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

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Tuesday, November 27, 2001

[1] Welcome:

[2] Questions and Answers: More on Thurston Bell, plus...

[3] News Briefs & Comments: Schiff Takes on B of A

[4] Conference Call Reminder: **Wed, November 28th, 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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Hi Folks,

Another week has gone by - already. It must be the four days I took to spend with friends last week that makes it seem like such a short time since I last wrote.

Whenever I do an edition of the Newsletter on a topic familiar to many in the "tax honesty movement", I seem to get more feedback than usual. A good part of this edition will be a carryover from last week's issue regarding the government's lawsuit against Thurston Bell and two other people.

I think you'll enjoy the part about Irwin Schiff taking on Bank of America in the News and Comments section.

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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I had several responses from last week's newsletter regarding the government's suit against Thurston Bell and the others. In this first discussion, I'm including the whole message first, and then afterwards, I will take blocks of the message and provide my comments. I think, in this case, it will facilitate the flow of your reading, to read the whole message first.

Hi Paul,

You will see with the issue of Thurston Bell, and the others named in the government legal action, that it was the "selling" of their services that got them into trouble with IRS.

The same is also a possibility with [THE COMPANY]. Not the service [THE COMPANY] provides, but the actual "selling" and profiting of the service provided that puts [THE COMPANY] and it's Representatives in danger.

This is the reason these organizations get attacked. It's not the service as much as the profit making business operation that attracts the legal action.

Should a client have a serious legal problem occur in the future, the representative who referred the client is subject to "conspiracy" charges that have nothing whatsoever to do with the service [THE COMPANY] provides.

As you said in an earlier newsletter. They never attack on the real issue of tax liability, it's always a side issue that gets promoters in trouble.

The sale of a service to avoid taxes could be attacked just like Thurston was attacked selling his service. The article in NY times made it clear to me. The IRS was after him for the promotion of his "services" and not the issue of tax liability.

They made it appear that he was bilking the public of their money to purchase his scheme.

Even though we both know that the service [THE COMPANY] provides follows the law, that does not protect the Reps from possible conspiracy charges for the sale of the service. That's a separate issue I think we have neglected to spend much time on.

I'd appreciate your feedback on this issue as well as Joe's whom I'm sending a copy of this e-mail. I certainly don't want to be named as a co-conspirator if some client should run into a problem down the road.

Again, I understand that what [THE COMPANY] does is legal. It's the selling of that knowledge by the Rep that makes me a little gun shy.

I'd appreciate your feedback.

Best Regards, XXXX

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Hi XXXX,

I appreciate your take on the issue. I realize also that your personal past experiences regarding the IRS probably have you in a more sensitive position regarding the evil that you fear might befall us.

Let me interact with your message in my usual manner:

Hi Paul,

You will see with the issue of Thurston Bell, and the others named in the government legal action, that it was the "selling" of their services that got them into trouble with IRS.

The same is also a possibility with [THE COMPANY]. Not the service [THE COMPANY] provides, but the actual "selling" and profiting of the service provided that puts [THE COMPANY] and it's Representatives in danger.

This is the reason these organizations get attacked. It's not the service as much as the profit making business operation that attracts the legal action.

Promoting and selling service can NOT be disconnected from WHAT is being espoused in the service or information or knowledge that's being promoted or sold. So the question becomes: WHAT is actually being sold? What is the basis of the service being provided? If the true intent of the law is not being served or adhered to, THEN there may be a problem.

So, whether it's a service or information that's being sold or promoted, how does the service or information align with the truth of the law itself?

For example, take the paragraph where David Cay Johnston, in his NY Times article, says this:

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.

From OUR point of view, based just on that paragraph and pertaining to what Thurston Bell asserts, his FIRST statement is NOT true (i.e. "most U.S. citizens have never been actually subject...").

WHY is Thurston's statement not true? Because ALL "U.S.citizens" are, and always have been, from the beginning of the Code, subject to the income tax. Of course, one has to ask: Which U.S.citizen does the Code have in mind here? Who IS the U.S.citizen who is subject to the Code? The Internal Revenue Code was written with someone in mind, was it not? There's no question that it applies to the U.S. citizens, as stated in the tax code, and those "citizens" are the ones who reside in federal districts or territories, or who are citizens by virtue of "green card" status. The Code also applies to ANY non resident alien who has federally sourced income, or, as it's sometimes referred to in the

Code, "income connected with a trade or business in the United States." And there, again, of course, WHICH definition of "United States" does the Code have in mind?

In addition to the folks whom the Code had originally in mind, the liability of the tax code also extends to any non resident alien/Private State Citizen who has elected to be treated AS a federal citizen/resident alien, and who is, therefore, subject to the Internal Revenue Code by voluntary election. Any of THOSE folks, too, are the subjects of the Code itself. Obviously, MOST Americans fit into this category, not because the Code had them in mind originally, but because they "volunteered to join the army," as-it-were.

[THE COMPANY] would say: "No AMERICAN (Private, sovereign State Citizen) is naturally subject to the income tax; BUT, the moment he voluntarily elects to be liable, via his signature on his FIRST 1040 Form U.S. Individual Tax Return, under penalty of perjury, he IS subject to ALL the income tax laws, just like the people for whom the IR Code was intended, and he will continue to be, until he completes a proper revocation of that election."

Apart from a correct revocation, any other action to escape responsibility is analogous to attempting to avoid the responsibility of military duty after one has voluntarily elected to join. Like the military, any action to escape the lawful duty is equivalent to going A.W.O.L. THAT is the simple basis of what is occurring with Thurston Bell and the others.

From my perspective, the reason Thurston Bell and so many others get into trouble, is most simply explained in their failure to address this most basic and real issue. ANYTHING less than that subjects them to the kinds of "attacks" they are seeing.

Of course, in Thurston's case, HE attacked THEM first. One of the best ways to get the government mad at you is to attack them. In fact, one of the ways to get almost anyone mad at you is to attack them. (To see Thurston Bell's case against the government, go to:

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

Thurston's statement that most U.S. Citizens (even if the meaning is "Private State Citizens") have never been subject to income tax is incorrect, because MOST Americans HAVE signed their first 1040 and are still under the jurisdiction of that contract, since most have still not gone through the revocation process.

Even the second statement in that paragraph is only partially true, because, once having signed the 1040 contract, a person's income IS SUBJECT to tax, even though, admittedly, a person's first 1040 was signed due to the "uninformed and naked claims of employers".

Should a client have a serious legal problem occur in the future, the representative who referred the client is subject to "conspiracy" charges that have nothing whatsoever to do with the service [THE COMPANY] provides.

Now you're making a real leap in your thinking. Even if the IRS chose to "take on" a client (or The Company) in the judicial arena for the work [THE COMPANY] does, they have almost three years of filings from [THE COMPANY] wherein they have chosen to NOT REBUT or Challenge in the very arena in which THEY, themselves, say every problem can be handled. Do you really think a "serious legal problem" can develop

when THEY have failed to meet their lawful responsibility for rebuttal or challenge in THAT arena. It's very difficult for any party to pursue a case in court, when that party hasn't fulfilled his own obligations and responsibilities in the law.

As far as being representatives of [THE COMPANY], we're not simply talking about promoting information or services, where the IRS has no knowledge of the specific individuals for whom the service is being performed. In [THE COMPANY's] case, they have explicit, lawful filings, to which they have had plenty of opportunity to take issue. Even the IRS has to FIRST address and confront issues in the administrative arena that are addressed to them properly in that administrative arena. The courts would not be so "stupid" as to not address the responsibility of the IRS when they hadn't first followed their own rules of procedure. That's why there are "Rules of Civil and Criminal Procedure" in the law.

[As you said in an earlier newsletter. They never attack on the real issue of tax liability, it's always a side issue that gets promoters in trouble.](#)

Where and when did I say they never attack on the "issue of tax liability"? I don't believe I've actually said that. At the heart of ALL the IRS's attacks is the issue of "tax liability" and the already assumption of that liability. What I believe I have said, although in different words perhaps, is that the COURTS have never ruled on the real issue: the "Natural STATUS" of a person who is not a "federal" citizen and whether, or not, that person is one who is subject to most of the requirements in the tax code. While that has never been adjudicated, it still remains, that for an attack to occur, the IRS needs some cause of action. It is that cause of action that they are lacking in the case of someone who IS obeying their own law in every respect. And THAT is the issue they would have first had to challenge in the administrative arena.

While it's true that a person who is not a federal citizen has no natural or inherent or automatic income tax liability (unless he has federally sourced income), and while that may equate to "no tax liability" for the person who never became part of the adhesion contract, that is NOT the same thing as suggesting that I've said they never attack on the issue of tax liability.

Do you think Thurston and the others have tax liability? If they've signed their first 1040, and have not completed a proper revocation, and unless they have too low an income or are no longer breathing, they definitely do have a potential tax liability; at least they are still subject to the Tax Code and subject to having a liability. And it's that BASIS which actually underlies the government's action against them; even if it's not explicit in the government's pleading, it's implicit in the mind of the courts.

Now, whether the government will actually win - or get everything they're looking for - remains to be seen; and likewise, in the case of Thurston's case against them.

[The sale of a service to avoid taxes could be attacked just like Thurston was attacked selling his service. The article in NY times made it clear to me. The IRS was after him for the promotion of his "services" and not the issue of tax liability.](#)

[They made it appear that he was bilking the public of their money to purchase his scheme.](#)

[Even though we both know that the service \[THE COMPANY\] provides follows the law, that does not protect the Reps from possible conspiracy charges for the](#)

sale of the service. That's a separate issue I think we have neglected to spend much time on.

Another phrase from the NY Times article is: "Web sites promoting tax evasion". Do you think [THE COMPANY], in ANY WAY, gets even close to suggesting tax evasion? Do you remember Joe Lansing, on Friday at the seminar, talking about what we as representatives can say and what we can't say. In no way do we suggest a person is beyond all possibility of being liable for income taxes.

Again, regarding "selling services". What services? Are you speaking about services that promote an INCORRECT presentation of the law and which suggest that one has no responsibility for filing (like most tax protesters), or that the way to handle it is to file zero returns (suggested by David Bossett and others, like Irwin Schiff) - both ideas which ARE contrary to the adhesion contract?

Or, are you speaking of enrolling people as clients of a company where [THE COMPANY] simply and efficiently aligns in complete harmony with the IRS's own Code, and NEVER suggests there is something unlawful or inappropriate about either the Code or the IRS, the agents for whom are responsible for pursuing the Code's lawful requirements?

Do you notice, in this case we're discussing, that the IRS is going after the promoters and asking the government to force the promoters to turn over their lists of clients? Why? Because the government doesn't actually know who the clients are?

With [THE COMPANY], on the other hand, since [THE COMPANY] is the Power of Attorney, THE IRS already knows who the clients are. Of course, from your point of view, you may think that's even more risky; but for the IRS to challenge what [THE COMPANY] does in court, while they leave it unchallenged in their own administrative arena, would, itself and in that case, be lawful EVIDENCE against themselves. There is a understanding in law that says a lack of timely denial equivocates to acceptance. In [THE COMPANY's] case, were the IRS to move into the judicial arena prior to exhausting all administrative remedies, not only would they not be following due process and proper procedure, they would be proceeding in direct contradiction to the substance of their own law. Thurston MAY win on the lack or denial of due process, but I doubt he has the substance of law that he thinks he has, particularly given his lack of addressing the adhesion contract. At this point, even if he did address the adhesion contract, he would not succeed in court, because, again, he hasn't properly addressed it (or exhausted the remedies) at the administrative level.

The primary thing, in my mind, continues to be that Thurston and the other defendants make NO MENTION of the real power enabling the IRS's power in the lives of most people, which is CONTRACT LAW. With [THE COMPANY], once THAT has been properly addressed, most of the remainder of the communication by [THE COMPANY] to the IRS is merely to get the fact that the client is no longer under the jurisdiction of the IRS across to the IRS agents who seem to be as ignorant of the law as most other people.

I'd appreciate your feedback on this issue as well as Joe's whom I'm sending a copy of this e-mail. I certainly don't want to be named as a co-conspirator if some client should run into a problem down the road.

Again, I understand that what [THE COMPANY] does is legal. It's the selling of that knowledge by the Rep that makes me a little gun shy.

Do YOU charge for your information? Does [THE COMPANY] sell information or knowledge? I'm not aware of any such goings-on. If anyone associated with [THE COMPANY] would be more exposed to possible confrontation for "peddling information" (not "selling" it), it most likely would be I, since I write in the public arena with my newsletter, which is why I go to great lengths to make it clear that I speak for myself and that the newsletter is NOT a company sponsored or created event. But there again, because I don't perform the actual service, and because I don't have any client records, and because they are not "MY" clients to begin with (even though I may bring them to the table, their contract is not with me and I am not acting under their power of attorney), and because I do not sell my writings or make a profit from what I write in this regard, I don't think the IRS will be interested in pursuing someone who is most obviously ONLY exercising his Constitutional right to "free speech".

What I'm saying is, that even if none of that were the case, I, as a representative, am probably more exposed than anyone, other than Joe, who presents the conference call. And there is nothing sold and no direct profit gained from that conference call, except for the long distance phone companies who collect their long distance tolls from the callers who participate in the call.

So, I think you're probably being more concerned than you really have to be. But again, given the little I know of your past experiences with the IRS, I can understand your being a "little gun shy". My experiences with the IRS indicate to me somewhat differently.

Sincerely,
Paul Leinthall

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Thanks again Paul. I missed the Friday lecture from Joe. Had to catch a flight and could not change it.

Yes, you were correct, I am a little gun shy only because I had the pleasant experience of two polygraphs administered by the men from the Matrix looking for hidden assets they thought I had, which I did but was able to trick the polygraph by staring at a spot on the wall during both examinations and thinking only about my wife and children as my dominant thought.

They were trying everything possible to extract information on foreign IBC investments, gold deposits in the foundation of our home, etc. So yes, I am a little gun shy as I know how they gather information and twist it.

If you only fully understood their power Paul, you would understand my caution. So powerful as to cause a raid at my Hong Kong offices by Interpol.

Yes, I'm cautious always. But I will say that after meeting [THE FOUNDER], I'm convinced he is doing the right thing. And yes, I realize we give the IRS every opportunity to respond to our filings.

And yes, I knew Thurston was heading for trouble. I told his lady friend long ago I felt he needed to see a mental health professional(In a nice way).

This very intelligent young man was falling apart due to a chemical imbalance. I believed Thurston was Bi-Polar and needed medication.

Thanks again Paul. Have a great Thanksgiving. Take it easy on the Turkey.

XXXXXX

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Hi XXXXX,

...I'll answer your questions by interspersing my comments:

November 19,01

Hello Paul!!

...One question: doesn't becoming a member of your tax-exempt "club" almost guarantee an IRS audit? I really don't want to get into that....or because your program is so safe and acknowledged by the IRS, do they accept your organization because they know the validity and history of the tax-exempt status? A very good friend of mine mentoned today that if I were to join your family, it might signal an agressive IRS audit. How do I make sure that I will not be audited? I really do not want that attention and publicity. Plus they might uncover something that would really put me "on trial." So how safe is this program, Paul. It worries me a little....

NO client has ever seen his tax situation get worse (than it may already have been before becoming a client) as a result of becoming a client. There have been some clients who were on a verge of an audit before becoming clients, but if a person becomes a client and completes the revocation process, the person is OUTSIDE IRS jurisdiction; hence, a person's becoming a client does not jeopardize him in any way.

This type of question has behind it the idea that what we do is perhaps not quite "kosher" with the law, and that's simply not the case. Admittedly, when you're talking with someone who does not fully comprehend the law, and more specifically, does not understand what [THE COMPANY] does, it's only natural for them to believe that you will automatically be singled out for an audit (aggressive, or otherwise), or for some other horrible and terrible attention-getting punishment.

Even for the rare client who has already been targeted for audit just before they became clients, if the audit itself can not be averted (which occurs in most cases), we have a way of handling the audit so that it will be over in less than 15 minutes, and the IRS will have seen NOTHING of your records or information.

The key is, according to the LAW itself, who you ARE is one who was not naturally subject to IRS jurisdiction; however, like most of us, you voluntarily elected to provide them evidence, in the form of your FIRST 1040 Tax Return, that you were freely electing to be seen differently from who you ARE (analogous to electing to join the military), and that you were indicating that you were a "U.S.Individual", who is a person subject

to and liable for paying income taxes, according to the meanings and definitions in the Internal Revenue Code.

The key to the revocation process is this: it effectively accomplishes your return to your natural status, that of a "non taxpayer" (analogous to being honorably discharged from the military). Just as a discharged person from the military cannot get away from being a veteran, in similar fashion, an income "tax exempt" person can not get away from the continued requirement to "file an annual return." But, of course, [THE COMPANY] does that for you, and the only thing you provide to [THE COMPANY] each year is a report of your income - no expenses, deductions or any other figures or computations.

Perhaps you can explain it in a simply way that will prove to me that since the IRS is totally aware of this strategy to get out of ever paying taxes again, they will be helpful and agreeable. I will look forward to your response. Obviously I would love to join you if it is all really true and that the IRS has nothing to stand on, nothing to use legally to come after me.... and others in the program. I am very excited about it and will do my share of study.

Warmest regards,

XXXXX again. (XXXX told me about you.....)

The IRS is aware of who [THE COMPANY] is - more specifically [THE FOUNDER], since has what is called a "CAF" number (that's the IRS's way of identifying him as a person who "represents" others to the IRS).

We can NOT say flat-out that you will NEVER pay income taxes again for two reasons. First, if you have what the Internal Revenue Code defines as "taxable income" (that is income from one or more of the "sources" indicated in Section 861 of their Code) you may well indeed have an income tax liability, although you will still BE a "non taxpayer" by status. When a person has federally sourced income, either by virtue of BEING a federal citizen (which you ARE NOT), or by having federally sourced income (which is a possibility for anyone to have, although most people do not, which "sources" are specifically identified in Section 861 of the Internal Revenue Code), then income taxes may be due.

The Second Reason we can't flat-out say you will NEVER pay income taxes again is that there is no way of knowing what laws Congress may pass in the future. While we don't expect them to change the way the tax system works anytime soon (they haven't changed it significantly for over 60 years) - who knows? Hence, we don't want to give you the idea of a "strategy to get out of EVER paying (income) taxes again."

Expecting that the IRS will be absolutely "helpful and agreeable" is asking a bit much. Most people in this country - including most of the folks who work for the IRS - have a built in belief (still) that there are only two things you can't avoid: death and taxes. My guess is that you'll be lucky, if you have 100 friends, to find even 10 of them who would be either agreeable or helpful. And you want that from the IRS, too???

The IRS has the same law to follow that we do. THAT's what we go by; and so do they. "Helpful and agreeable" may not always be part of that equation.

Sincerely,
Paul Leinthall



Hi XXXX,

I'll respond by interspersing my answers and comments:

Dear Paul:

Finally getting around to reading some of your newsletters. As you know, I am not signed up with the company yet. (Couldn't wait to get the lein removed, etc. so am going another way.)

In response to your info about loans etc. I am in real estate and went to a closing with a young lady this past monday. The required her to sign a form 6548? I think, so that the mortgage co. could make sure with the irs that she had filed what she claimed to have filed. (They said it was only good for 60 days) I didn't challenge it, since my client knows nothing about being out of the system and I have to be careful what I say/do with my real estate customers. (If you have something I could give her now that explains it, I would be glad to do so, since we have already closed on her transaction.)

The topic of how to handle the issue of financial people wanting copies of tax returns as verification of income and ability to repay a loan or educational grant has been a topic that's come up several times in recent past newsletters. As far as clients of the company are concerned, in this regard, [THE COMPANY's] clients can request a "Pro forma" 1040 tax return, as long as they supply the corroborating information. At that point, since the pro forma return is prepared by an authorized tax preparer, I don't know if the mortgage company will still require the signing of any form by which they can verify the return itself with the IRS. Regardless, [THE FOUNDER] has said the pro forma return does not cause problems.

As you say, this was not an issue for your client, since the person is not a client of [THE COMPANY]. If you want me to get our information to her, simply provide me with her information, with her approval; or have her contact me.

My sister says "Corporation Sole" is a church. Is this true?

Not necessarily. While a church may be operating under a Corporation Sole, it is not true that all Corporation Sole's operate as churches. Some operate in an eleemosynary (charitable) capacity, even as does an eleemosynary corporation; others operate in an educational mode - neither of which types necessarily have specific religious (church) ties or purposes.

Also, my sister says she has not filed in 10 years (since she went on disability) and doesn't intend to file. I thought some people, who didn't have much income, got money back, if they filed the 1040. True? I would love to hear from you.

Thanks a million

XXXX

The only folks who might get money back, regardless of the amount of income they've had, are folks who have had money withheld in the first place. Someone with low income (or high income, for that matter) who does not "file" may have had NO money

withheld, in which case, even if they filed, they would not get money "back"; in fact, they may have to send money for any income taxes for which they were liable

Sincerely,
Paul Leinthall

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Paul, I have a couple of things here...

First off, an internet site that may be of interest to you and to others at [THE COMPANY]: <<http://fly.hiwaay.net/~becraft/UNCERTAIN.html>> A very interesting discussion. Parts seem to be taken straight from [THE COMPANY's] materials. (or vice versa???)

I am unaware of any of [THE COMPANY's] information coming from Attorney Larry Becraft. Although he seems to be well-known in tax movement circles, I'm aware of a lot more of his losses in court than his wins. I went to the link you provided, and, although there are many similar words, I found relatively little that is actually in accord with what [THE COMPANY] does. We certainly don't get into the 16th Amendment argument nor into any of the arguments as to what constitutes income. "Sources" of income, which we do talk about, is not the same as questions pertaining to the meaning of the word "income", such as whether "wages" are income.

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Second, there was another site that seems to be peddling services similar to [THE COMPANY's]. It is at <<http://www.beatirs.org/>>. I would appreciate your thoughts on what they are writing and on the Pure Trusts they espouse. Feel free to parlay this into a newsletter thing if you like, but without quoting me directly.

Again, beyond some words that may "sound" similar (I'm know you're aware of our many discussions about the trouble inherent in taking words at face value in this regard) there is much at this site that [THE COMPANY] would eschew, not the least of which are the references to simply "dropping out" and not filing. As to the idea of what are sometimes called "Pure Trusts" or "Constitutional Trusts", even if they are set up properly (and that, itself, is often open to question), the word "trust," for all practical purposes with the IRS, is spelled: "e-v-a-s-i-o-n". While trusts are not illegal, they simply invite a closer look by the IRS, and particularly is that so once the IRS catches wind of a trust being connected to a "taxpayer", because the IRS knows that a good percentage of people using trusts are doing so for tax evasion. Because so many folks use trusts for tax evasion, they invite a closer look, even if the trust is being legitimately used for tax avoidance. And who knows what else they discover in their inquiries.

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Regarding verification of income by lenders, just ask your newsletter readers to check out <<http://www.veri-tax.com/>> and its sub-page <<http://www.veri-tax.com/why-process-a-form-4506.htm>>.

This regards one of the same subjects as the previous person asked. It looks like we might have the right form number here, Form 4506. In following the link, I see that "veri-tax" appears to be a service by/for mortgage lenders who are trying to find some

way to cut down on loan fraud that can so easily occur in today's technological age by people preparing their own "doctored" tax returns for loan purposes.

If I were going for a mortgage, and the lender still required me to sign one of those forms, even AFTER I had supplied a pro forma 1040, prepared by my normal "tax preparer" ([THE FOUNDER]), OR after I had supplied all 1099's, W-2's, financial statements and maybe even banking records - I know that I would be shopping for a new lender. The question is, does he want my business, or not?

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Just for fun, I have an income tax form from the mid-50s from a railroad employee. You might want to include this in a newsletter some time to show how the form, back then, fit quite nicely on an IBM card.

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Regarding your last newsletter, here's a little bit of detail that I happened to notice. You may wish to pass it along in the next newsletter, if you like. You quoted Thurston Bell:

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.

And they youself commented

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.

Here's what I noticed:

It is true that the Supreme Court said (I have the cite somewhere) that the law must be written clearly to be effective. However, one could surely argue that an argument of lack of clarity could only be made with respect to laws that Congress has written that have general applicability. I.e., if you have, by your own action (e.g. a signature on a 1040 form) caused yourself to become subject to a law you do not understand, or which is poorly or vaguely or even fraudulently written, but to which you would not otherwise be subject, whose fault is it really in the end?

Good point!

Thanks for your comments.

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Hi XXXXXXXX,

Let me intersperse my answers:

Paul,

I have several questions about procedural happenings. 1) When I start to draw money from my IRA account, how do I get the account trustee (Schwab) to NOT withhold the 20% tax money?

DEPENDING ON the account holder, a simple submission of the copy of your "exempt" W-4 may be sufficient. You'll have to ask Schwab. If they "will not" honor your income tax exempt status, then you may want to roll your money over into a "self-directed" IRA. Contact me for further information about this, since it's something, the information about which we provide privately, and I don't talk about it in the Newsletter.

Any money that anyone MIGHT withhold of your money, when you're a client of [THE COMPANY], will become subject to our petition for refund along with all the taxes the IRS has "incorrectly" collected from a "non taxpayer" (more specifically, a non income tax payer)

2) In Feb of 2002, I need to exercise the stock options from Intel and they are subject to accelerated tax with holding according to the agency that is holding them. How do I notify them of my status as a non-taxpayer?

I can't think of any other situations pending, except maybe winning the lottery, that would require a notification of our tax status.

Thanks, XXXXXXXX

Find out WHO you need to address and then follow "normal communication procedures, including finding out their logistics for how they normally handle those things and how you affect changes regarding withholding. A copy of your exempt W-4, along with the accompanying documentation, may be part of how that is done, but don't immediately simply supply that documentation. If there is no problem to begin with, the documentation may raise more questions than it answers, because of the maxim that it never works to answer a question that is not asked. That's how most people end up "casting their pearls before swine" [Matthew 7:6]

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[3] News Briefs & Comments
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I received this email from a friend last week. Although it's not properly something reported by the news media, it sounds like a first hand account of a witness to the proceedings. I'll make my comments in my usual manner.

Sent: Tuesday, November 13, 2001 1:03 PM
Subject: Irwin Schiff Blows Away The B of A!!!

Dear Groups,

You would have had to be there to appreciate what happened in the Clark County Courthouse [Las Vegas, Nevada] this morning, but, I will do my best with the time I have to brief you... Irwin Schiff handled the answer to Bank of America's Motion To Dismiss magnificently. Masterfully. He was indeed terrific.

Notice that this is a suit between Bank of America and Irwin Schiff. It does not directly involve the IRS. I assume Mr. Schiff is the Plaintiff and Bank of America is the defendant.

The Judge was all set to dismiss the case. He started out with a comment about Irwin being in the wrong Court, that he should be in Tax Court. But, Irwin jumped in and clarified that issue telling the Judge what Tax Court is for. He was amazing. So well prepared. So focused.

Tax Court is for "taxpayers". This suit is not directly about income taxes, although you'll see that it applies to a related issue.

He set the issue out straight and succinctly. This was a simple breach of contract case where the Bank of America turned over funds entrusted to it based upon the language of the depositors agreement, when the bank had been put on notice that the Revenue Officer had no authority to serve the Notice at issue.

Apparently, Irwin Schiff, had "Noticed" the bank that the IRS agents have no authority to serve a "Notice of Levy" to a bank minus a valid court order. Also, we have to assume, that Mr. Schiff had received a prior "Notice of INTENT to Levy", so he decided to make sure he laid the ground work with his bank. As we've discussed before, when the IRS sends out an actual Notice of Levy, it's probably already too late to rescue your money, since most banks operate on the basis that the Notice of Levy is all that is required for them to steal your money and turn it over to the IRS. The time to get clear on the policies of your bank is BEFORE the IRS issues the Notice of Levy. If the IRS follows their own manual, they will issue the Notice of INTENT to Levy well in advance of the actual Notice of Levy, so you'll have time to take action.

Lest clients with no current IRS problems become concerned about what I'm writing here regarding this topic, this type of thing generally occurs ONLY with clients who have already had the IRS on their tail BEFORE they become clients. With certain clients, it's sometimes the case that the IRS has already proceeded close to the point of actual levy, and [THE COMPANY] has not had enough time to complete the revocation process, before the IRS engages their intent to levy and their levy procedures. It is THOSE cases I'm addressing here. The principles apply, nonetheless.

The bank had been provided with a letter written by Irwin Schiff that should have been sent to Gritis, (the agent), in an attempt to ascertain whether or not he was authorized to serve the Notice of Levy, and, thereby honoring the depositors agreement. But, the Bank ignored the letter provided for them. And, the bank quoted no law in their Motion To Dismiss that compelled the Bank to honor that

Notice. Instead, they quoted a Court Decision, Gibbs, that actually works to support Irwin Schiff's position.

Many banks (as you can see in this example, including one of the "biggest") are not aware of the law regarding the proper levy procedure. They simply assume that a "notice" from the IRS is authority enough. Mr. Schiff was obviously aware that is not the case and had taken steps to communicate this to the bank. Whether or not, the same communication to "Gratis, (the agent)" would have yielded effective results is doubtful. If it had been I in this situation, I believe I would have had a "sit-down" with the person in charge of such things at my bank; I would want to know what the bank will do BEFORE they do it. I would not want to have to chase my own money after the bank had illegally turned it over to the IRS; nor would I relish having to sue the bank for breaking the law. And it IS the bank, not the IRS, who breaks the law in cases like this.

Irwin told the Judge that he could not possibly dismiss the case with this outstanding issues of fact, and that if the Discovery part of the case proves that Gritis has the Delegation of Authority to issue Notices of Levy, and, if he can produce an enforcement Pocket Commission, then the Bank will win and they can sue for costs. The judge ruled that he will not dismiss, and Irwin can proceed to depose James Gritis within the next 90 days.

There were over 40 Court Watchers. It was unbelievable!

He did it. He did it. Now, all third parties are "on Notice", that they cannot be held liable if they do not honor an unlawful Notice of Levy, but they can be held liable by the taxpayer for the funds and for damages if the third party does honor the Notice. How about that?!

There you go. We are all as of now, a little bit further down the path to Freedom. (Thanks to who?- Mr. Big.)

Be Free,
XXX

While it is beneficial to see that a bank CAN run into problems of their own for not obeying the law, and while it is beneficial to have a good illustration of the fact that banks can NOT be held liable if they do NOT honor the IRS' Notice of Levy, I'm afraid I don't hold the writer's enthusiasm that "we are all, as of now, a little bit further down the path to Freedom." There are too many banks, with too many ignorant personnel, making too many uninformed decisions about these things, to count on this one, relatively unknown case (which hasn't even been adjudicated yet) to give me the confidence that my bank would just automatically know the law and abide by it. I'd still have a talk with my bank before the damage could occur.

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[4] Call Reminder
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The 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.

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[5] Contact Information
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Paul Leinthall
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