

United States Vs. Stinson

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Court : US Supreme Court

Decided On : Mar-13-1905

Appeal No. : 197 U.S. 200

Appellant : United States

Respondent : Stinson

Judgement :

United States v. Stinson - 197 U.S. 200 (1905)

U.S. Supreme Court United States v. Stinson, 197 U.S. 200 (1905)

United States v. Stinson

No. 153

Argued January 25-26, 1905

Decided March 13, 1905

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APPEAL FROM THE CIRCUIT COURT OF

APPEALS FOR THE SEVENTH CIRCUIT

SYLLABUS

The government, like an individual, may maintain any appropriate action to set aside its grants and recover property of which it has been defrauded, and while laches or limitations do not of themselves constitute a distinct defense as against the government, yet the respect due to a patent, the presumption that all preceding steps were observed before its issue,

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and the necessity of the stability of titles depending on official instruments demand that suits to set aside or annul them should be sustained only when the allegations are clearly stated and fully sustained by proof. In such a suit, the government is subjected to the same rules as an individual respecting the burden of proof, quantity and character of evidence, presumptions of law and fact, and it is a good defense that the title has passed to a *bona fide* purchaser for value without notice. Generally speaking, equity will not simply consider whether the title was fraudulently obtained from the government, but will also protect the rights of innocent parties.

This suit was commenced in the Circuit Court of the United States for the Western District of Wisconsin, on February 25, 1895, to set aside the patents for fourteen quarter sections of land, charged to have been fraudulently acquired by the defendant James Stinson. The lands were entered under the preemption laws, in 1854-1855, by different individuals, and immediately thereafter conveyed by them to James Stinson. The government, as admitted, received \$1.25 per acre, the statutory price for lands so entered. The frauds charged are that the entrymen did not occupy and improve the lands as required by law, and did not enter them for their own benefit, but were employed by James Stinson to make the entries; that he paid the purchase price to the government, and also paid the entrymen for their services, and thus, in defiance of the provisions of the statutes, obtained title to the lands. James Stinson, in his answer, under oath, denied specifically the alleged frauds. Quite a volume of testimony was taken. Upon this, the circuit court found that it was not true, as alleged, that James Stinson had been guilty of fraud in

obtaining the title to the lands, and dismissed the bill. This dismissal was affirmed by the circuit court of appeals, 125 F. 907, from whose decree the United States appealed to this Court.

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MR. JUSTICE BREWER delivered the opinion of the Court.

While the government, like an individual, may maintain any appropriate action to set aside its grants and recover property of which it has been defrauded, and while laches or limitation do not of themselves constitute a distinct defense as against it, yet certain propositions in respect to such an action have been fully established. First, the respect due to a patent -- the presumption that all the preceding steps required by law have been observed before its issue. The immense importance and necessity of the stability of titles depending upon these official instruments demand that suits to set aside and annul them should be sustained only when the allegations on which this is attempted are clearly stated and fully sustained by proof. *Maxwell Land-Grant Case*, [121 U. S. 325](#) ; *Colorado Coal Company v. United States*, [123 U. S. 307](#) ; *United States v. San Jacinto Tin Company*, [125 U. S. 273](#) ; *United States v. Des Moines &c.; Company*, [142 U. S. 510](#) ; *United States v. Budd*, [144 U. S. 154](#) ; *United States v. American Bell Telephone Company*, [167 U. S. 224](#) .

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Second. The government is subjected to the same rules respecting the burden of proof, the quantity and character of evidence, the presumptions of law and fact, that attend the prosecution of a like action by an individual.

"It should be well understood that only that class of evidence which commands respect, and that amount of it which produces conviction, shall make such an attempt successful."

Maxwell Land-Grant Case, *supra*, p. [121 U. S. 381](#) ; *United States v. Iron Silver Mining Co.*, [128 U. S. 673](#) , [128 U. S. 677](#) ; *United States v. Des Moines &c.; Company*, *supra*, p. [142 U. S. 541](#) .

Third. It is a good defense to an action to set aside a patent that the title has passed to a *bona fide* purchaser, for value, without notice. And, generally speaking, equity will not simply consider the question whether the title has been fraudulently obtained from the government, but also will protect the rights and interests of innocent parties. *United States v. Burlington & Missouri River Railroad Company*, [98 U. S. 334](#) , [98 U. S. 342](#) ; *Colorado Coal Company v. United States*, *supra*, p. [123 U. S. 313](#) , a case in which, as here, suit was brought to set aside land patents on the ground that they had been obtained by fraud, and in which we said:

"But it is not such a fraud as prevents the passing of the legal title by the patents. It follows that, to a bill in equity to cancel the patents upon these grounds alone, the defense of a *bona fide* purchaser for value, without notice, is perfect."

United States v. Marshall Mining Company, [128 U. S. 579](#) , [128 U. S. 589](#) ; *United States v. California &c.; Land Company*, [148 U. S. 31](#) , [148 U. S. 41](#) ; *United States v. Winona &c.; Railroad Company*, [165 U. S. 463](#) , [165 U. S. 479](#) .

Waiving any inquiry as to the claim of ignorance on the part of the government, in respect to the matters complained of, until shortly before suit, and simply noting the fact that there was fragmentary testimony tending to show notice at about the time of the entries, sufficient to put upon the government the duty of inquiry, we pass to consider the merits of the case. Forty years intervened between the time of the

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alleged fraud and the commencement of this suit. Six, at least, of the fourteen preemptors were then dead. One of the living was shown to be quite old, and to have failed in health and memory. Only four were called as witnesses -- two by the government and two by the defendant. The evidence of the former tended to

sustain the allegations of fraud, and that of the latter supported the denial of the defendant. At such a lapse of time, it is not strange that the memory of all the witnesses should be of doubtful reliability. They might remember the general fact that they entered the land, and that they received some money out of the transaction, but the details -- the various acts and conversations -- might well be forgotten. There is nothing to show that their attention was ever called to the matter during the intervening time; nothing transpired which would induce them to fix their memories upon any particular facts. Even the testimony on behalf of the government shows that they believed that they were engaged in a legitimate effort to obtain title to the lands, and expected to make profit out of them. They naturally took the steps in reference to occupation and improvement which they were advised were sufficient, and, having paid for the land, supposed that everything was rightfully done. The conduct of defendant Stinson does not indicate a consciousness of wrongdoing. He remained a resident of the locality, the title was not transferred, there was no attempt to place it in the hands of a *bona fide* purchaser -- no such conduct as would ordinarily characterize a conscious wrongdoer. He came to Superior when it was a mere village, interested himself with others in the building up of a city, having faith in its future. The money which was invested in these lands was his father's, and he took the title in his own name, but really in trust for his father. Subsequently he became the owner of part or all, and retained the title until after this suit was brought. The lands, at the time of the entry, were in the forest, with only scanty population within a reasonable distance, and apparently were worth no more than the purchase price.

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Now that Superior has grown to be a city, they have increased largely in value. He engaged in financial operations, contracted debts on the strength of a responsibility based upon the ownership of these lands, and finally became so deeply in debt that the property passed into the possession of a receiver, appointed at the instance of his creditors. Although the latter may not be technically a *bona fide* purchaser, yet he holds the lands for those who have dealt with the defendant Stinson on the faith of his ownership, and they are

equitably entitled to protection.

Further, the circuit court, on its review of the testimony, found that there was no fraud, and decreed a dismissal, and that finding and decree were approved by the court of appeals. While such a finding is not conclusive upon this Court, yet it is entitled to great consideration, and should not be disturbed unless plainly against the testimony.

Putting all these things together, we are of the opinion that the decree of the circuit court was right, and it is,

Affirmed.

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