



Contact:  
Elizabeth Lynch, Esq.:  
212-417-3779 / [elynch@mfy.org](mailto:elynch@mfy.org)

Elise Brown, Esq.:  
212-417-3753 / [ebrown@mfy.org](mailto:ebrown@mfy.org)

FOR IMMEDIATE RELEASE  
May 1, 2014

## **Bullied by Barclays, Staten Island Homeowner Fights Back**

### ***Lawsuit Charges Predatory Lending Scheme Against U.K. Bank***

NEW YORK, NY— Shedding light on the continued suffering of homeowners who were preyed upon by some of the world’s largest banks in the run up to the financial crisis, Staten Island homeowner Tony Wong, represented by **MFY Legal Services, Inc.** (“MFY”), has filed a federal lawsuit against **Barclays Bank PLC** (“Barclays”), alleging it operated a predatory lending scheme that overwhelmingly targeted New York City’s minority borrowers.

Plaintiff Tony Wong, a long-time Staten Island homeowner and school security officer for the New York City Police Department, alleges he fell prey to Barclays’ scheme to market risky, predatory mortgages in New York City’s minority neighborhoods. He claims that in September 2007, he was duped into refinancing with Barclays’ wholly owned subprime subsidiary EquiFirst Corporation. With high monthly payments and an 11.075% interest rate, Mr. Wong’s mortgage was engineered to fail but only after his savings ran dry in his attempt to keep up with the mortgage payments.

According to publicly available records, Mr. Wong was not the only minority who received a disastrous EquiFirst loan. During the year Mr. Wong’s loan was originated, the vast majority of the predatory loans EquiFirst issued in the New York City area were for homes in minority neighborhoods. Taking advantage of New York’s segregated housing market, Barclays, through EquiFirst, sold nearly 50% of its predatory loans to homeowners who lived in neighborhoods with 80 percent or greater minority populations. Mr. Wong’s home is located in a neighborhood that is now 69 percent minority and was 56 percent minority in 2007. These subprime mortgages were largely bundled, securitized and sold on Wall Street by investment banks like Barclays in the form of mortgage-backed securities.

During the heyday years of the subprime mortgage bubble, Barclays was a major player in the mortgage-backed security business, securitizing \$27.1 billion in mortgage-backed securities in 2005. By 2007, Barclays acquired subsidiaries that could help it more effectively churn out these risky mortgages and quickly securitize them. This litigation will show that through its “mortgage franchise” of subsidiaries, Barclays originated predatory subprime residential mortgages, packaged these same loans into residential mortgage-backed securities, and serviced the loans once they were pooled into securities. At each step of the process, Barclays profited off of shoddy mortgages that had a high risk of failing borrowers and investors alike.

“This lawsuit demonstrates that the profits Barclays made in the housing market run-up in the mid-2000s came on the backs of minority borrowers in New York City like Mr. Wong,” said Elizabeth M. Lynch, a staff attorney at MFY. “Barclays should be held responsible for its fraudulent conduct, and borrowers like Mr. Wong should be made whole for the suffering Barclays caused them. While the media touts the recovery of the housing market, communities of color are still reeling from the effects of the mortgage crisis.”

“More than five years after the collapse of Lehman Brothers, tens of thousands of New Yorkers, in neighborhoods all across the city, continue to suffer from the effects of the foreclosure crisis. The reckless and predatory lending that caused the crisis disproportionately harmed New York City’s communities of color and the lawsuit filed today by MFY Legal Services will help to right those wrongs. We applaud MFY, and all of our partners, for the work they have done to help the city recover from this crisis,” said Christie Peale, Executive Director at the Center for NYC Neighborhoods.

The lawsuit alleges that Barclays and its subsidiaries violated the Fair Housing Act and the Equal Credit Opportunity Act, as well as a number of other statutes, by issuing predatory mortgages using policies that disproportionately impacted minority borrowers like Mr. Wong.

--30--

MFY Legal Services, Inc. is a non-profit provider of free legal assistance to low-income New Yorkers on civil legal problems, including housing, foreclosure, public benefits, civil and disability rights, employment, consumer, bankruptcy and family law matters.