (s) immediately after the signing of this agreement by Client (s) and Consultant, and upon the payment of agreed upon fee to the consultant by the Client (s).

This is the full and complete agreement by and between the Client (s) and Consultant, all parties must agree to any change in writing.

Client (s) have read and understand the terms of this agreement and wish to contract the Consultant to work on His/Her/Their behalf

\_\_\_\_\_  
Client Signature Date Client Signature Date

Exhibit B

*Subpoena of the Attorney General  
of the State of Illinois*

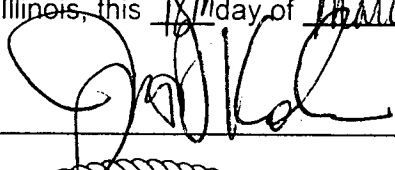
STATE OF ILLINOIS            )            Subpoena Duces Tecum  
  )            No Appearance Required  
  )  
  ) SS. THE PEOPLE OF THE STATE OF ILLINOIS  
COUNTY OF COOK            )            CONSUMER PROTECTION DIVISION

SUMMON YOU, **Richard J. Allen and/or Lisa Radichel Allen** that all business and excuses being laid aside, to produce to the Attorney General of the State of Illinois, or her duly authorized Assistant Attorney General, **Kimberly Slider**, on the day of 21 April 2008, at 10:00 A.M., or any adjourned date or time thereof, at her offices at 100 W. Randolph St., 12th Floor, Chicago, Illinois 60601, pursuant to the provisions of the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/1 *et seq.*), and in connection with an investigation into the activities of **Foreclosure Solutions, LLC, Richard J. Allen, and Lisa Radichel Allen**, presently being conducted by the Attorney General, and you are further required to bring with you and produce, at the time and place aforesaid, the following books, records, documents and papers the Attorney General deems relevant and material to the investigation, to-wit:

See the attached Rider.

**Failure to comply with this subpoena may result in court action against you pursuant to Section 6 of the Consumer Fraud Act, 815 ILCS 505/6.**

WITNESS, Lisa Madigan, the Attorney General of the State of Illinois and the seal thereof, at her office in Chicago, Illinois, this 18th day of March 2008.



JAMES KOLE, Bureau Chief  
Consumer Fraud Bureau



**RIDER TO SUBPOENA DUCES TECUM FOR RICHARD J. ALLEN, LISA RADICHEL  
ALLEN, AND/OR FORECLOSURE SOLUTIONS, LLC**

1. A copy of all notes regarding conversations from January 2006 to present between agents and/or employees of Foreclosure Solutions, concerning Illinois consumers and their mortgages.
2. A copy of all telephone logs from January 2006 to present involving agents and/or employees of Foreclosure Solutions, concerning Illinois consumers and their mortgages.
3. A copy of all time worked logs of Foreclosure Solutions agents and/or employees concerning Illinois consumers and their mortgages.
4. A copy of all loan modification agreements, forbearance agreements, deferrals, and repayment plans, from January 2006 to present negotiated by Foreclosure Solutions' agents and/or employees concerning Illinois consumers and their mortgages.
5. A copy of all working agreements from January 2006 to present between Foreclosure Solutions and Illinois consumers.
6. A copy of all consumer authorization forms from January 2006 to present where Illinois consumers permitted Foreclosure Solutions to serve as their designated agents.
7. A copy of any and all deposit receipts, and bank statements from January 2006 to present reflecting the proceeds received by Foreclosure Solutions pertaining to transactions of real property located in Illinois.
8. A copy of any and all professional and business licenses and certificates held by Foreclosure Solutions, Richard J. Allen, and Lisa Radichel Allen, and agents and employees of Foreclosure Solutions.
9. A copy of all notes from conversations from January 2006 to present with agents and/or employees of Foreclosure Solutions and lenders, servicers, or mortgagees concerning Illinois consumers.
10. A list of all business names, complete addresses, and business telephone numbers used by Foreclosure Solutions, Richard J. Allen, and Lisa Radichel Allen.

Exhibit C

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Richard J. Allen,  
 Lisa Radichel Allen  
 and/or  
 Fore Closure Solutions LLC  
 488 N. Pine Street  
 Burlington, WI 53105-1417

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee  
 X *Richard J. Allen*

B. Received by (Printed Name) \_\_\_\_\_ Date of Delivery 3-24-08

C. Delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below: \_\_\_\_\_

3. Service Type  Registered Mail  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes  No

2. Article Number 7004 1150 0001 9110 7277  
 (Transfer from service label)  
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

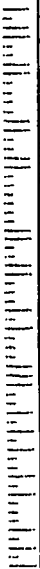


UNITED STATES POSTAL SERVICE



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •  
Office of the Attorney General of IL  
James R. Thompson Center  
100 W. Randolph Street, 12th  
Chicago, IL 60601  
Attn: Kimberly Slicker ABG-  
Consumer Fraud Bureau



FILED - 2  
2009 STATE OF ILLINOIS  
IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT-CHANCERY DIVISION  
CLERK

THE PEOPLE OF THE STATE OF ILLINOIS, )

Plaintiff, )

-vs- )

NO. )

AMERICAN FINANCIAL CORP d/b/a NATIONAL )  
FORECLOSURE COUNSELING SERVICES, a )  
Delaware Corporation, ROBERT V. DALLAVIA, )  
Individually and as Director of AMERICAN FINANCIAL )  
CORP d/b/a NATIONAL FORECLOSURE COUNSELING )  
SERVICES, and RAYMOND PAULK, Individually and as )  
Director of AMERICAN FINANCIAL CORP d/b/a )  
NATIONAL FORECLOSURE COUNSELING SERVICES, )

Defendants, )

08CH43254

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

NOW COMES the Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, and brings this action complaining of Defendants, AMERICAN FINANCIAL CORP d/b/a NATIONAL FORECLOSURE COUNSELING SERVICES, a Delaware Corporation, ROBERT V. DALLAVIA, individually and as Director of AMERICAN FINANCIAL CORP d/b/a NATIONAL FORECLOSURE COUNSELING SERVICES, and RAYMOND PAULK, individually and as Director of AMERICAN FINANCIAL CORP d/b/a NATIONAL FORECLOSURE COUNSELING SERVICES, and respectfully states as follows:

## JURISDICTION AND VENUE

1. This action is brought for and on behalf of THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, pursuant to the Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 *et seq.* and her common law authority as Attorney General to represent the People of the State of Illinois.

2. Venue for this action properly lies in Cook County, Illinois, pursuant to Section 2-101 of the Illinois Code of Civil Procedure, 735 ILCS 5/2-101, since Defendants are not residents of the State and this action may be commenced in any county.

## PARTIES

3. Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, is charged, *inter alia*, with the enforcement of the Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, and the Consumer Fraud Act, 815 ILCS 505/1 *et seq.*

4. Defendant AMERICAN FINANCIAL CORP d/b/a NATIONAL FORECLOSURE COUNSELING SERVICES is a Delaware Corporation with its principal place of business located at 7954 Baymeadows Way, Building 7, Jacksonville, Florida 32256. AMERICAN FINANCIAL CORP d/b/a NATIONAL FORECLOSURE COUNSELING SERVICES offers homeownership consultation and mortgage foreclosure rescue services to consumers in the State of Illinois and is therefore engaged in the business of distressed property consulting, as that term is defined in Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5.

5. Defendants ROBERT V. DALLAVIA and RAYMOND PAULK are the Directors of AMERICAN FINANCIAL CORP d/b/a NATIONAL FORECLOSURE COUNSELING SERVICES. DALLAVIA and PAULK participate, manage, control, and have knowledge of the day-to day activities of the company's business, including its homeownership counseling and mortgage foreclosure rescue business. DALLAVIA and PAULK are sued individually, in their capacity as Directors, and as owners of the websites through which Defendants perpetrate mortgage rescue fraud within the state of Illinois. See website domain name registration (Exhibit A)

6. There exists, and, at all times relevant hereto, has existed, a unity of interest between DALLAVIA, PAULK and AMERICAN FINANCIAL CORP d/b/a NATIONAL FORECLOSURE COUNSELING SERVICES such that any individuality and separateness of DALLAVIA, PAULK and AMERICAN FINANCIAL CORP d/b/a NATIONAL FORECLOSURE COUNSELING SERVICES have ceased to exist. To adhere to such a fiction, would serve to sanction fraud and promote injustice.

7. For purposes of this Complaint for Injunctive and Other Relief, any references to the acts and practices of Defendants shall mean that such acts and practices are by and through the acts of DALLAVIA, PAULK and AMERICAN FINANCIAL CORP d/b/a NATIONAL FORECLOSURE COUNSELING SERVICES' officers, members, owners, directors, employees, or other agents.

#### **TRADE AND COMMERCE**

8. Section 1(f) of the Consumer Fraud Act, 815 ILCS 505/1(f), defines "trade" and "commerce" as follows:

The terms 'trade' and 'commerce' mean the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal, or mixed, and any other article, commodity, or thing of value wherever situated, and shall include any trade or commerce directly or indirectly affecting the people of this State.

9. Defendants were at all times relevant hereto engaged in trade and commerce in the State of Illinois by advertising, offering for sale, and soliciting distressed property consulting services, which consist of homeownership counseling and mortgage foreclosure rescue services, to the general public of the State of Illinois.

#### **DEFENDANTS' BUSINESS PRACTICES**

10. Since at least January 11, 2008 and continuing to date, Defendants advertise to consumers throughout the United States, including Illinois consumers, through the websites [www.savinghomesus.com](http://www.savinghomesus.com) and [www.nfcscorp.com](http://www.nfcscorp.com).

11. Defendants promote their services to homeowners facing financial hardships. For example, Defendants' website [www.nfcscorp.com](http://www.nfcscorp.com) states that "[o]ur staff is armed with more than 20 years of combined experience to handle your particular case" and [www.savinghomesus.com](http://www.savinghomesus.com) states that their staff "will negotiate with your lender to get you the best possible solution to your foreclosure problem."

12. Defendants promise on [www.nfcscorp.com](http://www.nfcscorp.com) that "[o]ur services are a perfect option for anyone behind on their mortgage payments or looking to avoid foreclosure."

13. On [www.nfcscorp.com](http://www.nfcscorp.com), Defendants tout that "[w]e have a 98% success ratio and will go to work for you" and on [www.savinghomesus.com](http://www.savinghomesus.com) they also warn consumers that "[t]ime is ticking away"

14. Both websites lists various ways Defendants can help homeowners, including obtaining special forbearance, loan modifications, repayment plans, partial claims, and deed in lieu of foreclosure.

15. The Defendants' websites directs consumers to call 1-800-824-4459.

16. Once a consumer calls the toll free number, Defendants ask a series of questions related to the consumer's mortgage.

17. During subsequent phone calls, the consumer is told that there will be an up-front cost to initiate services.

18. Defendants' "Work Agreement" states there will be a total of \$1250.00 charged as compensation for their services performed in connection with the consumer's delinquent mortgage. *See Work Agreement (Exhibit B)*. Defendants will not start working on the consumer's case until payment is received in full.

19. The contract used by Defendants, the "Work Agreement," does not contain the "Notice Required By Illinois Law" or "Notice of Cancellation," as set forth in Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10. *See id.*

20. In addition, Defendants' Work Agreement bars refunds by stating that "[i]f Client seeks independently a solution which NFCS has been hired to perform, then Client forfeits the amount as compensation for services and will agree to pay any outstanding charges owed to NFCS." *See Exhibit B.*

21. According to this language, consumers do not have a right to cancel the transaction at any time until after Defendants have performed all services contracted for in the consultant contract.

22. More specifically, but not by way of limitation, the following allegations in paragraphs 23 through 34 are pled as illustrations of Defendants' unlawful business practices. These illustrations are not meant to be exhaustive. Plaintiff reserves the right to prove that other consumers have been injured as a result of Defendants' unlawful practices and to seek restitution for those consumers.

**Mr. and Mrs. Toms**

23. In or around February 2004, the Toms obtained mortgage refinancing in the amount of \$203,201.34 for their single family home in Polo, Illinois.

24. In or around January 2008, the Toms fell more than 90 days behind in making their monthly mortgage payments of approximately \$1,400.00.

25. In or around February 2008, the Toms learned of the Defendants company and called Defendants' toll-free number.

26. During the call, Defendants' representative asked the Toms a series of questions about their mortgage, including the number of mortgage payments they were behind, the amount of arrearage that was unpaid, the reason for their financial hardship, and the name of their mortgage lender.

27. When the Toms stated that their lender was Wells Fargo, Defendants' representative informed the Toms it would not be a problem to help them because Defendants had worked with Wells Fargo many times before and had gotten good results for clients.

28. A few days later the Toms later received a packet of information from Defendants, including the Work Agreement. The Work Agreement did not contain the

"Notice Required By Illinois Law" or "Notice of Cancellation," as set forth in Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10.

29. The Agreement also stated that "If Client seeks independently a solution which NFCS has been hired to perform, then Client forfeits the amount as compensation for services and will agree to pay any outstanding charges owed to NFCS."

30. In or around mid February, Defendants' representative called the Toms and stated that the Toms would have to pay \$1250.00 upfront in order for Defendants to begin assisting them.

31. The Toms informed Defendants that they could not come up with so much money at once and that they needed time to think things over.

32. Defendants' representative demanded that the Toms come up with the money or risk losing their home.

33. Between late February 2008 and mid April 2008, Defendants' representatives called the Toms repeatedly demanding the \$1250.00 upfront payment.

34. In or around April 2008, the Office of the Illinois Attorney General began to assist the Toms in obtaining a loan modification for their mortgage.

#### **APPLICABLE STATUTES**

35. Section 2 of the Consumer Fraud Act, 815 ILCS 505/2, provides:

Unfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of any material fact, with intent that others rely upon the concealment, suppression or omission of such material fact, or the use or employment of any practice described in section 2 of the "Uniform Deceptive Trade Practices Act", approved August 5, 1965, in the conduct of any trade or commerce are hereby declared unlawful whether any person has



in fact been misled, deceived or damaged thereby. In construing this section consideration shall be given to the interpretations of the Federal Trade Commission and the federal courts relating to Section 5(a) of the Federal Trade Commission Act.

36. Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, provides in relevant part:

“Distressed property” means residential real property consisting of one to 6 family dwelling units that is in foreclosure or at risk of loss due to nonpayment of taxes, or whose owner is more than 90 days delinquent on any loan that is secured by the property”.

“Distressed property consultant” means any person who, directly or indirectly, for compensation from the owner, makes any solicitation, representation, or offer to perform or who, for compensation from the owner, performs any service that the person represents will in any manner do any of the following:

- (1) stop or postpone the foreclosure sale or the loss of the home due to nonpayment of taxes;
- (3) assist the owner to exercise any right of reinstatement or right of redemption;
- (4) obtain any extension of the period within which the owner may reinstate the owner’s rights with respect to the property;
- (6) assist the owner in foreclosure, loan default, or post-tax sale redemption, period to obtain a loan or advance of funds;
- (8) save the owner’s residence from foreclosure or loss of home due to nonpayment of taxes.

37. Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, provides that:

(a) A distressed property consultant contract must be in writing and must fully disclose the exact nature of the distressed property consultant’s services and the total amount and terms of compensation.

(b) The following notice, printed in at least 12-point boldface type and completed with the name of the distressed property consultant, must be printed immediately above the statement required by subsection (c) of this Section:

“NOTICE REQUIRED BY ILLINOIS LAW”

.....(Name) or anyone working for him or her CANNOT:

(1) Take any money from you or ask you for money until .....(NAME) has completely finished doing everything he or she said he or she would do; or

(2) Ask you to sign or have you sign any lien, mortgage, or deed.”

(c) A distressed property consultant contract must be written in the same language as principally used by the distressed property consultant to describe his or her services or to negotiate the contract, must be dated and signed by the owner, and must contain in immediate proximity to the space reserved for the owner’s signature a conspicuous statement in a size equal to at least 12-point boldface type, as follows:

“You, the owner, may cancel this transaction at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform. See the attached notice of cancellation form for an explanation of this right.”

(d) A distressed property contract must contain on the first page, in a type size no smaller than that generally used in the body of the document, each of the following:

(1) the name and address of the distressed property consultant to which the notice of cancellation is to be mailed; and

(2) the date the owner signed the contract.

(e) A distressed property consultant contract must be accompanied by a completed form in duplicate, captioned “NOTICE OF CANCELLATION,” which must be attached to the contract, must be easily detachable, and must contain, in at least 12-point boldface type, the following statement written in the same language as used in the contract:

“NOTICE OF CANCELLATION”

.....  
(Enter date of transaction)

You may cancel this transaction, without any penalty or obligation, at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice to:

.....(Name of distressed property consultant) at  
.....(Address of distressed property consultant’s place of business) I hereby cancel this transaction

on.....(Date) .....(Owner's signature).”

(f) The distressed property consultant shall provide the owner with a copy of a distressed property consultant contract and the attached notice of cancellation immediately upon execution of the contract.

38. Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, states:

(a) In addition to any other legal right to rescind a contract, an owner has the right to cancel a distressed property consultant contract at any time until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform.

(b) Cancellation occurs when the owner gives written notice of cancellation to the distressed property consultant at the address specified in the distressed property consultant contract.

(c ) Notice of cancellation, if given by mail, is effective when deposited in the mail properly addressed with postage prepaid. Notice by certified mail, return receipt requested, addressed to the address specified in the distressed property consultant contract, shall be conclusive proof of notice of service.

(d) Notice of cancellation given by the owner need not take the particular form as provided with the distressed property consultant contract and, however expressed, is effective if it indicates the intention of the owner not to be bound by the contract.

39. Section 20 of the Mortgage Rescue Fraud Act, 765 ILCS 940/20, states:

(a) Any waiver by an owner of the provisions of Section 10 or 15 is void and unenforceable as contrary to public policy.

(b) Any attempt by a distressed property consultant to induce an owner to waive the owner's rights is a violation of the Act.

40. Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, states in

relevant part:

(a) It is a violation for a distressed property consultant to:

(1) claim, demand, charge, collect, or receive any compensation until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform;

(2) claim, demand, charge, collect, or receive any fee, interest, or any other compensation for any reason that exceeds 2 monthly mortgage payments of principal interest or the most recent tax installment on the distressed property, whichever is less;

(6) take any power of attorney from an owner for any purpose, except to inspect documents as provided by law; or

(7) induce or attempt to induce an owner to enter a contract that does not comply in all respects with Sections 10 and 15 of this Act.

### **VIOLATIONS OF THE MORTGAGE RESCUE FRAUD ACT**

41. Defendants are “distressed property consultants” as that term is defined under Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, since they advertise and offer to perform services to stop or postpone a foreclosure sale.

42. Defendants have violated Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, by using a contract that does not provide:

- a. the requisite “Notice Required by Illinois Law” or
- b. the requisite “Notice of Cancellation.”

43. Defendants have violated Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, by including a forfeiture clause in their contract that allows Defendants to retain consumers’ payment even if Defendants does not obtain a solution for the consumer. Section 15 of the Mortgage Rescue Fraud Act provides consumers a right to cancel a foreclosure rescue contract at any time until after the distress property consultant has performed all the services contracted for in the agreement. Defendants’ forfeiture clause attempts to prohibit consumers from exercising that right.

44. Defendants have violated Section 20 of the Mortgage Rescue Fraud Act, 765 ILCS 940/20, which prohibits any attempt to waive the provisions in Section 10 and

15 of the Mortgage Rescue Fraud Act, by including a forfeiture clause that attempts to prohibit consumers from exercising their rights to cancel a mortgage rescue contract.

45. Defendants have violated Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, by demanding compensation from consumers for their foreclosure rescue services before fully performing the services.

46. Defendants have violated, and will continue to violate the Illinois Mortgage Rescue Fraud Act through the advertising and claims posted on its websites, [www.savinghomesus.com](http://www.savinghomesus.com) and [www.nfescorp.com](http://www.nfescorp.com).

#### **REMEDIES UNDER THE MORTGAGE RESCUE FRAUD ACT**

47. Section 55 of the Mortgage Rescue Fraud Act, 765 ILCS 950/55, provides that:

A violation of any of the provisions of this Act constitutes an unlawful practice under the Consumer Fraud and Deceptive Business Practices Act. All remedies, penalties, and authority granted to the Attorney General or State's Attorney by the Consumer Fraud and Deceptive Business Practices Act shall be available to him or her for the enforcement of this Act.

48. Section 7 of the Consumer Fraud Act, 815 ILCS 505/7, provides:

a. Whenever the Attorney General has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by the Act to be unlawful, and that proceedings would be in the public interest, he may bring an action in the name of the State against such person to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including but not limited to: injunction, revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.

b. In addition to the remedies provided herein, the Attorney General may request and this Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation.

c. In addition to any other civil penalty provided in this Section, if a person is found by the court to have engaged in any method, act, or practice declared unlawful under this Act, and the violation was committed against a person 65 years of age or older, the court may impose an additional civil penalty not to exceed \$10,000 for each violation.

49. Section 10 of the Consumer Fraud Act, 815 ILCS 505/10, provides:

In any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for the use of this State.

#### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff prays for the following relief:

A. A finding that Defendants have violated Sections 10, 15, 20, and 50 of the Mortgage Rescue Fraud Act;

B. A finding that in violating Sections 10, 15, 20, and 50 of the Mortgage Rescue Fraud Act, Defendants have violated the Consumer Fraud Act;

C. An order preliminarily and permanently enjoining Defendants from the use of acts or practices that violate the Mortgage Rescue Fraud Act, including but not limited to, the unlawful acts and practices specified herein above;

D. An order declaring that all contracts entered into between the Defendants and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that restitution be made to such consumers;

E. An order revoking, forfeiting, or suspending any and all licenses, charters, franchises, certificates or other evidence of authority of the Defendants to do business in the State of Illinois;

F. An order to Defendants and their domain name registrars, Register.com, Inc. and Melbourne IT, Ltd, to disable and shut down the websites, [www.savinghomesus.com](http://www.savinghomesus.com) and [www.nfescorp.com](http://www.nfescorp.com);

G. An order assessing a civil penalty in the amount of Fifty Thousand Dollars (\$50,000) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendants with intent to defraud. If the Court finds Defendants have engaged in methods, acts, or practices declared unlawful by the Illinois Consumer Fraud Act without intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars (\$50,000) all as provided in Section 7 of the Illinois Consumer Fraud Act;

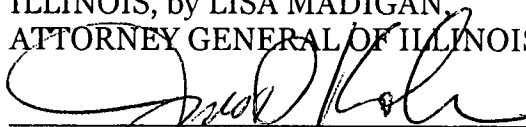
H. An order assessing an additional civil penalty in the amount of Ten Thousand Dollars (\$10,000) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendants against a person 65 years of age and older as provided in Section 7 of the Illinois Consumer Fraud Act;

I. An order requiring Defendants to pay the costs of the investigation and prosecution of this action as provided under Section 10 of the Illinois Consumer Fraud Act; and

J. An order granting such other relief as this Honorable Court deems just and proper.

Respectfully submitted,

THE PEOPLE OF THE STATE OF  
ILLINOIS, by LISA MADIGAN,  
ATTORNEY GENERAL OF ILLINOIS



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JAMES D. KOLE, CHIEF  
Consumer Fraud Bureau



---

JENNIFER D. FRANKLIN  
Assistant Attorney General

LISA MADIGAN  
Attorney General of Illinois

JAMES D. KOLE, Chief  
Consumer Fraud Bureau

JENNIFER D. FRANKLIN  
Assistant Attorney General  
Consumer Fraud Bureau  
100 W. Randolph Street, 12<sup>th</sup> Floor  
Chicago, Illinois 60601  
312-814-4984



nfscorp.com is

## Reserved

Registrar: REGISTER.COM, INC.

Status:  
clientTransferProhibited

Domain options / additional information: (Click below to expand)

- + if you own this domain...
- + if you are trying to register/buy this domain...
- + if you are researching this domain...

[Querying whois.verisign-grs.com]  
[whois.verisign-grs.com]Whois Server Version 2.0Domain names in the .com and .net domains can now be registered with many different competing registrars. Go to <http://www.internic.net> for detailed information. Domain Name: NFSCORP.COM

Registrar: REGISTER.COM, INC.  
Whois Server: whois.register.com  
Referral URL: <http://www.register.com>  
Name Server: DNS2.SUPERIOR-IT.COM  
Name Server: DNS3.SUPERIOR-IT.COM  
Status: clientTransferProhibited  
Updated Date: 25-jul-2008  
Creation Date: 31-mar-2008

Expiration Date: 31-mar-2013NOTICE: The expiration date displayed in this record is the date the registrar's sponsorship of the domain name registration in the registry is currently set to expire. This date does not necessarily reflect the expiration date of the domain name registrant's agreement with the sponsoring registrar. Users may consult the sponsoring registrar's Whois database to view the registrar's reported date of expiration for this registration.

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=====

Registration Service Provided By: Web.com  
Contact: [droneteam@corp.web.com](mailto:droneteam@corp.web.com)

Domain name: nfscorp.com

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[Link-to-Us](#)  
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[DomainRegistry.com, Inc.](#)  
[Domain The Net Tech.](#)  
[DomainZoo.com, Inc.](#)  
[Doregi.com](#)

EXHIBIT

tabbles

A

Registrant Contact:  
NationalForeclosureCounselingServices  
Raymond Paulk

4043BaymeadowsRoad  
Jacksonville, FL 32217  
US

Administrative Contact:  
RaymondPaulk  
Raymond Paulk (bdallavia@savinghomesus.com)  
+1.9046193367  
4043BaymeadowsRoad  
Jacksonville, FL 32217  
US

Technical Contact:  
RaymondPaulk  
Raymond Paulk (bdallavia@savinghomesus.com)  
+1.9046193367  
4043BaymeadowsRoad  
Jacksonville, FL 32217  
US

Status: Locked

Name Servers:  
dns2.superior-it.com  
dns3.superior-it.com

Creation date: 31 Mar 2008 16:34:44  
Expiration date: 31 Mar 2013 16:34:44  
==--==

The data in this whois database is provided to you for information purposes only, that is, to assist you in obtaining information about or related to a domain name registration record. We make this information available "as is," and do not guarantee its accuracy. By submitting a whois query, you agree that you will use this data only for lawful purposes and that, under no circumstances will you use this data to: (1) enable high volume, automated, electronic processes that stress or load this whois database system providing you this information; or (2) allow, enable, or otherwise support the transmission of mass unsolicited, commercial advertising or solicitations via direct mail, electronic mail, or by telephone. The compilation, repackaging, dissemination or other use of this data is expressly prohibited without prior written consent from us.

We reserve the right to modify these terms at any time. By submitting this query, you agree to abide by these terms.

Version 6.3 4/3/2002

Visit AboutUs.org for more information about nfcscorp.com

A HREF="http://www.aboutus.org/nfcscorp.com>AboutUs: nfcscorp.com/A

Register your domain name at http://www.register.com

www.	<b>Search</b>
Searches shared database registry and queries appropriate registrar.	



## savinghomesus.com is Reserved

Registrar: MELBOURNE IT, LTD. D/B/A  
INTERNET NAMES WORLDWIDE

Status:  
clientTransferProhibited

Domain options / additional information: *(Click below to expand)*

- + if you own this domain...
- + if you are trying to register/buy this domain...
- + if you are researching this domain...

[Querying whois.verisign-grs.com]  
[whois.verisign-grs.com]Whois Server Version 2.0Domain names in the .com and .net domains can now be registered with many different competing registrars. Go to <http://www.internic.net> for detailed information. Domain Name: SAVINGHOMESUS.COM  
Registrar: MELBOURNE IT, LTD. D/B/A INTERNET NAMES WORLDWIDE  
Whois Server: whois.melbourneit.com  
Referral URL: <http://www.melbourneit.com>  
Name Server: NS1.OFFICELIVE.COM  
Name Server: NS2.OFFICELIVE.COM  
Status: clientTransferProhibited  
Updated Date: 10-jan-2008  
Creation Date: 10-jan-2008  
Expiration Date: 10-jan-2009NOTICE: The expiration date displayed in this record is the date the registrar's sponsorship of the domain name registration in the registry is currently set to expire. This date does not necessarily reflect the expiration date of the domain name registrant's agreement with the sponsoring registrar. Users may consult the sponsoring registrar's Whois database to view the registrar's reported date of expiration for this registration.

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[Querying whois.melbourneit.com]  
[whois.melbourneit.com]

Domain Name ..... savinghomesus.com  
Creation Date ..... 2008-01-11  
Registration Date..... 2008-01-11  
Expiry Date..... 2009-01-11  
Organisation Name.... Bob Dallavia  
Organisation Address. 8212 White Falls Blvd  
Organisation Address. unit 112  
Organisation Address. Jacksonville  
Organisation Address. 32256  
Organisation Address. FL  
Organisation Address. UNITED STATES

Admin Name..... Bob Dallavia  
Admin Address ..... 8212 White Falls Blvd  
Admin Address ..... unit 112  
Admin Address..... Jacksonville  
Admin Address..... 32256  
Admin Address ..... FL  
Admin Address ..... UNITED STATES  
Admin Email ..... NFCS@Savinghomesus.com  
Admin Phone. .... +1.904-322-7447  
Admin Fax. ....

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[CORE](#)  
[Corporate Domains](#)  
[Cronon AG](#)  
[Cyberregistro.com](#)  
[Cypack.com](#)  
[Deutsche Telekom. AG](#)  
[DirectI.com](#)  
[DirectNIC](#)  
[Dodora Unified Comm. Inc.](#)  
[Domain Bank, Inc.](#)

Tech Name..... Microsoft Office Live  
Tech Address..... One Microsoft Way  
Tech Address ..  
Tech Address..... Redmond  
Tech Address..... 98052  
Tech Address..... WA  
Tech Address..... UNITED STATES  
Tech Email..... support@officelive.com  
Tech Phone..... +1.8665915483  
Tech Fax.....  
Name Server..... ns1.officelive.com  
Name Server..... ns2.officelive.com

www:	<b>Search</b>
Searches shared database registry and queries appropriate registrar.	

## WORKING AGREEMENT

The undersigned client (referred to as "Client", whether one or more) employs National Foreclosure Counseling Services. (referred to as "Loss Mitigation") located at 4043 Baymeadows Rd Ste C Jacksonville, Fl 32217 to act as Client's agent in assisting client with certain problems resulting from mortgage delinquency and/or foreclosure situations. Loss Mitigation agrees to act as such agent faithfully and to the best of its ability, and guarantees the success of its efforts (subject to no sale date to auction off their home) to avoid the loss of possession of the mortgagee's home through a foreclosure located at:

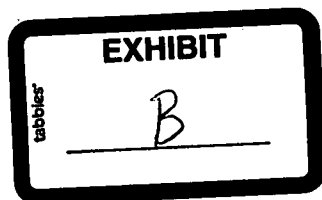
Address	32011 Eagle Point Rd
City	Polo
State	IL
Zip Code	61064
Client	Mable and Harold Toms

1. **APPLICATION:** Client represents that the information given to Loss Mitigation relative to the mortgage delinquency and/or foreclosure situation is complete and accurate, including reasons for delinquency, mortgagee's name, account number, as well as the terms and status of the mortgage indebtedness and financial information regarding personal household income and expenditures.

A. **SOLUTION:** "Solution" as used in this Work Agreement is defined as the act, method, or process of solving a problem; the answer to a problem, explanation, clarification, etc. Loss Mitigation will attempt to prevent the loss of Client's home through foreclosure through several methods. For example, where applicable, a resolution with the use of an informal forbearance, formal forbearance, special forbearance, partial claim, interest credit, extension, modification, recasting, refunding, pre-foreclosure sale, compromise sale, deed-in-lieu, rescinding a foreclosure, and, only if in the interest of the Client, any other program as may become available such as refinancing, investment, or shortsale.

B. **USE OF LEGAL COUNSEL:** "Use of Legal Counsel" as used in this Work Agreement is defined as referral of Client to an attorney who may be used to provide legal advice or services to Client. Use of legal counsel may be appropriate in many situations, including without limitation, where it appears an injunction may be necessary to prevent a foreclosure, where there may be violations of law, regulations or procedures, where there may be irregularities in the procedures used by Client's lender or where the Client may need counseling on bankruptcy. Client understands that bankruptcy solutions through referral to legal counsel are the last alternative that Loss Mitigation will recommend to Client.

Client understands and acknowledges having been informed that Loss Mitigation does not offer any legal advice nor does Loss Mitigation screen



Client's situation for a need for legal counsel. NFCS encourages Client to make an independent analysis about whether to seek legal counsel.

**CLIENT ACKNOWLEDGES AND AGREES THAT NFCS SHALL NOT HAVE ANY LIABILITY FOR ANY FAILURE TO RECOMMEND LEGAL SERVICES TO CLIENT.**

**CLIENT UNDERSTANDS THAT LEGAL COUNSEL REFERRAL WILL BE SUBJECT TO A LEGAL FEE CHARGED BY THE ATTORNEY FOR SERVICES SEPARATE FROM FEES CHARGED BY NFCS. CLIENT UNDERSTANDS THAT REFERRAL TO LEGAL COUNSEL DOES NOT PROHIBITS CLIENT FROM SEEKING AN ATTORNEY OF THEIR CHOICE.**

2. **CHARGES:** Client shall pay to National Foreclosure Counseling Services the sum of **\$1250.00** as compensation for services performed in connection with Client's delinquent mortgage. This amount covers all initial expenses incurred by NFCS in effecting a Solution. If this Work Agreement is terminated prior to the conclusion of NFCS services, the right of Loss Mitigation to receive any fees earned from efforts prior to termination of services under this Work Agreement shall not be divested by termination of this Work Agreement and, in such circumstances, the fee due shall be calculated based on actual time invested multiplied by \$125.00 per hour, but not to exceed the flat amount set forth above. Except whereby a breach occurs as stated in paragraph (3) three under client responsibilities. Client understands that fee is due upon NFCS consideration of any Solution. Client further acknowledges that any deposits in trust collected by NFCS can be used to offset any charges owed to NFCS prior to submitting to mortgagee and/or Client.

The amount earned in an initial consideration of a Solution is the initial sum amount stated above. Any additional costs to Client are earned at \$125.00 per hour rate. For example, if an approved Solution is received from mortgagee, investor, government and/or insurer and Client wishes to request another Solution and/or counter proposal, then additional costs will start beyond the initial sum fee. Additionally, if case is older than sixty (60) days from initial assessment by NFCS, the fee is based on an hourly rate after initial 60 days has lapsed. The amount owed will be the initial sum amount stated above or the new calculated amount which ever is greater.

**Client understands that, unless there is a sale date on the property during mitigation, the fee is contingent upon successful mitigation and solution by the lender and/or other mortgagor parties.** A resolution of Client's mortgage problem can be either a Solution, or with the use of legal counsel, if needed. Additionally, if NFCS performs as hired and information provided by Client is incorrect and/or insufficient, thus, causing results not satisfactory to the intent of this Work Agreement, then Client acknowledges and agrees there will be NO REFUND. Furthermore, if Client seeks independently a Solution which NFCS has been hired to perform, then Client forfeits the amount as compensation for services and will agree to pay any outstanding charges owed to NFCS.

Client understands that failure to comply with any NFCS Solution that Client approved OR non-compliance by Client with NFCS's analysis is NOT

grounds for a refund.

Client acknowledges that they are aware of lender's time requirements and is willing to have their loss mitigation case reviewed and assessed by lender at the risk that the lender may not be willing to review or assess their case due to the lender's time requirement not met as set forth below. Client acknowledges that understand that the outcome will not change any terms set forth in this agreement:

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- 3. RESPONSIBILITIES:** Client agrees to the following and understands that failure to perform the Client Responsibilities listed below will result in forfeiting all fees paid to NFCS regardless of outcome:
- A. Client understands that if contacted by lender to explain to them that Client has sought the advice of a homeownership counseling office for loss mitigation services.
  - B. Client agrees not to compromise or make any agreement without first notifying NFCS or client forfeits the fee(s) as described above.
  - C. Client is to save any additional funds that may be needed in the mitigation process by the lender and/or the Loss Mitigation to affect a favorable outcome and solution.
  - D. Client understands that any correspondence, court papers, lender agent etc. received in connection to his/her mortgage must be forwarded to our office during the loss mitigation process as follows. Client understands any certified mail notification received is to be picked up immediately by Client and forwarded to NFCS during the mitigation process.
  - E. Client understands that any certified mail received during our involvement with the case must be claimed and forwarded to NFCS promptly. If Client fails to pick up Certified mail then client agrees that such failure to pick up is not the fault or responsibility of NFCS and agree to hold NFCS harmless. Failure to pick up or notify NFCS of certified mail may have significant and unfavorable change in the outcome of Client's loss mitigation case.
  - F. Client understands that remaining funds after offset could be sent to your lender per lender and client's approval.
  - G. Client understands they are to provide necessary information and Client responsibilities which include providing necessary documentation to affect a potential favorable workout options with their mortgage lender or other parties related to their mortgage loan. Failure to provide documentation will be a breach of this work agreement.
- 4. LIABILITY:** Liability of NFCS is limited to the money received in connection with the services rendered. The exclusive remedy for Client under this Work



Agreement is the reimbursement of fees paid to NFCS. All other remedies, including without limitation incidental and consequential damages, are excluded. LOSS MITIGATION DISCLAIMS, AND CLIENT WAIVES, ALL OTHER WARRANTIES, WHETHER EXPRESSED OR IMPLIED, WITHOUT LIMITATION. Client acknowledges and agrees that NFCS makes no promise, covenant, warranty or guaranty of any result or that Client will retain his/her property. Client understands that Loss Mitigation undertakes only to perform services to alleviate the aforementioned problems, and in no way undertakes to perform legal or other services.

5. **DISCLOSURE OF INFORMATION:** Client authorizes NFCS to furnish any and all information, including any budget analysis, contractual debts, etc. to any mortgage company, agencies, or individual in connection with Client's mortgage situation to aid NFCS in representing Client.
6. Client acknowledges and agrees that if my account is placed in the hands of an attorney and/or collection agency for collection, I will be obligated for attorney's fees of 33.33% of amount owed, collection fees and court costs incurred in connection with such collection. Client further acknowledges and agrees to waive their homestead exemptions.
7. To the fullest extent permitted by law, Client shall pay all costs, including reasonable attorney's fees, court costs and collection costs without litigation or other formal proceedings, expended or incurred by NFCS in enforcing or defending any provision of this Work Agreement or any dispute arising from or related to this Work Agreement if NFCS is the prevailing or successful party in such action(s).
8. Client understands that National Foreclosure Counseling Services is a private Florida corporation and is not affiliated with any government organization.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Client Signature MABEL E TOMS

(Print Name) ~~MABEL E TOMS~~ Mabel E Toms

Client Signature Harold L. Toms

(Print Name) HAROLD L. TOMS

FILED - 2

Attorney No. 99000

STATE OF ILLINOIS  
IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT-CHANCERY DIVISION

~~COROTHY BROWN~~ CLERK

THE PEOPLE OF THE STATE OF ILLINOIS, )  
 )  
 Plaintiff, )  
 )  
 -vs- )  
 )  
 HOME FORECLOSURE SOLUTIONS LLC, )  
 Defendant. )

NO. 08CH43259

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

NOW COMES Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, bringing this action complaining of Defendant, HOME FORECLOSURE SOLUTIONS LLC, and states as follows:

**JURISDICTION AND VENUE**

1. This action is brought for and on behalf of THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, pursuant to the provisions of the Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 *et seq.* ("Consumer Fraud Act"), and her common law authority as Attorney General to represent the People of the State of Illinois.

2. Venue for this action properly lies in Cook County, Illinois, pursuant to Sections 2-101 and 2-102(a) of the Illinois Code of Civil Procedure, 735 ILCS 5/2-101, 735 ILCS 5/2-102(a), in that Defendant is doing business in Cook County, Illinois.

## PARTIES

3. Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, is charged, *inter alia*, with the enforcement of the Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, and the Consumer Fraud Act, 815 ILCS 505/1 *et seq.*

4. Defendant HOME FORECLOSURE SOLUTIONS, is a limited liability company with its principal place of business at 17550 South Williamsburg Drive, Plainfield, Will County, Illinois. HOME FORECLOSURE SOLUTIONS offers homeownership consultation and mortgage foreclosure rescue services to consumers in the State of Illinois and is therefore engaged in the business of distressed property consulting, as that term is defined in Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5.

5. For purposes of this Complaint for Injunctive and Other Relief, any references to the acts and practices of Defendant shall mean that such acts and practices are by and through the acts of said HOME FORECLOSURE SOLUTIONS' officers, members, owners, directors, employees, or other agents.

## COMMERCE

6. Section 1(f) of the Consumer Fraud Act, 815 ILCS 505/1(f), defines "trade" and "commerce" as follows:

The terms 'trade' and 'commerce' mean the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal, or mixed, and any other article, commodity, or thing of value wherever situated, and shall include any trade or commerce directly or indirectly affecting the people of this State.

7. Defendant HOME FORECLOSURE SOLUTIONS was at all times relevant hereto engaged in trade and commerce in the State of Illinois by advertising, soliciting, and offering for sale and selling distressed property consulting services, which consist of homeownership counseling and mortgage foreclosure rescue services, to the general public of the State of Illinois.

### **DEFENDANT'S COURSE OF CONDUCT**

8. Since at least February 1, 2006 and continuing to date, Defendant has been engaged in, and is presently engaged in advertising, offering for sale, and selling consulting services to homeowners whose mortgage payments are outstanding and are facing financial hardship.

9. Since at least February 1, 2006 and continuing to date, Defendant promotes these services to consumers throughout the United States, including to Illinois consumers, through its website, <http://homeforeclosuresolutionsllc.com>.

10. Defendant promises to help consumers with foreclosure prevention. For example, Defendant's website states "[w]ithout a plan you are unlikely to avoid this financially devastating event. All the information you have been provided may be a bit overwhelming. Home Foreclosure Solutions LLC has representatives that can provide you with a Free No Obligation consultation and walk you through you options and help you create a plan of action."

11. Defendant warns consumers that, "[n]ow Is The Time To Take Action...Tilt The Scales Of Justice To Your Favor," and also cautions, "[d]on't forget...time is ticking away and your home will be sold at Public Auction. That's the law. But it doesn't have to be that way."

12. Defendant also promotes its services as educational, stating, "[y]our Foreclosure Education Starts Here...This may well be the most valuable consumer awareness website you'll

ever visit...Home Foreclosure Solutions LLC ensures consumer education with the financial ramifications of foreclosure and ensures the highest possible level of 'Ethical' information with the highest of 'Professional' standards."

13. Defendant's website directs consumers to schedule a free, no obligation consultation.

14. Once a consumer clicks on the link, the consumer is requested to provide information, including the consumer's name, property information, monthly mortgage payments, amount of arrearage, name of lender, any liens or outstanding taxes, and whether bankruptcy was filed.

15. The website list various ways Defendant can help homeowners, including:

- a. reinstating the loan;
- b. refinancing the home;
- c. referral to a bankruptcy attorney;
- d. selling the home to an investor;
- e. listing the home with a realtor; or
- f. short sale of the home.

16. Defendant's website purports to contain information related to state-specific foreclosure laws. The website has information regarding Illinois foreclosure laws, but entirely fails to mention the Illinois' Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.* The Mortgage Rescue Fraud Act strictly regulates conduct of distressed property consultants, such as Defendant.

17. Once a consumer completes an Online Foreclosure Consultation Request and Data Form, Defendant contacts the consumer via telephone. Defendant then asks the consumer a series of questions related to the consumer's mortgage.

18. During the call, the consumer is told that there will be an up-front cost to initiate services. Demanding an up-front cost prior to completing services violates Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50. Consumers are required to enter into a Mitigation Reinstatement Service contract and pay a deposit on the account for the total service fee. The remainder is due upon acceptance by the mortgage company of the negotiated agreement. See Mitigation Reinstatement Service Contract (Ex. 1).

19. Consumers are also required to enter into an Agreement of Agency contract that states the consumer must pay a nonrefundable \$100 minimum fee. See Agreement of Agency (Ex. 2).

20. Consumers are required to enter into an Owner Obligation contract in which the consumers agree: (1) to save as much money as possible and to put in reserve every month an amount equal to their mortgage payment, (2) to keep open lines of communication with Defendant, and (3) to avoid contact with their mortgage lender and their attorneys, and if they do, to contact Defendant to inform them of the conversation. Any failure on the consumers' part to abide by the Owner Obligation would result on the consumers' forfeiting any remaining unearned fees on deposit. Such a statement is contrary to the provisions of Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, which provides consumers a right to cancel the transaction at any time until after the distressed property consultant has performed all services contracted for in the consultant contract. See Owner Obligation Contract (Ex. 3).

21. None of the contracts used by Defendant, contain the "Notice Required by Illinois Law" or "Notice of Cancellation," as set forth in Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10. (Exs. 1-3).

22. In many instances, Defendant fails to negotiate an appropriate plan with consumer's lender, yet they fail to refund the consumer's money.

23. When consumers indicate that they are in distress and cannot afford to pay a lump sum of the contract service payment, Defendant indicates that it will provide a payment plan for the consumers.

24. Defendant fails to provide consumers with an education regarding the foreclosure process.

25. The only information that Defendant provides to a consumer pursuant to the service contract consists of public documents that are readily obtainable. Defendant merely copies the public documents onto its letterhead.

26. More specifically, but not by way of limitation, the following allegations in paragraph 27 through 43 are pled as illustrations of Defendant's unlawful business practices and are not meant to be exhaustive. Plaintiff reserves the right to prove that other consumers have been injured as a result of Defendant's unlawful practices.

**Ken M. Bolek**

27. On or about August 16, 1996, consumer Ken M. Bolek obtained a loan in the amount of \$121,000 to refinance a single family home in Justice, Cook County, Illinois.

28. In or about June 2007, Mr. Bolek fell more than 90 days behind in making his monthly mortgage payments of \$1,271.

29. In or about June 26, 2007, Mr. Bolek called HOME FORECLOSURE SOLUTIONS and was told that they could help in these ways:

- a. reinstating the loan;
- b. refinancing the home;
- c. referral to a bankruptcy attorney;
- d. selling the home to an investor;
- e. listing the home with a realtor; or
- f. short sale of the home.

30. On or about July 3, 2007, a representative from HOME FORECLOSURE SOLUTIONS, Bob McAvoy, went to Mr. Bolek's home to provide information about his company's services. He requested that Mr. Bolek provide him with mortgage documents, enter into a Mitigation Reinstatement Service Agreement, Owner Obligation contract, and Agency Agreement contract, and pay an upfront total service fee of \$1,200.

31. Because Mr. Bolek could not afford the entire payment upfront, Bob McAvoy agreed that Mr. Bolek could pay a \$500 deposit and pay the remainder in installments.

32. On or about August 4, 2007, Mr. Bolek entered into the Mitigation Reinstatement Service Agreement, Owner Obligation contract, and Agency Agreement contract, and dropped off his mortgage documents and deposit at Bob McAvoy's house.

33. Contrary to the provisions of Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, on August 4, 2007, Defendant requested and collected from Mr. Bolek a \$500 administration fee, prior to completing any services.



34. None of the contracts that Mr. Bolek received contained the "Notice Required by Illinois Law" or "Notice of Cancellation," as set forth in Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10.

35. The Owner Obligation contract that Mr. Bolek entered into required that he agree: (1) to save as much money as possible and to put in reserve every month an amount equal to Mr. Bolek's mortgage payment, (2) to keep open lines of communication with Defendant, and (3) to avoid contact with his mortgage lender and their attorneys, and if he does, to contact Defendant to inform them of the conversation. Any failure of Mr. Bolek to abide by the Owner Obligation would result on his forfeiting any remaining unearned fees on deposit. Such a statement is contrary to the provisions of Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, which provides consumers a right to cancel the transaction at any time until after the distressed property consultant has performed all services contracted for in the consultant contract.

36. The only information Bob McAvoy presented to Mr. Bolek pursuant to the service contract were documents that are readily available to the public, copied onto Defendant's letterhead.

37. After Mr. Bolek entered into the service contracts with Defendant, he received notice that his mortgage payments, from that point forward, should be paid to National City Bank. National City Bank was merging with his original mortgage bank.

38. Mr. Bolek called Bob McAvoy to inform him of the notice to forward his mortgage payments to National City Bank and to ask whether he should do so.

39. On or about December 2007, Bob McAvoy informed him not to make any payments to National City Bank.

40. In or about December 2007, Mr. Bolek called Bob McAvoy concerned that the work under the agreement was not being performed. Mr. McAvoy assured Mr. Bolek not to worry.

41. Defendant never provided Mr. Bolek with an adequate solution. Instead, Mr. Bolek repeatedly received telephone calls from another representative at HOME FORECLOSURE SOLUTIONS requesting mortgage documents from Mr. Bolek that he had previously provided to Mr. McAvoy.

42. Despite demanding a refund, Defendants failed to provide a refund of Mr. Bolek's deposit or and failed to provide any services under the contact.

43. One year later, Mr. Bolek was forced to file for chapter 13 bankruptcy. Mr. Bolek's bankruptcy attorney negotiated a payment plan with the mortgage company so that Mr. Bolek could keep his home.

#### **APPLICABLE STATUTES**

44. Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, provides in relevant part:

"Distressed property" means residential real property consisting of one to 6 family dwelling units that is in foreclosure or at risk of loss due to nonpayment of taxes, or whose owner is more than 90 days delinquent on any loan that is secured by the property".

"Distressed property consultant" means any person who, directly or indirectly, for compensation from the owner, makes any solicitation, representation, or offer to perform or who, for compensation from the owner, performs any service that the person represents will in any manner do any of the following:

- (1) stop or postpone the foreclosure sale or the loss of the home due to nonpayment of taxes;
- (2) obtain any forbearance from any beneficiary or mortgagee, or relief with respect to a tax sale of the property;
- (3) assist the owner to exercise any right of reinstatement or right of redemption;

- (4) obtain any extension of the period within which the owner may reinstate the owner's rights with respect to the property;
- (5) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a distressed property or contained in the mortgage;
- (6) assist the owner in foreclosure, loan default, or post-tax sale redemption, period to obtain a loan or advance of funds;
- (7) avoid or ameliorate the impairment of the owner's credit resulting from the recording of a notice of default or the conduct of a foreclosure sale or tax sale; or
- (8) save the owner's residence from foreclosure or loss of home due to nonpayment of taxes.

45. Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, provides that:

- (a) A distressed property consultant contract must be in writing and must fully disclose the exact nature of the distressed property consultant's services and the total amount and terms of compensation.
- (b) The following notice, printed in at least 12-point boldface type and completed with the name of the distressed property consultant, must be printed immediately above the statement required by subsection (c) of this Section:

**NOTICE REQUIRED BY ILLINOIS LAW**

.....(Name) or anyone working for him or her  
**CANNOT:**

- (1) Take any money from you or ask you for money until  
 .....(NAME) has completely finished doing everything he or she said he or she would do; or
- (2) Ask you to sign or have you sign any lien, mortgage, or deed.

(c) A distressed property consultant contract must be written in the same language as principally used by the distressed property consultant to describe his or her services or to negotiate the contract, must be dated and signed by the owner, and must contain in immediate proximity to the space reserved for the owner's signature a conspicuous statement in a size equal to at least 12-point boldface type, as follows:

You, the owner, may cancel this transaction at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform. See the attached notice of cancellation form for an explanation of this right.

(d) A distressed property contract must contain on the first page, in a type size no smaller than that generally used in the body of the document, each of the following:

- (1) the name and address of the distressed property consultant to which the notice of cancellation is to be mailed; and
- (2) the date the owner signed the contract.

(e) A distressed property consultant contract must be accompanied by a completed form in duplicate, captioned "NOTICE OF CANCELLATION," which must be attached to the contract, must be easily detachable, and must contain, in at least 12-point boldface type, the following statement written in the same language as used in the contract:

**NOTICE OF CANCELLATION**

.....

(Enter date of transaction)

You may cancel this transaction, without any penalty or obligation, at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice to:

.....(Name of distressed property consultant)

at .....(Address of distressed property consultant's place of business) I hereby cancel this transaction on.....(Date)

.....(Owner's signature).

(f) The distressed property consultant shall provide the owner with a copy of a distressed property consultant contract and the attached notice of cancellation immediately upon execution of the contract.

46. Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, states:

(a) In addition to any other legal right to rescind a contract, an owner has the right to cancel a distressed property consultant contract at any time until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform.

(b) Cancellation occurs when the owner gives written notice of cancellation to the distressed property consultant at the address specified in the distressed property consultant contract.

(c) Notice of cancellation, if given by mail, is effective when deposited in the mail properly addressed with postage prepaid. Notice by certified mail, return

receipt requested, addressed to the address specified in the distressed property consultant contract, shall be conclusive proof of notice of service.

(d) Notice of cancellation given by the owner need not take the particular form as provided with the distressed property consultant contract and, however expressed, is effective if it indicates the intention of the owner not to be bound by the contract.

47. Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, states in

relevant part:

(a) It is a violation for a distressed property consultant to:

(1) claim, demand, charge, collect, or receive any compensation until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform;

(2) claim, demand, charge, collect, or receive any fee, interest, or any other compensation for any reason that exceeds 2 monthly mortgage payments of principal interest or the most recent tax installment on the distressed property, whichever is less;

(3) take a wage assignment, a lien of any type on real or personal property, or other security to secure the payment of compensation. Any such security is void and unenforceable;

(4) receive any consideration from any third party in connection with services rendered to an owner unless the consideration is first fully disclosed to the owner;

(5) acquire any interest, directly or indirectly, or by means of a subsidiary or affiliate in a distressed property from an owner with whom the distressed property consultant has contracted;

(6) take any power of attorney from an owner for any purpose, except to inspect documents as provided by law; or

(7) induce or attempt to induce an owner to enter a contract that does not comply in all respects with Sections 10 and 15 of this Act.

#### **VIOLATIONS OF THE MORTGAGE RESCUE FRAUD ACT**

48. Defendant is a "distressed property consultant" as that term is defined under Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, because it advertises and offers to perform services to stop or postpone the foreclosure sale and/or obtain any forbearance from any beneficiary or mortgagee.

49. Defendant has violated Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, by:

- a. failing to provide the requisite "Notice Required by Illinois Law" on their Mitigation Reinstatement Service Agreement, Owner Obligation contract, or Agency Agreement contract and
- b. failing to provide the requisite "Notice of Cancellation" on their Mitigation Reinstatement Service Agreement, Owner Obligation contract, or Agency Agreement contract.

50. Defendant has violated Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, by including a forfeiture clause in their contract that allows Defendant to retain consumers' payment if they violate any terms of the Owner Obligation contract. Section 15 of the Mortgage Rescue Fraud Act provides consumers a right to cancel a foreclosure contract at any time, until the distressed property consultant has performed all the services as contracted. Defendant's forfeiture clause attempts to prohibit consumers from exercising that right.

51. Defendant has violated Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, by demanding, charging, collecting and/or receiving compensation from consumers for their foreclosure rescue services before fully performing the services it contracted to perform.

#### **REMEDIES UNDER THE MORTGAGE RESCUE FRAUD ACT**

52. Section 55 of the Mortgage Rescue Fraud Act, 765 ILCS 950/55, provides that:

A violation of any of the provisions of this Act constitutes an unlawful practice under the Consumer Fraud and Deceptive Business Practices Act. All remedies, penalties, and authority granted to the Attorney General or State's Attorney by the Consumer Fraud and Deceptive Business Practices Act shall be available to him or her for the enforcement of this Act.

53. Section 7 of the Consumer Fraud Act, 815 ILCS 505/7, provides:

a. Whenever the Attorney General has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by the Act to be unlawful, and that proceedings would be in the public interest, he may bring an action in the name of the State against such person to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including but not limited to: injunction, revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.

b. In addition to the remedies provided herein, the Attorney General may request and this Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation.

c. In addition to any other civil penalty provided in this Section, if a person is found by the court to have engaged in any method, act, or practice declared unlawful under this Act, and the violation was committed against a person 65 years of age or older, the court may impose an additional civil penalty not to exceed \$10,000 for each violation.

54. Section 10 of the Consumer Fraud Act, 815 ILCS 505/10, provides:

In any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for the use of this State.

#### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff prays for the following relief:

A. A finding that Defendant is a distressed property consultant under the Mortgage Rescue Fraud Act;

B. A finding that Defendant has violated Sections 10, 15, and 50 of the Mortgage Rescue Fraud Act;

C. A finding that in violating Sections 10, 15, and 50 of the Mortgage Rescue Fraud Act, Defendant has, thereby, violated the Consumer Fraud Act;

D. An order preliminarily and permanently enjoining Defendant from the use of acts or practices that violated the Mortgage Rescue Fraud Act, including but not limited to, the unlawful acts and practices specified herein above;

E. An order declaring that all contracts entered into between the Defendant and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that restitution be made to such consumers;

F. An order revoking, forfeiting, or suspending any and all licenses, charters, franchises, certificates or other evidence of authority of the Defendant to do business in the State of Illinois;

G. An order assessing a civil penalty in the amount of Fifty-Thousand Dollars (\$50,000) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendant with intent to defraud. If the Court finds Defendant has engaged in methods, acts, or practices declared unlawful by the Illinois Consumer Fraud Act, without intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars (\$50,000) all as provided in Section 7 of the Illinois Consumer Fraud Act;

H. An order assessing an additional civil penalty in the amount of Ten Thousand Dollars (\$10,000) per violation of the Illinois Consumer Fraud act found by the Court to have been committed by Defendant against a person 65 years of age and older as provided in Section 7 of the Illinois Consumer Fraud Act;

I. An order requiring Defendant to pay the costs of the investigation and prosecution of this action as provided under Section 10 of the Illinois Consumer Fraud Act; and



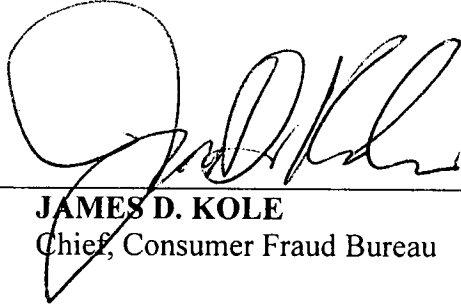
J. An order granting such other relief as this Honorable Court deems just and proper.

Respectfully Submitted,


THE PEOPLE OF THE STATE OF  
ILLINOIS, by LISA MADIGAN,  
ATTORNEY GENERAL OF ILLINOIS

Attorney #99000  
**LISA MADIGAN**  
Attorney General of Illinois

**JAMES D. KOLE**  
Chief, Consumer Fraud Bureau

BY:   
**JAMES D. KOLE**  
Chief, Consumer Fraud Bureau

**JUNKO MINAMI**  
Assistant Attorney General  
Consumer Fraud Bureau  
100 W. Randolph Street, 12<sup>th</sup> Floor  
312-814-7130 Telephone  
312-814-2593 FAX

BY:   
**JUNKO MINAMI**  
Assistant Attorney General  
Consumer Fraud Bureau

STATE OF ILLINOIS  
IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT-CHANCERY DIVISION

THE PEOPLE OF THE STATE OF ILLINOIS, )

Plaintiff, )

-vs- )

HOMESTEAD PROTECTION SERVICES, LLC, )

Defendant. )

**08CH43262**  
NO.

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

NOW COMES Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, bringing this action complaining of Defendant, HOMESTEAD PROTECTION SERVICES, LLC, and states as follows:

**JURISDICTION AND VENUE**

1. This action is brought for and on behalf of THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, pursuant to the provisions of the Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 *et seq.* ("Consumer Fraud Act"), and her common law authority as Attorney General to represent the People of the State of Illinois.

2. Venue for this action properly lies in Cook County, Illinois, pursuant to Sections 2-101 and 2-102(a) of the Illinois Code of Civil Procedure, 735 ILCS 5/2-101, 735 ILCS 5/2-102(a), in that Defendant is doing business in Cook County, Illinois.

## PARTIES

3. Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, is charged, *inter alia*, with the enforcement of the Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, and the Consumer Fraud Act, 815 ILCS 505/1 *et seq.*

4. Defendant HOMESTEAD PROTECTION SERVICES, is a foreign limited liability company with its principal place of business at 151 Southhall Lane, Suite 210, Maitland, Florida. Defendant is not admitted by the Illinois Secretary of State to transact business in the State. HOMESTEAD PROTECTION SERVICES offers homeownership consultation and mortgage foreclosure rescue services to consumers in the State of Illinois and is therefore engaged in the business of distressed property consulting, as that term is defined in Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5.

5. For purposes of this Complaint for Injunctive and Other Relief, any references to the acts and practices of Defendant shall mean that such acts and practices are by and through the acts of said HOMESTEAD PROTECTION SERVICES officers, members, owners, directors, employees, or other agents.

## COMMERCE

6. Section 1(f) of the Consumer Fraud Act, 815 ILCS 505/1(f), defines "trade" and "commerce" as follows:

The terms 'trade' and 'commerce' mean the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal, or mixed, and any other article, commodity, or thing of value wherever situated, and shall include any trade or commerce directly or indirectly affecting the people of this State.

7. Defendant HOMESTEAD PROTECTION SERVICES, was at all times relevant hereto engaged in trade and commerce in the State of Illinois by advertising, soliciting, and offering for sale and selling distressed property consulting services, which consist of homeownership counseling and mortgage foreclosure rescue services, to the general public of the State of Illinois.

#### **DEFENDANT'S COURSE OF CONDUCT**

8. Since at least July 11, 2005 and continuing to date, Defendant has been engaged in, and is presently engaged in the trade or commerce of advertising, offering for sale, and selling consulting services to homeowners whose mortgage payments are outstanding and are facing financial hardship.

9. Since at least July 11, 2005 and continuing to date, Defendant promotes these services to consumers throughout the United States, including to Illinois consumers, through its website <http://www.ushomestead.com/index.aspx>.

10. Defendant promises to help consumers with foreclosure prevention. For example, Defendant's website states, "[f]ast acting lender contact and negotiation is the key to safeguarding your home from foreclosure. No time is wasted as our skilled and professional Loss Mitigation Specialists determine how best to solve your case. As our client, your lender is contacted, determinations are made, negotiations begin, and you're quickly advised about the various options available to stop the foreclosure proceedings on your home. We understand, we care, and we can help!"

11. Defendant warns consumers that, "[y]ou may be unaware of what you're entitled to as a homeowner in America. Act now before your house could be sold at auction and the sheriff evicts you and your family from your home."

12. Defendant also promotes its services as educational, stating, “Homestead Protection Services is a community counseling organization that helps homeowners solve their financial hardships...”

13. Defendant’s website directs consumers to call a toll free number at “877-719-STOP.”

14. Once a consumer calls the toll free number, Defendant asks a series of questions, including the consumer’s name, number of mortgage payments behind, amount of arrearage, reason for hardship, and name of lender.

15. Defendant tells consumers that they pre-qualify for assistance and that Defendant could help in one of various ways:

- a. loan modification;
- b. VA loan modification refunding;
- c. short sale;
- d. repayment plan;
- e. special forbearance;
- f. partial claim; or
- g. deed in lieu of foreclosure.

16. Defendant’s website purports to contain information related to state-specific foreclosure laws. The website has information regarding Illinois foreclosure laws, but entirely fails to mention the Illinois’ Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.* The Mortgage Rescue Fraud Act strictly regulates conduct of distressed property consultants, such as Defendant.

17. Once a consumer completes an online consultation request, Defendant contacts the consumer. Defendant then asks the consumer a series of questions related to the consumer's mortgage and finances.

18. During the call, consumers are told that there will be an up-front cost to initiate services. Consumers are required to enter into a service agreement and send a good faith payment through a cashier's check or money order. Demanding an up-front cost prior to completing services violates Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50. Half of the payment is due immediately and the remainder is due in three weeks. See Homestead Protection Services, L.L.C.'s Service Agreement (Ex.1).

19. Consumers are also required to enter into a Client Disclosure Information agreement that requires consumers to waive their right to a jury trial. See Client Disclosure Information agreement (Ex.2).

20. Consumers are required to enter into a Client Representations and Client Responsibilities agreement in which the consumers agree: (a) to provide accurate information, (b) to not compromise or make any agreement with the mortgage lender without first notifying HOMESTEAD PROTECTION SERVICES, (c) to save deposits that equal the amount of the consumer's monthly mortgage payment until the situation is resolved and to save additional funds, (d) to claim any certified mail received during HOMESTEAD PROTECTION SERVICES' involvement, and to immediately forward any correspondence and court papers in connection to the consumer's mortgage to HOMESTEAD PROTECTION SERVICES, (e) to immediately inform HOMESTEAD PROTECTION SERVICES if the consumer's current financial situation changes, and (f) to keep in constant contact with HOMESTEAD PROTECTION SERVICES. Consumers must respond within 48 hours upon receiving a

voicemail or email from HOMESTEAD PROTECTION SERVICES. Any failure on the consumers' part to abide by the Client Representations and Client Responsibilities agreement would result on the consumers' forfeiting all fees and deposits in trust paid to HOMESTEAD PROTECTION SERVICES. Such a statement is contrary to the provisions of Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, which provides consumers a right to cancel the transaction at any time until after the distressed property consultant has performed all services contracted for in the consultant contract. See Client Representations and Client Responsibilities agreement (Ex. 3).

21. None of the contracts used by Defendant, contain the "Notice Required by Illinois Law" or "Notice of Cancellation," as set forth in Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10. (Exs. 1-3).

22. In many instances, Defendant fails to negotiate an appropriate plan with consumer's lender, yet they fail to refund the consumer's money.

23. Defendant fails to provide consumers with an education regarding the foreclosure process.

24. More specifically, but not by way of limitation, the following allegations in paragraph 25 through 35 are pled as illustrations of Defendant's unlawful business practices and are not meant to be exhaustive. Plaintiff reserves the right to prove that other consumers have been injured as a result of Defendant's unlawful practices.

**Monica F. Garner**

25. On or about February 7, 2007, consumer Monica F. Garner obtained a loan in the amount of \$66,000 for a single family home in Chicago, Cook County, Illinois.

26. Sometime after obtaining her loan, Ms. Garner fell more than 90 days behind in making her monthly mortgage payments of \$573.11.

27. Ms. Garner called HOMESTEAD PROTECTION SERVICES and was told that they could help in these ways:

- a. loan modification;
- b. VA loan modification refunding;
- c. short sale;
- d. repayment plan;
- e. special forbearance;
- f. partial claim; or
- g. deed in lieu of foreclosure.

28. During the call, a representative from HOMESTEAD PROTECTION SERVICES, JR Kroll, asked Ms. Garner a series of questions, including the consumer's name, number of mortgage payments behind, amount of arrearage, reason for hardship, and name of lender.

29. After the call, JR Kroll sent Ms. Garner an email stating that Ms. Garner's application was approved for their assistance.

30. JR Kroll instructed Ms. Garner to complete an Authorization Form and to send a cashier's check or money order in the amount of \$997 made out to HOMESTEAD PROTECTION SERVICES.

31. The \$997 was a deposit and the remaining half was due three weeks later.



32. Contrary to the provisions of Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, Defendant requested and collected from Ms. Garner a \$997 administration fee before it completed the services.

33. None of the contracts that Ms. Garner received contained the "Notice Required by Illinois Law" or "Notice of Cancellation," as set forth in Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10.

34. The Client Representations and Client Responsibilities agreement that Ms. Garner entered into required that she agree: (a) to provide accurate information, (b) to not compromise or make any agreement with the mortgage lender without first notifying HOMESTEAD PROTECTION SERVICES, (c) to save deposits that equal the amount of the consumer's monthly mortgage payment until the situation is resolved and to save additional funds, (d) to claim any certified mail received during HOMESTEAD PROTECTION SERVICES' involvement, and to immediately forward any correspondence and court papers in connection to the consumer's mortgage to HOMESTEAD PROTECTION SERVICES, (e) to immediately inform HOMESTEAD PROTECTION SERVICES if the consumer's current financial situation changes, and (f) to keep in constant contact with HOMESTEAD PROTECTION SERVICES. Consumers must respond within 48 hours upon receiving a voicemail or email from HOMESTEAD PROTECTION SERVICES. Any failure of Ms. Garner to abide by the Client Representations and Client Responsibilities agreement would result on her forfeiting all fees and deposits in trust paid to HOMESTEAD PROTECTION SERVICES. Such a statement is contrary to the provisions of Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, which provides consumers a right to cancel the transaction at any time until after the distressed property consultant has performed all services contracted for in the consultant contract.

35. Ms. Garner eventually hired another company to prevent losing her home to foreclosure.

### APPLICABLE STATUTES

36. Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, provides in relevant part:

“Distressed property” means residential real property consisting of one to 6 family dwelling units that is in foreclosure or at risk of loss due to nonpayment of taxes, or whose owner is more than 90 days delinquent on any loan that is secured by the property”.

“Distressed property consultant” means any person who, directly or indirectly, for compensation from the owner, makes any solicitation, representation, or offer to perform or who, for compensation from the owner, performs any service that the person represents will in any manner do any of the following:

- (1) stop or postpone the foreclosure sale or the loss of the home due to nonpayment of taxes;
- (2) obtain any forbearance from any beneficiary or mortgagee, or relief with respect to a tax sale of the property;
- (3) assist the owner to exercise any right of reinstatement or right of redemption;
- (4) obtain any extension of the period within which the owner may reinstate the owner’s rights with respect to the property;
- (5) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a distressed property or contained in the mortgage;
- (6) assist the owner in foreclosure, loan default, or post-tax sale redemption, period to obtain a loan or advance of funds;
- (7) avoid or ameliorate the impairment of the owner’s credit resulting from the recording of a notice of default or the conduct of a foreclosure sale or tax sale; or
- (8) save the owner’s residence from foreclosure or loss of home due to nonpayment of taxes.

37. Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, provides that:

(a) A distressed property consultant contract must be in writing and must fully disclose the exact nature of the distressed property consultant’s services and the total amount and terms of compensation.

(b) The following notice, printed in at least 12-point boldface type and completed with the name of the distressed property consultant, must be printed immediately above the statement required by subsection (c) of this Section:

NOTICE REQUIRED BY ILLINOIS LAW

.....(Name) or anyone working for him or her  
CANNOT:

- (1) Take any money from you or ask you for money until  
.....(NAME) has completely finished doing everything he or she said he or she would do; or
- (2) Ask you to sign or have you sign any lien, mortgage, or deed.

(c) A distressed property consultant contract must be written in the same language as principally used by the distressed property consultant to describe his or her services or to negotiate the contract, must be dated and signed by the owner, and must contain in immediate proximity to the space reserved for the owner's signature a conspicuous statement in a size equal to at least 12-point boldface type, as follows:

You, the owner, may cancel this transaction at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform. See the attached notice of cancellation form for an explanation of this right.

(d) A distressed property contract must contain on the first page, in a type size no smaller than that generally used in the body of the document, each of the following:

- (1) the name and address of the distressed property consultant to which the notice of cancellation is to be mailed; and
- (2) the date the owner signed the contract.

(e) A distressed property consultant contract must be accompanied by a completed form in duplicate, captioned "NOTICE OF CANCELLATION," which must be attached to the contract, must be easily detachable, and must contain, in at least 12-point boldface type, the following statement written in the same language as used in the contract:

NOTICE OF CANCELLATION

.....  
(Enter date of transaction)

You may cancel this transaction, without any penalty or obligation, at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice to:

.....(Name of distressed property consultant)  
at .....(Address of distressed  
property consultant's place of business) I hereby cancel this  
transaction on.....(Date)  
.....(Owner's signature).

(f) The distressed property consultant shall provide the owner with a copy of a distressed property consultant contract and the attached notice of cancellation immediately upon execution of the contract.

38. Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, states:

(a) In addition to any other legal right to rescind a contract, an owner has the right to cancel a distressed property consultant contract at any time until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform.

(b) Cancellation occurs when the owner gives written notice of cancellation to the distressed property consultant at the address specified in the distressed property consultant contract.

(c) Notice of cancellation, if given by mail, is effective when deposited in the mail properly addressed with postage prepaid. Notice by certified mail, return receipt requested, addressed to the address specified in the distressed property consultant contract, shall be conclusive proof of notice of service.

(d) Notice of cancellation given by the owner need not take the particular form as provided with the distressed property consultant contract and, however expressed, is effective if it indicates the intention of the owner not to be bound by the contract.

39. Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, states in relevant part:

(a) It is a violation for a distressed property consultant to:

(1) claim, demand, charge, collect, or receive any compensation until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform;

(2) claim, demand, charge, collect, or receive any fee, interest, or any other compensation for any reason that exceeds 2 monthly mortgage payments of principal interest or the most recent tax installment on the distressed property, whichever is less;

- (3) take a wage assignment, a lien of any type on real or personal property, or other security to secure the payment of compensation. Any such security is void and unenforceable;
- (4) receive any consideration from any third party in connection with services rendered to an owner unless the consideration is first fully disclosed to the owner;
- (5) acquire any interest, directly or indirectly, or by means of a subsidiary or affiliate in a distressed property from an owner with whom the distressed property consultant has contracted;
- (6) take any power of attorney from an owner for any purpose, except to inspect documents as provided by law; or
- (7) induce or attempt to induce an owner to enter a contract that does not comply in all respects with Sections 10 and 15 of this Act.

40. Section 45-45(d) of the Limited Liability Company Act states:

A foreign limited liability company that transacts business in this State without being admitted to do so shall be liable to the State for the years or parts thereof during which it transacted business in this State without being admitted in an amount equal to all fees that would have been imposed by this Article upon that limited liability company had it been duly admitted, filed all reports required by this Article, and paid all penalties imposed by this Article. If a limited liability company fails to be admitted to do business in this State within 60 days after it commences transacting business in Illinois, it is liable for a penalty of \$2,000 plus \$100 for each month or fraction thereof in which it has continued to transact business in this State without being admitted to do so. The Attorney General shall bring proceedings to recover all amounts due this State under this Article.

## COUNT I

### VIOLATIONS OF THE MORTGAGE RESCUE FRAUD ACT

41. Defendant is a "distressed property consultant" as that term is defined under Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, because it advertises and offers to perform services to stop or postpone the foreclosure sale and/or obtain any forbearance from any beneficiary or mortgagee.

42. Defendant has violated Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, by:

- a. failing to provide the requisite "Notice Required by Illinois Law" on their Mitigation Reinstatement Service Agreement, Owner Obligation contract, or Agency Agreement contract and
- b. failing to provide the requisite "Notice of Cancellation" on their Mitigation Reinstatement Service Agreement, Owner Obligation contract, or Agency Agreement contract.

43. Defendant has violated Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, by including a forfeiture clause in their contract that allows Defendant to retain consumers' payment if they violate any terms of the Client Representation and Client Responsibilities agreement. Section 15 of the Mortgage Rescue Fraud Act provides consumers a right to cancel a foreclosure contract at any time, until the distressed property consultant has performed all the services as contracted. Defendant's forfeiture clause attempts to prohibit consumers from exercising that right.

44. Defendant has violated Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, by demanding, charging, collecting and/or receiving compensation from consumers for their foreclosure rescue services before fully performing the services it contracted to perform.

**REMEDIES UNDER THE MORTGAGE RESCUE FRAUD ACT**

45. Section 55 of the Mortgage Rescue Fraud Act, 765 ILCS 950/55, provides that:

A violation of any of the provisions of this Act constitutes an unlawful practice under the Consumer Fraud and Deceptive Business Practices Act. All remedies, penalties, and authority granted to the Attorney General or State's Attorney by the Consumer Fraud and Deceptive Business Practices Act shall be available to him or her for the enforcement of this Act.

46. Section 7 of the Consumer Fraud Act, 815 ILCS 505/7, provides:

a. Whenever the Attorney General has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by the Act to be unlawful, and that proceedings would be in the public interest, he may bring an action in the name of the State against such person to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including but not limited to: injunction, revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.

b. In addition to the remedies provided herein, the Attorney General may request and this Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation.

c. In addition to any other civil penalty provided in this Section, if a person is found by the court to have engaged in any method, act, or practice declared unlawful under this Act, and the violation was committed against a person 65 years of age or older, the court may impose an additional civil penalty not to exceed \$10,000 for each violation.

47. Section 10 of the Consumer Fraud Act, 815 ILCS 505/10, provides:

In any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for the use of this State.

### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff prays for the following relief:

- A. A finding that Defendant is a distressed property consultant under the Mortgage Rescue Fraud Act;
- B. A finding that Defendant has violated Sections 10, 15, and 50 of the Mortgage Rescue Fraud Act;
- C. A finding that in violating Sections 10, 15 and 50 of the Mortgage Rescue Fraud Act, Defendant has, thereby, violated the Consumer Fraud Act;

D. An order preliminarily and permanently enjoining Defendant from the use of acts or practices that violated the Mortgage Rescue Fraud Act, including but not limited to, the unlawful acts and practices specified herein above;

E. An order declaring that all contracts entered into between Defendant and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that restitution be made to such consumers;

F. An order revoking, forfeiting, or suspending any and all licenses, charters, franchises, certificates or other evidence of authority of the Defendant to do business in the State of Illinois;

G. An order assessing a civil penalty in the amount of Fifty-Thousand Dollars (\$50,000.00) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendant with intent to defraud. If the Court finds Defendant has engaged in methods, acts, or practices declared unlawful by the Illinois Consumer Fraud Act, without intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars (\$50,000.00) all as provided in Section 7 of the Illinois Consumer Fraud Act;

H. An order requiring Defendant to pay the costs of the investigation and prosecution of this action as provided under Section 10 of the Illinois Consumer Fraud Act; and

I. An order granting such other relief as this Honorable Court deems just and proper.

## **COUNT II**

### **VIOLATIONS OF THE LIMITED LIABILITY COMPANY ACT**

48. Defendant has violated Section 45-45 of the Limited Liability Company Act, 805 ILCS 180/45-45, by transacting business in Illinois without being admitted to do so by the



Illinois Secretary of State, and failing to be admitted to do business in Illinois within 60 days after it commenced transacting business in Illinois.

**REMEDIES UNDER THE LIMITED LIABILITY COMPANY ACT**

49. Section 45-45(d) of the Limited Liability Company Act states in part:

The Attorney General shall bring proceedings to recover all amounts due this State under this Article.

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff prays for the following relief:

- A. A finding that Defendant has violated Section 45-45 of the Limited Liability Company Act; and
- B. An order assessing a penalty in the amount of Two-Thousand Dollars (\$2,000) plus One-Hundred Dollars (\$100) for each month or fraction thereof in which Defendant has continued to transact business in Illinois without being admitted to do so by the Illinois Secretary of State.
- C. An order granting such other relief as this Honorable Court deems just and proper.

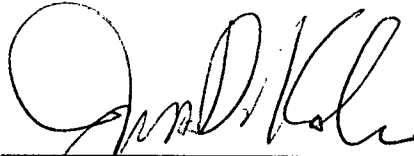
Respectfully Submitted,

THE PEOPLE OF THE STATE OF  
ILLINOIS, by LISA MADIGAN,  
ATTORNEY GENERAL OF ILLINOIS

Attorney #99000  
**LISA MADIGAN**  
Attorney General of Illinois

**JAMES D. KOLE**  
Chief, Consumer Fraud Bureau

BY:



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**JAMES D. KOLE**  
Chief, Consumer Fraud Bureau

**JUNKO MINAMI**  
Assistant Attorney General  
Consumer Fraud Bureau  
100 W. Randolph Street, 12<sup>th</sup> Floor  
312-814-7130 Telephone  
312-814-2593 FAX

BY:



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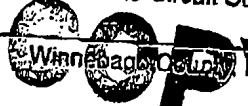
**JUNKO MINAMI**  
Assistant Attorney General  
Consumer Fraud Bureau

FILED

IN THE CIRCUIT COURT OF THE 17<sup>TH</sup> JUDICIAL CIRCUIT  
WINNEBAGO COUNTY, ILLINOIS

Date: 11/17/08

Marshall A. Klein  
Clerk of the Circuit Court

By:  Deputy

**COPY**

NO. 08 CH 1932

THE PEOPLE OF THE STATE OF ILLINOIS, )  
 )  
 Plaintiff, )  
 )  
 -vs- )  
 )  
 ABBOTSFORD, LLC d/b/a StopMyForeclosure.net, )  
 And Rhonda Poshka, Individually )  
 )  
 Defendants. )

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

NOW COMES Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, bringing this action complaining of Defendants, ABBOTSFORD, LLC d/b/a StopMyForeclosure.net and Rhonda Poshka and states as follows:

**JURISDICTION AND VENUE**

1. This action is brought for and on behalf of THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, pursuant to the provisions of the Mortgage Rescue Fraud Act, 765 ILCS 940/1 et seq., the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 et seq. ("Consumer Fraud Act"), and her common law authority as Attorney General to represent the People of the State of Illinois.

2. Venue for this action properly lies in Winnebago County, Illinois, pursuant to Sections 2-101 and 2-102(a) of the Illinois Code of Civil Procedure, 735 ILCS 5/2-101, 735 ILCS 5/2-102(a), in that the Defendants' business is located in Rockford, Winnebago County, Illinois.

### PARTIES

3. Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, is charged, *inter alia*, with the enforcement of the Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, and the Consumer Fraud Act, 815 ILCS 505/1 *et seq.*

4. Defendant, ABBOTSFORD, LLC d/b/a StopMyForeclosure.net, is an Illinois Limited Liability Company with its principal place of business at 3914 Abbotsford Rd., Rockford, Winnebago County, Illinois. ABBOTSFORD, LLC d/b/a StopMyForeclosure.net offers homeownership consultation and mortgage foreclosure rescue services to consumers in the State of Illinois and is therefore engaged in the business of distressed property consulting, as that term is defined in Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5.

5. Defendant Rhonda Poshka resides at 31379 N. Shale Dr., Queen Creek, Pinal County, Arizona. Ms. Poshka is the listed Registrant for the domain: StopMyForeclosure.net and conducts business in the State of Illinois through StopMyForeclosure.net.

6. For purposes of this Complaint for Injunctive and Other Relief, any references to the acts and practices of Defendants shall mean that such acts and practices are by and through the acts of the officers, members, owners, directors, employees, or other agents of ABBOTSFORD, LLC d/b/a StopMyForeclosure.net.

## COMMERCE

7. Section 1(f) of the Consumer Fraud Act, 815 ILCS 505/1(f), defines "trade" and "commerce" as follows:

The terms 'trade' and 'commerce' mean the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal, or mixed, and any other article, commodity, or thing of value wherever situated, and shall include any trade or commerce directly or indirectly affecting the people of this State.

8. Defendants ABBOTSFORD, LLC d/b/a StopMyForeclosure.net and Rhonda Poshka were at all times relevant hereto engaged in trade and commerce in the State of Illinois by advertising, soliciting, offering for sale and selling distressed property consulting services, which consist of homeownership counseling and mortgage foreclosure rescue services, to the general public of the State of Illinois.

## DEFENDANTS' COURSE OF CONDUCT

9. Since at least March 26, 2008, and continuing to date, Defendants have been engaged in, and are presently engaged in, advertising, offering for sale, and selling consulting services to homeowners whose mortgage payments are outstanding, are in foreclosure, and are facing financial hardship.

10. Since at least March 26, 2008, and continuing to date, Defendants promote these services to consumers throughout the United States, including Illinois consumers, through its website: <http://www.StopMyForeclosure.net>.

11. Defendants promise to help consumers stop the foreclosure process regardless of the stage it is in. Defendants' website states:

"StopMyForeclosure will help you save your home and stop the foreclosure process immediately!" and "In fact, we will weigh your financials and prove to the mortgage company that you can afford your home and stop the foreclosure process."

12. Defendants advertise their "...combined 25 years of real estate, financial and lending experience gives us and our superior negotiators the knowledge needed"; "In this business it's nice to have a friend you can count on. We are a credible, honest and ethical foreclosure prevention service company..." and that "...we guarantee our services...".

13. Defendants claim "Our proven track record of a 97% success rate speaks for itself!".

14. Defendants' website lists several foreclosure options including restructuring the loan, refinancing, bankruptcy, short sale, and arrearages/back payments due on mortgage.

15. Defendants' website instructs consumers to call a toll free number or complete a short online application for a free no obligation consultation.

16. The online application requests the consumer's name, phone number, email address, city, state, lender, and description.

17. The Defendants' website has links to various states' foreclosure laws stating "Each state foreclosure page includes a summary of your state foreclosure law as well as links to other foreclosure law resources." The link to Illinois Foreclosure laws includes a summary of Illinois foreclosure laws and a link to the Illinois General Assembly website. It does not cite to any statutes and

fails to mention the Illinois Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, which strictly regulates the conduct of distressed property consultants such as Defendants.

18. Once a consumer makes contact with the Defendants, the consumer is told they have to pay some amount of money via Visa, Mastercard, American Express, Discover, Pre-paid credit card or Money Gram as an initial deposit, in violation of Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50. Consumers are required to execute a document authorizing this payment. See Credit Card Processing Authorization Letter (Exhibit A).

19. Consumers are required to enter into a "StopMyForeclosure Agreement" in which the consumers agree: (1) if the Agreement is terminated by their action or lack of action then they forfeit any fees paid, (2) that the consumer has a right to cancel the Agreement within 3 days of the date of the Agreement and receive a partial rebate of the fees paid, and (3) should efforts not secure an offer from the mortgage company, StopMyForeclosure.net will rebate up to one-half of the fee. All of these terms are contrary to the provisions of Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, which provides consumers a right to cancel the transaction at any time until after the distressed property consultant has performed all services contracted for in the consultant contract. See StopMyForeclosure Agreement (Exhibit B).

20. The agreements used by the Defendants do not contain the "Notice Required by Illinois Law" or "Notice of Cancellation," as set forth in Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10. (Exs. A-B)

21. More specifically, but not by way of limitation, the following allegations in paragraph 22 through 33 are pled as illustrations of Defendants' unlawful business practices and are not meant to be exhaustive. Plaintiff reserves the right to prove that other consumers have been injured as a result of Defendants' unlawful practices.

Albert Ekl

22. Consumer Albert Ekl obtained a loan from Countrywide for his single family home in Bridgeview, Cook County, Illinois.

23. In March 2008, after falling behind in his mortgage payments and finding the website "www.stopmyforeclosure.net", Mr. Ekl sought the help of Defendants to renegotiate the terms of his mortgage and keep his home.

24. After speaking with a representative by phone, Mr. Ekl received a packet of forms in the mail to complete and return including: an expense worksheet, hardship letter, authorization agreement, and a request for his W2's, Social Security number and bank account statements.

25. The Defendants told Mr. Ekl he had to come up with some amount of money up front as a deposit and they could set up payments arrangements for the remainder.

26. On March 26, 2008, Mr. Ekl completed and signed the Credit Card Processing Authorization Letter and the StopMyForeclosure Agreement. (Exs. A & B) and mailed them to the Defendants at 3914 Abbotsford Rd, Rockford, Illinois.



27. The Defendants then debited \$300.00 from Mr. Ekl's bank account prior to completing any services in violation of the provisions of Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50.

28. The documents executed by Mr. Ekl did not contain the "Notice Required by Illinois Law" or "Notice of Cancellation," as set forth in Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10.

29. The documents executed by Mr. Ekl did not contain the total amount and terms of compensation for Defendants' services in violation of the provisions of Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10.

30. The StopMyForeclosure Agreement that Mr. Ekl executed required him to agree: (1) if the Agreement is terminated by Mr. Ekl's action or lack of action then he forfeits any fees paid, (2) that Mr. Ekl has a right to cancel the Agreement within 3 days of the date of the Agreement and receive a partial rebate of the fees paid, and (3) should efforts not secure an offer from the mortgage company, StopMyForeclosure.net will rebate up to one-half of the fee. All of these terms are contrary to the provisions of Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, which provides consumers a right to cancel the transaction at any time until after the distressed property consultant has performed all services contracted for in the consultant contract.

31. After making the deposit as required, Defendants assigned a "negotiator" named Crystal Larson to Mr. Ekl's case.

32. The StopMyForeclosure Agreement executed by Mr. Ekl states "It is understood that StopMyForeclosure.net will work with lender on

HOMEOWNER's behalf to analyze loan and find a workable solution to stop foreclosure proceedings and offer a plan to bring HOMEOWNER current with payments." Representatives of Defendants told Mr. Ekl that if the plan was not satisfactory, they would renegotiate on his behalf. A plan was offered through Defendants that was not satisfactory to Mr. Ekl.

33. Mr. Ekl called Defendants' representatives, Crystal Larson, Roger Gates, Rachel Brouwer, and Rhonda Poshka, repeatedly to inquire as to the status of his case and was told they were getting tired of him calling.

34. After terminating Defendants' services, Mr. Ekl was able to negotiate directly with Countrywide and obtained a satisfactory plan.

### **APPLICABLE STATUTES**

35. Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, provides in relevant part:

"Distressed property" means residential real property consisting of one to 6 family dwelling units that is in foreclosure or at risk of loss due to nonpayment of taxes, or whose owner is more than 90 days delinquent on any loan that is secured by the property".

"Distressed property consultant" means any person who, directly or indirectly, for compensation from the owner, makes any solicitation, representation, or offer to perform or who, for compensation from the owner, performs any service that the person represents will in any manner do any of the following:

- (1) stop or postpone the foreclosure sale or the loss of the home due to nonpayment of taxes;
- (2) obtain any forbearance from any beneficiary or mortgagee, or relief with respect to a tax sale of the property;
- (3) assist the owner to exercise any right of reinstatement or right of redemption;
- (4) obtain any extension of the period within which the owner may reinstate the owner's rights with respect to the property;

- (5) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a distressed property or contained in the mortgage;
- (6) assist the owner in foreclosure, loan default, or post-tax sale redemption, period to obtain a loan or advance of funds;
- (7) avoid or ameliorate the impairment of the owner's credit resulting from the recording of a notice of default or the conduct of a foreclosure sale or tax sale; or
- (8) save the owner's residence from foreclosure or loss of home due to nonpayment of taxes.

36. Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, provides that:

- (a) A distressed property consultant contract must be in writing and must fully disclose the exact nature of the distressed property consultant's services and the total amount and terms of compensation.
- (b) The following notice, printed in at least 12-point boldface type and completed with the name of the distressed property consultant, must be printed immediately above the statement required by subsection (c) of this Section:

**NOTICE REQUIRED BY ILLINOIS LAW**

.....(Name) or anyone working for him or her CANNOT:

- (1) Take any money from you or ask you for money until .....(NAME) has completely finished doing everything he or she said he or she would do; or
- (2) Ask you to sign or have you sign any lien, mortgage, or deed.

(c) A distressed property consultant contract must be written in the same language as principally used by the distressed property consultant to describe his or her services or to negotiate the contract, must be dated and signed by the owner, and must contain in immediate proximity to the space reserved for the owner's signature a conspicuous statement in a size equal to at least 12-point boldface type, as follows:

You, the owner, may cancel this transaction at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant

contracted to perform or represented he or she would perform. See the attached notice of cancellation form for an explanation of this right.

(d) A distressed property contract must contain on the first page, in a type size no smaller than that generally used in the body of the document, each of the following:

- (1) the name and address of the distressed property consultant to which the notice of cancellation is to be mailed; and
- (2) the date the owner signed the contract.

(e) A distressed property consultant contract must be accompanied by a completed form in duplicate, captioned "NOTICE OF CANCELLATION," which must be attached to the contract, must be easily detachable, and must contain, in at least 12-point boldface type, the following statement written in the same language as used in the contract:

**NOTICE OF CANCELLATION**

.....  
(Enter date of transaction)

You may cancel this transaction, without any penalty or obligation, at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice to:

.....(Name of distressed property consultant)  
at .....(Address of distressed  
property consultant's place of business) I hereby  
cancel this transaction on.....(Date)  
.....(Owner's signature).

(f) The distressed property consultant shall provide the owner with a copy of a distressed property consultant contract and the attached notice of cancellation immediately upon execution of the contract.

37. Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, states:

- (a) In addition to any other legal right to rescind a contract, an owner has the right to cancel a distressed property consultant contract at any time until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform.
- (b) Cancellation occurs when the owner gives written notice of cancellation to the distressed property consultant at the address specified in the distressed property consultant contract.
- (c) Notice of cancellation, if given by mail, is effective when deposited in the mail properly addressed with postage prepaid. Notice by certified mail, return receipt requested, addressed to the address specified in the distressed property consultant contract, shall be conclusive proof of notice of service.
- (d) Notice of cancellation given by the owner need not take the particular form as provided with the distressed property consultant contract and, however expressed, is effective if it indicates the intention of the owner not to be bound by the contract.

38. Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, states in relevant part:

- (a) It is a violation for a distressed property consultant to:
  - (1) claim, demand, charge, collect, or receive any compensation until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform;
  - (2) claim, demand, charge, collect, or receive any fee, interest, or any other compensation for any reason that exceeds 2 monthly mortgage payments of principal interest or the most recent tax installment on the distressed property, whichever is less;
  - (3) take a wage assignment, a lien of any type on real or personal property, or other security to secure the payment of compensation. Any such security is void and unenforceable;
  - (4) receive any consideration from any third party in connection with services rendered to an owner unless the consideration is first fully disclosed to the owner;
  - (5) acquire any interest, directly or indirectly, or by means of a subsidiary or affiliate in a distressed property from an owner with whom the distressed property consultant has contracted;
  - (6) take any power of attorney from an owner for any purpose, except to inspect documents as provided by law; or

(7) induce or attempt to induce an owner to enter a contract that does not comply in all respects with Sections 10 and 15 of this Act.

### VIOLATIONS OF THE MORTGAGE RESCUE FRAUD ACT

39. Defendants are "distressed property consultants" as that term is defined under Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, since they advertise and offer to perform services to stop or postpone the foreclosure sale and/or obtain any forbearance from any beneficiary or mortgagee.

40. Defendants have violated Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, by:

- a. failing to fully disclose the total amount and terms of compensation in their Credit Card Processing Authorization Letter or StopMyForeclosure Agreement;
- b. failing to provide the requisite "Notice Required by Illinois Law" in their Credit Card Processing Authorization Letter or StopMyForeclosure Agreement;
- c. failing to include the name and address of the distressed property consultant in their Credit Card Processing Authorization Letter or StopMyForeclosure Agreement; and
- d. failing to provide the requisite "Notice of Cancellation" in their Credit Card Processing Authorization Letter or StopMyForeclosure Agreement.

41. Defendants have violated Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, by including a forfeiture clause in their contract that allows Defendants to retain consumers' payment if they violate any terms of the StopMyForeclosure Agreement. Section 15 of the Mortgage Rescue Fraud Act provides consumers a right to cancel a foreclosure contract at any time, until the distressed property consultant has performed all the services as contracted. Defendants' forfeiture clause attempts to prohibit consumers from exercising that right.

42. Defendants have violated Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, by demanding, charging, collecting and/or receiving compensation from consumers for their foreclosure rescue services before fully performing the services it contracted to perform.

#### **REMEDIES UNDER THE MORTGAGE RESCUE FRAUD ACT**

43. Section 55 of the Mortgage Rescue Fraud Act, 765 ILCS 950/55, provides that:

A violation of any of the provisions of this Act constitutes an unlawful practice under the Consumer Fraud and Deceptive Business Practices Act. All remedies, penalties, and authority granted to the Attorney General or State's Attorney by the Consumer Fraud and Deceptive Business Practices Act shall be available to him or her for the enforcement of this Act.

44. Section 7 of the Consumer Fraud Act, 815 ILCS 505/7, provides:

a. Whenever the Attorney General has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by the Act to be unlawful, and that proceedings would be in the public interest, he may bring an action in the name

of the State against such person to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including but not limited to: injunction, revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.

b. In addition to the remedies provided herein, the Attorney General may request and this Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation.

45. Section 10 of the Consumer Fraud Act, 815 ILCS 505/10, provides:

In any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for the use of this State.

### PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for the following relief:

- A. A finding that Defendants are distressed property consultants under the Mortgage Rescue Fraud Act;
- B. A finding that Defendants have violated Sections 10, 15, and 50 of the Mortgage Rescue Fraud Act;
- C. A finding that in violating Sections 10, 15, and 50 of the Mortgage Rescue Fraud Act, Defendants have, thereby, violated the Consumer Fraud Act;
- D. An order preliminarily and permanently enjoining Defendants from the use of acts or practices that violate the Mortgage Rescue Fraud Act,



including but not limited to, the unlawful acts and practices specified herein above;

E. An order declaring that all contracts entered into between the Defendants and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that restitution be made to such consumers;

F. An order revoking, forfeiting, or suspending any and all licenses, charters, franchises, certificates or other evidence of authority of the Defendants to do business in the State of Illinois;

G. An order assessing a civil penalty in the amount of Fifty-Thousand Dollars (\$50,000) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendants with intent to defraud. If the Court finds Defendants have engaged in methods, acts, or practices declared unlawful by the Illinois Consumer Fraud Act, without intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars (\$50,000) all as provided in Section 7 of the Illinois Consumer Fraud Act;

H. An order requiring Defendants to pay the costs of the investigation and prosecution of this action as provided under Section 10 of the Illinois Consumer Fraud Act; and

I. An order granting such other relief as this Honorable Court deems just and proper.


Respectfully Submitted,


THE PEOPLE OF THE STATE OF  
ILLINOIS, by LISA MADIGAN,  
ATTORNEY GENERAL OF ILLINOIS

**LISA MADIGAN**  
Attorney General of Illinois

**JAMES D. KOLE**  
Chief, Consumer Fraud Bureau

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BY:  (JP)  
**JAMES D. KOLE**  
Chief, Consumer Fraud Bureau

BY:   
**ELIZABETH A. PHALEN**  
Assistant Attorney General  
Director, Northern IL Regional Office

STATE OF ILLINOIS  
IN THE CIRCUIT COURT OF THE SEVENTH JUDICIAL CIRCUIT  
SANGAMON COUNTY

THE PEOPLE OF THE STATE OF ILLINOIS,

Plaintiff,

-vs-

MASON CAPITAL GROUP, LLC, a New Mexico foreign  
limited liability company, not authorized to transact  
business in Illinois;

Defendant.

2008CH 1364

NO.

FILED

NOV 17 2008 CN-8

*Lisa Madigan* Clerk of the Court

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

NOW COMES the Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, and brings this action complaining of Defendant, MASON CAPITAL GROUP, LLC, a New Mexico limited liability company, and respectfully states as follows:

**JURISDICTION AND VENUE**

1. This action is brought for and on behalf of THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, pursuant to the Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 *et seq.* ("Consumer Fraud Act"), and her common law authority as Attorney General to represent the People of the State of Illinois.

2. Venue for this action properly lies in Sangamon County, Illinois, pursuant to Section 2-101 of the Illinois Code of Civil Procedure, 735 ILCS 5/2-101. Since Defendant is a nonresident of the State, this action may be commenced in any county.

### **PARTIES**

3. Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, is charged, *inter alia*, with the enforcement of the Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, and the Consumer Fraud Act, 815 ILCS 505/1 *et seq.*

4. Defendant, MASON CAPITAL GROUP, LLC is a New Mexico limited liability company with its principal place of business at 18375 Ventura Blvd. Suite 354, Tarzana, California 91356. MASON CAPITAL GROUP, LLC was incorporated on April 24, 2007.

5. Defendant MASON CAPITAL GROUP, LLC is engaged in the business of distressed property consulting as that term is defined in Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, since it offers homeownership consultation and mortgage foreclosure rescue services to consumers in the State of Illinois.

6. For purposes of this Complaint for Injunctive and Other Relief, any references to the acts and practices of Defendant MASON CAPITAL GROUP, LLC shall mean that such acts and practices are by and through the acts of said limited liability company's officers, members, owners, directors, employees, or other agents.

### **TRADE AND COMMERCE**

7. Section 1(f) of the Consumer Fraud Act, 815 ILCS 505/1(f), defines "trade" and "commerce" as follows:

The terms 'trade' and 'commerce' mean the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal, or mixed, and any other article, commodity, or thing of value wherever situated, and shall include any trade or commerce directly or indirectly affecting the people of this State.

8. Defendant Mason Capital Group, LLC was at all times, relevant hereto, engaged in trade and commerce in the State of Illinois by advertising, offering for sale, selling and accepting money for distressed property consulting services, which consist of homeownership counseling and mortgage foreclosure rescue services, to the general public of the State of Illinois.

#### **DEFENDANT'S BUSINESS PRACTICES**

9. Since at least March 2008, and continuing to at least May 2008, Defendant advertised to Illinois consumers that it can assist homeowners who are behind in their mortgage payments. Defendant promotes these services by, among other things, sending e-mails to homeowners facing financial hardships and threat of mortgage foreclosure.

10. For example, one of the Defendant's e-mail's contains, among other things, the following statements:

a. "Attention: We are attempting to reach homeowners that are in need of loan modification/loss mitigation and/or experiencing a hardship with their current mortgage situation."

b. "Are you interested in having our SPECIALIZED FIRM represent you and get results from your lender? Whether you have a loan that will adjust or if your home is headed towards a foreclosure....Is your Lender really your friend?" and

c. "WHAT DOES MASON CAPITAL GROUP DO?"

Our counselors provide an initial consultation and pre-qualification regarding all the practical aspects of loan modification, loan interest rate and term restructuring, offers in compromise to your lender, foreclosure avoidance, bankruptcy avoidance, short sale options, deed-in-lieu of foreclosure, and other aggressive solutions for the homeowner. ”

A copy of Defendant’s e-mail is attached as Exhibit A.

11. The Defendant’s e-mail directs consumers to call a toll free hotline number at 1-866-749-4916 or reply to the e-mail.

12. Upon information and belief, when a consumer responds as directed, the Defendant sends the consumer a “Homeowner Recovery Plan Package.”

13. Consumers are instructed to review the package and fill out all forms to “start your case.”

14. In the “Homeowner Recovery Plan Package,” consumers receive an “Invoice Agreement” stating the amount of their fee (usually one month’s mortgage) and requesting payment by credit card, cashiers check or money order. A copy of Defendant’s “Invoice Agreement” is attached as Exhibit B.

15. Defendant also includes a “Borrower Authorization Form” in the package sent to consumers. A copy of Defendant’s “Borrower Authorization Form” is attached as Exhibit C.

16. Finally, Defendant includes “Our Guarantee to Consumers” that includes a guarantee of a 100% refund of the service fee (minus a \$500 cost for file processing), if after 120 days consumers do not receive one of several solutions from the lender. A copy of Defendant’s “Our Guarantee to Consumers” is attached as Exhibit D.

17. Defendant obtains payment from consumers prior to commencing any work on consumers' behalf.

18. Defendant fails to clearly and conspicuously disclose their cancellation and refund policy to consumers.

19. Upon information and belief, Defendant often does not contact consumers' lenders or the lenders' representatives as promised.

20. Upon information and belief, consumers have difficulty communicating with Defendant after they have paid their fees.

21. In some cases, lenders have contacted Defendant and have not received any meaningful information or assistance, instead leading them to work directly with consumers to achieve a solution to their mortgage related problems.

22. In truth and in fact, Defendant has failed to successfully negotiate workout solutions as guaranteed for consumers.

23. While promising to provide "services" to financially distressed consumers to prevent mortgage foreclosure and assist with catching up on house payments, defendant provides nothing more than phantom help. By taking precious time and money from financially distressed consumers without providing any meaningful service, defendant places consumers at greater risk of serious financial harm, including mortgage foreclosure action.

24. In truth and in fact, in numerous instances, defendant does not successfully negotiate a workout solution for financially distressed homeowners and the money consumers gave to defendant will not be available to catch up on their mortgage

payments. As a result, consumers who use defendant's services find themselves worse off than when they responded to defendant's solicitations.

25. In some instances, consumers demanded refunds.

26. In some instances Defendant told such consumers that they were not entitled to a refund.

### APPLICABLE STATUTES

27. Section 2 of the Consumer Fraud Act, 815 ILCS 505/2, provides:

Unfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of any material fact, with intent that others rely upon the concealment, suppression or omission of such material fact, or the use or employment of any practice described in section 2 of the "Uniform Deceptive Trade Practices Act", approved August 5, 1965, in the conduct of any trade or commerce are hereby declared unlawful whether any person has in fact been misled, deceived or damaged thereby. In construing this section consideration shall be given to the interpretations of the Federal Trade Commission and the federal courts relating to Section 5(a) of the Federal Trade Commission Act.

28. Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, provides in relevant part:

"Distressed property" means residential real property consisting of one to 6 family dwelling units that is in foreclosure or at risk of loss due to nonpayment of taxes, or whose owner is more than 90 days delinquent on any loan that is secured by the property.

"Distressed property consultant" means any person who, directly or indirectly, for compensation from the owner, makes any solicitation, representation, or offer to perform or who, for compensation from the owner, performs any service that the person represents will in any manner do any of the following:

(1) stop or postpone the foreclosure sale or the loss of the home due to nonpayment of taxes;

(2) obtain any forbearance from any beneficiary or mortgagee, or relief with respect to a tax sale of the property;

(3) assist the owner to exercise any right of reinstatement or right of redemption;



(4) obtain any extension of the period within which the owner may reinstate the owner's rights with respect to the property;

(5) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a distressed property or contained in the mortgage;

(6) assist the owner in foreclosure, loan default, or post-tax sale redemption, period to obtain a loan or advance of funds;

(7) avoid or ameliorate the impairment of the owner's credit resulting from the recording of a notice of default or the conduct of a foreclosure sale or tax sale; or

(8) save the owner's residence from foreclosure or loss of home due to nonpayment of taxes.

29. Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, provides that:

(a) A distressed property consultant contract must be in writing and must fully disclose the exact nature of the distressed property consultant's services and the total amount and terms of compensation.

(b) The following notice, printed in at least 12-point boldface type and completed with the name of the distressed property consultant, must be printed immediately above the statement required by subsection (c) of this Section:

**"NOTICE REQUIRED BY ILLINOIS LAW"**

.....(Name) or anyone working for him or her CANNOT:

(1) Take any money from you or ask you for money until .....(NAME) has completely finished doing everything he or she said he or she would do; or

(2) Ask you to sign or have you sign any lien, mortgage, or deed."

(c) A distressed property consultant contract must be written in the same language as principally used by the distressed property consultant to describe his or her services or to negotiate the contract, must be dated and signed by the owner, and must contain in immediate proximity to the space reserved for the owner's signature a conspicuous statement in a size equal to at least 12-point boldface type, as follows:

"You, the owner, may cancel this transaction at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or

represented he or she would perform. See the attached notice of cancellation form for an explanation of this right.”

(d) A distressed property contract must contain on the first page, in a type size no smaller than that generally used in the body of the document, each of the following:

(1) the name and address of the distressed property consultant to which the notice of cancellation is to be mailed; and

(2) the date the owner signed the contract.

(e) A distressed property consultant contract must be accompanied by a completed form in duplicate, captioned “NOTICE OF CANCELLATION,” which must be attached to the contract, must be easily detachable, and must contain, in at least 12-point boldface type, the following statement written in the same language as used in the contract:

“NOTICE OF CANCELLATION

.....

(Enter date of transaction)

You may cancel this transaction, without any penalty or obligation, at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice to:

.....(Name of distressed property consultant) at

.....(Address of distressed property consultant’s place of business) I hereby cancel this transaction

on.....(Date) .....(Owner’s signature)”.

(f) The distressed property consultant shall provide the owner with a copy of a distressed property consultant contract and the attached notice of cancellation immediately upon execution of the contract.

30. Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, states:

(a) In addition to any other legal right to rescind a contract, an owner has the right to cancel a distressed property consultant contract at any time until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform.

(b) Cancellation occurs when the owner gives written notice of cancellation to the distressed property consultant at the address specified in the distressed property consultant contract.

(c) Notice of cancellation, if given by mail, is effective when deposited in the mail properly addressed with postage prepaid. Notice by certified mail, return receipt requested, addressed to the address specified

in the distressed property consultant contract, shall be conclusive proof of notice of service.

(d) Notice of cancellation given by the owner need not take the particular form as provided with the distressed property consultant contract and, however expressed, is effective if it indicates the intention of the owner not to be bound by the contract.

31. Section 20 of the Mortgage Rescue Fraud Act, 765 ILCS 940/20, states:

(a) Any waiver by an owner of the provisions of Section 10 or 15 is void and unenforceable as contrary to public policy.

(b) Any attempt by a distressed property consultant to induce an owner to waive the owner's rights is a violation of the Act.

32. Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, states in relevant part:

(a) It is a violation for a distressed property consultant to:

(1) claim, demand, charge, collect, or receive any compensation until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform;

(2) claim, demand, charge, collect, or receive any fee, interest, or any other compensation for any reason that exceeds 2 monthly mortgage payments of principal interest or the most recent tax installment on the distressed property, whichever is less;

(3) take a wage assignment, a lien of any type on real or personal property, or other security to secure the payment of compensation. Any such security is void and unenforceable;

(4) receive any consideration from any third party in connection with services rendered to an owner unless the consideration is first fully disclosed to the owner;

(5) acquire any interest, directly or indirectly, or by means of a subsidiary or affiliate in a distressed property from an owner with whom the distressed property consultant has contracted;

(6) take any power of attorney from an owner for any purpose, except to inspect documents as provided by law; or

(7) induce or attempt to induce an owner to enter a contract that does not comply in all respects with Sections 10 and 15 of this Act.

## COUNT I

### VIOLATIONS OF THE CONSUMER FRAUD AND DECEPTIVE BUSINESS PRACTICES ACT

33. Defendant has engaged in a course of trade or commerce which constitutes unfair and deceptive acts and practices declared unlawful under Section 2 of the Consumer Fraud Act, 815 ILCS 505/2, by, in the course of advertising, offering for sale, selling, and accepting money for mortgage rescue consulting services:

a. representing, expressly or by implication, that Defendant will act as the consumers' agents in negotiations with the mortgage holders or their representatives, in an attempt to arrange a workout solution with the mortgage company or mortgage servicer, when in fact, in many cases Defendant fails to engage in such negotiations, simply submit paperwork, and take no action the consumers could not perform just as easily;

b. charging for services that Defendant does not actually provide; and

c. failing to disclose to consumers the material fact that they have a legal right to cancel the contract; and

d. representing, expressly or by implication, that if they attempt to cancel their contract after three days, they will not receive a refund when in fact the Mortgage Rescue Fraud Act requires a refund at any time before Defendant has fully performed the services they contracted to perform.

#### **REMEDIES UNDER THE CONSUMER FRAUD ACT**

34. Section 7 of the Consumer Fraud Act, 815 ILCS 505/7, provides in relevant part:

a. Whenever the Attorney General has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by the Act to be unlawful, and that proceedings would be in the public interest, he may bring an action in the name of the State against such person

to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including but not limited to: injunction, revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.

b. In addition to the remedies provided herein, the Attorney General may request and this Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation.

c. In addition to any other civil penalty provided in this Section, if a person is found by the court to have engaged in any method, act, or practice declared unlawful under this Act, and the violation was committed against a person 65 years of age or older, the court may impose an additional civil penalty not to exceed \$10,000 for each violation.

35. Section 10 of the Consumer Fraud Act, 815 ILCS 505/10, provides:

In any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for the use of this State.

#### **PRAYER FOR RELIEF COUNT I**

**WHEREFORE**, Plaintiff prays that this honorable Court enter and Order:

A. Finding that the Defendant has violated section 2 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/2); including, but not limited to the unlawful acts and practices alleged herein;

B. Preliminarily and permanently enjoining the Defendant from engaging in the business of advertising, offering for sale, selling, and accepting money for mortgage rescue consulting services in the State of Illinois;

D. Declaring that all contracts entered into between the Defendant and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that full restitution be made to such consumers;

E. Assessing a civil penalty in the amount of Fifty-Thousand Dollars (\$50,000.00) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendant with intent to defraud; if the Court finds Defendant has engaged in methods, acts, or practices declared unlawful by the Act, without intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars (\$50,000.00), all as provided in Section 7 of the Illinois Consumer Fraud Act;

F. An order assessing an additional civil penalty in the amount of Ten Thousand dollars (\$10,000.00) per violation of the Consumer Fraud and Deceptive Business Practices Act found by the Court to have been committed by Defendant against a person 65 years of age and older as provided in Section 7(c) of the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS505/7 (c));

G. Requiring the Defendant to pay the costs for the prosecution and investigation of this action, as provided by Section 10 of the Consumer Fraud Act and Deceptive Business Practices Act (815 ILCS505/10); and

H. Providing such other and further equitable relief as justice and equity may require.

Count II

VIOLATION OF THE MORTGAGE RESCUE FRAUD ACT

36. Plaintiff re-alleges and incorporates paragraphs 1-35 as paragraph 36 of Count II.

37. The following violation refers to conduct occurring post January 1, 2007, the effective date of the Mortgage Rescue Fraud Act.

38. The Defendant is a "distressed property consultant" as that term is defined under Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, since it directly or indirectly for compensation from the owner make solicitations, representations and offers to perform services to stop or postpone the foreclosure sale and or obtain any forbearance from any beneficiary or mortgagee.

39. The Defendant has violated Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, by in the course of advertising, offering for sale, selling, and accepting money for mortgage rescue consulting services :

- a. failing to fully disclose the exact nature of its services and the total amount and terms of compensation;
- b. failing to provide the requisite "Notice Required by Illinois Law" on their "Mortgage Service Agreement;" and
- c. failing to provide the requisite "Notice of Cancellation" on their "Mortgage Service Agreement."

40. The Defendant has violated Section 20 of the Mortgage Rescue Fraud Act, 765 ILCS 940/20, by in the course of advertising, offering for sale, selling, and accepting

money for mortgage rescue consulting services, attempting to induce owners to waive their rights under Sections 10 and 15 of this Act by telling owners, both orally and in writing, that if they cancel the contract they will lose their refunds.

41. The Defendant has violated Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, by in the course of advertising, offering for sale, selling, and accepting money for mortgage rescue consulting services, claiming, demanding, charging, collecting and/or receiving compensation before fully performing the services it contracted to perform.

#### **REMEDIES UNDER THE MORTGAGE RESCUE FRAUD ACT**

42. Section 55 of the Mortgage Rescue Fraud Act, 765 ILCS 950/55, provides that:

A violation of any of the provisions of this Act constitutes an unlawful practice under the Consumer Fraud and Deceptive Business Practices Act. All remedies, penalties, and authority granted to the Attorney General or State's Attorney by the Consumer Fraud and Deceptive Business Practices Act shall be available to him or her for the enforcement of this Act.

43. Section 7 of the Consumer Fraud Act, 815 ILCS 505/7, provides:

a. Whenever the Attorney General has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by the Act to be unlawful, and that proceedings would be in the public interest, he may bring an action in the name of the State against such person to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including but not limited to: injunction, revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.



b. In addition to the remedies provided herein, the Attorney General may request and this Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation.

c. In addition to any other civil penalty provided in this Section, if a person is found by the court to have engaged in any method, act, or practice declared unlawful under this Act, and the violation was committed against a person 65 years of age or older, the court may impose an additional civil penalty not to exceed \$10,000 for each violation.

44. Section 10 of the Consumer Fraud Act, 815 ILCS 505/10, provides:

In any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for the use of this State.

### **PRAYER FOR RELIEF COUNT II**

**WHEREFORE**, Plaintiff prays for the following relief:

A. Finding that Defendant has violated §§ 10, 20 and 50 of the Mortgage Rescue Fraud Act;

B. Finding that in violating Sections 10, 20, and 50 of the Mortgage Rescue Fraud Act, Defendant has, thereby, violated the Consumer Fraud and Deceptive Business Practices Act;

C. Preliminarily and permanently enjoining Defendant from the use of acts or practices that violated the Mortgage Rescue Fraud Act, including but not limited to, the unlawful acts and practices specified here-in-above;

D. Declaring that all contracts entered into between the Defendant and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that restitution be made to such consumers;

E. Assessing a civil penalty in the amount of Fifty-Thousand Dollars (\$50,000.00) per violation of the Consumer Fraud and Deceptive Business Practices Act found by the Court to have been committed by Defendant with intent to defraud. If the Court finds Defendant has engaged in methods, acts, or practices declared unlawful by the Consumer Fraud and Deceptive Business Practices Act, without intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars (\$50,000.00) all as provided in Section 7 of the Consumer Fraud and Deceptive Business Practices Act 815 ILCS 505/7);

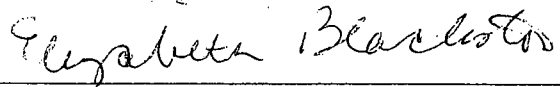
F. Assessing an additional civil penalty in the amount of Ten Thousand Dollars (\$10,000.00) per violation of the Consumer Fraud and Deceptive Business Practices Act found by the Court to have been committed by Defendant against a person 65 years of age and older as provided in Section 7(c) of the Consumer Fraud and Deceptive Business Practices Act, , 815 ILCS 505/7(c));

G. Requiring Defendant to pay the costs of the investigation and prosecution of this action as provided under Section 10 of the Consumer Fraud Act and Deceptive Business Practices Act, 815 ILCS 505/10); and

H. Providing such other and further equitable relief as justice and equity may require.

Respectfully submitted,

THE PEOPLE OF THE STATE OF  
ILLINOIS, by LISA MADIGAN,  
ATTORNEY GENERAL OF ILLINOIS



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ELIZABETH BLACKSTON, CHIEF  
Consumer Fraud Bureau



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Rebecca L. Pruitt ARDC # 6209774  
Assistant Attorney General  
Consumer Fraud Bureau  
500 S. Second St.  
Springfield, IL 62706  
217-782-4436



Print Message | Close

From : "Counselors Helping (Your Home Loan)" <your\_home\_loan@xmr3.com>  
To : [REDACTED]  
Subject : [REDACTED] Late on Your Mortgage Payment? I Can Help: 866-749-4916  
Date : Tue, Mar 18, 2008 10:08 AM

Full Name: [REDACTED]  
Address: [REDACTED]  
City, State, Zip: [REDACTED]  
Home Phone: [REDACTED]  
Email: [REDACTED]

**Attention: We are attempting to reach homeowners that are in need of loan modification/loss mitigation and/or experiencing a hardship with their current mortgage situation. If this does not apply to you we apologize and you can opt out by clicking on the link at the bottom of this offer, however if you need help:**

Are you like countless Americans that **can not refinance** because of an adjusting loan, compromised credit, and dropping home values? Do you need options regarding your current mortgage situation?

Are you falling behind on payments or possibly faced with a higher payment?

Are you interested in having our SPECIALIZED FIRM represent you and get results from your lender? Whether you have a loan that will adjust or if your home is headed towards a foreclosure...Is your Lender really your friend?

**WE WILL USE ALL THE AGGRESSIVE OPTIONS TO IMPROVE YOUR LOAN AND TO SAVE YOUR HOME!**

Please reply back. ( **Interested** ) or call me at (866) 749-4916. Call us, we are here to help! (9am - 5pm PST)

We offer complimentary Counseling, Information, and Pre-Qualification and once you have been identified as a client we can accept, there is a fee for services rendered and all payments are subject to client qualification and program availability. Our fee is based on affordable assistance and our goal is to get you a resolution you can afford and SAVE you time, stress, and financial burdens that you should not pretend you can pay now.

**WHAT DOES THE MASON CAPITAL GROUP DO?**

Our counselors provide an initial consultation and pre-qualification regarding all the practical aspects of loan modification, loan interest rate and term restructuring, offers-in-compromise to your lender, foreclosure avoidance, bankruptcy avoidance, short sale options, deed-in-lieu of foreclosure, and other aggressive solutions for the homeowner.

The bottom line is that many homeowners are in a position where they can't refinance, they can't sell and they can't make the mortgage payments. Are you one of them?

Are knowledge of the lender process and our proven relationship in helping homeowners is the value we provide for these needs:

1. Loan Modification A- Permanent change in loan terms or reduction in rate
2. Reinstatement - Returning the loan from default to current status
3. Repayment Plan A- Up to 20 months to bring loan current
4. Loan Restructure A- Moves past due amounts to the end of the loan
5. Short Sale Agreement A- Lender agrees to sell house for less than owed
6. Deed in Lieu of Foreclosure A- Borrower gives title back to bank w/o foreclosure proceedings and saves credit
7. Prolonging the Foreclosure Process A- A "Buying time A" to stop foreclosure
8. Soldiers and Sailors Relief Act A- Stops payment if active duty in a war zone

We received your information from a database of consumers that inquired regarding an application for credit. We are not offering you any specific terms and we are only attempting to help people in need who are having credit or payment issues. If you are not in need please scroll down to the opt out link at the bottom of this email. Thank You.



Please call us so we can give you FREE information: (866) 749-4916.

**Our Counselors will assist you,**  
The Mason Group "SOLUTIONS"  
924 Balboa Blvd. #614 Encino, CA 91316



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[Click here for www link.](#)  
You will receive one additional e-mail message confirming your removal

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# MASON CAPITAL GROUP

4924 BALBOA BLVD. UNIT 614 ENCINO, CA 91316 PHONE 866.749.4916 FAX 818.827.1878

INVOICE DATE		AGENT NAME
03 / 20 / 2008		ALPHNIA BOONE EXT 5003

FULL NAME	[REDACTED]
STREET ADDRESS	[REDACTED]
CITY, STATE ZIP	[REDACTED]
PHONE	[REDACTED]
FAX	[REDACTED]
EMAIL	[REDACTED]

DESCRIPTION	DATE CHARGED	TOTAL
ONE MONTH MORTGAGE PAYMENT FOR LOSS MITIGATION SVC'S ( BASED ON AFFORDABLE ASSISTANCE ) MORTGAGE ON THE 1 <sup>ST</sup> \$2,456.64 ON THE 2 <sup>ND</sup> \$828.76 LENDER LITTON LOAN ( LOAN MODIFICATION )	MAR 20 <sup>ST</sup> 2008 SPLIT 2 CARDS ( \$3250.00 )	[REDACTED]
I agree to be charged on dates above. (Initial here) <u>ll</u>	<b>TOTAL</b>	<b>\$1,625.00</b>

CREDIT CARD INFORMATION			
PAYMENT TYPE	CHECK #		
( PLEASE CIRCLE PAYMENT TYPE ) ( VISA )    MC    AMEX    DISC	CHECK		
CREDIT CARD #	EXP. DATE	SECURITY CODE	
[REDACTED]	[REDACTED]	742	
NAME ON CARD	[REDACTED]		
ADDRESS ON CARD	[REDACTED]		
CITY, STATE ZIP	[REDACTED]		

APPROVED BY - SIGNATURE	PRINT NAME	DATE
[REDACTED]	[REDACTED]	March 20'08

**PLEASE FAX INVOICE BACK TO 818-827-1878**  
IF PAYING BY CHECK PLEASE INCLUDE COPY

National Credit Services, Our primary company will be displayed on you credit card bill. Mason Capital Group, LLC is a division of NCS. Process time can be up to 90 days. See Our Guarantee for details. Process fee non-refundable.

This Agreement and its interpretation, performance and enforcement shall be governed by the laws of the State of California. Exclusive jurisdiction over any action or proceeding arising from or related to this Agreement shall vest in any state or federal court located within Los Angeles County, California, which by statute has subject matter jurisdiction. The prevailing party in any such action or proceeding shall not be entitled to recover its reasonable attorney's fees and costs. Once received, checks may be drafted within 3 to 5 business days.

**PLAINTIFF'S EXHIBIT**

B



MASON CAPITAL GROUP, LLC  
 MORTGAGE HARDSHIP &  
 FORECLOSURE SOLUTIONS

MASON CAPITAL GROUP, LLC  
 18375 VENTURA BLVD. SUITE 354 TARZANA, CA 91356  
 OFFICE (866) 749-4916  
 FAX (818) 827-1878 REGISTRATION ONLY  
 2<sup>ND</sup> FAX (818) 444-7285 MORTGAGE DOCUMENTS  
[WWW.MASONCAPITALGROUP.ORG](http://WWW.MASONCAPITALGROUP.ORG)

**BORROWER AUTHORIZATION FORM**

Borrower Name: [REDACTED]

Co-borrower: N/A

RE: Lender HARRIS BANK Loan # 85002 [REDACTED] (1<sup>ST</sup> mortgage)  
mb financial LOAN # 5500000 [REDACTED] (2<sup>ND</sup> mortgage)

I hereby authorize Mason Capital Group Capital "Solutions" LLC to contact the above referenced lender regarding my existing mortgage loan for the purpose of negotiating a work-out agreement. I authorize the lender to verify my past and present employment earnings, records, bank accounts, stock holdings and any other asset balances that are needed to process this application. I further authorize the lender to order a consumer credit report (if necessary) and verify other credit information, including past and present mortgage references. It is also understood a copy of this form will serve as authorization.

All information used by Mason Capital Group will only be used in the processing of this application.

Borrower Signature [REDACTED] SS# [REDACTED]

Co-Borrower Signature N/A SS# N/A



DO NOT REFILE LEAD US TO DIE

# MASON CAPITAL GROUP

4924 Balboa Blvd. Unit 614, Encino, Ca. 91316

Tel. (818) 444-7313 Fax (818) 827-1878

Email - ALPHNIAB@NATIONALCREDITSERVICES.NET



## Our Guarantee to the customers of Mason Capital Group "Solutions"

The Mason Capital Group is managed by a group of mortgage professionals with over 15 years experience in the mortgage industry. We hire and train only the most experienced and professional Loss Mitigation and processing staff.

We guarantee a 100% refund of the (one) month mortgage payment charged for our services, if after 90 days you do not receive one the following solutions from the lender:

- Loan Modification
- Forbearance Agreement
- Reinstatement
- Repayment Plan
- Loan Restructure
- Short Sale Agreement
- Deed in Lieu of Foreclosure
- Soldiers and Sailors Relief Act
- Prolonging the Foreclosure Process

I agree and understand the above guarantee.

X  \_\_\_\_\_  \_\_\_\_\_

Sign Print name Date

PLAINTIFF'S  
EXHIBIT  
D

tabbies