paid by the new member. The first member's foundation also gets $1,000 of the fees paid by any members attracted by the second member, and $500 of the fees paid by the next "generation" of members.

This arrangement, says ABC's Mr. Walsh, is much like the "referral system" in many professions. "The incentive (to bring in new members) had to be strong," he says.

"CHAIN LETTER?"

An Eastern lawyer critical of ABC says, on the other hand, "Its the chain letter idea on a big scale." An Illinois doctor who is a member of ABC says, "I thought this (endowment plan) was not very professional."

Legal services in setting up a new member's foundation or foundations, and his trusts are handled by lawyers in his state who are recommended by Barrington Institute, a nonprofit organization that is itself a member of ABC, Mr. Walsh says the legal instruments that these lawyers tailor to each member's individual situation are an "amalgam" of knowledge that he—and an associate he declines to name—pieced together over 40 years. Some of the legal expertise, he says, came indirectly from lawyers involved in some well-known foundations and trusts.

Mr. Walsh figures it would take the average lawyer a year to duplicate the ABC package, and it would cost between $25,000 and $50,000 in legal fees.

One ABC member says a significant number of its members are medical men—chiropractors, dentists, general practitioners, and osteopaths. He says that members are able to turn over their assets to the ABC-created trust, yet still control them.

ABC members, however, say that salaried individuals also could utilize the ABC concept by assigning future earnings to their foundation and having it "vend" their services to their employer. The key is to relate the foundation's tax-exempt purpose to the business or profession of the member. For example, an insurance man who is a member of ABC controls a foundation created for "research and development in the utilization and insuring of human life values, both material and non-material. . . ." This he says, describes his insurance sales work for a California insurance agency.

FARM RESEARCH

Mr. Walsh says nonprofit "civic organizations" are to be set up in every county in Illinois. These civic organizations would recruit members, many of them farmers who would set up foundations for research and development in food nutrition and related areas such as cattle-feeding and soil improvement.

Of the $10,500 membership fee paid to ABC, Mr. Walsh says, $3,500 goes in the form of an endowment to Barrington Institute and $3,500 for ABC. ($3,500 is reserved for "endowments.") Mr. Walsh says that Mr. Hayes and the two other trustees—Richard J. Stephenson and J. Alton Lauren, both of Chicago—use the $3,500 paid to ABC to achieve the "highest and best good" for ABC's members. None of the trustees receives any money from ABC, says Mr. Walsh. However, Mr. Walsh says his own foundation, a member of ABC, receives money from ABC for certain services that his foundation provides. He declines to say how much money.

Mr. Hayes' foundation is called Sales Analysis Institute Foundation of Illinois Inc. Its employes teach the 30-hour course for new ABC members around the country. The foundation offices are in the same building in Barrington as ABC. The institute is much older than ABC, and much of its business consists of providing training services for large companies such as General Motors Corp.

NO TAX-EXEMPT RULING

Mr. Hayes says the Sales Analysis Institute Foundation pays no income taxes and never has applied for a ruling from the Internal Revenue Service on its tax-exempt status. Many tax lawyers believe that a regular corporate tax return has to be filed, and income taxes paid, unless an organization submits an application for a ruling.

That doesn't bother Mr. Walsh. "One group is interpreting the law one way, and one group is interpreting the law another way," he says. He and Mr. Hayes both say they think the question will wind up in a court some day. Mr. Hayes says an IRS representative has "visited" his foundation.

A disagreement over "the treatment of certain tax items" has caused a falling-out between Mr. Hayes' institute and the big accounting firm of Ernst & Ernst,