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

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Tuesday, June 04, 2002

[1] Welcome & Editorial:

[2] Questions and Answers:

[3] News Briefs & Comments:

[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
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Dear Friends,

The following came in my email sometime last week, and because it so well illustrates what I often say about the Judicial Arena being NOT the area in which we want to be involved - and because it's also humorous - I thought you might appreciate a touch from the lighter side.

I haven't included ALL the quotes from actual court transcripts at the following cite, <http://www.dobhran.com/humor/GRhumor24.htm>, but these should prove sufficient to make the point as to whether, or not, the Judicial System is the arena in which one wants to try to "take the tiger by the tail". With questions from deep thinkers like those who posed these questions, who actually needs an attorney, particularly if he/she is supposedly representing you and your interests?

These are quotes from actual court transcripts here in the US. Can we actually call this a justice system!?

Q: Now doctor, isn't it true that when a person dies in his sleep, he doesn't know about it until the next morning?

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Q:The youngest son, the twenty-year old, how old is he?

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Q: Were you present when your picture was taken?

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Q: Was it you or your younger brother who was killed in the war?

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Q: Did he kill you?

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Q: How far apart were the vehicles at the time of the collision?

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Q: You were there until the time you left, is that true?

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Q: How many times have you committed suicide?

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Q: So the date of conception of your baby was August 8th?

A: Yes.

Q: And what were you doing at that time?

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Q: She had three children, right?

A: Yes.

Q: How many were boys?

A: None.

Q: Were there any girls?

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Q: You say the stairs went down to the basement?

A: Yes.

Q: And these stairs, did they go up also?

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Q: Mr. Slatery, you went on a rather elaborate honeymoon, didn't you?

A: I went to Europe, Sir.

Q: And you took your new wife?

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Q: How was your first marriage terminated?

A: By death.

Q: And by whose death was it terminated?

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Q: Can you describe the individual?

A: He was about medium height and had a beard.

Q: Was this a male, or a female?

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Q: Doctor, how many autopsies have you performed on dead people?

A: All my autopsies are performed on dead people.

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Q: Do you recall the time that you examined the body?

A: The autopsy started around 8:30 p.m.

Q: And Mr. Dennington was dead at the time?

A: No, he was sitting on the table wondering why I was doing an autopsy.

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Q:Are you qualified to give a urine sample?

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I've saved the best (the one that actually makes the point) till last:

Q:Doctor, before you performed the autopsy, did you check for a pulse?

A: No.

Q: Did you check for blood pressure?

A: No.

Q: Did you check for breathing?

A: No.

Q: So, then it is possible that the patient was alive when you began the autopsy?

A: No.

Q: How can you be so sure, Doctor?

A: Because his brain was sitting on my desk in a jar.

Q: But could the patient have still been alive nevertheless?

A: It is possible that he could have been alive and practicing law somewhere.

Enjoy the newsletter!

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 have spoken to several people who all think I am basically crazy for considering using these services. Among other things, I was told that they knew of people who tried this type of thing and they receive letters from the IRS on a regular basis and spend a lot of money on legal fees. What do you think?

Hi XXXX,

It's not unusual for people, who have been conditioned to believe that income taxes are inevitable, and that everyone is a "taxpayer," to be skeptical about what we do, and in most cases, they really don't know or understand what we do, but rather have a separate preconception about it, based on hearing things from others that have nothing to do with our processes.

I believe, that in my literature I sent you (certainly in some of my newsletters), I've indicated that NO ONE can "stop the dog from barking" when the dog has in it's mind to bark. However, prior to becoming an client, and prior to the processes we use, that "dog" has the ability to bite; what we do removes you from the actual jurisdiction of the IRS and from their ability to legally bite you. However, just as with a dog in his own yard, which may continue to bark when it senses you walking down the side walk, and which may have in it's mind that you're in it's yard, in spite of the chain link fence (the law) separating it from its ability to reach you to actually bite you, so some agents in the Revenue Collection department of the IRS think they can scare clients by sending them propaganda to that effect.

However, [THE COMPANY's] clients have NO additional fees, and [THE COMPANY] responds on a timely basis to ALL communications from any income taxing agency (State or federal); in other words, they keep reminding the IRS that they no loner have no authority to bite.

Since not a single client of [THE FOUNDER's] has even been charged with either a civil or criminal penalty in connection with what [THE COMPANY] does, no client has ever had to hire an attorney in this regard - hence no client has experienced having legal fees connected with these matters, nor has any client had to defend herself as a result of what we do. For the IRS to charge a client with a civil or criminal offense, they would have to have some ground in law regarding where they believe [THE COMPANY] is stepping out-of-bounds, and since we're not doing anything that even borders on lawlessness, they've never gone after any client of [THE COMPANY] or [THE FOUNDER], and [THE FOUNDER] has been doing the essential "revocation of election process" for over 13 years. In addition, [THE FOUNDER] has been a certified (recognized, so they know who he is) filer with the IRS on the behalf of other people for over 32 years, so he "did not come in on the last load of hay," so-to-speak.

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Paul,

Not sure if you're the person to ask...but do you know what SUI/SDI taxes are? My employer is still deducting NJ SUI/SDI taxes, and most recently deducted CA State Income Tax AND CA SUI/SDI as of last paycheck? Not sure why the change as no one contacted me? Doesn't state follow Federal? When I moved from NJ to CA I asked whether I would need to fill out CA state tax forms as exempt, but no one returned my call. What should I do to resurrect this?

Thanks, and hope you have a nice weekend.

XXXX XXXX

Hi XXXX,

State Unemployment Insurance (SUI) and State Disability Insurance (SDI) are NOT "income taxes" per se, and are not generally relieved by what American does regarding

your State and federal income taxes. I'd check with your employer as to why he's providing this to two separate States, unless you're working in both.

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Hi XXXXXX,

Let me intersperse my answers:

Paul,
top of the day to you!

Several questions, Plz:

1.) in your experience, in The Company's plan, after a client submits his W-4 EXEMPT to his employer - and his employer sends the W-4 to the IRS - does the IRS send me and my employer a nasty-gram saying "W-4 rejected?" Just an "in your experience" type answer is appreciated.

An employer "may" get some communication instructing him to disregard the employee's W-4, although those instructions are not in harmony with the law, and, of course, this is much more likely with a skittish employer who is ignorant of the law and thinks he has to check-in with the IRS on every little detail.

Employer's don't generally send the W-4 to the IRS (it's strictly an agreement between the employer and the employee, even though its on an "IRS" form), but some employers think they have to notify the IRS if the employee claims "exempt", which, in turn, invites the instructions from them to dishonor the W-4. In that event, the IRS has effectively gotten someone else to do their dirty work for them, which they have no ground in law to demand in the first place, and the only recourse in that event lies in the hands of the employee against his employer. And here are two reasons why that's the only recourse and not something that [THE COMPANY] can handle for the client: The only one who has recourse (claim for relief from damages), in an event such as your question brings up, is the "injured party" (the employee); AND [THE COMPANY] is not a party to the contract existing between the employee and his/her employer.

2.) I wish to ask [THE FOUNDER] to expedite a "stop employer from deducting FICA"-program. I asked the SSA today how do I stop FICA deductions, and - of course - they answered,..."become self-employed and just quit paying", otherwise you must keep paying via employer deductions; that's the law". This is a heads-up alert that I want to ask this of Scott.

He's aware of this need, and bringing it up "may" spur quicker action, but...you may be up against an employer who thinks he can't honor something we might give you to present to him. The tactic [THE FOUNDER] is preparing will provide a way to get a "ruling" from the Social Security Administration (based on the law, of course), and then the employee would be able to provide some substance to his employer for his request to withdraw from having social security deducted from his pay.

Withdrawal is EASY for a self-employed individual or for a 1099 (no withholding) employee, because there is no law mandating social security participation. With employers, however, the law of "ignorance of the law" comes into play; and many employers are too set in their beliefs to consider confusing themselves with what they consider to be "some off-the-wall" presentation of employee's rights. After all, their professional advisors have convinced them they have no choice but to go through all that "withholding" - much (but not all) of which has no lawful authority.

3.) like all The Company's clients', I want a "return of my IRS-swindled money" quickly, but I understand that such is not always possible. However, I've not yet read, or heard via conference-call, [THE FOUNDER] address this as a PROCESS that The Company does for the client. Is there a way for you to outline a summary of HOW The Company attempts to get the client's previous years money returned from the IRS?

The processes vary and we do NOT guarantee that any of them will result in a refund of that left-on-the-table money. The IRS makes absolutely no guarantees to refund "wrongfully collected" money - although logic (and the law) would indicated that they would owe it. On this matter, I wouldn't hold my breath, and when (or if) you get some of this "found" money, that will be icing on the cake.

At the same time as I say what I just said, somewhere in the vicinity of 40% of [THE COMPANY's] clients HAVE received SOME FORM of refund from some taxing agency; but NO client, to date, has received a refund of ALL the left-on-the-table money.

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Paul,

I have a question. I purchased and viewed Larson Rose's video, as you suggested. I found it very interesting, but a little confusing in the sense that there was no reference to or any language about the citizens of the United States/ United States of America (either definitions), being required to pay income taxes. The video specifically points out in the statutes and regulations only a few scenarios when income tax is required: ie: foreigners earning money here, etc. I realize that interpretation of the code is one thing, but this seems like completely different language (the codes and sections that he's focusing on vs. what I've seen discussed from the company, including today's newsletter).

Can you explain this?

Thanks,
XXXXXXXX

Hi XXXXXXXX,

The Internal Revenue Code is complex, and MANY issues are involved. If you'll notice, in one of my recent newsletters, I specifically stated that [THE COMPANY] does NOT

USE some of the specific arguments of truth which I write about in the newsletter (e.g., the "includes/including" issue) - but what I write about is STILL at the foundation of law underneath what [THE COMPANY] does.

I've also indicated that we don't agree with Larken Rose on EVERY point, but that his Section 861 argument ("sources of taxable income") is right on-point, which is what the video covers. If you go to his web site, you'll see HE does not believe there is a distinction (or even the possibility) of "two" U.S. citizenships (one exclusively pertaining to the federal "U.S," and one applying to Sovereign Citizens of one of the 50 States of the united States of America, also called "U.S. Citizen" -which is often delineated by a capital "C," in "Citizen," for the sovereign Citizen, and lowercase "c" for the federal citizen).

This complexity and the resulting confusion (and ignorance) of these important distinctions are a couple off the things that keep the "professionals" from understanding the truth of the actual law. Attorneys are NOT taught these distinctions in law school, primarily because the law professors, themselves, don't know these distinctions, since they've been all but lost for at least 60 years, if not longer.

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Paul,

Thanks for the response. I've been a client for about a year and when anyone asks me the "net-net" of what the basis of what the Companies' claim is, I state the U.S. vs USA citizenship distinction, because when I was originally doing my research (before becoming a Client) I was sent a video that was based around that. So in 50 words or less (if that is possible) What IS the basis of all the administrative work the Company does and what exactly is the contention and justification for being able to file the revocation of election.

XXXX

Hi XXXX,

It's not really possible in "50 words or less" - except to say that the basis is the law itself, including all the applicable statutes and regulations in Title 26 of the United States Code (commonly known as "the Internal Revenue Code" - although Title 27 belongs to that code, too.)

The basis of two different kinds of citizenship is part of that foundation, but not one generally "argued", but rather stood upon and declared, without antagonism. the distinction between "non resident alien" and "resident alien" is another part of the foundation - but again, not one argued in defiance, because TODAY, most people (including attorneys and judges) THINK the term "non resident alien" applies ONLY to someone foreign to this country, and while that term applies to a person in that category, too, it also technically applies - at least in the Internal Revenue Code - to anyone who is an American Citizen (regardless of birth place) who is presently

RESIDING in one of the 50 States, and is applicable as long as that person is not residing in/on federal TERRITORY within or without any of the 50 States.

Another basis and foundation, and more easily presented, without misunderstanding, TO the IRS (although greatly misunderstood by many people), is the "taxable income" argument, which having makes a person a taxpayer, regardless of the other bases, and which not having, means a person is not liable for an income tax.

If you read ALL the paperwork that has been filed on your behalf, as a client, you'll see what constitutes the whole basis and foundation, as well as [THE COMPANY's] presentation in the administrative arena.

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Paul:

I am opening a new bank account. One of the forms they require is a backup withholding form. As you know, the form requires me to certify that I am a 'U.S. person'. Is it that big of a deal for me to sign this? If I don't they probably will not open an account for me. Of course the form is a combination authorized signature form and backup withholding form.

Also, when I spoke to [THE FOUNDER] several weeks ago, I brought up the issue of a Determination Letter. He said it did not matter if we ever got a letter or not as long as the IMF was revised to reflect our status. So the example letter I sent you indicating that the IRS would not provide a letter is irrelevant.

That's it for now. Please follow up on my banking question.

Thanks,
XXXX XXXXXX

Hi XXXX,

It's perfectly okay to sign your bank form. The bank's understanding of "U.S.person" is what most people assume a U.S. person to be, and it's actually NOT a backup withholding form you're signing, but something indicating that you are NOT subject to backup withholding. (Backup withholding is NOT the typical withholding we think of, but is something that you would have been notified IN WRITING by the IRS were you, indeed, so subject. If you had received such notice, you wouldn't be able to sign, declaring that you are not subject thereto).

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Hi XXX,

I was away for five days. Kindly pardon my delay in responding. I'll intersperse my replies, replying to your three messages in this one.

on 5/23/02 1:42 AM, Paul Leinthall wrote:

- You must RESIDE somewhere OTHER THAN in sovereign Districts or territories of the federal government. In other words, you do NOT reside in (or on) any federal District, Territory, Reservation, Enclave, "Fort, Magazine, Arsenal, dock-Yard, or other needful Building," etc., which is under the sovereign jurisdiction of the Congress of the United States. (See Article I, Section 8, Clause 17 of the Constitution of the United States of America).

Paul

Here and elsewhere you use the term RESIDE. This surprises me. The term is loaded. It surprises me that you would use it. Does your paperwork use it? That would concern me.

Why would it concern you? "Citizenship" (and there are varying kinds of citizenship) often are determined by "residence". If you RESIDE in federal jurisdiction, guess whose jurisdiction you're under! One of the attachments I sent you, labeled in the email, "STATUS.PDF" is a booklet entitled, "Do You Know Your True IRS Tax Status? Are You Sure". That booklet covers these issues.

Do you recommend that one change their bank account to reflect that they are a nonresident alien?

No - because most people (including most who work for the IRS) "think" nonresident alien ONLY means a person who does not live (reside - there's that word again) in this country, at least not long enough in a year to be termed a "resident" or "resident alien", which is what foreigners living and working on "green card" status are termed. "Resident alien" (just can't get away from that word "resident") is actually how the IRS sees everyone in this country, because the law authorizes withholding ONLY in the case of non-citizens, although some of those non-citizens may be residents, and some may be nonresidents.

Your information uses the term "citizen" loosely in the beginning. e.g. state citizen versus state Citizen.

Can you expand on the notion of national of the United States of America. Is that a Citizen of the united States?

Your passport uses the term, "citizen/national" - that is a Citizen of the USA, whether, or not, you use lowercase "u" for "united" or lower or upper case "c" or "C" for Citizen.

There are THREE differing definitions of "United States" in the Law - one of which is used almost exclusively in the IRC. Here, from Black's 6th edition, page 1533, comes this paragraph: [Numbers and words in brackets added]

United States. This term has several meanings. [1] It may be merely the name of a sovereign occupying the position analogous to that of other sovereigns in the family of nations, [2] it may designate territory over which sovereignty of United

States extends [this is the definition used in the IRC, and applies to federal areas, under Article I, Section 8, paragraph 17, and Article IV, Section 3, Paragraph 2 of the Constitution], or [3] it may be collective name of the states which are united by and under the Constitution.

You Write:

- You must be a Citizen of the United States of America (either free-born or naturalized). In other words, you are NEITHER a resident alien, with a "green card," nor an illegal alien, without one.

What is the difference between a Citizen of the United States of America and a Citizen of the united States of America? If I am currently the latter is it not a step backwards to move to the former? What happens with your paperwork?

The paperwork is fine. We don't expound on some of these distinctions in the paperwork, although the foundation of law is there, nonetheless - not so much in the distinctions of lowercase vs. upper case (which, from my perspective, are more often used by writers who seek a way of making a distinction in "identical" words).

Strictly speaking: citizen of the United States or United States citizen is the term generally used in the IRC. Citizen of the United States of America, State Citizen, Private State Citizen or United States Citizen (upper case "C" for Citizen, vs lower case "c" for citizen to designate a federal citizen, but some folks want to make the distinction of united States [for USA] and United States [for the corporate or federal "United States").

(1) the use of the word "reside" when that term is for second class individuals who do not have the same rights as a Citizen;

Is this "second class individual" you have in mind a Citizen of one of the 50 States? In other words, was he born or naturalized a "U.S.Citizen" and currently residing in one of the 50 States? If so, there's nothing "second class" about that person. If he's born or naturalized but residing in federal territory, or his income is partially or fully federally sourced, that person is (compared to a Private State Citizen) a person who does not enjoy all the benefits of Sovereign State Citizenship.

(2) the fact that the fee structure is based on one divulging a tremendous amount of information about one's "income" situation.....information which can now be used to be disseminated without my consent;

To this concern, I always ask: How much of your tax situation do you want us to take care of? 100%, or something less? How can an attorney represent you when he doesn't know all the facts? (We're not attorney's, but each client signs the IRS form 2848, "limited power of attorney" pertaining to 1040 income tax matters).

We don't hide - we don't expect our clients to hide. There is no need or reason to hide (pertaining to income taxes) when you have the full protection of the law.

Income amounts don't matter when you're not liable for paying taxes on ANY of that income.

It is against the law (punishable with a \$25,000 fine per offense) for someone in [THE COMPANY's] position to provide ANY information about ANY Client to anyone OTHER than the IRS or the client himself; and the IRS is under that same law.

Do you not reveal financial details to your accountant?

(3) the idea that you are changing my IMF through use of IRS forms.....hmmmm.....You talk about creation of an adhesion contract when you first filed a 1040.....so what are you doing by signing even more forms? Is one stepping backward from Standing to Status in law?

Can you perform surgery without paperwork? Can you provide anesthesia without paperwork? Do you know any area of business today that doesn't have it's share of paperwork.

There's no "magic" in forms; but there's a lot of "black magic" in ignorance thereof.

(4) I would like to see proof on your IMF that you are a nontaxpayer.....if such is true, you would have no problem producing it. Can I see the pudding?

I don't have a copy of my IMF and if I did, it's in code anyway. I'm more concerned with the law itself (the IMF is just more paperwork, after all) and whether, or not, I'm liable for any taxes. The IRS changes each person's IMF each year - so it takes several years of consistent changing of that record to "prove" anything in that regard. In the meantime, I haven't paid any income taxes in 26 years, and for the past three years my filing status (going as far back as the IRS can go back after me) has been current, WITHOUT any income tax liability for the years I never paid - thanks to the services provided by [THE COMPANY] for each client.

Sincerely,
Paul Leinthall

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[3] News Briefs & Comments
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Irwin Schiff is back in the news - this time HE's being sued by a businessman who lost "everything" as a result of following the teachings of Mr. Schiff. I include this here to again point out the distinction between simply purchasing "information" and having to study and utilize the information on your own (which is what almost everyone else offers these days), and purchasing the actual services of a company that has demonstrated it's ability to achieve the desired results (that clients pay the least amount of income tax as possible, which for 99% of [THE COMPANY's] clients is "ZERO").

It's easy to speak in general concepts - which is why I'm on the marketing team for [THE COMPANY]; it's quite another thing to have the actual expertise in dealing with the IRS (as do the founder and some of his staff) in a way in which the IRS or State taxing agencies don't effectively challenge you.

Proponent of 'Voluntary' Income Tax Sued for Millions

Jason Pierce, CNSNews.com

Thursday, May 30, 2002

Former Libertarian presidential candidate Irwin Schiff, who maintains that the federal income tax is optional, is being sued by a New Hampshire man who says he lost his business after following Schiff's tax advice.

Steven Swan, a former real estate agent in Auburn, N.H., is suing Schiff for \$1 million in compensation for the loss of earnings from his real estate business since 1997, \$1 million for physical and emotional distress for the loss of his business and earning ability and \$5 million in punitive damages.

The lawsuit was filed May 23 in U.S. District Court in Las Vegas, Nev., where Swan now lives.

"If you do something where you encourage people to do something to their detriment, whether they believe it or not, it is called a tort, and so I filed a lawsuit for the torts I believe [Schiff] committed," Swan said.

He claims in his lawsuit that he first met Schiff at a Libertarian luncheon in New Hampshire in 1995 where Schiff was speaking. Afterwards, according to the suit, the two spent approximately three hours in the hotel lobby, during which time Schiff told Swan about his theories that the federal income tax was voluntary.

Swan says he then bought the books Schiff had written on how to legally avoid paying income taxes, and even began teaching others about Schiff's theories at seminars.

In 1996, Swan's suit alleges, he used Schiff's theories to try to convince the Internal Revenue Service that he owed the government nothing and planned to pay nothing.

Later, Swan was forced to close his business, and IRS employees levied his bank accounts. When Swan used Schiff's theories to file two lawsuits against IRS employees, the U.S. District Court in New Hampshire dismissed both.

I don't know if Mr. Swan acted as his own attorney, or if he hired an attorney to represent him; but on three counts (at least), the Judicial system is NOT the place to try to get IRS matters handled. Here's why:

First, the IRS claims that all matters can be handled in the ADMINISTRATIVE arena; so being in court almost always indicates a failure in the administrative arena. In a real sense, and in almost every case, once you're in the judicial arena, it's simply "too late". In other words, had he been successful in the administrative arena, he either would not have been levied in the first place, or he would have been able to get the levy removed.

Second, If Mr. Swan did hire an attorney, there is clearly not much evidence that most attorneys are even knowledgeable enough in THE LAW itself, pertaining to these matters, to be really effective (except, apparently from the "other" side). In fact, if he hired an attorney of the variety as indicated by some of the non-thinking questions evidenced in the first section of this newsletter, it should come as no surprise that Mr. Swan failed in his attempt to win against the IRS employees.

Third, the judicial arena is loaded with land mines, and it's not just the ignorance of attorneys one is faced with, but the judges, as well. Too much "conditioning water" has gone over the falls in the past several decades for many justices to want to even be bothered with facts pertaining to things they believe have been adjudicated numerous times before.

Last week, Swan directed his legal action at Schiff.

"He honestly believes what he is saying," Swan said. "But I think he is misconstrued. I don't think it is anything he is trying to do purposely, but he is guilty of misrepresentation, fraud and negligence."

Schiff, who ran unsuccessfully for the 1996 Libertarian Party presidential nomination, said Swann's lawsuit is "nonsense."

'I Went to Jail'

"My books point out that I went to jail for four years," Schiff said. "My books point out that I sued the government.

"There are disclaimers in all my books, but I stand by everything in my books," he said.

Yes - but how many folks want to stand by everything in his books in prison?

Schiff added that in teaching people about his theories, he gives those who listen the information necessary to avoid paying taxes, but has no control over what is done with the information.

Yeah - it's all THEIR fault (if following the information lands them in trouble)!

"It can't take Steve six years to learn I am wrong," Schiff said. "Here's what I do: I bring them the law, the statutes and the code, but I tell them they are dealing with the federal government, which is a criminal government.

"If I told [Swan] to go rob a bank, would he do it? What is he, an idiot?" Schiff said.

So, is he saying don't do either what I do OR SAY?

Swan admitted Schiff did not force him to take any action.

"It's true that I didn't have to listen to him," Swan said. "I didn't have to listen to the guy, but he was so convincing that I did listen to him."

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For this next piece, presented in two parts, I'm providing the conclusion first; afterwards, I'll give the newspaper report that came out when this case went to the jury. I'm including this report here because [THE COMPANY] has several "former" clients of the company (and the heads of that company) regarding whom this pertains.

This illustrates several things, primary (in my mind) of which is the fact that it often does NOT work to try to circumvent the law, no matter how justified one might think and feel in that circumvention attempt. I have to admit, however, that it sometimes appears to be profitable.

Notice, too, that these convictions were about money laundering - while the actual issue was the attempted avoidance and evasion of supposed liability for paying income taxes.

U.S. Department of Justice
United States Attorney
Eastern District of California
501 I Street, Suite 10-100 916/554-2700
Sacramento, California 95814 Fax 916/554-2900

For Immediate Release
May 31, 2002

TWO CALIFORNIA MEN CONVICTED IN INTERNATIONAL MONEY LAUNDERING SCHEME

SACRAMENTO--United States Attorney John K. Vincent announced today that WAYNE ANDERSON, 62, of Squaw Valley, California, and RICHARD MARKS, 58, formerly of Sacramento, California, were convicted of engaging in a conspiracy to launder money and of money laundering in a case arising out of their activities as leaders of an international organization. The jury verdicts followed a 14 day jury trial before U.S. District Court Judge Lawrence K. Karlton.

WAYNE ANDERSON was the second in command of Anderson's Ark & Associates, an organization based in the United States and Costa Rica, that used a network of bank accounts around the world to assist its clients in laundering funds and engaging in tax evasion.

But, again, you'll notice that the convictions pertained to money laundering, not tax evasion.

RICHARD MARKS was the chief accountant for the organization. A third defendant, KAROLYN GROSNICKLE, of Hoodspert, Washington, who pleaded

guilty to money laundering prior to trial, was the chief administrative officer for the organization.

A fourth defendant, KEITH ANDERSON, the leader of the organization, was apprehended in Costa Rica in February. He is currently in custody in Costa Rica, awaiting extradition to the United States. In addition to the charges in this case, a criminal complaint is pending against KEITH ANDERSON in the Western District of Washington. The complaint alleges that Anderson's Ark & Associates obtained approximately \$28 million in illegal tax refunds for more than 1,500 clients from 1998 to 2001. The complaint also alleges that Anderson's Ark & Associates handled more than \$50 million of clients' money. The complaint further alleges that the organization prepared tax returns that claimed large tax deductions for fraudulent "net operating losses" and "consulting expenses." In reality, the complaint alleges, the funds were not spent as claimed, but instead were wired to Costa Rica so that clients could later withdraw them with a debit card.

And this is the way so many "so-called" experts approach the issue of income taxes. Instead of handling the issue of the "adhesion CONTRACT" and properly handling the revocation thereof, folks compound the problems, either by attempting to quit filing income tax returns, or by playing all sorts of fancy "games" to avoid telling the truth.

The investigation that led to the prosecution in this case originated in Boston in late 1998. The IRS initiated an undercover operation that concluded with the execution of search warrants at numerous locations in the United States and Costa Rica in February 2001. The conspiracy count on which both defendants were convicted alleged that the defendants participated in a scheme to launder approximately \$370,000 in funds provided by IRS undercover agents, who represented that the money constituted proceeds of a bank fraud scheme, and proceeds of a scheme to conceal assets from a bankruptcy court. In addition to the conspiracy count, WAYNE ANDERSON was convicted of laundering \$100,000 in cash he received in a parking lot in Fresno, which he believed were proceeds of the bank fraud scheme. RICHARD MARKS was also convicted of laundering \$50,000 provided to him in his office in Sacramento, which he believed was being concealed from a bankruptcy court. KAROLYN GROSNIKLE previously pleaded guilty to laundering \$60,000 in cashiers checks which the undercover agents provided to her at the Anderson's Ark administrative center in Washington State.

According to Assistant U.S. Attorneys Benjamin B. Wagner and James P. Arguelles, who are prosecuting the case, the evidence at trial established that Anderson's Ark and Associates concealed money through various domestic and off-shore accounts. The defendants moved funds through bank accounts in the name of shell companies located in the United States, Costa Rica, and several European and Caribbean tax haven countries. An IRS agent who analyzed the contents of WAYNE ANDERSON's laptop computer, which was seized during the execution of a search warrant, testified that it documented over \$40 million flowing into an account in Costa Rica called "La Maquina Blanca", translated as "The White Machine", over about a three and a half year period. In order to

conceal the nature of the transfers, some of the transactions were characterized as "donations", while others were characterized as payments for "consulting" services.

The only legal entity that remains clearly outside the clutches of the IRS is the Corporation Sole. EVERY other kind of entity is PRESUMED to have - and usually does have - some kind of income tax liability.

A former girlfriend of KEITH ANDERSON's testified during the trial that, long after she had left Keith Anderson in 1997, Anderson's Ark and Associates had used, without her knowledge or consent, a credit union account in Arizona which she had opened years ago to route hundreds of thousands of dollars to Costa Rica. Deposits into the account, and wire transfer requests, bore a stamped or computer generated version of her signature. Copies of some of those deposit documents, and a computerized bitmap of her signature, were found on WAYNE ANDERSON's computer.

U.S. Attorney Vincent said: "These convictions represent a major blow to Anderson's Ark & Associates. Those who seek to illegally conceal funds through offshore bank accounts should be on notice that the Justice Department is committed to combating international money laundering in all its forms."

And now they have the new "USA PATRIOT" bill to make their job easier.

Dwight J. Sparlin, Special Agent in Charge of IRS Criminal Investigation in Northern California, said of today's verdicts: "This is yet another conviction of those involved in the leadership of the Anderson Ark organization. IRS Criminal Investigation will continue to pursue the illegal activities of this organization and any other that attempts to hide money derived from illegal activities or hide it for the purpose of tax evasion."

In prosecutions arising from the same investigation, Michael Gonet, of Stow, Massachusetts, previously pleaded guilty to money laundering in the District of Massachusetts, and Anderson's Ark & Associates member Richard L. Castellini, of New Jersey, is scheduled to commence a jury trial in that district on July 10, 2002. Castellini is charged with money laundering and money laundering conspiracy.

They were evading the paying of income taxes, but they are CHARGED with money laundering.

In a related case, Terri Yvonne Lewis, 42, and Steven Lyle Anderson, 37, both children of Wayne Anderson, and residents of Squaw Valley, California, pleaded guilty on April 22, 2002, in U.S. District Court in Fresno to conspiracy to obstruct justice relating to their efforts to shred documents and delete information from a computer in order to avoid revealing information to a federal grand jury.

In another related case, Roosevelt L. Drummer, 46, of Sacramento, and another man, Roy Lentz, of Washington State, both accountants, pleaded guilty in U.S.

District Court in Seattle, Washington to charges of conspiring to defraud the Internal Revenue Service, in connection with their work as accountants with Anderson's Ark & Associates. The pleas were entered on October 16, 2001 and July 25, 2001, respectively. The guilty pleas remained sealed until April 11, 2002. Drummer was previously convicted in Sacramento on federal charges of conspiracy to defraud the United States, making false statements, and securities fraud. In 1994 he was sentenced by U.S. District Court Judge Edward J. Garcia to a year in prison, a period of supervised release, and a fine.

Sentencing for WAYNE ANDERSON and RICHARD MARKS is scheduled for August 13, 2002. Sentencing for KAROLYN GROSNICKLE is scheduled for July 30, 2002. The maximum possible penalty on each count of conviction is 20 years in prison. All three defendants are in custody. All of them could face additional charges arising from the ongoing investigation in Washington State.

RICHARD MARKS has also been indicted in the Central District of California for being a felon in possession of firearms, arising from the discovery of guns at his residence in Los Osos, California, during the execution of the search warrants. MARKS was previously convicted of bankruptcy fraud in U.S. District Court in Sacramento.

The charges against Castellini and Keith Anderson, and the firearms charge against Richard Marks, are only allegations, and they are presumed innocent.

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This is the same case as you just read, but is the newspaper report from the "Sacramento Bee" when the case went to the jury.

Jury gets 'dirty money' tax case
Offshore laundering handled millions, prosecutors allege.
By Denny Walsh -- Bee Staff Writer

Published 2:15 a.m. PDT Thursday, May 30, 2002

A Sacramento jury Wednesday began deliberating a case against two California men accused of taking leading roles in one of the nation's biggest money laundering and tax-evasion operations, with clients ranging from small business owners to drug dealers.

Federal prosecutors say that Wayne Anderson of Squaw Valley and Richard Marks of Los Osos, San Luis Obispo County, were key players in Anderson Ark & Associates, a Costa Rica-based organization specializing in concealing assets of its clients and the sources of those assets.

Between 1996 and 2001, prosecutors say, Anderson Ark moved tens of millions of dollars out of the country, through a maze of offshore accounts, and back into the country.

How complicated is it, do you think, to have to jump through a "maze of offshore accounts, before bringing money back into the country? Wouldn't it be easier to simply have ONE Corporation Sole, over which the IRS has NO jurisdiction or legal ground to even demand an answer of accountability for how the corporation sole decides to move or spend it's money, and concerning which there are NO income tax filing or reporting requirements, let alone liability for paying income taxes?

The investigation that eventually led to Anderson Ark began in 1998 and is a centerpiece of the Internal Revenue Service's effort to stem the proliferation of schemes that allow upper-income individuals to avoid taxes.

Give me a break!

"Our criminal investigators are uniquely qualified to follow the money trail," Dwight Sparlin, the top IRS agent in Northern California, said Wednesday. "That is what we have done with Anderson Ark."

All the more reason to KNOW you're operating WITHIN the law, or in an arena where the Law, itself, does not allow the prying hands and eyes of a tax-hungry government.

Anderson, 62, and Marks, 58, are charged in an indictment with agreeing to launder \$370,000 for two IRS undercover agents who represented the money to be partly assets hidden from the bankruptcy court and partly proceeds of a bank fraud.

"It was dirty money, and Mr. Marks brazenly and blatantly agreed to launder it," Assistant U.S. Attorney Benjamin Wagner told a jury of seven women and five men in his closing argument.

The jury heard portions of surreptitiously recorded conversations between the agents and defendants.

At a 1999 meeting, one of the agents asked Marks how he would react if the government started nosing around.

"I love the heat," Marks responded. "I fight the IRS. I fight the courts. I don't care who it is."

I wonder if he's still singing that song.

Anderson disguised the \$100,000 said by the agents to be bank fraud proceeds as a donation and sent it to "a sham entity in Costa Rica," Wagner said.

He argued that the defendants were motivated not just by profit, but also by ideology, and played a recording of Anderson telling the agents: "If we've got an Internal Revenue Service, a Federal Reserve, there will be no freedom."

Freedom from what? Freedom from paying State and federal income taxes? The law, itself, provides that freedom, as we well know; but, alas, many (most) are not aware of that fact.

Stanley Monroe, lead defense counsel for Marks, described the prosecution's case in his closing argument as "a fiction. I guess the government doesn't like it when people challenge its authority."

The phony bankruptcy petition used by the IRS to support its agents' cover story "raises questions of ethics and legality," Monroe told the jury.

"They went to so much trouble, someone has to pay the price," he said. "The sad thing is, ladies and gentlemen, they are trying to make you part of this injustice."

A similar message came from Michael Minns, lead counsel for Anderson.

This illustrates what I've written several times, i.e, that there are attorneys on BOTH sides of any controversy; one side wins - the other side loses.

Obviously, I don't know all the facts, and I'm not intending to indict the Anderson's based on this information; rather, I'm using these types of reports, as I often do, as an excuse to write about these matters, while illustrating how the simple and easy way often works best.

In dealing with his client, Minns said, one of the agents described certain transactions as "discounted" bank loans to him, and characterized payments he made to a bank insider as "commissions." The defense attorney said Anderson took the agent's account at face value, Minns said. But then, prosecutors came into court and labeled the transactions as "fraud" and the payments as "bribes," he said.

"They knew if they laid out a 'real' make-believe bank fraud, Wayne would not take the money," added Michael Ware, another Anderson lawyer.

Minns portrayed Anderson to the jury as a kind and trusting man, devoted to his family.

Wagner responded: "He may be a fine family man. It's just that his business is a little different than most. He hides money."

Anderson's brother and the founder of Anderson Ark, Keith Anderson, is also charged in the Sacramento indictment. An erstwhile used-car salesman, he is currently in custody in Costa Rica awaiting the outcome of extradition proceedings and lobbing verbal artillery at the IRS.

Lobbing verbal artillery always works, of course. (Pun)

In a recent interview by a reporter for The Tico Times, an English language newspaper in San Jose, Costa Rica, Keith Anderson insisted he is charged with

"fraudulent crimes" investigated by a "criminal element in the U.S. government that uses the law as a terrorist weapon against its own people."

I'm sure there's something to be said for this point of view, as well. But it's amazing what can happen, when you find a way WITHIN THE LAW to achieve the results you want, and find how the "other side" actually honors that law.

In addition to the Sacramento case, Keith Anderson is charged in a criminal complaint in Seattle with conspiring to defraud the United States by setting up Anderson Ark, which used a variety of shell corporations, trusts and partnerships to operate unlawful tax shelters for its clients. The complaint alleges that Anderson Ark obtained more than \$30 million in illegal refunds for between 1,500 and 2,000 clients, and received approximately \$50 million in fees and other funds from its clients.

According to prosecutors, Wayne Anderson was the "money man" or "Jerry Maguire." They say he controlled all funds that flowed into Anderson Ark in the United States, and was known inside the organization as "A.D.," for "accounting department."

Marks was one of the organization's seven national planners and served as its lead accounting and tax planning strategist, the prosecutors say.

Another defendant, Karolyn Grosnickle, ran the administrative center of Anderson Ark in Hoodspport, Wash. She pleaded guilty to money laundering on April 29.

Two men -- former Marks partner Richard Castellini of New Jersey and Michael Gonet of Massachusetts -- were charged with a money laundering conspiracy in Massachusetts. Gonet has pleaded guilty and Castellini is scheduled for trial July 1.

Wayne Anderson's daughter and son, Terri Yvonne Lewis and Steven Lyle Anderson, were caught shredding documents and running a disk-wipe program on a computer. They pleaded guilty on April 22 to conspiracy to obstruct justice.

Two other Anderson Ark planners, Roosevelt Drummer and Roy Lentz, pleaded guilty last year in Seattle to conspiring to defraud the IRS. The pair, both accountants, admitted their roles in an illegal tax dodge marketed by Anderson Ark.

About the Writer

The Bee's Denny Walsh can be reached at (916) 321-1189 or dwalsh@sacbee.com.

I guess that's enough "bad news" for one day. What do you think? (Maybe go back and read Section one, again?)

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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.

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