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October 11, 2024

VIA USPS and email to tiffani@aanestadlaw.com

Tiffani Aanestad
Aanestad Law
430 S. Auburn Street
Grass Valley, CA 95945

RE: Kathryn Niesen and the C. Duane Niesen and Kathryn J. Niesen Revocable Trust

Dear Ms. Aanestad:

Thank you for taking the time to speak with me on Monday. To maintain clarity in communications, I will refer to my client, P. Duane Niesen, as "Perry" and the decedent C. Duane Niesen as "Duane."

To confirm, during our conversation you stated that you will speak with your client regarding some resolution on how to go forward paying Kathy's bills, as well as other matters as they may arise. My proposal is for a mediation to discuss and hopefully come to an agreement going forward regarding how our clients may work together to ensure they both fulfill their respective duties. It is my belief that if both of our clients provide an accounting it will go a long way towards resolving the situation, and to that end I have asked Perry to provide me with that information. We are asking the same from Jesse, and although I know he has had some difficulty getting on title to Kathy's accounts, he is still the person responsible for them and should have resolved the issue by this time. The accountings would need to date from when the responsible parties' duties, by law, arose. Per our conversation, you told me that Jesse may not have provided the banks with the letter from the doctor at Auburn Oaks as to Kathy's incompetency, rather than a denial of the banks to honor the POA because of Jesse's involvement in a cannabis business, so I am attaching it to the emailed copy of this letter to you. It is my understanding that there are some bills on auto pay, and that Jason Niesen may have online access to the accounts and has been working with Jesse, although he has no legal authority to do so.

One of the primary issues to resolve is from which account(s) the funds to pay Kathy's expenses should come. Our position is that the responsibility to pay Kathy's expenses falls to both Perry as Trustee of the Trust, and to Jesse as Kathy's Agent; i.e., that Perry and Jesse have a co-equal and co-extensive duty to pay those expenses, and I believe that any court would agree. I am unaware of any legal authority stating that funds held in a Trust must first be exhausted before an agent under a power of attorney has a duty to pay the bills of the principal. Your client seems to be under the impression that, so long as there are assets of the Trust, he has no duty as Kathy's agent to pay her bills.

The language you cite in Article 2 of the Trust only applies while both Grantors are alive, but one or both are incapacitated. After one of the Grantors dies, Article 3 applies. There is no argument that Kathy is entitled to distributions from the Trust to pay for her expenses. Article 3 provides that all property be distributed to the Survivor's trust, except for any property over which the deceased Grantor exercised a power of appointment. Duane did not exercise any power of appointment and accordingly, all property is now held in the Survivor's Trust. The issue is, rather, whether all of Kathy's expenses must be paid exclusively from the Trust until the Trust assets are fully depleted, or if funds currently held only in her name must also be used.

Kathy's Durable Power of Attorney requires Jesse to use her property to "secure payment of . . . or performance of any obligation or agreement" See paragraph 3 of the Durable Power of Attorney on page 3. Jesse has the power to sign contracts in Kathy's name and, indeed, did sign the contract with Prestige.

It should make no difference, as to Kathy's interests, from which account(s) the payments are made, because all funds are either in her name, or in the Survivor's Trust, and all accounts are to be used for Kathy's sole benefit during her lifetime. Following Kathy's death, her Will and codicil (also enclosed with this letter, and attached to the email) provide that all of her property be distributed to the Trust. In fact, in order to avoid probate, I would think it advisable to make most payments from Kathy's accounts rather than Trust assets.

The only reason I can imagine why Jesse might insist on not paying the bills from the accounts held only in Kathy's name is that there is a beneficiary designation on the account that gives the property to him, or in some manner that provides for a different ultimate distribution than as provided for in the Trust, upon Kathy's death. If so, then Jesse would be violating his duty under the Durable Power of Attorney, which provides that he is not authorized to "take any action which results in a change of the ultimate distribution of my estate as expressed in my most recent estate planning, whether in a Will, Trust or ownership or beneficiary designations." (Durable Power of Attorney, paragraph B "Restrictions on Powers", on page 8.)

After speaking with my client, I learned that the Long Term Care insurance payment issue has not yet been resolved. It is my understanding that the ball is currently in Jesse's court to get that straightened out. There are retirement benefits to Kathy from Duane's CalPERS Retirement account being made to the checking account that was formerly held in joint tenancy with Duane. If Jesse expects Perry to pay the bill from Prestige, then payments from the LTC insurer and also, possibly, from CalPERS should be re-directed to the Trust account to ensure

that there is income to Trust sufficient to pay the ongoing bills, without having to sell or otherwise encumber, Trust property.

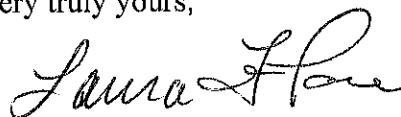
To summarize our discussion regarding the firearms, prior to the sale of firearms, there were no liquid assets in the Trust. The only Trust property was the "Ranch" property. Perry sold many of the firearms from the estate, and has been using the proceeds to pay Trust expenses. Many months prior to the sale, while Duane was still alive, and following Duane's verbal instructions, Perry began to make arrangements to sell the firearms and place the money into the Trust. In November of 2023, Perry informed all of his siblings of this plan, and compiled a list of the firearms. At that time, Perry asked all of his siblings asking if there were any guns that any of them particularly wanted. Perry set aside those guns for later distribution to the siblings. Although these actions were taken well in advance of the sale to Cabela's, Jesse didn't respond until June 18th, at which time he told Perry that he wanted the two Mini-14 rifles for himself and his son. Both guns were promptly set aside, and were not part of the sale. All firearms that any of the siblings have indicated they would like are being held for later distribution, either at the Ranch or by Perry in Oregon, other than a missing Glock pistol and one Mini-14. I am sure that if those firearms which have been set aside need to be sold to pay for Kathy's ongoing expenses, any sibling requesting a particular item would have first right of refusal to purchase that firearm from the trust. To reiterate, no firearms have been distributed by Perry to any of the siblings to date, however, Perry believes that the Glock and the Mini 14 are in Jesse's possession. Does Jesse wish to purchase them from the Trust now, or does he wish to return them to the Ranch to be held with the other firearms that are still being retained for the other siblings? If Jesse does not have these firearms, please advise, and Perry will report them as stolen, as required by law.

Lastly, is it your position that Jesse has not breached his duty as Kathy's agent under her power of attorney in using the Ranch property, without compensation, for his own business interests? If so, please provide your reasoning.

Your client has made statements to my client and to their siblings that I and my client are "threatening" his business and that we can "meet the Biz Atty's next. Try me." I would ask that you speak with him regarding the letter I sent him on September 6, 2024, and educate him that was no threat to his business, but rather a demand that he fulfill his duties as Kathy's agent under her POA. If he cannot or will not do so, as I informed him, the only way forward is to obtain a conservatorship over Kathy so that Perry, or another person, can access the accounts and ensure that her expenses are paid.

I know I have covered a lot in this letter, but wanted to provide a summary along with a few more thoughts and details about what we discussed. I am hopeful that between the two of us, we can help our clients reach an agreement going forward, without the need to obtain a conservatorship or other court order.

Very truly yours,



Laura F. Paré

Enclosures