SUPREME COURT OF OKLAHOMA

O'Donoghue v. Dooley

2016 OK 110 (2016) · No. 113489 · Decided October 25, 2016

SUMMARY

The Oklahoma Supreme Court reviewed whether trust principal bequests to two deceased grandchildren, made per stirpes, passed to the widow of one grandchild or lapsed because neither grandchild left lineal descendants. The court held that the per stirpes gifts did not benefit the grandchild's widow and that the interests lapsed, leaving the remaining trust principal to pass under the trust provisions to the beneficiary of the trust income. The court vacated the Court of Civil Appeals' opinion and affirmed the district court's judgment for the trustee.

CASE DETAILS

COURT	Supreme Court of Oklahoma
WRITING FOR THE COURT	Winchester, J.; Combs, V.C.J.; Kauger, J.; Watt, J.; Edmondson, J.; Taylor, J.; Reif, C.J.; Colbert, J.; Gurich, J.
JURISDICTION	Oklahoma
DECIDED	October 25, 2016
DOCKET	113489
DISPOSITION	vacated
PROCEDURAL POSTURE	Certiorari review of a decision of the Court of Civil Appeals, Division III, reversing summary judgment entered by the district court in a trust-construction and accounting action.
STANDARD OF REVIEW	Summary judgment; the opinion resolves the matter by construing the trust instrument and applying the settlor's intent.
PRECEDENTIAL VALUE	published
PARTIES	Sandra O'Donoghue, as personal representative of the estate of David O'Donoghue v. Carolyn Dooley, Trustee

TOPICS

trusts · trust administration · estate planning · probate · appellate procedure

PRACTICE AREAS

trusts · estate planning · probate · appellate procedure

QUESTIONS PRESENTED

1. Whether a trust provision directing distribution of remaining principal to the settlor's grandchildren per stirpes created interests that could pass to a grandchild's surviving spouse when the grandchild died without lineal descendants.
2. Whether the grandchildren's remainder interests lapsed when they died without lineal descendants before the settlor's surviving spouse.
3. Whether the remaining trust principal should pass under the trust to the beneficiary then entitled to trust income.

HOLDINGS

1. A spouse of a devisee is not a lineal descendant of the devisee and is ineligible to take under a trust provision requiring distribution per stirpes.
2. The grandchildren's per stirpes remainder interests lapsed when they died without lineal descendants before the death of the settlor's surviving spouse.

KEY QUOTATIONS

> *"Where a trust specifically makes the distribution of a bequest per stirpes, we find that the spouse of a devisee is not a lineal descendant of the devisee and is ineligible to take under a "per stirpes" method of distribution."* (¶ 19)

> *"Because Erin and David died leaving no lineal descendants, their interests lapsed and the Trust principal shall pass, pursuant to the Trust, to the beneficiary of the Trust income."* (¶ 19)

FACTUAL BACKGROUND

David L. Dooley created a trust and a pour-over will in September 2003 and died approximately one month later, survived by his spouse, Carolyn Dooley. The trust provided lifetime income to Carolyn and directed that remaining principal be distributed to Dooley's grandchildren Erin and David O'Donoghue, per stirpes, upon Carolyn's death. Erin and David both later died without lineal descendants; Erin's estate passed to David, and David's widow, Sandra O'Donoghue, became the sole beneficiary of David's estate. Sandra claimed that the remainder interests had vested at the settlor's death and therefore passed through the grandchildren's estates.

PROCEDURAL HISTORY

Sandra O'Donoghue sought construction of two trusts and an accounting, asserting that the estates of Erin and David O'Donoghue were entitled to the remaining trust principal and that she was entitled to David's share as his widow and sole beneficiary. The district court granted summary judgment to Carolyn Dooley, Trustee, concluding that the grandchildren's per stirpes interests lapsed because they died without lineal descendants. The Court of Civil Appeals reversed, holding that the interests vested at the settlor's death and passed to the grandchildren's heirs. The Oklahoma Supreme Court granted certiorari, vacated the Court of Civil Appeals opinion, and affirmed the district court.

DISPOSITION

vacated

CASES CITED

- In re Dimick's Will, 1975 OK 10, 531 P.2d 1027
- Matter of Tayrien's Estate, 1980 OK 8, 609 P.2d 752
- Hulett v. First Nat. Bank & Trust Co. in Clinton, 1998 OK 21, 956 P.2d 879
- Matter of the Estate of Hixon, 1985 OK 18, 715 P.2d 1087
- Conville v. Bakke, 1964 OK 111, 400 P.2d 179
- Miller v. First Nat. Bank & Trust Co., 1981 OK 133, 637 P.2d 75
- Matter of Estate of Westfahl, 1983 OK 119, 674 P.2d 21
- Moore v. McAlester, 1967 OK 100, 428 P.2d 266
- Riddle v. Jay, 1960 OK 223, 356 P.2d 1074
- Dannenburg v. Dannenburg, 1953 OK 201, 271 P.2d 345
- Porter v. Porter, 1923 OK 1184, 222 P. 971
- Trust Co. of Oklahoma v. State ex rel. Department of Human Services, 1991 OK 133, 825 P.2d 1295
- Estate of Clayton v. C.I.R., 976 F.2d 1486 (5th Cir. 1992)
- Estate of Shelfer v. C.I.R., 86 F.3d 1045 (11th Cir. 1996)