Sanction Awards to Miami Attorney Bruce Jacobs Could Help City Establish Affordable Housing Fund

Miami Mayor Francis Suarez and Commissioner Ken Russell sponsored the resolution to use sanction awards won by the outspoken foreclosure defense lawyer.

By Zach Schlein (/author/profile/Zach-Schlein/) | June 19, 2019 at 04:59 PM

City of Miami officials have partnered with one of Miami's most outspoken foreclosure defense litigators to establish a novel method of adding affordable housing to the city.

On Thursday the city approved Resolution 6021, which outlines the creation of a Foreclosure Sanctions Affordable Housing Trust Fund. The measure, which was sponsored by Miami Mayor Francis Suarez and Commissioner Ken Russell, allows for money from sanctions or penalties awarded to attorney Bruce Jacobs in foreclosure cases to be placed into the account. The Jacobs Legal

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founder has been a zealous advocate for Miami residents facing foreclosure as well as legal action from mortgage lenders and banks.

Jacobs said his work gaining sanction orders against financial institutions shows “these banks have misled the courts and homeowners, defied court orders, backdated records, and destroyed evidence to cover up widespread fraud on the courts involving forgery and perjury that implicates Florida's RICO statute.”

“Litigation has shown that JPMorgan Chase and Bank of America targeted the most vulnerable communities with predatory subprime loans and expedited foreclosures,” Jacobs said. “This resulted in the largest transfer of wealth in our nation's history as now JPMorgan Chase and Bank of America have both grown in assets by more than $1 trillion each since they crashed our economy.”

The newly approved resolution enables the city to accept funds from cases where Jacobs obtains sanctions against lenders or their legal counsel “in any foreclosure involving fraud on the court including but not limited to forgery, perjury, obstruction of justice, destruction of evidence, backdating of records, and/or defiance of court orders related to evidence of standing to foreclose or any false claims about a loan boarding process used to admit documents under false pretenses.”

Thursday’s filing made note of Miami's ongoing struggles with insufficient affordable housing and rampant foreclosures, as well as the U.S. Supreme Court’s May 2017 decision allowing the city to pursue legal action against Bank of America and Wells Fargo for issuing racially biased predatory loans. The city's claim against the banks alleges the defendants violated the Fair Housing Act, and caused the city to lose out on valuable tax revenue in addition to necessitating additional spending on emergency services.

“The improper actions of the banks that resulted in foreclosures have significantly harmed the city, the State of Florida ... as well as other communities across the nation,” the resolution said. “The city is well prepared to dispense funds in a manner that aligns with the needs of the state to address affordable housing issues.”
Russell said Tuesday the city is “constantly looking for ways to fight for our residents.” The commissioner added the fund was designed in part to give courts “an outlet” for tackling Miami’s affordable housing problem.

“We believe the housing crisis and the bank's role in that crisis can be addressed through the programs we're working on at this time,” Russell said, noting the fund “doesn't make an accusation in itself” against banks.

"It says we're making ourselves available to the judge if they find sanctions to be awarded," he added. Russell had no reservations about calling the move unorthodox.

"I don't know if the mechanism has existed before or if anyone has tried this ... but I know what's out there now is not working,” he said. "Even at the city level what is available to us is limited and has plenty of red tape and bureaucracy involved. So we're constantly looking for ways we can address the crisis in ... an affordable way. We have a chance to give a judge an ability to exact justice and create a solution at the same time."

Jacobs said he currently has motions for sanctions pending in foreclosure litigation in Miami-Dade and Broward circuits.

“Commissioner Ken Russell, Mayor Francis Suarez, and the City of Miami are fighting to hold Wall Street banks accountable for the affordable housing crisis created by Wall Street greed and illegal conduct,” he said. "I have faith and confidence in Judges Butchko, Thomas, Miller, Judge Ledee, and the Third DCA. The City of Miami resolution created a vessel for our courts to seize an opportunity to command respect for the rule of law.”

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