

Mr. HAYES. Our legal seminar teaches the attorney how to write these contracts.

Mr. CONTE. Such as one of the benefits mentioned yesterday by Congressman Moore, exemption from State gasoline tax?

Mr. HAYES. This might be one, only that wouldn't come under the employment contract. That comes under State law.

Mr. CONTE. How about housing?

Mr. HAYES. This could be in certain cases, yes.

Mr. CONTE. How about social security payments?

Mr. HAYES. That could be in certain cases. Although that again would not come under his employment contract.

Mr. CONTE. That would come under what, the establishment of the foundation?

Mr. RAY. I believe in general not for profit.

Mr. CONTE. What is that?

Mr. RAY. Not-for-profit corporations can elect I believe under the law to either pay or not pay social security. Once that election was made, or in the event it is made, then every employee of a not-for-profit foundation must comply with the social security laws.

Mr. CONTE. The foundation, however, would pick up the tab for the employer's share of the social security tax.

Mr. RAY. Yes, sir; it would have to pay, if it makes the election under the social security laws.

Mr. CONTE. How about the use of an automobile?

Mr. RAY. Well, if it is required as a condition of employment, as it is in many corporations in America, that a car be provided for the purposes of the corporation in the general case or for the purposes of the foundation.

Mr. CONTE. How about an example where you set up a foundation for a doctor, for medical research. In fact, Mr. Hayes mentioned setting up a clinic, where the doctor continues in the same practice that he was in in the past. He doesn't change his practice at all. He then gets all these fringe benefits, however.

Mr. RAY. He would have to operate his affairs. We try to teach him how the Mayos, the Menningers and the great medical clinics manage their affairs. They hire doctors for a salary. The doctors are hired by the clinic.

Mr. CONTE. Mr. Hayes is trustee. I would like to hear from him.

Mr. HAYES. Fine.

Mr. CONTE. A lot of people are interested in this. Could you tell us about it, Mr. Hayes? Give us some examples.

Mr. RAY. Be careful.

Mr. CONTE. Of course he will be careful. Mr. Hayes, how about educational grants to the children of a doctor?

Mr. HAYES. Yes. This can be done if it is done properly under the law, yes.

Mr. CONTE. I am a little naïve here. Tell me how you can do it properly under the law?

Mr. HAYES. Being a layman I would again like to refer that to counsel, because I am not—

Mr. CONTE. You are more or less a salesman, aren't you, for ABC?

Mr. HAYES. Salesman?

Mr. CONTE. Yes.