

UALAG, Plaintiff

v.

ITPIK, Defendant

Civil Action No. 4

Trial Division of the High Court

Yap District

June 22, 1955

Action to determine obligations on oral arrangement made between the parties. The Trial Division of the High Court, Chief Justice E. P. Furber, held that agreement was so loose and indefinite that it did not constitute binding contract and each party was liable for amount which other advanced under the agreement.

**Contracts—Void Contracts—Restitution**

Where money, labor and materials have been advanced in good faith on agreement which does not constitute binding contract, cash advanced by one party and not used for purposes contemplated shall be returned, less fair allowance for anything other party has reasonably contributed.

**FURBER, *Chief Justice***

1. The oral arrangement made by the parties in July, 1952, was so loose and indefinite and there was so much misunderstanding as to its terms, that it did not constitute a binding contract.

2. The defendant Itpik owes the plaintiff Ualag \$10.00 for money loaned Itpik on Guam.

3. The fair value of the work, materials, and money which the defendant Itpik expended on, or in connection with, the truck and motor which the plaintiff Ualag obtained from him, is \$178.00.

4. The defendant Itpik owes the plaintiff Ualag \$375.50, representing the cash advanced Itpik for freight but not used by him for that, less the \$178.00 mentioned in paragraph 3 above, plus the \$10.00 mentioned in paragraph 2 above, making a total due of \$207.50, with interest at 6 percent from date of filing of the complaint, July 29, 1953.

5. All other items listed in paragraph 5 of the pre-trial order which have been proved, were contributed with no intention of either collecting for them or ever having any exact accounting for them. They balance out nearly enough so that it is fair to disregard them, so far as legal liability is concerned.

CONCLUSIONS OF LAW

Where money, labor, and materials have been advanced in good faith in reliance on an agreement which does not constitute a binding contract, fair dealing requires that cash advanced by one and not used for the purposes contemplated shall be returned, less a fair allowance for anything the other party has reasonably contributed. See 12 American Jurisprudence, Contracts, Sections 6 and 456.

JUDGMENT

Judgment for the plaintiff in the sum of \$238.28 without costs.