Family Analysis- Case Analysis

Hypothetical Brian LeClair lives in Tucson, Arizona. In early 2006, he bought a small home for $50,000, $45,000 of which he financed through a mortgage. Later that year, Brian met Monica, and they married within the week. Brian was later to regret his quick decision. Shortly after they were married, Brian discovered that Monica liked to shop. In fact, she entered the marriage with approximately $5,000 in credit card bills. During their marriage this pattern persisted, with Monica on average charging $500 per month for clothes and jewelry for herself. Brian and Monica each deposited their earnings in a joint checking account, and each paid half of the monthly mortgage payments. When Brian’s father died in 2007, he left Brian 100 shares of stock, valued at $10 per share. Brian, knowing little about investments, asked Monica to handle his stock for him. She did so, and through careful buying and selling Brian now owns 150 shares of stock, valued at $15 a share. Brian’s father also left Brian his mother’s wedding ring, which as part of his father’s estate was valued at $1,000. A jeweler recently appraised it at $1,500. Finally, his father left him $5,000, which he deposited into his and Monica’s joint banking account. In 2008 Monica stated that she was tired of living in Brian’s tiny house and wanted to buy some land so that they could build a new, larger home. Brian was against the purchase both because of the cost and because of the rumors the land was about to be rezoned industrial. Monica went ahead anyway and took out a $20,000 loan from Commercial Savings to purchase the land. Brian did not sign the loan papers. The deed, however, lists them as joint owners. When the rumors proved to be true, the value of the land plummeted to $2,000. Last week Monica informed Brian that she was tired of being married and that she needed some ‘‘space.’’ When Brian got home from work the next day, he found that she was gone. Later that day when he opened the mail, he found a letter from Commercial Savings notifying him that the remaining amount of the loan ($18,000) was due immediately, as Monica had not made any payments in the last year. Also, there was a letter from the credit card company showing Monica’s total balance of $12,000. As far as Brian could tell, at least $4,000 was money she had charged before they were married. Brian has come to your firm because he is thinking of initiating divorce proceedings against Monica. He realizes, however, that Arizona is a community property state and is concerned, first, that he may be liable for what he considers to be Monica’s debts and, second, that she may claim some of his property should be categorized as community property, thereby allowing her to take one half. Your boss wants you to research: Whether Brian is liable for either the Commercial Savings loan or Monica’s credit card bills, which assets would qualify as community assets and hence be available to satisfy a community debt if the court were to find him liable, and which remaining assets Monica might be able to claim belong one-half to her as her share of community property. The contested assets include the stock valued at $2,250, the house (with a mortgage of $40,000 and a resale value of $60,000), the diamond ring valued at $1,500, the land worth $2,000, and $10,000 in their joint checking account. As to the latter, Brian claims that $5,000 is from his inheritance, $4,000 came from money he earned, and the remaining $1,000 came from Monica’s earnings. In doing your research, you found the following Arizona statutes: Chapter 25-211- All property acquired by either husband or wife during the marriage, except that which is acquired by gift, devise or descent, is the community property of the husband and wife.