

QUESTION 9 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK III

Denny Dolan decided to set some of his fortune aside for the benefit of his grown children, Melissa and Grant, by signing the following document:

THE DOLAN FAMILY TRUST

This trust agreement is made by and between Denny Dolan (the Settlor) and ABC Bank (the Trustee).

The Settlor wishes to create a trust of five million dollars (\$5,000,000) for the benefit of his children, Melissa Dolan and Grant Dolan ("Beneficiary" or "Beneficiaries"), the funds having been delivered on this date to the Trustee.

The Trustee agrees to hold the five million dollars ("trust property") and to manage, invest and reinvest the same in trust for the following uses and purposes: to distribute annually a lump sum payment of \$30,000 each to Melissa Dolan and Grant Dolan. The distributions shall be payable annually every June 30th and shall continue for the rest of each beneficiary's life.

Each beneficiary is restrained from disposing of his or her interest in the trust estate. The interest of each beneficiary shall not be subject to the claims of beneficiary's creditors or other persons, nor to any other liabilities or obligations.

/S/ Denny Dolan

/S/ ABC Bank

April 14, 2010

In accordance with the terms of the trust, Melissa and Grant received their distributions on June 30th of 2010, 2011, and 2012. In early 2013, three separate claims were filed against the trust. First, the State of Michigan demanded \$36,000 in back taxes owed by Melissa. Second, the Estate of Johnny Jackson sought to satisfy a \$500,000 judgment obtained against Grant for the wrongful death of a child. Lastly, Denny's former business partners sought to satisfy a \$100,000 judgment obtained against Denny for conversion and fraud.

Assume that a valid trust was created on April 14, 2010. Applying principles of Michigan law, discuss the likelihood of success of the three claims filed against the trust. Explain your answers.

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