

DEPARTMENT X LAW AND MOTION RULINGS

Case Number: 24AHCV00231 **Hearing Date:** June 27, 2024 **Dept:** X**Tentative Ruling**

Judge Joel L. Lofton, Department X

HEARING DATE: June 27, 2024**TRIAL DATE:** No date set.**CASE:** *Kum Ran United Methodist Church, et al. v. California-Pacific Annual Conference of the United Methodist Church, et al.***CASE NO.:** 24AHCV00231**DEMURRER TO COMPLAINT****MOVING PARTY:** Defendants California-Pacific Annual Conference of The United Methodist Church, Dottie Escobedo-Frank, Board of Trustees of the California-Pacific Conference of The United Methodist Church, et al.**RESPONDING PARTY:** Plaintiffs Kum Ran United Methodist Church, et al.**SERVICE:** Filed on April 11, 2024**OPPOSITION:** Filed on June 12, 2024

REPLY:

Filed on June 20, 2024

RELIEF REQUESTED

Defendants California-Pacific Annual Conference of The United Methodist Church, Dottie Escobedo-Frank, and Board of Trustees of the California-Pacific Conference of The United Methodist Church request the demurrer to the complaint be sustained without leave to amend.

BACKGROUND

On February 2, 2024, Plaintiffs Kum Ran United Methodist Church, et al. (“Plaintiffs”) filed a Complaint against Defendants California-Pacific Annual Conference of The United Methodist Church, et al. (“Defendants”). The Complaint asserts seven (7) causes of action for:

1. Declaratory Relief
2. Judicial Modification, Termination, or Reformation of Trust
3. Breach of Fiduciary Duty
4. Unjust Enrichment
5. Promissory Estoppel
6. Breach of Contract
7. Breach of Implied Covenant of Good Faith and Fair Dealing

On April 11, 2024, Defendants California-Pacific Annual Conference of The United Methodist Church, Dottie Escobedo-Frank, and Board of Trustees of the California-Pacific Conference of The United Methodist Church (“United Methodist Defendants”) filed the instant demurrer to the complaint. On June 12, 2024, Plaintiffs filed an opposition. On June 20, 2024, United Methodist Defendants filed a reply.

TENTATIVE RULING

Defendants California-Pacific Annual Conference of The United Methodist Church, Dottie Escobedo-Frank, and Board of Trustees of the California-Pacific Conference of The United Methodist Church’s Demurrer to Complaint is **OVERRULED**.

Defendants California-Pacific Annual Conference of The United Methodist Church, Dottie Escobedo-Frank, and Board of Trustees of the California-Pacific Conference of The United Methodist Church are ordered to file their Answer within 30 days of this order.

REQUESTS FOR JUDICIAL NOTICE

United Methodist Defendants' request for judicial notice is GRANTED pursuant to Evidence Code sections 452(d) and (h) (*except as to the truth*).

Plaintiffs' request for judicial notice is also GRANTED on the same basis.

MEET AND CONFER

Prior to filing a demurrer, the demurring party is required to meet and confer with the party who filed the pleading that is subject to the demurrer for the purposes of determining whether an agreement can be reached through a filing of an amended pleading that would resolve the objections to be raised in the motion to strike. (Code Civ. Proc., § 430.41.)

The Court finds that United Methodist Defendants have fulfilled this requirement prior to filing the instant demurrer. (*See Taylor Decl.*, ¶¶4-5, Exs. A-B.)

LEGAL STANDARD

“The primary function of a pleading is to give the other party notice so that it may prepare its case [citation], and a defect in a pleading that otherwise properly notifies a party cannot be said to affect substantial rights.” (*Harris v. City of Santa Monica* (2013) 56 Cal.4th 203, 240.)

“A demurrer tests the legal sufficiency of the factual allegations in a complaint.” (*Ivanoff v. Bank of America, N.A.* (2017) 9 Cal.App.5th 719, 725.) The Court looks to whether “the complaint alleges facts sufficient to state a cause of action or discloses a complete defense.” (*Id.*) The Court does not “read passages

from a complaint in isolation; in reviewing a ruling on a demurrer, we read the complaint ‘as a whole and its parts in their context.’ [Citation.]” (*West v. JPMorgan Chase Bank, N.A.* (2013) 214 Cal.App.4th 780, 804.) The Court “assume[s] the truth of the properly pleaded factual allegations, facts that reasonably can be inferred from those expressly pleaded and matters of which judicial notice has been taken.” (*Harris, supra*, 56 Cal.4th p. 240.) “The court does not, however, assume the truth of contentions, deductions or conclusions of law. [Citation.]” (*Durell v. Sharp Healthcare* (2010) 183 Cal.App.4th 1350, 1358.)*iii*

A general demurrer may be brought under Code of Civil Procedure Section 430.10, subdivision (e) if insufficient facts are stated to support the cause of action asserted or under section 430.10, subdivision (a), where the court has no jurisdiction of the subject of the cause of action alleged in the pleading. All other grounds listed in Section 430.10, including uncertainty under subdivision (f), are special demurrers. Special demurrers are not allowed in limited jurisdiction courts. (Code Civ. Proc., § 92(c).)*iii*

Leave to amend must be allowed where there is a reasonable possibility of successful amendment. (*Goodman v. Kennedy* (1976) 18 Cal.3d 335, 348.) The burden is on the complainant to show the Court that a pleading can be amended successfully. (*Id.*)*ii*

DISCUSSION

United Methodist Defendants demur to the entire complaint on the grounds that (1) this Court lacks subject matter jurisdiction to make any determination altering or interpreting the Book of Discipline and (2) the complaint fails to state a cause of action. Specifically, United Methodist Defendants argue on the face of Plaintiff’s Complaint, Plaintiffs’ seek adjudication of religious issues, namely the disaffiliation process governed by the United Methodist Church’s Book of Discipline. United Methodist Defendants also argue Plaintiffs’ claims cannot be decided on neutral principles because the paragraphs of the Book of Discipline at issue are church doctrine. Lastly, United Methodist Defendants contend Plaintiffs fail to state sufficient facts to support the causes of action against them.

In opposition, Plaintiffs contend United Methodist Defendants fail to identify how California courts should resolve disputes over church property, i.e., how the disaffiliation process described in this case requires the Court to adjudicate religious doctrine. Plaintiffs further contend that United Methodist Defendants mistakenly apply holding rather than the analysis of *In re Episcopal Church Cases* (2009) 45 Cal.4th 467, which is the leading case authority in California on how courts should resolve disputes over church property. Moreover, Plaintiffs argue United Methodist Defendants’ discussion of paragraph 2553 implicitly admits the disaffiliation requires no adjudication of religious doctrine and confuse church governing documents with religious doctrine. Finally, Plaintiffs assert that their Complaint state sufficient facts to support causes of action against United Methodist Defendants.

In reply, United Methodist Defendants argue the opposition recites allegations of the Complaint about the legal effect of passages from the Book of Discipline that conflict with the text of the exhibits to the Complaint and facts judicially noticeable. United Methodist Defendants also assert the opposition fails to

respond to many cases cited in the instant demurrer including United States Supreme Court precedent. Furthermore, United Methodist Defendants assert Plaintiffs' incorrectly apply *In re Episcopal Church Cases*, despite admitting the California Supreme Court held "States courts must not decide questions of religious doctrine" and relies heavily on an appellate case that the California Supreme Court disapproved of in the *In re Episcopal Church Cases*.

Subject Matter Jurisdiction

Here, the United Methodist Defendants and Plaintiffs both cite to and contend that *Episcopal Church Cases* (2009) 45 Cal.4th 467, as a leading case in California law on the issue before this Court. Specifically, whether this Court has subject matter jurisdiction to adjudicate the claims set forth in Plaintiffs' Complaint. Plaintiffs' also seeks "to (1) compel Defendants to act in compliance with the governing documents; (2) relief from the uncertainty, insecurity, and controversy arising from Defendants' refusal to allow them to disaffiliate from the UMC while retaining their property; (3) reform or terminate the trust to conform to the parties original intent; and most importantly, (4) protect Plaintiff Churches' freedom to assemble and worship as they see fit." (Compl., ¶3.)

In *Episcopal Church Cases*, the court held "...secular courts called on to resolve church property disputes should proceed as follows: State courts must not decide questions of religious doctrine; those are for the church to resolve. Accordingly, if resolution of a property dispute involves a point of doctrine, the court must defer to the position of the highest ecclesiastical authority that has decided the point. But to the extent the court can resolve a property dispute without reference to church doctrine, it should apply neutral principles of law. The court should consider sources such as the deeds to the property in dispute, the local church's articles of incorporation, the general church's constitution, canons, and rules, and relevant statutes, including statutes specifically concerning religious property, such as Corporations Code section 9142." (*Episcopal Church Cases* (2009) 45 Cal.4th 467, 485.) Essentially, the court "may adopt any one of various approaches for settling church property disputes so long as it involves no consideration of doctrinal matters, whether the ritual and liturgy of worship or the tenets of faith." (*Id.* at 479.)

The Court finds that on the face of Plaintiffs' Complaint, Plaintiffs' do not seek adjudication of religious issues. Although the trust document was created by the Book of Discipline, which is The United Methodist Church's governing document, the trust document is not a ritual, tenet of The United Methodist Church's faith, or even manner of worship. Similarly, the disaffiliation procedure is set forth in the book of Discipline but itself does not constitute a tenet of faith, ritual, or liturgy of worship.

Therefore, this Court has subject matter jurisdiction to resolve the property dispute at issue in this instant action.

First Cause of Action for Declaratory Relief

“To qualify for declaratory relief under section 1060, plaintiffs were required to show their action (as refined on appeal) presented two essential elements: ‘(1) a proper subject of declaratory relief, and (2) an actual controversy involving justiciable questions relating to the rights or obligations of a party.’” (*Lee v. Silveira* (2016) 6 Cal.App.5th 527, 546.)

Here, the Complaint alleges Plaintiffs are local churches under the authority of United Methodist Defendants. (Compl., ¶¶37-38.) The Complaint further alleges the Book of Discipline paragraph 2553 states a disaffiliating local church has the right to retain its real and personal, tangible property. (Compl., ¶106.) The Complaint further alleges that a justiciable controversy exists between Plaintiffs and United Methodist Defendants with respect to the property deeded to, titled to, or otherwise owned by Plaintiffs. (Compl., ¶107.) These allegations show that Plaintiffs are the proper subject of declaratory relief because they are affiliates of the United Methodist Defendants and the governing document suggests that have a property interest. Furthermore, the allegations indicate that purported right to retain the property is at issue. As such, the Complaint states sufficient facts to support the declaratory relief cause of action.

Therefore, the demurrer OVERRULED as to the first cause of action.

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Second Cause of Action for Judicial Modification, Termination, or Reformation of Trust

Probate Code section 15407(3) states in pertinent part, “[a] trust terminates when any of the following occurs... the trust purpose becomes unlawful.” (Prob. Code, § 15407(a)(3).)

“On petition by a trustee or beneficiary, the court may modify the administrative or dispositive provisions of the trust or terminate the trust if, owing to circumstances not known to the settlor and not anticipated by the settlor, the continuation of the trust under its terms would defeat or substantially impair the accomplishment of the purposes of the trust. In this case, if necessary to carry out the purposes of the trust, the court may order the trustee to do acts that are not authorized or are forbidden by the trust instrument.” (Prob. Code, § 15409(a).)

Here, the Complaint alleges Plaintiffs are the settlors and trustees of the trust purportedly created by the governing document, the Book of Discipline with respect to their own church property and intended to use the property in accordance with their affiliation with The United Methodist Church. (Compl., ¶¶94a, 98, 112.) The Complaint further alleges the trust provision was intended to protect Plaintiffs from the Defendants’ aberrational doctrine and misconstruction The United Methodist’s governing documents. (Compl., ¶100.) The Complaint also alleges Plaintiffs relied on paragraphs 2548.2 and 2549 of the Book of Discipline upon joining The United Methodist Church, which to their understanding and intent provided a path to disaffiliate without abandoning their church property or paying an unlawful or inequitable fine. (Compl., ¶118.) The Complaint also alleges paragraph 2553 of the Book of Discipline is now the only means by which Plaintiffs can disaffiliate with their property and divests Plaintiffs of their vested property rights without their consent. (Compl., ¶¶94c-d, 95-46, 119.) These allegations suggest that the trust’s purpose was to allow Plaintiffs the right to disaffiliate without having to abandon their property or pay money to retain such property, which the

newly enacted paragraph 2553 purportedly requires Plaintiffs do. Thereby the allegations demonstrate that the newly enacted paragraph 2553 substantially impairs the accomplishment of the purpose of the trust. As such, the Complaint states sufficient facts to support the judicial modification, termination, or reformation of trust cause of action.

Therefore, the demurrer OVERRULED as to the second cause of action.

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Third cause of Action for Breach of Fiduciary Duty

“The elements of a claim for breach of fiduciary duty are (1) the existence of a fiduciary relationship, (2) its breach, and (3) damage proximately caused by that breach.” (*O’Neal v. Stanislaus County Employees’ Retirement Assn.* (2017) 8 Cal.App.5th 1184, 1215.)

Here, the Complaint alleges Defendants were all agents, employees, and/or representatives of each other, thus jointly and severally liable to Plaintiffs. (Compl., ¶31.) The Complaint further alleges Defendants Board and Escobedo-Frank had a fiduciary duty to act in good faith and in the best interests of Plaintiffs at the Defendant Conference. (Compl., ¶¶125-127.) The Complaint further alleges Defendants Board and Escobedo-Frank owed Plaintiffs a duty to disclose all material facts related to the management of the Conference and its resources. (Compl., ¶127.) The Complaint also alleges Defendants Board and Escobedo-Frank made false statements to Plaintiffs such as the Conference would allow time for all churches to go through the disaffiliation process under paragraph 2553 and advised Plaintiffs not to rush the process, to extract a ransom from Plaintiffs to unjustly enrich the bank accounts under Defendants’ control. (Compl., ¶¶130-133.) The Complaint also alleges Defendants engineered this scheme for the sole purpose of denying Plaintiffs their right to disaffiliate, causing injury to Plaintiffs. (Compl., ¶134.) These allegations suggest that a fiduciary relationship exists between all Defendants and Plaintiffs. The allegations also showcase that Defendants breached their duty through the actions of Defendants Board and Escobedo-Frank and causing Plaintiffs injury, i.e., being unable to disaffiliate. As such, the Complaint states sufficient facts to support the breach of fiduciary duty cause of action.

Therefore, the demurrer OVERRULED as to the third cause of action.

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Fourth Cause of Action for Unjust Enrichment

“The elements for a claim of unjust enrichment are ‘receipt of a benefit and unjust retention of the benefit at the expense of another.’ [Citation.] ‘The theory of unjust enrichment requires one who acquires a benefit which may not justly be retained, to return either the thing or its equivalent to the aggrieved party so as not to be unjustly enriched.’ [Citation.]” (*Lyles v. Sangadeo-Patel* (2014) 225 Cal.App.4th 759, 769.)

Here, the Complaint alleges Defendants accepted the benefit of the trust purportedly containing Plaintiffs' church properties and unilaterally changed the disaffiliation rules to keep these properties. (Compl., ¶142.) As discussed above, the Complaint specifically alleges that Defendants advised Plaintiffs not to rush the disaffiliation process and that the Conference would allow time for all churches to go through the disaffiliation process under the newly enacted paragraph 2553. (Compl., ¶¶132-133.) The Complaint further alleges Defendants statements and advisements were a scheme to cause Plaintiffs only recourse to either abandon their property or pay a money to retain their property. (Compl., ¶133, 141.) These allegations suggest that Defendants have retained Plaintiffs' church properties without allowing disaffiliation nor payment for the use of these properties. As such, the Complaint states sufficient facts to support the unjust enrichment cause of action.

Therefore, the demurrer OVERRULED as to the fourth cause of action.

Fifth Cause of Action for Promissory Estoppel

“The elements of a promissory estoppel claim are ‘(1) a promise clear and unambiguous in its terms; (2) reliance by the party to whom the promise is made; (3) [the] reliance must be both reasonable and foreseeable; and (4) the party asserting the estoppel must be injured by his reliance.’” (*Jones v. Wachovia Bank* (2014) 230 Cal.App.4th 935, 945.)

Here, the Complaint alleges Plaintiffs relied on the promise of the availability of paragraphs 2548.2, 2549 and 2553 as pathways to disaffiliation in making and maintaining their affiliation with The United Methodist Church. (Compl., ¶¶145-147.) The Complaint further alleges that paragraphs 2548.2 and 2549 were used as means to disaffiliate for decades. (Compl., ¶145.) The Complaint further alleges Plaintiffs are now being refused their requests to disaffiliate unless it is done under paragraph 2553, which requires abandonment of their property or payment of financial obligations to retain their properties. (Compl., ¶148.) These allegations indicate that there was a promise that Plaintiffs could disaffiliate under the cited provisions of the Book of Discipline. Furthermore, these allegations demonstrate that Plaintiffs had been relying on the earlier provisions for at least 10 years, which is reasonable and foreseeable. Moreover, these allegations showcase that Plaintiffs have been injured by their reliance on the earlier paragraphs because Defendants have told them only paragraph 2553 allows Plaintiffs to disaffiliate. As such, the Complaint states sufficient facts to support the promissory estoppel cause of action.

Therefore, the demurrer OVERRULED as to the fifth cause of action.

Sixth Cause of Action for Breach of Contract

Establishing a breach of contract claim, requires plaintiff prove “(1) the existence of the contract, (2) plaintiff's performance or excuse for nonperformance, (3) defendant's breach, and (4) the resulting damages to the plaintiff.” (*D'Arrigo Bros. of California v. United Farmworkers of America* (2014) 224 Cal.App.4th 790, 800.) “Further, the complaint must indicate on its face whether the contract is written, oral, or implied by conduct.” (*Otworth v. Southern Pac. Transportation Co.* (1985) 166 Cal.App.3d 452, 458–459.)

Here, the Complaint alleges Plaintiffs and Defendants entered into a contract under the Book of Discipline, which sets forth the terms all persons and entities within The United Methodist Church agreed to be bound. (Compl., ¶42.) The Complaint further alleges that paragraphs 2548.2, 2549, and 2553 set forth the means by which a local church can disaffiliate. (Compl., ¶145.) The Complaint further alleges Plaintiffs performed all that they were required to do under paragraphs 2548.2 and 2549 but Defendants refuse to allow Plaintiffs to disaffiliate under those provisions. (Compl., ¶¶154-155.) The Complaint also alleges as a result of Defendants' conduct, Plaintiffs have suffered damages including deprivation of valuable property rights. (Compl., ¶158.) These allegations suggest that Plaintiffs and Defendants entered into a written contract under the Book of Discipline, wherein Plaintiffs were provided with three provisions that allow disaffiliation. These allegations also indicate that Defendants have breached the contract by refusing to let Plaintiffs disaffiliate under paragraphs 2548.2 and 2549, which has resulted in Plaintiffs inability to retain their church properties. As such, the Complaint states sufficient facts to support the breach of contract cause of action.

Therefore, the demurrer OVERRULED as to the sixth cause of action.

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Seventh Cause of Action for Breach of Implied Covenant of Good Faith and Fair Dealing

“The [implied] covenant of good faith and fair dealing [is] implied by law in every contract. The covenant is read into contracts and functions ‘as a supplement to the express contractual covenants, to prevent a contracting party from engaging in conduct which (while not technically transgressing the express covenants) frustrates the other party's rights to the benefits of the contract.’” (*Thrifty Payless, Inc. v. The Americana at Brand, LLC* (2013) 218 Cal.App.4th 1230, 1244.) As such, “[a] breach of the implied covenant of good faith is a breach of the contract.” (*Id.*)

As discussed above, the Complaint sufficiently alleges a contract between Plaintiffs and Defendants, which includes paragraphs for a disaffiliation process. The Complaint further alleges Defendants' conduct is refusing to allow Plaintiffs to disaffiliate under paragraphs 2548.2 and 2549 prevents Plaintiffs from receiving the benefits under the contract, i.e., Book of Discipline. (Compl., ¶163.) As such, the Complaint states sufficient facts to support the breach of implied covenant of good faith and fair dealing cause of action.

Therefore, the demurrer OVERRULED as to the seventh cause of action.

CONCLUSION

Based on the foregoing, Defendants California-Pacific Annual Conference of The United Methodist Church, Dottie Escobedo-Frank, and Board of Trustees of the California-Pacific Conference of The United Methodist Church's Demurrer to Complaint is **OVERRULED**.

Moving Defendants are ordered to file their Answer within 30 days of this order.

Moving Party to provide notice.

Dated: June 27, 2024

Joel L. Lofton

Judge of the Superior Court

Parties who intend to submit on this tentative must send an email to the court indicating their intention to submit. alhdeptx@lacourt.org
