

SUPREME COURT OF GEORGIA

Ludwig v. Ludwig

281 Ga. 724 (Ga. 2007) · Decided March 19, 2007

SUMMARY

The Georgia Supreme Court affirmed summary judgment for the trustees of the 1981 Irrevocable Inter Vivos Trust of Ida Thomas Ludwig. The court held that several beneficiary claims were barred by applicable statutes of limitation and that the trustees had not abused their discretion in denying requested distributions. The court also rejected claims concerning trust mismanagement, fiduciary breaches, and disclosure of financial information because the appellants failed to establish unreasonable conduct or damages.

CASE DETAILS

COURT	Supreme Court of Georgia
WRITING FOR THE COURT	Hunstein, Presiding Justice; All the Justices
JURISDICTION	Georgia
DECIDED	March 19, 2007
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from an order granting the trustees' motion for summary judgment and denying the beneficiaries' cross-motion for summary judgment in claims involving trust administration and alleged breaches of fiduciary duty.
STANDARD OF REVIEW	De novo review of the grant or denial of summary judgment; summary judgment was proper where the record showed no genuine issue of material fact and the trustees were entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	Published Georgia Supreme Court decision; binding precedent in Georgia.
PARTIES	Daniel Ludwig, Unnamed co-appellant v. Current trustees of the 1981 Irrevocable Inter Vivos Trust of Ida Thomas Ludwig

TOPICS

- trusts
- trustee duties
- breach of trust
- statute of limitations
- summary judgment

PRACTICE AREAS

Trusts and estates

Fiduciary litigation

Civil procedure

QUESTIONS PRESENTED

1. Whether the appellants' trust claims were barred by the limitation periods in OCGA § 53-12-198(a) and (d).
2. Whether the trustees abused their discretion by declining to make the distributions demanded by the appellants.
3. Whether the trustees breached their duties by mismanaging trust assets, including retaining certain stock and other assets.
4. Whether disclosure of appellants' financial information and expenditures on non-trust property supported fiduciary-duty claims absent proof of resulting damages.
5. Whether the trial court properly granted summary judgment to the trustees and denied appellants' cross-motion.

HOLDINGS

1. Claims arising before July 1, 1991, were barred by OCGA § 53-12-198(d), and claims arising before June 21, 1998, were barred by the six-year limitation period in OCGA § 53-12-198(a), absent evidence supporting tolling.
2. A beneficiary of a discretionary trust must show that the trustees' exercise of discretion was infected by fraud, bad faith, misconduct, arbitrariness, abuse of authority, perversion of the trust, oppression, or want of ordinary skill or judgment; appellants failed to make that showing.
3. Appellants failed to establish a fact issue that the trustees breached their duty to act prudently in managing or retaining trust assets.
4. Alleged breaches of fiduciary or administrative duties do not support recovery without proof of damage proximately caused by the breach.

KEY QUOTATIONS

“*infected with fraud or bad faith, misbehavior, or misconduct, arbitrariness, abuse of authority or perversion of the trust, oppression of the beneficiary, or want of ordinary skill or judgment.*” (281 Ga. at 725-26)

FACTUAL BACKGROUND

Ida Thomas Ludwig created an irrevocable inter vivos trust for the benefit of her three sons, their spouses, and their children. The trust gave the trustees discretion to distribute income or principal for beneficiaries' support, maintenance, education, and medical needs. The appellants claimed that the trustees abused that discretion by refusing larger distributions, mismanaged trust assets, disclosed personal financial information, and improperly used trust assets for non-trust property. The record showed that the trustees obtained professional advice, retained certain assets under express trust authority and for tax reasons, and that appellants failed to prove damages from the alleged administrative breaches.

PROCEDURAL HISTORY

Appellants, two grandchildren and beneficiaries of the trust, filed suit on June 21, 2004, against the current trustees. On cross-motions for summary judgment, the trial court ruled for the trustees. The Supreme Court of Georgia affirmed, holding that the time-barred claims were barred by OCGA § 53-12-198, that the trustees' discretionary decisions were not shown to constitute an abuse of discretion, and that the remaining alleged breaches caused no damages.

DISPOSITION

affirmed

CASES CITED

- Swanson v. Swanson, 269 Ga. 674 (1) (501 S.E.2d 491) (1998)
- Cates v. Cates, 217 Ga. 626, 632 (124 S.E.2d 375) (1962)
- C & S Nat. Bank v. Haskins, 254 Ga. 131 (I) (1) (327 S.E.2d 192) (1985)
- SunTrust Bank v. Merritt, 272 Ga. App. 485 (2) (612 S.E.2d 818) (2005)
- Turner v. Trust Co. of Ga., 214 Ga. 339, 346 (105 S.E.2d 22) (1958)