

The Trustees Group



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TRUSTEE'S INITIAL REPORT
AND NOTICE OF INTENT TO PAY
TRUSTEE'S FEES AND EXPENSES

Presented By: Kevin Singer, Trustee

JANE SMITH
Petitioner

In re the SUSAN DOE TRUST
Under Instrument Dated October 28, 1996

Los Angeles Superior Court Case No. 123456789

Presiding Judge: Hon. Harry Stone

Trust Assets:
12345 Number Place, Los Angeles, California 90001
1234 Some Street, Los Angeles, California 90059
Other Real Property
Various Financial Accounts

June 26, 2017

Dear Interested Parties:

On April 24, 2017, the Los Angeles Superior Court (Probate Department), the Honorable Judge Harry Stone presiding, heard petitioner Jane Smith's ("Petitioner") request for an order to appoint me, Scott Yahraus ("Yahraus"), as trustee of THE SUSAN DOE TRUST, Under Instrument Dated October 28, 1996 (the "Trust"). Attached hereto as "**Exhibit 1**" is a true and correct copy of the Trust document. On May 5, 2017, Judge Stone entered an order entitled *Order to Appoint Trustee [Probate Code § 17200(b)(10)]* through which she appointed me as trustee ("Trustee") over the Trust (the "Appointing Order"). Attached hereto as "**Exhibit 2**" is a true and correct copy of the Appointing Order.

At the April 24, 2017, hearing, the Court directed Petitioner to submit my *Acceptance and Consent of Trustee*. On April 27, 2017, I executed an *Acceptance and Consent of Trustee*, which Petitioner submitted to the Court on or about May 2, 2017. Attached hereto as "**Exhibit 3**" is a true and correct copy of Petitioner's submission of my *Acceptance and Consent of Trustee*.

Relevant Procedural History:

According to the filings in this matter, the settler of the Trust, Susan Doe (the "Settler"), died on June 30, 2015. According to the terms of the Trust, upon the death of the Settler, Jill Roe ("Roe") and Penelope Thompson ("Thompson") were to serve as co-trustees of the Trust. The Trust further provided that if Roe and Thompson do not serve as trustees, then Sandy Williams ("Williams") and Mary Davies ("Davies") were appointed to serve as successor trustees of the Trust.

Roe died on January 15, 2012. Petitioner submitted a copy of Roe's death certificate to the Court. The remaining successor trustees, Roe, Thompson, and Davies, took no action to begin the administration of the Trust and each of them executed a *Notice of Resignation and Declination to Act as Trustee*, copies of which have been provided to the Court by Petitioner.

Subsequently, on July 6, 2016, Petitioner filed a *Petition for: 1) Order to Appoint Successor Trustee [Probate Code § 17200(b)(10)]* by which Petitioner sought to be appointed as trustee of the Trust. It is my understanding that Petitioner was required to post a bond but was unable to do so, resulting in Petitioner's request for an order to appoint me as Trustee of the Trust.

Following is a summary of what has transpired in this matter since my appointment as Trustee through the date of this report.

1. In the Appointing Order, the Court set an *Order to Show Cause* hearing for June 26, 2017, regarding the amount of bond to be set for my Trusteeship.
2. I reached out to the parties and respective counsel for this matter for background information and any insights they may have into the assets of the Trust. I set up a meeting with Settler's brother, Richard Doe ("Richard"), and his attorney, Rick Taylor, Esq. ("Taylor") of Taylor & Rip, at Taylor's office for June 8, 2017. When I appeared at the meeting, Richard was not present and Taylor advised me that his file for this matter was in storage and he was unable to provide any information at that time. We have rescheduled the meeting for July 17, 2017, at Richard's home.
3. One of the first steps I took upon becoming appointed Trustee was to determine the extent and scope of the Trust's assets. We were notified that there were at least two real properties held in the trust:
 - (i) 12345 Number Place, Los Angeles, CA 90059, legally described as *legal description*. (APN: *numbers*) (the "Number Place Property"); and
 - (ii) 1234 Some Street, Los Angeles, CA 90059, legally described as *legal description*. (APN: *numbers*) (the "Some Street Property")

(collectively, the "California Properties").

In addition to the two California Properties, the Trust discusses the distribution of vacant land situated in Pricerock County, Texas (the "Pricerock Property"). As such, I conducted a search for properties owned by Susan Doe both in California and Texas. My California search confirmed the two California Properties. The Texas search uncovered two properties that may be part of the Trust, neither of which is situated in Pricerock County. They are:

- (i) 98765 Big Hill Drive, Dallas, Texas 75229 (the "Big Hill Drive Property"); and
- (ii) 4321 Litwit Lane, Amarillo, Texas 79106 (the "Litwit Lane Property")

(collectively, the "Texas Properties"). The California Properties and the Texas Properties are referred to herein collectively as the "Real Properties."

On June 13, 2017, we researched and obtained a *Combined Property Report* (the “Combined Report(s)”) for each of the California Properties from First American Title Company (“First American”). Attached hereto as “**Exhibits 4 and 5**” are true and correct copies of the Combined Reports for the Number Place Property and the Some Street Property, respectively. Subsequently, on June 23, 2017, we retrieved Combined Reports for each of the Texas Properties from First American. Attached hereto as “**Exhibits 6 and 7**” are true and correct copies of the Combined Reports for the Litwit Lane Property and the Big Hill Drive Property, respectively.

Generally speaking, the Combined Reports provide property profiles, transaction histories, comparable sales, comparables statistics, and tax maps for the Real Properties. There have not been any reported transaction history records that have occurred on the Litwit Lane Property since August 2, 2004. In addition, tax maps for the Texas Properties were unavailable from First American at the time we ran the Combined Reports.

The Combined Reports provided the following information regarding comparable sales for each of the Real Properties. The Combined Report for the Number Place Property provided two comparables sales with a low of \$1,730,000.00 and a high of \$2,140,000.00, averaging \$1,935,000.00. The Combined Report for the Some Street Property provided twenty-five comparables sales with values ranging from a low of \$785,500.00 to a high of \$1,410,000.00 and an average sale price of \$1,220,300.00. The Combined Report for the Litwit Lane Property provided eleven comparables sales with values ranging from a low of \$1,437,500.00 to a high of \$1,763,687.00 and an average sale price of \$1,600,143.00. Finally, the Combined Report for the Big Hill Drive Property provided twenty-five comparables sales with values ranging from a low of \$2,000,000.00 to a high of \$2,449,438.00 and an average sale price of \$2,320,509.00. This information is summarized in the table below:

Property	Number of Comps	Low Value	High Value	Average Value
Number Place	2	\$1,730,000	\$2,140,000	\$1,935,000
Some Street	25	\$785,500	\$1,410,000	\$1,220,300
Litwit Lane	11	\$1,437,500	\$1,763,687	\$1,600,143
Big Hill Drive	25	\$2,000,000	\$2,449,438	\$2,320,509

We continue to further investigate the Pricerock Property and whether the Texas Properties are or should be included among the Trust assets.

On November 18, 2016, Petitioner filed a *Supplement to Clear Probate Notes; First Supplement to Petition for 1. Order to Approve Appointment of Successor Trustee [Probate Code Section 17200(b)(10)]* with exhibits (“Petitioner’s Supplement”). Two of the exhibits to Petitioner’s Supplement were grant deeds for the California Properties. Attached hereto as “**Exhibit 8**” are true and correct copies of the grant deeds for the California Properties. In addition, Petitioner included a schedule of Trust assets (the “Asset Schedule”) as an exhibit to Petitioner’s Supplement. Attached hereto as “**Exhibit 9**” is a true and correct copy of the Asset Schedule.

Based upon the Asset Schedule and my prior communications mentioned above, on May 25, 2017, I faxed letters to Citi, Citi Group Global Markets Inc., Wells Fargo Bank, and Chase Bank together with copies of the Appointing Order, requesting they provide me information regarding any financial accounts the Settler or Trust may have at the respective financial institutions. Attached hereto as “**Exhibits 10 through 13**” are true and correct copies of my faxes to the financial institutions (without the Appointing Orders).

On June 13, 2017, Citi responded to my fax, identified an account in the name of Settler containing an annuity policy held by annuity carrier AIG (the “AIG Annuity”), and provided me a copy of Citi’s April 2017 account statement for the AIG Annuity. Attached hereto as “**Exhibit 14**” is a true and correct copy of Citi’s June 13, 2017, response. Citi’s April 2017 account statement showed an ending account value of \$4,749,145.55. I have yet to hear back from the other financial institutions in response to my requests, but shall continue to follow-up with them.

In furtherance of my investigation into the Trust’s assets, on June 5, 2017, I faxed four letters to the Internal Revenue Service (“IRS”) providing it copies of the Appointing Order and requesting it provide me:

- (i) *Account Transcripts;*
- (ii) *Form W-2s and Form 1099s;*
- (iii) *Records of Account;* and
- (iv) *Return Transcripts,*

all for the years ending 2012 through 2015, inclusive. Attached hereto as “**Exhibits 15 through 18**” are true and correct copies of my fax letters for the four above-enumerated items, respectively (without the Appointing Orders). To date, we have yet to receive a response from the IRS, but we anticipate receiving one shortly.

4. On June 15, 2017, I engaged Jeff Martin, Esq. of MartinLaw, A.P.C., to represent me as Trustee in matters affecting the Trust. Attached hereto as “**Exhibit 19**” is a true and correct copy of the *Attorney-Client Fee Agreement* with MartinLaw.
5. On June 20, 2017, I sent a letter to Chris Opera (“Opera”), the tenant at the Some Street Property together with a copy of the Appointing Order, formally notifying him that I am the Trustee of the Trust, drawing his attention to Section VI of the Trust on page 2-7, entitled *Distributions to Successor Beneficiaries*, which provides that “Jane Smith shall receive the property located at 1234 Some Street, Los Angeles, CA 90059,” and directing Opera that he should cease paying rent to Richard and, beginning July 1, 2017, he should pay all of his rent to me as Trustee of the Trust (the “Opera Letter”). In the Opera Letter, I also requested Opera send me copies of any and all leases he may have with Richard or anyone else with respect to the Some Street Property. Attached hereto as “**Exhibit 20**” is a true and correct copy of Opera Letter.

Subsequently, on June 22, 2017, we provided a *Sixty (60) Day Notice of Termination* to Opera and any others in possession of the Some Street Property, notifying them that the month-to-month tenancy under which they hold possession is being terminated and that they should quit and deliver up possession of the Some Street Property to me no later than August 21, 2017 (the “Sixty-Day Notice”). Attached hereto as “**Exhibit 21**” is a true and correct copy of the Sixty-Day Notice.

6. Please find the following additional documents attached hereto:
 - (i) **Exhibit 22:** Trustee’s financial statements for May 2017; and
 - (ii) **Exhibit 23:** Trustee’s billings for May 2017.

As always, I encourage input from all of the parties and strive to obtain mutually acceptable and beneficial solutions to any issues before the Trustee estate.

Respectfully submitted,

Kevin Singer
Trustee

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