

"Remote relatives may be employed in the business; friends may be assisted; business acquaintances may be accommodated." Treasury Report, Page 34.

"Representative Patman questioned the compensation granted to trustees of the Ford Foundation who sometimes received \$5,000 for attending a single meeting." Patman Report, 1964, Page 136.

Former Commissioner of Internal Revenue, Mortimer Caplin, was asked about salaries paid to a creator of a foundation or his family:

"Q. Is a foundation generally required to pay out all net income within a specified period of time after the close of the taxable year?

A. No. Generally speaking, a foundation is required to pay out its income in furtherance of its exempt purposes and to meet expenses, without being limited to a specified period of time within which to accomplish the same, and providing any accumulation is not unreasonable in amount or duration."

"Q. May trustees and officers of foundations receive compensation?

A. They may receive compensation commensurate with services rendered." (Patman Report, Page 73, Page 74. (1962)

"Employment of donor's sister for life at \$15,000 per year was reasonable. (Home Oil Mill v. Willingham, 68 F. Supp. 525 (1946)

A-4 Make grants not constituting income to family.

"An exemption was upheld of a scholarship fund which was supposed to give preference to the relatives of the donor named "Gulentz." 57 F. Supp. 502 (1944).

Section 117 of the IR Code allows any person to receive tax-free incidental expenses in a grant to cover travel, research, clerical help or equipment.

In another case an exemption was upheld where the persons receiving the benefits were all old and deserving family retainers.

William B. Chase T.C.M. 234 (1960) scholarships could be awarded to anyone but were in fact awarded only to employees of related corporations and their children.

A-5 Look after family's pet charities or worthy causes.

A-6 Income splitting through salaries to family members.