

SUPREME COURT OF NEBRASKA

In re Margaret L. Matthews Revocable Trust

312 Neb. 381 (2022) · No. No. S-21-507 · Decided September 9, 2022

SUMMARY

The Nebraska Supreme Court affirmed a Douglas County Court order directing that the share designated for the dissolved Pella Evangelical Lutheran Church be distributed pro rata to the Salvation Army and Visiting Nurse Association of the Midlands. The court held that the county court had subject matter jurisdiction, that its order was final and appealable, and that the Nebraska Synod of the Evangelical Lutheran Church in America was not Pella’s charitable successor and assign under the trust. The court reviewed the matter de novo on the record.

CASE DETAILS

COURT	Supreme Court of Nebraska
WRITING FOR THE COURT	Heavican, C.J.; Cassel, J.; Stacy, J.; Funke, J.; Papik, J.; Freudenberg, J.; Stecker, D.J.
JURISDICTION	Nebraska
DECIDED	September 9, 2022
DOCKET	No. S-21-507
DISPOSITION	affirmed
PROCEDURAL POSTURE	The Nebraska Synod appealed from a Douglas County Court order denying its complaint in intervention and directing that the share of a dissolved charitable beneficiary be distributed pro rata to the Salvation Army and the Visiting Nurse Association.
STANDARD OF REVIEW	The court reviews trust-administration matters for error appearing on the record absent an equity question, but reviews an equity question de novo on the record. Because the declaratory-judgment dispute was equitable in nature, the court reviewed the case de novo on the record, while giving weight to the trial court's opportunity to observe witnesses.
PRECEDENTIAL VALUE	published opinion; precedential
PARTIES	Nebraska Synod of the Evangelical Lutheran Church in America v. Wells Fargo Bank, N.A., as Trustee of the Margaret L. Matthews

TOPICS

trust administration

charitable trusts

appellate jurisdiction

final judgment rule

statutory interpretation

PRACTICE AREAS

trusts and estates

probate

appellate procedure

civil procedure

religious organization law

QUESTIONS PRESENTED

1. Whether the Douglas County Court had subject matter jurisdiction over the trustee's declaratory-judgment petition and trust-administration questions.
2. Whether the county court's order was a final, appealable order.
3. Whether the absence of Augustana Lutheran Church as a named party deprived the courts of jurisdiction.
4. Whether adjudication of the successor issue required resolution of a religious or doctrinal dispute.
5. Whether Nebraska religious-association statutes, rather than the Nebraska Nonprofit Corporation Act, governed the dispute.
6. Whether Pella complied with statutory and internal requirements for dissolution.
7. Whether the Nebraska Synod was Pella's charitable successor or assign entitled to Pella's share of the trust.

HOLDINGS

1. Trust-administration matters are reviewed for error appearing on the record absent an equity question, but an equity question is reviewed de novo on the record. The declaratory-judgment dispute here was equitable in nature and therefore was reviewed de novo on the record.
2. The county court had subject matter jurisdiction to adjudicate the trustee's petition for declaratory judgment and instructions concerning the administration and distribution of the trust.
3. The county court's order was a final, appealable order because it disposed of the entire merits of the proceeding and left no issue requiring further judicial action.
4. Augustana's absence did not deprive the county court or the Supreme Court of jurisdiction because Augustana was properly notified of the trust proceedings; the judgment was binding on Augustana to the extent of its interests in the trust.
5. The courts could adjudicate whether the Synod was Pella's charitable successor by applying neutral principles of law and the Nebraska Nonprofit Corporation Act without resolving religious doctrine.
6. The evidence was insufficient to prove that Pella complied with the dissolution requirements of the Nebraska Nonprofit Corporation Act, its own governing documents, or the ELCA model constitution.

7. The Nebraska Synod was not Pella's charitable successor or assign and therefore was not entitled to Pella's share of the trust; that share was properly distributed pro rata to the Salvation Army and the Visiting Nurse Association.

KEY QUOTATIONS

“absent an equity question, an appellate court reviews trust administration matters for error appearing on the record; but where an equity question is presented, appellate review of that issue is de novo on the record.” (389)

“Thus, in order to establish a right to Pella’s share of trust property, the Synod must prove that it can and will carry on the charitable goals and purposes of Pella.” (403)

“Based upon a de novo on the record review of the issues presented, we find that the Synod did not prove it was a charitable successor of Pella.” (404)

FACTUAL BACKGROUND

Margaret L. Matthews created and later amended a revocable trust containing charitable bequests to the Salvation Army, the Visiting Nurse Association, and Pella Lutheran Church, with each bequest extending to the beneficiary's charitable successors and assigns. Pella ceased worship services and transferred its remaining property to the Nebraska Synod several years before Matthews died. After Matthews's death, the trustee sought instructions regarding Pella's share, and the Synod claimed that it was Pella's charitable successor. The evidence showed that the Synod administered and oversaw numerous congregations but did not perform the same specific local worshiping and charitable functions as Pella.

PROCEDURAL HISTORY

Wells Fargo, trustee of the Matthews revocable trust, registered the trust and petitioned the Douglas County Court for declaratory judgment and instructions concerning the distribution of Pella Lutheran Church's share. The Nebraska Synod intervened and claimed to be Pella's charitable successor and assign. After a 2021 trial, the county court rejected the Synod's claim and ordered distribution to the remaining named charities. The Nebraska Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- In re Zoellner Trust, 212 Neb. 674, 325 N.W.2d 138 (1982)
- In re R.B. Plummer Memorial Loan Fund Trust, 266 Neb. 1, 661 N.W.2d 307 (2003)
- In re Margaret Mastny Revocable Trust, 281 Neb. 188, 794 N.W.2d 700 (2011)
- Homestead Estates Homeowners Assn. v. Jones, 278 Neb. 149, 768 N.W.2d 436 (2009)
- Boyles v. Hausmann, 246 Neb. 181, 517 N.W.2d 610 (1994)
- Stewart v. Heineman, 296 Neb. 262, 892 N.W.2d 542 (2017)

- Siedlik v. Nissen, 303 Neb. 784, 931 N.W.2d 439 (2019)
- Green v. Seiffert, 304 Neb. 212, 933 N.W.2d 590 (2019)
- In re Estate of Evertson, 295 Neb. 301, 889 N.W.2d 73 (2016)
- In re Estate of Severson, 310 Neb. 982, 970 N.W.2d 94 (2022)
- Olsen v. Olsen, 248 Neb. 393, 534 N.W.2d 762 (1995)
- In re Trust Created by Hansen, 274 Neb. 199, 739 N.W.2d 170 (2007)
- SID No. 2 of Knox Cty. v. Fischer, 308 Neb. 791, 957 N.W.2d 154 (2021)
- Glad Tidings v. Nebraska Dist. Council, 273 Neb. 960, 734 N.W.2d 731 (2007)
- Aldrich v. Nelson, 290 Neb. 167, 859 N.W.2d 537 (2015)
- Crumbley v. Solomon, 243 Ga. 343, 254 S.E.2d 330 (1979)
- Larkin v. City of Burlington, 172 Vt. 566, 772 A.2d 553 (2001)
- In re Wendland-Reiner Trust, 267 Neb. 696, 677 N.W.2d 117 (2004)
- In re Estate of Harrington, 151 Neb. 81, 36 N.W.2d 577 (1949)
- Root v. Morning View Cemetery Assn., 174 Neb. 438, 118 N.W.2d 633 (1962)
- In re Trust Created by Haberman, 24 Neb. App. 359, 886 N.W.2d 829 (2016)
- Dept. of Mental Health v. McMaster, 372 S.C. 175, 642 S.E.2d 552 (2007)