

have them tax exempt, that are not normally tax deductible under the Internal Revenue Code.

Mr. HAYES. Well, we don't—pardon me.

Mr. CORMAN. If I may just finish and then you can respond. You imply in your literature that one may take care of parts of his housing expense and his transportation expense and his employees and a number of things, and I would just like to get down specifically, what is the advantage to the foundation in those areas over the normal things that are tax deductible under the code? If my transportation is deductible, it is deductible when I file my individual tax return. If it is not deductible I don't see how it can be deductible by running the fund through the foundation.

Mr. HAYES. It can't.

Mr. CORMAN. Now what is it that you are telling your prospective students, your clients, in that brochure that you are offering them in those areas?

Mr. HAYES. We are very careful to make the distinctions that determine whether a certain item is tax deductible or not, and this is where we feel the education that we provide, our instructors provide, is important in this picture.

Mr. CORMAN. But aren't you saying in your brochure that the man can save, avoid, not evade, avoid income taxes by creating this foundation? That is your thesis, isn't it?

Mr. HAYES. Only if he is willing to do those things which will qualify him.

Mr. CORMAN. Assume that he is willing to do all that, but then how do we get down to this business of being able to take care of his employees and under certain circumstances getting a part of his living expenses, his household expenses, his transportation expenses? When would those ever be deductible under a foundation that they wouldn't be under normal tax laws, without treating the foundation?

Mr. HAYES. May I call on counsel to explain that difference?

Mr. PATMAN. We want you to explain it, because you are the sworn witness.

Mr. CORMAN. May I inquire? The brochure that the chairman referred to, where you set out in your sales promotion the things that you offer, are you familiar with that brochure?

Mr. HAYES. I am not sure that I have ever seen the brochure that the chairman—

Mr. PATMAN. It is used by ABC, and you have one yourself. It is in the volume that you gave us yesterday that I assume is along the same lines. You say it is a revised edition. I believe you referred to it as a revision, isn't that right?

Mr. HAYES. I think so. I think that is right.

Mr. PATMAN. So you do know about it.

Mr. CORMAN. Can you respond to the question?

Mr. HAYES. Certainly.

Mr. CORMAN. The question was what are you offering these people that you recite in your brochure? What is it that they can get through a tax-exempt foundation in this area of personal living expenses that they can't get under normal income tax laws without a foundation?

Mr. HAYES. Perhaps I could best answer your question, or perhaps more clearly answer your question by saying exactly what I did with SAI.