

**Question One**  
(One Hour)

Bill Gaines was a wealthy entrepreneur that often sat on Boards of various non-profit organizations. Upon his death, he left his entire trust estate, worth over \$10 billion, to a valid California Charitable Trust that he executed nearly 30 years ago. He directed his Trustee, Jeff, to distribute net income from Bill's Trust to other non-profit organizations, that shared his vision of ending poverty in his hometown of Radiator Springs, California, where the population has drastically declined to just 80 people after a car manufacturing plant closed 10 years ago.

The \$10 billion Trust also provided that Bill's main asset, a computer manufacturing company, be retained as it was this asset, alone, that caused Bill to become so very wealthy and it was therefore, near and dear to Bill. The Trust also provided that the Trustee file papers with the IRS to qualify as a 501(c)(3) charitable trust and that as Trustee, Jeff would receive 10% of the net income of the Trust Estate as a fee, annually.

Jeff gladly accepted the position of Trustee and has come to you for advice on how to administer this Trust. What issues should you discuss with him? And what advice would you give him? Use sound legal analysis in your response.

## **Question Two**

(One Hour)

Bofort von Frankenstein at age 93 was worried that what was left of his massive fortune would dwindle away if he did not get his affairs in order. He had recently married frau Blucher, 30 years younger than he, and wanted to provide for her and his grandson Frodrick, the son of Victor who was deceased. Bofort made an appointment with his lawyer Fritz.

On the date set for the appointment the frau's daughter, Anastasia, drove Bofort and frau Blucher to the lawyer's office. When they arrived Bofort said, "This is not my lawyer's office!" Frau Blucher responded, "It's all right, dear. Fritz wanted to change dates so I cancelled your appointment with him and rescheduled with Adolph. He is a very good lawyer." All three of them, Bofort, frau Blucher and the Anastasia, met with Adolph. Bofort was nervous and upset at Adolph's office, but he said nothing.

Bofort told Adolph that he wanted frau Blucher to have a good income for life with the remainder of the estate upon Blucher's death to go to Frodrick. Adolph told Bofort that a will would be the best vehicle to accomplish his intent. Secretly, frau Blucher and Adolph were having a romantic affair.

The will recited, "I leave my entire estate to frau Blucher. If she predeceases me then my entire estate shall be distributed to her daughter Anastasia."

At the second meeting with Adolph, frau Blucher and Anastasia were asked to stay in the reception area while Adolph and Bofort met alone in the conference room. Bofort was very nervous and fidgeting the whole time. Adolph presented the written will to Bofort and told Bofort to announce that this is his will. Bofort made the announcement and signed the will. Adolph then signed the attestation clause. Adolph then called his secretary into the room and asked her to sign the document. She did without anyone saying anything in her presence.

The parentage of frau Blucher's daughter was in question for many years. She was born while frau Blucher worked for Bofort. There were many rumors about him being the father. The daughter and Bofort were very close. Ultimately, DNA tests showed there is a 99.9% certainty she is Bofort's biological daughter.

Bofort died.

Frodrick comes to you for advice. A court date to probate the will is set for next week. He asks whether he has any right to the estate. What is your response? Be sure to use sound legal analysis in your response.

**Question Three**

(One Hour)

Hugh Graves passed away leaving a somewhat unconventional family. Hugh is survived by his lovely wife, Clara, who is 60 years younger than Hugh; his dear sister, Fannie; and his nephew, Greeden, the son of Fannie. Hugh's valid California Trust provides income to Fannie for her life. The Trustee may distribute additional principal for her health, maintenance and support. Upon her death, the remaining trust estate will be distributed to Clara, or her heirs, if she does not survive Fannie.

When Hugh created the Trust, he was aware that Fannie had cancer and would not live too long. In fact, the doctors have now provided a prognosis of she has perhaps one year to live. Fannie has a fair amount of wealth herself but not nearly as her late brother. Fannie's own Trust leaves her entire trust estate to her son, Greeden.

Hugh nominated his nephew, Greeden, as Successor Trustee of his Trust Estate. Greeden and Clara are cordial with each other but clearly Greeden harbors deep resentment towards her as he was sure he would have eventually been the recipient of his Uncle's large trust estate if Clara had not married Hugh five years ago. Seeing no grounds to contest the Trust, Greeden consented to act as Successor Trustee.

Question 1: What are the respective property interests of the family members?

Question 2: You are the attorney for Greeden. What problems or potential breaches of trust do you foresee?