

PRESS RELEASE

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MAJOR FUNDING FROM GROUNDBREAKING CLASS ACTION WILL HELP NEW YORKERS DEFEND AGAINST ABUSIVE DEBT COLLECTION LAWSUITS

“Cy Pres” Funds Awarded to Court-Based Legal Clinics Statewide

New Maps Show Disproportionate Racial Impact of Former Debt Collection Ring’s Practices

A group of class action attorneys announced today that funds remaining from a groundbreaking class action lawsuit they brought against a debt collection ring will be awarded to nonprofit legal clinics across New York State that provide free assistance to New Yorkers sued by debt collectors.

The Civil Legal Advice and Resource Office (CLARO), operated in New York City, Westchester, and Greater Buffalo and staffed by volunteers, will receive more than \$170,000 in “cy pres” funds, left over from the historic \$59 million settlement reached in *Sykes v. Mel S. Harris and Assocs.*

With the announcement, the attorneys today released maps showing the disproportionate concentration of judgments obtained by the former debt collection ring, in neighborhoods of color in [New York City](#) and [Buffalo](#).

“Last year, CLARO programs provided free legal help to almost 6,000 New Yorkers whose lives were at risk of being upended by unscrupulous debt collectors,” said Carolyn Coffey, Director of Litigation for Economic Justice at Mobilization for Justice, on behalf of the *Sykes* co-counsel team. “These funds will help CLARO assist more unrepresented New Yorkers who face harms similar to those experienced by the *Sykes* class members.”

“This award provides a tremendous boost to CLARO, and will enable us finally to upgrade our technology, which will improve our efficiency and effectiveness,” said Dora Galacatos, Executive Director of Fordham Law School’s Feerick Center for Social Justice, which helps operate CLARO programs in the Bronx, Manhattan, and Staten Island.

“The remaining settlement funds will go towards fighting even more New York debt collection cases and vacating many more improper judgments,” said Joseph Kelemen, Executive Director of Western New York Law Center, which operates the CLARO Buffalo program in Buffalo, Niagara Falls, Lackawanna, and Jamestown.

“We are pleased that the *Sykes* lawsuit will continue to benefit thousands of New Yorkers unfairly sued by debt collectors,” said Susan Shin, Legal Director for New Economy Project. “We are seeing a disturbing new uptick in debt collection lawsuits, and debt collectors engaging

in the same racially disparate patterns that led us to bring the class action lawsuit almost ten years ago.”

The *Sykes* lawsuit, filed in federal court in 2009, charged a network of debt collectors with civil racketeering (RICO), deceptive practices, and violations of federal debt collection law. As part of the settlement, reached in 2015 and believed to be the largest of its kind, approximately 353,000 New Yorkers had their debts eliminated and many also received tens of millions of dollars in monetary relief. The settlement also led to the unprecedented vacating of approximately 170,000 ill-gotten judgments – carrying a total face value of \$800 million.

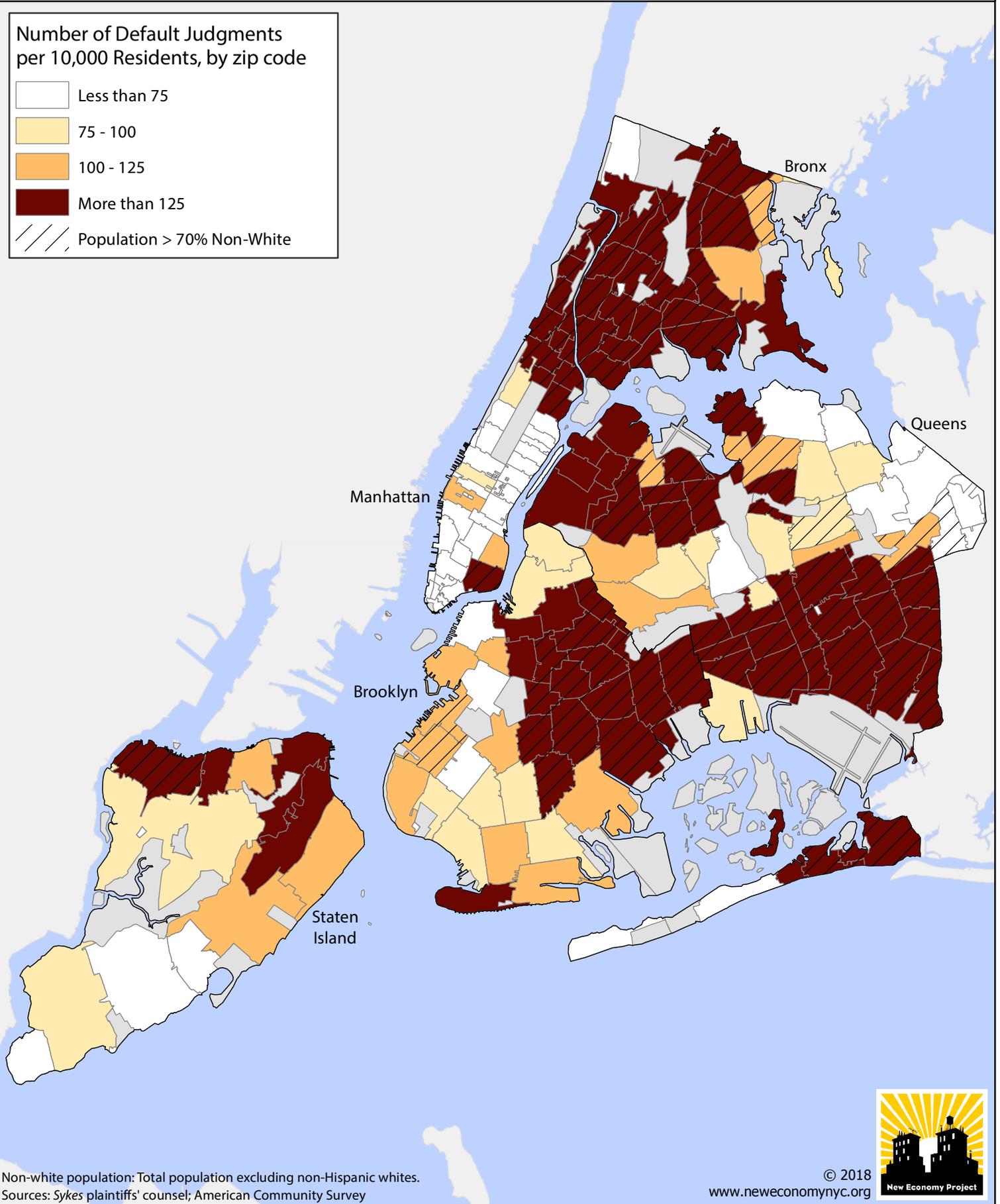
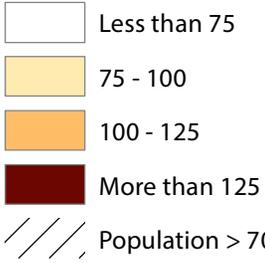
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The *Sykes* class was represented by [Emery Celli Brinckerhoff & Abady LLP](#), MFY Legal Services (now [Mobilization for Justice](#)), [National Center for Law and Economic Justice](#), and [New Economy Project](#).

CLARO programs provide free legal services to low-income New Yorkers sued by debt collectors, through walk-in legal clinics in all [five NYC boroughs](#), [Westchester](#), and [Greater Buffalo](#).

Sykes Judgments New York City

Number of Default Judgments
per 10,000 Residents, by zip code



Non-white population: Total population excluding non-Hispanic whites.
Sources: Sykes plaintiffs' counsel; American Community Survey

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Sykes Judgments Buffalo, NY

Number of Default Judgments
per 10,000 Residents, by zip code

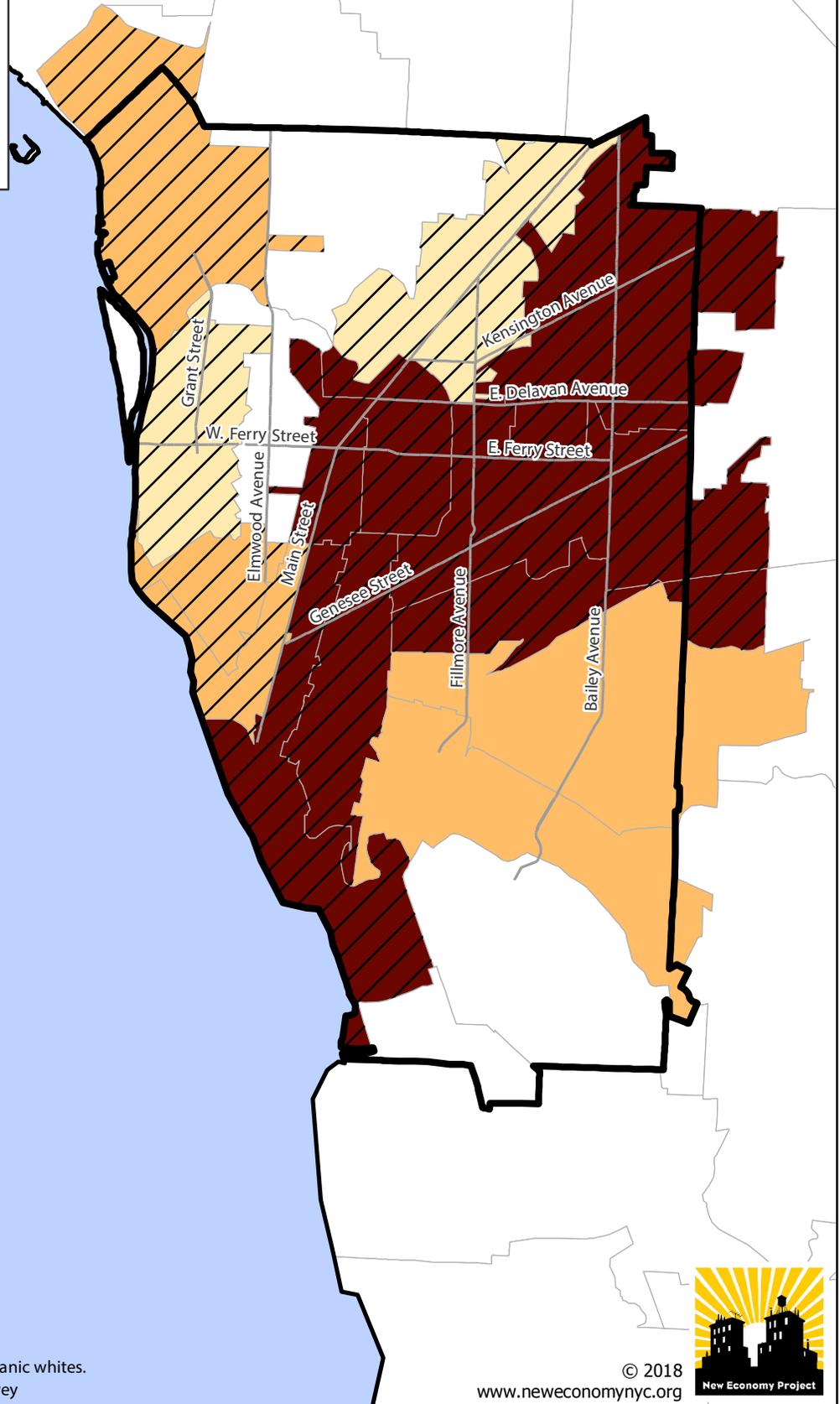
Less than 110

110 - 130

130 - 150

More than 150

Population > 30% Non-White



Non-white population: Total population excluding non-Hispanic whites.
Sources: Sykes plaintiffs' counsel; American Community Survey

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