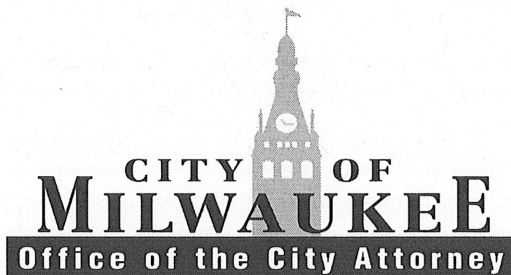


GRANT F. LANGLEY
City Attorney

MIRIAM R. HORWITZ
ADAM B. STEPHENS
MARY L. SCHANNING
JAN A. SMOKOWICZ
Deputy City Attorneys



Milwaukee City Hall Suite 800 • 200 East Wells Street • Milwaukee, Wisconsin 53202-3551
Telephone: 414.286.2601 • TDD: 414.286.2025 • Fax: 414.286.8550

SUSAN E. LAPPEN
PATRICIA A. FRICKER
HEIDI WICK SPOERL
GREGG C. HAGOPIAN
ELLEN H. TANGEN
JAY A. UNORA
KATHRYN Z. BLOCK
KEVIN P. SULLIVAN
THOMAS D. MILLER
ROBIN A. PEDERSON
JEREMY R. MCKENZIE
PETER J. BLOCK
JENNY YUAN
ALLISON N. FLANAGAN
HEATHER H. HOUGH
ANDREA J. FOWLER
PATRICK J. MCCLAIN
NAOMI E. GEHLING
CALVIN V. FERMIN
BENJAMIN J. ROOVERS
ELLENY B. CHRISTOPOULOS
RACHEL S. KENNEDY
TYRONE M. ST. JUNIOR
HANNAH R. JAHN
SAVEON D. GRENELL
JULIE P. WILSON
GREGORY P. KRUSE
KIMBERLY A. PRESCOTT
SHEILA THOBANI
KATRYNA C. RHODES
NICOLE F. LARSEN
JAMES M. CARROLL
WILLIAM G. DAVIDSON
Assistant City Attorneys

January 14, 2019

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

Re: Proposed payment of Judgment in *City Wide Investments, LLC v. City of Milwaukee*, Adv. No. 17-02115
C.I. File No. 1060-2017-996.002

Dear Council Members:

Enclosed please find a proposed resolution. We ask that it be introduced and referred to the Committee on Judiciary & Legislation with the following recommendation.

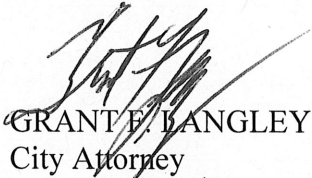
On January 4, 2016 the City of Milwaukee took title to the property located at 8940 North Michele Street in a tax foreclosure and then the Department of City Development sold the same for \$150,000 on March 17, 2017. Subsequent to the sale of the property, the prior owner of the property, City Wide Investments, LLC filed a Chapter 11 bankruptcy and related adversary proceeding alleging the foreclosure and subsequent sale of the property constituted a fraudulent transfer. A fraudulent transfer would entitle City Wide Investments, LLC to a judgment in the amount of the fair market value of the property at the time of the foreclosure less the taxes owed to the City.

The primary issue of the proceedings related to what the fair market value of the property was at the time of the foreclosure. The City alleged the fair market value was the price of \$150,000.00, which is the amount DCD sold the property for. City Wide Investments, LLC alleged the property was worth \$340,000.00 based upon a recent nearby sale and appraisal. After an evidentiary hearing on the issue, the bankruptcy judge ruled that the foreclosure and sale constituted a fraudulent transfer and entered a judgement in the amount of \$280,894.56. This amount was arrived at by taking the judge's ruling on the fair market value of the property at the time the City took title to it (\$330,000) less the total taxes owed to the City at the time of the sale (\$49,105.44). The City has appealed the judge's finding of the fair market value.




City Wide Investment, LLC subsequently filed a motion to order the City to either pay the entire judgment or have the amounts owed to it by City Wide Investment, LLC for amounts owed on other properties denied. The City objected to the motion and the judge ordered that the City pay \$100,808.30 within 30 days of the hearing. If the appeal of the matter is unsuccessful, the City will then be required to pay the remaining balance of \$180,086.26. The failure to timely pay \$100,808.30 will result in the City's remaining tax claim totaling \$100,808.30 being denied. Therefore we recommend payment of the amounts required in timely fashion and have enclosed an appropriate resolution for your convenience.

Very truly yours,



GRANT E. LANGLEY
City Attorney



GREGORY P. KRUSE
Assistant City Attorney

GPK:cdr

Enclosure

1060-2017-996.002/256113