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MADIGAN FILES TWO MORTGAGE RESCUE FRAUD LAWSUITS, SEEKS IMMEDIATE BAN ON COMPANIES' OPERATIONS

Illinois Attorney General Joins U.S. Treasury Secretary, U.S. Attorney General, Federal Trade Commission and HUD Leaders in Coordinated Plan to Protect At-Risk Homeowners

Washington, D.C. — Attorney General Lisa Madigan has filed two lawsuits in Cook County Circuit Court against Chicago-area mortgage rescue fraud schemes seeking temporary restraining orders to immediately stop the defendants from providing mortgage rescue services. Madigan made the announcement as part of a press conference today in Washington, D.C., with U.S. Treasury Secretary Timothy Geithner, U.S. Attorney General Eric Holder, Federal Trade Commission Chairman Jon Leibowitz and U.S. Housing and Urban Development Director Secretary Sean Donovan, to discuss a coordinated effort by federal and state authorities to protect at-risk homeowners from mortgage foreclosure rescue fraud.

"Struggling homeowners need to know that free help is available," Attorney General Madigan said. "We have repeatedly found that these operations are swindling desperate homeowners out of money they can't afford to lose. The lawsuits I have filed prove they don't provide any help. They don't call your lender, they don't modify your loan, and they don't represent you in court if you're in foreclosure. All they do is take your money."

Madigan filed complaints against Centurion Loss Mitigation Group, a Chicago-based operation and its owner Carlos A. Gomez, and Cash VIP, a Melrose Park, Ill.,-based operation and its owner Fernando Rios, also known as Fernali Ferrice. With these new filings, Madigan has brought lawsuits against 24 mortgage rescue fraud schemes. Of those, the Attorney General, to date, has received judgments in nine cases, including more than \$1.8 million in restitution for homeowners.

In each of today's lawsuits, Madigan alleges that the defendants advertise in Spanish-speaking communities that they can help homeowners who have fallen behind on their mortgage payments and, for an upfront fee, will negotiate with mortgage lenders to reduce the payments and save consumers' homes. However, according to Madigan's complaints, after the fraudulent operations collect the upfront fees, they fail to negotiate or perform any services on behalf of the homeowners, leaving consumers at even greater risk of losing their homes to foreclosure.

According to the lawsuit, Centurion, which claims to be a community counseling agency, allegedly charges a \$1,500 upfront fee for negotiation services that it promises will help lower homeowners' mortgage payments or interest rates, thereby improving the consumers' credit rating. Madigan's Consumer Fraud Bureau received a complaint against the operation showing that a consumer lost her home shortly after contacting Centurion for help.

In the Cash VIP lawsuit, Madigan alleges the defendants sell credit and foreclosure "orientation" services, which require consumers to enroll in a one-year "membership club" and pay an upfront \$575 application fee, \$50 enrollment fee and a monthly fee of \$69-89, as well as a final "success fee" that ranges from one to two percent of the loan amount. Although the defendants purport to provide credit services, they have never registered with the Illinois Secretary of State as a credit services organization as required by law. Madigan's Consumer Fraud Bureau is aware of 29 complaints against the company.

Both lawsuits allege the defendants' fraudulent tactics violate Illinois' Mortgage Rescue Fraud Act, which prohibits companies from requiring upfront payment from consumers prior to completing all the terms of a mortgage rescue contract. The law also requires businesses to fully disclose to a homeowner the exact nature and terms of the proposed rescue services and the homeowner's right to cancel the contract.

In each suit, the Attorney General is seeking a temporary restraining order preventing the defendants from collecting upfront fees and a permanent injunction barring the defendants from engaging in mortgage rescue operations in Illinois. Madigan also is 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. The Attorney General also is asking to immediately receive a complete list of the companies' current Illinois customers, including contact information and details on the sums they have already paid to the companies. This information will allow Madigan's Consumer Fraud Bureau to work with consumers to help them stay in their homes, either through the direct assistance of the Attorney General's office or through referral agencies.

Madigan's lawsuits illustrate how she and state attorneys general are using their enforcement authority to prosecute mortgage foreclosure rescue fraud across the country. In Washington, D.C. today, Madigan joined federal agencies to discuss the importance of a coordinated federal and state effort to tackle crippling economic issue.

"On the state level, more than 150 enforcement actions have been brought against mortgage rescue companies across the country, and the states are increasingly sharing information and leveraging resources with our partners at the federal level," Madigan said. "By combining our powers in pursuit of this common purpose, state and federal authorities are sending a clear message to operators of mortgage rescue scams: It is not a question of *if* we'll come after you; it is only a question of *when*."

In addition to her enforcement actions, Madigan said a central component to fighting against mortgage rescue fraud is consumer awareness. The Attorney General urged homeowners to reach out to trusted sources for assistance. To prevent homeowners in crisis from losing their homes to foreclosure, Madigan urged them to immediately contact:

- Attorney General Madigan's **Homeowner 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's office provides Spanish speaking staff to assist homeowners who speak Spanish.

Madigan also directed homeowners to her Web site at 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 Junko Minami and Cecilia Abundis are handling the lawsuits filed today for Madigan's Consumer Fraud Bureau.

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