

Madigan sues citing mortgage scam

By: [Lorene Yue](#) April 08, 2008

(Crain's) — Attorney General [Lisa Madigan](#) filed a lawsuit against a Chicago company for allegedly scamming financially troubled homeowners by posing as a mortgage rescue firm.

Victory Consulting & Investments Inc. is accused of violating the state's Consumer Fraud and Deceptive Business Practices Act. Walter C. Armstrong, the company's general manager, was also named as a defendant in Ms. Madigan's suit.

The suit claims that at least five homeowners lost their homes through Victory Consulting's alleged deceptive practices.

"The last thing desperate homeowners on the verge of losing their homes need is a so-called mortgage rescue firm that does little more than separate homeowners from their money," Ms. Madigan said in a statement.

Neither Mr. Armstrong nor a Victory Consulting representative could be reached for comment.

The suit, filed in Cook County Circuit Court, marks the 12th time Ms. Madigan has pursued legal action against a firm claiming to offer mortgage assistance. The suit claims Mr. Armstrong and Victory Consulting employees posed as clergy members to gain the trust of homeowners struggling to make mortgage payments. Customers were solicited through advertisements or found through foreclosure notifications filed with Cook County, the suit said.

Victory customers were charged a \$600 retainer fee and \$400 for legal services, the suit said. Some customers were told to send all future mortgage payments to Victory instead of the homeowner's lender, while others were coerced into transferring their titles to another person, the suit said.

Ms. Madigan wants the court to prohibit Victory Consulting from engaging in so-called mortgage rescue practices and to have customers receive full restitution. She is also seeking a \$50,000 civil penalty as well as a \$50,000 fine for every violation committed with intent of fraud. She wants an additional \$10,000 fine for every scammed customer who was 65 or older.