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

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Tuesday, November 06, 2001

- [1] Welcome: Am I Tax Exempt, or What?
- [2] Questions and Answers: Everybody Makes Mistakes
- [3] News Briefs & Comments: New Laws - and our Money
- [4] Conference Call Reminder: **Wed, November 7th, 9pm EST, 1-305-503-1874, Pin 940**
- [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 100% effective 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,

At [THE COMPANY's] recent representative seminar, the representatives talked about some of the things we can "legitimately" say to people, and some of the things which either we can't say or which need to be clarified when we say them.

I'm going to touch on one of them here: and that is the use of the two words "tax exempt".

I, of all people, am probably most "guilty" of using those two words. As any of you who are my clients (or maybe will someday be my clients) know, I started my entire representation of [THE COMPANY] with a four-page piece entitled, "Exempt is Better than Exemptions".

Of course, as any of you know who read what I write, you know I'm referring specifically to "income" taxes, not to all taxes, or taxes in general; certainly, anyone with half a brain knows that none of us is truly and totally "tax exempt".

Let's examine the important distinction between the words (phrases) "tax exempt" and "non-taxpayer". Of course, in this same vein, the "non-taxpayer" should properly be referred to as a "non-income-taxpayer", shouldn't he?

A lot of folks ask me for information on "how to become tax exempt". [THE COMPANY] does not make ANYONE tax exempt. And this is where the distinction becomes important.

[THE COMPANY] does NOT make a person tax exempt (income tax exempt or otherwise), and [THE COMPANY] does NOT change a person's tax status

[THE COMPANY] only points out what the LAW (the Internal Revenue Code) says regarding what a State Citizen's tax status ALREADY IS. What changes, through [THE COMPANY]'s processes, is that the IRS recognizes who a client IS, and consequently, THEY CHANGE their way of viewing the client.

Admittedly, when the IRS changes the way they see a person, almost everything regarding the so-called "income tax" changes for that person; but [THE COMPANY] has neither changed the person (the client) NOR his status. They use processes which change the clients ELECTION to be seen by the IRS as something or someone he is not, AND they have the IRS look at the person (the client) through the eyes of their own law, and have them DETERMINE what the person's status already IS.

So, while NOTHING CHANGES about the client - EVERYTHING CHANGES when it comes to actually being liable for and paying "most" income taxes.

Someone wrote a book called "The Law That Never Was". From my perspective, that is not an appropriate title. I know that lots of folks would take issue with me, because, truly, there never has been a law that actually requires a sovereign State Citizen (which anyone IS who is born and residing in one of the 50 States) to file his/her first 1040 tax return. But to say "the Law itself never was" is to totally miss the point, particularly AFTER the person has voluntarily elected to "join the system"; because the moment a person signs his first "1040 Form, U.S. Individual Tax Return," he has ELECTED to be seen by the IRS as a "taxpayer" and to be treated by them accordingly. He has, in fact, signed a lawful CONTRACT.

Almost everyone voluntarily elects INTO the tax system, where, once having so elected, the LAW THAT IS (not that never was) applies to that person. That's what happens when you sign any contract. What [THE COMPANY] does is to look into that law, that "code", that contract, and we look at the actual, lawful, liability that a person has, or does not have, in light of that code of law.

Interestingly enough, the law is ALL that is needed; because the law is what the IRS uses to guide most of it's conduct. This would be really hard to do if it were a law that never was. So, all [THE COMPANY] does is to present the whole picture to the IRS regarding each client. Since it's the "law", the IRS knows there is no argument. (Well, perhaps I should say that they realize that there is no contrary lawful argument to hold up in court; I'm sure some would like to argue the fact, since most people have been conditioned over the years to simply capitulate without asking too many questions; and

it sometimes seems to me that the IRS truly does not know what to do with some of [THE COMPANY's] clients. Certainly, the local agents, who are a long way removed from the "top" echelons of the IRS, which is where [THE COMPANY] does most of their work, seem, sometimes to be inclined to believe it can't be possible. The important thing is that the "lawyers" at the top, know. And eventually, the local agents get the picture, too.

So, anyway, I said all that, so you understand that [THE COMPANY] does not make you into something you are not already. We do not make you "tax exempt", although, for all practical purposes, after the "revocation of election process" and the "status determination process" are complete, you truly are exempt from the liability of paying most income taxes. AND we do not change your true tax status; we simply get the IRS to agree with their own law; and when that occurs, the IRS treats the client as a "non-taxpayer" rather than as a "taxpayer".

After all I've said, I want you to know that I still say, "Exempt is Better than Exemptions". Don't you agree?

I just wanted to clear up what I mean when I say that.

Oh, yes. Here are four things we definitely CAN say:

- We're going to lower your tax liability as low as the Code allows.
- We're going to properly evaluate your status according to the Law.
- If you owe a tax - pay it.
- We are NOT tax protesters.

(We don't have to protest against taxes from which we're "exempt", do we?)

Sorry, I couldn't pass that up.

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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Hi XXXXXXXX,

I'll answer your questions within your message:

Dear Paul,

I am preparing my tax information (for the past 3 years) for your company and wonder if you can help me with a few questions.

1. In 1996 I filled out our 1040 tax return via Lynn Meredith's book "How To Cook A Vulture" and placed 0 on taxes owed. Well of course the IRS didn't like that and has hounded us since. They threatened to put a lein on our home. Since

my husband's name was on the 1040 and the home, I felt I'd better pay off since I didn't want him involved with the lien, etc. So via a credit card I payed the huge interest that had accumulated (I know you can relate). It was about \$13,899. I paid it just this past spring, 2001. My question is, would your company be able to get that money back if I send the \$750? ("Lein, Levy, Garnishment & Seizure Fees") even though I filed the 1040 in 1996.

From your question and explanation of detail, I'm assuming the lien has been removed; is that the case? If the lien has been removed (and it should have been removed if you satisfied the IRS regarding the amount), AND, if there are no other "ACTIVE" or current liens, levies, seizures, notices of sale, etc., there is no need to pay the extra \$750. ALL [THE COMPANY'S] services are included in the standard fees.

The IRS keeps track of ALL the money they've collected from you (for whatever reason, or whatever they choose to call it, e.g., "taxes", "interest", "penalties," etc.). When the IRS ultimately decides that you are a "non-taxpayer" for any year, or years, they automatically realize that ANY money they have collected from you during that time, has been collected incorrectly, and that it is a "credit" to you. At that point, they offer you a choice: Do you want them to send the money back; or do you want them to apply it to "future" tax years?

Please keep in mind, [THE COMPANY] does not "guarantee" refunds, because the refund checkbook is not in [THE COMPANY'S] control. In addition, the laws are not very well structured regarding the "specific's" of refunds, I think probably because the regulations under which the IRS operates are not generally structured in anticipation of the IRS "incorrectly" collecting money from "non taxpayers". Their job is to collect money from taxpayers, and while they and most of society today, may presume that anyone and everyone is a taxpayer, it's just good business practice to refund money once it's been determined that the money was collected in error from a non taxpayer. That has always been the case, but [THE COMPANY] believes the law is a lot more powerful now, as a result of "The Internal Revenue Service Restructuring and Reform Act of 1998," particularly when it comes to refunding money that's been incorrectly collected from someone regarding whom the IRS, themselves, determines is a non taxpayer.

To be fair to the IRS, "they" can't help it if people, in their ignorance of law, go ahead and voluntarily elect to start filing tax returns for which they had no lawful or legal responsibility to file in the first place (the "1040 Form U.S. Individual Tax Return", which you'll notice as the title of the form that "everyone" elects to sign).

Sending in "zero" returns is not the true "source" of your problems; having signed "the contract" to begin with is where it all started. After your voluntary election to do that, it's a pretty fair bet that you probably don't live on "zero" income, and since you agreed to all the terms and conditions in the contract (spelled out in the "Internal Revenue Code"), it's no surprise the IRS and State taxing agencies come after you for "contract violation", which most people understand as "tax law violation". Under the law, the IRS has the right to access interest and penalties - even to "figure out" your tax return. BUT, once the revocation process is complete and the IRS determines you to have been a non-taxpayer for any (or all) of those years, they realize they're holding money that has been "incorrectly collected". Since THEY have to start paying interest on that money, from the moment of determination, it really is in their best interests to dispose of it as quickly as possible, since, at that point, THEY begin going in debt to the non taxpayer. Because they're still operating under the illusion that "everyone is a taxpayer", they normally

expect that, in the following year(s), you probably will be "taxpayer" again, owing them money; so they give a person two choices: take it now, or apply it to your future bill, so-to-speak. Since we know what the law actually is, and since we don't expect that law to change in this regard anytime soon, we expect that there will be no future income tax liability; so, the obvious choice is to "take it now". Personally, I'd "take it now" anyway, and cross any other bridge when and if I ever got to it.

By-the-way, should that occur in your case, that the IRS gives you the choice, remember to let [THE COMPANY] respond, because, like any other form of communication with them, the IRS would love to have some "sign" or response like that from you personally, that they then could use as evidence that you are revoking the power of attorney you give to [THE COMPANY] when you hired them to interact with the IRS on your behalf. Anytime a client interacts with the IRS on her own, she runs the risk of this happening, and if that happens, it invalidates the money-back guarantee. That's why [THE COMPANY] "demands" that the client pass ANY information or communication she receives from the IRS or State taxing agency to them within 48 hours. Then, the guarantee stands: [THE COMPANY] guarantees the results of the IRS seeing you as a "non taxpayer", one who is exempt from income taxes on all but federally sourced income; they do NOT guarantee the refunds themselves, for reasons I already stated.

2. Question #2. I filed a 1040 for myself in 1997 and put 0 for taxes owed... I also filed in the State of XXXX and again put 0 on taxes owed. Well XXXX State put a lein on my home. I sold the home in 1999 and ended up paying about \$2800.00. My question, if I send another \$750 would your company be able to get that money back also? (Yes, the FED IRS is hounding me on this also, so hopefully your company can get me tax exempt before the IRS puts anymore leins on me. So far my interest to them is up to \$6,000)

Thanks for any help you can give me on these questions.
Sincerely,
XXXXXXX

Again, the answer is pretty much the same. If that lien was removed and there is no CURRENT lien (or any other complication like that), there is no need for an extra \$750; and anything that occurs AFTER being accepted as a client, is INCLUDED in the standard fees. The extra fees are not established on whether the process and procedures have all been completed, but upon whether, or not, a person has these extra "tax problems" prior to becoming a client.

Also, the same answer applies to this question that I gave to the first one, regarding getting back the money.

Sincerely,
Paul Leinthall



I'm enclosing this dialogue, which took place over a month ago, for three reasons. First, because it illustrates the necessity for each person to follow his/her own "gut" when making any decisions regarding his/her relationship with the IRS, and Second, it illustrates the wisdom of following one's own "inner" guidance, even in the light of some "authority" giving advise and regardless of "who" says "what". Thirdly, it provides

an opportunity for everyone (including myself) to benefit from the increased knowledge.

This "situation" arose partly due to my own (Paul Leinthall's) ignorance regarding "941 taxes". People who are or have been business owners AND who have employees are familiar with "941 Taxes". 941 Taxes are the taxes (more specifically, the monies) that the employer withholds from his employee(s), which he is then supposed to forward to the IRS. I've never had employees, so I might get away with an "excuse" for my ignorance, since 941 taxes have never applied to me. However, I have discovered, that this issue CAN be a situation with which some of [THE COMPANY's] clients have to deal; and this dialogue is an example.

If we were to put a question on the face of this dialogue, it might go something like this:

If I am past due regarding my 941 taxes, will that adversely affect either my decision to become a client or the results [THE COMPANY] can provide for me?

I had originally "assumed" (notice the emphasis on the word "assume") - albeit ignorantly - that 941 taxes had nothing to do with an individual's income taxes or the ability of [THE COMPANY] to achieve successful results for a person with 941 tax "problems". As you will see, I was incorrect in my assumption.

Paul:

This is for your info only because it has put me in a horrible situation and I don't want it to happen to someone else.

I called you about a month or so ago. I was in the process of completing my package. I had reservations because I owe back taxes on 941's and I asked if this would throw-up red flags. I also asked if I should file and pay my taxes for the year 2000 (I had an extension). You told me not to file the 2000 taxes AND that my revocation should NOT affect the past taxes due on the 941's.

I was still not comfortable with this so I e-mailed AND called Joe but never got an answer. I almost mailed the package anyway and thank goodness I didn't.

Last Wed night I got on the conference call and was able to ask Joe about this. He said [THE COMPANY] will not even take applications from people who owe money on 941's. He also said it would definitely throw-up red flags and the IRS would most likely lien, levy, etc. for these back taxes. It has been 8 years and I only have 2 more years before these taxes "fall off." He advised me to wait for 2 years before applying with [THE COMPANY].

[NOTICE: These are liens and levies pertaining to "941 Taxes", NOT individual income taxes].

I am really scrambling now to get the funds to pay these taxes. If I had known this a few months ago, I could have done things differently and planned a little better. So please when someone has questions like this, refer them to Joe or tell them to get on the call and ask their questions.

Thanks
XXXXX

Hi XXXXX,

I appreciate your email, and I appreciate the fact that you asked the question on the conference call last Wednesday, because it provided the opportunity for me to add to my own knowledge-base regarding these matters.

Regarding the 941 (employee withholding) Tax issue, I apologize. I, myself, did not know that the situation you had with 941 taxes would affect you adversely, as Joe explained it.

Regarding your suggestion to me that "when someone has questions like this, refer them to Joe or tell them to get on the call and ask their questions," I think, by now, you must realize that I actually follow that suggestion EVERY WEEK, in my newsletter. In fact, my original and PRIMARY purpose of my newsletter was for that purpose; in fact, in the beginning I "titled" it simply "a Conference Call Reminder." Since then, it has evolved into the present form of the newsletter, which STILL includes the words in its title, i.e., "...and Conference Call Reminder".

I will take responsibility for being ignorant of the relevance of a business owner's 941 withholding responsibilities and how failing to fulfill those responsibilities might AFFECT his relationship with the IRS on his individual INCOME taxes (or "throw-up red flags," as you say). However, never having been (nor having chosen to be) an employer and, hence, never having had personal experience with the "941 Form" or "941 withholding taxes", perhaps it's understandable that the only prior knowledge I had was in association with [THE COMPANY], and that was that 941 tax issues were a separate issue from 1040 tax issues.

When you asked the "right" question on the call, however, which, in turn, brought out the "right answer" (from Joe), from this point on, I can't plead ignorance as my excuse. In a court of law, of course, it would not serve me to plead ignorance anyway, because it's my job to know the law pertaining to anything with which I have to do. Until Wednesday night, I didn't even realize the 941 issue had anything to do with me; and still, it only indirectly, may occasionally affect me to the degree that it might affect the rare, would-be client, who for whatever reason, hasn't handled his responsibilities in that regard. Saying all that is only more validation for my encouraging folks to get on the weekly conference call; and PARTICULARLY if they don't feel in their gut that all their questions have been answered to the point where they "feel good". The only person who can know whether, or not, all his questions were answered, to the satisfying degree of feeling confident and clear, of course, is the person himself.

In line with what I just said, and from my own knowledge of how a person's own INNER GUIDANCE works, I have to suggest that your own inner guidance system has been "red-flagging" you for years about this subject, rather than mere months. I believe, if you look back at this whole issue, you'll realize that ALL ALONG, you've been getting the "red flags" of negative emotion, which have been letting you know that something was "off" regarding this matter. You expressed this, yourself, when you said, "I was still not comfortable...", where the word "still" indicates that the negative emotion of "feeling uncomfortable" had been going on for some time.

Unfortunately, most of us were never taught the true meaning of our emotions. For example, and specifically regarding your personal attention to this subject, in your particular situation, "any" negative emotion that you experienced through the years, in

ANY moment of thought about the subject of taxes (income taxes OR 941 taxes), was your own "signal" that, FOR YOU, something was not quite sitting correctly in your own thinking regarding the subject. Those moments of negative-feeling emotion were your own "red-flags". This is what the Bible means when it says, "...the anointing which you have...in you, you need not that any man teach you; but...the anointing teaches you all things, and is truth, and is no lie..." (I John 2:27)

Our emotions don't tell us WHAT to do; they only indicate whether, or not, whatever we are doing or thinking AT ANY POINT IN TIME is in harmony with our own best interests, desires and "higher knowing" within. It's not the "job" of my Inner Guidance System to tell me WHAT to do; that's my job. I am the "free" chooser of my own thoughts, my focus of attention, and my resulting actions. I get to choose what I focus my attention upon, and what I choose to "do" as a result of that focus. My emotional feelings (positive or negative) are simply my unfailing guidance system (from Higher Source, or God, or whatever "name" you want to give it, within me) letting me know whether, or not, in any such moment, I am thinking, acting and walking in harmony with my own heart's desires, and whether, or not, I'm holding myself in a "mood" and "mode of action" which ALLOWS my "good" to come to me.

There's plenty of "knowledge" that's available to "know"; but only SOME of it (certain parts of all the knowledge that's available) is REALLY in harmony with me and what I uniquely value and want. My Inner Guidance doesn't tell me WHAT to know; it only let's me know whether, or not, what I'm delving into at the moment is good for me; and it lets me know by positive emotion ("good" for me) or negative emotion ("bad" for me). THAT's the primary lesson of "Adam and Eve in the Garden", when "Adam and Eve" were confronted with the "Tree of KNOWLEDGE (of good and evil)".

There's lots of stuff that may feel good to other people to know (or think, or say, or do) which may not "feel" good to me. I believe each one of us makes every decision we make based on this inner mechanism; except that most of us learned early on that we should "squash" some of the desires and accompanying emotions that felt exciting and exhilarating to us because those around us convinced us THEY didn't feel good about it. So, most of us have kind of set our own emotional "meters" out of whack and tried to get them to conform to "other" people's ideas, rather than to know and trust our own.

When we "eat" that kind of knowledge from other people, which is accompanied (still) by uncomfortable feelings, we don't have to have anybody else tell us it doesn't feel good. On the other hand, when we select a subject or focus of attention that feels good to us, which feels like it fits, which feels like a vibrational match, nobody else can take away our own inner knowing or "gut feeling" about that, either.

The key is, to pay attention to the feeling FIRST; then the kinds of thoughts and ideas which support that feeling always come. Unfortunately, most folks, have it wired backwards; they think they'll feel better when all the circumstances are lined up correctly; but the circumstances COME FROM the feeling/thought vibration in the first place. That's how creators always create. And we're all aware of those times (although they may be rare in a person's experience) when we have allowed ourselves to "flow" in that manner.

Law of Attraction will ALWAYS match my inner "vibration" of feeling-thought with visible results, which, if I care to notice the correlation, are always in harmony with my thoughts and beliefs (a "belief" being simply a "thought" or idea focused upon and repeated over and over until I've accumulated "evidence" that it's valid). What I think

about, comes about; and I can tell what's likely to "come about" as I notice how I'm feeling when I'm thinking about it. If I'm not experiencing positive emotions and feeling good as I "think about" something, THAT'S the time to choose different thoughts or a different focus of attention, because, if I don't like it AS I'm thinking about it or contemplating it, I surely won't like it WHEN it actually "shows up". I can tell I've achieved a different focus of attention, one which is more in harmony with what I want and with my "inner knowing," because my emotions will be positive in those moments; I will feel good AS I'm thinking, focusing, contemplating, conjuring, imagining, or remembering. If I'm predominantly feeling good as I'm contemplating something, I will like what shows up, which will always be a "vibrational" (feeling) match to my "vibrational" (feeling) thoughts. Law of Attraction always brings like vibrations together.

Back to your present situation: I originally talked with you back on April 25th. Had you chosen to apply to [THE COMPANY] back THEN, and properly completed the application, you would have discover then what you discovered this week. As Joe said, [THE COMPANY] would not have accepted you as a client, and they would have returned your money, with the explanation of "why". We would both have learned something at THAT time. Even if you had made your application, "about a month or so ago" (the exact date was August 14th), when we talked, when you said at that time that you "would be sending in your application shortly", we would have discovered THEN what you (and I) just found out Wednesday night. Even as it stands, however, no real "mistakes" have been made; all along, your own inner guidance has been indicating to you that something wasn't yet properly aligned. My guess is, you now have a certain "peace" (positive emotional feeling) regarding the whole issue, even though you may have to "scramble" to find the funds to handle your other responsibilities before you can be "tax free". But I think you must admit, that I never suggested you would get OUT OF or be free from your 941 tax responsibilities; I just said they were a separate issue; I just didn't know (then) either the fact that, or the degree to which, you could be personally affected regarding your individual income tax requirements.

I was on the call, by-the-way, and heard both your questions and Joe's answer. The main reason I get on the call every week is because I occasionally learn something new (as I did Wednesday night, regarding the 941 taxes).

I got even more clear regarding this matter in my own conversation with Joe the next day. In fact, BECAUSE you had asked the question the night before, and because I had heard Joe say some things in response that I'd never heard before, I asked him to clarify the issue further for me.

I found out I was not "entirely" wrong in what I had told you in August, i.e., that the 941 taxes ARE separate from your individual income taxes. What I did not know, and hence, couldn't tell you then, was that the IRS apparently presumes it has a right to go after the business owner's PERSONAL and REAL property when he/she is criminally negligent regarding employee withholding pertaining to the person's business. Since it is a criminal offense for an employer to fail to turn over monies to the IRS which are designed for purposes of employees' paying their individual income taxes, as the employees, themselves, directed the employer to do on the W-4 forms, that "crime" interfere's with [THE COMPANY's] work regarding THAT individual's income tax status. A person with unresolved "941 Tax issues" then falls into the category of individuals whom [THE COMPANY] cannot help. As you probably know, other folks [THE COMPANY] probably can not benefit are those who receive ALL of their income from federal sources or who reside in federal territory, or people who are presently

under some kind of a court ruling regarding their income taxes, or folks who have entered into a VALID "offer in compromise," where they have signed a contract agreeing to file standard 1040 tax returns for "x" number of years..

So, again, I'm glad you asked your question on the call. It benefited me, and it benefited you; and it benefited anyone else who might have had a similar question.

Sincerely,
Paul Leinthall

P.S. XXXXX, I'd like to use our dialogue for the purposes of other folks benefiting, in my newsletter, if that's okay with you. I always protect a person's privacy, of course. Let me know if that is a problem for you. Thanks.

No problem at all - and no hard feelings. We all learn something new every day!

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Hi Paul,
...I was wondering if you have heard of anyone receiving a determination letter stating their status as tax exempt yet? Thanks for your response.
XXXXXX

Clients are beginning to receive "credit letters" from the IRS in response to the Status Determination process. In essence, when the IRS makes the determination of the true status of a person, based on the law, they "discover" they have collected monies inappropriately from the "non-taxpayer".

There is no regulation in law that says the IRS MUST send a determination letter, nor is there one that says they must send a letter of credit. However, since the law requires them to make the actual determination, their own computer system is going to flag them that the "non-taxpayer" has a "credit"; and from that moment, they must pay interest on that credit balance.

It only makes sense they would want to make a disposition of those funds. If "I" were the IRS, I sure wouldn't send out letters on my stationary saying "I have determined you are a non-taxpayer"; I might be of the mind to not even send a letter advising you of your credit, but since I would be being charged interest and, hence, going further in debt to you, I probably would ask you what you wanted me to do with the "extra" money.

Sincerely,
Paul Leinthall

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PAUL,

WILL [THE COMPANY] DO NORMAL CORPORATE TAX RETURNS FOR MY COMPANY?
XXX

Hi XXX,

Yes, they will - for a price. Most businesses and corporations, however, continue to use their local CPA's or accountants, whom they've always been using, because they're closer (and easier, in this regard) to work with, since they're already familiar with the company's affairs. Actually, there's generally not much to be gained by having [THE COMPANY] do the corporate returns since there is no "revocation process" which makes a corporation a "non-taxpayer". The best way to reduce the corporate taxes is to pay the "non-taxpayer" individuals (clients of [THE COMPANY], who are officers and employees of the corporation), MORE money in salary and benefits, which can then significantly reduce the corporate tax burden.

Sincerely,
Paul Leinthall

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As I was about wrapping this up, a client called. During the conversation, it came up that he thought that his "second year's fee" would be due next April 15, even though he had become a client just a month ago.

Friends, [THE COMPANY] is NOT the IRS, and they don't operate in their fiscal affairs like the IRS does. Clients' 2nd year fees do not become due until ONE YEAR AFTER they first become clients. So, pertaining to the client with whom I was conversing, since he became a client in the early days of October of 2001, his second year's fee will not be due until the same time in October 2002 - one year later.

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[3] News Briefs & Comments
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I'm not suggesting that I agree with the solution at which the writer arrives in the last paragraph in what follows, but I thought you might find interesting this clipping from "Offshore and Privacy Secrets" most recent newsletter, given what is occurring in our country since September 11th.

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"Offshore & Privacy Secrets, November 5, 2001"
Published by Offshore & Privacy Club
<http://offshoreprivacyclub.off.ai>
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* Putin Hints At More Tax Cuts

At the official opening of the Russian stage of the World Economic Forum in Moscow this week Russian President Vladimir Putin confirmed that he is pushing ahead with reforms and said that further tax cuts could still be on the cards.

He told delegates attending the meeting, an international gathering of business people: 'We will further develop the pace and quality of reform ... the first direction is a further reform of the tax regime, at the present time maybe it is a

little premature to speak about it, we are thinking about cutting a few taxes, including such taxes as VAT.' It is necessary, he added, to 'act very carefully but consistently.'

Currently Russia's rate of VAT [value added tax] is levied at 20 per cent with some food stuffs at 10 per cent. Putin has recently reduced the tax burden on Russia's taxpayers by implementing a flat income tax of 13 per cent and reducing company tax to between 25-30 per cent.

The World Economic Forum, based in Geneva, Switzerland, is an independent organization committed to improving the state of the world. Funded by the contributions of 1,000 of the world's foremost corporations, the Forum's organizers state that it acts in the spirit of entrepreneurship in the global public interest to further economic growth and social progress.

<http://www.tax-news.com/asp/story/story.asp?storyname?57>

COMMENT: With low taxes, newly re-instated private property ownership, and a circulating gold coin as legal tender, Russia is looking more capitalist all the time.

What irony, considering that the US is sliding farther and farther towards totalitarianism.

Russia stills needs a legal system that can enforce contracts without the aid of Mafia-backed muscle and guns, but once this significant obstacle is cleared, the sails of capitalism will be set in what was once the Communist capital of the world.

If Russia can use a flat-tax system, why can't the US or other "progressive" countries? And with more tax cuts apparently in the offing, what's not to like, taxation-wise, in the former USSR?

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I'm including here the entire issue of the most recent "The Sovereign Society Offshore A-Letter". I don't normally do this, but I thought that many of my readers, who don't already subscribe to this "free" newsletter, might be interested in taking a gander. Since a lot of folks on my newsletter list are familiar with, and asking questions about, offshore funds and banks and asset protection, and a good number I know are anticipating an imminent pay out in the near future from some of these programs, and since this subject is very close to the subject of income taxes...oh well, do I need a reason? This is, after all, "my" newsletter (is it not)?

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THE SOVEREIGN SOCIETY OFFSHORE A-LETTER
Your Link to Freedom, Prosperity & Privacy in the Offshore World
Friday, November 2, 2001 - Vol. 3 No. 87

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In This Issue:

- * COMMENT: How Will Offshore Banking Change?
 - * OFFSHORE: Bahamas BISX Shaky. Praised Swiss Freeze 24 Accounts. St. Vincent Clean Up. Shanghai vs Hong Kong. Bush: No to OECD Tax.
 - * WEALTH: Foreign Investors IRS Target. US, Canadian Securities Firms Under the Gun. All About the Islamic Banking System. FATF Emergency Recommendations, 17 Nation Current Blacklist.
 - * PRIVACY & CIVIL RIGHTS: Hon. Ron Paul Compares Two Wars. Carnivore, High Tech Spying Expands. IDs - "Your papers please!"
- =====

COMMENT: How Will Offshore Banking Change?
by Bob Bauman, Editor

The 'USA PATRIOT ACT' Public Law 107-56, signed by Pres. Bush Oct. 26, devotes 125 of its 362 pages to US and offshore banking and finance under the banner of "anti-money laundering." In the wake of the Sept. 11th horror, "anti-terrorism" is the patriotic fig leaf, but, as the fine print makes painfully clear, the real objective is massive expansion of the all purpose prosecutorial crime of money laundering, with tax collection an equal, if unstated, goal. Law in pdf form LINK: <http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=107_cong_bills&docid=f:h3162rds.txt.pdf>

True, the law shreds financial privacy and creates huge, new US federal police powers over banking and securities firms, but just what impact will it have on offshore banking customers?

Not all that much, seems to be the answer. That's because both US and offshore banks have drastically cleaned up their acts in recent years. In many ways, this law simply codifies practices already in use.

U.S. private banking services for high net worth individuals will change only in that banks will not only want to "know your customer" more fully, but will constantly watch accounts for suspicious activity. LINK: <<http://www.iht.com/articles/37439.htm>>

By extension, US banks will be forced to pressure offshore banks, but reactions will be tempered by foreign financial privacy laws. And stricter US bank regulation will complicate international financial transactions. Greater demands for transparency in the US will prompt foreign banks to seek alternatives to US financing, hurting US banks. LINK: <http://www.wnd.com/news/article.asp?ARTICLE_ID=25134>

What can you expect now as a customer of an offshore bank? Many

more questions about you, your business, your family, where you got your money, how you use it. LINK: <<http://www.iht.com/articles/37428.htm>>

Banks will insist on knowing identities of their account customers and true names of beneficial owners of trusts and offshore corporations. LINK: <<http://www.iht.com/articles/37435.htm>>

But offshore banking will still offer comparatively far greater privacy and asset protection. Now is the time to consider offshore banking to escape this wanton destruction of financial privacy -- before it is too late. Find out how you can 'go offshore' at, LINK: <<http://www.agora-inc.com/reports/SOVS/LSVAL1/>>

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JOIN US IN CHICAGO NEXT WEDNESDAY evening, NOV. 7! Sovereign Society

Freedom Forum at the Westin Michigan Ave. Hotel. Speakers: Peter Zipper, Anglo Irish Bank; Don Hosmer, Royale Energy, Inc. & Bob Meier, veteran financial analyst. Register or learn more; phone Michael Whetstone, conference manager, in the US +1.410.223.2645.

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* OFFSHORE *

BAHAMAS STOCK EXCHANGE NEAR COLLAPSE

NASSAU. Having badly damaged its offshore financial industry with many new restrictions, the government congratulates itself for opposing 'terrorism'. Meanwhile, the new Bahamas Stock Exchange is collapsing. LINKS: <<http://www.tax-news.com/asp/story/story.asp?storyname=6080>> <<http://www.tax-news.com/asp/story/story.asp?storyname=6065>>

SWISS ANTI-M.L. POLICY PRAISED

WASHINGTON. Leading Clinton Treasury official says SWITZERLAND is better than the US at fighting dirty money laundering. LINK: <<http://www.tax-news.com/asp/story/story.asp?storyname=6076>>

As continuing proof, the Swiss freeze 24 suspect terror accounts. LINK: <<http://ap.tbo.com/ap/breaking/MGAN902HHTC.html>>

ST. VINCENTS WANTS OFF BLACKLIST

The Caribbean islands tighten financial laws in an effort to escape from the hated FATF blacklist. LINK: <<http://www.tax-news.com/asp/story/story.asp?storyname=6082>>

SHANGHAI CHALLENGES HONG KONG

Both vie for the top financial hub role in CHINA. LINK: <<http://www.tax-news.com/asp/story/story.asp?storyname=6081>>

BUSH SAYS NO TO O.E.C.D. TAX PLANS

As we noted last Tuesday, the Bush administration has restated its opposition to the OECD's phony 'harmful tax competition' campaign. LINK: <<http://www.tax-news.com/asp/story/story.asp?storyname=6083>>

*****ADVERTISEMENT*****

HIDDEN COSTS OF THE NEW WAR: As the US gears for war, Pres. Bush warns

that "there will be costs." Our economy - and your wealth with it - could be one of the casualties. Even before Sept. 11, oil prices were on the brink of rising. A war in the Middle East could make them skyrocket. Find out what you need to know NOW to protect your portfolio. This important report is yours FREE right now at,
LINK: <<http://www.agora-inc.com/reports/RASS/ClearInsights/>>

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* WEALTH *

FOREIGN INVESTORS IN U.S. UNDER ATTACK

A new report says proposed IRS rules killing US foreign investor privacy could cost the US billions of dollars in foreign savings.

News LINK: <<http://www.cei.org/PRReader.asp?ID=1672>>

Full report at: <<http://www.cei.org/MonoReader.asp?ID=1673>>

LAUNDRY FOCUS ON U.S. SECURITIES FIRMS

WASHINGTON. 83% of US brokerages and 60% of mutual funds have no means to identify sources of customers' money, verify identities, or report suspicious activities. LINK (subscribers only):

<http://www.americanbanker.com/cgi-bin/read_tagstory?20011031WASH775>

CANADA government regulators are tracking down all citizens with offshore investment accounts of any kind. LINK:

<<http://www.nationalpost.com/financialpost/cadbusiness/story.html?f=/stories/20011030/760468.html>>

WHAT DO YOU KNOW ABOUT ISLAMIC BANKING?

It's in the news, but do you know how very different Islamic banking is from western banking? Interesting facts you need to know.

LINK: <<http://www.iht.com/articles/37434.htm>>

EMERGENCY F.A.T.F. MEETING

WASHINGTON. 'Anti-terrorism' was the cry at FATF's urgent meeting this week. But the Paris bureaucrats see a much wider role for their anti-offshore policies disguised as concern about clean money. LINKS:

<<http://www.oecd.org/oecd/pages/home/displaygeneral/0,3380,EN-document-0-nodirectorate-no-12-20336-0,FF.html>>

<<http://www.oecd.org/oecd/pages/home/displaygeneral/0,3380,EN-document-0-nodirectorate-no-21-18428-0,FF.html>>

Interesting account of FATF meeting and plans at LINK:

<http://www.boston.com/dailyglobe2/305/business/Nations_aim_at_terrorist_financing+.shtml>

FATF Oct. 31 anti-terrorism recommendations in pdf download form at, LINK: <http://www1.oecd.org/fatf/pdf/PR-20011031_en.pdf>

FATF 17 current blacklisted nations. Scroll down to bottom at LINK:

<<http://www.chron.com/cs/CDA/printstory.hts/special/terror/front/1109462>>

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LINK: <<http://www.agora-inc.com/reports/MBPD/money>>

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* PRIVACY & CIVIL RIGHTS *

HON. RON PAUL COMPARES TWO WARS

The Texas US congressman hopes the anti-terrorism war will not repeat the damage the 'war' on drugs has done to US liberties and freedom.

Amen! LINK: <<http://www.counterpunch.org/paul1.html>>

HIGH TECH CARNIVORE TO EXPAND SPYING

WASHINGTON. Anti-terrorism is the excuse for all sorts of new high tech invasions of privacy by police at all levels, LINKS:

<http://dailynews.yahoo.com/htx/ap/20011028/pl/attacks_tech_tools_1.html>

<<http://www.foxnews.com/story/0,2933,37578,00.html>>

U.S. & U.K. IDENTITY CARD DEBATE RAGES

That favorite of apartheid South Africa, the domestic 'pass' or personal identity paper, thrills bureaucrats and police. "Your papers please!"

LINKS: <<http://www.thetimes.co.uk/article/0,,2-2001380619,00.html>>

<<http://www.cnn.com/2001/US/10/31/rec.national.id.cards/index.html>>

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THE SOVEREIGN SOCIETY OFFSHORE A-LETTER. E-mail to:

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[4] Call Reminder
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The TAX EXEMPT Conference Call, takes place Wednesday night, November 07, 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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Paul Leinthall
Phone: 661-822-7889, Mon. - Fri. NOON to 8 PM (Eastern)
Email: littlehammer@primemail.com

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"UNSUBSCRIBE" in the subject heading.

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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