



New York State Broadcasters Association, Inc.

To: NYSBA Members
From: David Donovan, President
Date: December 4, 2015
Re: Attorney General's Campaign on Foreclosure Scams

I am writing to enlist your help in an effort that the New York State Broadcasters Association (NYSBA), as well as other media associations is undertaking with the Office of the New York State Attorney General Eric T. Schneiderman. The issue concerns so called "distressed property consulting services."

Recently, NYSBA met with the Attorney General's senior staff regarding families who are at risk of foreclosure across New York State. The Attorney General's Office has become concerned that this same population has now become a major target by so called "distressed property consulting services," which prey on desperate homeowners when they are most vulnerable. We were advised by staff that some offer homeowners a much-needed loan modification, in exchange for a fee, but fail to provide any services. The staff also noted that others attempt to trick homeowners into signing over the title to their home or into making monthly payments to the scammer rather than the actual mortgage holder. According to the Attorney General's Office, from March 2010 to September 2014, New York homeowners have submitted over 2,700 foreclosure rescue scam complaints, documenting at least \$8.25 million in losses.

To address the problem, Attorney General Schneiderman launched the Homeowner Protection Program (HOPP), a network of more than 85 housing counseling and legal services providers who provide free, high-quality representation to families who need help with their mortgage and who are at risk of foreclosure. To date this network of direct service providers have assisted more than 50,000 New Yorkers as they struggle to remain in their homes. The Office of the Attorney General has also launched a consumer education web-based app, www.AgScamHelp.com. In addition to educating consumers the app directs families to the HOPP network of direct service providers, where they can connect to legitimate cost-free help. The Attorney General also sponsors a direct hotline which will connect any homeowner to a HOPP direct service provider within 48 hours (1-855-HOME-456).

During our meeting we were advised that one of the most pervasive methods used to target homeowners by "distressed property consulting services" is placing advertisements in newspapers and electronic media. According to the Attorney General's Office, a number of the companies originating these ads may be in violation of state and federal laws, which require "distressed property consulting services" who advertise foreclosure prevention or loan modification services to include specific disclosures in their advertisements. While we are not

aware of any specific adjudication, New York law requires these companies to include a disclosure notice in their advertising. A copy of the law is attached.

The Attorney General's staff understands that the duty to comply with this law is placed squarely on the originators of these ads, *i.e.*, the "distressed property consulting services," and not on broadcasters. Nonetheless, while there is no direct liability on broadcasters, under New York law these advertisements should contain a disclosure. We have an opportunity to help consumers in our communities by requiring that these commercial messages contain the legally required disclosures.

Among our industry's greatest strengths is the trust that consumers place in our stations. We have a unique opportunity to use that trust to help protect and empower the communities we serve. I ask you to join NYSBA and Attorney General Schneiderman in this joint effort which we believe will have a significant impact on protecting our listeners and viewers.

Thank you in advance for your cooperation in this matter. Please feel free to contact me if you have any questions.