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June 17, 2010

ATTORENY GENERAL MADIGAN JOINS U.S. ATTORNEY GENERAL HOLDER TO ANNOUNCE NATIONAL SWEEP AGAINST MORTGAGE-RELATED FRAUD

Madigan Files Two Lawsuits as Part of Operation Stolen Dreams Initiative

Chicago — Attorney General Lisa Madigan joined U.S. Attorney General Eric Holder in Washington, D.C., today to highlight Operation Stolen Dreams, a joint initiative of the U.S. Department of Justice and state attorneys general targeting mortgage-related fraud. Holder announced today's filing of 101 enforcement actions by state attorneys general across the country, including two lawsuits filed against Chicago-area mortgage rescue fraud companies and 57 cease and desist demands sent by Attorney General Madigan.

Madigan's lawsuits continue her ongoing pursuit of scammers who prey on delinquent homeowners or those facing foreclosure, and brings the number of lawsuits she has filed against mortgage rescue fraud schemes to 33 and the number of cease and desist demands to 402. To date, Madigan's rescue fraud lawsuits have resulted in judgments in 19 cases, ordering more than \$1.2 million in restitution for homeowners. More than 200 mortgage rescue investigations are ongoing.

"The foreclosure crisis has become an opportunity for con artists to prey on desperate homeowners," Madigan said. "These scammers promise to save homes, but all they do is steal homeowners' hard-earned money. They are true predators."

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

- W2X Inc., PTU1 Inc., Y 2 X LLC, and Goldberg Bail-Out, Inc., all located in Chicago, IL. The lawsuit also names as individual defendants Warren Jackson and Yolanda King, both Chicago, IL residents, who are alleged to have masterminded the rescue scheme; and
- Opportunity Consultants, Inc., of Crest Hill, IL. The lawsuit also names as individual defendants Juan C. Rodriguez of Crest Hill, IL, and Mirta Deus a/k/a Mirta Tomlinson of Joliet, IL, who are corporate officers and are alleged to have participated in the rescue scheme.

Both of Madigan's lawsuits allege that defendants target at-risk homeowners and, for an upfront fee, promise to save their homes by negotiating lower mortgage payments with the homeowners' lenders. However, as outlined in the complaints, after the defendants collect the upfront fees, they fail to negotiate or perform any services on behalf of the homeowners, placing their victims at even greater risk of foreclosure.

Also, in the W2X lawsuit, Madigan alleges that the defendants use a second rescue scheme, called a sale-leaseback, to purportedly save the homeowner's home. Madigan alleges that the defendants use straw buyers to purchase homes from distressed homeowners, sometimes falsely promising them that they can pay rent for a year and then be given the opportunity to buy back the property. At other times, according to the complaint, the defendants trick homeowners into unknowingly selling their homes to straw buyers by leading them to believe that they are signing paperwork for a new loan to help them avoid foreclosure.

Madigan alleges that the defendants use the sale-leaseback scheme to transfer title from the homeowner to a straw buyer for the purpose of stripping the remaining equity from the home. According to the complaint, individual homeowners lost from \$60,000 to \$149,000 of equity in their homes as a result of W2X's fraudulent schemes.

The defendants' alleged fraudulent tactics violate the Illinois Mortgage Rescue Fraud Act, a law that Madigan initiated and drafted, which prohibits companies from requiring upfront payment prior to completing all the terms of the mortgage rescue contract. The law also requires businesses to pay to the homeowner the bulk of the home's value in the event that a sale-leaseback scheme fails

to save the home, and to fully disclose to the homeowner the exact nature and terms of the proposed rescue services, including the homeowner's right to cancel the contract.

In each lawsuit, the Attorney General is seeking a permanent injunction barring the defendants from engaging in mortgage rescue operations in Illinois. Madigan also is asking the court to award restitution to homeowners and to order each defendant to pay a civil penalty 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 case.

Madigan's participation in today's sweep underscores the increased level of cooperation between state attorneys general and federal agencies in the battle against all types of mortgage fraud, including mortgage rescue schemes. In April 2009, Madigan joined U.S. Treasury Secretary Timothy Geithner, Attorney General Holder, and other officials in Washington, D.C., to announce a coordinated state and federal enforcement effort against mortgage-related fraud.

Emphasizing that there are many legitimate sources of assistance for Illinois residents, Madigan urged struggling homeowners to immediately contact:

- The Attorney General's **Homeowner Helpline** at 1-866-544-7151 for guidance on avoiding mortgage foreclosure; and/or
- 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).

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 legitimate default counseling services. Homeowners who do not have easy access to the Internet should call the Attorney General's Homeowner Helpline to receive the guide or the brochure by mail.

Other law enforcement officials participating in today's sweep include the U.S. Department of Justice and the attorneys general of Arizona, California, Colorado, Indiana, Maryland, Minnesota, North Carolina, Texas and Wisconsin.

Assistant Attorneys General DaToya Burtin-Cox, Anshuman Vaidya, Cecilia Abundis and Junko Minami are handling the lawsuits for Madigan's Consumer Fraud Bureau.

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

FILED
10 JUN 16 AM 9:52
CIRCUIT COURT OF COOK
COUNTY, ILLINOIS
CHANCERY DIV.
DOROTHY BROWN
CLERK

THE PEOPLE OF THE STATE OF ILLINOIS,)

Plaintiffs,)

-vs-)

OPPORTUNITY CONSULTANTS, INC., an Illinois)
Corporation; JUAN C. RODRIGUEZ, individually,)
and as owner, agent, and president of OPPORTUNITY)
CONSULTANTS, INC.; and MIRTA DEUS a/k/a)
MIRTA TOMLINSON, individually, and as director)
and as an agent of OPPORTUNITY CONSULTANTS,)
INC.)

Defendants.)

NO.

10CH25659

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

NOW COMES the Plaintiff, PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of Illinois, and brings this action complaining of OPPORTUNITY CONSULTANTS, INC., an Illinois Corporation (hereinafter "OPPORTUNITY CONSULTANTS"), JUAN C. RODRIGUEZ (hereinafter "RODRIGUEZ"), individually and as owner, agent, and president of OPPORTUNITY CONSULTANTS, MIRTA DEUS a/k/a MIRTA TOMLINSON (hereinafter "TOMLINSON"), individually and as director and as an agent of OPPORTUNITY CONSULTANTS, 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, acting in the public interest, pursuant to the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 *et seq.* ("Consumer Fraud Act,"), the Credit Services Organization Act, 815 ILCS

605/1 *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 to restrain the use of unfair or deceptive acts or practices.

2. Venue for this action properly lies in Cook County, Illinois, pursuant to sections 2-101 of the Illinois Code of Civil Procedure, 735 ILCS 5/2-101, in that some of the transactions complained of herein, out of which this action arose occurred 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 Act, 815 ILCS 505/1 *et seq.*, the Credit Services Organization Act, 815 ILCS 605/1 *et seq.*, and the Mortgage Rescue Fraud Act 765 ILCS 940/1 *et seq.*

4. Defendant OPPORTUNITY CONSULTANTS, INC. is an Illinois corporation that was incorporated on November 12, 2008 and has its principal place of business at 815 North Larkin Avenue, Joliet, Illinois 60435. Defendants engaged in the business of mortgage distressed property consultants as defined in Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5. Defendants also operated as a credit services organization as defined in Section 3(d) of the Credit Services Organization Act, 815 ILCS 605/3(d). Defendants are not and have never been registered with the Illinois Secretary of State as a credit services organization, as required by Section 9 of the Credit Services Organization Act, 815 ILCS 605/9. Defendants also failed to secure the statutorily required \$100,000 surety bond and to file a copy of the surety bond with the Secretary of State before taking upfront fees, as required by section 10 of the Credit Services Organization Act, 815 ILCS 605/10. *See* Secretary of State Certificate (attached as Exhibit 1).

5. Defendant JUAN C. RODRIGUEZ is the owner, agent and president of

OPPORUTNITY CONSULTANTS. RODRIGUEZ participates, manages, controls, and has knowledge of the day-to-day activities of the company's business, including its loan modification and credit repair services. RODRIGUEZ is sued individually and in his capacities as an owner, agent and president of OPPORTUNITY CONSULTANTS.

6. There exists, and, at all times relevant hereto, has existed, a unity of interest between RODRIGUEZ and OPPORTUNITY CONSULTANTS such that any individuality and separateness of RODRIGUEZ and OPPORTUNITY CONSULTANTS have ceased to exist. To adhere to such a fiction, would serve to sanction fraud and promote injustice.

7. Defendant MIRTA DEUS a/k/a MIRTA TOMLINSON is the director and an agent of OPPORUTNITY CONSULTANTS. TOMLINSON participates, manages, controls, and has knowledge of the day-to-day activities of the company's business, including its loan modification and credit repair services. TOMLINSON is sued individually and in her capacities as an agent and director of OPPORTUNITY CONSULTANTS.

8. There exists, and, at all times relevant hereto, has existed, a unity of interest between TOMLINSON and OPPORTUNITY CONSULTANTS such that any individuality and separateness of TOMLINSON and OPPORTUNITY CONSULTANTS have ceased to exist. To adhere to such a fiction, would serve to sanction fraud and promote injustice.

9. 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 RODRIGUEZ, TOMLINSON, and OPPORTUNITY CONSULTANTS' officers, members, owners, representatives, directors, employees, agents, all persons or entities directly or indirectly under Defendants' control, and all persons or entities in concert or in active participation with Defendants.

10. Defendant OPPORTUNITY CONSULTANTS, Defendant JUAN C. RODRIGUEZ, and Defendant MIRTA DEUS a/k/a MIRTA TOMLINSON are hereinafter collectively referred to as "Defendants."

PUBLIC INTEREST

11. The State of Illinois and its citizens are and will be adversely impacted by Defendant's unfair and deceptive practices as alleged in this Complaint. Therefore, the Illinois Attorney General brings this action to the public interest of the citizens of the State of Illinois.

TRADE AND COMMERCE

12. Subsection 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.

13. Defendants were at all times relevant hereto engaged in trade and commerce in the State of Illinois by advertising, soliciting, offering for sale and selling loan modification and credit repair services to the general public of the State of Illinois.

DEFENDANTS' BUSINESS PRACTICES

14. Since at least 2008 and continuing to date, Defendants have been engaged in, and are presently engaged in offering loan modification and credit repair services to Illinois homeowners who are facing financial hardship and/or are in foreclosure.

15. Defendants promote these services via the internet, through their website <http://opportunityconsultantsinc.com>.

16. Defendants' website lists the services they offer, and states, in relevant part, the

following:

“Modification

We can Help.....call us to schedule an appointment to see what is the best choice to change the loan that you currently have.

A Loan Modification is a permanent change in one or more of the terms of a mortgagor's loan, allows the loan to be reinstated, and results in a payment the mortgagor can afford.”

17. Defendants TOMLINSON and/or RODRIGUEZ also go door-to-door to solicit potential consumers.
18. Then, Defendants TOMLINSON and RODRIGUEZ would meet with consumers at Defendants' place of business or at the consumers' homes.
19. At this meeting, Defendants explain their services, promising to lower the consumers' mortgage interest rate and/or monthly mortgage payment.
20. Defendants then demand and collect a \$450 non-refundable application fee.
21. Defendants' requirement of a \$450 upfront application fee, taken prior to completing services, violates Section 50(a) of the Mortgage Rescue Fraud Act, 765 ILCS 940/50(a) and Section 5(1) of the Credit Services Organization Act, 815 ILCS 605/5(1), because Defendants failed to post the requisite surety bond with the Illinois Secretary of State.
22. After paying the \$450 application fee, Defendants sometimes continue to demand and collect additional monies from consumers.
23. However, Defendants fail to disclose to consumers that they are neither registered as a credit services organization nor have a surety bond allowing them to charge an upfront fee as required by Sections 9 and 10 of the Credit Services Organization Act, 815 ILCS 605/9, 10. *See* Secretary of State Certificate (attached as Exhibit 1).
24. In some instances, Defendants fail to provide consumers with a written contract,

even after demanding and collecting monies from consumers.

25. In other instances, Defendants provide consumers with a "Work Agreement," attached herein as Exhibit 2.

26. Defendants' Work Agreement states in relevant part that the fee is "non-refundable," which constitutes an attempt by Defendants to induce consumers to waive their cancellation rights in violation of Section 20(b) of the Mortgage Rescue Fraud Act, 765 ILCS 940/20(b).

27. 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.

28. This statement is also contrary to Section 50(a)(7) of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, which prohibits distressed property consultants from inducing consumers to waive their cancellation rights.

29. Defendants fail to provide consumers with a statement containing a complete and detailed description of the services they are to perform and the total cost to the consumers for said services prior to executing a contract or agreement with consumers, as required by Section 6 of the Credit Services Organization Act, 815 ILCS 605/6(4).

30. Defendants also fail to provide consumers with a "Notice of Cancellation" as set forth in Section 7 of the Credit Services Organization Act, 815 ILCS 605/7.

31. Additionally, Defendants fail to provide consumers with the required "Notice Required by Illinois Law" and "Notice of Cancellation," as set forth in Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10

32. Likewise, Defendants fail to provide consumers with a "Notice of Cancellation" informing consumer of the right to cancel the transaction within three days when entering into written work agreements for services over \$25 while physically present in the consumer's residences, as required by Section 2B of the Consumer Fraud Act, 815 ILCS 505/2B.

33. In many instances, when Defendants conduct retail transactions in Spanish and Defendants acted as his Spanish-English interpreter, Defendants fail to provide consumer with a disclosure stating that the transaction was conducted in Spanish; the consumer voluntarily chose to have the retailer act as his interpreter; the written agreement was explained to consumer and the consumer understood the written agreement, as required by Section 2N of the Consumer Fraud Act, 815 ILCS 505/2N.

34. Defendants frequently fail to achieve the results promised to consumers and do not provide loan modification assistance and/or credit repair services.

35. In some instances, consumers who paid an "application fee" attempted to contact Defendants by telephone to request that Defendants either return their money or provide the requested services, but they were unsuccessful in obtaining performance of the contracted services from Defendants or acquiring their refund.

APPLICABLE STATUTES

36. Section 2 of the Consumer Fraud Act, 815 ILCS 505/2, provides as follows:

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.

37. Section 2N of the Consumer Fraud Act, 815 ILCS 505/2N, states in relevant part:

(a) If (i) a person conducts, in a language other than English, a retail transaction or negotiations related to a retail transaction resulting in a written contract and (ii) the consumer used an interpreter other than the retailer or an employee of the retailer in conducting the transaction or negotiations, the retailer must have the consumer and the interpreter sign the following forms:

I, (name of consumer), used (name of interpreter) to act as my interpreter during this retail transaction or these negotiations. The obligations of the contract or other written agreement were explained to me in my native language by the interpreter. I understand the contract or other written agreement.

(signature of consumer)
(relationship of interpreter to consumer)

I, (name of interpreter), acted as interpreter during this retail transaction or these negotiations. The obligations of the contract or other written agreement were explained to (name of consumer) in the consumer's native language. I understand the contract or other written agreement.

(signature of interpreter)
(relationship of interpreter to consumer)

(b) If (i) a person conducts, in a language other than English, a retail transaction or negotiations related to a retail transaction resulting in a written contract and (ii) the retailer or an employee of the retailer acted as the consumer's interpreter in conducting the transaction or negotiations, the retailer must have the consumer sign the following form in the consumer's native language (except as provided in subsection (c)):

This retail transaction or these negotiations were conducted in (language), which is my native language. I voluntarily choose to have the retailer act as my interpreter during the negotiations. The obligations of the contract or other written agreement were explained to me in my native language. I understand the contract or other written agreement.

(signature of consumer) (signature of retailer)

38. Section 2B of the Consumer Fraud Act, 815 ILCS 505/2B, states in relevant part:

Where a sale of merchandise involving \$25 or more is made or contracted to be made whether under a single contract or under multiple contracts, to a

consumer by a seller who is physically present at the consumer's residence, that consumer may avoid the contract or transaction by notifying the seller within 3 full business days following that day on which the contract was signed or the sale was made and by returning to the person, in its original condition, any merchandise delivered to the consumer under the contract or sale. At the time the transaction is made or the contract signed, the person shall furnish the consumer with a fully completed receipt or contract pertaining to the transaction, in substantially the same language as that principally used in the oral presentation to the consumer, containing a "Notice of Cancellation" informing the consumer that he may cancel the transaction at any time within 3 days and showing the date of the transaction with the name and address of the person, and in immediate proximity to the space reserved in the contract for the consumer's signature or on the front page of the receipt if a contract is not used, a statement which shall be in bold face type, in at least 10-point type and in substantially the following form:

"YOU, THE CONSUMER, MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS TRANSACTION. SEE THE ATTACHED NOTICE OF CANCELLATION FORM FOR AN EXPLANATION OF THIS RIGHT."

Attached to the receipt or contract shall be a completed form in duplicate, captioned "NOTICE OF CANCELLATION" which shall be easily detachable and which shall contain in 10 point bold face type the following information and statements in the same language as that used in the contract:

NOTICE OF CANCELLATION

(enter date of transaction).....(Date)

YOU MAY CANCEL THIS TRANSACTION, WITHOUT ANY PENALTY OR OBLIGATION, WITHIN 3 BUSINESS DAYS FROM THE ABOVE DATE.

IF YOU CANCEL, ANY PROPERTY TRADED IN, ANY PAYMENTS MADE BY YOU, AND ANY NEGOTIABLE INSTRUMENT EXECUTED BY YOU UNDER THE CONTRACT OR TRANSACTION WILL BE RETURNED WITHIN 10 BUSINESS DAYS FOLLOWING RECEIPT BY THE SELLER OF YOUR CANCELLATION NOTICE, AND ANY SECURITY INTEREST ARISING OUT OF THE TRANSACTION WILL BE CANCELLED.

IF YOU CANCEL, YOU MUST MAKE AVAILABLE TO THE SELLER AT YOUR RESIDENCE IN SUBSTANTIALLY AS GOOD A CONDITION AS WHEN RECEIVED, ANY GOODS DELIVERED TO YOU UNDER

THIS CONTRACT OR TRANSACTION, OR YOU MAY IF YOU WISH, COMPLY WITH THE INSTRUCTIONS OF THE SELLER REGARDING THE RETURN SHIPMENT OF THE GOODS AT THE SELLER'S EXPENSE AND RISK.

IF YOU MAKE THE GOODS AVAILABLE TO THE SELLER AND THE SELLER DOES NOT PICK THEM UP WITHIN 20 DAYS OF THE DATE OF YOUR NOTICE OF CANCELLATION, YOU MAY RETAIN OR DISPOSE OF THE GOODS WITHOUT ANY FURTHER OBLIGATION. IF YOU FAIL TO MAKE THE GOODS AVAILABLE TO THE SELLER, OR IF YOU AGREE TO RETURN THE GOODS TO THE SELLER AND FAIL TO DO SO, THEN YOU REMAIN LIABLE FOR PERFORMANCE OF ALL OBLIGATIONS UNDER THE CONTRACT.

TO CANCEL THIS TRANSACTION, MAIL OR DELIVER A SIGNED AND DATED COPY OF THIS CANCELLATION NOTICE OR ANY OTHER WRITTEN NOTICE, OR SEND A TELEGRAM, TO (Name of seller), AT (address of seller's place of business) NOT LATER THAN MIDNIGHT OF (date).

I HEREBY CANCEL THIS TRANSACTION.

(Date)
.....(Buyer's signature)

39. 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 30 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;

(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.

"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 the 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.

40. 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.

41. 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.

42. Section 20 of the Mortgage Rescue Fraud Act, 765 ILCS 940/20, states in relevant

part:

(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.

43. Section 50(a) of the Mortgage Rescue Fraud Act, 765 ILCS 940/50(a), 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;

(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.

44. Section 3(d) of the Credit Services Organization Act, 815 ILCS 605/3(d), defines

“credit services organization” as follows:

“Credit Service Organization” means a person who, with respect to the extension of credit by others and in return for the payment of money or other valuable consideration, provides or represents that the person can or will provide any of the following services:

- (i) improving a buyer’s credit record, history, or rating;
- (ii) obtaining an extension of credit for a buyer; or
- (iii) Providing advice or assistance with respect to either (i) or (ii),

45. Section 5 of the Credit Services Organization Act, 815 ILCS 605/5(1), provides in

relevant part:

No credit services organization, its salespersons, agents or representatives, or any independent contractor who sells or attempts to sell the services of a credit services organization, shall:

- (1) charge or receive money or other valuable consideration prior to full and complete performance of the services the credit services organization has agreed to perform for or on behalf of the buyer, *unless the credit services organization has, in conformity with Section 10 of this Act, obtained a surety company licensed to do business in the state.*
(*Emphasis added*).

46. Section 6 of the Credit Services Organization Act, 815 ILCS 605/6, provides in

relevant part:

Before the execution of a contract or other form of agreement between a buyer and a credit services organization or before the receipt by any such organization of money or other valuable consideration, whichever occurs first, such organization shall provide the buyer with a statement, in writing,

containing the following:

- (4) a complete and detailed description of the services to be performed by the credit services organization and the total cost to the buyer for such services;
- (6) a statement asserting the buyer's right to proceed against the surety bond required under Section 10; and
- (7) the name and business address of any such surety company together with the name and the number of the account.

47. Section 7 of the Credit Services Organization Act, 815 ILCS 605/7, provides in relevant part:

(a) Each contract between the buyer and credit services organization for the purchase of the services of the credit services organization shall be in writing, dated, signed by the buyer, and shall include:

(1) a conspicuous statement in boldfaced type, in immediate proximity to the space reserved for the signature of the buyer, as follows:

"You, the buyer, may cancel this contract at any time before midnight of the third day after the date of the transaction. See attached notice of cancellation form for an explanation of this right;"

(2) the terms and conditions of payment, including the total of all payments to be made by the buyer, whether to the credit services organization or to another person;

(3) a full and detailed description of the services to be performed by the credit services organization for the buyer, including all guarantees and all promises of full or partial refunds, and the estimated date by which the services are to be performed or the estimated length of time for performing the services; and

(4) the address of the credit services organization's place of business and the name and address of its agent in the State authorized to receive service of process.

(b) The contract must have two easily detachable copies of a notice of cancellation. The notice must be in boldfaced type and in the following form:

"Notice of Cancellation"

"You may cancel this contract, without any penalty or obligation, within three

days after the contract is signed.

If you cancel, any payment made by you under this contract will be returned within 10 days after the date of receipt by the seller of your cancellation notice.

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

(Name of seller) at (address of seller) (place of business) not later than midnight (date).

I hereby cancel this transaction.”

(Date)

(Purchaser's signature)

(c) The credit services organization shall give to the buyer a copy of the completed contract and all other documents the credit services organization requires the buyer to sign at the time they are signed.

48. Section 9 of the Credit Services Organization Act, 815 ILCS 605/9, provides in relevant part:

(a) A credit services organization shall file a registration statement with the Secretary of State before conducting business in this State. The registration statement shall contain:

- (1) the name and address of the credit services organization;
- (2) the name and address of the registered agent authorized to accept service of process on behalf of the credit services organization;
- (3) the name and address of any person who directly or indirectly owns or controls 10 percent or more of the outstanding shares of stock in the credit services organization; and
- (4) the name, numbers, and location of the surety company issuing a surety bond maintained as required by Section 10 of this Act.

(b) The registration statement must also contain either:

- (1) a full and complete disclosure of any litigation or unresolved complaint filed with a governmental authority of this State, any other state or the United States relating to the operation of the credit services

organization; or

(2) a notarized statement that states that there has been no litigation or unresolved complaint filed with a governmental authority of this State, any other state or the United States relating to the operation of the credit services organization.

49. Section 10 of the Credit Services Organization Act, 815 ILCS 605/10, provides in relevant part:

If a credit services organization is required to obtain a surety bond pursuant to paragraph (1) of Section 5 of this Act, the following procedures are applicable:

(a) If a bond is obtained, a copy of it shall be filed with the Office of the Secretary of State.

(b) The required bond shall be in favor of the State of Illinois for the benefit of any person who is damaged by any violation of this Act. The bond shall also be in favor of any person Damaged by such practices....

(c) The bond shall be in the amount of \$100,000 and shall be maintained for a period of 2 years after the date that the credit services organization ceases operations.

STATUTORY REMEDIES

50. 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.

51. 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.

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 8 of the Credit Services Organization Act, 815 ILCS 605/8, provides:

Any contract for services which does not comply with applicable provisions of this article shall be void and unenforceable as contrary to public policy. Any waiver by a buyer of the provisions of this Act shall be deemed void and unenforceable by a credit services organization as contrary to public policy. Any attempt by a credit services organization to have a buyer waive rights granted by his Act shall constitute a violation of this Act.

54. Section 12 of the Credit Services Organization Act, 815 ILCS 605/12, provides:

The Attorney General, the State's Attorney of any county, or a buyer may bring an action in a circuit court to enjoin a violation of this Act. In addition to any injunction, the Attorney General or any State's Attorney of any county, in the name of the People of the State of Illinois, may seek to recover damages pursuant to this Act.

55. Section 15 of the Credit Services Organization Act, 815 ILCS 605/15, provides:

The remedies provided in this Act are in addition to other remedies provided

by law. A violation of this Act shall also constitute a violation of the Consumer Fraud and Deceptive Business Practices Act.

VIOLATIONS OF THE LAW

COUNT I

CONSUMER FRAUD AND DECEPTIVE BUSINESS PRACTICES ACT

56. Defendants, in their course of advertising, offering for sale and selling loan modification services and credit repair, have engaged in a course of trade or commerce which constitutes unfair and deceptive acts or practices declared unlawful under Section 2 of the Consumer Fraud Act by engaging in the following acts and practices:

- a. accepting monies from consumers and then failing to provide consumers the promised services or any services at all;
- b. representing to consumers that Defendants can assist homeowners with loan modifications, when in fact Defendants fail to complete – or even start – the loan modification process, putting consumers at risk of losing their homes; and
- c. failing to refund consumers' money even when defendants fail to perform or are unsuccessful in performing loan modification or credit repair services.

57. Defendants have engaged in trade or commerce which constitutes unfair and deceptive acts or practices declared unlawful under Section 2 of the Consumer Fraud Act, 815 ILCS 505/2 *et seq.*, by offering and providing credit repair services to consumers, but then:

- a. failing to disclose to consumers that Defendants are not and have never been a lawfully registered credit services organization;
- b. failing to provide consumers with a statement containing a complete and detailed description of the services Defendants are to perform and the total cost to

consumers for said services prior to executing a contract or an agreement, as required by the Credit Services Organization Act;

- c. accepting an upfront fee from consumers without obtaining and posting the surety bond required by the Credit Services Organizations Act.

58. Defendants have engaged in trade or commerce which constitutes unfair and deceptive acts or practices declared unlawful under Section 2 of the Consumer Fraud Act, 815 ILCS 505/2 *et seq.* by offering and providing distressed property consultation services to consumers, but then:

- a. failing to provide the requisite "Notice Required by Illinois Law" under the Mortgage Rescue Fraud Act;
- b. failing to provide the requisite "Notice of Cancellation" under the Mortgage Rescue Fraud Act;
- c. demanding, charging, collecting and/or receiving compensation from consumers for their homeownership consultation and/or foreclosure rescue services before fully performing any services, in violation of the Mortgage Rescue Fraud Act; and
- d. including a forfeiture clause in their contracts, constituting an attempt to induce consumers to waive their cancellation rights in violation of the Mortgage Rescue Fraud Act.

59. Defendants have engaged in trade or commerce which constitutes unfair and deceptive acts or practices declared unlawful under Section 2N of the Consumer Fraud Act, 815 ILCS 505/2N, by conducting retail transactions in Spanish where Defendants acted as Spanish-English interpreters, but then failing to provide consumers with a disclosure stating that the transaction was conducted in Spanish, that they voluntarily chose to have Defendants act as their

interpreter and that the written contract was explained to them and that they understood the written agreement.

60. Defendants have engaged in trade or commerce which constitutes unfair and deceptive acts or practices as declared unlawful under Section 2B of the Consumer Fraud Act, 815 ILCS 505/2B, by contracting for services for an amount over \$25 while physically present in the consumers' residences without providing the consumer with a Notice of Cancellation informing consumers of their right to cancel the transaction within three days.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff prays for the following relief:

A. A finding that Defendants OPPORTUNITY CONSULTANTS, RODRIGUEZ and TOMLINSON have engaged in trade or commerce within the meaning of Section 2 of the Consumer Fraud Act;

B. A finding that Defendants have violated Section 2 of the Consumer Fraud Act, 815 ILCS 505/2, by, but not limited to, the unlawful acts and practices alleged herein;

C. A finding that Defendants have violated Section 2N of the Consumer Fraud Act, 815 ILCS 505/2N, by, but not limited to, the unlawful acts and practices alleged herein;

D. A finding that Defendants have violated Section 2B of the Consumer Fraud Act, 815 ILCS 505/2B, by, but not limited to, the unlawful acts and practices alleged herein;

E. An order preliminarily and permanently enjoining Defendants from engaging in the business of assisting consumers with distressed property consulting or credit repair services in or from the State of Illinois;

F. An order preliminarily and permanently enjoining Defendants from engaging in the unlawful acts and practices alleged in the Complaint;

G. An order that Defendants identify all Illinois consumers who have entered into contracts with or paid application fees to Defendant relating to loan modifications and/or credit repair services since 2008;

H. An order declaring that all contracts entered into between Defendants and Illinois consumers by use of methods and practices declared unlawful are rescinded;

I. 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;

J. An order that Defendants disable and permanently shut down the website, <http://opportunityconsultantsinc.com>;

K. An order 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 the Defendants with intent to defraud; if the Court finds the Defendants have engaged in methods, acts or practices declared unlawful by the 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;

L. An order 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 the Defendants 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);

M. An order requiring the 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

- N. An order requiring Defendants to pay full restitution to Illinois consumers; and
- O. An order granting such other relief as this Honorable Court deems just and proper.

COUNT II

MORTGAGE RESCUE FRAUD ACT

61. Plaintiff re-alleges and incorporates Paragraphs 1–60 as Paragraph 61 of Count II.

62. Defendants at all relevant times operated as “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 loan modification services to avoid foreclosure or assist consumers in avoiding a sheriff’s sale and/or in reinstating their loan.

63. Defendants have violated Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, by using a contract that does not provide either the “Notice to Illinois Consumers” and/or “Notice of Cancellation” required by that section.

64. Defendants have violated Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, by including a “fee non-refundable” clause in their contract that allows Defendants to retain consumers’ payments. 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’ “fee non-refundable” clause attempts to prohibit consumers from exercising that right.

65. Defendants have violated Sections 20(b) and 50(a)(7) of the Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, by including a no refund clause in their Work Agreement, constituting an attempt to induce consumers to waive their cancellation rights. Sections 20(b) and 50(a)(7) of the Mortgage Rescue Fraud Act state that any attempt by a distressed property consultant to induce an owner to waive rights under the Act is a violation of the Act.

66. Defendants have violated Section 50(a)(1) of the Mortgage Rescue Fraud Act, 765 ILCS 940/50(a), by claiming, demanding, charging, collecting, and receiving compensation before fully performing the services.

67. Defendants have violated Section 20(b) and 50(a)(7) of the Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, by including a provision in its contract allowing it to collect a fee from consumers prior to beginning negotiations with lenders, when Section 50(a)(1) expressly prohibits distressed property consultants from charging, collecting or receiving any compensation until after fully performing all promised services. Sections 20 and 50(a)(7) of the Mortgage Rescue Fraud Act state that any attempt by a distressed property consultant to induce an owner to waive rights under the Act is a violation of the Act.

68. Defendants have violated Section 50(a)(7) of the Mortgage Rescue Fraud Act, 765 ILCS 940/50(a)(7), by inducing or attempting to induce consumers to waive the cancellation provisions in 765 ILCS 940/15.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff prays for the following relief:

- A. A finding that Defendants are “distressed property consultants” as defined by Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5;
- B. A finding that Defendants have violated Sections 10, 15, 20(b), 50(a)(1) and 50(a)(7) of the Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, by, but not limited to, the unlawful acts and practices alleged herein;
- C. A finding that in violating 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 preliminarily and permanently enjoining Defendants from engaging in any business which constitutes “distressed property consulting” as defined by Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, in or from the State of Illinois;

F. An order that Defendants identify all Illinois consumers who have entered into contracts with or paid application fees to Defendant relating to loan modifications and/or credit repair services since 2008;

G. An order declaring that all contracts entered into between Defendants and Illinois consumers by use of methods and practices declared unlawful are rescinded;

H. 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;

I. An order that Defendants disable and permanently shut down the website <http://opportunityconsultantsinc.com>;

J. An order assessing a civil penalty in the amount of Fifty Thousand Dollars (\$50,000) per violation of the Act found by the Court to have been committed by Defendants with the intent to defraud; if the Court finds that Defendants have engaged in methods, acts or practices declared unlawful by the 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;

K. An order 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 Defendants against a person 65 years of age and older as provided in Section 7 of the Consumer Fraud Act.;

L. An order 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;

M. An order requiring Defendants to pay full restitution to consumers; and

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

COUNT III

THE CREDIT SERVICES ORGANIZATION ACT

69. Plaintiff re-alleges and incorporates Paragraphs 1–68 as Paragraph 69 of Count III.

70. Defendants, at all times relevant hereto, operated as a credit services organization pursuant to the definition of such, found at Section 3(d) of the Credit Services Organization Act, 815 ILCS 605/3(d), since Defendants represent that they can negotiate with creditors to restore the consumer's credit score and help consumers preserve their credit rating.

71. Defendants have violated Section 5(1) of the Credit Services Organization Act, 815 ILCS 605/5(1), by charging or receiving money or other valuable consideration prior to full and complete performance of services without having the required \$100,000 surety bond.

72. Defendants have violated Section 6 of the Credit Services Organization Act, 815 ILCS 605/6, by failing to provide consumers with a contract containing a complete and detailed description of the services Defendants are to perform and the total cost to consumers for said services.

73. Defendants have violated Section 7 of the Credit Services Organization Act, 815 ILCS 605/7, by failing to provide consumers with the required "Notice of Cancellation."

74. Defendants have violated Section 9 of the Credit Services Act, 815 ILCS 605/9, by failing to file a registration statement with the Illinois Secretary of State, Index Division.

75. Defendants have violated Section 10 of the Credit Services Organization Act, 815 ILCS 605/10, by failing to post a copy of the \$100,000 surety bond with the Illinois Secretary of State, Index Division, prior to charging an upfront fee.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff prays for the following relief:

A. A finding that Defendants are operating a “credit services organization” as defined in Section 3(d) of the Credit Services Organization Act, 815 ILCS 605/3(d);

B. A finding that Defendants have violated Sections 5(1), 6, 7, 9 and 10 of the Credit Services Organization Act, 815 ILCS 605/5(1), 6, 7, 9 and 10, by, but not limited to, the unlawful acts and practices alleged herein;

C. A finding that in violating the Credit Services Organization Act, Defendants have, thereby, violated the Consumer Fraud Act;

D. An order preliminary and permanently enjoining Defendants from violating any and all sections of the Credit Services Organization Act, 815 ILCS 605/1 *et seq.*, including but not limited to, the unlawful acts and practices specified herein;

E. An order preliminarily and permanently enjoining Defendants from engaging in any business which constitutes a “credit services organization” as defined by Section 3(d) of the Credit Services Organization Act, 815 ILCS 605/3(d), in or from the State of Illinois;

F. An order that Defendants identify all Illinois consumers who have entered into contracts with or paid application fees to Defendant relating to loan modifications and/or credit repair services since 2008;

G. Declaring all contracts entered into between Defendants and Illinois consumers to be void and unenforceable as contrary to public policy;

H. That Defendants disable and permanently shut down the website, <http://opportunityconsultantsinc.com>;

I. Assessing a civil penalty in the amount of Fifty Thousand Dollars (\$50,000) per violation of the Act found by the Court to have been committed by Defendants with the intent to defraud; if the Court finds that Defendants have engaged in methods, acts or practices declared unlawful by the 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;

J. 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 Defendants against a person 65 years of age and older as provided in Section 7 of the Consumer Fraud Act;

K. 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;

L. Requiring Defendants to pay full restitution to Illinois consumers; and

M. 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

BY:



JAMES D. KOLE

Consumer Fraud Bureau, Chief



CECILIA ABUNDIS
Assistant Attorney General
Consumer Fraud Bureau

Attorney No. #99000

LISA MADIGAN
Illinois Attorney General

JAMES D. KOLE, Chief
Consumer Fraud Bureau

CECILIA ABUNDIS
JUNKO MINAMI
Assistant Attorney General
Consumer Fraud Bureau
100 W. Randolph St., 12th floor
Chicago, IL 60601
312/814-3000



State of Illinois
Executive Department

CERTIFICATE

To All To Whom These Presents Shall Come, Greeting:

I, JESSE WHITE, Secretary of State of the State of Illinois, do hereby certify that a search of the Credit Services Organizations records of this office indicates that **Opportunity Consultants, Inc., Juan C. Rodriguez and Mirta Tomlinson**, has not filed a Registration Statement or Bond, pursuant to the "Credit Services Organizations Act", 815 ILCS 605/1 et. seq.

IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois. Done at the City of Springfield, Illinois on **June 10, 2010**.

Jesse White

SECRETARY OF STATE



OPPORTUNITY CONSULTANTS INC.

FINANCIAL SERVICES

"When Time Matters"

WORK AGREEMENT

THIS AGREEMENT Date this 6 day of 4, 2009 by and between Illinois Consultant Services, Inc. hereinafter referred to as "Consultant", and [REDACTED] hereinafter referred to as "Client"

Address: [REDACTED] City: [REDACTED] State: Ill. ZIP: [REDACTED]

Phone Home: [REDACTED] Work: [REDACTED] Other: [REDACTED]

SSN of Client: [REDACTED] Date of Birth: [REDACTED]

SSN of Client: [REDACTED] Date of Birth: [REDACTED]

Evemen Servicing

FIRST MORTGAGE Lender: [REDACTED]

Account: [REDACTED] Phone: [REDACTED] Contact: [REDACTED]

Years Owned Home: [REDACTED] Original Balance: [REDACTED] Current Balance: [REDACTED] Current Value: [REDACTED]

Purchase Price: [REDACTED] Delinquency: [REDACTED] Monthly Payment: ~~779.20~~ 779.20

SECOND MORTGAGE

Loan Company: [REDACTED] Rate: [REDACTED] % Delinquency: [REDACTED] Current Balance: [REDACTED] Monthly Payment: ~~340.39~~ 340.39

INCOME HISTORY

Client's Employer: [REDACTED] Position: [REDACTED] How Long? [REDACTED] Gross Income: [REDACTED]

Spouse's Employer: [REDACTED] Position: [REDACTED] How Long? [REDACTED] Gross Income: [REDACTED]

Other Income: [REDACTED] Checking Account: [REDACTED] Savings Account: [REDACTED] Other Cash on Hand: [REDACTED]

SERVICES PERFORMED

- | | |
|---|---|
| <input type="checkbox"/> Review foreclosure notice for any inaccuracies | <input type="checkbox"/> Check on any pending sale date of property notice |
| <input type="checkbox"/> Continual consultation for proposed solution | <input type="checkbox"/> Consultation on financial and business matters |
| <input type="checkbox"/> Represent client on all phone call inquiries | <input type="checkbox"/> Negotiate with creditors and restore client's credit needs |
| <input type="checkbox"/> Reply to all correspondence related to monies due collection | <input checked="" type="checkbox"/> Assist on repayment plan if needed |
| <input type="checkbox"/> Inspection of property, and recommend improvement | <input type="checkbox"/> Search a title, liens, judgments, taxes, insurance and all financial obligations |
| <input type="checkbox"/> Onsite walk through to ascertain current value | <input checked="" type="checkbox"/> Assistance in avoiding foreclosure and sheriff's sale of property |
| <input type="checkbox"/> Clean up incorrect credit reports as per client information | |

- By exploring these relief and workout options with the borrower(s), we achieve a positive outcome by:
- Helping the borrower reinstate the mortgage and remain in the home.
 - Helping the borrower avoid foreclosure and the possibility of a deficiency judgment.
 - Helping the borrower preserve his or her credit rating.
 - Cure the delinquency and restore the loan to a performing status, reducing credit loss.

Best Explanation of Past or Present Credit Problems, if Any: [REDACTED]

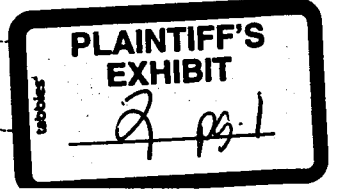
APPLICATION RECEIPT AMOUNT: \$ 450.00 Fee non refundable

PROPOSAL PLANS Reinstatement Redemption Deferment Loan Modification Refinance

INTEREST OF PROPOSED MORTGAGE: [REDACTED] MONTHLY PAYMENT [REDACTED]

Referred to a licensed lender

REPAYMENT PLAN After discharge of payment and qualified equity and after 6 payments on present workout



OPPORTUNITY CONSULTANTS INC. FINANCIAL SERVICES

Client's Responsibilities During Loss Mitigation Processing

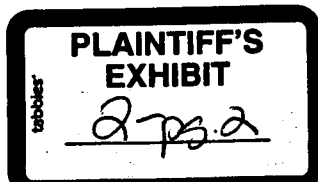
Please review and sign below. Requirements must be adhered to during the loss mitigation process for all FHA, VA, and conventional loans as follows:

1. Client understands that monthly deposits, equal to their mortgage payment, are to be saved during the process of procuring a loss mitigation alternative. These funds are NOT to be forwarded to lender unless otherwise directed, but are held in your trust until completion of loss mitigation work. Any additional funds should be set aside as well to affect a likelihood of client's ability to adhere to any workout options.
2. Client understands that they are to forward any correspondences received from lender or their agents (attorney, sheriff, courts etc.) to our office address below and/or via facsimile (FAX) at ~~(427) 348-0988~~ **IMMEDIATELY. 815-723-8952**
3. Client understands that they are not to negotiate or agree to terms of any loss mitigation alternative without first contacting the loss mitigation specialist handling their case file at our office.
4. Client understands that process of loss mitigation for some lenders can take as long as 1 to 60 days to complete. Most cases are completed less than 30 days. Although, we have experienced cases that have taken more than two years for lender to complete. However, this type of delay in completion time is a very rare occurrence.
5. Client understands if their current financial situation changes they are to inform the loss mitigation specialist handling their case file immediately.
6. Client understands they are to keep in constant contact with our office. Many situations may arise, such as, important questions or information may need to be addressed by client to our office and/or lender, investor and any government agency involved in reviewing their loss mitigation consideration. Your input may play an important role in approval in certain situations.
7. Client has indicated that there is (initials) or is not (initials) a sale date to foreclose on the property described as: _____
8. Client has indicated that the mortgage debt is not under any current bankruptcy proceedings with the US Bankruptcy court. _____ (Initial if correct).
9. Client understands that they are to make every attempt to provide the remaining documents to the _____ to affect a favorable resolution of their case. If client fails to make information available as outlined on Required Documents Checklist, and/or any other documentation necessary to affect the same, client breaches the working relationship and potentially forfeits any deposits in trust in the loss mitigation process with lender and/or the O. C. Inc.

I/We _____, understand the information contained in this form. I/We understand that breach of anyone of these provisions is a violation of our case file processing policy and could terminate our assisting you any further. I/We further acknowledge that violation of anyone of these provisions could result in the loss of our home to foreclosure and any funds in trust.

Executed this _____ day of _____, 20_____.

Client _____



TARJETA ←
DC PRESENTACION

841 Brian E
Crest Hill, IL 60406
Office: 815-723-8952
Fax: 815-723-8952

Mirta Tomlinsc
815-793-6366
Juan Carlos Rodrigue
630-278-9000

OpportunityCons@comcast.net

ATTORNEY CODE 99000

FILED

10:00 AM
COURT OF COOK
COUNTY, ILLINOIS
CHANCERY DIV.

DOROTHY BROWN
CLERK

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

THE PEOPLE OF THE STATE OF ILLINOIS,)

Plaintiff,)

-vs-)

WARREN JACKSON, individually and in his)
capacity as President and Agent of W2X INC.)
and Secretary and Agent of PTU I INC;)
YOLANDA KING, (a/k/a YOLANDA)
JACKSON), individually and as Managing)
Member and Agent of Y 2 X LLC and Secretary)
of GOLDBURG BAIL-OUT, INC.; W2X INC.,)
an involuntarily dissolved Illinois Corporation;)
PTU I INC., an Illinois Corporation; Y 2 X)
LLC, an Illinois Limited Liability Company,)
and GOLDBURG BAIL-OUT INC., an)
Illinois Corporation,)

Defendants.)

NO.

10CH25452

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 complains that
Defendants, WARREN JACKSON, YOLANDA KING (a/k/a YOLANDA JACKSON),
W2X INC., PTU 1 INC., Y 2 X LLC, and GOLDBURG BAIL-OUT INC., offered and
provided mortgage rescue services in the State of Illinois that violated Illinois law.

PUBLIC INTEREST

1. The State of Illinois and its citizens have been and will continue to be
adversely impacted by Defendants' unfair and deceptive practices as alleged in this

Complaint. Therefore, the Illinois Attorney General brings this action in the public interest of the citizens of the State of Illinois.

JURISDICTION AND VENUE

2. 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 Credit Service Organization Act, 815 ILCS 605/1 *et seq.*, the 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.

3. 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, in that the Defendants are doing business in Cook County. Furthermore, some of the transactions out of which this action arose occurred in Cook County.

PARTIES

4. 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/ *et seq.*, the Credit Service Organization Act, 815 ILCS 605/1 *et seq.*, and the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 *et seq.*

5. Defendant WARREN JACKSON is the President and registered agent of W2X INC. and the Secretary of PTU I INC. At all times relevant hereto, Defendant JACKSON managed, controlled, and had knowledge of the day to day activities of W2X INC. and PTU I INC. In addition, he is described as the "prime mover" of GOLDBURG

BAIL-OUT on the company's website. Furthermore, JACKSON had full authority to withdraw funds from the W2X and Y 2 X bank accounts and spend such funds at his discretion.

6. Defendant YOLANDA KING, also known as YOLANDA JACKSON, is the registered agent and the sole Managing Member of Y 2 X LLC. YOLANDA KING also had authority to withdraw funds from the Y 2 X bank account and spend such funds at her discretion. At all times relevant hereto, Defendant KING participated and had knowledge of the day to day activities of Y 2 X. Defendant KING is also an agent of W2X and the Secretary of GOLDBURG BAIL-OUT, INC.

7. Defendant W2X INC., an involuntarily dissolved Illinois corporation, had its principal place of business at 155 N. Michigan Avenue, Suite 552, Chicago, Illinois 60601. W2X, Inc. was incorporated on September 25, 2003, and was involuntarily dissolved on February 13, 2009. W2X offered to help consumers save their homes by brokering "sale-leaseback" transactions. W2X also offered to assist homeowners renegotiate residential mortgage loans and stop foreclosure actions.

8. Defendant Y 2 X LLC is, and at all times relevant hereto was, an Illinois limited liability company, registered on August 8, 2006, with its principal place of business at 8332 South Cottage Grove Avenue, Apartment 1-South, Chicago, Illinois, 60619. Y 2 X offers to help consumers save their homes by brokering "sale-leaseback" transactions.

9. Defendant PTU I INC. is, and at all times relevant hereto was, an Illinois corporation, that offered to help consumers having financial difficulty stay in their homes through "sale-leaseback" transactions. The company was incorporated on January 18,

1995 and its principal place of business is 155 N. Michigan Avenue, Suite 552, Chicago, Illinois 60601. PTU I is currently not in good standing with the Illinois Secretary of State's Office.

10. Defendant GOLDBURG BAIL-OUT INC. is an Illinois corporation incorporated on September 9, 1984, with a registered address of 1355 N. Sandburg Terrace, Chicago, Illinois 60610. GOLDBURG BAIL-OUT offers to assist homeowners renegotiate residential mortgage loans and stop foreclosure actions.

11. For purposes of this Complaint for Injunctive and Other Relief, any references to the acts and practices of Defendants WARREN JACKSON, YOLANDA KING, W2X INC., PTU 1 INC., Y 2 X LLC, and GOLDBURG BAIL-OUT INC. shall mean that such acts and practices are by and through the acts of JACKSON and KING and W2X INC., PTU 1 INC., Y 2 X LLC, and GOLDBURG BAIL-OUT INC.'s officers, members, owners, directors, employees, salespersons, representatives and/or other agents.

12. Because they acted cooperatively in carrying out the conduct alleged in this Complaint, Defendants WARREN JACKSON, YOLANDA KING, W2X INC., PTU 1 INC., Y 2 X LLC, and GOLDBURG BAIL-OUT INC are collectively referred to as "Defendants," unless otherwise specified, and each is responsible for the unlawful conduct alleged herein.

COMMERCE

13. Subsection 1(f) of the Consumer Fraud and Deceptive Business Practices 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.

14. Defendants are and were, at all relevant times hereto, engaged in trade and commerce in the State of Illinois, in that they advertised and provided distressed property consulting services to consumers having difficulty paying their mortgages in Illinois.

DEFENDANTS' BUSINESS PRACTICES

15. Defendants, WARREN JACKSON, YOLANDA KING, and W2X INC., find homeowners who are having difficulty paying their mortgages and promise to help them find a way out of their financial difficulties. Rather than helping consumers, they either take the title to the homeowner's property and strip almost all of the homeowner's equity utilizing Defendants W2X INC., Y 2 X LLC, and/or PTU I INC., or they use Defendant GOLDBURG BAIL-OUT to charge fees for financial consulting services that are never provided. In short, Defendants are in the business of extracting money out of homeowners already in financial distress, leaving them in a much worse condition than prior to the purported "help" from Defendants.

16. Defendants WARREN JACKSON and YOLANDA KING are the principal actors in these schemes. They use Defendants W2X, PTU I, Y 2 X, and GOLDBURG BAIL-OUT as the corporate entities through which they conduct their misdeeds.

17. Defendants target vulnerable homeowners by reviewing Illinois foreclosure filings. They then use telemarketing to advertise their services to these consumers whose homes are in the foreclosure process. Defendants also use word of

mouth and other means to advertise their distressed property consulting services to consumers.

18. To date, the Attorney General's Office has received eight complaints related to Defendants' unlawful business practices.

Equity Stripping Schemes

19. Defendants JACKSON, KING and W2X solicit homeowners who are in foreclosure, but have relatively small loans and substantial equity in their homes. Defendants appear to target senior citizens. These senior citizens are often unfamiliar with general practices in the residential mortgage loan industry.

20. Defendants work collectively to offer to help consumers by obtaining loans for them in the amount they need to get out of foreclosure.

21. In return for the loans, Defendants require the homeowners to sign over their houses to Defendants or someone affiliated with Defendants.

22. In some cases, however, the homeowners do not realize that they are giving up title to their homes. Instead, they believe that Defendants JACKSON and KING, through Defendants W2X, Y 2 X and PTU I, have merely refinanced their mortgage. They think they are making their "mortgage" payments to Defendants, but in reality, they are just paying rent to Defendants.

23. Under the guise of signing loan documents, Defendants give these homeowners warranty deeds or similar instruments that transfer title to their homes.

24. Some homeowners are told by Defendants that they are signing over title to their properties for a one to two year period. During this period, Defendants tell the homeowners that they can stay in their properties by paying rent.

25. In either case, Defendants JACKSON, KING and W2X promise that the homeowners' credit will improve during this period, but do not explain how. Defendants JACKSON, KING and W2X tell homeowners that they can then repurchase their homes at the end of this period. Defendants JACKSON, KING and W2X assure homeowners that getting loans will be easy because by then their credit will be in good shape.

26. In either case, Defendants then find investors to purchase the homeowners' houses.

27. These investors, generally referred to as "straw buyers," take title to the consumers' properties, but the consumers remain in their residences and pay the straw buyers rent.

28. Sometimes, the straw buyers are working in conjunction with Defendants JACKSON, KING and W2X or the Defendants themselves serve as the straw buyers.

29. Other times, the straw buyers are third parties. They are told that Defendants JACKSON, KING and W2X have an agreement with the original homeowners and that, under that agreement, the straw buyers will be able to help consumers facing foreclosure. The straw buyers can buy the houses, collect rent, and then either sell the houses back to the original homeowners after a one to two year period or just continue to rent the houses to the homeowners.

30. The straw buyers take out new mortgages on the homes to finance their purchase.

31. At the closings, usually the homeowners' existing obligations or encumbrances on the home are paid off.

32. In some cases, consumers were not present at the real estate closing and the Defendants used powers of attorney or joint venture papers.

33. The remaining proceeds, which are distributed by the title company and due to the homeowners, are actually deposited in bank accounts owned by Defendants JACKSON, KING, W2X, Y 2 X, and/or PTU I. This deprives the homeowners of the vast majority of the equity from the sale of their homes.

34. The Mortgage Rescue Fraud Act requires that homeowners receive a certain percentage of the loan proceeds. But, the homeowners are only paid a fraction of their homes' true value. Sometimes, homeowners are paid only half of the fair market value of their home. Other times they receive far less, in some instances as little as 15%.

35. The homeowners are generally unaware that they have lost the majority of the equity in their homes.

36. Defendants JACKSON, KING and W2X fail to determine or inquire as to whether the homeowners have the ability to afford the monthly payments that are being charged.

37. In some cases, the homeowners simply cannot afford the payments. The homeowners are unable to make the required payments to the straw buyers, causing the straw buyers to be unable to make the payments on the mortgages they obtained. The straw buyers default on their loans and the properties end up in foreclosure.

38. In other cases, the homeowners are able to make the monthly payments. Still, the properties sometimes go into foreclosure when the straw buyers fail to pay their mortgages as they are supposed to.

39. The homeowners are generally unable to repurchase their homes after a year or two as promised.

40. Ultimately, the homeowners' properties are typically lost through foreclosure when the straw buyers fail to pay the mortgages and the homeowners are faced with eviction – the exact situation that the homeowners attempted to avoid by obtaining Defendants' services in the first place. Even worse, the original homeowners lose any equity that they accumulated in their homes.

41. Defendants JACKSON, KING, W2X, Y 2 X, and PTU I are the only parties that profit from the transactions, due to the substantial fees they extract for each transaction.

42. Defendants JACKSON and KING deposit the fees collected through the transactions into bank accounts held in the name of either W2X, PTU I, Y2X, or GBO, and utilize the money in these accounts for business and personal use. Both JACKSON and KING use the accounts to purchase clothing, pay for medical services, pay tuition for their children, as well as other personal transactions.

43. The allegations in Paragraphs 13 through 42 are pled as the ultimate facts necessary to sustain the People's cause of action as to Defendants' equity stripping scheme. The allegations contained in Paragraphs 43 through 103 below are pled as supplemental evidentiary facts in order to illustrate how homeowners can fall victim to Defendants' equity stripping scheme. The People intend to use and discover additional evidentiary facts related to these and other homeowners in order to prove the ultimate facts above.

James Jenkins

44. One example of Defendants' equity stripping scheme involved James Jenkins. Mr. Jenkins purchased a home in Chicago, Illinois in 1988. Mr. Jenkins had two mortgages on his home, a first mortgage for approximately \$100,000 and a second mortgage for approximately \$18,000. His home was worth about \$235,000 at the time he became involved with Defendants.

45. In 2006, Mr. Jenkins fell behind on his payments on his first mortgage. The lender began foreclosure proceedings in October 2006. The lender requested an immediate payment of \$5000 to stop the proceedings, which Mr. Jenkins was unable to make.

46. In or about February 2007, Mr. Jenkins received a call from Defendant JACKSON. He offered to help Mr. Jenkins with his back mortgage payments. JACKSON visited Mr. Jenkins' home and stated that he could arrange for an investor to purchase Mr. Jenkins' home. According to JACKSON, Mr. Jenkins would then be able to rent his house for one year, and then buy it back from the investor.

47. JACKSON never discussed with Mr. Jenkins whether he would be able to afford the monthly rent payments due to the investor; JACKSON never told Mr. Jenkins how much it would cost to buy back his home after a year; and JACKSON never inquired whether Mr. Jenkins would be likely to secure financing to repurchase his home in a year.

48. In or about March 2007, JACKSON returned to Mr. Jenkins' home and had Mr. Jenkins sign an unidentified document. JACKSON told Jenkins that he would be able to stay in his home as long as he did not file for bankruptcy.

49. Subsequently, JACKSON visited Mr. Jenkins twice at work. On one visit, JACKSON gave Mr. Jenkins a check for \$500, but told Mr. Jenkins that he had to give JACKSON \$250 back from this check.

50. On JACKSON's next visit to Mr. Jenkins' workplace, JACKSON brought a second check for \$500, payable to Mr. Jenkins. Initially JACKSON requested that Mr. Jenkins endorse the check and gave it back to him but, after Mr. Jenkins protested, JACKSON said he could keep the check.

51. In total, Mr. Jenkins received \$750 from JACKSON.

52. On March 29, 2009, Mr. Jenkin's home was sold to Maurice Tisby for \$235,000.

53. Mr. Jenkins was not present at the closing, which took place at Title One, Inc. in Homewood, Illinois.

54. After payment for the two mortgages on the home and other closing costs and fees, the HUD settlement statement listed \$75,676.13 as the amount due to Mr. Jenkins.

55. The next day, March 30, 2007, Title One issued three checks made out to Mr. Jenkins for the proceeds of the sale of his home. The first check was for \$5,000 which Mr. Jenkins received. Mr. Jenkins did not receive the second check, which was for \$10,640. Mr. Jenkins did not endorse this check, but someone falsified his signature and signed the check over to Maurice Tisby. Mr. Jenkins did not receive the third check, which was for \$60,036.13. As with the second check, someone falsified his signature. Defendant YOLANDA KING signed this check and subsequently deposited it into an account at LaSalle Bank.

56. In or about April 2007, Mr. Jenkins signed an agreement to lease his home from Maurice Tisby for \$1200 a month. Tisby told Mr. Jenkins that his monthly mortgage payment on the home was \$1600, and that Defendant JACKSON gave him money to pay the difference between the rent and the mortgage payment. Mr. Jenkins made rent payments to Tisby for over a year. In November 2008, however, Mr. Jenkins became unable to afford the terms of the lease, stopped making payments and moved out of the home.

57. During a meeting with Tisby, Mr. Jenkins learned that JACKSON had taken \$60,036.13 from the proceeds of the sale of his home.

58. Prior to this meeting, Mr. Jenkins had been unaware that JACKSON had received this amount from the transaction. Mr. Jenkins never intended to transfer the vast majority of the equity in his home to JACKSON.

59. All told, Mr. Jenkins received \$5,750 in cash from the sale of his home and his two mortgages, which totaled \$118,596.67, were paid off. This sum represents only half of the home's fair market value of approximately \$235,000.

Zadie Ford

60. Another example of Defendants' equity stripping scheme involved Zadie Ford. Ms. Ford had purchased her Chicago, Illinois home in 1974. At the time of the fraud, Ms. Ford's home was worth at least \$204,250 and she had an outstanding mortgage of \$53,801.54.

61. In 2007, Ms. Ford, a 73 year old divorcee, suffered from deteriorating eyesight, hearing problems and declining mental abilities.

62. In 2007, Ms. Ford fell behind on her mortgage payments and, in February 2007, a foreclosure complaint was filed against her.

63. Ms. Ford was contacted by Defendant WARREN JACKSON who stated that his company, Defendant W2X, INC., could refinance the mortgage on Ms. Ford's home.

64. On July 20, 2007, JACKSON picked up Ms. Ford and took her to his offices on North Michigan Avenue.

65. At this time, alone and without a notary present, JACKSON had Ms. Ford sign a number of documents. JACKSON told Ms. Ford that she needed to sign these documents in order to refinance her home.

66. In reality, these documents included a warranty deed that transferred title of Ms. Ford's home to Christopher Hill. Ms. Ford had never met Christopher Hill. Ms. Ford was unaware that she transferred title to her home.

67. After signing the documents at the W2X offices, JACKSON took Ms. Ford to a closing at Title One Inc. in Homewood, Illinois. Present at the closing were Defendants JACKSON and YOLANDA KING, Diedre Mathews, an employee of Title One, and Christopher Hill.

68. Ms. Ford believed that the closing was for a \$5,000 loan to help her get out of foreclosure.

69. Ms. Ford asked JACKSON how she should repay her new loan, and JACKSON stated that she could make payments to him or Mr. Hill.

70. Defendants JACKSON, KING and W2X instructed Ms. Ford to sign the documents transferring title to her home without reading or understanding them. Ms. Ford was never told that she was transferring title of her home in exchange for \$5,000.

71. On July 20, 2007, Ms. Ford's home was sold to Christopher Hill for \$215,000.00. The HUD-1 settlement statement lists the cash due to the seller, Ms. Ford, as \$150,556.54.

72. On July 24 and 25, 2007, Title One issued three checks distributing the proceeds from the sale of Ms. Ford's home. Around the end of July 2007, Title One delivered a check for \$5,000 to Ms. Ford. This check represented the total proceeds that Ms. Ford received from the sale of her home.

73. Ms. Ford did not receive the second check, which was made payable to her for the sum of \$12,000. Ms. Ford did not receive the third check, which was made payable to her for the sum of \$133,556.54. Ms. Ford's endorsement was falsified on both of these checks. Defendant KING signed the checks and subsequently deposited them into an account at LaSalle Bank.

74. All told, \$145,556.54 of the proceeds designated in the closing statement as due to Ms. Ford ended up in a bank account controlled by Defendant KING.

75. Including the retirement of the mortgage on her home, Ms. Ford received consideration totaling \$69,443.46 from the sale of her home, less than 33% of the fair market value of her home.

76. From August 2007 to July 2008, Ms. Ford made monthly payments to Christopher Hill.

77. In late July 2008, Ms. Ford's son learned that her home was no longer in her name.

78. By that time, Christopher Hill had made at most two payments on the mortgage he secured to purchase Ms. Ford's home. A foreclosure action had been filed on the property and the lender had received a foreclosure judgment on July 1, 2008.

79. After discovering the fraudulent conveyance of title to her home, Ms. Ford has initiated a civil law suit to quiet title and for other equitable relief.

Johnnie Johnson

80. Another example of Defendants' equity stripping scheme involved victim Johnnie Johnson. In 2006, Ms. Johnson, who was in her early 80s at the time, had a mortgage of \$90,000 on her home in Chicago, Illinois.

81. In the fall of 2006, Ms. Johnson was behind on her mortgage payments. In October 2006, a foreclosure complaint was filed against her.

82. That month, Ms. Johnson received a call from Coprice Jones of Defendant W2X.

83. Ms. Johnson had previously granted an interest in her home to her granddaughters, Thelma Johnson and LaTonya Temple. Jones arranged to meet with Thelma and Johnnie Johnson.

84. At this meeting, Jones told Thelma and Ms. Johnson that W2X, Inc. could get Ms. Johnson's home out of foreclosure. Jones made arrangements for Thelma and Johnnie Johnson to meet his boss, Defendant WARREN JACKSON, at the W2X offices.

85. On or about October 16, 2006, Ms. Johnson and her granddaughters met JACKSON at W2X, Inc's office on North Michigan Avenue.

86. JACKSON told Ms. Johnson that W2X was a mortgage company and that he could get Ms. Johnson a lower interest rate on her mortgage. JACKSON told Ms. Johnson that he and W2X helped people in foreclosure stay in their homes and obtain lower interest rate mortgages.

87. At no time during the meeting did JACKSON tell Ms. Johnson and her granddaughters that he intended to sell Ms. Johnson's home.

88. In November 2006, JACKSON contacted Ms. Johnson and told her to meet him at an address in Homewood, Illinois.

89. On the arranged day, Johnnie Johnson and her granddaughters went to the address, which turned out to be the offices of Title One Inc.

90. JACKSON was present at Title One Inc. and Ms. Johnson and her granddaughters were introduced to Defendant YOLANDA KING.

91. Over the course of about an hour, JACKSON asked the Ms. Johnson and her granddaughters about various loans, mortgages, and debts on the house.

92. JACKSON refused to answer questions from Thelma Johnson about why they were at a title company and why JACKSON appeared to be selling Ms. Johnson's home.

93. JACKSON finally responded by saying that he had received a letter from Ms. Johnson's lender and that if Ms. Johnson and her granddaughters did not do what he told them Ms. Johnson would be "set out on the street."

94. At the end of the meeting, Ms. Johnson and her granddaughters did not receive any documents or checks from JACKSON, KING, W2X or Title One Inc.

95. A short time after the meeting at Title One, JACKSON delivered a check to Ms. Johnson for \$12,000.

96. JACKSON told Ms. Johnson that he was the owner of her home, and that the monthly rent for her home would be \$2,200.

97. In January 2007, Ms. Johnson, through her granddaughter Thelma Johnson, began making payments to Defendants JACKSON and KING.

98. Over the course of the next year, Ms. Johnson made eight payments ranging in value from \$1700 to \$2,500. The eight money orders were made payable to different parties, including JACKSON, YOLANDA KING, YOLANDA JACKSON, and YOLANDA KING Y 2 X LLC. The money orders were endorsed by these different parties or jointly by both JACKSON and KING.

99. In April 2007, KING transferred title to Ms. Johnson's home to Defendant PTU I.

100. In or about January 2008, Ms. Johnson moved out of her home due to numerous building code violations cited by the City of Chicago.

101. Over the next six months Thelma Johnson repeatedly called JACKSON to inquire about the repairs to her grandmother's home. JACKSON continually claimed that he was working to get Ms. Johnson back in her home.

102. Johnnie Johnson died on October 1, 2008. Ms. Johnson's home has been vacant since February 2008.

103. Ms Johnson's granddaughters were never able to re-purchase the home.

Rescue Consulting Scheme

104. In addition to the equity stripping schemes in which consumers lose title to their homes and unknowingly become renters, in some cases Defendants JACKSON, KING and GOLDBURG BAIL-OUT also find homeowners facing foreclosure and offer to help them obtain loan modifications or find a bank to refinance their mortgage. But these Defendants actually take money from consumers for foreclosure consulting services that are never actually provided.

105. Defendants JACKSON, KING and GOLDBURG BAIL-OUT contact individual consumers by phone and offer to help lower their monthly mortgage payments.

106. Defendants also market their foreclosure consulting services through GOLDBURG BAIL-OUT's website, www.westopthekillings.org/gbo/.

107. On some occasions homeowners meet with Defendants JACKSON and/or KING at Defendants JACKSON, KING, W2X, and PTU I's offices at 155 N. Michigan Ave., Chicago, Illinois.

108. Before providing any services, however, Defendants JACKSON, KING and GOLDBURG BAIL-OUT require consumers to pay an upfront fee, in direct violation of the Mortgage Rescue Fraud Act.

109. In some cases, Defendants JACKSON, KING and GOLDBURG BAIL-OUT counsel homeowners that they will be able to either reduce the principal of their loans or get \$10,000 in cash for the consumers through a process described as "shorting the mortgage."

110. As described in Defendant JACKSON, KING and GOLDBURG BAIL-OUT's promotional materials, shorting the mortgage involves individuals facing foreclosure requesting that their lenders cut their loans' principal in half. If the lenders

do not agree to do so, the consumers can file Chapter 13 bankruptcy. This filing will cause the lenders to lose \$10,000 and the homeowners will receive \$10,000. Defendants' promotional materials do not explain from whom the homeowners will receive the \$10,000.

111. Consumers, for whom Defendants JACKSON, KING and GOLDBURG BAIL-OUT promised loan modifications or a \$10,000 payment, fail to receive either.

112. Furthermore, Defendants JACKSON, KING and GOLDBURG BAIL-OUT fail to provide homeowners with a written notice of their right to rescind contracts for these foreclosure services as required by Sections 10 and 15 of the Mortgage Rescue Fraud Act.

APPLICABLE STATUTES

Mortgage Rescue Fraud Act, 765 ILCS 940/1 et seq.

113. Prior to April 6, 2009, Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, provided as follows:

“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 loss of the home due to nonpayment of taxes;

(2) obtain any forbearance from any beneficiary of mortgagee, or relief with respect to a tax sale of the property;

...

(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

"Distressed property purchaser" means any person who acquires any interest in fee in a distressed property...or any person who participates in a joint venture or joint enterprise involving a distressed property conveyance.

"Distressed property conveyance" means a transaction in which an owner of a distressed property transfers an interest in the distressed property...; the acquirer of the property allows the owner of the distressed property to occupy the property; and the acquirer of the property or a person acting in participation with the acquirer of the property conveys or promises to convey an interest in fee back to the owner or gives the owner an option to purchase the property at a later date.

114. After April 6, 2009, the italicized portion of Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, was amended as follows:

"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 30 days delinquent on any loan that is secured by the property.

115. Section 50(a) of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, states that it is a violation of the that 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 he or she would perform;
- (2) claim, demand, charge, collect, or receive any fee, interest, or any compensation for any reason that exceeds 2 monthly mortgage payments of principal and 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.

116. Section 50(b) of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, states that it is a violation of that Act for a distressed property purchaser, in the course of a distressed property conveyance to:

- (1) enter into, or attempt to enter into, a distressed property conveyance unless the distressed property purchaser verifies and can demonstrate that the owner of the distressed property has a reasonable ability to pay for the subsequent conveyance of an interest back to the owner of the distressed property and to make monthly or any other required payments due prior to that time;
- (2) fail to make a payment to the owner of the distressed property at the time of the title is conveyed so that the owner of the distressed property has received consideration in an amount of at least 82% of the property's fair market value...;
- (3) enter into a repurchase or lease terms as part of the subsequent conveyance that are unfair or commercially unreasonable, or engage in any other unfair conduct;

(4) represent, directly or indirectly, that the distressed property purchaser is acting as an advisor or a consultant, or in any other manner represent that the distressed property purchaser is acting on behalf of the homeowner, or the distressed property purchaser is assisting the owner of the distressed property to “save the house”, “buy time”, or do anything couched in substantially similar language;

...
(6) do any of the following until after the time during which the owner of the distressed property may cancel the transaction:

(A) accept from the owner of the distressed property an execution of any instrument of conveyance of any interest in the distressed property;

(B) induce the owner of the distressed property to execute an instrument of conveyance of any interest in the distressed property; or

(C) record with the county recorder of deeds any document signed by the owner of the distressed property, including but not limited to any instrument of conveyance;

...
(8) induce the owner of the distressed property to execute a quit claim deed when entering into a distressed property conveyance;

(9) enter into a distressed property conveyance where any party to the transaction is represented by power of attorney;

...
(11) fail to complete a distressed property conveyance before a notary in the office of a title company licensed by the Department of Financial and Professional Regulation, before an agent of such a title company, a notary in the office of a bank, or a licensed attorney where the notary is employed; or

(12) cause the property to be conveyed or encumbered without the knowledge or permission of the distressed property owner, or in any way frustrate the ability of the distressed property owner to complete the conveyance back to the distressed property owner.

Credit Services Organization Act, 815 ILCS 605/1 et seq.

117. Section 3(d) of the Credit Services Organization Act, 815 ILCS 605/3(d),

provides:

"Credit Services Organization" means a person who, with respect to the extension of credit by others and in return for the payment of money or other valuable consideration, provides, or represents that the person can or will provide, any of the following services:

- (i) improving a buyer's credit record, history, or rating;
- (ii) obtaining an extension of credit for a buyer; or
- (iii) providing advice or assistance to a buyer with regard to either subsection (i) or (ii).

118. Section 5 of the Credit Service Organization Act, 815 ILCS 605/5,

provides in relevant part that:

No credit services organization, its salespersons, agents, representatives, or any independent contractor who sells or attempts to sell the services of a credit services organization shall:

- (1) Charge or receive money or other valuable consideration prior to full and complete performance of the services the credit services organization has agreed to perform for or on behalf of the buyer, unless the credit services organization has, in conformity with Section 10 of this Act, obtained a surety bond issued by a surety company licensed to do business in this State.
- ...
- (4) Make or use any untrue or misleading representations in the offer or sale of the services of a credit services organization or engage, directly or indirectly, in any act, practice or course of business intended to defraud or deceive a buyer in connection with the offer or sale of such services[.]

119. Section 6 of the Credit Service Organization Act, 815 ILCS 605/6, states

in relevant part:

Before the execution of a contract or other form of agreement between a buyer and a credit services organization or before the receipt by any such organization

of money or other valuable consideration, whichever occurs first, such organization shall provide the buyer with a statement, in writing, containing the following:

- ...
- (4) a complete and detailed description of the services to be performed by the credit services organization and the total cost to the buyer for such services;

...

 - (6) a statement asserting the buyer's right to proceed against the surety bond required under Section 10; and

 - (7) the name and business address of any such surety company together with the name and the number of the account.

120. Section 8 of the Credit Service Organization Act, 815 ILCS 605/8, states in relevant part that:

Any contract for services which does not comply with applicable provisions of this article shall be void and unenforceable as contrary to public policy. Any waiver by a buyer of the provisions of this Act shall be deemed void and unenforceable by a credit services organization as contrary to public policy. Any attempt by a credit services organization to have a buyer waive rights granted by this Act shall constitute a violation of this Act.

121. Section 9(a) of the Credit Service Organization Act, 815 ILCS 605/9(a), states in relevant part that:

A credit services organization shall file a registration statement with the Secretary of State before conducting business in this State.

122. Section 10 of the Credit Service Organization Act, 815 ILCS 605/10, states in relevant part that:

If a credit services organization is required to obtain a surety bond pursuant to paragraph (1) of Section 5 of this Act, the following procedures shall be applicable:

- (a) If a bond is obtained, a copy of it shall be filed with the Office of the Secretary of State.

(b) The required bond shall be in favor of the State of Illinois for the benefit of any person who is damaged by any violation of this Act. The bond shall also be in favor of any person damaged by such practices. Any person claiming against the bond for a violation of this Act may maintain an action at law against the credit services organization and against the surety. The surety shall be liable only for actual damages and not the punitive damages permitted under Section 11(b) of this Act. The aggregate liability of the surety to all persons damaged by a credit services organization's violation of this Act shall in no event exceed the amount of the bond.

(c) The bond shall be in the amount of \$100,000 and shall be maintained for a period of 2 years after the date that the credit services organization ceases operations.

Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2 et seq.

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

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.

COUNT I

VIOLATIONS OF THE MORTGAGE RESCUE FRAUD ACT, 765 ILCS 940 et seq

124. Defendants, JACKSON, KING, W2X AND GBO, have violated Section 50(a)(1) of the Mortgage Rescue Fraud Act, 765 ILCS 940 *et seq.*, by claiming, demanding, charging, collecting, and receiving compensation before fully performing each service they contracted or represented that they would perform.

125. Defendants, JACKSON, KING, W2X AND GBO, have violated Section 50(a)(2) of the Mortgage Rescue Fraud Act, 765 ILCS 940 *et seq.*, by claiming, demanding, charging, collecting and receiving a fee, interest, or other compensation that exceeded two monthly mortgage payments of principal and interest on the distressed property.

126. Defendants, JACKSON, KING, W2X AND GBO, have violated Section 50(a)(7), by inducing an owner to enter a contract that does not comply in all respects with Section 10 and 15 of this Act.

127. Defendants, JACKSON, KING, W2X, Y 2 X, AND PTU I, have violated Section 50(b)(1) of the Mortgage Rescue Fraud Act, 765 ILCS 940 *et seq.*, by entering into a distressed property conveyance without verifying that the owner of the distressed property had a reasonable ability to pay for the subsequent conveyance of an interest back to the owner of the distressed property and to make monthly or any other required payments due prior to the reconveyance of the property.

128. Defendants, JACKSON, JACKSON, KING, W2X, Y 2 X, AND PTU I, have violated Section 50(b)(2), by failing to make a payment to the owner of the distressed property at the time the title was conveyed so that the owner of the distressed property received consideration in an amount of at least 82% of the property's fair market value.

129. Defendants, JACKSON, KING, W2X, Y 2 X, AND PTU I, have violated Section 50(b)(3), by entering into lease terms as part of a subsequent conveyance that are unfair and commercially unreasonable;

130. Defendants, JACKSON, KING, W2X, Y 2 X, AND PTU I, have violated Section 50(b)(4), by representing that the distressed property purchaser was assisting the owner of the distressed property to "save the house from foreclosure."

131. Defendants, JACKSON, KING, W2X, Y 2 X, AND PTU I, have violated Section 50(b)(6), by accepting from the owner of the distressed property an execution of an instrument of conveyance of title in the distressed property; inducing the owner of the distressed property to execute an instrument of conveyance of title in the distressed property; recording with the county recorder of deeds documents signed by the owner of the distressed property; and doing so during the time in which the owner of the distressed property could have cancelled the transaction;

132. Defendants, JACKSON, KING, W2X, Y 2 X, AND PTU I, have violated Section 50(b)(9), by entering into a distressed property conveyance where any party to the transaction is represented by power of attorney;

133. Defendants, JACKSON, KING, W2X, Y 2 X, AND PTU I, have violated Section 50(b)(12), by causing the property to be conveyed without the knowledge or permission of the distressed property owner.

REMEDIES – COUNT I

134. Section 55(a) of the Mortgage Rescue Fraud Act, 765 ILCS 940/55(a) states as follows:

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 – COUNT I

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

- A. Finding that Defendants have engaged in acts and practices in violation of Section 50(a) and Section 50 (b) of the Mortgage Rescue Fraud Act;
- B. 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 hereinabove;
- C. 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 such consumers;
- D. Revoking any and all of Defendants' licenses to do business in Illinois;
- E. An order assessing a civil penalty in the amount of \$50,000 per violation of the Mortgage Rescue 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 Mortgage Rescue Fraud Act, without intent to defraud, then assessing a statutory civil penalty of \$50,000, all as provided in Section 7 of the Consumer Fraud Act;

- F. Assessing an additional civil penalty in the amount of \$10,000 per violation of the Mortgage Rescue 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(c) of the Consumer Fraud Act;
- G. Requiring Defendants to pay the costs for the investigation and prosecution of this action as provided under Section 10 of the Consumer Fraud Act;
- H. Requiring Defendants to pay restitution to consumers; and
- I. Granting such other relief as this Honorable Court deems just and proper.

COUNT II

**VIOLATIONS OF THE CREDIT SERVICES ORGANIZATIONS ACT,
815 ILCS 605/1 et seq.**

135. The People reallege and adopt herein by reference paragraphs 1-109 into Count II.

136. Defendants, JACKSON, KING, W2X AND GBO, have represented that they will provide consumers with an extension of credit. In the course of providing the extension of this credit Defendants have violated Sections 5, 6, 9(a), 10 of the Credit Service Organizations Act, 815 ILCS 605, by:

- a. Receiving money prior to full and complete performance of the services agreed to perform on behalf of the buyer, namely securing them a loan;
- b. Making untrue or misleading representations in offering their services of their credit service organization and engaging in practices and courses of business intended to defraud and deceive consumers;

- c. Failing to provide consumers, before the execution of a contract, a statement that complies with Section 6 of the Credit Services Organizations Act, 815 ILCS 605/6;
- d. Failing to file a registration statement with the Secretary of State that complies with Section 9 of the Credit Service Organizations Act, 815 ILCS 605/9; and
- e. Failing to follow the procedures under Section 10 of the Credit Service Organizations Act, 815 ILCS 605/10, for obtaining a surety bond.

REMEDIES – COUNT II

137. Section 12 of the Credit Service Organization Act, 815 ILCS 605/12, states as follows:

The Attorney General, the State's Attorney of any county, or a buyer may bring an action in a circuit court to enjoin a violation of this Act. In addition to any injunction, the Attorney General or any State's Attorney or any county, in the name of the People of the State of Illinois, may seek to recover damages pursuant to this Act.

138. Section 15 of the Credit Services Organization Act, 815 ILCS 605/15, states as follows:

The remedies provided by this Act are in addition to other remedies provided by law. A violation of this Act shall also constitute a violation of the Consumer Fraud and Deceptive Business Practices Act.

PRAYER FOR RELIEF – COUNT II

A. A finding that Defendants violated Sections 5, 6, 9(a) and 10 of the Credit Services Organization Act;

- B. An order temporarily, preliminarily and permanently enjoining Defendants from acts or practices that violate the Illinois Credit Services Organization Act, including but not limited to, the unlawful acts and practices specified hereinabove;
- C. An order temporarily, preliminarily and permanently enjoining Defendants from engaging in trade or commerce of advertising, offering for sale and selling the services of credit services organization in the State of Illinois;
- D. An order assessing a civil penalty in the amount of \$50,000 per violation of the Credit Services Organization Act found by the Court to have been committed by Defendants with intent to defraud; and if the Court finds that these Defendants have engaged in methods, acts, or practices declared unlawful by the Credit Services Organization Act, without intent to defraud, then assessing a statutory civil penalty of \$50,000 per Defendants, all as provided in Section 7 of the Consumer Fraud Act;
- E. An order declaring void and unenforceable any contract for services which does not comply with the applicable provisions of the Credit Services Organization Act;
- F. An order assessing an additional civil penalty in the amount of \$10,000.00 per violation of the Credit Services Organization 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 Consumer Fraud Act; and
- G. An order granting such other relief as this Honorable Court deems just and proper

COUNT III

**VIOLATIONS OF THE CONSUMER FRAUD AND DECEPTIVE BUSINESS
PRACTICES ACT, 815 ILCS 505/2**

139. The People reallege and adopts herein by reference paragraphs 1-109 into Count III.

140. Defendants, JACKSON, KING, W2X, Y 2 X, PTU I, and GBO have engaged in a course of trade or commerce which constitutes unfair and/or deceptive acts and practices declared unlawful under Section 2 of the Consumer Fraud Act, 815 ILCS 505/2, by:

- a. violating Section 50(a) of the Mortgage Rescue Fraud Act, 765 ILCS 940/50(a);
- b. violating Section 50(b) of the Mortgage Rescue Fraud Act, 765 ILCS 940/50(b);
- c. violating Sections 5, 6, 9(a), and 10 of the Credit Services Organization Act, 815 ILCS 605/5;
- d. misrepresenting to consumers that they were securing loans for the consumers in order to get them out of foreclosure, when in fact Defendants were transferring title to the property and converting the homeowner's equity into cash for the benefit of the Defendants;
- e. inducing consumers to enter into transactions and execute documents by misrepresenting to consumers that the title to their property would be conveyed without their knowledge thus causing consumers to receive less equity than they would have if they sold their homes or allowed the homes to remain in foreclosure;

- f. failing to provide consumers with completed copies of paperwork that was signed;
- g. allowing real estate closings to take place without the consumer being present by misrepresenting the purpose of power of attorneys;
- h. misrepresenting to Consumers the nature and the amount of the fees that consumers would pay as a result of the transaction;
- i. misrepresenting to consumers that they were providing them with loans, when in fact they were taking title from homeowners and selling their homes; and
- j. forging consumers' signatures on checks and/or utilizing power of attorney or joint venture papers in order to direct funds intended for consumers into Defendants' bank accounts.

REMEDIES – COUNT III

141. Section 7 of the Consumer Fraud and Deceptive Business Practices 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 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.

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.

142. Section 10 of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/10, provides that in any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for use of this State.

PRAYER FOR RELIEF – COUNT III

WHEREFORE, Plaintiff prays that this honorable Court grant the follow 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 temporarily, preliminarily, and permanently enjoining the Defendants from engaging in those acts and practices found in violation of Section 2 of the Illinois Consumer Fraud Act;
- D. An order assessing a civil penalty in the amount of \$50,000 per violation of the Consumer Fraud Act found by the Court to have been committed by Defendants with intent to defraud; if the Court does not find that Defendants have engaged in methods, acts, or practices declared unlawful by the Act, with intent to defraud,

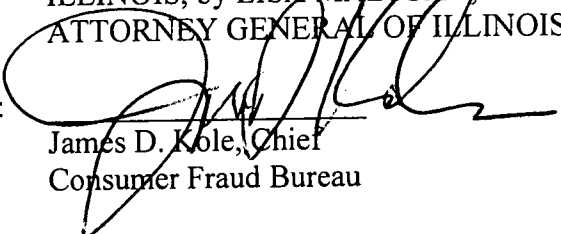
then assessing a statutory civil penalty of \$50,000, all as provided in Section 7 of the Consumer Fraud Act;

- E. An order assessing an additional civil penalty in the amount of \$10,000 per violation of the Consumer Fraud and Deceptive Business Practices Act found by the Court to have been committed by the Defendants against a person 65 years of age and older as provided in Section 7(c) of the Consumer Fraud Act;
- F. An order requiring Defendants to pay the costs for the investigation and prosecution of this action as provided under Section 10 of the Consumer Fraud Act;
- G. An order requiring Defendants to pay restitution to consumers harmed by Defendants unfair and deceptive business practices; and
- H. 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,
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