



This case arose from the County's bulk sale, through several agreements, of its title and rights to over 125,000 tax liens for over 23,800 properties located within the County.<sup>1</sup> On September 29, 1997, in consideration for approximately \$35 million, the County entered into a Purchase and Servicing Agreement with GLS, in which the County assigned to GLS the tax liens that the County had filed with the Prothonotary prior to and including the 1995 tax year.<sup>2</sup> On December 18, 1997, in consideration for approximately \$2.4 million, the County entered into a 1996 Subsequent Liens Purchase and Servicing Agreement with GLS, in which the County assigned to GLS 15,213 tax liens for the 1996 tax year.<sup>3</sup> On

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<sup>1</sup> The County is entitled to assess and collect property taxes on real property situated within the County. See Local Tax Enabling Act, 53 P.S. § 6902. Ordinarily, when a tax is levied on a property, a lien automatically attaches to the property, without any County action. See King v. Mt. Vernon Bldg. Ass'n, 106 Pa. 165 (1884). In order to perfect the tax lien, however, the County must file a tax claim with the Prothonotary on or before the last calendar day of the third calendar year in which the tax became due and payable. 53 P.S. § 7143. The tax lien is the transferable statutorily created asset that has been collateralized by the delinquent taxpayer's real property. See BLACK'S LAW DICTIONARY 1459 (6th ed. 1990).

<sup>2</sup> Specifically, Article II, Section 2.1 of the Purchase and Servicing Agreement provides:

Subject to the terms and conditions of this Agreement, the Seller hereby agrees to transfer, and the Purchaser hereby agrees to purchase, without recourse, representation or warranty, except as provided herein, all right, title and interest of the Seller in and to the Tax Lien Portfolio including all rights provided by applicable Laws for collection and enforcement of such Tax Liens. . . . In consideration for the transfer of the Tax Lien Portfolio by the Seller to the Purchaser, the Purchaser agrees to pay the Seller on the Closing Date an amount equal to 96.0058% of the aggregate Face Value of the Tax Liens listed on the Tax Lien Schedule (the "Purchase Price").

<sup>3</sup> In this subsequent agreement, GLS agreed to pay the County the entire aggregate tax lien amount, plus six months of accrued interest at one percent per month. The Certification of Value of Tax Lien Portfolio, however, indicates that GLS paid the County six percent interest, plus a five percent penalty.

September 30, 1998, the County amended the September 29 and December 18 agreements to provide for the assignment of additional tax liens for the 1997 tax years to GLS in consideration for approximately \$4 million. The County and GLS also entered into a Vacant Land Purchase and Servicing Agreement, in which the County assigned to GLS tax liens for the 1998 tax year in consideration for approximately \$4.3 million.<sup>4</sup> When GLS began collecting on the tax liens pursuant to these Agreements, it required taxpayers to pay by certified funds the face amount of the tax, plus penalties, twelve percent interest, and counsel fees, as well as filing, satisfaction, assignment, and revival fees.<sup>5</sup>

Appellee Pentlong, a record owner of real property situated within the County, failed to pay full property taxes for three calendar years between 1994 and 1997. The County filed tax liens against the property, which were later assigned to GLS pursuant to the Agreements. On March 16, 1998, Pentlong received a GLS Capital Tax Lien Payoff Report (the "Pentlong Report") from GLS, indicating that: the face amount owed on the tax liens was \$1,252.89; interest had accrued on the unpaid taxes in the amount of \$281.99; penalties totaled \$32.76; and additional costs totaled \$180, or \$60 for each of the three years that Pentlong had owed taxes. The Pentlong Report included instructions that payment had to be made by certified funds to GLS's Pittsburgh office before the end of March 1998 to avoid an additional monthly penalty of \$12.53, or one percent of the face amount of the tax lien. On March 18, 1998, under protest, Pentlong paid the full amount owed on the tax liens, including added interest calculated at a twelve percent per annum rate, which GLS assessed through the end of March 1998.

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<sup>4</sup> We will refer collectively to these four agreements between GLS and the County as "the Agreements."

<sup>5</sup> GLS calculated the accrued interest by charging interest for the entire month in which payment was made in full, regardless of the date of full payment. Since September 29, 1997, GLS has received payment in full for over 20,000 tax liens.

Appellee Weitzel, also a record owner of real property situated within the County, failed to pay property taxes for seven calendar years between 1988 and 1995. The County filed tax liens against Weitzel's property, which were later assigned to GLS. On May 21, 1998, GLS sent Weitzel a letter with an attachment (the "Weitzel Report"), stating that the liens, interest, costs, fees, and expenses owed to GLS totaled \$17,572.73. The letter demanded that Weitzel promptly pay the total amount due by certified funds or GLS would satisfy the debt through a sheriff's sale of Weitzel's property at 10 a.m. on June 1, 1998. The Weitzel Report itemized lien-servicing of \$55 per year for the tax years 1988, 1989, 1990, 1992, and 1993, and \$60 per year for the tax years 1994 and 1995, which totaled \$395 for all seven years. The Weitzel Report also indicated that GLS had added \$2,829.59 in fees and expenses, which included counsel fees, and \$1,229.50 in execution costs. The Weitzel Report additionally provided that the total accrued interest was computed at a twelve percent per annum rate. On June 1, 1998, prior to the commencement of the sheriff's sale, Weitzel paid the full amount owed under protest.

On April 3, 1998, Pentlong filed a class action complaint against GLS on behalf of all County property owners whose real property had been encumbered by tax liens for delinquent County property taxes and who had been assessed or billed for certain allegedly improper charges by GLS or had paid such charges to GLS pursuant to the Agreements (collectively, "Taxpayers"). In Count I of their complaint, Taxpayers alleged that GLS had been unjustly enriched because: (1) GLS was not entitled to collect twelve percent per annum interest on the unpaid face amount of its assigned liens; (2) GLS was not entitled to collect a full month's interest for only a partial month's delinquency; (3) GLS was not entitled to collect counsel fees; (4) GLS was not entitled to collect unrecorded costs from taxpayers, including filing, satisfaction, assignment, and revival fees; and (5) GLS was liable to Taxpayers for the costs they incurred resulting from GLS's requirement that Taxpayers pay off the tax liens by certified funds. In Count II of their complaint, Taxpayers

alleged that GLS was guilty of a fraudulent scheme to assess, bill, and collect unauthorized amounts. Taxpayers sought declaratory and injunctive relief, the imposition of a constructive trust, an accounting, and damages.

GLS filed preliminary objections, arguing that Taxpayers' complaint failed to state an unjust enrichment claim and asking the trial court to strike the claims related to GLS's request for payment by certified funds, because Pentlong did not pay GLS by certified funds and, therefore, could not challenge the validity of this payment method. Although the trial court denied GLS's preliminary objections for failing to state a claim, it granted GLS's motion to strike. At the same time, however, the trial court granted Taxpayers leave to amend the complaint, and on October 26, 1998, Taxpayers filed an amended complaint, adding Weitzel, who had paid GLS by certified funds, as a representative plaintiff. On November 17, 1998, GLS filed preliminary objections to the amended complaint, but before the trial court ruled on those objections, on December 7, 1998, Taxpayers filed a second amended complaint. On October 18, 1999, the County filed a petition to intervene as a defendant, which the trial court subsequently granted.<sup>6</sup>

After GLS and the County filed answers to the second amended complaint and the trial court closed the pleadings, GLS and the County filed motions for judgment on the pleadings. Taxpayers subsequently filed a cross-motion for partial judgment on the pleadings. Following three weeks of briefing and argument, on August 14, 2000, the trial court granted GLS's motion and dismissed the complaint with prejudice.<sup>7</sup> The court found

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<sup>6</sup> In its intervenor petition, the County argued that this action was a challenge to its authority to assign and transfer tax liens to a third party, and that it was best situated to assert its rights as a tax lienholder. We note that although the County is a party to this action, Taxpayers are not seeking a remedy against the County.

<sup>7</sup> The trial court's August 14 order seemingly adopted verbatim the findings and legal conclusions that GLS and the County had submitted to the court on July 27, 2000. On August 21, 2000, GLS filed a motion for clarification with regard to the trial court's opinion, (continued...)

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