

Outlook

Spring 2005
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Boston, MA 02110
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NATIONAL CONSUMER LAW CENTER

Protecting
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Consumers
and
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Consumers Blindsided by Arbitration Clauses in Credit Card Contracts

Tens of thousands of consumers are being forced into one-sided arbitration proceedings to settle disputes with their credit card companies.

According to a new report by NCLC and Trial Lawyers for Public Justice, certain corporate lenders, most prominently MBNA and First

... in cases involving First USA, the consumer prevailed in just 87 (.44 percent) out of 19,705 arbitrations NAF steered to an outcome.

USA Bank, are blindsiding consumers by fast-tracking disputes over credit card debt into arbitration with the National Arbitration Forum.

The practice, as disclosed by industry data from several lawsuits, is designed to allow creditors to pursue large numbers of claims against consumers in an industry-friendly process. According to the NAF's own documents, in cases involving First USA, the consumer prevailed in just 87 (.44 percent) of 19,705 arbitrations NAF steered to an outcome.

"Only a tiny percentage of

consumers read the terms of credit card agreements, which are typically sent out as bill stuffers (statements stuffed in with monthly bills), printed in tiny font and filled with dense legal jargon that's often incomprehensible even to highly-educated consumers," said Paul Bland, an attorney with Trial Lawyers for Public Justice. "And very few consumers understand that they've supposedly given up their constitutional rights and agreed that the NAF is the sole forum for any legal claims they may have involving their bank. So when consumers receive notices from or about the NAF, they often believe these are junk mail or some mistake and throw them away," said Bland.

By pushing consumers into arbitration, victims of credit-card fraud are being forced to pay debts they clearly don't owe. By definition, arbitration says a consumer can't go to court to have his or her story heard, even if the alleged "debt" is a result of someone else's criminal fraud and in no way a result of the dunned consumer's actions.

The experience of Patricia Meisse illustrates how even the most sophisticated consumer is
Continued page 3

NCLC & Former Governor Take Aim at Veterans' Benefits Scheme

According to a class action lawsuit recently filed by veterans in federal court, unscrupulous businesses are illegally targeting the monthly benefits checks of America's military veterans. The suit alleges that so-called "advance funding" companies are hiding the true costs of loans that are given to veterans as lump-sum cash payments to buy out years' worth of future benefits.

"The targeting and victimization of men and women in uniform is one of the most reprehensible acts anyone could commit," says former Georgia Governor Roy Barnes.

"The targeting and victimization of men and women in uniform is one of the most reprehensible acts anyone could commit."

Former Governor Roy Barnes

now a consumer attorney and co-counsel with NCLC and two other attorneys. "With the economies of Georgia and
Continued page 7

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Dear Colleagues:

NCLC's mission is to level the playing field for low-income consumers. We do that with litigation, testimony before rule-making bodies, special reports, and more. And because we believe the work you do as attorneys and advocates is key to our goal of consumer justice, we support you with our manuals, our trainings, our list serves, and as expert advisors and witnesses.

Let me share a story with you from Brian Boger, an attorney I called last month to thank for a gift to the Center. As you'll read, we're helping each other to make a difference. Brian told me he'd been practicing law for 28 years, but not consumer law. Four years ago, someone came to him who wanted to sue a bank. Although skeptical, he came upon our manuals and found he had a case.

He started reading the manuals at home in the evening. And he started taking consumer cases. He joined NACA and learned about NCLC's Consumer Rights Conference. There he had lunch with Tim Eble (a member of NCLC's Partners' Council), and formed working relationships with consumer attorneys Nate Fata and David Alford.

Today he has one of the few consumer practices in South Carolina and he loves it. He can't wait to get to work in the morning. "I beam everyday," he said. The day after my call he expected to save someone's home. Last year he saved four homes.

With help from one of our staff, he won a preemption case and with drafting help from another he is plunging into challenging new cases and directions. He's excited and happy with his practice and that he is really helping people who need it. And he owes it all to the Center he said. Together we are making a difference.

I hope we've helped your practice in some similar ways and that you'll support our efforts with a donation.

Willard Ogburn
 NCLC Executive Director

Together,
we can make a difference

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Outlook

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Policy Briefs

Credit Counseling Update

Although action has been taken against some of the worst credit counseling agencies, a new NCLC report reveals that many counseling agencies are violating state licensing laws without any consequences.

Following up on its earlier groundbreaking investigation of abusive credit counseling agencies, NCLC released a new report in 2004, "Credit Counseling in Crisis Update: Poor Compliance and Weak Enforcement Undermine Laws Governing Credit Counseling Agencies."

The original report brought national attention to credit counseling agencies and triggered IRS investigations, lawsuits by state attorneys general, and enactment of state laws to deal with credit counseling abuses.

The update reveals that many of these laws are largely ineffective. "Passing a strong law is not enough," said report author and

NCLC attorney Deanne Loonin. "Without industry compliance and strong enforcement, these laws have virtually no teeth," she said.

Based on a survey of eight states, the report found that almost half of the agencies offered to perform services for prospective customers in states where the agencies were not licensed. Six of the eight states in the survey had not rejected a single agency application for licensing or registration, and the other two states had rejected just a few.

In light of these findings, the report calls for states to allocate more resources to monitoring and enforcement activities, pass rigorous licensing laws, and allow for private enforcement rights, among other recommendations.

Protecting Homeowners from Predatory Home Loans

After the Massachusetts Division of Banks issued temporary regulations to the state's new anti-predatory lending law, NCLC's Odette Williamson critiqued the proposal in formal comments submitted in December 2004.

Williamson suggested several amendments to the regulations to clarify lender responsibilities and better protect borrowers. In particular, she recommended that the Division adopt a standard that requires lenders to evaluate *all* of the circumstances surrounding a specific transaction to determine whether the refinance is in the borrower's economic interest.

National Mortgage Data Repository

NCLC is undertaking a new project to create a National Mortgage Data Repository, an undertaking made possible by the Ford Foundation. The goal is to create a permanent and credible source of valuable information on predatory mortgage loans and practices. NCLC intends to gather hundreds of loan documents to help understand the precise nature and extent of predatory lending. The data retrieved from the loan documents will be entered into a database and made available to academics, researchers, advocates, and others.

We are seeking loan documents that will assist NCLC in understanding the operation of the predatory mortgage industry. We are looking for, in order of priority: HUD-1 settlement statements; TILA disclo-

tures; loan notes with any accompanying riders; loan applications; good faith estimates; arbitration agreements; mortgages; and notices of right to cancel. Of particular interest are documents from: A-USA Mortgage Corp., FAMCO (First Alliance Mortgage Company), UC Lending, Household Finance, Citifinancial, or other major lenders.

Also of interest are groupings of one hundred or more loans from one geographic area, regardless of who is the lender.

Please contact Project Coordinator Denise Lovendale at dlovendale@nclc.org

NCLC can assist with the costs of transferring documents.

Fast Track to Arbitration

Continued from page 1
vulnerable to this practice. Meisse, a Maryland resident and physicist at the Nuclear Regulatory Commission, was forced to submit to arbitration and abide by the resulting default judgment even though she was a victim of identity theft and had nothing to do with the charges that fraudulently were run up in her name. Despite having disputed the \$40,000 bills from the start, MBNA was able to obtain three default arbitration awards against her without ever proving that she had opened the accounts. The company then filed separate claims in Maryland district court to

enforce the awards.

"In essence, what the credit card companies are trying - so far successfully - to achieve is access to the full power of the judicial system without any meaningful due process rights for the consumer," says Steve Tripoli, an NCLC consumer advocate. "They're using the arbitration process to get uncontested decisions awarding the credit card company the amount of the alleged outstanding debt, plus fees, costs, and more. It's a neat pathway to turbo-charged profits for both the card issuer and the arbitrator."

SAVE THE DATE!

October 27-30, 2005

NCLC's Consumer Rights Litigation Conference

Minneapolis

*It's the one consumer
law conference
that has it all.*

Cy Pres Awards Fund NCLC Advocacy

Thanks to the efforts of attorneys across the country, NCLC receives court-awarded *cy pres* funds to advocate for consumer justice. Despite increasingly fierce opposition from industry defendants, consumer attorneys are successfully recommending NCLC as an appropriate recipient of *cy pres* awards in consumer class actions.

Dwindling public funding for legal services has made *cy pres* funds more critical than ever in defending the rights of low-income individuals. Whether it involves eliminating a pernicious scam,

defending a longstanding consumer protection statute, or pushing for stricter regulation of overreaching industry practices, our staff is expert at articulating a highly substantive and convincing case to legislators, regulators, judges, and their respective staffs. *Cy pres* help us bridge the gap between the tremendous need for our expertise and our limited resources.

We extend special thanks and appreciation to the following people who have recently directed *cy pres* funds to the Center:

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Cabraser and Lesser Join NCLC Partners' Council

Elizabeth Cabraser and Seth Lesser have joined NCLC's Partners' Council, an advisory board that plays a leadership role in the Center's fundraising efforts.

"Elizabeth and Seth both have national reputations in complex class action litigation and we're delighted they've added their voices and wisdom to our Partners' Council," said Bryan Kemnitzer, chairman of the Council.

Cabraser, of Lief Cabraser Heimann & Bernstein, LLP, is acknowledged one of the best class action attorneys in the country and has taken leadership roles in high profile cases involving the tobacco industry, Dow Corning, Holocaust survivors, fen-phen diet pills,

and other litigation in which vulnerable consumers have been victimized. She is a regular on the Top 100 Lawyers lists for publications including the National Law Journal, the Daily Journal, and the American Law Institute.

Lesser, of the Locks Law Firm, is recognized as an expert in handling class, representative, and tort actions on behalf of defrauded and injured individuals and businesses. He is nationally known as a privacy expert and has been lead counsel in several prominent internet privacy cases, including DoubleClick, Inc, which included virtually every internet user in America in its class settlement.

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Goldberg Is A Winner!

Joshua B. Goldberg of College Park, Md. bought a \$20 ticket to an evening of fun at NCLC's Consumer Rights Litigation Conference last November and came away the winner in a drawing for a set of NCLC manuals. Congratulations!

Costly Tax Refund Loans Drain Low-Income Assets

Expecting a refund check from the IRS this year? NCLC is urging consumers to stay away from refund anticipation lenders who promise rapid tax refunds — but at a steep price.

“Taxpayers can save themselves over a billion dollars by just saying ‘no’

to quick tax refund loans,” said Chi Chi Wu, an NCLC attorney and primary



Chi Chi Wu, NCLC attorney

author of the report, “Picking Taxpayer’s Pockets, Draining Tax Relief Dollars: Refund Anticipation Loans Still Slicing Into Low-Income Americans’ Hard-Earned Tax Refunds.”

Prepared by NCLC and the Consumer Federation of America, the report reveals that RALs drained \$1.4 billion in loan fees from the wallets of more than 12 million American taxpayers in 2003. RALs are extremely high-cost bank loans secured by the taxpayer’s expected refund — loans that last about 7-14 days until the actual IRS refund repays the loan. Without the costly loan, most taxpayers could have their refund in two weeks or less.

“RAL fees drain wealth from the families that can least afford it,” said Wu. They transfer billions of dollars of public monies meant to support working families, into the pockets of big corpora-

tions,” she said. Wu pointed out that nearly 57 percent of all RAL borrowers receive the federal earned income tax credit, and one out of every three EITC recipients gets a RAL.

Consumers who buy RALs often do not realize what they’re getting into. According to the report, a startling 70 percent of RAL borrowers didn’t realize that a RAL is actually a loan. When informed about the ability to receive their tax refund in 7 to 14 days if they filed electronically and used direct deposit, 79 percent of prior RAL users stated they would rather use this free method instead of getting a RAL.

“The vast majority of consumers who get RALs still do not understand what they’re actually getting, or the risks they run because the RAL is a loan.”

Jean Ann Fox, CFA Director of Consumer Protection.

“The vast majority of consumers who get RALs still do not understand what they’re actually getting, or the risks they run because the RAL is a loan,” said Jean Ann Fox, CFA’s Director of Consumer Protection. Fox noted that because the RAL is a loan, it has to be paid back whether or not the IRS sends the expected refund. If the taxpayer’s refund is denied or less than expected, failure to pay back the full loan amount

could result in debt collection and a black mark on the taxpayer’s credit report.

Consumer use of RALs may be leveling off, but remains at disturbingly high levels. Using

responded that they had received RALs, compared with 17 percent of white consumers. RALs are used more often by consumers with a high school education (23 percent) or less (30 percent), than by college

RALs’ Drain on EITC Program

Type of Fee	Cost to Taxpayer	Cost to EITC
RAL loan fee	\$75	\$519 million
Application/Admin Fee	\$32	\$221 million
Tax preparation fee	\$120	\$830 million
Total	\$227	\$1.57 billion
Check cashing fee*	\$54	\$168 million
Total with check cashing	\$281	\$1.74 billion

*for 45% of EITC recipients

the most recent IRS data available, NCLC and CFA calculate that approximately 12.15 million taxpayers received RALs in the 2003 tax filing season (for tax year 2002), a slight decrease from the previous year (12.7 million).

NCLC also discovered significant racial, educational, and income disparities in RAL usage. Twenty-eight percent of African-American and 21 percent of Latino taxpayers

graduates (12 percent). And according to IRS data, RALs are mostly used by low- and moderate-income consumers. Seventy-nine percent of RAL recipients in 2003 had adjusted gross incomes of \$35,000 or less.

NCLC’s work on refund anticipation loans has been made possible by the support of the Annie E. Casey Foundation and the George H. and Jane A. Mifflin Memorial Fund.

FDCPA - bankruptcy - Consumer Rights Litigation Conference - military scams - bounce loans - NCLC consumer law manuals - refund anticipation loans - making a gift to NCLC - loan discrimination - credit counseling - energy issues - FCRA - consumer litigation - arbitration - immigrant justice - elder abuse - sustainable homeownership - payday loans - predatory mortgages - auto fraud - e-commerce - student loans - electronic benefits protections

And a whole lot more at

www.nclc.org

New Grants Support NCLC Advocacy

Fannie Mae Grant Helps Build Wealth in Low-Income Communities

In recognition of NCLC's work promoting homeownership and building wealth in low-income communities, the Fannie Mae Foundation recently awarded the Center a \$150,000 grant for general operating support.

"We're grateful for this wonderful support from the Fannie Mae Foundation," said Willard P. Ogburn, NCLC executive director. "It will strengthen our efforts to save homeowners from foreclosures and exploitive lending practices that bleed equity from low-income communities."

Maintaining a home over the long term presents special challenges, especially for families with low or unstable incomes, little savings, minimal experience with mainstream financial institutions, or homes in need of extensive repairs. Unlike more financially secure homeowners, economic events and predatory practices threaten their ability to stay current on their mortgages and continue to live in their homes.

The grant will allow NCLC to expand its training and consulting services for hundreds of housing counselors, attorneys and grassroots advocates. It will also support educational consumer guides on using credit wisely and investigative reports on emerging abuses in the

marketplace.

"Our principal partnerships are with groups that have made housing and lending issues their top priorities. But as we educate more groups on the importance of wealth preservation to their constituencies, we expect our network to expand," said Ogburn.

US Administration on Aging

The Administration on Aging has supported NCLC with a \$149,025 grant for our work protecting seniors. NCLC educates and advises advocates who represent elder clients in a host of matters, including home equity fraud, credit card problems, unfair debt collection harassment, and the offset of federal benefits. The Center's work on elder issues is led by attorney Deanne Loonin.

Energy Foundation

NCLC was recently awarded a \$70,000 grant from the Energy Foundation to support a national network of low-income energy advocates. The grant will help increase the network's capacity to raise efficiency and affordability issues before utility regulatory commissions, legislatures, and other decision-makers, and will encourage the development of low-income energy programs. In the upcoming year, NCLC expects to organize meetings of low-income energy advocates; facilitate a low-income energy list serve; publish a quarterly newsletter on low-income

energy issues; and educate advocates on intervening in utility proceedings.

Annie E. Casey Foundation

NCLC and the Center for Law and Social Policy have been awarded a \$50,000 grant by the Annie E. Casey Foundation to combat the predatory and anti-family practices of certain companies in the unregulated child support collection business. Private child support collection companies often fail to deliver any genuine services. Instead, they strip income from low and moderate-income families that could have been spent on housing, childcare, clothing and school expenses, or saved for their children's education.

The grant will allow NCLC and CLASP to prepare and disseminate a guidebook for use by national and state consumer groups, child advocates, and public officials. It will walk the reader through basic consumer and child support law and practice, identify patterns of consumer complaints, discuss needed safeguards and remedies, and propose policy options. In addition, NCLC and CLASP will provide provide technical assistance to consumer groups, child anti-poverty advocates, and policymakers around the country.

American College of Bankruptcy

NCLC received a grant from the American College of Bank-

ruptcy in support of its November 8, 2004 workshop, Introduction to Consumer Bankruptcy, at the Consumer Rights Litigation Conference in Boston. The seminar was led by NCLC's John Rao, and bankruptcy experts O. Max Gardner, Geoffrey L. Giles, P. Wayne Sigmon, and Tara Twomey. Approximately 70 attorneys attended the session.

Participants were schooled in advising clients on whether and when to file for bankruptcy; the automatic stay; preparing the chapter 13 plan and bankruptcy schedules; litigation advantages of the bankruptcy forum, and much more.

Current NCLC Funders

In addition to the those described on this page, NCLC is grateful to the following who have generously provided us financial support.

Borchard Foundation Center on Law and Aging
The Boston Foundation
Paul and Phyllis Fireman Charitable Foundation
Ford Foundation
Freddie Mac
Fund for Consumer Protection and Education
Massachusetts Legal Assistance Corporation
George H. and Jane A. Mifflin Memorial Fund
National Conference of Bankruptcy Judges Endowment for Education
Sandler Family Supporting Foundation
John H. and H. Naomi Tomfohrde Foundation
Tucson Electric Power Company

Pension Loans Victimize the Military

Continued from page 1
many other states so blessed by the economic benefit from military bases, and during a time when we should support our troops, those who would single veterans out, charge them 40 and 50 percent interest and deprive them of their military pensions should be dealt with to the fullest extent of the law.”

The suit, which was filed in a federal district court in Georgia, alleges that two companies involved in the advance funding business, Maryland-based Advanced Funding Inc. and Florida-based C & A Financial Programs, Inc. are extending loans in these transactions

without proper disclosures. The plaintiffs seek to void the

“Pension loans are the latest in a widespread and dishonorable practice of disguising loans as other products to hide their true costs from the military.”

Lynn Drysdale, Jacksonville Legal Aid

loans in which their monthly benefits checks were traded for a lump-sum payment, and recover damages for the

companies’ illegal actions, including the failure to provide important “cost of credit” information at the outset of the transaction. The same relief is sought on behalf of all veterans who’ve entered such deals.

“Pension loans are the latest in a widespread and dishonorable practice of disguising loans as other products to hide their true costs from the military,” says Lynn Drysdale, an attorney at Jacksonville Area Legal Aid. “I’ve seen a big increase in the stream of servicemen and women, veterans, and their families seeking to help fight these schemes. And veterans call when they’re in danger of or have already lost their homes and transportation because their entire benefit check is gone.”

The suit alleges that the companies’ lack of adequate loan disclosures violates the federal Truth in Lending Act, that the loans’ unbelievably high interest rates – often 45 percent a year or higher – are usurious, and that any purchase of veterans’ benefits is illegal under federal law, making all

“These lenders often pose as friends of the military, but no one needs friends like these.”

M. Scott Barrett, Barrett & Associates

such transactions void from the start.

“These companies take advantage of veterans because

the illegal nature of the loans effectively conceals the outrageous terms from veterans, who aren’t well versed in consumer finance and can almost always secure credit on far better terms but don’t understand what they’re getting into,” says co-counsel M. Scott Barrett of the Chicago law firm Barrett & Associates. “These lenders often pose as friends of the military, but no one needs friends like these.”

Details of the scheme are explained in NCLC’s recent report, “In Harm’s Way – At Home: Consumers Scams and the Direct Targeting of America’s Military and Veterans.” (Available at www.nclc.org)

“When NCLC issued its report on scams targeting the military we vowed to do our part to stop these deceptive schemes, and this lawsuit marks a major step toward fulfilling that promise,” said Stuart Rossman, director of litigation at NCLC. “We want to warn other businesses unfairly targeting veterans and our active-duty servicemen and women: We’re going to do everything in our power to stop you and to shine a light on these outrageous activities. It’s a national disgrace when those of whom we ask so much are treated this way.”

The four co-counsel in the suit are Stuart Rossman of NCLC, Governor Barnes of the Barnes Law Group in Marietta, Ga., M. Scott Barrett of Barrett & Associates in Chicago, and Lynn Drysdale of Jacksonville Area Legal Aid in Florida.

Market Failures Predatory Lending

The Fannie Mae Foundation recently released a special issue of its journal, Housing Policy Debate, titled “Market Failures and Predatory Lending.” The issue grew out of a research conference by the same name in May 2003 that was organized by the National Consumer Law Center and the Woodstock Institute, and supported by the Annie E. Casey Foundation and the Fannie Mae Foundation.

The issue analyzes the phenomenon of predatory lending and its relation-

ship to the subprime lending market, featuring articles by leading academics, researchers, and experts in the field. It should stimulate additional research and help formulate comprehensive and effective policy responses to the problem. The issue features an article by NCLC’s Elizabeth Renuart, “An Overview of the Predatory Mortgage Lending Process.”

To order copies of Housing Policy Debate, see www.fanniemae.foundation.org

Countryman Award Honors Hillebrand

"Gail Hillebrand's truly impressive record as a leader in advocating for vulnerable consumers has earned her this year's Countryman Award," announced Willard Ogburn, NCLC executive director.



Gail Hillebrand

"We're proud to recognize Gail as a leader in our community of consumer advocates. Our congratulations to her - and our thanks for speaking out for and

defending the interests of low-income consumers," added Ogburn.

Hillebrand's approaches to defending consumers are creative, collaborative, and multi-layered. She is exceptionally capable, hard-working, and committed. We share the comments of two of her colleagues

- Elizabeth Imholz (former Countryman winner)

"Over the course of nearly 20 years as a consumer advocate, Gail has tirelessly - and successfully - worked to protect consumer interests on a wide range of issues in every imaginable forum, from the Board of Governors of the Federal Reserve, to the uniform law commissions, to the California Legislature. Gail works equally well with high power academics, high-pressure industry lobbyists, and grassroots community

groups. She is an unsung hero of the consumer movement; a leader and a mentor; a tough and vigorous advocate against well-funded opponents.

"...Gail always has her eye on the prize of achieving justice for consumers, particularly the most vulnerable consumers. Her method for reaching that goal is multi-pronged and multi-level, always aimed at

"...If ever there was a triple threat, it is Gail: she is a litigator, a law reformer, and a scholar."

- Michael M. Greenfield

building relationships, bringing people into the consumer movement who may have previously stood on the sidelines, and helping those already involved to be more effective in addressing highly

technical issues- issues that have real impacts on the lives of low- and moderate-income consumers."

- Michael M. Greenfield
"...no one is more respected as a representative of consumer interests than Gail. She is bright, articulate, and quick on her feet, making her extremely effective at meetings. ..When Gail spoke, the committees listened.

"...If ever there was a triple threat, it is Gail: she is a litigator, a law reformer, and a scholar. Indeed, her talents don't end there, for she also is a frequent lobbyist before the California legislature. Over the course of her lengthy career at Consumers Union, Gail Hillebrand has been one of the consumer's best friends."

Help NCLC Identify The Next Countryman Winner

Each year NCLC presents the Vern Countryman Consumer Law Award to a legal services or other public interest attorney whose special contributions to the practice of consumer law have strengthened and affirmed the rights of low-income Americans.

Since the first award was presented in 1990 to Henry J. Sommer for his leadership in promoting the field of consumer law, the Vern Countryman Award has quickly become the top honor for consumer attorneys.

The award presentation is a

highlight of the Awards Luncheon each year at NCLC's Consumer Rights Litigation Conference, this year in Minneapolis, October 27-30.

If you know of an outstanding attorney who is deserving of this recognition, please email Suzanne Cutler at scutler@nclc.org for information on the nomination process.

Nomination Guidelines

Our guidelines are simple: the nominee must have demonstrated excellence in working on low-income consumer or energy issues for at least 10 years; or recently obtained

legal relief through judicial, administrative, or legislative action which brought significant benefit to a large number of low-income consumers.

Nominations may be submitted by anyone familiar with the work of the candidate. Nominating materials should include: Candidate's resume; a description of the work which qualifies for the award; and two or more references who may be contacted about the work.

We welcome your help in identifying the next deserving recipient!

1990-2004 Countryman Winners

Winners of the Countryman Award include some of the most highly regarded consumer advocates in the country:

Gail Hillebrand
Dan Hedges
Joanne Faulkner
Lynn Drysdale
Richard Rubin
Kathleen Keest
Alan Alop
David Ramp
Elizabeth Imholz
Jim Sturdevant
Pat Sturdevant
Mike Ferry
Bill Brennan
Carolyn Carter
Margot Saunders
Henry J. Sommer

NCLC Launches Utility Project in Massachusetts

While most Americans take it for granted that turning on the heat only requires the touch of a dial, for many low-income families utility service is a precious commodity they struggle to afford.

"Thousands of families lose their heating, electricity, and telephone service because they cannot pay the bills," said Charlie Harak, an NCLC attorney.

"Not only does loss of service put family health and safety in jeopardy, there is a strong connection between low-income households losing utility service and becoming homeless. And once a family is homeless, overdue bills from an old address can prevent them from renting a new apartment," said Harak.

"Thousands, possibly tens of thousands, of new households will be enrolled through this new automatic enrollment process, saving them anywhere from \$150 to almost \$1,000 annually."

Charlie Harak, NCLC attorney

Under Harak's direction, NCLC recently launched Project Stay Connected, an initiative to make utility services more affordable for economically disadvantaged households in Massachusetts.

A major project success was



Charlie Harak, NCLC attorney

achieved in December 2004 when, after persistent advocacy by NCLC, the Massachusetts Department of Telecommunications and Energy ruled that gas and electric utilities must provide automatic discounts to customers who also receive certain state-administered, income-tested benefit programs.

"At present, over 350,000 eligible households in Massachusetts do not receive their discounts," said Harak. "Thousands, possibly tens of thousands, of new households will be enrolled through this new automatic enrollment process, saving them anywhere from \$150 to almost \$1,000 annually," he said.

Harak has scheduled meetings with the state Energy Commissioner and utility companies to identify changes that should be made to utility company web sites and informational brochures that describe the discount rates.

Another major goal of the project is to hold training workshops around the state for hundreds of front-line social service providers to educate them about the basic utility rights of their clients. Each

training participant will receive a checklist that will allow them to spot the most important facts and issues when interviewing and working with families who have utility problems. They will also receive a manual that covers all relevant topics in greater detail.

To resolve complex utility matters that cannot be handled

or restore service for a much larger number of clients in Massachusetts. We will choose agencies that are committed to making utility issues a long-term priority of their programs," Harak said.

Project Stay Connected has been made possible by funding from recent grants from The Paul and Phyllis Fireman

Average Estimated '05 Energy Costs

	Energy Costs	Energy Burden
Households at or below poverty level	\$1,430	26%
Households at or below 150% of poverty level	\$1,472	18.6%
Households above 150% of poverty level	\$1,880	4.4%
All Households	\$1,773	8.1%

From a study by Meg Powers, "Energy Bills of Low Income Consumers"

by front-line personnel, the project is identifying 'utility specialists' in legal services offices around the state. "Our goal is to build a longer-term and more robust capacity to avoid utility terminations and/

Charitable Foundation, The Boston Foundation, The John H. and H. Naomi Tomfohrde Foundation, and The George H. and Jane A. Mifflin Memorial Fund.

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Congratulations, Jobs Well Done

NCLC is a team of accomplished consumer advocates who often work behind the scenes and out of the public eye, yet accomplish much on behalf of low-income consumers. Despite this low public visibility, three of our advocates have recently had their accomplishments publicly recognized. We applaud and congratulate them:

The Rhode Island Campaign to Eliminate Childhood Poverty recently presented NCLC energy advocate **John Howat** an award for his work in developing and promoting a new energy affordability plan for the state. "Energy costs have a disproportionate effect on low-income families and NCLC congratulates John on this important effort," said NCLC Deputy Director Bob Hobbs.

In December **Chi Chi Wu** was honored with the Community Service Award by the Asian American Lawyers Association of Massachusetts. "Chi Chi's community service is but one aspect of her commitment to



Bonita Park, chief operating officer of Rainbow/PUSH and the Reverend Jesse Jackson present the award to Stuart Rossman, NCLC director of litigation.

justice and helping those in need," said Will Ogburn, NCLC executive director. "It's wonderful to see her efforts appreciated in such a distinguished way."

The Rainbow/PUSH Wall Street Project honored NCLC and **Stuart Rossman**, the Center's litigation director, with the Thurgood Marshall Award on January 13 in New York City.

Reverend Jesse Jackson made the presentation in recognition

of NCLC's role in the ongoing auto finance credit discrimination litigation.

"At a time in our country when the financial exploitation of our most vulnerable populations is of grave concern, and access to our legal system to protect these individuals is under serious attack, such recognition and encouragement from the Rainbow/PUSH Coalition is particularly appreciated," said Rossman.

Curtin Honored for Lifetime Achievement

John J. Curtin, Jr., NCLC board member and partner at Bingham McCutchen, is being honored by The American Lawyer with a Lifetime Achievement Award. "The American Lawyer's Lifetime Achievement Awards, established last year, recognize distinguished attorneys ... for their career accomplishments in both private practice and public service," explained Aric Press, editor in chief.

"The Center is privileged to have Jack Curtin on our Board as a friend and supporter," said Will Ogburn, NCLC executive director.

"His is an amazing record of accomplishments, including four that are especially important to NCLC: marshalling a national campaign to successfully save legal services from massive attacks during the Reagan years; establishing the

Massachusetts Legal Assistance Corporation through unique legislative maneuvering; creating the Curtin Center for Public Interest Law at Boston College Law School; and his role in funding the NAPIL Fellowships that have led so many stellar young lawyers into public service careers," said Ogburn. "Our heartiest congratulations to Jack on this well-deserved honor."

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Conference brochures and registration forms will be mailed in mid July and available on our website, www.NCLC.org in early July.

NCLC and NLADA Award Consumer Law Fellowships

The National Consumer Law Center and The National Legal Aid and Defender Association have announced the award of eight NLADA/NCLC Consumer Law Fellowships to legal services programs around the country

The Fellowships were made possible by a court settlement in a national class action against General Motors Acceptance Corporation where NCLC, acting as co-counsel, challenged widespread racial discrimination in car financing transactions.

The purpose of the NLADA/NCLC Consumer Law Fellowships is to help legal services programs build up their long-term capacity for consumer law

advocacy. The Fellowship awards each program \$60,000 over two years.

Consumer Law Fellowships are awarded to:

Clark County (Nevada) Legal Services Program

Land of Lincoln Legal Assistance Foundation (Illinois)

Legal Aid of Western Missouri

Legal Aid Society of Greater Cincinnati

Legal Aid Society of Middle Tennessee and the Cumberlandands

Mississippi Center for Justice

New York City Consumer Justice Project

Texas Civil Rights Project