

# CELEBRITY ESTATE PLANNING

## Misfires of the Rich and Famous VIII

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The lifestyles of the rich and famous may seem worlds apart from those of everyday Americans. However, when it comes to estate planning, fame and fortune offer no immunity from costly mistakes. Time and time again, iconic figures have fallen victim to estate-planning oversights that have led to legal battles, unintended heirs, and millions in tax losses. The cases that follow illustrate the importance of thorough and strategic estate planning, with lessons that will resonate with legal professionals and individuals alike.

### **Jerry Garcia: Overly Simplistic Wills**

**Background:** Jerry Garcia is best known as the Grateful Dead's lead guitarist. In 1995, Garcia died of a heart attack, leaving behind his third wife, Deborah Koons; one daughter from his first wife, Sara Ruppenthal; two daughters (and a stepdaughter) from his second wife, Carolyn "Mountain Girl" Adams; and a fourth daughter from a subsequent relationship with Manasha Matheson.

**Estate Plan:** Garcia executed a simple will on May 12, 1994, that bequeathed a third of his estate to Deborah and his guitars to his guitar maker, Doug Irwin, and established testamentary trusts for his brother Clifford, his four daughters, and his

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Jerry Garcia. Image from WikiCommons.

step-daughter. Garcia's will also contained references to two unfinished documents. The first was a marriage settlement agreement with Carolyn, and the second was a child support agreement with Manasha. Garcia's will nominated Deborah and Garcia's attorney as his co-executors and as co-trustees for the testamentary trusts for his daughters and step-daughter, none of whom were related to Deborah. Garcia intended this simple will to dispose of (i) his royalty interests; (ii) his "Cherry Garcia" license agreement with Ben and Jerry's Ice Cream; (iii) two homes; (iv) his share of Grateful Dead Productions; (v) a distinguished body of artwork, including Garcia's pen and inks, acrylics, watercolors, and digital media; and (vi) his substantial EC comic book collection.

**Result:** At the time of his death, the claims against Garcia's estate exceeded his assets by almost four to one. Among his many creditors, Carolyn sought to enforce the outstanding amount of the unfinished marriage settlement agreement, and a dispute arose regarding the ownership of the bequeathed guitars. Deborah did not get along with Garcia's children or with Carolyn, which led to years of legal disputes, causing severe family friction. Garcia's children felt that Deborah acted in her own interests rather than the interests of all of the beneficiaries. Eventually, the estate settled with Carolyn in 1998 for \$1.25 million, Irwin received two of Garcia's

guitars, and an LLC was created pursuant to mediation for the disposition of the remainder of Garcia's assets.

**Lesson:** Garcia's will was much too simple to adequately address his diverse assets and complicated personal life, and the need for probate opened his family and estate up to public scrutiny. A pour-over will, coupled with a revocable trust, could have provided Garcia's estate with needed privacy while maintaining the valuable step-up

in basis for estate assets. Garcia also could have named independent executors and trustees, rather than naming Deborah as one of two fiduciaries, an act that inflamed tensions among his many family members. If Garcia had appointed different trustees for each of his children, he might have limited family conflicts and significantly reduced the cost of administering his estate. Lastly, had he wished to do so, Garcia could have included a forfeiture clause to discourage challenges to his estate plan.

### **Jamesetta Hawkins, aka Etta James: Challenges to a Power of Attorney**

**Background:** Etta James, an American singer-songwriter, died of complications from leukemia days before her 74th birthday in 2012. She was survived by two sons, Donto James and Sametto James, and her husband, Artis Mills. During her life, James was inducted into the Rock & Roll Hall of Fame, won Grammys for Best Contemporary Blues Album and Best Traditional Blues Album, received a star on the Hollywood Walk of Fame, and received a special Grammy for Lifetime Achievement, among other accomplishments. By the mid-1960s, James was addicted to heroin and spent a brief time in jail for writing bad checks and forging prescriptions. She was sentenced to rehab in lieu of prison, but James and Artis were eventually

arrested in 1973 for heroin possession. Artis served a 10-year prison sentence and was released in 1981. In January 2010, James was hospitalized, and Donto revealed that his mother had been diagnosed with Alzheimer's disease.

**Estate Plan:** Before her death, James's sons fought with their step-father regarding the conservatorship of James's \$1,000,000 estate. At issue was James's power of attorney. James was privately diagnosed with Alzheimer's disease in 2008, the same year she signed a power of attorney designating Donto as her attorney-in-fact. At that time, James had been married to Artis for 41 years. When James was diagnosed with leukemia in 2011, Artis challenged the appointment of Donto as James's attorney-in-fact, stating that James was not of sound mind when she signed the power of attorney. Artis filed a court proceeding to take control of over \$1,000,000 of James's bank accounts that Artis claimed were community property to pay for James's



Etta James. Photo by John K. Addis. Image from WikiCommons, <https://creativecommons.org/licenses/by-sa/4.0/deed.en>.

home care rather than sending her to a nursing home. Donto claimed that he, like Artis, wanted control over James's money for her care and to keep her at home. However, Donto wanted an independent manager, rather than Artis, to oversee James's accounts.

**Result:** In December 2011, a

Riverside County judge appointed Artis as conservator of James's estate but limited Artis's access to \$350,000 for medical costs. The ruling emphasized the need for immediate, centralized oversight of her care in light of her serious illness and ongoing family conflict. Although Artis challenged the power of attorney's validity, the court's order did not expressly invalidate it; instead, the judge focused on ensuring that James's

self-dealing in the New York art world and led to a landmark ruling regarding fiduciary duty.

**Estate Plan:** In 1969, Rothko entered into a restrictive agreement with the Marlborough Gallery to sell certain artworks to the gallery in return for payment over 10 years. The agreement did not specify whether it would survive Rothko's death. Rothko died in 1970, with a will drafted by his friend Bernard

Reis, an unlicensed law school graduate. The will designated Reis; Theodore Stamos, a fellow artist; and Morton Levine, an anthropology professor, as executors, and named the Mark Rothko Foundation as Rothko's residuary beneficiary. Reis became a director of the Gallery one month before Rothko's death. Stamos was represented by the Gallery starting in 1971. After Rothko's death in 1970, the executors contracted

the time of the judgment, rather than the lower value at the time of the initial sale. The surrogate found that the Gallery had artificially depressed the value of Rothko's works when it purchased them, planning to substantially profit when selling them later. The court noted that Reis owed a fiduciary duty both to the Gallery as a director and to the Rothko estate as an executor. The court also noted that although Stamos was a less reputable artist than Rothko, he had a more favorable deal with the Gallery. Therefore, Reis was likely focused on furthering his own career rather than negotiating the best deal for the estate. Finally, the court noted that Levine did not demand independent appraisals, although he should have known that the Gallery was underpaying the estate. Ultimately, a majority of Rothko's artwork was preserved for his heirs. Kate and Christopher received approximately one-half of the estate, including hundreds of their father's paintings, and the other half was distributed to many museums around the world, including a major gift to the National Gallery, thus ensuring that Rothko's work could be viewed by the public as Rothko intended.

**Lessons:** Practitioners must always be aware of any conflict of interest when appointing fiduciaries. Even in the absence of direct self-dealing, if there is any perceived conflict of interest and the fiduciaries continue to act, attorneys and fiduciaries should carefully review the provisions of EPTL Section 8-1.9(c) regarding the steps that fiduciaries can take to protect themselves from liability.

### **Roberto Cavalli: Unique Hard-to-Value Assets**

**Background:** Roberto Cavalli was a world-renowned fashion designer known for his extravagant lifestyle. His estate included a lavish Tuscan villa, a stable of racehorses (with jockeys in leopard-print silks), and a collection of luxury items, including Ferraris, a helicopter, and a 138-foot iridescent purple yacht. These high-value, eccentric assets provide a compelling backdrop for a discussion of the disposition of tangible personal property in estate planning.

**Estate Plan:** At the time of his death in 2024, Cavalli's estate was estimated at



Mark Rothko, painter. Photo by Conseulo Kanaga, Image from Wikimedia.

care was funded and that a responsible fiduciary was in place during her incapacity.

**Lesson:** Even when a power of attorney exists, courts may impose a conservatorship if questions of capacity or family conflict undermine its practical effectiveness. Attorneys supervising document executions should be sure to meet alone with the client and contemporaneously document a client's capacity in order to reduce later family disputes.

### **Mark Rothko: Conflicts of Interest and Self-Dealing**

**Background:** Mark Rothko is a celebrated artist today. But in the 1970s, Rothko's estate became a landmark legal battle between Rothko's children, Kate and Christopher, and his executors regarding significant fiduciary mismanagement and self-dealing. The case exposed deep-seated corruption and

with the Gallery to sell 100 Rothko paintings and consign 698 more, despite Reis's clear conflict of interest. The paintings were then sold at a fraction of their value. Rothko's children sued in 1971 to void all of the contracts with the Gallery, claiming that the executors had breached their fiduciary duty to the estate.

**Result:** The Rothko case lasted for 15 years and is known for establishing a strict "no further inquiry" rule in New York in which a self-dealing transaction can be voided regardless of whether its terms were fair. Ultimately, the court issued a scathing opinion in which the surrogate found each executor guilty of gross negligence, self-dealing, and breach of fiduciary duty; removed them; and ordered the executors and the Gallery to return 658 unsold paintings to the estate and pay damages in excess of \$9,200,000. The court focused on the appreciated value of the art at



Italian fashion designer Roberto Cavalli. Photo by Ed Kavishe, Image from WikiCommons.

\$500 million. His presumptive beneficiaries included his longtime partner, Sandra Nilsson; his second wife, Eva Cavalli; and six children from three relationships, including a son born to Nilsson one year prior to Cavalli's death. All members of Cavalli's extended family, including both of his former spouses, reportedly attended his funeral in Florence, Italy, suggesting a unified front (at least publicly).

**Result:** Although there is no public record of disputes or litigation regarding the distribution of Cavalli's tangible personal property, it leaves open many questions about how such unique assets were handled.

**Lesson:** Cavalli's estate serves as a hypothetical example of how careful planning can help avoid disputes over tangible personal property. By contrast, the estates of Robin Williams, Audrey Hepburn, and Martin Luther King Jr. reveal how quickly the disposition of tangible personal property can cause family conflict without clear direction. Williams' family clashed over collectibles and photographs due to vague definitions in his estate documents. Hepburn's sons spent years battling over

her memorabilia despite the direction in her will for an equal division. King's heirs remain in conflict to this day over deeply symbolic items like his Nobel Peace Prize and Bible. These examples highlight the need to (1) clearly define personal property in estate planning documents, (2) use memoranda or clear schedules to identify which beneficiary is to receive each specific asset, (3) account for emotional value and the potential for conflict, (4) address equalization when items vary significantly in value, and (5) ensure instructions are both specific and enforceable. Proper planning can help avoid disputes and ensure a smoother estate administration, especially when assets are as unique and whimsical as those of Cavalli.

### Leona Helmsley: Pet Trusts and Charitable Trust Planning

**Background:** Leona Helmsley was born in 1920 to an immigrant family. She ultimately became a successful real estate broker selling high-end luxury condominiums, and in the mid-1960s, she joined a firm owned by Harry Helmsley, one of New York City's largest real-estate developers. Helmsley was married four times, finally marrying Harry in 1972. Helmsley then gained public attention through ad campaigns for Harley Hotels that portrayed a luxurious and lavish lifestyle. Helmsley became known for her tyrannical behavior, earning her the title of "The Queen of Mean." During their marriage, the U.S. Attorney's office charged the Helmsleys with tax evasion for using company funds to renovate their personal mansion known as Dunellen Hall in Greenwich, Connecticut. Harry avoided trial due to his ill health, but Helmsley was convicted of multiple

counts and served 18 months in a federal prison. Harry died in 1997. Following her release, Helmsley became increasingly reclusive and died at Dunellen Hall in 2007.

**Estate Plan:** Helmsley's will was signed two years prior to her death. Her only child, Jay Panziner, died of a heart ailment in 1982, leaving his third wife, Mimi, and four children. Helmsley did not like Mimi and moved to have her evicted from the home owned by a Helmsley subsidiary shortly after Jay's death. The Helmsleys also sued Mimi over Jay's \$230,000 estate. After five years of contentious litigation, Helmsley won two-thirds of the estate, leaving each grandchild with an inheritance from Jay of approximately \$400. In her will, Helmsley famously left \$12 million dollars in a pet trust for her Maltese dog, Trouble. She also made a number of relatively small bequests to her brother, Alvin Rosenthal, and her chauffeur, and left \$5 million in trust for two of her grandchildren, David



Leona Helmsley. Photo by United States Marshals Service, Image from WikiCommons.

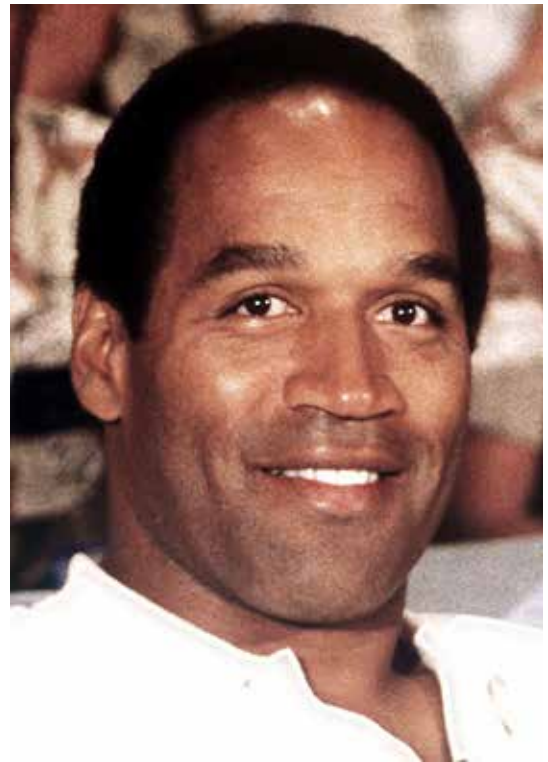
and Walter Panzire, on the condition that they visit their father's grave at least once a year, while omitting the other two grandchildren, Craig Panzire and Meegan Panzire, "for reasons best known to them." The remainder of her estate (estimated to be as much as \$8 billion) was left to The Leona M. and Harry B. Helmsley Charitable Trust, making it one of the 10 largest private foundations in the United States, and the purposes of the trust primarily included "the provision of care for dogs." In lieu of statutory commissions, Helmsley's will provided for reasonable compensation for the nominated executors, namely Alvin, David, Walter, Helmsley's attorney Sandor Frankel, and a friend, John Codey.

**Result:** Although New York law allows individuals to set aside money and instructions for the care of their pets, Helmsley's plan drew intense scrutiny once it became public. The \$12 million bequest to Trouble caused such outrage that Trouble reportedly received death threats following Helmsley's death. Given that Trouble was already nine years old and had medical issues, Helmsley's executors petitioned to reduce Trouble's bequest to \$2 million, which was approved by the court. Notably, neither Alvin nor David, the individuals named in the pet trust, wanted to take care of Trouble, and the dog was ultimately cared for by a Helmsley Hotel manager. Meanwhile, lawyers for the two omitted grandchildren filed a notice of their intent to challenge the will on the ground that Helmsley lacked mental capacity to make a will in 2005. To avoid litigation, the executors agreed to provide bequests for the omitted grandchildren in exchange for signing confidentiality agreements. The estate also attracted attention over the \$100 million fee sought by the executors, which was contested by the New York attorney general as the statutory representative of The Leona M. and Harry B. Helmsley Charitable Trust. The court sided with the executors, citing the unusually complex nature of the estate, the time and effort involved, and the high level of expertise required to manage the estate.

**Lesson:** Although circumstances may change, when naming a pet's guardian, the testator should have an honest discussion with potential guardians to ensure that such individuals are willing to take on the responsibility. Further, a client considering disinheriting a child or grandchild should consider including a small bequest for such an individual along with an *in terrorem* clause, which may discourage challenges by disinheriting anyone who contests the will. Even a small gift to a disinherited family member may help reduce hurt feelings, family disputes, and litigation. Further, for complex estates, it may be helpful to set clear criteria to define a fiduciary's compensation. If statutory commissions seem high, setting a fixed dollar amount may help avoid disputes and delays. Finally, using a revocable trust and a pour-over will offer greater privacy and may reduce public scrutiny, especially for well-known or high-profile clients.

### **O.J. Simpson: Creditor Issues**

**Background:** Orenthal James (O.J.) Simpson was a professional football player, winning the Heisman trophy and playing in the NFL for 11 seasons, primarily for the Buffalo Bills, where he was regarded as one of the greatest running backs of all time. Following his football career, Simpson became a professional actor and "bona fide loveable media superstar," according to *People* magazine. In 1994, Simpson was criminally charged and acquitted of the 1994 murders of his second wife, Nicole Brown Simpson, and Ronald Goldman. However, a civil jury subsequently found him guilty of the murders and imposed civil damages totaling \$33.5 million payable to the Brown and Goldman families. Prior to his death, Simpson avoided paying the judgments, largely relying on Florida's homestead exemption and income from his NFL pension, both of which were largely protected from his creditors. The judgments



O.J. Simpson. Photo by Gerald Johnson, Image from WikiCommons.

against Simpson remained mostly unpaid at the time of Simpson's death in April 2024 and had ballooned from decades of accrued interest.

**Estate Plan:** Simpson's estate plan centered around a revocable trust created shortly before his death. The trust aimed to manage Simpson's assets and limit payments to the Goldman and Brown families. However, Simpson ultimately failed to fully fund his revocable trust, and his will was admitted to probate in Nevada, where he was living at the time of his death, thereby allowing the public to see his \$328,000 in probate assets and millions in unpaid debts. Simpson's Las Vegas home, thought to be one of Simpson's more valuable assets, was held in an LLC owned by one of Simpson's four surviving children.

**Result:** Simpson's longtime attorney, Malcolm LaVergne, was named as the personal representative for Simpson's estate. LaVergne originally vowed to ensure that the Goldman family received "nothing" from the estate, but after public outcry reversed his position, he ultimately accepted a claim

by Goldman's father against the estate for nearly \$58 million. LaVergne also accepted a claim by the IRS, noting, however, that the assets of Simpson's estate are insufficient to satisfy its outstanding obligations. To raise liquidity, LaVergne obtained court authorization to auction Simpson's personal property. Several items were auctioned, but further court involvement was required as disputes had arisen between LaVergne and two of Simpson's children. Additionally, LaVergne has filed a separate lawsuit against the LLC that owns Simpson's home, alleging that Simpson was the rightful owner at the time of his death. Simpson's estate administration, the auction, and the Goldman family's

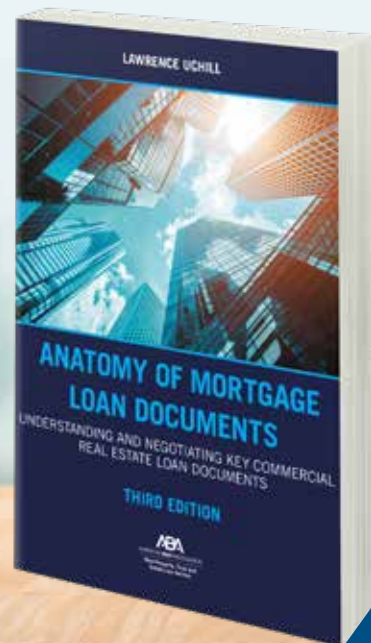
attempt to collect the judgment have all garnered significant press.

**Lesson:** The key lesson from Simpson's estate is to consider one's creditors when creating an estate plan. Where personal effects may be sold to satisfy creditors, lifetime gifts to beneficiaries must be documented. Where certain estate planning techniques may be challenged in court, it is crucial to adhere to the required formalities. For privacy, revocable trusts should be fully funded to avoid the need for probate. Finally, testators should consider the relationship between their fiduciaries and beneficiaries and any steps that should be taken to prevent tensions between the two in the estate administration process.

Although celebrities captivate audiences during their lifetimes, their estate planning missteps often serve as cautionary tales after their deaths. The examples discussed above highlight the significance of tailored estate planning to account for unique assets, creditors, self-interested executors, and public scrutiny. These examples also underscore the value of working with qualified legal professionals to avoid costly litigation and ensure that wealth passes in accordance with one's wishes. Thoughtful estate planning is not just for the rich and famous—it is essential for anyone who wishes to leave their legacy intact. ■

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