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MADIGAN CONDUCTS MORTGAGE FRAUD SWEEP, FILES FOUR LAWSUITS AGAINST CHICAGO AREA MORTGAGE SCAMS

Attorney General Joins Multi-Agency Task Force to Crack Down on Foreclosure "Rescue" and Consumer Debt Schemes

Chicago — Attorney General Lisa Madigan today filed lawsuits against four Chicago area companies and licensed attorneys for operating fraudulent mortgage rescue or loan modification schemes that illegally charged consumers as much as \$375,000 for little, if any, help to stay in their homes and avoid foreclosure.

Madigan's actions are part of a multi-agency effort to crack down on a growing number of Illinois attorneys and loan modification operators who illegally exploit a provision in the 2006 Mortgage Rescue Fraud Act that allows lawyers to collect upfront fees from homeowners for mortgage rescue services in the course of legitimate legal work. While the businesses use attorneys as the face of their operations in order to charge upfront fees, in reality the attorneys performed no legal work on behalf of homeowners. Madigan said their failure to provide legal services left consumers at an even greater risk of losing their homes to foreclosure.

"By now, we've all seen the ads from so-called 'loan mod consultants' or 'mortgage rescuers,' claiming they'll save your house from foreclosure," Attorney General Madigan said. "Please know these operations are run by con artists who have started to use attorneys as sham fronts. These operators are scamming families out of thousands of dollars and actually making foreclosure more likely."

The Attorney General filed suit today in Cook County Circuit Court against ZeTrust Legal Services, of Chicago; Legal Modification Network LLC, based in Woodridge; Loan Litigators International LLC, a now defunct company that operated out of Lombard; and Exelpol Management & Consulting Inc, a dissolved corporation based in Schaumburg.

The Attorney General has formed a task force with a number of local, state and federal agencies to target this emerging trend among lawyers: The Federal Trade Commission, the Illinois Department of Financial and Professional Regulation, the Cook County State's Attorney's Office, the City of Chicago and the Better Business Bureau.

As part of the task force efforts, the Cook County State's Attorney's Office today filed a similar lawsuit in Cook County Circuit Court against an Arlington Heights-based loan modification and debt settlement company, Legal Housing and Debt Advisor LLC, along with Jason Tong, its managing member and principal owner. The suit alleges Tong's company solicited struggling homeowners and offered to have an attorney negotiate with their lender to obtain a lower monthly payment. Tong is alleged to have collected upfront fees of \$1,000 each from multiple victims without providing the promised legal services or reducing their mortgage payments.

State's Attorney Anita Alvarez thanked Attorney General Madigan for her partnership and said her office remains committed to attacking the systemic problem of mortgage fraud at all levels.

"During these difficult economic times, many homeowners are looking for help with refinancing their high interest mortgages, restructuring their upside down mortgages, or they may be facing foreclosure," Alvarez said. "Increasingly we are seeing corrupt individuals attempt to take advantage of a person's desperate housing situation and that is something that we will continue to investigate and crack down on utilizing all possible legal remedies."

Task force member Illinois Department of Financial and Professional Regulation has investigated almost 200 companies since December 2009, for illegal or unlicensed activities involving loan modifications and other financial transactions, leading to fines in excess of \$600,000. Several cases involved attorneys who were not licensed as mortgage professionals, including the Crawford Law Group and John Crawford, a California attorney who offered an Illinois customer an unsolicited mortgage. Crawford has since been prohibited from practicing law in his home state.

In her lawsuits filed today, Madigan said ZeTrust and its owner, attorney Daniel Scott, marketed loan modification services almost exclusively to consumers in Chicago area Polish communities. Not only did ZeTrust fail to assist consumers in obtaining modifications, but homeowners never even met with an attorney, including Scott. Twenty-one homeowners reported losing more than \$24,000 in the scheme.

Legal Modification Network and the Law Offices of Matthew Wildermuth charged at least 21 homeowners living in Will and Cook counties more than \$32,000 for services – between \$3,000 and \$5,000 each – for a loan modification obtained by an attorney that never materialized.

Loan Litigators International and the Law Offices of Michael E. Fleck, PC, Joseph Aldeguer and Michael E. Fleck advertised on radio stations that Fleck would represent consumers directly, and the business could provide homeowners a modification in 45 to 60 days. One consumer paid nearly \$1,500 for a loan modification and the promise to delay the foreclosure proceeding on his home. The consumer eventually lost his home, yet Loan Litigators International still kept the fees they had charged him.

In her case against Exelpol, Madigan alleges one consumer was charged nearly \$1,900 with the promise of obtaining a loan modification, but discovered later the modification was denied because the business failed to submit the right paperwork. The lawsuit was additionally filed against Exelpol employees: Alicja Lapinski, its president; Sam Lapinski, an employee; and Robert Phillip Ward and Anthony P. Montegna, licensed attorneys working with Exelpol.

The Attorney General's lawsuits ask the court to shut down the businesses and obtain restitution for at least 76 consumers who have so far reported being victimized. The lawsuits also seek to bar the defendants from providing mortgage rescue services in Illinois and to order each defendant to pay a civil penalty of \$50,000 and additional penalties of \$50,000 for each act committed with intent to defraud.

To date, Attorney General Madigan has filed 46 lawsuits over the illegal collection of upfront fees by mortgage rescue operations. Madigan urges homeowners struggling to stay in their homes to contact her **Homeowner Helpline**, (866) 544-7151, for guidance on avoiding foreclosure and to seek help from a HUD-certified housing counselor to work out a solution with their lenders.

Assistant Attorneys General E. Paige Boggs, Andrew Dougherty, Vivian Velasco Paz and Vijay Raghavan are handling the cases for Madigan's Consumer Fraud Bureau.

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