



Letter to Ernst H. Kantorowicz, January 6, 1955: CU-9.21

[Letter, January 6, 1955]

AIR MAIL January 6, 1955

Professor Ernst H. Kantorowicz

22 Alexander Street

Princeton, New Jersey

Dear Eka:

Edward Tolman, by letter dated December 31st, advises that he talked to Covey Oliver concerning legal fees and specifically that they "agreed that a fee of 20%, for the resigners, and of 30%, for the remaining 16, would be a very fair amount and very generous" on my part.

I have advised Edward that the suggestion, not emanating from me, is wholly satisfactory to me and will assume, unless you advise to the contrary, that it is to you.

Edward inquired as to whether the percentages should be computed upon the gross amounts recovered, or after exclusion of interest. I have advised that I would prefer that the computation be made after excluding interest. He also inquired as to whether the percentage should be in addition to the charges for the work of associates in the office, which the Faculty Fund has paid, and I have advised that I prefer the proper pro rata of such payments to be deducted from the amount resulting from the computation of percentages.

The foregoing brings me to the point of sharing with you a problem we have on allocation of costs and reimbursement on account of fees and costs to your case as one of the 21 we have been handling. I suppose we could call in a firm of public accountants to try to work out the details, i.e., for example, if a long distance telephone call was made in regard to one case but had a bearing upon the others, as to an appropriate pro rata of the call to be charged against the one case as against the indirect effect on the others, etc., etc.

However, it seems to me that the funds involved are, relatively, so small, as not to warrant undertaking minute analysis for purposes of allocation. Instead, I suggest that you approve this:

Each of you, including all 21 litigants, has paid \$150.00 (making a total of \$3,150.00) as an advance on costs, costs consisting of such actual disbursements as filing fees, long distance calls, wires, mimeographing, etc. Costs, through December 31, 1954, have totalled \$2,702.62, of which the Faculty Fund has paid us \$2,623.31 and the balance of which (\$79.31) we shall shortly bill to the Faculty Fund.

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The difference between \$3,150.00, the total amount advanced by all litigants for costs, and the actual costs paid out to date comes to \$447.38.

Therefore, as to the advance on costs, I suggest that your obligation be regarded as equal to 1/21st of \$2,702.62 and that, using the same pro rating, you have a credit of 1/21st of \$447.38. However, the Faculty Fund has reimbursed us for all costs we have paid out and has indicated that it intends to continue to do so. Therefore, I propose that the whole matter of charges or credits for costs be left between you and the Faculty Fund. If the Faculty Fund decides to bear all costs, then, in the final wind-up with you, it will credit or pay you the full

\$150.00. On the other hand, if, for example, it decides that you should stand all costs, it will charge you 1/21st of \$2,702.62 against the \$150.00 you have advanced.

Accordingly, I propose that our bill to you consist simply of the 20% computed upon the amount of the severance pay recovered for you, without interest, less 1/21st of the total amount paid to us by the Faculty Fund for the time of associates (calculated to cover general overhead as distinguished from costs). As to our office, this makes complete sense because, the Faculty Fund having reimbursed us for costs and presumably intending to continue to do so, there is no reason why our account with you or any other litigant should be complicated with credits or charges for costs. Under the arrangement with the Faculty Fund, we will be reimbursed, periodically, for costs by the latter.

I should perhaps also remind you that the amount of legal fees and costs is deductible as an expense, under the federal income tax law, during the year in which such fees and costs have been paid.

Please advise by return mail if the foregoing is satisfactory to you.

Best regards.

Sincerely
SAW:AC