

# ACPNS LEGAL CASE REPORTS SERIES

This series compiles short summaries of significant cases involving charitable, philanthropic, nonprofit and social enterprise organisations in Australia and overseas.



## Minnesota Citizens Concerned for Life, Inc., vs. Joint Revocable Trust Agreement of John N. Charais and Sveindis Charais, et al.

State of Minnesota, Court of Appeals, Connolly, Presiding Judge, Smith, Tracy M., Judge, and Bratvold, Judge, 22 April 2024

Whether a previously agreed donation agreement had been breached after the death of the donor.

**Key words:** Trust, United States, Minnesota, Donation, Successor Trustee, Breach of Contract, Unjust Enrichment, Promissory Estoppel, Breach of Fiduciary Duty, Civil Theft

1. Judge Bratvold delivered the nonprecedential decision of the court.
2. Minnesota Citizens Concerned for Life, Inc. (MCCL), a nonprofit corporation, challenged the district court's order dismissing its complaint with prejudice under [Minn. R. Civ. P. 12.02\(e\)](#) for failing to state a claim upon which relief could be granted.
3. In late January 2022, John N. Charais (John) contacted MCCL to "initiate a donation". John had been "searching for the appropriate charity to support", and saw that MCCL had organized a "March for Life" at the state capitol, and remembered his late wife's "deep commitment to the pro-life cause".
4. At the time, John was the sole trustee of the Joint Revocable Trust Agreement of John N. Charais and Sveindis Charais (the trust). The trust document named John's son, Nicholas, as successor trustee and remainder beneficiary.
5. MCCL signed two agreements with John. In both agreements, MCCL agreed to accept a donation from the trust and to use the donation for specific purposes.
6. After John and MCCL executed the agreements, John wrote two cheques from the trust's bank account for the agreed amounts. The next day, John died.
7. MCCL deposited the cheques, but its bank refused to honour the cheques because the trust's bank account had been closed by Nicholas, who became the trustee upon John's death, and "withdrew the funds and closed the trust's bank account" immediately after John died. MCCL demanded payment from Nicholas, as successor trustee, but he refused payment.

8. On 3 November 2022, MCCL sued Nicholas, as trustee, and the trust (collectively, the respondents) for breach of contract, unjust enrichment, promissory estoppel, breach of fiduciary duty, and civil theft.
9. On November 29, the respondents moved to dismiss the complaint under Minn. R. Civ. P. 12.02(e) for failure to state a claim upon which relief could be granted. MCCL opposed dismissal. After a hearing, the district court granted the respondents' motion to dismiss, and dismissed MCCL's complaint with prejudice.
10. In its decision, the district court determined that;
  - There "was no gift" because John delivered two cheques and did not deliver "the money."
  - On the claim for breach of contract, there was "no enforceable contract existed" because "[t]here was no consideration".
  - The trust did "not include any gift, donation, or transfer" to MCCL, that the respondents "did not unjustly receive any benefit by closing the account," and that, therefore, the respondents "did not engage in unjust enrichment".
  - MCCL did not detrimentally rely on "the promise of money," and thus, the "elements of promissory estoppel are not met."
  - Because "a contract did not exist," the district court stated, "there existed no fiduciary duty", and the respondents "did not breach any fiduciary duties in this matter".
  - Because MCCL "never had a property interest in the funds, civil theft did not occur".
11. On appeal by MCCL, as a preliminary issue not fully dealt with by the District Court, the Court of Appeal considered whether MCCL's complaint failed to allege facts sufficient to state a claim for an enforceable gift to MCCL.
12. After detailed discussion of relevant precedents, the Court of Appeal concluded that John delivered two cheques. The Court said that a cheque is not money, but merely an order for a bank to pay. Therefore, John's delivery of the cheques to MCCL did not surrender control and dominion over the trust funds, and, because the trustee had the power to revoke payment, the trust did not make an enforceable gift to MCCL.
13. The Court of Appeal then determined that the complaint sufficiently stated a claim upon which relief could be granted for breach of contract, unjust enrichment, and promissory estoppel. However, the Court of Appeal found no basis for claims of breach of fiduciary duty and civil theft.
14. The Court of Appeal found that there was breach of contract because MCCL accepted the trust's donation and the accompanying conditions as stated in the two agreements. This finding was based on the Supreme Court's findings in prior cases that agreements to provide charity subscriptions were valid and enforceable (at page 15):

...although no consideration passed to the promisor at the time of his promise, if, in reliance on the promise, the promisee incurred liabilities or expended money in furtherance of the purposes of the subscription or became responsible for the performance of the conditions imposed by the subscriber.
15. The Court of Appeal held that the facts of this case were similar to those in the relevant precedents (at page 15):

The facts of *Albert Lea College* and *Stack's Estate* are similar to those in MCCL's complaint, which alleges that the parties signed the two agreements, the trust "delivered" \$841,519.45 to MCCL "in exchange for" MCCL's promise to deliver specified amounts to the Mayo Clinic and the Catholic Church in Reykjavik and to use the remainder for MCCL's own "work on pro-life programs to protect unborn children." The complaint also alleges that delivery of the checks "perfected the contract[s]," MCCL "relied on" the trust's funds, and MCCL was

“disadvantaged” when respondents “breached the contract[s]” by “closing” the trust’s bank account, “thereby cancelling the checks.”

16. Therefore, the Court of Appeal reversed the District Court on this issue.

17. As to unjust enrichment, the Court of Appeal held that the District Court erred in its findings on that issue (at pages 17-18):

...MCCL’s complaint sufficiently states a claim for unjust enrichment because the complaint alleges facts such that “it is possible on any evidence which might be produced consistent with [MCCL’s] theory, to grant the relief demanded.” *Walsh*, 851 N.W.2d at 603. Based on these allegations, we must accept as true that MCCL could offer evidence that Nicholas interfered with John’s donation to MCCL and, by closing the trust bank account, was “enriched illegally or unlawfully or in a manner that is morally wrong.” *Herlache*, 990 N.W.2d at 450. Thus, the district court erred by dismissing MCCL’s alternative claim for unjust enrichment.

18. In relation to promissory estoppel, the Court of Appeal “liberally” construed MCCL’s complaint allegations in its favour based on the facts that MCCL’s complaint alleged that John gave MCCL two cheques totalling \$841,519.45 as orders to pay on the trust’s bank account. In exchange, MCCL committed to using the funds as provided in the two agreements. MCCL’s complaint alleged that it “relied on the promise” of the funds and was “disadvantaged because [it] relied on said promise”.

19. The Court of Appeal found no evidence of breach of fiduciary duty or civil theft.

20. The matter was thus reversed in part, affirmed in part, and remitted to the District Court for reconsideration.

## COMMENT



This case decision was stated to be “nonprecedential”. These were formerly referred to as “unpublished “ opinions in Minnesota.

[Legislative action in 2020](#) meant that opinions are now designated as precedential or nonprecedential in accordance with the current version of [Minn. Stat. 480A.08](#) and [Minnesota Rule of Civil Appellate Procedure 136.01](#) which state that when considering whether an opinion will be precedential, the panel that decides the merits of the appeal, may consider all relevant factors including whether the opinion:

- establishes a new principle or rule of law or clarifies existing caselaw;
- decides a novel issue involving a constitutional provision, statute, administrative rule, or rule of court; resolves a significant or recurring legal issue;
- applies settled principles or controlling precedent;
- involves an atypical factual record or procedural history;
- includes an issue pending before the United States Supreme Court or the Minnesota Supreme Court; or
- warrants a particular form based on the parties' arguments, including, but not limited to, the parties' statements allowed by Rule 128.02, subdivision I, paragraph (f).

Nonprecedential opinions are still public documents, but as Minn. R. Civ. App. P. 136.01, subd. 1(c) states: "Nonprecedential opinions and order opinions are not binding authority except as law of the case, res judicata or collateral estoppel, but nonprecedential opinions may be cited as persuasive authority." Pursuant to [Rule 4 of the Special Rules of Practice for the Minnesota Court of Appeals](#), "opinions designated as nonprecedential, opinions previously designated as unpublished, and order opinions may be cited for persuasive value or as authorized by" Minn. R. Civ. App. P. 136.01.

Although this case was not uncomplicated, and its issues were not without difficulty, it turned completely on its particular facts, thus not forming a precedent to be relied on. In addition, many of the major findings had precedents from the Supreme Court of the United States, so may be regarded as definitively decided.

Nevertheless, it has interest because of the trust issues dealt with, particularly the timing of donations, death of a donor, the use of cheques, and the court's interpretation of contract and promissory estoppel in relation to donations by cheque.

## VIEW THE CASE



This case may be viewed at: <https://law.justia.com/cases/minnesota/court-of-appeals/2024/a23-0960.html>

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