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Depth Perception

15 November 2012

One Loophole to Close

The Petraeus scandal is emerging as yet another tumor with tentacles reaching into many places, perhaps even to other actions powerful people would prefer to keep in the dark. The problem with tumors is that we tend to notice the big and fast growing ones and miss the small, but deadly masses.

One such ugly growth only mentioned in passing thus far is the Doctor Kelly Cancer Foundation and the use of its funds. This foundation is operated by Dr. Kelly, a Tampa area cancer surgeon, and Jill Kelley, the woman whose complaint about threatening e-mails triggered the FBI investigation that unearthed potentially classified documents falling into the wrong hands and the cuckolding actions of Mr. Petraeus and his biographer, Jill's sister is the third Trustee of the Foundation. The foundation claims a mission of helping terminally ill adult cancer sufferers with their quality of life, but spent 2/3rds of its money on expenses like travel, meals, entertainment and legal fees in 2007 (Wall Street Journal, *From Social Role to Scandal's Center*, by Arian Campo-Flores, Julian E. Barnes and Evan Perez, 13 November, 2012). This is no typo. 2/3rds of raised money were spent on expenses. The New York Daily News reports no tax filings since then <http://www.nydailynews.com/news/national/petraeus-friend-jill-kelley-living-large-flat-broke-article-1.1201688>

Privately established foundations that essentially provide tax-deductible play money to accumulate networking relationships and throw power around, and with family members serving as the trustees, cast a shadow on honorable Community and Denominational Foundations whose administrative expenses barely register, and who ensure the charitable intent of contributed money.

The far-flung abuse of family foundations expose one tax loophole that can be closed. It might receive bi-partisan support and could raise the ethical bar of charitable giving. Let's hope, however, that closing the loophole improves governance and ensures the charity of foundations rather than erasing them altogether.

-mark l vincent

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