

Money in the trust bank account must never be used to buy gasoline for automobiles owned by yourself and never used on trust business. These seem like simple enough examples, but they have been violated and confused in several cases.

The primary rule to keep in mind in managing property involved in a tandem operation is as follows: "If an entity has no property interest in a particular asset or transaction, it may never contribute funds toward the support, maintenance, or continuation of that property or transaction." In other words, if your foundation does not either own or lease a certain piece of real estate, it may not pay for the mortgage, real estate taxes, maintenance, or insurance on that property. To do so would endanger the legality of the foundation.

Perhaps this principle can be best illustrated in yet another way. Every person in this room is an independent entity, a human legal organization. None of you owns any percentage of the Merchandise Mart in Downtown Chicago. The Merchandise Mart annually pays about \$300,000 in real estate taxes (or has paid this since 1960). Does any person here feel that they should pay the real estate taxes or any part of the real estate taxes on the Merchandise Mart? The answer is obviously "No" - you don't own it.