(3) Amount of salary, fees, and expenses paid to you by the Foundation since date of organization. Please itemize so as to indicate whether the payments were salary, fees, or expenses.

(4) Amount of salary, fees, and expenses paid to Mrs. Saxon by the Foundation since date of organization. Please itemize so as to indicate whether the payments were salary, fees, or expenses.

(5) The income and disbursements statement which accompanied your letter of November 2, 1967 shows that the Saxon Foundation received $31,500 in ABC membership fees. Please forward the names and addresses of each member from whom you received these fees and the amount of each such fee.

(6) The income and disbursements statement, which accompanied your letter of November 2, 1967, shows $28,760 as "paid to ABC and other contributions." Please indicate how much of that $28,760 was paid to ABC and the amount that was paid out for "other contributions."

Sincerely yours,

WRIGHT PATMAN,
Chairman Subcommittee No. 1.

Mr. PATMAN. Mr. Corman, do you know of anything else we should do?

Mr. CORMAN. No.

Mr. PATMAN. Since our witness is not here and he has refused to honor the subpena, the committee will stand adjourned subject to the call of the Chair.

(Whereupon, at 10:15 a.m., November 17, 1967, the subcommittee adjourned, subject to the call of the Chair.)

(The following was received subsequent to the hearings for inclusion in the record:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., December 1, 1967.

Hon. WRIGHT PATMAN,
Chairman, Foundation Subcommittee of the Select Committee on Small Business, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I hereby request that the attached copy of my statement on tax-exempt foundations be included as part of the printed record of the hearings on tax-exempt foundations being conducted by the Foundation Subcommittee of the Select Committee on Small Business.

Kind regards.

Sincerely yours,

JOHN M. MURPHY,
Member of Congress.

STATEMENT BY REPRESENTATIVE JOHN M. MURPHY OF NEW YORK

Thank you, Mr. Chairman, for the opportunity to participate today in these hearings on the tax-exempt status of private foundations. This subcommittee has made a valuable contribution over the years in investigating the abuses of certain tax-exempt organizations, and these hearings will add to an already considerable accumulation of information on the subject. Hopefully, they will result in legislative recommendations to correct the present weaknesses in our tax laws concerning tax-exempt organizations.

I will not attempt to appear today as an expert on foundations, because the credentials of this subcommittee are such that I would be on very uncertain ground from the beginning. There is, however, one specific weakness in our tax laws with which I am particularly concerned, and I will limit my statement to a discussion of that one subject.

I am referring to that part of our tax laws dealing with businesses controlled and operated by tax-exempt foundations, and the competitive advantage such businesses have over regular taxpaying business firms.

A foundation may own a controlling interest in a business, an interest of sufficient magnitude to exert considerable influence over the conduct of the business, or it may own and operate a business directly. In each case the