

SUPREME COURT OF IOWA

In re the Marriage of Beverly Robin Rosenfeld and Martin Sanford
Rosenfeld

In re Marriage of Beverly Robin Rosenfeld and Martin Sanford Rosenfeld, 668 N.W.2d 840 (Iowa 2003) · No.
No. 02-0165 · Decided September 4, 2003

SUMMARY

The Iowa Supreme Court addressed disputes concerning funds held for the parties' children after their divorce, including a Uniform Transfers to Minors Act account and bonds intended for educational expenses. The court held that the UTMA transfers were not trusts, found the father had misappropriated funds, and ordered reimbursement. It also held that bonds awarded to the father in the dissolution decree belonged to him and that Iowa Code section 598.21(5A) governed any future obligation for the son's postsecondary education expenses.

CASE DETAILS

COURT	Supreme Court of Iowa
WRITING FOR THE COURT	Streit, Justice; Lavorato, Chief Justice
JURISDICTION	Iowa
DECIDED	September 4, 2003
DOCKET	No. 02-0165
DISPOSITION	other
PROCEDURAL POSTURE	Goode-Kanawati appealed and Rosenfeld cross-appealed from a district court judgment concerning modification of child support, accounting and delivery of children's funds, postsecondary education expenses, and attorney fees. The Iowa Court of Appeals affirmed the district court but increased the amount Rosenfeld was required to restore to Natalie's UTMA account and increased appellate attorney fees. The Supreme Court of Iowa granted further review.
STANDARD OF REVIEW	De novo review of the equitable action under Iowa Rule of Appellate Procedure 6.4; attorney-fee awards are reviewed for abuse of discretion.
PRECEDENTIAL VALUE	Published Iowa Supreme Court opinion; precedential

PARTIES

Beverly Robin Rosenfeld, formerly Beverly Rosenfeld and later
Beverly Goode-Kanawati v. Martin Sanford Rosenfeld

TOPICS

child support family law procedure trust administration statutory interpretation appellate procedure

PRACTICE AREAS

Family law Child support Trusts and custodial accounts Appellate procedure Statutory interpretation

QUESTIONS PRESENTED

1. Whether property transferred to a child under the Uniform Transfers to Minors Act constitutes a trust restricted to the purpose intended by the donor.
2. Whether Rosenfeld properly used Natalie's UTMA funds and what amount he was required to reimburse to her account.
3. Whether the remaining UTMA funds were sufficient to satisfy Natalie's necessary postsecondary education expenses without requiring Rosenfeld to contribute additional amounts.
4. Whether the Iowa Finance Authority sewage bonds constituted an express trust for Andrew's benefit or remained Rosenfeld's property.
5. Whether Iowa Code section 598.21(5A) governed Rosenfeld's obligation to contribute toward Andrew's postsecondary education expenses even though the dissolution decree predated the statute.
6. Whether the parties' conditional stipulation established the amount Rosenfeld would owe for Andrew's future college expenses.
7. Whether trial and appellate attorney fees should be awarded to Goode-Kanawati.

HOLDINGS

1. A transfer made to a minor under the Uniform Transfers to Minors Act is not a trust merely because the donor intended the funds to pay for education. The custodian may exercise the statutory discretion to expend custodial property for the minor's use and benefit.
2. Rosenfeld misappropriated Natalie's UTMA funds by depositing them into his personal account and must reimburse Natalie \$51,692.85, representing the value of the funds with five percent annual growth, with credit only for the \$1,426 tax expenditure made from the UTMA funds.
3. Rosenfeld was not required to contribute more toward Natalie's college expenses because the UTMA funds available to Natalie were sufficient to cover the necessary postsecondary education expenses and therefore good cause did not exist for an additional subsidy.
4. The sewage bonds did not constitute an express trust for Andrew and remained Rosenfeld's property because the bonds were held in his name and the dissolution decree specifically awarded them to him.
5. Section 598.21(5A) applied because the original dissolution decree did not determine the parties' obligations for Andrew's college expenses. The statute therefore limits any future obligation Rosenfeld

may have toward Andrew's postsecondary education.

6. The court would not enforce the parties' conditional stipulation fixing Rosenfeld's future contribution because it was made before Andrew reached college age, depended on an assumed statutory ruling, and lacked information necessary to calculate the statutory obligation.
7. The district court's \$500 trial attorney-fee award was properly affirmed, and Goode-Kanawati was awarded \$5,000 in appellate attorney fees.

KEY QUOTATIONS

"We disagree and conclude transfers made to children under UTMA are not trusts." (844)

"When a custodian misappropriates UTMA funds, the custodian shall reimburse the child for those funds." (845)

"Therefore, Iowa Code section 598.21(5A) operates to limit the amount of money Rosenfeld is obligated to pay toward Andrew's college education." (847)

"DECISION OF COURT OF APPEALS VACATED; JUDGMENT OF DISTRICT COURT AFFIRMED IN PART AS MODIFIED AND REVERSED IN PART." (849)

FACTUAL BACKGROUND

During the marriage, the parties purchased bonds and mutual funds for their daughter Natalie under the Uniform Gifts to Minors Act, later governed by Iowa's Uniform Transfers to Minors Act. After the bonds were called, Rosenfeld deposited approximately \$40,000 into his personal account and spent the funds. The parties also purchased Iowa Finance Authority sewage bonds intended to benefit their son Andrew, but those bonds remained in Rosenfeld's name and were awarded to him in the dissolution decree. The dispute arose when Natalie approached college age and the parties litigated the children's educational expenses and the handling of the custodial funds.

PROCEDURAL HISTORY

The district court consolidated Rosenfeld's application to modify child support with Goode-Kanawati's petition for an accounting and delivery of custodial funds. It held that Natalie's UTMA funds were not a trust, found Rosenfeld had misappropriated the funds, ordered restoration of \$20,000, ruled that the bonds for Andrew belonged to Rosenfeld, declined to apply Iowa Code section 598.21(5A) to the prior dissolution decree, and awarded trial attorney fees. The court of appeals affirmed with modifications. On further review, the Supreme Court vacated the court of appeals decision, affirmed the district court in part as modified, and reversed in part.

DISPOSITION

other

CASES CITED

- In re Marriage of Hendricks, 681 N.E.2d 777, 781 (Ind. Ct. App. 1997)

- Sternlicht v. Sternlicht, 822 A.2d 732, 737 (Pa. Super. Ct. 2003)
- In re Marriage of Hoak, 364 N.W.2d 185, 189 (Iowa 1985)
- Marshall v. United States, 831 F. Supp. 988, 1000 (E.D.N.Y. 1993)
- Sutliff v. Sutliff, 489 A.2d 764, 773 (Pa. Super. Ct. 1985)
- Buder v. Sartore, 774 P.2d 1383, 1390 (Colo. 1989)
- In re Marriage of Griffin, 570 N.W.2d 258, 260 (Iowa Ct. App. 1997)
- In re Marriage of Vannausdle, 668 N.W.2d 885, 889 (Iowa 2003)
- In re Marriage of Sojka, 611 N.W.2d 503, 504-05 (Iowa 2000)
- In re Marriage of Harless, 251 N.W.2d 212, 213 (Iowa 1977)
- Suss v. Schammel, 375 N.W.2d 252, 256 (Iowa 1985)
- In re Marriage of Maher, 596 N.W.2d 561, 568 (Iowa 1999)
- In re Marriage of Guyer, 522 N.W.2d 818, 822 (Iowa 1994)

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