

**STATE OF MINNESOTA
IN COURT OF APPEALS
A25-0230**

Alexander Nelson,
Appellant,

vs.

Arroyo Insurance Services, Inc.,
Respondent.

**Filed June 2, 2025
Remanded
Frisch, Chief Judge**

Hennepin County District Court
File No. 27-CV-25-1525

Alexander Nelson, Minneapolis, Minnesota (pro se appellant)

Arroyo Insurance Services, Inc., Pasadena, California (respondent)

Considered and decided by Frisch, Chief Judge; Bjorkman, Judge; and Harris, Judge.

SYLLABUS

We review the denial of an application under Minn. Stat. § 563.01 (2024) to proceed in district court without payment of court fees for an abuse of discretion.

OPINION

FRISCH, Chief Judge

Appellant challenges the district court's order denying his fee-waiver application to pursue civil-rights claims in district court. He argues that the district court erred by summarily determining that his claims are frivolous and denying his fee-waiver application

on that basis. Because the district court did not set forth a basis for its conclusion that the claims are frivolous, and we cannot discern a basis for that determination from the face of appellant's complaint, we remand to the district court for findings sufficient to enable appellate review.

FACTS

On January 26, 2025, appellant Alexander Nelson filed a complaint in district court, asserting that respondent Arroyo Insurance Services, Inc. violated the Minnesota Human Rights Act, Minn. Stat. §§ 363A.01-.50 (2024), and a Minneapolis city ordinance.

The complaint sets forth the following allegations. Arroyo advertises unique specialty textile insurance. Nelson sought to obtain this insurance coverage from Arroyo. To be eligible for such insurance, Arroyo requires that the party seeking insurance is a homeowner. Nelson requested that Arroyo waive this homeowner requirement as a "reasonable accommodation" for his disability because his disability prevented him from owning a home. He "explained to [Arroyo] that the accommodation he requested would ameliorate the effects of his disabilities" and invited Arroyo to participate in "an interactive process for resolving the access barrier." Arroyo refused to waive the homeowner requirement. Nelson asserts that Arroyo's refusal to issue a policy amounts to discrimination based on his status as a disabled person.

Nelson applied for a fee waiver in district court. Minn. Stat. § 563.01. Nelson did not serve his complaint on Arroyo and sought assistance in accomplishing service as part of the fee waiver. *See* Minn. Stat. § 563.01, subd. 4 (authorizing payment of expenses including service by the county sheriff or a private process server). Two days later, the

district court denied this application in a form order by checking the box indicating that the action was frivolous.

Nelson appeals.¹

ISSUE

Did the district court abuse its discretion in summarily denying Nelson’s fee-waiver application?

ANALYSIS

Nelson argues that his complaint is not frivolous, and the district court therefore erred in summarily denying his fee-waiver application.² A district court shall allow a civil action to proceed “without payment of fees, costs, and security for costs” if the underlying action “is not of a frivolous nature” and the litigant is financially unable to pay litigation costs. Minn. Stat. § 563.01, subd. 3(a)-(b).³

We have not set forth the standard of review specific to a district court’s decision denying a fee-waiver application in a civil action. *See Maddox v. Dep’t of Hum. Servs.*,

¹ Nelson later requested a fee waiver for purposes of this appeal, which the district court granted.

² Our records indicate that Arroyo was served with the notice of appeal. Arroyo did not file a brief in this appeal. Under Minn. R. Civ. App. P. 142.03, “the case shall be determined on the merits.”

³ In 2024, the legislature amended this subdivision, modifying the term used to refer to a waiver of court fees. 2024 Minn. Laws ch. 123, art. 15, § 14, at 2374. This subdivision previously referred to an application for a “court fee waiver” as an application for a litigant to “proceed in forma pauperis” (IFP). *Id.* Existing caselaw largely addresses requests to proceed IFP and, when applicable, is modified throughout this opinion to conform to the current terminology.

400 N.W.2d 136, 139 (Minn. App. 1987) (applying an abuse-of-discretion standard to review a district court’s decision to deny a fee-waiver request for a party’s fees on *appeal*); *State v. Scheffler*, 932 N.W.2d 57, 62 (Minn. App. 2019) (citing *Maddox* in its discussion of civil fee-waiver requests in contrast to “special mandatory-fee-waiver” requests to expunge criminal records pursuant to Minn. Stat. § 609A.03 (2018)). We now set forth the applicable standard of review.

A district court’s consideration of a fee-waiver application under Minn. Stat. § 563.01, subd. 3, presents a mixed question of fact and law, as a district court must consider the particular circumstances of a litigant’s request in light of the standards set forth in the statute. *See Pullman-Standard v. Swint*, 456 U.S. 273, 289 n.19 (1982) (noting that a mixed question of law and fact arises when the “facts are admitted or established, the rule of law is undisputed, and the issue is whether the facts satisfy the statutory standard”). And “[w]hen reviewing mixed questions of law and fact, we correct erroneous applications of law, but accord the district court discretion in its ultimate conclusions and review such conclusions under an abuse of discretion standard.” *In re Est. of Sullivan*, 868 N.W.2d 750, 754 (Minn. App. 2015) (quotation omitted); *see also Thompson v. St. Mary’s Hosp.*, 306 N.W.2d 560, 563 (Minn. App. 1981) (noting the district court’s “broad discretion” in determining whether expert fees should be paid under Minn. Stat. § 563.01, subds. 5, 6 (1980)). Thus, we hold that we review the denial of an application under Minn. Stat. § 563.01 (2024) to proceed in district court without payment of court fees for an abuse of discretion.

We now consider the district court's decision to deny Nelson's fee-waiver application under the applicable abuse-of-discretion standard. In its order denying the fee-wavier application under Minn. Stat. § 563.01, the district court checked a box stating that Nelson's "action [was] frivolous." The district court did not set forth a basis for its determination.

Our caselaw does not squarely address what constitutes a frivolous action for purposes of the application of Minn. Stat. § 563.01. We have previously determined that an appeal is frivolous in the context of a fee-waiver request if the appeal is "without any reasonable basis in law or equity and could not be supported by a good faith argument for a modification or reversal of existing law." *Maddox*, 400 N.W.2d at 139 (quotation omitted); *see also Wallace v. State*, 820 N.W.2d 843, 850 (Minn. 2012) (concluding that a postconviction petition is frivolous "if it is perfectly apparent, without argument, that the claims in the petition lack an objective, good-faith basis in law or fact"); Minn. R. Prof. Conduct 3.1 (prohibiting a lawyer from bringing a proceeding or asserting an issue "unless there is a basis in law and fact for doing so that is not frivolous, which includes a good faith argument for an extension, modification, or reversal of existing law"). But we need not define the boundaries of what may support a determination of whether an "action, defense or appeal" is frivolous under Minn. Stat. § 563.01 because we conclude that the district court's order does not contain "sufficient findings to enable appellate review" for purposes of determining whether the district court acted within its discretion. *Hansen v. Todnem*, 908 N.W.2d 592, 597 n.2 (Minn. 2018).

In concluding that Nelson’s action was frivolous, the district court did “not provide[] any explanation of its reasons” and thus “there is nothing to which this court can defer.” *See Sterling State Bank v. Maas Com. Props., LLC*, 837 N.W.2d 733, 736-37 (Minn. App. 2013) (quotation omitted), *rev. denied* (Minn. Nov. 12, 2013). And we are unable to discern an “obvious” reason for the district court’s denial of the fee-waiver request on the face of Nelson’s complaint. *See id.* at 737 (providing that, when the district court has not provided its reasoning, “it is appropriate to scrutinize the district court’s decision carefully to determine . . . whether a compelling reason is obvious” (quotation omitted)). *Compare Meranelli v. Wright*, No. A23-1477, 2024 WL 3320998, at *2 (Minn. App. June 27, 2024) (affirming the denial of a fee-waiver request because appellant’s claim was past the statute of limitations and there was “no good faith argument for modification or reversal” of this time-bar (quotation omitted)), *rev. denied* (Minn. Oct. 30, 2024), *with Haman v. Tyberg*, No. A23-0398, 2023 WL 8178142, at *1, *4 (Minn. App. Nov. 27, 2023) (reversing and remanding for the district court to reconsider appellant’s fee-waiver application after determining that the specific basis for the district court’s determination that the action was frivolous was erroneous).⁴

We emphasize that a district court need not make extensive findings, but it should set forth a reason for its decision to enable meaningful appellate review. And we acknowledge that the fee-waiver form developed for district courts does not provide a designated space for an explanation of the district court’s decision. But because we cannot

⁴ We cite nonprecedential authority for its persuasive value. *See* Minn. R. Civ. App. P. 136.01, subd. 1(c).

discern a basis for the district court's frivolousness determination from the record on appeal, we cannot engage in meaningful appellate review of the district court's decision to deny Nelson's fee-waiver application. *See Friend v. Gopher Co.*, 771 N.W.2d 33, 40 (Minn. App. 2009) (remanding for further findings because the district court did not identify its method of analysis and otherwise failed to make findings which hampered "effective appellate review").

DECISION

We review the denial of an application under Minn. Stat. § 563.01 to proceed in district court without payment of court fees for an abuse of discretion. Because the district court's order does not enable meaningful appellate review of the decision to deny Nelson's fee-waiver application and we are unable to discern from the record a reason for the district court's determination, we remand to the district court for findings on Nelson's request.⁵ *See Gams v. Houghton*, 869 N.W.2d 60, 65 (Minn. App. 2015) ("[R]emand is the appropriate remedy when the district court has made insufficient findings to enable appellate review."), *aff'd as modified*, 884 N.W.2d 611 (Minn. 2016).

Remanded.

⁵ In remanding, we express no opinion on whether Nelson's claims are frivolous, and nothing in this decision should be read to preclude the district court from granting Nelson's application for a fee waiver should it determine on further review that the claims are not frivolous.