

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

THE PEOPLE OF THE STATE OF ILLINOIS )

Plaintiff, )

v. )

Case no. **08CH12893**

VICTORY CONSULTING & INVESTMENTS, )  
INC., a dissolved Illinois corporation; and )  
WALTER C. ARMSTRONG, individually )  
and d/b/a VICTORY CONSULTING & )  
INVESTMENTS, INC. )

Defendants. )

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by Lisa Madigan, Attorney  
General of the State of Illinois, brings this action against defendants, VICTORY CONSULTING &  
INVESTMENTS, INC., a dissolved corporation doing business in Illinois, and WALTER C.  
ARMSTRONG, individually and doing business as VICTORY CONSULTING &  
INVESTMENTS, INC., and states as follows:

**JURISDICTION**

1. This action is brought for and on behalf of THE PEOPLE OF THE STATE OF  
THE ILLINOIS, by Lisa Madigan, Attorney General of the State of Illinois, pursuant to the  
Consumer Fraud and Deceptive Business Practices Act (Consumer Fraud Act), 815 ILCS 505/1 et  
seq and her common law authority to represent the People of the State of Illinois.

2. Venue is properly in Cook County, pursuant to section 2-101 of the Illinois Code  
of Civil Procedure, 735 ILCS 5/2-101, because 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 with enforcing the Consumer Fraud Act, 815 ILCS 501/et seq.

4. Defendant Victory Consulting and Investments Inc. (Victory) dissolved involuntarily as a corporation in Illinois on October 2, 2006 but is doing business in Illinois.

5. For purposes of this Complaint for Injunctive and Other Relief, any references to the acts and practices of Defendants shall mean acts of Victory's officers, owners, directors, employees, or other agents.

6. Walter C. Armstrong is sued individually and for doing business as Victory, after Victory dissolved as a corporation. There exists and at all times relevant hereto, has existed, a unity of interest between Walter C. Armstrong and Victory such that any individuality and separateness of Walter C. Armstrong and Victory has ceased to exist. To adhere to such a fiction would serve to sanction fraud and promote injustice.

## **COMMERCE**

7. Section 1(f) of the Consumer Fraud Act defines "trade" and "commerce" as:

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).

8. Defendants, Victory and Armstrong engaged in trade and commerce in the State of Illinois. Defendants solicit and offer mortgage foreclosure rescue services to Illinois consumers who are in behind in their mortgage payments, by flyers, word-of-mouth and in person.

## **DEFENDANTS' BUSINESS PRACTICES**

9. Defendants operate a mortgage foreclosure rescue service that solicits fees and mortgage

payments from consumers but does little or nothing to prevent foreclosure of consumers' homes.

10. Defendants have operated their business at 2255 S. Michigan Avenue and at 2600 S. Michigan Avenue, Chicago, Illinois. Although their current business address is unknown, their phone number is still operating and their voicemail indicates consumers should leave messages for Defendants.

11. Defendants solicit prospective consumers by visiting consumers' homes, word of mouth, and written flyers advertising their services.

12. Defendants gain consumers' trust by representing that their organization is based in the Christian faith. Defendants, their employees, and agents introduce themselves as Reverend, Bishop, or Pastor. Defendants' motto on their business cards and flyers is, "Don't Wait until the Battle is Over- Shout out Now," a popular gospel song.

13. In some instances, Defendants visit consumers who have active foreclosure cases. Defendants invite consumers to religious services and tell consumers that they came to protect them from foreclosure.

14. After meeting with consumers briefly in their homes, Defendants encourage consumers to make an appointment with Defendants.

15. In other instances, consumers contact Defendants directly after receiving a flyer advertising their mortgage rescue services and make appointments to meet with Defendants.

16. When consumers arrive at the Defendants' Offices, they see large bulletin boards with acclamations from consumers whose homes Defendants allegedly saved.

17. Armstrong represents to consumers that he has a doctorate in divinity, when in fact, he merely obtained a certificate by paying money to the Universal Life Ministry online.

18. Armstrong also represents to consumers that he is an attorney, licensed to practice law in Illinois, when in fact, he is not an attorney.

19. Defendants promise to save consumers' homes from foreclosure by doing the following: (1) obtaining refinancing; (2) negotiating with the existing lender to lower rates or modify the loan; (3) putting the consumers in their surrogate program, in which an investor obtains a mortgage on the consumer's home to buy-out the current mortgage and the consumer can refinance the mortgage into their own name after fixing their credit, or (4) bankruptcy.

20. Defendants tell consumers that by retaining the services of Victory, consumers are also retaining attorneys to represent them in any legal matters. Defendants charge consumers retainers of approximately \$600 for their mortgage rescue serves and an additional \$400 for attorneys' fees.

21. Defendants instruct consumers to send their mortgage payments to Defendants rather than their lenders. When Defendants receive the consumers' mortgage payments, however, they do not send the payments onto the lenders, putting the consumers in greater jeopardy with their lenders.

22. Defendants tell consumers that the purpose of the making payments is to show the consumers' abilities to make monthly payments on time to mortgage lenders. In addition, in cases where the consumer is trying to refinance or in the surrogate program, Defendants tell consumers that the money is there for a deposit or down payment.

23. Defendants tell consumers that they are negotiating with the consumers' lenders to refinance or modify their mortgages, but Defendants do not obtain refinancing or modifications of mortgages.

24. For some consumers, Defendants offer a surrogate program. Defendants provide consumers with a document entitled, "Surrogate Program," which omits key details about the real estate transaction and is misleading in the following ways:

- a. It states in paragraph 1 that "property owner/client flips/sells property to surrogate investor," it then later states in paragraph 6 that, "property owner/client applies to refinance land contract into mortgage in client's name." The first statement suggests that the consumer is selling their home to the investor, and the second, suggests that the consumer is refinancing a mortgage, rather than buying back their home.
- b. It states in paragraph 2 that an "escrow account is established at closing to cover 6 months mortgage payments," but fails to explain who pays into the escrow account.
- c. It states in paragraph 4 that the "surrogate receives initial payment as previously negotiated," but fails to disclose who negotiates the payment, the amount of payment and who pays the payment. A copy of the Surrogate Program document is attached as Exhibit A.

25. Defendants misrepresent the terms of the surrogate program by failing to explain to consumers that the surrogate or Defendants strip equity from the consumers' homes and consumers may lose title to their homes.

26. Further, Defendants do not tell consumers anything about the mortgage closings, including the identity of the surrogate, the date and time of the transaction, the sales price of the consumers' home, and the amount of the new mortgage.

27. Defendants offer their surrogate program to consumers, in the guise that it will

improve consumers' credit and allow them to keep their homes, when they know or should know that it takes longer than six months to improve consumers' credit. Moreover, it is unlikely that consumers will be able to obtain a larger mortgage to buy-out the surrogate, when the consumer could not even afford the smaller original mortgage.

28. Even though surrogates receive money from consumers' equity, investment fees and supposedly mortgage payments from Defendants, some surrogates do not pay the new mortgages and there are new foreclosure actions against the surrogates for the consumers' homes. The original consumers are often unaware of the subsequent foreclosures because they no longer have title to the property or own the mortgages.

29. In cases where the consumers remain on title to the home, Defendants represent to consumers that they will file bankruptcy petitions on their behalf to stay the foreclosures, Defendants do not file the petitions or file petitions that are inaccurate and incomplete. As a result, the bankruptcy court dismisses the consumers' petitions and the stays against foreclosure are lifted, allowing the lenders to continue the foreclosure cases.

30. When consumers call Defendants to complain about collection calls from lenders or to inform Defendants of court dates, Defendants either avoid the phone calls or tell consumers not to worry, not to contact their lenders and not to appear in court.

31. When consumers appear in court, contrary to Defendants' instructions, they find that Defendants do not appear to represent them.

32. By the time consumers realize that Defendants have taken no action or inadequate action to save their homes, it is too late for consumers to challenge the foreclosure cases.

34. Five of the six consumers who filed complaints with the Attorney General Office about Defendants lost their homes to foreclosure.

35. Despite consumers' requests, Defendants has not return consumers' retainers or mortgage payments.

36. The following allegations are pled as illustrations of Defendants' unlawful business practices and are not meant to be exhaustive. Plaintiff has received six complaints against Defendants and intends to seek restitution for all these complaints, as well as for all additional consumer complainants Plaintiff discovers. The unlawful activities of Defendants are ongoing and Plaintiff reserves the right to prove that other consumers have been injured as a result of Defendants' unlawful practices.

*Willie Coleman*

37. Mr. Willie Coleman, a senior citizen, lived in his home at 1431. Elizabeth, North Chicago, Illinois 60064.

38. In 2005, Mr. Coleman had some financial difficulties and missed several payments with his mortgage lender.

39. In or about November 2005, there was a pending foreclosure case against Mr. Coleman. That month, an African American man who identified himself as a preacher working for Defendants visited Mr. Coleman at his home.

40. The preacher invited Mr. Coleman and his wife to attend a Thanksgiving service at his church. The preacher told Mr. Coleman he had discovered that Mr. Coleman was in foreclosure by looking up his case at the courthouse. The preacher advised Mr. Coleman that Defendants could save his home from foreclosure and made an appointment for Mr. Coleman with Defendants.

41. Mr. Coleman trusted Defendants because he believed they were associated with a church.

42. On or about December 6, 2005, the preacher picked up Mr. Coleman at his home, and drove him 43 miles to the Defendants' office, located on 2600 S. Michigan Avenue.

43. Mr. Coleman met with Armstrong. Armstrong introduced himself as a Reverend. Armstrong told Mr. Coleman that he had saved several widows from foreclosure by obtaining refinancing. Armstrong offered to find Mr. Coleman refinancing or a surrogate.

44. Mr. Coleman advised Armstrong that he was negotiating with his lender. Armstrong advised him not to work his lender because Mr. Coleman had too much equity in his home. Armstrong demanded a retainer of \$1000, in which \$600 would cover Defendants' fees and \$400 for the attorney. Mr. Coleman agreed to pay Defendants.

45. On or about December 8, 2005, the preacher came to Mr. Coleman's house in North Chicago, and picked up a certified check from Mr. Coleman to Defendants for \$600. Mr. Coleman told the preacher that he could not pay the remaining \$400 until his next pay period, the preacher then agreed to pick up the rest of the retainer later on. Defendants later, cashed the check.

46. After a few days, Mr. Coleman called Armstrong to see if he had lined up a deal with his lender or a surrogate. Armstrong did not have a deal ready.

47. In or about December 2005, Mr. Colman asked Armstrong if Defendants would appear in court for his foreclosure case. Armstrong stated that the Defendants would appear. Yet, later that month, Mr. Coleman appeared in court but no one from Defendants appeared in court.

48. Over the next three weeks, Mr. Coleman called Defendants 10-15 times but Armstrong never took his calls.

49. Finally, when Mr. Coleman spoke with Armstrong, Mr. Coleman told Armstrong that he had worked out a deal with his lender and no longer needed Defendants' services. He asked Defendants to return the retainer and Armstrong refused.



*Quedessia Hales*

50. Quedessia Hales owned her home at 7140 S. Campbell, Avenue, Chicago, Illinois 60629 for almost 15 years.

51. Ms. Hales fell behind in her payments and there was a foreclosure case filed against her.

52. An acquaintance recommended that she contact Defendants for help.

53. On or about June 7, 2006, Ms. Hales met with Defendants at their office. Armstrong introduced himself as a Bishop and as an attorney. During their meeting, Armstrong called Countrywide and spoke to a customer service representative about Ms. Hales's adjustable rate mortgage. After the telephone call, Ms. Hales signed a retainer agreement with Defendants and gave Defendants \$600.

54. Armstrong told Ms. Hales that Defendants would negotiate with Countrywide to lower her mortgage payments to \$935 from \$975 a month. Then, Defendants would buy the house from Countrywide, and she could repurchase it at a later date. Armstrong instructed Ms. Hales to obtain a pay-off letter from Countrywide.

55. Armstrong instructed Ms. Hales to pay Defendants \$935 a month rather than her standard mortgage payment of \$970 a month.

56. For the first month, Ms. Hales paid \$935 to Defendants in cash, and then for the subsequent months, she paid Defendants in money orders.

57. On July 11, 2006, the Court entered a Judgment of Foreclosure and Sale against Ms. Hales.

58. In or about July 2006, Ms. Hales obtained a pay-off amount letter Countrywide and gave the information to Armstrong.

59. In or about August 2006, Armstrong told Ms. Hales that they would have the closing in

September 2006 but Defendants did not conduct the closing in September.

60. On or about September 20, 2006, Ms. Hales called Defendants and was instructed to get another payoff letter from Countrywide. She called Countrywide and obtained another payoff letter for Defendants.

61. In or about October 2006, a representative from Countrywide called Ms. Hales and asked if she was still living in her home. Soon after, Ms. Hales spoke with Armstrong, who assured her that they would close within 4 to 6 weeks and that she would not lose her home.

62. On or about October 13, 2006, a representative from the Court had a judicial sale and sold Ms Hales' home for \$105,000.

63. In November 2006, Defendants told Ms. Hales that HB4050 prevented them from purchasing her home. Defendants told Ms. Hales that they would file a separate lawsuit to force the closing and assured her that they would appear in court with Ms. Hales in December 2006 to stop the foreclosure.

64. In November 2006, Ms. Hales' gas service was shut off. Defendants advised her that they would file a chapter 13 bankruptcy petition on her behalf, include her debts to Countrywide and the gas company, which would restore her gas service and stay the foreclosure.

65. In November 2006, Ms. Hales met with an employee of Defendants to fill out the bankruptcy petition.

66. On or about December 5, 2006, Ms. Hales appeared at Defendants' offices and was told that their attorney could not appear in chancery court with Ms. Hales. Ms. Hales went to court and obtained a continuance until January 9, 2007.

67. On or about December 17, 2006, Russell Odell Davis filed a bankruptcy petition on

Ms. Hales' behalf. The address that he gave for his law office address was the same as Defendants' address and his email is victoryconsult7732@sbc.global.net. Mr. Davis is not authorized to practice law by the Illinois Attorney Registration and Discipline Commission of the Illinois Supreme Court.

68. On or about January 18, 2007, the Northern District of Illinois U.S. Bankruptcy Court dismissed Ms. Hales' bankruptcy petition because it was inadequate.

69. Shortly thereafter, the Court confirmed Ms. Hale's foreclosure sale and Ms. Hale lost her home.

70. From June 2006 until January 2007, Ms. Hales gave Defendants \$935 every month, a total of \$7,480.

71. Although Ms. Hales recovered the majority of her mortgage payments by canceling the money orders, due to Defendants' actions she lost her home of almost 15 years.

*Evelyn J. Allen*

72. Evelyn Allen purchased her home at 8634 S. Dante Avenue, Chicago, Illinois, in 1988 for about \$70,000.

73. In late May 2005, she had fallen behind in her mortgage payments and there was a foreclosure suit filed against her.

74. In late May or early June 2005, Wanda Brooks who worked for Defendants, came to Ms. Allen's home. She introduced herself as Reverend Brooks and told Ms. Allen that Defendants could save her home from foreclosure. Wanda Brooks made an appointment for Ms. Allen to meet with Defendants.

75. In or about June 2005, Ms. Allen met with Defendants at their offices. Armstrong introduced himself as a Bishop. Ms. Allen believed that she could trust him because he was a man of god.

76. Armstrong explained to Ms. Allen that he could save her home with a surrogate and sell the home back to her in six months or a year. He instructed Ms. Allen to pay \$1200 a month to Tom Battle, the surrogate. He told Ms. Allen that Tom Battle was his "in-law."

77. During the meeting, Armstrong did not inform Ms. Allen about any of the details of the closing and did not instruct her to attend the closing. Further, Ms. Allen did not meet Tom Battle. Nor did she sign any documents or deeds granting her property to Tom Battle.

78. On or about June 14, 2005, Tom Battle obtained a mortgage on Ms. Allen's property for approximately \$130,000.

79. From July 2005 until July 2007, Ms. Allen sent or delivered to Defendants money orders or checks of \$1200 payable to Tom Battle, a total of approximately \$28,800.

80. In 2006, Ms. Allen started receiving letters from the mortgage lender addressed to Tom Battle. She opened the letters and discovered that Tom Battle was behind in his payments. She delivered these letters to Defendants.

81. Armstrong repeatedly told Ms. Allen that the mortgage lender was slow and did not properly account for the payments. He promised her that the Defendants would take care of it and that she would not lose her home.

82. On or about October 11, 2006, US Bank National Association filed a foreclosure case against Tom Battle for Ms. Allen's home.

83. In or about July 2007, Armstrong and Defendants stopped returning Ms. Allen's phone calls.

84. In or about December 2007, after receiving notice of Order of Possession against her, Ms. Allen and her family moved because she did not want the Sheriff to throw her family out of their home of almost 17 years.

85. Due to Defendants' actions, Ms. Allen lost almost \$30,000 and her home of almost 17 years.

#### **V. APPLICABLE STATUTE**

86. Section 2 of the Consumer Fraud Act, 815 ILCS 505 states that:

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.

#### **VI. COUNT I**

##### **Violations of the Consumer Fraud Act**

87. Defendants engaged in unfair and deceptive acts unlawful under section 2 of the Consumer Fraud Act, 815 ICLS 505/2 by:

- A. Representing to distressed property owners that they can save their homes, when in fact Defendants cannot save their homes with their services
- B. Representing to consumers that they are negotiating with their mortgage lenders to either refinance their properties, or modify the terms of their loans; when in fact, Defendants take little action;
- C. Inducing distressed consumers to enter into complex real estate transactions without explaining or adequately disclosing the terms of the transactions;
- D. Failing to disclose to consumers that they no longer hold title to their homes;
- E. Failing to disclose to consumers that the surrogate program strips consumers' equity in their homes;

- F. Inducing consumers to allow Defendants to prepare and file bankruptcy petitions to stay foreclosures but the petitions and filings are not adequate, resulting in dismissals and reinstatements of the foreclosures;
- G. Collecting mortgage payments from consumers to improve their credit, when in fact, Defendants do not ensure that the lenders receive payments, as a result, consumers are deeper in debt and more likely to lose their homes to foreclosure;
- H. Collecting fees for attorneys and representing that Defendants will represent consumers in court, when in fact, Defendants do not appear in court or take very limited legal actions to prevent foreclosures and are not even licensed as attorneys;
- I. And representing to consumers that they are a faith based organization, when Defendants are not affiliated with any churches.

#### **Statutory Remedies for Violating the Consumer Fraud Act**

88. Section 7 of the Consumer Fraud Act, 815 ILCS 505/7, provides:

Whenever the Attorney General has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by the Act to be unlawful, and that proceeding would be in the public interest, he may bring an action in the name 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.

In addition to the remedies provided herein, the Attorney General may request and this 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 intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation.

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.

89. Section 10 of the Consumer Fraud Practices Act, 815 ILCS 505/10, provides: "In any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for the use of this State."

#### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays that this honorable Court enter an Order:

- A. Finding that Defendants have violated section 2 of the Consumer Fraud Act, 815 ILCS 505/1; including, but not limited to, the unlawful acts and practices alleged herein;
- B. Temporarily, preliminarily and permanently enjoining Defendants from engaging in the business of foreclosure or mortgage rescue, negotiating forbearance or any other type of agreements with mortgage lenders and unlawfully practicing law in the State of Illinois;
- C. 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 full restitution be made to said consumers;
- D. Assessing a civil penalty in the amount of fifty thousand dollars (\$50,000) per violation of the Consumer Fraud Act found by the Court to have been committed by Defendants with the intent to defraud; if the Court finds that they have engaged in methods, acts or practices declared unlawful by the Consumer Fraud Act, without the intent to defraud, then assessing a statutory civil penalty of fifty thousand Dollars (\$50,000), all as provided in section 7 of the Consumer Fraud Act, 815 ILCS 505/7;

- E. Assessing an additional civil penalty in the amount of ten thousand dollars (\$10,000) per violation of the 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(c) of the Consumer Fraud Act, 815 ILCS 505/7(c);
- F. Requiring Defendants to pay all costs for the prosecution and investigation of this action, as provided by section 10 of the Consumer Fraud Act, 815 ILCS 505/10; and
- G. Providing such other and further equitable relief as justice and equity may require.

Respectfully Submitted,

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

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## **SURROGATE PROGRAM**

1. Property owner/client flips/sells property to surrogate investor.
2. Escrow account is established at closing to cover 6 months mortgage payments for the protection of the surrogate investor.
3. Surrogate investor sells property back to original owner on a land contract.
4. Surrogate investor receives initial payment as previously negotiated.
5. Property owner/client makes monthly payments on land contract to surrogate investor from checking account or with cashier's check for a minimum of 6 months up to a maximum of 12 months depending on approving mortgage company.
6. Property owner/client applies to refinance land contract into a mortgage in client's own name.
7. At closing, mortgage in surrogate investor's name is paid off, all obligations in surrogate investor's name are cleared, escrow account is released, and surrogate investor receives final payment.
8. Surrogate is clear to begin another new project!!!