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## **Testimony Before The New York State Senate Standing Committee On Housing Construction And Community Development**

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Good morning, Senators. My name is Bill Lienhard. I am a founding partner of Lienhard & Grumbach PLLC, a law firm dedicated to fighting the real estate fraud that is devastating communities of color in New York City. Thank you for addressing this important issue.

I would like to tell you about a case of ours called Bruce v. Solny, in which we represent the plaintiff, Janet Bruce, against the defendant Sanford Solny and his associates, lawyers, and related LLCs. I'll refer to this group as "The Solnys." The case was the focus of an investigative report by the New York Times. See "He Runs A Real Estate Empire. Did He Steal It?," July 24, 2022, <https://www.nytimes.com/2022/07/24/us/deed-theft-ny.html>.

All of the facts I'm going to recite appear in our complaint in the case. As we are still a ways from trial, we have not yet proven these facts to a jury.

In 2006, Janet Bruce, a retired home health aide, and her late husband James used their life-savings to make the downpayment on 161 East 29th Street in East Flatbush, Brooklyn. They took out a mortgage and purchased the home for \$380,000. This should have been a great investment for the Bruces. The house is on a quiet block of one and two-family homes near the commercial corridor of Nostrand Avenue and close to public transportation. It also has a garage that connects to a back alley - an excellent amenity in Brooklyn, where on-street parking is very difficult to find. After buying the property, the Bruces worked hard to improve it, upgrading the electrical and plumbing systems and putting in a new kitchen.

According to Zillow, 161 East 29th Street is now worth nearly \$1 million. But, that equity wealth is not in Mrs. Bruce's hands. Instead, title to the property is held by E 29 St Realty Corp., which is controlled by the Solnys.

How did this happen?

After making payments for seven years, the Bruces fell behind on their mortgage when James suffered a stroke in 2013. The bank filed a foreclosure case against the Bruces. Scared and feeling ashamed of their debt, the Bruces fell prey to a foreclosure-rescue scam that Sanford Solny and his associates were running. A member of the community (who may have been recruited by the Solnys to find and deliver up vulnerable homeowners in the neighborhood), introduced the Bruces to the Solnys.

The Solnys said that they wouldn't be able to save the Bruces' home, but that they could at least pay the Bruces a small amount in cash and pay off their entire mortgage by arranging a short sale. Sanford Solny led the Bruces to believe he would act as their attorney in the transaction even though his license to practice law was suspended in 2012.

Thinking that they had no other choice and that they were represented by a lawyer, the Bruces agreed, and the Solnys held a closing on March 9, 2014 at the house. At the closing, they used high-pressure tactics to get the Bruces to sign stacks of documents without reading them. Included among these was a deed granting title from the Bruces to E 29 Realty Inc.

The Solnys never had any intention of arranging a short-sale for the Bruces or helping them out with their mortgage. As soon as the Bruces vacated, the Solnys installed tenants and began collecting rent. The Solnys' lawyers appeared in the foreclosure case - not for the purpose of helping the Bruces or resolving the case - but instead to delay the foreclosure case endlessly so that the Solnys could continue to collect rent. Meanwhile, the bank paid most of the property expenses such as property taxes and hazard insurance, out of the Bruces' escrow account, adding to the Bruces' debt. Since 2014, the Solnys have collected hundreds of thousands of dollars in rent.

The Solnys were prosecuted for real estate fraud by the Queens District Attorney in 2018. Sanford Solny was convicted of a felony and sentenced to probation. He was then indicted by the Brooklyn District Attorney in 2020 for real estate fraud. An indictment, of course, is not a conviction, and Sanford Solny is innocent unless proven guilty in the Brooklyn prosecution. Nonetheless, I must ask: how many more homes must the Solnys steal, how many lives must they wreck, before law enforcement authorities will imprison him for violating his probation?

More generally, why has the government allowed the Solnys and similar real estate fraud operations to run rampant in communities of color in Brooklyn and Queens?

Our law firm is in favor of any legislation that will provide additional protection to homeowners, but without aggressive legal enforcement, both civil and criminal, violating the law will continue to be just a cost of doing business for real estate fraudsters.