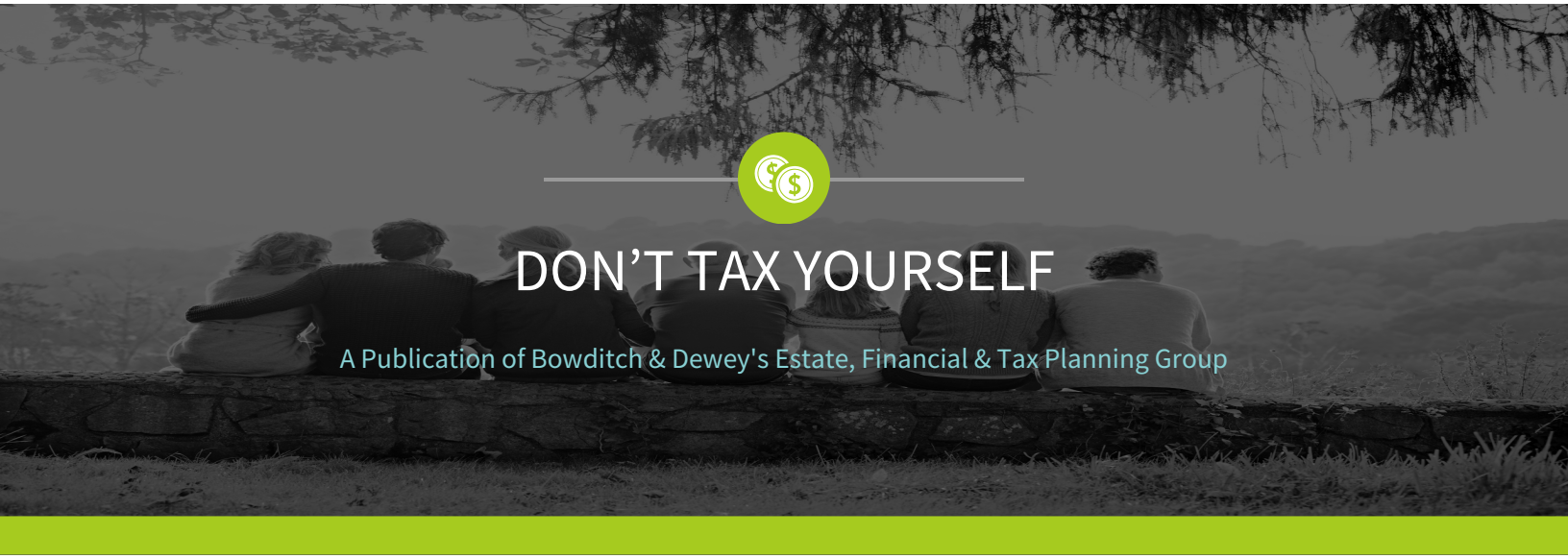


DON'T TAX YOURSELF

A Publication of Bowditch & Dewey's Estate, Financial & Tax Planning Group

Will a Blind Trust Work For Donald Trump?

BY KATHRYN E. SZEWCZYK • SEPTEMBER 27, 2016

With the presidential election fast approaching, blind trusts are once again coming back into focus. A blind trust is a device often used by public officials to avoid conflicts of interest, where the official places assets into trust to be managed without his or her knowledge or participation. The majority of states and the District of Columbia have regulations concerning blind trusts, which are commonly used by United States Presidents, Vice Presidents, members of congress and other agency officials. Blind trusts allow the government official to perform his or her duties without financially gaining from the knowledge obtained. In addition, the assets placed inside a qualified blind trust are exempt from public disclosure so there is an added benefit of privacy. This topic is discussed further by Edmond M. Ianni in his 2003 Estate Planning article, "Blind Trusts Offer Clients Customized Wealth Planning," (30 Est. Plan. 319, WL 21518807).

While blind trusts have been used successfully by many presidents and presidential nominees, this strategy might not work for Republican nominee, Donald Trump. "Trump's empire would pose unprecedented conflicts of interest due to the size of its holdings, privately held nature of the family-run business, and concentration in one industry" according to Richard Painter, a University of Minnesota law professor who was the chief ethics lawyer for the White House under President George W. Bush. Blind trusts work well for liquid assets, but business interests are more complex. The government official knows what is placed into trust and must still conduct fiscal policy impartially. An alternative practice is to liquidate one's interests and invest in plain vanilla index funds and Treasury Notes, a strategy which has been employed by President Barack Obama. With business interests around the world, the utility of a blind trust for Mr. Trump may present an interesting dilemma.

You can read more about blind trusts and their implications at the following websites:

- "Who Needs a Blind Trust," by Anne VanderMey and Nicholas Rapp, Fortune.com, October 22, 2012.
- "Just How Blind Are Blind Trusts, Anyway?," by Robert Smith, NPR, July 20, 2016.
- "Blind Trusts Get New Look After Sale by Frist," by David D. Kirkpatrick, The New York Times, September 26, 2005.

©2026 Bowditch & Dewey LLP. All Rights Reserved.

- “To Avoid Conflicts, Clintons Liquidate Holdings,” by Patrick Healy, The New York Times, June 15, 2007.
- “Transition Guide,” U.S. Office of Government Ethics.
- “Model Qualified Blind Trust Provisions,” U.S. Office of Government Ethics, Revised September, 2013.

©2026 Bowditch & Dewey LLP. All Rights Reserved.