

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT-CHANCERY DIVISION

THE PEOPLE OF THE STATE OF ILLINOIS,)
)
 Plaintiff,)
)
 v.)
)
 FORECLOSURE SOLUTIONS, LLC, a Delaware limited)
 liability company, RICHARD J. ALLEN, individually and as)
 Managing Member of Foreclosure Solutions, and)
 LISA RADICHEL ALLEN, individually and as)
 Director of Foreclosure Solutions,)
)
 Defendants.)

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COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

NOW COMES the Plaintiff, PEOPLE OF THE STATE OF ILLINOIS, by LISA
 MADIGAN, Attorney General of the State of Illinois, and brings this action complaining of
 Defendants, FORECLOSURE SOLUTIONS, LLC, a Delaware limited liability company,
 RICHARD J. ALLEN, individually and as Managing Member of Foreclosure Solutions, and
 LISA RADICHEL ALLEN, individually and as Director of Foreclosure Solutions

JURISDICTION AND VENUE

1. This action is brought for and on behalf of the PEOPLE OF THE STATE OF
 ILLINOIS, by LISA MADIGAN, Illinois Attorney General, pursuant to the provisions of the
 Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 *et seq.*, the
 Mortgage Rescue Fraud Act, 765 ILCS 940/1 *et seq.*, and her common law authority as Attorney
 General to represent the People of the State of Illinois.

2. Venue for this action properly lies in Cook County, Illinois, pursuant to Sections

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 CIRCUIT COURT OF COOK COUNTY ILLINOIS
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2-101 and 2-102(a) of the Illinois Code of Civil Procedure, 735 ILCS 5/2-101, 735 ILCS 5/2-102(a), in that the Defendants are doing business in Cook County, Illinois.

PARTIES

3. Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, is charged, *inter alia*, with the enforcement of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 *et seq.*

4. Defendant FORECLOSURE SOLUTIONS, LLC, a Delaware limited liability company, was formed in or about April 2004 with its principal place of business located at 488 Pine Street, Burlington, Wisconsin 53105-1417.

5. Defendant RICHARD J. ALLEN is the co-owner and Managing Member of FORECLOSURE SOLUTIONS, LLC, and has served in that capacity from the company's inception to the present. As the Managing Member, Richard J. Allen manages, formulates, controls and has knowledge of the acts and practices of Defendant FORECLOSURE SOLUTIONS, LLC.

6. Defendant LISA RADICHEL ALLEN is the co-owner and Director of FORECLOSURE SOLUTIONS, LLC, and has served in that capacity from the company's inception to the present. As the Director, Lisa Radichel Allen manages, formulates, controls and has knowledge of the acts and practices of Defendant FORECLOSURE SOLUTIONS, LLC.

7. To adhere to the fiction of separate corporate existence among the Defendants, and sole owners, RICHARD J. ALLEN, LISA RADICHEL ALLEN and FORECLOSURE SOLUTIONS, LLC, would serve to sanction fraud and promote injustice.

8. Defendants RICHARD J. ALLEN and LISA RADICHEL ALLEN are being sued individually and in their respective capacities as Managing Member and Director of

FORECLOSURE SOLUTIONS, LLC.

9. Defendants FORECLOSURE SOLUTIONS, LLC, RICHARD J. ALLEN, and LISA RADICHEL ALLEN, are collectively hereinafter referred to as "Defendants."

10. For purposes of this Complaint for Injunctive and Other Relief, any references to the acts and practices of the Defendants shall mean that such acts and practices are by and through the acts of Foreclosure Solutions, LLC and/or its officers, owners, directors, employees, or other agents.

COMMERCE

11. Subsection 1(f) of the Consumer Fraud and Deceptive Business Practices Act defines "trade" and "commerce" as follows:

The terms "trade" and "commerce" mean the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal, or mixed, and any other article, commodity, or thing of value wherever situated, and shall include any trade or commerce directly or indirectly affecting the people of this State.

815 ILCS 505/1(f).

12. Defendants were at all times relevant hereto engaged in trade and commerce in the State of Illinois by advertising and offering mortgage rescue consultant services to the general public of the State of Illinois via mail solicitations, telephone calls, and personal visits to the homes of Illinois consumers.

DEFENDANTS' BUSINESS PRACTICES

13. Defendants entered into contracts as early as July 2003 to provide mortgage consultation and rescue services to Illinois homeowners who were 90 or more days delinquent on their mortgage payments.

14. These contracts required homeowners to pay Defendants a \$695 fee prior to receiving any services. *See* Contract (attached as Exhibit A).

15. Defendants' contracts did not contain any notice that consumers had a right to cancel the contract within three days or inform consumers that they could cancel their contracts at any time. Instead, Defendants' contract informed consumers that a minimum service fee of \$150 would be assessed if the homeowners rescinded their contracts.

16. In addition, Defendants' written contracts were not accompanied by a completed form in duplicate captioned "Notice of Cancellation."

17. Defendants' written contracts also did not describe the exact nature of services to be provided. The contracts merely promised Defendants would contact the homeowners' lenders immediately after the contracts were signed to stop or attempt to stop the consumers' foreclosures and attempt to obtain mortgage workouts for the consumers or refinance their mortgage loans.

18. Contrary to the contracts, however, after the contracts were signed, Defendants did not contact consumers' lenders immediately as promised or attempt to obtain mortgage workouts for the homeowners.

19. Defendants told consumers that, instead of sending their mortgage payments directly to their lenders, they should send their mortgage payments to Defendants, who would forward the payments to the lenders.

20. But, instead of forwarding the payments, Defendants kept the money.

21. In addition, Defendants sometimes promised to assist consumers by attending court to assist them with defending against foreclosure proceedings.

22. Defendants would then fail to appear in court as promised.

23. As a result, many of the consumers' homes were not saved from foreclosure.

24. Despite this, Defendants failed to refund any fees charged to homeowners.

25. More specifically, but not by way of limitation, the following allegations are pled as illustrations of unlawful business practices of Defendants. These allegations are not meant to be exhaustive. The State reserves the right to prove that other homeowners have been injured as a result of Defendants' unlawful activities. The State intends to seek restitution for all consumers who have been injured and not just restitution for those consumers set forth below as illustrative examples.

MARIVEL & WILSON MEDINA

26. Marivel and Wilson Medina purchased their single-family bungalow in Chicago, Illinois on April 28, 2000, for \$152,000. In 2003, the Medinas experienced unforeseen hardships and fell behind on their mortgage.

27. On or about January 21, 2005, Mr. Medina's sister-in-law referred him to Foreclosure Solutions and he called the company. Defendant Richard Allen answered the call and, after talking to Mr. Medina, said that he could get the Medinas' lender, Washington Mutual, to agree to a forbearance on the foreclosure within six months and then the Medinas could refinance their home with another lender. Allen said that he could also successfully locate another lender for the Medinas.

28. On or about February 11, 2005, Allen visited the Medinas' home to discuss the services Defendants could offer. During this visit, Allen promised he could stop any foreclosure proceedings against the Medinas within the year.

29. Allen told the Medinas that they had to pay \$695 upfront before he could help them. Ms. Medina gave Allen a check payable to "Foreclosure Solutions" for this amount.

30. Allen had brought two documents for the Medinas to sign, a "Client Consultant Service Agreement" and a "Guarantee."

31. The Client Consultant Service Agreement did not inform the Medinas of their three-day right to cancel the contract or that they had the right to cancel the contract at any time. It also did not contain any of the notice of cancellation language required by Illinois law. The Client Consultant Service Agreement did say, however, that the Medinas would have to pay a \$150 service fee if they cancelled their contract.

32. Allen explained that Defendant Lisa Radichel Allen would handle everything related to the services provided by Defendants going forward.

33. Lisa Radichel Allen subsequently instructed the Medinas that they should send their mortgage payments directly to Foreclosure Solutions, instead of Washington Mutual, and she promised that Defendants would then mail the payments to the Medinas' lender.

34. As directed, the Medinas sent their \$1410 monthly mortgage payment to Foreclosure Solutions from about March 2005 through March 2007.

35. On March 9, 2005, Washington Mutual initiated foreclosure proceedings.

36. On or about June 15, 2005, the Medinas received notice that a foreclosure judgment had been entered against them. Ms. Medina promptly called Defendants and spoke to Richard Allen. She informed him of the foreclosure judgment and also that she had learned there was a pending sheriff's sale. Allen told them not to worry because Defendants were negotiating a loan modification with Washington Mutual.

37. Lisa Radichel Allen also spoke with the Medinas. She instructed them to not contact Washington Mutual, to continue mailing their payments to Defendants and to ignore any foreclosure notices they received since Defendants were working as their agent.

38. Shortly thereafter, the Medinas received a notice from the Cook County Circuit Court asking them to vacate their home. Lisa Radichel Allen still assured the Medinas that everything would be fine and to ignore the notice.

39. The Medinas subsequently lost ownership of their home through the foreclosure action and a final sheriff's sale was held on March 14, 2007.

40. After they received notice that an order of possession had been entered against them, the Medinas left their home and moved into an apartment.

TUYUNDA LOPEZ

41. In February 2007, Tuyunda Lopez was five months behind on her mortgage with Ocwen and facing foreclosure on her Chicago, Illinois home when she received a flyer in the mail from Foreclosure Solutions.

42. The advertisement promised that Foreclosure Solutions would help her get her home out of foreclosure.

43. When Ms. Lopez called the phone number on the flyer, a woman answered the phone, and handed it to Richard Allen. Allen promised to talk to her lender to make arrangements to help her.

44. He indicated he was an expert who had helped many others get out of foreclosure. He scheduled a meeting with Ms. Lopez at her home and also stated that he required an upfront payment of \$695 for his services.

45. On March 5, 2007, Allen met Ms. Lopez in her home. She told him there was a court hearing on April 5, 2007 regarding her foreclosure. Allen agreed to be present for the court date. Ms. Lopez gave him \$350 as a portion of his fee.

46. On April 2, 2007, Ms. Lopez gave Allen a second payment of \$345. The payment check was post-dated for April 30, 2007.

47. Allen failed to appear at Ms. Lopez's April 5, 2007 court date as promised.

48. Ms. Lopez then stopped payment on the April 2, 2007 check.

49. Her home remained in foreclosure, until she later discovered that a neighborhood HUD-approved housing agency provided mortgage delinquency assistance for free. She was able to work with this agency to get her home out of foreclosure.

50. Ms. Lopez called Defendants repeatedly asking for a refund of the \$350 she had paid them, but her money was never refunded and her calls were not even answered or returned.

MILDRED SANCHEZ

51. Mildred Sanchez purchased her home, a two-flat property in Chicago, Illinois, in November 1998. Ms. Sanchez rented out one of the two units, but her tenant stopped paying rent in 2000. Therefore, Ms. Sanchez found herself unable to continue making her entire mortgage payment.

52. In March 2005, a foreclosure complaint was filed against Ms. Sanchez. A judgment of foreclosure was entered against her on April 25, 2005.

53. Shortly after the foreclosure judgment was entered, Defendant Richard Allen came to Ms. Sanchez's home. When she answered the door, Allen told her that he knew her home was in foreclosure, but that he could help save it.

54. Allen gave Ms. Sanchez a copy of a "Client Consultant Service Agreement" and told her he needed \$695 upfront to stop the foreclosure. Ms. Sanchez gave him \$695 in cash.

55. The Client Consultant Service Agreement did not contain any information regarding Ms. Sanchez's right to cancel the transaction, except that cancelling the contract would require payment of an additional \$150 service fee. The Client Consultant Service Agreement did not contain any of the notices required by Illinois law.

56. Allen explained to Ms. Sanchez that she was not to contact her lender because he was her representative. In addition, she should send her mortgage payments directly to Foreclosure Solutions instead of to her lender.

57. Allen also told Ms. Sanchez that Defendant Lisa Radichel Allen would handle everything related to Defendants' services going forward. She would be responsible for working out an agreement with Ms. Sanchez's lender and also forwarding her mortgage payments to her lender.

58. From January 3, 2005, to approximately April 2006, Ms. Sanchez sent monthly money orders made payable to "Foreclosure Solutions" of roughly \$1,157 to Defendants for her mortgage payments.

59. Months later, Ms. Sanchez called the mortgage company to inquire about a tax statement she received. At that time, the mortgage company representative informed Ms. Sanchez that they had not agreed to anything with Foreclosure Solutions and that the foreclosure was proceeding because they had received no payments from Ms. Sanchez nor Foreclosure Solutions.

60. When Ms. Sanchez reported this to Lisa Radichel Allen, she advised her to

purchase a bankruptcy kit, advising that this would certainly stop the foreclosure. Based on this, Ms. Sanchez filed Chapter 13 bankruptcy and began making payments according to the plan. When the payments increased to \$2300 a month, however, she could no longer afford to make them.

61. On April 12, 2007, Ms. Sanchez's home was sold in a sheriff's sale and an Order for Possession was entered on May 15, 2007.

APPLICABLE STATUTE

62. Section 2 of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2, provides:

Unfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of any material fact, with intent that others rely upon the concealment, suppression or omission of such material fact, or the use or employment of any practice described in Section 2 of the "Uniform Deceptive Trade Practices Act", approved August 5, 1965, in the conduct of any trade or commerce are hereby declared unlawful, whether any person has in fact been misled, deceived or damaged thereby.

63. Section 3 of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/3, provides in relevant part as follows:

When it appears to the Attorney General that a person has engaged in, is engaged in, or is about to engage in any practice declared to be unlawful by this Act, when he receives a written complaint from a consumer or borrower of the commission of a practice declared to be unlawful under this Act, or when he believes it to be in the public interest that an investigation should be made to ascertain whether a person in fact has engaged in, is engaged in, or is about to engage in any practice declared to be unlawful by this Act, he may:

- (A) Require the person to file on such terms as he prescribes a statement or report in writing, under oath or otherwise, as to all information as he may consider necessary;
- (B) Examine under oath any person in connection with the conduct of any trade or commerce;
- (C) Examine any merchandise or sample thereof, record, book, document, account or paper as he may consider necessary.

64. Section 4 of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/4, provides in relevant part:

To accomplish the objectives and to carry out the duties prescribed by this Act, the Attorney General, in addition to other powers conferred upon him by this Act, may issue subpoenas to any person, administer an oath or affirmation to any person, conduct hearings in aid of any investigation or inquiry, prescribe such forms and promulgate such rules and regulations as may be necessary, which rules and regulations shall have the force of law. To accomplish the objectives and to carry out the duties prescribed by this Act, the State's Attorney of any county may issue subpoenas to any person.

65. Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, provides in relevant part:

"Distressed property" means residential real property consisting of one to 6 family dwelling units that is in foreclosure or at risk of loss due to nonpayment of taxes, or whose owner is more than 90 days delinquent on any loan that is secured by the property.

"Distressed property consultant" means any person who, directly or indirectly, for compensation from the owner, makes any solicitation, representation, or offer to perform or who, for compensation from the owner, performs any service that the person represents will in any manner do any of the following:

- (1) stop or postpone the foreclosure sale or the loss of the home due to nonpayment of taxes;
- (2) obtain any forbearance from any beneficiary or mortgagee, or relief with respect to a tax sale of the property;
- (3) assist the owner to exercise any right of reinstatement or right of redemption;
- (4) obtain any extension of the period within which the owner

may reinstate the owner's rights with respect to the property;

- (5) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a distressed property or contained in the mortgage;
- (6) assist the owner in foreclosure, loan default, or post-tax sale redemption period to obtain a loan or advance of funds;
- (7) avoid or ameliorate the impairment of the owner's credit resulting from the recording of a notice of default or the conduct of a foreclosure sale or tax sale; or
- (8) save the owner's residence from foreclosure or loss of home due to nonpayment of taxes. . . .

66. Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10,

provides that:

(a) A distressed property consultant contract must be in writing and must fully disclose the exact nature of the distressed property consultant's services and the total amount and terms of compensation.

(b) The following notice, printed in at least 12-point boldface type and completed with the name of the distressed property consultant, must be printed immediately above the statement required by subsection (c) of this Section:

"NOTICE REQUIRED BY ILLINOIS LAW"

.....(Name) or anyone working
for him or her CANNOT:

- (1) Take any money from you or ask you for money until
.....(NAME) has
completely finished doing everything he or she said he or
she would do; or
- (2) Ask you to sign or have you sign any lien, mortgage, or
deed."

(c) A distressed property consultant contract must be written in the same language as principally used by the distressed property consultant to describe his or her services or to negotiate the contract, must be dated and signed by the owner, and must contain in immediate proximity to the space reserved for the owner's signature a conspicuous statement in a size equal to at least 12-point boldface type, as follows:

“You, the owner, may cancel this transaction at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform. See the attached notice of cancellation form for an explanation of this right.”

(d) A distressed property contract must contain on the first page, in a type size no smaller than that generally used in the body of the document, each of the following:

- (1) the name and address of the distressed property consultant to which the notice of cancellation is to be mailed; and
- (2) the date the owner signed the contract.

(e) A distressed property consultant contract must be accompanied by a completed form in duplicate, captioned “NOTICE OF CANCELLATION,” which must be attached to the contract, must be easily detachable, and must contain, in at least 12-point boldface type, the following statement written in the same language as used in the contract:

“NOTICE OF CANCELLATION

.....

(Enter date of transaction)

You may cancel this transaction, without any penalty or obligation, at any time until after the distressed property consultant has fully performed each and every service the distressed property consultant contracted to perform or represented he or she would perform.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice to:

.....(Name of distressed property consultant)

at(Address of distressed property consultant’s place of business) I hereby cancel this

transaction on.....(Date)

.....(Owner’s signature)”.

(f) The distressed property consultant shall provide the owner with a copy of a distressed property consultant contract and the attached notice of cancellation immediately upon execution of the contract.

67. Section 15 of the Mortgage Rescue Fraud Act, 765 ILCS 940/15, states:

(a) In addition to any other legal right to rescind a contract, an owner has the right to cancel a distressed property consultant

contract at any time until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform.

(b) Cancellation occurs when the owner gives written notice of cancellation to the distressed property consultant at the address specified in the distressed property consultant contract.

(c) Notice of cancellation, if given by mail, is effective when deposited in the mail properly addressed with postage prepaid. Notice by certified mail, return receipt requested, addressed to the address specified in the distressed property consultant contract, shall be conclusive proof of notice of service.

(d) Notice of cancellation given by the owner need not take the particular form as provided with the distressed property consultant contract and, however expressed, is effective if it indicates the intention of the owner not to be bound by the contract.

68. Section 20 of the Mortgage Rescue Fraud Act, 765 ILCS 940/20, states:

(a) Any waiver by an owner of the provisions of Section 10 or 15 is void and unenforceable as contrary to public policy.

(b) Any attempt by a distressed property consultant to induce an owner to waive the owner's rights is a violation of the Act.

69. Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, states in

relevant part:

(a) It is a violation for a distressed property consultant to:

(1) claim, demand, charge, collect, or receive any compensation until after the distressed property consultant has fully performed each service the distressed property consultant contracted to perform or represented he or she would perform;

(2) claim, demand, charge, collect, or receive any fee, interest, or any other compensation for any reason that exceeds 2 monthly mortgage payments of principal interest or the most recent tax installment on the distressed property, whichever is less;

...

(4) receive any consideration from any third party in

connection with services rendered to an owner unless the consideration is first fully disclosed to the owner;

...

(6) take any power of attorney from an owner for any purpose, except to inspect documents as provided by law;

or

(7) induce or attempt to induce an owner to enter a contract that does not comply in all respects with Sections 10 and 15 of this Act.

COUNT I

VIOLATIONS OF THE CONSUMER FRAUD AND DECEPTIVE BUSINESS

PRACTICES ACT

70. The Defendants have engaged in a course of trade or commerce which constitutes unfair and deceptive acts and practices declared unlawful under Section 2 of the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2, by:

- a. misrepresenting to Illinois consumers that Defendants would send mortgage payments to the consumers' lenders if the consumers made their payment to Defendants and then failing to do so as promised;
- b. misrepresenting to Illinois consumers that they would appear in court on their foreclosure cases as part of their services, then failing to actually perform this service; and
- c. misrepresenting to Illinois consumers that they would negotiate with their lenders, charging a fee for this service, and then failing to actually perform the negotiations as promised.

REMEDIES UNDER CONSUMER FRAUD ACT

71. Section 7 of the Consumer Fraud Act, 815 ILCS 505/7, provides in relevant part:

a. Whenever the Attorney General or a State's Attorney has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by this Act to be unlawful, and that proceedings would be in the public interest, he or she may bring an action in the name of the People of the State against such person to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including but not limited to: injunction; revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.

b. In addition to the remedies provided herein, the Attorney General or State's Attorney may request and the Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with the intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation.

c. In addition to any other civil penalty provided in this Section, if a person is found by the Court to have engaged in any method, act, or practice declared unlawful under this Act, and the violation was committed against a person 65 years of age or older, the court may impose an additional civil penalty not to exceed \$10,000 for each violation.

72. Section 10 of the Consumer Fraud Act, 815 ILCS 505/10, provides:

In any action brought under the provision of this Act, the Attorney General is entitled to recover costs for the use of this State.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for the following relief:

A. A finding that Defendants have engaged in trade or commerce in the State of Illinois;

B. A finding that Defendants have engaged in unfair or deceptive acts or practices in the course of trade or commerce which constitute violations of Section 2 of the Illinois Consumer Fraud Act;

C. An order preliminarily and permanently enjoining Defendants from the use of acts or practices that violate the Illinois Consumer Fraud Act, including but not limited to, the unlawful acts and practices specified herein above;

D. An order declaring that all contracts entered into between Defendants and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that restitution be made to such consumers;

E. Revocation, forfeiture, or suspension of any and all licenses, charters, franchises, certificates or other evidence of authority of Defendants to do business in the State of Illinois;

F. An order assessing a civil penalty in the amount of Fifty Thousand Dollars (\$50,000.00) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendants with intent to defraud. If the Court finds Defendants have engaged in methods, acts, or practices declared unlawful by the Illinois Consumer Fraud Act, without intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars (\$50,000.00) all as provided in Section 7 of the Illinois Consumer Fraud Act;

G. An order assessing an additional civil penalty in the amount of Ten Thousand Dollars (\$10,000.00) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendants against a person 65 years of age and older as provided in Section 7 of the Illinois Consumer Fraud Act;

H. An order requiring Defendants to pay the costs of the investigation and

prosecution of this action as provided under Section 10 of the Illinois Consumer Fraud Act; and

- I. An order granting such other relief as this Honorable Court deems just and proper.

COUNT II

VIOLATIONS OF THE MORTGAGE RESCUE FRAUD ACT

73. Plaintiff re-alleges and incorporates paragraphs 1-72 as Paragraph 73 of Count II.

74. Defendants are “distressed property consultants” as that term is defined under Section 5 of the Mortgage Rescue Fraud Act, 765 ILCS 940/5, since they make solicitations, representations and offers and receive compensation to perform services to stop or postpone foreclosure sales (765 ILCS 940/5(1)), assist homeowners with exercising rights of reinstatement or redemption (765 ILCS 940/5(3)), obtain an extension of the period in which a homeowner’s rights with respect to property may be reinstated (765 ILCS 940/5(4)), or assist the owner in foreclosure, loan default, or post-tax sale redemption period to obtain a loan or advance of funds 765 ILCS 940/5(6)).

75. Defendants have violated Section 10 of the Mortgage Rescue Fraud Act, 765 ILCS 940/10, by utilizing distressed property consultant contracts that do not:

- a. fully disclose the exact nature of their services and total amount and terms of compensation;
- b. contain the requisite “Notice Required by Illinois Law” regarding the prohibition on taking fees before fully providing services;
- c. inform consumers they may cancel the contract at any time; or
- d. provide the requisite easily detachable “Notice of Cancellation.”

76. Defendants have violated Section 15 of the Mortgage Rescue Fraud Act, 765

ILCS 940/15, by representing to homeowners that they will be liable for a \$150 service fee if they cancel their Service Agreements, when in fact, Illinois homeowners may cancel the mortgage foreclosure rescue contract at any time prior to full completion of the services and receive a full refund.

77. Defendants have violated Section 20 of the Mortgage Rescue Fraud Act, 765 ILCS 940/20, by attempting to induce owners to waive their rights under Section 10 and 15 of this Act by telling consumers a minimum \$150 service fee would be imposed if consumers cancel their contracts.

78. Defendants have violated Section 50 of the Mortgage Rescue Fraud Act, 765 ILCS 940/50, by:

- a. claiming, demanding, charging, collecting, and/or receiving compensation in the amount of \$695 per transaction before fully performing the services for which they were contracted to perform; and
- b. inducing or attempting to induce an owner to enter a contract that does not comply in all respects with Sections 10 and 15 of the Mortgage Rescue Fraud Act.

REMEDIES UNDER THE MORTGAGE RESCUE FRAUD ACT

79. Section 55 of the Mortgage Rescue Fraud Act, 765 ILCS 950/55, provides:

(a) A violation of any of the provisions of this Act constitutes an unlawful practice under the Consumer Fraud and Deceptive Business Practices Act. All remedies, penalties, and authority granted to the Attorney General or State's Attorney by the Consumer Fraud and Deceptive Business Practices Act shall be available to him or her for the enforcement of this Act.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for the following relief:

A. A finding that Defendants are distressed property consultants under the Mortgage Rescue Fraud Act;

B. A finding that Defendants have violated Sections 10, 15, 20, and 50 of the Mortgage Rescue Fraud Act;

C. A finding that by violating Sections 10, 15, 20, and 50 of the Mortgage Rescue Fraud Act, Defendants have thereby violated the Consumer Fraud and Deceptive Business Practices Act;

D. An order preliminarily and permanently enjoining Defendants from the use of acts or practices that violated the Mortgage Rescue Fraud Act, including but not limited to, the unlawful acts and practices specified herein above;

E. An order declaring that all contracts entered into between Defendants and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that restitution be made to such consumers;

F. Revocation, forfeiture, or suspension of any and all licenses, charters, franchises, certificates or other evidence of authority of Defendants to do business in the State of Illinois;

G. An order assessing a civil penalty in the amount of Fifty Thousand Dollars (\$50,000.00) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendants with intent to defraud. If the Court finds that Defendants have engaged in methods, acts, or practices declared unlawful by the Illinois Consumer Fraud Act, without intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars (\$50,000.00) all as provided in Section 7 of the Illinois Consumer Fraud Act;

H. An order assessing an additional civil penalty in the amount of Ten Thousand Dollars (\$10,000.00) per violation of the Illinois Consumer Fraud Act found by the Court to have been committed by Defendants against a person 65 years of age and older as provided in Section 7 of the Illinois Consumer Fraud Act;

I. An order requiring Defendants to pay the costs of the investigation and prosecution of this action as provided under Section 10 of the Illinois Consumer Fraud Act; and

J. An order granting such other relief as this Honorable Court deems just and proper.

COUNT III

VIOLATION OF 815 ILCS 505/6

(ENFORCEMENT OF *SUBPOENA DUCES TECUM*)

80. Plaintiff re-alleges and incorporates Paragraphs 1-79 as Paragraph 80 of Count III.

81. Pursuant to Sections 3 and 4 of the Consumer Fraud Act, the Office of the Illinois Attorney General issued an administrative *Subpoena Duces Tecum* with a Document Rider requiring the Defendants to mail or deliver certain documents to the Office of the Attorney General, Consumer Fraud Bureau, 100 West Randolph Street, 12th Floor, Chicago, Illinois 60601 by 10:00 a.m. on April 21, 2008 to aid the Attorney General's investigation. *See Subpoena Duces Tecum* and Document Rider(attached as Exhibit B).

82. The certified mail receipt was signed by Dawn Shear on March 24, 2008. *See* Certified Mail Return Receipt (attached as Exhibit C).

83. Defendants did not object or assert any privilege as to any request in the Subpoena or Rider prior to April 21, 2008. Despite this, Defendants failed to produce any of the requested materials by that date.

84. Defendant Richard Allen telephoned Assistant Attorney General Kimberly Slider on or about June 19, 2008 regarding the *Subpoena Duces Tecum* and Rider.

85. During this call, Assistant Attorney General Slider offered Defendants a 10-day extension of time to produce the requested information.

86. Defendants have still failed to produce any of the requested materials or respond in any way to the Subpoena to date.

87. Because Defendants have failed to obey the *Subpoena Duces Tecum* and Document Rider issued by the Office of the Attorney General, the State is thereby entitled to injunctive and other relief pursuant to the Consumer Fraud Act.

REMEDIES

88. Section 6, 815 ILCS 505/6, of the Consumer Fraud Act provides as follows:

If any person fails or refuses to file any statement or report, or obey any subpoena issued by the Attorney General or a State's Attorney, the Attorney General or the State's Attorney may file a complaint in the Circuit Court for the:

- (a) Granting of injunctive relief, restraining the sale or advertisement of any merchandise by such persons, or the conduct of any trade or commerce that is involved;
- (b) Vacating, annulling, or suspending the corporate charter of a corporation created by or under the laws of this State or revoking or suspending of the certificate of authority to do business in this State of a foreign corporation or the revoking or suspending of any other licenses, permits or certificates issued pursuant to law to such person which are used to further the allegedly unlawful practice; and
- (c) Granting of such other relief as may be required; until the person files the statement or report, or obeys the subpoena.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff prays that this Honorable Court enter an order:

A. Compelling Defendants FORECLOSURE SOLUTIONS, LLC, RICHARD J. ALLEN and LISA RADICHEL ALLEN to comply with the *Subpoena Duces Tecum* and Document Rider issued March 18, 2008;

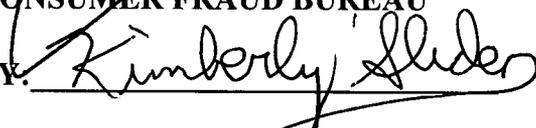
B. Enjoining Defendants FORECLOSURE SOLUTIONS, LLC, RICHARD J. ALLEN, and LISA RADICHEL ALLEN from providing mortgage consultation services in or from the State of Illinois until they fully comply with the *Subpoena Duces Tecum* and Document Rider issued by the Illinois Attorney General; and

C. Providing any other and further relief as justice and equity may require.

RESPECTFULLY SUBMITTED,

**THE PEOPLE OF THE STATE OF
ILLINOIS, by LISA MADIGAN,
ATTORNEY GENERAL OF ILLINOIS**

BY: 
JAMES D. KOLE, CHIEF
CONSUMER FRAUD BUREAU

BY: 

KIMBERLY SLIDER
Assistant Attorney General
Consumer Fraud Bureau
100 W. Randolph Street, 12th Floor
Chicago, Illinois 60601
312-814-3312

Exhibit A

Foreclosure Solutions

488 N. Pine Street
Burlington, WI 53105
(262) 763-2500

CLIENT CONSULTANT SERVICE AGREEMENT

This agreement entered into this ___ day of ___ 2005

By and between FORECLOSURE SOLUTIONS/ FORECLOSURE CONSULTANT (S)

And _____
Client Name Client Name
CLIENT (S)

Mutually agree as follows;

Client (s) wish to engage the services of the above Consultants for a FEE. The Fee for the following checked services is \$695.00. PAYABLE IN ADVANCE, BY (check one) CASH___, CASHIERS CHECK___, MONEY ORDER___, or in the judgment of consultant PERSONAL CHECK___, before checked services can commence.

Only the service (s) checked below shall be provided. NOTICE: If the client (s) elect to rescind ("cancel") this agreement after checked services have commenced; Client(s) agree the consultant shall be due a minimum service fee in the amount of \$150.00

Client (s) hereby contract the Consultant to;

1. ___ Contact the Creditors on His/Her /Their behalf.
2. ___ Stop/Attempt to Stop the Foreclosure process and/ or the forced sale of the Client (s) Home/Property.
3. ___ Assist/Attempt to obtain a forbearance or advance of funds.
4. ___ Assist/Attempt to obtain a loan based on equity value.
5. ___ Obtain/Arrange for an Appraisal to determine the market value or loan value of Client (s) Home/Property.

Client (s) understand that no forbearance or loan guarantee is implied as the consultant is relying on information provided by the Client (s) at the time of the interview and agreement. The consultant works on a best efforts basis. The final decision for a forbearance, advance of funds or loan will be based on the actual facts obtained by the consultant's findings during the course of research of the Client (s) case. Any loans that may be arranged are based on the value of Client (s) Home or Property.

Consultant agrees to commence services to the Client (s) immediately after the signing of this agreement by Client (s) and Consultant, and upon the payment of agreed upon fee to the consultant by the Client (s).

This is the full and complete agreement by and between the Client (s) and Consultant, all parties must agree to any change in writing.

Client (s) have read and understand the terms of this agreement and wish to contract the Consultant to work on His/Her/Their behalf

Client Signature Date

Client Signature Date

Exhibit B

*Subpoena of the Attorney General
of the State of Illinois*

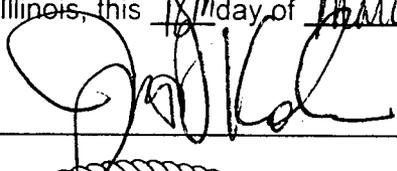
STATE OF ILLINOIS) Subpoena Duces Tecum
) No Appearance Required
)
) SS. THE PEOPLE OF THE STATE OF ILLINOIS
COUNTY OF COOK) CONSUMER PROTECTION DIVISION

SUMMON YOU, **Richard J. Allen and/or Lisa Radichel Allen** that all business and excuses being laid aside, to produce to the Attorney General of the State of Illinois, or her duly authorized Assistant Attorney General, **Kimberly Slider**, on the day of 21 April 2008, at 10:00 A.M., or any adjourned date or time thereof, at her offices at 100 W. Randolph St., 12th Floor, Chicago, Illinois 60601, pursuant to the provisions of the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/1 *et seq.*), and in connection with an investigation into the activities of **Foreclosure Solutions, LLC, Richard J. Allen, and Lisa Radichel Allen**, presently being conducted by the Attorney General, and you are further required to bring with you and produce, at the time and place aforesaid, the following books, records, documents and papers the Attorney General deems relevant and material to the investigation, to-wit:

See the attached Rider.

Failure to comply with this subpoena may result in court action against you pursuant to Section 6 of the Consumer Fraud Act, 815 ILCS 505/6.

WITNESS, Lisa Madigan, the Attorney General of the State of Illinois and the seal thereof, at her office in Chicago, Illinois, this 18th day of March 2008.



JAMES KOLE, Bureau Chief
Consumer Fraud Bureau



**RIDER TO SUBPOENA DUCES TECUM FOR RICHARD J. ALLEN, LISA RADICHEL
ALLEN, AND/OR FORECLOSURE SOLUTIONS, LLC**

1. A copy of all notes regarding conversations from January 2006 to present between agents and/or employees of Foreclosure Solutions, concerning Illinois consumers and their mortgages.
2. A copy of all telephone logs from January 2006 to present involving agents and/or employees of Foreclosure Solutions, concerning Illinois consumers and their mortgages.
3. A copy of all time worked logs of Foreclosure Solutions agents and/or employees concerning Illinois consumers and their mortgages.
4. A copy of all loan modification agreements, forbearance agreements, deferrals, and repayment plans, from January 2006 to present negotiated by Foreclosure Solutions' agents and/or employees concerning Illinois consumers and their mortgages.
5. A copy of all working agreements from January 2006 to present between Foreclosure Solutions and Illinois consumers.
6. A copy of all consumer authorization forms from January 2006 to present where Illinois consumers permitted Foreclosure Solutions to serve as their designated agents.
7. A copy of any and all deposit receipts, and bank statements from January 2006 to present reflecting the proceeds received by Foreclosure Solutions pertaining to transactions of real property located in Illinois.
8. A copy of any and all professional and business licenses and certificates held by Foreclosure Solutions, Richard J. Allen, and Lisa Radichel Allen, and agents and employees of Foreclosure Solutions.
9. A copy of all notes from conversations from January 2006 to present with agents and/or employees of Foreclosure Solutions and lenders, servicers, or mortgagees concerning Illinois consumers.
10. A list of all business names, complete addresses, and business telephone numbers used by Foreclosure Solutions, Richard J. Allen, and Lisa Radichel Allen.

Exhibit C

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Richard J. Allen,
 Lisa Radichel Allen
 and/or
 Fore Closure Solutions LLC
 488 N. Pine Street
 Burlington, WI 53105-1417

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
 X *Richard J. Allen*

B. Received by (Printed Name) _____ Date of Delivery 3-24-08

C. Delivery address different from item 1? Yes No

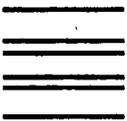
D. If YES, enter delivery address below: _____

3. Service Type Registered Mail Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number 7004 1160 0001 9110 7277
 (Transfer from service label)
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •
Office of the Attorney General of IL
James B. Thompson Center
100 W. Randolph Street, 12th
Chicago, IL 60601
Attn: Kimberly Slicker ABG-
Consumer Fraud Bureau

