



FACT SHEET
Squassoni v. Blackwell

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All statements below are allegations made by the plaintiffs, none of which have yet been proven.

ABOUT Squassoni v. Blackwell

Twenty-six homeowners from New York and eight other states filed a lawsuit against two pairs of loan modification companies based in Long Island, New York, as well as their owners and several employees, asserting several causes of action arising out of the companies' loan modification activities, including false advertising, deceptive practices, fraud, breach of contract and other violations of New York and common law. The lawsuit alleges that the defendants operated a fraudulent scheme arising out of an attempt by Anthony J. Blackwell, an attorney not licensed to practice law in New York, to circumvent federal and state laws regulating the mortgage modification industry by incorporating so-called "law firms" (commonly referred to as "Consumer First" and "United Solutions") to provide mortgage modification services as "legal services" to vulnerable homeowners seeking loan modifications. Defendants, it is alleged, committed fraud by luring homeowners in need of mortgage modification assistance with false promises of guaranteed loan modifications, and then failing to deliver on those promises after collecting thousands of dollars in up-front fees from the homeowners. The plaintiffs now seek money damages and injunctive relief against the defendants for the harm caused by defendants' scams. The Lawyers' Committee for Civil Rights Under Law and Davis Polk & Wardwell LLP represent the plaintiffs free of charge.

ABOUT THE PLAINTIFFS

The plaintiffs in Squassoni v. Blackwell include:

Laura Squassoni (Staten Island, NY) (Verified Complaint ¶¶ 18, 167-94)

- Ms. Squassoni raises a teenage daughter by herself. In or around March 2011, she researched mortgage modifications on the Internet and entered her contact information on a website for United Solutions Law Firm.
- She received a phone call from a sales representative from United Solutions. He explained that United Solutions could assist Ms. Squassoni in modifying the terms of her mortgage and lowering her monthly payments, reducing the interest rate on her mortgage by 1-1.5%. The salesperson also told her that she would "definitely" get a modification, that she qualified for the federal "Making Home Affordable" (HAMP) program, and that

there was a money-back guarantee if she did not obtain a modification. He explained that it should only take six to eight weeks to achieve a modification.

- The sales representative also told Ms. Squassoni that, while he was not an attorney, he worked for an attorney named Anthony Blackwell, an expert in the business who had been doing mortgage modifications for a very long time with a very high success rate. Based on these representations, Ms. Squassoni believed that if she hired the company, she would be retaining a lawyer to assist her in obtaining a mortgage modification.
- United Solutions sent Ms. Squassoni a written proposal that indicated that her interest rate would be reduced by 1.5% and that her monthly payments would be reduced by approximately \$500.
- The company also sent her other documents, one of which was marked “ATTORNEY-CLIENT PRIVILEGED AND ATTORNEY WORK-PRODUCT PROTECTED.” The company’s contract indicated that it reflected her “engagement of United Solutions Law Firm . . . to provide Mortgage Assistance Relief Services.” The first provision of the contract reads “ENGAGEMENT OF A LAW FIRM” and, later in the document, explains that “some aspects of [the services] may be provided by paralegals . . . under supervision of a lawyer licensed to practice in your state.”
- The salesperson’s representations and the company’s documents convinced her to hire the company. United Solutions demanded an up-front payment of \$2,895.00 for its services. After she paid, the company asked her to sign a document to authorize United Solutions to contact her lender. This form instructed Ms. Squassoni to cease direct contact with her lender.
- Ms. Squassoni soon began to have difficulty reaching anyone at United Solutions. When she did reach her salesperson on his personal mobile phone in June 2011, he told her that United Solutions had “shut down” and that he did not know what would happen with her modification application. Another employee, who was responsible for assembling Ms. Squassoni’s modification application, explained that she had not been paid for about two weeks, and as a result had not been working, but that if she got paid she would work on Ms. Squassoni’s file. That was the last Ms. Squassoni ever heard from the company.
- Ms. Squassoni did not receive the mortgage loan modification services promised by defendants. When Ms. Squassoni demanded a refund of the \$2,913.75 she paid to United Solutions (including wire fees), her messages were ignored.

Lorraine and Randy Boardwine (Fawn Grove, Pennsylvania) (Verified Complaint ¶¶ 28, 432-466)

- The Boardwines have two young children, and owe more on their mortgage than their home is worth. A reduction in Mr. Boardwine’s hours at work contributed to financial strain. In approximately early June of 2011, Mrs. Boardwine used the Internet to research mortgage modifications and came across one of Consumer First Law Group’s websites. Based on the website’s text and appearance, which included a large picture of

President Obama in front of an American flag, Mrs. Boardwine believed that the site was associated with the federal government.

- In mid-June 2011, Defendant Akeem Hutchinson contacted Mrs. Boardwine. He told Mrs. Boardwine in their first conversation that he worked as a senior case manager for Consumer First Law Group, which in turn worked with Blackwell Law Group. He told Mrs. Boardwine that he could help her obtain a mortgage modification by the end of July, that he did not take on cases unless he was sure they would be successful, and that he was very confident in her case.
- Defendant Hutchinson told Mrs. Boardwine that he would be able to secure a \$80,000 reduction in the principal balance of the mortgage, as well as a 2% fixed interest rate for the remaining life of the loan.
- Mrs. Boardwine had several questions about Defendant Blackwell's law license and the company. In response, Defendant Hutchinson sent her information about Mr. Blackwell's membership to the Bar of the State of Nevada. At no time did Defendant Hutchinson explain to Mrs. Boardwine that Defendant Blackwell was not admitted to practice law in New York or Pennsylvania, or that there were no other attorneys that worked for Consumer First who were licensed to practice law in her jurisdiction. Defendant Hutchinson also told Mrs. Boardwine that she was not a sucker and that she should trust him because of his high success rate.
- After days of reassuring emails from Defendant Hutchinson, Mrs. Boardwine agreed to hire the company. She paid the demanded \$2,600 up-front fee and filled out all of the company's paperwork, which was nearly identical to the United Solutions documents, both having been prepared by Defendant Blackwell.
- Persuaded by Defendant Hutchinson's statements that it did not matter whether they paid their mortgage, the Boardwines used money to pay Consumer First that otherwise would have been used to pay their mortgage.
- In July, Defendant Hutchinson told Mrs. Boardwine that everything was "fine," that her file was being processed, and that her modification should be completed by no later than the second week of August. She was never able to reach Defendant Hutchinson again. When she was able to reach another employee of the company a couple of weeks later, she learned that Consumer First needed additional financial documents from her before it could even send in an application for her. Mrs. Boardwine expressed her frustration that nothing had been done for her and her feeling that Defendant Hutchinson had been dishonest, and asked for her money back. After one more communication from the company in mid-August, Mrs. Boardwine was never able to reach the company again.
- The Boardwines have not received the mortgage loan modification promised by the defendants, nor have they received a refund.

ABOUT THE LEGAL CLAIMS

The plaintiffs seek money damages against all defendants as well as injunctive relief against certain of the defendants, because without judicial intervention preventing those defendants from engaging in further scams, other homeowners will be at risk of losing thousands of dollars in illegal upfront fees and facing other financial penalties, and will be at risk of losing their homes to foreclosure. The complaint also alleges causes of action including:

- Violation of N.Y. General Business Law § 349 (“Deceptive Practices Act”) and § 350 (“False Advertisement”): Plaintiffs allege that defendants made numerous false promises and misrepresentations in violation of the Deceptive Practices Act, including misrepresenting their authority to offer legal services and the nature and quality of their loan modification services, and encouraging the plaintiffs to stop paying their monthly mortgage payments and/or stop communicating with their lenders and servicers. Defendants also falsely advertised their services, on which plaintiffs relied to their detriment. (Verified Complaint ¶¶ 619-35)
- Violation of Real Property Law § 265-b: The defendants are alleged to have violated N.Y. Real Property Law § 265-b by accepting upfront fees from distressed homeowners in exchange for offering to negotiate the terms of their mortgage loans. According to the complaint, the defendants did not provide direct consulting services as attorneys admitted to the Bar of New York and in the course of a “regular legal practice.” (Verified Complaint ¶¶ 646-55)
- Fraud, Fraudulent Inducement, and Aiding and Abetting Fraud: Plaintiffs allege that defendants’ conduct amounts to fraud. For example, defendants’ fraud included falsely claiming that their “law firms” and experienced attorney were authorized to practice law in plaintiffs’ jurisdictions, and that defendants would issue refunds if they were unsuccessful in obtaining a mortgage modification for plaintiffs. Both sets of claims by defendants induced Plaintiffs to pay the companies’ sizable up-front fees and caused them other harms. (Verified Complaint ¶¶ 656-79)
- Breach of Contract, Attorney Malpractice, and Violation of New York Banking Law § 590: Plaintiffs allege that defendants breached their oral and written contracts by failing to perform the promised services and/or failing to refund the thousands of dollars in up-front fees paid by the plaintiffs. (Verified Complaint ¶¶ 680-85). To the extent that defendants provided legal services, defendants also committed attorney malpractice by, for example, encouraging plaintiffs to stop making monthly mortgage payments, failing to inform plaintiffs that they did not meet basic requirements for obtaining a mortgage modification, neglecting to return phone calls and respond to other communications from plaintiffs, and requiring that plaintiffs make up-front payments in violation of state and federal law. (Verified Complaint ¶¶ 689-95). Finally, New York Banking Law § 590 requires persons or entities “who are in the business of soliciting, processing, placing or negotiating mortgage loans” to register as “mortgage brokers” with the Superintendent of the New York State Banking Department. None of the defendants are so registered.