

**Summary of SC90536, Peoples Bank v. Stephen M. Frazee and Jennifer Frazee, and H.L. Frazee**

Appeal from the Wright County circuit court, Judge Lynette Veenstra  
Argued and submitted March 16, 2010; opinion issued Aug. 31, 2010

**Attorneys:** The bank was represented by Michael J. King of Winters & King Inc. in Tulsa, Okla., (918) 494-6868, and Richard L. Rollings Jr. of Camdenton, (417) 861-2199; and the Frazees were represented by Richard L. Schnake and Brian K. Asberry of Neale & Newman LLP in Springfield, (417) 882-9090.

*This summary is not part of the opinion of the Court. It has been prepared by the communications counsel for the convenience of the reader. It neither has been reviewed nor approved by the Supreme Court and should not be quoted or cited.*

**Overview:** An Oklahoma bank appeals a Missouri trial court's judgment quashing the registration of an Oklahoma judgment against a Missouri resident who guaranteed a loan for relatives who later defaulted on the loan. In a unanimous decision written by Judge Patricia Breckenridge, the Supreme Court of Missouri reverses the trial court's judgment and remands (sends back) the case for further proceedings. The trial court improperly required the bank – rather than the Missouri resident – to establish whether the Oklahoma court had personal jurisdiction over the Missouri resident. The facts and circumstances surrounding his execution of the guarantee show that he had the required minimum contacts with Oklahoma and, therefore, that the Oklahoma court had jurisdiction to enter its judgment against the man.

**Facts:** Tulsa, Oklahoma, residents Stephen and Jennifer Frazee borrowed money from Peoples Bank, also in Tulsa, and executed a promissory note to the bank for repayment of the loan. After the Frazees defaulted on the loan, Stephen told the bank's vice president that a relative, H.L. Frazee, would help him. The bank officer and H.L. Frazee – a Missouri resident – discussed the situation, and H.L. ultimately agreed to sign a guarantee of Stephen and Jennifer's loan. In April 2006, he signed the guaranty in Missouri and mailed it back to the bank at its Tulsa address. When the executed guaranty was delivered, Stephen and Jennifer executed a new promissory note. They then defaulted on the new note. The bank demanded payment from all three Frazees, but the note was not paid. The bank then filed suit in the trial court in Tulsa against Stephen and Jennifer for breach of the promissory note and against H.L. for breach of obligation on guaranty. The court mailed H.L. a summons by certified mail, but he refused service, which constitutes valid service of process under Oklahoma law. None of the Frazees filed answers, and in July 2007, the Oklahoma court entered default judgment in favor of the bank, finding the three Frazees liable for more than \$72,500 plus interest, reasonable attorneys fees and costs. The bank then filed the action below to register its foreign judgment from Oklahoma in a Missouri state circuit court. H.L. Frazee moved to quash registration of the foreign judgment on the grounds that the Oklahoma court lacked personal jurisdiction over him. Following a hearing, the Missouri court determined the Oklahoma court did not have personal jurisdiction over H.L. and sustained his motion to quash registration of the foreign judgment. The bank appeals.

**REVERSED AND REMANDED.**

**Court en banc holds:** (1) The trial court erred in placing the burden of establishing that the bank lacked personal jurisdiction on the bank instead of H.L. Frazee. Under article VI, section 1 of the United States Constitution, a foreign judgment, regular on its face, is entitled to full faith and credit – a strong presumption that the foreign court had jurisdiction over the parties and the subject matter, that the court properly followed the law, and that the judgment is valid. The burden to overcome this presumption of validity and jurisdiction lies with the party asserting the foreign judgment is invalid.

(2) The trial court erred in quashing the registration of the Oklahoma judgment because the Oklahoma court's exercise of personal jurisdiction over H.L. Frazee comports with Oklahoma's long-arm statute and federal due process. Due process requires that a defendant reasonably must have minimum contacts with the forum state that are based on some act by which the defendant purposely avails himself of the privileges of that state, thereby invoking the benefits and protections of its laws. There are certain circumstances, when looking at the totality of the circumstances, when the execution of a guaranty makes it proper for a court to exert personal jurisdiction over a non-resident guarantor. Here, the evidence shows that without H.L. Frazee's guarantee, the bank would have called the loan rather than executing a new promissory note to Stephen and Jennifer Frazee. As such, the guaranty induced the bank to renew the underlying loan. Further, the record shows H.L. Frazee purposefully directed activity into Oklahoma. He should have been aware he was dealing with an Oklahoma bank, he knew Stephen and Jennifer Frazee lived in Oklahoma, he knew the guaranty would obligate him to cover the loan if Stephen and Jennifer defaulted, he spoke with a bank officer over the telephone and voluntarily signed the guaranty, which was executed in Oklahoma and controlled by Oklahoma law, and he mailed the guaranty back to Oklahoma. A personal financial benefit to or pecuniary gain by H.L. Frazee is not necessary for Oklahoma constitutionally to exercise personal jurisdiction over him. The exercise of this jurisdiction over him was reasonable. He knew that Stephen and Jennifer had defaulted once and might default again and should have contemplated that if they did default again, he might have to defend a lawsuit in Oklahoma, where he would have been protected by Oklahoma law. Therefore, he had the required minimum contacts with Oklahoma.