

Mr. PATMAN. How many field audits of foundations and charitable trusts, did the IRS conduct in each of the fiscal years 1964 through 1967?

Mr. COHEN. You want the breakdown?

Mr. PATMAN. That is foundations and charitable trusts.

Mr. COHEN. The 4,300 is the total. Approximately 1,200 a year. Some years it is higher and some years it is a little lower.

Mr. PATMAN. On page 3, the last paragraph of your statement, you say that private foundations and charitable trusts account for fewer than 10 percent of the registered exempt organizations. How do you know that foundations and charitable trusts account for fewer than 10 percent of the registered organizations?

Has the IRS separated the foundations and charitable trusts from the other exempt organizations and counted them?

Mr. COHEN. Yes, sir. Our exempt organization master file contains records on some 325,000 organizations. Of this total, approximately 25,000 are classified as private foundations.

Mr. PATMAN. Now, with respect to this organization ABC, Americans Building Constitutionally, I will not ask you to disclose anything that would be harmful to you in your investigations which are being pursued now, but there are no doubt certain things you could probably tell us about and see if it coincides with the information we have.

The information we have is that this organization first started over in Barrington, Ill., in about the spring of 1966—that is when there was talk about it.

Mr. COHEN. It began in the summer of 1966, we think.

Mr. PATMAN. And they began to have meetings of people who were affluent and had more than just the average income. The low-income group, they could not appeal to them because they could not make any profit out of it. But, people making large salaries who had large incomes, they could be appealed to this way. We were told that they would start out by asking all the affluent people in that area to come to a certain meeting, very secretive, closed doors, nobody could get in unless they were identified. And, then, when they got in, they were given this sales talk, about how they could save taxes, if they would follow the recommendations of the ABC official and for \$1,000 to \$1,050, they would give them the first 30 hours of a pep talk or sales talk to try to convince them that they should become members.

Does that coincide pretty well with your information?

Mr. COHEN. That is the general pattern.

Mr. PATMAN. They had 30 hours of—call it brainwashing, or whatever you want to call it—of pitch from their salesmen about how they can save taxes. We would all agree that you are not expected to pay taxes that you are not legally required to pay. They said you can avoid taxes legally under the Constitution, and that is where they got their name, Americans Building Constitutionally. They say they are going according to the Constitution.

If you want to go further, after the \$1,050, they will take your lawyer and put him in a room and they will take all the lawyers at the same time for \$4,050.

Mr. COHEN. You know, Mr. Patman, I practiced law for a little while, and I think you could go to almost any reputable law firm and get a first-rate charter drafted for less money than any of these fees.