

Friedman & Wexler

Norman Wexler

Mitchell Wexler

Wayne Rhine

Beset by lawsuits, debt collector shuts down - Phones go unanswered at law firm as questions mount

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Friedman & Wexler pursued students who did not pay off their loans on time, car buyers who missed payments and Chicago residents who were late with water bills. Lately, though, the Chicago law firm has been accused of not paying its own bills.

Friedman & Wexler is embroiled in several lawsuits with former clients, including the state of Illinois, that allege the firm and two of its principals, lawyers **Norman Wexler** and **Mitchell Wexler**, withheld funds. One former client, the lending arm of Volkswagen, charges that the firm misappropriated \$1.4 million of the automaker's money.

In the middle of fighting the suits, the firm appears to have closed last month. Calls to Friedman & Wexler's main phone number go unanswered and then disconnect. The Tribune obtained a copy of an e-mail that **Mitchell Wexler** sent to an employee on June 17, indicating that the firm was winding down. He could not be reached for comment this week.

The firm apparently has not told consumers that it has closed. Dawn Estenor, of Denver, has been trying to reach Friedman & Wexler's representatives for the past several days to check on her account. The firm has been collecting an old credit card debt of hers for the past five years, and she's nearly done paying her obligation.

"What's going to happen to me?" Estenor said. "Is the account going to get sold someone else? Am I going to rack up more interest?"

The lack of public disclosure about the firm's status raises concerns because Friedman & Wexler was one of the highest-volume consumer collection firms in Chicago. **Norman Wexler**, 67, who has been a licensed attorney in Illinois since 1968, started the firm and was later joined by his son, **Mitchell**, now 46. **Wayne Rhine**, a retired Cook County circuit judge, worked for the firm until recently.

Banks, automobile finance companies, retailers and municipalities have relied on Friedman & Wexler to pursue delinquent accounts and properly account for and safeguard their funds. The firm handled thousands of checks and wage garnishments every month, according to people involved in the debt collection industry.

Friedman & Wexler, formerly known as Wexler & Wexler, has been a collection agent for the city of Chicago since 1994, according to public records. In 2009, the firm collected \$1.7 million

from 2,047 cases the city referred from its administrative hearings department, public records show. For its efforts the law firm earned \$367,633 in contingency fees.

This year Friedman & Wexler also began collecting the city's unpaid water debts. But in April the city fired the firm, said Jennifer Hoyle, a spokeswoman for the law department, which supervises outside lawyers. Hoyle said the reason was concern about how the firm was handling money it collected on behalf of the city and other clients.

The law department asked Chicago's inspector general to audit the firm to verify that it was turning over money owed to the city, Hoyle said. The audit is ongoing.

The firm's legal woes date to 2006, when the state attorney general's office sued Friedman & Wexler on behalf of the Illinois Student Aid Commission, or ISAC. The firm had collected defaulted student loans since 1994 for ISAC, which guarantees the loans for the federal government.

The contract expired in June 2006, and ISAC chose not to renew it, according to the suit. Yet, Friedman & Wexler collected nearly \$800,000 after the contract expired and refused to surrender the money, the suit said. The firm filed its own claims against the state, saying it was owed \$13 million for work already done and \$1.5 million in fees to transfer files back to ISAC.

Almost four years later, the dispute drags on. In May 2008, a Cook County judge found **Norman and Mitchell Wexler** to be in indirect civil contempt for failing to obey court orders to turn over records to ISAC and restore funds to trust accounts.

Four months later, a Cook County judge ordered **Norman and Mitchell Wexler** to restore more than \$900,000. When the Wexlers failed to pay the first installment, due in April 2009, the judge ordered them into custody. The **Wexlers** made the payment later that day, according their attorney, George Grumley.

"If somebody took a fair and honest look at the complaints, you will see that Friedman is owed more money than it owes the state," Grumley said. ISAC officials declined to comment.

Since the state filed suit, VW Credit Inc. and at least two other former clients have sued the firm. In the VW Credit case, a federal judge in October granted a preliminary injunction that froze **Friedman & Wexler**'s bank and cash accounts except for normal operating expenses.

Eric Kaplan, the lawyer representing **Friedman & Wexler**, could not be reached for comment. A Volkswagen representative declined to comment.