

LAW AND ORDER

A group of pro bono lawyers are pursuing fraud cases.

ANDERSON ANDREWS WAS in trouble. His overtime at his job as a corrections officer at Riker's Island had been cut, and the Brooklyn resident was struggling to pay his mortgage. He turned to his bank, JPMorgan Chase, for help with his loan, but the reduction was negligible. One of his neighbors referred Andrews to Express Modifications Inc., which offered mortgage holders loan modification services.

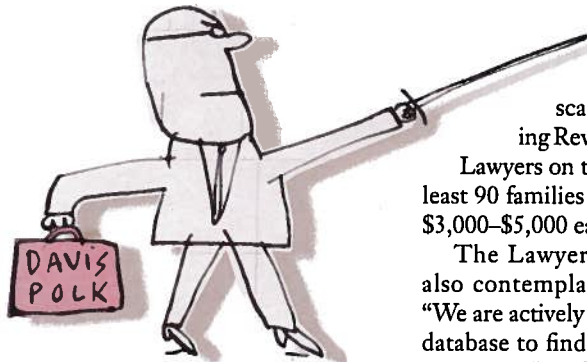
In May 2010 Andrews gave \$2,700 to Express Modifications, which promised to work with the bank to get his payments reduced. Andrews says that a company employee, Luigi Dellamonica, instructed him to stop making mortgage payments while Express Modifications negotiated with Chase. Andrews complied, a decision he now regrets. Express Modifications never contacted Chase, and the company refused to refund Andrews's \$2,700, according to court documents. A year later, Andrews is more than \$10,000 behind on his mortgage. (Dellamonica's attorney calls this "a very elaborate and creative story," and plans to seek dismissal of all claims.)

Andrews's plight is part of a

138-page complaint that Davis Polk & Wardwell filed in New York state court in June. The lawsuit is one of four pro bono actions launched by the nonprofit Lawyers' Committee for Civil Rights Under Law during the past year on behalf of homeowners who have been swindled by predatory operators.

But this is not your average group of lawyers. While other law firms and nonprofits have volunteered their time to represent homeowners in these kinds of fraud cases, the Lawyers' Committee members take it a step further. They act like pseudo-law enforcement agents: building their own database of bad guys and using the evidence to shut down operations.

The Washington, D.C.-based nonprofit spent more than a year building a database of loan modification scams, and it now contains more than 17,770 complaints with \$46 million in total alleged losses. After initially giving access to the database to state and federal law enforcement agencies, the Lawyers' Committee began selectively bringing law firms in to analyze the complaints and build cases around them. "Our role here is



impact litigation," says Linda Mullenbach. In April she left a partnership at Dickstein Shapiro to lead the litigation effort for the Lawyers' Committee.

Davis Polk took the lead in New York, filing three lawsuits for groups of homeowners who alleged that they lost money to Long Island, New York-based entities such as Homesafe America Inc. and Express Modifications. "Our first mission was to shut these businesses down," says Davis Polk senior counsel Daniel Kolb. The firm obtained temporary restraining orders against the alleged scam artists.

In June another group member, Orrick, Herrington & Sutcliffe, alongside the Law Foundation of Silicon Valley, brought a class action in California state court against a network of alleged

scam artists, including RewireMyLoan.com.

Lawyers on the case say that at least 90 families in California lost \$3,000-\$5,000 each in the scam.

The Lawyers' Committee is also contemplating other suits. "We are actively working with our database to find other scamming operations," Mullenbach says.

Davis Polk's involvement stands in sharp contrast to the role its Wall Street peers have taken in foreclosure cases. Despite efforts by the Federal Reserve Bank of New York and the New York City Bar Association to get lawyers to assist beleaguered homeowners, large law firms have stayed away, because of perceived ethics or business conflicts in going against the banks that pay the bills. (Orrick has handled other pro bono cases, though ["A Hidden Housing Crisis," July 2009].)

The Lawyers' Committee's project won't keep homeowners in their houses, says Lynn Armentrout, director of NYC bar association's foreclosure project, though she still commends the project. "It's good work and important work," she says. "A lot of people have been ripped off."

—NATE RAYMOND

CITATIONS

"There's no such thing as work/life balance. There are work/life choices, and you make them, and they have consequences."

—General Electric's former CEO **JACK WELSH**, as quoted in U.S. district court judge Loretta Preska's opinion in the Bloomberg L.P. gender discrimination case, August 17.

"It is a full-employment act."

—**GREGORY LYONS**, a partner at Debevoise & Plimpton, regarding the comment letters that law firms are drafting in the wake of financial regulations that Congress enacted last year. *The New York Times*, September 8.

"I can't quite get my mind around that part of it yet. I think at some point maybe I will. It was a very tough time for everybody, tough decision making. . . I don't have any regrets."

—Former Howrey chair **ROBERT RUYAK** and new hire at Winston & Strawn, about what could have been done differently to keep Howrey from going under. *The Am Law Daily*, September 12.

"Doofuses."

—Ousted Yahoo chief executive **CAROL BARTZ**'s description of the company's board members, in an exit interview with *Fortune* magazine, September 8.