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## NATIONAL DESK

## Strings Attached: Givers and Colleges Clash on Spending

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Ever since he sued the University of Southern California for fraud four years ago, accusing it of misusing his \$1.6 million gift for biological research on aging and then lying about it, Paul F. Glenn has put his beneficiaries on a short leash.

He still gives, but he tries not to call it that. Instead, he likes to say that he strikes deals with universities for the betterment of humanity, then polices them with all the ardor of a businessman who has been burned, badly.

"We were assuming the honesty and integrity of everyone involved," said Mr. Glenn, who settled his case against U.S.C. this year. "We now know that there's got to be a quid pro quo here. This is not a donation. It's a contract, and both parties have to live up to it."

In the genial world of university fund-raising, clashes between donors and beneficiaries are rare, and such public animosity is rarer still. But in recent years a few noisy disputes at major universities like Yale and Princeton -- where \$600 million is at stake -- have had a powerful effect on the fund-raising game, prodding donors to become more vigilant and universities to become unusually careful about accepting gifts at a time when institutions are particularly hungry for them.

"Universities have rightly paid close attention to these cases," said John Lippincott, president of the Council for Advancement and Support of Education, which represents college fund-raisers. "Even though they may be few and far between, they are not situations that any university would want to face."

To avoid them, colleges and donors are drawing up painstaking agreements to prevent future disputes over how the money should be spent. Instead of turning over the entire gift at once, donors like Mr. Glenn sometimes parcel it out over time, with regular checkups along the way. Universities are often equally exacting, in hope of keeping down unrealistic expectations of how much power a benefactor might have.

In its most recent \$2.6 billion fund-raising campaign, for example, Duke tried to make it clear that no matter how generous donors were, they would not be able to orchestrate how the university was run -- a central point of contention in donor clashes at Yale in the mid-1990's and at Case Western Reserve two years ago.

"We all watch, and we learn from these things," said John Burness, a spokesman for Duke.

The universities recognize that they are dealing with a new breed of philanthropists who are demanding a more active role in shaping the outcomes of their gifts, a result both of their entrepreneurial wealth and an emerging belief that institutions need to be scrutinized more closely.

In the dispute with the University of Southern California, for instance, Mr. Glenn accused the university

of surreptitiously withholding his money from a researcher he wanted to support while spending it on another one whom he considered ineligible.

"Too often, it was that the universities wanted alums or donors to put up and shut up," said Anne Neal, president of the American Council of Trustees and Alumni, which was formed in 1995 after Yale agreed to return a \$20 million gift from Lee M. Bass, a billionaire alumnus. "There's a feeling that that was inappropriate, that in fact there was absolutely nothing wrong for a donor to insist that their intent was followed."

At the same time, universities are under growing pressure to raise money for as general a purpose as they can manage. Donations to educational institutions dropped last year for the second year in a row, though universities say the economy, not any bad blood, is to blame.

Beyond that, university endowments have shrunk in recent years, while expenses have grown. Having money set aside that colleges can use in any way they please not only eases that pressure, but it also improves their creditworthiness at a time when university debts are soaring.

"We're reaching more of a crossroads than we've been at in the past," said Richard A. Raffetto, a managing director at the Bank of New York. "Universities want to be more and more vague about how they use money, but donors want their agreements to be less and less vague." Some battles have a way of outlasting the original combatants. In the four decades since Charles and Marie D. Robertson gave Princeton \$35 million to prepare graduate students for government service, the gift has romped through a series of investments and blossomed into a \$600 million fund that dwarfs the entire endowments of most other universities.

The Robertsons have since died, but their children want the money back. All of the \$600 million -- and then some.

This month, the Robertson family added fraud to the list of accusations it has leveled against Princeton, introducing the prospect of punitive damages to a lawsuit that is already the colossus of its kind, one in which the scale of the money involved is rivaled only by the bitterness it has inspired.

"Our parents have been betrayed," said Bill Robertson, the 55-year-old son of Charles and Marie. "Really, the university has almost swindled these wonderful people who did something wonderful for this country. It's almost a matter of good and evil."

The Robertsons' central grievance is not simply that Princeton has failed to inspire more than a slim minority of students to take jobs in the federal government, as the family specified, but that the university has shown little interest in doing so.

Instead of spending the money exclusively on the Woodrow Wilson School of Public and International Affairs, the graduate school the Robertsons stipulated in their gift, the plaintiffs contend that Princeton has funneled large parts of it to unrelated programs. None of this was cleared with the foundation that oversees the Robertson gift, the plaintiffs contend. "They either concealed or actively misrepresented what they did with the money," said Frank Cialone, a lawyer for the Robertsons.

Should they win, the Robertsons say the money will not go to them, personally. Rather, it will be redirected through the foundation to any number of universities that, in their view, do a better job of placing graduates in the federal government -- perhaps Georgetown or Harvard.

Princeton denies any wrongdoing, saying it has been dedicated to producing public servants for decades. What the Robertsons fail to recognize, the university says, is that the world has changed substantially in the four decades since the gift was made. A decline in federal hiring in the Nixon years and a subsequent growth in the role of nonprofits in addressing public needs has led Princeton to interpret public service more broadly than simply careers in foreign service, lawyers for the university argue.

"I don't think I could tell you I'm optimistic about a conclusion," said Douglas Eakeley, a Princeton lawyer.

Harvey P. Dale, a professor of philanthropy and the law at New York University, says the lawsuit could have major implications for organizations that receive charitable donations. "If it sets a precedent," Professor Dale said, "then any child or descendant of a donor could challenge a charity's use of donated funds, and that would be disastrous."

But for others, the issue is not so clear-cut. While many support the notion that institutions should be able to adapt over time, adhering to the spirit if not the strictest interpretation of a gift, they also wonder if too much flexibility can end up distorting the donor's intent.

"That's the real question behind all of this," said Timothy L. Seiler, director of the Fund Raising School at the Center on Philanthropy at Indiana University. "Compelling arguments could be made on both sides of the debate."

Photo: Bill Robertson of Naples, Fla., is involved in a lawsuit accusing Princeton University of mismanaging a large donation by his family. (Photo by Amanda Inscore for The New York Times)(pg. A12)