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Senator investigates MoMA

The Federal Finance Committee aims to stop financial abuses at US museums

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The US Senate Finance Committee has launched a comprehensive investigation of The Museum of Modern Art in New York (MoMA). It focuses on the museum’s fractional gifts programme during the past ten years, and extends into tax compliance, executive compensation and expenses, investment policy, and potential conflicts of interest.

Senator Charles E. Grassley, the chairman of the committee, outlined the purpose and scope of the inquiry in a letter dated 29 November sent to MoMA chairman Robert B. Menschel. In this letter, a copy of which was obtained by The Art Newspaper, Senator Grassley explains that the inquiry results from “troubling” comments made by MoMA and other museums objecting to recent federal tax legislation regulating fractional gifts to museums—legislation that the Senator says is designed to curb “significant and widespread abuse of valuation of donated property”.

Senator Grassley says that his committee intends to review “general issues regarding tax-exempt art museums that receive billions of dollars in tax breaks from the federal government”. He says that abuses at the Getty Trust “heightened the committee’s concerns about art museums and the failure of some boards to properly manage [them]”.

The letter requests that MoMA provide the committee with copies of all documents pertaining to fractional gifts, including tax forms, valuations, contracts, donor information, and the schedules by which the museum has taken possession, or will take possession, of all donated or promised fractional gifts. The committee also asks for comprehensive information, going back up to ten years, about gifts, tax filings, lobbying efforts, employee compensation, and the awarding of no-bid contracts.

Senator Grassley, an Iowa Republican, is known for trimming wasteful government spending and for closing tax loopholes. He spearheaded the 2006 legislation limiting tax deductions for fractional gifts and now appears to be zeroing in on museums. The investigation of MoMA may indicate that other museums are likely to be examined in due course.

The Finance Committee is also examining MoMA’s board of trustees, requesting a list of board members serving in the past five years complete with short biographies, their qualifications, how they were selected and how they serve the interests of the community. In addition, the committee will review the museum’s policies regarding conflicts of interest. The inquiry also reaches into how MoMA invests its endowment and how its money managers are selected and compensated.

The letter further instructs MoMA to provide the total number of items in its collection, their value, a detailed year-by-year account of gifts for the past five years, and information about all works of art sold in the past decade.

A spokesman for the senator says: “We have not received any of the information we sought.” A MoMA spokeswoman says that the museum “is working with the Senator’s office to respond”.

COOKIE SETTINGS