



July 9, 2012

MADIGAN, IDFPR SETTLE LAWSUIT OVER CONSUMER DEBT SCAM

Attorney General: Agreement Provides More than \$2 Million Restitution to Illinois Consumers

Chicago — Attorney General Lisa Madigan and the Illinois Department of Financial and Professional Regulation today announced a settlement with a Chicago-based law firm that operated nationwide over allegations that it unlawfully charged consumers upfront fees to provide debt settlement services with promises to make them debt free.

The settlement with Legal Helpers Debt Resolution LLC will provide \$2.1 million in restitution for Illinois residents who paid for debt settlement services but failed to receive meaningful debt reduction. Also under the settlement, which was entered in Sangamon County Circuit Court, the company has agreed not to accept any new Illinois customers.

"This company was fronting as a law firm claiming to help consumers reduce their debt, but in reality, their scheme had nothing to do with the practice of law. The company's primary purpose was to squeeze thousands of dollars in illegal upfront fees from struggling families for supposed debt relief that never materialized," Madigan said. "I encourage anyone who might have contracted with this firm to call my office's Consumer Fraud Hotline for more information about how we can help, whether through this settlement or by connecting consumers with legitimate credit counseling agencies."

Madigan filed a lawsuit against the national legal firm in March 2011, alleging it unlawfully charged upfront fees to consumers in Bureau, Champaign, Kendall, Will and Cook counties. The lawsuit alleged the operation attempted to circumvent laws that ban companies from charging upfront fees by using attorneys, who, in some cases, are exempt from the ban, to act as a front for the business. The lawsuit alleged that the company's services seldom reduced consumers' debt and most consumers were left in a worse financial state.

The Department of Financial and Professional Regulation joined the lawsuit as a co-plaintiff in September 2011 after the company failed to respond to the department's cease-and-desist order for not obtaining the proper licensing required under Debt Settlement Consumer Protection Act.

"Governor Quinn signed the Debt Settlement Consumer Protection Act in 2010 to stop companies that attempt to prey on consumers who find themselves trapped in a cycle of debt," said Secretary of Financial and Professional Regulation Brent Adams. "This settlement should make clear that we will vigorously pursue companies that try to circumvent the protections of the new law."

In addition, on June 5, 2012, the Attorney Registration and Disciplinary Commission, the entity that regulates licensed Illinois attorneys, filed a disciplinary action against two Legal Helpers Debt Resolution LLC managing members, attorneys Thomas Macey and Jeffrey Aleman. The disciplinary action alleges misconduct in connection with their debt settlement business.

Illinois consumers who believe they are owed a refund under the settlement should contact Madigan's Consumer Fraud Bureau at 1-800-243-0618.

Assistant Attorneys General Rebecca Pruitt and Matthew Van Hise handled this case for Madigan's Consumer Fraud Bureau.

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