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## **GROUNDBREAKING LAWSUIT AGAINST DEBT COLLECTION RING GETS GREEN LIGHT TO MOVE FORWARD AS CLASS ACTION**

### **Lawsuit Alleges Massive Robo-Signing Scheme, More Than 100,000 New Yorkers Defrauded**

NEW YORK, NY, September 7, 2012 – In a groundbreaking decision, federal judge Denny Chin granted class action status in a case brought on behalf of more than 100,000 New Yorkers harmed by a massive consumer debt collection scheme. The class action lawsuit, *Sykes v. Mel S. Harris and Associates LLC*, charges that a debt collection ring engaged in persistent robo-signing and conspired to defraud New Yorkers of millions of dollars, in violation of federal racketeering and fair debt collection practices law.

In its 42-page decision, the court cited widespread evidence that the defendants had fraudulently obtained tens of thousands of default judgments against New Yorkers, by filing false affidavits and intentionally failing to notify people that they were being sued. The named defendants include Leucadia National Corporation, a public corporation that buys debts for pennies on the dollar; Mel S. Harris and Associates LLC, one of the largest debt collection law firms in the state; and Samserv, Inc., a process serving company.

MFY Legal Services, NEDAP, and Emery Celli Brinckerhoff & Abady LLP represent the plaintiffs in the class action.

“These abusive debt collection practices have devastating consequences for low income New Yorkers and communities,” said Susan Shin, staff attorney at NEDAP. “We have worked with thousands of people who find out they have been sued by debt buyers only after their bank accounts have been frozen, their wages garnished, and credit reports damaged.”

“The class certification was granted on both the fair debt collection and civil racketeering claims, as well as New York’s deceptive practices law and New York judiciary law, leaving defendants potentially liable for fraudulently collecting hundreds of millions of dollars,” said Matthew Brinckerhoff of Emery Celli Brinckerhoff & Abady. “Securing a massive monetary judgment will serve to deter others who continue to engage in these pernicious practices,” Brinckerhoff said.

“Hundreds of thousands of lower income New Yorkers have been cheated by the unscrupulous practices of debt collectors, law firms, and process servers. We’re confident this case will be successful and that it will send a strong message to operators in the industry that they need to play by the rules,” said Carolyn Coffey, supervising attorney of MFY’s Consumer Rights Project.

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MFY Legal Services, Inc. provides free legal services to low-income New Yorkers in a wide range of civil legal issues and works to promote greater protections for consumers, tenants, workers, and people with disabilities. NEDAP works with community groups and New Yorkers to promote economic justice in New York City. Emery Celli Brinckerhoff & Abady LLP is a litigation firm that handles a diverse array of cases, including civil rights and class actions.

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