

SUPREME COURT OF OKLAHOMA

Strong v. Laubach

89 P.3d 1066 (Okla. 2004) · No. No. 99,167 · Decided March 30, 2004

SUMMARY

The Supreme Court of Oklahoma answered a certified question from the Tenth Circuit concerning whether workers' compensation benefits are fully exempt from garnishment or subject to the \$50,000 exemption in Oklahoma's general exemption statute. The court held that 85 O.S. 2001 § 48 provides the exclusive exemption for workers' compensation claims and benefits, making them completely exempt from creditors' claims except for valid child-support liens or assignments. The exemption continues to apply to benefits before payment and to unmingled proceeds deposited in a bank account.

CASE DETAILS

COURT	Supreme Court of Oklahoma
WRITING FOR THE COURT	Watt, Chief Justice; Hodges; Lavender; Hargrave; Kauger; Boudreau; Winchester; Edmondson; Watt
JURISDICTION	Oklahoma
DECIDED	March 30, 2004
DOCKET	No. 99,167
DISPOSITION	other
PROCEDURAL POSTURE	The United States Court of Appeals for the Tenth Circuit certified a question of Oklahoma law concerning the extent of the exemption for workers' compensation benefits from garnishment. The certification arose from consolidated appeals involving a judgment creditor's garnishment of workers' compensation proceeds and an annuity funded with those proceeds.
STANDARD OF REVIEW	De novo determination of the certified question of Oklahoma statutory law.
PRECEDENTIAL VALUE	Published Oklahoma Supreme Court opinion; precedential.
PARTIES	Donald D. Laubach, Southwestern Bell Telephone Company, Garnishee v. William A. Strong, II, Carolyn E. Strong

TOPICS

workers compensation

statutory interpretation

civil procedure

remedies

PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether workers' compensation claims and benefits due to an injured worker are completely exempt from creditors' garnishment under 85 O.S. 2001 § 48.
2. Whether the \$50,000 exemption for a person's interest in a workers' compensation claim under 31 O.S. 2001 § 1(A)(21) limits the exemption provided by § 48.
3. Whether the § 48 exemption continues to protect workers' compensation proceeds after payment, including when the proceeds are deposited in an unmingled bank account.
4. Whether the § 48 exemption extends to contingent or unliquidated workers' compensation claims and protects the injured worker and the worker's dependents.

HOLDINGS

1. Workers' compensation claims for compensation or benefits due are completely exempt from creditors' claims, levy, execution, attachment, and other debt-collection remedies under 85 O.S. 2001 § 48, subject to the statutory exception for valid child-support liens or income assignments.
2. The \$50,000 exemption in 31 O.S. 2001 § 1(A)(21) does not apply to claims for compensation or benefits due under the Oklahoma Workers' Compensation Act; § 48 is the exclusive statutory authority for workers' compensation exemptions.
3. Workers' compensation proceeds retain their exempt character after payment when deposited in a bank account without being commingled with other funds.
4. The § 48 exemption extends to contingent or unliquidated workers' compensation claims before payment, as well as to benefits after payment.

KEY QUOTATIONS

“Claims for compensation or benefits due are completely exempt under 85 O.S.2001 § 48, the exclusive statutory authority for exemptions under the Workers' Compensation Act, 85 O.S.2001 §§ 1 et seq.” (1068)

“The exemption under 85 O.S.2001 § 48 extends to contingent or unliquidated workers' compensation claims before they are paid, as well as to unmingled funds deposited in bank accounts after they are paid.” (1074)

““Claims for compensation or benefits due” are completely exempt under 85 O.S. 2001 § 48, which is the exclusive statutory authority for exemptions under the Workers' Compensation Act, 85 O.S.2001 §§ 1 et seq.” (1074)

FACTUAL BACKGROUND

Laubach sustained two employment-related injuries while working for Southwestern Bell and received workers' compensation awards. He settled the claim, receiving payments and an annuity funded with approximately \$40,000 of the award. The Stronges, who held an unrelated federal judgment against Laubach, sought to garnish the workers' compensation proceeds and the bank account into which annuity payments were deposited. The federal court treated the exemption as limited to \$50,000 under 31 O.S. 2001 § 1(A)(21), while Laubach and Southwestern Bell argued that 85 O.S. 2001 § 48 provided a complete exemption.

PROCEDURAL HISTORY

The Stronges obtained a federal judgment against Laubach in Missouri and registered it in the United States District Court for the Western District of Oklahoma. They pursued garnishments against Laubach's workers' compensation payments and bank account. A federal magistrate limited the workers' compensation exemption to \$50,000, the district court rejected Laubach's objection, and Laubach and Southwestern Bell appealed to the Tenth Circuit, which certified the legal question to the Oklahoma Supreme Court.

DISPOSITION

other

REMAND INSTRUCTIONS

The certified federal question was answered. The opinion did not direct a remand or issue case-specific instructions to the federal court.

CASES CITED

- Beavin v. State ex rel. Department of Public Safety, 1983 OK 34, 662 P.2d 299
- Upton v. Department of Corrections, 2000 OK 46, 9 P.3d 84
- Hill v. Board of Education, 1997 OK 111, 944 P.2d 930
- Wal-Mart Stores, Inc. v. Switch, 1994 OK 59, 878 P.2d 357
- Special Indemnity Fund v. Treadwell, 1984 OK 91, 693 P.2d 608
- Lang v. Landeros, 1996 OK CIV APP 4, 918 P.2d 404
- Edmond Independent School District No. 12 v. Oklahoma Tax Commission, 1943 OK 62, 135 P.2d 57, 192 Okla. 241
- Security Building & Loan Ass'n v. Ward, 1935 OK 996, 50 P.2d 651, 174 Okla. 238
- Young v. Rimer, 1998 OK CIV APP 49, 964 P.2d 911
- In re Anderson, 1996 OK 135, 932 P.2d 1110
- Commons v. Bragg, 1938 OK 355, 80 P.2d 287
- Corbin v. Wilkinson, 1935 OK 977, 52 P.2d 45
- Crocker v. Crocker, 1991 OK 130, 824 P.2d 1117
- Meadows v. Meadows, 1980 OK 158, 619 P.2d 598
- National Gypsum Co. v. Brewster, 1969 OK 185, 461 P.2d 593

- In re Alexander, 1999 OK 31, 980 P.2d 659
- In re Allen's Guardianship, 1938 OK 271, 78 P.2d 700
- Gaddy v. First National Bank, 115 Tex. 393, 283 S.W. 472
- Holleyman v. Holleyman, 2003 OK 48, 78 P.3d 921
- Special Indemnity Fund v. Reynolds, 1948 OK 14, 188 P.2d 841
- Reynolds v. Special Indemnity Fund, 1986 OK 64, 725 P.2d 1265
- PFL Life Insurance Co. v. Franklin, 1998 OK 32, 958 P.2d 156
- Jobe v. American Legion # 7, 2001 OK 75, 32 P.3d 860
- Amos v. Spiro Public Schools, 2004 OK 4, 85 P.3d 813