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

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Tuesday, April 23, 2002

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- [4] Conference Call Reminders: **“Question & Answer “Call - for New Folks**
Wednesday NIGHTS - 9 pm EASTERN
1-620-584-8202, Pin 2974#
“*6” (Star 6) MUTES and UN-MUTES your line
ALSO
Corporation Sole (specific) Conference Call
Friday MORNINGS - 10:00 AM EASTERN
Same Number and Pin as Above
PLUS
A CLIENT’S ONLY CALL
Call Your Representative for Number and Time
- [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.

-----NOTICE-----

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[\[1\] Welcome & Editorial](#)

Dear Friends,

There's been lots of activity in IRS circles in the past month, not only because of the crunch of tax filing time, but because two of the nation's better known "tax protesters" have been indicted on various counts of criminal charges regarding income tax issues. I reported on Wayne Bentson last week. This week, we'll look at Lynne Meredith, the author of "Vultures in Eagle's Clothing" and "How to Cook a Vulture".

We'll look at some other evidences of stepped-up activity on the part of the IRS, as well. In fact, we'll be long on the news items this week and short on the questions and answers. Part of the reason for being short on the Q & A is because fewer folks, these days, are asking questions. (Am I doing that good a job with the newsletter?).

One of my clients sent me a series of "IRS" jokes. This IRS theme song was among them. (I'll be presenting another of the jokes further on in this newsletter).

Internal Revenue Service Theme Song

Tax his cow, Tax his goat;
Tax his pants, Tax his coat;
Tax his crop, Tax his work;
Tax his ties, Tax his shirt;
Tax his chew, Tax his smoke
Teach him taxing is no joke.
Tax his tractor, Tax his mule;
Tell him, Taxing is the rule.
Tax his oil, Tax his gas
Tax his notes, Tax his cash
Tax him good and let him know,
That after taxes, he has no dough.
If he hollers, Tax him more;
Tax him till he's good and sore.
Tax his coffin, Tax his grave,
Tax his sod in which he's laid.
Put these words upon his tomb,
"Taxes drove him to his doom."
After he's gone, we won't relax.
We'll still collect inheritance tax

That will set the tone for this edition of the newsletter, not because that is the actual experience of [THE COMPANY's] clients, but because this illustrates the continued thrust of an agency that exists primarily by the power of fear and intimidation.

Thankfully, we have an answer that is WITHIN the law, within the Internal Revenue Code, and that continues to work, without fail. In the question and answer section, in the place of questions and answers, I'll give a report of two successes regarding issues that cause a problem for SOME (not all and not even a majority) of our clients, i.e. the matter of whether an employer will honor an "exempt" W-4, or not, and whether, or not, [THE COMPANY] is successful in removing levies.

Enjoy your week...

...and your reading.

Your friend,
Paul Leinthall
661-822-7889, 9am-8pm, Mon-Fri., PACIFIC time
email: littlehammer@primemail.com

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[2] Questions and Answers
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Let's start with the first-hand testimony from a new client, after submitting the W-4 package [THE COMPANY] prepares for any client who requests it:

To: littlehammer@primemail.com
Subject: We want to share this with you~
Date: Wed, 17 Apr 2002 14:49:31 -0500

Hi Paul,

I want to let you know that my husband & I very happy with The Company. We sent in our papers to our employer & the changes were made without any questions or problems.

I received my pay check today & there was no state or fed tax taken out. We live in Minnesota. My husband will receive his the 1st of the month & they sent him a letter telling him they updated his file & starting next month he will receive the full retirement pay check.

Feel free to share this in your news letter if you wish.

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The next report I don't have in writing, but I talked with one of [THE COMPANY's] clients last week who, about a month ago, had told me his wife had received a call from her employer saying that the IRS had levied her paycheck.

Understand, folks, the IRS does not simply swoop down and garnish a person's paycheck. In fact, if memory serves me correctly, these folks had received several warnings that something like that might happen, even before they became clients. The IRS usually warns folks well in advance, usually with several "Notices of INTENT to Levy," and usually, [THE COMPANY] is able to stop their intended action. Sometimes, however, depending on the particular circumstances, before [THE COMPANY] has an opportunity to complete the work that's necessary when folks become clients, something like this slips under the cracks, so-to-speak.

Last week, three and a half weeks after the garnishment at been instituted, the client's employer called to say that the IRS had lifted the levy, and that they were not only giving the lady her regular paycheck, but another check for the amount they had been holding to give to the IRS.

Do you think these folks are sorry they became clients?

Please NOTE: I am NOT - repeat - NOT suggesting that three and a half weeks is some kind of guarantee that anyone else, in either the same or dissimilar circumstances, would see the same result in the same amount of time. I just thought you'd like to know that what [THE COMPANY] does - works.

Sometimes folks ask us for "somebody to talk to for whom our processes have worked". I always say that we're prevented by the criminal fines that would be imposed on [THE FOUNDER] if we violate the terms of the Limited Power of Attorney that each client signs. You see, when you have someone representing you through a power of attorney, it is against the law to reveal any private information about any client to any other person other than an authorized representative of the IRS or State Taxing Agency. Most folks know this as "client/attorney privilege". What a lot of folks don't know, however, is that when it comes to the IRS, there is a sever penalty for breaking that confidentiality agreement.

However, there is another reason we don't share the personal details or the names of the people involved. And I must be considerate of this issue, particularly here in this medium of my newsletter - and that is the issue of "ENTICEMENT". You see, when you're in the public arena as we are, and when you're marketing services that propose to make it possible for people to be free from paying State and federal income taxes, we have to be conscious of the fact that we are not saying things in a way to "entice" people into becoming clients.

That's not always the easiest road to walk, because, on the one hand, we want to be able to market [THE COMPANY's] services, but on the other hand, we don't want to be saying things and conveying information about those services for which a person could later say, "I was enticed by..." (and then to give whatever it was that enticed him to become a client). This is why we don't make copies of people's refund checks, and why we say, instead, "We do not - and can not - guarantee refunds of tax monies left on the IRS table." (It's also the truth, of course, because even the IRS does not guarantee they will refund money they've already collected; although they often do refund the money).

So, when I share these good results, my sharing is NOT meant to entice folks into doing something they have not fully investigated for themselves. If you like what you see and hear from us, and you choose to become a client, we want you to be making your own, best informed decision - and not choosing to be a client because we have assured you of the same SPECIFIC results as occurred with another client.

However, I will continue to say that [THE COMPANY] has never failed to achieve the results we promise, which are that the IRS eventually changes their records to reveal that the way they SEE you is as one having no liability for paying income taxes. But even that record-change can be changed a year later, because the IRS looks at each person, year-by-year. That's one of the reason's [THE COMPANY] files an annual "Statement and Declaration of Material Facts" each year for each client - to continue to rebut the supposed "evidence" the IRS tends to think they've accumulated (via the W-2's

and 1099's which they receive on most clients each year), and which they believe shows that the person has "taxable income".

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[3] News Briefs & Comments
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Now we'll look at some indication that the IRS is stepping up it's activity - and why. The following comes from the South Oregon Militia:

Sent: Monday, April 15, 2002 11:27 AM
Subject: A TAX AUDIT HOLOCAUST IS COMING

Ladies & gentlemen:

You didn't see this in WorldNetDaily, NBC, CBS or ABC. This is an exclusive report and "heads up" from the SOM [South Oregon Militia]

Today is Tax Deadline Day, April 15, 2002. You should probably forward this to just about anyone and everyone on your lists, because this exclusive report from the Southern Oregon Militia could affect just about everyone in the nation.

If you thought past excesses and outrages committed by the IRS had been largely corrected, you were right, and now you're wrong. What do I mean? Well, the present Bush Administration remembers very well what it cost Daddy Bush when he broke his, "Read my lips: No new taxes!" promise, and you also know our current President Bush has also pledged not to raise taxes at a time when the nation is at war and spending money it doesn't have.

Nearly nine months ago, the present Bush Administration agreed on a plan to rein in so-called "Tax Scofflaws" who they believe cheat the nation out of at least \$800 billion dollars per year. The plan is to use IRS Code enforcement to "raise" taxes through "discovered" taxes levied, penalties, interest and subsequent personal property seizures.

The primary target of these audits will be the sole proprietor and anyone who fills out a Schedule C along with their 1040 filing, which is the form where itemized deductions are claimed. Schedule C is also commonly filed by people who run side businesses at the same time they hold regular employment.

In contrast to this, there's no question that [THE COMPANY] finds it a whole lot EASIER for client's who are either self-employed fully (that is, not regular employment along with self-employment), or who are 1099 employee's. Here's why. The self-employed person and the 1099 employee have one thing in common: they have no employer WITHHOLDING their money from their paychecks and turning it over to any taxing agency.

Remember - in this domain, "possession is nine-tenths of the law". The clients who have the hardest "problem" are those who have employers who, for whatever reason, do not honor their "exempt" W-4's. In that case, the IRS has gotten the employer to do the dirty-work of taking money from the employee and giving it to them. As I indicated last week, [THE FOUNDER] is preparing something that we trust will prove more effective in those few cases where this is occurring.

But for my purposes in sharing this article, it's clear that the IRS is going after those whom they perceive to be more vulnerable; and we'll see why as we keep reading.

The Bush Administration chose this path largely upon the recommendation of high level IRS insiders who have become convinced that IRS "reform" passed a few years ago has encouraged tax cheating, primarily by the self-employed and those who run private side businesses in addition to their regular employment. They believe these entrepreneurs have been filing padded returns for a number of years now, and once an audit turns up a "problem", such as lack of documentation, receipts and comprehensive daily record keeping for such things as business mileage, they intend to go back a number of years for further audits of those individuals. It is anticipated that IRS seizures of private homes, businesses and personal property will soar.

Ahh - but [THE COMPANY] does not file returns that fit into this category. There is no need to "pad" a statement that stands on the IRS's own law. [THE COMPANY's] client's don't even have to keep track of "business expenses" (at least not for income tax purposes; although some may do that as a matter of business for themselves). Life just gets so much simpler when you don't have to fuss with all that "stuff".

The recent announcement by the IRS that "test" audits numbering at least 50,000 and scheduled to begin in September of this year, is the first step for implementing what is anticipated to be the most massive intrusion into the private sector ever conducted by the IRS. Both the Bush Administration and the IRS fully expect these "test" audits will reveal large numbers of tax "cheats", and they plan to announce those findings in the media for the purposes of both damage control and to justify further and more widespread tax audits of similar individuals. Those largely untouched by these audits will be employees who have income taxes withheld by their employers and do not itemize deductions on their returns. Also, there does not appear to be any plans in the works to increase audits of large corporations.

Interestingly, there does not appear to be any increased enforcement planned against those who refuse to file income tax returns altogether. The IRS has experienced very poor returns on their audit investments because such individuals have proven very clever in protecting their personal assets from seizure. Those who file taxes as self-employed are seen as "soft targets" by the IRS, meaning that those people generally have unprotected personal property and assets that can be seized with relative ease when an audit reveals tax liabilities the "Scofflaw" lacks the hard cash to pay for.

Notice that the "key" seems to be "...because such individuals have proven very clever in protecting their assets from seizure".

Lot's of folks, of course, try to accomplish that by using other entities, like trusts and regular corporations and IBC's and Unincorporated Business Organizations, etc. But these days, the IRS is really going after folks who try to hide in those venue's, as you'll see, further below.

Corporation Sole, however, is a different story. To this date, neither the IRS, nor any other government agency (quasi or real) has been able to penetrate a properly created corporation sole. If there's a problem in the corporation sole arena, it's not because there an intrinsic problem with corporation sole, but because some folks who are marketing

corporation sole don't really understand (or even, in some cases, know) what they're doing. That's just another reason to be working with a company who have a lot of experience in the taxing arena.

At a time of war, when there is a huge outpouring of American patriotism, the Bush Administration is betting there will be far less outrage at IRS abuses which stem from requiring every American to pay his and her "fair share". At least, that's the spin they plan to put on it.

Carl F. Worden
Liaison & Intelligence Officer
Southern Oregon Militia

Let's see:

IRS and Federal Reserve - WWI
IRS "Temporary" Withholding - WWII
USA PATRIOT Act - "War" against Terrorism. Incidentally, the full name of the "act" for which the acronym stands is this:

Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001

Sounds good, doesn't it? ah huh...

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Although [THE COMPANY] occasionally has a client apply whose spouse does not want to become a client, this next news item is a good illustration of why it is more often in the interest of BOTH people in the couple to become clients.

Sent: Wednesday, April 17, 2002 6:06 PM
Subject: Supreme Court Sides With IRS]

Supreme Court Sides With IRS

Supreme Court Sides With Internal Revenue Service in Pursuit of Tax Cheaters <http://abcnews.go.com/wire/Politics/ap20020417_1437.html>

The Associated Press
WASHINGTON,
April 17 -

The Supreme Court ruled Wednesday that the Internal Revenue Service can use a family's home to try to recover unpaid taxes from one spouse.

The court ruled 6-3 that Michigan, and a dozen other states, cannot protect the residences from IRS liens.

Justices ruled against Sandra Craft, whose husband, Don, paid no income taxes from 1979-86. The IRS pursued him for back taxes and put a lien on the family

home. He transferred the house in Grand Rapids to his wife for \$1, then filed for bankruptcy.

The IRS has the power to put liens on property that is shared by spouses, like the Craft's home, the court ruled.

The 6th U.S. Circuit Court of Appeals had sided with Sandra Craft, finding that her husband did not have a "separate interest" in the house, under the Michigan law.

Writing for the majority, Justice Sandra Day O'Connor said Congress allows the IRS to put liens on "all property and rights to property a taxpayer might have." She said that the IRS needs that power to pursue people who cheat on their taxes.

The case returns to the appeals court to consider the value of Don Craft's interest in the house.

Dissenting Justice Antonin Scalia said the court was ending a type of property ownership that protects stay-at-home mothers.

"She (as opposed to her business-world husband) is overwhelmingly unlikely to be the source" of the IRS debt, he wrote. "It is regrettable that the court has eliminated a large part of this traditional protection retained by many states."

Also dissenting were Justices John Paul Stevens and Clarence Thomas.

Besides Michigan, other states with that protection are Delaware, Florida, Hawaii, Illinois, Indiana, Maryland, Missouri, North Carolina, Pennsylvania, Vermont, Virginia, and Wyoming, the court was told.

Don Craft, an attorney, died in 1998. Sandra Craft's lawyer, Jeffery A. Moyer, said the ruling could affect many couples. Family property may now be targeted by other bill collectors, not just the IRS, he said.

In 1998, Congress overhauled IRS laws to give innocent spouses more rights to contest actions that hurt them.

The case is *United States v. Craft*, 00-1831.

Let's lighten up for a moment and enjoy an appropriate joke, which puts a cap on the two entries above.:

Death and Taxes

A businessman on his deathbed called his friend and said, "Bill, I want you to promise me that when I die you will have my remains cremated."

"And what," his friend asked, "do you want me to do with your ashes?"

The businessman said, "Just put them in an envelope and mail them to the Internal Revenue Service and write on the envelope, 'Now you have everything.'"

It's really nice to be in a position where you can fulfill all the intent of the law pertaining to income taxes and still not have to actually PAY any State or federal income taxes. Many folks think it's impossible, or that being in a position of not having to pay income taxes will most likely land a person in the pokey. But that's simply not the case, particularly not for all [THE COMPANY's] clients.

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April 22, 2002

ARE YOUR TAXES TOO LOW?

"(The Republican) mandate to cut taxes, it's complete. Taxes have been cut as much as is humanly, or inhumanly, possible."

Margaret Carlson, CNN

You may be tired of thinking about and paying taxes after April 15th, but many in Washington think you're not paying enough. In fact, the preposterous idea that Americans are undertaxed is accepted as truth by a significant number of the members of Congress. These members believe today's taxpayers are perpetrating an injustice by not paying more taxes, and that most of the money you make presumptively belongs to the government. Since your money really belongs to the government, tax cuts represent a government "giveaway."

This mindset revealed itself last week during a vote on the House floor. At issue were the exceedingly modest tax cuts passed by Congress last year, which the Senate modified to expire in 10 years. The bill voted upon would remove the expiration date and make the cuts permanent (at least until Congress tries to raise taxes again). This simple measure was stridently opposed by almost 200 members, many of whom subjected us to lectures about the "irresponsibility" of not revisiting tax cuts often to make sure the government has plenty of money. These lawmakers (apparently) really believe taxes have been cut to the bone and government starved to its limits.

Nothing could be further from the truth. Federal spending is wildly out of control, as evidenced by an annual budget that doubled between 1990 and 2000. Congress will spend \$2.3 trillion in 2003, an astounding 22% more than 1999. Federal taxes now consume more of the legitimate private economy (as a percentage of GDP) that at any other time in our nation's history except WWII. The federal budget is full of billions in

unconstitutional and wasteful pork, and no serious person can argue otherwise. Those who oppose tax cuts simply use populist arguments to mask their support for the special-interests that benefit from uncontrolled spending.

No tax debate in Congress would be complete without some members pointing out the terrible fact that some Americans make more money than others. The tired class warfare argument, namely that the rich somehow don't pay their fair share, remains endlessly popular on the Hill- even though it is demonstrably false. IRS statistics show that the top 1% of earners pay a whopping 36% of federal income taxes, while the top 5% pay 55%! In fact, earners in the top half account for 96% of income tax revenues, while the bottom half pays only 4%. Surely Marx would approve of this tremendously progressive tax system, yet the media and the left continue to perpetuate the myth that wealthy Americans use an unfair tax system to enrich themselves.

What the collectivists in Washington always seem to forget is that wealthy Americans are not a static group, but rather a dynamic one- because we still have class mobility in our relatively capitalist society. In other words, some taxpayers in the bottom 50% intend to move into the upper 50%, where they quickly will be thrust into higher tax brackets and deemed "rich" by the IRS. In fact, a family needs only an income of about \$53,000 to find themselves in the top 25% of all taxpayers. These upwardly mobile Americans, whom Congress ought to be encouraging, presumably won't be too excited about tax hikes for the rich when they find themselves labeled as such and footing the bill for a spendthrift Congress.

An income tax would be wholly unnecessary if Congress restrained itself and spent your tax dollars only on legitimate constitutional functions like national defense. Remember, the federal government operated for more than 120 years without an income tax, using excise taxes to raise necessary revenues. Rather than squabbling about tiny changes in the existing tax code, Congress ought to be drastically reducing spending and scrapping the incomprehensible tax code altogether.

And - with the Grace Commission Report (during President Ronald Reagan's term in office) saying that "not one nickel of any taxpayer's money goes for Government Services", it's pretty obvious that the Government is STILL getting it's necessary revenues from excise taxes. They certainly aren't getting them from income taxes.

It's interesting, don't you think, that a conservative member of the Congress of the United States doesn't speak about THAT fact.

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Here's the latest from Robert Shultz's "We The People Foundation". Several folks asked me last week what I knew about the rally they were having in Washington, D.C. on the 14th and 15th of this month:

Congress Has Been Put on Formal Notice.

Its members now have the Demand Letter and a copy of the record of the Citizens' Truth-In-Taxation Hearing.

It took a team effort.

On Sunday and Monday, April 14-15, 2002, citizens from sea to shining sea gathered in Washington DC.

Liberty was their passion and formally notifying Congress was the mission.

The team accomplished the mission with flying colors. Their success was the result of an extraordinary amount of "esprit de corps" -- an uncommon spirit that unified the members of the group. The delegation embodied enthusiasm, devotion and a strong regard for professionalism, workmanship and the honor of the group.

The group assembled the packages and checked and rechecked them to minimize errors and to expedite the distribution. Many did not quit until 3 am, only after they were sure the hundreds of packages were ready for delivery Monday morning.

All this after making the personal sacrifices in time and money required to be in DC for the event.

On Monday morning, the group marched to Capitol Hill and served all but eleven of the 535 members of Congress with a copy of the record of the Citizens' Truth-In-Taxation Hearing. The packages contain the sworn video testimony and conclusive legal documentation that the IRS lacks the lawful authority to force employers to withhold the income tax from the paychecks of their employees or to force Americans to file a tax return and to pay the tax. Each delivery was formally witnessed via an affidavit of process service.

Congress has now been officially put on Notice by the People:

The IRS lacks the legal jurisdiction to enforce the federal income tax within the borders of the 50 states,

The federal income tax system is unlawfully applied, and

The IRS routinely violates the Peoples' 4th Amendment and due process rights.

Along with the record of the Hearing, the Congressmen received thousands of letters demanding that they move, no later than June 1, 2002, to direct IRS and DOJ to either stop forcing employers to withhold and to stop forcing the People to file and pay, OR schedule a full-blown congressional hearing requiring IRS

and DOJ to appear and to address the evidence from the Truth-In-Taxation Hearing record.

In scores of cases, congressmen received a multitude of letters, each from a different constituent.

In all but a few cases, the letters addressed to each of the 535 congressmen came directly from constituents.

While delivering the packages some citizens were able to actually meet and speak briefly with their congressman.

In all but six cases congressional aides in every office willingly and graciously accepted and signed for the package. This was not the case in the offices of Senators Jim Bunning (KY), Lincoln Chafee (RI) and Pete Domenici (NM), and in the offices of Representatives Howard Berman (CA), Hilda Solis (CA), Jerry Weller (IL). In those cases, the aides refused to accept the packages, saying they wanted the packages delivered through the mail.

Those six packages that were refused have now been mailed.

Editor's note: This is obviously not a formal Senate or House policy. Each congressman appears to have the discretion to require all letters be sent through the mail. Regardless, it is a sad commentary on America if citizens are now to be restricted from personally delivering letters to congressional offices. This, coupled with the concrete barriers and fences that now ring the Capitol, the White House and most major federal buildings, and the installation of metal detectors and electronic sensors at all public entrances of all government buildings causes us to wonder why our government feels it must protect itself from the People.

There were no constituent letters for Representatives Ed. Whitfield (KY), Wayne Gilchrest (MD), Karen McCarthy (MO), Mark Udall (CO) and John Thune (SD).

Anyone who lives in these five congressional districts and would like to have a demand letter and record of the hearing sent from him/her to their congressman, is asked to contact the offices of We The People. E-mail to: <mailto:Bob@givemeliberty.org>Bob@givemeliberty.org.



Finally, the news report on Lynne Meredith. I received a report on this event from several sources last week. This one comes directly from Devvy Kidd, and I chose it because Devvy does a good job, after the report, of making the case for "why" this occurred with Ms. Meredith. The "We the People" mentioned here is NOT Robert Shultz's "We the People Foundation", from whence came the entry you just finished reading.

April 15, 2002

Lynn Meredith arrested

Tax Fraud Promoters Associated with We the People Arrested by IRS Agents for Selling Bogus Trusts That Falsely Promised to Protect Income From Taxes

Seven individuals associated with a tax fraud group known as "We the People" and Sovereignty Pure Trusts were arrested this morning on various federal charges related to the promotion of bogus tax shelters that falsely promised to limit exposure to federal income taxes.

"Sovereignty Pure Trusts" - a "dirty" word to the IRS, as you'll see further below.

A federal grand jury in Los Angeles on Thursday returned a 35-count indictment that includes charges of conspiring to defraud the Internal Revenue Service and fraudulently using Social Security Numbers and passports.

The California residents arrested this morning are:

Lynne Meredith, 52, of Sunset Beach, the owner and operator of We the People and Sovereignty Pure Trusts;

Gayle Bybee, 54, of Sunset Beach;

Gregory Paul Karl, 52, of Solana Beach;

Teresa Manharth Giordano, 39, of Murrieta;

Willie Watts, 43, of Murrieta;

Betty Erickson, 57, of Windsor; and

Nora Moore, 53, of Huntington Beach.

These defendants are expected to make their initial court appearances this afternoon in various federal courthouses in California.

According to the indictment, from October 1994 to November 2001, Meredith sold books and bogus trusts to people with the purpose of leading them to believe they could legally protect income and assets from taxation. The defendants allegedly encouraged and assisted taxpayers by forming phony trusts, opening bank accounts with phony Taxpayer Identification Numbers, filing fraudulent income tax returns and encouraging taxpayers not to file income tax returns.

We the People sold the "trusts" for approximately \$500 at seminars that were held throughout the United States and internationally. To entice potential trust purchasers at seminars, Meredith represented that the trusts were "professional and affordable" and that each trust was customized with the "combined efforts of attorneys, paralegals, CPAs and other professional staff for its execution."

When purchasers complained about the trusts, We the People which was also known as Free the People, Sovereignty Pure Trusts and Liberty International refused to issue refunds.

Meredith also encouraged taxpayers to file frivolous tax returns that, for example, accurately reported income but fraudulently requested a refund of all income taxes paid. The defendants also encouraged taxpayers to send protest correspondence to the IRS with the purpose of impeding and obstructing the IRS.

Meredith wrote books, including *How To Cook A Vulture* and *Vultures In Eagle's Clothing*, in which she falsely claimed that individuals could lawfully stop paying income taxes, stop their employer from withholding income taxes, and refuse to produce books and records to the IRS. The books contained examples of frivolous tax returns and protest letters.

From 1994 to 1997, according to the indictment, Meredith caused taxpayers to file fraudulent income tax returns with the IRS. Those fraudulent tax returns sought refunds for as much as \$21,855, but the IRS did not issue any refund checks.

The indictment also alleges that Meredith earned more than \$6.2 million from 1994 through 1999 as a result of the scheme. Meredith did not file a Federal income tax return during these years, and she did not pay any federal income taxes.

The indictment further alleges that six of the other defendants did not file nor pay any income taxes on income they earned in the scheme.

An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

A good thing to keep in mind.

Eileen J. O'Connor, Assistant Attorney General in charge of the Justice Department's Tax Division, said: "The Department of Justice and the IRS are committed to stopping promoters of illegal tax schemes from selling false promises, obstructing lawful IRS functions and cheating honest taxpayers."

Michael S. Kochmanski, Special Agent in Charge of the Los Angeles Field Office of IRS-Criminal Investigation, stated: "Meredith misled numerous people into believing that the tax shelters she was selling would legally keep them from having to pay income taxes. Instead many of these people now find themselves owing back taxes, penalties and interest. The public should be wary of anyone who says that they have away to keep you from having to pay income taxes."

All seven defendants are charged with conspiracy and 11 counts of mail fraud (both charges carry potential five-year prison sentences). Meredith is additionally charged with two counts of false representation of a social security number (five-year maximum sentence), one count of passport fraud (potential 10-year sentence), and five counts of failing to file a tax return (each count carries a maximum penalty of one year in prison). Bybee is accused in three counts of failing to file; Giordano is named in two counts of failing to file; Watts faces three counts of failing to file; Erickson allegedly failed to file for three years; and Moore is named in three counts of failing to file.

The indictment names an eighth defendant in the case, Toni Smith Silva, 49, of Cypress, who is charged with one misdemeanor count of failing to file a tax return. Smith will be summoned to appear in court for an arraignment.

Today's arrests come two days after the Department of Justice and IRS filed a civil law suit against individuals in San Diego, Boston and Cincinnati for selling bogus trusts to hundreds of taxpayers. The IRS has been cracking down on promoters of abusive trusts by filing civil law suits and launching criminal investigations. On Thursday, IRS Commissioner Charles O. Rossotti testified before the Senate Finance Committee that identifying and combating actively promoted tax schemes was the IRS' "highest compliance priority."

The case against the promoters of We the People and Sovereignty Pure Trusts is the result of a continuing investigation by IRS-Criminal Investigation. Victims who purchased trusts or books issued by this group are encouraged to contact IRS-Criminal Investigation at (949) 389-4466.

* * *

The following is directly from Devvy Kidd, who is responsible for the content herein, except the one point where I insert my comments:

Lynn Meredith's "We the People" is in no way affiliated with, associated with or aligned in any way with Bob Schulz' We the People Foundation.

While it has made me, Larry Becraft, Bill Benson and several others unpopular in the tax guru circles, we have warned people for years about Lynn Meredith's books and how dangerous the information in them is to unsuspecting, desperate folks. I have been told to 'stick it.'

That has never deterred me from warning people to stay away from her two books: How To Cook A Vulture and Vultures In Eagle's Clothing. I have told people for years that these books are indictments just waiting to happen and the only ones going to get cooked are those who follow her misleading and legally flawed arguments.

If you participated in any programs offered by Ms. Meredith, I recommend you get a good criminal defense attorney right away because the federal suits either have or will have all her computer records. It's just a matter of time before everyone on all these client lists are contacted by the feds or hauled in front of a grand jury.

There IS one other option: You could look more closely at becoming a client of [THE COMPANY]. The IRS has never taken any of [THE COMPANY's] client's to court; hence, no one has had to figure out whether, or not, he could even afford a "good criminal defense attorney."

Those of us who have done the hard research know that most Americans are not required under any law, if you give the IRS any legitimacy at all, which I don't, to file these so called income tax returns. That isn't the basis for my concern here.

I am posting this information to warn people who may have been suckered into all these schemes to get legal help as soon as you can. It is exactly this kind of show of force that has kept the American people in line since 1913 with the

income tax hoax - FEAR. This is what most people will see, not Bob Schulz' hearings or this web site unless people like my devoted readers continue to get the information out to as many of their friends, neighbors and colleagues as possible.

Larry Becraft is frantically trying to finish his research in between case loads. Bob Schulz has done so much in three short years in this effort to close down these criminals operating the IRS, backed up by gun toting hoods in the DoJ. I know the situation is intolerable and all of us are frustrated, but short of a damned armed war with the government, millions of Americans are all working on this problem in a lawful, non-violent fashion but it ain't gonna happen overnight.

The liars in Congress, IRS, DoJ and the White House know the pressure is building big- time. I continue to pray to Almighty God for help and guidance in this battle against evil because what this govment and its agencies are doing to the American people is evil.

The gangsters who work for the aforementioned agencies, including Congress, are all fighting for paychecks and power, they care nothing for the truth, law, justice or the Constitution. Congress has the international banking cartel breathing down their cowardly necks.

In the meantime, please look before you get involved with any un-taxing group. We don't want anymore innocent Americans filling up the federal prisons and leaving their families on welfare. If it sounds too good to be true, it probably is, so be careful. Do the research...

And, one more press release from the feds:

FOR IMMEDIATE RELEASE
WEDNESDAY, APRIL 10, 2002
WWW.USDOJ.GOV
202) 514-2007
TDD (202) 514-1888

Department of Justice Files Suits Across the Country in Crackdown on so-called "Trust" Schemes

"Trust" Schemes Nationwide Cost Treasury Nearly \$3 Billion Annually

WASHINGTON, D.C. - The Department of Justice announced today that it has filed lawsuits in San Diego, Boston, and Cincinnati as part of a campaign to stop the spread of phony trust schemes which the government contends are being used illegally to evade the payment of taxes. The lawsuits are the latest installments in a government crackdown on the promoters of bogus tax scams.

"Today's technology has made marketing tax fraud schemes incredibly easy," said Eileen J. O'Connor, Assistant Attorney General in charge of the Department's Tax Division. "With the filing of these suits, the Tax Division takes another step in its efforts to stop the proliferation of bogus "trusts" and other tax cheating schemes. While the promoters of these schemes say they lead to tax savings, they can lead instead to substantial penalties, including a prison sentence."

In one of the cases filed today, the government alleged that a promoter charged customers several thousand dollars each to set up trusts and transfer the customers' property into the trusts. The complaint alleges that the trusts were then used to illegally claim tax deductions for personal expenses such as utility payments, gardening expenses, and home maintenance costs, and to avoid reporting and paying tax on income.

In the complaint filed in San Diego, the Justice Department alleges that Roderick Prescott, of Solana Beach, California, through businesses named "Trust Educational Services" and "National Trust Services," sold hundreds of sham trust schemes. Prescott and his businesses sold trust packages for as much as \$15,500. The complaint also alleges that Prescott's activities have cost the Treasury more than \$135 million so far.

In the Boston case, the government alleges that Kevin Mahoney of Attleboro, Massachusetts, promotes sham trust schemes through businesses named "the Citadel Group," "Cornerstone Financial Group," the "National Association of Certified Estate Planning Attorneys," and "the Liberty Network." The complaint alleges that Mahoney sold his trust materials for more than \$3,500. The government filed a similar suit in federal court in Chicago last month against two alleged operators of the same scheme Michael D. Richmond and Rex E. Black.

In the suit filed in Cincinnati, the government alleges that Robert Welti, an accountant in Ripley, Ohio, prepared tax returns for clients across the country that claimed improper tax deductions or failed to report income which resulted in estimated tax losses of over \$3 million per year. According to the complaint, Welti charged his clients \$2,400 to prepare tax returns based on the bogus trust schemes. The complaint states that although Welti's clients come from 20 different states, they all rely on trusts to evade taxes that use the same address in Belize, a "tax haven" country.

Last year, 45 people were convicted for tax evasion because of their participation in phony trusts. Defendants who were sentenced to prison faced sentences averaging more than five years. As of December 31, 2001, the IRS had 160 open criminal investigations involving trust schemes.

If someone claims that a trust will lead to lower taxes, here are some warning signs that the scheme could instead lead to prison:

- deductions for personal expenses paid by the trust.

- depreciation deductions for a personal residence.

- high fees for trust packages, to be made up by promised tax benefits.

- lack of an independent trustee.

- use of terms like "pure trust," "constitutional trust," "sovereign trust," "unincorporated business organization," or "common law trust."

IRS Commissioner Charles Rossotti said "Promoters can entice taxpayers into abusive trust schemes by making promises that are too good to be true. Getting involved in such schemes can be a costly mistake for taxpayers. Before entering

into any arrangements, make sure you consult with a reputable, trusted tax professional for advice. Taxpayers who want to report possible schemes can call the IRS at 1-800-829-0433." The IRS estimates that abusive trust schemes cost the public about \$3 billion every year.

If you haven't taken advantage of [THE COMPANY's] conference calls, maybe now's the time.

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[4] Call Reminder
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The **TAX EXEMPT Conference Call**, for "new" folks, takes place **EVERY Wednesday NIGHT at 9 PM EASTERN** time. The number is: **620-584-8202, pin 2974#**.

The **CORPORATION SOLE (specific) Conference Call**, is on **Friday MORNINGS**, at **10 AM EASTERN** time. The number is the same as above

Also, there is a **CLIENT'S ONLY Conference Call** available (obviously) for Clients Only. If you're already a client, and you would like to be on that call, **CALL YOUR REPRESENTATIVE for the phone number and time,]**

I want to mention something to new readers and to folks who have never been on the [THE COMPANY] Conference Calls. The calls are NOT what you may be expecting from a typical "conference call" these days. A lot of people are used to big sales-hype conference calls, with a lot of "Rah-Rah-Rah". The conference calls are NOT "sales" calls. No one is trying to get you to enroll in something, or asking or suggesting that you try to get your friends to enroll. These are ALL TEACHING calls. They consist almost entirely of questions and answers, after a brief introduction. They're a great place to hear other folks ask all sorts of questions and get any questions of your own answered, and they provide you the opportunity to get a pretty well-rounded understanding of what this is all about in 60 to 90 minutes. I think you'll find they're one of the best \$3 to \$5 values you can find today. (The telephone long distance charges for most people).

Pressing "*6" (Star 6) 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 "*6" again to go off mute. If you're having a hard time hearing, with various noises in the background from other folk's lines, such as: conversations, kids-playing, dishes clanging, and phones & faxes ringing, then be assured, everyone else can hear the ambient sounds from your environment. It simply makes it much more difficult to hear whoever is speaking at the moment. Thanks for your consideration in this regard.

May I suggest, if possible, that when you call, you use a regular "connected-to-the-wall telephone", rather than a cellular phone (particularly when driving), or even a cordless phone. Also, please, not a speaker phone, either, unless it has a "mute" button, because speaker phones amplify the ambient sounds in your environment. And PARTICULARLY NOT an Internet phone, a true "killer" of conference call Quality.

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. 9 AM to 5, PM (Pacific)

Email: littlehammer@primemail.com

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 follows 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.

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.

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