



Press Releases

July 23, 2014

MADIGAN FILES LAWSUITS IN JOINT FEDERAL-STATE MORTGAGE RESCUE FRAUD CRACKDOWN

Chicago — Attorney General Lisa Madigan today filed lawsuits against two Chicago area companies for operating fraudulent mortgage rescue or loan modification schemes that conned homeowners behind on their monthly loan payments into paying large upfront fees but did nothing to help them avoid foreclosure and stay in their homes.

The lawsuits are part of a joint federal-state crackdown by the Consumer Financial Protection Bureau (CFPB), the Federal Trade Commission (FTC) and 15 states. Mortgage rescue scams prey on delinquent borrowers facing possible foreclosure, illegally charging upfront fees with a promise to save borrowers' homes supposedly by negotiating lower mortgage payments. But after collecting large payments upfront, these scam operators fail to negotiate or perform any promised services on behalf of homeowners, placing their victims at even greater risk of foreclosure.

Madigan filed lawsuits today in Cook County Circuit Court against Nationwide Marketing Inc., based in Northlake, Ill., and LMA Processing LLC, of Chicago.

"These companies are nothing more than fronts for scammers, conning people out of thousands of dollars while putting them at higher risk for foreclosure," Madigan said. "My office has been—and will continue to be—aggressive in shutting down operations that prey on homeowners who are desperate for a lifeline."

Madigan's lawsuit against Nationwide Marketing Inc. alleges the company and its owner Axel Alvarez took more than \$89,000 from homeowners but did nothing to help modify their home loans or help them avoid foreclosure. Complaints to Madigan's office revealed that Alvarez often required large upfront payments to Nationwide Marketing, and he subsequently instructed homeowners to make additional payments directly to him as he falsely claimed to be negotiating their loans. In fact, none of these homeowners received help negotiating new loan terms their lender or collected refunds for the money they paid Alvarez.

The lawsuit against LMA Processing LLC and its owner Alex Perea alleges similar conduct in which the company scammed borrowers into paying fees for loan modification services it did not complete. Complaints filed with Madigan's office reported borrowers paid at least \$10,000 to the company and received no help in obtaining mortgage relief.

Madigan's lawsuits ask the court to ban the defendants from working in mortgage consultation in Illinois and provide restitution. The lawsuits also seek an array of penalties based on violations of the Illinois Consumer Fraud and Deceptive Business Practices Act and the Mortgage Rescue Fraud Act.

Attorney General Madigan has established Illinois as the most aggressive state in the nation to combat the dramatic rise of mortgage rescue schemes that have emerged in the wake of the national housing crisis. She has filed over 50 lawsuits against loan modification scam operations and issued nearly 700 cease-and-desist letters. Her office runs the Homeowner Helpline at (866) 544-7151, which is staffed by experts in her office who can provide borrowers with guidance on avoiding foreclosure and how to seek help from a HUD-certified housing counselor.

Joining Madigan, the FTC and CFPB in filing action as part of today's sweep were attorneys general from the following states: Arizona, Delaware, Florida, Indiana, Kansas, Louisiana, Maryland, Michigan, New Mexico, New York, North Carolina, Ohio, Washington and Wisconsin. The Maryland Commissioner of Financial Regulation and Washington Department of Financial Institutions also participated.

Assistant Attorneys General Oscar Pina, Vaishali Rao and Khara Coleman Washington are handling the cases for Madigan's Consumer Fraud Bureau.

-30-

[Return to July 2014 Press Releases](#)



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