

IN THE SUPREME COURT OF THE STATE OF NEVADA

ALLAN BENAVIDES,
Appellant,
vs.
LAILA BENAVIDES, A/K/A LAILA
BANDBAZ,
Respondent.

No. 43184

FILED

JUL 25 2005

ORDER OF AFFIRMANCE

JANETTE M. BLOOM
CLERK OF SUPREME COURT
BY *J. Ruben*
CHIEF DEPUTY CLERK

This is an appeal from a district court judgment in a quiet title and fraudulent conveyance action. Eighth Judicial District Court, Clark County; Stewart L. Bell, Judge.

In April 1999, Allan Benavides and Laila Benavides purchased a home in Las Vegas, Nevada. They married five days later. On December 13, 2000, Allan executed a quitclaim deed transferring Laila's interest to Allan as the sole grantee. The next day, Allan executed a quitclaim deed conveying the property to his mother, Concepcion Benavides. On January 16, 2001, Laila filed for divorce in family court. The next day she filed a complaint in district court naming Allan and Concepcion as defendants and a notice of lis pendens pursuant to NRS 14.010. Laila sought to quiet title and recover her share of the property. This later action is the subject of this appeal.

On August 13, 2002, the family court issued a decree of divorce listing the parties' separate and community property assets. However, the divorce decree does not include any discussion of the couple's real property. The divorce decree included an amount reduced to judgment of \$6,012 that Allan owed Laila following the divorce.

Laila's complaint to quiet title alleged that the quitclaim deed dated December 13, 2000, was fraudulent because her signature on the document was a forgery, and therefore, the subsequent transfer to Concepcion was also invalid. Prior to trial, Allan stipulated that the quitclaim deed transferring the property out of Laila's name was invalid. Consequently, the property was sold, and the net proceeds of \$47,760.85 were placed into a trust account pending the outcome of the trial. The district court found that the property was community property and that, due to Allan's actions, Laila incurred fees and costs in pursuing her right to the proceeds. The district court ordered the proceeds from the sale divided equally, less deductions to Allan's share for attorney fees and costs. The district court also ordered that Allan's share be reduced by any amount outstanding from the parties' divorce, and that Allan should receive a credit of \$500 for furniture awarded to him in the divorce.

On appeal, Allan argues that the district court lacked subject matter jurisdiction to enforce the terms of the divorce decree and that the district court erred in awarding Laila the amount due under the decree because Laila never sought such relief in her complaint. Allan further argues that the district court erred in awarding Laila attorney fees because she was not the prevailing party on any significant issue at trial and, therefore, was not entitled to such an award. We conclude that Allan's arguments are unpersuasive, and we affirm the judgment of the district court.

We review a challenge to the district court's jurisdiction under our de novo standard of review.¹ We have noted that the family courts

¹Baker v. Dist. Ct., 116 Nev. 527, 531, 999 P.2d 1020, 1023 (2000).

and district courts have overlapping jurisdiction to resolve disputes that fall outside each individual court's jurisdiction when it is necessary for the resolution of claims over which jurisdiction is properly exercised.² We conclude that both the district court and family court have equal and overlapping jurisdiction to resolve Laila's property dispute. Had Laila sought judicial determination in family court of the fraudulent transfer, jurisdiction would have been appropriate. Similarly, because the district court maintains jurisdiction to resolve issues pertaining to the ownership and title to real property, it may properly exercise jurisdiction over the related issue of the disposition of assets from the sale of the community property.³

The district court ordered deductions from Allan's share of the proceeds to account for the amount reduced to judgment in the divorce decree. Setoff is an equitable principle that permits either party involved in a transaction that results in mutual indebtedness to account for amounts due from the other party in the form of a liquidated debt or judgment.⁴ While setoff is generally associated with a defendant's right to satisfy, in whole or in part, a debt or claim due from another party by

²Barelli v. Barelli, 113 Nev. 873, 877-78, 944 P.2d 246, 248-49 (1997) (noting that "a district court of general jurisdiction has authority to reach a family law issue where necessary to resolve a claim that would ordinarily fall within its jurisdiction").

³Id.; see also NRS 4.370(2) and NRS 5.050(4) (noting that for actions involving the title to real property jurisdiction rests with the district court and not the justice or municipal courts).

⁴See Campbell v. Lake Terrace, Inc., 111 Nev. 1329, 1332-33, 905 P.2d 163, 165, (1995) overruled on other grounds by Aviation Ventures v. Joan Morris, Inc., 121 Nev. ___, ___, 110 P.3d 59, 60-61 (2005).

offsetting it against claims he or she has against that party, the right to setoff is an equitable right that exists independently and rests upon the court's inherent power to "promote justice."⁵ A district court may allow or compel setoff when one party has a legally enforceable right or claim against the other.⁶ Setoff is generally permissible to enforce a money judgment.⁷ In this context, setoff is not a claim for relief but a procedural mechanism by which a party may satisfy a judgment or claim due.⁸ The standard of review for equitable actions is substantial evidence in the record, and we will not disturb the findings of the lower court when its conclusions are adequately supported by the evidence.⁹

In this case, the district court ordered that the amounts due and owing under the divorce decree be deducted from Allan's share of the proceeds, less a \$500 credit to account for furniture awarded to Allan in the divorce that Laila sold. We conclude that the district court did not err in exercising its inherent power to enforce the divorce decree and equitably account for amounts due and owing between the parties. Enforcing outstanding judgments in this manner conserves judicial

⁵Id. at 1332-33, 905 P.2d at 165 (quoting Atchison Cty. Farmers Union v. Turnbull, 736 P.2d 917, 921 (Kan. 1987)); see also Keith G. v. Suzanne H., 72 Cal. Rptr. 2d 525, 529-30 (1998).

⁶Campbell, 111 Nev. at 1332-33, 905 P.2d at 165.

⁷Keith G., 72 Cal. Rptr. 2d at 529-30.

⁸Id. at 530 (permitting setoff as a procedural means to satisfy conflicting child support judgments and arrearages).

⁹State, Emp. Security v. Hilton Hotels, 102 Nev. 606, 608 n. 1, 729 P.2d 497, 498 n. 1 (1986); Franklin v. Bartsas Realty, Inc., 95 Nev. 559, 562, 598 P.2d 1147, 1149 (1979).

resources by avoiding the unnecessary step of Laila having to return to enforce the divorce decree and judgment.

We have noted that the rules of civil procedure are to be liberally construed to permit litigants to adjudicate their issues in full, whether expressly raised in the parties' pleadings or not.¹⁰ Pursuant to NRCP 54(c) "every final judgment shall grant the relief to which the party in whose favor it is rendered is entitled, even if the party has not demanded such relief in the party's pleadings." When one party has obtained a valid judgment against the other, that party may seek enforcement of the outstanding judgment as a matter of right.¹¹

The enforcement of the outstanding judgment from Allan's share of the proceeds was available to Laila pursuant to Nevada law once the court ascertained that the proceeds from the sale constituted community property.¹² As such, the parties were mutually indebted to one another, and it was appropriate for the district court to equitably resolve all issues before it. In her complaint Laila sought the return of her interest in the proceeds and the award of damages, attorney fees and costs, along with "such other relief as the court deems just and proper." Consequently, we conclude that under the circumstances of this case, the

¹⁰Morris v. Morris, 83 Nev. 412, 414, 432 P.2d 1022, 1023 (1967).

¹¹NRS 21.010, 21.050; see Mandlebaum v. Gregovich, 24 Nev. 154, 162, 50 P. 849, 851 (1897) (noting that a right of action on an unsatisfied judgment exists as a matter of course and it is unnecessary for the complaint or record to show anything other than the nonpayment of the judgment debt); see also NRS 15.040.

¹²NRS 125.150(1)(b) which requires, to the extent practicable, the equal distribution of community property except when compelling circumstances exist for non-equal distribution.

district court's election to enforce the divorce decree and judgment out of Allan's share of the proceeds appears reasonable and just. This is especially so given Allan's efforts to extinguish Laila's interest in the property.

Finally, in regard to the district court's award of attorney fees, we note that the district court may award attorney fees to the prevailing party when the court finds that the claims or defenses of the opposing party were brought without reasonable grounds or to harass the prevailing party.¹³ This court will not overturn an award of attorney fees absent an abuse of discretion.¹⁴

Whether the district court abused its discretion depends upon: (1) whether the party awarded fees was the prevailing party in the suit, and (2) whether the district court properly found that the claims were unreasonable or made solely to harass the other party.¹⁵ Laila sought return of her share of the proceeds from the sale, and the district court found in her favor on that issue. Therefore, we conclude that Laila was the prevailing party on a significant issue in this case.¹⁶

Allan admitted that the quitclaim deed purporting to transfer title solely to his name was invalid. As such, the property and any

¹³NRS 18.010(2)(b); Chowdhry v. NLVH, Inc., 109 Nev. 478, 485, 851 P.2d 459, 463-64 (1993).

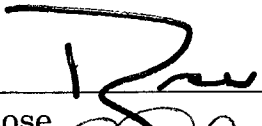
¹⁴Chowdhry, 109 Nev. at 485, 851 P.2d at 464.

¹⁵Id.

¹⁶See Sack v. Tomlin, 110 Nev. 204, 214, 871 P.2d 298, 305 (1994) (noting that a prevailing party is a party who succeeds on any significant issue in the litigation).

proceeds derived therefrom qualified as community property,¹⁷ and Laila was entitled to her share of the proceeds following the sale. Thus, the district court did not err when it stated that Allan was responsible for Laila's need to litigate her title action and seek return of her rightful share of the proceeds. Therefore, we conclude that the record adequately supports the conclusion that Allan's defense in this action was groundless, and that the district court did not err in awarding Laila attorney fees in this case. Accordingly we,

ORDER the judgment of the district court AFFIRMED.


_____, J.
Rose


_____, J.
Gibbons


_____, J.
Hardesty

cc: Hon. Stewart L. Bell, District Judge
Donn W. Prokopius, Chtd.
David J. Winterton & Associates, Ltd.
Clark County Clerk

¹⁷NRS 123.220.