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## **Strong Neighborhoods Litigation Summary**

**Updated: December 18, 2017**

### **In re Larry Hopson bankruptcy**

Court: U.S. Bankruptcy Court

Case No. 17-27269

City Counsel: Hannah Jahn

Judge: Hon. Brett H. Ludwig

Issue(s): The debtor's proposed Chapter 13 plan provides for reduced payments on eleven of the City's secured liens for delinquent property tax claims, based on the Debtor's claim that those eleven properties' tax liens exceed their fair market value. He did not provide evidence of value, and often, the asserted value is less than the assessed value. The City objects to that Plan, asserting that the debtor must pay the full secured amount of the claim, up to the assessed value of each property.

Case Status: City's Objection to Confirmation of Plan and Trustee's Objection to Confirmation of Plan heard on December 5<sup>th</sup>, 2017. The verbal order is as follows (written order pending): the Judge sustained the Objections and required Mr. Hopson to file his property appraisals by December 12<sup>th</sup>. He is also required to file all of the required business accounting documents by January 5<sup>th</sup>. By January 9<sup>th</sup>, the City will notify the Court whether it will request an evidentiary hearing on the property values.

### **City of Milwaukee v. Elijah M. Rashaed**

Court: Milwaukee County Circuit Court

Case No: 17-CV-6823

City Counsel: ACA Kail Decker

Judge: Hon. Glenn Yamahiro

Issue(s): Public nuisance landlord violates ATCP laws and fails to maintain property conditions; also uses LLCs to insulate himself from consequences of his actions.

Summary of Case: The city sued Elijah Mohammad Rashaed and 18 of his entities that own

property in Milwaukee seeking an injunction that prohibits him from managing properties, collecting rent, and acquiring or conveying property. The city seeks to get a receiver appointed to manage the properties and then sell them to pay for the cost of the receivership and satisfy all liens.

Case Status: Rashaed has agreed to wind down operations and effectively leave the Milwaukee landlord business by January 18, 2018, or have a property manager appointed to run his operations and wind down business for him. In the meantime, a 3<sup>rd</sup>-party monitor has been appointed to prioritize all repairs and report Rashaed's activities to the court. He is actively marketing and attempting to sell all 165 rental properties.

**In re City Wide Investments, LLC bankruptcy**

Court: U.S. District Court for the Eastern District of Wisconsin

Case No. 17-cv-1403

City Counsel: Hannah Jahn

Judge: Hon. Pamela Pepper

Issue(s): City Wide Investments, LLC filed bankruptcy to get back property located at 8940 N. Michele St. Property was part of an In Rem tax lien foreclosure proceeding brought by the City of Milwaukee and has since been sold to a 3<sup>rd</sup> party. After trial on September 19<sup>th</sup>, 2017, the Court found that the fair market value of the property at the time of transfer was \$330,000, and consequently, ordered a judgment in favor of the Plaintiff in the amount of \$280,894.56.

Status: City appealed to the District Court. All briefing completed; no further dates set.

**In re James Miicke bankruptcy**

Court: U.S. Bankruptcy Court

Case No. 17-23177

City Counsel: Hannah Jahn

Judge: Hon. Susan V. Kelley

Issue(s): The debtor's proposed Chapter 13 plan provides for payment of only a small portion of outstanding municipal court judgments as an unsecured claim. The City has objected to this plan, asserting that the debtor can afford, and should be required, to pay much more, if not all, of the outstanding judgment amounts. To address the City's objections, the debtor filed an amended Plan on October 12, 2017. That includes a proposal to sell four properties.

Status: Trustee filed a Motion to Dismiss on December 8, 2017, due to Debtor's having withdrawn his previous Plan (in response to the City's Objection) and not having filed a new Plan to replace it. The Debtor has until December 29<sup>th</sup> to file an objection to the Trustee's motion.

**City of Milwaukee v. Richard A. Williams and Jacqueline Kiefer**

Court: Milwaukee County Circuit Court

Case No: 17-CV-5472  
City Counsel: ACA Heather Hecimovich Hough  
Judge: Hon. Rebecca Dallet

Issue(s): City files bawdy house nuisance litigation under Wis. Stat. 823.09 for prostitution related activity occurring at the property.

Summary of Case: Since 2012, property owner-occupant allows prostitution activity to occur at the property.

Case Status: Status conference held on October 12, 2017. Defendant provided a copy of agreement with Shorewest Realty to sell the property. Set for a status conference in January, 2018 to update court on sale.

**Linda Flores vs. City of Milwaukee**

Court: Milwaukee County Circuit Court  
Case No: 17-CV-4556  
City Counsel: ACA Kail Decker  
Judge: Hon. Claire Fiorenza

Issue(s): A property owner sought order to prohibit the City from razing a building that was deemed to be dilapidated.

Summary of Case: The owner wishes to repair the property and the City is working with her to give her a reasonable opportunity to do so.

Case Status: The owner successfully rehabilitated the property at 1325 S. 11<sup>th</sup> St. The parties stipulated to release the raze order and dismiss the case against the City. CASE CLOSED

**City of Milwaukee v. Hampton Avenue Group LLC**

Court: Milwaukee County Circuit Court  
Case No: 17-CV-004388  
City Counsel: Nicholas DeSiato  
Opposing Counsel: Unknown (recently filed)  
Judge: Judge John DiMotto

Issue(s): Sale and manufacture of K2 at convenience store

Summary of Case: After a nine month investigation with federal, state and local authorities regarding the sale of K2 (i.e. synthetic cannabinoids), DEA and MPD executed a search warrant on the convenience store Food Town Mini Mart on May 23, 2017. The search warrant resulted in the seizure of over 1,800 packets of K2, drug paraphernalia and equipment used to manufacture K2. In addition, the Department of Revenue seized over 4,000 boxes of illegal tobacco. On May 26, 2017, the CAO filed drug house litigation to

close and seize the property.

Case Status: After a court trial and briefing, on November 14, 2017, the circuit court found the property to be a drug house and ordered it seized by the City and sold.

**City of Milwaukee v. Kenneth D. Churchill, III**

Court: Milwaukee County Circuit Court

Case No. 17-CV-1135

City Counsel: Heather Hecimovich Hough

Opposing Counsel: Terry Teper, Bryan Ward

Judge: Rebecca Dallet

Issue(s): Since 2011, Churchill's 12 City property holdings have received 11 drug house designations and Churchill has failed to abate the drug, nuisance and prostitution activity at his property holdings. In addition, Churchill has numerous outstanding code violations that have not been corrected and have been open since 2015. The City also alleges that Mr. Churchill has direct involvement with the drug activity occurring at his rental properties.

Summary of Case: The City sued Churchill under Wis. Stat. § 823.02, alleging that Churchill's mismanagement of his properties constitutes a public nuisance; under Wis. Stat. § 823.09 alleging that the properties are Bawdy House nuisance, § 823.113 alleging that the properties are a drug house nuisance, and also that the properties are a nuisance per se due to the number of outstanding code violations and municipal citations attached to the properties.

Case Status: Temporary injunction granted and receivership ordered on March 22, 2017 (order filed April 3, 2017). Scheduling order issued, trial set for January 28, 2018.

**In re. Paul M. Bachowski bankruptcy**

Court: United States Bankruptcy Court Eastern District of Wisconsin

Case No: 16-30646-beh; Ch. 13

City Counsel: Kevin P. Sullivan

Opposing Counsel: Todd C. Esser

Judge: Beth E. Hanan

Issue(s): The City has sought relief from automatic stay with respect to the 16 parcels Debtor proposes to sell ("Relief Stay") and has objected to confirmation of his plan with respect to Debtor's remaining 17 parcels ("Objection").

Summary of Case: Debtor has been in bankruptcy since October, 2016.

Case Status: In resolution of the City's motion for relief from stay, an order has been entered by the bankruptcy court incorporating agreed-upon deadlines for code compliance and listing for sale with respect to the debtor's properties and providing for increased monthly payments.

**City of Milwaukee v. 2904 W Wisconsin LLC**

Court: Milwaukee County Circuit Court  
Case No: 16-CV-1802  
City Counsel: Kail Decker and Joseph Johnson (Kohn)  
Opposing Counsel Firm: Heller Law Offices, LLC  
Opposing Counsel: Michael G. Heller  
Judge: Rebecca F. Dallet

Issue(s): There is a judgment against an LLC that remains unsatisfied.

Summary of Case: The City's collections firm, Kohn Law Firm, obtained a judgment for \$36,465.32 on July 26, 2016, for delinquent taxes against the owner of the property located at 2904 West Wisconsin Avenue. ACA Decker filed a notice of appearance in the matter post-judgment and will be conducting a supplemental examination of the owner's member or agent to inquire about the assets of the LLC owner.

Case Status: Pending execution of motion.

**City of Milwaukee v. Mohammad Choudry, et al.**

Court: Milwaukee County Circuit Court  
Case No: 16-CV-8057  
City Counsel: Kail Decker  
Opposing Counsel: Frank Gimbel, Russell Karnes  
Judge: William Sosnay

Issue(s): Since 2009, Mohammad Choudry has amassed a portfolio of neglected rental properties. He frequently failed to record sheriff's deeds, regularly did not pay real estate taxes, and hid behind LLCs that incurred significant forfeiture debt. His tenants lived in poor conditions, the city rarely collected debts upon him, and his cash-only business made it difficult to garnish to pay those debts.

Summary of Case: The City sued Mr. Choudry and several related LLCs under causes of action including: debt collection, public nuisance, racketeering, and fraudulent transfers. In addition, the City sought to pierce the corporate veil of the LLCs and hold Choudry personally liable.

Case Status: The receivership has been operating for over a year. All life/safety issues have been addressed and receiver obtained a \$300,000 line of credit with a local bank to pay down debt and assist in making proactive improvements that will reduce future maintenance costs. Also, 15 of the 75 properties will be sold to reduce future expenses and obtain cash.

**City of Milwaukee Municipal Court v. Will J. Sherard**

Court: Milwaukee County Circuit Court  
Case No: 16-CV-6628  
City Counsel: Patrick Leigl  
Opposing Counsel: Robert Meyeroff

Judge: Glenn Yamahiro

Issue(s): Did the municipal court abuse its discretion when it ordered Will Sherard to pay his municipal forfeitures in full?

Summary of Case: Judge Yamahiro denied Sherard's motion to set aside the municipal order and upheld the order to pay the forfeitures within 60 days. He subsequently denied the motion to stay the order pending the appeal.

Case Status: Will Sherard paid \$39,728 to his attorney's trust account on May 23, 2017. The circuit court order has been appealed to the court of appeals; briefing pending.

**ORP Real Estate Holdings LLC v. City of Milwaukee**

Court: Milwaukee County Circuit Court

Case No. 15-CV-10358

City Counsel: Kail Decker

Opposing Counsel: Mark Peterson and Rock Pledl

Judge: Clare Fiorenza

Issues(s): Temporary and permanent injunction against raze order issued for 2801 W. Wisconsin Avenue for the purposes of providing a residential care center for male juveniles with disabilities. ORP initiated a suit in circuit court contesting the raze; and also in federal court for federal fair housing and disabilities claims.

Summary of Case: Upon stipulation in circuit court, ORP agreed to stipulate to dismissal without prejudice of the federal court case.

Case Status: ORP attorneys agreed to provide to city estimates for cost to raze/rebuild vs. cost to repair. Next status set for February 14, 2018

**City of Milwaukee v. M & R Properties Investment, LLC, et al.**

Court: Milwaukee County Circuit Court

Case No: 15-CV-7228

City Counsel: Kail Decker

Opposing Counsel: David Halbrooks

Judge: Rebecca Dallet

Issue(s): Property at 2710 W. Juneau Avenue was dilapidated and uninhabitable. The City served a raze order against the property and the owner did not comply.

Summary of Case: City sued the owner of 2710 W. Juneau Avenue to force it to raze the building. The owner stipulated to razing the building by a certain date. It failed to do so by that date. The city sought a finding of contempt and sanctions which was denied. Just prior to another scheduled contempt hearing, the owner conveyed the property to a third party who was not financially capable of completing the project. The city filed a motion under Ch. 242 to declare the conveyance to be a fraudulent transfer and the owner agreed to void

the conveyance. The City razed this building in March 2017 at its cost due to the extended period of time it would take to compel the owner.

Case Status: The case is now a collections action by Kohn Law Firm.

**City of Milwaukee v. ELRA 2121, LLC, et al.**

Court: Milwaukee County Circuit Court

Case No: 15-CV-3720

City Counsel: Kail Decker

Opposing Counsel: David Halbrooks

Judge: William Sosnay

Issue(s): Property at 2405 W. National Avenue was dilapidated and uninhabitable. The City served a raze order against the property and the owner did not comply.

Summary of Case: City sued the owner of 2405 W. National Avenue to force it to raze the building. The owner expressed an interest in fixing the property instead and posted \$20,000 as a bond to assure its completion. Through a stipulation with the City, the owner was provided with an opportunity to repair the building. Although the owner has repaired a portion of the building, it remains unfinished. A third-party project manager was overseeing the project until recently.

Case Status: ELRA 2121, LLC was found in contempt on September 22 with a purge deadline of October 6. ELRA failed to meet that deadline, so a \$1,000 per day forfeiture has been accruing since September 22 and will continue to accrue until ELRA completes the restoration of the building as ordered by the court.

**City of Milwaukee: Notice of Intent to File Application for Appointment of a Receiver**

Court: None, published only (March 30, 2017)

Case No.: N/A

City Counsel: Heather Hecimovich Hough

Opposing Counsel: Victor M. Arellano

Judge: N/A

Issue(s): Since 2011, DNS has issued at least 138 orders identifying at least 854 code violations at Miguel Saldivar's property holdings. To date, 44 orders to correct 458 code violations remain unabated.

Summary of Case: The City published the Notice of Intent to File Application for Receivership on March 30, 2017, with the intent of filing a nuisance action for receivership in circuit court after the expiration of 60 days (as required by statute).

Case Status: Agreement entered into between Saldivar and City to abate code violations terminated by City. Third party mortgagor (F. Street Investments) filed foreclosure s with request for receivership. Court dates in November, 2017.

**City of Milwaukee v. NTO LLC**

Court: Milwaukee County Circuit Court

Case No: 15-CV-5210

City Counsel: Nicholas DeSiato

Opposing Counsel: Joseph William Scherwenka

Judge: John DiMotto

Issue(s): A California-style hotel building at 2408 W. Kilbourn Avenue was a frequent location for prostitution, drug sales, and other public nuisance activity that disrupted the neighborhood.

Summary of Case: In August 2015, the CAO obtained a court order for a nuisance receivership for the 15-unit apartment. In May 2016, DNS ordered the property razed. In December 2016, the CAO obtained an order to compel the building owner to raze the building at its own cost. On June 30, 2017, the court found NTO in contempt of court for failing to raze the building and ordered a sanction of \$1,000.00 per day until the property is razed.

Case Status: On November 13, 2017, the court held a supplemental hearing. The court ordered NTO to provide documents for its related LLCs by January and will hold a follow-up supplemental hearing in February. Based on the result of the documents and the February hearing, the City intends to pierce the corporate veil.

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