

September 6, 2005

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

Re: Resolution approving and authorizing the settlement of in personam judgment against Stout Bros. Public House LLC for in personam liability for personal property taxes, in the amount of \$25,109.64 for tax year 2001 and \$33,555.72 for tax year 2002 in exchange for the lesser amount of \$13,935.10

Dear Council Members:

Enclosed for your consideration is a resolution approving and authorizing a compromise of the personal property tax judgment granted to the City and against Stout Bros. Public House LLC, 9” Stout Bros “) in the amount of \$25,109.64 for tax year 2001 and \$33,555.72 for tax year 2002, for personal property taxes in exchange for the lesser amount of \$13,935.10.

The City through Kohn Law Firm (“Kohn”) sued Stout Bros. for the outstanding 2001 and 2002 taxes. Stout Bros. defended the lawsuit, arguing that the assessment was much higher than the value of the personal property at issue. The City eventually prevailed on the basis that Stout Bros. had not objected timely. The Assessor’s Office acknowledged that the property was worth far less than the City had estimated in 2001 and 2002, based on Stout Bros. belated proof of same and reduced the assessment of the personal property resulting in a tax levy of \$11,600.11 for 2003 and then, when additional information was provided, an even lower tax levy of \$3,745.31 for 2004.

Stout Bros. has been out of business for some time and the real property that housed the restaurant (which was owned by a separate entity) was recently sold, necessitating the removal of

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the personal property to a storage facility. Stout Bros. recognizes that the City has a lien on that personal property, so Stout Bros. cannot sell the personal property without the City removing the lien. Kohn has negotiated a proposed settlement of the two judgments for a total of \$13,935.10 and that figure represents what the taxes would have been for 2001 and 2002, if Stout Bros. had properly filed and documented personal property tax returns for those years, including the full 18% annual interest and penalty from the dates of delinquency.

We request the matter be heard by the Judiciary and Legislation Committee in closed session under Wis. Stat. § 19.85(1)(g) (to confer with legal counsel on advice regarding strategy to be adopted by governing body with respect to litigation in which the City is involved.)

Respectfully,

GRANT F. LANGLEY
City Attorney

GENEVIEVE O'SULLIVAN-CROWLEY
Assistant City Attorney

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Attachment
Enc.