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littlehammer's
Weekly Tax Exempt Newsletter
with
Questions and Answers
and
Conference Call Reminder

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Tuesday, September 04, 2001

- [1] Welcome: Tax Status - Do You KNOW Yours?
- [2] Questions and Answers: Favorite Questions and Resident Aliens
- [3] News Briefs & Comments: All Ears to Washington, D.C.
- [4] Conference Call Reminder: **Wed, September 5th, 9pm EST, 1-305-503-1874, Pin940**
- [5] Contact Information, Legal Notice & Notice of Copyright explanation.

In this section (below), I explain why I use the bracketed phrases [THE COMPANY] and [THE FOUNDER] to refer to the founder and his company, who achieve the money-back-guaranteed results of having the IRS change their internal records to reflect the fact that each client is exempt from income taxes on any income, regardless of amount or source, unless the source of the income is the federal government itself or a trade or business under the sovereign jurisdiction of the government. [THE COMPANY] accomplishes this fully (and only) in accord with the Internal Revenue Code, and thus, none of their clients ever experience adverse IRS confrontation or court proceedings. (I also explain how to "unsubscribe" to this newsletter in this section).

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[1] Welcome

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Dear Friends,

I believe most of you on my list, who have the capability of receiving "PDF" files, have received the recently revised version of what we call the "Tax Status" Booklet. It's actual title is: "Do You Know Your Proper IRS Tax Status? Are You Sure??" Even with the addition of twenty "Frequently Asked Questions" and some re-writing, this edition ends up being four pages shorter than the former one, since [THE FOUNDER] decided it advisable to remove a couple of the "red-flag" words used in several portions of the former edition. (The truth remains, nonetheless. [THE COMPANY] simply does not want to "color" our presence by the use of any IRS "red-flag" words, which convey less than a law-abiding and respectful attitude when not properly understood). If you tend to be "technically" minded - meaning you enjoy dabbling in some of the intricacies of the Internal Revenue Code and law dictionary definitions (which the last 27 pages do), then this will be a "good read". It's a good read, regardless, but I acknowledge that some folks are not as much interested in "how" something works as they are in their ability to have it

work for them. For example, most people don't know "how" an internal combustion engine in a car works, but that doesn't stop them from driving their car.

In addition to the other questions, in the next section, I've included the three-page FAQ (Frequently Asked Questions) from the Tax Status Booklet.

Enjoy your read.

Your friend,
Paul Leinthall
661-822-7889, Noon-8pm Mon-Fri EASTERN time
email: littlehammer@primemail.com

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[2] Questions and Answers
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Here are the twenty most frequently asked questions that [THE COMPANY] hears people ask about their services:

1. Q: What is "The Revocation of Election" process?

A: The Revocation of Election process is a process which revokes your voluntary election to pay Federal income tax. It is not a single document but a process, recognized and accepted by the IRS, which claims your proper status. Most people have incorrectly identified themselves as taxpayers. The Revocation of Election corrects that mistake.

2. Q: Shouldn't professional people such as Tax Attorneys, CPAs, Accountants, and Bookkeepers know this information?

A: The Revocation of Election is not part of the educational requirements for CPAs, Accountants, etc. These professionals were educated in how to file returns; therefore, they may not be aware of anything that goes beyond that level of education, especially concerning items which would present a conflict of interest. Many are surprised to learn about our system and why it works.

3. Q: Is everyone eligible for these services?

A: While everyone may be eligible for our services, not everyone would benefit from using our system. For instance, the income of Federal employees (those paid directly from the Federal Government and not through a third party paymaster) will still be taxable. However, if they have secondary income, it would be non-taxable. If this is your situation, your representative will be able to help you determine whether or not becoming a client would be a viable course of action.

4. Q: Who are considered Federal employees?

A: Federal employees are individuals who are paid directly from the Federal Government. Military personnel and elected officials are considered Federal employees, while postal service personnel are not.

5. Q: If my spouse is not a U.S. citizen but is a legal alien, may we utilize The Revocation of Election process as a couple?

A: Yes. However, a legal alien is required to pay Federal income tax. We would need to file your returns as married filing separately. The income or wages of the American citizen would not be taxable. If returns were filed jointly in previous years, we would not be able to petition for the refund of past years' taxes.

[Note from Paul: I will get back to you all with an answer to the question: Since [THE COMPANY] is NOT any longer "petitioning" for refunds, but the IRS is automatically indicating a "tax Credit" (to be refunded or applied to future tax years), how does this answer apply in cases like this?].

6. Q: If I have not filed in the past, do I really need the services of American Tax?

A: No. If you have never filed, there is no legal requirement that you must.

[Note from Paul: The operative word there is "never" filed].

7. Q: May I expect to recover the money which I have already paid to the IRS from previous 1040 returns?

A: American Tax Consultants will petition the IRS and your State income-taxing agency to refund all taxes paid for the current year plus the past ten years. We do not guarantee that you will get a refund, which could take up to three years to receive. However, to date we have not had a single client refused a refund.

[Note from Paul: Here, again, as I understand the "Status Determination" process, [THE COMPANY] does not actually have to "petition" for refunds. Nevertheless, [THE COMPANY] still does not, and cannot, "guarantee" refunds. Also, we expect it to not "take up to three years to receive"].

8. Q: When I file for tax exemption, which taxes do they stop taking out?

A: You will no longer have to pay Federal and State income taxes.

9. Q: How could my Federal income tax exemption qualify me for State income tax exemption as well?

A: The basis for State income tax is federally earned income, of which you probably have none, if you qualify for our program. Remember, any part of your income not derived from the Federal Government is non-taxable. (See the rest of the [tax status] booklet for more details).

10. Q: As a business owner, how would the Revocation of Election process benefit me?

A: It depends on the structure of your business. If it is a sole proprietorship or a subchapter S corporation, where the profits pass through the corporation to you individually, it would make the corporation non-taxable.

11. Q: What if I have a tax problem, and the IRS says that I owe them money for last year? Should I submit a statement in response to their letters?

A: Absolutely not! As a client of American Tax Consultants, you must cease all communications with the IRS and State income taxing agencies. If there is ever any correspondence from these agencies to you, we will respond to it. That is what you have hired us to do. Otherwise, our Power of Attorney becomes void and must be reinstated in order for us to be of assistance to you.

12. Q: What if I have tax problems prior to becoming a client? Will utilizing American Tax Consultants' services eliminate them?

A: We are able to perform The Revocation of Election for as many previous tax years as may be necessary, which, with only a few exceptions, eliminates the need to continue paying on previous tax deficiencies.

13. Q: Does every member of my family need to become a client of American Tax Consultants?

A: A husband and wife can file jointly. However, any children who have previously filed tax returns need to sign up as single clients.

14. Q: Is there any urgency for a person to go through The Revocation of Election process?

A: How fond are you of paying income tax?! In all seriousness, the sooner you become a client the sooner you can legally stop paying income tax.

15. Q: Should I become a client now since I don't have to file until next year? Couldn't I just put "Exempt" on my W-4 form and get the same benefits?

A: If you have not gone through the Revocation of Election process and are not entitled to a full refund of all taxes collected for the previous year, you will be committing perjury if you simply put "Exempt" on your W-4 form.

16. Q: How long does it take to stop Federal and State withholdings from a person's paycheck?

A: From the time a client submits his forms and required documents to his company's payroll department, processing time takes anywhere from two to four weeks, or until the next pay period.

[Note from Paul: The new and "exempt" W-4 form, with attaching documentation, is supplied each client who requests it on her application. It arrives in the client's hands at the same time as the other documents requiring signatures and notarization, and can be presented to the employer after sending back the originals of the other documents to [THE COMPANY]].

17. Q: Is this process legal?

A: Yes. We consistently comply with all IRS code.

18. Q: If this process is legal, then why don't more people know about your services?

A: If we used mass media for advertising, our offices would not be able to handle the volume adequately. At this time, we are doing business by referral only.

19. Q: Are your services connected to any tax protester groups?

A: We are not a tax protester group and we are NOT connected to any such groups. Unlike tax protesters, we utilize the tax laws to your best advantage and always comply with IRS code.

20. Q: Why do I have to continue filing returns if I am tax exempt?

A: The IRS only makes two provisions, which would allow a person to stop filing returns once he has started. The first provision for not filing returns is if you do not make more than \$600 per year, and the second is if you die. We DO NOT recommend either of these options for our clients!

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From: Paul Leinthall <littlehammer@primemail.com>

Subject: Re: Questions

Hi XXXXX,

I'll answer your questions one by one, interspersing my answers:

Hi Paul,

1) Does being an independent contractor affect the Company being able to change a person's tax status to Tax Exempt? I'm considering a job opportunity as such working for a company.

No.

2) I know you've stated most government employees can still be changed to Tax Exempt, but I wanted to ask about a specific department -- Dept of Transportation (for a state, not federal). Is it truly no problem for me/TheCompany unless a check specifically comes from the US Treasury? What about a state's treasury department?

Only Federal - Only U.S.Treasury

3) Any more news on The Company looking into ways to legally let us bring offshore income without tax consequences?

[THE COMPANY] expects that the procedures they're looking to have in place by the end of the year will completely eliminate this problem. Even with that in mind, you would not have any income or tax reporting requirements for offshore income until AT LEAST April 15 of NEXT year, and with an automatic extension, that can be further delayed until August 15th. Therefore, even if [THE COMPANY] is delayed by several months in their plans, I believe you'll have plenty of time. And, if not, Corporation Sole can solve that issue even now, in addition to providing other privacy, asset protection. and estate perpetuation benefits that are inherent therein.

Thanks for your continued explanations. I learn something new everytime I receive your newsletter.

Sincerely, XXXXXXXX

I'm glad you're enjoying the newsletter and hope these answers helped.

Sincerely, Paul Leinthall

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Paul---Unfortunately, it all doesn't apply to me as I receive money from the federal government.

Hi XXXXX,

Do You receive money DIRECTLY from the federal government? In other words, DIRECTLY from the Treasury of the United States (that would be indicated in the upper left hand corner of your paychecks, if so)?

If the "U.S. Treasury" is not imprinted in the upper left hand corner of your checks, then I doubt that you receive your income DIRECTLY (and that's the key) from the federal government. If that IS the case, then you're correct, and we can't help you, unless you have income from other sources, in which case, you can be exempt from income taxes on that other income.

A good number of our clients "thought" they would not qualify, because they're money "originated" with the federal government; however, because it does not come DIRECTLY from the U.S. Treasury, it is not DIRECTLY from the federal government, and hence, they are "tax exempt". The same would probably be true of you, as long as you also don't RESIDE in/on federal districts, territories, reservations, enclaves, etc.

Paul---The U.S. government no longer uses paychecks and has eliminated the majority of checks under a 1996 act (tax refunds are one of the few exceptions and even there there are alternatives to paper) so most of us (90-95%) get the cash mainlined into our accounts as do the majority (I believe its now over 80%) of Social Security and VA beneficiaries. Can't get much more direct than that as far as I can tell.

Yes, but does it come as DIRECT deposit from the Treasury, or from a "second/third party" paymaster? That's the real issue.

For example, even though you put social security payments into what you think is this "direct from the U.S. Treasury" category, all of our clients on social security are TAX EXEMPT on their social security benefits, because their direct deposits come VIA a 2nd/3rd party paymaster.

I don't know, of course, in your situation. Only you can ferret that out. But I'd still be absolutely certain, if I were you, and if I were wanting to be income tax "free".

Paul---I'm paid directly from the Treasury and I'm amazed that social security is considered an indirect paymaster by the IRS. I certainly wouldn't want to stand in federal district court and claim that in my tax evasion case, as I don't think I would get much of a sympathetic ear from the jury. The IRS used to be my bogeyman, but we created them by re-electing legislators who write tax laws that are so complicated that only a bureaucratic monster can administer them.

I am fascinated by your logic regarding exemptness, but am even more fascinated that IRS in its never-ending search for tax evaders has gone along with your group's reasoning. My suspicion, having experienced their pedestrian ways, is that the bigger you become the more likely that they will change their minds. Hope the Corporation has a plan B just in case.

If [THE COMPANY] were not 100% in accord with the IRS' own laws (not to mention other major parts of the U.S.Code), I might agree with you. But when you know (and utilize) the Internal Revenue Code as effectively as [THE COMPANY] does, and when the IRS has been aware of the processes [THE COMPANY] uses—[THE FOUNDER], for example, has used it since the mid-eighties, and the person who passed it on to him, used it since the early seventies—in all of that time, the IRS has not chosen to adversely confront the first client, let alone taken him to court. In addition, a good number of clients, who came to [THE COMPANY] with pre-existing IRS problems and IRS adverse actions already in place, have experienced the IRS ceasing all adverse activity against them after they became clients, and after the procedures were completed

So, yes, if it weren't for that; I might agree. Fortunately, it's not "my" logic, AND a person who is truly not liable for an income tax in the first place, can not be said to be "evading" that tax - can he?

The legislators we elect, who write tax laws, only continue to write the laws for whom they apply - for those under their jurisdiction. The tax laws (admittedly, unbeknownst to most people) simply do not INHERENTLY apply to the Private Citizens of any of the 50 States - and they have no power and effect until (and unless) a private citizen voluntarily "elects" to sign his name to the "adhesion Contract", which contract has the same force and effect of applicable law as the person who voluntarily elects to sign his name to the military contract (albeit, in that case, with different applicable laws, but federally sourced, nonetheless).

The service [THE COMPANY] provides handles that "contract" and effectively removes the client from the jurisdiction of the IRS (and the "federal" government) for income tax purposes - at least the way the IR Code laws stand today, and as they have stood since 1913. For Congress to make ineffective what [THE COMPANY] does, they would have to rewrite the IR Code, significant other parts of the U.S. Code, the Statutes at Large (which ARE the actual laws, in distinction to the codification of those laws in the 50 Titles of the U.S.Code), and ultimately, the Constitution of the United States of America (and that, NOT simply by amendment). Pretty tough for them to do at this point, don't you agree?

Of course, I can't account for your surprise, other than for the fact that, like most of us, you've been ignorant of your true heritage which continues to be upheld in the LAW itself. Also, I'm sorry we can't be of much benefit to you, (at least pertaining to your "regular" income), since you're sure you're working directly for the federal government. But, there again, that's the law, and the IR Code was (and still is) meant specifically for federal employees, or for those over whom the federal government has lawful authority (such as "resident aliens"); OR, for those (like most American Citizens) who have volunteered to be treated as such (by signing their FIRST 1040 Form "U.S. Individual Tax Return" contract), and who have not properly revoked such election (as I've already mentioned).

So, yes, if you, a federal employee, were to try to get out of your lawful income tax liability, that would, indeed, be "tax evasion", just as it would be tax evasion for any

person who has not gone through a proper revocation process. But, for clients of [THE COMPANY], who have gone through what we call the "revocation of election process", the only time they might be guilty of tax evasion is if they had federally sourced income, or chose to reside in a federal district or territory, and failed to meet their (then) lawful income tax paying requirements.

Now, on top of all that, since the Internal Revenue Service Restructuring and Reform Act of 1998 (P.L.105-206) requires IRS personnel to comply with all provisions of the 1986 Internal Revenue Code, Treasury regulations, and policies of the IRS, including the Internal Revenue Manual - the IRS must, by law, issue a "Status Determination" when properly requested. This is the "new" and added "process" [THE COMPANY] recently instituted after a year of "testing". The result of this "Request for Status Determination," of course, is the ultimate "proof" for which most people seek in being absolutely certain that [THE COMPANY] is not simply "blowing smoke up their' ears". It's one thing if "I" tell you; it's quite another when the IRS says it, wouldn't you say?

So, if you're assuming that the "IRS, in its never-ending search for tax evaders" is simply going "along with our group's reasoning" - you are mistaken. The IRS is going along with their own LAW. It's as simple as that - as difficult as that might be for heavily (and contrarily) indoctrinated minds to believe.

Do you think the LAW itself needs a "plan B"? Maybe that's why the IRS has never chosen to pursue any of [THE COMPANY's] client into court. What would they say to the judge? "Your honor, we're here against this client simply because we don't like it that he/she is completely complying with all our laws!"?

Paul---...and what section of the Internal Revenue Code makes that distinction? As I have access to a copy, I would like to read it myself. Sections 3121(e), 877(e) don't seem to give me many options but 7701(b)6-8 seems to back your position presuming I'm living as a resident in a foreign country covered under a bilateral tax treaty. However, section 1 comes across as "Thou shalt" rather than "Thou should or could".

A close examination of the attached 51 page booklet, entitled, "Do You Know Your Proper IRS Tax Status? Are You Sure?" will probably answer most of your questions. Also, you will probably find it valuable to listen in (and ask questions, if you desire) on the conference call on Wednesday nights, at 9 PM EASTERN time. (305-503-1874, Pin 940).

You'll find the 51 page booklet attached, labeled: " TxSTATUS.PDF ".

Sincerely,
Paul Leinthall

Paul---Thank you very much for this. It will keep me reading for awhile.

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From: Paul Leinthall <littlehammer@primemail.com>
Subject: Re: Tax Status Booklet

Hi XXXX,

Dear Paul,

I value the newsletters and these documents enormously. I have several questions.

I am in the throes of trying to establish a connection with this process. As I have mentioned to you earlier I am currently a Resident Alien and have been pursuing "Citizenship" (not "citizenship") through naturalization. From this booklet it appears I will remain in the jurisdiction of the Federal Government and there for subject to income tax. Can you shed any light on this for me as seems to bear fruit only for my Citizen wife? If this is true then of what value is my pursuit of Citizenship?

When you, as a "resident alien" become a "naturalized Citizen", you are endowed with the SAME unalienable rights as a free-born, State Citizen (as long as you are RESIDING in one of the 50 States). The Fourteenth Amendment says, in part (with emphasis added): "All persons born OR NATURALIZED in the United States...are citizens of the United States AND OF THE STATE WHEREIN THEY RESIDE..." Because you come to that place of State Citizenship via the "resident alien" "green card" process under the jurisdiction of the federal government, you must then do the same thing that any State Citizen must do, which is to "revoke" the federal jurisdiction, since that is your "right", just as it is the right of free-born State Citizens to voluntarily elect into federal jurisdiction and then revoke that election.

Therefore, once you are a "naturalized" Citizen, you are not doomed to stay under federal jurisdiction as you are prior to naturalization. Hence, the "value of your pursuit of Citizenship".

We are currently filing jointly so it appears also that [the company] will not be able to go after a refund on prior years. Is this true?

No. It is just that as long as you remain a resident alien and, were your Citizen wife to become a client and go through the revocation process, the IRS might "try" (and that's not a certainty) to come back on you for the taxes collected from your wife during the prior ten years, which taxes they will be refunding to your wife at the conclusion of the status determination process.

[Note from Paul: Since I wrote this to this questioner BEFORE I read the 20-question FAQ, and since what I just said appears to contradict the answers presented in questions #5 and #7 in that FAQ, again, I will get back to everybody on the newsletter list with the clarification on this. It's possible that the person writing the FAQ for the "tax status" booklet was simply "copying" an older FAQ, which is used to "prime the pump" on the conference calls. You can see why this is such "tricky" business, especially when the rules and regulations change regarding specific elements like the issue that this questioner asks.]

We are also about to complete our joint return for 2000 after several deferrals. Should we reconstruct our returns to file separately for 2000?

Regards, XXXX XXXXX

I think that's pretty much up to you and may depend to some degree on "when" you, or your wife, or both of you, choose to become clients. If you were to become clients prior to the deadline for your last "deferred" 2000 year filing, [THE COMPANY] would be doing the 2000 filing for your wife, and you would then, naturally (prior to naturalization) be

filing separately. Otherwise, it won't matter to any significant degree, because the 2000 filing would simply be in the same category as prior years, unless your wife put-off so long becoming a client that you got caught in the "speed trap" (for breaking the failure to file rule).

[Here again, the answer I just gave might be modified, if I discover I am incorrect in my understanding of the new "status determination" process and how it applies to refunds in cases like this.]

Thanks Paul,

Just a quick couple. Do you know what the last possible filing date for our 2000 returns would be? My wife and I agree that this is the way to go so we intend engaging [THE COMPANY]. Should we wait until my Citizenship process is complete? I have sent the N400 in already.

Regards, XXXX

If you're intending to "obey" the law, your last possible filing date is the ending date of your last requested extension, which I assume is October 15, unless you apply for another extension (and I don't know the "rules" regarding that).

I need to clarify something here, because part of your question about "the last possible filing date" may be intermixed with a question as to when to apply to [THE COMPANY]. For [THE COMPANY] to meet that October 15 deadline, your application would almost have to be on it's way to the company now, simply because there is that three to six week time-frame required from first application before an actual filing can take place. [THE COMPANY] needs that time to process and complete your initial application, which includes: sending what we call the "second pack" back to you, for signatures and notarization, including the limited power of attorney (IRS form 2848); your sending that "second pack" back to [THE COMPANY] for verification, and data entry; and then getting it to the home office to begin the actual filing procedures. ALL of that can be impacted by the number of applications and their varying amounts of "processing" time that have come prior to yours. Although the processes are not an "assembly line" (where, for example, one "car" comes off the line at a time), it is also not like a shotgun (where all the separate leads come out at the same time). This is primarily a "people" intensive process, with many steps in the procedures of the various processes; and almost every client is "unique", in some way, as the processes are applied.

Pardon my ignorance of the specifics of naturalization process, because I don't know what the "N400" is. IF that is only the INITIATION of the process, I've HEARD the whole naturalization process can take as long as a year - so that may partly address your question of whether you "should" wait to apply to [THE COMPANY] - or at least for your wife to apply.

If you apply now as a couple, given your current situation as "resident alien", of course [THE COMPANY] can not benefit you personally. If you're wife applies as a single, she would apply at the "single" fee, and you could then be added, later, with the fees being adjusted to the standard couple rate. If you apply as a couple, the only difference "rate-wise" would be that you would pay the couple rate now, rather than it being adjusted later.

From [THE COMPANY's] perspective there is not a "should" about the "when"; that's entirely up to you and your wife; and regardless of "when", [THE COMPANY] adheres to the law.

Sincerely, Paul Leinthall

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[3] News Briefs & Comments
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It's becoming obvious to lot's of folks that the IRS is getting a lot of attention these days. What follows is two others in the series by Jon Dougherty of WorldNetDaily, connected with the upcoming two days of hearings in Washington, D.C. between the government and the folks in the "tax honesty movement", headed up by "We The People Foundation's" Robert Schulz.

The interesting thing about this first report is that it involves a person with whom I believe I have talked regarding [THE COMPANY's] services. I can't be "absolutely" certain, of course, that this is the same person, so I present this caveat that I "believe" it is the same person. When I talked with the gentleman, I did not know any of the details as you will find revealed here. I had a "hint" of these details, however, later, in a following communication I had with a person who sent me an email, asking me why [THE COMPANY] could not help him if he were able to effectively stop the IRS on his own. In fact, it was probably the person in this next immediate communication who "referred" him to me in he first place, although I don't find that indication in my records, since we couldn't be of value to him in his situation. I'll share the communication with you, then you can read the WorldNetDaily article. Then I'll comment further.

Date: July 25, 2001
Hi Paul,

Just wondering... Why would a person who is not a U.S. citizen not be able to use THE COMPANY'S services? I am thinking of XXXXXXXX, who you told THE COMPANY could not help because he was not a U. S. citizen. If XXXXXX can stop the IRS on his own, (whenever that may happen) why can't he get outside assistance to help him?

XXXX XXXX

The company, by virtue of the Statutes and Regulations in the US Code (commonly referred to as Title 26, or the Internal Revenue Code), in terms of being "exempt" from taxes, can only be of value to State Citizens. A person can only be a State Citizen by virtue of birth (or naturalization, under the 14th amendment, which states: "All person born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside..."). The free born state citizens are naturally tax exempt, and only volunteer to be treated otherwise. Naturalized Citizens, who have come to that status via being "resident aliens" (next paragraph), have, in that sense, also "volunteered". BOTH these classes of people, once having volunteered, can go through the revocation of election process and be seen as "non taxpayers" and "tax exempt".

Citizens or residents of other countries, who come to reside and work in the USA, are required by law to get a green card, wherein they are viewed as "resident aliens" - and

subject to and under the jurisdiction of the Tax Codes; and they remain as such, until either they are naturalized as Citizens of the USA AND go through the revocation process, or until they return to their native country.

Whether, or not, XXXXX, in his actual status of "resident alien" (by virtue of his priorly having been born a Citizen of another country, and now residing and working in this country) can, as you say, "stop the IRS on his own", is a separate question, the answer to which I don't know, and one which is not entertained by [THE COMPANY].

Sincerely,
Paul

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THE POWER TO DESTROY

Plaintiff seeks high court tax review
Files motion to have court define 'income'

Editor's note: An historic meeting between leaders of the "tax honesty movement" and federal government officials will take place in Washington, D.C., on Sept. 25 and 26, prompted by a successful hunger strike staged by tax activist Bob Schulz.

WorldNetDaily's Geoff Metcalf and Jon E. Dougherty will be there to cover the proceedings. But as a primer for the upcoming hearings -- which, activists say, hopefully will focus on their core issue of the income tax's disputed legality -- the following is the third in a series of reports discussing the IRS, the issue of taxation and an internal document from the IRS' own website. That document is intended to guide the agency's employees in how to deal with what IRS calls "frivolous tax arguments."

By Jon Dougherty
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A Washington man has filed a writ of certiorari with the Supreme Court, asking justices to review a lower court ruling "involving federal income taxation that affects ... the vast majority of Americans."

Steven M. Beresford, Ph.D., from Vancouver, filed his motion Aug. 11 as a continuing action against the Internal Revenue Service and the Treasury Department. He is petitioning the Supreme Court because of a ruling issued by the Ninth Circuit Court of Appeals.

The motion comes just weeks before noted tax reform advocates are scheduled to meet in Washington, D.C., with legislators and members of the IRS to discuss the legality of the income tax -- an historic meeting that will be covered by WorldNetDaily.

"The primary question is the resolution of a due process conflict involving federal income taxation that affects not only the Petitioner but the vast majority of Americans, and is therefore a matter of national importance," said the motion.

A writ of certiorari is a document that a losing party files with the Supreme Court asking the Supreme Court to review the decision of a lower court. It includes a list of the parties, a statement of the facts of the case, the legal questions presented for

review and arguments as to why the Court should grant the writ, according to the Tech Law Journal.

"On one hand, the IRS has published numerous authoritative admissions that the federal income tax system is based on voluntary compliance, specifically stating in one admission that the payment of federal income tax is voluntary," said the motion. "Nowhere in these admissions are any exceptions or conditions applied to the term 'voluntary compliance,' nor is any special meaning attached to the word 'voluntary,' which is therefore construed according to its plain meaning."

"On the other hand, the IRS routinely persecutes individuals who choose not to volunteer, frequently seizing property without a warrant and/or causing the dissidents to be incarcerated," the motion said. "The lower courts erroneously dismissed the above-mentioned admissions as 'frivolous.' The Ninth Circuit Court of Appeals affirmed the District Court's ruling and declined Petitioner's request to provide its findings of fact and conclusions at law."

Beresford also argued that "the lower courts have repeatedly disregarded several important rulings" of the high court "on the subject of federal income taxation."

"The secondary question is whether the lower courts were justified in disregarding these rulings," Beresford said in his motion.

The Ninth Circuit Court of Appeals decided Beresford's case on Feb. 23 by issuing a ruling against him. Also, he said the appeals court denied his petition for rehearing on May 17.

The appeals court affirmed a lower court's ruling, in which that court granted the government's motion to dismiss Beresford's suit for refund of taxes.

According to Beresford's filing, he chose not to pay taxes from 1987-1989, based on statements and portions of IRS code and Treasury regulations proclaiming the income tax to be "voluntary." The IRS filed a tax lien against him in 1996 and collected nearly \$15,000 in back taxes by forcing him to sell his home in 1999.

"The United States government has not defined 'voluntary compliance,' hence it is necessary to rely on the semantic attributes of the term," the motion said, adding this definition from the 1988 edition of the Chambers English Dictionary: "Done without compulsion or legal obligation."

One of the arguments Beresford chose was to claim that the Constitution prohibits a direct non-apportioned income tax.

Article 1, Section 2 says, in relevant part: "Representatives and direct taxes shall be apportioned among the several States which may be included within this Union, according to their respective numbers. ..."

He also cited Article 1, Section 9, which states, "No capitation or other direct tax shall be laid, unless in proportion to the census or enumeration herein before directed to be taken."

However, in a 25-page internal document entitled, "The Truth About Frivolous Tax Arguments," the IRS refutes that contention.

< http://www.irs.gov/ind_info/index.html >

"The courts have both implicitly and explicitly recognized that the Sixteenth Amendment (which authorizes an income tax) authorizes a non-apportioned direct income tax on United States citizens, and that the federal tax laws as applied are valid," the IRS publication said.

"The Constitution makes important distinctions between direct and indirect taxes and sets up different conditions for imposing them," Beresford countered in his motion. "Direct taxes are imposed directly upon individuals and include taxes on wages, salaries, and personal compensation. Direct taxes must be apportioned among the various states, according to the population of each State."

By comparison, "indirect taxes are excises or tariffs imposed on things such as commodities, corporate profits, and stock dividends, and must be uniform throughout the United States," said Beresford's filing.

"Congress attempted to directly tax sources of income such as wages, salaries, and compensation for personal services through the Income Tax Act of 1894," said the motion.

But the Supreme Court "thoroughly reviewed the Act in *Pollock v. Farmer's Loan & Trust Company* (in 1895) and ruled it unconstitutional because it failed to meet the requirement of apportionment," Beresford wrote in his motion.

"The biggest mistake made by the lower courts is their failure to consider or even acknowledge the evidence – the published admissions of the United States government regarding voluntary compliance," he concluded. "Similarly, the lower courts failed to consider or even acknowledge the due process conflict caused by the IRS, which publicly admits that the payment of federal income tax is voluntary but persecutes those who choose not to volunteer."

He also said the appeals court erred when it ruled that he contends "that the federal income tax system is based on voluntary compliance."

That statement "is completely erroneous. Petitioner has never contended that the federal income tax system is based on voluntary compliance. It is the United States government, not the Petitioner, that contends that the federal income tax system is based on voluntary compliance, through the published admissions," he wrote.

"Petitioner simply relies on these admissions as being true and correct, accepting them at their face value according to their plain meaning," he said in his motion.

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It would certainly be interesting just the have the United States Supreme Court give hearing to this "Writ of Certiorari", but I sincerely doubt it will happen. Why am I skeptical? For the following reasons:

- "The writ [of certiorari] is most commonly used to refer to the Supreme Court of the United States, which uses the writ of certiorari as a discretionary device to choose the cases it wishes to hear...THE SUPREME COURT DENIES MOST WRITS OF CERTIORARI (i.e. "cert. den."). "...a review on writ of certiorari is not a matter

of right, but of judicial discretion, and will be granted only when there are special and important reasons therefor. 28 U.S.C.A §§ 1254, 1257; Sup.Ct.rules 10 et seq." (pp. 228 & 1609 Black's Law Dictionary, 6th Ed, under definitions for "Certiorari" and "Writ of Certiorari"). [Capitalized emphasis added]

- Any Supreme Court Decision BECOMES law, and I perceive that the Supreme Court Justices will be loath to entangle themselves in some of the arguments presented. The Supreme Court is primarily a "political" court, and I doubt they will want to get into such "controversial" territory, even though I'm sure the majority of Americans would love to see them do it and come to a favorable conclusion. That's why I say it would be interesting just to see the Supreme Court entertain it.
- Also, it has often been the Supreme Court's unwillingness to hear such issues in the past, which, from my perspective, has granted the lower courts greater "free reign" to make decisions which, instead of being in true harmony with the actual law, become a greater stockpile of "case law" which makes the judicial arena such a treacherous arena in to which to venture when it comes to income tax matters. Part of the reason [THE COMPANY] is so effective in ensuring that their clients never have to go to court is that they present such a "strong case" administratively, that the IRS knows better than to try to go into court and argue against their own law as it actually stands (in distinction to how they'd like the public to believe it stands). And, of course, we're quite happy to "let that sleeping bear lie", since we have no need to rile him just to publicly "prove" we're right, with media-wide coverage, to the chagrin and public embarrassment of the "bear".
- Not only would it be interesting for the Supreme Court to hear this case, in it's own right, if it were being brought by a Citizen of this country, but, if, as I suppose, it is being brought by a true "resident alien", (that is, one who had not yet acquired Citizenship in America by naturalization, and) who is, therefore, a class of person who truly is "under federal authority", it would be even more interesting to see the results - particularly if they were favorable. As I say, however, I doubt it will even be heard. I hope, for Mr. Beresford's sake, that it is; and I wish him all success in that regard, as well as in a successful outcome.

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In the meantime, and still regarding "We The People's" hearings in Washington, D.C.:

[THE POWER TO DESTROY](#)
['We The People' counsel quits](#)
[Meeting with federal officials next month still on](#)

By Jon Dougherty
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The lead counsel for the "We The People Foundation For Constitutional Education has quit just weeks before he was to represent the group in an historic confrontation between federal government officials and leaders of the "tax-honesty movement" in Washington, D.C., WorldNetDaily has learned.

Robert Bernhoft, chief legal counsel for the foundation, told WND he is "not at liberty" to discuss the reasons for his withdrawal, but he says the hearings are "a long time coming" and he still supports the cause.

"I wish the foundation and the other interested Americans success," he said yesterday afternoon. "The federal income tax is a slave tax. We're a free people, we're not slaves. There are so many constitutional violations and legal problems with the current tax as it's imposed and collected that the tax will unwind eventually, somehow."

"In terms of my office's and my personal legal, constitutional and philosophical sympathies, they're certainly still with the 'We The People Foundation,'" he added.

Mike Bodine, a spokesman for the foundation, confirmed Bernhoft's departure, and likewise would not elaborate on the reason for the split. He did admit, however, that there were some "personality differences."

"It's complicated," he told WND, adding that the hearings "are still on."

"We have had [the hearings] re-confirmed," Bodine said.

When asked who would be taking over as lead counsel for the hearings scheduled Sept. 25-26, Bodine said: "I'm going to have to let Bob [Schulz] answer that."

Schulz did not return calls before press time.

A long-time tax reform advocate,
<http://www.worldnetdaily.com/news/article.asp?ARTICLE_ID=23746>Schulz staged a hunger strike that began July 1 and ended three weeks later, in an apparently successful effort to draw attention to what he characterizes as unfair government tax practices.

U.S. Assistant Attorney General Dan Bryant and Rep. Roscoe Bartlett, R-Md., signed a written agreement July 20 that commits the government to send their top tax and legal experts to the two-day hearing, which is to be conducted on Capitol Hill and which will be covered by WorldNetDaily.

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Wouldn't it be fascinating to know the "reasons" for their lead attorney's quitting?

I recently ordered the "Live WebCast" of the Hearings, which will be the only "live" gavel-to-gavel Video Telecast. You can find more details at the "We The People Foundation" Web site. The first 5000 people ordering get a special price of \$29.95, which includes:

- 2 full days, LIVE "gavel-to-gavel" webcast -- with real-time download of evidence (view & print), live commentaries and interviews with tax researchers
- 1 Set of CD-ROMs w/ printable evidence & documentation
- 1 copy official written transcript of hearing

You can also just "listen" on the web for \$19.95. If you've got a directional Satellite dish, you can also listen "free" by pointing your dish (or get your local radio station to broadcast it by tuning their satellite dish) to:

Satellite: GE-4, Transponder 24, Frequency 5.8 (wide-band/c-band audio

If you're interested, or for further details, here's their web site:

<<http://www.givemeliberty.org/>>

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[4] Call Reminder
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The TAX EXEMPT Conference Call, takes place Wednesday night, September 05, 2001, (and every Wednesday) at 9 PM EASTERN time. The number is: 305-503-1874, pin code 940 (No # required).

I want to mention something to new readers and to folks who have never been on THIS conference call. This call is NOT what you may be expecting when I talk about a "conference call". A lot of people today are used to big sales-hype conference calls, with a lot of "Rah-Rah-Rah". This conference call is NOT a "sales" call. No one is trying to get you to enroll in something, or asking or suggesting that you try to get your friends to enroll. This is a TEACHING call. It consists almost entirely of questions and answers. It's a great place to hear other folks ask all sorts of questions, and get any questions of your own answered, and it provides you the opportunity to get a pretty well-rounded understanding of what this is all about in 45 to 90 minutes. I think you'll find it's one of the best \$3 to \$5 values you can find today. (The telephone long distance charges for most people).

May I ask, that when you call, you use a regular "connected-to-the-wall telephone", not an internet phone, a cellular phone, or even a cordless phone. Also, please, not a speaker phone, either, because often speaker phones seem to disrupt the quality of the call. Pressing the number 5 on your phone will mute your end of the line, so everyone can hear better; then, when you want to ask a question, you can press the number 4 to go off mute. If you can hear the noises, conversations, kids-playing, dishes clanging, and phones & faxes ringing where you are, we can hear it, too, and it makes it much more difficult to hear whoever is speaking at the moment. Thanks for your consideration.

If you like what you hear on the call, and you want to talk further to someone (including the call presenter) or ask more "personal" questions, remember how you heard about the call. No contact numbers are given out on the call, not because anyone is trying to hide anything, but because various representatives of [THE COMPANY] bring folks to the call. The call itself is not a "sales" forum and doesn't get involved in the sales "hierarchy".

See you on the call. Tell your friends about it, too.

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[5] Contact Information
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You may notice that I refer to [THE COMPANY] or to the founder of the company [THE FOUNDER] in various places throughout the Newsletter. I choose those expressions, instead of providing the actual names of the company or it's founder, for a couple of reasons...reasons which you'll also find reflected in my explanation of the copyright notice (below). I want to insulate [THE COMPANY] and [THE FOUNDER] from undue and unwarranted attention (especially negative attention or reaction), whether from a casual reader or from any taxing agency or authority, their attorneys, or representatives. Therefore, it is my desire that the reader be absolutely clear who is responsible for what appears in this newsletter. This newsletter is NOT sponsored directly by [THE COMPANY] or [THE FOUNDER], and while I believe I am being representative of [THE COMPANY's] and [THE FOUNDER's] philosophy, goals, ideals and the truth in law and in fact on which [THE COMPANY] stands to perform its valuable service for its clients (of which I am one), and while I may quote [THE FOUNDER], or someone else, I always seek to maintain each person's privacy, unless their words are already in the public (published) domain; thus I will take the heat for any negative attention, response or reaction.

Also, this allows anyone, including other representatives of [THE COMPANY], who find this information valuable, and who want to share it with others, to substitute their name and contact information for mine, and not have to worry about potential clients of the company going over their heads and bypassing them. Since [THE COMPANY] sponsored conference call and Joe Lansing, the conference call presenter, follow this same philosophy of client protection for their representatives, the information in this newsletter can, then, be more widely disseminated for the value and education of others. In the newsletter, I may occasionally use the name of the conference call presenter, Joe Lansing; but that's because he is also out in the public forum with his conference call.

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