

Won a complete victory for Hillsdale College in a closely watched dispute against the University of Missouri over the misuse of a deceased alumnus's \$5 million donation.

2019

WTO successfully represented Hillsdale College in a closely watched dispute against the University of Missouri ("Mizzou") over the misuse of a deceased alumnus's \$5 million donation. Sherlock Hibbs left \$5 million to Mizzou for the specific purpose of developing the next generation of Austrian economists. His will required that the funds be used exclusively for "dedicated and articulate disciples" of the Ludwig von Mises Austrian School of Economics.

This requirement was extremely important to Mr. Hibbs. Although the gift to Mizzou was made "in trust," Mr. Hibbs did not rely on charitable trust principles to enforce his wishes. He also required Mizzou to certify regularly to Hillsdale College, an institution steeped in Austrian economic theory, that it was using the money to teach Austrian economics.

Mizzou made the required certifications in 2006 and 2010. But after Mizzou skipped the certification in 2014, Hillsdale investigated and found that, contrary to Mizzou's sworn certifications, the school never had used the money to hire or retain Austrian economists.

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Hillsdale approached Mizzou privately in 2017 to address the matter, but Mizzou was aloof. In the ensuing lawsuit, Mizzou's internal documents proved it had never used—and never intended to use—Mr. Hibbs' money to teach Austrian economics. Instead, the Dean of the business school re-wrote the terms of the gift to, in his words, make it "compatible with what we do in our business school."

Mizzou offered no substantive defense of its conduct in the lawsuit. It first claimed that any lawsuit had to be filed in its home town and spent hundreds of thousands of dollars to move the case there. Then, after identifying the members of the school's governing body as the "trustees" responsible for implementing Mr. Hibbs' wishes, Mizzou claimed those same trustees were immune under federal law and couldn't be sued for not using the money as instructed.

Mizzou claimed that as a state school it could do as it pleased with the money. But rather than make that argument in court, even in its home town, Mizzou finally realized it lacked legal defenses and agreed to transfer nearly the full amount of Mr. Hibbs' original gift to Hillsdale, where it will be used as its donor intended.



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