This opinion is nonprecedential except as provided by Minn.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
A22-0382

Eric Aaron,
Appellant,

vs.

Zachary Aaron, et al.,
Respondents,

Mortgage Electronic Registration Systems, Inc.,
Respondent.

Filed January 17, 2023
Affirmed; motion denied
Larkin, Judge

Scott County District Court
File No. 70-CV-20-15403

Eric E. Aaron, Prior Lake, Minnesota (pro se appellant)

Kimberly A. Prchal, Blahnik, Prchal & Stoll, PLLC, Prior Lake, Minnesota (for respondents Zachary Aaron, et al.)

Mortgage Electronic Registration Systems, Roseville, Minnesota (respondent).

Considered and decided by Larkin, Presiding Judge; Ross, Judge; and Bryan, Judge.

NONPRECEDENTIAL OPINION

LARKIN, Judge

In this intra-family dispute over equity in a home, appellant, the prior legal owner, challenges the grant of summary judgment to respondents, his sons, who are the current legal owners. Respondents moved to strike portions of appellant's reply brief. We affirm summary judgment and deny respondents' motion to strike.

FACTS

In 1997, appellant Eric Aaron and his wife purchased a home in Prior Lake, Minnesota under a contract for deed. Appellant and his wife resided in the home with their sons, respondents Zachary Aaron and Jarod Aaron.[1] In 2004, appellant and his wife obtained a $280,000 loan from Citizens Bank to pay off the contract for deed and granted Citizens Bank a mortgage on the property.

In 2006, appellant and his wife defaulted on the mortgage. Around 2010, Citizens Bank foreclosed on the property. In 2011, appellant and his wife negotiated an option to repurchase the property as part of a settlement agreement with Citizens Bank. The agreement stipulated that Citizens Bank was the fee owner of the property and that appellant and his family were tenants. Appellant and his wife made payments to extend the option to repurchase, but they ultimately did not repurchase the property.

In 2013, Ozwood Properties LLC, purchased the property from Stoneridge Bank, a successor in interest to Citizens Bank, and allowed appellant and his family to remain in the home as tenants. Around this time appellant stopped making any payments towards the property. It is undisputed that in 2015, Aaron Brothers LLC, purchased the property

[1] In this opinion, "respondents" refers solely to Zachary Aaron and Jarod Aaron. Respondent Mortgage Electronic Registration Systems (MERS), nominee for American Mortgage & Equity Consultants, Inc., has not participated in the underlying litigation or in this appeal.

from Ozwood on a contract for deed. Respondents were the sole members of Aaron Brothers.

In July 2017, Aaron Brothers executed a quitclaim deed that transferred all rights, title, and interest in the property to respondents as joint tenants. Appellant was present at the execution of the deed. In October 2017, appellant and his wife filed for dissolution of their marriage. In the dissolution petition, appellant stated that he did not own any real estate individually or with others. Appellant stated that he was living in his sons' home.

In December 2017, Ozwood sold its vendor's interest in the property to BBC Holdings LLC. In June 2019, respondents obtained a loan from American Mortgage & Equity Consultants Inc., which was secured with a mortgage. Respondents used this loan to pay off the contract for deed, and BBC Holdings deeded the property to respondents on June 17, 2019.

In 2020, appellant sued respondents and MERS, asserting a constructive-trust claim, an adverse claim to the property, and equitable-mortgage, conversion, and civil-theft claims. Specifically, appellant alleged that respondents had agreed to "protect and preserve [his] equity interest in the [p]roperty despite his not being on the title or any mortgage." The complaint sought an order establishing appellant's "legal and equitable interest in the [p]roperty and determining the value of said interest," as well as a $200,000 judgment against respondents.

Respondents moved for summary judgment on all counts. The district court determined that there were no genuine issues of material fact and granted summary judgment to respondents. This appeal followed.

DECISION

"A defendant is entitled to summary judgment as a matter of law when the record reflects a complete lack of proof on an essential element of the plaintiff's claim." *Lubbers v. Anderson*, 539 N.W.2d 398, 401 (Minn. 1995); *see Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986) ("[A] complete failure of proof concerning an essential element of the nonmoving party's case necessarily renders all other facts immaterial."); *DLH, Inc. v. Russ*, 566 N.W.2d 60, 71 (Minn. 1997) ("[N]o genuine issue of material fact for trial [exists] when the nonmoving party presents evidence which merely creates a metaphysical doubt as to a factual issue . . ."). A party opposing summary judgment "must do more than rest on averments or denials of the adverse party's pleading." *Stringer v. Minn. Vikings Football Club, LLC*, 705 N.W.2d 746, 754 (Minn. 2005). The opposing party must identify specific facts that establish a triable issue of fact. *Papenhausen v. Schoen*, 268 N.W.2d 565, 571 (Minn. 1978).

On appeal from a grant of summary judgment, we determine whether any genuine issues of material fact exist and whether the district court erred in its application of the law. *Fletcher Props., Inc. v. City of Minneapolis*, 947 N.W.2d 1, 9 (Minn. 2020). In doing so, we construe the facts in the light most favorable to the party against whom summary judgment was granted. *Id.*

Appellant contends that the district court "catastrophically erred" in granting summary judgment on his constructive-trust claim. Specifically, appellant argues that "the disputed facts of intent between the parties . . . are in question." Appellant does not challenge the grant of summary judgment on his adverse claim to the property or on his equitable-mortgage, conversion, and civil-theft claims. But appellant raises additional claims for the first time on appeal. An appellate court generally does not determine issues that were not raised and decided in district court. *Thiele v. Stich*, 425 N.W.2d 580, 582-83 (Minn. 1988). We therefore limit our review to appellant's argument that the district court erred in granting summary judgment on his constructive-trust claim, which is based on a theory of unjust enrichment.

A constructive trust is an equitable remedy that requires the holder of the title to property to convey that property to another that has a superior equitable ownership claim. *Knox v. Knox*, 25 N.W.2d 225, 228 (Minn. 1946). There is no "unyielding formula" to determine whether a constructive trust should be imposed. *Id*. Instead, a court is "free to effect justice according to the equities peculiar to each transaction." *Id.*

A constructive trust may be imposed if clear and convincing evidence shows that the property holder has violated a fiduciary duty, *see Wilcox v. Nelson*, 35 N.W.2d 741, 744 (Minn. 1949); if the property holder has obtained title to property through fraud, *see Kramer v. Kramer*, 162 N.W.2d 708, 710 (Minn. 1968); or if it would be "morally wrong" for the property holder to maintain their interest over another, *see Timmer v. Gray*, 395 N.W.2d 477, 478 (Minn. App. 1986). Ultimately, a constructive trust can be imposed in any case in which "the district court determines by clear and convincing evidence that, after considering the legal ownership of the property and any equitable claims to the property, the constructive trust is required to prevent *unjust enrichment*." *In re Est. of Figliuzzi*, 979 N.W.2d 225, 233 (Minn. 2022) (emphasis added).

"Unjust enrichment is an equitable doctrine that allows a plaintiff to recover a benefit conferred upon a defendant when retention of the benefit is not legally justifiable." *Caldas v. Affordable Granite & Stone, Inc.*, 820 N.W.2d 826, 838 (Minn. 2012). To establish a claim for unjust enrichment, a party "must show that the defendant has knowingly received or obtained something of value for which the defendant in equity and good conscience should pay." *Id*. (quotation omitted). A claim for unjust enrichment does not exist simply because the defendant benefitted from the plaintiff's efforts; instead, the defendant must be "unjustly enriched in the sense that the term 'unjustly' could mean illegally or unlawfully." *First Nat'l Bank of St. Paul v. Ramier*, 311 N.W.2d 502, 504 (Minn. 1981). Minnesota courts have extended unjust enrichment to apply when a defendant's retention of a benefit is "morally wrong." *Schumacher v. Schumacher*, 627 N.W.2d 725, 729 (Minn. App. 2001).

The district court reasoned that the undisputed facts show that appellant negotiated a settlement agreement stipulating that Citizens Bank was the fee owner of the property. The district court further reasoned that there was no evidence that respondents obtained legal title to the property "through fraud, oppression, duress, undue influence, force, crime, or similar means, or by taking improper advantage of a confidential or fiduciary relationship." Lastly, the district court reasoned that there was no evidence of a "written or verbal financial agreement between the parties" regarding the property.

Appellant seems to argue that his 2011 option to repurchase the property after foreclosure gave him a property interest in the home. But an option contract "does not give a legal or equitable title. It gives a legal right, the exercise of which may result in the transfer of title." *Mineral Land Inv. Co. v. Bishop Iron Co.*, 159 N.W. 966, 967 (Minn. 1916). Moreover, appellant acknowledges that in 2013 he assigned his option to repurchase the property to Ozwood.

Appellant expressly argues that he made the initial contract payment when Aaron Brothers purchased the property from Ozwood under a contract for deed in 2015. He asserts that he cannot provide evidence showing that payment because his "property related files with transactional documents within his possession have disappeared from his room." But during his deposition, appellant testified that all payments to Ozwood were "being made through Jarod [Aaron]'s account." Appellant also testified that he has not made any payments towards a mortgage, contract for deed, or utilities on the property "[f]or the last six, seven years."

Appellant does not argue that respondents obtained the property through fraud or other such means. Instead, appellant asserts that respondents would not have been able to purchase the property without his "built-in equity" and his significant involvement in facilitating the transactions. Appellant asks: "[W]hy would a parent simply allow a transfer of his only asset, let alone his own home of many years, hand it over to his sons, without some arrangement for the remaining years of his life[?]" He asserts that the purchase price for the property was at a "lower than market value" because of his "recognized embedded equity" and that he "transferred [his] substantial equity" to respondents. But appellant does not point to any evidence in the summary judgment record to support those assertions.

In fact, appellant has not identified any evidence showing a written or oral agreement between himself and respondents regarding his alleged interest in the property.

Indeed, appellant testified at his deposition that "[t]here were no discussions [with respondents] of a payback of my equity." He testified that he "didn't need to tell anybody" about his equity interest in the property, that "[t]here was no written agreement" as to how he would preserve his equity, and that there was "no agreement that [respondents] gave" regarding how appellant would get his equity back.

In sum, appellant testified that there was no agreement, written or oral, between himself and respondents regarding his equity interest in the property. Although appellant's assertions may raise questions regarding the circumstances surrounding Aaron Brothers' purchase of the property from Ozwood, "a metaphysical doubt as to a factual issue" is not sufficiently probative to defeat a motion for summary judgment. *DLH*, 566 N.W.2d at 71. Because appellant failed to identify evidence that respondents obtained the property in a manner that would support imposition of a constructive trust based on unjust enrichment, the district court did not err by granting summary judgment.

Respondents moved this court to strike portions of appellant's reply brief "in which [appellant] reargues portions of is initial brief." Because any repetition of arguments did not affect our analysis, we deny the motion as moot. *See Justice v. Marvel, LLC*, 979 N.W.2d 894, 903 n.9 (Minn. 2022).

Affirmed; motion denied.