



Illinois Department of Financial
and Professional Regulation

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**ATTORNEY GENERAL, IDFPR PURSUE CHICAGO ESCROW COMPANY FOR
FAILING TO MAKE PROPERTY TAX PAYMENTS FOR HOMEOWNERS**

*State Officials File Lawsuit and Issue Order Seeking Assistance for
Consumers at Risk of Losing Homes*

Chicago — Attorney General Lisa Madigan and the Illinois Department of Financial and Professional Regulation (IDFPR) have taken legal steps against a Chicago-based independent escrow company for failing to make property tax payments on behalf of Illinois homeowners. The company's inaction has affected homeowners across the country, including the owners of more than sixty properties in Illinois. Because of the company's conduct, some of the homeowners are now at risk of having their property taxes sold at auction and potentially losing their homes.

Working collaboratively, Attorney General Madigan filed a lawsuit today against American Escrow, LLC., of Chicago and co-owners Derek Lurie and his father, Steven Lurie, and IDFPR issued an order against American Escrow, LLC. The legal actions are designed to provide resources to help homeowners pay their current property taxes and reimburse them for any monies lost, hold the company accountable for losing roughly a million dollars of consumers' money nationwide, and prevent American Escrow and the owners from ever again operating an escrow company in the State of Illinois.

“Homeowners trusted this company to safeguard their money and responsibly make their property tax payments by the required due date,” said Attorney General Madigan. “Without warning, American Escrow has failed to do this and, as a result, has put some consumers in danger of potentially losing their homes. We have taken these legal steps in an effort to protect homeowners and to hold American Escrow responsible for its reckless actions.”

American Escrow was in the business of collecting property tax and insurance payments for homeowners whose lenders did not offer escrow services. Madigan's lawsuit alleges American

Escrow and its owners violated the Consumer Fraud and Deceptive Business Practices Act when the company unexpectedly closed in March 2009, lost the customers' escrow balances, and failed to pay customers' tax payments, leaving some Illinois homeowners vulnerable to tax sales.

In conjunction with Madigan's lawsuit, IDFPR has issued an order providing that, because American Escrow was a money transmitter acting without a proper license, it must make restitution to its customers. If the company fails to do so, IDFPR will make funds available from the State's Transmitters of Money Act (TOMA) Consumer Protection Fund to provide restitution for the money consumers lost and enabling them to make any property tax payments that the company failed to make. The IDFPR order also demands American Escrow make a payment to the TOMA fund at four times the amount of money for all transactions conducted by the company during the time in which it operated without the required license. American Escrow victims can access the TOMA Consumer Protection claim form at <http://www.idfpr.com/dfi/default2.asp>.

"Under Illinois law, a company that is entrusted to handle a consumer's taxes is held to a high standard, and the consequences for failing to uphold that standard are severe. Our order forces American Escrow to make its customers whole by returning their money to them, and requires them to make a multi-million dollar deposit to a fund that will be used to make whole other customers who are victimized by similar forms of improper conduct," said Brent Adams, Deputy Secretary of IDFPR.

Madigan's lawsuit asks the court to permanently ban the defendants from operating an escrow company in Illinois. The lawsuit also asks the court to order American Escrow to reimburse the TOMA Consumer Protection Fund for any monies distributed to American Escrow consumers. Madigan's lawsuit also seeks a court order requiring the defendants to pay a civil statutory penalty of \$50,000 for each violation of the Consumer Fraud and Deceptive Business Practices Act.

According to Madigan's lawsuit, American Escrow's financial issues began in 2000-2001 when a former employee embezzled and misappropriated company funds. The company survived over the past few years by juggling new escrow moneys coming in with paying out tax and insurance payments due at different times throughout the year. With the collapse of the real estate market, however, American Escrow's client base declined, making it impossible for the company to keep up with required payments.

Beginning in late fall 2008, the company began to miss some customers' tax payments. Without fully notifying its clients that it could not make their tax payments, the company allegedly continued to accept monthly escrow payments through March 2009. During March, the company sent a letter to its remaining customers, including 69 consumers in Illinois, informing them that the company was closing at the end of the month. Customers learned at that time that the company was unable to reimburse homeowners for their outstanding escrow balances or make any payments that had come due.

Assistant Bureau Chief Susan Ellis and Assistant Attorney General Veronica Spicer are handling the case for Madigan's Consumer Fraud Bureau.