

=====

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

Copyright (except quotations) © 2000, 2001 by Paul Leinthall

=====

Tuesday, November 20, 2001

- [1] Welcome: What Happens When the IRS takes on "The Leader"?
- [2] News Briefs & Comments: Thurston Bell and the IRS
- [3] Conference Call Reminder: NO CONFERENCE CALL THIS WEEK (Thanksgiving).
 The NEXT conference call is NEXT WEEK,
 Wed, Nov. 38th, 9pm EST, 1-305-503-1874, Pin 940
- [4] 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).

=====

[1] Welcome

=====

Dear Friends,

In the last two days, I've had two people send me two separate news articles regarding the same subject, from two major USA Cities at opposite ends of the country.

The subject of these articles and the primary person involved therein are particularly pertinent to the subject of this newsletter, because the both the articles strike a harmonious chord with the kinds of thoughts and beliefs (which I think "most people" have) which generate feelings of fear and insecurity regarding income taxes and the IRS. While I don't doubt that the particular words the news writers choose to use help to inflame these negative feelings, I'm wanting to address this "head on" to illustrate that things are not always as they may appear.

I will dispense with the question and answer section this week, and present the article from the New York Times, along with some other pertinent entries, along with my

comments. I won't include the shorter article from the Los Angeles Times, because it says essentially the same thing as the NYTimes article.

Before I get into the discussion in the next section, I want to make some preliminary comments.

As you will see, the article mentions three people, against whom the IRS is bringing suit; but I'm singling one of them out as "primary" simply because he singles himself out, via his own attitude and demeanor, in a way that seems to indicate he believes he has the only "right" way and the only "correct" interpretation of law. Some of my readers know this gentleman, and even more know of him. His name is Thurston Bell.

Many of "my" early clients will remember that I used to refer people to Mr. Bell's two websites: <<http://www.taxgate.com>> & <<http://www.nite.org>>. Although Thurston has disassociated himself from the TaxGate site, due to his former partner's apparent departure from the mission statement upon which they had agreed, almost all the documentation at the TaxGate site was authored by Thurston Bell. For the latest and most up-to-date writings of Thurston Bell, you have to go to the N.I.T.E site. (National Institute for Taxation Education SM)

If you go to the second side (<<http://www.nite.org>>), you'll see that the first words, after the title and headings of the site, are: "The Leader in Tax Due Process Research and Effective IRS Tactics & Solutions". In that first phrase, Mr. Bell's "attitude" begins to become evident. The word "leader" [in The American Heritage Dictionary] means: "1. One that leads or guides. 2. One who is in charge or in command of others." Sometimes, I'll accept meaning #1. It's the attitude of the second meaning with which I often have a problem. THAT is not my issue here. I simply mention it, however, because some of my clients have brought to my attention that Mr. Bell has a "_hit list" of people, which he titles "Academic Deficiencies", and among the people and organizations he lists is yours truly, although he doesn't spell my name correctly. (Gee! Maybe that really not me he has in mind, after all). But, I don't feel bad; I think he's got everyone in the tax movement on his list, as well as a number of his former clients, not to mention his own authored website, TaxGate.com. You can check it out at:

<<http://www.nite.org/docs/academic-deficiency.htm>>

I'm really not faulting him for his apparent attitude. A superior attitude doesn't go down well with most folks, but that doesn't make invalid all his research and knowledge. In fact, there's much MORE valuable information at both of those sites than is generally available to the general public from any other sources.

What I'm talking about here is a subject we have visited prior to this. Obviously, the "whole" subject is about income taxes, but specifically here, we'll be addressing a topic that is not only germane to Thurston Bell's research and attitude and approach, and which is the center of the issue being specifically "attacked" by the government in the two newspaper articles, but is also one of the primary points of law at the center of the work [THE COMPANY] does for each of their clients; and that is what we call the "Section 861 argument", based on Sections 61 and 861 of the Internal Revenue Code.

Any client of [THE COMPANY] who has actually read what has been filed with the IRS on his behalf will recognize the "861 Issue" to be germane to what [THE COMPANY's] does. So, the question naturally arises - or certainly would arise, from my perspective, in the mind of anyone who truly thinks about these things - how can [THE COMPANY]

be successful, and NOT be experiencing government attack concerning this Section of the Code, since it "appears to be" the same argument that Thurston Bell uses, and for which he is apparently being attacked by the IRS, as reflected in the article you're about to read?

I put the words "appears to be" in quotation marks, because, even though the SAME section of the Internal Revenue Code is at the center of our discussion, there is something even more important at issue, which is the meaning of that section in the light of the interpretation of the words and terms used within the Internal Revenue Code itself, the "correct" interpretation of which is not so readily available simply by reading Section 861 itself.

I once had an engineer/philosopher illustrate to me that if you start out with an incorrect premise, you're not likely to end up with the correct understanding without going back, at some point, to challenge the foundationally incorrect premise from which your started. For example, he demonstrated to me that while everyone "knows" that 2 + 2 equals 4, if you're good at high math (and I'm not), you can start out with what appears to be a correct premise, and mathematically "prove" that 2 + 2 equals 5! But the foundational premise was incorrect.

I know I'm speaking in generalities at this point, but I'll get more specific as we get into this in the next section. (Not regarding math, but regarding the distinctions we understand to be germinal to the "861 Taxable Income Source" argument).

With that said, let's move on.

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

=====
[2] News Briefs & Comments
=====

Let me begin, with a "summary" of Thurston Bell's position, in his own words. If you want, you can find what I've copied here from his "NITE" site at this address:
<http://www.nite.org/docs/Summary_NITE_Position_2-26-2001.htm>.

I will indicate his words, and all the things I'm copying here, including the New York Times article, with INDENTED blue print. My comments will be in black print, beginning at the far left margin.

I'm including Mr. Bell's summary of his position because, as you read it, I think, on first reading, you'll be hard pressed to find ANYTHING with which you disagree. Try it and see. You'll have to read JUST the parts printed in blue, however, before you come back to read my comments.

Summary of NITE's Position

February 26, 2001
The U.S. Sources argument is simply based upon the maxim of law that ignorance of the law is no excuse. In consideration of that fact the federal courts

have ruled for over 100 years that the words in the law mean what they say, then the maxim still stands that the law must be written in a form that the common person can understand.

Well, isn't this the "real" crux of the issue, in a sense? In other words, his still-standing "maxim" is that the law "must be written in a form that the common person can understand." While I agree that this is the way it "ought" to be, I seriously doubt that the "common person" thinks and feels that the laws are actually written in this manner. In fact, as we know, some of the very words that "ought to be" commonly understood, have different meanings - radically different, in some cases; and particularly is that so when you get into the definitions and word usages in the Internal Revenue Code, concerning words the meanings of which many people take for granted.

These Federal rulings also hold that not one word in any of the laws can be rendered meaningless, as such would change the intent of the law.

And with THAT I agree. But the question is: What is the word in question? And What is the meaning of the word in THAT particular legal cite?

EXAMPLE:

What would the effect be if we could ignore the word "imposed" in the section of law that imposes the income tax?

Every word in the law has meaning and purpose, and only that which is included within the law is legislated and governed. That which is not included within the law is excluded from regulation and governance.

With these maxims (understandings) of law in mind, we then read the law which ultimately defines that which the income tax is imposed upon, Section 61.

In section 61, one can clearly see that "gross income" is made up of "items" of gross income from specific sources, as the law specifically employs the word "source" in the definition of "gross income."

Correct. And you can't have "taxable income" without "gross income". AND, there is absolutely no question or disagreement, that it ALL pertains to "source".

The Congress has provided statutory governance regarding "sources" within the U.S., without the U.S., and partially within and without the U.S.

Ahh! But here's where we begin to have a potential problem. Do you notice those two capitalized letters with periods? "U.S." What exactly do those letters stand for? And once you know that they stand for "United States," hadn't you better define those two words together BEFORE you start considering "within" or "without" or anywhere in between?

What if those words, as used in the Internal Revenue Code in these sections, don't mean "United States" like "America, the country, and all the 50 States in the Union"? What if there's a different meaning for those words in the context of this Section 61 "gross Income" and Section 861 "Sources of Income" issue?

What if those words, in that context, mean specifically the "federal government". The "United States" when it refers to the "government" of the United States, and NOT the "United States" when it means the Union of the 50 Sovereign States?

The effort that we are working with here is the application of the law regarding U.S. Sources in §861 of the Internal Revenue Code.

Much of the time when people read the law they can find themselves misinterpreting the law or reaching a different conclusion than the government, or even find themselves accused of not reading the law properly. Up until recently, most of these claims of the government have had root in the language used by the Secretary of the Treasury in the Regulations written by his Office for the purpose of explaining to the Congress and the People how a specific law is to be implemented and or enforced.

Thus, NITE proceeds to review and apply the regulations so that we will have no argument with the Secretary and have need of defending a weak position before the courts should litigation ensue.

In consideration of:

- our reasonable actions to fully comply with the WHOLE manifestation of the law;
- the power of the fact that the Secretary has stated in the "source rules" that only 26 CFR §1.861-8 to -14T govern the Rules determining U.S. Sources;

Golly, gee! There are those two capital letters again!

- the complete absence of any mention of U.S. Sources in relationship to U.S. Citizens living within the U.S.; and;

Do you know that there are actually THREE different meanings of the words "United States", for which the two letters "U.S." can be synonymously used? Do you realize that Mr. Bell (without knowing it - certainly without acknowledging it) is using these SAME two letters, in the three instances above, when they ACTUALLY refer to TWO completely different meanings, one which IS used mostly in the Internal Revenue Code, and one which is NOT?

When he strings together that sentence, in that manner, without a foundation of the distinctly different meanings, the statement is NOT accurate, according to the Internal Revenue Code. Why do you think the IRS is going after him? And how is the "common person" supposed to distinguish the truth, when the "leader" has missed it?

From my perspective, it is this LACK of DISTINCTION, particularly regarding these key words ("U.S" or "United States", "U.S. Citizen" - or "citizen" with a small "c", etc.) which is causing him most of his problems.

- the Secretary stating that any income excluded from (denied entry in) the law meets the definition of "exempt income" (26 CFR §1.861-8T(d)(2)(ii)(A));

Can't argue with that. In fact, we agree.

NITE has reached and executed the conclusion that most U.S. Citizens have never been actually subject to the income tax as they never made "Gross income" short of uninformed and naked claims of employers and payors on W-2 and 1099 forms, and claims of the IRS which lack in the support of any legally valid evidence.

Well, unfortunately, this is also not entirely accurate, because he leaves out the small issue of what is effected by a person's voluntary signature, signed under penalty of perjury, on the bottom of that person's FIRST "1040 FORM U.S.INDIVIDUAL TAX RETURN". Mr. Bell makes no mention of the adhesion contract nor of the "law" of contracts that binds any person who voluntarily elects to sign that form; a contract which is more powerful in its affects than even the military contract a person signs to join himself to the military.

And just like with the military, you can't stand on military ground, after you've elected to sign the contract, and claim that, as a "U.S. Citizen" you have never actually been subject, or that the law never required you to sign in the first place. Although it's TRUE that the law never required you to sign the contract in the first place, once you voluntarily elected to sign it, you can no longer claim the ground of "no law requiring". If that were the case (and it is), why did you sign in the first place? Didn't you just say, in your opening paragraph, that "Ignorance of the law is no excuse"?

Copyright © 1997 - 2001
National Institute for Taxation EducationSM - NITESM
All rights reserved.

The views and opinions expressed herein are solely those of the author, Thurston Bell. Mr. Bell's conclusions and results are based upon both his current findings and personal experiences with actual casework. While Mr. Bell's applicable and effective research has helped many individuals achieve the desired solutions to their problems with State and Federal taxing authorities, past successes should not be interpreted as a guarantee of future results. Individual results may vary given the particular circumstances of each case.

If you have any web site related questions and/or comments, please e-mail the webmaster@nite.org

If you really want to get into the nitty-gritty of these word distinctions, you're going to want to request the booklet we send out, entitled "Do You Know Your True IRS TAX STATUS? Are You Sure?". All my clients and potential clients receive one from me. If you're reading this newsletter, and my contact information is not present on this newsletter, get back to the person who sent you the newsletter, and that person will be able to get you a copy. It's free.



Now, we'll take on the NY Times Article.

U.S. Suits Contend 3 Men Sold Tax-Evasion Schemes

November 16, 2001

By DAVID CAY JOHNSTON

The Justice Department filed lawsuits yesterday against three promoters of what the government contends are tax-evasion schemes that have cost it millions of dollars in taxes, including more than \$400,000 of erroneous refunds, and helped others stop paying taxes.

This sounds like a familiar theme, does it not? I think we talked about this question of the government going after "tax-evasion schemes" last week, in the "News and Comments" Section.

The lawsuits, filed in federal courts in Atlanta; Tampa, Fla.; and Harrisburg, Pa., are the first serious attempt by the government to thwart a tax evasion movement that has flourished over the last four years while the Internal Revenue Service has paid little attention.

Hundreds of Web sites promote tax evasion, and some of the promoters have grown wealthy charging for seminars that teach tax-evasion techniques. While the I.R.S. has done little until now to stop the promoters, it has pursued several customers of these schemes, some of whom have gone to prison.

Can you begin to see the wisdom of [THE COMPANY] in NOT having or promoting any web sites? And the fact that we don't "teach" tax evasion techniques - only the techniques of recognizing who you truly ARE, as defined by your true STATUS in the Internal Revenue Code, and letting the IRS actually look at who you are and come to their own determination that you are a "non-taxpayer" (more strictly, a "non-income-taxpayer") in the eyes of their own law?

Eileen J. O'Connor, the assistant attorney general in charge of the Justice Department's tax division, said that the three promoters "have preyed on uninformed taxpayers, convinced them to pay exorbitant fees for erroneous advice and sold them a theory that has been rejected as frivolous by every judge who has examined it."

[THE COMPANY] "sells" NEITHER advice nor theories, and in the almost thirty years we know the "revocation process" has been used, the IRS has not pursued even the first client into court.

The three named in the lawsuits are Thurston Bell of Hanover, Pa.; David Bosset of Spring Hill, Fla.; and Harold E. Hearn of Atlanta. The lawsuit also seeks an injunction prohibiting them from promoting their offerings or preparing tax returns and requiring them to disclose the identities of their clients so that the I.R.S. can examine their tax returns.

Mr. Bell said yesterday that the lawsuit was part of a government effort to "suppress my First Amendment free-speech rights" and to maintain a government scheme to extract taxes illegally.

Unfortunately, the IRS is NOT extracting income taxes "illegally". When a person signs a contract, the terms and conditions by which a person legally "agrees" to the "extraction" - it is no longer illegal for the IRS to enforce the terms of the contract..

Mr. Bell asserts at his Web sites (www.nite.org and www.taxgate.com) that "most U.S. citizens have never been actually subject to the income tax" but that the "uninformed and naked claims" of employers, major news organizations and the I.R.S. have tricked people into believing that their income is subject to tax.

Well, it's true, a person - and certainly NOT a Citizen of the United States of America - is not naturally subject to the income tax; at least, not until his signs his FIRST 1040 Form. THAT was the person's voluntary election INTO the contract, which then DOES make him liable and subject.

Mr. Bell charged as much as \$1,000 to write a letter, \$65 for advice and \$3,500 to become a "senior fellow" of his National Institute for Taxation Education, the lawsuit said. Mr. Bell declined comment on these figures.

Mr. Hearn, a tax preparer and financial adviser in Atlanta, could not be contacted yesterday.

Mr. Bosset, owner of Bosset Partners Marketing in Clearwater, Fla., declined to comment.

The suit filed in Florida said that Mr. Bosset, charging fees of up to \$5,000, prepared amended tax returns reporting zero income. Among his clients were James and Amy Callihan of Myrtle Beach, S.C., whose 1997 tax return reported \$687,844 of income and a tax of \$255,519, the lawsuit said. The Callihan's did not respond to a message left with a person at their home yesterday.

Another client, Penny Shipp of Melrose, Fla., said Mr. Bosset was so persuasive that despite her experience as a tax preparer for H& R Block, she came for a while to believe that the tax laws were a hoax. But after paying Mr. Bosset and an associate \$11,300, and making no progress in her dispute with the I.R.S. over her 1994 through 1996 income tax returns, Mrs. Shipp said, "I don't believe it now."

Good for you, Mrs. Shipp. If anyone tells you that the tax laws are a hoax, don't believe it. There much too much ado about that whole issue for it to really be nothing or a "hoax".

Two years ago, Mr. Bosset received a \$21,916 refund of taxes he had withheld from paychecks of his employees. He used copies of the refund check to market his skills.

The refund was issued by mistake, the lawsuit said.

The lawsuit quotes Mr. Bosset as stating in a television interview that he returned the withheld taxes to his employees, but also telling The St. Petersburg Times that he did not return the money to his former workers. Three former employees of Mr. Bosset, in interviews last April, said the withheld taxes were never returned to them.

Mr. Bosset has been lauded as a hero by leaders of a mélange of self-styled patriot groups that joined together last February as the "tax honesty movement." In recent weeks, this movement has started to call itself Operation Enduring Patriotism and asserted that the war in Afghanistan enhanced the importance of their efforts to convince Americans that the I.R.S. is a criminal organization with no legal authority to collect taxes.

Obviously, [THE COMPANY] neither condones, agrees with nor advocates such a stance.

The movement has grown so bold that some of its leaders have publicly dared the government to prosecute them. None have been charged criminally.

Not yet, anyway.

The three promoters who were sued yesterday all market versions of what is known as "the 861 position," which contends that the section of the tax code with that number restricts the income tax laws to a small number of Americans, primarily those employed by foreign-owned businesses.

You see, lacking the distinctions of meanings of words like "United States" in the tax code, it's pretty hard to figure out what "foreign" means. Obviously, if the words "United States," for income tax code purposes, means America, the COUNTRY, then "foreign" can only mean some other country. BUT, if the words "United States," for income tax purposes, means ONLY the districts, territories, enclaves, reservations and 'states' belonging to the federal government, then the word foreign can mean anything OUTSIDE that federal jurisdiction. And the "income taxes" spoken of in the Internal Revenue Code, could then LAWFULLY and LEGALLY be owed by the "federal" ("U.S.") citizens, who have income from or are employed by a "foreign owned" business across the Potomac River, in Virginia State, which is a "foreign" State or political jurisdiction from the "federal" state (DISTRICT) of Washington, DISTRICT of Columbia.

And the "Section 861 Taxable Income Source" argument can be easily resolved to read and understand that all those "sources" are really "federal" sources, and someone, like you or me, who is living in a sovereign State which is "foreign" to that "federal" jurisdiction (District of Columbia), IF HE/SHE had INCOME FROM any of those federal source, would, indeed, be liable for taxes ON INCOME from any of those federal sources.

And THAT allows for the Internal Revenue Code, and the IRS, to be perfectly legitimate and in harmony with the law, while AT THE SAME TIME, allowing for those folks who are clients of [THE COMPANY] and who have gone through the revocation of election process, to be OUTSIDE that jurisdiction, in full harmony with the law, and not liable for or owing any income taxes.

Every court that has heard this argument has dismissed it, but its adherents remain undeterred, contending as Mr. Bell did yesterday that the issue was not presented properly, that the cases had procedural flaws or that the judges were incompetent or corrupt.

[THE FOUNDER] of [THE COMPANY] said recently, "There has NEVER been an adjudication in the courts of the primary issue" - the issue with which [THE COMPANY] deals, which has "judicially" (apart from the Internal Revenue Code, itself) determined just "WHO" is and "WHO" is NOT a taxpayer. You would think by now, that if the Internal Revenue Code actually says something DIFFERENT from the premise upon which [THE COMPANY] proceeds, in "the revocation process" and in the "status determination process", that in almost thirty years, the IRS would have gone to great lengths to prove it incorrect - don't you think?

.....

To be "fair" to Thurston Bell, I'm including here, his response to all of these goings on. You can also find this at his "NITE" site:

http://www.nite.org/action/NYTimes-IRS-law-suit_111601.htm

United States of America Files Suit

Contact by David Cay Johnston, NY Times

11.16.2001

By now you all have started to hear about the actions taken by the Government in response to my law suit against them, as filed on September 10, 2001.

You can read Thurston Bell's lawsuit against the government at:

http://www.nite.org/docs/IRS-DeclaratoryJdgmt-Injunction_brief.htm

On November 15, 2001, I received a telephone message from Mr. David Cay Johnston regarding the fact that the U.S. DOJ has filed a suit against me under 26 U.S.C. §7408 in order to seek an injunction against me for my efforts. [See the NY Times article, above]

I have been contacted by a Harrisburg News Paper as well.

Where was everyone when "I" filed suit against the IRS?

Well, they are all here now, and the IRS and Treasury Department want to give me press for some reason. This will transmute into coverage for N.I.T.E. and all of the efforts which each of you have individually made in supporting our work and following our logic.

There is no doubt that we will demur [take an exception to the sufficiency in point of law of a pleading or state of facts alleged] this charge against myself. As for what will become of Hal Hearn (NITE Member), we do not expect him to stand up for himself or anyone.

We are happy to find out that Mr. Bosset is not involved in our suit as we have no knowledge of his activities for quite some time now.

The key elements of the foundation of this charge have not been proved by the IRS at this time, and thus we will attack the IRS' suit as an unripe issue and thus they have not stated a claim for which relief can be granted.

And herein (the last paragraph and the next) lies possibly his best defense.

Furthermore, the charge against me is based upon the government's claim that what I show on the Website is false or fraudulent.

Setting aside the fact that the posting of information on a website is not subject to penalty under 26 U.S.C. §7408, this would mean that I have willingly and knowingly misrepresented our results and the Government's lack of substantial authority disproving the validity of our law argument, or that the decision of the IRS, DOJ, and District Court Judge Conway are somehow in violation of the law and I know it.

This is frankly an impossible thing to prove in the face of the Gene Webb case, \$510,000 in refunds, the failure of the Commissioner to show where we are in error in our argument, and the fact that the Notice 2001-40 does not address our argument nor contains substantial authority against our legal argument pursuant to the IRS' own rules.

The fact that we are in contention with them about our argument of law, and the fact that we have invited the IRS Commissioner to meet with us and disprove our position no less than three times prior to filing suit, proves that this action is taken against me in complete bad faith, and their claim that I am a fraud or committing fraud is slanderous and prejudicial.

As most of my readers know, I have repeatedly spoken of what I consider to be a weak position when you operate with the law as if you have to have the government "prove" that the law is the law, or to "disprove" one's interpretation of it.

This is one of the distinctions that, from my perspective, makes what [THE COMPANY] does so effective. We simply do not ARGUE with them, or ask them to disprove our position. We simply KNOW that if they really think we're doing something wrong or incorrect, they WILL correct it. And, the IRS, themselves, say that EVERY issue can be handled at the "administrative level". That's what [THE COMPANY] does.

ANYONE - no matter who it is - who ends up in court with the IRS, has obviously NOT handled things at the administrative level, regardless of what they may say. And, anyone who ends up in court against the IRS is going at hoeing a really tough row.

I don't mean to imply a person is "wrong" in any particular case. I'm just saying that the judicial arena is NOT the arena in which to get these things accomplished. As I say, if they're handled correctly in the administrative arena, they won't have to even go into the judicial arena.

The time for pursuit of the slander charges will come later, but for now the greatest service for all is to hold the government to the letter of their own law. In review of the suit I have found that the government still refuses to mention the definition of "exempt income" as located in the regulations.

And they are very likely not EVER going to address these issues with someone who does not even acknowledge the power of his own signature, by which he elected to put himself under their jurisdiction; and certainly they have no reason to have a discussion with him while he is not in harmony with the agreements at law into which he voluntarily elected. AND, if he were to become cognizant of the possibility of going through the revocation process, and actually went through it, then the government would STILL not be of the mind to sit down and discuss with him; but then, there would be no need, because he would be virtually free from income tax liability, and no longer under their jurisdiction (in most instances).

I must say that this suit is an advancement for them as to them actually acknowledging the U.S. Source Rules, but in the end it remains to be seen what the courts will decide regarding the application of the U. S. Source Rules to U.S. Citizens. Presently the position of the IRS and the Courts appear to be somewhat ambiguous.

I think it's so nice that we do NOT have to get any courts to endorse the law that already is. We simply have to get in harmony with it, and voila! - as if by magic - we find we are already free! An added bonus, of course, for clients of [THE COMPANY], is that THEY don't have to do the work. [THE COMPANY] does it all for them.

Meanwhile, we have the evidence...the Madge appeal, the 3 letters to Rossotti, \$510,000 in refunds, our Public Rebuttal to the 2001-40 to prove that there is no intent of fraud or making a false claim here, which is one of the required components of their charges.

There is no evidence of any return or claims being filed with the IRS with such intent being behind it, which is one of the required components of their charges.

The court can rule against me. If that happens, it will mean that all of the Names of NITE Members will have to be disclosed to the IRS (that will weed out prospective Members who do not want to argue with the IRS and assert their rights through the process), the court injunction will have to be posted, I can no longer distribute any of my work or material.

It might mean that I may no longer post my comments via e-mail or on a website. It might mean that I might not be able to write an article or anything for public consumption on this issue ever again. It might mean that I might not be allowed to talk about tax law ever again, even over the phone.

On the other hand, the court might see the government's bad faith in that there is no evidence of any actual 6700 determination made by the IRS or 6700 facts, pursuant to its own established procedures, where the Secretary carried the burden of proof, and rule for them to leave me alone until that time that they are ready to sit down and prove our argument of law, as constructed upon the regulations at 1.61-1(a), 1.1-1(b), 1.863-1(c), 1.861-8(f)(1), and 1.861-8T(d)(2)(ii)(a) to be frivolous despite the words in the laws meaning what they say.

At this time, I think that it would be interesting for every Member and concerned Citizen to write to their Elected officials about this suit, and demand that they get involved and demand an account of the DOJ and the Secretary for attempting to chill and squelch the 1st Amendment rights of an individual and association who

is seeking true IRS reform per the RRA of 1998, and engagement of the IRS on the standing tax laws and regulations, by the misapplication of a law which requires fraudulent intent and the filing of a return in the name of the association, despite the fact that there is a growing preponderance of evidence supporting it and there is no evidence of any return being filed.

The fact that the IRS has yet to engage us on 1.61-1(a), 1.1-1(b), 1.863-1(c), 1.861-8(f)(1), and 1.861-8T(d)(2)(ii)(a) and as well with any case law which addresses same, proves that our argument is not a well settled *res judicata* [*judicially acted upon, decided or settled by judgment*] issue. It appears that the DOJ wants to use this case as the first instance to redefine the justice that the American people have come to expect and unveil the NEW First Amendment where ignorance of the law is still no excuse, but you are not allowed to talk about the law.

Thurston P. Bell

There's got to be a better way. Don't you agree? And there is. That's what [THE COMPANY's] work is all about.

=====
[3] Call Reminder
=====

The NEXT TAX EXEMPT Conference Call, takes place Wednesday night, November 28, 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.

=====
[4] Contact Information
=====

Paul Leinthall
Phone: 661-822-7889, Mon. - Fri. NOON to 8 PM (Eastern)
Email: littlehammer@primemail.com

-----NOTICE-----

In compliance with Title 17 U.S.C. section 107, this material is distributed free without profit or payment for non-profit research and educational purposes only.

=====

To SUBSCRIBE to this newsletter: Simply send an email to "taxexempt@primemail.com" (minus quotation marks) with the word "SUBSCRIBE" in the subject heading. If you want, you can put your name in the body of the email, so I have have a name to attach to the email address; but I do NOT provide this private information to ANYONE ELSE.

You can remove your e-mail address from this list by submitting an e-mail to: "Taxexempt@primemail.com" (minus quotation marks). Put the word "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.

About the copyright notice: The copyright notice covers all the contents herein, except quotations, if any. I value my (and the reader's) freedom, integrity and responsibility, and I desire to maintain an environment where I (and the reader) can utilize and distribute this written material. From the point of view of copyright law, if I don't first copyright this material, someone else

could; and then, by law, they could disallow me (and the reader) from using or distributing it. Given that fact, copyright is the best avenue I know to continue allowing freedom for all of us regarding this matter.

Therefore, the reader is free to copy, print, use and distribute this material by personal email, fax, or handout (including substituting her own contact information), as long as BOTH the copyright notice AND this explanation of the copyright notice remain in the material. **However, I do NOT, nor does [THE COMPANY], in its own philosophy and ideals, authorize or condone ANY mass media distribution of COMPANY writing or materials, including (and especially) posting to any web sit. However, material written solely by the herein named copyright owner MAY be posted to a web site or some other media - but ONLY with the copyright owner's express, written, prior permission, in each instance.** The responsibility for the words contained herein resides with the copyright owner. The copyright notice makes absolutely clear who is responsible for what appears here; that way, the buck stops with me, should anyone question or challenge what is written herein.

This material is not intended to be interpreted as legal or financial advice. The copyright owner is neither an attorney nor CPA and has no license to offer legal and financial advise. I encourage the reader to study and think for herself and to make her own informed decisions, based on her own desires and beliefs, in harmony with her own inner sense and self-interested, positive and comfortable, good-gut feeling. For THAT, each reader is, himself/herself, entirely responsible.