

An Unusual *Judicial* Order

By: Jess Clarke

THE DONALD L. SMITH/MANILA G. SHAVER SCHOLARSHIP that Carolina Law 2L Maria Romero Perdomo received as a 1L gave her more than partial tuition assistance. The award also offered something priceless: the freedom to explore multiple fields of law for her future career.

In addition to the total award she'll receive over three years, Perdomo credits the scholarship with helping her find the area of law she wants to pursue.

"The fact that I don't have to pay full tuition has given me the flexibility to take more risks and allowed me to pursue my passions more than I would have if I'd been concerned about how to pay my tuition or my loans," she says. "The scholarship allowed me, when looking at potential internships or summer work, to gravitate toward firms and organizations that I had an interest in, rather than just what I thought would be most financially secure for me."

A clerkship this past summer introduced Perdomo to different types of law. She decided to tailor her courses to prepare for a career in corporate transactional law.

The Smith/Shaver Scholarship has opened up the legal field to over 70 Carolina Law students since the fund was established in 2005, including 12 current students. This December, the fund will pass a milestone when its payments to UNC exceed \$1.5 million.

An order by North Carolina Superior Court Judge Howard E. Manning Jr. '68 established the Smith/Shaver Law School Scholarship Fund, an unusual beginning for a scholarship. Next year will mark the 20th anniversary of the court decision that created the fund.



Maria Romero Perdomo '25.



Smith/Shaver Law School Scholarship Fund Board in 2005. Standing (left to right): Judge Donald L. Smith; Judge Howard E. Manning, Jr. '68; Keith W. Vaughan (then Chairman and Managing Partner at Womble Carlyle); W. David Edwards (then Member, Womble Carlyle); and Colon Willoughby (then Wake County District Attorney). Sitting (left to right): G. Eugene Boyce (then at Boyce & Isley); Judge Wanda G. Bryant; and Arch T. Allen III '65.

The judicial judgment came in *Smith v. State of North Carolina/Shaver v. State of North Carolina*, a complicated, consolidated class action in Wake County that itself was unusual. Its legal journey included the U.S. Supreme Court and the North Carolina Supreme Court.

The ultimate outcome in the *Smith/Shaver* case derived from two rulings. One was by the U.S. Supreme Court regarding the U.S. Constitution's dormant commerce clause in a related lawsuit. The other was by the N.C. Supreme Court concerning the state constitution's uniform taxation provision. The rulings obtained refunds for North Carolina taxpayers who paid intangibles tax on stock they owned, based on the state constitution's requirement that a class of property be uniformly taxed.

The North Carolina law firms of Womble Carlyle Sandridge & Rice, now Womble Bond Dickinson, and Boyce & Isley, represented North Carolina taxpayers pursuing intangibles tax refunds from the state. David Edwards, then an attorney with Womble Carlyle and now retired, is the secretary/treasurer and a director of the tax-exempt *Smith/Shaver* fund, based in Winston-Salem, N.C.

Edwards notes that as a result of the *Smith/Shaver* class action, more than \$465 million was available for refunds to class members and other purposes. After refunds with interest were made and settlement expenses were paid, Judge Manning directed that \$6 million from the settlement fund be used for the initial endowment of the Scholarship Fund.

The Donald L. Smith/Manila G. Shaver Law School Scholarship Fund awards need-based scholarships to North Carolina residents who attend Carolina Law and the law schools at Campbell, Duke, North Carolina Central and Wake Forest universities. The fund has made total payments of about \$5 million to the law schools so far.

One distinction of the class action is that "It was one of the rare uses of the uniform taxation provision in North Carolina," Edwards says.

The state constitution ultimately was used to obtain refunds for about 275,000 North Carolina taxpayers. "That's incredible," he notes. "This was a case where the scholarship funds came from what remained after people got full refunds. It wasn't just a scholarship set up as the entire settlement."

At a Carolina Law event for scholarship recipients and donors Perdomo, from Apex N.C., learned about the unique history of the *Smith/Shaver* Scholarship Fund. She appreciates that the scholarship came from a judicial order. "I was very excited and very honored to have received it," she says. "To talk face to face with the people who chose me and the other students was an incredible opportunity."

Board members of the nonprofit *Smith/Shaver* Scholarship Fund work with admissions officials at the law schools to nominate and choose recipients.

Former UNC trustee Arch T. Allen III '65 represents Carolina Law on the *Smith/Shaver* Scholarship Fund's board of directors. In considering students nominated by the law school, all of whom have need of financial assistance, he weighs their undergraduate degrees, GPAs, LSAT scores and other factors before he submits his selections to the board.

"They're all impressive. It's not easy to decide," says Allen, also a former vice chancellor of development and university relations at UNC-Chapel Hill. "It has been rewarding to meet a number of the student recipients."

As long as the *Smith/Shaver* scholars are North Carolina residents who have need, the fund doesn't impose rigid criteria on potential recipients.

A circular portrait of Judge Howard E. Manning '68, an older man with white hair, wearing a dark suit jacket, a blue shirt, and a yellow patterned tie. He is looking slightly to the right of the camera with a serious expression.

Judge Howard E. Manning '68.

But “In his order, Judge Manning expressed the hope that the fund would enable lawyers who received the scholarship to take on difficult and unpopular cases like the lawyers in the Smith/Shaver case had done. That desire has been filled in a number of ways,” Edwards says, such as with students who have pursued work in the nonprofit sector.

And thanks to the scholarship, Perdomo is more familiar with diverse legal areas. With finances less of a worry, she could focus on her grades early on, which helped her get the Charlotte Legal Diversity Clerkship through the Mecklenburg County Bar Association. The position this past summer made a big impact on her.

“It can be really hard to know exactly what day-to-day life is like in a particular field of law until after you graduate,” she says. “By being able to learn that ahead of time, not only did I realize the field I preferred, I was able to make sure my coursework would be geared toward preparing me for that career path.” ◇

70+

Carolina Law students have benefitted from the Smith/Shaver Scholarship Fund since 2006.



This Year's Awardees

(Left to Right) Maddy Clahane '25, Kacie England '24, Austin Foushee '26, Bethany Garrison '25, Joel Gillison '26, Christopher Hoffer '24, James Longest '25, Ashley Loveless '24, Maggie Rand '26, Alexandra Riverbank '26, Maria Romero Perdormo '25, Gabrielle Schust '25.