Ponzi Scheme Victim Finds a Silver Lining

A Tale of a Consumer Victory in Her Own Words
By Annie Mills*

I had been doing alright. I had a house, a good job. Enough money that when a friend recommended an investment opportunity, I took the leap, and the investment paid off...for a while. But it turned out I had gotten caught up in a Ponzi scheme. The guy recruited investors to pay off previous investors, then he got more investors to pay off those investors, and so on. He got away with it until the stock market crashed in 2009, then he disappeared. I still had my house, and a lot of debt.

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My lawyer Audrey recommended a mortgage loan modification. For a while my bank refused to cooperate and had foreclosure sales scheduled several times. You can imagine how stressful that was. Thankfully each time Audrey was able to stop them. My job at the hardware store didn’t bring in enough income to qualify for the modification, so I rented out rooms in my house. I was glad to provide housing at a modest rate and help others become more stable. And it helped me keep a roof over my head because now I have a mortgage payment I can manage.

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The $1.1 Trillion Anchor Around Our Necks

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Senator Elizabeth Warren (D-MA) introduced legislation last year that would have allowed 25 million people with older student loans to refinance at current, lower rates. That bill was unsuccessful, but she has just re-introduced a similar bill along with Rep. Joe Courtney (D-CT) which would be a landscape changer.

Legislation was also introduced which would roll back the bankruptcy laws to pre-2005 student loan treatment, allowing discharge of private student loans. They generally are much costlier than federal loans and provide no options for rehabilitation, modification, income contingent repayment plans, or Public Service Loan Forgiveness. That legislation too has failed, but a similar bill from Sen. Dick Durbin (D-IL) has been referred to the Committee on the Judiciary (fingers crossed!).

The AARP recently reported that Americans 50 and older owe almost $1.15 trillion in student debt and over 10% of these loans were delinquent (see story on page 2). Student loans are an anchor around America’s neck that cannot be ignored any longer. Poor regulation and criminal conduct by servicers and lenders caused the housing and financial crisis to bring this country to its knees. Must history repeat itself with student loans, which now make up $1.1 trillion in consumer debt?
**Saved from Crushing Student Loan Debt**

*By Evelyn Rodwell*

I am 67 years old and a retired philosophy professor, community college, and when the recession hit I lost my home. I'd returned to school after my divorce and earned my PhD when I was 50, so I hadn’t had enough time to truly get on my feet financially before the recession hit and at the same time my health declined.

I tried to save my home by renting a portion of it, but I finally had to let it go through bankruptcy. I still had huge student loans, which unfortunately can’t be discharged in a bankruptcy, and I had lost half of my pension when the stock market crashed. I couldn’t make my loan payment and I was in danger of having the Department of Education garnish my Social Security benefits, which would have left me below the poverty level. As you can imagine this was a stressful period, which wasn’t improving my health.

I am forever grateful for Katy Box and the other staff at NWCLC who rescued me. Katy helped me establish my status as permanently disabled, which is one of the few ways you can have student loans excused.

After things settled I began to search for options. I found I could rent more cheaply in a small town, Eatonville, WA, and have found it enjoyable to live walking distance from a diner that caters to the local seniors. I’m taking a writing class at the local senior center and making some new friends. I’m doing okay now, thanks to Northwest Consumer Law Center.

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**NWCLC Consumer HOT Tip:**

**Bad Grammar = Bad Intentions!**

While you might not be a scholar on the English language, you may be able to use your basic understanding of grammar to detect whether an email is legitimate or just a scam.

Recently a local consumer attorney showed us an email that threatened to prosecute the recipient for federal offenses unless they contacted the sender. The message contains lines such as “...before the case will filed to your name...” (missing the word “be”) and “We carry all the rights reserved to inform to FBI...” (should be “the FBI”). These were just a couple of ways in which the message was extremely suspicious.

If you receive an email like this threatening legal action against you or notifying you about a “problem” with your bank account, try reading the contents of the message out loud. If it sounds wrong to your ears, it’s probably a scam and should be reported.


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**KIRO 7 News**

KIRO 7 News caught up with NWCLC Volunteer Attorney Katy Box to talk about her client’s class action against a debt collector for violations of consumer law. The segment also shares helpful tips on recognizing debt collection abuse.

To watch this video and more, visit [www.nwclc.org](http://www.nwclc.org), click “Learning Center,” then click “NWCLC In The Media.”

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**NWCLC Outreach Update**

**Across Counties, Across Cultures**

During the week of March 9th, NWCLC spoke to more than 300 senior citizens in Tacoma about scams, cons and predatory lending. Our thanks to Darren Pen from the Pierce County Commission of Asian and Pacific American Affairs for coordinating these events. If you are interested in having us give a presentation on consumer issues at your event, call (206) 805-0989.

**Hitting the Streets**

NWCLC has partnered with El Centro de la Raza and Seattle University School of Law’s Foreclosure Mediation Outreach Program (FMOP) to go to Seattle neighborhoods hardest hit by foreclosure. We’re spreading the word about how homeowners and tenants can get help, as part of the Seattle Homeownership Stabilization Program, an outreach initiative funded by the City of Seattle’s Office of Housing. Watch the news story at [www.nwclc.org/learning-center/in-the-media](http://www.nwclc.org/learning-center/in-the-media).

Arlene Chavez from El Centro de la Raza (left) and NWCLC staff member Noah Samuels (right) visit Seattle’s Skyway neighborhood to talk to residents about free help resources available to homeowners and tenants.
Save from Crushing Student Loan Debt

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*Names have been changed to protect the privacy of our clients.*
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The Northwest Consumer Law Center zealously advocates, litigates, and promotes access to justice for low and moderate income clients, and through its education programs, empowers consumers with the knowledge and resources to protect their rights.

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(206) 805-0989
www.nwclc.org

*Annie Mills is a pseudonym.

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Farewell to a Worthy Opponent

A Tribute to John Gose
1930 - 2015

John Gose practiced law since 1955, taught real estate at the University of Washington, and mentored many consumer attorneys. He represented banks in cases against consumers, but he stood for fairness and supported legal aid. His work on the Deed of Trust Act has helped thousands of homeowners in foreclosure. John passed away in his home last January and will be missed.

Equal justice under the law is a fundamental right in the United States, but access to justice is often limited by the ability to pay. And while legal representation is guaranteed in criminal cases, similar provisions are not made for those facing civil legal issues. NWCLC provides pro-bono and low-bono services in Washington State for low income clients facing crises in the areas of foreclosure prevention, debt collection, student loans and other financial consumer issues.

On Tuesday, May 5th, go to tinyurl.com/NWCLC to ensure access to justice for Washington’s consumers.