

Tentative deal reached in dispute over heiress' \$300 million will



Published: 9/21 3:25 pm

Updated: 9/21 4:01 pm

By Bill Dedman
Investigative Reporter, NBC News

NEW YORK – A proposed settlement in the \$300 million estate of the reclusive heiress Huguette Clark would give more than \$30 million to her relatives, most of whom never met her. The deal would give nothing to her longtime nurse, who would have to pay back \$5 million of the \$31 million that she already received in gifts while Clark lived.

The largest beneficiary of the deal would be a new charity, as Clark directed in her will. A cornerstone of the settlement is preservation of her beloved home in Santa Barbara, Calif., as the base for a foundation to benefit the arts. The foundation begins its life, however, with financial uncertainties that ultimately could force it to sell the property.

The proposed settlement hasn't been signed yet, but its broad outlines have been agreed to by the main parties. It could be signed and filed in court before the trial is scheduled to resume with jury selection on Tuesday, attorneys said. Drafts of settlement documents were obtained by NBC News, and may not reflect recent changes made to the proposal.

Huguette Marcelle Clark was the youngest daughter of former U.S. Sen. William Andrews Clark (1839-1925), one of the copper kings of Montana and one of the richest men of the Gilded Age, a railroad builder and founder of Las Vegas. His youngest child Huguette, born in Paris in 1906, was a shy painter and doll collector who spent her last 20 years living in simple hospital rooms. She attracted the attention of NBC News in 2009 because her fabulous homes in Connecticut, California and New York sat unoccupied but carefully maintained.

Clark's last will and testament stated emphatically that none of her money should go to her relatives, who are descended from the first marriage of her father. Her father had left equal shares of his fortune to all of his surviving children: Huguette and four of her half-siblings from that first marriage. The relatives challenged the will, claiming it was the product of fraud, that Clark was incompetent, and that the signing ceremony was faulty.

The settlement is being quarterbacked by the office of New York Attorney General Eric Schneiderman. The attorney general's spokesperson would not comment. The head of the attorney general's charities bureau, Jason Lilien, has told parties in the case that his office was working aggressively to protect the charitable interests.

Besides the charity, the sure winners from the Clark copper fortune are the lawyers, because a settlement ensures that they get paid. The Clark estate would pay \$11.5 million in legal fees for the relatives, and another \$11.5 million to the attorneys for Clark's lawyer, who defended her last will and testament. Another \$1.5 million would go to the nurse's attorney. A deal would guarantee a payday for the law firms, and avoid the additional costs of a six-week trial involving more than 60 attorneys at rates of \$1,000 an hour or more.

A deal was made more likely on Friday, when the judge ruled that attorneys representing a foundation that would be created by Clark's will could not have a voice at the trial in Surrogate's Court. Clark's will left about 70 percent of her estate to a new Bellosguardo Foundation to foster the arts, named for the Clark summer home in Santa Barbara, overlooking the Pacific Ocean. The Clark relatives argued that there is in fact no Bellosguardo Foundation yet — because the will hasn't been accepted. In a secret hearing on Sept. 10, after throwing out the press and the public, Surrogate Court Judge Nora S. Anderson ruled that the foundation could be represented. But on Thursday, she reversed that ruling after the foundation's attorneys objected to the proposed settlement. The foundation is expected to appeal that decision.

The settlement assumes that the Internal Revenue Service will cooperate by lowering the estate's tax bill. Clark was so relentlessly generous to her staff and friends that she died owing the IRS \$82 million in gift taxes, with the bill rising \$9,000 per day from penalties and interest. The settlement is premised on the hope that the IRS will forgive the penalties, estimated at \$16 million to \$18 million, because the settlement mostly benefits charities. If the IRS insists on collecting the penalties, that bill will lower the amount flowing to the foundation and could require it to sell the California property.

In addition to the Clark summer home, valued conservatively at \$85 million, a Bellosguardo Foundation would receive Clark's \$1.7 million doll collection, which had been left to the nurse, and \$4.5 million in cash. The family and others in the case had

insisted that the property be sold, but the attorney general said no. This would be a New York foundation and its board of trustees would be organized by the attorney general's office. The Clark relatives would get one seat on the board, and the Santa Barbara community would also get seats.

Although the Santa Barbara property goes to charity, as Californians have urged, the settlement plan angered the former mayor of Santa Barbara, Sheila Lodge, who was expected to testify about letters she received from Huguette Clark expressing how she wanted Bellosguardo to be preserved. Lodge is co-chair of a Santa Barbara group called the Friends of Bellosguardo. Speaking as an officer of the recently formed foundation whose attorneys were excluded from court, Lodge criticized the New York attorney general, saying he has not sided with the charities.

"In fact, however, the New York attorney general has done no such thing," Lodge wrote in a statement. "He has already approved a settlement agreement which would saddle the foundation with tens of millions of dollars of legal fees incurred by those who objected to the will, as well as all tax liabilities in connection with the proposed settlement, which could amount to millions more."

Sponsored Links

X

x

richdad.com



New Rule in Colorado

Colorado: If You Pay For Car Insurance You Better Read This...
Comparisons.org



Create Tomorrow

Learn more about design & advertising programs at The Art InstitutesSM!
www.ArtInstitutes.edu

Buy a link here