STATE OF MINNESOTA
IN COURT OF APPEALS
A21-0635

William Woischke, et al.,
Plaintiffs,

Woischke Enterprises, LLC,
Appellant,

vs.

Stursberg & Fine, Inc.,
Respondent,

Henry Stursberg, et al.,
Defendants.

Filed January 31, 2022
Affirmed
Smith, Tracy M., Judge

Pine County District Court
File No. 58-CV-16-233

Christopher J. Heinz, Kirsten J. Libby, Libby Law Office, P.A., St. Paul, Minnesota (for appellant)

Nicole M. Moen, Samuel M. Andre, Fredrikson & Byron, P.A., Minneapolis, Minnesota; and

Daniel S. Bernheim (pro hac vice), Wilentz, Goldman & Spitzer, P.A., Philadelphia, Pennsylvania (for respondents)

Considered and decided by Bryan, Presiding Judge; Smith, Tracy M., Judge; and Rodenberg, Judge.*

NONPRECEDENTIAL OPINION

SMITH, TRACY M., Judge

In this second appeal arising from a dispute between appellant Woischke Enterprises, LLC, and respondent Stursberg & Fine, Inc., regarding nonpayment of a brokerage fee, Woischke challenges the district court's denial of its motions (1) to vacate the district court's docketing of a Pennsylvania judgment against Woischke and in favor of Stursberg and (2) to vacate the arbitration award that was the basis for the Pennsylvania judgment. Because we conclude that the district court did not err by affording full faith and credit to the Pennsylvania judgment, we affirm.

FACTS

When Woischke was facing foreclosure on its mobile-home park in Pine County, it contracted with Pennsylvania-based Stursberg for mortgage-broker and financial-consultant services. The parties' contract included a binding arbitration clause providing that "all disputes arising out of this Fee Agreement will be submitted to ADR (Alternative Dispute Resolution) Options, Inc., . . . Philadelphia, PA." As part of its work, Stursberg visited Woischke's property in Minnesota one time, but the rest of its work was performed from Stursberg's office in Philadelphia. Stursberg ultimately brokered a $4 million loan for Woischke's mobile-home park. The contract required Woischke to pay Stursberg an

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

origination fee of 1.5% of any loan amount, which amounted to $60,000 for the $4 million loan.

After closing, Woischke informed Stursberg that, under Minn. Stat. § 82.85 (2020), Stursberg could not receive the origination fee unless Stursberg was licensed because Minnesota required a person performing this type of work to have a license in order to receive compensation. Stursberg then obtained a limited broker's license from the Minnesota Department of Commerce. But Woischke still refused to pay Stursberg the origination fee because Stursberg was not licensed at the time of the transaction.

Instead, Woischke sued Stursberg in Minnesota, seeking, among other things, to void the contract. Stursberg commenced arbitration proceedings and moved the district court to compel arbitration. The district court ordered arbitration and dismissed Woischke's complaint.

On appeal from that decision, this court reversed and remanded the case to district court, holding that the contract was void and unenforceable under Minn. Stat. § 82.85 because Stursberg did not have a license. *Woischke v. Stursberg & Fine, Inc.*, 906 N.W.2d 586, 594 (Minn. App. 2018), *rev'd*, 920 N.W.2d 419 (Minn. 2018). But the supreme court vacated this court's decision, holding that the district court should not have dismissed Woischke's complaint but instead should have stayed the action pending completion of the arbitration; the supreme court did not rule on the validity of the contract under Minn. Stat. § 82.85. *Woischke v. Stursberg & Fine, Inc.*, 920 N.W.2d 419, 420-21 (Minn. 2018). On remand, the district court stayed the case pending arbitration.

Arbitration was then held at ADR Options in Philadelphia. Both parties submitted memorandums about whether Minnesota or Pennsylvania law applied. The arbitrator heard witness testimony, and both parties made arguments. The arbitrator thereafter issued its written decision, awarding Stursberg the $60,000 fee plus interest and attorney fees, for a total of $210,925.87. The award did not further explain the reasoning for the decision.

On October 27, 2020, Stursberg filed a petition to confirm the arbitration award and to enter judgment in the Court of Common Pleas of Philadelphia County and served Woischke with the petition. Woischke did not respond to the petition, challenge the court's jurisdiction, or bring a motion to vacate the award in Pennsylvania. The Pennsylvania court confirmed the arbitration award and entered judgment in favor of Stursberg on November 12, 2020.

The same day that the Pennsylvania court entered judgment, Woischke filed a motion in the Minnesota district court to vacate the arbitration award. And, on December 16, 2020, after the Pennsylvania judgment was docketed in Minnesota, Woischke filed a motion in the district court to vacate the docketing of the foreign judgment.

In an order addressing both of Woischke's motions, the district denied both, concluding that the arbitration award was not invalid and that the Full Faith and Credit Clause of the United States Constitution required it to recognize and enforce the Pennsylvania judgment.

Woischke appeals the denial of both motions.

DECISION

I. The Pennsylvania judgment must be given full faith and credit.

Woischke asserts that the district court erred by denying its motion to vacate the docketing of the Pennsylvania judgment because the Pennsylvania court lacked personal jurisdiction over it and because Minn. Stat. § 82.85 bars enforcement of the Pennsylvania judgment. Because the issue of whether the Pennsylvania judgment is entitled to full faith and credit is a question of law, we employ de novo review. *See Blume Law Firm PC v. Pierce*, 741 N.W.2d 921, 925 (Minn. App. 2007), *rev. denied* (Minn. Feb. 19, 2008).

A. The Pennsylvania court had personal jurisdiction.

The United States Constitution provides that "Full Faith and Credit shall be given in each State to the public Acts, Records, and judicial Proceedings of every other state." U.S. Const. art. IV, § 1. Under that constitutional doctrine, Minnesota courts must "recognize and enforce judgments of other states even though they could not be attained under Minnesota law." *Matson v. Matson*, 333 N.W.2d 862, 866 (Minn. 1983). A foreign judgment cannot be "collaterally attacked on the merits." *Id.* at 867.

There are, however, limited exceptions to the general rule. One exception is when the foreign court lacked personal jurisdiction over a party. *Id.*[1] "Minnesota courts will uphold a foreign court's exercise of personal jurisdiction over a nonresident defendant" if

[1] In the district court, Woischke argued that the Pennsylvania court also lacked subject-matter jurisdiction over the matter—another exception to the full-faith-and-credit rule. *See id.* But the district court rejected that argument, and Woischke does not pursue it on appeal. Other exceptions to the rule include that the judgment was obtained by fraud or has already been satisfied or that a party was denied due process. *See id.* Woischke did not assert that any of these exceptions applied.

the exercise of personal jurisdiction is in "compliance with the foreign state's law" and does "not offend the Due Process Clause of the federal constitution." *Griffis v. Luban*, 646 N.W.2d 527, 531 (Minn. 2002) (determining whether a foreign court had personal jurisdiction when the nonresident defendant did not challenge personal jurisdiction in the foreign court). We review a district court's determination of personal jurisdiction de novo. *Id.* at 531.

Upon our de novo review of the issue, we conclude that the Pennsylvania court had personal jurisdiction over Woischke. The Pennsylvania long-arm statute provides for personal jurisdiction "to the fullest extent allowed under the Constitution of the United States and may be based on the most minimum contact with [Pennsylvania] allowed under the Constitution of the United States." 42 Pa. Cons. Stat. § 5322(b) (2019); *see also O'Connor v. Sandy Lane Hotel Co.*, 496 F.3d 312, 316 (3d Cir. 2007). Under the federal constitution, a party must have "certain minimum contacts" with the forum state such that the suit "does not offend traditional notions of fair play and substantial justice." *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945). One inquiry relevant to due-process analysis is whether the defendant's "conduct and connection" with the forum state "are such that [the defendant] should reasonably anticipate being haled into court" in the forum state. *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980). Additionally, a corporation has "clear notice that it is subject to suit" in a forum state if it "purposefully avails itself of the privilege of conducting activities" in that state. *Id.* (quotation omitted).

Woischke deliberately established minimum contacts when it agreed to the arbitration clause designating ADR Options in Pennsylvania as the arbitrator and again

when it attended and participated in the arbitration hearing in Pennsylvania. *See* 42 Pa. Cons. Stat. § 7321.27(b) (giving Pennsylvania courts "exclusive jurisdiction" to enter judgment confirming an award that arose out of an agreement to arbitrate in Pennsylvania); 42 Pa. Cons. Stat. § 7342(a) (applying 42 Pa. Cons. Stat. § 7321.27 to common-law arbitration); *Nutrition Mgmt. Servs. Co. v. Hinchcliff*, 926 A.2d 531, 537 (Pa. Super. Ct. 2007) (holding that there was no personal jurisdiction in Pennsylvania when no arbitration transpired in Pennsylvania); *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 482 n.24 (1985) (noting, in a case that was brought in Florida, that an arbitration clause requiring arbitration in Florida should have alerted the nonresident defendant that they were dealing with the plaintiff's Florida headquarters).[2] Woischke should have anticipated that it could be haled into Pennsylvania court for the confirmation of an arbitration award when it agreed to the Pennsylvania arbitration clause and then participated in arbitration in Pennsylvania. *See World-Wide Volkswagen Corp.*, 444 U.S. at 297.

Further, Woischke, whose mobile-home park was in foreclosure, deliberately reached out to Stursberg, a Pennsylvania corporation, for assistance in securing a loan. *See*

[2] Alternatively, defendants can consent to personal jurisdiction, thus eliminating the need to conduct a minimum-contacts analysis. *See, e.g.*, *J. McIntyre Machinery, Ltd. v. Nicastro*, 564 U.S. 873, 880 (2011) (recognizing that parties may consent to personal jurisdiction). In its brief, Stursberg argued that "it is uniformly held that by agreeing to arbitrate in a particular location, a party has consented to personal jurisdiction in that location with respect to an action to confirm any award." However, Stursberg cited no Pennsylvania cases, and it is unclear whether Pennsylvania courts would adopt this analysis. *But see Reco Equip., Inc. v. John T. Subrick Contracting, Inc.*, 780 A.2d 684, 687-88 (Pa. Super. Ct. 2001) (holding that an arbitration clause to arbitrate in Ohio was a valid consent to personal jurisdiction in Ohio). We do not need to determine whether Woischke consented to personal jurisdiction because the minimum-contacts analysis resolves the issue.

Burger King Corp., 471 U.S. at 479-80 (concluding that a Florida court had personal jurisdiction over a nonresident defendant when the defendant "deliberately" reached out to a Florida corporation for the purchase of a franchise and the many accompanying benefits). Woischke thus "purposefully avail[ed] itself of the privilege of conducting activities" in Pennsylvania in order to avoid foreclosure. *World-Wide Volkswagen Corp.*, 444 U.S. at 297 (quotation omitted). Because Woischke purposefully established minimum contacts with Pennsylvania, the Pennsylvania court's exercise of personal jurisdiction for the purpose of confirming the arbitration award was proper.

B. Minn. Stat. § 82.85 does not bar enforcement of the Pennsylvania judgment.

Woischke additionally argues that Minnesota courts cannot enforce the Pennsylvania judgment because Minn. Stat. § 82.85 acts as a statutory bar to bringing or maintaining an action for compensation for unlicensed broker services. The district court rejected the argument. Again, we review the district court's legal determination regarding application of the Full Faith and Credit Clause de novo. *See Blume Law Firm*, 741 N.W.2d at 925.

Section 82.85 provides as follows:

> No person shall bring or maintain any action in the courts of this state for the collection of compensation for the performance of any of the acts for which a license is required . . . without alleging and proving that the person was a duly licensed real estate broker . . . at the time the alleged cause of action arose.

Woischke argues that this statute bars enforcement of the Pennsylvania judgment in Minnesota courts. But regardless of whether section 82.85 barred Stursberg's claim for

compensation under the parties' brokerage agreement—an issue we do not determine here—under the full-faith-and-credit doctrine, Minnesota courts must enforce judgments from other states even though they are not attainable under Minnesota law. *See Matson*, 333 N.W.2d at 866. And Woischke cites no authority for the proposition that a state can avoid the constitutional obligation to afford full faith and credit to another state's judgment by enacting a law precluding such a judgment.

Relatedly, under the full-faith-and-credit doctrine, a foreign judgment cannot be "collaterally attacked on the merits." *Matson*, 333 N.W.2d at 867. The question of section 82.85's effect on Woischke's obligation to pay Stursberg was an arbitrable issue and was briefed at the arbitration. Although the arbitrator did not explain his reasoning, the fact of the award demonstrates that the arbitrator rejected the argument that the Minnesota statute barred Stursberg's recovery.[3] Woischke's challenge to that decision constitutes an impermissible collateral attack on the merits of the foreign judgment, which confirmed the arbitrator's award.

Woischke's citation to cases regarding the *execution* of foreign judgments is unpersuasive. Those cases reflect the principle that, under the Full Faith and Credit Clause, states may apply their own "modes of execution" to enforce foreign judgments. *Sistare v.*

[3] The arbitrator could have decided that Pennsylvania law, not Minnesota law, applied; he could have concluded that Minn. Stat. § 82.85 did not apply because Stursberg performed its services in Pennsylvania; or he could have found Stursberg's unjust-enrichment argument meritorious. Courts must "exercise every reasonable presumption in favor of the award's finality and validity," *Davies v. Waterstone Cap. Mgmt., L.P.*, 856 N.W.2d 711, 716 (Minn. App. 2014) (quotations and citations omitted), *rev. denied* (Minn. Feb. 25, 2015), and reasonable presumptions exist here in favor of the arbitrator's decision.

Sistare, 218 U.S. 1, 26 (1910). But, while states may use their own "time, manner, and mechanisms for enforcing judgments," *Baker ex rel. Thomas v. Gen. Motors Corp.*, 522 U.S. 222, 235 (1998), a foreign judgment is "not examinable upon its merits," *McElmoyle ex rel. Bailey v. Cohen*, 38 U.S. 312, 325 (1839). By Minnesota statute, foreign judgments docketed in Minnesota are "enforced or satisfied" in the same manner as Minnesota judgments. Minn. Stat. § 548.27 (2020). Consistent with the Full Faith and Credit Clause, Minnesota courts may use their own procedures for the execution of a foreign judgment docketed in Minnesota. But section 82.85 does not address Minnesota's procedures for enforcing a judgment. Rather, Woischke invokes the statute to challenge the merits of the foreign judgment. This is not permitted.

Thus, the district court did not err by denying Woischke's motion to vacate the docketing of the Pennsylvania judgment, which must be given full faith and credit.

II. Because the Pennsylvania judgment is afforded full faith and credit, we need not reach the issue of the validity of the arbitration award.

Because we conclude that the district court did not err by giving full faith and credit to the Pennsylvania judgment, we need not reach Woischke's motion to vacate the arbitration award. That motion also represents a collateral attack on the Pennsylvania judgment, and, once again, a foreign judgment cannot be "collaterally attacked on the merits." *Matson*, 333 N.W. 2d at 867.

Affirmed.