B-3. <u>Provide "good-will" assistance to keep workers happy.</u>

"Allegedly, the provisions of the Scholler trust also include the right to use the foundation as a conduit for employee benefits. When a foundation-controlled company is able to use tax-free funds for the benefit of its employees, the inherent competitive advantages to the company are obvious." ---Patman Report, P. 15 (1962)

"Other foundations have been used to pay benefits to employees of a private company. The Harnischfeger Foundation, Inc., of Milwaukee, has regularly contributed sums from $100 to $10,000 to employee organizations of the Harnischfeger Corp. From 1952 to 1958, the Harnischfeger Employees Benefit Association received $40,500 from the foundation. The benefit association, the foreman's club, the engineers club, and the trap club and all benefited from the foundation's largess in 1959. Mr. Walter Harnischfeger, himself, received a loan of $40,000 at 4 percent interest in 1955 from the foundation." ---Patman Report, P. 80 (1962)

"The operations of the three Baird Foundations, of New York City, indicate clearly that control of foundation funds affords boundless opportunities for lavishing favors upon business acquaintances and friends."--Patman Report, Page III. (1963)

"The corporate foundation is formed for convenience, or, more likely, as an entity into which excess profits can be funnelled for later use. On the business side, it can be used as a source of loans to the corporation or its officers, or to other corporations with which closer dealings may be desired." --U.C.L.A. Law Review, May, 1966 Page 945.

B-4 <u>Use it as source of "friendly financing" from tax-free accumulations</u>.

In December, 1945, the Rhode Island Charities Trust (foundation controlled by Textron, Inc.) purchased the Manville Mill, consisting of real estate, machinery and fixtures belonging to the Manville-Jenckes corporation, which was a wholly owned Textron subsidiary, for $1,200,000. In this manner, Textron was able to secure a substantial amount of money from the trust to be used as working capital against its various operations. The Manville Mill was then leased back to Textron so that its use thereby could be continued without interruption." ----Senate Report #101, 81st Congress, 1st Session, P.13, (1949)