

December 11, 2008

Princeton Settles Money Battle Over Gift

By [TAMAR LEWIN](#)

Ending a long legal battle over how closely a university must adhere to the terms of a gift, Princeton has reached a settlement with heirs to the A.&P. grocery fortune, allowing it to keep the bulk of a fund worth hundreds of millions of dollars.

The case had been closely watched by many universities and colleges that often find themselves managing donations with strict instructions attached, though they would rather use the money in other ways.

In 1961, when the A.&P. grocery heirs Charles and Marie Robertson gave Princeton a \$35 million gift endowment, they directed that the money should be used to educate graduate students for careers in government.

But in a lawsuit filed in 2002, the Robertsons' descendants claimed that Princeton was misusing the gift, which peaked at more than \$900 million in June, spending it on training students for a broader range of careers. The endowment provides most of the financing for graduate programs at the [Woodrow Wilson School of Public and International Affairs](#).

The case was to go to trial in January.

Under the settlement, Princeton will pay \$40 million in legal fees, and, starting in 2012, another \$50 million, plus interest, to a new foundation that will support education for government service. Princeton will be able to use the remainder of the money for the Wilson school, as it chooses.

The case did not produce a court ruling offering guidelines for honoring donors' intent. But it did highlight how difficult and costly it can be to challenge wealthy universities. Even without going to trial, each side had spent more than \$40 million on the case.

The current value of the endowment is unclear. A statement from the Robertsons said it had declined to about \$600 million from the \$900 million Princeton reported in June, but Princeton said the Robertsons' figure undervalued the endowment by "well over \$100 million."

The lengthy litigation has been an embarrassment to Princeton, and a worst-case scenario to university development officers.

"The larger community of educational philanthropy will welcome the resolution, because this kind of dispute doesn't serve anyone well," said John Lippincott, president of the Council for Advancement and Support of Education. He added, "The donors' intent was not a full employment act for attorneys."

Some experts on philanthropy said the case might have had great impact on giving practices if the Robertsons had prevailed.

“If there’d been a ruling and Princeton had lost, other donors who felt damaged might feel they had reason to go to court,” said Richard A. Mittenthal, president of the TCC Group, a New York consulting firm for nonprofits.

Princeton is not alone in facing such complaints. In 1995, [Yale University](#) returned \$20 million to Lee M. Bass, a billionaire alumnus, after he argued that the university had not created the classes he had requested in its Western civilization curriculum.

In the Princeton case, both sides claimed victory.

[Shirley M. Tilghman](#), the president of Princeton, said the university had achieved its highest priorities: the Robertsons’ gift will continue to support the Woodrow Wilson school, and the university can decide how best to use the money.

But Ron Malone, the lead lawyer for the Robertsons, described the settlement as a historic victory for the concept of donor intent.

“They’re paying \$50 million to a new foundation, plus \$11 million in interest, plus \$40 million in legal fees,” Mr. Malone said. “In the history of philanthropy, nobody has ever before returned \$100 million to a donor.”

William Robertson, the donors’ son and lead plaintiff in the suit, said in a statement that the settlement was “a message to nonprofit organizations of all kinds and throughout our country that donors expect them to abide by the terms of the designated gifts or suffer the consequences.”

Both sides may declare themselves vindicated, Mr. Robertson said in an interview on Wednesday, but in the end, “they are the ones writing the checks.”

Mr. Robertson said he was excited at the prospect of starting a new foundation to carry out the original goal of the Princeton gift.

“We have talked to a number of graduate programs in public affairs,” Mr. Robertson said, including those at [Tufts](#), [Texas A&M](#), Syracuse and the [University of Maryland](#).

After years of litigation, it is perhaps not surprising that Mr. Robertson and Princeton have different views of how the settlement, which requires court approval, was reached.

“This settlement came only when Princeton officials realized they had underestimated us and had miscalculated our resolve, and would soon face a terribly embarrassing trial,” Mr. Robertson said.

Dr. Tilghman, however, said the settlement was close to what the university had been offering for years.

With the trial approaching, she said, the Robertson family initiated new discussions.

“They had been paying legal fees from another charitable organization, the Banbury Fund, and from what we now know, they had essentially spent out the Banbury Fund, and were looking forward to a six- to nine-month trial which they’d have to pay for out of their own pockets,” Dr. Tilghman said. “I think there is a clear cause and effect there.”

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