

CONSUMER LAW---NEW JERSEY CONSUMER SUCCESSFULLY CONTESTS NEW YORK  
COURT'S JURISDICTION

Freedom Finance Co. v. Berry  
(Somerset County District Court,  
Docket No. 152-48, Summary  
Judgment granted March 15, 1971)  
by Peter M. Siegel, Middlesex  
County Legal Services.

Defendants obtained two loans from Freedom Finance, a New York-based small loan company. The first loan was obtained in 1965 when defendants answered an ad of ABC Brokerage Company, completed an application at the ABC offices in Newark, and were taken to Freedom Finance in New York City, where they received the proceeds of the loan. A year later Freedom Finance offered the defendants a new loan, which was made by mail. At all times defendants were residents of New Jersey. Freedom Finance had no office in New Jersey at the time of the first loan, but opened an office in Westfield prior to the execution of the second loan.

Some time after defendants obtained the second loan they declared bankruptcy. Thereafter, Freedom Finance brought suit in New York alleging fraud in the procurement of the loan, and obtained a default judgment against defendants. Freedom Finance has now brought suit in New Jersey, alleging that the New York judgment is entitled to full faith and credit. The defendants deny the validity of the New York judgment, contending that the New York court lacked jurisdiction, that the defendants were never served with process in the New York action, that the debt was discharged in bankruptcy, that the loan agreement is void as in violation of the New Jersey Small Loan Law, and that the New York judgment is void for fraud. The defendants counterclaim for all monies which Freedom Finance obtained through a wage execution. In their memorandum of law, defendants discuss at length the full faith and credit issue.

On March 15, Judge B. Thomas Leahy ordered that the New York judgment was not entitled to full faith and credit in that the New York court lacked jurisdiction over the defendants, and granted the defendants' motion for summary judgment.

Complaint; Answer and Counterclaim; Memorandum of Law.