STATE OF MINNESOTA
IN COURT OF APPEALS
A20-0975

Ray Danielson,
Relator,

vs.

Koronis Parts Inc.,
Respondent,

Department of Employment and Economic Development,
Respondent.

Filed April 12, 2021
Affirmed
Hooten, Judge

Department of Employment and Economic Development
File No. 37948798-3

John E. Mack, New London Law, P.A., New London, Minnesota (for relator)

Koronis Parts Inc., Paynesville, Minnesota (respondent employer)

Keri A. Phillips, Anne B. Froelich, Department of Employment and Economic Development, St. Paul, Minnesota (for respondent department)

Considered and decided by Hooten, Presiding Judge; Johnson, Judge; and Slieter, Judge.

NONPRECEDENTIAL OPINION

HOOTEN, Judge

Relator challenges the decision of an unemployment law judge (ULJ) that relator is ineligible for unemployment benefits because he quit his employment and did not have a

good reason caused by respondent employer for doing so. Relator asserts that (1) the ULJ's finding that he quit his employment is barred by res judicata and not supported by substantial evidence, (2) the ULJ failed to adequately develop the record, and (3) the Minnesota Department of Employment and Economic Development (DEED) abused its discretion by not canceling relator's overpayment obligation. We affirm.

FACTS

In May 2019, relator Ray Danielson, started part-time work as a general production employee for respondent Koronis Parts Inc. (Koronis), a manufacturer of parts and accessories for snowmobiles. Mike Wohlman, a production manager at Koronis, was Danielson's supervisor on the shop floor. In September 2019, Danielson stopped working at Koronis to help a friend with his fall harvest. After the harvest was complete, Danielson called Wohlman in December 2019 and said that he was ready to return to work at Koronis. Wohlman responded that Koronis did not need him at that time because the company was current with its production orders.

Shortly after this conversation, Danielson applied for unemployment benefits. On questionnaires responding to DEED's requests for information to determine Danielson's eligibility for unemployment benefits, Koronis and Danielson provided conflicting reasons for his departure from the company. While Koronis stated that Danielson quit his employment with Koronis so that he could do farm work for a friend, Danielson stated that he did not quit. Danielson further explained that he had called Wohlman when the harvest was complete because he wanted to return to work at Koronis, but Wohlman had told him that "it was still slow at work." Based on these questionnaire responses, an administrative

clerk at respondent DEED issued a determination on February 18, 2020 that Danielson was eligible for unemployment benefits.[1] The DEED administrative clerk found that "the greater weight of the evidence" showed that Danielson was separated from employment at Koronis "due to a lack of work," and that Danielson's actions were "not employment misconduct."[2] Koronis timely appealed this determination, as is permitted by statute,[3] and a ULJ conducted a de novo evidentiary hearing.

At the evidentiary hearing, three individuals testified: Koronis President Robin Gray, Danielson, and Wohlman. The parties provided conflicting testimony as to whether Koronis agreed to allow Danielson to take a leave of absence to help his friend with the harvest. Gray testified that it was "all of our understanding . . . that he had left to pursue farming and we weren't sure if he was ever coming back or not." Gray stated that "[Koronis] had work for Ray. Ray left to pursue other options. We all thought Ray quit."

Danielson testified that Wohlman had approved a leave of absence for him to help with the harvest, explaining:

> . . . I told [Wohlman] . . . that I want[ed] to take a leave of absence beginning the first part of October, and I said . . . for many years, Mike, I've helped this friend of mine do the farm work and I'm gonna continue doing that . . . so you'll have to decide what you want to do, but . . . I'm gonna ask you right now [if] you think that would be okay to take that leave of absence. He, Mike Wohlman informed me, oh sure, Ray, that's

[1] There is no evidence in the record of any other determination or adjudication from DEED on the issue of Danielson's separation from employment.

[2] Based on the information in the record, Koronis never claimed that Danielson had committed misconduct in its response to DEED's request for information.

[3] Minn. Stat. § 268.101, subd. 2(f) (2020) provides that a "determination of eligibility or determination of ineligibility is final unless an appeal is filed by the applicant or employer within 20 calendar days after sending."

> no problem whatsoever . . . it usually gets slow anyway about that time.

Danielson also testified that he never informed Koronis that he was quitting:

> I did not at any time tell Koronis Parts that I was quitting. In May 2019, when I started work at Koronis Parts, I spoke with Mike Wohlman, plant manager. I told him end of October 2019, I would like to take a leave of absence to help my friend do his harvest. He replied to me that would be just fine because that was usually when orders started to slow down anyway. I also spoke with Mike Wohlman regarding that I want to return to work when harvest is done. I made sure I had everything approved through him. So, on December 2 of 2019, I called Mike Wohlman informing him harvest was done and I was ready to return to work. He informed me it was still slow at work. He said it was normal but new work orders usually pick up in January 2020. Said he would call me to return to work then. So, at no time did I quit . . . .

In response, Gray asserted that he never discussed Danielson's potential leave of absence with Wohlman, testifying:

> [W]e do live in a rural community and we've been in business for 40 years. We regularly deal with people who have to leave to help their family farm or help here or there [for] a couple days a week. It might be a week where someone leaves . . . [I]t's never for two months where someone has a formal leave of absence for work, and . . . I would have never approved that, . . . and I've had no conversations with my supervisors regarding that.

The ULJ then questioned Wohlman, who testified as follows:

> Q: Okay. So, Mr. Wohlman, when Mr. Danielson was hired, did he tell you about his plans for working for the, leaving to do the harvest?
>
> A: Yes.
>
> Q: Okay. And had he asked you whether it would be possible for him to take a leave of absence?

A: Not in such words.

Q: Okay. Do you remember what words he had used?

A: Well, upon initial interview, Raymond told me that he was looking for, you know, summer employment between harvest times and something through the winter, you know, if we had work to do on a temporary basis, 20 hours a week, give or take.

Q: Okay. So, um, did you have, did you tell Mr. Danielson that he would be able to come back to work after harvest?

A: There was no such agreement.

Q: Okay. So, Mr. Danielson is saying that you had told him that he could take a leave of absence. Why do you think he's saying that if that's not the case?

A: Um, what happened when it came to be harvest time this fall, you know, if you're, if you remember what the fall was like, it was very, very wet, you know. So, harvest got pushed back, pushed back, pushed back and once the person that Ray works for called Ray to come to work, Raymond just quit coming to work at Koronis Parts. I had to reach out to him to find out what was going on.

Q: Okay.

A: And that's the extent of the conversation when fall harvest came.

. . . .

A: Um, the last conversation I had with Raymond, he called me on a Saturday and I talked to him when harvest was done. It was one of the last nice days of the fall. And I said, you know, we're pretty much current in the areas that you've been working in. Right now I don't have any need for you to come back to work because we are current with production orders. That was probably a month and a half to two months after Ray started with harvest for his farmer friend.

After the evidentiary hearing, a ULJ issued a decision finding Danielson ineligible for unemployment benefits and concluding that Danielson "quit because he wanted to help his friend with the harvest and not because of anything that the employer did or failed to do."[4] After granting Danielson's request for reconsideration, the ULJ affirmed her previous decision that Danielson was ineligible for unemployment benefits because he had quit. The ULJ also determined that Danielson had received $2,418 in overpaid benefits and ordered him to repay that amount. This review by certiorari follows.

DECISION

I. The ULJ's determination that Danielson voluntarily quit his job was not barred by res judicata.

Danielson argues that the ULJ's determination that he voluntarily quit his job—and was therefore ineligible for benefits—was barred by the doctrine of res judicata. Res judicata is the principle that, "once there is an adjudication of a dispute between parties," neither party may relitigate "claims arising from the original circumstances, even under new legal theories." *Hauschildt v. Beckingham*, 686 N.W.2d 829, 837 (Minn. 2004). Res judicata is based upon the notion that "a party should not be twice vexed for the same cause, and that it is for the public good that there be an end to litigation." *Shimp v. Sederstrom*,

[4] While DEED determined that Danielson was discharged, and the ULJ found that Danielson quit, this is not unusual. *See, e.g., Posey v. Securitas Security Services USA, Inc.*, 879 N.W.2d 662, 664 (Minn. App. 2016). An evidentiary hearing is "an evidence-gathering inquiry," and the ULJ has a duty to "ensure that all relevant facts are clearly and fully developed." Minn. R. 3310.2921. The DEED administrative clerk made a determination based on the responses of Danielson and Koronis to the requests for information. The ULJ developed the record by taking the testimony of three individuals, questioning the individuals about information provided in the requests for information, and allowing cross-examination.

233 N.W.2d 292, 294 (Minn. 1975). If res judicata applies, it serves to bar "not only claims as to matters actually litigated, but also as to every matter that might have been litigated in the prior proceeding." *Wilson v. Comm'r of Revenue*, 619 N.W.2d 194, 198 (Minn. 2000) (emphasis omitted).

"We review the application of res judicata de novo." *Rucker v. Schmidt*, 794 N.W.2d 114, 117 (Minn. 2011). The Minnesota Supreme Court has held that "res judicata will apply to administrative decisions where the agency acts in a judicial or quasi-judicial capacity." *McKee v. Cty. of Ramsey*, 245 N.W.2d 460, 462 n.1 (Minn. 1976). Res judicata applies where the earlier litigation (1) "involved the same set of factual circumstances," (2) involved the same parties, (3) reached a final judgment on the merits, and (4) the party against whom res judicata is to be applied "had a full and fair opportunity to litigate the matter." *Rucker*, 794 N.W.2d at 117. If all four elements are met, res judicata bars all subsequent claims that were actually litigated and those that "could have been litigated in the earlier action." *Id.*

"[F]or res judicata purposes, a judgment becomes final when it is entered in the district court and it remains final, despite a pending appeal, until it is reversed, vacated or otherwise modified." *Brown-Wilbert, Inc. v. Copeland Buhl & Co., P.L.L.P.*, 732 N.W.2d 209, 221 (Minn. 2007). Under Minn. Stat. § 268.101, subd. 2(f), a determination of eligibility or ineligibility is final "unless an appeal is filed by the applicant or employer within 20 calendar days after sending."

Danielson argues that Koronis litigated the matter of Danielson's unemployment benefits in two separate actions based on two separate claims. He contends that, in the first

action, Koronis claimed that he was discharged for misconduct, after which DEED determined on February 18, 2020 that he was not discharged for misconduct and was therefore eligible for unemployment benefits. Danielson asserts that Koronis did not appeal DEED's determination, but instead raised, as part of a second action, a separate claim that Danielson voluntarily quit his employment. Danielson maintains that Koronis's second claim regarding the voluntary quit issue was barred by the doctrine of res judicata because Koronis could have raised it "in its first action" and did not.

Although we need not—and do not—determine whether res judicata could ever apply to a case where an agency issues a series of decisions on a single application for unemployment benefits, we conclude that DEED's February 18, 2020 determination in this case is not a final agency decision with res judicata effect. As permitted under Minn. Stat. § 268.101, subd. 2(f), Koronis timely appealed DEED's February 18 determination to the ULJ, and there is no evidence in the record that DEED issued any other determination or adjudication on the issue of Danielson's separation from employment. Therefore, DEED's February 18 determination was not a final decision on the merits under subdivision 2(f). Because res judicata does not apply until litigation has reached a final decision on the merits, and because Danielson is unable to demonstrate that DEED's determination was a final decision on the merits, the ULJ's determination that Danielson is ineligible for unemployment benefits was not barred by the doctrine of res judicata.

II. Substantial evidence in the record supports the ULJ's determination that Danielson voluntarily quit his job.

Danielson challenges the ULJ's determination that he voluntarily quit his job. Minnesota provides "workers who are unemployed through no fault of their own a temporary partial wage replacement." Minn. Stat. § 268.03 (2020). An applicant who quits his employment is generally ineligible for unemployment benefits. Minn. Stat. § 268.095, subd. 1 (2020).[5] A quit from employment occurs when an employee makes the decision to end the employment. Minn. Stat. § 268.095, subd. 2(a) (2020). On the other hand, "[a] discharge from employment occurs when any words or actions by an employer would lead a reasonable employee to believe that the employer will no longer allow the employee to work for the employer in any capacity." Minn. Stat. § 268.095, subd. 5(a) (2020).

We review the ULJ's legal determination that an applicant is ineligible for unemployment benefits de novo. *Stassen v. Lone Mountain Truck Leasing, LLC*, 814 N.W.2d 25, 30 (Minn. App. 2012). We may reverse or modify the ULJ's decision only if the relator's substantial rights were prejudiced. Minn. Stat. § 268.105, subd. 7(d) (2020). "Whether an employee has been discharged or voluntarily quit is a question of fact subject to our deference." *Stassen*, 814 N.W.2d at 30. We view the ULJ's findings of fact in the light most favorable to the decision and will not disturb those findings as long as substantial evidence in the record reasonably tends to support them. Minn. Stat. § 268.105, subd. 7(d)(5); *Wilson v. Mortg. Res. Ctr., Inc.*, 888 N.W.2d 452, 460 (Minn. 2016). "Substantial

[5] Danielson does not argue that any of the enumerated exceptions apply in this case.

evidence" is defined as "such relevant evidence as a reasonable mind might accept as adequate to support a conclusion." *Gonzalez Diaz v. Three Rivers Cmty. Action, Inc.*, 917 N.W.2d 813, 816 n.4 (Minn. App. 2018) (emphasis omitted). "Credibility determinations are the exclusive province of the ULJ and will not be disturbed on appeal," *Bangtson v. Allina Med. Grp.*, 766 N.W.2d 328, 332 (Minn. App. 2009), as long as the ULJ provides reasons for the credibility determinations. *Ywswf v. Teleplan Wireless Servs., Inc.*, 726 N.W.2d 525, 533 (Minn. App. 2007); Minn. Stat. § 268.105, subd. 1a(a) (2020).

In determining that Koronis had not agreed to let Danielson take a leave of absence or promised him that he could return to work after harvest, the ULJ found the testimony of Gray and Wohlman to be more credible than Danielson's testimony. As required under Minn. Stat. § 268.105, subd. 1a(a), the ULJ gave two reasons for its credibility determination: (1) the testimony of Gray and Wohlman "described the more likely series of the events;" and (2) Gray's testimony was "direct, straightforward, and plausible."

Furthermore, the evidence in the record substantially supports the ULJ's factual determination that Danielson quit. In order to be a "leave of absence," the temporary stopping of work must be "approved by the employer." Minn. Stat. § 268.085, subd. 13a(c) (2020). However, both Gray and Wohlman testified that they did not agree to allow Danielson to take a leave of absence or promise that he could return after harvest. While Danielson testified that he told Wohlman that he wished to return to work at Koronis after the harvest, Wohlman testified that he did not agree that he would hold the position. Wohlman also testified that when harvest started, Danielson "just quit coming to work,"

and Wohlman "had to reach out to him to find out what was going on," indicating that he still considered Danielson an employee and expected Danielson to return to work.

Danielson argues that Gray's statement, "We all thought Ray quit," is unreliable hearsay because Gray speculated as to Wohlman's thoughts. However, Danielson's argument is without merit because "an unemployment law judge is not bound by statutory and common law rules of evidence" and "may receive any evidence that possesses probative value, including hearsay, if it is the type of evidence on which reasonable, prudent persons are accustomed to rely in the conduct of their serious affairs." Minn. R. 3310.2922. Gray admitted that he "can't speak to any individual conversation [Danielson and Wohlman] had together," but testified that he and Wohlman never discussed a leave of absence for Danielson. Additionally, after Gray testified, Wohlman corroborated Gray's testimony by testifying that Danielson "just quit coming to work at Koronis Parts." Wohlman had not heard Gray's testimony when he took the stand. Thus, even if Gray's statement was hearsay, it was not unreliable because it was consistent with Wohlman's testimony, and thus the ULJ properly considered it.

Because the ULJ provided reasons for her credibility determinations, and substantial record evidence supports the ULJ's factual finding that Danielson quit his employment, the ULJ did not err in determining that Danielson is ineligible for unemployment benefits.

III. The ULJ adequately developed the record.

Danielson argues that the ULJ failed to adequately develop the record. DEED may adopt rules for the hearings it conducts, and those rules need not conform to common-law or statutory rules of evidence and technical rules of procedure. Minn. Stat. § 268.105,

subd. 1(b) (2020). Under the rules DEED has adopted for evidentiary hearings, each party may present and examine witnesses and offer their own documents or other exhibits, and the ULJ "must rule upon evidentiary objections on the record." Minn. R. 3310.2921. The ULJ "must ensure that relevant facts are clearly and fully developed." *Id.* But the judge may "limit repetitious testimony and arguments" and "exclude any evidence that is irrelevant, immaterial, unreliable, or unduly repetitious." Minn. R. 3310.2921-.2922.

"The unemployment law judge must assist all parties in the presentation of evidence." Minn. R. 3310.2921. However, pro se litigants "are generally held to the same standards as attorneys," *Fitzgerald v. Fitzgerald*, 629 N.W.2d 115, 119 (Minn. App. 2001), and the ULJ must remain neutral, even when assisting a self-represented party in the presentation of their evidence. *Stassen*, 814 N.W.2d at 32.

Danielson argues that the ULJ in this case "had a duty to attempt to call [Wohlman] as a witness" and argues that the ULJ could have developed the record more thoroughly by admitting DEED's determination of eligibility into evidence. However, Danielson's argument is without merit because the ULJ heard testimony from Wohlman and received into evidence DEED's determination of eligibility dated February 18, 2020. Therefore, the ULJ sufficiently developed the record.

IV. DEED did not abuse its discretion by not canceling Danielson's overpayment obligation.

Danielson challenges DEED's finding that he owes $2,418 in benefit overpayments. "A determination or amended determination that holds an applicant ineligible for unemployment benefits for periods an applicant has been paid benefits is an overpayment

of those unemployment benefits." Minn. Stat. § 268.101, subd. 6 (2020). Any applicant who receives an overpayment of unemployment benefits "must promptly repay the benefits." *See* Minn. Stat. § 268.18, subd. 1(a) (2020). Danielson asserts that DEED is estopped from collecting the $2,418 in overpayment benefits because the department informed Danielson that he was eligible for benefits, and then "improperly allowed [Koronis] to proceed on another ground." As already discussed, the ULJ's determination that Danielson voluntarily quit his job is not barred by res judicata. Therefore, the ULJ did not improperly allow Koronis to proceed on another ground and properly concluded that Danielson received $2,418 in benefit overpayments that he must repay.

Affirmed.