



**ARIZONA SUPREME COURT
ORAL ARGUMENT CASE SUMMARY**



**IN RE ESTATE OF RILEY
CV-12-0007-PR**

PARTIES:

Petitioner: John D. Barkley, as Successor Personal Representative for the Estate of Mary A. Riley

Respondents: R.J. Riley, Regina M. Riley, F. Martin Riley, Neyska Kalil, Nora J. Simons, Cecelia Riley, Jude S. Riley, Loretta Lacorte, and Julia Riley

FACTS:

Mary A. Riley (the “Decedent”) died on January 12, 1996, leaving four natural children and nine adopted children as heirs to her estate (the “Estate”). The oldest two children, Joseph Riley and Mary Bengé, were appointed the co-personal representatives of the Estate in February 1996 (together, the “Initial Personal Representatives”). Ten years later, in March 2006, the Initial Personal Representatives filed a petition in the probate court to have the Estate distributed and closed.

One of Decedent’s other children objected to the proposed distribution of the Estate, particularly the costs of administration incurred by the Initial Personal Representatives. That child filed a petition in the probate court asking for the removal of the Initial Personal Representatives as co-personal representatives and seeking the appointment of a successor personal representative. The Initial Personal Representatives then resigned as co-personal representatives and the court appointed Petitioner as the new personal representative of the Estate.

The court also ordered the Initial Personal Representatives to file an accounting for the Estate, covering the period from February 1996 to July 2006, which they did. Petitioner objected to the accounting because he was concerned regarding the lack of supporting documentation and “inaccuracies apparent on the face of the document.” *In re Estate of Riley*, 228 Ariz. 382, 384 ¶ 3, 266 P.3d 1078, 1080 (App. 2011). Petitioner requested a bench trial on the objection, which the court granted.

While the bench trial was pending, Petitioner, on behalf of the Estate, reached a settlement agreement with the Initial Personal Representatives (the “Agreement”). Pursuant to the Agreement, the Initial Personal Representatives agreed to make certain payments to the Estate and Joseph Riley agreed to forgo his one-thirteenth share of the Estate. In exchange, the Estate agreed to settle “all claims” the Estate might have against each of the Initial Personal Representatives relating to their activities as co-personal representatives, including all claims the “assigns and distributees” of the Estate might have. The Agreement also stated that the “parties

signatory [t]hereto” would present the Agreement to the probate judge for his approval “of the compromise of the Estate’s objections to the accounting” filed by the Initial Personal Representatives in accordance with Arizona Revised Statutes §§ 14-3951 and 14-3952.

After Petitioner submitted a petition for the approval of the Agreement to the probate court, Respondents, nine of Decedent’s thirteen children, filed an objection to the petition. The probate court held an evidentiary hearing and then approved the Agreement. The Respondents then appealed the probate court’s approval of the Agreement.

In deciding the case, the court of appeals ordered the parties to address a question not considered by the probate court: whether the Agreement was “void for failing to be executed by all the necessary parties under [A.R.S.] § 14-3952(1).” *In re Riley*, 228 Ariz. at 384 ¶ 5, 266 P.3d at 1080. After oral argument, the court of appeals issued its decision. *See id.*, 228 Ariz. 382, 266 P.3d 1080. The court of appeals held that, because the Agreement “changes the . . . distribution scheme among [the] beneficiaries” of the Estate, the Arizona Revised Statutes required the Agreement to be signed by each of the beneficiaries of the Estate. *Id.* at 385 ¶ 12, 266 P.3d at 1083. Because the Agreement was not signed by each of the Decedent’s children (the beneficiaries of the Estate), the court of appeals held that the Agreement was void.

ISSUE:

Does A.R.S. § 14-3952(1) render the settlement of the Estate’s claims against the Initial Personal Representatives void as a matter of law unless unanimously approved by all of the Estate’s beneficiaries?

DEFINITIONS:

Probate: the judicial procedure by which a document is established to be a valid will.

STATUTES:

A.R.S. § 14-3951:

A compromise of any controversy as to admission to probate of any instrument offered for formal probate as the will of a decedent, the construction, validity or effect of any probated will, the rights or interests in the estate of the decedent, of any successor, or the administration of the estate, if approved in a formal proceeding in the court for that purpose, is binding on all the parties thereto including those unborn, unascertained or who could not be located. An approved compromise is binding even though it may affect a trust or an inalienable interest. A compromise does not impair the rights of creditors or of taxing authorities who are not parties to it.

A.R.S. § 14-3952:

The procedure for securing court approval of a compromise is as follows:

1. The terms of the compromise shall be set forth in an agreement in writing which shall be executed by all competent persons and parents acting for any minor child having beneficial interests or having claims which will or may be affected by the compromise. Execution is not required by any person whose identity cannot be ascertained or whose whereabouts is unknown and cannot reasonably be ascertained.

2. Any interested person, including the personal representative or a trustee, then may submit the agreement to the court for its approval and for execution by the personal representative, the trustee of every affected testamentary trust and other fiduciaries and representatives.

3. After notice to all interested persons or their representatives, including the personal representative of the estate and all affected trustees of trusts, the court, if it finds that the contest or controversy is in good faith and that the effect of the agreement upon the interests of persons represented by fiduciaries or other representatives is just and reasonable, shall make an order approving the agreement and directing all fiduciaries under its supervision to execute the agreement. Minor children represented only by their parents may be bound only if their parents join with other competent persons in execution of the compromise. Upon the making of the order and the execution of the agreement, all further disposition of the estate is in accordance with the terms of the agreement.

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