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Lawyer Hit With Mortgage Scam Allegations

By Anna Scott

Two nonprofit groups are suing a Beverly Hills attorney for his role in an alleged mortgage modification scam - the latest in a growing number of such cases against lawyers.

The class action, filed Wednesday in Santa Clara County Superior Court, targets attorney Ken Nathanson of the Nathanson Law Center and Adeel Amin, the operator of an alleged sham corporation called RewireMyLoan.com. The pair lured at least 90 struggling homeowners in the Bay Area into paying thousands of dollars for loan modification assistance but did little or nothing to help the borrowers, according to the lawsuit.

The Law Foundation of Silicon Valley and the Lawyers' Committee for Civil Rights Under Law are representing the proposed class of homeowners.

Nathanson denied the allegations in an e-mail, saying Amin and two other individuals not named in the complaint were "the architects" of the alleged scheme. "I, my former law firm, and Nathanson Law Center are victims, not perpetrators," he wrote.

Nathanson has no public record of discipline, according to the State Bar website.

Amin could not be reached for comment Thursday afternoon.

The complaint alleges Nathanson "sat atop a loan modification scam network" that funneled desperate homeowners threatened by foreclosure to his prior law firm. The lawsuit claims RewireMyLoan.com served as an intermediary between Nathanson and borrowers, promising to help with loan modification services, collecting documentation and directing homeowners to the lawyer in exchange for a cut of the upfront fees. Rewire guaranteed to refund homeowners' payments if Nathanson failed to acquire loan modifications, the plaintiffs' lawyers allege, but never followed through on the promise.

According to the lawsuit, Nathanson played up his years of experience in commercial litigation and real estate law to gain homeowners' trust.

The plaintiffs' lawyers seek to represent any homeowners statewide who sought to no avail mortgage modifications through Nathanson and Amin. They accuse the defendants of breach of contract and unfair competition and asks that they be forced to reimburse \$3,000 to \$5,000 allegedly collected from each household. The lawsuit also seeks an injunction to bar Nathanson and Amin from loan modification work. (*Antonio Ocegueda v. Ken Nathanson*, Santa Clara County Superior Court, 111CV202525)

"The primary thing is we want all the members of the class to get their money back," said Kim Pederson, a senior attorney with the Law Foundation's Fair Housing Law Project. "These clients are mostly working-class people, and that amount of money is significant for them."

The lawsuit comes as loan modification fraud allegations are becoming rampant in California, and the resulting crackdowns have ensnared many lawyers. The State Bar has roughly 2,000 open investigations into lawyers involved in potential schemes and has placed several lawyers on inactive status in the past year after finding they took money to help homeowners avoid foreclosure but did little or nothing to assist.

Since the lawyers' committee began tracking loan modification scam complaints in February 2010, more than 14,600 homeowners nationwide have reported instances of fraud, the organization reports. More than 3,000 of those complaints came from California.

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As of April, California's foreclosure rate was nearly three times the national average, with one in every 240 residences in foreclosure, according to RealtyTrac, which tracks real estate data.

Yet while the demand is high on nonprofit organizations that offer homeowners help in recouping fees for fruitless modification work, bringing lawsuits in that arena can be extremely costly and often requires assistance from large law firms with more resources, said Pederson.

In this case, lawyers with Orrick, Herrington & Sutcliffe LLP are working pro bono with the lawyers representing the plaintiffs.

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