

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

BENJAMIN COLEMAN, through his)	Case No. 1:13-cv-01456-EGS
Conservator, ROBERT BUNN, et al.,)	
)	
Plaintiffs,)	
)	
v.)	
)	
DISTRICT OF COLUMBIA,)	
)	
Defendant.)	
_____)	

**MOTION BY PACIFIC LEGAL FOUNDATION
FOR LEAVE TO PARTICIPATE AS AMICUS CURIAE
IN SUPPORT OF PLAINTIFFS BENJAMIN COLEMAN, ET AL.**

CHRISTINA M. MARTIN
Of counsel
Pacific Legal Foundation
8645 N. Military Trail, Suite 511
Palm Beach Gardens, Florida 33410
Telephone: (561) 691-5000
Facsimile: (561) 691-5006
E-mail: cmm@pacificlegal.org

THEODORE HADZI-ANTICH
Counsel of Record
D.C. Bar No. 251967
Pacific Legal Foundation
930 G Street
Sacramento, California 95814
Telephone: (916) 419-7111
Facsimile: (916) 419-7747
E-mail: tha@pacificlegal.org

*Attorneys for Amicus Curiae
Pacific Legal Foundation*

Pacific Legal Foundation (PLF) respectfully requests leave to file the attached amicus curiae brief in support of plaintiffs Benjamin Coleman, the Estate of Jean Robinson, and the plaintiff class. All parties consent to this motion for leave to file an amicus brief.

PLF is a nonprofit, tax-exempt corporation organized for the purpose of litigating matters affecting the public interest in private property rights, individual liberty, and economic freedom. Founded over 40 years ago, PLF is the most experienced legal organization of its kind. PLF attorneys have participated as lead counsel in several landmark United States Supreme Court cases in defense of the right of individuals to make reasonable use of their property, and the corollary right to obtain just compensation when that right is infringed. *See, e.g., Koontz v. St. Johns River Water Mgmt. Dist.*, 133 S. Ct. 2586 (2013); *Palazzolo v. Rhode Island*, 533 U.S. 606 (2001); *Suitum v. Tahoe Reg'l Planning Agency*, 520 U.S. 725 (1997); *Nollan v. California Coastal Comm'n*, 483 U.S. 825 (1987). PLF also routinely participates in important property rights cases as amicus curiae. *See, e.g., Horne v. Department of Agriculture*, 135 S. Ct. 2419 (2015); *Arkansas Game & Fish Comm'n v. United States*, 133 S. Ct. 511 (2012). PLF attorneys have extensive experience with the question at issue in this case, having participated in several cases where the court must determine those property interests protected by the Constitution. *See, e.g., Koontz*, 133 S. Ct. 2586; *Marvin M. Brandt Revocable Trust v. United States*, 134 S. Ct. 1257 (2014).

The proposed amicus brief will assist the Court by providing a unique viewpoint on the question whether the Constitution protects the surplus equity in an owner's house when the government takes the property in a tax-sale foreclosure. *Jin v. Ministry of State Sec.*, 557 F. Supp. 2d 131, 137 (D.D.C. 2008) (Amicus participation is normally appropriate "when the amicus has unique information or perspective that can help the court beyond the help that the lawyers for the parties are able to provide."). Specifically, the proposed amicus brief will provide an overview of

the U.S. Supreme Court's takings jurisprudence to demonstrate that an individual's financial investment in his or her home constitutes "property" and is subject to the protections of the Takings Clause of the Fifth Amendment.

PLF and its supporters believe that this case is of significant importance and has far-reaching implications for traditional rights in property. PLF further believes that its public policy perspective and litigation experience will provide an additional and useful viewpoint in this case. For these reasons, PLF respectfully requests leave to participate in this action as amicus curiae and to file the attached brief.

Amicus curiae further asks (pursuant to the Defendant's request) that the Court grant the Defendant three weeks to respond to the amicus brief.

DATED: August 19, 2015.

Respectfully submitted,

CHRISTINA M. MARTIN
Of counsel
Pacific Legal Foundation
8645 N. Military Trail, Suite 511
Palm Beach Gardens, Florida 33410
Telephone: (561) 691-5000
Facsimile: (561) 691-5006
E-mail: cmm@pacificlegal.org

By: /s/ Theodore Hadzi-Antich
THEODORE HADZI-ANTICH
Counsel of Record
D.C. Bar No. 251967
Pacific Legal Foundation
930 G Street
Sacramento, California 95814
Telephone: (916) 419-7111
Facsimile: (916) 419-7747
E-mail: tha@pacificlegal.org

*Attorneys for Amicus Curiae
Pacific Legal Foundation*

CERTIFICATE OF SERVICE

I hereby certify that on August 19, 2015, I electronically filed the foregoing MOTION BY PACIFIC LEGAL FOUNDATION FOR LEAVE TO PARTICIPATE AS AMICUS CURIAE IN SUPPORT OF PLAINTIFFS BENJAMIN COLEMAN, ET AL., with the Clerk of the Court for the United States District Court for the District of Columbia by using the CM/ECF system.

I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the CM/ECF system.

Attorneys for Plaintiffs

William A. Isaacson
Thomas W. Keenan
Boies, Schiller & Flexner, LLP
5301 Wisconsin Avenue NW
Washington, DC 20015
E-mail: wisaacson@bsflp.com

Attorneys for Defendant

Andrew C. Eberle
Edward P. Henneberry, Jr.
Office of the Attorney General
for the District of Columbia
Suite 1010 South
441 Fourth Street, NW
Washington, DC 20001
E-mail: andrew.eberle@dc.gov
Edhenneberry@yahoo.com

/s/ Theodore Hadzi-Antich
THEODORE HADZI-ANTICH

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

BENJAMIN COLEMAN, through his)	Case No. 1:13-cv-01456-EGS
Conservator, ROBERT BUNN, et al.,)	
)	
Plaintiffs,)	
)	
v.)	
)	
DISTRICT OF COLUMBIA,)	
)	
Defendant.)	
_____)	

**BRIEF AMICUS CURIAE OF PACIFIC LEGAL FOUNDATION
IN SUPPORT OF PLAINTIFFS BENJAMIN COLEMAN, ET AL.**

CHRISTINA M. MARTIN
Of counsel
Pacific Legal Foundation
8645 N. Military Trail, Suite 511
Palm Beach Gardens, Florida 33410
Telephone: (561) 691-5000
Facsimile: (561) 691-5006
E-mail: cmm@pacificlegal.org

THEODORE HADZI-ANTICH
Counsel of Record
D.C. Bar No. 251967
Pacific Legal Foundation
930 G Street
Sacramento, California 95814
Telephone: (916) 419-7111
Facsimile: (916) 419-7747
E-mail: tha@pacificlegal.org

*Attorneys for Amicus Curiae
Pacific Legal Foundation*

TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii
INTRODUCTION AND SUMMARY OF ARGUMENT	1
ARGUMENT	3
I. THE FIFTH AMENDMENT PROTECTS A PROPERTY OWNER’S HOME EQUITY	3
A. The Government May Not Avoid Takings Liability by Redefining Property Rights	5
B. The Law Disfavors Forfeitures, Even Where a Property Owner Fails To Fulfill a Statutory Duty	7
II. THE DISTRICT’S TAX-SALE LAW THREATENS THE CONSTITUTIONAL RIGHTS OF THE MOST VULNERABLE MEMBERS OF SOCIETY	9
CONCLUSION	12
CERTIFICATE OF SERVICE	13

TABLE OF AUTHORITIES

	Page
Cases	
<i>Armstrong v. United States</i> , 364 U.S. 40 (1960)	4, 6-7, 9
<i>Austin v. United States</i> , 509 U.S. 602 (1993)	8
<i>Bd. of Regents of State Colleges v. Roth</i> , 408 U.S. 564 (1972)	3
<i>Bennis v. Michigan</i> , 516 U.S. 442 (1996)	8
<i>Brown v. Legal Found. of Wash.</i> , 538 U.S. 216 (2003)	1
<i>Coleman through Bunn v. D.C.</i> , 306 F.R.D. 68 (D.D.C. 2015)	1-2
<i>Coleman through Bunn v. D.C.</i> , 70 F. Supp. 3d 58 (D.D.C. 2014)	1-2
<i>Covey v. Somers</i> , 351 U.S. 141 (1956)	8
<i>Dean v. Michigan Dep’t of Natural Res.</i> , 399 Mich. 84 (1976)	7-8
<i>First Victoria National Bank v. United States</i> , 620 F.2d 1096 (1st Cir. 1980)	3
<i>Horne v. Dep’t of Agric.</i> , 135 S. Ct. 2419 (2015)	3-4
<i>Jones v. Flowers</i> , 547 U.S. 220 (2006)	8
<i>Karuk Tribe of Cal. v. Ammon</i> , 209 F.3d 1366 (Fed. Cir. 2000)	3
<i>Kelo v. City of New London, Conn.</i> , 545 U.S. 469 (2005)	4
<i>Koontz v. St. Johns River Water Management District</i> , 133 S. Ct. 2586 (2013)	1, 4
<i>Loeser v. Gardiner</i> , 1 Alaska 641 (D. Alaska 1902)	7
<i>Loretto v. Teleprompter Manhattan CATV Corp.</i> , 458 U.S. 419 (1982)	4
<i>Louisville Joint Stock Land Bank v. Radford</i> , 295 U.S. 555 (1935)	4
<i>Lucas v. S.C. Coastal Council</i> , 505 U.S. 1003 (1992)	3, 5, 9

	Page
<i>Lynch v. Household Finance Corp.</i> , 405 U.S. 538 (1972)	11
<i>Mennonite Bd. of Missions v. Adams</i> , 462 U.S. 791 (1983)	8
<i>Mt. Diablo Mill & Mining Co. v. Callison</i> , 17 F. Cas. 918 (C.C.D. Nev. 1879)	7
<i>Nixon v. United States</i> , 978 F.2d 1269 (D.C. Cir. 1992)	3
<i>North Laramie Land Co. v. Hoffman</i> , 268 U.S. 276 (1925)	9-10
<i>Palazzolo v. Rhode Island</i> , 533 U.S. 606 (2001)	3-5, 7, 9
<i>Pennsylvania Coal Co. v. Mahon</i> , 260 U.S. 393 (1922)	9
<i>Phillips v. Washington Legal Found.</i> , 524 U.S. 156 (1998)	4
<i>Ruckelshaus v. Monsanto Co.</i> , 467 U.S. 986 (1984)	3
<i>Sogg v. Zurz</i> , 905 N.E.2d 187 (Ohio 2009)	7
<i>Starr Int’l Co. v. United States</i> , 106 Fed. Cl. 50 (2012)	4
<i>U.S. v. Miller</i> , 317 U.S. 369 (1943)	4
<i>United States v. Gen. Motors Corp.</i> , 323 U.S. 373 (1945)	1
<i>Webb’s Fabulous Pharmacies, Inc. v. Beckwith</i> , 449 U.S. 155 (1980)	3-4, 6

Statutes

Del. Code Ann. tit. 9, § 8779 and § 8751	6
Mass. Gen. Laws Ann. ch. 60 § 43	6

Miscellaneous

Bovard, James, <i>Lost Rights: The Destruction of American Liberty</i> (1994)	11
Francis, Jennifer C.H., <i>Redeeming What Is Lost: The Need to Improve Notice for Elderly Homeowners Before and After Tax Sales</i> , 25 Geo. Mason U. Civ. Rts. L.J. 85 (2014)	10
Kelly, Arianna Kennedy, <i>The Costs of the Fourth Amendment: Home Searches and Takings Law</i> , 28 Miss. C. L. Rev. 1 (2009)	8

Page

Rao, John, *The Other Foreclosure Crisis: Property Tax Lien Sales*, National Consumer Law Center (July 2012), available at http://www.nclc.org/images/pdf/foreclosure_mortgage/tax_issues/tax-lien-sales-report.pdf 10

Sallah, Michael, et al., Washington Post, *Homes for the Taking: Liens, Loss and Profiteers - Part 1 of 4* (Sept. 8, 2013), available at <http://www.washingtonpost.com/sf/investigative/2013/09/08/left-with-nothing/> 10-11

Stark, Debra Pogrund, *Facing the Facts: An Empirical Study of the Fairness and Efficiency of Foreclosures and a Proposal for Reform*, 30 U. Mich. J.L. Reform 639 (1997) 1

Werner, Derek, *The Public Use Clause, Common Sense and Takings*, 10 B.U. Pub. Int. L.J. 335 (2001) 11

INTRODUCTION AND SUMMARY OF ARGUMENT

Pacific Legal Foundation respectfully submits this brief amicus curiae in support of plaintiffs Benjamin Coleman, the Estate of Jean Robinson, and the plaintiff class, and in support of their Opposition to the Defendant’s Motion for Judgment on the Pleadings.

This case asks whether a property owner’s home equity constitutes “property” entitled to the protections of the Takings Clause of the U.S. Constitution. It does. The U.S. Supreme Court has repeatedly held that a person’s money—just like a home or parcel of land—is protected property and cannot be taken without payment of just compensation. *See, e.g., Koontz v. St. Johns River Water Management District*, 133 S. Ct. 2586, 2600 (2013) (a demand for money is subject to the same constitutional protections as a demand for land); *Brown v. Legal Found. of Wash.*, 538 U.S. 216, 235 (2003) (applying per se rule to a taking of interest from an IOLTA account); *United States v. Gen. Motors Corp.*, 323 U.S. 373, 377-78 (1945) (analyzing the property rights protected by the Fifth Amendment as a group of rights citizens possess in a “physical thing”). Because “equity” is simply a term that describes the fair market *cash value* of the property after all debts are deducted, i.e., is equivalent to *money*, the Takings Clause unquestionably protects it. *See* Debra Poggrund Stark, *Facing the Facts: An Empirical Study of the Fairness and Efficiency of Foreclosures and a Proposal for Reform*, 30 U. Mich. J.L. Reform 639, 640 n.1 (1997) (defining “equity”).

Coleman alleges that the District of Columbia violated the Takings Clause when it took all of the surplus equity he held in his home as part of a tax-sale foreclosure.¹ Coleman, an elderly veteran suffering from dementia, owned a house in Northeast Washington, D.C. *Coleman through*

¹ The other plaintiffs similarly lost the equity in their properties in tax-sale foreclosures. *Coleman through Bunn v. D.C.*, 306 F.R.D. 68, 84 (D.D.C. 2015). For the sake of brevity, the amicus brief solely addresses Coleman’s claims.

Bunn v. D.C., 70 F. Supp. 3d 58, 64 (D.D.C. 2014). When he failed to pay \$133.88 in property taxes, the District placed a lien on his home, adding another \$183.47 in penalties. *Id.* The District then auctioned the lien to a private investment company in 2007, which added \$4,999 in fees, costs, and interest onto the underlying debt. *Id.* Under District law, Coleman could redeem title to his property by paying the tax debt, as well as all fees, costs, and interest within six months. *Id.* But Coleman was unable to do so. *Id.* The investment company evicted Coleman and foreclosed on his house. *Id.* Although the house was valued at up to \$200,000, the company sold it for \$71,000 and kept all proceeds. *Id.* Coleman did not receive any compensation for the surplus equity he had in his home. *Id.*

Coleman and other foreclosed homeowners sued, claiming that the government's transfer of their surplus equity to a third party constituted a taking without just compensation. *Coleman through Bunn*, 306 F.R.D. at 84. In response, the District argues that the homeowners "forfeited" the protections guaranteed by the Takings Clause by failing to redeem their property within the time period provided by District law. Dist. Mot. at 8. The District concludes that nothing in the Constitution prevents the government from taking a person's house and all equity therein in order to satisfy unpaid taxes—no matter how small the debt or how valuable the property. Based on that conclusion, the District makes the further assertion that it need not reimburse a homeowner for the excess value of the property it takes. Dist. Mot. at 20. The District is wrong.

ARGUMENT

I

THE FIFTH AMENDMENT PROTECTS A PROPERTY OWNER'S HOME EQUITY

To prove a compensable taking, the claimant must first show that he possesses a valid property right affected by governmental action, and then, if claimant does possess a compensable property right, he must show that the governmental action at issue constituted a taking of that right. *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1000 (1984); *Karuk Tribe of Cal. v. Ammon*, 209 F.3d 1366, 1374 (Fed. Cir. 2000). The Constitution does not itself create or define the “range of interests that qualify for protection as ‘property’ under the Fifth and Fourteenth Amendments.” *Lucas v. S.C. Coastal Council*, 505 U.S. 1003, 1030 (1992) (quoting *Bd. of Regents of State Colleges v. Roth*, 408 U.S. 564, 577 (1972)). Rather, property includes those interests recognized by common law, federal or state law, or that arise from custom and practice or other “background principles” of property law. *Palazzolo v. Rhode Island*, 533 U.S. 606, 629-30 (2001); *see also Horne v. Dep’t of Agric.*, 135 S. Ct. 2419, 2426-27 (2015) (Takings Clause protects property interests recognized in Magna Carta and by the Founders); *Nixon v. United States*, 978 F.2d 1269, 1276 n.18 (D.C. Cir. 1992) (citing *First Victoria National Bank v. United States*, 620 F.2d 1096, 1103 (1st Cir. 1980) (“law or custom may create property rights where none were earlier thought to exist”).

While state and federal authorities may define certain parameters of property rights, and may even create new property rights, they may not extinguish rights recognized by other independent sources. *Webb’s Fabulous Pharmacies, Inc. v. Beckwith*, 449 U.S. 155, 164 (1980) (“[A] State, by *ipse dixit*, may not transform private property into public property without compensation”); *see also Horne*, 135 S. Ct. at 2427 (“[P]hysical appropriation of property g[i]ve[s] rise to a per se taking, without regard to other factors” like statutory scheme and public benefit, because both “history and

logic” support the idea that a physical appropriation of property is a taking.); *Palazzolo*, 533 U.S. at 630 (“A law does not become a background principle for subsequent owners by enactment itself.”). Here, binding precedent establishes that the homeowners had protected rights in their homes, including the equity therein, which obligates the District to return all surplus equity to the foreclosed homeowners.² See, e.g., *Horne*, 135 S. Ct. at 2426 (personal property); *Koontz*, 133 S. Ct. at 2601 (money and real property); *Kelo v. City of New London, Conn.*, 545 U.S. 469, 496 (2005) (homes); *Phillips v. Washington Legal Found.*, 524 U.S. 156, 168 (1998) (accrued interest); *Armstrong v. United States*, 364 U.S. 40, 48 (1960) (liens); *Louisville Joint Stock Land Bank v. Radford*, 295 U.S. 555, 601-02 (1935) (mortgages); *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 456 (1982) (“[I]ncontestable case for compensation” where government formally expropriates property or where it (or its agent) deliberately uses or occupies the “space or a thing which theretofore was understood to be under private ownership.”) (internal quotation omitted); see also *Starr Int’l Co. v. United States*, 106 Fed. Cl. 50, 72 (2012) (interpreting binding precedent to hold company equity—in the form of common stock—is a cognizable property right under the Takings Clause).

Indeed, the District itself acknowledges that Coleman and the other foreclosed homeowners “clearly had a property interest in their home equity and a property interest in their fee simple title to their properties.” District Mot. at 5. That admission should be the end of this Court’s inquiry because, although a state can enact laws creating new property rights, it cannot destroy recognized rights by legislative fiat. See *Palazzolo*, 533 U.S. at 628; *Webb’s Fabulous Pharmacies*, 449 U.S. at 164. Nonetheless, that is exactly what the District argues in its briefs to this Court. The District

² See *U.S. v. Miller*, 317 U.S. 369, 373 (1943) (Just compensation must put the owner in “as good a position pecuniarily as he would have occupied if his property had not been taken.”).

contends that, by operation of its recently repealed tax foreclosure law, homeowners' property rights disappear if they fail to pay back taxes, interest, and fees within the statutory time period. Dist. Mot. at 2 ("Plaintiffs failed to remit the amounts required by D.C. Code § 47-1361 in order to redeem and therefore forfeited legal title to their properties."). In making that argument, however, the District ignores the unavoidable precedent that government may not redefine property rights such that they simply disappear. Moreover, the District fails to acknowledge that the law disfavors forfeiture of rights. Plaintiffs may be liable for the amount they owed in taxes, but they did not "forfeit" their property interest in the surplus equity—nor did they "forfeit" the rights guaranteed by the Constitution.

A. The Government May Not Avoid Takings Liability by Redefining Property Rights

The District may not avoid the Takings Clause by passing laws that authorize it to take an individual's entire interest in a home in order to pay a relatively small debt. The District's position unconstitutionally redefines property rights. *See Lucas*, 505 U.S. at 1014 ("[T]he government's power to redefine" property rights is "necessarily constrained" by the Constitution.)

Three U.S. Supreme Court cases establish the fundamental principle that the government cannot legislate a recognized property right out of existence. In *Palazzolo*, a landowner claimed that the state's extensive zoning regulation of his waterfront land effected a taking without just compensation. 533 U.S. at 613, 615. In response, the state argued that it could "shape and define property rights" to extinguish the right to challenge zoning regulations that pre-exist the plaintiff's purchase of property. *Id.* at 626. "[I]n effect" the state sought a finding that it could "put an expiration date on the Takings Clause." *Id.* at 627. The Supreme Court rejected that argument, explaining that landowners may assert a violation of the Takings Clause when an onerous government regulation affecting their property "compel[s] compensation." *Id.* Government may

not extinguish constitutional rights by statute. *Id.* at 164. Nor may government transform its regulation into a “background principle” of property law by pointing to similar tax sale laws in other states.³ *See id.* at 627 (rejecting state’s attempt to transform its argument into a “background principle”).

In *Webb’s Fabulous Pharmacies*, state law provided that deposits in the court registry were “public money” until they were withdrawn, and thus interest earned on that money was also public property. 449 U.S. at 158-59. But the Supreme Court rejected the state’s attempt to redefine traditional property rights, holding that the interest belonged to the owner of the principal and the government could not take the interest without paying the owner just compensation. *Id.* at 164. The state could not “by *ipse dixit*” secure a windfall for itself. *Id.* at 164.

In *Armstrong*, the United States hired a shipbuilder to construct naval boats. 364 U.S. at 40. When the shipbuilder went into default, it transferred to the government title to the incomplete boats and the remaining construction materials, pursuant to the hiring agreement. *Id.* at 41. But materialmen who had supplied the construction materials had liens on the materials, because the shipbuilder had not yet paid for them. *Id.* The United States argued that it took the property free of the materialmen’s liens because it held a paramount lien to all others, and because the law forbade liens on government property. *Id.* at 44-45. But the Supreme Court held that “the total destruction by the Government of all value of these liens” had “every possible element of a Fifth Amendment ‘taking.’” Before the government took the property, the plaintiffs had cognizable financial interest

³ The District is mistaken when it argues that the laws in eighteen other states, including Delaware and Massachusetts, support the District’s tax-sale foreclosure scheme. *See, e.g.*, Del. Code Ann. tit. 9, § 8779, and § 8751 (After foreclosure, the government must return surplus equity to former owners); Mass. Gen. Laws Ann. ch. 60 § 43 (Massachusetts law silent on the issue). More importantly, even if the District were correct about all eighteen states, a constitutional wrong is not made right simply because it is pervasive.

in the boats; immediately afterwards, they had none. *Id.* at 48. “This was not because their property vanished into thin air. It was because the Government for its own advantage destroyed the value of the liens.” *Id.* Thus, while government could take the property for the public purpose of building navy boats, it could only do so subject to the “constitutional obligation to pay just compensation for the value of the liens the petitioners lost.” *Id.* at 49.

Just as in *Palazzolo, Webb, and Armstrong*, the government in this case finds itself in the position of arguing that the homeowners had their property rights “vanish into thin air” when the government foreclosed on its tax lien. *See* Dist. Mot. at 18. But the Supreme Court has repeatedly explained that property rights are not extinguished just because the government says so. Rather, the homeowners have a recognized interest in their equity above what they actually owed in back taxes. And that property interest cannot be taken without payment of just compensation.

B. The Law Disfavors Forfeitures, Even Where a Property Owner Fails To Fulfill a Statutory Duty

The crux of the District’s argument is that homeowners forfeit their rights in property if they are unable to meet a tax obligation. But the law disfavors forfeitures. “Forfeitures have always, in law, been deemed odious, and courts have universally insisted upon the forfeitures being made clearly apparent before enforcing them. Equity often interferes to relieve against forfeitures, but never to divest estates by enforcing them.” *Loeser v. Gardiner*, 1 Alaska 641, 645 (D. Alaska 1902); *Mt. Diablo Mill & Mining Co. v. Callison*, 17 F. Cas. 918, 925 (C.C.D. Nev. 1879). Fairness and justice instruct that courts should “favor individual property rights when interpreting forfeiture statutes.” *Sogg v. Zurz*, 905 N.E.2d 187, 191 (Ohio 2009); *see also Dean v. Michigan Dep’t of Natural Res.*, 399 Mich. 84, 87 (1976) (allowing claim against government for unjust enrichment, where homeowner owed \$146.90 in taxes, but government sold property for \$10,000 and kept surplus equity). This is especially true when the property owner lives in or makes use of the

property at issue, or is incompetent. See Arianna Kennedy Kelly, *The Costs of the Fourth Amendment: Home Searches and Takings Law*, 28 Miss. C. L. Rev. 1, 13-16 (2009) (describing the Supreme Court’s special constitutional protections for the home); *Covey v. Somers*, 351 U.S. 141, 145 (1956) (higher notice requirements when property owner incompetent and without a guardian).

Contrary to the District’s contention, its right to “safeguard its interests does not relieve the State of its constitutional obligation.” *Mennonite Bd. of Missions v. Adams*, 462 U.S. 791, 799 (1983). Indeed, as a general rule, even when an individual violates statutory law, the government may not claim the violation absolves government of the obligation to respect constitutionally protected rights.⁴ In *Jones v. Flowers*, for example, the government served a notice of delinquency to the delinquent taxpayer by mail service at the address on record with the tax collector. 547 U.S. 220, 223, 231 (2006). The taxpayer had moved, and did not receive the notice. *Id.* at 223. The state then took the property and sold it to pay the overdue taxes. *Id.* at 224. State law required taxpayers to keep the government updated about any change in address, in part, to make it easier for government to alert a party to various legal actions. *Id.* at 231-32. The state argued that it mailed notice to the recorded address and it was the taxpayer’s fault for failing to update his address with the state. *Id.* at 231-32. But the Court rejected the claim that by failing to update the state about his address the party waived his constitutional right to notice. *Id.* at 232. Likewise, just because a party

⁴ Arguing that this could not be a taking, the District relies on civil and criminal asset forfeiture law designed to punish *criminal* activity. See Dist. Reply at 13; *Bennis v. Michigan*, 516 U.S. 442, 451 (1996). That type of forfeiture law was designed “at least in part, to punish the owner” and as a deterrent by “prevent[ing] further illicit use of the [property] and by imposing an economic penalty, thereby rendering illegal behavior unprofitable.” (internal quotes omitted). *Id.* at 451, 452. Such precedent is inapplicable here. The District has not characterized its tax-sale forfeiture scheme as a punishment for a crime. If it were such, the law’s application to Coleman would raise other constitutional issues, like the Eighth Amendment’s ban on excessive fines. See *Austin v. United States*, 509 U.S. 602, 604 (1993).

fails to redeem a tax lien, does not mean that the party forfeited all of the surplus equity in his or her home.

If the states and the federal government were allowed the final say on what constitutes a valid forfeiture of constitutional rights, then government would find it all too easy to take property—indeed, all rights—from the public. *Lucas*, 505 U.S. at 1014 (“If, instead, the uses of private property were subject to unbridled, uncompensated qualification under the police power, ‘the natural tendency of human nature would be to extend the qualification more and more until at last all private property disappeared.’”) (quoting *Pennsylvania Coal Co. v. Mahon*, 260 U.S. 393, 415 (1922)) (brackets omitted). Accordingly, statutes that define the terms of forfeitures remain subject to the full protections of the Constitution.

II

THE DISTRICT’S TAX-SALE LAW THREATENS THE CONSTITUTIONAL RIGHTS OF THE MOST VULNERABLE MEMBERS OF SOCIETY

The Supreme Court has repeatedly instructed that the Fifth Amendment’s just compensation requirement be enforced with “fairness and justice” in mind. *Armstrong*, 364 U.S. at 48-49 (The Takings Clause “was designed to bar Government from forcing some people alone to bear public burdens which, in all fairness and justice, should be borne by the public as a whole.”); *Palazzolo*, 533 U.S. at 634 (“The purposes served, as well as the effects produced, by a particular regulation inform the takings analysis.”). This instruction is particularly important here, where the District’s tax foreclosure laws operate to transfer a property owner’s entire home equity to a private company—a windfall that often vastly exceeds the foreclosed homeowner’s debt and the private company’s investment. *See North Laramie Land Co. v. Hoffman*, 268 U.S. 276, 283 (1925) (When deciding whether a law is constitutional, “its effect must be judged in the light of its practical

application to the affairs of men as they are ordinarily conducted.”). Indeed, the Washington Post found that the District’s law frequently resulted in the government taking far more value than necessary to pay overdue taxes: approximately one out of three properties taken by the government were for liens of less than \$1,000. Michael Sallah, et al., Washington Post, *Homes for the Taking: Liens, Loss and Profiteers - Part 1 of 4* (Sept. 8, 2013).⁵

Moreover, the District’s law imposes especially severe burdens on the property rights of the poor and politically powerless: the poor, elderly, sick, and minority groups were most likely to fall victim to the District’s tax foreclosure law—losing their homes and equity over small debts. *Id.* (Finding that “72% of pending foreclosures are in neighborhoods where less than 20% of the population is white”; the elderly are among “hardest hit”; homeowners with cognitive problems or poor health are most at risk). The elderly are usually hit the hardest by laws that compel “forfeiture” of surplus equity because they are significantly more likely to “own their homes free and clear of any encumbrances.” Jennifer C.H. Francis, *Redeeming What Is Lost: The Need to Improve Notice for Elderly Homeowners Before and After Tax Sales*, 25 Geo. Mason U. Civ. Rts. L.J. 85, 88-89 (2014). The homeowners most at risk of losing their home to a tax sale include those who are sick or incompetent, “suffering from Alzheimers, dementia, or other cognitive disorders.” John Rao, *The Other Foreclosure Crisis: Property Tax Lien Sales*, National Consumer Law Center (NCLC) at 5 (July 2012).⁶ In fact, “property tax foreclosures are highly concentrated among low-income communities with large African American and Latino populations.” NCLC, *supra*, at 5. And in D.C., “[m]ore than half of the foreclosures were in the city’s two poorest wards” and 72 percent of

⁵ Available at <http://www.washingtonpost.com/sf/investigative/2013/09/08/left-with-nothing/>.

⁶ Available at http://www.nclc.org/images/pdf/foreclosure_mortgage/tax_issues/tax-lien-sales-report.pdf.

foreclosures occurred “in neighborhoods where less than 20% of the population is white. Sallah, *supra*. Fairness and justice take on particular meaning when it comes to preserving the constitutional rights of the poor and vulnerable.

The statute’s impact on the politically powerless suggests that it fails the “chief object of government”: the protection of individual liberties and property. *See* Derek Werner, *The Public Use Clause, Common Sense and Takings*, 10 B.U. Pub. Int. L.J. 335, 337 (2001). The Framers of the Constitution believed that protecting property rights “can prevent the government from arbitrarily imposing its will on disfavored minorities.” *Id.* (John Adams said, “Property must be secured, or liberty cannot exist,” and James Madison asserted that a just government “impartially secures” each person’s right to “whatever is his own” in a manner that protects individuals from control by factions). When government denies property rights “to the politically disfavored” it “effectively strips them of a political identity” because property “is an individual right” that allows citizens to “rely on themselves and plan their own lives.” *Id.* at 337-38 (quoting James Bovard, *Lost Rights: The Destruction of American Liberty* 48 (1994)); *see also* *Lynch v. Household Finance Corp.*, 405 U.S. 538, 552 (1972) (“[A] fundamental interdependence exists between the personal right to liberty and the personal right in property. Neither could have meaning without the other.”). When government exercises “unchecked discretion in the use of eminent domain,” officials tend to use that power to displace “poor, politically powerless minorities.” *See* Werner, *supra*, at 350 (citing examples in Nashville, Los Angeles, and Minnesota).

CONCLUSION

Judicial precedent is unequivocal: the Constitution protects homes, land, and equity from uncompensated takings by the government. The government cannot circumvent that guarantee by calling a taking a “forfeiture.” The Constitution demands that the District compensate Coleman and

the other foreclosed homeowners for their surplus equity. The District's motion to dismiss should be denied.

DATED: August 19, 2015.

Respectfully submitted,

CHRISTINA M. MARTIN
Of counsel
Pacific Legal Foundation
8645 N. Military Trail, Suite 511
Palm Beach Gardens, Florida 33410
Telephone: (561) 691-5000
Facsimile: (561) 691-5006
E-mail: cmm@pacificlegal.org

/s/ Theodore Hadzi-Antich
THEODORE HADZI-ANTICH
Counsel of Record
D.C. Bar No. 251967
Pacific Legal Foundation
930 G Street
Sacramento, California 95814
Telephone: (916) 419-7111
Facsimile: (916) 419-7747
E-mail: tha@pacificlegal.org

Attorneys for Amicus Curiae
Pacific Legal Foundation

CERTIFICATE OF SERVICE

I hereby certify that on August 19, 2015, I electronically filed the foregoing BRIEF AMICUS CURIAE OF PACIFIC LEGAL FOUNDATION IN SUPPORT OF PLAINTIFFS BENJAMIN COLEMAN, ET AL., with the Clerk of the Court for the United States District Court for the District of Columbia by using the CM/ECF system.

I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the CM/ECF system.

Attorneys for Plaintiffs

William A. Isaacson
Thomas W. Keenan
Boies, Schiller & Flexner, LLP
5301 Wisconsin Avenue NW
Washington, DC 20015
E-mail: wisaacson@bsfllp.com

Attorneys for Defendant

Andrew C. Eberle
Edward P. Henneberry, Jr.
Office of the Attorney General
for the District of Columbia
Suite 1010 South
441 Fourth Street, NW
Washington, DC 20001
E-mail: andrew.eberle@dc.gov
Edhenneberry@yahoo.com

/s/ Theodore Hadzi-Antich
THEODORE HADZI-ANTICH

LCvR 7.1

**DISCLOSURE OF CORPORATE
AFFILIATIONS AND FINANCIAL INTERESTS**

Case No. 1:13-cv-01456-EGS

BENJAMIN COLEMAN, through his Conservator, ROBERT BUNN, et al.
v.
DISTRICT OF COLUMBIA

Certificate required by LCvR 7.1 of the Local Rules of the United States District Court for the District of Columbia:

I, the undersigned, counsel of record for Amicus Curiae Pacific Legal Foundation, certify that to the best of my knowledge and belief, the following are parent companies, subsidiaries or affiliates of Pacific Legal Foundation which have any outstanding securities in the hands of the public:

N/A

These representations are made in order that judges of this court may determine the need for recusal.

DATED: August 19, 2015.

Respectfully submitted,

CHRISTINA M. MARTIN
Of counsel
Pacific Legal Foundation
8645 N. Military Trail, Suite 511
Palm Beach Gardens, Florida 33410
Telephone: (561) 691-5000
Facsimile: (561) 691-5006
E-mail: cmm@pacificlegal.org

/s/ Theodore Hadzi-Antich
THEODORE HADZI-ANTICH
Counsel of Record
D.C. Bar No. 251967
Pacific Legal Foundation
930 G Street
Sacramento, California 95814
Telephone: (916) 419-7111
Facsimile: (916) 419-7747
E-mail: tha@pacificlegal.org

*Attorneys for Amicus Curiae
Pacific Legal Foundation*