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## ATTORNEY GENERAL MADIGAN: POCKETBOOK ISSUES CONTINUE TO TOP CONSUMER CONCERNS IN 2010

### Madigan Files Lawsuit Aimed at New Wave of Consumer Debt Settlement Scams

Chicago – Attorney General Lisa Madigan today released her list of top 10 consumer complaints, detailing concerns of the 170,000 consumers who contacted her office's Consumer Protection Division in 2010. In anticipation of National Consumer Protection Week, Madigan said that the top complaints involved consumer debt as the job loss and home foreclosures continue to take a toll on Illinois consumers.

That consumer debt again topped the list of concerns in 2010 mirrors what Madigan's office has seen in recent years as consumers struggle with pocketbook issues in a down economy. Complaints related to residential mortgages ranked highest among consumer debt concerns, showing that, much like 2009, people are still fighting to stay in their homes. Many consumers also contacted Madigan's office over credit card debt and abusive collection practices.

"The economic crisis continues to affect consumers in Illinois," Attorney General Madigan said. "People are struggling just to make ends meet. Consumers should know my office is here to help protect them against financial abuse and from con artists who are taking advantage of these tough times to make a quick buck."

Included in the more than 7,000 consumer debt complaints filed with Madigan's office is a new attempt to evade recent reforms aimed at protecting consumers. Last year, Madigan successfully led an effort to pass the Debt Settlement Consumer Protection Act, which bans upfront fees debt settlement companies charge and requires they can only collect fees if a consumer's debt is actually settled.

Attorney General Madigan today filed a lawsuit against a national legal firm that has unlawfully charged upfront fees to consumers in Bureau, Champaign, Kendall, Will and Cook counties. Madigan's suit, filed in Sangamon County Circuit Court, alleges Legal Helpers Debt Resolution LLC unlawfully charged consumers upfront fees for debt settlement services with promises to make them debt free. But, in fact, they never lowered the consumers' debt and actually left them worse off financially.

The lawsuit alleges Legal Helpers Debt Resolution, based in Chicago, illegally charged fees upfront under a guise that attorneys, who are exempted from an upfront fee ban, were providing the debt settlement service to consumers, enabling them to charge the initial fees. In fact, Madigan alleges, attorneys with Legal Helpers Debt Resolution only served as a front to the business, and debt settlement service was contracted out to non-lawyer, third-party companies.

Attorney General Madigan also today detailed the 27,630 formal complaints lodged with her office in 2010 by consumers affected by scams and fraud:

#### Consumer Debt Complaints Rank First in 2010

Complaints from consumers involving residential mortgages ranked highest among debt concerns, but also included problems with credit card debt and the availability of short-term, high-interest loans. The top consumer debt issues reported in 2010 include:

##### Mortgage Foreclosure

More than 3,800 homeowners filed residential mortgage complaints with Madigan's office in 2010. This mirrors what the Attorney General's Office saw in 2009 as the foreclosure crisis began to expand beyond those homeowners who were placed in risky loans they could in reality never afford. Last year's complaints reflects a continued deepening of the foreclosure crisis as Illinois homeowners struggle under long-term unemployment and find they can no longer make their mortgage payments.

In 2010, Madigan's Consumer Fraud Bureau helped secure an estimated \$25 million in mortgage-related savings, including loan modifications for borrowers. In the wake of the foreclosure crisis, Madigan established the **Homeowner Helpline (1-866-544-7151)** to provide direct assistance for borrowers at risk of foreclosure. Since the hotline launched in October 2008, more than 32,000 have called the Attorney General's office for help. Madigan encourages consumers struggling to stay current with mortgage payments to contact the helpline to learn more about their rights and the options available to them to try to save their homes.

##### Collection Agencies

In 2010, more than 1,200 consumers reported complaints about collection agencies, including complaints that collection efforts were made without verifying a consumer actually owed the debt, through abusive tactics or by misleading demand documents made to look like official court documents.

##### Credit Card Companies

More than 700 consumers sought help for credit card company issues. Consumers reported problems with credit card balance transfers and introductory rate offers, or being charged a higher interest rate than originally quoted. Madigan said it is important for consumers to know they can dispute charges to their credit cards directly with the credit card company or call her Consumer Fraud Bureau for assistance.

#### Identity Theft Complaints Rank Second

Concerns surrounding identity theft remained high for consumers in 2010, with 3,851 complaints reported. A significant number of those complaints involved:

- Credit card complaints (1,082)**, including reports of fraudulent charges to existing accounts and thieves opening new credit card accounts in the names of ID theft victims;
- Utility company complaints (527)**, concerning fraudulent utility accounts, such as cell phones or gas and electric service, opened in a victim's name; and
- Bank fraud complaints (355)**, including complaints of stolen checks and new bank accounts opened in a victim's name and fraudulent withdrawals from a victim's bank account.

Most of the consumers who filed these complaints to Madigan's office in 2010 did so by contacting her **Identity Theft Hotline (1-866-999-5630)**. The hotline has received more than 29,000 calls since it launched in February 2006. Trained advocates and attorneys answer calls to the hotline, working with consumers to help them by reporting the crime to local law enforcement and financial institutions, repairing their credit and protecting their identity.

#### The Top 10 consumer complaints for 2010:

CATEGORY	# OF COMPLAINTS
<b>1. Consumer Debt</b> (mortgage lending, collections, credit cards)	<b>7,035</b>
<b>2. Identity Theft</b> (fraudulent credit cards and utility accounts, bank fraud)	<b>3,681</b>
<b>3. Construction Home Improvement</b> (remodeling, roofs/gutters)	<b>2,175</b>
<b>4. Telecommunications</b> (wireless service, local phone service, cable/satellite)	<b>1,917</b>
<b>5. Motor Vehicles/Used Auto Sales</b> (as-is sales, financing, warranties)	<b>1,345</b>
<b>6. Promotions and Schemes</b> (sweepstakes, pyramid, work-at-home schemes)	<b>1,137</b>
<b>7. Mail Order</b> (Internet purchases, catalog ordering, television/radio)	<b>1,043</b>
<b>8. Fraud Against Business</b> (consulting, directories/publications)	<b>982</b>
<b>9. Motor Vehicle/Non-Warranty Repair</b> (collision/body, engines)	<b>688</b>
<b>10. Travel</b> (promotions/sales, time shares, travel agents)	<b>629</b>
<b>TOTAL</b>	<b>27,630</b>

For more information, visit Madigan's website, [www.illinoisattorneygeneral.gov/consumers](http://www.illinoisattorneygeneral.gov/consumers). Attorney General Madigan has also established a range of hotlines in her office for direct communication with consumers concerned about issues ranging from home foreclosure to identity theft:

**Chicago Consumer Fraud Hotline:** 1-800-386-5438

**Springfield Consumer Fraud Hotline:** 1-800-243-0618

**Carbondale Consumer Fraud Hotline:** 1-800-243-0607

**Spanish Language Hotline:** 1-866-310-8398

**Identity Theft Hotline:** 1-866-999-5630

**Homeowner Helpline:** 1-866-544-7151

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