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

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Tuesday, July 09, 2002

- [1] Welcome & Editorial: Know Your Enemy
- [2] 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

[3] Contact Information, Legal Notice & Notice of Copyright explanation.

In this section (below), I explain why I use the bracketed phrases [THE COMPANY] and [THE FOUNDER] to refer to the founder and his company, who achieve the 100% effective results of having the IRS change their internal records to reflect the fact that each client is exempt from income taxes on any income, regardless of amount or source, unless the source of the income is the federal government itself or a trade or business under the sovereign jurisdiction of the government. [THE COMPANY] accomplishes this fully (and only) in accord with the Internal Revenue Code, and thus, none of their clients ever experience adverse IRS confrontation or court proceedings.

-----NOTICE-----

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

Dear Friends,

This week's edition of the newsletter will contain mostly the words of others. Lots of things are happening in the income tax arena, as more and more people are becoming aware of what has been happening over the last 60 years. While what [THE COMPANY] does is of a slightly different nature than much of what you will see reflected in this week's edition, given that most of the words were written by other people, who have slightly different viewpoints, we nevertheless support what these other folks are doing. viewpoints, we nevertheless support what these other folks are doing.

I'm including what I'm including here so that folks can get a better idea of what some of that other research is which supports the procedures and processes which [THE COMPANY] uses. I believe a goal we all share is to keep the IRS and State taxing agencies' attention focused on the facts of their own laws, and, from THAT basis, on whether or not a person is under an obligation or liability for paying so-called "income taxes".

Let's begin with something I received from Larken Rose. As you may recall, several weeks ago, I included information about his new video entitled, "Theft By Deception" - a video I would recommend that any American Citizen purchase and view. I believe you'll be able to garner from this report that more and more folks are waking up to the truth of the law, and we can see that some professionals are beginning to join the ranks of those "in the know".

Date: Wed, 03 Jul 2002 00:12:02 -0400
From: Larken Rose <GrandDelusion@erols.com>
Subject: National Paradigm Shift
To: littlehammer@primemail.com

Dear List Subscriber,

As some of you have probably seen, the DOJ sent out another "press release" (which is a nice way of saying "scare tactic propaganda") on 6/28/02, saying it intended to sue Colorado Mufflers to try to get back an approximately \$90,000 refund issued based on an "861" claim for refund. And of course the "release" had to throw in comments about how the DOJ has had some success in silencing various individuals CORRECTLY applying 861 and its regulations.

If you're a little annoyed at the federal propaganda campaign, fear not. Things should be getting quite interesting in the coming weeks. For starters, I am scheduled to be on Peter McCandless' show again on July 12th and 19th. If all goes well, on the 19th I will be joined by a former federal prosecutor who has endorsed the "Theft By Deception" video, and agrees that the federal income tax laws have been misrepresented and misapplied to the detriment of the American people.

Slowly but surely, credentialled "experts" are coming forward to admit that the income tax IS far more limited than we were led to believe. While a lot of those "experts" do not yet want to go public (since they know what the IRS does to those who dare speak the truth), a few have, and more are on the way. With any luck, I will FINALLY get the "testimonials" page posted on the new site (www.Theft-By-Deception.com), which shows that a bunch of CPA's, lawyers, ex-IRS folk, etc., are now acknowledging the truth about the very limited nature of the tax.

But this is not the time to slack off. We are about to turn up our efforts to get the word out, and to force this into the national discourse. The feds have been focusing on their "pay-no-attention" theme, since the last thing they want is for the SUBSTANCE of the issue to get widely known. (They much prefer to scare people away with their asinine accusations that it is "baseless" and "frivolous," and not even worthy of discussion.)

While it is a slow process, the wall of "conventional wisdom" is beginning to crack all over the place. Our challenge here has to do with psychology more than with evidence and law. We already won that battle. The feds don't even know what their OWN position is, and all they can do is say "it's frivolous and we don't want to talk about it." The challenge then becomes getting people to LOOK at the evidence. The whole purpose of making the "Theft By Deception" video was to make the issue as understandable as possible to the general public, once they choose to look at the evidence. But we still need them to LOOK.

Admittedly, what we are saying sounds absurd. We might as well be telling people that Congress is really a bunch of Martians in disguise. That would be about as easy for them to accept as the fact that agents of "our" government have pulled off the biggest financial fraud in history, and that what "everyone knows," and the assumption that drives a multi-BILLION-dollar industry (tax preparation), is just plain WRONG.

This is not an easy thing to swallow, but slowly "common knowledge" is getting thrashed, as more and more educated, reasonable folks look into the issue, learn the truth, and tell the truth. I'm hearing very encouraging stories from across the country about people showing the video to their CPA, or their lawyer, or their family and friends, etc., and having a whole lot of people who are not at all inclined to believe this sort of thing UNDERSTAND it, ACCEPT it, and then actively start SPREADING it.

This fraud WILL end. My single concern now is to end it in a way and on a schedule which will minimize the number of individuals who get harassed, terrorized, robbed, etc. by the IRS and the Tax Division of the DOJ in the meantime, during the government's desperate (but futile) attempts to keep this fraud alive.

As surely as the sun will rise, this war will be won. The goal now should be to minimize "casualties." The way to do that is to spread the truth as quickly as possible, to the general public AND to those INSIDE the system who are (unbeknownst to them) misapplying the law. As for the ones inside the system who are KNOWINGLY perpetrating fraud... I wouldn't want to be them in a few weeks.

Sincerely, Larken Rose - larken@taxableincome.net - www.Theft-By-Deception.com

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Another man who is leading the charge on a different front is Irwin Schiff. While we disagree with some of the tactics that Mr. Schiff prescribes, I applaud him for his continuing to pursue his case against Bank of America in Nevada for "stealing" over \$8000 of his money from his bank account and "giving" it to the IRS. We don't know, of course, how this will play out - and Mr. Schiff is in court on this matter the day I'm writing this - but it is simply more evidence that the truth of the law is coming out, and more folks are paying closer attention to what is happening.

What Mr. Schiff is addressing is the area of law pertaining to the proper placements of levies and liens. Most of my readers know that the IRS and State taxing agencies RARELY go about this process in a legal manner; and yet the damage is done to the individual "taxpayer" because his money is actually "stolen" by someone other than the IRS, and then the person (company) who did the stealing, turns it over to the IRS.

Why would a big company (a major bank, in this case) do that? Simply because they do NOT KNOW the law (or understand it, if they presume to know it, in the first place).

Why would a prominent judge condone such activity? I'll leave you to draw your own conclusions, but I think you'll find ignorance at the root of that action as well. And, if it's not ignorance, than it must be in blatant disregard of the law itself. Judges, of course, are just people.

ALL NEVADA BANKS ACCOUNTS AT RISK!!!

Special to the Las Vegas Tribune

Las Vegas, Nevada <<http://www.lasvegastribune.com/FP02062601.htm>>

6/26/02

Irwin Schiff goes back to court July 8, 2002 to argue why Judge Allan R. Earl should reverse his ruling of April 24, 2002 dismissing Schiff's \$83,000 breach of contract lawsuit against the Bank of America.

Schiff claims that the B of A violated both Nevada and Federal law in turning over his money to the IRS in response to a benign notice it received from an IRS agent without enforcement authority. Schiff claims that the Bank openly violated Nevada law (N.R.S. 31.291 and 31.249), which specifically bars garnishment of Nevada bank accounts except pursuant to court orders and writs of garnishment.

In essence, Schiff's lawsuit seeks protection for all Nevada bank depositors from lawless IRS seizures. Schiff maintains that if Judge Earl does not reverse his ruling and allow Schiff's lawsuit to go to trial, Judge Earl "Will have repealed Nevada law, and enabled the IRS to continue looting Nevada bank accounts in the future as they are doing now and have done for over 70 years." So it would seem that all those with funds in Nevada banks (and in banks throughout the country) have a stake in Schiff's lawsuit.

One need only read Schiff's briefs (Schiff v. Bank of America, No. A 440323) to see that the Bank of America hasn't a legal leg to stand on. The Bank's defense (overlooking Nevada law) is that it was

- 1) required to honor the notice it received even if it were sent by "a secretary or a janitor, or whatever," and
- 2) the Bank was under no obligation to verify that the person sending the notice, had any authority to do so. Schiff's briefs make short shrift of both arguments.

I'll bet if I sent a "notice of lien" to Bank of America, they wouldn't say that! And I'm certain they wouldn't give me any money on that basis.

For one thing, Schiff points out that the law (26 USC 6332) that both the Bank and Judge Earl claim to rely on states, that a "levy" must be made by the Secretary of the Treasury or one with delegated authority from him. Would the Secretary delegate to a janitor the authority to "levy" bank accounts? As far as the Bank claiming it was under no obligation to check on the authority of the agent sending out the notice, Schiff's briefs contain numerous quotations from Supreme Court decisions in which that Court has repeatedly ruled that "Those dealing with an agent of the United States must be held to have had notice of the limitations of his authority." So much for the Bank of America's defenses.

Prior to Judge Earl issuing his April 24th ruling, Schiff deposed IRS Revenue Officer James Gritis regarding his authority to enforce the payment of income taxes. He was ordered to produce his IRS "pocket commission." The IRS issues two types of pocket commissions, an "enforcement" commission and a "nonenforcement" one. Gritis could only produce a "nonenforcement" pocket commission, proving that he had no enforcement authority that would have required the Bank of America to honor his notice of levy. Schiff had furnished the Bank of America with numerous documents alleging this before it sent off his money. Therefore, Judge Earl was aware of Gritis' obvious lack of enforcement authority before he issued his April 24th ruling.

In addition Schiff supplied the Court with three affidavits: one from Joe Banister, a former IRS Special Agent, John Turner a former IRS Revenue Officer, and Sherry Jackson a former IRS Revenue Agent, all of whom certified that based on their knowledge, training and experience as former IRS collection agents, IRS agents (like Gritis) have no actual enforcement authority and must rely on the cooperation of uninformed and fearful 3rd parties (such as banks and employers) for their benign notices of levy to work. In his brief filed with the Court on June 20th, Schiff even submitted an affidavit from the party who purchased his insurance agency in 1985 pursuant to a 10-year installment sales agreement.

When the IRS sent a notice of levy to that party seeking those installment payments, it was told to come back with a court order. They never did, and the purchaser continued making payments to Mrs. Schiff for 10 years. Schiff claims

that the Bank of America (and any third party) can ignore IRS notices of levy in the same manner.

Judge Earl dismissed Schiff's lawsuit on three grounds: 1) "26 USC 6332 applies to the Bank of America," 2) "The Bank of America was required to respond to the Notice of Levy," and 3) "The Bank of America is absolved from any liability pursuant to 26 USC 6332." Schiff's briefs in connection with his Motion for Reconsideration extensively refute each one of these claims, while also pointing out that Judge Earl's ruling did not mention Nevada statutes 31.291 and 31.249 nor explain why they didn't apply in this case.

In addition, Schiff claimed that his Ruling ignored Gritis' obvious lack of enforcement authority as evidenced by his "nonenforcement" pocket commission, and the affidavits of three former IRS collection agents.

Schiff's briefs make clear that Code Section 6332 only applies to a "levy" and not to "notices" of levy, the document at issue in this case - and that under both Federal and State law a "levy" must be based on a court order and a writ of garnishment, neither of which were issued in this case. Schiff further argued that even if Section 6332 did apply, it contains a provision allowing for failure to turn over property based upon "reasonable cause." Schiff argues that the Bank was fully informed that Gritis was without enforcement authority, and this provided the Bank with "reasonable cause" for not honoring his notice of levy.

In addition, the Bank's Deposit Agreement (which was substantially changed within weeks after Schiff filed his lawsuit) allowed the Bank to turn over disputed funds "into an appropriate court of law for resolution." Schiff claims that based on these two factors a jury might well conclude that this is the action the Bank of America should have taken instead of turning over his money directly to the IRS. In any case, Schiff argues, that Judge Earl has no "legal or ethical right" to deny Schiff the opportunity to argue this factual issue to a jury.

As for Judge Earl's third claim that Section 6332 "absolved" the Bank "from any liability" Schiff's pleadings would seem to refute that claim on a variety of grounds.

Schiff's pleadings point out that the notice of levy at issue was sent out pursuant to Code Section 6331(a) and not Code Section 6332 as cited by Judge Earl, and that his ruling totally ignores Code Section 6331(a), the law that actually applies. And Schiff points out that Code Section 6331(a) provides that notices of levy can only apply to the "accrued salary and wages" of Federal employees, so its issuance in this case was in obvious conflict with the law. Schiff's briefs also point out that in actuality Federal law (26 USC 3001-3308) is in harmony with Nevada law and the "Due Process" clause of both constitutions in that both laws require court orders and writs of garnishment in connection with the seizure of property in the hands of third parties.

When this reporter asked Schiff why Judge Earl would ignore all federal and state law and all of the affidavits submitted by Schiff, he stated: "Well I really

believe that Judge Earl is a good and honorable judge. He allowed me to depose Gritis and he admittedly received a lot of heat for doing so. But it is obvious that Judge Earl is now under tremendous pressure not to allow this case to go forward, since it will expose how Federal Courts and the Justice Department have allowed the IRS to seize and garnish property in total violation of law and the 'Due Process' clause of every State constitution and the U.S. Constitution as well. However, I believe that Judge Earl will reverse his prior ruling and allow my lawsuit to go forward. In my briefs, in connection with my Motion for Reconsideration, I was able to focus on certain arguments that I hadn't emphasized before, since I had largely relied on those Nevada statutes and Gritis' admitted lack of enforcement authority to win my case. I actually sympathize with the pressure that Judge Earl must be getting. But he is too good a judge to allow his reputation to be tarnished by not letting this case go to trial in obvious violation of law."

Most agree that Judge Earl should let the case go forward and let the chips fall where they may. "

I intend to publish a book containing all the pleadings, transcripts and exhibits generated by this case along with some additional research showing how Federal judges have illegally tied all Federal civil seizures into a principle of Admiralty law, which has no place within the continental limits of the United States. In addition, the Federal government is actually practicing judicial blackmail in connection with IRS and civil seizures. It knows that the persons whose property it illegally confiscates simply do not have the money to go to court and fight the Government's illegal seizures. In addition it is practically impossible for persons whose property is illegally seized by the Federal government to find a lawyer who has the knowledge, skill, courage, and willingness to fight the system."

One of the better ways to "dumb-down" a society is to dumb-down it's professionals and leaders; in the income tax arena, those professionals and leaders are the tax attorneys and CPA's.

Schiff went on to say, "We now have an opportunity to air out the stench of illegal Federal, IRS seizures in a State court room. I am hopeful that Judge Earl - in the interest of the American public and the Rule of Law - will allow a Las Vegas jury to finally hear all the gory details concerning how the Federal government has been robbing the American public blind with its illegal IRS seizures."

Schiff is also quick to point out that the funds turned over by the Bank of America involve taxes the Government claims Schiff owes for the years 1979-1985 and not for any year in which he has filed his famous "zero" return.

I think it unwise for anyone to measure his/her circumstances against Mr. Schiff's, since each person's tax situation and relationship with the IRS/State taxing agencies is unique and really cannot be properly compared with any other individual's situation. Mr. Schiff may not have got himself in trouble with his "zero returns", but Mr. Schiff has had his own problems, including two different stints in federal prison on income tax issues, and

many other folks have got themselves into trouble using the "zero returns". However, that does not take away from the value of his being willing to take on one of the larger banks in the country for their actions which are NOT properly authorized by law.

Schiff filed tax returns for those years in connection with a probation violation hearing in 1991. Schiff was prosecuted in 1985 for tax evasion largely based on his failure to file tax returns. In that trial, Connecticut Judge Peter Dorsey subsequently instructed, what had been a hung jury, that it could convict Schiff even if the Government did not prove the act of evasion Schiff was charged with committing. It was based on that experience that Schiff later developed his "zero" income tax return.

Certainly, with filing a "zero" return, it would be difficult for the IRS to charge "willful failure to file a tax return". It does not, however, address the issue of whether a person is, or is not, a "tax payer" by law; and until there is clear lawful liability for paying so-called "income taxes," a person is under no duty to act "as if" he is liable, since only defined taxpayers have a possible liability for paying income taxes.

Schiff files tax returns each year but admittedly pays no income taxes since he claims his income is "zero" and the Government apparently leaves him alone. A 25 foot sign in front of the Las Vegas building housing Schiff's offices unabashedly proclaims "Why Pay Income Taxes When No Law Says You Have To." Those wishing to indicate their concern and interest in this case can write to Judge Earl at Dept. 19, Clark County Court House, 200 S. Third St., Las Vegas, NV 89109.

Schiff has written numerous books concerning what he believes to be the Federal government's unlawful collection of income taxes. Reviews of many of his books including his latest, *The Federal Mafia: How the Government Illegally Imposes and Unlawfully Collects Income Taxes* can be found on the Amazon web site. Schiff has an extensive Web site of his own, <http://www.paynoincometax.com/> and has offices at 444 E. Sahara, Las Vegas.

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I received this next entry in various forms. I chose the form of "The Offshore Advantage Newsletter" simply because it also serves (in it's "offshore aspects") to tie in with the next entry below.

When the "We the People Foundation" held their "hearings" in Washington, D.C., last February, the folks mentioned in this article testified at those hearings. They have some pretty strong evidence of IRS tampering with the law and deceiving and misleading lots of folks, including federal judges and the whole justice system.

Date: Mon, 1 Jul 2002 11:54:03 -0600 (MDT)
To: littlehammer@primemail.com
From: info@offshore-advantage.com
Subject: Illegal IRS Data Tampering

The Offshore Advantage Newsletter

Treasury Inspector General Starts Investigation of Illegal IRS Data Tampering

Mike McKinney of the Treasury's Inspector General office in Washington DC, recently contacted Victoria and Richard Osborn of TPI, a Colorado Springs forensic accounting firm, to inform them that materials produced by TPI were sent to Treasury field investigators looking into alleged illegal data tampering by IRS personnel.

The Osborn's have produced documentation and given sworn testimony that the IRS routinely violates citizens' due process rights by willfully and intentionally manipulating taxpayers' Individual Master Files (IMF). This unlawful data tampering is for the purposes of: fabricating time-barred tax assessments; fraudulently certifying official records sent to federal courts to support illegal assessments; "short paying" interest legally owed to taxpayers; seizing Social Security benefits from taxpayers in direct violation of US law and creating fraudulent penalty and interest payments against taxpayers.

This evidence was made public by the Osborn's at February's We The People Foundation's <<http://www.bostonteparty2.org/purchase/>>Truth-in-Taxation Hearing and the <<http://www.connectlive.com/events/wethepeople/>>April 8th WTP press conference from the National Press Club in Washington. The Internet broadcast of the press conference was viewed by over 20,000 people.

The lead Treasury IG official overseeing the investigation is:

Nancy Nakamura
Department of Treasury
Office of Inspector General
401 W. Peachtree St.
Room 540 MS190-R
Atlanta, GA 30308
PH: 404-338-7416

Key to the investigation is a video tape produced by TPI that details and fully explains the fraud. Osborn and his wife Victoria, a forensic accountant, have personally delivered or mailed the tape to every member of the Senate IRS oversight sub-committee, IRS Commissioner Rossotti, Attorney General John Ashcroft and the Treasury Inspector General for Tax Administration.

At the Senate Finance committee hearings in 1997 and 1998 it was publicly promised that if any proof of IRS illegal or wrongful behavior could be found the committee would act. The Osborns and TPI have documented the fraud and delivered that evidence. <<http://www.givemeliberty.org/SUMMER/OsbornVOAffidavit.PDF>>Read the sworn affidavit of Victoria Osborn.

It shows willful and intentional computer fraud being committed by IRS agents in the Collection and Examination divisions. Documentation establishes that as far back as

1974, IRS agents have knowingly input fraudulent information on taxpayers master computer files for the purpose of fabricating illegal and fraudulent tax assessments and then concealing that illegal activity.

Before the 1998, IRS Reform and Restructuring Act, details of the computer fraud were not available because the public had no access to the full computer records nor the "code books" and computer operations manuals necessary to decipher the encrypted data. Details of IRS' unlawful practices can be seen at TPI's website, <<http://www.tpirsrelief.com/>>www.tpirsrelief.com.

The recent "redesign" of the official IRS public website has resulted in the removal or the "reorganization" of most of the critical information that TPI used to discover the fraud.

The illegal acts found to date by TPI committed against taxpayers by the IRS include, but are not limited to:

- Computer fraud for the purpose of making and concealing fraudulent assessments that are prohibited by statutory time limits.
- Fraudulent "certificates of official record" sent to the federal courts which claim proper and lawful assessments when in fact, the assessments were illegally created.
- Illegal levy of social security old-age benefits in direct violation of 42 USC 407.
- Illegal levies that exceed the 15% limit allowed on continuous levies by statute.
- Illegal enforcement of levies and seizures without lawful court orders.
- Intentional fraudulent entry of dates on taxpayers master files to short pay taxpayers the lawful interest owed to them by the IRS.
- Intentional manipulation of taxpayers master file accounting to create fraudulent penalties and interest against a taxpayer to force payment in full before the fraudulent accounting is corrected.
- Violation of the three year statutory limit for deficiency proceedings.
- Coercing taxpayers to illegally sign form 872 past the three year statute of limitations, which the IRS uses to begin deficiency proceedings in violation of the law.
- Transferring taxpayer monies to previous tax years beyond statutory regulation to collect monies that are barred by statute from collection.
- Violation of the law in collection due process hearings, by refusing to substantiate that the assessments at issue are lawful.
- Refusing to approve claims for refund submitted with proof the IRS violated the law in the assessment or collection of taxes.
- Illegally transferring taxpayer payments to allow agents to assess unlawful penalties and interest against taxpayers, then telling taxpayers they must pay the unlawful penalties and interest before the IRS will listen to their objections. In reality, it takes a lawsuit to force the IRS to refund monies they extort via this scheme.
- Illegally offering to close criminal fraud investigations if the taxpayer will agree to pay monies they do not owe.
- Violation of the sixty-day statutory obligation to make an assessment from the date the deficiency is upheld.

Readers of this article are urged to contact the appropriate media and the Treasury Inspector General's Office to ensure that this investigation proceeds properly and that their conclusions and research are fully available to the public.

Copies of the VHS video tape are \$20 and can be obtained from:

TPI
1580 Oak Hills Dr.
Colorado Springs, Co 80919
800-447-6181
<mailto:tpi@tpirsrelief.com>tpi@tpirsrelief.com
<http://www.tpirsrelief.com/>www.tpirsrelief.com



While my newsletter is not primarily an "offshore newsletter", the world is becoming smaller and smaller in terms of communication and taxing issues. Many of [THE COMPANY's] clients either are already engaged in the offshore arena or are contemplating soon doing so. As the major nations of the world seek to unify their taxing agencies, to an apparent desired end result that no one is free from some form of income tax burden, an article like this one you're about to read speaks strongly for a vehicle by which to operate freely under law, without imposing on oneself an unwelcome "income tax" burden in the process.

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[THE SOVEREIGN SOCIETY OFFSHORE A-LETTER Your Link to Freedom, Prosperity & Privacy in the Offshore World Friday, June 28, 2002 - Vol. 4 No. 61](#)
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* COMMENT: Enormous Betrayal

Dear A-Letter Reader: The European Union issued a communiqué last week claiming that the US government supports the "savings tax directive," a proposal that would require US financial institutions to act as proxy tax collectors for high tax European welfare states. The EU claimed: "Contacts at the political and technical level have been held with the US, Monaco, Andorra, San Marino and Liechtenstein. These States have expressed their willingness to cooperate with the European Union."

Dan MITCHELL of the Heritage Foundation says that if this is true, it "would be an enormous betrayal" by Pres. Bush, who was elected to lower taxes and reduce the burden of government. Mitchell added: "Capitulating to Europe's welfare states would be a victory for the career bureaucrats at the US Treasury and the IRS, and a stunning defeat for the President's economic team."

White House and Treasury spokesmen deny that Pres. Bush endorses the EU's proposed tax cartel. Officials strongly insist the EU communiqué is a grotesque misinterpretation of the President's position. They claim there have been only staff level discussions with EU officials, meetings only to learn exactly what the EU bureaucracy is proposing.

In addition to 15 EU nations, six non-EU countries are being pressured to participate, including the US and Switzerland. The proposal doesn't take effect

unless all 21 nations agree to join the tax cartel. But if it does, all these nations would become joint and several tax collectors for each other -- and tax competition, tax havens and financial privacy would come to a near universal end.

Mitchell explains in detail this complicated issue and gives solid reasons why the US government should never agree with the EU demands. We urge you to read Dan's statement, then make known your views to your congressional representatives.

That's the way that it looks from here.
BOB BAUMAN, Editor

IF this were to happen - where "tax competition, tax havens and financial privacy would come to a near universal end" - I think you might begin to see the value in CORPORATION SOLE. I can't guarantee, of course, how long corporation sole will continue to be free from the clutches of government's taxing authorities, but after nearly a thousand years of existing in basically the same form as when it was first recognized by English Common Law, it continues to be the ONLY entity that has not yet been penetrated or compromised in its ability to provide privacy, asset and liability protection, while simultaneously enjoying absolutely NO income tax filing, reporting or paying requirements, regardless of multifarious government shenanigans. If you haven't begun to look at corporation sole and how it might benefit you and your situation, you might want to get back to your master representative for more information. Of course, you can also tune into [THE COMPANY's] Friday morning conference calls on that subject (see the announcement in the next section).

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To drive home the point even further, let me provide you with the latest from one of the leading "asset protection" attorney's in the country. I do NOT normally recommend Mr. Lambert's newsletter, simply because he is an attorney who apparently only knows the regular IRS income-taxing game and generally gives advice only in harmony with that line of thinking. And, I would guess he is pretty much clueless about the laws pertaining to corporation sole, since he practices in a State that does not allow for direct creation of corporation sole.

The positive points and information he provides here pertaining to asset and liability protection apply even more securely, in EVERY DETAIL, to corporation sole - and accomplish it a whole lot easier than other methods.

Date: Sun, 7 Jul 2002 18:58:13 -0700
To: littlehammer@primemail.com
From: newsletter@assetprotectioncorp.com
Subject: Asset Protection Newsletter: Two misconceptions and a long over due breakdown in the wall of Bank Secrecy

Dear Subscriber:

I hope you are having a great 4th of July weekend.

This short newsletter will deal with two common misconceptions and a small but important case involving Nevis.

MISCONCEPTION ONE (I gotta move my money)

This week 4 people considering asset protection asked me "To what country do I move my money?" This points out a common misconception: That the protected assets need to be moved abroad. This is not the case. IF proper asset protection (which will almost always involve a foreign trust) is done well in advance of any material financial attack the assets need not leave their current repository. If they are in the Bank of America the protected assets will stay there. The reason I encourage people to implement plans when the financial seas are calm is to start the statutes of limitation running. Remember, if a plan is OLD and COLD it is very difficult to attack and pierce.

With corporation sole, there is no concern for "statute of limitations" - and you don't have to be nearly as concerned about whether the corporation is "old" and "cold". Of course, I guess 1000+ years is pretty old when it comes to that kind of comparison.

The only time it is important to move protected assets abroad is when they face imminent attack by a judgment creditor or some other person or entity with the power to seize the assets without a judgment.

Gee - I wonder who it is who can seize assets without a judgment? Interesting - don't you think - that he fails to mention who that might be.

And - if your money is in your corporation sole (so it's not "your" money), you don't have to worry about moving it out of the country, even in the event to which he refers.

Finally, I am not saying that offshore accounts are bad at all (many people feel safer with their money abroad). As long as the accounts are properly reported to the IRS the accounts cause no problem at all.

And, with Corporation sole, offshore accounts don't have to be reported - and it still causes "no problem at all".

MISCONCEPTION TWO (It is critical where my trustee is located)

It does not matter at all where your foreign trustee is located. Any country which recognizes trusts is fine. Remember, the fundamental precept of asset protection: No country in the world automatically enforces US judgments.

All I use the foreign trust company for is to "rent their laws" and to give the trust a foreign situs (thereby forcing a creditor to litigate abroad where his judgment is next to worthless). What most people considering asset protection don't realize is that it is a snap to change the jurisdiction where the trust is set up. This is a simple matter of firing one trust company and hiring another...this usually takes

less than an hour. We choose the appropriate jurisdiction when and if attack comes. Properly done plans let you stay in complete control of where attack is raged. You choose the playing field and therefore the rules. That is real power.

So, don't get hung up on jurisdiction selection. Choose a trustee who is inexpensive and easy to work with. Remember, if things ever get tuff you will probably fire the trustee and move the trust, perhaps more than once. Finally, remember, these rules only make sense if you follow my oft repeated advice on designing and setting up a trust: NEVER trust a foreign trust company with your hard earned money (this is never necessary to do if you plan is properly designed and set up when the financial seas are calm).

With corporation sole, you don't have to be concerned with trustees, either; hence, you don't have to be concerned with trusting the trustee or having to find a new trustee in a different jurisdiction. With corporation sole, YOU are the SOLE controller of the funds that belong to the corporation sole; and if they "just happen" to be YOUR funds, which you put into corporation sole accounts (so it's not "your" money anymore - even though you have as full control of it as you did when it was "yours") - you've achieved the same benefit as you would have by having a "foreign trust." but without all the headaches of managing and trusting someone else with your money.

THE BREAKDOWN OF BANK SECRECY IN ACTION

In a post 911 world you should assume that there is no bank secrecy when it comes to governmental inquiry. Any assets in an offshore account will be difficult for a civil creditor to find and seize; however, not so if the creditor is a governmental agency.

Ah - but what if the money is held by someone (a corporation sole) over whom the IRS and government agencies have no jurisdiction? So, even if they "find" it, they have no lawful authority over it, to confiscate it, or freeze it, for whatever reasons they want to manufacture. I can NOT, of course, speak to any government or government agency that BREAKS the law in the course of their actions, or for "suspected terrorist" activities.

This is illustrated by a recent matter involving Nevis (a country which has developed a terrible reputation for bank fraud, insurance fraud and every other type of bad act). You might say they were the financial equivalent of pre 911-Afghanistan in that Nevis seemed to attract every sort of financial crook. Not so anymore.

Recently, the SEC went after a bunch of international crooks operating as Millennium Financial (basically, a boiler room offering fraudulent Pre-IBO stocks). These crooks were about as dirty as they come. That is not the important issue. The important issue is that Nevis cooperated with the SEC and froze the crooks' accounts. It didn't take years of negotiation or law suits in Nevis. In a post-911 world, it is clear: If a country is going to survive they are going to share financial data with the USA.... PERIOD. This would not have happened a year ago.

Again, IF they're going to be doing this sharing of information, don't you think it's better if they talking about something over which they know they have no jurisdiction?

I wish you all the best and invite you to email me with any and all of your questions. I answer each and every email...

...Now, stay safe.

Rob Lambert
Asset Protection Corporation
67 Wall Street, Suite 2411
New York, New York 10005

I'll be back with another edition next week.

Your friend,
Paul Leinthall
661-822-7889, 9 - 5, Mon-Fri PACIFIC time
email: littlehammer@primemail.com

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[2] 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.

[3] Contact Information

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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