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12/3/71

Memorandum 71-97

Subject: Study 77 - Nonprofit Corporations Law

Attached is a letter from G. Gervaise Davis III, who has previously expressed an interest in serving as the consultant on the Nonprofit Corporations Law study. When this study was first authorized, the Commission allocated some funds for obtaining a consultant on the study. However, plans to have the study made at Stanford using former Dean Manning and a team of others did not materialize and plans to use a consultant from an eastern law school also fell through.

Since then, the priorities have changed, and the amount of funds available to the Commission for background research have significantly decreased. The amount available for research is sufficient only for the highest priority studies (eminent domain, inverse condemnation, and prejudgment interest), and the staff does not believe that the nonprofit corporation study is one that should be given priority at this time.

It is possible, however, that some of the studies--such as prejudgment interest--will become unnecessary because of legislation enacted in 1972 or subsequent sessions. Hence, it may be that the Commission would want to give the nonprofit corporations study some priority when work on the attachment and eminent domain studies is close to completion (about 1973 or 1974). At the same time, we should work out a schedule that will allow the consultant three or four years to prepare the background study, so it is not too soon to give some thought to this study.

Respectfully submitted,

John H. DeMouilly  
Executive Secretary

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John H. DeMouilly  
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RE: Non-Profit Corporation Law Revision

Dear Mr. DeMouilly:

You may recall that earlier this year I discussed with you over the phone my interest in the proposed project of the Law Revision Commission for a revision of the California Non-Profit Corporations Law. The purpose of this letter is to explore the matter a little further.

As I mentioned to you at the time I am in private practice, primarily in the business and tax law field, and have for many years had considerable interest in the area of Non-Profit Corporations Law. My interest started some years ago when a client of mine had an extraordinarily complex non-profit corporation problem that got into both the practical and tax considerations. As a result of that I served as one of two or three special consultants in the preparation of the California Non-Profit Corporation Handbook which was published by CEB in 1969, and was author of Chapter 9 therein concerning reorganization and termination of non-profit organizations. I have recently been selected by CEB to serve as editor and author of the supplementation being prepared for this book next spring, except for the two chapters on taxes where I will be working with a southern California tax lawyer.

I am fairly familiar with the studies done by the New York State Law Revision Commission and its special counsel and have a number of the volumes of their reports as well as their current Non-Profit Corporation Law which made some interesting changes.

I understand that you have some financial constraints insofar as hiring of a consultant to do this work is concerned, which are


not terribly limiting insofar as I am concerned, provided that I could provide my firm with some reasonable compensation and particularly reimbursement for any secretarial services involved, and possibly could obtain some assistance from law students at Stanford or elsewhere on the basis of some sort of equitable reimbursement.

I suspect that undertaking this revision could be a two or three year project if it were to be done properly, which I think it should be, and would encompass the preparation of a number of studies on different areas as well as the proposed legislation. All of this interests me very much as a former member of the Editorial Board of the Georgetown Law Journal during my last year and summer at Georgetown back in the late 1950's.

If you believe there is still any interest in this project, and that you would be interested in talking with me, I will be glad to come up to Stanford some day in the next month and discuss this with you. Assuming that a reasonable time schedule could be worked out, I feel certain that I could work this into my law practice and still do an outstanding job for the Commission. I shall look forward to hearing from you.

Very truly yours,



G. Gervaise Davis III

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