

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF
WASHINGTON

Vaughn v. Montague

924 F. Supp. 2d 1256 (W.D. Wash. 2013) · Decided February 14, 2013

SUMMARY

The court grants in part and denies in part the defendant trustee’s motion for summary judgment and grants in part a motion to strike declaration testimony. The court grants summary judgment against the plaintiff’s claims for breach of fiduciary duty, conversion, accounting, constructive trust, and injunctive relief, concluding that the plaintiff failed to provide evidence supporting essential elements of those claims. The excerpt then begins addressing the trustee’s counterclaims.

CASE DETAILS

COURT	United States District Court for the Western District of Washington
WRITING FOR THE COURT	James L. Robart
JURISDICTION	Washington
DECIDED	February 14, 2013
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff brought claims for breach of fiduciary duty, conversion, accounting, constructive trust, and injunctive relief concerning administration of an inter vivos trust. Defendant moved for summary judgment on plaintiff’s claims and her counterclaims, and also moved to strike an opposing declaration.
STANDARD OF REVIEW	Summary judgment is appropriate when there is no genuine dispute of material fact and the movant is entitled to judgment as a matter of law, viewing the evidence and reasonable inferences in favor of the nonmoving party. The court also applied the relevance and reliability standards governing expert testimony under Federal Rule of Evidence 702 and Daubert.
PRECEDENTIAL VALUE	persuasive
PARTIES	Keith Vaughn v. Karen Montague

TOPICS

trust administration

trustee duties

beneficiary litigation

probate procedure

summary judgment

PRACTICE AREAS

trusts probate civil procedure remedies real estate

QUESTIONS PRESENTED

1. Whether portions of Randolph Wills's declaration should be stricken as unreliable, speculative, or lacking helpful expert testimony.
2. Whether plaintiff produced sufficient evidence to create a genuine dispute of material fact on his breach-of-fiduciary-duty claim.
3. Whether plaintiff's conversion claim was barred by Washington's three-year statute of limitations and lacked evidence of conversion without lawful justification.
4. Whether plaintiff established the elements of an accounting claim or whether the claim was moot because an accounting had been provided.
5. Whether plaintiff was entitled to a constructive trust or injunctive relief.
6. Whether the federal court had subject matter jurisdiction over defendant's counterclaims seeking distribution of trust assets and enforcement of a no-contest clause.

HOLDINGS

1. The court struck portions of Wills's declaration concerning the value of the trust residence, Montague's alleged motives, and allegedly unaccounted-for checks because the opinions were unreliable, speculative, or not helpful to the trier of fact.
2. Summary judgment is proper where the nonmoving party fails to provide evidence supporting an essential element of its case and no genuine dispute of material fact exists.
3. Montague did not breach her fiduciary duty as trustee because the record contained no evidence that she abused the broad discretion granted by the trust agreement or acted arbitrarily, maliciously, fraudulently, or in bad faith.
4. Vaughn's conversion claim failed because it was barred by Washington's three-year statute of limitations and because he offered no evidence that Montague deprived him of property without lawful justification.
5. Vaughn was not entitled to an accounting because he offered no evidence that he demanded an accounting and Montague refused, and the claim was moot because Montague had provided an extensive accounting during discovery.
6. Vaughn was not entitled to a constructive trust or injunctive relief because he failed to establish breach, conversion, unjust enrichment, fraud, abuse of confidence, or another basis for equitable relief.
7. The federal court lacked subject matter jurisdiction over Montague's counterclaims seeking distribution of trust assets and a declaration concerning the trust's no-contest clause because those claims fell within the probate exception; the counterclaims were dismissed without prejudice.

KEY QUOTATIONS

“Summary judgment is properly granted when there is no genuine disputed issues of material fact, and when, viewing the evidence most favorably to the non-moving party, the movant is entitled to prevail as a matter of law.” (1263)

“A trustee abuses his or her discretion only when they act “arbitrarily, in bad faith, maliciously, or fraudulently.”” (1264)

“The probate exception reserves to state courts the probate or annulment of a will and the administration of a decedent’s estate.” (1268)

FACTUAL BACKGROUND

Mary Vaughn created a revocable living trust in 1999, naming her daughter Karen Montague as successor trustee and her children, Keith Vaughn and Karen Montague, as remainder beneficiaries. The trust's principal assets included financial accounts, annuities, and a Bellevue, Washington residence. Montague assumed management of her mother's financial affairs when her mother's health declined, later moved into the trust residence, and used trust assets and her own funds for the residence and her mother's care. After Mary Vaughn's death, Keith Vaughn alleged that Montague mismanaged trust funds and failed to distribute the remainder equally, but he produced little evidence beyond a declaration by Randolph Wills.

PROCEDURAL HISTORY

The federal district court considered defendant's motions for summary judgment and to strike evidence. The court granted summary judgment to defendant on all of plaintiff's claims, denied summary judgment on defendant's counterclaims for lack of subject matter jurisdiction, dismissed those counterclaims without prejudice under the probate exception, partially struck portions of the opposing declaration, and denied the motion to strike plaintiff's response to that motion.

DISPOSITION

other

CASES CITED

- *Wagner v. County of Maricopa*, 706 F.3d 942, 951-52 (9th Cir. 2013)
- *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579, 591-92 (1993)
- *United States v. Downing*, 753 F.2d 1224, 1242 (3d Cir. 1985)
- *Boucher v. U.S. Suzuki Motor Corp.*, 73 F.3d 18, 21 (2d Cir. 1996)
- *General Electric Co. v. Joiner*, 522 U.S. 136, 146 (1997)
- *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-25 (1986)
- *Matsushita Electric Industrial Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986)
- *Intel Corp. v. Hartford Accident & Indemnity Co.*, 952 F.2d 1551, 1558 (9th Cir. 1991)
- *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986)
- *Devereaux v. Abbey*, 263 F.3d 1070, 1076 (9th Cir. 2001)

- Nissan Fire & Marine Insurance Co. v. Fritz Cos., Inc., 210 F.3d 1099, 1105-07 (9th Cir. 2000)
- Bhan v. NME Hospitals, Inc., 929 F.2d 1404, 1409 (9th Cir. 1991)
- S.A. Empresa De Viacao Aerea Rio Grandense v. Walter Kidde & Co., Inc., 690 F.2d 1235, 1238 (2d Cir. 1982)
- Cook v. Brateng, 158 Wash. App. 777, 262 P.3d 1228, 1230-33 (2010)
- Esmieu v. Schrag, 88 Wash. 2d 490, 563 P.2d 203 (1977)
- Monroe v. Winn, 16 Wash. 2d 497, 133 P.2d 952, 956 (1943)
- Austin v. U.S. Bank of Washington, 73 Wash. App. 293, 869 P.2d 404, 410 (1994)
- Occidental Life Insurance Co. of California v. Blume, 65 Wash. 2d 643, 399 P.2d 76, 79 (1965)
- Casterline v. Roberts, 168 Wash. App. 376, 284 P.3d 743, 745 (2012)
- Public Utility District No. 1 of Lewis County v. Washington Public Power Supply System, 104 Wash. 2d 353, 705 P.2d 1195, 1211 (1985)
- Davenport v. Washington Education Association, 147 Wash. App. 704, 197 P.3d 686, 695 (2008)
- Crisman v. Crisman, 85 Wash. App. 15, 931 P.2d 163, 165-66 (1997)
- State v. Taylor, 58 Wash. 2d 252, 362 P.2d 247, 253 (1961)
- Seattle National Bank v. School District No. 40, 20 Wash. 368, 55 P. 317, 319 (1898)
- Consulting Overseas Management, Ltd. v. Shtikel, 105 Wash. App. 80, 18 P.3d 1144, 1148-49 (2001)
- Vickie Lynn Marshall v. E. Pierce Marshall, Marshall v. Marshall, 547 U.S. 293, 308, 311-12 (2006)
- McGovern v. Braun, No. 12-672-PHX-GMS, 2012 WL 1946600, at *3 (D. Ariz. May 30, 2012)
- In re Chappell's Estate, 127 Wash. 638, 221 P. 336 (1923)
- In re Estate of Mumby, 97 Wash. App. 385, 982 P.2d 1219, 1223 (1999)
- Great Northern Railway Co. v. Washington Electric Co., 197 Wash. 627, 86 P.2d 208, 217 (1939)
- Chabot v. Chabot, No. 4:11-CV-217-BLW, 2011 WL 5520927, at *4 n.2 (D. Idaho Nov. 14, 2011)