

## Property

- Module 12
- Trusts and Corporations

## Trusts

### Vocabulary:

- Corpus: the property held in trust (sometimes called the trust “res”)
- Parties:
  - Settlor: creates and funds the trust, provides instructions for use/disposition of property
  - Trustee: has legal title to the corpus; manages it according to the settlor’s instructions
  - Beneficiary: has equitable title to the corpus; entitled to receive benefits from the corpus according to the settlor’s instructions, but has no right to manage the corpus
- Trust Grant: **From S to T in trust for B**

### Duties of a Trustee:

- Loyalty to beneficiaries’ interests
- Prudence in managing the trust assets
- Obedience to the settlor’s instructions

## Rothko v. Reis (In re Estate of Rothko) (N.Y. 1977)

- Rothko: 798 paintings at time of death
- Reis: self-dealing with the paintings with Marlborough Gallery, Inc, in which he is an interested principal
- Stamos: curry favor with Marlborough
- Levine: insufficient supervision of Reis and Stamos
- Trustee duties: note 2, pg. 378

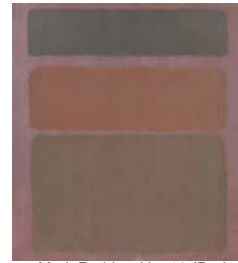
The basic duties of a trustee are *obedience* to the instructions given by the settlor, *loyalty* to the interests of the beneficiaries (rather than the trustee's own interests), and *prudence* in managing the trust assets appropriately



Property, Spring 2017, Prof. Greg R. Vetter



105



Mark Rothko, No. 16 (Red, Brown, and Black), 1958. Museum of Modern Art

## Corporate Property - Not assigned, not responsible for, to be briefly covered in class

### Vocabulary:

- Stockholders: Owners of fractional shares of a corporation
- Directors: Elected by Stockholders to appoint managing officers and set strategy for the corporation
- Officers: Managers who take day-to-day decisions for the corporation (e.g., CEO)

### *Walkovszky v. Carlton*

- Distinguishing Stockholder Property from Corporate Property
- Limited Liability and Veil-Piercing