

(The article referred to follows:)

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HOUSE PROBES SEEK DETAILS—DOCTOR SAYS FOUNDATION SLASHES TAXES IN HALF

(By Leslie H. Whitten, News American Washington Bureau)

WASHINGTON, Nov. 1—An Illinois doctor said today he has turned his practice into a tax-exempt foundation with himself as president, his wife as vice president and his 21-year-old daughter as secretary.

As secretary, the daughter's tuition, books and housing is paid for at the Denver, Colo., school where she is a senior. The foundation pays for the doctor's transportation, housing and many other expenses as "fringe benefits," he said.

Dr. D. W. Anderson said in a telephone interview from his office in Aurora, Ill., that he set up the D. W. Anderson Foundation just over a year ago with the help of Americans Building Constitutionally.

ABC is currently under hot investigation by a House Small Business subcommittee. The Anderson foundation was one of 63 allegedly set up by ABC, according to subcommittee's two-day hearings on ABC.

The hearings will resume on Monday. Secretary of the Treasury Henry Fowler and Internal Revenue Commissioner Sheldon Cohen will be called on the carpet Nov. 13 by the subcommittee chairman, Wright Patman (D., Texas) to explain "how come."

Dr. Anderson, "medical director" as well as president of his foundation, said he paid \$10,500 to ABC and has already "amortized" the cost because he paid double that in income taxes before setting up the foundation. Now, the foundation pays him a modest salary—on which he still pays taxes—but much of his income of about \$50,000 a year is tax free.

Patman, in scathingly attacking the Treasury Department for not closing up tax-exempt loopholes, said the mini-foundations would further erode the tax base of the nation.

"One witnesses an . . . orgy of tax-avoidance by multi-million dollar foundations as well as by 'backyard foundations,'" Patman said. The little man, he said, winds up paying the tax bill.

ABC trustee Robert D. Hayes told the subcommittee yesterday that he sets up foundations "exactly (like) the Kennedys have done." The Joseph P. Kennedy Jr. Foundation is the foundation of the Kennedy family, but is much larger than the ABC enterprises.

Hayes has refused to answer some of the subcommittee's questions and to produce certain records. Patman said the subcommittee would hear more testimony before deciding whether to recommend that Congress cite him for contempt.

Mr. HAYES. No, Mr. Chairman. For services rendered, these are entirely within reason.

Mr. PATMAN. Here we have \$31,500 which ABC donated to three foundations. From whom did ABC receive the funds that it contributed to these three foundations? From whom did ABC receive the funds that it contributed to these foundations?

You state they didn't receive them, that it was just service rendered. Here we have \$31,500 which ABC donated to three foundations. From whom did ABC receive the funds that it contributed to these three foundations?

Mr. HAYES. As trustee I can't reveal that information.

Mr. PATMAN. According to the Wall Street Journal of October 25, 1967, your associate, James R. Walsh, Jr., has been linked "with a savings and loan association that had dealings with the Chicago underworld." Is this true?

Mr. RAY. Objection, Mr. Patman, on the grounds of pertinency.

Mr. PATMAN. Let me preface this. Did you read the Wall Street Journal of October 25, 1967, concerning your associate, James R. Walsh, Jr.?

Mr. RAY. Objection.