STATE OF MINNESOTA

IN SUPREME COURT

A20-1250

Court of Appeals — McKeig, J.
Dissenting, Hudson, J., Gildea, C.J., Anderson, J.

In re the Marriage of:

George Graham Pooley,

Respondent,

vs.

Barbara Lynn Pooley,

Appellant.

Filed: September 14, 2022
Office of Appellate Courts

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S Y L L A B U S

1. The State of Minnesota sits as a third party in all marriage-dissolution proceedings and must ensure parties' divisions of their assets are fair and equitable.

2. A party's request to equitably divide an omitted asset is separate from a party seeking relief from a dissolution decree under Minn. Stat. § 518.145 (2020).

3. On remand, the district court should consider the factors articulated in Minn. Stat. § 518.58, subd. 1 (2020) to divide the parties' omitted asset.

Reversed and remanded.

O P I N I O N

MCKEIG, Justice.

This case involves the proper procedure for considering the division of omitted assets from joint petitions for marriage dissolution. After the parties' marriage was dissolved through such a joint petition, appellant Barbara Pooley filed an action against respondent Graham Pooley[1] seeking half of his retirement account, or, alternatively, an equitable portion of the account. Graham objected, claiming that he and Barbara had intentionally omitted his retirement account from their joint petition pursuant to an unwritten side agreement, and that Barbara's sole ability to seek a portion of the omitted asset is through satisfying the requirements to reopen a dissolution decree under Minn. Stat. § 518.145, subd. 2 (2020). The district court rejected Barbara's contract and equity arguments, concluding that the relief she sought was beyond the scope of a proper enforcement or clarification order and was time-barred to the extent it sought to reopen the decree under Minn. Stat. § 518.145, subd. 2 (2020). The court of appeals affirmed.

[1] As both parties share a last name, this opinion will refer to the parties by their first names, Barbara and Graham.

On appeal, Barbara argues that the district court and court of appeals erred in not applying the plain language of the joint petition—to "split equally" their property—to Graham's retirement account. She also argues that district courts have the power to address omitted assets that fall outside the scope of Minn. Stat. § 518.145, subd. 2's grounds for reopening a dissolution decree. We agree that district courts have the power to address omitted assets, and the parties' omission of their largest asset from the decree made it impossible for the district court to execute its necessary function of determining that the settlement was equitable. Accordingly, we reverse.

FACTS

Graham and Barbara Pooley were married in August 1989. During their 24-year marriage, the couple had one child, born in 1997. The parties separated in January 2014.

In May 2014, the parties jointly petitioned the Washington County district court for the dissolution of their marriage. The parties commenced the dissolution proceeding with a more than 40-page, pre-printed form available on the Minnesota Judicial Branch website entitled "Joint Petition, Agreement, and Judgment and Decree for Marriage Dissolution With Children." Both parties stated in the form that they were not represented by an attorney.

In the form, the parties stated that Graham made between $6,212 and $6,268 a month working for 3M. They stated that Barbara made $660 a month working part time at Macy's and received $1,307 in monthly disability payments. Graham agreed to assume the marital debt of $3,200. He also agreed to provide medical and dental insurance and pay all unreimbursed medical and dental expenses for their then-minor child, and for

Barbara until the end of the year. Finally, the parties agreed that Graham would continue to live in the marital home and pay the mortgage until it was sold, at which point the proceeds would be split between them. Both parties waived any claim to spousal maintenance.

One section of the form, entitled "Division of Marital Property," instructed the parties to list all their assets on an attached asset sheet. The form states that the asset sheet is incorporated into the judgment and decree and that "Husband and Wife agree to divide their marital property as listed by them" in the attached sheet. In this section of the form, Barbara wrote "Will be split equally—we will work together."

The attached asset sheet provides that "[e]ach person shall receive as their own all assets in their column." Graham and Barbara inserted zeros for several categories listed on the asset sheet, including cash on hand, cash in bank accounts, stocks and bonds, money owed to them, and business interests. They described and listed the values of vehicles, furniture and furnishings, jewelry and watches, computers, and tools, entering the value of some items in Graham's column, and others in Barbara's. The sum of all the items listed totaled $49,000, with each person receiving property worth $24,500. Graham and Barbara wrote nothing in the lines provided for "Retirement plans." They did not check the box for "Profit Sharing or Pension" or for "401(k), IRAs or other," and the spots to fill in the retirement plan value or account balance in each respective column were left entirely blank. At the time of the dissolution, Graham had a 401(k) account with a value of approximately $235,000 and an interest in a defined-benefit pension through his employment with 3M,

while Barbara had a 401(k) account with a zero balance and an unvested interest in a pension plan.

The form also included language that "[e]ach of us states that nothing has been held back, and that we have honestly included everything we could think of in listing our assets . . . and that we believe the other has been open and honest in writing this agreement." Both parties also signed before a notary public, attesting to the truth of the statements in the petition.

Graham appeared at a hearing in June 2014 and confirmed under oath, among other things, that he had income from full-time employment, that Barbara was receiving social-security disability benefits, and that the parties had agreed to sell their home and divide the proceeds. Barbara was not present at the hearing. At the hearing, the dissolution court[2] also asked Graham, "With regards to your personal effects and assets, the two of you have agreed to just divide them up equitably?" Graham responded, "Yes." The presiding judge signed the dissolution decree, and judgment was entered.

In February 2020, Barbara moved to enforce, clarify, or amend the dissolution decree. She sought an order awarding her half of the value of the retirement accounts that Graham possessed in 2014, or, alternatively, for an equitable division of an omitted asset. Both parties were represented by counsel in this proceeding and submitted affidavits and exhibits to the district court.

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[2] This opinion refers to the district court that signed the dissolution decree in 2014 as the "dissolution court" and the district court that heard Barbara's motion to enforce, clarify, or amend in 2020 as the "district court."

Graham and Barbara presented conflicting evidence about their intentions regarding the retirement accounts in 2014. Barbara stated in her affidavit that her handwritten statement that they would split the marital property "equally" applied to the couple's retirement accounts. But Graham stated in his affidavit that he and Barbara had specifically discussed their retirement accounts and agreed that they would each keep their own. Graham explained that they had reached an unwritten agreement to keep their own retirement accounts, in part, because he had agreed to assume extra expenses and debt.

The district court explained that it was "logical" that Graham would keep his retirement accounts "as consideration for assuming all marital debts and expenses." The district court therefore denied Barbara's request to enforce or clarify the dissolution decree to give her a division of the retirement assets, reasoning that "[t]o substantially change what appears to be a full and equitable division of the marital estate would be inappropriate, even if one piece of that agreement was not made in writing."

Although the district court stressed that "the retirement accounts should have been disclosed as part of the overall settlement," the court found that "the omission does not make the parties' agreement unfair or no longer equitable." According to the district court, "[t]o now go back and divide the retirement accounts as though those debts and other expenses did not exist is to give [Barbara] an unfair windfall."

Barbara appealed the district court's order. The court of appeals affirmed. *Pooley v. Pooley*, No. A20-1250, 2021 WL 2910246, at *6 (Minn. App. July 12, 2021). The court of appeals concluded that the district court did not err by denying Barbara's request to enforce or clarify the dissolution decree by awarding her half of the retirement accounts

because the dissolution decree "does not unambiguously state that the parties agreed to equally divide" their retirement accounts, and the district court found that the parties had intentionally omitted the retirement accounts from the joint petition. *Id.* at *3–5. The court of appeals further held that the district court did not err by denying Barbara's motion to reopen the dissolution decree because Barbara did not satisfy the statutory requirements for such a motion. *Id.* at *5–6; *see* Minn. Stat. § 518.145, subd. 2 (providing that a court may reopen a dissolution decree based on reasons including mistake, inadvertence, or fraud, when the motion is made within a year of the dissolution decree).

The court of appeals expressed "some discomfort with the implication that it is permissible and acceptable for parties seeking a stipulated dissolution to intentionally file a joint petition containing false information." *Pooley*, 2021 WL 2910246, at *4 n.1. Nonetheless, because Barbara had "not argued that an agreement to intentionally omit retirement assets from a jointly filed petition should be deemed invalid as a matter of law," the court of appeals "assume[d] without deciding that parties to a stipulated dissolution proceeding may agree to omit marital property from their joint petition." *Id.*

This court granted Barbara's request for further review.

ANALYSIS

Marriage-dissolution stipulations are a judicially favored means of simplifying and expediting dissolution litigation and are "accorded the sanctity of binding contracts." *Shirk v. Shirk*, 561 N.W.2d 519, 521 (Minn. 1997). Once the parties have reached an agreement on property distribution, the court, sitting as a third party, must approve that distribution by making sure it is fair and equitable. Minn. Stat. § 518.003, subd. 3b (2020) (defining

"marital property"); Minn. Stat. § 518.58, subd. 1 (2020) (addressing division of marital property upon dissolution); *see Maranda v. Maranda*, 449 N.W.2d 158, 165 (Minn. 1989). As dissolution stipulations are "binding contracts," a party cannot repudiate or withdraw from a stipulation without the consent of the other party, except "by leave of the court for cause shown." *Shirk*, 561 N.W.2d at 521–22 (citation omitted) (internal quotation marks omitted).

Here, Barbara has alleged that the plain language of the marriage dissolution decree entitles her to half of the parties' retirement accounts. Alternatively, she claims that the court failed to consider how to divide the omitted asset under section 518.58. We agree that the district court erred in not considering how to equitably divide the parties' omitted asset and remand for it do so.

I.

Both parties agree that Graham's retirement account, the second-largest asset at the time of their divorce, was omitted from the stipulation. But the parties differ in their interpretations of this omission. Barbara argues the omission means the plain language of the parties' stipulation—that their assets would be "split equally"—should apply to Graham's retirement account, thereby entitling her to half. Graham counters that the blank line next to retirement accounts is ambiguous, and extrinsic evidence reveals that the parties agreed to keep their own retirement accounts.

Courts treat stipulated marriage-dissolution judgments as contracts for purposes of construction. *See Shirk*, 561 N.W.2d at 521 (stating that stipulations to dissolve marriages are "accorded the sanctity of binding contracts"). We would therefore typically start with

determining whether a contract is ambiguous and proceed from that determination. *See Emp. Liab. Assurance Corp. v. Morse*, 111 N.W.2d 620, 624 (Minn. 1961). But even though we treat dissolution stipulations as contracts, they have unique features. One such feature is that dissolution stipulations are not simply contracts between two private parties; the State of Minnesota sits as a third party in all dissolution proceedings to make sure that all property divisions are fair and equitable. *Maranda*, 449 N.W.2d at 165 ("In dissolution cases, the court sits as a third party, representing all of the citizens of the State of Minnesota to see that a fair property distribution is made."). Recognizing the State of Minnesota as a necessary party to dissolution proceedings provides the State with the power to prevent abuse between spouses and helps prevent unnecessary strain on state resources by ensuring each spouse is provided for financially.

Under Minnesota law, the extent of each spouse's interest in marital property "shall be determined and made final by the court pursuant to section 518.58." Minn. Stat. § 518.003, subd. 3b.[3] The rules of statutory interpretation command that " '[s]hall' is mandatory," meaning that the court's participation in effectuating such property divisions is not optional. *See* Minn. Stat. § 645.44, subd. 16 (2020) (defining "shall"). Here, the

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[3] Section 518.58, subd. 1, requires that:

> Upon a dissolution of a marriage . . . the court shall make a just and equitable division of the marital property of the parties without regard to marital misconduct, after making findings regarding the division of the property. The court shall base its findings on all relevant factors including the length of the marriage, any prior marriage of a party, the age, health, station, occupation, amount and sources of income, vocational skills, employability, estate, liabilities, needs, opportunity for future acquisition of capital assets, and income of each party.

dissolution court was unable to consider the division of the retirement accounts under section 518.58 due to the parties' omission, thereby directly violating the requirements of section 518.003 that the court make sure all property divisions are fair and equitable.

By omitting the asset from the stipulation, Graham and Barbara prevented a necessary party from signing off on any agreement regarding the retirement accounts. Because any agreement between Graham and Barbara regarding their retirement accounts is missing a necessary party, we must turn our analysis to what role the district court plays in dissolution decrees involving omitted assets.

II.

In determining what role the district court plays in dissolution decrees involving omitted assets, we first clarify what it may not do. Barbara styled her motion, in part, as a motion for the district court to enforce or clarify the dissolution decree. But because the dissolution court itself was never permitted to pass on whatever agreement existed regarding Graham's retirement accounts, there was no dissolution decree on that issue for the district court to enforce or clarify.

We next turn to the question of whether a district court has the power to *amend* an incomplete decree. The jurisdiction of the district court in dissolution matters is limited to the powers "delegated to the court by statute." *Kienlen v. Kienlen*, 34 N.W.2d 351, 354 (Minn. 1948). The question is therefore whether the court has the statutory authority to amend a dissolution decree to address omitted assets. This issue is a question of law, which we review de novo. *Woolsey v. Woolsey*, 975 N.W.2d 502, 506 (Minn. 2022); *see also*

Shirk, 561 N.W.2d at 521 ("[W]e are neither bound by, nor required to give deference to the trial court's determination of purely legal issues.").

The court of appeals concluded, and Graham argues on appeal, that the district court has no power to amend a decree independent from the statutory grounds for relief from a decree under Minn. Stat. § 518.145 (2020).[4] Because Barbara's arguments to amend the decree do not fall under any of the grounds listed in section 518.145, Graham argues that Barbara is unable to seek relief from the court. The court of appeals agreed, finding that

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[4] Section 518.145, subdivision 2, provides:

> On motion and upon terms as are just, the court may relieve a party from a judgment and decree, order, or proceeding under this chapter, except for provisions dissolving the bonds of marriage, annulling the marriage, or directing that the parties are legally separated, and may order a new trial or grant other relief as may be just for the following reasons:
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> (1) mistake, inadvertence, surprise, or excusable neglect;
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> (2) newly discovered evidence which by due diligence could not have been discovered in time to move for a new trial under the Rules of Civil Procedure, rule 59.03;
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> (3) fraud, whether denominated intrinsic or extrinsic, misrepresentation, or other misconduct of an adverse party;
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> (4) the judgment and decree or order is void; or
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> (5) the judgment has been satisfied, released, or discharged, or a prior judgment and decree or order upon which it is based has been reversed or otherwise vacated, or it is no longer equitable that the judgment and decree or order should have prospective application.
>
> The motion must be made within a reasonable time, and for a reason under clause (1), (2), or (3), not more than one year after the judgment and decree, order, or proceeding was entered or taken. . . .

the sole means to obtain the relief Barbara seeks is through satisfying the requirements of section 518.145, subdivision 2. *Pooley*, 2021 WL 2910246, at *5.

Barbara acknowledges that none of the grounds listed in section 518.145 apply to her case but argues that the statute serves an entirely different function from the court's power and responsibility to divide omitted assets. She claims that section 518.145 provides the bases to seek relief from items actually contained in a decree, but that the statute does not address the procedure for deciding things that are omitted from a decree. Under Barbara's interpretation of section 518.145, the court retains the power and responsibility to divide omitted assets in accordance with section 518.58.

We agree that with Barbara that a party's ability to seek division of assets not divided per the requirements of sections 518.003 and 518.58 exists outside of the confines of section 518.145. District courts are mandated, per section 518.58, to divide parties' marital property justly and equitably. Minn. Stat. § 518.58, subd. 1 ("[T]he court *shall* make a just and equitable division of the marital property of the parties without regard to marital misconduct, after making findings regarding the division of the property." (emphasis added)). Once the district court has fulfilled this statutory mandate, a party seeking to change anything that has been decided must move for relief under, and be able to fulfill the requirements of section 518.145. But section 518.145 governs relief from a

decree that has already been entered; it does not apply to assets that have been omitted, as a district court first has a responsibility to pass upon those assets.[5]

Our precedent is consistent with the view that dividing what has not yet been divided is not the same as reopening a dissolution decree under section 518.145. *See, e.g.*, *Searles v. Searles*, 420 N.W.2d 581, 583 n.1 (Minn. 1988) ("[T]he claim here is not to change what has been decreed but rather to decide what was left undecided."); *Steele v. Steele*, 304 N.W.2d 34, 35 (Minn. 1981) ("If it be true, as the parties claim, that there were interests in real estate and outstanding obligations to which the trial court did not address itself specifically, the appropriate remedy is application to the district court for amendment of the decree.").[6] The court of appeals acknowledged that our decisions in *Searles* and *Steele*

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[5] The dissent argues that our decision conflicts with case law providing that district courts lack the jurisdiction to amend incomplete dissolution judgments. The cases the dissent cites for this proposition focus on awards of spousal maintenance, the grant of which are permissive under the governing statute. *Compare* Minn. Stat. § 518.552, subd. 1 (2020) ("[T]he court *may* grant a maintenance order for either spouse . . . .") (emphasis added) *with* Minn. Stat. § 518.58, subd. 1 ("[T]he court *shall* make a just and equitable division of the marital property of the parties . . . .") (emphasis added). A district court has no obligation to award spousal maintenance, whereas it is obligated to divide marital property. Therefore, our conclusion in *Eckert v. Eckert* that "there can be no modification of something that never existed" does not apply to an omitted portion of marital property; here, Barbara had an existing interest in Graham's retirement account that matured at the time of dissolution and needed to be determined. 216 N.W.2d 837, 840 (Minn. 1974); *see Searles v. Searles*, 420 N.W.2d 581, 583 (Minn. 1988).

[6] Many other court of appeals cases, both published and unpublished, have recognized a district court's ability to divide omitted assets. *See Blomberg v. Blomberg*, 367 N.W.2d 643, 644 (Minn. App. 1985) (stating that a party may "seek amendment of a dissolution decree when marital property has been omitted from the decree"); *Brink v. Brink*, 396 N.W.2d 95, 97–98 (Minn. App. 1986); *Neubauer v. Neubauer*, 433 N.W.2d 456, 461 n.1 (Minn. App. 1988), *review denied* (Minn. Mar. 17, 1989); *Danielson v. Danielson*, 721

"appear to provide Barbara with an opportunity to obtain her requested relief." *Pooley*, 2021 WL 2910246, at *5. But the court claimed our decision in *Shirk* clarified that Barbara cannot obtain relief simply by showing a marital asset was omitted from the dissolution decree. *Pooley*, 2021 WL 2910246, at *5. In *Shirk*, we held that "[t]he sole relief from the judgment and decree lies in meeting the requirements of Minn. Stat. § 518.145, subd. 2." 561 N.W.2d at 522. The court of appeals held that this statement meant that Barbara's sole means to address the omitted retirement accounts was through section 518.145. *Pooley*, 2021 WL 2910246, at *5.

Our holding in *Shirk* was that section 518.145 provides the sole relief for *reopening* a decree. 561 N.W.2d at 522. *Shirk* involved a woman seeking to change the district court's division of marital property and spousal maintenance determinations based on her lawyer's alleged misconduct. *Id.* at 520–21. We held that the ethical violations of Ms. Shirk's attorney did not meet the requirements of section 518.145, subd. 2, and therefore were not grounds to reopen the judgment and decree. *Shirk*, 561 N.W.2d at 522. We also

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N.W.2d 335, 339–40 (Minn. App. 2006); *Sela v. Sela*, No. A14-1285, 2015 WL 4714811, at *5 (Minn. App. Aug. 10, 2015).

The dissent attempts to dismiss our precedent in *Searles* by pointing out that the case involved a partition action over which state—Minnesota or Missouri—had in rem jurisdiction over land held by a divorced couple. *Searles*, 420 N.W.2d at 584. But this attempted distinction overlooks the multiple questions we were addressing in *Searles*. The first question we answered was a general question of whether a dissolution of marriage decree extinguishes a spouse's claim to undivided marital property; we held it did not because parties have a common ownership interest in marital property which is not extinguished upon dissolution. *Id.* at 583. It is this question that informs our decision today, not the later question of whether Minnesota had jurisdiction to divide a Missouri couple's ownership of Minnesota land.

held that a party may not attack a stipulation following the court's judgment and decree. *Id.* But to extend this reasoning to apply to the omitted asset at issue in this case is an overbroad reading of *Shirk*.

Where a decree fails to include all major assets, requesting the court to divide the omitted assets is asking the court to consider property that was not included in the decree. Parties do not attack a stipulation by asking for consideration of items that were never part of that stipulation. If a court's decree is a box that contains everything the parties agreed to *and what the court has approved as equitable*, that box can only be reopened if the factors of section 518.145 are met. But it is not reopening the box to address items that were never inside the box. Multiple items in this case, including waivers of spousal maintenance, are inside the box and cannot be altered unless a party satisfies the requirements of section 518.145. But the retirement assets were never inside the box, as the dissolution court never approved any division as equitable, and it is therefore not reopening the decree to equitably divide those assets.[7] We are not therefore, as the dissent claims, overruling *Shirk*, but rather delineating the situations to which *Shirk* applies by recognizing that section 518.145 does not control the division of omitted assets.

Perhaps most importantly, the court of appeals' interpretation of *Shirk* runs afoul of our principles of statutory interpretation. "We are to read and construe a statute as a whole

[7] The dissent claims that we are expanding the jurisdictional limits on reopening a dissolution judgment and decree under Minn. Stat. § 518.145, subd. 2. But there is no separation of powers concern as we are not expanding these limits; we are simply recognizing that these limits are inapplicable to omitted marital property. Omitted marital property is governed by the district courts' mandate under Minn. Stat. § 518.58, subd. 1, to divide marital property equitably. This mandate has no explicit statutory time limit.

and must interpret each section in light of the surrounding sections to avoid conflicting interpretations." *Am. Fam. Ins. Grp. v. Schroedl*, 616 N.W.2d 273, 277 (Minn. 2000). Reading section 518.145 to foreclose district courts from dividing undivided assets would frustrate the statutory requirement that district courts divide marital property justly and equitably under section 518.58 by creating a situation in which the court would be unable to complete that necessary duty. Simply put, the court of appeals' interpretation creates an irreconcilable conflict between two provisions of the dissolution chapter.

The importance of recognizing the court's power to divide omitted assets cannot be overstated. The very purpose of requiring district courts to review stipulations is to ensure a fair distribution of all marital assets. *See Maranda*, 449 N.W.2d at 165; *see also Ronnkvist v. Ronnkvist*, 331 N.W.2d 764, 765–66 (Minn. 1983) ("[P]arties to a martial dissolution proceeding have a duty to make a full and accurate disclosure of all assets and liabilities to facilitate the trial court's property distribution."). Allowing for unwritten side agreements that evade review of the district court completely circumvents the entire purpose for the State's review of such stipulations. Though not alleged in this case, enforcing such unwritten side agreements could allow financially abusive spouses to force their victims to agree to extremely inequitable divisions of property while leaving them no recourse to challenge those divisions. The district court's oversight is vital to ensure

abusers are not able to enforce unfair side agreements merely because the abuser was able to make their victim agree to it at the time.[8]

III.

Having determined the district court has a statutory mandate to divide omitted assets under Minn. Stat. § 518.58, we turn our review to the district court's actions in this case. The district court should have applied the factors listed in section 518.58, subd. 1, to divide the omitted asset. Here, there is no indication the district court did so.[9]

Instead, the sole, conclusory statement in the record that "the agreement the parties made was an equitable division of the marital estate" is adopted verbatim from Graham's proposed order. We generally disfavor adopting findings submitted by a party verbatim because it can make it more difficult to determine whether the district court "exercised its

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[8] Though no fraud or misconduct is alleged in this case, we are troubled by the multiple references to an attorney who reviewed the stipulation for dissolution. In Graham's affidavit, he claims "I did take the documents to an attorney to have them looked over before submitting them to the Court to make sure everything was in order, and I encouraged Barbara to do the same." Yet in an e-mail from Graham to Barbara at the time of the divorce, he stated "I will take the papers to a lawyer and have him go over everything . . . I am not retaining a lawyer, just an independent, to make sure everything is legal and correct, [sic] for us both."

At oral argument, Graham's attorney stated that "[Graham] went and saw an attorney, and [] spoke with him, and the attorney said courts really like these asset columns to kind of match up equally, and if there's going to be an unequal division there, leave it blank." While this does not drive our decision in this case, we are concerned at the implication that the "independent" attorney Graham had review the parties' submission may have recommended leaving out the retirement assets to create the impression of fairness.

[9] Although it has no impact on our decision in this case, we are also troubled by the district court's decision to make significant credibility determinations based on affidavit submissions, without the benefit of live testimony or cross examination.

own careful consideration of the evidence, of the witnesses, and of the entire case." *Dukes v. State*, 621 N.W.2d 246, 258 (Minn. 2001) (citation omitted) (internal quotation marks omitted).

Furthermore, based on context, as well as the court's conclusions of law, the district court's determination appears to rest on the understanding that the parties had a side agreement, and that refusing to honor that agreement would change the substantive rights of the parties, resulting in a "windfall" for Barbara. In enforcing or clarifying a dissolution decree, a district court may not change the parties' substantive rights. *Kornberg v. Kornberg*, 542 N.W.2d 379, 388 (Minn. 1996). In other words, a district court may not, without re-opening a decree, change the amount of marital property actually awarded to either party in the divorce decree. *See Nelson v. Nelson*, 806 N.W.2d 870, 871 (Minn. App. 2011). Substantive changes in a final property division may only be ordered under the circumstances set forth in section 518.145, subd. 2. But here the retirement accounts were not awarded to either party, leaving the parties' interests in the accounts undetermined. Dividing the undivided property could not affect the parties' substantive rights in the decree already entered, as it would not change the amount of marital property already awarded to either party by the dissolution court. *See Nelson*, 806 N.W.2d at 871.[10]

[10] The dissent asserts that "the record is clear that the dissolution court thoroughly considered the disposition of the retirement assets and specifically awarded them to Graham." Yet the dissent does not identify precisely when this award happened because it cannot—the retirement assets were neither divided by the court at the time of dissolution nor were they divided by the court when Barbara brought a motion to clarify or amend years later. Instead, the court found that the retirement assets had been omitted and refused

Graham has argued that paying the couple's outstanding debt and paying mortgage payments while he continued to live in their house was a fair exchange for him keeping the parties' single largest asset for himself. But while Graham found such an agreement fair and Barbara allegedly agreed, the dissolution court had a requirement under the law to pass upon it. *See* Minn. Stat. § 518.58, subd. 1. By omitting the asset altogether, the dissolution court was prevented from exercising that necessary responsibility.[11] Accordingly, Barbara is entitled to the equitable division of the retirement accounts pursuant to the factors listed in section 518.58, subd. 1.[12]

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to clarify or amend the decree to include the omitted assets. This is not the proper procedure contemplated by section 518.58.

[11] The court of appeals assumed without deciding that parties may agree to omit marital property from their joint petition for dissolution. *Pooley*, 2021 WL 2910246, at *4 n.1. Despite the court's "discomfort with the implication that it is permissible and acceptable for parties seeking a stipulated dissolution to intentionally file a joint petition containing false information," it stated that Barbara did not advance the argument that agreements between parties to omit assets are invalid as a matter of law. *Id.* Barbara may not have used that precise phrasing, but it is implicit in her argument that omitting assets prevents district courts from performing their necessary equity determinations. Therefore, the question of whether parties can omit assets from dissolution decrees is directly before us.

[12] The dissent claims that our holding creates an "unrestrained judicial carve-out" that will destabilize the finality and reliability of dissolution judgments by "allowing a party to obtain relief at any time from a stipulated dissolution judgment." But our holding is actually quite narrow. It applies only to marital property under Minn. Stat. § 518.58, and only to those assets which were entirely omitted from a dissolution judgment. Finality is of the utmost importance in dissolution proceedings, but where parties' failure to adhere to explicit instructions prevents district courts from discharging their mandatory duties under statute, we are not required to stand idly by. *See John v. John*, 322 N.W.2d 347, 348 (Minn. 1982) ("[I]f the stipulation was improvidently made and in equity and good conscience ought not to stand it may be vacated." (citation omitted) (internal quotation marks omitted)).

CONCLUSION

For the foregoing reasons, we reverse the decision of the court of appeals and remand for further proceedings consistent with this opinion.

Reversed and remanded.

D I S S E N T

HUDSON, Justice (dissenting).

In 2014, Graham Pooley and Barbara Pooley agreed to end their marriage and resolve all issues through a written stipulation. Nearly 6 years later, Barbara asked the district court to reopen the stipulated dissolution judgment and decree and award her half of Graham's retirement accounts. Although the parties' stipulation did not address the retirement accounts, the dissolution court was fully aware of these assets and specifically found that they intended to keep their own retirement accounts at the time of their dissolution. The district court ultimately declined to "alter the parties' agreement six years later," finding that their agreement "was equitable at the time and remains equitable now." The district court also ruled that Barbara's motion fell "well outside" the 1-year time limit to reopen a dissolution judgment under Minn. Stat. § 518.145 (2020). The court of appeals affirmed. Today, the court concludes that the courts below erred by following our holding that the "sole relief" from a dissolution judgment "lies in meeting the requirements of Minn. Stat. § 518.145, subd. 2." *Shirk v. Shirk*, 561 N.W.2d 519, 522 (Minn. 1997). The court's decision (1) ignores express statutory limits on jurisdiction and the importance of finality in dissolution proceedings; (2) effectively overrules our precedent; and (3) substitutes the majority's judgment for that of the district court. For these reasons, I respectfully dissent.

I.

The court's analysis ignores the jurisdictional limits on reopening a dissolution judgment and decree under Minn. Stat. § 518.145, subd. 2. Although Minn. Stat.

§ 518.145, subd. 2, allows the district court to grant relief from a final dissolution judgment under circumstances like those alleged here, critically, the Legislature has specified that the motion must be made within "a reasonable time, and for a reason under clause (1), (2), or (3), not more than one year after" the dissolution judgment.[1] Barbara has acknowledged that she was aware of the retirement accounts long before she brought her motion. According to Barbara, "much of the reason" for her delay in bringing the motion was that she did not have the money to hire an attorney. The district court found that Barbara's assertion was not credible, in part because she received 50% of the proceeds from the sale of the home ($36,417.29) in June 2016, leaving her with "more than enough to bring her motion had she wanted to at the time." There is no question that waiting almost 6 years to challenge a final dissolution judgment is "not a reasonable time" under section 518.145, subdivision 2. And as she must, Barbara also admits that her motion did not meet the

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[1] The district court found that the parties' failure to disclose their retirement accounts "as part of the overall settlement" was a "mistake." Claims of "mistake, inadvertence, surprise, or excusable neglect" are covered under Minn. Stat. § 518.145, subd. 2(1), which is subject to the 1-year time limit. In addition, even if Graham had engaged in fraud or other misconduct, the 1-year time limit would apply. *See* Minn. Stat. § 518.145, subd. 2(3) (addressing "fraud, whether denominated intrinsic or extrinsic, misrepresentation, or other misconduct of an adverse party").

Barbara has not challenged the district court's finding that there was no fraud on the court. Nevertheless, the majority devotes a two-paragraph footnote expressing its concern that Graham may have received advice from an attorney to omit the retirement assets from the parties' submission, creating the impression of unfairness. But the record on this issue is, at best, inconclusive. More importantly, the district court reviewed the parties' respective affidavits, heard oral argument on this issue from Graham's current counsel, and took no action—strongly suggesting that the district court agreed with Graham's position: that the parties intentionally omitted the retirement accounts from the stipulation because they had separately decided that he would keep them in exchange for taking on the parties' other marital debt, as well as responsibility for the mortgage, taxes, and maintenance of the parties' home.

1-year statutory time limitation as she waited nearly 6 years to challenge the final dissolution judgment.

Notwithstanding the express statutory limits on reopening a dissolution judgment, the court concludes that the district court had the power to divide an omitted asset—an asset not specifically mentioned in the dissolution judgment. The court's conclusion circumvents the statutory jurisdiction limits. We have long held that the jurisdiction of the district court in dissolution matters is "*purely statutory*." *Kienlen v. Kienlen*, 34 N.W.2d 351, 354 (Minn. 1948) (emphasis added). A district court has "wide discretion" in dissolution matters but only "for those matters *within its jurisdiction*." *Oldewurtel v. Redding*, 421 N.W.2d 722, 726 (Minn. 1988) (emphasis added). We have stressed that the jurisdiction of the district court "does not extend beyond the powers actually delegated to the court by statute." *Kienlen*, 34 N.W.2d at 354; *see, e.g.*, *McCarthy v. McCarthy*, 196 N.W.2d 305, 308 (Minn. 1972) (holding that where a dissolution judgment "does not specifically reserve jurisdiction of the issue of alimony for determination at a later date, no such jurisdiction can later be claimed").

The decision of the court thus implicates constitutional separation-of-powers concerns. *See* Minn. Const. art. III, § 1. We have observed that section 518.145, subdivision 2, "was carefully crafted by the legislature to provide limited areas of relief to those seeking vacation of judgment and decrees." *Shirk*, 561 N.W.2d at 522 n.3. We do not have the power to extend the statutory jurisdiction of the district court beyond those limited areas of relief. *Cf. Minn. Brewing Co. v. Egan & Sons Co.*, 574 N.W.2d 54, 62 (Minn. 1998) ("Creating a new right that is not within the language of [a statutory]

scheme . . . is not within the province of this court. That role is fulfilled solely by the legislature.").

The court claims its judicial expansion of the jurisdictional time limits is really not an expansion at all because section 518.145, subdivision 2, does not apply to "omitted marital property." Omitted marital property, the court claims, is governed by Minnesota Statutes section 518.58 (2020), which has no explicit statutory time limit. But the court proceeds from a false premise—namely, that because Graham's retirement account was not listed in the parties' stipulation, it was an omitted asset that the dissolution court did not consider or divide in accordance with section 518.58. This false premise permeates the court's jurisdictional analysis—indeed the entire opinion—even though the record directly contradicts the court's position. The record is clear that the dissolution court thoroughly considered the disposition of the retirement assets and specifically awarded them to Graham, concluding that this disposition was an equitable division of the marital assets. Thus, the dissolution court fulfilled its duties under section 518.58.

I agree that the dissolution court had the power and the duty to scrutinize the parties' stipulation for fairness while it had jurisdiction over the dissolution matter, and the dissolution court did so. But once the dissolution judgment became final and the time for reopening the judgment had passed, "the need for finality" takes on "central importance." *Shirk*, 561 N.W.2d at 522. We recently observed that "[s]ection 518.145 preserves the important principles of judicial finality and certainty by requiring that a motion for relief must be made 'within a reasonable time,' and, in any event, 'not more than one year after the judgment and decree . . . .' " *Bender v. Bernhard*, 971 N.W.2d 257, 266 (Minn. 2022)

(quoting Minn. Stat. § 518.145, subd. 2). The court's creation here of an unrestrained judicial carve-out from the express statutory limitations on jurisdiction upsets the constitutional balance between the legislative and judicial branches and undermines well-settled rights and expectations.

II.

Our prior decisions—until today—have recognized and respected the statutory jurisdiction limits in dissolution matters. The court relies heavily on our decision in *Maranda v. Maranda*, for the proposition that the district court has an obligation to ensure a fair distribution of property in a dissolution matter. 449 N.W.2d 158, 165 (Minn. 1989). The court, however, ignores our discussion of jurisdiction in *Maranda*. After noting that the Legislature had recently "provide[d] a mechanism" in Minn. Stat. § 518.145, subd. 2, for reopening a dissolution judgment, we made clear that future motions "should be brought" under the statute. *Maranda*, 449 N.W.2d at 164 n.1.

Subsequently, in *Shirk v. Shirk*, a case that involved a stipulated dissolution judgment, we reaffirmed that the "sole relief" from a final dissolution judgment "lies in meeting the requirements of Minn. Stat. § 518.145, subd. 2." 561 N.W.2d at 522. We held that "circumstances meeting the requirements of Minnesota Statute[s] section 518.145, subd. 2 must be demonstrated in order to obtain relief from a judgment and decree of dissolution." *Shirk*, 561 N.W.2d at 523. We stated that courts should not vacate dissolution judgments "to address inadequacies and unfairness" unless the circumstances

meet "the statutory requirements." *Id.* at 522–23 (distinguishing *Maranda*).[2] We also stressed that the statutory time limitations "must be observed." *Id.* at 522. The district court did not err by following that direction here.

The court acknowledges that "[o]ur holding in *Shirk* was that section 518.145 provides the sole relief for *reopening* a decree." The court suggests, however, that "dividing what has not yet been divided is not the same as *reopening* a dissolution decree under section 518.145." But Barbara labeled her motion as a motion to *reopen* the dissolution judgment "to account for marital retirement and investment assets" in existence

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[2] The court claims that because section 518.58 requires district courts to divide marital property justly and equitably, the court of appeals' interpretation of *Shirk* reading section 518.145 to "foreclose district courts from dividing undivided assets" creates an "irreconcilable conflict between two provisions of the dissolution chapter." No such conflict exists. One provision, section 518.58, expresses an overarching principle that a district court is responsible for ensuring a fair and equitable distribution. Minn. Stat. § 518.58, subd. 1 ("the court shall make a just and equitable division of the marital property of the parties without regard to marital misconduct, after making findings regarding the division of the property"). The other, section 518.145, provides the vehicle by which that principle is achieved, declaring that a dissolution decree is "final when entered, subject to the right of appeal." Minn. Stat. § 518.145, subd. 1. Only on a motion and "upon terms as are just," such that a party meets the specific requirements listed in the statute, may a court relieve a party from the decree. *Id.*, subd. 2. This principle, that section 518.145 sets forth specific circumstances that must be present to permit a party to be relieved of the terms of a judgment and decree, and the time limitations that must be observed, was reaffirmed in our decision in *Shirk*. *See* 561 N.W.2d at 522 (clarifying that when a judgment and decree is entered based upon a stipulation, "the stipulation is merged into the judgment and decree and the stipulation cannot thereafter be the target of attack by a party seeking relief from the judgment and decree" because "[t]he sole relief from the judgment and decree lies in meeting the requirements of Minn. Stat. § 518.145, subd. 2"). Thus, these two provisions work together to ensure that the division of marital property is indeed fair and equitable, while also satisfying the need for finality in dissolution proceedings.

at the time of the parties' marriage.[3] Using the court's analytical framework, not only were the retirement assets "in the box," Barbara herself put them there. Thus, the district court necessarily would have to reopen the (box) dissolution judgment to award Barbara an interest in Graham's retirement accounts. Any interest that Barbara had in Graham's retirement accounts arose solely by virtue of their marriage and her status as his spouse. The court does not explain how the district court can award Barbara an interest in her former spouse's retirement account after their marriage has been dissolved without reopening the dissolution decree.

The retirement accounts are not an asset like real estate in which each party retained an interest even after the dissolution of the marriage. The cases the majority relies on—*Searles v. Searles*, 420 N.W.2d 581 (Minn. 1988), and *Steele v. Steele*, 304 N.W.2d 34 (Minn. 1981)—both involved real estate and the need to resolve disputes over the ownership of real property. Notably, in *Searles*, we simply held that Minnesota had "in rem jurisdiction over Minnesota land" in a *partition action* "to determine title and ownership to the land." 420 N.W.2d at 584. We clarified, however, that Minnesota would not have "jurisdiction to decide terms of [a] marriage dissolution apparently left unresolved

[3] Alternatively, Barbara moved to enforce or clarify the dissolution judgment, requesting an equal division of Graham's retirement accounts. The district court denied Barbara's request, finding that the parties had intended to keep their own retirement accounts. Deferring to the district court's credibility determinations, the court of appeals concluded that the district court did not clearly err or abuse its discretion "by concluding that the parties intentionally omitted their retirement accounts" from the documents they submitted in the dissolution action. *Pooley v. Pooley*, No. A20-1250, 2021 WL 2910246, at *4 (Minn. App. July 12, 2021). The court concludes that "there was no dissolution decree on that issue for the district court to enforce or clarify" because the retirement accounts were omitted assets.

by a court that did have jurisdiction." *Id.* *Steele* also is distinguishable because the parties there raised the property issue in a direct appeal of the dissolution judgment. *See* 304 N.W.2d at 34–35. We recently noted that "Minnesota law generally precludes parties from reopening marital judgments and decrees *after they exhaust their appellate remedies*." *Bender*, 971 N.W.2d at 262 (emphasis added). The parties in *Steele* had not exhausted their appellate remedies, unlike Barbara, who brought her motion almost 6 years after the dissolution judgment became final. In any event, the Legislature enacted the jurisdictional limits in Minn. Stat. § 518.145, subd. 2, after our decisions in *Searles* and *Steele*. Act of Apr. 26, 1988, ch. 668, § 11, 1988 Minn. Laws 1007, 1011–12 (codified as amended at Minn. Stat. § 518.145, subd. 2). And we have never cited either decision in any opinion until now.

Even assuming the court is correct that the dissolution court never made an equitable division of the retirement assets, the court's conclusion that the district court may now decide what was left previously undecided also conflicts with our case law holding that a district court does not have jurisdiction to amend an incomplete dissolution judgment. For example, when a dissolution judgment makes no provision for spousal maintenance, the district court "lacks jurisdiction to amend the original decree." *McCarthy*, 196 N.W.2d at 308 (holding that "where the decree of divorce is silent as to alimony or fails properly to designate alimony as required by statute, the trial court cannot thereafter modify the decree to award alimony"). In other words, "there can be no modification of something that never existed." *Eckert v. Eckert*, 216 N.W.2d 837, 840 (Minn. 1974). Similarly, the district court

lacks jurisdiction here to amend the original dissolution judgment, which Barbara acknowledges is "silent" as to retirement accounts.

Further, as previously noted, the disposition of the retirement accounts was not left "undecided." Contrary to the court's claim, the dissolution court carefully considered the disposition of the retirement accounts and plainly awarded them to Graham. The district court specifically found that Graham took on certain obligations as part of their agreement that each party would keep their own retirement accounts and concluded that this was an equitable division of the marital estate. While the court maintains that dividing the retirement accounts now "could not affect the parties' substantive rights," the district court found that Graham would not have agreed to take on additional obligations "if he was also dividing half of his retirement." The district court explicitly determined that dividing his retirement accounts now would change his substantive rights and provide Barbara with a "windfall." [4]

In sum, allowing a party to obtain relief at any time from a stipulated dissolution judgment—even 6 years later—increases the potential for " 'uncertainty, chaos, and confusion,' " which we have repeatedly warned against in dissolution matters. *Ryan v.*

[4] Contrary to the court, I am not "troubled by the district court's decision to make significant credibility determinations based on affidavit submissions." The district court's 12-page order was thorough and carefully analyzed the parties' positions on the division of the retirement assets. Critically, Barbara and Graham were both present at the May 20, 2020 hearing, along with their respective counsel. And counsel were afforded and in fact provided oral argument. Thus, the district court did not rely solely on the parties' affidavits. And as the district court noted, a default hearing was held on June 20, 2014, before the dissolution court judge. Graham appeared; Barbara did not. Had she appeared, "she could have stated on the record what her intentions were with regard to the retirement."

Ryan, 193 N.W.2d 295, 298 (Minn. 1971) (citation omitted), *quoted in Shirk*, 561 N.W.2d at 522. The majority has effectively overruled our holding in *Shirk* and destabilized the finality and reliability of dissolution judgments.

III.

Finally, assuming that Barbara's motion was not time-barred and that the district court had jurisdiction under Minn. Stat. § 518.145 to grant relief, the court makes its own factual findings and second-guesses the district court's exercise of discretion. We will not reverse a district court's decision to "withhold relief under section 518.145" absent "an abuse of discretion." *Bender*, 971 N.W.2d at 262; *see also Ryan*, 193 N.W.2d at 298 ("[T]he vacation of stipulations is a matter resting largely in the discretion of the trial court.").

The district court found credible Graham's claim that "he was keeping his own retirement accounts as part of the overall property settlement." The district court acknowledged that this settlement "was not an equal division, but the parties worked together to divide their assets and negotiated for [Graham] to take on far more in expenses than he ever would have been allocated if the Court divided the marital estate by keeping his retirement accounts." The district court also determined that there was "a full and equitable division of the marital estate" and the dissolution judgment "remains equitable now." Notwithstanding our deferential standard of review, the court finds that the parties' interests in the retirement accounts were "undetermined" and rules that "Barbara is entitled to the equitable division of the retirement accounts."

Because we are not free to substitute our judgment for that of the district court, I reject the court's decision to order, what is in effect, equitable relief. At the very least, it is the function of the district court, not this court, to balance the equities and "determine whether the equitable remedy is appropriate." *Faricy Law Firm, P.A. v. API, Inc. Asbestos Settlement Tr.*, 912 N.W.2d 652, 660 (Minn. 2018); *see Taylor v. Taylor*, 329 N.W.2d 795, 798 (Minn. 1983) ("[P]ension benefits are properly to be considered by the trial court in exercising its discretion in a property division . . . .").

For these reasons, I respectfully dissent.

GILDEA, Chief Justice (dissenting).

I join the dissent of Justice Hudson.

ANDERSON, Justice (dissenting).

I join the dissent of Justice Hudson.