



Neighborhood Economic Development Advocacy Project

CONSUMER LAW PROJECT 2008 REPORT

NEDAP's **Consumer Law Project** is a leading resource for low-income New Yorkers, providing legal information and assistance to people aggrieved by abusive and discriminatory financial services practices. The Project operates a legal hotline and clinic and engages in policy reform through impact litigation and coalition advocacy.

PROJECT HIGHLIGHTS

In 2008, the Consumer Law Project:

- Received 1,842 calls to our hotline and assisted 956 low or moderate income New Yorkers.
- Represented clients in 54 cases in state and federal court.
- Produced online self-help information, which garnered more than 13,000 views each month.
- Launched a mobile consumer law clinic, which provides one-on-one legal advice to lower income New Yorkers, particularly women, on a wide range of consumer finance issues.
- Helped win passage of the landmark Exempt Income Protection Act in New York State.

Top Five Issues Addressed by Hotline and Clinic:

1. Abusive debt collection practices, including:
 - creditor lawsuits
 - frozen bank accounts and wage garnishments
 - general questions
 - debt collection harassment
 - arbitration
2. Credit card debt, including:
 - high interest rates and fees
 - credit counseling and bankruptcy
 - avoiding scams
3. Credit reporting and repair
4. Identity theft
5. Auto finance and dealer abuses

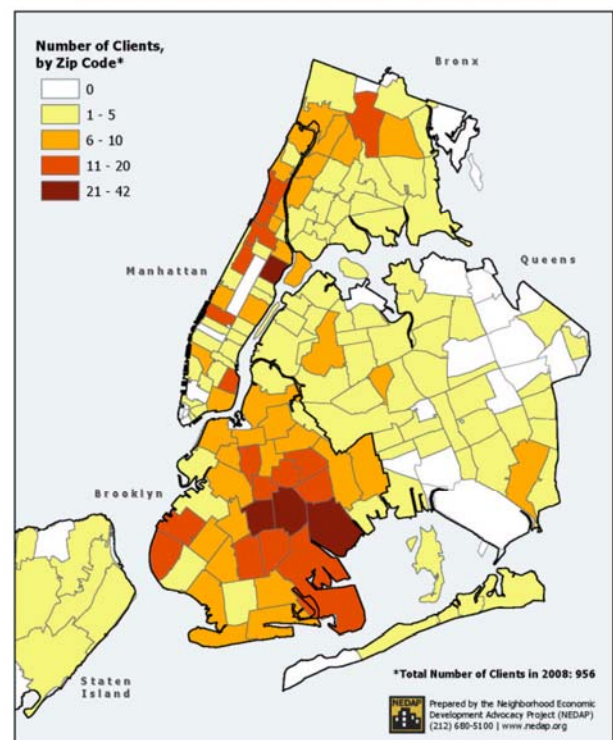
Top Five Referral Sources to Hotline:

1. Internet
2. Legal Aid Society
3. Community organizations
4. Legal Services NYC
5. Friend or family member

Client Demographics:

- 63% Women
- 31% Black; 24% Latino; 21% White
- 49% Employed
- 40% Have household incomes less than \$10,000/yr
- 17% Receive disability benefits (e.g., SSD; SSI)
- 16% Receive retirement benefits (Social Security; pension)
- 16% Have no income
- 8% Receive public assistance or unemployment insurance

CONSUMER LAW PROJECT CLIENTS - 2008



NEDAP's mission is to promote community economic justice and to eliminate discriminatory economic practices that harm communities and perpetuate inequality and poverty.

For more information, please visit www.nedap.org.

CASE EXAMPLE

Ms. P, 70 years old, contacted NEDAP for help with a series of problems stemming from identity theft. Ms. P's checking account was fraudulently charged for a scam service called "Growing Rich with Google," which led to the bank's charging her hundreds of dollars in overdraft fees. Because of the overdraft, Ms. P's rent and other checks bounced, putting her in danger of eviction. Ms. P notified her bank of the fraudulent charges, but the bank ignored her claims. Instead, the bank closed her account and sent it to collections, and reported Ms. P to ChexSystems, a consumer reporting agency that banks use to report "mishandling" of accounts. As a result, no other bank would open an account for her. Ms. P was forced to take her Social Security check to the check casher every month, which was both expensive and frightening for her, as Ms. P is frail and uses a walker. Debt collectors called Ms. P daily, harassing her to pay the alleged "debt" to her bank.

NEDAP helped Ms. P stop the debt collection harassment by sending a "cease letter" that directed the collection agency to stop contacting her. NEDAP also alerted the bank and its regulators to the fraudulent transactions and demanded that they rectify the situation. As a result of NEDAP's intervention, the bank refunded Ms. P's money and corrected her ChexSystems report—enabling her to open a new bank account—and even sent her a written apology.

2008 PROJECT HIGHLIGHTS (CONT'D)

COALITION AND POLICY ADVOCACY — Through effective coalition organizing and advocacy, NEDAP helped win passage of the landmark Exempt Income Protection Act, a new law protecting Social Security and other subsistence income in bank accounts from restraint and seizure by debt collectors. NEDAP also presented testimony on consumer financial justice issues before city, state, and federal government agencies.

CAPACITY-BUILDING — NEDAP helped develop local groups' capacity to provide legal assistance on consumer financial justice issues, by providing ongoing back-up support and training. NEDAP trained more than 350 attorneys and law students at the Brooklyn Bar Assoc. Volunteer Lawyers Project, Fordham Law School, National Consumer Law Center, NYC Office of Financial Empowerment, NY County Lawyers Association, NYS Bar Association, and Queens Volunteer Lawyers Project.

LITIGATION — NEDAP represented clients in 54 cases in state and federal courts, challenging unfair, deceptive, and discriminatory practices. For example, NEDAP:

- Represented low income, immigrant tenants in a groundbreaking lawsuit against a multinational private equity company that bought 47 rent-regulated buildings in East Harlem with the intent to drive out existing tenants and raise rents tenfold. The lawsuit ultimately addresses abusive practices by private equity firms that have fueled gentrification of neighborhoods throughout NYC.
- NEDAP also filed a lawsuit under the Fair Debt Collection Practices Act against a debt buyer and law firm that harassed our senior client by filing multiple frivolous lawsuits against him for the same debt.



Susan Shin trains advocates at NEDAP's "Life of a Debt" workshop in June 2008.

MEDIA COVERAGE — NEDAP's Law Project received extensive media coverage in 2008, on such topics as credit card deregulation, NYS's recently-enacted Exempt Income Protection Act, debt settlement scams, and predatory credit and debt collection practices that target lower income people and communities of color. NEDAP was featured in such outlets as *ABC News*, *WBAI's Wake Up Call*, *American Banker*, *Buffalo News*, and *Staten Island Advance*.

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Project Funders

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Surdna Foundation
Union Square Awards Grants Program
And a foundation that wishes to remain anonymous