

Taylor: Public Accountability of Foundations and Charitable Trusts

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Recommended Citation

John W. Curran, *Taylor: Public Accountability of Foundations and Charitable Trusts*, 3 DePaul L. Rev. 304 (1954)
Available at: <https://via.library.depaul.edu/law-review/vol3/iss2/18>

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REVIEWS

Public Accountability of Foundations and Charitable Trusts. By ELEANOR K. TAYLOR.¹ New York: Russell Sage Foundation, 1953. Pp. 221, Index pp. 225-231. \$3.00.

This work points out the abuses which exist in the area of charitable trusts and foundations because most states have no provisions for the registration of such institutions and, consequently, no means of surveying their net worth, their incomes or expenditures. Thus it becomes virtually impossible to ascertain whether the cause of charity is being furthered in accordance with the purpose of the founder in the case of many trusts. For example, in response to the question, "What provision is there in your state for keeping a list of charitable trusts as they are established by will or otherwise?" officials of thirty-two states replied that there was no such provision. Illinois has no such provision.

Because of this absence of adequate state supervisory machinery, there exists what the profession calls "sleepers." These are the trusts wherein the charitable purpose has not been fulfilled because of laxity on the part of trustees. *In re Mead's Estate*, 227 Wis. 311, 277 N.W. 694 (1938), is a good example, and there are others.

Rhode Island has a recent statute which has been very revealing. It requires registration under penalty and a yearly report of income and expenditures. New Hampshire has a similar statute. A uniform statute for all states has been proposed.

One school of thought seeks strict regulation of charitable trusts and foundations in all states in line with the Rhode Island view. Labor unions support this view. The great increase of foundations and their operation has caused some concern and the individual taxpayer will, in turn, have to take care of the differential caused by the shifting of funds into a tax-free category. It is understood that a bill will be introduced in the next session of the Illinois legislature providing for registration of all fund-raising agencies, except religious and educational groups.

In this book, an illuminating introduction by F. Emerson Andrews of the Russell Sage Foundation is followed by chapters on Trusts and Trusteeship . . . State Provisions for the Supervision of Trusts . . . State Regulation of Charitable Corporations . . . Taxation and Federal Supervision . . . Charitable Regulations in England and Canada . . . Self-Regulation by Foundations . . . and Regulatory Proposals.

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