

C. Self-dealing

The most complex area of prohibited transactions is self-dealing. We have briefly discussed some of the issues in prior sections of this class but perhaps we should review the rule in detail and even repeat ourselves to make the distinction clearer.

The term "self-dealing" is misleading. The term does not mean that a foundation is barred from dealing with individuals who are closely related to it, but only that the foundation is barred favoring these individuals or sacrificing foundation funds. The rule against self-dealing simply states that a foundation is barred from entering into certain transactions with the founder of a foundation, the directors of a foundation, the contributors to a foundation, and their relatives, and, in some cases, the officers of the foundation, in such a way as to give preference