

DEPARTMENT OF ATTORNEY GENERAL

CONSUMER PROTECTION AND CHARITABLE TRUSTS DIVISION

CHARITABLE TRUSTS

(By authority conferred on the department of the attorney general by sections 6, 7, and 10 of Act No. 101 of the Public Acts of 1961, as amended, and section 52 of Act No. 380 of the Public Acts of 1965, being SS14.256, 14.257, 14.260, and 16.152 of the Michigan Compiled Laws)

R 14.11 Enforcement of rules.

Rule 1. These rules shall be enforced by the attorney general and his representatives to protect the interests of the people of this state in the administration, operation and disposition of the assets of all charitable trusts in this state.

History: 1979 AC.

R 14.12 Registration statements.

Rule 2. A trustee subject to Act No. 101 of the Public Acts of 1961, as amended, within 2 months after receiving possession or control of property for charitable purposes, shall file with the attorney general a registration statement on a form which shall be supplied by the attorney general on request. Such trustee shall also file with the attorney general a copy of the instrument providing for its title, powers or duties and an inventory of the assets of the charitable trust.

History: 1979 AC.

R 14.13 Annual reports.

Rule 3. (1) A trustee of a charitable trust subject to Act No. 101 of the Public Acts of 1961, as amended, which solicits money from the public, within 6 months after the close of its fiscal year, shall file with the attorney general a copy of its certified audit report for such year, containing a balance sheet, a statement of receipts and disbursements, and a list of assets including securities held. In lieu of a certified audit report, such a trustee may file its sworn statement setting forth such information in accordance with the form prescribed by the attorney general.

(2) A trustee, except a trustee of a charitable trust which solicits money from the public, subject to Act No. 101 of the Public Acts of 1961, as amended, shall file with the attorney general annual periodic written reports, in accordance with the form prescribed by the attorney general. A copy of the account filed in any court having jurisdiction of the charitable trust, if the account is substantially the same as such form, may be filed as an annual periodic report.

(3) The first annual periodic report of a charitable trust shall cover the first calendar or fiscal year ending after the trust became subject to such act. The first annual periodic report shall be due on or before the expiration of 6 months after the close of the first calendar year or fiscal year after the trust became subject to the act. Thereafter, subsequent annual periodic reports shall be due on or before the expiration of 6 months after the close of the charitable trust calendar or fiscal year.

(4) A charitable trust required to file annual periodic written reports with the attorney general may file in lieu thereof an audit certified as being true and correct and in accordance with generally accepted accounting principles by a certified public accountant and containing substantially the information required on the annual periodic report form of the attorney general.

(5) A statement indicating whether or not a creator of the trust or a contributor to the trust or a trustee, in his individual capacity, or a person related either by consanguinity or by affinity to such creator, contributor or trustee, has entered into any transaction involving the purchase, sale, transfer or loan of any of the trust's assets, shall accompany the annual periodic report.

(6) Complete details regarding all transactions in which a trustee, employees of a trustee, or persons related to a trustee, or related to employees of a trustee, either by consanguinity or by affinity, have personally benefitted from operating and management of the trust or received any part of the income or corpus of the trust, other than the normal and reasonable trustee fee, shall be disclosed in a statement accompanying the report.

History: 1979 AC.

R 14.14 Suspension of annual reports.

Rule 4. A trustee of a charitable trust may be granted a suspension from the requirement of filing annual periodic reports on written application supported by good and sufficient reasons. If a suspension is granted, reports may be required on the happening of specified events or contingencies or at stipulated future report dates. Ordinarily a suspension will not be granted when reports on the operation of the charitable trust are required to be made to a court or to other governmental agencies.

History: 1979 AC.

R 14.15 Investigations.

Rule 5. Either the attorney general or an assistant attorney general designated by the attorney general may hear information under oath and receive books, memoranda, papers, documents of title and evidence of assets, liabilities, receipts or disbursements produced pursuant to an order of the attorney general issued by the attorney general as provided by the act.

History: 1979 AC.

R 14.16 Inspection of records.

Rule 6. The charitable trust register, copies of instruments and the reports filed with the attorney general shall be available for inspection during regular business hours at the charitable trust division of the office of the attorney general in Lansing, Michigan, subject to the following requirements:

(a) An individual desiring to inspect the register, copies of instruments and the reports filed with the attorney general shall submit a request in writing setting forth his name, address and indicating his interest in the charitable trust records desired to be reviewed. If such request is approved by the attorney general, the authorized review of the register, copies of instruments and reports filed with the attorney general shall be made in the presence of the attorney general or his representative.

(b) If the charitable trust is to be used for both private and charitable purposes, only those portions of the documents pertaining to charitable purposes, and only if such charitable purposes have matured and come into being, shall be available for public inspection.

History: 1979 AC.

R 14.17 Repeal.

Rule 7. Sections 1 to 5 of the rules relating to charitable trusts, being R 14.1 to R 14.5 of the Michigan Administrative Code, and appearing on pages 2757 to 2759 of the 1963 Annual Supplement to the Code, are repealed.

History: 1979 AC.