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Cummings presses regulator on law firm handling Maryland foreclosures

Baltimore Democrat wants to know why firm hasn't been dropped by Fannie Mae

By [Jamie Smith Hopkins](#) , The Baltimore Sun

7:03 PM EDT, June 1, 2011

U.S. Rep. Elijah E. Cummings is asking the agency overseeing Fannie Mae why the mortgage financier is letting an embattled law firm handle its Maryland foreclosures despite problems documented by sister company Freddie Mac.

The Baltimore Democrat — in a letter to the Federal Housing Finance Agency late Wednesday — says information the regulator provided him in May about the Shapiro & Burson law firm "reveals a much more egregious level of abuse than previously known and raises significant new questions about why this law firm has not been banned from processing foreclosures on behalf of Fannie Mae in the same way it has been banned from processing them for Freddie Mac."

Attorneys with Virginia-based Shapiro & Burson have acknowledged in court hearings that at least some of their signatures on key foreclosure documents were actually made by other employees. A paralegal formerly employed at the firm complained to prosecutors that more than 1,000 deeds recorded by the firm after Maryland foreclosure auctions had false signatures, which could throw the homes' ownership into question.

Freddie Mac removed the law firm from its approved-attorney list for Maryland cases in March and said open cases would be sent to other firms.

A Freddie Mac spokesman said at the time that the decision had been "mutual." But the Federal Housing Finance Agency told Cummings in a letter that the removal came "after confirming that firm had for an extended period of time engaged in unacceptable and improper

practices in foreclosure actions."

Fannie Mae and Shapiro & Burson's managing partner, John Burson, declined to comment on Cummings' request. A spokeswoman for the Federal Housing Finance Agency said officials had received the letter and would respond to it.

In a May letter to Cummings, the housing finance agency said a Freddie Mac review found that Shapiro & Burson employees had signed other employees' names, signed their own names on documents meant to be signed by others, and filed affidavits — the written equivalent of court testimony — "without verifying their accuracy." Burson was aware of problems as early as 2007, but the "appropriate action" he took to eradicate them had only a temporary effect, the agency said.

The agency also told Cummings that Shapiro & Burson fees paid by Freddie Mac's servicers for foreclosure and related services nearly doubled between 2009 and 2010, to \$6.3 million, even though the number of foreclosure referrals the firm accepted from them increased by just 7 percent. Cummings asked Wednesday for an explanation.

The congressman said in a statement that he was "deeply troubled" by the firm's practices. "I will continue aggressively investigating on behalf of all the families who have been wronged," he said.

Shapiro & Burson is just one of the law firms caught up in the nationwide foreclosure-documentation scandal often referred to as "robo-signing."

After launching an investigation into Shapiro & Burson earlier this year, the Prince George's County state's attorney passed the case on to Maryland's attorney general. A spokesman for the attorney general said the office never reveals whether it is investigating a particular case.

But Jose Portillo, the former Shapiro & Burson paralegal who complained about false signatures, said the attorney general's office has been in contact with him and other former employees about the firm's practices.

Portillo said Wednesday he was very happy to hear that Cummings is pressing a federal regulator for answers about the firm. "Maryland has been hit pretty hard with foreclosures, and to compound them with fraudulent [signatures] and irregularities — it's good to see it's finally getting the attention it deserves," Portillo said.

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