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September 22, 2017

To the Honorable
Common Council of the
City of Milwaukee
Room 205 – City Hall

**RE: Common Council File Nos. 161221 & 161148,
Communication regarding ongoing efforts to effectively
address building code violations and delinquent property tax and
municipal court judgments at properties owned by legal entities such
as limited liability companies (LLCs).**

Dear Council Members:

Please accept this correspondence as further communication regarding the City's efforts to expedite compliance with Department of Neighborhood Services' orders to correct code violations and collect delinquent property tax and municipal court judgments from legal entity property owners.

In 2016, under the auspices of a Strong Neighborhoods working group, various City offices and departments met to share information and collaborate regarding chronic building code offenders and debtors to the City. These efforts were documented in correspondence to the Common Council by the Office of the City Attorney relative to the above-referenced Common Council files on January 6, 2017. Subsequent to the Common Council files, the Department of Neighborhood Services, the Milwaukee Municipal Court and the Treasurer's Office listed various limited liability companies and corporations that had open building code orders, unpaid municipal court judgments stemming from building code prosecutions and property tax delinquencies, respectively. The Office of the City Attorney and the City's collection contractor, Kohn Law Firm, drafted a snapshot summary of the "Top 10" LLCs and presented it to the Joint Committee for the Redevelopment of

To the Honorable
The Common Council of the
City of Milwaukee
September 22, 2017
Page 2

Abandoned and Foreclosed Homes on April 24, 2017. This summary documented the particular property circumstances of the legal entities identified. Since that time, the Strong Neighborhood work group continues to meet to discuss on-going interrelated matters of concern. Litigation by the City Attorney's Office has been commenced in state circuit court and federal bankruptcy court in order to address some of the chronic debtors/offenders that were highlighted in the Top 10 summaries as well as previously known individuals and related LLCs warranting special attention. At the City Attorney's request, Harris & Harris continues to expedite referral of any municipal court judgments to Kohn Law Firm to begin litigation against those legal entities or persons that are deemed to be chronic offenders or debtors by the City. Throughout this process, the Kohn Law Firm continues to initiate collection litigation on behalf of the City in the Milwaukee County Circuit Court in order to collect upon tax delinquencies and municipal court judgments. These collection efforts include supplemental examinations and lawsuits that may ultimately seek to pierce the corporate veil in the event the debtor legal entity is judgment proof.

Due to the experience of the last year, the Strong Neighborhood's work group has agreed to continue these efforts on an annual basis. To that end, please accept this correspondence as a synopsis of the City's plan moving forward to monitor legal entities that own real property in the City of Milwaukee and who are property tax delinquent or have outstanding municipal court judgments and/or pending building code violation orders.

The Office of the Treasurer has agreed to produce a report listing all legal entities, such as limited liability companies, limited liability partnerships and corporations,¹ owning real estate subject to a property tax delinquency as of December 31st of each year. This list should be produced and delivered to the Office of the City Attorney in January. Upon receipt, the Office of the City Attorney, working in concert with collections contractor Kohn Law Firm, and other departments such as the Department of Neighborhood Services, the Municipal Court and the Department of City Development, will, by March of each year, produce a confidential report provided to the Common Council outlining potential litigation strategies. This report will sort interrelated legal entities, and the individuals behind them, so that the City is in a better position to identify chronic debtors and code offenders. Once these entities are grouped, prioritization

¹ Please note that common estate planning vehicles such as trusts will not be included in this list as they are generally not commercial in nature.

To the Honorable
The Common Council of the
City of Milwaukee
September 22, 2017
Page 3

based upon the dollar amounts, nature of the judgments and the seriousness of open code violation orders may be made. Additionally, the Office of the City Attorney contemplates working with the Milwaukee Police Department to ascertain if any of the real estate owned by these entities is facilitating nuisance activity. It is expected that updated reports would be produced quarterly to document these efforts.

The Office of the City Attorney is hopeful that these coordinated and concentrated efforts by various departments will address the unique challenges that legal entities may present in the City of Milwaukee in the event they are not responsibly owning and managing their real estate. Please feel free to contact us if you have any questions or concerns.

Very truly yours,



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ADAM B. STEPHENS
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ABS:tas

c: Tom Barrett, Mayor
Spencer Coggs, City Treasurer
Preston Cole, Commissioner, Department of Neighborhood Services
Rocky Marcoux, Commissioner, Department of City Development
Sheldyn Himle, Municipal Court Administrator
Irma Yopez-Klassen, Strong Neighborhoods Program, Office of the Mayor
Jim Owczarski, City Clerk

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