

CONSUMER LAW---NEW JERSEY CONSUMER CONTESTS VALIDITY OF NEW YORK  
DEFAULT JUDGMENT

Freedom Finance Co. v. Berry

(Superior Court, Appellate  
Division, Docket No. A-1568-70,  
Brief filed September 10, 1971)  
by Peter M. Siegel, Middlesex  
County Legal Services.

As previously noted in 29 State Clearing House Report 7  
(April, 1971), this suit was instituted by plaintiff finance  
company which contended that its New York default judgment was  
entitled to full faith and credit in New Jersey. Plaintiff  
finance company had obtained the default judgment based on alleged  
fraud which occurred when the defendants declared bankruptcy  
some time after receiving a "mail order" loan.

On March 15, Somerset County District Court Judge B. Thomas  
Leahy ruled that the New York default judgment is not entitled  
to full faith and credit because the New York court lacked  
in personam jurisdiction over the defendants. The finance  
company is now appealing to the Appellate Division. In their  
appellate brief, the defendants contend that a single consumer  
transaction, consummated by mail from outside New York State,  
cannot confer jurisdiction on a New York court.

Brief.