

Mr. HAYES. We believe we have the right to teach what the law is, sir.

Mr. CONTE. I am just asking the question.

Mr. HAYES. Yes.

Mr. CONTE. That is correct?

Mr. HAYES. Yes.

Mr. CONTE. ABC receives a membership fee in return for this service. Is that correct?

Mr. HAYES. Correct, for the education that is received; yes.

Mr. CONTE. They receive a fee.

Mr. HAYES. Yes.

Mr. CONTE. Now, Mr. Hayes, doesn't a lawyer perform these same services for a fee? Doesn't he advise individuals how to make the best use of their rights under State and Federal tax laws and under the Constitution?

Mr. HAYES. That is one of his obligations; yes.

Mr. CONTE. You mean to tell us that you believe that the tax laws have been set up and do provide exemptions for all people who provide this kind of service from paying income taxes on their fees merely by having the income go to the foundation and the foundation taking care of all the living expenses of the individual?

Mr. HAYES. We have not made that statement, sir.

Mr. CONTE. How does the individual avoid paying the taxes?

Mr. HAYES. It is provided for in the law, and we—

Mr. CONTE. And you teach it.

Mr. HAYES. Seminars, 30 hours. It is simply a matter of how to conduct his affairs within the law. In those seminars we do not teach him how to establish a foundation. We simply teach him how he must operate under a foundation.

Mr. CONTE. Every attorney does that.

Mr. HAYES. No.

Mr. RAY. No, sir.

Mr. CONTE. How does the individual exist? Where does he get the funds to live on?

Mr. HAYES. He can contract with his foundation for services where that is permissible under the law.

Mr. CONTE. When he contracts with his foundation, does he pay any taxes on the revenue that he receives from the foundation?

Mr. HAYES. Oh, yes; certainly, yes.

Mr. CONTE. What other benefits does he receive?

Mr. HAYES. Whatever his contract calls for with his foundation.

Mr. CONTE. What do you recommend in these contracts? Do you have an example here?

Mr. HAYES. No. I believe you will find some in the instruction manual.

Mr. CONTE. You have been operating for about a year, so you must have some knowledge about some of these contracts. Give us an example.

Mr. HAYES. What executives sometimes call fringe benefits.

Mr. CONTE. Such as what?

Mr. HAYES. Oh, certain transportation costs.

Mr. CONTE. Go ahead.