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## News

### STATE BAR TAKES ACTION TO AID HOMEOWNERS IN FORECLOSURE CRISIS

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**San Francisco, September 18, 2009** — The State Bar of California, alarmed by the number of lawyers preying on vulnerable homeowners, today identified 16 attorneys who are under investigation for misconduct related to loan modification.

“In my 21 years in attorney discipline, I have not seen a crisis of this magnitude. It is truly unprecedented,” said Interim Chief Trial Counsel Russell Weiner, who is waiving investigation confidentiality in favor of public protection. The waiver, allowed by law, is used only occasionally, but Weiner said the seriousness of the problem demanded a strong reaction by the bar in order to protect consumers. This is the first time the names of more than a few lawyers being investigated have been made public.

“The number of attorneys using their law licenses to essentially take money from unwary but trusting consumers is astounding,” Weiner added. “There are literally thousands of victims who have lost money they could not afford to lose. Under the circumstances, the need for public information and protection is paramount.”

Those attorneys being named by the State Bar have allegedly taken fees for promised services and then failed to perform those services, communicate with their clients or return the unearned fees, Weiner said. Some attorneys misrepresented the services they could provide. “It appears these attorneys may have significantly harmed their clients who were already facing great financial pressure and the possible loss of their homes.”

About one-quarter – almost 800 cases – of the active investigations in the Office of Chief Trial Counsel (OTC) are related to foreclosure complaints. The office has experienced a 58 percent increase in active investigations over 2008 due in large part to the huge increase in complaints against attorneys offering loan modification services. “Our office is aggressively investigating these cases and is working proactively with law enforcement,” said Weiner.

In March of 2009, the State Bar created a special team of investigators and lawyers to handle the growing number of complaints received about attorneys offering loan modification services. OTC found that many of the offending attorneys are associated with firms that use telemarketers or phone banks to sign up clients without regard to the facts of the individual case or whether or not the client can be helped, Weiner said.

In many cases, the attorneys work with untrained non-attorney staff engaging in the unlawful practice of law by offering legal advice to prospective clients. OTC also is investigating the non-attorney staff for possible referral to law enforcement.

In recent months, OTC has obtained the resignation of three attorneys who were offering loan modification services. Those attorneys chose to give up their licenses to practice law rather than face disciplinary charges and possible disbarment. In addition, OTC lawyers are preparing to put some attorneys on inactive status pending the filing of formal disciplinary charges

Weiner warned consumers to take special caution when seeking legal representation related to loan modification. “Consumers should not be comforted by advertisements that claim the attorney is a member of the State Bar of California,” he said, noting that all attorneys practicing in California on a regular basis are members. “Such membership does not mean the attorney has any special knowledge, experience or expertise in the area of loan modification. In fact, it appears that many of the attorneys offering these services have little or no prior experience in the area of loan modification.”

The following attorneys have received a significant number of complaints related to the loan modification services they were hired to perform. They are entitled to a full and fair hearing on any charges that may be filed in the future. No discipline may be imposed unless and until the State Bar proves allegations of misconduct by clear and convincing evidence.

- **David Arase**, Bar No. 233705, *Arase Law Firm and National Housing Assistance*
- **Stephen Burns**, Bar No. 113371, *Legal Group Network*
- **Robert Buscho**, Bar No. 122556, *United Law Group*

- **Nicholas Chavarela**, Bar No. 251632, *Rodis Law Group and America's Law Group*
- **Steven Feldman**, Bar No. 103676, *Feldman Law Center*
- **Eric Johnson**, Bar No. 224065, *Avantgarde Group*
- **Paul Lucas**, Bar No. 163076, *Lucas Law Center*
- **Brandon Moreno**, Bar No. 233750, *U. S. Foreclosure*
- **Jeffrey Nemerofsky**, Bar No. 213014, *U.S. Advocacy Law Group and U.S. Financial Products*
- **Gregory Paiva**, Bar No. 207218, *Law Offices of Gregory Paiva*
- **Adrian Pomery**, Bar No. 249664, *U.S. Foreclosure*
- **Ronald Rodis**, Bar No. 181873, *Rodis Law Group and America's Law Group*
- **Mark Shoemaker**, Bar No. 134828, *Advocates for Fair Lending*
- **Marc Tow**, Bar No. 78429, *Marc Tow and Associates*
- **Michael Yellin**, Bar No. 255050, *A Fresh Start Loan Modification*
- **Sean Rutledge**, Bar No. 255938, *United Law Group*

The State Bar suggests that consumers be wary of attorneys offering loan modification services under any of the following circumstances:

- Advertisements of the office do not expressly identify by name the attorney who is responsible for the business.
- Office staff will not readily identify by name the attorney responsible for oversight of the business.
- The attorney in charge of the office is too busy or not willing to meet personally with prospective clients.
- The firm advises a consumer to stop paying the existing mortgage.
- The business, through its advertisements or claims of its representatives, makes claims that sound too good to be true, such as claims of a 90 or 100 percent rate of success in obtaining loan modifications, or claims that a reduction in the mortgage principal is likely to be achieved.
- The business demands payment of a large fee, even before obtaining a prospective client's basic income and expense information, and information about the existing mortgage and present home value.
- The attorney responsible for the business is not licensed to practice law in the state where the consumer resides.

There are legitimate loan modification services and ethical attorneys that are providing the promised services for their clients. Two places to start in the search for loan modification assistance are: **HUD Housing Counselors, 800-569-4287**, <http://www.hud.gov/counseling>; and **HOPE NOW, 888-995-HOPE**, <http://www.hopenow.com>.

Consumers can also find qualified attorneys through a State Bar-certified lawyer referral service that can be found on the State Bar's Web site ([www.calbar.ca.gov](http://www.calbar.ca.gov)), or by calling the **State Bar's Lawyer Referral Services Directory at 1-866-442-2529** (toll free in California) or 415-538-2250 (from outside California).

Consumers having a problem with the attorney handling their loan modification may contact the State Bar at 1-800-843-9053 or visit the State Bar's Web site at [www.calbar.ca.gov](http://www.calbar.ca.gov) to find a complaint form.

*Founded in 1927 by the state legislature, the State Bar of California is an administrative arm of the California Supreme Court, serving the public and seeking to improve the justice system for more than 80 years. All lawyers practicing law in California must be members of the State Bar. In September 2009, membership reached 223,000.*

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