



October 18, 2011

MADIGAN FILES THREE LAWSUITS AGAINST CHICAGO AREA MORTGAGE, DEBT SETTLEMENT SCAMS

Chicago — Attorney General Lisa Madigan today filed lawsuits against three Chicago area companies for fraudulent mortgage rescue and debt settlement schemes that cheated consumers out of large thousands of dollars.

Madigan filed the lawsuits today in Cook County Circuit Court, alleging the three companies took large upfront fees from consumers with a promise to help them obtain a loan modification on their mortgage or to reduce their mounting debt, when in fact, little or no work was performed on the consumers' behalf.

"These companies are nothing more than scam operations, illegally charging consumers upfront fees but doing no work to help modify their loan or negotiate with creditors," Attorney General Madigan said. "They scammed families out of thousands of dollars while putting people deeper in debt and at higher risk for foreclosure."

The Attorney General filed suit against Debt Care Financial Group Inc., in Chicago, and its president Malgorzata Baran, and Starlex Financial Consulting LLC and Flagship Mortgage Corporation, in Deerfield, and employees Jeffrey M. Entratter and Neil Borland. Madigan also filed suit against E.A.C. Financial LLC, based in Chicago, and its owners Everett D. Pope and Colbi Andry.

In her lawsuit against Baran and Debt Care Financial Group, Madigan said the defendant advertised debt settlement and loan modification services in the Chicago area's Polish community, promising to reduce the consumers' debt by 50 to 70 percent. Baran charged consumers at least \$66,000 for work she never performed and repeatedly ignored consumers' requests for refunds. In some cases, Baran also harassed or intimidated these consumers.

Starlex Financial and Flagship Mortgage charged consumers between \$500 and \$950 in upfront fees for loan modification services that were never performed. Consumers lost more than \$4,800 in the schemes.

Madigan said E.A.C also charged consumers fees upfront – as much as \$2,000 each – for help in obtaining a loan modification or to settle their debt. Consumers were told to stop making payments to their creditors while the alleged services were being provided, leaving some consumers facing higher payments in the end.

The lawsuits ask the court to shut down the businesses and obtain restitution for consumers. The lawsuits also seek to bar the defendants from providing mortgage rescue or debt settlement services in Illinois and order each defendant to pay civil penalties for violations of the Consumer Fraud or Mortgage Rescue Fraud Act.

To date, Attorney General Madigan has filed 49 lawsuits over the illegal collection of upfront fees by mortgage rescue operations. Madigan urges homeowners who are 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 Michele A. Casey, Kevin Hudspeth and Vijay Raghavan are handling the cases for Madigan's Consumer Fraud Bureau.

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