IN THE COURT OF APPEALS OF IOWA

No. 2-391 / 11-1552
Filed October 3, 2012

CLARKE COUNTY STATE BANK,
Plaintiff-Appellee,

vs.

JOSH REEL,
Defendant-Appellant.

Appeal from the Iowa District Court for Dallas County, Gregory A. Hulse, Judge.

Defendant appeals the district court decision denying his request to quash a garnishment and the order condemning garnished funds. **AFFIRMED.**

Andrew B. Howie of Hudson, Mallaney, Schindler & Anderson, P.C., West Des Moines, for appellant.

Daniel Rockhold and Verle W. Norris, Corydon, for appellee.

Heard by Vaitheswaran, P.J., Bower, J., and Huitink, S.J.*

*Senior judge assigned by order pursuant to Iowa Code section 602.9206 (2011).

HUITINK, S.J.

I. Background Facts & Proceedings.

After obtaining a monetary judgment against Josh Reel (a Florida resident) in Iowa district court, Clark County State Bank garnished Reel's retirement account held in Iowa by Charles Schwab & Co. Reel filed a motion to quash the garnishment claiming his retirement account was exempt from garnishment under both Iowa and Florida law. The trial court denied Reel's motion, citing the express provisions of Iowa Code section 627.6 (2011), limiting the availability of the specified exemptions to Iowa residents. The court also determined a similar exemption under Florida law was not enforceable in Iowa. On appeal, Reel contends Iowa courts should recognize Florida's exemption law and the trial court erred by concluding otherwise.

II. Standard of Review.

Our review in the case is for errors of law. *See Padzensky v. Kinzenbaw*, 343 N.W.2d 467, 469 (Iowa 1984) (garnishment proceedings are actions of law). The factual findings of the district court are binding upon us if they are supported by substantial evidence. *Id*. We are not bound, however, by the court's legal conclusions, "and we may inquire into whether the district court's ultimate conclusions were materially affected by improper conclusions of law." *Ellefson v. Centech Corp.*, 606 N.W.2d 324, 330 (Iowa 2000).

III. Merits.

Section 627.6 provides, "A debtor who is a resident of this state may hold exempt from execution the following property . . . ." The exemption laws are purely statutory. *In re Estate of Todd*, 54 N.W.2d 521, 523-24 (Iowa 1952); *Lyon*

v. Callopy, 54 N.W. 476, 476 (Iowa 1893). The statutory provision requires that a person must be a resident of Iowa in order to assert that certain property is exempt from execution under Iowa law. *In re Estate of Deblois*, 531 N.W.2d 128, 130 (Iowa 1995). Reel is not a resident of Iowa, and therefore, he may not claim his Charles Schwab account is exempt under section 627.6.

Reel instead claims we should apply Florida law to determine his Charles Schwab SEP-IRA account is exempt. He claims the account would be exempt under Florida Statute section 222.21 (2011) (exemption of pension money and certain tax-exempt funds or accounts from legal processes).[1]

Back in 1885 the Iowa Supreme Court stated, "We regard it as the settled rule in this state that the exemption laws of another state or territory cannot be pleaded or relied on as a defense by either the garnishee or judgment debtor." *Broadstreet v. Clark*, 22 N.W. 919, 920 (Iowa 1885). That statement was quoted with approval in *Lyon*, 54 N.W. at 476. The supreme court has also stated that "[e]xemption laws of other states have no effect in Iowa." *Hager v. Adams*, 30 N.W. 36, 37 (Iowa 1886).

The applicability of the exemption laws from other states was discussed more recently in the case of *In re Marriage of Hamood*, 506 N.W.2d 803, 804-05 (Iowa Ct. App. 1993). A wife sought to garnish an IRA account held by her ex-husband at an A.G. Edwards & Sons office in Cedar Rapids because he had failed to make alimony payments as required by the parties' dissolution decree. *Hamood*, 506 N.W.2d at 804. The husband, who was then living in Michigan,

[1] The Florida exemption has been held to apply to IRAs. *See In re Goldenberg*, 218 F.3d 1264, 1266 (11th Cir. 2000); *In re Banderas*, 236 B.R. 837, 840 (Bankr. M.D. Fla. 1998).

claimed his IRA account was exempt under the laws of Michigan. *Id*. We cited *Broadstreet*, 22 N.W. at 920, and concluded "the exemption laws of Michigan can have no application to this case." *Id*. at 805.

Reel recognizes under existing Iowa case law he is not entitled to relief. On appeal he asks us to overturn prior cases, arguing they "were wrongly decided and represent impractical and improper burdens upon today's mobile society."[2] The cases of *Lyon*, 54 N.W. at 476, *Hager*, 30 N.W. at 37, and *Broadstreet*, 22 N.W. at 920, were decided by the Iowa Supreme Court. In the court of appeals we are not at liberty to overturn precedent of the Iowa Supreme Court. *See Figley v. W.S. Indus.*, 801 N.W.2d 602, 608 (Iowa Ct. App. 2011); *State v. Hastings*, 466 N.W.2d 497, 700 (Iowa Ct. App. 1990).

Based on existing case law, we determine the decision of the district court should be affirmed.

AFFIRMED.

[2] Reel also asks us to overturn another Iowa Supreme Court precedent, *Mooney v. Union Pac. Ry. Co.*, 14 N.W. 343 (Iowa 1882). *Mooney* held the *situs* of a debt was entirely distinct from a debtor's residence. 14 N.W. at 344. Based on *Mooney*, "the plaintiff may reach the proceeds of the debt at any place where the defendant could reach them." *Hamood*, 506 N.W.2d at 805. The district court did not rely upon *Mooney* in reaching its decision, and no real issue regarding *Mooney* was raised in this case.