

*This opinion is nonprecedential except as provided by
Minn. R. Civ. App. P. 136.01, subd. 1(c).*

**STATE OF MINNESOTA
IN COURT OF APPEALS
A24-1300**

Robert Montague, et al.,
Appellants,

vs.

Elk River Chrysler, Inc.,
Respondent.

**Filed March 31, 2025
Affirmed
Reyes, Judge**

Sherburne County District Court
File No. 71-CV-23-1032

Richard S. Eskola, Fridley, Minnesota (for appellants)

Vicki A. Hruby, Nolan A. Woods, Jardine, Logan & O'Brien, PLLP, Lake Elmo,
Minnesota (for respondent)

Considered and decided by Bjorkman, Presiding Judge; Reyes, Judge; and Bond,
Judge.

NONPRECEDENTIAL OPINION

REYES, Judge

Appellants argue that the district court erred by dismissing their complaint after determining that they did not plead it with the particularity required for fraud claims under Minn. R. Civ. P. 9.02. We affirm.

FACTS

Appellants Joan and Robert Montague (the Montagues) bought a used 2014 Chrysler Town & Country van from respondent Elk River Chrysler, Inc., d/b/a Cornerstone Chrysler Dodge Jeep Ram (Cornerstone), on September 15, 2022. The van had 132,525 miles on it. It is undisputed that the Montagues signed several documents in which they acknowledged that: the van was used, sold as-is, the Montagues were financially responsible for any repairs the van may need, and there are a range of defects that may occur in used vehicles. The Montagues also declined additional vehicle protection.

Shortly thereafter, the Montagues brought the van back to Cornerstone for repairs to the front and back brake rotors and air conditioning, which Cornerstone fixed at no cost to the Montagues. Four months later, the van began “severely leaking oil,” and the Montagues brought it back to Cornerstone for repairs, which cost the Montagues \$1,300. Finally, at the end of March 2023, the van broke down, and the Montagues had it towed to Cornerstone. Cornerstone told the Montagues that the repairs would cost \$7,391.19. Because the Montagues did not want to pay for the repairs, the van did not get fixed. The parties agree that no further work has been done on the van.

The Montagues sued Cornerstone in conciliation court in May 2022. The conciliation court dismissed the Montagues’ claims, and they removed the matter to district court for a new trial.

The Montagues’ complaint identified three counts against Cornerstone: (I) fraud and misrepresentation; (II) negligent misrepresentation; and (III) unjust enrichment. Cornerstone moved to dismiss the Montagues’ complaint with prejudice under Minn. R.

Civ. P. 12.03 based on their failure to comply with the heightened pleading requirement for fraud claims set forth in Minn. R. Civ. P. 9.02.

The district court granted Cornerstone's motion and dismissed the Montagues' complaint with prejudice. The district court dismissed counts I and II for failure to meet the heightened pleading standard under rule 9.02 because the Montagues did not identify who made the allegedly fraudulent statements, when the statements were made, or the contents of the statements. The district court dismissed count III because the Montagues' argument that their contract with Cornerstone "should be presumed void" due to the fraud allegations in counts I and II failed as they did not sufficiently plead fraud, and a district court cannot grant relief for unjust enrichment when a valid contract governs the parties' rights. This appeal follows.

DECISION

I. The district court properly dismissed the Montagues' fraud and misrepresentation claims because they failed to plead them with the particularity required by Minn. R. Civ. P. 9.02.

The Montagues argue that the district court erroneously dismissed their complaint under rule 12.03 because (1) they sufficiently pleaded the ultimate facts underlying their fraud claims to satisfy the heightened pleading standard under rule 9.02 and (2) Cornerstone knew of the Montagues' claims from the conciliation court proceeding, which satisfied the notice requirement under rule 9.02. The Montagues' argument is unavailing.

Appellate courts review a district court's decision on a rule 12.03 motion de novo to analyze whether the complaint sets forth a legally sufficient claim for relief. *Burt v.*

Rackner, Inc., 902 N.W.2d 448, 451 (Minn. 2017). “On appeal from a grant of a motion for judgment on the pleadings under Minn. R. Civ. P. 12.03, [appellate courts] consider only the facts alleged in the complaint, accepting those facts as true and drawing all reasonable inferences in favor of the nonmoving party.” *Id.* (quotations omitted).

However, “parties pleading fraud must meet a heightened pleading standard under Minn. R. Civ. P. 9.02.” *Hardin Cnty. Sav. Bank v. Hous. & Redev. Auth.*, 821 N.W.2d 184, 191 (Minn. 2012). Rule 9.02 provides that, “[i]n all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity.” Minn. R. Civ. P. 9.02. “[T]he circumstances required to be [pleaded] with particularity under [r]ule [9.02] are the time, place, and contents of the false representations, as well as the identity of the person making the misrepresentation and what [they] obtained thereby.” *Angeles v. Medtronic, Inc.*, 863 N.W.2d 404, 422 (Minn. 2015) (quotations omitted). “Claims that lack sufficient particularity under rule 9.02 fail as a matter of law and may be dismissed” under rule 12. *Id.* Appellate courts “consider the complaint in its entirety, including the facts alleged throughout the complaint” and the attachments to the pleadings. *Hardin*, 821 N.W.2d at 192.

Here, the Montagues’ complaint states the following in support of count I: they bought a van from Cornerstone on September 15, 2022; prior to purchasing the van, Cornerstone “intentionally made representations” to the Montagues “regarding the past history and condition” of the van; the Montagues relied on Cornerstone’s representations, “which induced and caused” them to buy the van; Cornerstone made “false and misleading” representations to the Montagues “regarding the history and condition” of the van and

“knew said misrepresentations were false and misleading”; shortly after the Montagues bought the van, it “became inoperable due to defective mechanical and functional parts including, but not limited to tires, rotors, air conditioner, engine cooler housing and automatic transmission”; the Montagues would not have purchased the van had they known of its “true history and condition”; and the Montagues suffered \$12,772.94 in damages “as a direct, proximate cause and result of [Cornerstone’s] intentional fraud and fraudulent actions and misrepresentations.”

To comply with rule 9.02, the Montagues needed to plead the ultimate facts underlying each element of their fraud claim. *Hardin*, 821 N.W.2d at 191; *see Juster Steel v. Carlson Cos.*, 366 N.W.2d 616, 618 (Minn. App. 1985) (“Misrepresentation, whether negligent or fraudulent, constitutes fraud under Minnesota law.”). The elements of a fraud claim are: (1) a false representation by a party of a past or existing material fact; (2) made knowing the fact was false, or without knowing whether it was true; (3) with the intention to induce another to act in reliance on it; (4) the other party relied on the representation; and (5) suffered pecuniary damages as a result. *Angeles*, 863 N.W.2d at 422; *see Juster Steel*, 366 N.W.2d at 619.

The Montagues’ complaint does not meet the heightened pleading requirement under rule 9.02 because it does not plead facts underlying each element of the Montagues’ fraud claim with particularity. The Montagues’ complaint may satisfy the general time and place requirement, as it notes Cornerstone’s Elk River address and that the purchase occurred on September 15, 2022. However, even when viewed in their favor, the complaint does not detail the alleged false misrepresentations made by Cornerstone or their contents

or the identity of the person who specifically made the representations. *See Angeles*, 863 N.W.2d at 423-24. Because count I “merely recites the generic elements of fraud, without alleging particular misrepresentations or omissions,” we conclude that it does not meet the heightened pleading requirement under rule 9.02 and that the district court did not err by dismissing count I. *Schumacher v. Schumacher*, 627 N.W.2d 725, 730 (Minn. App. 2001); *see Angeles*, 863 N.W.2d at 422.

II. The district court properly dismissed the Montagues’ negligent misrepresentation claim because they failed to plead it with the particularity required by Minn. R. Civ. P. 9.02.

In addition to the allegations supporting count I, the Montagues’ complaint states the following in support of count II, negligent misrepresentation: alternatively, that “the actions and false representations” of Cornerstone to the Montagues were made negligently; Cornerstone’s false representations “induced and caused” the Montagues to buy the van, which had “both mechanical and body defects”; and the Montagues suffered \$12,772.94 in damages “as a direct, proximate cause and result of [Cornerstone’s] negligent representations.”

Negligent misrepresentation, which constitutes fraud, must also be pleaded with particularity under rule 9.02. *Hardin*, 821 N.W.2d at 191. Negligent misrepresentation occurs when a person in the course of their business during a transaction in which they have a financial interest: (1) provides false information to another person to induce them into a transaction; (2) fails to use reasonable care or competence in obtaining the information or communicating it to that person; (3) the other person relied on the

information and was justified in that reliance; and (4) the other person was financially harmed by that reliance. *See id.* at 192.

As with count I, because count II “merely recites the generic elements of fraud, without alleging particular misrepresentations or omissions,” it does not meet the heightened pleading requirement under rule 9.02 and fails as a matter of law. *Schumacher*, 627 N.W.2d at 730; *see Angeles*, 863 N.W.2d at 422.

The Montagues rely on *Baker v. Ploetz*, 597 N.W.2d 347 (Minn. App. 1999), to support their argument that they satisfied rule 9.02 because Cornerstone had notice of their claims from the conciliation court proceeding. The Montagues’ reliance on *Baker* is misguided. In *Baker*, this court concluded that Baker met the heightened pleading requirement under rule 9.02 when, despite his complaint not specifically alleging “fraud,” he alleged specific facts detailing the fraudulent conduct and that Ploetz knew that he had fraudulent documents in his possession. *Id.* at 354. That is different from this case. The Montagues did not sufficiently detail the conduct underlying their fraud allegations, despite alleging “fraud” in their complaint.

Additionally, this case is unlike *Baker* because the Montagues are relying on what occurred in *conciliation court* as evidence that Cornerstone was on notice. Importantly, the case before the district court was not a continuation of the conciliation court case—it was a new case. The conciliation court proceeding was not part of the record before the district court, and it is not part of the record on appeal. The district court vacated the conciliation court’s judgment and ordered the matter to proceed before it “according to the Minnesota Rules of Civil Procedure,” which included the pleading requirements of rule

9.02. Both parties were put on notice that “[f]ailure to comply with these rules and time deadlines set in this order may result in dismissal of the claim.” We decline to extend *Baker* to the facts of this case and conclude that the district court properly dismissed count II of the Montagues’ complaint.

III. The district court properly dismissed the Montagues’ unjust-enrichment claim because they did not sufficiently plead fraud and a valid contract governed the parties’ rights.

The Montagues argue that the district court erroneously dismissed count III, unjust enrichment, because it had to “presume that the alleged contract between the parties” was void “due to fraud in the inducement.” We are not convinced.

Appellate courts review a district court’s decision on a rule 12.03 motion de novo. *Burt*, 902 N.W.2d at 451. Unlike fraud claims, an unjust-enrichment claim can be pleaded generally under rule 8. *Schumacher*, 627 N.W.2d at 729. A party claiming unjust enrichment “must show that another party knowingly received something of value to which [they were] not entitled, and that the circumstances are such that it would be unjust for [them] to retain the benefit.” *Id.* However, “[w]here the rights of the parties are governed by a valid contract, a claim for unjust enrichment must fail.” *Colangelo v. Norwest Mortg., Inc.*, 598 N.W.2d 14, 19 (Minn. App. 1999).

The Montagues’ complaint does not provide additional factual support for count III beyond what is provided for in counts I and II. While the Montagues are correct that, when reviewing a motion under rule 12, a court must accept the facts alleged in the complaint as true and “construe all reasonable inferences in favor of the nonmoving party,” their complaint did not sufficiently plead fraud. As a result, the district court properly

determined that it could not assume that the contract was void due to fraud. *Bodah v. Lakeville Motor Express, Inc.*, 663 N.W.2d 550, 553 (Minn. 2003).¹

Because the record supports the district court's finding that parties were governed by a valid contract, their equitable claim for unjust enrichment cannot succeed.

Affirmed.

¹ Because this court can affirm the district court's decision on the grounds provided in its order granting Cornerstone's motion to dismiss under rule 12.03, it need not consider Cornerstone's argument on alternative grounds to affirm the decision.