



800 City Hall, 200 E. Wells St., Milwaukee, WI 53202, Telephone 414-286-2601, Fax 414-286-8550

MEMORANDUM

Neighborhood Revitalization Litigation Summary

Updated: May 2, 2019

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): Mr. Hopson and his two solely-owned LLCs own 25 properties and together owe over \$800,000 to the City. In addition to the municipal court judgments and tax liens on LLC-owned properties, which are not part of the bankruptcy, the Debtor owes over \$579,190.98 in delinquent real estate taxes as of July 2017. His Chapter 13 Plan attempted to “cramdown” the debt to \$381,736.00 by claiming the property values are less than the tax lien on some of those properties. The City objects to that Plan, asserting that it incorrectly estimates the secured amount of the claim.

Case Status: This case was dismissed due to Mr. Hopson’s failure to make timely payments. As the plan had not been confirmed, no money was paid to the City.

The debtor filed another Chapter 13 bankruptcy on February 12, 2019, Case No. 19-21065. Because of the dismissal of the prior case, the automatic stay would terminate 30 days after filing unless extended by the court. Pursuant to court order dated March 19, 2019, the stay was continued with respect to the following five properties only: 1431 N. 22nd St.; 1427-29 N. 22nd St.; 3320 W. Clybourn St.; 2850-52 N. 51st St.; and 1606 W. Walnut St. The Treasurer’s Office should file a proof of claim with respect to these properties. There is no stay in effect for any other properties owned by the debtor and all can be the subject of tax foreclosure.

City of Milwaukee v. Elijah M. Rashaed

Court: Milwaukee County Circuit Court

Case No: 17-CV-6823

City Counsel: Deputy City Attorney Adam Stephens

Judge: Hon. Jeffrey Conen

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 sought 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: By stipulation after the court appointed monitor process failed to abate code violations and pay judgments and taxes, the circuit court ordered a property manager to take over all residential rental buildings owned by the defendants as of April 4, 2018. Peter Ogden was appointed as the property manager and his firm, Ogden & Company, has been maintaining properties. Several properties have been sold, but most of the original portfolio awaits disposition by sale by either the property manager or defendant after court approval.

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 3rd party. After trial on September 19th, 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: The City appealed the Bankruptcy Court's decision to District Court and still awaits a decision. The Bankruptcy Court ordered the City to pay \$100,808.30 (the amount uncontested by the City) to the Debtor in order for the City to file claims for tax liens on City Wide's other properties.

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): Payment of the City’s unsecured claims (municipal court debt) through bankruptcy plan. The Debtor is required to make monthly payments in addition to selling four of his seven properties to pay the claims.

Status: Through the bankruptcy plan, Mr. Miicke so far has paid \$31,922.51 toward the municipal court judgments. None of the four properties has sold yet and each remains on the market.

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. Sale of the property at 617 W. Hadley has received bankruptcy court approval. Mr. Bachowski has continued to make monthly payments and DNS has determined that he is in substantial compliance with their issued orders.

By order dated April 18, 2019, the debtor has received court authority to sell his property at 2235-37 N. Martin Luther King, Jr. Dr. for \$370,000.00. Upon closing this sale transaction, the City should receive a payment of approximately \$40,000.00 for delinquent taxes.

City of Milwaukee v. Mohammad Choudry, et al.

Court: Milwaukee County Circuit Court

Case No: 16-CV-8057

City Counsel: Deputy City Attorney Adam Stephens

Opposing Counsel: Timothy Baldwin

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: All 77 properties have been transferred to a trust for the purpose of paying down about \$2 million in debt and liquidating assets. The trustee is the same attorney who has been acting as receiver since November 2016. The case was dismissed on the city's motion because the nuisance was abated when Choudry lost title to all properties to the trust's ownership. Choudry has appealed the final judgment to the state court of appeals and that appeal is pending.

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

Court: Milwaukee County Circuit Court

Case No: 15-CV-7228

City Counsel: Deputy City Attorney Adam Stephens

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. NTO LLC

Court: Milwaukee County Circuit Court

Case No: 15-CV-5210

City Counsel: ACA Heather Hough

Opposing Counsel: David Frank

Judge: William Pocan

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. Building was razed by the city in 2019.

Case Status: Defendant's next hearing scheduled for May, 2019.

City of Milwaukee v. James Crosbie

Court: Milwaukee County Circuit Court

Case No. 18CV10059

City Counsel: ACA Heather Hough

Opposing Counsel: Michael Heller

Judge: William Pocan

Summary: In December, 2018, City filed suit against James Crosbie and his various LLCs alleging nuisance and fraudulent conveyance for Crosbie's mismanagement of 5 properties (with a total of 175 rental units). Addresses are 2904 W. Wisconsin, 2625 W Juneau, 2635 W Juneau, 2929 W Wisconsin and 2848 W Wells. The assessed value of the portfolio is \$3,810,000. The properties have over 600 DNS Orders and enforcement actions with 38 municipal court convictions. In addition, two of the properties are considered MPD nuisance properties for assorted criminal activity that has not been abated. There is around \$420,000 in tax delinquency for these property holdings. The City is requesting the appointment of a receiver and the ability to levy execution against Crosbie on all property including personal property, and an order to Crosbie to sell the 5 properties.

Case status: Injunction Hearing postponed until mid-May, 2019. Parties in settlement discussion. Since filing of lawsuit, a total of \$191,573.72 has been collected for outstanding taxes and outstanding municipal court judgments.

1049-2016-1386:258978