**STATE OF MINNESOTA**
**IN COURT OF APPEALS**
**A26-0208**

In re the Irrevocable Special Needs Trust of Touger Lor.

**Filed August 24, 2026**
**Affirmed**
**Bond, Judge**

Ramsey County District Court
File No. 62-TR-CV-15-74

Keith Ellison, Attorney General, Mara Sybesma, Assistant Attorney General, St. Paul, Minnesota (for appellant Minnesota Department of Human Services)

Lee Lor, Andover, Minnesota (pro se respondent)

Considered and decided by Rasmusson, Presiding Judge; Johnson, Judge; and Bond, Judge.

**NONPRECEDENTIAL OPINION**

**BOND**, Judge

In this appeal from an order approving annual accounts from a special-needs trust, appellant Minnesota Department of Human Services (DHS) argues that the district court clearly erred by finding that DHS received adequate notice of the annual accountings, abused its discretion by approving invalid trust expenditures, and failed to make adequate findings of fact. We affirm.

## FACTS

Respondent Lee Lor (Lor) is the appointed guardian of his brother, Touger Lor (the beneficiary). In 2015, Lor petitioned the district court to create a special-needs trust (the trust) on behalf of the beneficiary, who had been severely injured in a car accident. A special-needs trust allows a person with a disability to receive medical-assistance payments from the state despite having funds held in a separate trust that would otherwise disqualify them on financial grounds. *Norwest Bank of N. D., N.A. v. Doth*, 159 F.3d 328, 330 (8th Cir. 1998); 42 U.S.C. § 1396p(d)(4) (2018); Minn. Stat. § 501C.1205, subd. 3 (2024). The state is entitled to reimbursement after the beneficiary's death if there are funds remaining in the special-needs trust. *Norwest Bank*, 159 F.3d at 330; 42 U.S.C. § 1396p(d)(4)(A).

Lor petitioned to create the trust with $67,000 from the beneficiary's personal-injury settlement. The district court approved the creation of the special-needs trust, subject to its own jurisdiction. A $50,000 bond was attached to the trust. As trustee, Lor was required to submit an annual accounting to the district court setting out a complete inventory of the trust assets and itemized accounts. *See* Minn. Stat. § 501C.0205(b) (2024). Lor was also required to submit annual accounting to DHS. Minn. Stat. § 501C.1205, subd. 4(b) (2024).

In April 2025, Lor requested a hearing to approve the past four years of annual accounts. On April 14, 2025, the district court filed an order scheduling a hearing for June 11 and ordering Lor to serve the annual accounts and notice of the hearing on DHS.

According to a June 18, 2025 order, the district court received Lor's testimony on the annual accounts at the June 11 hearing.[1] The district court found that Lor credibly testified that he did not receive the April 14 order requiring him to serve the annual accounts and hearing notice on DHS and, accordingly, DHS did not have an opportunity to be heard. The district court conditionally approved the accounts, ordered a subsequent hearing, and instructed Lor to serve the four annual accounts and the hearing notice on DHS. The order provided that any person with objections to the accounts must submit the objections in writing prior to the hearing date or appear in person at the next hearing.

The next hearing took place on September 10, 2025. DHS did not appear. As set out in more detail below, Lor confirmed that he had served the four annual accounts and the notice of the hearing on DHS. The district court found that Lor had served DHS and determined that, because DHS did not appear at the hearing or submit any written objections, DHS did not object to the accounts from the prior four years.

On September 15, 2025, the district court filed an order approving the annual accounts submitted by Lor and finding that DHS had not objected to the accounts. The order terminated the district court's jurisdiction over the trust and required that, going forward, the annual accounting must be submitted solely to DHS.

DHS appeals.

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[1] The record on appeal does not include a transcript from the June 11 hearing.

## DECISION

DHS challenges the district court's September 15 order approving the annual accounts submitted by Lor. DHS contends that the district court clearly erred by finding that DHS received adequate notice, abused its discretion by approving invalid expenditures, and failed to make adequate findings. We address each argument in turn.

### I.

Notice of a judicial proceeding invoking the district court's jurisdiction over a trust must be given by an interested person by "mailing, at least 15 days before the date of the hearing, a copy of the order for hearing to those current trustees and qualified beneficiaries of the trust whose identity is known and whose location is known or reasonably ascertainable to the petitioner after making reasonable efforts to locate such persons." Minn. Stat. § 501C.0203, subd. 1 (2024). "The district court shall have the discretion to order that notice of the judicial proceeding may be given in any other manner as the court directs." *Id.* We "review factual disputes regarding the adequacy of notice for clear error." *Est. of King*, 992 N.W.2d 410, 416 (Minn. App. 2023) (quotation omitted). "Findings of fact are clearly erroneous only if the reviewing court is left with the definite and firm conviction that a mistake has been made." *Id.* at 417 (quotation omitted).

DHS argues that the district court clearly erred by finding that DHS received adequate notice of the annual accounts. This argument is unavailing. At the June 2025 hearing, the district court directed Lor to mail a copy of the accounts and the notice of the next hearing to DHS and gave Lor the name of the DHS recipient and their mailing address. On September 10, 2025, Lor filed an affidavit of service attesting that he served the required documents on DHS by mail on August 25, 2025—over 15 days prior to the September 10 hearing, as required by statute. *See* Minn. Stat. § 501C.0203, subd. 1. The affidavit of service also states that Lor personally delivered the documents to DHS's offices on September 8, 2025.

At the September 2025 hearing, Lor told the district court that he "mail[ed] and then . . . [tried] to call to confirm." Lor explained that, when he did not hear back from DHS, he "left a voice mail kind of a couple day[s] after," and delivered a physical copy of the documents to DHS two days prior to the hearing. The district court reviewed Lor's affidavit of service, confirmed that Lor had mailed the notice to DHS on the date listed on the affidavit of service, and found that "[i]t looks like [Lor] mailed it in August so [DHS has] had some time." The district court then proceeded with the hearing.

We observe that the record on appeal does not reflect that DHS brought the inadequate-notice argument to the attention of the district court. DHS's appellate brief states that "the DHS employee responsible for attending trust hearings was out of the office on September 8 and 9, 2025, and did not become aware of the hand-delivered documents until after the September 10 hearing took place." But DHS does not provide any citations to the record for these assertions, and our review confirms that these facts are not part of the record on appeal. *See* Minn. R. Civ. App. P. 110.01 (stating that the record on appeal comprises documents filed in the district court, exhibits, and the transcript of the proceedings). "An appellate court may not base its decision on matters outside the record on appeal, and may not consider matters not produced and received in evidence below." *Thiele v. Stich*, 425 N.W.2d 580, 582-83 (Minn. 1988). Based on the record before us, we are not "left with the definite and firm conviction that a mistake has been made." *King*, 992 N.W.2d at 417 (quotation omitted). We therefore conclude that the district court did not clearly err in finding that Lor properly served DHS with the accounts and that DHS received adequate notice.

## II.

DHS argues that the district court abused its discretion by approving invalid expenditures. Alternatively, DHS contends that we must remand because the district court's factual findings supporting its approval of the annual accounts are inadequate to permit meaningful appellate review. We consider these arguments together, beginning with the adequacy of the district court's findings.

The district court must make sufficient findings to allow meaningful appellate review. *Hansen v. Todnem*, 908 N.W.2d 592, 597 n.2 (Minn. 2018); *see In re Guardianship of Doyle*, 778 N.W.2d 342, 353 (Minn. App. 2010) ("The findings and conclusions of a district court must be detailed, specific and sufficient enough to enable meaningful review by this court." (quotation omitted)). "An order does not permit meaningful appellate review if it does not identify the facts that the district court has determined to be true and the facts on which the district court's decision is based." *In re Civ. Commitment of Spicer*, 853 N.W.2d 803, 811 (Minn. App. 2014).

DHS argues that the district court failed to make sufficient factual findings to permit meaningful appellate review. We disagree. The district court's September 15 order—the order that is the subject of this appeal—expressly incorporated by reference the June 18 order. In its June 18 order, the district court conditionally approved all four accounts and found:

> Testimony during the [June 11] hearing revealed that trust funds are minimally used. There are no planned vacations or other significant expenses planned. The trust funds do not exceed $50,000.00 at any given time. The majority of trust funds have been spent on the annual $55.00 account filing fee and the annual bond premium. The Court finds that it may be in the best interest of beneficiaries to waive the bond and terminate court jurisdiction. This would [eliminate] trust's obligation to fund unnecessary administrative expenses. This would not eliminate the Trustee's obligation to submit annual accounting to the Department of Human Services (DHS).

In its September 15 order, the district court approved the annual accounts, finding that DHS had not objected. Because the district court's orders identified facts on which it based its decision to approve the prior four years of accounts, we conclude that the factual findings are sufficient to allow us to determine whether the district court acted within its discretion. *See id.*

Turning to that question, DHS contends that the district court abused its discretion by approving two expenditures which DHS claims are "invalid on [their] face." We generally review a district court's acceptance of an accounting for an abuse of discretion. *See In re Bailey's Tr.*, 62 N.W.2d 829, 834 (Minn. 1954) ("In passing upon an account of a trustee, much must be left to the sound judicial discretion of the [district] court."). A district court abuses its discretion when it misapplies the law, makes unsupported findings of fact, or makes a decision that is contrary to the facts and logic on record. *Woolsey v. Woolsey*, 975 N.W.2d 502, 506 (Minn. 2022).

When a trust is placed under court supervision pursuant to section 501C.0205, the trustee must file an inventory and "shall render to the court, at least annually, a verified account containing a complete inventory of the trust assets and itemized principal and income accounts." Minn. Stat. § 501C.0205(b). Here, Lor's submitted accounting lists an inventory of the trust assets and itemized distributions including taxes, gifts for the beneficiary, travel expenses and rental cars, annual fees, and bond premiums. Without objection from DHS, the district court reviewed and approved Lor's accounting.

DHS maintains that the district court abused its discretion because two of the listed expenditures, "Conservator fees" and "Taxes," were not clearly made on behalf of the beneficiary. But, in the absence of objections to annual accounts, the only matters before the district court are those put at issue "by the accounts and the petitions for the allowance thereof." *In re Enger's Will*, 30 N.W.2d 694, 701 (Minn. 1948) (stating that "[t]he proceedings having been by default, the court had jurisdiction to determine only the questions thus raised"). DHS did not request additional accounting to support the challenged expenses nor object prior to the September 10 hearing. To the extent that DHS now appears to argue that these expenses were not made for the benefit of the beneficiary, this argument was not presented to the district court and therefore is not properly before this court. *See Thiele*, 425 N.W.2d at 582 (stating that an appellate court generally will not consider matters not presented to, and considered by, the district court); *Bailey's Tr.*, 62 N.W.2d at 838 (stating that challenges to trust expenses are "foreclosed" absent objection prior to the approval of the annual account).

Even if we were to consider the merits of DHS's argument, we would conclude that DHS has not established that the district court abused its discretion. The trust document provides that Lor may expend funds from the trust for "the sole benefit of [the beneficiary], . . . [which] may include but are not necessarily limited to entertainment, education, vacations and travel, transportation or a suitable vehicle, comfort, convenience, and reasonable luxuries . . . and legal, accounting, conservatorship and other professional fees." The trust also allows Lor to "pay such expenses, costs and taxes, if any, deemed by the Trustee to be lawfully chargeable to the Trust estate." The district court approved the annual accounting without objection from DHS based on its findings that the trust funds are "minimally used" and have primarily been spent on filing fees and bond premiums. These findings are supported by the record. DHS contends that the district court improperly approved expenses for "Conservator fees" and "Taxes," because "there is no evidence in the record to suggest" that the beneficiary paid taxes or was charged for conservator fees. But, on appeal, DHS bears the burden of showing that the district court erred. *See Leininger v. Anderson*, 255 N.W.2d 22, 26 (Minn. 1977) (noting that an appellant has a "heavy" burden "to show that, based on the record [appellant] has provided, the [district] court was clearly erroneous in its factual findings, or mistaken in its legal conclusions"). Because DHS has not established that the district court made findings of fact that are unsupported by the evidence or a decision that is contrary to logic and facts on record, we discern no basis on which to conclude that the district court abused its discretion by approving the expenditures in the annual accounts. *See Woolsey*, 975 N.W.2d at 506.

**Affirmed.**