

# TAKEROOT JUSTICE

Testimony to the NYC City Council

Oversight Hearing: Examining the City's Deed Theft and Deed Fraud Crisis

*Held jointly by:  
Committee on Housing and Buildings  
Committee on Finance*

October 13, 2020

Good afternoon. My name is Paula Segal. I am speaking today as Senior Attorney in the Equitable Neighborhoods practice of TakeRoot Justice. TakeRoot works with grassroots groups, neighborhood organizations and community coalitions to help make sure that people of color, immigrants, and other low-income residents who have built our city are not pushed out in the name of “progress.” We work together with our partners and clients to ensure that residents in historically under-resourced areas have stable housing they can afford, places where they can connect and organize, jobs to make a good living, and other opportunities that allow people to thrive.

Thank you so much to the committees for holding this joint hearing today. I will dedicate my time to elucidating the connection between New York City’s practice of selling liens on properties to a private investor-backed trust when charges to the City are past-due to the crises of deed theft and deed fraud. The City instituted the “Tax Lien Sale” practice in 1997 and uses it as a way to clear its books of all arrears: property taxes, water charges, emergency repair bills and other miscellaneous charges assessed by the City.

As part of the process of gathering liens for the bundled sale each year, the Department of Finance publishes a list of properties with arrears that are eligible for the sale. Such publication is meant to put owners on notice in an attempt to make sure that liens are not placed when property owners are not aware of the debt they owe. While they might notify a property owner, the published lists – which appear on the Department of Finance website in the Spring of each year – also provide unscrupulous actors with information about who is behind on their bills. Speculators and thieves can use the list of lien sale eligible properties to zero in on property owners who might be in financial dire straits, or elderly, or deceased, or otherwise unable to handle their affairs. With the list as a their treasure map speculators and thieves can approach owners with offers to purchase their properties for less than they are worth, with offers to settle debts, or can simply create forgeries of deeds that, as long as they go unchallenged, functionally transfer properties from present owners to themselves and their compatriots.

Elderly homeowners are particularly vulnerable to these unscrupulous actors because they are likely to have paid off their mortgages and be in position of having to pay the City



directly for property taxes for the first time in 30 years. These same long-time owners are also more likely to be on a fixed income and unable to absorb unexpected costs and expenses.

Families with property to be inherited are likewise vulnerable. In my practice, I have encountered the worst of the deed thieves who simply wrote themselves a deed to a property in Prospect Lefferts Gardens, Brooklyn, when they found it abandoned and on the City's Tax Lien Sale list in 2003. The home that had been on the lot they thus stole had burned down several years after its owner passed away, and the City cleared the property, then sent bills for the service to the deceased owner who never got them. These unpaid bills were included on the lien sale eligible list, likely sparking the interest of those looking for properties they might be able to get for free. The thieves purported to find the children of the owner, when in reality she had no children; they wrote a deed from those fake children transferring it to their own company and transferred it again to another company they controlled several years later.

All the while, the family of the deceased owner, immigrants from Guyana, did not realize that the property had been lost. It was only when the deed thieves attempted to use the courts to clear their title by filing a "quiet title" case against their own company did their dealings come to light: I represented the occupants of the lot at the time, the Maple Street Community Garden. In 2012, at a tip from the Brooklyn District Attorney, the Garden intervened in the court case and was able to stop the judge from issuing a default judgement because it had not been served papers in the case, as occupants are entitled to be. After we stopped the quieting of title, we hired an heir locator, found the relatives of the deceased owner and helped them get their own representation so that they could oppose the court quieting title in the deed thieves name. In the intervening years, the City acquired the property for permanent preservation as a park and community garden. The money that the City paid is now with the court in escrow, awaiting the final outcome of the quiet title case. We are extremely hopeful that it will go to the family. We know that had the property not appeared a target for deed theft, they would have remained the owners of record without interruption and would have been the automatic recipients without having to battle hardened criminals in court. Over \$2 million dollars hangs in the balance.

Drawing a target on properties belonging to vulnerable owners is just one of the many harms of the Rudy Giuliani-invented tax lien sale. The sale likewise threatens low income homeownership, lets opportunities to stabilize affordable multi-family housing slip away each year, and cedes vacant land in our neighborhoods to investors. It is long past time to put an end to it: the Council should not re-authorize the City's Tax Lien sale when authorization expires this year.

I want to particularly thank Council Member Cornegy for introducing Resolution 1429 being heard today. The deed thieves I have been describing use precisely the tactic of naming their corporations and LLCs so that they sound like government agencies: the initial deed theft transferred the Prospect Lefferts property to a company called Brooklyn LLC, and the subsequent transaction they orchestrated was to Housing Urban Development LLC. The same individuals are also operating under the names H.P.D. LLC and Queens LLC.

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