



Article published on March 1st 2012 | [Career](#)

John Goodman is the 48-year old multimillionaire from Palm Beach, Florida who recently made headlines when it was publicly revealed that he adopted his 42-year old girlfriend to help protect the family fortune.

Goodman did this in the midst of criminal and civil legal proceedings pending against him. They arose from the February, 2010 drunk driving incident during which Goodman reportedly ran a stop sign, killed a 23-year old man, and fled the scene. When it was recently revealed that Goodman, in October of last year, had legally adopted his girlfriend, people across the country were outraged.

Goodman's lawyer issued a statement defending the adoption. He states that the adoption was done to protect Goodman's children, not to shield assets from the family of the slain driver who is suing him.

While Goodman has been bashed across the country for his legal maneuver, it actually makes sense from a probate law perspective. Years ago, Goodman placed \$1.5 million into an irrevocable trust for his two children. By investing that money into stock of the Goodman Manufacturing Co., which grew extraordinarily well under Goodman's management, the \$1.5 million trust fund blossomed to several hundred million dollars.

In 2009, Goodman turned the management of this trust over to an outside company, Bessemer Trust Company. Bessemer became the trustee, controlling the trust.

The judge in Goodman's civil lawsuit already ruled that this money was off limits to the family of the young man Goodman killed. He decided this because Goodman had no control over, and could not benefit from, the trust money, which was strictly for his children. But, with Goodman facing a high likelihood of a long jail sentence, he was worried, his attorney said, of not having anyone around to protect the children's interests in the trust.

Why do they need protecting? The children are teenagers, so they are at the mercy of Bessemer. And Goodman feels that Bessemer isn't doing what they promised when he hired the company, and that someone needs to watch over Bessemer and safeguard the children's interests. Because the trust is irrevocable, Goodman has no legal authority to remove Bessemer, even though he created the trust.

So he turned to the unorthodox solution of adopting someone "his girlfriend" so she could then be a beneficiary of the trust. Because she legally became his "child," she therefore received the legal right to watch over and challenge anything Bessemer does that she does not agree with.

Goodman's statement says his girlfriend signed a separate written agreement providing that she receives 5% of the trust fund, and a salary, but the rest is protected for his children. There was no other way that Goodman could have put someone else in place to protect his children, his lawyer says.

So, from a purely trust law perspective, the move makes sense. Where doesn't it make sense? Well, in the adoption legal arena for one. This type of legal maneuvering undermines the very purpose of adoptions, i.e. creating or formalizing a parent-child relationship. We all know that Goodman and his girlfriend didn't go through with the adoption for this reason.

It also doesn't make sense to the judge in Goodman's civil case. He modified his earlier court ruling because he is worried this is a scheme which would allow Goodman to regain control, or maybe even benefit by, the trust through his girlfriend.

Because of the adoption, the judge ruled that, given the intimate nature of the relationship between what is now father and daughter, the trust funds are fair game for the jury. The jury members will be called on to evaluate Goodman's finances in deciding whether to impose punitive damages against him because of how shocking and callous his actions were which (allegedly) caused the death of the young man. The jury will now be allowed to take this trust fund into consideration in deciding the amount of the judgment.

So, while Goodman's maneuver may indeed work under probate law to allow his girlfriend to act to protect his children's trust fund, it will be Goodman who likely has to pay the price for this. Undoubtedly, there will be a hefty punitive damages award when the jury decides the case, which will likely be higher than it otherwise would have been because the jury can now consider the large trust fund.

What's the moral to all this? Be very careful with irrevocable trusts. While Goodman's decision to set up this trust for his children did help in many regards "protecting the money from his creditors" the cost that went along with this benefit was high. Goodman had to give up control of the money and hope that another trustee, Bessemer, would protect the money for his children, the right way.

When Goodman lost faith in Bessemer, he had no ability to undo what he had done, because the trust was irrevocable.

For an irrevocable trust to shield money from creditors, this is normally required. But that loss of control can have dramatic results. With no ability to change the trust (that's what "irrevocable" means), the person who creates such a trust is at the mercy of the trustee to do the right thing.

While irrevocable trusts certainly do have an important role in estate planning, generally with high net-worth individuals, they have to be used with caution. In particular, the person creating the trust should not name anyone as trustee unless he or she is extra confident the person or company selected will do a good job. This is never a choice to make lightly.

If Goodman had made a better choice of trustee, then he would not have needed to adopt his girlfriend. Of course, if Goodman made a better choice on that fateful morning in February, 2010, a young man would still be alive. for detail <http://www.trialandheirs.com>

Article Source:

<http://www.articleside.com/career-articles/can-florida-millionaire-justify-adopting-his-girlfriend.htm> - Article Side

[Trialandheirs](#) - About Author:

a [How to make a will](#), Danielle & Andy Mayoras are dynamic keynote speakers, a [estate planning attorney](#), probate attorney, legacy expert attorneys, and authors of the acclaimed book Trial and Heirs Famous Fortune Fights.

Article Keywords:

keynote speakers, estate planning attorney, probate attorney, legacy expert attorneys