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April 9, 2008

Honorable Common Council
City Hall, Room 205

Re: Resolution approving and authorizing the settlement of a real estate judgment located at 274 E Keefe Ave against Keefe Richards LLC for in personam liability for taxes in the amount of \$51,705.89 in exchange for the lesser amount of \$26,531.04

Dear Council Members:

Enclosed for your consideration is a resolution approving and authorizing a settlement of the judgment granted to the City against Keefe Richards LLC ("Keefe") in the amount of \$51,705.89 for property taxes for tax years 1995-2005 in exchange for the lesser amount of \$26,531.04.

The City through the Kohn Law Firm ("Kohn") obtained a judgment against Akin and Titi Lagundoye for the above referenced property in December 2006 for the delinquent taxes for 1994-2005. The Lagundoyes were the owners of the above referenced property at the time that this matter was referred to Kohn. After Kohn completed an examination of the Lagundoyes, Kohn determined that it would not be able to enforce the judgment against the Lagundoyes because of their nominal assets.

Subsequently, Kohn became aware that the above referenced property was sold in June 2006 for a nominal amount to Keefe. Therefore, Kohn sued and obtained a judgment against Keefe in November 2007 for the 1995-2005 delinquent taxes (Kohn was unable to obtain a judgment for the 1994 delinquent taxes because they had exceeded the statute of limitations). Similarly to the Lagundoyes, an examination of Keefe showed that judgment enforcement against Keefe would be difficult because of its' nominal assets.

The compromise that Keefe is seeking is with regard to the 1995 – 2005 delinquent taxes during which time Keefe did not own the above referenced property. Kohn has proposed a settlement by which Keefe would pay all of the original tax balances for 1995-2005 which total \$26, 531.04 if the City is willing to cancel the interest, penalties, fees and costs for those years. Keefe has already paid the 2006 taxes and the final settlement agreement would require immediate payment of the 2007 taxes including all interest, penalties, fees and costs.

This is a unique situation because the above referenced property is on the Do Not Acquire List. The City would not be interested in foreclosing on this property, and generally speaking would not otherwise be able to collect the delinquent taxes due. Therefore, in this case, it is in the best interest of the City to satisfy this judgment by payment of \$26, 531.04 and it is therefore recommended that the interest, penalties, fees and costs for the 1995-2005 delinquent taxes be cancelled.

Very truly yours,

GRANT F. LANGLEY
City Attorney

MEGAN T. CRUMP
Assistant City Attorney

MTC:mc:130549

Enclosure

c: Mr. Jim Klajbor
Mr. Robert Potrzebowski, Jr.