

# **NEW ECONOMY PROJECT**

2022-2023

# OVERVIEW OF ACHIEVEMENTS

During the grant year, our major achievements included:

- Providing direct legal services to 568 low-income New Yorkers, through our free hotline. Two NYC-based organizations also benefited from our direct legal services.
- Pursuing impact litigation on behalf of clients that will benefit them and hundreds of thousands of low-income New Yorkers.
- Leading community legal education and know-your-rights workshops for 2,462 New Yorkers, on a range of pressing financial justice topics.
- Providing extensive pro se assistance to 4,854 New Yorkers, who were able to use our information to defend and advocate for their rights.
- Receiving a total of 15,136 unique downloads of our extensive online know-your-rights resources, available in Spanish and English.

Our primary target populations are low-income New York City residents, particularly New Yorkers of color, immigrant New Yorkers, women, and seniors.

This grant year, our efforts again led to significant economic and other benefits for low-income New Yorkers and communities, including:

- Through our hotline services, we helped clients save more than \$2.9 million in wages, public benefits, and other funds that were protected against unfair and discriminatory debt collection. We calculated the dollar benefit by adding two numbers: (a) actual dollars we saved for our clients, where data was available, as reported in the statistical GAR; and (b) a formula-based estimate of dollars saved for any clients for whom we lacked a specific dollar amount.



**Population Served:** General Low Income Population

**Total Funding:** \$636,168

**Total IOLA Grant:** \$137,500

**Staffing Full Time Equivalent:**

- Total Staff: 4.54
- Paralegals: 1.17
- Lawyers: 2.62
- Other: 0.75

- We continued several class action lawsuits that have the potential for significant impact on low-income New Yorkers. These include a federal class action lawsuit we filed with co-counsel in 2019 against the New York City Transit Authority, an arm of the Metropolitan Transportation Authority, on behalf of approximately 850,000 low-income New Yorkers deprived of their due process rights. We are currently in settlement negotiations and will report benefits accordingly.
- Two New York City-based community organizations benefited from our direct legal services.

## DIRECT LEGAL SERVICES: CASES

### Case #1

Mr. D is a street vendor who lives in the Bronx with his wife and three children. Mr. D called our NYC Financial Justice Hotline in dire straits, after learning that a landlord had sued him for alleged back rent. He shared his story:

*They called the marshal and kicked me out. Then, they sued me saying I owed \$13,000. The thing is, the house wasn't good. We didn't have hot water, but the worst thing was the mold. They called the marshal and kicked me out. Then, they sued me saying I owed \$13,000.*

*The thing is, the house wasn't good. We didn't have hot water, but the worst thing was the mold. It was a three bedroom, but we were sharing one bedroom for a couple of months because of the mold in the other rooms. We didn't have access to the other rooms, and they knew that. I wouldn't have known how to defend myself. How could I know?*

*I couldn't find a lawyer, and then one of my friends gave me your number. You guys helped me without asking [for anything]. So when I went to court, I said, based on your work, maybe this is going to work out. The judge said, "Your case is dismissed." Just like that. I don't know how to thank you.*

While working with Mr. D, we discovered that another landlord had also illegally sued him years before. We helped him get that case dismissed too. During the grant year, we provided legal assistance to hundreds of New Yorkers like Mr. D who are being hounded by predatory debt collectors and reeling from the pandemic.

**807**  
people  
benefitted from  
**349**  
consumer & finance  
legal cases closed

## Case #2

Ms. M, a single, working mother from Queens, contacted our hotline last July with concerns about debt collection, having fallen behind on her credit card payments when she was suddenly laid off after having a child. In the course of assisting her, we discovered that a debt buyer had sued her several years earlier. She had never heard of the debt buyer and had never gotten notice of the lawsuit against her. Because she did not respond or appear in court, the court granted the debt buyer a default judgment against her. Shortly after we informed her of the lawsuit, she received a notice alerting her that the debt buyer was trying to garnish a portion of her much-needed wages. We helped her prepare and file papers asking the court to stop the garnishment, vacate the judgment, and dismiss the lawsuit, including on the ground that the debt buyer failed to provide legally-required notice. We also referred Ms. M to the Volunteer Lawyer for a Day program so she could have free representation during her court hearing in November 2022. At the hearing, the debt buyer's lawyers agreed to vacate the judgment and discontinue the case with prejudice. Ms. M was able to protect her wages from being garnished and will not have to face collection on that debt ever again.

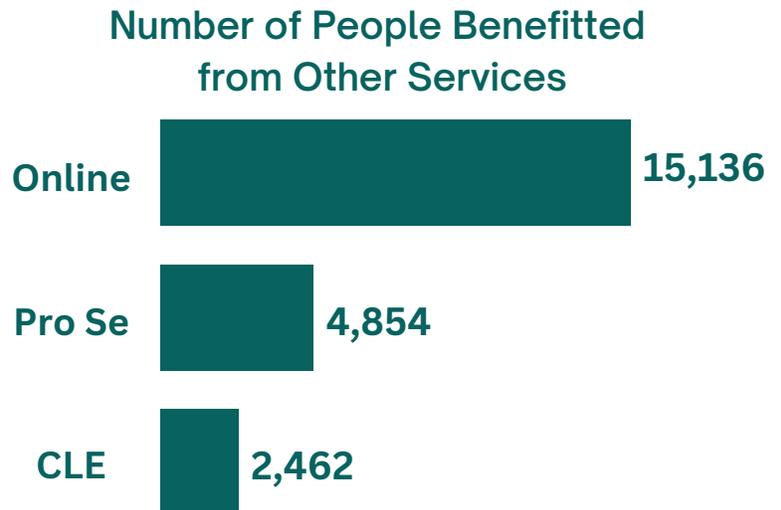
## OTHER SERVICES: OVERVIEW

Our target population is low-income New Yorkers, particularly New Yorkers of color, immigrants, women, and seniors. Other legal related services include:

**Community Legal Education:** This grant year, New Economy Project conducted extensive community legal education on debt collection, credit reporting, banking access, and related issues, serving a total of 2,462 New Yorkers. We partnered with community-based organizations, elected officials' offices, senior centers, public institutions, and other groups throughout NYC to provide information about our services and know-your-rights information. During workshops, we shared hotline flyers and know-your-rights material, including our one-page fact sheet on New Yorkers' rights under the state's Exempt Income Protection Act. In addition to workshops, we also disseminated legal brochures by mail and through community partners.

**22,452**  
people benefitted  
from Services  
Other Than Direct  
Legal Services

**Pro Se Assistance:** We provided extensive pro se assistance to 4,854 New Yorkers, who were able to use our know-your-rights information to defend and advocate for their rights pro se. We continued to serve as consumer law experts in CLARO clinics, which slowly started to resume in-person clinics during the grant year, after operating virtually for many months during the pandemic. We also provided a range of self-help material on our website, such as a sample cease and desist letter, which clients can use to tell a debt collector to stop contacting them as they work to resolve their situation.



**Online Outreach:** We provided a wide menu of general online know-your-rights resources, which this grant year received a total of 15,136 unique downloads. New Economy Project’s hotline information, with links to know-your-rights information, is also listed on LawHelpNY and The New York City Civil Courts’ website, nycourts.gov.

## OTHER SERVICES: TECHNOLOGY

We continued to make ongoing, concerted efforts to improve our technology infrastructure and systems - key to ensuring the delivery of excellent legal services.

Examples from the grant year include:

- **IT consultant** - We brought on a new IT consultant, which we selected largely for its experience with legal services providers in NYC and its emphasis on cybersecurity.
- **Cybersecurity** - We took numerous steps to address cybersecurity and potential risks that could cause an interruption in services or data loss, with support from our IT consultant. For example, we added multi-factor authorization and instituted a new patch management system to protect our systems. We also moved all of our organization’s files to a protected shared drive.
- **Telephonic language interpretation** - As previously reported, we recently engaged a telephonic language interpretation service, which provides live interpretation in more than 300 languages. This service expands our capacity to serve more clients with limited-English proficiency.

# OTHER SERVICES: TRAININGS

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We foster the professional development of staff and board members through the following:

- **Customized training for legal hotline** – Our legal director has created a detailed training plan, used with all new paralegals, attorneys, legal volunteers, and law interns. She provides extensive hands-on training, and introduces new levels of the training, as staff members and volunteers gain skills and experience.
- **Professional skills training & networking** – We strongly encourage all staff to attend conferences, trainings, and webinars that offer opportunities for skills training and networking. For example, this year, members of our legal hotline team participated in a training offered by the Feerick Center for Social Justice, focusing on how to help CLARO clients respond to complex motions filed by debt collectors. In addition, our staff regularly participate in, and often present at, annual conferences convened by national organizations, such as the National Consumer Law Center.
- **Subject matter training** – Staff also participate in trainings on substantive legal matters, as organized by National Consumer Law Center, Americans for Financial Reform, Center for Responsible Lending, and others.
- **Racial Equity Training** – This grant year, New Economy Project’s Legal Director participated in the following Practising Law Institute trainings: ‘Don’t Just Talk About It, Be About It: Pro Bono Opportunities to Address Racial Inequity Through Consumer Law’ and ‘Professionalism as a Racial Construct: Unpacking How Professionalism Can Be Used as a Tool for Racism.’ Our Co-Director and two Campaign Organizers also led a workshop about our organization and racial equity work at Facing Race: A National Conference presented by Race Forward. We encourage all staff to participate in these and other training sessions.
- **Practising Law Institute's (PLI) Pro Bono Privileged Membership** – PLI provides our staff with free, unlimited access to its extensive continuing legal education (CLE) offerings, which our attorneys frequently use.
- **Learning stipends** – In addition to covering all expenses for staff to attend ongoing trainings and conferences, each staff member is eligible to receive a \$500 annual “learning stipend,” which they may use to pursue work-related training that they identify as helpful.
- **Board development** – New board members are typically on-boarded by our co-directors and board recruitment committee. The training tends to be very hands-on; they discuss the mission and background of the organization; expectations for board members; and our current programs and strategic plan. Board members regularly participate in quarterly briefings for supporters and other organizational events. We often share training opportunities with board members on relevant subject matters as well as nonprofit governance.

# IMPACT CASES

## ***Robinson v. New York City Transit Authority (NYCTA)***

New Economy Project continued our work on a federal class action lawsuit we filed with co-counsel in 2019 against the New York City Transit Authority, an arm of the Metropolitan Transportation Authority, on behalf of low-income New Yorkers. The civil rights lawsuit alleges due process violations, and challenges the Transit Authority's seizures of people's state tax refunds to collect on default judgments—some going back 20 years or more—without legally-required notice or opportunity to review relevant documents. We brought the lawsuit after identifying a pattern of due process

violations reported by New Yorkers who contacted our legal hotline for assistance. As reported to IOLA last year, in October 2021, the court granted us partial summary judgment, finding that the Transit Authority's failure to disclose its standards for vacating default judgments violates due process. The ruling had the immediate impact of requiring the Transit Authority to set clear standards for vacating default judgments, without which our clients and other New Yorkers lacked sufficient guidance to defend themselves and vindicate their rights.

We are currently engaged in settlement negotiations, which we expect will provide additional benefits to 850,000 New Yorkers, in addition to the benefits we reported last year.

## ***Esgro Capital Management LLC v. Sharae Banks***

New Economy Project continued working on the state court appeal we filed in 2021 on behalf of our client, Sharae Banks, challenging a lower court decision that exemplifies the systemic deprivation of low-income New Yorkers' due process in debt collection lawsuits.

In 2016, Ms. Banks, a single mother, discovered that a debt buyer had obtained a default judgment against her, even though she was never served with notice of the lawsuit. She sought information from the debt buyer's counsel, who offered her only an unaffordable payment plan. The debt buyer then began garnishing her wages,

**425,000**  
**beneficiaries\***  
**were affected by**  
**3**  
**Impact Cases**

causing her severe financial hardship. Only a few years later did she learn that she could challenge the default judgment and wage garnishment by going to court. Despite her undisputed proof that she was never served with notice of the lawsuit, the court denied her motion, citing New York cases finding that courts should not grant such “discretionary” relief where the individual “demonstrated a lack of good faith” or was “dilatory” in asserting her rights.

We seek to discredit this disturbing line of cases, which grants state courts unwarranted discretion to refuse to vacate default judgments entered without personal jurisdiction, and equates a sustained period of involuntary payments with waiver of one’s personal jurisdiction objection. By painting individuals unable to raise prompt legal challenges as dilatory or lacking good faith, this line of cases obscures the myriad structural obstacles—including fraudulent conduct by debt buyers—that low-income New Yorkers face to asserting their legal rights, and effectively punishes them for being poor or lacking representation. A favorable ruling on this appeal will benefit thousands of New Yorkers—especially New Yorkers of color, who are disproportionately harmed by debt buyers’ abusive litigation and collection practices.

Though the appeal by New Economy Project, with co-counsel, to the Appellate Term was denied in June 2022, Ms. Banks’s subsequent motion for leave to appeal to the Appellate Division was granted on February 16, 2023. We are pleased to co-counsel on the appeal with the Legal Aid Society, and to have had amicus support on our motion for leave to appeal from legal services organizations in New York City and the Hudson Valley.

### ***Crespo v. Gutman, Mintz, Baker & Sonnenfeldt LLP et al.***

In August 2022, New Economy Project and co-counsel The Law Office of Ahmad Keshavarz filed a new federal lawsuit. Brought on behalf of a Bronx resident harmed by a major debt collection law firm, the lawsuit alleges that the law firm used deception and fraud to unlawfully restrain our client’s unemployment funds, which are legally exempt from debt collection. The law firm denied our client access to sorely-needed funds at a time when he was out of work, homeless, and experiencing multiple health issues and financial hardship amid the COVID-19 pandemic. A favorable ruling on this case will benefit thousands of low-income New Yorkers whose exempt funds are and would in the future be restrained by the law firm’s use of deceptive conduct to seize and drag out the release of those funds. We are currently in the discovery stage.

*\*Number of beneficiaries reported represents a portion of total beneficiaries of impact cases as beneficiaries are split with co-counsel for reporting purposes*

# PRO BONO VOLUNTEERS

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**Law Students:** We remain dedicated to working with law student interns, and actively recruit law interns every year, whenever we serve on law school panels and through email blasts, web postings, and social media. We also publicize our law student internship positions through connections with area law schools and civil rights and other social justice programs, such as the Arthur Garfield Hays Civil Liberties Program at NYU Law School.

This year, a third-year NYU law student received a fellowship from Equal Justice America to help staff our hotline during the spring semester. We also hired a second-year Northeastern Law School student to work part-time on the hotline as a paralegal, after she completed a successful legal externship with us in fall 2022. In summer 2022, two law student interns worked with us, and we will have one law student intern for summer 2023. Law student interns are integrated into the organization, for example, attending staff meetings, working on our hotline, completing legal research and writing assignments, and gaining exposure to policy advocacy, model bill-drafting, and the like.

**Pro Bono Attorneys:** This grant year, we continued to work closely with the ArentFox Schiff law firm, thanks to a partner at the firm who has been deeply engaged with our public banking initiative. The firm has been instrumental in drafting legislation and related bill memos, briefing key stakeholders, and supporting our strategic work to make local public banking a reality in New York. The firm also continued to support our community land trust (CLT) initiative, helping us explore financing models, providing graphic design for a policy report, and providing direct legal support to several of our CLT partners.

**3 Law Students volunteered 1,400 hours**

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# SIGNIFICANT COLLABORATIONS

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We work closely with the following other legal services providers and private bar organizations:

- ArentFox Schiff LLP – pro bono counsel, providing legal and strategic support on our public banking and community land trust initiatives.
- Emery Celli Brinckerhoff Abady Ward & Maazel LLP – co-counsel on various impact lawsuits; currently representing our organization in an amicus brief submitted in *Upsolve, Inc. v. James*.
- Faegre Drinker Biddle & Reath LLP, and the law firm of Jerry Hartman – co-counsel on impact litigation (see Robinson above).
- Feerick Center for Social Justice at Fordham University School of Law – partner in financial justice policy advocacy; organizer of court-based and virtual CLARO clinics, in which we frequently participate, including as supervising attorney.
- The Law Office of Ahmad Keshavarz – co-counsel on impact litigation (see Crespo v. Gutman above).
- The Legal Aid Society – co-counsel on impact litigation (see *Esgro Capital v. Banks* above).
- Mobilization for Justice (MFJ) – partner in coalition and policy advocacy and collaborator in NYC network of consumer advocates. Co-counsel on previously reported impact litigation.
- National Center for Law & Economic Justice (NCLEJ) – co-counsel on impact litigation (see Robinson above).
- New York Legal Assistance Group (NYLAG) – partner in conducting training sessions for New York City Civil Court judges and court personnel; collaborated on amicus brief (see *Upsolve, Inc. v. James* below).
- NYC Bar Association – active member. Our legal director serves on the City Bar Association’s Civil Courts Committee.
- Quinn Emanuel Urquhart & Sullivan, LLP – co-counsel on impact litigation (see *Esgro Capital v. Banks* above).

We work with a long list of community-based organizations, both one-on-one and in connection with three major city- and statewide coalitions we coordinate to advance community land trusts, public banking, and equitable community development. Examples of community groups with which we work include: Banana Kelly Community Improvement Association; Carroll Gardens Association; Chhaya CDC; Cooper Square Committee; Lower East Side People’s Federal Credit Union; New York Communities for Change; NYPIRG; and Mott Haven/Port Morris Community Land Stewards (South Bronx Unite).

This grant cycle, working with the Feerick Center for Social Justice at Fordham University School of Law, Mobilization for Justice, and the New York Legal Assistance Group, we co-led training sessions for New York City Civil Court judges and court personnel in the Bronx, Manhattan, and Staten Island Civil Courts. Conducted in May 2022, our presentations focused on educating judges about fair debt collection practices laws, including two recently enacted state laws. We also presented on issues facing unrepresented litigants and the services we and other public interest law organizations provide. Debt collection cases dominate the Civil Court dockets, and we have prioritized training judges to ensure better outcomes for New Yorkers sued by debt collectors.

## SOURCES OF FUNDING

New Economy Project received  
**\$636,168**  
 in total funding this past year

IOLA Grant	\$137,500
City and County	\$82,500
Foundations	\$256,130
State Funding	\$127,788
Other	\$32,250
<b>Total</b>	<b>\$636,168</b>

