

Mr. CORMAN. I must say that if I were a prospective student you haven't instilled much confidence in me yet about your ability.

Mr. HAYES. I have had some of my students say the same thing, sir.

Mr. CORMAN. You can't tell me if I have a \$50,000 net income, no other assets, you can't tell me whether it would be advisable for me to consider a not-for-profit foundation.

Mr. HAYES. If those were conditions I would say probably yes; you would be.

Mr. CORMAN. Probably yes.

Mr. HAYES. Correct.

Mr. CORMAN. I am a doctor. My net income is all taxable as net income. Now what are the mechanics for my setting up the foundation?

Mr. HAYES. First of all, you would consult your attorney, who would go into the details of your affairs, to see whether or not the things that you were willing to do to qualify under scientific research or some other of the accepted categories of activity would qualify you. Now this again would involve the determination of what income and how much of it, the source could be used for foundation purposes.

Mr. CORMAN. We assume that I pass all those tests, and we do set up the foundation.

Mr. HAYES. Yes.

Mr. CORMAN. Make it Foundation X, not for profit. I keep on practicing medicine. I keep on making \$50,000 a year. Where does the \$50,000 go? My client pays me, my patients pay me. Lawyers don't make that much. My patient pays me \$1,000 for an operation I perform. Does he make the check payable to X Foundation?

Mr. HAYES. He could.

Mr. CORMAN. Is that the way the system works?

Mr. HAYES. Yes; it could.

Mr. CORMAN. I am an employee of the foundation, right?

Mr. HAYES. Right.

Mr. CORMAN. Do you have doctors who have created these not-for-profit foundations?

Mr. HAYES. Yes.

Mr. CORMAN. How many?

Mr. HAYES. That I can't reveal, sir.

Mr. OLSHER. Speak up, please.

Mr. HAYES. I'm sorry.

Mr. PATMAN. As chairman of the committee I direct you to answer the question.

Mr. HAYES. I am not at liberty, Mr. Chairman, to tell you how many doctors are involved.

Mr. PATMAN. Then you refuse to answer the question.

Mr. HAYES. I regret, sir, I can't divulge that information as trustee.

Mr. PATMAN. And you refuse. Okay, go ahead.

Mr. CORMAN. Now all of my income as a doctor goes to this foundation. Then I assume the foundation pays me a salary as an employee, is that the way the system works?

Mr. HAYES. It could, yes. You would have to be a qualified medical foundation.

Mr. CORMAN. Would there be any other public purposes required of this foundation, other than paying my salary?