

# City of Milwaukee

City Attorney's Office  
Neighborhood Revitalization Section  
Nuisance Property Strategies  
and 2016 Litigation Update



# City Attorney's Office Toolbox

- Property investigation
- Dealing with Vacant Properties
  - Delinquent tax – Expedited in rem tax foreclosure
  - Vacant REO property – connecting with financial institutions
  - Vacant property in foreclosure – zombie property litigation
- Dealing with Commercial Properties
  - Licensing – Revocation, Renewal
  - Nuisance Designation 80-10, 105-91
  - Nuisance Litigation – drug house nuisance, bawdy house nuisance, nuisance per se, 823.02
- Dealing with DNS Nuisance Properties
  - Delinquent tax – Expedited in rem tax foreclosure
  - REO – connecting with financial institutions
  - Nuisance Litigation (Nuisance per se and Wis. Stat. 823.02)
- Dealing with MPD Nuisance Properties
  - Delinquent tax – Expedited in rem tax foreclosure
  - REO – connecting with financial institutions
  - MCO 80-10, 80-11
  - Nuisance Litigation – drug house nuisance, bawdy house nuisance, nuisance per se, 823.02

# 2016 Litigation Pending or Completed in Milwaukee County Circuit Court

1. *COM v. Choudry*, 16CV8057
2. *COM v. Weeks*, 15CV393
3. *COM v. John*, 15CV4980
4. *COM v. Golden Marina Causeway*, 15CV7603
5. *COM v. ELRA 2121 LLC*, 15CV3720
6. *COM v. M&R Properties Investment LLC*, 15CV7228
7. *COM v. Tufail, et. al.*, 15CV7550
8. *COM v. Mustafa, et. al.*, 16CV5931
9. *COM v. NTO, LLC*, 15CV5210
10. *COM v. Mennengna*, 16CV2340
11. *COM v. Gamez*, 15CV10282
12. *COM v. Bush*, 15CV8702
13. *Sherwin Industries v. COM*
14. *F Street Investments, LLC v. TFN 1 Investments, LLC, Com and NTO, LLC*, 16CV6570
15. *200 Broadway LLC v. COM*, 14CV6804
16. *Chandler v. COM*, 16CV3695
17. *ORP v. COM*, 16CV10358
18. *Midwest Commercial Funding LLC v. COM*, 16CV1761
19. *Thomas P. Conn v. COM*, 16CV1629
20. *COM v. Badface Development*, 14CV9074
21. *COM v. Will Sherard*, 16CV6628

# COM v. Choudry

- Injunction and receivership issued 10 days after filing
- 76 properties (118 units)
- \$40k-\$50k in monthly rents will be used to pay for taxes, repairs, and costs
- Tenants, neighbors, and city all benefit from professional property management
- Created a template for future court actions

**JOURNAL SENTINEL** HOME NEWS SPORTS BUSINESS OBITUARIES

## City wins injunction against landlord

Kevin Crowe, Milwaukee Journal Sentinel Published 5:04 p.m. CT Nov. 3, 2016 | Updated 6:05 p.m.



(Photo: Mike De Sisti, Milwaukee Journal Sentinel)

The City of Milwaukee on Thursday won two motions in its [recently filed civil suit](#) against one of the city's most notorious landlords that temporarily block him from acquiring more real estate and place his properties under receivership.

The city alleges the landlord, Mohammad Choudry, created a scheme to defraud city taxpayers by paying cash for distressed properties in the city, then not maintaining the properties and not paying the property taxes or municipal court fines, all while collecting rent from tenants.

The city also claims Choudry used straw buyers, intentionally misspelled the names of people and businesses on deeds, and opened multiple limited liability companies in attempts to conceal his role in the purchases of dozens of properties.

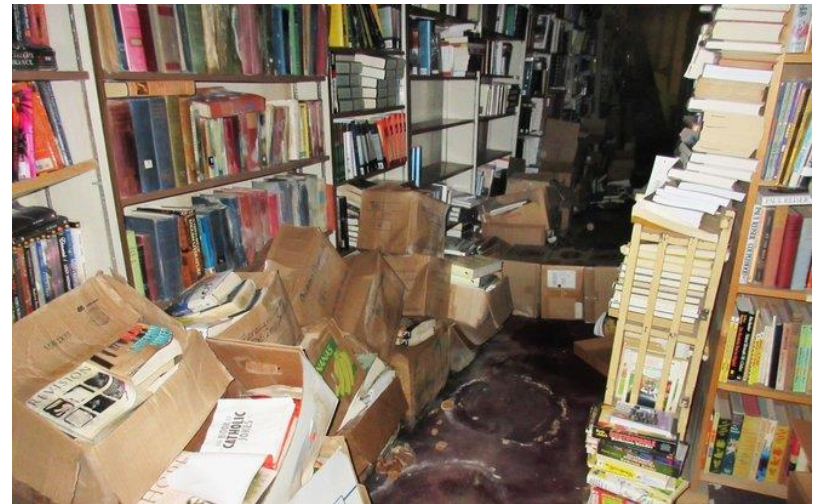
# COM v. Weeks

- Ongoing use as motor vehicle repair in violation of zoning code
- City sued and demanded an injunction
- To avoid injunction, owners removed equipment that allowed building to be used for motor vehicle repair



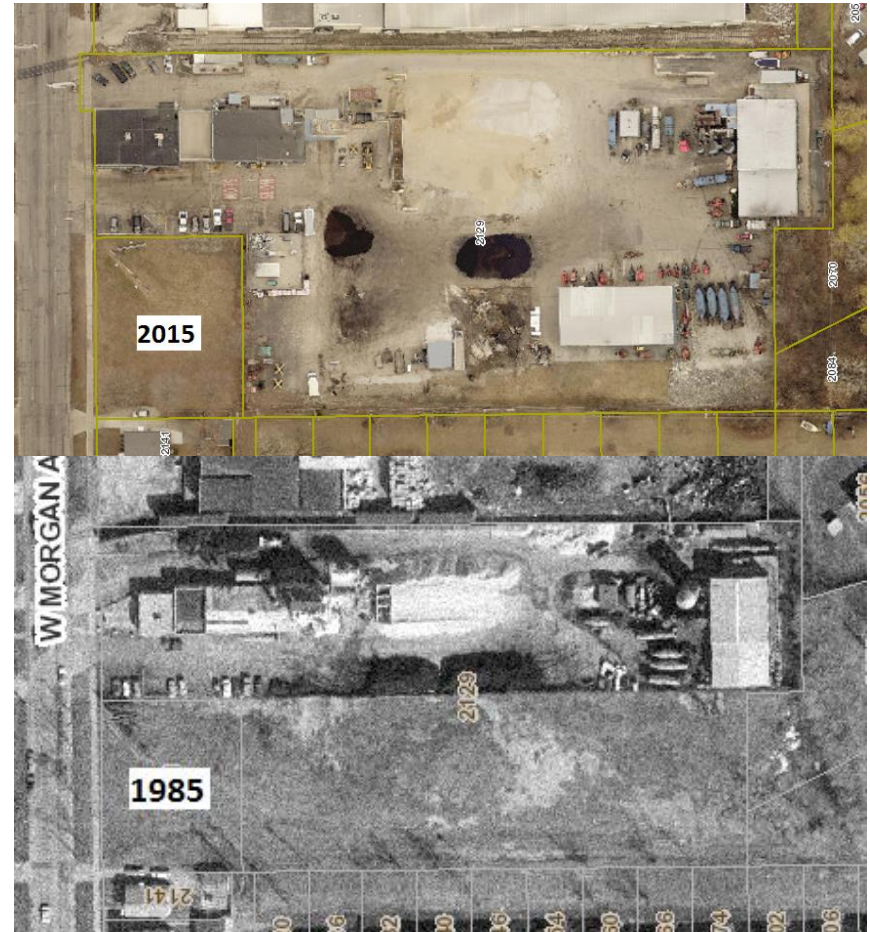
# COM v. John

- Dilapidated and abandoned book store downtown
- After city sued, owner paid back taxes and sold property to a reputable developer
- Developer is deconstructing the building and reusing as much material as possible
- Building will be removed and redeveloped



# Sherwin Industries v. COM

- City was sued by a third-party plaintiff for water run-off issues
- After conducting research on the matter and filing an answer with affirmative defenses, the third-party plaintiff voluntarily dismissed the case
- GIS maps were key evidence
- The third-party plaintiff is now correcting the water run-off issue by installing proper drainage infrastructure



# COM v. Golden Marina Causeway

- Dilapidated buildings attracted people who used them for illegal purposes
- Danger to first responders and public
- City lawsuit forced owner to spend \$200k to raze buildings and file bankruptcy
- 46-acre parcel will be sold for remediation and redevelopment
- WE Energies has submitted the highest bid so far





# COM v. Elra 2121 LLC

- Dilapidated, 9-unit building at S. 24<sup>th</sup> St. and W. National Ave.
- City sued to force owner to raze and remove the building
- Owner elected to repair property instead
- Owner spent over \$100k to significantly repair building
- Repairs are ongoing



# 200 Broadway LLC v. COM

- A company sued the city for lost profits
- It wanted to generate rental parking revenue in violation of the municipal code
- The CAO defended the case and won on summary judgment, citing an 1898 case
- This case is on appeal



# COM v. M & R Properties Investment LLC

- Dilapidated, 28-unit building at S. 27<sup>th</sup> St. and W. Juneau Ave.
- City sued to force owner to raze and remove the building
- Owner committed to razing building, but has not done so
- City has sought contempt, avoidance of title transfer, and discovery
- Owner uncooperative, but case will not end until the job is done



# COM v. NTO, LLC

- 15 unit motel-style apartment with dozens of calls for service regarding drug use, prostitution, trash, etc.
- 30+ years of problems
  - Multiple owners, same issues
- Priority location for MPD, DNS, alderperson and neighbors
- At trial, CAO obtained a court order for a nuisance receiver
  - In November 2015, receiver evicted the tenants and building was boarded up
  - In December 2016, court ordered NTO to raze the building at their expense
    - NTO has until March 2017 to comply
- Mortgage holder sued the City alleging it could not enforce a raze order during nuisance action
  - F Street v. COM, et al
  - CAO obtained dismissal of action



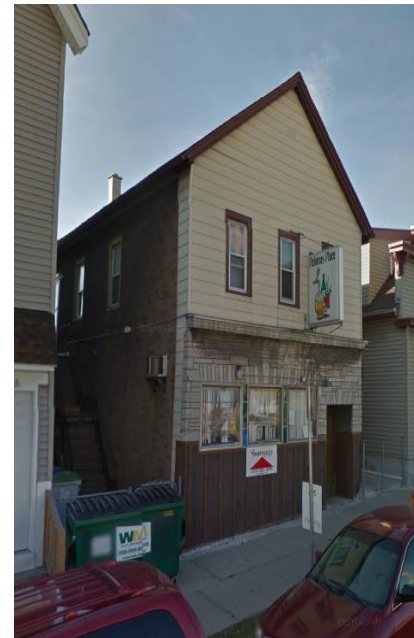
# COM v. Tufail, et al

- Tobacco shop recently operating as 27th St Tobacco (previously NNR Tobacco) known for years as venue for open air drug dealing and loitering
- COM filed a drug house and nuisance action
- Court ordered a temporary injunction from selling drugs
  - MPD successfully conducted UC buys after the court order
- At trial, business agreed to vacate premises
- Ultimately, building owner agreed to sell to the Near West Side Partners
  - Awaiting completion of Phase II and sale to Penfield (children's clinic)



# COM v. Gamez

- HIDTA + MPD investigation
- 8 controlled buys with an MPD UC and a CI
  - Bought between 2-5 baggies of cocaine from employees each attempt
- 2 search warrants found cocaine + methamphetamine
- License revocation filed
  - Revoked from non-appearance
- Drug house litigation filed in December 2015
- In April 2016, court found the property was a drug house
  - Ordered the permanent closure and sale
- Case is currently on appeal, awaiting decision



# COM v. Bush

- Residential property with ongoing drug activity, shots fired and loitering
  - Multiple drug buys and search warrants
  - Owned by elderly lady, operated by family members
- CAO filed a drug house complaint
- After June 2016 trial, court ordered property closed and sold



# COM v. Mennengna

- Residential property in well-established north side neighborhood with reported drug activity
- UC buys of heroin dealing with Wauwatosa police
- CAO filed a drug house complaint
- Owner agreed to sell property to unrelated third-party buyer
  - Vetted by local alderperson and CAO
  - Property has been sold and no known drug activity





# COM v. Mustafa, et al

- Convenience store, Ashraf Foods, whose food license was not renewed in December 2015
- Both MPD and the Health Department found store continued to sell food despite citations and orders to suspend
- CAO filed injunction action to prohibit sale of food without a license (and the sale of single cigarettes and cigarettes to minors)
  - Court granted injunction and set a future status hearing
- Within a month, store *continued* to sell food without a license
  - In November 2016, court found store in contempt and order \$1,000 forfeiture



# Chandler v. COM

Injunction against raze order.  
Stipulation entered during  
pendency of restoration  
agreement. Status Conference  
and anticipated dismissal  
January 2017.



2385 S Williams St

# ORP v. COM

Defendant filed injunction against raze order in state circuit court, and also federal court Civil Rights ADA suit against COM. Negotiated dismissal without prejudice of the federal suit; stipulation entered in circuit court, awaiting outcome of BOZA special use application.



2801 W. Wisconsin

# Midwest Commercial Funding LLC v. COM

Injunction against raze order. City prevailed.



3048 N Palmer

# Thomas P. Conn v. COM

Injunction against raze order. City prevailed.



3477-79 N. Richards



# Badface Development v. COM

- Defendant created hazardous excavation, COM filed suit for public nuisance. Court is ordering contempt on daily basis until building is at point of final rough-in inspection.



# COM v. Will Sherard

- Defendant appealing orders from the municipal court to pay \$65,000 in forfeitures. Final hearing and decision scheduled February 2, 2017.

# Pending Litigation Investigations

1. **COM v. Property Owner 1.** *Compiling data recorded with Register of Deeds for litigation prep on a property owner with over 60 LLCs and significant/questionable property transfers between LLCs.*
2. **COM v. Property Owner 2.** *Compiling evidence and drafting summons and complaint regarding drug and nuisance activity on property owner with over 40 property holdings; 5 of which rise to level of litigation.*
3. **COM v. Property Owner 3.** *Compiling evidence on and monitoring property owner with 21 property holdings with significant DNS code violations and alleged illegal rental practices.*
4. **COM v. Property Owner 4.** *Investigating a property owner who uses multiple LLCs to conceal ownership interests while potentially committing crimes and allowing properties to fall into disrepair.*



# Pending Litigation Investigations

5. **COM v. Property Owner 5.** Investigated nuisance and drug house activity at 12 properties in preparation for civil litigation. Property owner compliant with MPD at this time. Compliance monitoring is ongoing.
6. **COM v. Property Owner 6.** Compiling information on property owner who utilizes multiple LLCs to isolate poor investments and insulate cash flowing investments in preparation for litigation.
7. **COM v. Property Owner 7.** Compiling information on property owner's multiple real estate holdings to determine most valuable holdings for targeted compliance and collection efforts.
8. **COM v. Property Owner 8.** Ongoing investigation into property owners with multiple LLCs and property holdings that are deemed to be DNS and MPD nuisance properties. Affiliated with other property owners under investigation.

# “Zombie” Property Initiative

Since April 2016 (effective date of 2015 WI Act 376), the City identified a number of foreclosure cases in which DNS had verified vacancy status where judgment was entered prior to the enactment of the new law effective 4/26/2016. In these cases, the City provided the court with evidence of abandonment.

1. 12CV9312, DNS Vacancy Verification 4/23/2015. 2612 W. Burleigh. COM submits evidence 5/13/2016; Confirmation of sale occurred 6/2016.
2. 12CV178, DNS Vacancy Verification 12/18/2013. 445 S. 68<sup>th</sup> St. COM submits evidence 5/10/2016. Order signed and filed 5/16/2016. Confirmation of sale 9/2016.
3. 11CV18714. DNS Vacancy Verification 1/30/2012. 6420 W. Dixon. COM submits evidence 5/5/2016. Order signed and filed 5/2016. Confirmation of sale 10/2016.
4. 11CV14997. DNS Vacancy Verification 4/9/2014. 8619 W. Ruby. COM submits evidence 4/11/2016. Motion held in abeyance 9/16, 10/16. Confirmation of Sale 11/2016.
5. 10CV3267. DNS Vacancy Verification 5/18/2011. 2734 N. Maryland. COM submits evidence 5/11/2016. Confirmation of Sale 6/2016.
6. 09CV5473. DNS Vacancy Verification 5/29/2014. 4152 N. 74<sup>th</sup>. COM submits evidence 5/10/2016. Confirmation of Sale 10/2016.
7. 14CV5380. DNC Vacancy Verification 2/3/2015. 2922 W. Vine St. COM submits evidence 6/27/2016. Confirmation scheduled 1/2017.
8. 14CV1796. DNS Vacancy Verification 7/29/2014. 5744 N. 36<sup>th</sup> St. COM submits evidence 6/27/2016. Defendant asserted interest in property, withdrew evidence 7/9/2016.
9. 14CV5643. DNS Vacancy Verification 2/24/2016. 2800 W. Lisbon. Evidence submitted 6/27/2016. Plaintiff filed objection 7/18/2016. Hearing and dismissal of case 9/6/2016.
10. 14CV4670. DNS Vacancy Verification 8/20/2014. 3739 N. 19<sup>th</sup> Pl. Evidence submitted 6/27/2016. Confirmation of Sale 11/2016.
11. 14CV9159. DNS Vacancy Verification 9/20/2012. 620 W. Burleigh. Evidence submitted 6/27/2016. Confirmation of Sale 8/2016.
12. 11CV18511. DNS Vacancy Verification 8/7/2012. 4748 N. 49<sup>th</sup> St. COM submits evidence 6/27/2016. Confirmation of Sale scheduled 12/2016.
13. 15CV6897. 5818 W. Fountain Ave. COM submits motion to compel sale 6/23/2016. Confirmation of Sale 11/2016.

# Prostitution Initiative

In response to significant community and aldermanic concerns regarding increased prostitution activity in MPD District 2:

- Identified 35 residential priority properties to investigate. Identified via community organizations, aldermanic complaints, MPD.
- Of the 35, identified 2 candidates for expedited in rem tax foreclosure.
- Compiled evidence, investigated and drafted summons and complaint on one property owner with 12 property owners. Prior to filing summons and complaint, obtained compliance from property owner who has provided MPD with tenant lists for all property holdings. Knock and talk verification of tenancies conducted on these 12 properties.
- 6 pre-nuisance call-in meetings conducted with property owners.
- 2 properties identified in foreclosure. In both cases, reached out to plaintiffs' counsel to relay information regarding issues at properties. Testified at confirmation hearing on behalf of plaintiff (Fannie Mae).
- Working with financial institutions on 2 properties identified as REO (post-foreclosure, bank-owned).
- Review of all police reports for chronic nuisance premise property to determine if a candidate for litigation. Not a candidate for litigation.
- City Attorney's Office representative at community events, multidisciplinary problem solving teams, etc., to address the issue of prostitution on the south side of Milwaukee.
- Call-ins regarding nuisance activity at 3 licensed establishments; 1 investigation into possible revocation.



# **Administrative Board Representation**

- **Six Administrative Appeals Review Board for Nuisance Designations in 2016.**
- **Three Licensing Revocation hearings before Licenses Committee in 2016.**

# Building and Zoning Municipal Court Statistics

**2,430** Municipal Court Building and Zoning Prosecutions as of December 1, 2016.



# QUESTIONS

