

Our ruling should not be construed to forever bar litigation on the issue of recompense for the horrors of the war. Implicit in the rulings of this Court has been the tacit observance of the horror wreaked upon the people of Micronesia. At times we have been motivated more by the sympathies generated by the parties rather than the mandate of the law. Today, we rule only that Policy Letter P-1 cannot be given the force of law.

Accordingly, the decision in Civil Appeal No. 219 is hereby AFFIRMED.

The decision in Civil Appeal No. 220 is hereby AFFIRMED.

The decision in Civil Appeal No. 233 is REVERSED, and this obviates the necessity to discuss the issue of just compensation.

The decision in Civil Appeal No. 234 is REVERSED, and no discussion of just compensation is necessary.

The Summary Judgments in Civil Appeal Nos. 233 and 234 are hereby set aside and judgment shall be entered in a manner consistent with this opinion.

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**JOSE M. NAMAULEG, Plaintiff-Appellant**

v.

**ALEJANDRA C. SNODGRASS, Defendant-Appellee**

Civil Appeal No. 249

Appellate Division of the High Court

Mariana Islands District

October 22, 1979

Appeal from a judgment of the trial court declaring ownership of certain real property. The Appellate Division of the High Court, Gianotti, Associate Justice, held that where transfer of land was made by a land trustee, approval of all the prior land owners was not necessary, and purchaser of land could rely upon authority of land trustee and had no duty to inquire beyond this authority, and therefore judgment of trial court was affirmed.

NAMAULEG v. SNODGRASS

1. Real Property—Adjudication of Ownership

Valid transfer of land can be made by a land trustee without the approval of all the land owners.

2. Contracts—Bona Fide Purchaser

A bona fide purchaser is one who pays a valuable consideration, has no notice of outstanding rights of others, and who acts in good faith.

3. Contracts—Bona Fide Purchaser

A bona fide purchaser for value is one who without notice of another's claim of right to, or equity in, the property prior to his acquisition of title has paid the vendor a valuable consideration.

4. Contracts—Bona Fide Purchaser

The burden of establishing that a bona fide purchaser has prior notice of another's claim, right, or equity, rests upon the one who asserts such prior notice.

5. Contracts—Bona Fide Purchaser

The absence of notice of a prior title or interest is an essential requirement in order that one may be regarded as a bona fide purchaser.

6. Contracts—Bona Fide Purchaser

Purchaser of land could rely upon the authority of the land trustee and had no duty to go beyond this authority to be considered a bona fide purchaser.

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*Counsel for Appellant:*

MICHAEL A. WHITE, ESQ.

*Counsel for Appellee:*

DOUGLAS F. CUSHNIE, ESQ.

Before GIANOTTI, *Associate Justice*, BURNETT, *Chief Justice*, and LAURETA, *Temporary Justice by Appointment of the Secretary of Interior*

GIANOTTI, *Associate Justice*

Appellant is appealing from a judgment of the trial court declaring appellee to be the owner of certain real property located on the island of Saipan. Appellant contends the transfer of said land by a "land trustee" was made without the approval of all the land owners, thereby preventing appellee from becoming a bona fide purchaser. Appellant also argues that appellee had a duty to inquire into the real owner of the property.

This Court cannot agree with the contentions of appellant.

[1] The fact situation presented in this case is similar, if not exactly identical, to the facts presented in *Crisostimo, et al. v. Trust Territory, et al.*, 7 T.T.R. 375 (App. Div. 1976). There, appellant complained of a land exchange to the Government and raised as an issue that consent of all the heirs was neither sought nor given when the "land trustee" made the transfer. The Appellate Court held:

The general intent and design of Land Management Regulation 1-(9) is to resolve an impasse that may occur when there are too many people to deal with. *Id.* at 383.

To interpret Land Management Regulation 1-(9) to require that anyone that is dealing with the land trustee must ascertain if all of the heirs agree with the land trustee's actions, simply negates the purpose of the regulation. *Id.* at 380.

In short, there is nothing in Land Management Regulation 1-(9) which would make a sale or exchange without full approval of all concerned a void contract. *Id.* at 383.

The law of *Crisostimo* applies equally here in that approval of all of appellant's relatives or heirs is not necessary.

Appellant also contends appellee cannot hold the status of a bona fide purchaser because appellee failed to make inquiry as to the existence of all appellants.

[2-4] Appellee did acquire a status of bona fide purchaser.

A bona fide purchaser is one who pays a valuable consideration, has no notice of outstanding rights of others, and who acts in good faith. *Thomas v. Roth* (Wyo.) 386 P.2d 929, 926.

A bona fide purchaser for value is one who without notice of another's claim of right to or equity in, the property prior to his acquisition of title, has paid the vendor a valuable consideration. (*Peterson v. Paulson*, 24 Wash. 2d 166, 163 P.2d 830 (1945).

The burden of establishing that a purchaser has prior notice of another's claim, right, or equity, rests upon the one who asserts such prior notice. *Glaser v. Holdorf*, 352 P.2d 212, 215.

[5] Appellee sufficiently established her rights as a bona fide purchaser. The Trial Court's finding of fact as to due inquiry (Finding of Fact 7) is borne out by an examination of the Trial Court transcript. Appellant had a burden of establishing prior notice by appellee, and did not sustain this burden. *Glaser v. Holdorf*, supra. Therefore,

The absence of notice of a prior title or interest is an essential requirement in order that one may be regarded as a bona fide purchaser. *Basch v. Tidewater Associated Oil*, 121 P.2d 545, 49 Cal. App. 2d Supp. 743.

[6] We further hold appellee, as purchaser, could rely upon the authority of the land trustee and there was no duty on the part of appellee to go beyond this authority.

We do not understand the law to be as stated, or that one who enters into an ordinary and reasonable contract for the purchase of property from another is bound to presume that the vendor is a wrongdoer and that therefore he must make a searching inquiry as to the validity of his claim to the property . . . . No one is bound to assume that the party with whom he deals is a wrongdoer, and if he presents property, the title to which is apparently valid and there are no circumstances disclosed which cause suspicion upon the title, he may rightfully deal with him, and paying full value for the same, acquire the rights of a purchaser in good faith. *United States v. Detroit T. & L. Co.*, 26 Sup. Ct. Rep. 282, 285, citing *Jones v. Simpson*, 116 U.S. 609-615, 29 L. Ed. 742-744, 6 Sup. Ct. Rep. 538.

The Trial Court's conclusions of law are correct, and Judgment is AFFIRMED.