

Update

November 2015

HUGE VICTORY FOR NYS CONSUMERS!
$59 Million Settlement of Debt Collection Class Action Lawsuit

Tens of thousands of low-income New Yorkers who were victims of abusive debt collectors won an unprecedented victory on November 12, 2015 when a [settlement was filed](http://www.nytimes.com/2015/11/14/nyregion/victims-of-debt-collection-scheme-in-new-york-win-59-million-in-settlement.html?smprod=nytcore-iphone&smid=nytcore-iphone-share) ending a six-year battle to achieve justice for low-income New Yorkers whose bank accounts were restrained or wages garnished after a default judgment based on “[sewer service](http://www.mfy.org/wp-content/uploads/reports/Justice_Disserved.pdf)” was entered against them.

MFY Legal Services co-counseled the case against a debt buyer, a law firm and a process serving company, as well as subsidiaries and some individuals, with the New Economy Project and Emery Celli Brinckerhoff & Abady LLP. Some 300,000 victims of abusive debt collection practices will have their debts eliminated and some 190,000 default judgments are to be vacated. The settlement includes injunctive relief: the debt buyer is prohibited from buying further consumer debt and the process serving company may no longer serve process in debt collection cases and must pay its employees the same whether or not service is successful. The law firm involved in the case ceased operations in September.

MFY Supervising Attorney Carolyn Coffey, who led MFY’s effort in the case with Senior Staff Attorney Ariana Lindermayer, said: “We expect this settlement will have far-reaching consequences across the debt-collection chain and will help to put an end to predatory practices by debt buyers and the law firms and process serving companies that work with them.”

Judge Rules Landlord Must Pay for Evidence in Tenant Residency Case

Landlords attempting to force tenants out of rent-regulated apartments often claim that the apartment is not the tenant’s primary residence. In *401 E. 58th St. v Lejano*, the landlord wanted an elderly and indigent tenant to pay for surveillance footage requested during discovery. The court held that the landlord must produce the video without cost to the tenant. Cristina Quiñones-Betancourt, an extern at MFY from Willkie Farr & Gallagher LLP, handled the case.

MFY in the News . . .

The $59 million settlement in the *Sykes* class action case generated significant press coverage as well as an editorial in the New York Times: [Bad Debt Collectors and Their Prey](http://www.nytimes.com/2015/11/17/opinion/bad-debt-collectors-and-their-prey.html?smprod=nytcore-iphone&smid=nytcore-iphone-share), [Debt Collection Deal Promises to Wipe Out Defaut Judgments](http://www.newyorklawjournal.com/printerfriendly/id%3D1202742590431#ixzz3rl7Y4KkU), [Debt Collection Settlement from Class Action Lawsuit Could Benefit More than 7000 in Erie County](http://www.buffalonews.com/city-region/debt-collection-settlement-from-class-action-lawsuit-could-benefit-more-than-7000-in-erie-county-20151117), [New Yorkers Settle with Shady Debt Collector](http://nypost.com/2015/11/22/over-350k-new-yorkers-settle-with-shady-debt-collector/)

MFY Supervising Attorney Carolyn Coffey is quoted in the November 2015 *ABA Journal:* [Debt Buying Industry and Lax Court Review Are Burying Defendants in Default](http://www.abajournal.com/magazine/article/debt_buying_industry_and_lax_court_review_are_burying_defendants_in_default)

MFY Executive Director Jeanette Zelhof is quoted in *JP Updates:* [NY Public Advocate Letitia James Releases 2015 Worst Landlords List](http://jpupdates.com/2015/11/23/ny-pa-leticia-james-releases-2015-worst-landlords-list/)