

Fleet Aid Package May Grow

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Start Page: 79

Document Text

After a two-hour meeting with their legal adversaries, top officials of Fleet Financial Group Inc. yesterday agreed to refine and possibly expand the company's aid package for poor, mostly black victims of mortgage lending abuses in Georgia.

The agreement, reached during a meeting in Boston organized by Rep. Joseph P. Kennedy 3d, does not settle any of the legal cases against Fleet, which charge the company with usury and fraud, among other violations of Georgia law.

The agreement came hours after a Georgia judge certified a third class-action suit against Fleet--this one charging Fleet's Atlanta-based second-mortgage subsidiary with violating racketeering statutes by charging exorbitant interest rates and using strong-arm collection tactics.

Should the plaintiffs prevail, Fleet would be liable for triple the damages assessed by the jury, with additional "punitive" damages on top of that--a total plaintiffs' attorneys estimated could reach hundreds of millions of dollars. Fleet officials reiterated their confidence that the company would prevail in all legal actions.

"We plan to appeal by filing a motion for immediate review," said Fleet spokesman Thomas Lavelle. "And we believe we will prevail on the merits of the case."

Yesterday's meeting, held behind closed doors at the Federal Reserve Bank of Boston, was notable because it was the first time top Fleet corporate officials met face-to-face with lawyers involved in legal claims against the corporation's second-mortgage unit, Fleet Finance Inc.

"There was a lot of anger on behalf of the people representing the poor and mostly black people of Georgia here, but there was also agreement that Fleet wants to address" the legitimate claims brought to its attention, Kennedy, a Massachusetts Democrat, said. "There was agreement on all sides that poor people have been hurt."

John Hamill, president of Fleet Bank of Massachusetts and the leader of a 10-person delegation from the corporation, said Fleet might be willing to increase the size of a \$30 million program announced in October to reduce the rates on high-interest second mortgages nationwide.

"We may need to do more," Hamill said. "We're going to make sure it gets done . . . whatever it takes."

However, Hamill made clear that Fleet, New England's largest banking corporation, believes it is on firm legal footing in the lawsuits and has no plans to offer a financial settlement to end those claims. "We are addressing the issues outside the question of a legal settlement," he said.

John Long, an Augusta, Ga., lawyer representing plaintiffs in a discrimination suit against Fleet

Finance, said it is unclear whether a victims' relief program can satisfy all parties. "I'm not sure we're on the same wavelength," he said. "But I think any time management wants to sit down to resolve it, you should sit down and listen."

Fleet officials and several of the plaintiffs' lawyers agreed to continue meeting privately yesterday afternoon and in the weeks ahead to discuss the form and extent of victim aid.

The meeting also was attended by Beverly Martin, an assistant attorney general in Georgia, whose boss, Attorney General Michael Bowers, has initiated an investigation of Fleet Finance.

"For our part, we're going to keep doing what we're doing," she said afterward.

Atlanta-based lawyers who attended the meeting said yesterday's certification of the racketeering case, named for lead plaintiff Lillie Mae Starr, has put increased pressure on Fleet to settle the cases against it.

"I hope that Lillie Mae Starr will do for the lending industry what Rosa Parks did for public transportation," said Howard Rothbloom, one of the Atlanta attorneys who worked on the case.

Starr, of Smyrna, Ga., said she bought her home for \$5,000 in 1971 and took out a \$5,000 home improvement loan in 1984 at 23.3 percent interest. The loan was sold to Fleet, which contends she owes \$63,000, including interest.

Roy Barnes, a former Georgia gubernatorial candidate, argued the case for the plaintiffs. The case accuses Fleet of conspiring to market, make and collect loans carrying unlawfully high interest rates and unfair terms. Barnes told the court in a hearing Monday that 16,000 to 21,000 Georgia borrowers could be in the same class with Starr.

Jeffrey Casarella, another of the plaintiffs' attorneys, said, "The statute was put in to prevent mobsters from making loans and going around breaking legs to collect. To my knowledge, this is the first time it's been certified against any sort of lender like this."

Among the nearly 100 Fleet borrowers in the audience for the hearing was Craig Soaries of Atlanta, who said afterward, "It's hard for the white-male financial structure to understand the pain minority, inner-city homeowners go through. There's no amount of money that can make that up."

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Abstract (Document Summary)

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