FILED
08/10/2026
Sara Smith
CLERK
Flathead County District Court
STATE OF MONTANA
By: Crystal Holzapfel
DV-15-2026-0000794-QT
Eddy, Amy
50.13

Amy Eddy
DISTRICT COURT JUDGE
Department No. 1
Flathead County Justice Center
920 South Main Street, Suite 310
Kalispell, Montana 59901
Telephone: (406) 758-5906

MONTANA ELEVENTH JUDICIAL DISTRICT COURT,
FLATHEAD COUNTY

NEAL BOUMA and BTS INC., *Plaintiffs*, vs. DENNIS THORNTON, *Defendant*.	Cause No. DV-26-794 (A) ORDER AND RATIONALE ON MOTION TO DISMISS COMPLAINT WITH PREJUDICE

Pending before the Court is the Defendant's *Motion to Dismiss Complaint with Prejudice* (Doc. 5), dated June 2, 2026. Plaintiffs filed a *Response to Moton to Dismiss* (Doc. 9), dated June 16, 2026, to which the Defendant filed his *Reply in Support of Motion* (Doc. 10), on June 26, 2026. Having reviewed the file, and being fully apprised, the Court hereby rules as follows, consistent with the following Rationale:

ORDER

Defendant's *Motion to Dismiss Complaint with Prejudice* is DENIED.

RATIONALE

I. Factual Background

Plaintiffs Neal Bouma ("Bouma") and BTS, Inc. ("BTS") have filed an action to quiet title to real property the legal description of which is set forth in the *Complaint*, Doc. 1, ¶ 15-18. Bouma and BTS also seeks declaratory relief and damages based upon allegations that Defendant Dennis Thornton's ("Thornton") conduct constitutes abuse of process and slander of title on Bouma's BTS's and real property. There is long and complicated procedural history involving the property at issue and Thornton.

Thornton and a corporation he controlled, Thorco, Inc. ("Thorco"), were previously involved in foreclosure litigation involving a loan from Whitefish Credit Union ("WCU") that was secured by two parcels of Thorco property and personally guaranteed by Thornton and his wife. The case was filed in 2012 in Montana's Eleventh District Court as Cause No. DV-12-174. *Complaint*, Doc. 1, Introduction, pg. 1.

In DV-12-174, the Court granted WCU partial summary judgment and ordered a sheriff's sale of the property. After Thorntons' Chapter 11 Bankruptcy Petition was dismissed, the lawsuit resumed. A mediation occurred in 2016 that resulted in a settlement of the lawsuit. The terms of the settlement included dismissal of the litigation with prejudice, WCU would pay Thorco $150,000, Thorco would be relieved of its loan obligations, and Thornton and his spouse would be relieved of their personal guarantees. In exchange, Thorco gave WCU quitclaim deeds to the property. Those deeds would be recorded if an agreed upon payment from Thorntons/Thorco in the amount of $1,400,000 was not made by an agreed upon date. WCU extended the due date, but the payment was not made and WCU recorded the deeds. *Complaint,* Doc. 1, ¶ 6.

After the deeds were recorded, in 2018, Thorntons filed suit against WCU claiming improprieties on its part and asserting that the deeds were invalid. The suit was filed in the Eleventh Judicial District as Cause No. DV-18-336. The District Court granted WCU summary judgment holding that the deeds had been properly recorded and title was validly in the name of WCU. Thorntons appealed the ruling. The Montana Supreme Court affirmed the district court in *Thornton v. Whitefish Credit Union,* 2019 MT 138N, 455 P.3d 435, 396 Mont. 549. *Complaint,* Doc. 1, ¶ 7, 8.

Within days of the ruling of the Montana Supreme Court, Thorco filed essentially an identical case against WCU in the Eleventh Judicial District Court, Cause No. DV-19-543B. The district court dismissed Thorco's complaint on the basis of *res judicata* and collateral estoppel. DV-19-543, *Order,* Doc. 19. The Court also declared Thorntons and Thorco to be vexatious litigants and imposed pre-filing and pre-recording conditions on them. *Id.* Thorco appealed the ruling, and the Montana Supreme Court affirmed the district court. *Thorco, Inc. v. Whitefish Credit Union,* 2021 MT 207N, 492 P.3d 1228, 405 Mont. 537. *Complaint,* Doc. 1, ¶ 9.

There have been two additional Thorco bankruptcies and additional litigation attacking the judgments. On September 25, 2025, Thornton filed a motion to vacate judgment in DV-18-336, Doc. 90, asserting that the 2018 Judgment upholding WCU's right to the loan property was obtained by fraud upon the Court. Bouma purchased a 200-acre parcel from a previous owner following its acquisition from WCU. Although this action does not name Bouma or BTS as parties and does not allege any claim or right to the property identified in ¶ ¶ 15-18, Thornton has recorded a *lis pendens* clouding title to Bouma's property. A second lis pendens was filed by Thornton on real property owned by BTS. *Complaint,* Doc. 1, ¶ ¶ 10, 19, 22, 23.

Plaintiffs have brought an action asserting claims to quiet title, declaratory judgment, slander of title and abuse of process. Thornton has filed a *Motion to Dismiss Complaint with Prejudice*.

II. Standard of Review

A motion to dismiss for failure to state a claim upon which relief can be granted pursuant to Rule 12(b)(6) of the Montana Rules of Civil Procedure must be granted if, “assuming the facts [as alleged] are true, there still is no claim for relief stated under any theory.” *Local No. 8 Int’l Ass’n of Fire Fighters v. City of Great Falls* (1977), 174 Mont. 53, 61-61, 568 P.2d 541, 546 (quoting *Duffy v. Butte Teachers Union* (1975), 168 Mont. 246, 252, 541 P.2d 1199, 1203.) “When considering a motion to dismiss under M.R.Civ.P. 12 (b)(6), all well-pleaded allegations and facts in the complaint are admitted and taken as true, and the complaint is construed in a light most favorable to the plaintiff.” *Sinclair v. Burlington Northern and Santa Fe Railroad Co.*, 2008 MT 424, P 25, 347 Mont. 395, 200 P.3d 46. A claim may be dismissed under Rule 12(b)(6), M.R.Civ.P., for failure to state a claim upon which relief can be granted only if it appears beyond a reasonable doubt that the plaintiff can prove no set of facts in support of the claim which would entitle them to relief. *Sikorski v. Johnson,* 2006 MT 228, P 9, 333 Mont. 434, 143 P.3d 161.

II. Legal Analysis

Thornton moves to dismiss Plaintiffs’ complaint with prejudice on the basis that the quiet title claim is based on a void and fraudulent chain of title. Thornton contends that the chain of title originates from foreclosure related proceedings and conveyances that were rendered legally ineffective when the district court vacated the foreclosure judgment in Cause No. DV-12-174B, Doc. 231 and then dismissed the underlying matter with prejudice, Doc. 233. Thornton argues that Plaintiffs’ title depends on the vacated judgment, conveyances allegedly made on false pretenses, and subsequent transfers that purported to convey greater rights than the transferor possessed, therefore, Plaintiffs cannot establish clear title to the property. Thornton contends Plaintiffs lack standing and fail to state a claim upon which relief can be granted.

Thornton asserts that the Court foreclosed on the property at issue in a proceeding involving WCU and Thornton. However, Thornton argues, the Court subsequently vacated the foreclosure judgment in 2016, and dismissed the case with prejudice, therefore, the judgment could not serve as granting title to WCU. WCU could not then represent it obtained title through foreclosure and transfer title to the property to MO Somers LLC. MO Somers LLC transferred title to Ruis Glacier, LLC, and then to Plaintiffs. Thornton argues that all these subsequent transfers are invalid due to the original defective conveyance by foreclosure judgment and that valid title was not conveyed. Thornton argues that that WCU could not convey title it did not have and Plaintiffs claims fail as a matter of law as their title is defective.

Thornton contends that Plaintiffs’ lawsuit is frivolous and vexatious because it is based on known void title and is intended to harass him. Thornton argues that Plaintiffs’ claims have no valid basis because their asserted title derives from a vacated judgment and subsequent conveyance that misstated the source of title. Thornton further contends that Plaintiffs’ claims are barred by the doctrine of unclean hands. Thornton asserts that Plaintiff took title with actual or constructive notice of the title disputes and the 2016 orders vacating the foreclosure judgment and dismissing the action with prejudice. Thornton argues Plaintiffs may not request equitable relief with unclean hands.

Thornton contends this action is an improper collateral attack on prior court orders, the 2016 rulings in the foreclosure case, and that Montana law prohibits collateral attacks on final judgments and orders. *Kulstad v. Maniaci*, 2009 MT 326. Thornton argues that the proper mechanism would have been a timely direct appeal.

Thornton contends the Court lacks subject matter jurisdiction and Plaintiffs lack standing to bring their claims because their title is invalid. Plaintiffs' have a claim to title to the property at issue having purchased it, Thornton's conduct in interfering with title, the filing of a *lis pendens* on the properties, gives Plaintiffs standing to bring the actions they are asserting and provides the Court with subject matter jurisdiction to hear the claims as the District Court has subject matter to hear all civil matters in law and in equity. Section 3-5-301, MCA.

Plaintiffs' complaint is not subject to dismissal pursuant to Rule 12(b)(6), M.R.Civ.P., as the allegations state cognizable legal theories for relief. With a 12(b)(6) motion the Court is limited to an examination of the contents of the complaint without determining whether the allegations are true. The allegations are treated as admitted as true and the Court must construe the claims in a light most favorable to the claimant. *Gebardt v. D.A. Davidson & Co.,* 203 Mont 384, 389, 661 P.2d 855, 857 (1983). Plaintiffs adequately state their claims.

The determinations of vexatiousness or entitlement to equitable relief require inquiry into facts outside of the pleadings and do not provide the basis for dismissal pursuant to a Rule 12(b)(6), M.R.Civ.P., motion. Finally, WCU gained title to the properties pursuant to contract, the settlement agreement, not a foreclosure judgment. The dismissal of the foreclosure action has no bearing on the enforcement of the settlement agreement, in fact, dismissal of the foreclosure action was a term of the settlement agreement. Further, the validity of WCU gaining title via the terms of the settlement agreement has been litigated in the district court and the validity of title passing to WCU upheld by the Montana Supreme Court, rulings Thornton fails to mention. *Thornton v. Whitefish Credit Union,* 2019 MT 138N, 455 P.3d 435, 396 Mont. 549, *see also, Thorco, Inc. v. Whitefish Credit Union,* 2021 MT 207N, 492 P.3d 1228, 405 Mont. 537, (dismissing a further action by Thornton on the basis of *res judicata* and collateral estoppel and finding the Thorntons to be vexatious litigants.)

Thornton's *Motion to Dismiss with Prejudice* is DENIED.

DATED AND ELECTRONICALLY SIGNED AS NOTED BELOW.

Electronically Signed By:
Hon. Judge Amy Poehling Eddy
Mon, Aug 10 2026 09:24:10 AM