

Mr. PATMAN. I know, but this is a kind of peculiar organization on a high-plane pitch, or big money. After they got the \$4,050, they were told that in order to be full-fledged members they had to pay the aggregate of \$10,500. Obviously, you would not get too many people in that, but they got quite a few people.

Mr. COHEN. We have not found very many who went that far. Most of them were at the lower level.

Mr. PATMAN. But they were promised: "If you bring in your neighbors who are in a position to take a membership and he pays us \$10,500, we will pay you your \$10,500 back."

Mr. COHEN. It was not quite that way, as I understand it. They would apparently pay the original subscriber some portion of the fees collected from the member he brings in.

Mr. PATMAN. Pay a portion of it back, and if you brought in two members, maybe he would get the whole amount back.

Any way, they had an appeal, and it started over there, and they went to Barrington and put up their national office. They had quite fine headquarters over there.

Have your agents reported to you?

Mr. COHEN. Our agents have been there. I have not asked what kind of building it is. That kind of detail I was not concerned with.

Mr. PATMAN. Anyway, it is a place that would impress you as being very important, from what I have been told. The founder of this plan, Mr. Walsh, started it in 1964, with the answers to questions that were given to us by the IRS showing that certain tax exemption was legal, and so forth. He started from there and built it all up and put it in a package.

Mr. COHEN. I think one of the things that has occurred here is that when one takes statements people make in isolation and lumps them with other statements that other people have made at other times, one comes to an illogical result, and, perhaps, they realize this problem now. Also, the fact that a court would allow a foundation to do one thing and another one to do one other thing, and a third one to do another thing, and a fourth one to do a different thing does not mean any court will allow a single foundation to do all of them.

Mr. PATMAN. Yes, sir.

Now, Mr. Walsh, they did not put him in the foundation; he is not in the foundation. They bought his package; he has a contract with them to pay back certain fees and take care of him that way. But he does not belong to the foundation.

Of course, the Wall Street Journal had some very interesting articles about Mr. Walsh, and I asked Mr. Hayes if he investigated Mr. Walsh before he accepted that package. He said that he did not investigate Mr. Walsh at all. Obviously, from the disclosures made by the Wall Street Journal, if Mr. Hayes had known all that he probably could not have accepted it. But at the same time, a lot of people have been out a lot of money.

Now, suppose this results in it being just a big fraud and these people are being robbed or being defrauded of their money, are you going to make recommendations to the local district attorneys and to the Department of Justice?

Mr. COHEN. The attorney general, for example, in California, has already begun some independent investigation in which we are cooperating. We would welcome the cooperation of the other local