

**June 8, 2010****ATTORNEY GENERAL MADIGAN FILES SUIT AGAINST FRAUDULENT CHICAGO AREA REAL ESTATE DEVELOPER**

Chicago—Attorney General Lisa Madigan today filed a lawsuit in Cook County Circuit Court against a Bolingbrook, Ill. real estate developer for allegedly operating a fraudulent investment scheme in which the developer secures personal loans from his investors but fails to complete services for which he is contracted. Madigan's lawsuit names Richard Calloway, and the companies that he operates: R.E.C. Real Estate Development Group, Inc., E.C. Enterprises of Chicagoland, Inc., and Neighborhood Housing Development of Chicagoland, Inc., which are all based in Bolingbrook, Ill.

"Consumers who invested with these companies received little if anything in exchange for loans or fees they paid," Madigan said. "This operation is a fraudulent scheme aimed at lining the defendants' pockets."

Calloway allegedly charges consumers a \$5,000 fee for help in locating, purchasing, rehabbing and selling investment properties but fails to provide the promised services and instead uses his client relationships to secure personal loans that he rarely repays. Specifically, Calloway promises to provide investors with a list of potential properties. When he fails to provide this list and consumers become impatient, Calloway offers consumers additional "investment" opportunities and convinces them to loan him between \$2,200 and \$5,000 for 10 to 30 days. Calloway allegedly uses the purported loans to finance his personal car repairs and real estate deals with other members of the group. Despite promising to repay the loans with interest, Calloway fails to repay most of his investors, according to Madigan's complaint.

In a separate scheme, Calloway operates a "Vehicle Lease and Purchase Program" that enlists consumers to purchase vehicles in their own names but for Calloway's use. Calloway allegedly indicates he will make all payments on the vehicles directly to the dealership and promises to pay consumers between \$1,000 and \$2,500 for each vehicle they purchase for him. However, Calloway allegedly never makes the payments on any of the vehicles purchased by consumers.

Madigan's office has received eight consumer complaints against the defendants. Madigan's lawsuit alleges that the defendants violated the Illinois Consumer Fraud and Deceptive Business Practices Act, the Home Repair and Remodeling Act and Illinois Securities Law. The lawsuit asks the court to prohibit the defendants from selling or purchasing securities in the State of Illinois and seeks to have a receiver appointed to manage the defendants' assets. Madigan's complaint also asks the court to order the defendants to pay restitution to consumers and all costs associated with the investigation and prosecution of the case.

Assistant Attorney General Joshua Orenstein is handling the case for Madigan's Consumer Fraud Bureau.

-30-

[Return to June 2010 Press Releases](#)

