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IN THE

Supreme Court

OF THE

Commonwealth of the Northern Mariana Islands

JESSICA CASTRO, ET AL.,
Plaintiffs-Appellees,

v.

TELESOURCE CNMI, INC.,
Defendant-Appellant.

Supreme Court No. 2021-SCC-0023-CIV

SLIP OPINION

Cite as: 2022 MP 7

Decided November 29, 2022

ASSOCIATE JUSTICE JOHN MANGLOÑA
JUSTICE PRO TEMPORE F. PHILIP CARBULLIDO
JUSTICE PRO TEMPORE ROBERT J. TORRES, JR.

Superior Court Civil Action No. 06-0123-CV
Judge Roberto C. Naraja, Presiding

MANGLOÑA, J.:

¶ 1 Defendant-Appellant Telesource CNMI, Inc. appeals an Order of the Superior Court determining that interest on attorney fees accrues as soon as the right to those fees is awarded and that Telesource is liable for additional interest payments. We AFFIRM the ruling.

I. FACTS AND PROCEDURAL HISTORY

¶ 2 In 2006, the Northern Marianas Housing Corporation ("NMHC") commenced an action in the Superior Court against SSFM International, Inc., Telesource CNMI, Inc. ("Telesource"), and Telebond Insurance Corporation. They are the companies responsible for constructing the Tottotville housing project on Saipan. NMHC claimed negligence and several other causes of action arising from allegedly defective conditions discovered at Tottotville. Two separately represented groups of Tottotville residents, the Castro Homeowners and the Flores Homeowners, intervened as plaintiffs. The Superior Court, acting as arbitrator, awarded $694,850.73 to NMHC, $3,779,476 to the Castro Homeowners, and $513,704 to the Flores Homeowners.

¶ 3 This arbitration order also awarded "reasonable" attorney fees and costs ("fees") to the Castro and Flores Homeowners but left the exact amount unspecified, to be determined after bills of fees and supporting briefing were submitted. On December 21, 2012, the Superior Court awarded the Castro Homeowners $984,921.89 in attorney fees. For more than seven years, Telesource made incremental payments to the Castro Homeowners but stopped making payments in February 2020, claiming that it had met its obligations.

¶ 4 After Telesource stopped paying its regular installments, the Castro Homeowners claimed that Telesource still owed $49,649.55 in attorney fees and sought an order to show cause directing Telesource to satisfy this obligation. The parties disagreed on when the interest on the award of fees began to accumulate. Telesource argues that, according to 7 CMC § 4101, the accrual date is December 21, 2012—when the Court specified the exact amount of attorney fees owed. The Castro Homeowners contend that 7 CMC § 4101 mandates an accrual date of July 24, 2012—when arbitration damages and attorney fees in an unspecified amount were awarded. The Superior Court agreed with the Castro Homeowners and ordered Telesource to pay the additional $49,649.55 with interest. Telesource now appeals that ruling. Only the Castro Homeowners and Telesource are part of this appeal.

II. JURISDICTION

¶ 5 We have appellate jurisdiction over final judgments and orders of the Commonwealth Superior Court. NMI CONST. art. IV, § 3.

III. STANDARD OF REVIEW

¶ 6 The sole issue on appeal is whether the trial court erred in its determination that interest accrued on the date the arbitration award was ordered and not on the later date when the amount of attorney fees was quantified. This issue turns on the proper interpretation of 7 CMC § 4101 and on whether *Northern Marianas*

Housing Corporation v. Flores, 2006 MP 23, which ruled on Section 4101, compels the result in this case. Since these are matters of statutory construction and interpretation of decisional law, de novo review applies. *Commonwealth v. Guerrero*, 2014 MP 15 ¶ 21; *Isla Dev. Prop., Inc. v. Jang*, 2017 MP 13 ¶ 6.

IV. DISCUSSION

¶ 7 Under 7 CMC § 4101, "[e]very judgment for the payment of money shall bear interest at the rate of nine percent a year from the date it is entered." In *NMHC v. Flores*, 2006 MP 23, this Court addressed whether attorney fees are subject to this nine percent interest rate and, if so, when that interest accrues. In *Flores*, Donald T. Flores and Shirlina DLG. Flores entered into a mortgage agreement with NMHC to secure a home loan. 2006 MP 23 ¶ 2. They defaulted, and NMHC brought a foreclosure action against them. *Id.* The Superior Court granted judgment for NMHC, awarded damages, and quantified all damages other than attorney fees and costs. *Id.* ¶ 7. Later, the Superior Court issued another order quantifying those attorney fees and costs. *Id.* The Superior Court determined that the statutory interest rate, specified by 7 CMC § 4101, did not apply to the attorney fees. *Id.* ¶ 2. On appeal, this Court reversed that determination and held that interest on the attorney fees began accruing on the date that liability was determined, even though the exact amount of attorney fees was not quantified until later. *Id.* ¶ 7 ("We conclude that the judgment determining liability is the judgment from which interest begins accruing for all components of the judgment, regardless of whether some or all of those components are not quantified at that point.").

¶ 8 We find that the question presented by this appeal has been asked and answered by this Court's decision in *Flores*. On July 24, 2012, the Superior Court determined that Telesource was liable and awarded damages and attorney fees but postponed quantifying those attorney fees pending submission of bills of fees and costs. After nearly five months, the Superior Court issued a second order quantifying the award of attorney fees. The parties now dispute whether interest on that award should be calculated from July 24 or from December 21, 2012. The *Flores* decision addressed this question:

> 7 CMC §4101 makes clear that interest begins to run from the date the judgment is entered. However, in the present case there are two court orders which might be considered judgments for the purpose of this statute. The first is the judgment which granted NMHC damages for the Flores' default and quantified all damages other than the attorney fees and costs. The second judgment quantified those fees and costs. The question arises as to which judgment initiates the accrual of interest on the attorney fees and costs award; the first judgment which determined liability, or the second judgment which affixed the amount? *We conclude that the judgment determining liability is the judgment from which interest begins accruing for all components of the judgment, regardless of whether some or all of those components are not quantified at that point.*

NMHC v. Flores, 2006 MP 23 ¶ 7 (emphasis added).

¶ 9 *Flores*, if followed, controls the outcome of this appeal. Under the doctrine of stare decisis, we afford a presumption that previous decisions should be followed. *Commonwealth v. Diaz*, 2013 MP 20 ¶ 33, 45. While stare decisis is not mandatory, it counsels against overturning precedent lightly. S*ee In re Estate of Roberto*, 2004 MP 7 ¶ 3; *Commonwealth v. Calvo*, 2014 MP 7 ¶ 22. The United States Supreme Court uses several factors when deciding whether to overrule precedent. *Janus v. AFSCME, Council 31*, 138 S. Ct. 2448, 2478–79 (2018); *Dobbs v. Jackson Women's Health Org.*, 142 S. Ct. 2228, 2264–65 (2022); *Ramos v. Louisiana*, 140 S. Ct. 1390, 1414 (2020). These factors include the quality of the precedent's reasoning, the precedent's consistency and coherence with earlier or subsequent decisions, changed law since the prior decision, changed facts since the prior decision, the workability of the precedent, and reliance interests on the precedent. *Ramos*, 140 S. Ct. at 1414. While the ultimate decision of whether to overrule a case rests with this Court's discretion, *see In re Estate of Roberto*, 2004 MP 7 ¶ 3, these factors are relevant to the exercise of that discretion.

¶ 10 We decline to overrule *Flores*. First, *Flores* is well-reasoned. A decision may be poorly reasoned if it subjects constitutional or statutory text to incomplete analysis, *Ramos v. Louisiana*, 140 S. Ct. 1390, 1405 (2020); fails to consider relevant historical facts, *Franchise Tax Bd. v. Hyatt*, 139 S. Ct. 1485, 1499 (2019); ignores other lines of precedent, *Knick v. Twp. of Scott*, 139 S. Ct. 2162, 2178 (2019); fails to make a meaningful effort to explain how a rule is deduced, *Dobbs*, 142 S. Ct. 2228, 2266–67; or lacks a clear justification for lines drawn. *Id.* at 2268.

¶ 11 The *Flores* decision makes no such errors. The NMI Supreme Court holds that questions of statutory interpretation begin with the plain, ordinary meaning of statutory terms. *In the Matter of a Petition for Certified Question*, 2020 MP 2 ¶ 13. Where statutory terms are ambiguous, courts may look beyond the text and consider other aids to interpretation. *Office of the Pub. Auditor v. GPPC, Inc.*, 2021 MP 13 ¶ 15. *Flores* followed this interpretive framework, holding first that attorney fees are included in the "plain language" of the "judgment" specified by 7 CMC § 4101. 2006 MP 23 ¶ 5. The Court then noted that the statute is ambiguous regarding the date on which interest accrues: "[t]he question arises as to which judgment initiates the accrual of interest on the attorney fees and costs award; the first judgment which determined liability, or the second judgment which affixed the amount?". *Id.* ¶ 7. The Court stated its conclusion and supporting reasoning: a plaintiff should be compensated for the loss of the benefit of the money damages before their payment. *Id.* Because the at-fault party enjoys free use of the money even after its liability for attorney fees has attached, a 0% interest rate charged *between* the date of judgment and the date of quantification would represent a windfall for the judgment debtor. *Id.* ¶ 8. This reasoning parallels that used by the 8th Circuit, which also holds that interest on an award of attorney fees begins to accrue from the entry of judgment. That court has said

that a denial of post-judgment interest would effectively reduce the judgment for attorney fees because a certain sum of money paid at in the future is worth less than the same sum of money paid today. *Jenkins v. Missouri*, 931 F.2d 1273, 1276 (8th Cir. 1991) (citing *R.W.T. v. Dalton*, 712 F.2d 1225, 1234–35 (8th Cir. 1983).

¶ 12 In addition, *Flores* supported its conclusion by surveying the practice of federal courts interpreting the parallel federal statute. *See* 2006 MP 23 ¶ 8; *see also* 28 U.S.C. § 1961(a). Noting that the circuits are split, *Flores* correctly determined that the majority of circuits find adjudication of liability the appropriate trigger. *Id. Flores* demonstrates strong legal reasoning; beginning with the language of the pertinent statute, the decision considers both sides of the argument, evaluates the practice of the federal circuits, comes to a conclusion, and supports that conclusion with reasonable policy considerations.

¶ 13 Second, the *Flores* decision follows previous and subsequent decisions of this Court. To date, *Flores* remains the only time the NMI Supreme Court has addressed the precise question of whether interest on an award of attorney fees accrues on the date that liability is determined, even if the fees are not quantified until later. While this Court has interpreted 7 CMC § 4101 in cases dealing with prejudgment interest, s*ee Isla Dev. Prop., Inc. v. Jang*, 2017 MP 13, and government liability for post-judgment interest, *see Commonwealth v. Lot 353 New G*, 2015 MP 6, the present case will be only the second time that the Supreme Court has been asked to address the proper accrual date for post-judgment interest on an award of attorney fees.

¶ 14 Third, there has been no changed law since *Flores* was decided. The relevant statutory provision, 7 CMC § 4101, has not been amended since 2006, when *Flores* was published. *Compare* 7 CMC § 4101 *with* 2006 MP 23 ¶ 5. Fourth, there have been no changed facts of relevance since *Flores* was decided.

¶ 15 Fifth, the *Flores* decision is workable. The workability inquiry asks whether the decision can be understood and applied in a consistent and predictable manner. *Dobbs v. Jackson Women's Health Org.*, 142 S. Ct. 2228, 2272 (2022). A rule announced in a decision may be found workable if it is easy to apply in practice and in future cases. *Arizona v. Gant*, 556 U.S. 332, 360 (2009) ("The *Belton* rule has not proved to be unworkable. On the contrary, the rule was adopted for the express purpose of providing a test that would be relatively easy for police officers and judges to apply."). Decisions may be unworkable where they draw lines that are difficult to apply to future cases. *Janus v. AFSCME, Council 31*, 138 S. Ct. 2448, 2481 (2018) ("*Abood*'s line between chargeable and nonchargeable union expenditures has proved to be impossible to draw with precision.").

¶ 16 Here, *Flores* announced a straightforward rule: post-judgment interest on an award of attorney fees accrues when a judgment determining liability is announced, even if the fees are not quantified until later. 2006 MP 23 ¶ 7. This rule is simple to predict and apply; unlike rules found unworkable by the United

States Supreme Court, the *Flores* rule does not create difficult gray areas or line-drawing questions.

¶ 17 Sixth, substantial reliance interests hinge on *Flores*. When the Superior Court issues judgments awarding damages, it often specifies damages other than attorney fees and instructs the prevailing party to submit memoranda detailing the proper amount of attorney fees. *See, e.g.*, *Bank of Guam v. Christine M. Cabrera*, No. 17-0234-CIV (NMI Super. Ct. Jan. 25, 2019) (Order Granting Attorney Fees and Costs in the Amount of $1,837.36); *Marianas Star Corp. v. Hai Yang Feng* et al., No. 13-0144-CIV (NMI Super. Ct. Jun. 13, 2017) (Findings of Fact and Conclusions of Law; and Judgment) ("MSC is awarded $384,179 for its breach of contract claim…MSC is awarded reasonable attorney's fees…[and] shall submit its claim for attorney's fees no later than the 14th day after the day on which the Court issues this Order."). Attorneys who submit such memoranda may do so in reliance on *Flores*' rule that interest is already accumulating. To overrule *Flores* may require the Superior Court and bar members to substantially adjust their post-judgment motions practice.

¶ 18 In addition, the parties are correct to note that the federal circuits are split on this question. But the majority of those that have ruled on the question, including the Ninth, articulate the same rule announced by this Court. *Compare BankAtlantic v. Blythe Eastman Paine Webber, Inc.*, 12 F.3d 1045, 1052 (11th Cir. 1994) (holding that interest on an award of attorney fees accrues when the final judgment is entered even if the amount of fees is undetermined), and *Associated Gen. Contractors of Ohio, Inc. v. Drabik*, 250 F.3d 482, 494–95 (6th Cir. 2001), and *Jenkins v. Missouri*, 931 F.2d 1273, 1277 (8th Cir. 1991), and *Mathis v. Spears*, 857 F.2d 749, 759–60 (Fed. Cir. 1988), and *Friend v. Kolodzieczak*, 72 F.3d 1386, 1391–92 (9th Cir. 1995), and *Copper Liquor, Inc. v. Adolph Coors Co.*, 701 F.2d 542, 545 (5th Cir. 1983) (en banc), *with Eaves v. Cty. of Cape May*, 239 F.3d 527, 534–35 (3d Cir. 2001) (holding that interest on attorney fees does not run until the amount is quantified, even if the court previously awarded the right to fees), and *MidAmerica Fed. Sav. & Loan Ass'n v. Shearson/Am. Express, Inc.*, 962 F.2d 1470, 1475–76 (10th Cir. 1992), and *Fleming v. Cty. of Cane*, 898 F.2d 553, 565 (7th Cir. 1990).

¶ 19 Finally, the *Flores* rule represents good policy. As both the Eighth Circuit and the Federal Circuit have observed, the opposite rule would give the liable party an incentive to abuse the appellate process to delay payment. *Jenkins v. Missouri*, 931 F.2d 1273, 1276 (8th Cir. 1991); *Mathis v. Spears*, 857 F.2d 749, 760 (Fed. Cir. 1988) ("The provision for calculating interest from entry of judgment deters use of the appellate process by the judgment debtor solely as a means of prolonging its free use of money owed the judgment creditor."). Because a sum of money paid today is worth more than the same sum of money paid in the future, giving the liable party interest-free use of the money owed as attorney fees would effectively reduce the amount owed to the prevailing party. *Jenkins*, 931 F.2d at 1276. As commentators have observed, interest is not a penalty; rather, it is a time differential adjustment to the value of the fee award that brings that award up from its market value at the time of the judgment

determining liability to the market value when the fees are quantified. *See* Nick J. Kemphaus & Richard A. Bales, *Interest Accrual on Attorney's Fee Awards*, 23 REV. LITIG. 115, 133 (2004).

V. CONCLUSION

¶ 20 For all these reasons, we conclude that an award of attorney fees and costs begins to accrue when the right to those fees is established. The ruling below is AFFIRMED.

SO ORDERED this 29th day of November, 2022.

/s/
JOHN A. MANGLOÑA
Associate Justice

/s/
F. PHILIP CARBULLIDO
Justice Pro Tempore

/s/
ROBERT J. TORRES, JR.
Justice Pro Tempore

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JUDGMENT

Defendant-Appellant Telesource CNMI, Inc., appeals the Order of the Superior Court determining that interest on attorney fees accrues as soon as the right to those fees is awarded and that Telesource is liable for additional interest payments. For the reasons discussed in the accompanying opinion, the Court AFFIRMS the ruling.

ENTERED this 29th day of November, 2022.

/s/
JUDY T. ALDAN
Clerk of the Supreme Court