



November 24, 2009

## MADIGAN CONTINUES TO CRACK DOWN ON MORTGAGE RESCUE FRAUD

### ***Illinois Attorney General Files Three New Lawsuits, Joins Federal Trade Commission, U.S. Department of Justice in Move to Protect At-Risk Homeowners Nationwide***

Chicago — Attorney General Lisa Madigan today announced three lawsuits against mortgage rescue fraud schemes operating in Illinois as part of a national crackdown with the Federal Trade Commission (FTC) and the U.S. Department of Justice.

"With home foreclosure rates steadily on the rise, we are working closely with our federal partners to leverage all available resources to stop mortgage rescue fraud," Madigan said. "Homeowners who believe they are at risk of losing their homes need to know that free, legitimate help is available. These rescue fraud schemers are not going to help modify your loan, work with your lender or represent you in court. They're simply going to take your money and run."

Madigan filed complaints today in Cook County Circuit Court against the following defendants:

- Loan Mod One, LLC, which has offices in Las Vegas, Nev., and West Dundee, Ill.;
- Freedom Mortgage Team, Inc., of Chicago, and Nevrus Mehmeti;
- Living Modifications Corp., of Schaumburg, Ill., and its owner, Tomasz Tomczyk.

With these new filings, Madigan has brought lawsuits against 31 mortgage rescue fraud schemes. To date, the Attorney General's lawsuits have resulted in judgments in nine cases for more than \$1.2 million in restitution for homeowners.

In each of today's lawsuits, Madigan alleges that the defendants target at-risk homeowners and ask for an upfront fee to negotiate with mortgage lenders to reduce the payments and save consumers' homes. According to Madigan's complaints, however, 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.

All three 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 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.

Madigan's lawsuits illustrate how she is using her office's enforcement authority to prosecute mortgage rescue fraud. Earlier this year, Madigan joined federal agencies in Washington, D.C. to discuss the importance of a coordinated federal and state effort to tackle this crippling economic issue.

In addition to her enforcement actions, Madigan said a critical component of the fight 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 also directed homeowners to her Web site at [www.IllinoisAttorneyGeneral.gov](http://www.IllinoisAttorneyGeneral.gov), to access a 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 Homeowner Helpline to quickly receive the guide or the brochure by mail.

Other states participating in today's effort include: Arizona, Colorado, Connecticut, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Maryland, Michigan, Missouri, Nevada, North Carolina, Ohio, Oregon, Texas and Wisconsin.

Assistant Attorneys General Jennifer Franklin, Joshua Orenstein and Akeela White are handling the lawsuits for Madigan's Consumer Fraud Bureau.

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