

When Self-Dealing May Occur

- A foundation buys a table at a benefit dinner and distributes the benefit tickets to family members or other “disqualified persons.”
- A foundation owns works of art and permits the founder or other “disqualified persons” to exhibit the works of art at home.
- A foundation pays an honorarium to a government official for giving a speech or participating in a seminar.
- A foundation and “disqualified persons” are investors in the same company, and the foundation holds onto an investment in order to “prop up” the stock price.
- A foundation buys an asset from a “disqualified person,” even if the terms are economically advantageous to the foundation.
- A foundation invests in a partnership in which other “disqualified persons” are partners.
- A foundation pays excessive compensation to a “disqualified person” for his or her services to the foundation.