This opinion is nonprecedential except as provided by Minn.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
A25-1690

Wells Fargo Bank, NA,
Respondent,

vs.

Dragomir Penchev,
Appellant.

Filed July 13, 2026
Affirmed
Bond, Judge

Anoka County District Court
File No. 02-CV-25-1247

Brad D. Welp, Stewart Zlimen & Jungers Ltd., Roseville, Minnesota (for respondent)

Dragomir Penchev, Anoka, Minnesota (pro se appellant)

Considered and decided by Johnson, Presiding Judge; Bond, Judge; and Jesson, Judge.*

NONPRECEDENTIAL OPINION

BOND, Judge

In this breach-of-contract action, appellant challenges the district court's grant of summary judgment in favor of respondent bank. Appellant contends that the district court

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* Retired judge of the Minnesota Court of Appeals, serving by appointment pursuant to Minn. Const. art. VI, § 10.

(1) lacked subject-matter jurisdiction, (2) should have applied South Dakota law as required by the credit-card agreement, and (3) failed to hold third parties vicariously liable. We affirm.

FACTS

The following undisputed facts are taken from the summary-judgment record, viewed in the light most favorable to appellant Dragomir Penchev as the nonmoving party.[1]

In 2011, Penchev entered into a consumer credit-card agreement with respondent Wells Fargo Bank, NA. Under the credit agreement, Penchev had a $24,500 credit limit and a cash-advance limit of $4,900. The credit agreement specified that if Penchev failed to make minimum payments by the due date, the account could be held in default. Penchev made partial payments toward his credit-card balance until approximately March 2024, at which time he stopped making payments. There was an outstanding balance of $28,662.19. Wells Fargo mailed Penchev billing statements reflecting the balance due but Penchev did not make any additional payments.

In February 2025, Wells Fargo sued Penchev for breach of contract and account stated. Wells Fargo's complaint requested judgment against Penchev for the outstanding principal plus attorney fees.

Penchev moved to join his ex-girlfriend and his former attorney to the lawsuit and requested that the district court enter judgment against them. Penchev asserted that these parties "robbed [his] house and trafficked [his] two children," causing him to have a stroke.

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[1] *See Windcliff Ass'n, Inc. v. Breyfogle*, 988 N.W.2d 911, 916 (Minn. 2023).

Penchev argued that, because he used his Wells Fargo credit cards to alleviate these losses, these third parties should be responsible for paying his debt.

Wells Fargo moved for summary judgment, which the district court granted after a hearing. The district court determined that the undisputed facts established that the parties entered into a credit agreement, Penchev failed to repay the account as required by the agreement, and Wells Fargo was entitled to judgment as a matter of law.

Penchev filed a combined motion to vacate the judgment under Minn. R. Civ. P. 60.02 and for a new trial under Minn. R. Civ. P. 59. In his motion, Penchev argued that the district court lacked subject-matter jurisdiction, the credit agreement required the application of South Dakota law, and that "the applicability of the third-party beneficiaries exception" made third parties liable. The district court denied Penchev's motion.

Penchev appeals.

DECISION

Penchez challenges the district court's grant of summary judgment in favor of Wells Fargo. We review a district court's grant of summary judgment de novo, analyzing whether there are any genuine issues of material fact and whether the district court correctly applied the law. *Riverview Muir Doran, LLC v. JADT Dev. Grp., LLC*, 790 N.W.2d 167, 170 (Minn. 2010). "We view the evidence in the light most favorable to the party against whom summary judgment was granted." *STAR Ctrs., Inc. v. Faegre & Benson, L.L.P.*, 644 N.W.2d 72, 76-77 (Minn. 2002). Summary judgment shall be granted if the moving party shows that there is no genuine issue of material fact and they are entitled to judgment as a matter of law. Minn. R. Civ. P. 56.01.

I. The district court had authority to hear and decide Wells Fargo's claims.

Penchev argues that the district court lacked subject-matter jurisdiction because the credit agreement required Wells Fargo to bring its breach-of-contract claim in "small-claims court." Subject-matter jurisdiction is the court's authority to hear and determine cases that are presented to it. *Giersdorf v. A & M Constr., Inc.*, 820 N.W.2d 16, 20 (Minn. 2012). Whether a district court has subject-matter jurisdiction is a question of law that appellate courts determine de novo. *Id.*

As a preliminary matter, Wells Fargo contends that Penchev has forfeited his jurisdictional argument by failing to raise it at the time of the summary-judgment proceedings. However, a challenge to the district court's subject-matter jurisdiction may be raised at any time, even for the first time on appeal. *Witzke v. Mesabi Rehab. Servs., Inc.*, 768 N.W.2d 127, 129 (Minn. App. 2009) (stating that "[b]ecause subject-matter jurisdiction goes to the court's authority to hear the matter at all, it cannot be waived"). Thus, assuming without deciding that Penchev is raising a proper challenge to the district court's jurisdiction, we will consider the merits of Penchev's argument.

Penchev argues that the district court lacked jurisdiction over Wells Fargo's claims by virtue of the credit agreement's arbitration clause. The credit agreement's arbitration clause provides that, if a dispute arises between Wells Fargo and a consumer, "the Dispute shall be resolved by the following arbitration process." The clause contains an exception to arbitration, according to which the consumer and Wells Fargo "retain the right to pursue in small claims court any Dispute that is within that court's jurisdiction." Penchev argues that this provision requires that *any* dispute must be settled in "small claims court" and, therefore, the district court lacked subject-matter jurisdiction. Penchev misreads the credit agreement.

The credit agreement allows either party to bring a claim in small-claims court—conciliation court—if that court has jurisdiction over the claim. But the agreement does not *require* that claims be brought in conciliation court. Furthermore, conciliation court has limited jurisdiction to hear civil claims involving money or property under $20,000, or claims involving consumer credit transactions under $4,000. Minn. Stat. § 491A.01, subd. 3a(a) (2024). Because Wells Fargo sued Penchev for more than $28,000, Wells Fargo could not have brought its claims against Penchev in conciliation court. Penchev's argument challenging the district court's authority to hear and decide Well Fargo's claims therefore fails.

II. Penchev does not show that the district court's application of Minnesota law was prejudicial error.

Penchev argues that the district court erred by applying Minnesota law in violation of the credit agreement's choice-of-law provision. "Choice-of-law questions are questions of law and are reviewed de novo." *Pesente v. Minn. Life Ins. Co.*, 12 N.W.3d 768, 777 (Minn. App. 2024) (quotation omitted), *rev. denied* (Minn. Feb. 18, 2025). Minnesota traditionally enforces parties' contractual choice-of-law provisions. *Hagstrom v. Am. Circuit Breaker Corp.*, 518 N.W.2d 46, 48 (Minn. App. 1994), *rev. denied* (Minn. Aug. 24, 1994).

The parties' credit agreement provides that "[f]ederal law and South Dakota laws govern this Agreement." The district court applied Minnesota law in its summary-judgment order. Penchev contends that the district court erred by failing to apply South Dakota law as required by the credit agreement.

Assuming without deciding that Penchev preserved this claim for appellate review, we conclude that Penchev is not entitled to reversal. A reviewing court does not presume error; instead, the party seeking relief must identify error and show that it was prejudicial. *Midway Ctr. Assocs. v. Midway Ctr., Inc.*, 237 N.W.2d 76, 78 (Minn. 1975); *see also* Minn. R. Civ. P. 61 (requiring courts to disregard harmless error). An assignment of error based on mere assertion, unsupported by argument or authority, is forfeited and need not be considered unless prejudicial error is obvious on mere inspection. *Schoepke v. Alexander Smith & Sons Carpet Co.*, 187 N.W.2d 133, 135 (Minn. 1971); *see also State, Dep't of Lab. & Indus. v. Wintz Parcel Drivers, Inc.*, 558 N.W.2d 480, 480 (Minn. 1997) (declining to address an inadequately briefed question). Penchev, a pro se litigant, does not cite South Dakota law or explain how application of Minnesota law, rather than South Dakota law, was prejudicial. While "some accommodations may be made for pro se litigants, this court has repeatedly emphasized that pro se litigants are generally held to the same standards as attorneys and must comply with court rules." *Fitzgerald v. Fitzgerald*, 629 N.W.2d 115, 119 (Minn. App. 2001). Based on our careful review of the record, we conclude that Penchev's choice-of-law argument is forfeited because it is unsupported by legal authority and because prejudicial error is not obvious on inspection. *Wintz*, 558 N.W.2d at 480; *Schoepke*, 187 N.W.2d at 135.

III. Penchev's third-party liability argument does not entitle him to relief.

Penchev argues that the district court "erred when it failed to make a ruling . . . to hold [third parties] liable for the claims." We understand Penchev's argument to be a challenge to the district court's application of the law on summary judgment, which we review de novo. *Minn. Sands, LLC v. County of Winona*, 940 N.W.2d 183, 191 (Minn. 2020).

Penchev's argument is unavailing. Penchev does not identify any factual or legal basis for his contention that third parties are vicariously liable for his unpaid credit-card debt. As discussed, arguments unsupported by legal and factual authority are generally forfeited on appeal. *See Wintz*, 558 N.W.2d at 480; *Schoepke*, 187 N.W.2d at 135. Even if we were to address the merits of Penchev's argument that the district court erred by failing to hold third parties vicariously liable, we would conclude that Penchev is not entitled to reversal. A judgment cannot be enforced against persons who are not parties to an action. *Staab v. Diocese of St. Cloud*, 813 N.W.2d 68, 75 n.5 (Minn. 2012). Here, Penchev does not articulate any legal relationship between himself and the third parties that would support vicarious liability. *See Remodeling Dimensions, Inc. v. Integrity Mut. Ins. Co.*, 819 N.W.2d 602, 614 (Minn. 2012) (stating that vicarious liability is "imposition of liability on one person for the actionable conduct of another person, based solely on the legal relationship between the two persons"). Accordingly, Penchev is not entitled to relief based on his argument that the district court misapplied the law and the district court properly granted summary judgment in favor of Wells Fargo.

Affirmed.