

#77

5/5/76

Memorandum 76-50

Subject: Study 77 - Nonprofit Corporations (Scope of Study)

Attached is a letter from David D. Wexler, a letter from Walter Olson forwarding the letter, and my reply to Mr. Wexler.

Mr. Wexler suggests two areas for study. First, the statutes governing the jurisdiction of the Registrar of Charitable Trusts (Uniform Supervision of Trustees for Charitable Purposes Act). I requested him to provide any suggestions he may have and, if he sends any, the Commission can at that time determine whether they are within the scope of the nonprofit corporation study.

The second area suggested is the possibility of a state law preempting the various local laws on charitable solicitation. Even if this is considered to be a sound suggestion, it would appear beyond the scope of the Commission's study. Shall I so advise Mr. Wexler?

Respectfully submitted,

John H. DeMouilly  
Executive Secretary

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April 27, 1976

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CABLE ADDRESS: ROMERSU


Mr. Walter Olson  
600 Montgomery Street  
San Francisco, California 94111

Dear Mr. Olson:

The local office of the State Bar advises me that you are the Chairman of a committee which is currently redrafting the non-profit corporation law. I would appreciate your adding my name to any circulation lists of drafts of the proposed non-profit corporation law. I represent a number of small non-profit corporations (generally, without fee) and am, therefore, interested in any changes in the law.

I do hope that your committee's study is going beyond the provisions of the present non-profit corporation law and is extending to the other California laws governing non-profit corporations. While the provisions of the Revenue and Taxation Code governing non-profit corporations may be beyond the scope of your committee's review, I do hope that some attempts will be made to simplify the statutes governing the jurisdiction of the Registrar of Charitable Trusts and possibly to a State law preempting the various local laws on charitable solicitation. In the name of protecting the public, various governmental jurisdictions have enacted a mass of statutes, rules, ordinances, regulations and forms, all of which make it very difficult and expensive for a small non-profit corporation to do the very work that the legislature seems to believe is so important.

Very truly yours,

  
David D. Wexler

DDW:mms

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April 28, 1976

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9601 Wilshire Boulevard  
Beverly Hills, California 90210

Dear Mr. Wexler:

Thank you for your letter of April 27th. I am sending a copy to John DeMouilly, Executive Secretary of the California Law Revision Commission, which is currently involved in a major revision of the non-profit corporation law. The members of the State Bar Committee on Corporations are assisting in this project to the extent feasible, but the present members of our Committee unfortunately do not have a great deal of expertise in this area.

Yours very truly,

WALTER G. OLSON

WALTER G. OLSON

CC: John H. DeMouilly (w/enclosure)

## CALIFORNIA LAW REVISION COMMISSION

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April 28, 1976

David B. Wexler, Esq.  
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Dear Mr. Wexler:

Mr. Walter Olson has forwarded a copy of your letter of April 27 concerning the nonprofit corporation law study.

You suggest that the study include the statutes governing the jurisdiction of the Registrar of Charitable Trusts with a view to simplifying those statutes. The Law Revision Commission in June 1974 heard a presentation by representatives of the Office of the Attorney General concerning the relationship of the Uniform Supervision of Trustees for Charitable Purposes Act to the General Nonprofit Corporation Law and again more recently devoted considerable time at one of its meetings to various suggestions that would aid the Attorney General in the supervision of nonprofit corporations holding property in trust. The Commission still has this matter under consideration. We would be most grateful if you would send us any specific suggestions you may have for improvement of the law in this area.

You also suggest that consideration be given to the possibility of a state law preempting the various local laws on charitable solicitation. I doubt that the Commission will decide to expand the study to include this matter, but I will present your letter to the Commission for its consideration at its next meeting. If the Commission decides the matter is beyond the scope of its study, I will forward your letter to the Select Committee on Nonprofit Corporation Law, Assemblyman John T. Knox, Chairman, for consideration by that select committee. The Law Revision Commission is preparing the nonprofit corporation statute as a joint project with the State Bar Committee on Corporations and the select committee. I will advise you after the Commission's May 13-15 meeting as to the Commission's decision.

We will add your name to the list of persons to whom we will send our tentative recommendation. We are hopeful we will have something to distribute in a tentative form late this summer.

Sincerely,

  
John H. DeMouilly  
Executive Secretary

JHD:vh

cc: Walter G. Olson