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Hagens Berman Named Interim Class Counsel in New Jersey Property Tax Collusion Case

SEATTLE— A federal judge has appointed Hagens Berman interim class counsel in a class-action lawsuit alleging that a group of investors and investment companies conspired to fix the interest rates paid by thousands of New Jersey property owners on unpaid property taxes.

The suit, filed in March 2012, in the United States District Court for the District of New Jersey, alleges that a group of investors and investment companies exploited a bidding process under which municipalities in the state auction off delinquent property tax obligations of property owners. Under state law, the property owners' tax obligation is sold to the bidder who agrees to accept the lowest interest rate on the debt. The bidding at the auction opens at 18 percent interest and is then bid down by each subsequent bidder, and in many cases to zero percent interest, according to the complaint. The system is designed so that the interest rate will be as low as possible for property owners.

However, the complaint alleges that a group of investors conspired to split the market and made agreements not to bid against one another. The agreements resulted in many tax obligations auctioned off with only one bid, according to the suit, meaning that interest rates on the debt were set at the statutory maximum of 18 percent, the lawsuit states.

"New Jersey designed this system to benefit property owners and make sure they get the lowest interest rates supported by the market," said Steve Berman, managing partner of Hagens Berman. "The defendants turned that system on its head, agreeing not to compete with one another so that property owners, including both families and businesses, would be forced to pay interest rates on their unpaid taxes far above a reasonable market rate."

On Oct. 22, 2012, U.S. District Judge Michael A. Shipp appointed Hagens Berman and Hausfeld LLP as interim class counsel and Lite DePalma Greenberg, LLC as interim liaison counsel in the case, which will now move forward to discovery, and ultimately, trial.

"We are pleased with the judge's ruling to select Hagens Berman as interim class counsel, and we will continue to work hard to recover funds for property owners," said Berman. "We look forward to demonstrating the strength of our claims to the court."

The lawsuit alleges that the defendants violated the Sherman Antitrust Act and New Jersey state law and asks the court to award damages to property owners who were damaged as a result of the alleged scheme.

According to the complaint, the Department of Justice is continuing to investigate this matter and at least 10 defendants have already plead guilty to criminal charges.

New Jersey property owners who fell behind in property tax payments and whose debt was auctioned to an investor during the period 1998 through 2009 may have paid inflated taxes due to this scheme and can contact Hagens Berman to discuss this case by calling (206) 623-7292 or by emailing NJtaxsalecertificates@hbsslw.com. More information about this case is available at www.hbsslw.com/NJtaxsalecertificate.

About Hagens Berman

Seattle-based Hagens Berman Sobol Shapiro LLP is one of the top class-action law firms in the nation, with offices in ten cities. Founded in 1993, we represent plaintiffs in class actions and multi-state, large-scale litigation that seek to protect the rights of investors, consumers, workers and whistleblowers. More information about the firm is available at www.hbsslw.com

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