STATE OF MINNESOTA
IN COURT OF APPEALS
A24-0718

United Christian Fellowship Church, et al.,
Appellants,

vs.

Spire Credit Union,
Respondent,

Jennifer L. Urban, et al.,
Respondents.

Filed January 21, 2025
Reversed and remanded
Reilly, Judge[*]

Hennepin County District Court
File No. 27-CV-20-13930

Scott M. Flaherty, Taft Stettinius & Hollister LLP, Minneapolis, Minnesota (for appellants)

Mark A. Olson, Olson Law Office, Apple Valley, Minnesota (for respondents Jennifer L. Urban, et al.)

Daniel Haws, HKM, P.A., St. Paul, Minnesota (for respondent Spire Credit Union)

Considered and decided by Slieter, Presiding Judge; Bentley, Judge; and Reilly, Judge.

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

NONPRECEDENTIAL OPINION

REILLY, Judge

Appellants United Christian Fellowship Church (UCFC) and John G. Westrick (UCFC's attorney) contest a series of district court orders related to UCFC's claim of "disparagement or slander of title" against respondents Jennifer L. Urban (an attorney who represented certain voting members of UCFC in a prior lawsuit), and Legal for Good, PLLC (Urban's law firm).[1] Appellants argue that the district court erred by (1) entering judgment on the pleadings dismissing UCFC's claim and (2) imposing sanctions on Westrick for his conduct in bringing that claim. Because we conclude the district court erred by entering judgment on the pleadings and abused its discretion by imposing sanctions on Westrick, we reverse and remand for proceedings consistent with this opinion.

FACTS

UCFC is a nonprofit corporation. A previous dispute arose between UCFC's voting membership and its board of directors after the membership removed the board from power. In October 2020, UCFC, with Westrick as its attorney, filed a summons and amended complaint against respondents. The complaint alleged these facts: in November 2019, "certain persons became the authorized signatories" for UCFC with SPIRE Credit Union, a "not-for-profit financial cooperative."[2] In June 2020, during the earlier legal

[1] The remainder of this opinion will refer to UCFC and Westrick collectively as "appellants," and will refer to Urban and Legal for Good, PLLC, collectively as "respondents."

[2] UCFC's complaint also included claims against SPIRE for breach of contract and wrongful dishonor. Those claims are not at issue on appeal.

dispute, Urban, representing "voting members" of UCFC, "sent a letter to SPIRE" questioning the signatories' right "to continue accessing funds on deposit with . . . SPIRE." Because of the letter, SPIRE froze the signatories' access to the funds on deposit, causing "checks written prior to the letter to be dishonored" and causing the heat in the church building to be turned off. And "[b]y dishonoring the checks . . . SPIRE . . . injured the reputation and credit-worthiness of . . . UCFC and put it at risk of legal action."

Because of Urban's alleged conduct in sending the letter, UCFC asserted "disparagement or slander of title." UCFC alleged that respondents "disparaged [UCFC's] title and interest in its deposits." And, UCFC asserted, it was foreseeable and the intended purpose of the letter that SPIRE might deny UCFC access to its funds and would "dishonor checks written by the current designated signatories of . . . UCFC." Because of the letter, UCFC claimed over $50,000 in damages.

UCFC attached to the complaint an exhibit that it represented to be Urban's letter to SPIRE. But the letter was instead correspondence between Urban and members of [UCFC]'s board of directors. Urban did not copy SPIRE to the letter, and in the body of the letter, did not mention SPIRE or freezing any financial accounts that belong to UCFC. Respondents answered UCFC's complaint and noted that the letter-exhibit was not the letter referenced in the complaint.

In March 2022, respondents served Westrick with a motion for sanctions. *See* Minn. R. Civ. P. 11.03(a). Respondents premised the motion on, among other issues, Westrick attaching the incorrect letter to the complaint and failing to correct the error. Respondents also argued that the tort of "disparagement" lacked any basis in Minnesota law outside the

tort of "product disparagement" and that the tort of "slander of title" only applies to real property.

In June 2022, respondents moved for judgment on the pleadings to dispose of UCFC's claim. *See* Minn. R. Civ. P. 12.03. As they had in the motion for sanctions, respondents argued that UCFC failed to plead a viable legal claim under the tort of "disparagement or slander of title" and pointed out that the letter in the complaint did not support the allegations in the body of the complaint. Respondents also argued that under agency law Urban could not be liable for acting on behalf of clients without having committed an intentional tort, which UCFC did not allege.

The district court held a hearing on the motion for judgment on the pleadings in August 2022. Immediately after the hearing, Westrick sent correspondence to the district court conceding that he attached the incorrect letter to UCFC's amended complaint. Westrick enclosed a new letter-exhibit. The letter was from Urban to SPIRE and involved a request to freeze UCFC's accounts.

In November 2022, the district court granted respondents' motion for judgment on the pleadings and dismissed UCFC's claim with prejudice. The district court first reasoned that the letter UCFC attached to the complaint did not support its claim, noting that the letter "is not addressed to SPIRE . . . , does not discuss the right to access any funds or accounts the church held with SPIRE, and does not attempt to inform SPIRE that the church's directors had been removed from their positions." The district court emphasized that although UCFC eventually produced what it represented to be the correct letter, it did

so without requesting to reopen the record or moving to correct the complaint, and after having "ample notice, time, and opportunity" to do so.

Second, the district court determined that UCFC's "disparagement or slander of title" claim was not viable under Minnesota law. The district court determined that it could only find support in Minnesota law for a tort of disparagement in the context of "product disparagement" or "'disparaging' a party's business reputation." The district court also determined that UCFC's slander-of-title claim failed because its allegations did not pertain to real property, and it insufficiently alleged that respondents made false and malicious statements about UCFC's financial accounts. Finally, the district court determined that UCFC's claim also failed because Urban sent the letter in her capacity as an agent for her clients, and UCFC failed to sufficiently allege an intentional tort to render her liable despite her status as an agent.

In late November 2022, shortly after the district court entered its order dismissing appellants' claim on the pleadings, respondents filed their motion for sanctions against Westrick. In March 2023, the district court granted respondents' motion and held Westrick liable for "$500 in reasonable attorney fees" incurred by respondents in defending against UCFC's claim. The district court again reasoned that UCFC's "disparagement or slander of title" claim lacked basis under Minnesota law and determined that Westrick "could not have held an objective belief" that UCFC had a viable claim. Finally, the district court reasoned that the letter in the amended complaint was not what Westrick represented it to be, and that Urban "repeatedly notified" Westrick about the problem extending back to

October 2020. Only after the hearing on respondents' rule-12 motion, the district court emphasized, did Westrick concede "that the exhibit was not what he claimed."

Respondents moved the district court to reconsider its award of $500 in attorney fees. The district court granted the motion and entered an amended order awarding respondents $84,942.75 in attorney fees and costs incurred in their defense.

This appeal follows.

DECISION

Appellants argue (1) that the district court erred in granting respondents' motion for judgment on the pleadings and (2) that the district court abused its discretion by imposing sanctions on Westrick. We address each issue in turn.

I. The district court erred by entering judgment on the pleadings.

Appellants contend that the district court erred by granting respondents' motion for judgment on the pleadings. First, appellants argue that slander of title extends to personal property like financial accounts. Second, appellants argue that the district court erred by failing "to read the complaint in the light most favorable" to UCFC.

Under Minn. R. Civ. P. 12.03, "[a]fter the pleadings are closed but within such time as not to delay the trial, any party may move for judgment on the pleadings." "To withstand a motion for judgment on the pleadings, [a party] must state facts that, if proven, would support a colorable claim and entitle it to relief." *Midwest Pipe Insulation, Inc. v. MD Mech., Inc.*, 771 N.W.2d 28, 31 (Minn. 2009). We review de novo whether a complaint "sets forth a legally sufficient claim for relief." *Demskie v. U.S. Bank Nat'l Ass'n*, 7 N.W.3d 382, 386 (Minn. 2024). In doing so, we examine "only the facts alleged in the

complaint, taking those facts to be true and drawing all reasonable inferences in favor of the nonmoving party." *Id.* And even if a complaint is too vague for the opposing party to present an effective response, the party may "move for a 'more definite statement'" to get clarity as to what the complaint alleges. *Id.* at 387 (citing Minn. R. Civ. P. 12.05).

A. The district court erred by determining that slander of title is a cause of action that only applies to real property.

Appellants first argue that the district court erred by determining that UCFC could not state a valid claim for slander of title in reliance on disparaging statements about financial accounts. Instead, they argue that slander of title can apply broadly to personal property, including financial accounts. For support, they invoke *Wilson v. Dubois*, 29 N.W. 68 (Minn. 1886).

Wilson involved a circumstance in which the plaintiff was selling a horse and sued the defendant for publishing a false and malicious statement about the horse. 29 N.W. at 68. There, the supreme court articulated the elements of "slander of title" as "[f]alse and malicious statements, disparaging an article of property, when followed, as a natural, reasonable, and proximate result, by special damage [to] the owner." *Id.* Under Minnesota law, animals are personal property. *Sawh v. City of Lino Lakes*, 823 N.W.2d 627, 632 (Minn. 2012).

Respondents counter that *Wilson* does not support reversal because slander of title only applies to real property. For support, respondents rely on a more recent case: *Paidar v. Hughes*, 615 N.W.2d 276 (Minn. 2000). *Paidar* involved a dispute over real

property, and the supreme court reversed a grant of summary judgment by determining that attorney fees can represent special damages for slander of title. *Id.* at 277-79, 282.

In doing so, *Paidar* articulated the elements of slander of title as follows:

> (1) That there was a false statement *concerning the real property* owned by the plaintiff;
> (2) That the false statement was published to others;
> (3) That the false statement was published maliciously;
> (4) That the publication of the false statement concerning title to the property caused the plaintiff pecuniary loss in the form of special damages.

Id. at 279-80 (emphasis added).

Although *Paidar* described slander of title as "concerning . . . real property," we understand that characterization as simply emphasizing the facts of that case, which involved real property. *Id.* at 278-79. Indeed, *Paidar* cited *Wilson* as a source for the elements of slander of title, and there is no basis to believe that the decision altered the scope of such a claim so that it now only applies to real property. *Id.* at 280 (citing *Wilson*, 29 N.W. at 68-69). *Paidar* also cited *Kelly v. First State Bank of Rothsay*, 177 N.W. 347 (Minn. 1920). *Kelly* involved a dispute over farmland, but in describing slander of title, it again did not limit the tort to real property: "Utterance of false and malicious statements disparaging the title to property in which one has an estate or interest, if the statements are untrue and cause damage, constitutes slander of title." *Id.* at 347.[3]

[3] We also note that the Restatement (Second) of Torts extends slander-of-title claims not only to "a false statement disparaging" another's land, but also, to another's "chattels or intangible things." Restatement (Second) of Torts § 624 (1977).

We conclude that *Wilson* fits UCFC's claim for relief and, although dated, remains good law. Like the horse in that case, bank deposits, or other financial accounts, are personal property. *See, e.g.*, Minn. Stat. § 272.03, subd. 2 (2022) (defining for property tax purposes personal property to include "money," "[a]ll credits over and above debts owed by the creditor," "income of every annuity," and "public stocks and securities"). Therefore, we conclude the district court erred by determining that appellants' slander-of-title claim failed because it did not pertain to real estate.

B. Under a notice-pleading standard, the district court erred by failing to read the complaint in the light most favorable to UCFC.

Appellants next argue that the district court erred by failing to "read the complaint in the light most favorable" to UCFC. To begin with, we emphasize that "Minnesota is a notice-pleading state." *Halva v. Minn. State Colls. & Univs.*, 953 N.W.2d 496, 500 (Minn. 2021) (quotation omitted). The purpose of notice pleading is to "fairly notify the opposing party of the claim against it," with the focus being "on the 'incident' rather than on the specific facts of the incident." *Walsh v. U.S. Bank, N.A.*, 851 N.W.2d 598, 604-05 (Minn. 2014) (quotation omitted). Therefore, "[a] claim is legally sufficient if it is possible on any evidence which might be produced . . . to grant the relief demanded." *Harkins v. Grant Park Ass'n*, 972 N.W.2d 381, 385 (Minn. 2022) (quotation omitted). For a party to insufficiently plead a claim, it must appear "to a certainty that no facts, which could be introduced consistent with the pleading exist, which could support . . . relief." *Demskie*, 7 N.W.3d at 388. Minnesota's notice-pleading standard permits "short and general

statements of fact" and does not require a party to address "every element of a cause of action." *Id.* at 387-88 (quotation omitted).

Appellants argue that the district court erred by focusing on the wrong letter having been attached to the complaint. We agree. The lack of support in the letter for the allegations in the body of the complaint did not demonstrate "to a certainty" that UCFC would be unable to introduce any facts "consistent with the pleading." *See id.* at 388 (quotation omitted). Therefore, insofar as the district court used the mismatch between the letter and UCFC's allegations as a reason to grant judgment on the pleadings, we conclude it erred.

Next, appellants argue that the district court erred by determining that UCFC insufficiently pleaded special damages and a false and malicious statement, both of which are elements of slander of title. "Special damages are those which are the natural but not the necessary and inevitable result of the wrongful act," are attributable to "the special character, condition, or circumstances" of the injured party, and can be assigned "an exact dollar amount." *Miller v. Soo Line R.R.*, 925 N.W.2d 642, 656 (Minn. App. 2019) (quotations omitted). In a complaint, a party must "specifically state[] special damages. . . . to give fair notice to opposing parties of matters not necessarily known to them, and to obviate the giving of such notice as to matters they already know." *Id.* at 656-57; *see Swanny of Hugo, Inc. v. Integrity Mut. Ins. Co.*, No. A15-0370, 2015 WL 9437571, at *4-5 (Minn. App. Dec. 28, 2015) (concluding that party sufficiently pleaded special damages by stating, among other particulars, that insurance company's denial of coverage foreseeably resulted in debt, business closure, and "unnecessary humiliation and loss"),

rev. denied (Minn. Mar. 15, 2016).[4] UCFC alleges that, because of Urban's letter, checks it had written were dishonored and "the heat in the Church ha[d] been turned off," resulting in damages exceeding $50,000. We conclude that UCFC sufficiently pleaded special damages.

For slander of title, malice requires "[r]eckless disregard concerning the truth or falsity of a matter . . . despite a high degree of awareness of probable falsity or entertaining doubt as to its truth." *Brickner v. One Land Dev. Co.*, 742 N.W.2d 706, 711-712 (Minn. App. 2007) (quotation omitted), *rev. denied* (Minn. Mar. 18, 2008); *see Hagle v. Bank of New York Mellon*, No. A14-0473, 2015 WL 648300, at *3 (Minn. App. Feb. 17, 2015) (concluding that a party sufficiently pleaded slander of title when it alleged that another party acted "in reckless disregard concerning . . . truth or falsity," but did not actually "use the words 'malice' or 'maliciously'"). Here, in its complaint, UCFC stated that respondents, through a letter to SPIRE, "made false assertions which intentionally disparaged [its] title and interest in its deposits." Given the leniency of Minnesota's notice-pleading standard, and its openness to "short and general statements of fact," *Demskie*, 7 N.W.3d at 387, we conclude the allegations in the complaint about a false and malicious statement were sufficient.

In addition, appellants dispute the district court's determination that, based on the allegations in the complaint, Urban could not be liable because she was acting as an agent

[4] We note this opinion is nonprecedential and therefore not binding. We cite nonprecedential opinions as persuasive authority only. *See* Minn. R. Civ. App. P. 136.01, subd. 1(c).

for her clients. A complaint fails when it simultaneously asserts a cause of action, and states facts that "constitute a defense to the action." *Wallner v. Schmitz*, 57 N.W.2d 821, 823 (Minn. 1953). As applicable here, although attorneys are generally "immune from liability to third persons for actions arising out of that professional relationship," that immunity does not apply when an attorney "commits an intentional tort." *Rucker v. Schmidt*, 768 N.W.2d 408, 411-12 (Minn. App. 2009), *aff'd*, 794 N.W.2d 114 (Minn. Jan. 5, 2011). Slander of title is an intentional tort. *See Dyrdal v. Wallenberg*, No. A23-1416, 2024 WL 1987879, at *3 (Minn. App. May 6, 2024). Therefore, because we conclude that UCFC sufficiently pleaded a claim for slander of title, we also conclude that it did not assert facts showing that Urban would be protected from liability simply because she was acting on behalf of her clients.[5]

Finally, respondents argue that UCFC's cause of action was excessively vague and unclear because it used the term "disparagement." Respondents argue that Minnesota limits "disparagement" claims to when a person "disparages the goods, services, or

[5] Respondents argue that UCFC's claim should also fail because it alleges facts that Urban's letter to SPIRE related to anticipated litigation, and therefore, the complaint establishes that absolute privilege protects her from liability. In Minnesota, "absolute privilege" protects attorneys from liability for defamatory statements "at a judicial or quasi-judicial proceeding" if the statement "is relevant to the subject matter of . . . litigation." *Mahoney & Hagberg v. Newgard*, 729 N.W.2d 302, 306 (Minn. 2007). The privilege applies even when an attorney's statements are malicious or intentionally false. *Id.* That said, as appellants point out, respondents did not raise the defense of absolute privilege in their responsive pleadings to the complaint, and the district court did not address absolute privilege in its order granting judgment on the pleadings. As a result, the issue is not properly before us. *See Thiele v. Stich*, 425 N.W.2d 580, 582 (Minn. 1988) (stating that appellate courts generally address only those questions previously presented to and considered by the district court).

business of another by false or misleading representation of fact." Minn. Stat. § 325D.44, subd. 1(8) (2022). That said, "disparagement" is still a term that bears strong association with slander of title. *See Wilson*, 29 N.W. at 68 (defining slander of title as involving "[f]alse and malicious statements, disparaging an article of property"); *Kelly*, 177 N.W. at 332 (defining slander of title as involving "[u]tterance of false and malicious statements disparaging the title to property"). Here, in its complaint, UCFC claimed relief under a theory of "disparagement or slander of title." We conclude that, under a notice-pleading standard, UCFC's use of "disparagement" does not preclude or negate its claim for "slander of title."

For these reasons, the district court erred by granting respondents' motion for judgment on the pleadings.

II. The district court abused its discretion by imposing sanctions on Westrick for bringing the slander-of-title claim on behalf of UCFC.

Appellants next argue that the district court abused its discretion by imposing sanctions against Westrick. Appellants contend that sanctions were unwarranted because the claim Westrick brought on behalf of UCFC had an objectively reasonable basis in Minnesota law.

When an attorney presents a pleading to the district court, he is "certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances[,]" that "(1) it is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation"; and "(2) the claims, defenses, and other legal contentions are warranted by

existing law." Minn. Stat. § 549.211, subd. 2 (2022); Minn. R. Civ. P. 11.02. "If, after notice and a reasonable opportunity to respond," a district court determines that an attorney violated either of those standards, "the court may . . . impose an appropriate sanction" on the attorney. Minn. Stat. § 549.211, subd. 3 (2022); Minn. R. Civ. P. 11.03.

Sanctions should be reserved "for substantial departures from acceptable litigation conduct." Minn. R. Civ. P. 11 2000 advisory comm. cmt. Whether sanctions are warranted depends on whether the attorney had "an objectively reasonable basis for pursuing a factual or legal claim or when a competent attorney could form a reasonable belief a pleading is well-grounded in fact and law." *Uselman v. Uselman*, 464 N.W.2d 130, 143 (Minn. 1990), *superseded by statute on other grounds as recognized in Radloff v. First Am. Nat'l Bank of St. Cloud,* 470 N.W.2d 154, 159 (Minn. App. 1991), *rev. denied* (Minn. July 24, 1991). A district court must limit sanctions "to what is sufficient to deter repetition of the conduct or comparable conduct by others similarly situated," and may come in the form of "an order directing payment to the movant of some or all of the reasonable attorney fees and other expenses incurred as a direct result of the violation." Minn. Stat. § 549.211, subd. 5(a) (2022); Minn. R. Civ. P. 11.03(b). We review an award of sanctions for an abuse of discretion. *Collins v. Waconia Dodge, Inc.*, 793 N.W.2d 142,145 (Minn. App. 2011), *rev. denied* (Minn. Mar. 15, 2011).

The district court imposed sanctions, in part, because "[w]hile Minnesota courts do recognize slander of title as a valid cause of action, the title slandered must be title to real property." But for the reasons we described earlier, we conclude UCFC's claim of "disparagement or slander of title" was "warranted by existing law." *See* Minn. Stat.

§ 549.211, subd. 2. Therefore, Westrick's conduct in asserting the claim was objectively reasonable and the district court abused its discretion by imposing sanctions for that reason.

Because the district court's decision to impose sanctions was driven largely by its determination that the slander-of-title claim lacked an objectively reasonable basis in Minnesota law, we reverse the order in full. We acknowledge that the district court also based its imposition of sanctions on Westrick's failure to correct his mistake of attaching the wrong exhibit to the complaint. Although we effectively vacate the sanctions order, the district court has discretion on remand to reconsider imposing sanctions, so long as it does not rely on Westrick's decision to bring the slander-of-title claim.

Reversed and remanded.