

SUPREME JUDICIAL COURT OF MAINE

Corey v. Corey, 2002 ME 132

803 A.2d 1014 (Me. 2002) · No. Aro-02-20 · Decided August 8, 2002

SUMMARY

The Supreme Judicial Court of Maine affirmed approval of a settlement involving a minor's property and a claimed constructive trust. The court held that settlements on behalf of minors must be fair, reasonable, and in the minor's best interests, and that the trial court did not abuse its discretion in approving the settlement. The court concluded that the evidence supported the likely imposition of a constructive trust and that the settlement terms were reasonable.

CASE DETAILS

COURT	Supreme Judicial Court of Maine
WRITING FOR THE COURT	Calkins, J.; Saufley, C.J.; Clifford, J.; Rudman, J.; Dana, J.; Alexander, J.; Levy, J.
JURISDICTION	Maine
DECIDED	August 8, 2002
DOCKET	Aro-02-20
DISPOSITION	affirmed
PROCEDURAL POSTURE	Todd and Kelly Corey appealed from a Superior Court judgment approving a settlement between Ray and Sheila Corey and the guardian ad litem for minor defendant Darrian Corey in an action seeking a constructive trust on real property.
STANDARD OF REVIEW	Abuse of discretion for review of the trial court's evaluation and approval of a minor's settlement.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Judicial Court of Maine.
PARTIES	Todd Corey, Kelly Corey v. Ray Corey, Sheila Corey, Darrian Corey, through her guardian ad litem

TOPICS

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QUESTIONS PRESENTED

1. What standard governs a court's approval of a settlement entered on behalf of a minor?
2. Whether the Superior Court abused its discretion by finding the settlement fair, reasonable, and in Darrian's best interests.
3. Whether Todd and Kelly's consent was required for the guardian ad litem to accept the settlement.
4. Whether the evidence supported treating the funds as a loan and imposing a constructive trust rather than treating the funds as an inter vivos gift.

HOLDINGS

1. A court approving a settlement involving a minor must review the compromise and assure itself that the settlement is fair, reasonable, and in the minor's best interests.
2. The Superior Court did not abuse its discretion in approving the settlement as fair, reasonable, and in Darrian's best interests.
3. After appointment of a guardian ad litem because the parents had a conflict of interest, the guardian ad litem had authority to accept a settlement on Darrian's behalf, subject to court approval; Todd and Kelly's consent was not required.
4. The evidence supported the conclusion that the funds were not an inter vivos gift and that a constructive trust was the probable result of trial.

KEY QUOTATIONS

"must review the terms of the compromise and settlement and assure itself that the settlement is fair, reasonable and in the best interests of the minor." (803 A.2d at 1016-17)

"A constructive trust is an equitable remedy imposed by the court regardless of the parties' intentions in order to prevent unjust enrichment." (803 A.2d at 1017)

FACTUAL BACKGROUND

Ray and Sheila Corey provided \$117,000 for the purchase of a house, but title was placed in the name of their minor granddaughter, Darrian, while her father Todd was facing financial distress and bankruptcy. The evidence indicated that Ray understood the money would be repaid when the property was resold, while Todd and Kelly contended that it was a gift. Ray and Sheila sued to impose a constructive trust, and the guardian ad litem negotiated a settlement under which the property would be sold, Ray and Sheila would receive repayment, and Darrian would receive the first \$20,000 and any proceeds exceeding the repayment amount.

PROCEDURAL HISTORY

Ray and Sheila Corey sued Darrian Corey to impose a constructive trust on property purchased in Darrian's name with funds they provided. After the court appointed a guardian ad litem because Darrian's parents had a

conflict of interest, the guardian ad litem and Ray and Sheila negotiated a settlement. The Superior Court approved the settlement over Todd and Kelly's objection, and the Supreme Judicial Court of Maine affirmed.

DISPOSITION

affirmed

CASES CITED

- Holbrook v. Andersen Corp., 756 F. Supp. 34, 38 (D. Me. 1991)
- Westleigh v. Conger, 2000 ME 134, ¶ 7, 755 A.2d 518, 519
- Thomas v. Fales, 577 A.2d 1181, 1182-83 (Me. 1990)
- Sacre v. Sacre, 143 Me. 80, 94, 55 A.2d 592, 600 (1947)
- Chandler v. Dubey, 325 A.2d 6, 8 (Me. 1974)
- Scott v. Lipman & Katz, 648 A.2d 969, 971 nn. 1-2, 976 (Me. 1994)
- Thomas v. Fales, 577 A.2d 1181, 1183 n. 3 (Me. 1990)