

#### FOR PUBLICATION



E-FILED CNMI SUPERIOR COURT E-filed: Mar 22 2018 05:06PM Clerk Review: N/A Filing ID: 61827483 Case Number: 15-0101-CV

# IN THE SUPERIOR COURT FOR THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

PEDRO PANGELINAN TENORIO,	) CIVIL ACTION NO. 15-0101
Plaintiff,	) ORDER DENYING DEFENDANTS'
	) MOTION TO SET ASIDE ENTRY OF
<b>v.</b>	) DEFAULT AS DEFENDANTS WERE
	) PROPERLY SERVED PURSUANT TO
ANTONIO SALAS CAMACHO and	7 § CMC 1104, THEREFORE
ELPHIDIA PANGELINAN CAMACHO,	) PLAINTIFF'S MOTION FOR DEFAULT
	) JUDGMENT IS GRANTED, WHICH
Defendants.	) QUIETS TITLE IN FAVOR OF
	) PLAINTIFF
	)

#### I. INTRODUCTION

This matter came before the Court for an Evidentiary Hearing on November 14, 2017 at 1:30 p.m. in Courtroom 220A. Plaintiff Pedro Pangelinan Tenorio ("Tenorio") was represented by Attorney Michael Dotts. The Defendants, Antonio Salas Camacho, and Elphidia Pangelinan Camacho, were represented by Attorney Joaquin DLG Torres. The Court heard arguments on two motions: Tenorio's renewed motion for default judgment, and the Defendants' motion to set aside entry of default pursuant to 7 CMC § 1304.

Based on a review of the filings, oral arguments, and applicable law, the Court makes the following order.

#### II. BACKGROUND

This matter involves a dispute over two competing deeds issued by Benigno Kaipat for Tract 21700 AH 412 ("the Property"). The Defendants purportedly hold a deed executed by Mr. Kaipat on August 28, 1967 and recorded seventeen years later on January 3, 1984. Tenorio purportedly holds a deed executed by Mr. Kaipat on March 22, 1972 and recorded thirteen days later on April 4, 1972. Tenorio filed a petition to quiet title on May 22, 2015.

This order concerns whether the Defendants were properly served with the petition to quiet title. Whether the Defendants were properly served determines whether the entry of default dated February 4, 2016 must be set aside, or if a default judgment should be entered on behalf of Tenorio.

### A. Attempted Service Upon the Defendants at Their Son's Residence

Tenorio attempted to serve the Defendants both by personal service at a residence, as well as by publication. At the November 14, 2017 evidentiary hearing, the Court heard testimony from Rainaldo Agulto and Gary Camacho on the issue of whether the Defendants were served at the Defendants' residence.

Mr. Agulto, a process server, testified that he went to the Defendants' business location at Lower Base, Saipan, and was informed that the Defendants were off-island. Mr. Agulto also went to a house on Capitol Hill, Saipan, to serve the summons and petition on the Defendants. Mr. Agulto knew that this house on Capitol Hill, Saipan, was the Defendants' residence; however, when Mr. Agulto arrived at the property, the house was abandoned, the yard was overgrown, the property was covered in garbage, and Commonwealth Utilities Corporation ("CUC") had turned off the utilities.

Mr. Agulto knew Gary Camacho, the Defendants' son, through his work at CUC. Mr. Agulto asked Gary Camacho where his parents were, and Gary Camacho informed Mr. Agulto that the Defendants were off-island receiving medical treatment. Mr. Agulto testified that Gary

Camacho told him that Gary Camacho was taking care of the Defendants' things. So, Mr. Agulto served the summons and petition on Gary Camacho at Gary Camacho's residence in Kagman, Saipan. Mr. Agulto then executed two declarations of service as to the Defendants, stating that he had delivered the summons and petition on July 7, 2015 to "Gary Camacho (son) (authorized to receive service)" at the Defendants' "residence in Kagman." Decl. of Service as to Antonio Camacho; Decl. of Service as to Elphidia Camacho. These declarations of service were not filed with the Court until May 19, 2017, attached to Tenorio's opposition to the Defendants' motion to set aside entry of default.

Gary Camacho testified that the Defendants do not live with him, and that the house belongs to him and his wife. Gary Camacho further testified that he does not usually see his parents, and that he barely communicated with them. Gary Camacho testified that he did not accept documents from Agulto for his parents.

# **B.** Service Upon the Defendants by Publication

On November 18, 2015, Tenorio made a motion for extension of time and leave to serve process by publication pursuant to 7 CMC § 1104(b). Counsel for Tenorio represented to the Court that "Defendants' son accepted the [summons and petition] and disclosed that Defendants were in Guam for medical treatment. He agreed to give the documents to Defendants." Decl. of Michael Dotts in Support of Mot. for Extension at 1. According to Counsel for Tenorio, "Defendants' son is now refusing to cooperate with Plaintiff in serving Defendants. Defendants' son has indicated that his parents relocated outside the Commonwealth, therefore the service on him at what was their residence, was not valid service on them." *Id.* The complaint was served on the Office of the Attorney General. Mot. for Extension at 2. The amended summons in this case was published in

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<sup>&</sup>lt;sup>1</sup> Although Mr. Agulto's declarations of service were not immediately filed with the Court, this does not impact their validity. "Failure to make proof of service does not affect the validity of the service. The court may allow proof of service to be amended." NMI R. Civ. P. 4(1).

The Marianas Variety on December 18, 2015, December 24, 2015, December 31, 2015, and January 8, 2016. Proof of Publication Re: Antonio S. Camacho; Proof of Publication Re: Elphidia P. Camacho.

#### C. The Present Motions in this Case

On February 1, 2016, Tenorio filed a request for entry of default. The Clerk of Court made an entry of default in this case on February 4, 2016. This matter came before the Court on a default judgment hearing on February 5, 2016. At the February 5, 2016 hearing, Gary Camacho appeared with Attorney Matthew Holley. Mr. Holley requested time to file a motion to set aside the entry of default. Counsel for Tenorio, Mr. Dotts, agreed to this request, and the matter was taken off calendar.

On January 16, 2017, Tenorio filed a renewed motion for default judgment. The Defendants filed their opposition on April 21, 2017. Tenorio filed his reply on June 2, 2017.

On April 21, 2017, the Defendants filed their motion to set aside entry of default pursuant to 7 CMC § 1304. Tenorio filed his opposition on May 19, 2017. The Defendants did not file a reply.

Both motions came before the Court on June 6, 2017. Since there was uncertainty over whether the Defendants were personally served, the Court ordered an evidentiary hearing to determine whether the residence in Kagman where the summons and petition were delivered to Gary Camacho was the Defendants' residence. The evidentiary hearing was held on November 14, 2017.

#### III. DISCUSSION

Both Tenorio and the Defendants made motions regarding default in this case. Tenorio filed a renewed motion for default judgment. The Defendants filed a motion to set aside entry of default. The Clerk of Court made an entry of default on February 4, 2016. Procedurally, an entry of default

## A. Validity of the Entry of Default

In their motion to set aside entry of default, the Defendants requested that the February 4, 2016 entry of default be set aside pursuant to 7 CMC § 1304.<sup>2</sup> Section 1304 provides:

Any defendant not so personally notified may at any time within one year after final judgment enter an appearance and the court shall thereupon set aside the judgment and permit the defendant to plead, on payment of such costs as the court deems best; provided, however, that this right does not extend to decrees of annulment, divorce or adoption.

7 CMC § 1304. The Defendants argue that, since they were not properly served in this case, they may make an appearance pursuant to Section 1304. The Defendants further argue that the April 11, 2016 Order After Hearing, which granted the Defendants' request for time to file a motion to set aside the entry of default judgment, entitled them to move that the entry of default be set aside. The Court notes that Section 1304 provides for relief from a final judgment,<sup>3</sup> and that in the present case a default judgment has yet to be entered. The procedures provided for in Section 1304 only apply "where any defendant cannot be served within the Commonwealth, or does not voluntarily appear." 7 CMC § 1301.

The Commonwealth Code provides procedures in cases "for annulment, divorce or adoption or to enforce or remove any lien upon or claim to real or personal property within the Commonwealth, or to adjudicate title to any interest in such property" where the defendant "cannot be served within the Commonwealth or does not voluntarily appear." 7 CMC § 1301. The Commonwealth Code allows absent defendants to be served personally "by mailing, postage prepaid, a copy of the order to the absent defendant at his or her last known address." 7 CMC § 1302. "If the absent defendant

does not appear or plead within the time allowed, the court may proceed as if the absent defendant has been served with process within the Commonwealth." 7 CMC § 1303. The absent defendant, who has not been personally notified of the judgment, has one year to make an appearance and ask that the court set aside the judgment. 7 CMC § 1304.

<sup>&</sup>lt;sup>3</sup> "A final judgment is one that ends the litigation on the merits and leaves noting for the court to do but execute the judgment... Generally, a final judgment must adjudicate all the rights and liabilities of each party." *Bank of Guam v. Mendiola et al*, 2007 MP 1 ¶ 5 (internal citations and quotation marks omitted). "An entry of default *judgment* "converts the defendant's admission of liability into a final judgment that terminates the litigation and awards the plaintiff any relief to which the court decides it is entitled." *ANZ Guam, Inc. v. Lizama*, 2014 MP 11 ¶ 14 (quoting *City of New York v. Mickalis Pawn Shop, LLC*, 645 F.3d 114, 128 (2d Cir. 2011) (emphasis added)). Although an entry of default has been made by the Clerk of Court, the Court has not entered a default judgment in this case.

Defaults and motions to set aside defaults are governed by Commonwealth Rules of Civil Procedure Rules 55 and 60(b). "Grounds for setting aside an entry of default often parallels the grounds for setting aside a default judgment under Rule 20(b). *In re Woodruff*, 2015 MP 11 ¶ 20 (citing *Roberto v. De Leon Guerrero*, 4 NMI 295, 297 (1995)) (hereinafter "*Woodruff*"). Under Rule 55(c), "[f]or good cause shown the court may set aside an entry of default and, if a judgment by default has been entered, may likewise set it aside in accordance with Rule 60(b)." NMI R. Civ. P. 55(c). Rule 60(b) provides:

On motion and upon such terms as are just, the court may relieve a party or a party's legal representative from a final judgment, order, or proceeding for the following reasons: (1) mistake, inadvertence, surprise, or excusable neglect...(4) the judgment is void.

NMI R. Civ. P. 60(b).

In *Woodruff*, the Commonwealth Supreme Court outlined a three factor test in determining whether to set aside a default: "(1) whether [the party seeking to set aside the default] engaged in culpable conduct that led to the default; (2) whether [it] had [no] meritorious defense; or (3) whether reopening the default judgment would prejudice the other party." *Woodruff*, 2015 MP 11 ¶ 21 (quoting *United States v. Personal Check No. 730*, 615 F.3d 1085, 1091 (9th Cir. 2010) (brackets in original).

In cases where the default judgment is *void* due to lack of service, the Court has "no discretion in determining whether to set the judgment aside: 'Either a judgment is void or it is valid.'" *LC Rental Company, LLC. v. China Yanbian Foreign Economic & Technical Cooperation Corporation*, Civ. No. 16-0146 (NMI Super. Ct. Jul. 14, 2017) (Order After Evidentiary Hearing Granting Defendant's Motion to Set Aside Default Judgment as Plaintiff Failed to Properly Serve the Defendant, Therefore the Judgment is Void Pursuant to NMI R. Civ. 60(b)(4) at 5) (quoting *Estate of Ogumoro v. Han Yoon Ko*, 2011 MP 11 ¶ 17). Although *LC Rental* dealt with a situation

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where a default judgment had been entered, its approach is helpful in determining whether an entry of default—which is the precursor to a default judgment—should be set aside. *See* NMI R. Civ. P. 55(a)-(b); *Woodruff*, 2015 MP 11 ¶ 20 ("Grounds for setting aside an entry of default often parallels the grounds for setting aside a default judgment under Rule 60(b)"). Further, since Rule 55(c) states that the Court may set aside both entries of default *and* default judgments pursuant to Rule 60(b), the same analysis applies for both entries of default and default judgments.

First, the Court will address whether the Defendants have been served, since if the Defendants have not been served, the entry of default is void. *See LC Rental*, Civ. No. 16-0146 (Order After Evid. Hrg. at 5). If the Defendants have been served, the Court will address the three factors required by *Woodruff*, 2015 MP 11 ¶ 21.

## 1. The Entry of Default is Not Void, As the Defendants Were Properly Served

"If a judgment is void due to lack of service, the Court has no jurisdiction over the defendant." *LC Rental*, Civ. No. 16-0146 (Order After Evid. Hrg. at 5) (citing *Direct Mail Specialists, Inc. v. Eclat Computerized Techs., Inc.*, 840 F.2d 685, 688 (9th Cir. 1988)). Thus, "[s]ince the Court lacks discretions when a judgment is void, "the relative culpability of the moving defendant's conduct in the matter is irrelevant." *Id.* at 5-6. (quoting *Muna v. Commonwealth*, Civ. No. 07-0216 (NMI. Super. Ct. Nov. 12, 2009) (Order at 4-5)). Generally the burden of establishing jurisdiction is on the plaintiff. *Id*.

In *LC Rental*, this Court addressed the issue of whether a default judgment should be set aside where the defendant was not properly served. In *LC Rental*, the Court held an evidentiary hearing to determine whether the defendant had been properly served pursuant to Commonwealth Rules of Civil Procedure Rule 4, ultimately finding that, since the defendant had not been served, that the default judgment was void. In *LC Rental*, the Court noted that: "Although Rule 4 'is a flexible rule that should be liberally construed so long as a party received sufficient notice of the

complaint,' notice alone is insufficient." *LC Rental*, Civ. No. 16-0146 (Order After Evid. Hrg. at 7-8) (quoting *Direct Mail Specialists*, 840 F.2d at 688)).

Thus, before the Court can address the three factor test outlined in *Woodruff*, the Court must first turn to whether the Defendants were properly served pursuant to Commonwealth Rules of Civil Procedure Rule 4. If the Defendants were not properly served, then the default entered against the Defendants is void and the Court has no discretion in whether or not to set aside the entry of default.

#### a. The Defendants Were Not Personally Served at their Residence

The Court will first address whether the Defendants were personally served when a copy of the summons and petition<sup>4</sup> were delivered to Gary Camacho at Gary Camacho's residence in Kagman. Pursuant to Commonwealth Rules of Civil Procedure Rule 4(e)(2), persons present in a jurisdiction of the United States may be served by "delivering a copy of the summons and of the complaint to the individual personally or by leaving copies thereof at the *individual's dwelling house or usual place of abode* with some person of suitable age and discretion then residing therein." NMI R. Civ. P. 4(e)(2) (emphasis added).

At the November 14, 2017 evidentiary hearing, Mr. Agulto testified that when he went to the Defendants' residence on Capitol Hill to serve the Defendants, he found the house abandoned. Mr. Agulto learned that the Defendants were off-island seeking medical treatment. Mr. Agulto then gave the summons and petition to Gary Camacho at Gary Camacho's residence in Kagman. Mr. Agulto testified that he believed that the Defendants resided at Gary Camacho's residence. Gary Camacho testified that the house in Kagman is his own residence, and that his parents do not live there. Based on the testimony made by Mr. Agulto and Gary Camacho, the Court finds that the

<sup>&</sup>lt;sup>4</sup> The petition to quiet title.

Defendants do not reside with Gary Camacho. The Court gives weight to Gary Camacho's testimony that the Kagman residence is his residence and that his parents, the Defendants, do not 3 reside there. Thus, the Defendants have not been personally served at their "dwelling house or usual place of abode" as required by the Commonwealth Rules of Civil Procedure. NMI R. Civ. P. 4 5 4(e)(2).

# b. The Defendants Were Served By Publication Pursuant to 7 CMC § 1104(b)

The Court now turns to whether the Defendants were properly served by publication. When Tenorio was unable to serve the Defendants personally, he filed his motion for extension of time and leave to serve process by publication on November 18, 2017.

The Commonwealth Code provides for service by publication:

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[I]f the defendant cannot be personally served by mail the summons and the complaint, and if by affidavit or otherwise the court is satisfied that with reasonable diligence the defendant cannot be served, and that a cause of action arises against the party upon whom service is to be made, or he is a necessary and proper party to the action, the court may order that service be made by publication of the summons in at least one newspaper published and having a general circulation in the Commonwealth.

7 CMC § 1104(b). Section 1104 also requires that the summons and complaint, or in this case the petition for quiet title, be served upon the Office of the Attorney General. Id. Publication must be made "once each week for four successive weeks, and the last publication shall not be less than 21 days prior to the return date stated herein." *Id*.

Here, Tenorio represented to the Court on November 18, 2015 that he was unable to personally serve the Defendants, and that the Office of the Attorney General was served with the complaint/petition. Mot. for Extension at 1-2; Decl. of Michael Dotts in Supp. of Mot. for Extension at 1-2. Michael Dotts, attorney for Tenorio, also represented to the court that "Defendants' son refused to give an address where his parents can be reached." Decl. of Michael Dotts in Supp. of Mot. for Extension at 2.

The Court granted Tenorio's motion for extension of time and leave to serve process by publication on November 23, 2015. The amended summons was then published in The Marianas Variety, a newspaper of general circulation in the Commonwealth, on December 18, 2015, December 24, 2015, December 31, 2015, and January 8, 2016. These publications were made over a period of four successive weeks in a newspaper having general circulation in the Commonwealth. Thus, the Defendants were served pursuant to 7 CMC § 1104(b). The Court now turns to whether the entry of default may be set aside pursuant to *Woodruff*.

#### 2. The Defendants failed to establish any of the three Woodruff factors

In *Woodruff*, the Commonwealth Supreme Court outlined three factors for courts to consider in motions to set aside entries of default and default judgments: "(1) whether [the party seeking to set aside the default] engaged in culpable conduct that led to the default; (2) whether [it] had [no] meritorious defense; or (3) whether reopening the default judgment would prejudice the other party." *Woodruff* 2015 MP 11 ¶ 21 (quoting *United States v. Signed Personal Check No. 730*, 615 F.3d 1085, 1091 (9th Cir. 2010) (brackets in original). Although "the party seeking to set aside entry of default bears the burden of satisfying the test, it is unclear whether the party must also establish every factor." *Id.* (citing *Roberto*, 4 NMI at 297). Whether the party seeking relief from the default has a meritorious defense is *required* to set aside the entry of default. *Id.* 

# a. The Defendants Failed to Address Whether They Engaged in Any Culpable Conduct Leading to the Entry of Default

Culpable conduct leading to an entry of default occurs when the defendant "has received actual or constructive notice of the filing of the action and intentionally failed to answer." Woodruff, 2015 MP 11 ¶ 22. "Neglectful failure to answer as to which the defendant offers a

<sup>&</sup>lt;sup>5</sup> The Court notes the Defendants' reliance on NMI R. Civ. P. 4(m), which requires that service be made within 120 days of filing the complaint. Tenorio's service by publication was done with leave of court, and Tenorio's motion was specifically framed as both a motion for extension of time *and* a motion to serve by publication. Thus, service of process by publication is timely in this case.

credible, good faith explanation negating any intention to take advantage of the opposing party, interfere with judicial decision making, or otherwise manipulate the legal process is not 'intentional'" and thus not culpable conduct. *Id.* (quoting *TCI Group Live Ins. Plan v. Knoebber*, 244 F.3d 691, 697-98 (9th Cir. 2001)).

In the Defendants' motion to set aside entry of default pursuant to 7 CMC§ 1304, the Defendants did not make any arguments regarding whether they had engaged in culpable conduct leading to the entry of default. Instead, the Defendants argued that service upon their son, Gary Camacho, was not valid service, and that the Defendants were otherwise unaware of the documents delivered to Gary Camacho. Mot. to Set Aside Entry of Default at 3. The Defendants also argued that they "deny the allegations made against them in Plaintiff's Complaint, and wish to make an appearance and defend the same." *Id.* As the Defendants failed to argue anything regarding culpable conduct, 6 this factor tips in favor of Tenorio.

# b. The Defendants Failed to Address Whether They Had a Meritorious Defense

The party seeking relief from default "must present specific facts that would constitute a defense." Woodruff, 2015 MP 11 ¶ 25 (quoting TCI Group, 244 F.3d at 700). The party seeking relief from default "need only 'allege sufficient facts that, if true, would constitute a defense: 'the question whether the factual allegation [i]s true' is not to be determined by the court when it decides the motion to set aside the default." Id. (quoting Signed Personal Check No. 730, 615 F.3d at 1094).

Here, again, the Defendants did not make any arguments regarding whether the Defendants had a meritorious defense in this case. The Court emphasizes that the Defendants "*must* present specific facts that would constitute a defense," and they have *not*. *Woodruff*, 2015 MP 11 ¶ 25. The

<sup>&</sup>lt;sup>6</sup> In fact, the Defendants did not argue any of the *Woodruff* factors in their motion.

Court cannot and will not construct a defense for the Defendants. *See Commonwealth v. Guiao*, 2016 MP 15 ¶ 19 ("The Court does not function as an advocate of any party, but as arbiter of the law."). Thus, this factor tips in favor of Tenorio.

# c. The Defendants Failed to Address Whether Tenorio Would be Prejudiced

Prejudice to the non-defaulting party requires "greater harm than simply delaying resolution of the case." *Woodruff*, 2015 MP 11 ¶ 28 (quoting *TCI Group*, 244 F.3d at 701). Prejudice instead requires that "setting aside default will hinder the plaintiff's ability to pursue the claim." *Id.* (citing *Falk v. Allen*, 739 F.2d 461, 463 (9th Cir. 1984)). There is nothing on the record to show that Tenorio faces any prejudice other than a delay in the case; however, the Court again notes that the Defendants did not argue any of the *Woodruff* factors.

## 3. There is No Legal Grounds to Set Aside the Entry of Default

In summary, the Defendants were served by publication pursuant to 7 CMC § 1104(b).<sup>7</sup> Thus, the Court turned to the *Woodruff* factors. The Defendants failed to establish that the Defendants' culpable conduct did not lead to an entry of default, nor that the Defendants possessed a meritorious defense, or that setting aside the default would not prejudice Tenorio. Further, the Court again notes that Section 1304, relied upon by the Defendants in making their motion to set aside the entry of default, applies in cases where a final judgment has been entered—and no such final judgment has been made in this case. Accordingly, the Defendants' motion to set aside the entry of default is denied.

#### B. Plantiff Tenorio's Renewed Motion for Default Judgment

The Court now turns to Tenorio's renewed motion for default judgment. The Defendants opposed Tenorio's renewed motion for default judgment, arguing that the Defendants had not been

<sup>&</sup>lt;sup>7</sup> The Defendants were *not* properly served at Gary Camacho's residence in Saipan.

1	served, and that the Defendants wished to respond to the allegations. Def.'s Opp. to Pl.'s Mot. for
2	Default Judgment. at 2-3. Tenorio argues that the Defendants were properly served and that the
3	Defendants had voluntarily appeared in the action. Pl.'s Reply in Supp. Of Pl's. Renewed Mot. fo.
4	Default Judgment at 3-8. The Court has already found that the Defendants were served by
5	publication and the Court has declined to set aside the entry of default.
6	The Defendants were served by publication on December 18, 2015, December 24, 2015
7	December 31, 2015, and January 8, 2016. The Clerk of Court made an entry of default on February
8	4, 2016. The Court denied the Defendants' motion to set aside the entry of default, as detailed in
9	Section III.A.3. above. Accordingly, the Court grants Tenorio's motion for default judgment.
10	IV. CONCLUSION
11	Accordingly, the Defendants' motion to set aside entry of default pursuant to 7 CMC § 1304
12	is <b>DENIED</b> .
13	Plaintiff Pedro Pangelinan Tenorio's renewed motion for default judgment is <b>GRANTEI</b>
14	and Default Judgment is entered against Defendants Antonio Salas Camacho and Elphidia
15	Pangelinan Camacho.
16	As to the property known as Tract 21700 AH 412, fee simple title is quieted in favor of
17	Pedro Pangelinan Tenorio. The Defendants, each of them, and all persons claiming under or
18	through them, have no estate right, title, lien or interest in or to the Property or any part thereof, and
19	are enjoined from asserting adverse claim in Pedro Pangelinan Tenorio's title to the Property.
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21	IT IS SO ORDERED this 22 <sup>nd</sup> day of March, 2018.
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23	JOSEPH N. CAMACHO
24	Associate Judge