IN THE
SUPREME COURT OF THE REPUBLIC OF PALAU
APPELLATE DIVISION

TRIPLE J SAIPAN, INC., dba TRIPLE J MOTORS,
Appellant,
v.
POLA B. FRANZ,
Appellee.

Cite as: 2023 Palau 28
Civil Appeal No. 23-026
Appeal from Civil Action No. 18-174

Decided: December 19, 2023

Counsel for Appellant ..... Michael A. White
Counsel for Appellee ..... Brendlynn O. Joseph

BEFORE: JOHN K. RECHUCHER, Associate Justice, presiding
FRED M. ISAACS, Associate Justice
KEVIN BENNARDO, Associate Justice

Appeal from the Trial Division, the Honorable Lourdes F. Materne, Associate Justice, presiding.

OPINION[1]

BENNARDO, Associate Justice:

[¶ 1] This appeal involves a question of statutory interpretation that is a matter of first impression for this Court. Under 14 PNC § 401, a judgment is "presumed" to be paid and satisfied twenty years after it is rendered. The issue is whether this statutory presumption is rebuttable or conclusive.

[1] The parties did not request oral argument in this appeal. No party having requested oral argument, the appeal is submitted on the briefs. *See* ROP R. App. P. 34(a).

[¶ 2] Because we find that the statute sets out a rebuttable presumption and that Appellant presented sufficient evidence to rebut it, we **REVERSE** and **REMAND** for further proceedings.

BACKGROUND

[¶ 3] On April 30, 1999, Appellee Pola B. Franz, purchased a motor vehicle from Triple J. When Franz defaulted on the payments under the contract, Triple J filed suit in the Superior Court of the Commonwealth of the Northern Mariana Islands for the deficiency balance due. On February 4, 2002, the Superior Court entered a Judgment against Franz for the total sum of $6,920.79, together with interest thereon from November 23, 2001 at the rate of 9% per annum.

[¶ 4] Thereafter, Franz moved to Palau. On December 28, 2018, Triple J filed suit in the Trial Division of the Supreme Court seeking to domesticate the CNMI judgment and recover the balance due on that judgment. On September 27, 2021, the Trial Division entered a Judgment in favor of Triple J and against Franz for the total sum of $17,385.23, together with interest thereon from May 14, 2021, at the rate of 9% per annum.

[¶ 5] On November 12, 2021, the parties entered into a stipulation pursuant to which Franz would pay the judgment at the rate of $25.00 biweekly. Franz made payments pursuant to the stipulation between October 22, 2021, and June 3, 2022, after which she stopped making payments. On April 17, 2023, she filed a motion through which she asked the trial court to find that the judgment in this case was paid and satisfied pursuant to 14 PNC § 401. On June 30, 2023, the trial court entered an order granting the motion. The trial court found that the statutory presumption was an irrebuttable one; thus, the lapse of twenty years since the original CMNI judgment conclusively demonstrated that Franz's debt had been paid. Triple J appeals this Order.

STANDARD OF REVIEW

[¶ 6] This appeal presents an issue of statutory interpretation, which we review de novo. *Koror State Legislature v. Koror State Pub. Lands Auth.*, 2020 Palau 15 ¶ 10.

DISCUSSION

[¶ 7] The relevant statute, 14 PNC § 401, provides that "[a] judgment of any court shall be presumed to be paid and satisfied at the expiration of 20 years after it is rendered." In accordance with the Trial Division's reasoning, Franz argues that because it has been twenty-one years since the initial judgment was first issued on February 4, 2002, the statute creates an irrebuttable presumption that the debt has been satisfied. Triple J maintains that it should have the opportunity to rebut the presumption by competent evidence showing that the debt has not been satisfied, and that the record contains such evidence.

[¶ 8] Under our well-settled rules of statutory interpretation, we first look at the plain language of a statute. *Lin v. Republic of Palau*, 13 ROP 55, 58 (2006). When interpreting statutes, the Legislature instructs us that "[w]ords and phrases . . . shall be read with their context and shall be interpreted according to the common and approved usage of the English language." 1 PNC § 202. If statutory language is clear and unambiguous, "the courts should not look beyond the plain language of the statute and should enforce the statute as written." *Lin*, 13 ROP at 59.

[¶ 9] The meaning of the word "presumed" is at issue here. A presumption is "a legal inference or assumption that a fact exists because of the known or proven existence of some other fact or group of facts." Black's Law Dictionary (11th ed. 2019). "Most presumptions are rules of evidence calling for a certain result in a given case unless the adversely affected party overcomes it with other evidence." *Id.* This definition, which incorporates an opportunity for a presumption to be rebutted, is consistent with the default definition of the word in other rules and statutes. Our Rules of Evidence provide that, in civil actions, "a presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption." ROP R. Evid. 301. As another example, the Uniform Commercial Code provides the following definition:

> Whenever the Uniform Commercial Code creates a "presumption" with respect to a fact, or provides that a fact is "presumed," the trier of fact must find the existence of the

> fact unless and until evidence is introduced that supports a finding of its nonexistence.

U.C.C. § 1-206.

[¶ 10] A conclusive presumption, on the other hand, is one that "cannot be overcome by any additional evidence or argument because it is accepted as irrefutable proof that establishes a fact beyond dispute." Black's Law Dictionary (11th ed. 2019). However, such presumptions "are usually mere fictions, to disguise a rule of substantive law." John H. Wigmore, *A Students' Textbook of the Law of Evidence* 454 (1935); *see also* Haw. R. Evid. 301(2) (stating that conclusive presumptions are "not presumptions"). We therefore find that the meaning of "presumed," in its common and approved legal usage, incorporates an opportunity for rebuttal.

[¶ 11] Franz points to 14 PNC § 4307, where the Legislature has modified the word presumption with the word "rebuttable." Franz maintains that we should infer from this inclusion that the Legislature's intent was to create a conclusive presumption in 14 PNC § 401. This argument does not hold together when we inspect the remainder of the Code. The OEK is not consistent throughout the Code with regard to modifying the word "presumption" and its various forms. In some places, such as 14 PNC § 418, it leaves "presumed" unmodified. In others, such as 14 PNC § 4307, it uses the modifier "rebuttable." But in still others, it uses the modifiers "irrebuttably" and "conclusively" to modify "presumed." *See* 23 PNC § 107 ("irrebuttably presumed"); 34 PNC §§ 1004, 6104; 7006; 40 PNC § 662; 42 PNC § 608 ("conclusively presumed"). Given this inconsistency, we cannot infer that the use of the word "rebuttable" in 14 PNC § 4307 means that the unmodified presumption in 14 PNC § 401 was intended to be conclusive.

[¶ 12] If we were to reach the policy considerations behind the interpretation, they too are unsupportive of the Trial Division's construction of the term. United States case law has firmly established that the presumption of payment from lapse of time is rebuttable. 1 A.L.R. 779 (collecting cases) (stating that such doctrine is "too well settled to require authority to support it"). "The mere lapse of time, independently of statutes of limitation, may raise a rebuttable presumption that a debt has been paid." 70 C.J.S. *Payment* § 74; *see also Dunlop & Co. v. Ball*, 6 U.S. 180, 184 (1804) ("The principle, upon

which the presumption of payment arises from the lapse of time, is a reasonable principle, and may be rebutted by any facts which destroy the reason of the rule.").[2]

[¶ 13] For the aforementioned reasons, we hold that the presumption contained in 14 PNC § 401 is rebuttable. We also find that under the facts of this case, the presumption has been clearly rebutted. A presumption of payment arising from lapse of time may be rebutted by an admission from the debtor that the debt is still due or by a part payment from the debtor. 70 C.J.S. *Payment* § 75. In this case, there is clear evidence that Franz acknowledged the debt through the 2021 stipulation, and that she made payments towards it. In addition, the trial court's September 27, 2021 order recognizes that Triple J provided satisfactory proof of the amount of principal, interest, and cost due. Franz cannot rely on 14 PNC § 401 to extinguish her debt.

CONCLUSION

[¶ 14] We **REVERSE** and **REMAND** the Trial Division's judgment for further proceedings consistent with this opinion.

[2] Franz argues that we should interpret the statute as setting out a conclusive presumption because Palau, unlike the CNMI and the United States, does not have a bankruptcy law "that can provide a debtor an opportunity to start fresh when having issues." Order Grant. Mot. to Find J. Paid and Satisfied, *Triple J. Saipan, Inc. v. Franz*, Civ. No. 18-174 at 2 (Tr. Div. June 30, 2023). This is just the type of policy argument that we need not reach when faced with statutory language that has a plain meaning. A disagreement with the policy choices behind a statute does not open a door to interpret the statute inconsistently with its language. Moreover, the policy argument is not overwhelmingly persuasive. Bankruptcy law in other jurisdictions sets stringent standards regarding eligibility, *see, e.g.,* 11 U.S.C. § 109, and often offers relief of consumer debt in the form of a repayment plan rather than discharge of the debt, *see, e.g.*, 11 U.S.C. § 707. Moreover, the record here only shows that Franz promised to pay and reneged on this promise twice, not that she was unable to pay or would have otherwise qualified for bankruptcy.