

# THE CLAREMONT COLLEGES

---

## Frequently Asked Questions – CST (Claremont School of Theology) Litigation Facts

September 7, 2022

### **1. What is the current status of the lengthy litigation between Claremont School of Theology (CST) and The Claremont Colleges (TCC)?**

On January 4, 2022, the Superior Court issued key rulings in favor of TCC in its litigation with the CST. Both the Court of Appeals (January 2021 and June 2021) and the Superior Court (January 2022) have conclusively ruled in favor of TCC and its legal right to own and control CST's former campus property. These rulings are final, and CST has no further rights of appeal.

- The original 1957 agreement between TCC and CST is enforceable as originally written.
- The Right of First Offer created in the 1957 agreement has been triggered.
- CST must promptly give TCC an offer to sell the property in accordance with the Right of First Offer, including the pricing formula prescribed by that right.
- CST is prohibited from seeking to lease, sell or transfer the property to any third parties, including Yalong Investment Group, LLC.
- Yalong is prohibited from using, occupying, or possessing any part of the property.

CST recently delivered an offer of sale of the property to TCC, and TCC is working through the response process set forth in the parties' 1957 agreement.

### **2. What is the history of the land transaction between CST and TCC?**

CST purchased the land from TCC at a negotiated price to begin operations in Claremont in 1957. As part of the parties' original agreement, TCC retained a right to repurchase the property according to an agreed purchase-price formula if CST ever desired to sell or transfer the property or leave Claremont.

### **3. Does TCC have specific plans for the use of the property?**

SEVEN INSTITUTIONS. INFINITE CHOICES.

---

# THE CLAREMONT COLLEGES

---

TCC envisions several potential uses consistent with the higher education mission of TCC and consistent with local zoning and land use designations (the property is zoned Institutional Educational), including additional student housing for several institutions caused by increased enrollment due to student deferrals and limited study abroad opportunities resulting from the pandemic; other office and classroom spaces as institutions renovate or replace aging facilities; and new TCC initiatives and academic programs.

## **4. What is the current status of operations on the property?**

CST entered a sale/lease agreement with Yalong Investment Group LLC, a developer/operator/tenant, to operate and develop the property. Yalong paid CST more than \$10 million in connection with that agreement.

The Court's January 4, 2020, ruling prohibits Yalong from using, occupying, or purchasing any part of the property.

## **5. Given that Yalong cannot use, occupy or purchase any part of the property and that Yalong has paid more than \$10 million for the property, what is Yalong's current position?**

Yalong filed a [cross-complaint](#) against CST in April 2022, seeking to rescind its agreement with CST, demanding a return of the \$10 million Yalong paid to CST under that agreement.

## **6. Why did CST bring legal action against TCC?**

In 2016, following several offers from TCC to purchase portions of the property (at values substantially higher than required under the 1957 agreement) and renovate the housing units on the CST campus for CST's benefit, CST sued TCC in an attempt to avoid TCC's right to repurchase the property. CST has lost that legal action.

SEVEN INSTITUTIONS. INFINITE CHOICES.

---