

*This opinion is nonprecedential except as provided by
Minn. R. Civ. App. P. 136.01, subd. 1(c).*

**STATE OF MINNESOTA
IN COURT OF APPEALS
A21-0099**

Alaaldeen Mussa,
Appellant,

vs.

Western Agricultural Insurance Company, et al.,
Respondents.

**Filed September 13, 2021
Affirmed
Jesson, Judge**

Nobles County District Court
File No. 53-CV-17-265

William J. Wetering, Hedeem, Hughes & Wetering, Worthington, Minnesota (for appellant)

Mark D. O’Leary, O’Leary Law Office, Sioux Falls, South Dakota (for respondents)

Considered and decided by Larkin, Presiding Judge; Jesson, Judge; and
Bratvold, Judge.

NONPRECEDENTIAL OPINION

JESSON, Judge

After being seriously injured in a car accident in Worthington, Minnesota, appellant Alaaldeen Mussa sued the driver for negligence. When it became clear that the driver was unable to pay Mussa’s medical bills, Mussa instead sought satisfaction of his claim from the driver’s insurance provider, respondent Western Agriculture Insurance Company (Western Agriculture), in Minnesota district court. Western Agriculture then brought a

declaratory-judgment action in South Dakota district court to determine whether there was coverage under the terms of the driver's insurance policy. After a two-day trial, the South Dakota district court determined—and the South Dakota Supreme Court later affirmed—that the policy did not provide coverage.

Having prevailed in South Dakota, Western Agriculture moved to have that judgment granted full faith and credit in Minnesota. Over Mussa's objection, the Minnesota district court granted the motion. Mussa appeals. Because the South Dakota judgment is entitled to full faith and credit and because Mussa is precluded from relitigating the issue of Western Agriculture's liability, we affirm.

FACTS

In fall 2013, Altayeb Arbab-Azzein and appellant Alaaldein Mussa, both South Dakota residents working in Minnesota, were involved in a car accident near Worthington, Minnesota. Arbab-Azzein had been driving Mussa and at least thirteen other coworkers to a manufacturing plant in Worthington when he crashed. Mussa suffered significant injuries and sued Arbab-Azzein in Minnesota district court for negligence. At the time of the accident, Arbab-Azzein was insured by respondent Western Agriculture. But after learning of the crash, Western Agriculture denied coverage.

After Western Agriculture's denial of coverage and in light of Arbab-Azzein's inability to pay the amount Mussa sought in damages, Mussa and Arbab-Azzein entered into a *Miller-Shugart* agreement.¹ *Miller v. Shugart*, 316 N.W.2d 729 (Minn. 1982). In

¹ “In a *Miller-Shugart* settlement, the insured, having been denied any coverage for a claim, agrees claimant may enter judgment against him for a sum collectible only from the

doing so, Arbab-Azzein stipulated to judgment in favor of Mussa in the amount of \$1,500,000, and Mussa agreed to seek satisfaction of that judgment from Western Agriculture's policy. After the agreement, Mussa then sued Western Agriculture in Minnesota district court for breach of contract, bad faith refusal to settle, and negligent procurement of insurance coverage.

But instead of proceeding in the Minnesota action, Western Agriculture sought a declaratory judgment against Arbab-Azzein and Mussa in South Dakota to determine the company's coverage under the terms of Arbab-Azzein's insurance policy. Despite his pending Minnesota claim, Mussa appeared and fully participated in the South Dakota action. Neither party disputed South Dakota's jurisdiction over the claim. Nor did either party deny the applicability of South Dakota law to the claim. The South Dakota district court determined that Western Agriculture had "no contractual obligation to defend or indemnify [Arbab-]Azzein for claims arising out of the motor vehicle accident. . . ."²

Mussa appealed this decision, but the South Dakota Supreme Court affirmed.

While Western Agriculture's declaratory-judgment action moved through the South Dakota courts, Mussa's Minnesota suit remained dormant. When the Minnesota district

insurance policy." *Alton M. Johnson Co. v. M.A.I. Co.*, 463 N.W.2d 277, 278 n.1 (Minn. 1990).

² The South Dakota district court determined that Arbab-Azzein's insurance policy excluded from coverage losses incurred when the insured vehicle was being used to carry people for a fee. Carpools were not included in this exclusion. After a two-day trial, the court found that because Arbab-Azzein had charged his passengers a weekly flat fee in exchange for transportation to and from the manufacturing plant, he was operating the vehicle to carry people for a fee, not as a carpool. As such, the court concluded that Arbab-Azzein's insurance policy did not provide coverage for the accident that injured Mussa. *W. Agric. Ins. Co. v. Arbab-Azzein*, 940 N.W.2d 865, 868 (S.D. 2020).

court sent the parties a deficiency notice in October 2019 because no action had been taken since June 2019, Western Agriculture notified the court of the ongoing South Dakota proceedings. No further action was taken on Mussa's Minnesota claim until March 2020.

With the South Dakota judgment in hand, Western Agriculture moved in the Minnesota district court to dismiss the action against it. Mussa objected, arguing—for the first time—that Minnesota law controlled the question of insurance coverage for incidents occurring in Minnesota. At a hearing on the motion, Western Agriculture clarified its request, asking the court to grant full faith and credit to the South Dakota judgment pursuant to Minnesota Statutes section 548.27 (2020) and dismiss Mussa's pending claim.

Noting Mussa's full participation in the South Dakota declaratory-judgment action and the dormancy of his pending Minnesota claim, the district court granted Western Agriculture's motion to grant full faith and credit to the South Dakota judgment.

Mussa appeals.

DECISION

Mussa's central argument is that the district court erred by granting full faith and credit to the South Dakota judgment. Because the accident happened in Minnesota and the claim was brought in Minnesota district court, Mussa asserts that Minnesota law should apply. He further asks us to conclude that, applying Minnesota law, Western Agriculture is liable for satisfaction of the stipulated judgment in the amount of \$1,500,000. We address each argument in turn.

I. The district court did not err by granting full faith and credit to the South Dakota judgment.

Mussa argues that the district court erred by granting the South Dakota judgment full faith and credit because doing so allowed a foreign court to “control ongoing litigation in Minnesota.” Whether a foreign judgment can be granted full faith and credit is a question of law which we review de novo. *Blume Law Firm PC v. Pierce*, 741 N.W.2d 921, 925 (Minn. App. 2007), *review denied* (Minn. Feb. 19, 2008).

Generally, “full faith and credit shall be given in each state to the public acts, records, and judicial proceedings of every other state.” U.S. Const. art. IV, § 1. *See also* Minn. Stat. § 548.27 (“A [foreign] judgment so filed has the same effect and is subject to the same procedures, defenses and proceedings for reopening, vacating, or staying as a judgment of a district court or the supreme court of this state, and may be enforced or satisfied in like manner.”). But exceptions to the grant of full faith and credit exist. If the foreign court lacked jurisdiction over the parties or claim, the judgment will not be enforced. *Matson v. Matson*, 333 N.W.2d 862, 867 (Minn. 1983). Nor will the judgment be granted full faith and credit if it was obtained by fraud or has already been satisfied, or if the defendant was denied due process during the proceedings. *Id.* But these exceptions are limited. A challenge to the enforceability of a foreign judgment cannot be used to collaterally attack that judgment on its merits. *Id.* And where the “parties submitted to the jurisdiction of the original forum, the parties cannot subsequently challenge personal jurisdiction.” *Blume Law Firm PC*, 741 N.W.2d at 925.

Here, Mussa does not explicitly argue that any of the exceptions outlined above apply. In fact, he concedes that South Dakota had proper jurisdiction over the parties and the action and does not dispute that he had the opportunity to fully participate in that case. Nor does he claim—or the record reflect—that his due-process rights were violated or that the South Dakota judgment was obtained fraudulently. Instead, Mussa contends that granting full faith and credit to the South Dakota judgment would allow a foreign court to control a pending action in Minnesota. This is improper, Mussa claims, because “the present case is a Minnesota case, thereby, Minnesota law should apply.”

For support, Mussa cites to a Montana Supreme Court decision, *Wamsley v. Nodak Mut. Ins. Co.*, 178 P.3d 102 (Mont. 2008). In *Wamsley*, the Montana Supreme Court considered whether a North Dakota judgment declaring that North Dakota law applied to an ongoing insurance dispute was entitled to full faith and credit in Montana. *Id.* at 113. Determining that a wholesale application of the rule to the specific facts of the case was “problematic,” the Montana Supreme Court did not grant full faith and credit to the North Dakota judgment. *Id.* at 114, 116. Specifically, the court concluded that Nodak Insurance used the North Dakota judgment to prevent the Montana district court “from exercising control over the judicial processes necessary to resolve [the] dispute.” *Id.* at 116. Additionally, the court noted that the cases “proceeded simultaneously in two state courts, with competing rulings being sought and obtained within weeks, and sometimes days, of each other.” *Id.* at 115.

We are not persuaded. *Wamsley* is not binding on our court. *State by Ulland v. Int’l Ass’n of Entrepreneurs of Am.*, 527 N.W.2d 133, 136 (Minn. App. 1995) (“[T]his court is

not bound by precedent from other states or the federal courts.”), *review denied* (Minn. Apr. 18, 1995). And, even if we follow the Montana Supreme Court’s analysis in *Wamsley*, Mussa’s case is distinguishable. Here, there is no evidence that Western Agriculture brought the declaratory-judgment action in South Dakota district court as a means of applying South Dakota law “through the back door” in Minnesota. *Wamsley*, 178 P.3d at 116. And although both claims were ongoing, Mussa’s Minnesota district court claim remained dormant during the South Dakota proceedings. Despite Mussa’s arguments otherwise, *Wamsley* does not support his assertion that the South Dakota judgment is not entitled to full faith and credit.

In sum, Mussa does not allege, and the record does not suggest, that the South Dakota courts lacked jurisdiction, that the judgment was obtained fraudulently or was already satisfied, or that Mussa’s due-process rights were violated. As such, the district court did not err by granting full faith and credit to the South Dakota judgment.

II. Res judicata and collateral estoppel preclude Mussa’s remaining arguments.

In his remaining claims, Mussa asserts that, under Minnesota law, Western Agriculture is liable for satisfaction of the \$1,500,000 judgment pursuant to the *Miller-Shugart* agreement reached by Arbab-Azzein and Mussa. Specifically, he argues that: (1) Western Agriculture could not file the declaratory-judgment action after the *Miller-Shugart* agreement was reduced to judgment in Minnesota; (2) a conflict-of-laws analysis shows that Minnesota law is controlling; (3) the language of Arbab-Azzein’s insurance policy is ambiguous under Minnesota law; (4) Mussa is entitled to recover under Minnesota’s theory of “reasonable expectations”; (5) Western Agriculture had a duty to

defend Arbab-Azzein in the initial Minnesota action; and (6) Mussa is entitled to recover under Minnesota’s “no-fault coverage.”

We do not reach these arguments. Mussa raised these issues for the first time—in either Minnesota or South Dakota—*after* litigating the issue of coverage in South Dakota courts. At no point during the South Dakota proceedings did Mussa argue that Minnesota law should be applied. And because, as explained above, the South Dakota judgment is entitled to full faith and credit, res judicata and collateral estoppel preclude Mussa from relitigating these claims.

Res judicata bars subsequent litigation of a claim when: “(1) the earlier claim involved the same set of factual circumstances; (2) the earlier claim involved the same parties or their privies; (3) there was a final judgment on the merits; [and](4) the estopped party had a full and fair opportunity to litigate the matter.” *Hauschildt v. Beckingham*, 686 N.W.2d 829, 840 (Minn. 2004). Res judicata applies to claims actually litigated and claims that could have been litigated in the earlier action. *Id.* Collateral estoppel is narrower in scope and bars relitigation of a specific issue. *Id.* at 837. A party is collaterally estopped from relitigating an issue when: (1) the issue is identical to one in a prior adjudication; (2) there was a final judgment on the merits; (3) the estopped party was a party or in privity with a party to the prior adjudication; and (4) the estopped party had a full and fair opportunity to be heard on the issue. *Id.*

Here, the South Dakota judgment involved the same factual circumstances at issue in Mussa’s Minnesota district court claim: Mussa, injured in a car accident, sought satisfaction of a stipulated judgment in the amount of \$1,500,000 from Western

Agriculture, the driver's insurance provider. The precise issue raised in the Minnesota district court claim is identical to the one litigated in South Dakota: whether Mussa was entitled to coverage under Arbab-Azzein's insurance policy. Mussa and Western Agriculture were named parties in both the South Dakota and Minnesota claims. The South Dakota judgment was final and was affirmed by the South Dakota Supreme Court. And finally, Mussa had the opportunity to fully and fairly participate in the South Dakota litigation—even going so far as to appeal the judgment to the South Dakota Supreme Court. Because the elements of res judicata and collateral estoppel are met, Mussa is precluded from relitigating his claims concerning Western Agriculture's liability in Minnesota district court.

Affirmed.