IN THE COURT OF APPEALS OF TENNESSEE
AT NASHVILLE
January 25, 2022 Session

HOME SERVICE OIL COMPANY v. THOMAS BAKER

Appeal from the Chancery Court for Sumner County
No. 2019-CV-51 Louis W. Oliver, Chancellor

No. M2021-00586-COA-R3-CV

A judgment creditor petitioned to enroll and enforce a Missouri judgment under the Uniform Enforcement of Foreign Judgments Act. The judgment debtor opposed the petition claiming that the doctrine of laches prevented the judgment creditor from enforcing its judgment. Alternatively, the judgment debtor claimed that equitable estoppel prevented the judgment creditor from collecting the full amount remaining on the judgment. The trial court enrolled the judgment but agreed that equitable estoppel applied. We conclude that equitable estoppel does not apply. So we affirm the enrollment of the foreign judgment and vacate the trial court's decision as to enforceability.

Tenn. R. App. P. 3 Appeal as of Right; Judgment of the Chancery Court Affirmed in Part and Vacated in Part; Case Remanded

W. NEAL MCBRAYER, J., delivered the opinion of the court, in which ANDY D. BENNETT, J., and J. STEVEN STAFFORD, P.J., W.S., joined.

Edward A. Hadley, Rosalyn R. Broad, Brigham Alexander Dixson, and Brent A. Kinney, Nashville, Tennessee, for the appellant, Home Service Oil Company.

Jacob T. Clabo and Christian Barker, Nashville, Tennessee, for the appellee, Thomas Baker.

OPINION

I.

A.

Bonne Terre Corner Market, Inc. operated a convenience store and gas station in Bonne Terre, Missouri. In 2008, Home Service Oil Company agreed to sell fuel to the corporation on an open account. As an inducement to Home Service, the corporation's landlord, Thomas Baker, agreed to personally guarantee payment, including any finance charges that might be assessed. Mr. Baker also agreed to pay reasonable attorney's fees and court costs that Home Service might incur.

As it turns out, Home Service delivered the fuel, but the corporation failed to pay. So Home Service sued both the corporation and Mr. Baker in the Circuit Court of Saint Francois County, Missouri. On May 11, 2011, the court awarded Home Service a judgment against both the corporation and Mr. Baker, jointly and severally. The judgment was for "$13,412.86; plus pre-judgment interest at a rate of 18% per annum from November 25, 2008 through . . . [May 11, 2011]; plus post-judgment interest at a rate of 18% per annum; and $4,769.90 for attorneys fees and non-taxable collection costs."

Home Service initially offered to compromise the judgment for a lump-sum payment of $8,000. Mr. Baker countered with an offer to pay $4,000 in thirty days and the remaining $4,000 in sixty days. But Home Service rejected his counter-offer. The next year, Home Service received $179.10 via a bank garnishment.

In 2013, Home Service discovered real property owned by Mr. Baker in Illinois that was being leased. So Home Service obtained an Illinois judgment directing Mr. Baker's tenant, Eric Evans, to pay his $2,000 monthly rent directly to Home Service. Mr. Evans did so for nine months.

When the payments stopped in July 2014, Home Service filed a "Petition for Rule to Show Cause." The petition indicated that the remaining balance owed on the Missouri judgment was $4,363.61. But Home Service later claimed that was a mistake and the actual balance was approximately $16,000. Home Service served Mr. Evans with the petition, but not Mr. Baker. Nevertheless, Mr. Evans told Mr. Baker about the filing.

Several months later, Mr. Evans contacted Home Service. And, in April 2015, Home Service accepted a $3,500 payment from Mr. Evans. Home Service later withdrew its petition. There was no contact between Home Service and Mr. Baker for several years.

B.

In 2019, Home Service filed a Motion to Enroll Foreign Judgment under the Uniform Enforcement of Foreign Judgments Act ("UEFJA") in the Chancery Court for Sumner County. *See* Tenn. Code Ann. §§ 26-6-101 to -108 (2017 & Supp. 2022). The trial court enrolled the Missouri judgment and ordered Home Service to file a motion to establish the amount remaining on the judgment. Home Service responded with a Motion to Establish Amount Remaining on Foreign Judgment and to Allow Execution on the Foreign Judgment. It asserted that the outstanding balance on the judgment was $30,847.93, which consisted of $14,898.43 in principal and $15,949.50 in interest. Mr. Baker opposed the motion. He argued that the doctrine of laches or equitable estoppel barred Home Service from collecting its judgment.

The trial court held an evidentiary hearing at which only two witnesses testified. Ray Heitman, Home Service's credit manager, testified about efforts to collect on the judgment. Following the failed attempt at an early settlement, Mr. Heitman searched every year for Mr. Baker and assets that might be used to satisfy the judgment. After collecting nine months of rental payments from Mr. Baker's Illinois property, the payments ceased. And Home Service filed its petition for rule to show cause. Mr. Heitman testified that, because the tenant, Mr. Evans, was interested in purchasing the Illinois property, Mr. Evans offered to pay Home Service $3,500 for a release of its lien on the property. Home Service agreed to do so. According to Mr. Heitman, the payment was not intended to satisfy the judgment.

Mr. Baker testified that he authorized Mr. Evans to settle the judgment with Home Service and that the $3,500 was in satisfaction of the outstanding balance. According to Mr. Baker, that explained why there was no further contact between the parties until the Tennessee litigation. But he conceded that he never received a release and satisfaction of the judgment from Home Service.

The trial court ruled that the doctrine of laches did not apply, but equitable estoppel did. The court found that the judgment balance stated in the Illinois petition for rule to show cause amounted to a false representation or concealment of a material fact. Whether or not the petition was mistaken, Mr. Baker was entitled to rely on it because Home Service did nothing to correct the pleading. So equitable estoppel prevented Home Service from asserting that the judgment balance was more than $4,363.61 as specified in the October 2014 petition for rule to show cause. After crediting the $3,500 paid by Mr. Evans, there remained a "negligible balance" of $863.31. The court found that, with accrued interest since the $3,500 payment, Mr. Baker owed Home Service $1,367.56.

II.

A.

The UEFJA, as codified in Tennessee, specifies the procedure for the enrollment and enforcement of a foreign judgment. *See* Tenn. Code Ann. §§ 26-6-101 to -108; *Baumann v. Williams*, No. M2006-00962-COA-R3-CV, 2007 WL 3375365, at *2 (Tenn. Ct. App. Nov. 13, 2007). Enrollment and enforcement are two separate steps. *Baumann*, 2007 WL 3375365, at *2. Once enrolled, the foreign judgment "has the same effect and is subject to the same procedures, defenses and proceedings for reopening, vacating, or staying as a judgment of a court of record of this state and may be enforced or satisfied in like manner." Tenn. Code Ann. § 26-6-104(c) (2017).

This appeal focuses on the enforcement step. The trial court determined that equitable estoppel applied. As a result, Home Service could not enforce its judgment beyond the amount it stated was outstanding in its Illinois petition for rule to show cause. Home Service argues that Mr. Baker failed to prove equitable estoppel.[1] We review the trial court's findings of fact de novo with a presumption of correctness unless the preponderance of the evidence is otherwise. TENN. R. APP. P. 13(d); *Rawlings v. John Hancock Mut. Life Ins. Co.*, 78 S.W.3d 291, 296 (Tenn. Ct. App. 2001). Evidence preponderates against a finding of fact when it "support[s] another finding of fact with greater convincing effect." *Realty Shop, Inc. v. RR Westminster Holding, Inc.*, 7 S.W.3d 581, 596 (Tenn. Ct. App. 1999). We review conclusions of law de novo with no presumption of correctness. *Kaplan v. Bugalla*, 188 S.W.3d 632, 635 (Tenn. 2006).[2]

Tennessee law disfavors estoppel. *Kershaw v. Levy*, 583 S.W.3d 544, 548 (Tenn. 2019); *Sturkie v. Bottoms*, 310 S.W.2d 451, 453 (Tenn. 1958). The party arguing equitable estoppel has the burden of proof on each and every element. *Hardcastle v. Harris*, 170 S.W.3d 67, 85 (Tenn. Ct. App. 2004); *Third Nat'l Bank v. Capitol Recs., Inc.*, 445 S.W.2d 471, 476 (Tenn. Ct. App. 1969). It requires

[1] As a second issue, Home Service argues that the trial court abused its discretion in finding that the Missouri judgment was satisfied. But we do not interpret the final order as finding that the judgment was satisfied. The order finds that Mr. Baker owed money on the judgment. So we do not address the second issue.

[2] Both parties argue that an abuse of discretion standard of review should apply. We disagree. Mr. Baker was not seeking relief from the Missouri judgment under Tennessee Rule of Civil Procedure 60. Rather, in addition to seeking to bar enforcement under the doctrines of laches and equitable estoppel, Mr. Baker was seeking credit for what amounted to advance payments on the Tennessee judgment. *See Byrd v. Stuart*, 450 S.W.2d 11, 15 (Tenn. 1969) (recognizing a defendant could "move the court to accept proof of the advance payment [of an award]" and, if proven, the trial judge "could incorporate the partial satisfaction in his judgment").

> (1) Conduct which amounts to a false representation . . . of material facts, or, at least, which is calculated to convey the impression that the facts are otherwise than, and inconsistent with, those which the party subsequently attempts to assert; (2) Intention, or at least expectation that such conduct shall be acted upon by the other party; [and] (3) Knowledge, actual or constructive[,] of the real facts.

Callahan v. Town of Middleton, 292 S.W.2d 501, 508 (Tenn. Ct. App. 1954) (quoted in *Cracker Barrel Old Country Store, Inc. v. Epperson*, 284 S.W.3d 303, 315-16 (Tenn. 2009)). The party asserting estoppel must show his own: "(1) Lack of knowledge and of the means of knowledge of the truth as to the facts in question; (2) Reliance upon the conduct of the party estopped; and (3) Action based thereon of such a character as to change his position prejudicially." *Id. (*quoted in *Osborne v. Mountain Life Ins. Co.*, 130 S.W.3d 769, 774 (Tenn. 2004)). The party's reliance also must be reasonable. *Alden v. Presley*, 637 S.W.2d 862, 864 (Tenn. 1982); *Hardcastle*, 170 S.W.3d at 85.

Based on our review, Mr. Baker failed to prove all the elements of equitable estoppel. We agree with Home Service that the evidence preponderates against a finding that Mr. Baker lacked knowledge or the means to know the true, outstanding balance of Home Service's judgment. *See Callahan*, 292 S.W.2d at 508. Before the filing of the petition for rule to show cause, the only payments credited to the judgment were a bank garnishment of $179.10 and nine lease payments collected from Mr. Evans. Because Mr. Baker was the landlord, he would know exactly how many lease payments had been intercepted by Home Service. And Mr. Baker testified that, as a certified public accountant, he had a working understanding of interest accrual and could reasonably be expected to calculate the outstanding balance of the judgment. *See Coleman v. Wells Fargo Banks, N.A.*, 218 F. Supp.3d 597, 605 (M.D. Tenn. 2016) (recognizing a party with an advanced degree could not "establish that he lacked 'the means of knowledge of the truth'" in interpreting loan documents). So the proof showed that Mr. Baker had "the same means of ascertaining the truth" as Home Service. *Hayman v. City of Chattanooga*, 513 S.W.2d 185, 189 (Tenn. Ct. App. 1973).

B.

Having determined that Mr. Baker failed to prove equitable estoppel, Home Service requests that we reverse the trial court and remand with instructions to enforce the judgment in the amount established by its witness. We decline to do so because of questions concerning the proper interpretation of the Missouri judgment.

A court's "orders and judgments should be construed like other written instruments." *Konvalinka v. Chattanooga-Hamilton Cty. Hosp. Auth.*, 249 S.W.3d 346, 356 n.19 (Tenn. 2008). We must look to all parts of the order or judgment to gather the intention of the court. *Stidham v. Fickle Heirs*, 643 S.W.2d 324, 328 (Tenn. 1982). Here,

Home Service calculated both pre- and post-judgment interest on the entire amount awarded by the Missouri court, which included attorney's fees and non-taxable collection costs. But the judgment appears to award pre- and post-judgment interest only on $13,412.86, a sum that excludes attorney's fees and collection costs. Given this language, a new hearing is necessary to determine how interest should be calculated on the judgment and how payments should be applied to the judgment.

III.

The trial court properly enrolled the foreign judgment. But Mr. Baker failed to prove that equitable estoppel prohibited or limited enforcement of the judgment. We vacate the trial court's decision on enforceability and remand for a new hearing to determine the amount owed under the judgment.

s/ W. Neal McBrayer
W. NEAL MCBRAYER, JUDGE