



July 27, 2011

**ATTORNEY GENERAL MADIGAN SUES CHICAGO AREA MORTGAGE RESCUE SCHEMES*****Companies That Promised Mortgage Help Defrauded Consumers of \$61,000***

Chicago — Attorney General Lisa Madigan today filed suit against two Chicago companies for mortgage rescue fraud schemes that illegally charged consumers more than \$61,000 in upfront fees that resulted in little, if any, help to stay in their homes.

The Attorney General filed suit today in Cook County Circuit Court against Avatar Realty Group Inc., formerly known as Monroe Realty & Financial Enterprises Inc. and Monroe Realty Corporation, and its president Arthur Monroe. Madigan filed a separate lawsuit against Skyline Capital Inc. and Rahul Shah, company president. The lawsuits seek to shut down the businesses and obtain restitution for the 40 consumers who have reported being victimized.

"Financially strapped homeowners are often desperate for help, but anytime a purported mortgage 'rescue' firm requires an upfront fee, warning bells should sound. These fees are prohibited in Illinois," Attorney General Madigan said. "Too often the only thing these so-called businesses accomplish is to take money from already struggling homeowners."

Madigan alleges the defendants advertised to homeowners that they could negotiate with their mortgage lender to obtain a modification to their loan. But the businesses instead illegally charged dozens of distressed homeowners upfront payments for the alleged services for little to no work to modify the homeowners' mortgage. Madigan said that the business' failure to perform any services on behalf of these homeowners often left consumers at an even greater risk of losing their homes to foreclosure.

In her lawsuit against Avatar Realty, based in Chicago, the Attorney General alleges Monroe solicited the Chicago area's Polish population, advertising loan modification help on radio shows and in newspapers within that community. Monroe repeatedly lied to consumers on his ability to negotiate with their lenders while instructing homeowners to stop paying their monthly mortgage payment in order to give him better negotiating leverage. Madigan said homeowners in Boone, Cook, DuPage and Lake counties reported losing more than \$37,000 in upfront fees to Monroe.

Madigan alleges in her lawsuit against Skyline Capital, based in Chicago, that the company charged consumers upfront fees ranging from \$1,500 to as much as \$2,000 for help obtaining a modification. Skyline Capital contracts provided for full refunds if the company failed to obtain the modification, but victims of the scheme told Madigan's office they never received refunds for the lack of service. Homeowners in Cook, DuPage, McHenry, Kendall and Will counties reported losses of more than \$23,000 to the Attorney General's Office.

Both lawsuits allege the defendants' fraudulent tactics violate Illinois' Consumer Fraud Act and the Mortgage Rescue Fraud Act, the latter of which prohibits companies from requiring upfront payment from consumers prior to completing all the terms of a mortgage rescue contract. The law also requires businesses to fully disclose to a homeowner the exact nature and terms of the proposed rescue services and the homeowner's right to cancel the contract.

Madigan's suit seeks to shut down the businesses and bar the defendants from providing mortgage rescue services in Illinois. Madigan also is asking the court to award restitution to consumers and 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.

Today's lawsuits are part of Attorney General Madigan's commitment to protecting homeowners in the mortgage foreclosure crisis. To date, the Attorney General has filed more than 40 lawsuits over the illegal collection of upfront fees by mortgage rescue operations. Madigan urged homeowners struggling to stay in their homes to contact her **Homeowner Helpline**, (866) 544-7151,

for guidance on avoiding foreclosure. Madigan also advised homeowners to seek help from a HUD-certified housing counselor to work out a solution with their lenders.

Homeowners can also visit the Attorney General's website, [www.illinoisattorneygeneral.gov](http://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 default counseling services. Homeowners who do not have easy Internet access can call the Attorney General's Helpline to receive the materials by mail.

Assistant Attorneys General Vivian Velasco Paz, Andrew Dougherty and Colleen Bisher are handling the cases for Madigan's Consumer Fraud Bureau.

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