Mr. CORMAN. Probably much of that would fall in the regular corporate rate.

Mr. COHEN. Yes.

Mr. CORMAN. Probably another half or three-quarters of a billion of tax loss.

Mr. COHEN. Yes.

Mr. CORMAN. A reasonable estimate?

Mr. SURREY. As the Secretary indicated, we have to keep this in some perspective. Our tax on individuals runs to $64 billion on a calendar basis and nearly close to $30 billion on corporations.

Mr. CORMAN. Just when we have so much trouble finding $400 million for the poverty program, and I wonder about the altruistic purposes of some of these foundations.

From the filing of the form 1023 and form 990, if I could address the problem at the moment, not the foundation as such, but the donor giving to what he thinks is a tax-exempt foundation and it turns out it is not, what are the consequences for him?

Mr. COHEN. The rules are different for different kinds of donors. We put out a publication called "Publication 78," which is a list of the exempt organizations to which contributions may be made and deducted on the income tax return. The so-called third party, innocent donor, may rely on this list for purposes of determining whether his contributions are deductible, until we put out notice that there is a revocation of exempt status. That same assurance is not given to the so-called insider. The regulations provide that if a person closely associated with a foundation is the one who causes, or has reason to know that there is a violation the deduction claimed for contributions made by him might be disallowed. We have two separate procedures. One is for the so-called innocent contributor and the other for the person who is in a position to know the exact status of the donee-organization.

Mr. CORMAN. Are there civil and criminal consequences?

Mr. COHEN. Civil consequences. There might or might not be criminal consequences, depending on the degree of the violation.

Mr. CORMAN. There probably would be under this sole proprietor kind of information. They are clearly not tax exempt, but if he went on the assumption for a couple or 3 years?

Mr. COHEN. Yes, sir; there is a greater possibility of asserting a criminal violation there.

Mr. PATMAN. I would just like to make one statement about the ABC.

I am glad that you are interested in that, and I am encouraged by the investigation that you are making. The way it looks to me, the ABC people based their appeal on the fact that rich people are getting tax exemptions through the foundation method and that they will use exactly the same method for less affluent people of our country, provided they can pay $10,500 each for the knowledge and information. In other words, they promise the same benefit that the very rich get. Now, if the very rich and other affluent people get out of taxes through loopholes, do you not think that the poor man is entitled to a loophole, too, somewhere along the line? Because he cannot bear all these burdens.