

THE
NATIONAL LAW REVIEW

If A Corporation Can Be A Person, Why Not A Trust?

Wednesday, May 22, 2019

The California Supreme Court has written that a "trust is a fiduciary relationship with respect to property in which the person holding legal title to the property--the trustee--has an equitable obligation to manage the property for the benefit of another--the beneficiary".

Moeller v. Superior Court, 16 Cal. 4th 1124, 133-34 (1997). If a trust is a relationship, it stands to reason that it is not a person. However, a recent decision by the Second District Court of Appeal holds otherwise. *Han v. Hallberg*, 2019 Cal. App. LEXIS 475.

The case involved a dispute a partnership formed by four dentists to acquire and maintain a dental office building. The partnership agreement was later amended to allow one of the dentists, Dr. Hallberg, to assign his interest to himself as trustee of the Richard W. Hallberg Trust. After Dr. Hallberg passed away, a dispute arose concerning buy-out rights under the partnership agreement that depended upon whether Dr. Hallberg or the trust was a partner at the time of his death.

The Second District Court of Appeal disagreed, holding that the the fact that a trust is a "relationship" and not an entity separate from its trustees does not mean that a trust cannot act as a partner under general partnership law. Writing for the Court, Justice [Elizabeth A. Grimes](#) noted that under the Uniform Partnership Act, a partnership is an association of two or more persons and "person" is defined to include, among others, a "business trust, estate, trust". Cal. Corp. Code § 16101(13). She found this language controlling despite a seeming contrary holding by the Fourth District Court of Appeal in *Presta v. Tepper*, 179 Cal. App. 4th 909 (2009).

© 2010-2019 Allen Matkins Leck Gamble Mallory & Natsis LLP

Source URL: <https://www.natlawreview.com/article/if-corporation-can-be-person-why-not-trust>



Article By

[Keith Paul Bishop](#)

[Allen Matkins Leck Gamble Mallory &](#)

[Natsis LLP](#)

[California Corporate and Securities Law](#)

[Corporate & Business Organizations](#)

[Litigation / Trial Practice](#)

[California](#)