



# OFFICE OF ILLINOIS STATE TREASURER

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## **Illinois State Treasurer Michael Frerichs Convinces Judge to Surrender \$544,000 to Illinois Taxpayers Rather than Use it to Pay Bankruptcy Debt**

*Ditech, a Leading Player in Sub-Prime Mortgage Crisis,  
Pioneered Questionable Practice of 125 Percent Refinancing*

**SPRINGFIELD** — A leading player in the sub-prime mortgage crisis must surrender more than \$500,000 to Illinois taxpayers rather than use the funds to pay bankruptcy debt, Illinois State Treasurer Michael Frerichs said today.

In a significant, precedent-setting case, a New York bankruptcy judge agreed that it was not enough for Ditech Holding Co. to say it tried to identify Illinoisans it owed money as a result of questionable lending practices for initial home loans and mortgage refinancing. Instead, the judge agreed with Frerichs that remaining unclaimed borrower funds should be surrendered as unclaimed property because Illinois has a proven history of returning the money to owners no matter how long it takes.

“We must stop Wall Street firms and high-priced attorneys stealing from the hard-working people of Illinois,” Frerichs said. “Owning a home is one pathway to the middle class, and Ditech took advantage of too many families who only wanted to reach for their American dream.”

In Illinois, unclaimed property also is known as I-Cash. In the past fiscal year, I-Cash returned a record \$280 million to more than 362,000 taxpayers. Since becoming state treasurer, Frerichs has paid more than 1 million claims and returned a record-shattering \$1.5 billion to Illinois taxpayers.

Unclaimed property refers to money or accounts within financial institutions or companies in which there has been no activity for several years. Unclaimed property includes forgotten bank accounts, unpaid life insurance benefits, the contents of safe deposit boxes and other items.

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As part of the bankruptcy settlement, Illinois will receive \$544,000 to return to 119,000 borrowers. The money represents overpayments borrowers made to Ditech and its affiliates, including Ditech Holding Corp., DF Insurance Agency LLC, Ditech Financial LLC, Green Tree Credit LLC, Green Tree Credit Solutions LLC, Green Tree Insurance Agency of Nevada, Inc., Green Tree Investment Holdings III LLC, Green Tree Servicing Corp., Marix Servicing LLC, Walter Management Holding Company LLC and Walter Reverse Acquisition LLC — collectively known as the Wind Down Estates.

Ditech filed for chapter 11 in the U.S. Bankruptcy Court for the Southern District of New York in February 2019. A court order authorized an outside administrator to track down borrowers who had overpaid Ditech and to return their funds, which totaled about \$112 million in 13 states and the District of Columbia. The outside administrator returned more than \$90 million to more than 145,000 borrowers.

However, they did not find everyone.

Ditech wanted the remaining money, about \$19.5 million, to go to other creditors rather than the victim borrowers. Illinois and the others fought the move and U.S. Bankruptcy Court Judge James L. Garrity Jr. this summer agreed the money instead should go to the unclaimed property programs.

Any past or present Illinois residents who serviced residential loans with Ditech or its affiliates should check I-Cash ([www.illinoistreasurer.gov/ICASH](http://www.illinoistreasurer.gov/ICASH)) to find out if Frerichs' office recovered their money.

Loeb & Loeb LLP represented the Illinois State Treasurer's Office.

### **About the Illinois Treasurer**

As Illinois State Treasurer, Michael Frerichs (FRAIR'-iks) is the state's Chief Investment and Banking Officer and actively manages approximately \$52 billion. The portfolio includes \$26 billion in state funds, \$17 billion in retirement and college savings plans and \$9 billion on behalf of local and state governments. Frerichs' office protects consumers by safeguarding more than \$3.5 billion in unclaimed property, encouraging savings plans for college or trade school, increasing financial education among all ages, assisting people with disabilities to save without losing government benefits, and removing barriers to a secure retirement. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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