

STATE OF MICHIGAN
COURT OF APPEALS

STATE TREASURER,

Plaintiff-Appellant,

v

HAROLD LARSON,

Defendant-Appellee.

UNPUBLISHED

August 28, 2001

No. 220652

Mason Circuit Court

LC No. 1994-010337-CZ

Before: Holbrook, Jr., P.J., and Cavanagh and Meter, JJ.

PER CURIAM.

Plaintiff appeals as of right the trial court's grant of defendant's motion for relief from judgment. We reverse.

Defendant, an incarcerated felon, sought relief from a stipulation and order entered with the State Treasurer that defendant's pension payments be made payable to him and dispatched to his current prison address wherein those payments would be divided and \$200 deducted to reimburse the state for his confinement expenses. Defendant argued that the Employee Retirement Income Security Act of 1974 (ERISA), 29 USC 1056(d)(1), preempted Michigan's State Correctional Facility Reimbursement Act (SCFRA), MCL 800.401 *et seq.*, as exemplified in *Roberts v Baugh*, 986 F Supp 1074 (ED Mich, 1997), and rendered the judgment void under MCR 2.612(C)(1)(d). The trial court granted defendant's motion and ordered that funds seized after the *Baugh* decision be reimbursed to defendant and that all future payments be sent to a destination determined by defendant.

Plaintiff first argues that the settlement agreement was knowingly entered into by the parties and that the trial court erred in rescinding the agreement where defendant failed to establish any of the prerequisites necessary for relief from judgment under MCR 2.612(C)(1). We agree. We review the trial court's decision to grant relief from judgment for an abuse of discretion. *Detroit Free Press, Inc v Dep't of State Police*, 233 Mich App 554, 556; 593 NW2d 200 (1999).

The action underlying the negotiated settlement was brought pursuant to the SCFRA, which permits civil actions resulting in reimbursement orders directed at prisoners, requiring

them to pay costs associated with their incarceration. See MCL 800.401 *et seq.*; *People v Houston*, 237 Mich App 707, 716; 604 NW2d 706 (1999). In 1994, whether the state could require reimbursement of incarceration expenses from a prisoner's pension account was an unsettled issue of law. Rather than pursue the litigation to its conclusion, both parties agreed to a settlement on February 24, 1995, whereby all monies accruing to defendant from the International Boilermaker's Pension would be made payable to defendant and mailed to his place of incarceration. The warden, acting as receiving agent, would then deduct \$200 for forwarding to the Department of Attorney General for reimbursement of incarceration expenses, and the remainder would be provided to defendant for his use. Essentially, defendant received the benefit of a reduction in his potential exposure to liability of up to ninety percent of his pension, while plaintiff received a reduced reimbursement payment and relief from pursuing the litigation.

The stipulation was binding, having been incorporated by the trial court into its order of February 24, 1995, and signed by all parties. Generally, a stipulation by the parties regarding a matter of law is not binding on a court, but here the stipulation served a proper, accepted purpose of circumventing litigation. See *Staff v Johnson*, 242 Mich App 521, 535; 619 NW2d 57 (2000). In addition, the stipulation did not address the ultimate issue, which was a matter of law, and only represented a contracted agreement to pay. See *In re Ford*, 206 Mich App 705, 708; 522 NW2d 729 (1994).

In precipitating the instant controversy, defendant based his motion for relief from judgment on MCR 2.612(C)(1)(d), arguing that the original judgment was rendered void as a result of *Baugh, supra*. However, *Baugh* is not dispositive. We agree with plaintiff's assertion that defendant failed to establish any of the acceptable criteria under MCR 2.612(C)(1) and that the opinion in *Baugh, supra*, even if acceptable as newly discovered evidence, was untimely because *Baugh* was decided on October 20, 1997, and defendant's motion was filed more than one year later on February 12, 1999 – well outside the time limit for bringing such evidence. MCR 2.612(C)(2).

Further, defendant's attempt to justify relief by arguing that the stipulation was made under duress and that he proceeded without adequate representation is without merit, particularly in light of the statutory provision of the SCFRA for action deemed necessary to prevent the disbursement of assets pending resolution of any litigation. See MCL 800.404(a); see also *Norton v State Highway Dept*, 315 Mich 313, 320; 24 NW2d 132 (1946), quoting *Hackley v Headley*, 45 Mich 569, 574; 8 NW 511 (1881) (“[d]uress exists when one by the unlawful act of another is induced to make a contract . . . under circumstances which deprive him of the exercise of free will.”)

Similarly, defendant's assertion that the stipulation was void is without merit. Generally, a judgment is void only if it is beyond the power of the court to render. See 3 Dean & Longhofer, Michigan Court Rules Practice (4th ed), § 2612.13, pp 478-479. A void judgment has been defined as:

A judgment that has no legal force or effect, the invalidity of which may be asserted by any party whose rights are affected at any time and any place, whether directly or collaterally. From its inception, a void judgment continues to

be absolutely null. It is incapable of being confirmed, ratified, or enforced in any manner or to any degree. [Blacks Law Dictionary (7th ed), p 848.]

Here, exclusive jurisdiction was statutorily conferred on the attorney general to bring a civil action in the circuit court; therefore, the judgment was not void. See MCL 800.404(1); *Houston*, *supra* at 719.

In this case, the agreement to settle was arrived at pending a lawsuit and is properly described as a contract that must be governed by the legal principles applicable to construction and interpretation of contracts. *Walbridge Aldinger Co v Walcon Corp*, 207 Mich App 566, 571; 525 NW2d 489 (1994). Further, settlement agreements are binding until rescinded for cause. *Taylor Group v ANR Storage Co*, 452 Mich 561, 565, n 7; 550 NW2d 258 (1996). Where a party consents to a settlement agreement, a judgment based on that agreement will be overturned only on a finding of fraud, duress, mutual mistake, or unconscionable advantage. *Howard v Howard*, 134 Mich App 391, 396; 352 NW2d 280 (1984); see also *Plamondon v Plamondon*, 230 Mich App 54, 56; 583 NW2d 245 (1998).

In *Dodge v Detroit Trust Co*, 300 Mich 575; 2 NW2d 509 (1942), a party to a will contest renewed litigation approximately eighteen years after agreeing to a settlement disposing of his claim to his father's estate requesting, in part, that the original settlement be repudiated. *Id.* at 593. In upholding the integrity of the settlement, our Supreme Court acceded to the precedential effect of a host of decisions recognizing that "where a doubt as to what the law is has been settled by a compromise, a subsequent judicial decision by the highest court of the jurisdiction upholding the view adhered to by one of the parties affords no basis for a suit by him to upset the compromise." *Dodge*, *supra* at 614.

Here, as in *Dodge*, the parties settled a matter that involved a disputed issue of law as a compromise to pursuing litigation to its legal conclusion. After review of the record and authorities in support, we conclude that, in light of the civil nature of the action and the judicial disposition toward finality in litigation, *Dodge* is controlling. "The law looks with favor on fairly made settlements, and they are conclusive on the rights of the parties to them." *Musial v Yatzik*, 329 Mich 379, 383; 45 NW2d 329 (1951). Accordingly, the trial court abused its discretion in granting defendant relief from judgment. In light of this conclusion, we need not reach plaintiff's remaining issue.

Reversed.

/s/ Donald E. Holbrook, Jr.
/s/ Mark J. Cavanagh
/s/ Patrick M. Meter