

Fraud complaints cloud foreclosure relief

In 2012, after a heart attack left him too ill to work and unable to make his mortgage payments on time, John M. Green turned to the Litvin Law Firm for help.

Green, according, in part, to records he provided to federal bankruptcy court, said he paid the firm about \$8,000 over the next two years to negotiate better terms with the lender on his house in Baker, La. But he lost the home anyway, he says, because the Brooklyn, N.Y., law firm did little beyond taking his money.

“My experience was horrible,” said Green, 72, who is back at work part time as a schoolteacher. “They didn’t follow through with anything they said they were going to do.”

It’s not just former Litvin client Green who is aggrieved. The attorneys general of New York and Maryland have accused the firm of preying on other distressed homeowners by failing to deliver the legal firepower it promised.

People deeply in arrears on their mortgages wasted money they could ill afford to lose, while dozens lost their homes, Maryland officials charged. The case, filed in 2014, targets the firm and its founder, attorney Gennady Litvin. Both state proceedings are pending.

Litvin declined to comment for this story. In a June 2015 court filing, Litvin denied misleading anyone and said he had saved his clients more than \$75 million, including reductions in future mortgage payments.

Since 2010, two years after the crash of the U.S. housing market, tens of thousands of strapped homeowners have alleged they were cheated by lawyers or marketers boasting ties to law firms, whom they trusted to renegotiate mortgage loans or stave off foreclosure actions, according to a [Center for Public Integrity](#) investigation.

The complaints are collected by a coalition of consumer and law enforcement groups organized by the Lawyers’ Committee for Civil Rights Under Law, which tracks companies and law firms that promise to “rescue” homeowners from foreclosure and mostly fail to deliver. The group has collected more than 46,000 written complaints from homeowners whose losses totaled more than \$100 million — nearly two-thirds linked to alleged misconduct by lawyers or their associates. Minorities accounted for just over half of the complaints, and they tended to lose more money than whites. Hispanics lost the most, more than \$4,200 each on average.

Many victims haven't recovered much, if any, of their money. The Federal Trade Commission, which has the duty to protect consumers, and the federal Consumer Financial Protection Bureau, which oversees lenders and financial companies, have won more than \$341 million in civil judgments against foreclosure rescue outlets including law firms since 2009. The agencies have collected less than 5% of that amount. The CFPB is drawing on a special "victim relief" fund to pay out about \$23 million to victims of loan modification scams.

The sheer number of attorneys who have engaged in dubious foreclosure enterprises — the center's research identified more than 1,000 nationwide — also has vexed state bar associations and courts that both license lawyers and run funds to compensate their victims.