SUPPREME COURT, U.S. WASHINGTON, D.C. 20543

## SUPREME COURT OF THE UNITED STATES

In the Matter of:	
TULSA PROFESSIONAL COLLECTION	) No. 36-1961
SERVICES, INC.,	
Appellant,	)
v.	
JOANNE POPE, EXECUTRIX OF THE	)
ESTATE OF EVERETT POPE, JR.,	
DUCTION	

Pages: 1 through 47

Place: Washington, D.C.

Date: March 2, 1988

## HERITAGE REPORTING CORPORATION

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1	IN THE SUPREME COURT OF THE UNITED STATES
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3	TULSA PROFESSIONAL COLLECTION :
4	SERVICES, INC., :
5	Appellant, :
6	v. : No. 86-1961
7	JOANNE POPE, EXECUTRIX OF THE :
8	ESTATE OF H. EVERETT POPE, JR., :
9	DECEASED :
10	х
11	Washington, D.C.
12	Wednesday, March 2, 1988
13	The above-entitled matter came on for oral argument
14	before the Supreme Court of the United States at 11:05 a.m.
15	APPEARANCES:
16	RANDALL E. ROSE, ESQ., Tulsa, Oklahoma; on behalf of the
17	Appellant.
18	PHILLIP K. SMITH, ESQ., Tulsa, Oklahoma; on behalf of the
19	Appellees.
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## PROCEEDINGS

1

2	(11:05 a.m.)
3	CHIEF JUSTICE REHNQUIST: Mr. Rose, you may proceed
4	whenever you're ready.
5	ORAL ARGUMENT OF RANDALL E. ROSE, ESQ.
6	ON BEHALF OF THE APPELLANT
7	MR. ROSE: Thank you, Mr. Chief Justice, and may it
8	please the Court:
9	The nature of the case to be presented in this
10	argument involves a challenge to the constitutionality of
11	certain Oklahoma statutes providing for notice by publication
12	to creditors in a probate proceeding.
13	Section 331 of Title 58 of the Oklahoma Statutes sets
14	forth that notice provision. The sole notice provided is a
15	notice by publication.
16	The Appellant, here and after referred to as TPCS,
17	challenged the constitutionality of this statute for failing to
18	provide a meaningful notice to creditors in the context of a
19	probate proceeding that would afford due process as required by
20	the Fourteenth Amendment to the United States Constitution.
21	Upon review of the facts in this case and an
22	application of the Oklahoma statutory scheme, it will be clear
23	that current Oklahoma law does not provide a meaningful notice.
24	It is our position that an analysis of the relevant decisions
25	of this Court will require due process to be extended to known

- 1 or reasonably ascertainable creditors.
- 2 It is further our position that contrary to
- 3 assertions in various state supreme court decisions, that (1) a
- 4 creditor's interest in a probate proceeding is a property
- 5 right, (2) --
- 6 QUESTION: Mr. Rose, incidentally, did the decedent
- 7 die in the hospital?
- 8 MR. ROSE: Yes, he did, Your Honor.
- 9 QUESTION: Why weren't they then on some kind of
- 10 notice that there was an estate probably to be probated?
- MR. ROSE: Well, that --
- 12 QUESTION: They certainly knew her address.
- MR. ROSE: Yes, that's true, Your Honor. That
- 14 actually is the entire crux of this case. It is undisputed and
- 15 the statement of facts will have shown that the decedent died
- 16 in the hospital, and we had notice obviously that he died.
- 17 The question is not whether we had notice that he
- 18 died, but whether we had notice of the initiation of the
- 19 probate proceeding and the publication of the notice to
- 20 creditors to file their claims.
- QUESTION: Was this a Tulsa hospital?
- MR. ROSE: Yes, it was.
- QUESTION: It is certainly a less sympathetic case
- 24 than if your creditor were off in New York or somewhere.
- MR. ROSE: It is not the ideal case to present the

- 1 issue. However, again, the question is not whether we had
- 2 notice. No one has denied, it has been readily admitted, it's
- 3 a stipulated fact that we had notice that he died. In
- 4 Oklahoma, a probate case can be filed, Title 58, Section 22 of
- 5 the Oklahoma Statutes provides that a probate case can be filed
- 6 at any time after the death of the decedent.
- 7 QUESTION: Well, certainly, I've known of hospitals
- 8 that routinely watch the legal notices in legal newspapers --
- 9 MR. ROSE: That's correct.
- 10 QUESTION: -- or they go down and check the probate
- 11 office and get their claim in.
- MR. ROSE: That's correct.
- 13 QUESTION: Your hospital just sat by and let it go,
- 14 even though the death was in Tulsa and even though the decedent
- 15 was a Tulsa resident.
- MR. ROSE: Yes. It would appear that way on the
- 17 surface.
- 18 QUESTION: Well, isn't it so?
- MR. ROSE: It is not so. If I may respectfully
- 20 disagree with you.
- In this particular case, there was an additional
- 22 statutory procedure available, originally enacted in 1910, that
- 23 states that the representative of the estate must pay the
- 24 expenses of last illness and funeral expenses as soon as
- 25 practicable after the funds come into his hands.

- 1 QUESTION: Well, that is a peculiar Oklahoma quirk, I
- 2 suppose, but how does it really affect your case?
- MR. ROSE: In that situation, it is not -- it has
- 4 historically been the case that you do not have to file a
- 5 creditor's claim to collect a bill --
- 6 QUESTION: The Supreme Court of Oklahoma held
- 7 otherwise in this case.
- 8 MR. ROSE: That's correct. That's correct.
- 9 Again, I think that the difficulty is in this case,
- 10 just as in this Court's decision in Mennonite Board of Missions
- 11 v. Adams in 1983, and although that was a closely-divided
- 12 decision in that case, the Court determined that the notice of
- 13 the delinquency of taxes was not the same thing as the notice
- 14 that the property was going to be sold.
- In Oklahoma, in the Mennonite case, for example,
- 16 there is a time period, there was a time period within which
- 17 that tax sale would take place. In Oklahoma, because of the
- 18 nature of the statutes that we have to work with and as
- 19 provided in Section 22 of Title 58, that notice period, the
- 20 time within which to present your claim, can begin to run any
- 21 time from the date of death of the decedent until forever.
- Now, there is some statutory construction of this
- 23 particular statute. There are specific cases that say three
- 24 years and five years and fifteen years and twenty-six years.
- 25 So, in certain specific cases, it has been as much as twenty-

- 1 six years before the probate case was filed.
- QUESTION: And the later it goes, the less time you
- 3 have to file. As I recall, if it's five years after the death,
- 4 you only get one month after the notice is published instead of
- 5 two.
- 6 MR. ROSE: That's correct. That's correct.
- 7 QUESTION: So, you theoretically have to keep reading
- 8 the newspapers for --
- 9 MR. ROSE: That is the difficulty with the whole
- 10 case. You have to keep track of every debtor in every legal
- 11 publication, every newspaper that's defined as a legal
- 12 publication in Oklahoma, in every county in Oklahoma, and you
- 13 have to read every notice that's published, every day, in order
- 14 to keep track of a specific debtor.
- And, again, because of the nature of the statutory
- 16 scheme in Oklahoma, you have to do that for five or ten or
- 17 fifteen or twenty years. I think the interesting thing about
- 18 Section 22 is that it says that the general statute of
- 19 limitations, the longest one that is available in Oklahoma of
- 20 five years, that general set of statutes of limitations from
- 21 one to five years for different causes of action, that statute
- 22 of limitations does not apply.
- 23 So, it's open. The probate case can be filed at any
- 24 time after the death.
- 25 QUESTION: Can you file a claim before the notice

- 1 goes out?
- MR. ROSE: You can file a claim, but the difficulty
- 3 is in discovering that a probate case is filed. So, it's the
- 4 same situation.
- 5 QUESTION: You don't think that's so hard, do you?
- 6 MR. ROSE: Pardon me?
- 7 QUESTION: You don't really think that's so hard, do
- 8 you?
- 9 MR. ROSE: To determine whether the probate case is
- 10 filed? Well, the only method of doing -- well, you can call
- 11 the courthouse every day. You can call the court clerk's
- 12 office every day and ask them if a probate case had been filed
- 13 in the name of that decedent.
- 14 QUESTION: I would think particularly representing a
- 15 collection agency, as you do, that would be quite a staple of
- 16 their business.
- MR. ROSE: Well, again, in the context of this case
- 18 and the way it arose, the fact that this Section 594 Title 58
- 19 had been relied on historically for the proposition that all
- 20 funeral expenses and expenses of last illness are supposed to
- 21 be paid, no mention of a claim, that is something that the
- 22 hospital had done.
- I think the important thing is, and I think that this
- 24 is the thing that the Oklahoma Supreme Court looked at, why did
- 25 the Oklahoma Supreme Court take this case. Why did they decide

- 1 this issue. They could have said, well, wait a minute, they
- 2 had actual notice, so we're not going to decide the issue.
- What they did say, though, on page 7-A of the
- 4 jurisdictional statement, they said that, well, the Court of
- 5 Appeals was wrong in saying that the Appellee didn't -- that
- 6 the Appellant didn't show that they didn't have actual notice.
- 7 They said that's not the burden of the Appellant.
- 8 The Appellee's burden is to show that the proper
- 9 notice was given. All the Appellee can say is we published and
- 10 that's what's required by statute. So, we've done everything
- 11 that we could.
- 12 QUESTION: You don't acknowledge you have actual
- 13 notice. Are you acknowledging that you had actual notice?
- 14 MR. ROSE: Of what? We had actual notice of the
- 15 death.
- 16 QUESTION: Of the death.
- MR. ROSE: Because the --
- 18 QUESTION: The death doesn't start anything running
- 19 at all.
- 20 MR. ROSE: That's right. It starts nothing. Nothing
- 21 happens when the person dies necessarily.
- 22 QUESTION: You could say the same thing about the
- 23 creditor of a contract claim. He has actual notice that his
- 24 claim exists, but that's of no use until he knows that a
- 25 bankruptcy proceeding has started.

- MR. ROSE: That's true, and I think that you may be
- 2 making reference to this Court's decision in the 1953 New York
- 3 v. New York-New Haven Railroad Company, where this Court
- 4 decided that mailed notice was required to creditors of that
- 5 debtor. That was a railroad reorganization case, but it was
- 6 not any different.
- 7 QUESTION: That was decided as a matter of
- 8 constitutional law?
- 9 MR. ROSE: I believe so. If -- in that case, it's --
- 10 the factual situation is extremely similar to the factual
- 11 situation in this case, and even still, in that case, and as a
- 12 result of the extension of the holding of that case under
- 13 current bankruptcy law, current bankruptcy rules provide that a
- 14 notice to creditors must be sent out within some statutory time
- 15 period, sixty days or something from the time of filing.
- 16 QUESTION: It just occurred to me, there's only one
- 17 probate court in Tulsa, isn't there?
- 18 MR. ROSE: That's correct.
- 19 QUESTION: So, it's only one court you have to watch?
- 20 MR. ROSE: That's correct. But, again, Justice
- 21 Marshall, you then have to call that courthouse every day for
- 22 -- no. That's true. You just have to continue to monitor --
- 23 pardon me? No, not in this case, because in this case, when
- 24 the notice to creditors is published, you only have sixty days
- 25 to file a claim.

- 1 QUESTION: Well, once every sixty days.
- 2 MR. ROSE: You could do that and you could do that
- 3 for up to apparently at least twenty-six years throughout --
- 4 for every debtor that you had in every county in Oklahoma, and
- 5 in every county and every state that also has a short-term non-
- 6 claim statute, such as we have in Oklahoma.
- 7 QUESTION: But you wouldn't have had to do it very
- 8 long in this case?
- 9 MR. ROSE: In this particular case, that's correct.
- 10 QUESTION: Well, that's the case we're judging. Not
- 11 some other.
- MR. ROSE: The importance, though, is that we did not
- 13 have notice of the initiation of the probate proceeding and the
- 14 subsequent publication of notice to creditors.
- OUESTION: Well, that's true, that's true, but you
- 16 could have had.
- 17 MR. ROSE: We could have had. I think that's an
- 18 important point. Had we had notice, if we had known, not that
- 19 the decedent died, but if we had known that the probate case
- 20 was filed and the notice to creditors was published, --
- QUESTION: Oh, sure.
- MR. ROSE: -- then we would have filed a claim.
- 23 OUESTION: Sure you would have, but you could have
- 24 easily found out. It wouldn't have taken a whole lot of effort
- 25 to find out in this case. There may be some other creditors,

- 1 you wouldn't expect them to inquire, but a collection agency --
- MR. ROSE: Well, again, in this case, this was under
- 3 a different statutory scheme, that all I can tell you has been
- 4 -- was relied on since 1910 when the statute was enacted at the
- 5 same time.
- 6 QUESTION: You're a professional organization.
- 7 That's your job, isn't it?
- 8 MR. ROSE: That's right, Your Honor.
- 9 QUESTION: This isn't an inordinate -- I mean, if
- 10 it's too much for you to send somebody by there once a week?
- MR. ROSE: Well, again, --
- 12 QUESTION: Do you check the legal papers?
- MR. ROSE: I think that the focus should be --
- 14 QUESTION: What else do you do other than bill
- 15 people?
- MR. ROSE: That's it. We try to collect the money.
- 17 I think that the focus should be on not just keeping track of a
- 18 single creditor -- of a single debtor, certainly keeping track
- 19 of a single debtor, when you isolate on that one single
- 20 creditor -- that single debtor, it is easy to -- you can say --
- 21 you can always say you could have looked out for that single
- 22 debtor -- yes, but the difficulty is in doing that, in every
- 23 county reading every legal publication in every county, in not
- 24 only Oklahoma but in all the states that have a sixty-day,
- 25 ninety-day time frame within which to file a claim.

That hypothesizes a truly massive business 1 OUESTION: 2 of collection which would extend to every county in Oklahoma and every county in every other state of the Union. You know, 3 you would have to have thousands of people and presumably some 4 of them could be assigned to reading probate notices. 5 That is precisely my point, and that is --6 MR. ROSE: OUESTION: And all of them paying fees. MR. ROSE: Pardon me? 8 9 And all of them paying fees. F-E-E-S. QUESTION: 10 MR. ROSE: For? 11 **OUESTION:** For the services that your company gives. 12 MR. ROSE: Correct. 13 OUESTION: You get paid for it. 14 MR. ROSE: That's correct. 15 OUESTION: So, the more you have, the more you have to look out for. 16 17 MR. ROSE: Okay. I agree. The focus on the case, 18 though, should be on -- it's not conceded --19 QUESTION: Do you think that Oklahoma should direct their laws particularly to cooperate with you, to your company? 20 21 MR. ROSE: To cooperate with all creditors that are similarly situated. 22 Or the public in general. 23 QUESTION: 24 Pardon me? MR. ROSE:

QUESTION: Or in the public in general.

25

- MR. ROSE: Well, it's for everyone. It's for
- 2 everyone to whom --
- 3 QUESTION: Not just at you because you have to go to
- 4 every county --
- 5 MR. ROSE: That's exactly right.
- 6 QUESTION: -- and every state.
- 7 MR. ROSE: That's exactly right.
- QUESTION: Well, Oklahoma should look out for you
- 9 then specially.
- MR. ROSE: No, not specially, but in conjunction with
- 11 all other creditors.
- 12 QUESTION: Well, I mean, a single creditor wouldn't
- 13 have all that trouble, would he?
- 14 QUESTION: You are focusing on the collection agency.
- 15 I'd like to focus on the real creditor, the hospital.
- MR. ROSE: On the hospital.
- 17 QUESTION: And when was the assignment made?
- 18 MR. ROSE: The assignment from the hospital to the
- 19 collection agency? The entities are related entities, as is
- 20 reflected in the jurisdictional statement. It is another
- 21 office within the hospital. They are separate corporations.
- 22 They operate separately.
- QUESTION: When you say that then, the real creditor
- 24 is still the hospital.
- MR. ROSE: That's correct.

- 1 QUESTION: And I can't get much sympathy for your
- 2 argument about every county and every state when you have a
- 3 Tulsa decedent and a Tulsa hospital and the Tulsa probate.
- Well, in Oklahoma, let me ask this, in Oklahoma,
- 5 where is the probate instituted? In the county of residence?
- 6 MR. ROSE: It's in the county of residence. It can
- 7 be in the county where the property is located.
- 8 QUESTION: But in -- this decedent was a resident of
- 9 this particular county.
- 10 MR. ROSE: That's correct.
- 11 QUESTION: I can't see the great burden that is on
- 12 your client, either the hospital or the collection agency. I
- 13 just can't get very sympathetic about it.
- MR. ROSE: Again, when you focus on one --
- 15 QUESTION: Isn't that what this case is about? One?
- MR. ROSE: It certainly is. We can't represent --
- 17 we're not representing the interests of every specific debtor,
- 18 every specific creditor that there is. In a general way, we're
- 19 doing that.
- QUESTION: Mr. Rose, has any -- have the lower courts
- 21 determined precisely what it is the hospital had actual notice
- 22 of?
- MR. ROSE: No, they have not.
- QUESTION: Whether the hospital did have actual
- 25 knowledge of a probate proceeding?

- MR. ROSE: No, no. The stipulated facts, the only
- 2 facts --
- 3 QUESTION: The stipulated facts just is that the
- 4 hospital knew of the death, obviously.
- MR. ROSE: That's correct. Those are the only --
- 6 QUESTION: But no other finding, is there?
- 7 MR. ROSE: No other findings.
- QUESTION: Well, if, in fact, the hospital had actual
- 9 knowledge of the probate proceeding, do you lose?
- MR. ROSE: In this case, without the filing of a
- 11 claim, yes. Yes.
- 12 QUESTION: You concede that?
- MR. ROSE: Yes.
- 14 QUESTION: Didn't you say a moment ago, and if you
- 15 didn't say this, please, that in Mennonite, we decided the
- 16 general notice question, although in that particular case, the
- 17 claimant had had notice, had had actual notice?
- MR. ROSE: Well, the reference I made to Mennonite
- 19 was that the notice of the delinquency of taxes was not the
- 20 same thing as the notice of the pendency of a sale. It's the
- 21 same situation here. The notice of the death is not the same
- 22 thing as the notice of the pendency of the probate proceeding
- 23 or the subsequent --
- QUESTION: Since that might have taken place
- 25 considerably later, is your point.

- 1 MR. ROSE: Pardon me?
- 2 QUESTION: Since the probate proceeding might have
- 3 been commenced considerably after the death.
- 4 MR. ROSE: Certainly, certainly.
- 5 QUESTION: I think before we got into all the factual
- 6 background of the case, you were beginning to say why this was
- 7 like Mennonite, that you thought there was a property interest
- 8 here.
- 9 MR. ROSE: Right. The arguments that have been used
- 10 to defeat a claim of unconstitutionality of a particular
- 11 statute have included that there is no adjudication of property
- 12 rights. For example, in that specific case, the state has
- 13 suggested that notice by mailing is only required, may only be
- 14 required when tangible property interests are involved.
- 15 However, in the Mennonite case, there were cases
- 16 cited that set forth interests that were not tangible property
- 17 interests, and those included the student's right to a public
- 18 education, the right to continue utility service during the
- 19 time that a disputed bill remained unpaid.
- The New York case example of a debt owed to a
- 21 creditor in a bankruptcy proceeding as well as the Mullane
- 22 example of a trustee's obligation to provide an accounting.
- QUESTION: Of course, in the Mullane case, there was
- 24 an existing interest in personal property.
- MR. ROSE: That's true.

- 1 QUESTION: And in Mennonite, there was an existing
- 2 interest in real property.
- 3 MR. ROSE: That's true.
- 4 QUESTION: And here you have what's traditionally
- 5 just a claim in personam, a contract claim for payment.
- 6 MR. ROSE: That's true. But it's an intangible
- 7 property interest just as a student's right to a public
- 8 education is an intangible property right.
- 9 QUESTION: But the law has always treated quite
- 10 differently interests in property as opposed to contractual
- 11 interests, has it not?
- MR. ROSE: Yes, it has. But the law also does not
- 13 distinguish the application of the principles of due process
- 14 based on a classification of property.
- 15 QUESTION: Many, many things certainly can be
- 16 property under our due process decisions that are not classical
- 17 interests in personal property or real property, but,
- 18 nonetheless, I think you probably have to deal with the
- 19 proposition that traditionally a statute of limitations dealing
- 20 with real property is much longer than a statute of limitations
- 21 dealing with contract rights and that sort of thing.
- MR. ROSE: True. Well, another argument that has
- 23 been used to defeat the claim of the unconstitutionality of a
- 24 particular statute is that a non-claim statute is a statute of
- 25 limitations, so that notice by publication would be sufficient.

- A non-claim statute, though, is not the same either
- 2 by definition or by its application as a long-term statute of
- 3 limitations is the traditional statute of limitations. In a
- 4 traditional statute of limitations, there is the concept of
- 5 repose for the claim and the concept that stale claims will be
- 6 precluded by the running of the statutory period.
- 7 In the short-term statute that some courts have
- 8 referred to as a statute of limitations, there is not that same
- 9 possibility. The idea of the claim resting, repose for the
- 10 claim, doesn't exist in just a sixty-day time period, and the
- 11 claim is not going to become stale in that time period.
- 12 QUESTION: The interest there, I suppose, of the
- 13 state is not to ward off stale claims, but to say that after
- 14 someone dies, it's imperative to wind up his affairs more
- 15 rapidly and you simply relied on the statute of limitations.
- MR. ROSE: That's correct. In those states with
- 17 longer-term statutes, the same kinds of policy considerations
- 18 or policy considerations of those states and yet, they have a
- 19 true statute of limitations that is one to two up to six years.
- In this non-claim statute, there is not that same
- 21 consideration.
- QUESTION: You urge us that we should look upon them
- 23 in two different ways. So, if our next case is what, a one-
- 24 year time period, we -- you'd lose, but this is a sixty-day and
- 25 you -- what's --

- MR. ROSE: There's a difficulty.
- QUESTION: There sure is. I mean, pick a number.
- MR. ROSE: You have to draw a line. You have to draw
- 4 a line somewhere.
- The question is in applying the statute, in applying
- 6 the concept of due process, is the means that you use -- is it
- 7 going to accomplish the purpose that you intend for it to to
- 8 accomplish.
- In the short-term non-claims statute, or in a longer-
- 10 term non-claim statute, that idea is met. In the shorter-term
- 11 non-claims statute, it is just simply not met.
- 12 QUESTION: Mr. Rose, what is it that cuts off your
- 13 claim? Is it -- suppose a probate proceeding is commenced but
- 14 for some reason terminated, --
- MR. ROSE: Yes.
- 16 QUESTION: -- and then a new probate proceeding is
- 17 commenced, is your claim dead?
- 18 MR. ROSE: No. The claim -- you have sixty days
- 19 after the notice by publication is published to file your
- 20 claim. So that if the notice was not published, that is if the
- 21 probate case is just filed and dismissed, then you would not
- 22 have lost your claim.
- The time period doesn't begin to run until the notice
- 24 is published.
- QUESTION: What is the notice is published, but the

- 1 probate for some reason does not go through to completion? Is
- 2 there any way that that can happen?
- 3 MR. ROSE: Well, I suppose -- I don't know the answer
- 4 off the top of my head. I would suppose that perhaps it could
- 5 not have. If the probate case is filed, I mean, what is the
- 6 reason? You know, it's speculative. What's the reason for the
- 7 case being dismissed? If it's because someone dies, they can
- 8 appoint someone else.
- 9 If it's because the decedent didn't really die, of
- 10 course, then that's a different situation, but it would depend
- 11 on -- let's just take some speculation. It would depend on the
- 12 circumstances. Probably it wouldn't be dismissed if it was
- 13 something like someone dying.
- 14 QUESTION: There are very few unsuccessful probates.
- MR. ROSE: That's true.
- I think the Court -- it's necessary for the Court to
- 17 look at in deciding whether due process is afforded in this
- 18 case, whether it should be afforded, is to look at the state
- 19 interest involved, and this is a balancing test that the
- 20 dissent theory was not going to be used any longer in the
- 21 Mennonite case. Just a balancing test.
- It's weighing the interests of the creditor and his
- 23 right in the probate proceeding against the interest of the
- 24 state in applying their laws. The interest of the state in
- 25 Oklahoma apparently is strictly and nothing else order,

- 1 finality of proceedings and quick settlement of estate, and I
- 2 say this because in 1965, the statute was reduced, the time
- 3 period in which to file claims was reduced from four months to
- 4 the current two-month period.
- 5 If the --
- 6 OUESTION: Would you be satisfied with four months?
- 7 MR. ROSE: No. Again, that's a legislative
- 8 determination. I would think that one year would be long
- 9 enough for all claims to come to the attention --
- 10 QUESTION: Many other states have four months. As an
- 11 old probate hand, I know that.
- MR. ROSE: Yes. Some states have four months. Some
- 13 states have two, two states have two months, some states have
- 14 six, and some states have a year or two years up to six years.
- 15 I'd like to reserve the rest of my time for rebuttal.
- 16 CHIEF JUSTICE REHNQUIST: Thank you, Mr. Rose.
- We'll hear now from you, Mr. Smith.
- ORAL ARGUMENT OF PHILLIP K. SMITH, ESQ.
- ON BEHALF OF THE APPELLEES
- 20 MR. SMITH: Thank you, Mr. Chief Justice, and may it
- 21 please the Court:
- 22 Immediately, I would like to address several
- 23 statements made by Appellant Hospital, both in their
- 24 jurisdictional statement in their briefs as well as in the oral
- 25 argument just concluded that are no where to be found in the

- 1 record.
- These are very pertinent statements. The most
- 3 blatant of which is that the personal representative had actual
- 4 knowledge of the claim of the hospital at the time her husband
- 5 died as well as at the time that notice to creditors was
- 6 published.
- 7 For the first six years after the death of the
- 8 decedent, the Appellant Hospital relied exclusively on the
- 9 Oklahoma statute that set out certain preferences and
- 10 priorities of payment under Section 594 of our Probate Code,
- 11 and no court thus far has decided that that relieved them of
- 12 the burden of filing a notice to creditors, that not until the
- 13 case had been tried on that issue in the original probate
- 14 court, had been heard by the Oklahoma Court of Appeals, and
- 15 upon petition for rehearing to the Oklahoma Court of Appeals,
- 16 approximately August of 1985, did the Appellant Hospital raise
- 17 the issue of due process.
- Now, up until that point, the exclusive question
- 19 before the court was the question of priority of payment of
- 20 debts.
- The fact that the personal representative had actual
- 22 knowledge of the claim is no where to be found in the record,
- 23 and we dispute that fact, and we have continually disputed it
- 24 in our brief.
- QUESTION: Well, that's just never been decided, I

- 1 take it.
- 2 MR. SMITH: That's correct. It was never --
- 3 QUESTION: Who knew what has not been decided.
- 4 MR. SMITH: That's correct. There was never an
- 5 opportunity to try the facts on the due process issue.
- We have maintained --
- 7 QUESTION: If the case goes back, it can be
- 8 determined?
- 9 MR. SMITH: That's correct. We are ready to meet
- 10 that issue as a matter of fact because we maintain that she had
- 11 no knowledge of any claim pending at the time either that he
- 12 died or the time that she published notice to creditors.
- 13 QUESTION: Do you also maintain that the hospital
- 14 knew of the probate proceeding?
- MR. SMITH: We do not maintain that they knew of the
- 16 probate proceeding at the time that he died or that we gave
- 17 them actual notice.
- 18 QUESTION: Well, I guess there wasn't a probate
- 19 proceeding before he died.
- 20 MR. SMITH: That's right. We don't know when the
- 21 hospital found out about the probate proceeding.
- 22 QUESTION: Just to get in my mind a couple of the
- 23 dates here. The date of death was April 2nd, 1979, and the
- 24 notice to creditors was published in July of that year?
- MR. SMITH: Yes, sir.

- 1 QUESTION: And the first claim filed by the
- 2 collection agency here was in October 1983?
- MR. SMITH: That was not a claim. We disputed, and
- 4 this has never been a part of the record, that they ever filed
- 5 a claim. In October of 1983, they made application for the
- 6 first time during the whole probate to compel the personal
- 7 representative to pay their claim based on a priority of
- 8 payments under Section 594.
- 9 QUESTION: That was the first appearance they had
- 10 made in the probate action?
- MR. SMITH: Yes, sir. That's correct.
- 12 QUESTION: Had there been any preliminary
- 13 distributions from the estate?
- MR. SMITH: No. There is only one sole heir and that
- 15 is the personal representative, the wife of the deceased, and
- 16 she had not taken any distribution.
- 17 It might be important to get the dates in order in
- 18 the record. It is in the record that the decedent was admitted
- 19 to St. John Medical Center on November of 1978. He never left
- 20 the hospital building until his death on April 2nd of 1979.
- Now, she was appointed the personal representative
- 22 and duly published on July 17th, 1979, and as the Chief Justice
- 23 pointed out, the claims period then ran until September 17th,
- 24 1979. Actually, some five and a half months after the date of
- 25 death.

- And in Oklahoma, the sixty-day period does not
- 2 commence until the first date of publication. It's not two
- 3 months from the date of death.
- 4 QUESTION: Mr. Smith, what if we had here a creditor
- 5 from out of state with no knowledge of the death or the probate
- 6 proceeding, do you think that publication notice under the
- 7 Oklahoma statute would be -- would meet due process
- 8 requirements?
- 9 MR. SMITH: There is an exception as are several
- 10 exceptions under the non-claims statute. One provides for an
- 11 out of state creditor.
- 12 QUESTION: If you know about them.
- MR. SMITH: Sir?
- 14 QUESTION: If you know about them. You can't give
- 15 notice to out of state creditors personally unless you know
- 16 about them.
- 17 MR. SMITH: Right. But concerning out of state
- 18 creditors, they are exempt from the two-month time period.
- 19 QUESTION: Well, then, let's make it an in state
- 20 creditor without any knowledge at all.
- MR. SMITH: There are no exemptions made for in state
- 22 creditors, just on the basis that they had no knowledge.
- QUESTION: Well, that isn't my question. I'm not
- 24 asking about the operation of the statute. I'm asking you
- 25 whether you would say that due process would require something

- 1 more than publication notice to such creditors.
- MR. SMITH: No. We would say that they would not be
- 3 entitled to it under due process.
- 4 QUESTION: You would have to because actually all the
- 5 Oklahoma law provides for the out of state creditors the longer
- 6 period. He still can be barred once the decree is entered.
- 7 MR. SMITH: Yes, sir. That is true.
- QUESTION: Once the decree is entered, he's out,
- 9 whether he gives notice or not.
- 10 MR. SMITH: He has until the final decree of
- 11 distribution, which could be months or years, depending on the
- 12 case.
- 13 QUESTION: Right.
- 14 QUESTION: What was the reason, if any, that notice
- 15 was not given to the hospital?
- MR. SMITH: Notice was not given for two reasons.
- 17 One, Mrs. Pope did not realize and recognize the hospital as a
- 18 creditor of the estate. Two, --
- 19 QUESTION: Well, the hospital bill was outstanding,
- 20 wasn't it?
- MR. SMITH: The hospital bill was outstanding. She,
- 22 and this is not in the record, sir, I want to clarify that, she
- 23 had reason to believe in her mind that the estate, including
- 24 herself personally, would never be liable for a penny from this
- 25 expense because of insurance.

- 1 QUESTION: Well, were you counsel for the estate and
- 2 for her?
- MR. SMITH: Yes. Our firm was. I wasn't personally.
- 4 QUESTION: Well, did the firm share her belief?
- 5 MR. SMITH: I can't answer that as far --
- 6 QUESTION: But you can answer my question. Why
- 7 didn't the firm give the hospital notice?
- 8 MR. SMITH: Well, it wasn't required under the non-
- 9 claims statute.
- 10 QUESTION: Was it because they hoped they would avoid
- 11 the filing of a claim and the necessity of paying it?
- MR. SMITH: No, sir. The --
- QUESTION: Are we playing games in Oklahoma?
- 14 MR. SMITH: No. The point could be argued that an
- 15 unscrupulous personal representative could play behind the laws
- 16 and wait until the filing period was over and then step in and
- 17 say, your bill is out because you didn't file. In this case,
- 18 claims were paid as a matter of fact, and this is not in the
- 19 record either, but claims were paid and declared as deductions
- 20 for estate tax returns, both to the IRS and the Oklahoma Tax
- 21 Commission.
- QUESTION: Well, those claims had been filed, I take
- 23 it.
- MR. SMITH: No, they weren't. They were paid without
- 25 having been filed.

She still paid them? OUESTION: 1 2 MR. SMITH: Yes, sir. 3 OUESTION: But you knew about them and paid them? MR. SMITH: Yes, sir. 4 5 QUESTION: And you didn't give the hospital notice because you were relying on the public notice? MR. SMITH: Yes, sir, and we didn't recognize the 7 claim of the hospital. 9 QUESTION: Did you have any trouble with the IRS who would -- I've known them in the past to insist on the formal 10 filing and allowance of claims before they allow them as 11 12 deductions. 13 Did you have any trouble? 14 MR. SMITH: We had no trouble with the IRS on that question and received releases from both tax entities. 15 16 The reason I mentioned the deduction on the tax return is that to show the good faith of Mrs. Pope because she 17 did not declare any money due and owing to St. John Medical 18 19 Center, and for a \$14,000 deduction, had she known of that, she 20 would have taken it. QUESTION: Well, she would have had to pay it. 21 MR. SMITH: She would have had to pay it. 22 There certainly is a financial interest in 23 OUESTION: 24 the heirs at least in avoiding notice to creditors, isn't I mean, certainly the potential heir will enhance the 25 there?

- 1 estate if creditors don't know.
- MR. SMITH: That's true. There would be a potential
- 3 if heirs --
- 4 QUESTION: Do you think the Constitution would
- 5 require that you give at least public notice?
- 6 MR. SMITH: I believe that public notice is required
- 7 under the due process clause.
- 8 QUESTION: Why?
- 9 MR. SMITH: Because of the uncertainty of determining
- 10 who and who is not a creditor. I believe it puts all of the
- 11 creditors in the same boat to alert the public and the
- 12 creditors at large that there is a proceeding which might
- 13 affect their interests.
- QUESTION: What do you mean, the uncertainty of
- 15 knowing who -- you say unscrupulous administrator or executor
- 16 might not notify known creditors. Is it clear where
- 17 scrupulousness lies? I mean, I assume the obligation of the
- 18 executor is to maximize the estate that can be passed on to the
- 19 heirs.
- 20 MR. SMITH: As well as pay any valid debts. The --
- 21 QUESTION: Well, but a debt's not valid if it's not
- 22 presented in time. It's barred.
- MR. SMITH: That's correct.
- 24 QUESTION: He has an obligation to make sure that
- 25 everybody doesn't file in time and files in time. I'm not sure

- 1 where his obligation lies. If I were in that position and I
- 2 knew that my obligation under law is just to publish notice,
- 3 that I've opened up this estate, you sure that I have an
- 4 obligation to these creditors that I know of rather than to the
- 5 potential distributees? I'm not sure where that lies.
- 6 MR. SMITH: I still believe that under the oath of
- 7 office that an executor takes, they are under a duty to not
- 8 only protect the rights of the heirs and the property
- 9 interests, but also to pay any valid debts of the estate.
- I still believe that there is a dual role there to be
- 11 played. In this case, the personal representative happens to
- 12 be the wife of the deceased, and there is a close tie there.
- 13 QUESTION: Is the obligation to pay debts valid when
- 14 all the debts are in and if these are never presented, --
- MR. SMITH: That's true.
- 16 QUESTION: -- they're not valid debts?
- 17 MR. SMITH: That's correct. I would also state that
- 18 the practice in Oklahoma as well as possibly other
- 19 jurisdictions is to pay claims, even though proper creditors
- 20 claims are not presented, and this is done and while if you
- 21 have an executor who has to answer to some heirs who wouldn't
- 22 have done that themselves, it is done on a practical basis
- 23 every day.
- 24 QUESTION: Well, in response to that, I know of at
- 25 least four jurisdictions where that is not true.

- MR. SMITH: In Oklahoma, it is the practice. The
- 2 reason --
- 3 QUESTION: You made the statement you thought it was
- 4 generally the practice, and I questioned that one.
- 5 MR. SMITH: In Oklahoma, excuse me, insurance
- 6 payments continue to be made by the employer sponsored
- 7 insurance carrier until approximately February of 1980. So, as
- 8 to the determination of the debt, not only when he died, but
- 9 when she gave notice to creditors, she didn't know any exact
- 10 amount and I dare say the hospital didn't know because it could
- 11 have, in fact, been paid off in full.
- So, at best, it was a contingent claim and provisions
- 13 are made under the same Oklahoma non-claims statute, Section
- 14 333, for contingent claims, and it provides that a creditor of
- 15 a contingent or unmatured debt is to present the claim in that
- 16 form to the personal representative, and depending on when the
- 17 claim becomes due, depends how far the --
- 18 QUESTION: How is the person supposed to do it if the
- 19 creditor doesn't know about the opening of the estate?
- MR. SMITH: Well, the creditor, we maintain, is
- 21 supposed to monitor those accounts that they have to collect.
- QUESTION: Well, why do they give this exception --
- 23 the exception for the out of state people is because they don't
- 24 read the newspapers that the Oklahoma citizens have available
- 25 to them. That's the point.

- MR. SMITH: I would assume because they wouldn't have
- 2 access to the newspapers.
- 3 QUESTION: But the ordinary creditor has to read all
- 4 the legal publications to protect himself or herself.
- 5 MR. SMITH: That would be correct.
- 6 OUESTION: And we haven't talked much about whether
- 7 the statute is constitutional. We've had an interesting
- 8 discussion of Oklahoma probate law, but do you think the
- 9 statute is constitutional? Do you think that's adequate notice
- 10 to the average creditor?
- 11 MR. SMITH: Yes, sir.
- 12 QUESTION: Sixty days.
- MR. SMITH: Sixty days. Sounds like a short stream,
- 14 but it's not always sixty days.
- 15 OUESTION: Sixty days plus the period of time between
- 16 the date of death and the time the publication is made. You
- 17 have a prompt estate opening and a prompt publication, it could
- 18 be a matter of ninety days, I would assume, in a lot of cases.
- MR. SMITH: The original hearing cannot be less than
- 20 ten days or more than thirty days from whenever the petition is
- 21 filed.
- QUESTION: It is usually filed within a couple of
- 23 weeks.
- 24 MR. SMITH: In this case, it was a period of over
- 25 five months that they had to file their claim. We maintain

- 1 that that is reasonable and the legislature, for some reason,
- 2 in 1965, shortened the period from four months to two months,
- 3 citing the state purpose of expediting and closing estates as
- 4 well as the proper presentation of validation of debts.
- 5 These claims aren't just presented on a piece of
- 6 paper. They have to be validated. They have to be properly
- 7 shown so that she knows that she's paying a rightful debt.
- 8 QUESTION: What's the big deal about notifying known
- 9 creditors? Why does that have to delay the closing of the
- 10 estate?
- MR. SMITH: We don't argue with the idea that actual
- 12 notice is preferable in most all cases. The problem, Justice
- 13 Scalia, in a probate matter is that who is the known creditor,
- 14 and that is the problem here. She knew St. John's. She had been
- 15 there many times. She knew their address. She knew how to get
- 16 there. She knew how to find their mailing address.
- But as to whether or not they were a known creditor
- 18 of this estate, she didn't know them in that sense at all.
- 19 QUESTION: Yes, but for purposes of our decision in
- 20 reviewing the court below, they assumed for purposes of
- 21 decision that she may well have known them and still didn't
- 22 have to give them notice. Don't we have to decide whether
- 23 there's any obligation even when the representative of the
- 24 estate does know?
- I mean, you may be right as a matter of fact that she

- 1 didn't know, but that hasn't been tried out, has it?
- 2 MR. SMITH: No, that has not been tried.
- 3 QUESTION: So, don't we have to, to decide this case,
- 4 assume that everybody knew -- that she knew the facts and could
- 5 well have given notice and wouldn't have slowed anything up at
- 6 all if she said, well, I don't think the hospital bill is paid,
- 7 I think I ought to write them a letter?
- 8 MR. SMITH: We maintain that to do that causes a
- 9 burden upon personal representatives who are not always the
- 10 spouse of the decedent, to find out exactly who the creditors
- 11 are, and this is a genuine problem where personal
- 12 representatives who has some times only desks or drawers of
- 13 papers to go through in order to determine who the creditors
- 14 are.
- 15 QUESTION: Yes, but the question Justice Stevens
- 16 poses is whatever kind of administrator you have, if the
- 17 administrator actually knows of a creditor, must be give them
- 18 notice.
- 19 MR. SMITH: Not under this statute.
- QUESTION: Well, the question is, does the
- 21 Constitution require more.
- MR. SMITH: I don't believe so. I don't believe so.
- 23 If you assume -- just take an example. Let's say Mr. Pope had
- 24 some outside business interests and this is not uncommon for
- 25 people to do this without making it a matter of record, let's

- 1 assume that he took loans out before he died to a person we'll
- 2 call John or a person by the name of Mary. He didn't tell his
- 3 wife about this. Wasn't filed of record. These were strictly
- 4 loans that he chose to do with what he pleased, but he died and
- 5 neither one of them were repaid.
- He happened to leave some notes about one of them
- 7 laying around the house. The one to John. The wife found
- 8 that. She said, I think he had something going on with John,
- 9 let's give John notice. But what about Mary? Neither Mary nor
- 10 John happened to find out about Mr. Pope's death and thus much
- 11 less know about a probate.
- 12 It's not fair, we urge the Court, that Mary should be
- 13 left out even though she had the same legal position as John.
- 14 QUESTION: I come back to the facts of this case.
- 15 Her husband was in the hospital for several weeks. Surely she
- 16 knew a hospital bill was accumulating. I would be surprised if
- 17 she didn't know whether or not it was paid.
- MR. SMITH: She had prior experience with this
- 19 hospital.
- 20 QUESTION: If the executor were the First National
- 21 Bank of Tulsa, if you have one, they certainly would have
- 22 investigated it.
- MR. SMITH: This goes outside the record again, but
- 24 to answer your question, a personal representative, the wife of
- 25 the deceased, had prior experiences with this hospital and with

- 1 this husband and with this insurance carrier in which she never
- 2 had to pay a dime. She assumed and had reason to believe that
- 3 she wouldn't have to pay any this time and, therefore, did not
- 4 recognize them as a creditor of this estate.
- 5 QUESTION: Well, sooner or later, it became evident
- 6 that the hospital was and that the bill was unpaid.
- 7 MR. SMITH: The --
- 8 QUESTION: And is there some rule in Oklahoma that an
- 9 administrator can't pay a valid debt after the claims period
- 10 has run?
- 11 MR. SMITH: No, sir. She could have paid it. In
- 12 this case, she didn't believe -- once she was presented, which
- 13 was more than over a year after her husband's death was the
- 14 first notice or communication that she received from the
- 15 hospital. In April, approximately, of 1980.
- 16 QUESTION: Then, there was no doubt that the bill was
- 17 valid, was there?
- 18 MR. SMITH: There was in her mind. She still
- 19 believed at that point that insurance would cover because
- 20 insurance had been making payments sporadically over a period
- 21 of months. The most recent one having been around February of
- 22 1980, about two months prior to receiving that letter.
- 23 The letter she received did not indicate any past due
- 24 amount was owed. It merely stated this is the balance of the
- 25 account. She believed that insurance would cover it and she

- 1 never heard again from either the hospital or their collection
- 2 agency until approximately 1982.
- 3 Up to this point, they had never filed anything in
- 4 the case until October of 1983, some four and a half years
- 5 after the probate had been initiated.
- 6 QUESTION: If we rule in favor of the Appellant, is
- 7 there a concern that the cost of probate will escalate because
- 8 the cost of executor bonds will be higher, etc.?
- 9 MR. SMITH: Yes, Justice Kennedy, that is one
- 10 concern. We concede that a twenty-two cent stamp to give
- 11 notice is not a problem, but there could possibly be a problem
- 12 with responsibility upon the fiduciary to perform under their
- 13 bond and to give notice because under the earlier example of
- 14 John and Mary, Mary comes in and says my due process rights
- 15 were violated, I didn't get notice. I'm going to sue you and
- 16 she may have a claim against not only the executor but the
- 17 heirs later down the road.
- 18 Another --
- 19 QUESTION: Mr. Smith, suppose Oklahoma wants to
- 20 provide an easy way for its citizens to get credit, to re-
- 21 establish their credit, so it provides for a declaratory
- 22 judgment scheme in which you can file a declaratory judgment
- 23 action seeking to have a pronouncement that there are no
- 24 outstanding debts against you or exactly what claims there are
- 25 against you, and it adopts the same system we have here, you

- 1 simply have public notice of the suit by publishing it in a
- 2 newspaper and any creditor who doesn't come in within sixty
- 3 days, asserting a claim, shall be barred, and you'll get a
- 4 declaratory judgment that that debt is no longer relevant, do
- 5 you think that would be constitutional?
- 6 MR. SMITH: I would ask, does the debtor have
- 7 knowledge of the identity of the creditors in that case, and if
- 8 so, --
- 9 QUESTION: Yes.
- MR. SMITH: Excuse me.
- 11 QUESTION: Does the debtor have knowledge? Yes.
- MR. SMITH: Yes. If they have knowledge, that's one
- 13 thing, and in order to declare a declaratory judgment, I
- 14 believe that this Court's decisions would find grounds to
- 15 declare that unconstitutional.
- 16 QUESTION: Now, why is this different? Why couldn't
- 17 I call that a statute of limitations just as well as you want
- 18 us to call this one a statute of limitations?
- 19 MR. SMITH: Because in this case, there was no
- 20 declaratory judgment nor are there in probate matters. It's
- 21 simply the running of the statute which is similar to the case
- 22 of Texaco, Inc., v. Short, decided by this case, in which it
- 23 determined that the running of a statute of limitations acts to
- 24 cut those potential claims off as opposed to a declaratory
- 25 judgment in Mullane and Mennonite.

- That is one of the distinctions that we draw. The
- 2 Appellant Hospital in this case attempted six years after the
- 3 probate was started to draw the facts of this case to fit under
- 4 the third Moseley case that came out of the Supreme Court of
- 5 Nevada. The facts do not apply at all.
- In that third Moseley case, the personal
- 7 representative had actual knowledge of the creditors' claims.
- 8 The creditor had a pending lawsuit against the deceased at the
- 9 time of death. The creditor in Moseley did not know of the
- 10 death of the decedent until the final day for filing claims and
- 11 they filed two days late.
- That wasn't deemed to be fair and I don't believe
- 13 that it was fair, but it's not the facts of this case. That's
- 14 why it's important to understand some of the facts as they have
- 15 been stated in the briefs that are not in the record and which
- 16 distinguish the case on that basis.
- 17 I think there's also --
- QUESTION: How do you distinguish the <u>City of New</u>
- 19 York case holding that notice by publication was not sufficient
- 20 for creditors in filing claims in a bankruptcy estate?
- MR. SMITH: I think part of the answer goes to the
- 22 nature of a bankruptcy versus the nature of a probate action.
- 23 The whole nature of the case in New York that you're referring
- 24 to has to do with getting the bankrupt debtor a fresh start in
- 25 that case, a reorganization under another company.

- That debtor in the New York case knew of New York
- 2 City's existing interest in the real property. Not only that,
- 3 but in that particular case, the judge, according to the
- 4 findings, failed to properly follow the statute in requiring
- 5 all creditors to be given mailed notice.
- 6 Another distinction is that the notice that was given
- 7 to the creditors in that New York bankruptcy case had to do of
- 8 a court order. It was not the running of the statute of
- 9 limitations. It was the court order that they were supposed to
- 10 have given notice to New York City about that they failed to
- 11 do.
- So, I think from that standpoint, there are several
- 13 distinguishing factors between a bankruptcy in which all
- 14 creditors were known or the debtor wouldn't be in the
- 15 bankruptcy court to begin with because he knows who's putting
- 16 the pressure on him from the credit standpoint.
- 17 QUESTION: Mr. Smith, is there any provision in the
- 18 Oklahoma Probate Code that requires the executor or the
- 19 administrator to make any kind of representation to the court
- 20 that all known debts have been paid?
- MR. SMITH: There is not currently a requirement. It
- 22 is frequent in orders allowing final accounts that all
- 23 creditors who have filed claims have been paid. Maybe that was
- 24 your question.
- QUESTION: No. Apart from the requirement that those

- 1 who have filed claims have been paid. The first clause of most
- 2 wills says and pay all just debts and so forth. There's no
- 3 requirement that they have to represent to the probate court
- 4 that that's been done, other than those that are actually
- 5 filed.
- 6 MR. SMITH: Right. We maintain that the Hospital
- 7 Appellant had several opportunities in which to protect itself
- 8 under the broad scope of due process and no one can define what
- 9 due process is in any single word or two, but we suggest that
- 10 it represents a fair or reasonable opportunity.
- 11 Sometimes, such as in Mullane and Mennonite, this
- 12 fair or reasonable opportunity requires a hearing before the
- 13 state cuts off a creditor's interest. But sometimes it does
- 14 not require a hearing, such as in the Texaco case, and we
- 15 believe that ample opportunity is made under the Oklahoma non-
- 16 claims statute for debtors or, excuse me, for creditors to
- 17 present their claims and have them adjudicated. If a creditor
- 18 is going to do business in a state and loan money to people and
- 19 perform services for people, they better become aware of the
- 20 law.
- 21 That relates not only to probate law, they better be
- 22 aware of the tax laws. In a hospital case, they better be
- 23 aware of negligence law, and in <a href="Texaco">Texaco</a>, this Court held that
- 24 presumption of the statutes is made by the Court when a statute
- 25 of limitations is at question.

- We determine that no less is true here. We believe
- 2 that --
- 3 QUESTION: This applies, of course, not just to
- 4 people doing business, but this could have been his cousin at
- 5 the other side of the state who loaned him money.
- 6 MR. SMITH: That's correct.
- 7 QUESTION: So, it's not just people that are in
- 8 business, it's any debt.
- 9 MR. SMITH: People who do business. Maybe I should
- 10 have said that. People who do business, and if Aunt Sue loans
- 11 money to a nephew and Aunt Sue has been a homemaker for thirty
- 12 years and she doesn't normally transact business, she better
- 13 know certain things about usury laws or perhaps she's violating
- 14 those. So, there is a duty on any person who transacts certain
- 15 types of business to be aware of the law or to find out about
- 16 the law.
- The hospital in this case handled business and has
- 18 people die in its wards every day. They know what the law is.
- 19 They failed to do their job by not filing a creditor's claim
- 20 and finding out about the probate.
- We pray the Court to affirm the Supreme Court of
- 22 Oklahoma in favor of the estate and not allow facts outside the
- 23 record to be twisted into the confines of the Moseley case, the
- 24 Texaco case, and the Mullane case.
- 25 If there are no further questions, thank you.

1	CHIEF JUSTICE REHNQUIST: Thank you, Mr. Smith.
2	Mr. Rose, you have three minutes remaining.
3	ORAL ARGUMENT OF RANDALL E. ROSE, ESQ.
4	ON BEHALF OF THE APPELLANT - REBUTTAL
5	MR. ROSE: Thank you, Mr. Chief Justice.
6	Justice Stevens, I believe, was asking a question
7	about how quickly can that time period pass within which to
8	file your claims. In Oklahoma, the representative is required
9	to publish the notice within thirty days of his appointment.
10	The wording in the statute is: must be revoked, but then
11	follows by: unless good cause is shown.
12	The practice is and what is preferred by the Court is
13	to publish a notice within thirty days and then you end up with
14	a ninety-day time period. I believe you had that question.
15	Justice Scalia, I believe, was asking a question
16	about the difficulty in the unscrupulous personal
17	representative hiding behind the log to use the Appellee's
18	terminology.
19	They paid some claims and they didn't pay some
20	claims. The decedent was in the hospital for a number of
21	months, had a \$142,000 hospital bill, and says I didn't know
22	that there was any money still owing.
23	Again, a lot of these facts are outside the record,
24	and it makes it difficult for the Court and
25	QUESTION: But, Mr. Rose, if you win, doesn't the

- 1 case have to go back for trial on the question of whether the
- 2 administrator actually knew about the claim?
- MR. ROSE: Well, not if -- that would be fine. I
- 4 believe that if the statute is unconstitutional as applied,
- 5 that that would not be necessary.
- 6 QUESTION: If the only constitutional requirement is
- 7 that the people who have actual notice be -- I mean, people of
- 8 whom the decedent's representative actually knew to have
- 9 claims, your client would not prevail unless she knew that
- 10 there was an outstanding claim.
- MR. ROSE: Okay. Yes, I believe that's right.
- 12 QUESTION: And that has not yet been adjudicated.
- 13 MR. ROSE: That's correct.
- I believe Justice Scalia also asked what's the
- 15 problem with giving notice to known creditors. There's not
- 16 really a problem.
- 17 What would be required of a representative in that
- 18 kind of situation? Due diligence. This is making up the law
- 19 now. What kind of requirements should we have? Due diligence,
- 20 reasonable inquiry on the part of the personal
- 21 representative.
- 22 In seeking to notify -- to ascertain and notify
- 23 creditors, on his appointment --
- CHIEF JUSTICE REHNQUIST: Thank you, Mr. Rose.
- The case is submitted.

1	(Wher	eupon,	at 1	2:04 0	CLOCK	p.m.,	the	case 1	n the
2	above-entitled	matter	was	submi	tted.)				
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## 1 REPORTERS' CERTIFICATE 2 86-1961 3 DOCKET NUMBER: Tulsa Professional Collection Services, Inc., v. Joanne Pope, Executrix of the Estate of CASE TITLE: 4 H. Everett Pope, Jr., Deceased March 2, 1988 5 HEARING DATE: Washington, D.C. 6 LOCATION: 7 I hereby certify that the proceedings and evidence 8 are contained fully and accurately on the tapes and notes 9 reported by me at the hearing in the above case before the 10 Supreme Court of the United States. 11 12 13 March 2, 1988 Date: 14 15 Margaret Daly 16 17 18 HERITAGE REPORTING CORPORATION 1220 L Street, N.W. Washington, D. C. 20005 19 20 21

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