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LAW FIRM SUED FOR UNDERMINING NEW YORK STATE'S PROTECTIONS FOR HOMEOWNERS IN FORECLOSURE

New MFY Study Shows that Large Firms Withhold Legal Documents from Judicial Filings, Leaving Cases in Limbo while Fees and Arrears Accumulate for Distressed Homeowners

NEW YORK—MFY Legal Services, Inc. and Harwood Feffer LLP filed suit today against Steven J. Baum PC, a law firm that files 40% of the foreclosure actions in New York State, charging unfair debt collection and deceptive practices in filing thousands of foreclosure lawsuits.

Justice Deceived, a study of a representative sample of foreclosure filings in Brooklyn and Queens before and after the New York State Court's October 2010 rule requiring foreclosure law firms to attest to the accuracy of every foreclosure summons and complaint (the "Due Diligence Affirmation"), showed that four large law firms filed hundreds of foreclosure cases, but failed to file the documents that cause the case to be assigned to a judge and trigger a state-mandated settlement conference. In 82% of foreclosure cases filed in November 2010, lawyers failed to file the required Request for Judicial Intervention (RJI) and Due Diligence Affirmation seven months after the case was filed.

"This is the biggest scandal since robo-signing," said Elizabeth Lynch, an attorney at MFY Legal Services, a non-profit organization, and author of the new report. "Homeowners are left in limbo while they wait for the bank's law firm to file the documents that will trigger a settlement conference, which is their best chance of saving their home. Instead, the banks reject their mortgage payments and charge additional fees and interest that undercut homeowners' chances for a successful loan modification."

In response to the robo-signing crisis, the New York State Legislature required that attorneys filing foreclosure actions attest to the accuracy of every foreclosure summons and complaint and file such affirmation with their Request for Judicial Intervention. When done properly, the case is assigned to a judge, homeowners are notified of their right to a settlement conference, and non-profit housing counseling agencies are also notified so they can assist homeowners and refer them to legal counsel.

"Steven J. Baum PC and other big firms are undermining the protections homeowners have under the law," said Robert I. Harwood, senior partner at Harwood Feffer LLP. "This case is about getting everyone to play by the rules. If a law firm cannot attest to the accuracy of the papers it is filing, it should not file the case."

In its report, *Justice Deceived*, MFY recommends that the courts take steps to ensure that homeowners have access to settlement conferences regardless of what documents are filed, that documents are filed as required by law, that housing counseling agencies are informed of all filings, and that foreclosure cases be dismissed if proper documents have not been filed by the second settlement conference.

Justice Disserved and other details on the case can be found at www.mfy.org. MFY Legal Services, Inc. is a non-profit provider of civil legal assistance to New Yorkers who cannot afford attorneys. Harwood Feffer LLP is a firm that specializes in complex, multi-party litigation with an emphasis on securities and shareholder class and derivative actions, ERISA and civil rights litigation, antitrust matters and consumer litigation.

Justice Deceived - <http://www.mfy.org/wp-content/uploads/MFY-White-Paper-JUSTICE-DECEIVED.pdf>

Cole v. Baum complaint - <http://www.mfy.org/wp-content/uploads/Cole-vs-Baum.pdf>