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Fight Over Big Estate Draws Fire for Running Up Legal Fees

Samantha Joseph, Daily Business Review

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There's nothing sweet about Dr. Sam Sugar's relationship with his wife's siblings, who spent years battling him and their sister in a court fight over their mother's multimillion-dollar estate.

The Third District Court of Appeal last Wednesday upheld a 2011 settlement agreement between the opposing sides, but that's not likely to stop the bitter legal wrangling between Sugar and his in-laws.

The case has dragged on for five years, creating landmark decisions that sparked legislative changes in Florida and other states. It pitted Sugar and his wife, Judy, against her sisters, Joyce Genauer, Rochelle Kevelson and Tikvah Lyons—with each side accusing the other of siphoning millions from their widowed mother, Idelle Stern.

"The lessons to be learned from this are really straightforward," Sugar told the Daily Business Review. "If you've got a family dispute about money or power, you better solve it before the lawyers get involved. ... Lawyers don't stop until they drain the estate."

Sugar said Stern's \$12 million estate has dwindled to about \$6 million on mounting legal fees and court costs.

"Hopefully this decision will bring finality and stop the bleeding of legal fees from what we thought were baseless claims," said Sugar's attorney, Michael Schlesinger of Schlesinger & Associates in Miami.

Opposing counsel suggested the Sugars were to blame for the conflict.

"For Dr. Sugar to complain about the family wanting to protect their mother from the damage he caused is extraordinary," said Robert Stok, the appellate attorney who represented Genauer, Kevelson and Lyons. "The word for that in Yiddish is chutzpah."

'A Lot Of Acrimony'

The fighting started when the three sisters accused the Sugars of manipulating their frail mother to gain control of her wealth. It continued when Stern suffered a stroke in September 2011, persisted

while she was in a vegetative state, and lasted years after her death in July 2013. Sugar, a semi-retired Doral physician, said the dispute was fueled by his in-laws' accusations that he poisoned the widow, but tests were negative for poison.

"It was a bitter family dispute," said Stok, managing shareholder at Stok Folk & Kon in Aventura. "There was a lot of acrimony."

Allegations flew from both sides, with each accusing the other of greed.

In 2010, after the three sisters petitioned to have their mother declared incompetent, the court appointed a guardian, Comprehensive Personal Care Services, and made Stern a ward of the state.

Until then, the Sugars had been managing Stern's affairs, but they were soon forced out after the guardian sued them in January 2011 for elder abuse and civil theft.

A settlement reached in February 2011 required Judy Sugar to repay \$750,000, payable by a reduction in her inheritance from Stern's trust.

"It was a nightmare," Sugar said. "And it's probably not over yet. These people only know one thing—how to litigate."

The agreement rescinded the Sugars' powers of attorney, set aside all documents naming Judy Sugar as beneficiary and provided a reciprocal general release.

Genauer, Kevelson and Lyons initially challenged the guardian's pact with the Sugars but eventually signed on to it with a global settlement that dismissed with prejudice all lawsuits and pending issues. Under the new agreement, Judy Sugar's inheritance from her mother's trust would drop by \$580,000 instead of \$750,000, and the three sisters voluntarily dropped their appeal.

But even then, the sides could not agree on the fine print, leading to a successful petition by the guardian and three sisters to have the probate court adopt and enforce the proposed global agreement.

Just when it seemed like the conflict was over, a new player introduced the latest twist.

Israel-based Bank Leumi informed the guardian of a hefty account belonging to Stern and her late husband, a rabbi with multinational investment ties. The three sisters had been unaware of the offshore account and said Sam Sugar insisted he knew nothing about it either. It later emerged that the account held \$1.1 million, minus \$350,000 Judy Sugar had previously transferred to a joint account she shared with her daughter.

The three sisters demanded the Sugars return the \$350,000 and argued the couple intentionally withheld information about the offshore account during settlement talks.

The Sugars fired back with a cross-motion to enforce the agreement.

Settlement Upheld

At trial, Miami-Dade Circuit Judge Bernard Shapiro sided with the three sisters, finding the Sugars had not made a full disclosure. He enforced the settlement agreement, ruling Judy Sugar waived

any entitlement to the Israeli account or any other inheritance, except for the proceeds of her mother's trust.

The Sugars appealed, leading to the decision from Judges Vance Salter, Ivan Fernandez and Thomas Logue.

"The comprehensive nature of the 'global' July 2011 settlement of this bitter, expensive and divisive intra-family dispute is illustrated by the fact that it covered the placement of the parties' pictures within Idelle Stern's residence, as well as the burial arrangements for her subsequent death, including the designation of a person to choose the language for her headstone," the appellate panel wrote. "However, that level of detail did not stop the parties' attempts to renegotiate terms after the settlement was reached."

The appellate court affirmed Shapiro's ruling that the Sugars released any entitlement to the Israeli bank account but reversed the trial court's order requiring the couple to return funds transferred from the account before the 2011 settlement.

"The recent decision affirms that when you enter into a settlement and perform under that settlement, courts cannot challenge that and parties can't change it," Schlesinger said. "It's a shame that all these fees were paid out of the estate to challenge a settlement that was final in 2011."

The Sugars won't walk away without trying to recover that money.

Schlesinger said they'll now turn their attention to forcing their in-laws' attorneys to "disgorge the sizable legal fees and compensation paid to them."

The three sisters, meanwhile, also aren't likely to retreat. They are gearing to pursue litigation over taxes owed on funds in the Israeli account. They appear resigned, though, to give up pursuing the \$350,000 transferred from that account.

"When you settle, you assume the risk of unknown factors," Stok said. "The unknown factor in this case was the taken \$350,000."

The Sugars' case led Florida legislators to reexamine the guardianship system, long plagued by accusations of corporate greed and policies designed to benefit guardians instead of wards and heirs.

Sugar created Americans Against Abusive Probate Guardianship, an advocacy group that successfully lobbied Florida lawmakers to reign in guardians by implementing tougher oversight.

"The crux of the issue for me is that the legal abuses, this staged litigation based on inaccuracies and fraud, is over," he said after the ruling. "At least I hope it's over. This decision is a breath of fresh air, but it can't take away five years of torture."

Samantha Joseph can be reached at 954-468-2614.

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