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

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Tuesday, May 21, 2002

- [1] Welcome & Editorial: The Cycle of Questions and Concerns.
- [2] Questions and Answers: Two Concerns Re-Cycled.
- [3] News Briefs & Comments: What's the Judiciary Coming To?
- [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.

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

Dear Friends,

Long-time readers of this newsletter begin to realize that I occasionally repeat addressing a limited number of basic questions or concerns many people have. Because of correspondence from several clients over the past couple weeks, I can tell it's time to re-address two distinctions connected with the use of two different sets of words, or phrases, used in the Internal Revenue Code - terms which the IRS and their cadre of professionals who agree with them (*i.e.* attorneys and CPA's) continue to insist mean something opposite from what the law actually says.

The two terms (or phrases or sets of words) that we'll revisit this week are the words: "U.S. citizen" and "include/includes/including". First, I'll provide the material that stimulates the questions; that is, I'll give you the "propaganda" (IRS) point of view, followed by the discussion of these terms. I'll borrow heavily from what I wrote in a couple newsletters a year ago.

An area of confusion which arises from these distinctions regards the concern many people have—a concern which seems justifiably fortified by the intensity of IRS propaganda and the number of well-intending professionals apparently see no other way of interpreting the law than what the IRS prescribes—and which concern often voices itself in questions like: "But what if your interpretation is incorrect? What happens if the IRS just decides to come after you and close you down? More importantly, what happens to "me" (a client) in the event something happens to [THE COMPANY]?"

As you read the next section, keep in mind another distinction I keep repeating: There is a difference between what happens in one's relationship with the IRS when things are handled properly in the ADMINISTRATIVE arena, and what happens when things are not handled in the administrative arena, but, instead, move into the JUDICIAL arena - into the realm of the courts and the complex judicial system. The reason this distinction is so important is because the IRS and most professionals would have you believe that the crux of the issue regarding income taxes has been adjudicated many times over, when, in reality, the real issue has NEVER been directly and explicitly addressed in court; and that is the fundamental matter of what specific Code (with it's implementing Regulations—remember, the two must work together) actually makes one liable for paying income tax, as they insist on applying it to American Citizens living and working in any of the 50 States. It is this refusal to deal with the real issue which keeps the IRS from appearing in public (for example, at the "Truth in Taxation Hearings" sponsored by We The People Foundation last February) to answer this question. And no wonder! It's a pretty hard question to answer when their own Code and the Regulations simply don't provide them with the support they claim to have.

Another important distinction to keep in mind is that [THE COMPANY] does NOT defy or challenge the IRS in the manner so many in the "tax protester/tax honesty movement" seem want to do. We don't ASK the IRS for proof we know they can't provide; we simply count on the fact of law itself, and approach them from the point of view that WE BOTH already know what the law actually says. While we do that—while we approach them in that manner or in that attitude—we invite them to correct us if we're wrong. [THE FOUNDER] has been doing this very thing for almost half the

length (32+ years) of his professional experience; and to this date, they have yet to come back with the first rebuttal of law.

Nevertheless - many folks continue in their skepticism. The skepticism is understandable, in light of the intensity of the IRS propaganda through the years, and given that the propaganda is staunchly supported by a nationwide network of professionals, whose very livelihood depends on the continuity of the deception. To be fair to those professionals (as well as the employees of the IRS and State taxing agencies), however, I sincerely believe that the deceptions is not something about which most of them are aware, anymore than most other folks are aware. You would think they ought to be aware, though, wouldn't you?

With that in mind, let's get to the meat of this week's edition.

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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I'll begin with the communications to me which have caused these questions to come up again. What you'll be reading first are some points that are NOT actually in harmony with the law itself - at least from [THE COMPANY's] point of view; not surprising, given the fact that it's part of the IRS propaganda.

A client sent me the following, asking for my comments, after it had been sent to her. Although there was not reference to the actual source of the following words in what she received, I recognize that it comes from the IRS publication "The Truth about Frivolous Tax Arguments," a 25 page publication which they published about a month after they had "promised" last year to meet with "We The People," and just a couple of weeks before the Manhattan, New York, "911" event.

The Tax Scam Artist's Lie: Taxpayer is not a "citizen" of the United States, thus not subject to the federal income tax laws. Some individuals argue that they have rejected citizenship in the United States in favor of state citizenship; therefore, they are relieved of their federal income tax obligations. A variation of this argument is that a person is a free born citizen of a particular state and thus was never a citizen of the United States. The underlying theme of these arguments is the same: the person is not a United States citizen and is not subject to federal tax laws because only United States citizens are subject to these laws.

The Truth:

The Fourteenth Amendment to the United States Constitution defines the basis for United States citizenship, stating that "[a]ll persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside." The Fourteenth Amendment therefore establishes simultaneous state and federal citizenship. Claims that individuals are not citizens of the United States but are solely citizens of a sovereign state and not subject to federal taxation have been uniformly rejected by the courts.

Relevant Case Law:

O'Driscoll v. I.R.S., 1991 U.S. Dist. LEXIS 9829, at *5-6 (E.D. Pa. 1991) - the court stated, "despite [taxpayer's] linguistic gymnastics, he is a citizen of both the United States and Pennsylvania, and liable for federal taxes.

United States v. Sloan, 939 F.2d 499, 500 (7 th Cir. 1991), cert. denied, 502 U.S. 1060, reh'g denied, 503 U.S. 953 (1992) - the court affirmed a tax evasion conviction and rejected Sloan's argument that the federal tax laws did not apply to him because he was a "freeborn, natural individual, a citizen of the State of Indiana, and a 'master' - not 'servant' - of his government.

United States v. Ward, 833 F.2d 1538, 1539 (11 th Cir. 1987), cert. denied, 485 U.S. 1022 (1988) - the court found Ward's contention that he was not an "individual" located within the jurisdiction of the United States to be "utterly without merit" and affirmed his conviction for tax evasion.

United States v. Sileven, 985 F.2d 962 (8 th Cir. 1993) - the court rejected the argument that the district court lacked jurisdiction because the taxpayer was not a federal citizen as "plainly frivolous.

United States v. Gerads, 999 F.2d 1255, 1256 (8 th Cir. 1993) - the court rejected the Gerads' contention that they were "not citizens of the United States, but rather 'Free Citizens of the Republic of Minnesota' and, consequently, not subject to taxation" and imposed sanctions "for bringing this frivolous appeal based on discredited, tax-protestor arguments.

Solomon v. Commissioner, T.C. Memo. 1993-509, 66 T.C.M. (CCH) 1201, 1202-03 (1993) - the court rejected Solomon's argument that as an Illinois resident his income was from outside the United States, stating "[he] attempts to argue an absurd proposition, essentially that the State of Illinois is not part of the United States. His hope is that he will find some semantic technicality which will render him exempt from Federal income tax, which applies generally to all U.S. citizens and residents. [His] arguments are no more than stale tax protester contentions long dismissed summarily by this Court and all other courts which have heard such contentions

Another client sent me this:

To Paul,

I have a question. I was reading the Memorandum [THE FOUNDER] files with our request for the status determination request and on page 4 he says, "The term employee is clearly defined under CFR sect. 31.3401(c)-1 as the term employee INCLUDES every individual performing services if the relationship between him and the person for whom he performs such services is the legal relationship of employer and employee. The term includes officers of the United States..." [THE FOUNDER] says [*among other things, that*] there is no statutory authority for non-government employers within the US of the union to withhold. (You can read the middle of page 4 of the Memorandum on down)

Now the IRS [*on the other hand*] claims in their IRS new release that this is a preposterous reading of the statute. In US vs Latham (7thCir.1985), the court ruled that it is obvious within the context of the law the word "includes" is a term of enlargement not a limitation and the reference to certain entities or categories is not intended to exclude all others. Thus the it clearly makes federal employees and officials a part of the definition of "employee," which generally includes private citizens. Section 3401(c) is clearly defined to include private citizens and government employees.

I am confused because [THE FOUNDER] seems to be taking the opposite meaning of what the courts have ruled. The IRS cites many cases on this.

In response, directly to this client last week, I said this (in part):

Keep in mind as you read the memorandum, that [THE FOUNDER] is QUOTING the Code of Federal Regulations, at Section 31.3401(c)-1. He is not introducing ANY argument about what the words "include/includes/including" actually mean. He is only making declarative statements, as you can see, for example, in the paragraph immediately following the CFR cite, wherein he says (in part),

"There is no statutory authority for non-government employers within States of the Union to withhold wages under Chapter 3, and as demonstrated infra, Chapter 24 withholding authority extends only to nonresident aliens, foreign corporations, foreign partnerships, and other foreign juristic entities that might be classified as government agencies or personnel..."

Not being familiar with - nor having the interest in researching - the "US v.Latham" case to which you refer, I would suggest that you can find numerous contradictions in rulings of law from one court case to another, and from one judge to another, which is why we insist that the judicial arena is NOT the place to go to be successful. In fact, as you know, I've said before that anyone who ends up in court against the IRS has obviously NOT handled something properly in the administrative arena, otherwise, they would not be standing in court in an adversarial relationship with the IRS and a heavily biased judicial system.

Now - addressing both issues, where important legal distinctions are imperative—and for purposes of this newsletter, what I'll provide next is something I wrote in two of my newsletters almost a year ago. First, from the May 29, 2001, edition. (I'll put any clarification I think is necessary in *[italicized print in brackets]*):

I've been promising to provide further "proof" of two separate, but intertwining, issues, the lack of knowledge of which has caused tremendous confusion in the minds of most people. I've often stated in the context of my newsletters, that I believe we can ALL be easily confused, especially with words which we think have a particular definition, when we find that, from the point of view of the law itself, and the specific definitions given therein, the words means something quite different. You've seen this "contrast" reflected in the past weeks in my dialogues with Kedar Cohen and Chris Hansen.

My primary purpose and intent with this newsletter has always been to provide support for the "thinking and feeling" process in which most folks engage, who find themselves attracted to the claims of successful service provided by [THE COMPANY]. In the context of ALL the information available today regarding this issue of "income taxes", it's certainly not the easiest thing to do to sort out what is valid AND WORKS, from what is either not valid or partially valid and doesn't actually work, after all the elements are put under test.

As you know, I have attempted to draw a major and critical distinction between dealing with the IRS on their Administrative level - the "place" where THEY claim every issue can be resolved - and the only other place left, where issues generally end up which are not resolved at the Administrative level - in the Judicial arena. Even making that distinction, however, is not the easiest thing to accomplish, because the Internal Revenue Code itself is generated from the Legislative arena, and it is in the courts (particularly the Federal District courts in this case), where judges make rulings based both on their interpretation of what has been provided from the Legislature (Congress) and what courts have already ruled when the subject matter in those cases was the same or similar.

If you've ever played the party game "Gossip", in which someone starts out by whispering a phrase or a story in the ear of the person next to her, and she whispers it in the ear of the person next to her, and he passes it on, in like manner, until the "message" gets to the last person who speaks aloud what he just hear whispered in his ear; then the person who started it, says what she started with. What comes out at the end is very rarely anywhere near what it was when it began.

Well, the same "problem" (whatever it is that causes that type of distortion to occur) also happens, over time, in the courts. It actually happens in all of what we call "history", and it is perhaps this aspect of history that we find so often repeating. I believe it is this "problem" which accounts for why the laws themselves continue to expand and expand and expand and expand. Which, of course, means, they tend to get more and more and more and more confusing, requiring "new" laws to (hopefully) bring increased clarity. I think we all have a pretty good idea whether, or not, that process actually works.

Nevertheless, that is the current environment in which we all find ourselves. So, what [THE COMPANY] has done is to go back to the beginning, back to the foundation of what was originally intended - or at least, what was clearly written down by the Legislature, because, as I said, Congress seems to keep trying to clarify ON TOP OF confusion (most of the time) instead of going back to the root and foundation.

However, one thing has remained constant through it all, at least from my point of view, realizing now, as I do, some of what [THE COMPANY] actually communicates to the IRS in both the revocation of election process and in their annual filings for each client [*and now, in the added process we call "the request for determination of status"*], and that is the fact that Congress has always been careful to NOT overrule the Constitution.

Now, I know, to a lot of people, it may not seem that way; and I promise you, regarding the so-called "income tax", most "tax protesters" are, I believe, convinced that's not the case. They believe Congress has run rough-shod over the Constitution. And, when you're convinced - or at the minimum, "persuaded" - that Congress has, in some way violated the Constitution, there are only TWO logical places to look for correction: either to Congress itself, in their willingness, or lack thereof, to change the law; or to the Courts in the Judicial Arena, in their willingness, or lack thereof, to rule in agreement with particular arguments presented by a person "protesting" the existing law on the grounds that he believes the law actually says something different.

Clients (and potential clients) of [THE COMPANY] must understand that [THE COMPANY] DOES NOT deal in EITHER the congressional arena or the judicial arena. NOR do I hear anyone associated with [THE COMPANY] getting much excited about any "news" in either of those arenas. There's a good reason for that, which is, that [THE COMPANY] knows that there don't have to be ANY changes in either the law OR in the way judges rule on the law in order to be 100% effective with the IRS in the ADMINISTRATE arena. Keep in mind, "effective", from this standpoint means it NEVER proceeds into the Judicial arena AND the client remains FREE from income tax liability, except on federal "source" income (often referred to as "U.S. source income" by the IRS).

You see, while everyone else (or "almost" everyone else) is suggesting that truly liberating effectiveness can only be achieved by changing the law and getting rid of the old and "bad"

laws, or by getting judges to change their minds against the previous rulings handed down by former judges in cases where "tax protesters" presented similar arguments, [THE COMPANY] simply deals in the Administrative arena with the IRS on the basis of understanding what the intent and purpose of the law was (and still IS).

Notice this distinction, however, in the way [THE COMPANY] deals with the IRS: [THE COMPANY] never "argues" with the IRS, because they know the IRS (at the level of their actual procedures and regulations) already KNOWS what the law and regulations really say. So, [THE COMPANY] just proceeds to let the IRS know that they know, too. No argument, no trying to convince, no challenge, no defiance, no asking them to reveal the law, no asking them for proof - simply stating the law, regulations and procedures from the IRS' own sources (and citing the chapters and verses from those sources, as appropriate), the sources to which the IRS goes IF they have a question. Also, [THE COMPANY] is NOT generally dealing with the local IRS agent - certainly not in the actual "PROCESS" itself, although occasionally, some correspondence may occur between [THE COMPANY] and a particular agent who hasn't yet "got the message" after the actual revocation process has been completed. That local IRS agent, however, might be best likened to the person near the END of the chain in the "gossip game", who himself/herself is dealing with a misunderstanding of what is really in the Code and what the Code really means.

[Just as an aside: In reading over my own copies of the paperwork that has been filed on my behalf with the IRS by [THE COMPANY], I realize [THE COMPANY] is dealing with matters of law and procedure, some of which I have NEVER seen addressed anywhere in the "tax protester" community, which indicates to me that [THE FOUNDER] may well be dealing with a level of knowledge I don't generally see displayed in other places.

And, one more thing of note: Have you ever noticed that when the IRS refers to "tax protesters" they almost always call them "tax protestors". I can't find the word "protestor" in any dictionary (regular or legal). So, do you think the proper spelling of the word "protester" started at the beginning of the "gossip" chain, and what came out was "protestor"?)

What I'm going to do here is to take advantage of some great material compiled by Paul Mitchell in his book, "The Federal Zone: Cracking the Code of Internal Revenue". First, let's simply look at some cites he's pulled from court rulings, wherein the courts have clearly recognized a DISTINCTION between two different "governments" with two different citizenship jurisdictions. I think you'll clearly see that something occurred with the passing of the Fourteenth Amendment to create the distinction I talk about and upon which understanding [THE COMPANY] bases it's uncompromising results. You'll notice in the following quotes, that the courts have ruled upon these distinctions from BOTH directions. In other words, from the point of view of a person in the United States*** in his relationship to the United States**, as well as for the citizens of Washington, D.C. (United States**) or Puerto Rico (a territory of the United States**) in their relationship with the kind of citizenship a person from one of the 50 States enjoys (the most interesting quote regarding which is the last one). [THE COMPANY] has used only three of these quotes in the booklet we freely send to people called, "Do You Know Your TRUE IRS Tax Status? Are You Sure?"

*[A word of explanation about the double and triple asterisks near the words "United States": The double asterisk (**) indicates the words "United States" as used and applied in the tax code; the triple asterisk (***) applies to the same WORDS (United States) as used in the most*

of the rest of the United States Code of Law, which is the use and meaning of the words as most people have come to know their meaning. It is the lack of understanding that some of these key words actually mean something quite different when they are used (and defined differently) in the laws pertaining to the "income tax". The distinction of the double/triple asterisks will help the reader realize the distinctions as he/she reads].

The following comes from the "Preface" to Paul Mitchell's book:

BEFORE the 14th amendment [sic] in 1868:

... [F]or it is certain, that in the sense in which the word "Citizen" is used in the federal Constitution, "Citizen of each State," and "Citizen of the United States***," are convertible terms; they mean the same thing; for "the Citizens of each State are entitled to all Privileges and Immunities of Citizens in the several States," and "**Citizens of the United States*****" are, of course, **Citizens of all the United States*****.

[44 Maine 518 (1859), Hathaway, J. dissenting]
[italics in original, underlines & C's added]

AFTER the 14th amendment [sic] in 1868:

It is quite clear, then, that **there is a citizenship of the United States** and a citizenship of a State**, which are distinct from each other and which depend upon different characteristics or circumstances in the individual.

[Slaughter House Cases, 83 U.S. 36]
[(1873) emphasis added]

The **first clause of the fourteenth amendment** made negroes citizens of the United States**, and citizens of the State in which they reside, and **thereby created two classes of citizens, one of the United States** and the other of the state.**

[Cory et al. v. Carter, 48 Ind. 327]
[(1874) headnote 8, emphasis added]

We have in our political system a Government of the United States and a government of each of the several States.** Each one of these governments is distinct from the others, and **each has citizens of its own....**

[U.S. v. Cruikshank, 92 U.S. 542]
[(1875) emphasis added]

One may be a citizen of a State and yet not a citizen of the United States**. Thomasson v. State, 15 Ind. 449; Cory v. Carter, 48 Ind. 327 (17 Am. R. 738); McCarthy v. Froelke, 63 Ind. 507; In Re Wehlitz, 16 Wis. 443.

[McDonel v. State, 90 Ind. 320, 323]
[(1883) emphasis added]

A person who is a citizen of the United States** is necessarily a citizen of the particular state in which he resides. But **a person may be a citizen of a particular state and not a citizen of the United States****. To hold otherwise would be to deny to the state the highest exercise of its sovereignty, -- the right to declare who are its citizens.

[State v. Fowler, 41 La. Ann. 380]
[6 S. 602 (1889), emphasis added]

There are, then, under our republican form of government, two classes of citizens, one of the United States and one of the state**. One class of citizenship may exist in a person, without the other, as in the case of a resident of the District of Columbia; but both classes usually exist in the same person.

[Gardina v. Board of Registrars, 160 Ala. 155]
[48 S. 788, 791 (1909), emphasis added]

There is **a distinction between citizenship of the United States** and citizenship of a particular state**, and a person may be the former without being the latter.

[Alla v. Kornfeld, 84 F.Supp. 823]
[(1949) headnote 5, emphasis added]

A person may be **a citizen of the United States** and yet be not identified or identifiable as a citizen of any particular state**.

[Du Vernay v. Ledbetter]
[61 So.2d 573, emphasis added]

... **citizens of the District of Columbia** were not granted the privilege of litigating in the federal courts on the ground of diversity of citizenship. Possibly no better reason for this fact exists than **such citizens were not thought of when the judiciary article [III] of the federal Constitution was drafted**. ... **citizens of the United States** ... were also not thought of**; but in any event **a citizen of the United States****, who is not a citizen of any state, **is not within the language of the [federal] Constitution**.

[Pannill v. Roanoke, 252 F. 910, 914]
[emphasis added]

Based on that last quote, is it any wonder why a person who has "volunteered" to be treated AS a citizen of the District of Columbia or a "resident alien" would find himself losing his "anti-tax" arguments in Federal Court based on Constitutional grounds?

Who would want to be "classed" as that type of citizen when he really knows and understands this critical distinction?

Can you see why "electing" to file a 1040 "U.S. Individual Tax Return" can be compared to voluntarily electing to join the military, in that one "surrenders" many of his Constitutional

rights in a contract, the breaking of the terms of which he will be called to answer before a tribunal with a different "mind set" than otherwise might be required of him?

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Now, we'll go after the other distinction we've been discussing in the past few weeks: whether the words "includes and including" are terms of "limitation" in the Internal Revenue Code (or "always" terms of expansion therein, as Kedar Cohen and Otto Skinner believe).

Here, again, you'll see that [THE COMPANY] is not without a strong foundational basis when they communicate to the IRS, although, as I've said before, they NEVER bring up this actual distinction in any correspondence. HOWEVER, if this distinction did NOT carry the interpretation that "includes and including are ONLY words of limitation" in critical parts of the Internal Revenue Code, [THE COMPANY] could not be effective in much of what they actually do communicate to the IRS.

Several years ago, a Mr. John Randall, of San Diego, California, asked a question of Congresswoman Barbara Kennelly. What follows here is the exact text of Congresswoman Kennelly's reply letter. Pay particular attention to the precise language in the second paragraph, and "where" her "knowledge" came from:

The term state in 26 U.S. Code 3121(e) **specifically includes only** the named U.S. territories and possessions of the District of Columbia, Puerto Rico, the Virgin Islands, Guam and American Samoa.

[bold emphasis added]

Also, in the third paragraph, you'll see a quote, right from the Internal Revenue Code itself, which addresses the subject of "citizenship" in such a way as to clearly reveal that there is a distinction in the use of that word. It simply confirms the material I've already included above.

Isn't it interesting that this letter is written by a lawmaker, sitting in the U.S. House of Representatives? The important thing to grasp, however, is that it's not SHE who is the authority; she's simply reporting what the experts in the offices of the Congressional Research Service, and the Legislative Counsel say. Here's the exact text of the letter (next page), as it appeared on Congressional Stationery:

Congress of the United States
House of Representatives
Washington, D.C. 20515

January 24, 1996

Mr. John Randall
3808 Rosecrans Street
Apartment #233
San Diego, California 92110

Dear Mr. Randall:

Thank you for writing with your question about Section 3(a) of H.R. 97, legislation I introduced this Congress. Please excuse the delay in my response.

In your letter you asked if Section 3(a) of H.R. 97 defining the word state, and 26 U.S. Code 3121 (e) are the same. **I have checked with Legislative Counsel and the Congressional Research Service** about the definition. **According to these legal experts** the definitions are not the same. **The term state** in 26 U.S. Code 3121 (e) **specifically includes only** the named U.S. territories and possessions of the District of Columbia, Puerto Rico, the Virgin Islands, Guam and American Samoa. In addition, this section of the U.S. Code unlike H.R. 97 also states,

"An individual who is **a citizen of** the Commonwealth of **Puerto Rico** (but **not otherwise a citizen of the United States**) **shall be considered**, for the purposes of this section, **as a citizen of the United States.**"

H.R. 97, section 3(a) does not specifically define the U.S. territories and possessions that would be eligible under this legislation, and therefore is somewhat more expansive. Again, thank you for writing on this issue.

Sincerely,

/s/ Barbara

BARBARA B. KENNELLY
Member of Congress

BBK:ajr

[bold emphasis added]

Finally, some excerpts from another newsletter a year ago (May 15, 2001), in which I was dialoguing with Kedar Cohen, pertaining to this same "include/includes/including" distinction:

BUT, from where I stand, listening to you and Otto (and others), you indicate that you deal with the IRS ONLY from the point of view of the Constitution and numerous Court rulings and from an interpretation of what the Internal Revenue Code says and means from THAT perspective. In other words, while you may give credence and validity to dealing with the IRS at the administrative level, you actually stand OUTSIDE the Internal Revenue Code, looking

in, and interpreting from that particular viewing point. Your primary POSITION is mostly coming FROM the JUDICIAL level, contrasting it with Constitutional Law and the judicial implications of the law - certainly PREPARING for what I think you perceive to be the ultimate battlefield - which takes place in the judicial arena. (Please correct me if I'm wrong).

I suggest that it's not only possible to view the Internal Revenue Code from a different perspective, BUT to actually view it FROM WITHIN the Code, looking OUT. (And that applies to other parts of the United States Code, as well). Another way of saying what I just said would be to suggest that, since the IRS says that EVERY problem or issue can be dealt with AT THE ADMINISTRATIVE LEVEL, what may work just as well as, maybe even better than, dealing with the IRS in the judicial arena - and from [THE COMPANY's] point of view there is no "maybe" about it - is to take the IRS at their word and then view the CODE THROUGH THEIR eyes; and then, standing within the Code, look out at who THEY believe are taxpayers and "why", using the terms and meanings THEY use, which are NOT NECESSARILY what the same words and phrases mean from a Constitutional point of view. In other words, what I'm saying is, [THE COMPANY] always stresses that the terms and words and their meanings which they utilize in their communication with the IRS, always relate to how those terms are used FOR TAX PURPOSES, as defined within the IRC itself.

I am NOT talking, here, about what YOU think is a distinction upon which we rely, that of the meaning of the word "include" or "includes" or "including". WE DO NOT BASE WHAT WE ARE ABOUT on THOSE words. Please understand that.

[Essentially you are applying the Federal Zone material by Mitch Modelesky in your practice and his material is legally flawed because the underlying fallacy is the Includes, including fallacy. This fallacy says "includes" is a term of limitation but in fact 7701\(c\) clearly makes includes a term of expansion and the Federal Zone material is built on this fallacy.](#)

Whereas [THE COMPANY] agrees with much of what is written in "The Federal Zone" (in fact, the booklet we provide to people, called "Do You Know Your True IRS Tax Status? Are You Sure?", derives a lot from Mitch Modelesky's book), [THE COMPANY] does NOT mention or use the "includes, including" argument (or "fallacy", as you call it) in any of their presentments and communications with the IRS.

[I again invite you to purchase The Biggest Tax Loophole of All by Otto Skinner and read his book and try to refute it. You will not be able to do so.](#)

Au Contrair... if by "refute" you mean there is no way to succeed in being TOTALLY FREE from income taxes other than the way proposed by you and Otto. As I said, I have purchased and read his latest book (well, at least most of it). And, even if you think I've not provided you sufficient ground to begin to consider that there may actually be "more than one way to skin a cat", I have no purpose or intention (or need) to refute what Otto Skinner addresses from the point of view of having to prepare to avoid or handle a confrontation with the IRS in the judicial arena.

We just have no need to go there, because, as I say, the IRS has never seen fit or felt the need to refute, rebut, challenge or adversely pursue any person into the judicial arena who has

properly completed "the revocation of election process". Our experience proves (to us, at least) that every problem can, indeed, be resolved at the ADMINISTRATIVE level.

Think about it, Kedar. No confrontation, no refutation, no challenge, no long correspondence back and forth with the IRS, no paying of any State or federal income taxes, complete ability to use one's social security number, no loss of social security benefits (for those who have "volunteered" to pay their 40 quarter quota), no having to "hide" money in offshore banks or hiding income via trusts or corporations or other entities for fear of the IRS, no having to be looking over ones' shoulder, total use and freedom with one's one earnings and money - in other words COMPLETE FREEDOM regarding income tax matters.

Are you suggesting you have something better to offer than that? If so, I'm open to hearing it.

In what I wrote to Mr. Cohen, I said the company does not use the "Include/includes/including" argument with the IRS. In other words, in none of [THE COMPANY's] filings for any client, does [THE COMPANY] present the argument to the IRS that "includes" is a term of limitation. However, anyone who has read the "Tax Status" booklet we send out, which derives a lot of it's benefit from "The Federal Zone", by Mitch Modelesky, and wherein one can see that the "Federal Zone" material "includes" the idea that the words "include or includes or including" (FOR TAX PURPOSES), are, in fact, terms of limitation rather than a term of expansion (as I just used it).

The TRUTH IN LAW is this (and I will quote from two separate sources, first from Black's Law Dictionary, 6th Ed. page 763 [with CAPITALIZATION for emphasis of key words or phrases]:

Include. (Lat. Includere, to shut in, keep within). To confine within, hold as in an inclosure, take in, attain, shut up, contain, inclose, comprise, comprehend, embrace, involve. Term MAY, ACCORDING TO CONTEXT, express an enlargement and have the meaning of and or in addition to, OR MERELY SPECIFY A PARTICULAR THING ALREADY INCLUDED WITHIN GENERAL WORDS THERETOFORE USED. "Including" within statute is interpreted as a word of enlargement or of illustrative application AS WELL AS A WORD OF LIMITATION. Premier Products Co. v. Cameron, 240 OR. 123, 400 P.2d 227.228

From [THE COMPANY's] point of view, the KEY phrase there is the one that says "merely specify a particular thing already included within general words theretofore used", because the jurisdiction which the IRS "includes" is already and theretofore defined in the Code. Also, I think anyone can see quite clearly that the courts say the word "includes" can "as well [be used as] a word of limitation".

A court case cite which [THE COMPANY] does use in it's correspondence with the IRS, although not in this context, but which, nonetheless, applies here, is this one:

In the interpretation of statutes levying taxes, it is THE ESTABLISHED RULE NOT TO EXTEND their provisions, by implication, BEYOND THE CLEAR IMPORT OF THE LANGUAGE USED, OR TO ENLARGE their operations SO AS TO EMBRACE MATTERS NOT SPECIFICALLY POINTED OUT". Gould v. Gould, 245 US., 151.

Bottom Line? Regardless of what Mr. Cohen or Otto Skinner "think" the courts do, or don't do in their interpretation of these words, the IRS doesn't challenge, on the administrative level, the "ground" or legal presumption upon which [THE COMPANY] approaches the IRS and upon which base it successfully completes "the revocation of election process" in each client's case.

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[3] News Briefs & Comments

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Since one of the distinctions I continually address is the one pertaining to the Administrative Arena vs. the Judicial Arena, and since this came across my desk this past week and so well illustrates why [THE COMPANY] is perfectly happy to be engaged in processes which keep us OUT of the Judicial Arena, it seems appropriate to include it here. While it appears to have nothing to do with income taxes, it nevertheless illustrates an "attitude" that has been creeping into various areas of the judicial system these days:

**Denver Judge Axes the Constitution Update on Trial:
Day 1 News Release - May 15, 2002**

NEWS RELEASE

Stanley for U. S. Senate 2002
Website: <<http://www.stanley2002.org>>
Stanley, 303.329.0481
Email: Rick@stanley2002.org

DENVER JUDGE AXES THE CONSTITUTION...

[Denver - 11:30 pm] Sparks flew today in a Denver Courtroom where Libertarian U. S. Senate hopeful Rick Stanley is on trial for openly carrying a firearm in violation of Denver Municipal Ordinance 38-117.5(b). The arrest was the result of an intentional act of civil disobedience during a rally celebrating the 210th Anniversary of the Bill of Rights on December 15, 2001.

After wading through the usual preliminary proceedings, Defense Attorney Paul Grant moved for a twelve-man jury. This request was denied by Judge Patterson who stated Stanley would get only 6 jurors, citing a Colorado Statute.

Judge Patterson's next move was to order everyone except the defendant and the officers of the court out of the room.

Grant immediately objected stating the Sixth Amendment of the U. S. Constitution guaranteed Rick's right to a speedy and public trial. "A trial can't be public," Grant stated, "if the public is excluded."

The judge countered that there wasn't enough room for the jury pool of 18 people and the public. After a few more minutes a compromise was reached and everyone except Mr. Stanley, his lawyer, and the court officials left the courtroom.

As observers left the court room they were met by a posse of armed guards from the Sheriff's department who ordered them to move away from the doorway.

After the jury pool came in and were seated, the observers were allowed back into the courtroom.

During the jury selection process supporters of Stanley were shocked to discover that out of a pool of 12 prospective jurors - 5 just happened to be employed by

the Plaintiff, The City and County of Denver. One prospective female jury member confirmed that she indeed was a police officer employed by the Denver Police Department.

Grant objected that these jurors should be disqualified for conflict of interest issues, the Judge did not find cause to dismiss these jurors at that time.

During the selection process Defense Attorney Paul Grant posed several questions to this Police Officer.

When asked by Grant if she could really apply the laws as explained by the judge, she replied, "yes".

Then Mr. Grant asked her to confirm if she really was a police officer with the city and county of Denver. She replied, "yes".

Mr. Grant then asked her if, "... when becoming a police officer, she had taken an oath to support the Constitution of Colorado and the Constitution of the United States of America?"

"Yes, I did." the officer replied.

Grant then asked her a hypothetical question; "If the judge were to instruct you that the Second Amendment of the United States Constitution and Article 2, Section 13 of the Constitution of Colorado are applicable to this case, would you be able to follow that instruction?"

Pandemonium erupted halfway through Grant's question with the City Prosecutor objecting at the top of his lungs to the form of the question, as the Judge pounded his gavel for attention.

At this time Judge Patterson dismissed the jurors for lunch. After they left the courtroom Judge Patterson began to lecture Mr. Grant.

"I already sent you an order in this case. The order has been mailed to your offices. You are not to mention the Constitution during this proceeding. Do you understand?"

Grant replied that he did not.

Patterson said, "Then I'll explain it again. You are not to reference the Constitution in these proceedings. You will not address it in voir dire, you will not address it in your opening remarks, you will not ask any questions about the Constitution when you summon your witnesses, and you will not talk about the Constitution when you give your closing arguments. Do you understand my instructions?", questioned Judge Patterson.

Grant again replied he did not understand, and the judge proceeded to repeat his previous orders. He also stated that Mr. Grant had already violated these orders during the voir dire process when questioning the police officer.

Grant objected to the judge's statement and replied, "Your honor I did not ask a question about the Constitution I asked a question about jury instructions."

The Judge then asserted, "You did no such thing."

Grant countered, "Yes, I did." He peered at his notes and said, "Here's the question I asked her. If the judge were to instruct you that the Second Amendment of the U. S. Constitution and Article 2, Section 13 of the Constitution of Colorado are applicable to this case, would you be able to follow that instruction?"

In the presence of numerous observers, and despite an audio recording and at least one court reporter the Judge then asserted, "That's not the question you asked."

At that point it was clear Judge Patterson was visibly upset. He began advising counsel that he was on dangerous grounds and threatened him with court sanctions. Patterson then recessed the proceedings for a lunch break.

As Judge Patterson left the courtroom one Stanley supporter, Mr. Joe Johnson stood and addressed those left in the courtroom, "Hear Ye, Hear Ye, The Constitution of the United States of America has just been repealed by a Denver County Court Judge." Two reporters from the Denver daily papers scribbled furiously and then bolted for the doors.

The court reconvened in the afternoon and the jury selection was completed. The jury consists of 6 people, 5 women and 1 man.

The court heard testimony from both sides including testimony from the arresting officers who stated they did not fear any violence from Mr. Stanley, and that he was co-operative.

When Mr. Stanley was called by defense to testify, Judge Patterson questioned whether he really wanted to testify or not. The judge mentioned the Constitutional provision that guaranteed his ability not to testify, but when Mr. Stanley asked the judge to cite the provision the judge refused.

Throughout the afternoon's proceedings lawyers, judges, and others who apparently worked within the judicial system were seen coming in and out of the courtroom for short periods of time.

Testimony was concluded in the afternoon. Judge Patterson then recessed the proceedings to reconvene in the morning for closing arguments.

More information concerning Rick's arrest and the trial can be found online at: <http://www.stanley2002.org/denvsconstitution.htm>

Previous news releases about this trial can be found online at: <http://www.stanley2002.org/releases.htm>

Rick Stanley is the CEO and owner of Stanley Fasteners and Shop Supply in Denver, and is currently seeking the Libertarian Party of Colorado's nomination as Candidate for U. S. Senate 2002. The convention will be held this weekend in Leadville, Colorado.

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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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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.

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