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More lawyers in trouble for foreclosure activities

By Nancy McCarthy
Staff Writer

The State Bar's loan modification task force obtained the resignations of three more California attorneys as a result of misconduct related to their loan modification activities. It also placed another attorney on inactive status, charging his work poses a substantial threat to the public, and has undertaken similar efforts against two other lawyers.

In addition, **JAMES PARSA** [#153389], a southern California lawyer who advertised his loan modification work on television throughout the state, resigned Oct. 21. He faced interim suspension from practice as a result of a 2001 misdemeanor conviction for sex with a child under 18 that he never reported to the bar.

Parsa, 44, advertised heavily throughout California for the past several months, offering to help homeowners facing foreclosure. Although he provided evidence to the bar that he was in fact working on cases, an investigator uncovered two 2001 misdemeanor convictions for sex with an underage girl. The bar court ordered that Parsa be placed on interim suspension Oct. 16, but his resignation made the suspension moot.

The State Bar created a 10-person loan modification task force in March after receiving thousands of calls from homeowners complaining that lawyers have done no work after taking fees purportedly to help avoid foreclosure. The task force had 738 active investigations underway last month.

It earlier released the names of 16 attorneys it was investigating for possible misconduct related to loan modification. Four of the six who resigned or face inactive enrollment were on that list.

"We are very pleased that we have been able to remove these practitioners from the practice of law quickly in order to protect the public," said Interim Chief Trial Counsel Russell Weiner.

Until last month, attorneys were able to legally accept advance fees from borrowers for residential loan modification work and other forms of mortgage loan forbearance services. Lawyers' services were in demand by foreclosure relief companies and operators that could not otherwise receive payment until contracted or promised loan modification work was completed. However, on Oct. 11, Gov. Schwarzenegger signed SB 94, which prohibits attorneys and any other persons from collecting an advance fee for residential loan modification and mortgage loan forbearance services. The measure took effect immediately. Details about the new law are at the Department of Real Estate home page, www.dre.ca.gov.

The attorneys who resigned from the State Bar are:

- **CAMERON EDWARDS** [#222549], Alliance Law Center in San Diego, resigned Sept. 25.
- **RONALD RODIS** [#181873], of Rodis Law Group and America's Law Group in Newport Beach, resigned Oct. 13.



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- **JEFFREY NEMEROF SKY [#213014]**, U.S. Advocacy Law Group and U.S. Financial Products, in Laguna Niguel, resigned Oct. 16.

The three are ineligible to practice law pending a California Supreme Court order accepting the resignations.

Those the bar is seeking to place on involuntary inactive status for posing “a substantial threat of harm to (their) clients or the public” under Business & Professions Code §6007(c) are:

- **PAUL LUCAS [#163076]**, of Lucas Law Center in Aliso Viejo. The bar court petitioned to put him on inactive status Sept. 21; he did not reply to the petition and the State Bar Court took the matter under submission.

- **SEAN RUTLEDGE [#255938]**, of United Law Group in Irvine, had a hearing Oct. 23; the bar filed its petition Sept. 22. The bar earlier charged him with seven counts of misconduct in handling a loan modification for a client who paid an advance \$3,500 fee. Rutledge never took any action to negotiate with the client’s mortgage lender, the bar charges. The judge took the matter under submission and had 10 days to rule.

In addition, **CHRISTOPHER L. DIENER [#187890]** of Irvine, principal attorney for Home Relief Services LLC, was placed on inactive status Oct. 9. Attorney General Jerry Brown sued Diener last summer and accused him of telling homeowners he and his company would act as sole agent and negotiators and directed the homeowners to stop contacting their lender. None of the known victims received a loan modification with the company’s assistance.

The Los Angeles County sheriff last month raided the offices and homes of **TANMAY MISTRY [#251425]** and **KURT ELKINS [#241562]**, attorneys allegedly affiliated with a Pico Rivera loan modification business alternately called Safe Haven, Home Loan Negotiators, Proteccion Familiar and Your Dreams Come True.

In September, people who had given money to the business to modify their home loans gathered at the office complaining no work had been done. Several in the crowd were in foreclosure.

Both Mistry and Elkins told the authorities their identities had been stolen. Mistry submitted his resignation with charges pending from the bar, but later rescinded it. He did not return a phone call. Bar officials would not comment on Elkins, but he said he has done nothing wrong.

He was hired on a one-month contract about eight months ago by Safe Haven, who he now says “probably lied about who I am and what I do.” He said he believes the company did loan modification work but declined to specify the nature of his work.

“Clearly, I didn’t do anything wrong,” Elkins said. “I’m a victim of identity theft.”

Los Angeles Sheriff Sgt. Dana McCants said Safe Haven’s clients were solicited through a Spanish language Christian radio station, located in the same Pico Rivera building that was home to the loan modification business. Clients generally paid about \$2,900 for a loan modification.

But McCants said in a typical scenario, an employee of Safe Haven then filed bankruptcy for the client, adding numerous fictional names to the grant deed for the purpose of stalling the lender from foreclosing. Each individual named in the bankruptcy petition receives a 90-day extension. However, McCants said as the extensions end, “the house of cards starts to collapse.”

He said about 300 homeowners have filed complaints with the sheriff and estimated another 200 were victimized by Safe Haven.

McCants would not disclose the nature of the evidence seized during the raid; many of the files are under the custody of a special master because they may involve attorney-client relationships. The loan modification business was shut down, but at press time, no arrests had been made.

[News Release - State Bar Loan Modification Task Force shuts down five more lawyers](#)

New law prohibits advance fees for lawyers doing foreclosure work

Gov. Schwarzenegger signed Senate Bill 94 Oct. 11, immediately prohibiting any person, including attorneys and real estate licensees, from collecting an advance fee to perform foreclosure relief services. The new law, adopted as an emergency measure, closes a loophole that permitted foreclosure scam artists to exploit the ability to charge advance fees.

It is now unlawful for any licensed attorney or real estate agent “who negotiates, attempts to negotiate, arranges, attempts to arrange, or otherwise offers to perform a mortgage loan modification or other form of mortgage loan forbearance for a fee or other compensation paid by the borrower ... to claim, demand, charge, collect, or receive any compensation until after the [attorney or agent] has fully performed each and every service the licensee contracted to perform or represented that he, she, or it would perform.”

The advance fee prohibition for loan modification and forbearance services applies to residential property containing four or fewer dwelling units.

The new law also requires the following written disclosure in at least 14 point bold type regarding loan modification and/or loan forbearance services prior to entering into any fee agreement with a borrower:

“It is not necessary to pay a third party to arrange for a loan modification or other form of forbearance from your mortgage lender or servicer. You may call your lender directly to ask for a change in your loan terms. Nonprofit housing counseling agencies also offer these and other forms of borrower assistance free of charge. A list of nonprofit housing counseling agencies approved by the United States Department of Housing and Urban Development (HUD) is available from your local HUD office or by visiting www.hud.gov.”

If loan modification or other loan forbearance services are offered in Spanish, Chinese, Tagalog, Vietnamese or Korean, a translated copy of the disclosure above must be given to the borrower in that language.

A violation of the law can result in fines and up to a year in jail.

The text of SB 94 is available at leginfo.ca.gov; click on “bill information.” Information is also available from the California Department of Real Estate at dre.ca.gov.

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