

DEC 05 1997

Refer to Legislative Secretary

The Honorable Antonio R. Unpingco Speaker Twenty-Fourth Guam Legislature Guam Legislature Temporary Building 155 Hesler Street Agana, Guam 96910 OFFICE OF THE LEGISLATIVE SECRETARY

ACKNOWLEDOMENT RECEIPT

Received By STORY

Time 4:58 pm

Date 12.5.97

Dear Speaker Unpingco:

Enclosed please find a copy of Bill No. 419 (LS), "AN ACT TO AMEND §14106 OF CHAPTER 14, DIVISION 2 OF TITLE 7 OF THE GUAM CODE ANNOTATED, RELATIVE TO SERVICE OF SUMMONS BY MAIL UPON PARTY DEFENDANTS NOT RESIDING OR FOUND WITHIN GUAM", which I have **signed** into law today as **Public Law** No. 24-115.

This legislation works in conjunction with Guam's recent Supreme Court amendment of Rule 4(e) of the Superior Court Rules of Civil Procedure to remedy the current deficiencies in Guam's long arm statute. Although the previous statute authorized plaintiffs to serve summons of complaints for legal actions on absent or missing defendants by publication, it did not provide for service by mail.

According to both the U.S. Constitution and Guam's Organic Act, a defendant must receive due process when served with a summons. Furthermore, the U.S. Supreme Court has defined due process as including at a minimum, service by both publication and mailing. This legislation brings local Guam law into line with the federal law.

Very truly yours,

Carl T. C. Gutierrez

01571

Attachment

cc: The Honorable Joanne M. S. Brown

Legislative Secretary

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 2-5-97
Time: 1030
Rec'd by: 041

Print Name:(

TWENTY-FOURTH GUAM LEGISLATURE 1997 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Bill No. 419 (LS) "AN ACT TO AMEND §14106 OF CHAPTER 14, DIVISION 2 OF TITLE 7 OF THE GUAM CODE ANNOTATED, RELATIVE TO SERVICE OF SUMMONS BY MAIL UPON PARTY DEFENDANTS NOT RESIDING OR FOUND WITHIN GUAM," was on the 21st day of November, 1997, duly and regularly passed.

Attested:

Antonio R. Unpingco
Speaker

Attested:

JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by the Governor this 25 th day of Movember, 1997, at

3: 15 o'clock P.M.

Assistant Staff Officer
Governor's Office

APPROVED:

CARL T.C. GUTIERREZ

Governor of Guam

Public Law No. <u>24</u>-115

Date: 12-5-97

TWENTY-FOURTH GUAM LEGISLATURE 1997 (FIRST) Regular Session

Bill No. 419 (LS)
As amended on the Floor.

Introduced by:

T. C. Ada F. B. Aguon, Ir. A. C. Blaz J. M.S. Brown Felix P. Camacho Francisco P. Camacho M. C. Charfauros E. J. Cruz W. B.S.M. Flores Mark Forbes L. F. Kasperbauer A. C. Lamorena, V C. A. Leon Guerrero L. Leon Guerrero V. C. Pangelinan J. C. Salas A. L.G. Santos F. E. Santos A. R. Unpingco J. Won Pat-Borja

E. Barrett-Anderson

AN ACT TO AMEND \$14106 OF CHAPTER 14, DIVISION 2 OF TITLE 7 OF THE GUAM CODE ANNOTATED, RELATIVE TO SERVICE OF SUMMONS BY MAIL UPON PARTY DEFENDANTS NOT RESIDING OR FOUND WITHIN GUAM.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Section 14106 of Chapter 14, Division 2 of Title 7 of the Guam

Code Annotated is hereby amended to read as follows:

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"Section 14106. Summons by Publication. (a) Where the person on whom service is to be made has departed from Guam, and cannot, after due diligence, be found in Guam, or conceals himself to avoid the service of summons, or is a corporation having no officer or other person upon whom service may be served, or who, after due diligence, cannot be found in Guam, and the fact appears by affidavit to the satisfaction of the court, or a judge thereof, and it also appears by such affidavit, or by the verified complaint on file, that a cause of action exists against the defendant in respect to whom the service is to be made, or that he is a necessary or proper party to the action; or when it appears by such affidavit, or by the complaint on file, that it is an action which relates to, or the subject of which is real or personal property in Guam, in which such person defendant or corporation has or claims a lien or interest, actual or contingent, or in which the relief demanded consists wholly or in part in excluding such person or corporation from any interest therein, such court or judge may make an order that the service be made by the publication of the summons and by mailing the complaint and summons.

- (b) Service by mail shall be by any kind of U.S. Postal Service delivery that provides for written proof of mailing, written proof of delivery and restricted delivery to the addressee only.
- (c) The Guam Legislature intends the provisions of this 1997 Act to apply retroactively to confirm the power of the court to exercise jurisdiction over a nonresident defendant by authorizing service of process by mail and to validate any order made by the court before the

1 effective date of this Act in which such service was authorized."



Senator Elizabeth Barrett-Anderson Chairperson

Senator

John C. Salas

Vice-Chairman

Senator Anthony C. Blaz Member

Senator Joanne M.S. Brown Member

Senator Mark Forbes Member

Senator Edwardo J. Cruz, M.D. Member

Senator Vicente C. Pangelinan Member

Senator Frank Blas Aguon, Jr. Member

Committee on Judiciary, Public Safety and Consumer Protection

Twenty-Fourth Guam Legislature

October 29, 1997

SPEAKER ANTONIO R. UNPINGCO Twenty-Fourth Guam Legislature 155 Hesler St. Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Judiciary, Public Safety and Consumer Protection, to which was referred **Bill No. 419**, wishes to report back to the Legislature with its recommendation **TO DO PASS.**

The voting record is as follows:

S
TO PASS
NOT TO PASS
ABSTAIN
TO PLACE IN INACTIVE FILE

Copies of the Committee Report and other pertinent documents are attached.

Your attention to this matter is greatly appreciated.

Sincerely,

ELIZABETH BARRETT-ANDERSON

Chairperson

Attachments

COMMITTEE ON JUDICIARY, PUBLIC SAFETY AND CONSUMER PROTECTION

TWENTY-FOURTH GUAM LEGISLATURE

173 ASPINALL AVENUE, ADA PLAZA CENTER SUITE 108A, AGANA, GUAM 96910

SENATOR ELIZABETH BARRETT-ANDERSON Chairperson SENATOR JOHN C. SALAS Vice-Chairperson

SPEAKER ANTONIO R. UNPINGCO Ex-Officio Member

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BILL 419: An Act to amend 7 GCA §14106, Relative to service of summons by mail upon party defendants not residing or found within Guam.

COMMITTEE MEMBERS	INITIALS	TO PASS	NOT PASS	ABSTAIN
1). Sen. Elizabeth Barrett-Anderson Chairperson	Can			
2). Sen. John C. Salas Vice-Chairperson	Jah	_/_		
3). Sen. Frank B. Aguon, Jr. Member	Torget Ilston			
4). Sen. Anthony C. Blaz Member	- An			
5). Sen. Joanne M.S. Brown Member	MAD I	/		
6). Sen. Edwardo J. Cruz M.D. Member				
7). Sen. Mark Forbes Member	A		-	
8). Sen. Vicente C. Pangelinan Member	7			
9). Speaker Antonio Unpingco Ex-Officio Member				

Committee on Judiciary, Public Safety & Consumer Protection ELIZABETH BARRETT-ANDERSON, CHAIRPERSON

Committee Report on

Bill No. 419: AN ACT TO AMEND 7 GCA §14106, RELATIVE TO SERVICE OF SUMMONS BY MAIL UPON PARTY DEFENDANTS NOT RESIDING OR FOUND WITHIN GUAM.

I. SUMMARY

The Committee on Judiciary, Public Safety and Consumer Protection held a public hearing on Bill No. 419 on Tuesday, October 21, 1997, at 9:00 AM at the Legislative Public Hearing Room. Public Notice was published in the October 14 and October 21, 1997 editions of the Pacific Daily News.

Committee Members Present:

Senator Elizabeth Barrett-Anderson, Chairperson Senator John C. Salas, Vice Chairperson Senator Vicente C. Pangelinan Senator Frank B. Aguon, Jr.

Senators Present:

Senator Lawrence F. Kasperbauer

Providing Public Testimony on the Bill:

Charles H. Troutman, Acting Attorney General, **oral and written** (See Attachment "A")

Ross Putnam, Attorney at Law, oral

William D. Pesch, Attorney at Law, written (See Attachment "B")

Duncan C. McCully, Attorney at Law, written (See Attachment "C")

George M. Butler, Attorney at Law, written (See Attachment "D")

Terry E. Timblin, Attorney at Law, written (See Attachment "E")

Purpose:

The bill addresses a problem brought to the Chairperson's attention by several Guam lawyers regarding the Decision by Judge Benjamin B.F. Cruz in <u>Brown v. Eastman Kodak Co.</u>, Superior Court Civil Case No. 1890-92 (July '97) that Rule 4(e) of the Guam Rules of Civil Procedure, the so-called "long-arm statute", was unconstitutional

because it fails to provide for service of process by mail on absent defendants. He further held that the method of service ordered by the court upon a defendant outside of Guam must be authorized by a statute granting power to the courts to exercise personal jurisdiction over nonresidents. Other Superior Court judges are following the decision and refusing to entertain default actions against nonresident defendants or to authorize service by mail on such defendants.

Relationship to Existing Law:

7 GCA §14106, which is amended by the bill, presently provides for service of summons by publication on nonresidents or persons not found on Guam. Rule 4(e) of the Guam Rules of Civil Procedure similarly provides for service by publication. Neither the statute nor court rule presently provides for service by mail on nonresidents. The bill is consistent with related statutes on service of summons, 1 GCA §717 and 7 GCA §12108.

II. SUMMARY of TESTIMONY:

Charles H. Troutman, Acting Attorney General

Testifying in support of the bill, Mr. Troutman stated that the need for the bill arose from a mistake made when the Guam Rules of Civil Procedure were being drafted. The committee working on the rules thought it was wise to omit a general ability to serve a party by mail since mail delivery on Guam was then not the most reliable method of service, especially where there were are no street names or numbers available. What the committee failed to realize, he said, was that it needed the rest of that section to enable off-island and other service by mail and publication. He recommended, however, that in Subsection (a) of the statute the reference to person having "departed Guam" be deleted. Such a phrase with respect to persons would appear to prohibit service on persons who had never been on Guam but had sufficient business contacts with Guam to render them amenable to service. If the reference is not deleted, he believes that Subsection (c) of the Section could be in conflict with Subsection (a).

Ross Putnam, Attorney at Law

Mr. Putnam testified that he strongly supported passage of the bill. He said that the decision by Judge Cruz had resulted in cases involving off-island defendants being stalled because there was no way to effect service of summons in order for the court to acquire jurisdiction over such defendants.

William D. Pesch, Esq., Duncan McCully, Esq., George M. Butler, Esq., and Terry E. Timblin, Esq.

All of the above attorneys submitted written testimony in support of passage of the bill. (See Attachments).

THERE WAS NO STATED OPPOSITION TO THE BILL.

III. FINDINGS and RECOMMENDATIONS

The Committee on Judiciary, Public Safety and Consumer Protection finds support for the passage of Bill No. 419 as introduced by Senator Barrett-Anderson, is satisfied that the bill's intent, meaning, and desired effect are clear without the need for amendments, and presents this report with its recommendation **TO DO PASS**.

TWENTY-I JURTH GUAM LEGISLATURE

Committee on Judiciary, Public Safety and Consumer Protection

SENATOR ELIZABETH BARRETT-ANDERSON, CHAIRPERSON

PUBLIC HEARING

ATTORNEYS SIGN-IN SHEET

BILL NO. 419

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TWENTY-I JURTH GUAM LEGISLATURE

Committee on Judiciary, Public Safety and Consumer Protection

SENATOR ELIZABETH BARRETT-ANDERSON, CHAIRPERSON

PUBLIC HEARING

GOVERNMENT OFFICIALS SIGN-IN SHEET

BILL NO. 419

Please Print Name:	AGENCY	Testimony	<u>I am</u>	
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Committee on Judiciary, Public Infety and Consumer Protection Date: 10/21/91

Chone: (671) 475-3324 Telefax: (671) 472-2493

Charles H. Troutman Attorney General (Acting)

Gus F. Diaz Chief Deputy Attorney General

October 20, 1997

Honorable Elizabeth Barrett-Anderson Chairperson Committee on Judiciary, Public Safety and Consumer Protection Twenty-Fourth Guam Legislature Agana, Guam

(

Dear Senator Barrett-Anderson,

I wish to support Bill No. 419 relative to service by mail and publication. The need for this bill arose from a mistake when the Guam Rules of Civil Procedure were being drafted. The Committee felt that it was wise to omit a general ability to serve a party by mail since mail delivery on Guam was then not the most reliable method of service, especially where there are no street names or numbers. What the Committee failed to realize was that it needed the rest of that section to enable off-island and other service by mail and publication. A recent case has invalidated service for ack of such a Rule or statute.

This Bill still needs some fine tuning. In subsection (a), you should delete reference to persons having "departed Guam". Such a phrase, with respect to persons would appear to prohibit service on persons who had never been on Guam but had sufficient business contacts with Guam to render them amendable to service.

Subsection (c) could be in conflict with subsection (a) if the reference mentioned above is not deleted.

With these changes, I support this Bill.

Sincerely yours,

CHARLES H. TROUTMAN

Agana Legal Clinic

WILLIAM D. PESCH, Attorney-at-Law 173 Aspinall Avenue, Suite 201, Agana, Guam 96910 Phone: (671) 472-8472 Fax: (671) 472-5555

E-mail: wdp@kuentos.guam.net

October 20, 1997

Elizabeth Barrett-Anderson
Chairperson
Committee on Judiciary, Public Safety and Consumer Protection
Twenty-Fourth Guam Legislature
Ada Plaza Center, Suite 108A
173 Aspinall Ave.
Agana, Guam 96910

Re: Bill No. 419 - Relative to service of summons by mail upon party Defendants not residing or found within Guam

Dear Senator Barrett-Anderson:

It is my pleasure to submit written testimony on Bill 419. Thank you for sending me notice of the hearing and inviting my input. I am especially gratified that you have acted so expeditiously to help resolve this unfortunate situation.

As you know, 7 GCA §14106 and Guam Rule of Civil Procedure 4e are commonly known as Guam's long arm statute. Such a statute authorizes plaintiffs to serve Summons of Complaints for legal actions on defendants who are not residing on Guam, or who cannot be found on Guam, through means other than personal service. This permits legal actions to go forward and for the eventual entry of a default judgment against a non-answering defendant if the plaintiff can show the court that due diligence was used in attempting to serve notice of the action upon the missing or absent defendant.

Both the U.S. Constitution and Guam's Organic Act require that defendants receive due process of law whenever plaintiffs attempt to serve defendants a Summons through means other than personal service. When it comes to process of service the U.S. Supreme Court has held that due process includes, at a minimum, publication in a newspaper of general circulation and mailing notice to the defendant's last known address. In some instances, posting notice in public locations is also required.

A number of years ago the Guam Rules of Civil Procedure were amended. Through oversight the notice requirements for Guam's long arm statute were changed in such a tashion that publication is currently the only required form of notice necessary for absent or missing defendants. The former requirements for mailing and posting the Summons were somehow excluded. Guam Superior Court judges, despite the statute's abbreviated notice requirements, continued to require all three forms of notice: publication, posting, and mailing.

However, before his elevation to the Guam Supreme Court, Justice Benjamin B. F. Cruz held in a Superior Court Decision that Guam's long arm statute is Constitutionally defective on its face because it does not require service by mailing and posting. Citing U.S. Supreme Court decisions he further held that such a statutory deficiency cannot be remedied by simply providing greater notice procedures than required by the law. Guam's long arm statute is void not merely voidable.

Other Superior Court judges agree with Justice Cruz's opinion and also refuse to permit default judgments to be entered against defendants who have not been personally served. As a consequence, there are literally scores of cases backing up at the Superior Court. Many plaintiffs are understandably upset because they are currently unable to pursue their causes of action.

Bill 419 remedies the current deficiencies in Guam's long arm statute. I strongly support the Bill and request that you and your colleagues act quickly to pass the Bill into law. You will make a tremendous impact on the lives and fortunes of numerous Guam residents if you do so and perform a great service to the legal community. Again, thank you for your concern and swift action.

Cordially yours,

WILLIAM D. PESCH

McCULLY & BEGGS, P.C. ATTORNEYS AT LAW

DUNCAN G. McCULLY MARK S. BEGGS

SUITE 403, FIRST HAWAIIAN BANK BUILDING 400 CHALAN MACHAUTE MAITE, GUAM 96927

TELEPHONE:

(671) 477-7418

TELECOPIER: (671) 472-1201

October 17, 1997

RECEIVED

Via Facsimile: 671\472-3433

Senator Elizabeth Barrett-Anderson Chairperson, Committee on Judiciary, Public Safety and Consumer Protection Twenty-Forth Guam Legislature Ada Plaza Center, Suite 108A 173 Aspinall Avenue Agana, Guam 96910 00T 2 0 1997

Re:

Bill 419 Relating to Service of Summons
By Mail Upon Party Defendants Not Residing
Within Guam

Dear Senator Anderson:

I write in support of Bill No. 419. The changes proposed in Bill 419 although simple, are essential to resolve certain problems which have arisen in the filing of suit against persons who are not residents of Guam. As you know, the Honorable Judge Benjamin J. Cruz recently found that he did not have jurisdiction over persons who could not be served on Guam because of certain deficiencies in Guam law. Whether or not Judge Cruz was correct is an open question; however, Bill 419 will put to rest those problems by requiring service by mail in addition to publication.

The current uncertainty of the power of the Superior Court over persons who are not residents of Guam is prejudicial to everyone who lives on the island. Under the current state of uncertainty, no one can resolve any dispute with any person or company who is not physically present on the island. The Legislature should want the Superior Court to have the broadest of possible power, equal to any of the other states, to hold non-residents accountable for injuries to residents of Guam.

Ltr. to Senator Barrett-Anderson Re: Testimony on Bill No. 419

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October 17, 1997

Page 2

I appreciate the prompt attention which you have given to this problem by introducing Bill 419. I urge your committee to vote favorable on this bill, which should not be controversial, and to send it to the Legislature for immediate passage.

Kindest regards.

Sincerely,

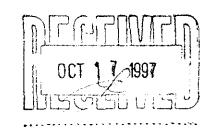
Duncan G. McCully

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LAV OFFICE OF GEORGE M. BU. LER

SUITE 104, C & A PROFESSIONAL BUILDING, 251 MARTYR STREET, AGANA, GUAM 96910 TELEPHONE: (671) 475-0200 FACSIMILE: (671) 475-0203

October 15, 1997



Senator Elizabeth Barrett-Anderson Chairperson, Committee on Judiciary, Public Safety and Consumer Protection 24th Guam Legislature Ada Plaza Center, Suite 108A 173 Aspinall Avenue Agana, Guam 96910

Re: Bill No. 419 Relative To Service Of Summons by mail upon party defendants not residing or found within Guam

Dear Senator Barrett-Anderson:

Thank you for your immediate attention to the problem of Guam's long-arm statute. My only concern with Bill 419 is that it fails to provide a procedure for serving absent defendants whose whereabouts are unknown. The law should allow service by mail at the defendant's last known address regardless of whether defendant actually receives the pleading. Otherwise, a defendant can leave island with no forwarding address and forever avoid service in any legal proceedings including divorce.

Very truly yours,

GEORGE M. BUTLER

GMB/dhy

RECEIVED

24th Guam Legislature
Committee on Judiciary, Public
Safety and Consumer Projection
Date: 102

TERRY E. TIMBLIN

TELEPHONE (671) 477-1389 Email: ttb:r/@kueritos.guam.net ATTORNEY AT LAW Ste. 501C, GCIC Bldg. 414 W. Soledad Ave. Agana, Guam 96910 FAX (671) 477-1077 (671) 477-4809

October 21, 1997

Senator Elizabeth Barrett-Anderson 24th Guam Legislature Suite 108A Ada Plaza Center 173 Aspinall Ave. Agana, Guam 96910

Re: Bill 419 re Summons by Mail

Dear Senator Barrett-Anderson:

I unfortunately did not receive notice of the hearing on the above bill until the afternoon of this date, however I would like to belatedly lend my support for it. The constitutional flaw identified in Brown v. Eastman Kodak, et al., Super. Ct. Case No. 1890-92 (Judge Cruz, 7/18/97) deprives residents of Guam of an advantage offered by probably every other U. S. jurisdiction. The bill as drafted appears to fully address the concerns expressed in the Brown decision and I hope that it is quickly enacted into law.

Sincerely,

Terrx E. Timblin

FISCAL NOTE BUREAU BUDGET AND MANAGEMENT RE ARCH

BBMR-F7

Bill Number: 4		-	Dat	e Received:	October	15, 1997
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FOOTNOTES: 1/ Bill Number 419 (LS) in an act to amend 7 GCA §14106, relating to service of summons by mail upon party defendants not residing or found within Guam. This Bill appears to be administrative in nature and any fiscal impact involved should be absorbed by the budgets of the department/agencies involved.