



Allegheny College v. National Chautauqua County Bank

246 N.Y. 369 (1927)

Case Brief Summary

Brief Fact Summary

The Defendant, National Chautauqua County Bank of Jamestown (Defendant), promised to pay Plaintiff, Allegheny College (Plaintiff), \$5,000 for a scholarship fund in Defendant's name.

Plaintiff accepted part payment and held the money for the fund. Defendant refused to pay the remaining balance of the \$5,000.

Facts

Plaintiff sent a letter of appeal as part of its fundraising drive to Johnston who at the time of the case was deceased.

In response, Johnson sent a letter promising \$5,000 due 30 days after her death.

The letter ordered her Executor to pay the sum out of the estate added to Plaintiff's endowment in accordance with instructions found on the reverse of the letter.

The reverse said "In loving memory this gift shall be known as the Mary Yates Johnston Memorial Fund, the proceeds from which shall be used to educate students preparing for the Ministry, either in the U.S. or in the Foreign Field."

Made only on the condition that provisions of her will are first met. \$1,000 was paid two years after the date of letter and while Johnston was still alive.

Plaintiff put this money aside to be held as a scholarship in Johnson's name. Later Johnston sent notice of her revocation.

Thirty days after Johnston's death Plaintiff brought the suit against the executors.

Issue:

Is the promise made with consideration and thus enforceable?

Holding and Rule

Yes. When the college accepted the \$1,000, there was an assumption of duty to maintain the memorial and name.

This duty (to perpetuate the name of the founder in the memorial) acts as the consideration resulting in a bilateral agreement, implied in fact by the conduct of the plaintiff.

The measure of the benefit to the promisor is not relevant in determining the validity of the contract. "When a thing is to be done by the plaintiff, be it ever so small, this is a sufficient consideration to ground an action."

There are no grounds for promissory estoppel.

Synopsis of Rule of Law

An assumption of duty to promise whatever was necessary to carry out the conditions of her gift is valid consideration.

Discussion:

The court may be reluctant to find for the Defendant in order to serve the policy concern of supporting charitable organizations.

It is difficult to determine whether words of condition in a promise indicate consideration or a gift.

One way to make this determination is to ask whether the happening of the condition will be a benefit to the promisor.