

=====

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

Copyright (except quotations) © 2000, 2001, 2002 by Paul Leinthall

=====

Tuesday, July 16, 2002

- [1] Welcome & Editorial: Vacation Time: aka Different Kind of Work Time.
- [2] Questions and Answers: Corporation Sole - Misunderstood
- [3] News Briefs & Comments: Taking Off the Gloves
- [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**-----

In compliance with Title 17 U.S.C. section 107, this material is distributed freely, without profit or payment, for educational purposes only.

=====

To **SUBSCRIBE/UNSUBSCRIBE**: If you have received information DIRECTLY from the author (Paul Leinthall), you are already and automatically subscribed. If you are not already subscribed, you may send an email to "TaxExempt@primemail.com," with the word "subscribe" in the subject heading AND your name in the body of the email. I do NOT provide your private information to ANYONE else. To unsubscribe, simply put the word "unsubscribe" in the subject heading.

---

---

[1] Welcome & Editorial

---

---

Dear Friends,

Starting this coming Thursday and going over the ensuing four weeks, or so, I'm going to be attending several seminars, including [THE COMPANY's] Master Representative's Seminar on the last three days of this month. My next edition of this newsletter will be on August 20, 2002.

All [THE COMPANY's] conference calls will go on as usual, EXCEPT for Wednesday night, July 31. There will NOT be a call on July 31st, because all [THE COMPANY's] representatives will be just finishing our seminar, and most will be traveling.

I will be here with a special edition - more like an announcement - if [THE COMPANY] reopens the doors to new Tax Client applications before August 20. Until then, I trust you'll enjoy your summer

Your friend,

[Paul Leinthall](#)

[661-822-7889, 9am-5pm, Mon-Fri., PACIFIC time](#)

[email: littlehammer@primemail.com](mailto:littlehammer@primemail.com)

---

---

[2] Questions and Answers

---

---

Hi XXXX,

Let me intersperse my responses:

[Hello Paul,](#)

[I have been thinking seriously about the creation of a Corporate Sole. I do understand the concept, but what I am wondering is, does the creation of the Corporate Sole have to be in the state of one's residence, since one would become the titular head of the Corporate Sole?](#)

No. In fact there are only 17 States (in the 50 united States) which allow for statutory creation of corporation sole, and anyone in the world can create a corporation sole and register it in one of those States.

The only time any "registration" would have to be done in your resident State (if your home State did not allow for the direct "Statutory" creation of corporation sole) would be if the corporation sole would be having an active business presence in your State, in which case you might have to register it as a "foreign corporation". That's something that's done all the time with out-of-State corporations.

Also, I always thought that the titular head had to be a priest or other member of a clergy, such as pastors, ministers, rabbis, etc., and the Corporate Sole was set up for the benefit of religion, for works of charity, for public worship, etc.

Corporation sole must be created to fulfill either a religious, educational, or eleemosynary (charitable, philanthropic) purpose (or any combination thereof). Corporation sole exists UNDER the "religious umbrella" of the First Amendment of our United States Constitution, i.e., "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press...". Since Congress can make no law actually defining what a religion is, and since the courts in America have never violated that amendment in that they have consistently refused to define "religion" - YOUR religious purpose can be whatever you decide, even if it fits absolutely nowhere within the common definitions of present-day, organized "religions". Hence, your ability to utilize corporation sole.

But its PURPOSE MUST BE in line with one (or more) of those three emphases: religious, educational, eleemosynary. As long as the corporation sole is fulfilling its purpose, on even the smallest level, it continues to be valid - and as long as it is not breaking any laws pertaining to it (and it has NO income tax laws pertaining to it) - it remains the ONLY entity that has NEVER been penetrated in the history of our Country.

In your understanding, what other titles would be appropriate and what other purposes would be eligible? I don't get to listen to your conference call on Friday morning because of work, but I am sure this is covered on that call.

Some of the common titles for the SOLE officer are ones that obviously come from "the church". E.g., Matriarch, Patriarch, Bishop, Priest, Rabbi, Minister, Apostle, Reverend. Other titles are not strictly religious, although they can certainly be used in a religious context, such as "Elder", "Presiding Elder", or "Overseer". Still others, like "President" or "Administrator" have no distinct religious overtones.

Sincerely...

=====

Hello Paul,

What do you make of comments like what I cut/pasted below? I take it that your company, unlike what is described below, does provide guidance to register the Corporate Sole as a "state-registered legally recognized entity." These statements below don't scare me, but thought I would like to get your perspective on them, anyway.

Also, would you happen to know if Florida is one of the 17 states in which the Corporate Sole can be created? If that is the case, I wouldn't have to register it as a foreign corporation. But I suppose that it wouldn't be too difficult to register it, if in fact it had an active business presence. And, actually, I am not sure that it

would. I was just wondering about Florida since it is my current state of residence.

Sincerely,  
XXXX

CAUTION: There are several consultants and service companies in various parts of the United States which have been advertising a Corporation Sole as a method to separate yourself from the laws of the United States. Their sales tactics are similar to those used by "tax protester" organizations, which try to convince people that they should never have to pay income taxes, because they claim the federal government was never authorized to collect income taxes in the first place. But we all know that you can go to jail for failure to pay taxes.

Often, these consultants travel the country, holding seminars in hotels, conference rooms. etc., and charge upwards of \$10,000 for their documentation to create what they term is a "Corporation Sole", yet their creation is not a state-registered legally recognized entity. We therefore advise you to use extreme caution in situations like that.

Hi XXXX,

We actually do the statutory registration in any of the 17 States that allows for it. Florida is NOT one of those 17 States.

We never suggest any idea of "separating yourself from the laws of the United States" (as the "CAUTION" you included addresses) - certainly not any of the laws that actually apply to you. The corporation sole has a very limited number of laws applying to it - and absolutely NO laws pertaining to a corporation sole's need to submit itself to IRS jurisdiction that would require filing or reporting of any kind to the IRS.

When there is no law in the first place, there is no necessity to try to obey. When there is not law, it also removes the need for wanting to avoid consequences for law-breaking, because there are no consequences attached to a non-existent law..

The only thing I have to say about the comments under that "caution," i.e., that "these consultants travel the country...and charge upwards of \$10,000...yet their creation is not a state-registered, legally recognized entity," is that we don't travel around the country (not yet, anyway); and we don't charge "upwards of \$10,000," and we State register EVERY corporation sole we create.

A corporation sole does NOT NEED to be "registered" to be legally recognized, and a corporation sole that is NOT statutorily registered has ALL the same legal abilities as a Statutorily registered one; EXCEPT that, until a corporation sole is registered, it can't obtain an EIN# (Employer Identification Number), and, hence, the corporation sole finds it nigh impossible to open bank accounts, since most banks today require an EIN# for opening accounts (and, of course, you do NOT want YOUR social security number connected with that account, since that would defeat one of the primary purposes for utilizing corporation sole.

Over all, the "caution" bespeaks more of the writer's ignorance of corporation sole and the laws (few though they be) that apply to them. It's not unusual to see evidence of

ignorance in this regard, of course, since even most attorneys lack ANY knowledge of corporation sole (even knowing that they exist), or, if they are aware, they are grossly ignorant about how corporations sole work, usually confusing them with the typical "non-profit" organizations that have submitted themselves to IRS jurisdiction by applying for "501(C)(3)" status, or some other Internal Revenue Code Section "50--whatever" recognition.

Corporation Sole has ALL of the benefits of those other types of organizations, WITHOUT having to submit to the IRS for approval or recognition.

Sincerely,  
Paul Leinthall

=====  
[\[3\] News Briefs & Comments](#)  
=====

The first item of news this week is the latest word from Irwin Schiff, regarding the disposition of his case against Bank of America for honoring an unlawful levy on his bank account, wherein they "stole" over \$8000 from his account and gave it to the IRS. The last we'd heard was that the judge had dismissed Mr. Schiff's case, although he had allowed Schiff to depose the IRS agent who "signed" the "notice of levy". Even though the agent could not show where he got his authority to issue the levy notice, the judge dismissed the case. Mr. Schiff appealed, and this is where it stands at the moment.

Please be aware that what follows are the words of Irwin Schiff. I'm including this in my newsletter NOT because I think you should write the judge in the case, but because Mr. Schiff is one of the pioneers in the "tax honesty" movement. Neither I nor [THE COMPANY] agree with everything Mr. Schiff does, but in the arena of addressing unlawful levies, he's willing to take on one of the largest banks in the country, for their complicity in actions that are outside the law and detrimental to anyone caught in the racket.

**From:** Irwin Schiff <[ischiff@earthlink.net](mailto:ischiff@earthlink.net)>  
**Date:** Thu, 11 Jul 2002 18:17:39 -0700  
**Subject:** UPDATE: Bank of America Lawsuit

**Oral argument on my Motion to Reconsider is now scheduled for 3:00PM August 26th. You now have plenty of time to get your short, respectful letters to Judge Earl, if you haven't done so already. I. Schiff.**

**Here is a sample letter made for you by Cindy: (Take what you like from this, and please revise it to make it more personal and to reflect your thoughts)**

The Honorable Judge Allen Earl  
Department 19  
Clark County Courthouse  
200 South Third Street  
Las Vegas, Nevada 89101

In Re: Irwin A. Schiff v. Bank of America A-440323

Dear Judge Earl,

Please reconsider your Order of Dismissal of this very important case, where Agent Gritis illegally served a Notice of Levy on the Bank of America and where the Bank was put on Notice that the document was illegally served upon them by an unauthorized employee of the Internal Revenue Service.

Judge, this case is so very important to every America citizen, because these kinds of renegade practices by agency employees have destroyed lives all across the country, and, they are all illegal. The Internal Revenue Service uses third parties like the Bank, employers, and stockbrokers, by threatening that they may be held liable for the money if they do not honor the Notice. There is no provision in the law making third parties liable for the money if they don't hand it over. In fact, the law says that if the Notice is not honored by a third party, the IRS has to Release the Notice of Levy and cause a suit in Court to proceed in order to collect.

So, Judge, your reconsideration and opportunity for a jury trial will help to rein in these renegade agents and help third parties to protect their depositors, employees, and stock traders. What a difference this would make for the businesses involved.

Unless the Courts in America will allow a remedy to be found for this situation when it comes before them, then the American public is at great risk. Important legislation was enacted by Congress in 1998 to protect the American taxpayers from this kind of activity by agents of the Internal Revenue Service. But, as you know, the legislation is meaningless until it is enforced by the citizens of this country, and that includes the Courts and the juries. Unless Congress has the backing of America's Courts, the laws mean nothing.

The Bank was put on Notice that they were taking a risk if they did not first ascertain Agent Gritis's Authority. They took that risk and that is why the case is before you. Had the Bank considered the evidence provided for them by Mr. Schiff, and asked the agent for his authority, or, in the alternative, turned the money over to the Court for a disposition of the issues, the Bank would not be in this situation today as they would have been in compliance with their own Depositors Agreement. Instead, they ignored the efforts of their depositor when he put them on Notice of the facts pertaining to Delegation Orders and Pocket Commissions, and honored the illegal notice in violation of their own agreement with their depositors.

Please allow this case to go to a jury.

Thank you for your consideration in this very important matter before you.

Sincerely,

.....

We've heard from Larken Rose before, and I've recommended his video "Theft By Deception" in previous newsletters. I think you'll get a kick out of his letter to Attorney General John Ashcroft. Not only is it informative, but since what Mr. Rose speaks about is quite harmonious with the position on which [THE COMPANY] stands as they serve their clients, you can see some of the issues with which [THE COMPANY] often has to deal as they interact with the IRS and State taxing agencies on the behalf of clients.

The phrase that comes to mind as I read this is: "The gloves are coming off."

July 4, 2002

Attorney General John Ashcroft  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, DC 20530-0001

Dear Mr. Ashcroft,

I am not writing to you to ask for your thoughts or your assistance. I am writing to tell you this: you are at best a beneficiary of, and at worst a participant in, the biggest financial fraud in history, and I am pledging myself to tear down that fraud by any means necessary and to hold personally accountable everyone who has been shown the truth but has chosen to ignore it. The fraud will fall, and all those who ally themselves with the liars and thieves will fall with it.

I am not interested in receiving any of the government's asinine form letters on the subject. Having spent several years navigating the labyrinth of "legalese" concocted by the government lawyers, I know the truth, as demonstrated by the enclosed video, Theft By Deception. When several million other victims of this fraud also know the truth, when they realize what their financial situations would have been had they not been illegally robbed of thousands of dollars every year, there will be hell to pay for this monumental deception and extortion scheme.

There is nothing you or anyone else can do to stop the storm that is coming. The truth will always outlive the lie. The choice before you is whether to go down in flames with the lie or to stand tall with the truth. I fear that, like most people who have had a taste of power, you will betray the American people whom you are supposed to serve, and will choose your own destruction in your desperate attempt to maintain your power.

The misrepresentation and misapplication of the federal income tax laws constitutes the largest financial fraud in history. I am not speaking of a loophole, or an accident, or some imperfection in the law. This was fraud and deception by design, including a concerted effort to cover up the truth. To show justification for such a statement, I will make plain to you (and the American people) my personal experiences with the lawless, Gestapo-like tactics of agents of the federal government, and their efforts to protect their multi-trillion-dollar lie.

## The Law

The federal income tax statutes and regulations themselves conclusively prove the following:

1) There are specific sections of law (primarily 26 USC § 861(b) and 26 CFR § 1.861-8) which explain in what situations domestic income (income from sources inside the United States) is taxable (see 26 CFR §§ 1.861-1, 1.861-8(a), 1.863-1(c)). For decades, those sections have shown that the domestic income of U.S. citizens living and working exclusively within the 50 states is not subject to the tax, and that only those engaged in certain types of international or foreign commerce (commerce under federal jurisdiction) receive income subject to the tax (26 CFR §§ 1.861-8(a)(1), 1.861-8(a)(4), 1.861-8(f)(1)).

2) Similarly, the items of income listed in the general definition of “gross income” (26 USC § 61), such as “compensation” and “interest,” are not always taxable, but are instead sometimes excluded for federal income tax purposes (26 CFR § 1.861-8(b)(1)). The regulations (26 CFR § 1.861-8T(d)(2)(iii)) give a specific list of those situations in which such items are not exempt (i.e., when they are taxable). Again, that list includes only activities related to international commerce.

Contrary to the “conventional wisdom” spread by tax professionals and government officials, the law itself conclusively proves that most Americans do not receive income subject to the federal income tax, and do not owe federal income taxes.

The regulations specifically proving each of the above points have been provided, in person and in writing, to numerous IRS employees. In addition, hundreds of citizens across the country have asked their congressmen and the IRS to confirm or deny the above points, and have included copies of the pertinent regulations (see enclosure).

## The Response

The government’s response to perfectly reasonable questions about their own laws has been nothing short of tyrannical, reflecting an attitude more suited to Nazi Germany than to the United States of America. Here are a few examples:

1) More than one hundred Americans across the country have participated in “Operation Honest Inquiry” (see [www.taxableincome.net](http://www.taxableincome.net)), by sending to their congressmen and the IRS three specific, obviously relevant questions concerning the above-mentioned points. Most requests were ignored, and the remainder were responded to, not with actual answers, but with form letters discussing completely irrelevant issues, accusing the citizens of being law-breakers, and threatening them with fines and/or imprisonment, all in response to the citizens simply asking questions. Many of the citizens did not know the correct answers, but nonetheless were accused by the IRS of arguing something “frivolous” (when they were not arguing anything at all), and were plainly told that the IRS refused to discuss the issue further. (This in spite of the fact that the IRS Mission Statement includes

helping citizens “understand” what the tax laws require of them.) When a government refuses to discuss its own laws and threatens people just for asking questions about what the government’s own law books say in plain English, it is insane to pretend that that government cares about “due process.” (A copy of the questions and exhibits of “Operation Honest Inquiry” are enclosed.)

2) While citizens across the country are simply pointing to what the IRS’ own regulations say in black and white, the IRS lawyers try to confuse the public with “guilt by association” tactics, by mischaracterizing the issue as “tax protestor rhetoric.” (There have been many flawed theories about why the income tax is invalid, which have been spread by individuals who did not understand what the law itself says.) The government lawyers try to avoid having to address the specifics of the issue by dishonestly portraying the issue as some sort of protest about the law, and by making the asinine claim that the issue described above is “frivolous,” “baseless,” and not even worthy of discussion. To the frustration of thousands who now know the truth, government officials continue to try to portray them as law-breakers; illegal tax protestors who just do not want to pay their taxes, despite the fact that those individuals are determining their taxable income exactly the way the income tax regulations say they should (26 CFR §§ 1.861-1, 1.861-8). One viewing of the enclosed video will conclusively prove that the accusation, obfuscation and slander tactics by the IRS—the attempts to brush off this issue as some sort of “protest” of the law—are nothing more than despicable attempts by liars to cover up their lies.

3) I have attended several meetings between citizens and the IRS (concerning my own cases and as a witness in others’ cases). In every one, the citizen clearly laid out his position in writing prior to the meeting and in person at the meeting, politely showing numerous specific citations supporting each point in his position (similar to those described above). The citizen would then ask the IRS personnel to state on which points they disagreed. To date I have not heard one IRS employee explain the specifics of his own position or to say on which specific points he disagrees. For example, when asked whether they agreed that 26 USC § 861(b) and 26 CFR § 1.861-8 should be used to determine one’s taxable domestic income, the IRS employees in my case could not decide whether they agreed or not. (The problem for them is that if they agree, they are one step away from admitting that the income of most Americans is not taxable, and if they disagree, they would be directly contradicting their own regulations.) And IRS employees are equally unable to state their position on the other points.

It makes a mockery of “due process” and the administration of law for the enforcers to be unable to figure out what their own position is, much less support their position with actual citations of law. Yet those same IRS employees continue to threaten and extort citizens, without ever deciding what their own position is. That is not “law enforcement”; that is extortion and theft, and it has no place in this country. (The actions of the IRS make King George look like the poster boy for openness, honesty, and due process.)

4) It is somewhat understandable that low-level IRS bureaucrats would be unable to address such legal questions. (That, of course, does not absolve them of the

responsibility of complying with their own regulations once they are shown those regulations.) There is a procedure called “technical advice” (26 CFR § 601.105(b)(5)) by which a citizen can request that the IRS lawyers at the National Office address a legal question. Contrary to the regulations and published IRS procedures, however, the IRS lawyers have specifically (illegally) instructed the bureaucrats not to refer this issue to them. They are content to let the low-level paper-pushers misinterpret and misapply the law, while the lawyers conveniently keep their distance, in order to insulate themselves from personal culpability. Such actions are the actions of liars and thieves, not the actions of “public servants.”

5) As if to give legitimacy to its open disregard for its own regulations, the IRS has issued various form letters and notices (which, according to the Internal Revenue Manual, do not carry any legal weight (IRM § 4.10.7.2.4.1)) that carefully avoid the specifics of the issue while giving a fine example of “lawyer-speak,” stating half-truths which, read one way, imply something untrue. These non-binding notices serve as a valuable disinformation and propaganda tool for the IRS, since the average citizen assumes that a formal letter on IRS letterhead is legally binding, when that is not the case at all. (The regulations state the truth, but the individual IRS employees and their non-binding form letters contradict and confuse the truth. The IRS’ official position, as expressed in the regulations, is entirely correct; it is the position of individual IRS employees that is incorrect.)

6) In a move that can only be described as Kafkaesque [characterized by surreal distortion and usually by a sense of impending danger], IRS employees routinely refuse to discuss what their own law books say. They baselessly assert that the issue is “frivolous” and refuse to discuss it and refuse to even give the specifics of their own position. (The article posted at <http://www.taxableincome.net/articles/frivolous.html> shows just how idiotic it is to try to dismiss the issue out of hand as being “frivolous.”) This totalitarian tactic has been implemented by the Tax Court as well. In one case (*Williams v. Commissioner*) the Tax Court grossly misrepresented a district court ruling (*Crain v. Commissioner*), saying “Petitioner’s arguments are reminiscent of tax protestor rhetoric that has been universally rejected by this and other courts. We shall not painstakingly address the petitioner’s assertions with somber reasoning, as to do so might suggest that the arguments have some colorable merit to them.” That quote, however, comes from a case that had nothing at all to do with the above-mentioned issue, but that did not stop the Tax Court from dishonestly citing it as their excuse for refusing to address the substance of the issue. Those familiar with the issue recognize this tactic for what it is: fascist garbage.

7) Even the IRS Chief Counsel’s office, acting as if it is the keeper of some “secret law,” has openly refused to answer specific, obviously relevant questions about determining taxable income. One well-educated individual (Tom Clayton, M.D.), having received the “cookie cutter” evasions and obfuscations from IRS Chief Counsel, persisted in asking the specific questions. Finally, IRS Chief Counsel sent him a letter stating that, having sent out their non-responsive form letters, they had provided “all the general information [they] have on this topic.” In other words, tap dances and evasions were all they would ever give; they refused to answer the specific questions.

8) Those at the IRS who process tax returns are specifically instructed to illegally “lose” returns that mention the issue described above. One revenue agent admitted to my face (9/22/00, Jenkintown, Pa.) that at the IRS Service Center, “If they see anything like that, they’re not supposed to process it... they’re taught not to process it.” This tactic is used by the IRS to circumvent the legal way to process returns, which requires the IRS to provide meetings if the individual wishes to discuss the issue (26 CFR § 601.105). I am personally aware of dozens of cases in which the IRS openly refused to grant meetings to discuss the matter, even after being shown the specific citations that require it. (One return that I filed myself was “lost” by the IRS three separate times. For another return, I had to send in requests for three years before I was granted my first meeting.) Most people are never afforded due process meetings; their “inconvenient” returns are simply discarded as if they were never filed, without even a hint of due process being provided.

9) In addition to “losing” such returns, the IRS also routinely attempts to impose a \$500 “frivolous return penalty” (26 USC § 6702) on those who file returns citing the above issue, despite the fact that the returns mention only what the regulations themselves say. To step up efforts to terrorize people out of filing returns that tell the truth, and to instead force them into “complying” with the IRS’ gross misapplication of the law, Congress is even now trying to raise the penalty to \$5,000 and to give the Secretary of the Treasury unilateral permission to declare any issue to be “frivolous” and therefore subject to the penalty. (Welcome to the land of the free, where citing the law is now a crime.)

Amazingly enough, on more than one occasion I have personally seen the IRS refuse to process certain returns, saying they were never received, while at the same time trying to impose a penalty on the returns they say they never received! This despicable intimidation tactic is compounded by the fact that the IRS sends out a form letter that blatantly lies about an individual’s procedural rights. The form letter says the individual must pay the penalty before appealing it, while the regulations (26 CFR § 601.106(a)(1)(iv)) and the Internal Revenue Manual (IRM § 8.11.1.7) clearly show this to be untrue. Attempting to dismiss a return as “frivolous” when the return includes specific citations supporting every point of the position, makes a joke of due process. And fining people for filing such returns is nothing more than criminal thievery, but it is standard practice at the IRS.

10) In two cases I am personally aware of (at two different IRS offices), after the low-level IRS personnel were shown that their actions were unquestionably contrary to the law, the regulations, and published IRS procedures, the IRS personnel responded by saying that IRS District Counsel had sanctioned their actions, and that they therefore refused to do anything differently. Apparently, IRS personnel believe that IRS lawyers have the power to singlehandedly negate statutes, regulations and procedures merely by instructing their underlings to ignore them. This “just-following-orders” excuse (a la Nuremberg) is compounded by the fact that, assuming the IRS lawyers really did instruct their underlings to blatantly disregard the law, they did not do so on the record, so they too escape responsibility for their lawless actions.

11) The various alleged “checks and balances” in the system are nothing more than a thinly veiled disguise for a unified, tyrannical gang. Getting stonewalled, lied to, threatened, and robbed at two different offices (e.g. Examinations and Appeals) does not constitute “due process”; it constitutes double oppression. The Appeals Division of the IRS, which pretends to have the job of objectively reviewing decisions made by IRS Examinations and making decisions in an impartial manner, is in reality nothing more than a rerun of the evasion and extortion tactics of the Examinations employees.

12) The next level of so-called “appeal” is petitioning Tax Court (which is actually a glorified administration hearing) for a redetermination of a liability alleged by the IRS. In reality, this is nothing more than a “mock trial,” again run by those who have no concern for due process, the law or the truth, but whose single concern is the preservation of their own power and reputation. The Tax Court pseudo-judges (usually former IRS agents) simply echo the provably false and baseless claims of the lower bureaucrats, making accusations

*[Note: Tax Court “judges” can NOT determine whether, or not, a person is liable for a tax; in other words, they can not determine whether someone is, or is not, a taxpayer; they can only decide how much or how little the person will pay.]*

that the position is “frivolous” and fining people thousands of dollars simply for daring to cite the law itself in that kangaroo court. The “court” continues the lawless pattern of refusing to address the specifics and refusing to say on which specifics it disagrees. Being robbed by three thieves in a row does not constitute “due process.” (Though the Internal Revenue Manual clearly states that Tax Court rulings are not binding precedent (IRM § 4.10.7.2.9.8(3)), the IRS cites them as if they constitute a legal authority, while at the same time ignoring the clear wording of the regulations, which are binding on all IRS personnel (see IRM § 4.10.7.2.3.4).

13) Both the “Taxpayer Advocate” and the office of the Treasury Inspector General for Tax Administration (TIGTA) have also proven themselves to be nothing more than additional henchmen for this extortion racket. While they sometimes assist “compliant” extortion victims with various trivialities, both offices routinely turn a blind eye to all the glaring abuses and misconduct by IRS personnel when directed at those who dare to raise the above-mentioned issue. Apparently, “due process” applies only to those who still mistakenly believe that they owe the IRS a significant portion of their paycheck. Meanwhile, the federal thieves can get away with whatever lawless tactics they want to use against those who do not “comply” with the IRS’ misapplication of the law.

14) In a truly outrageous move, the IRS lawyers recently declared that citizens will be forbidden from audio-recording or having any formal record of meetings with the Appeals division of the IRS, and forbidden from even bringing witnesses with them. Not only is this a clear violation of 26 USC § 7521, but it also flies in the face of the most basic principles of due process. Hearings done “off the record” are worthless, as IRS employees, when “off the record,” routinely lie about citizens’ rights, attempt to bully and intimidate them, refuse to address any “inconvenient”

issues (such as the subject of this letter), etc. To put the label of “due process” on such closed-door hearings is absurd. Particularly in light of the refusal by Appeals to even allow witnesses to accompany the citizen, such meetings are not about affording “due process”; they are about intimidating, bullying, terrorizing, and extorting citizens in secret. They are the mark of a fascist regime, not a constitutional republic.

15) The IRS functions in every way like an extortion racket. I have personally seen several instances in which IRS employees admitted that they could not answer questions about how to properly determine taxable domestic income, but instead resorted to outright thievery, trying to levy or seize the property of the citizen, bypassing numerous procedural requirements, and ignoring entirely the concept of due process. In the middle of one meeting (9/22/00, Jenkintown, Pa.), at which the agents obviously could not explain away their own regulations, one agent wanted to talk about “the kind of money they’re messing around with,” as if how much they intended to steal had some bearing on what the law says is taxable. At another meeting (4/3/00, Sarasota, Fla.), after being shown the specific regulations about how to determine taxable domestic income, the IRS manager responded with “And we... we also have other sections, so we’re not gonna get into this. If you refuse to cooperate with us...” (They, of course, would not produce those “other sections,” despite repeated requests that they do so.) To IRS employees, “cooperation” does not mean complying with the law; it means blindly obeying whatever the IRS bureaucrat tells you to do, regardless of the law. The IRS routinely responds to attempts to discuss what the law says by making threats about how they will take the person’s property. That is theft, racketeering, and extortion, as well as blackmail, since the threats often take the form of “here is how much we will take from you if you don’t sign a return swearing that your income is taxable.” (Incidentally, this in itself is a crime under 26 USC § 7206, as it is an attempt to coerce someone into signing a return he believes to be inaccurate.)

16) In the ultimate act of censorship and cover-up, the IRS and the Department of Justice have begun to silence those who publicly discuss the limited nature of the income tax. Under the flimsy guise of trying to stop an “abusive tax shelter,” the government began attempts to get a court injunction to silence me and shut down my Web site ([taxableincome.net](http://taxableincome.net)). In my case, those efforts were so patently absurd that the DOJ has apparently since abandoned its attempts to censor me. However, after repeatedly refusing to have an honest discussion about the law, after failing to come up with a substantive response or even describing the specifics of their own position, government agents have now successfully silenced several individuals, using court injunctions against alleged “abusive tax shelters,” despite the fact that the law they are pretending to apply would not apply at all to what those individuals were doing, even if they had been wrong about their conclusions of law (see 26 USC § 6700). This harassment and censorship “under color of law” is yet another example of the totalitarian attitude of the architects of this deception.

17) To my knowledge, no one has ever been criminally convicted for relying on the above issue. Nonetheless, requests by citizens to have an honest, open discussion of the law are often responded to by the IRS with threats of prosecution and imprisonment. The IRS form letters threaten nasty consequences of not obeying the

tax laws, while at the same time openly refusing to address perfectly reasonable questions about what the law actually requires. There are indications that the IRS and the DOJ are now considering attempts to prosecute individuals who have relied entirely on what the government's own law books say in plain English. These individuals have repeatedly and publicly requested that the government provide any citations which might refute their position and explain any errors they may be making. Again, the government terrorists refuse to discuss the matter, and instead are considering attempts to imprison people for daring to comply with what the law actually says, instead of complying with the lawless demands of bureaucrats.

If the power-happy bureaucrats at the IRS and DOJ want someone to prosecute, by all means send them my way. If those totalitarian thugs want someone to charge with a crime, give them my address and tell them to take their best shot.

Blatant disregard of procedures and regulations by the IRS is not the exception; it is the rule. The IRS has engaged in stonewalling, lying and cheating, in every single case I am aware of. Those attempting to preserve the fraud are clearly orchestrating an attempt to systematically destroy any chance of citizens receiving due process relating to this issue. They refuse to give Examination meetings, insist that citizens attend Appeals meetings alone and off the record, fine people for mentioning the law in Tax Court, and make a complete joke of every other "due process" procedure.

Both the Internal Revenue Service and the Tax Division of the Department of Justice have acted, not as law enforcers, but as extortionists, bullies, thieves, terrorists, and censors, seeking to punish those who dare to rely on what the government's own law books say. Many in government will lose a lot of wealth and power when this fraud collapses, so the federal thugs desperately continue to escalate their terrorism and robbery of the American people. Meanwhile, Congress has stood by and knowingly allowed these oppressions, intentionally looking the other way. As is always the case with tyrants, the politicians obviously care far less about the truth than they care about their own power. The "system" has no interest in the truth or in anything that endangers its power.

This fraud will end, not because there is anyone truthful or honorable in Congress, or in the IRS, or in the Department of Justice, but because an informed populace will force an end to it. When that happens, those who have actively worked to preserve this fraud will regret their decisions. I believe the tyrannical actions of the government in this matter would in many instances justify violent resistance, and after several million victims of this fraud know the truth, the masterminds and preservers of this fraud will deserve whatever the enraged victims of this fraud can dish out.

As for myself, I wish to see this end without bloodshed, and hope that those implementing this injustice will admit the truth and change their behavior before forcible resistance becomes unavoidable. Unfortunately, if history is any indication of what to expect, those in power will continue to refuse to have an open, honest discussion, will refuse to provide due process, will refuse to admit the truth, and

will continue to escalate their efforts to terrorize and intimidate the American people into submitting to the IRS' gross misapplication of the law. I shudder to contemplate the inevitable results if that is what happens.

## The Situation

I personally have corresponded with hundreds of Americans who are afraid to obey the law. They know they do not owe federal income taxes; they know they receive no "taxable income," but they make payments anyway, for fear of what the IRS will do to them if they do not. They knowingly file false returns, incorrectly reporting their income as taxable, because they are afraid to tell the truth. Decent human beings would be ashamed to hold power in a regime responsible for such a situation.

For those who know the truth and have chosen to act on it, the IRS and the DOJ have responded using methods that can only be described as Gestapo tactics, consisting entirely of threats, harassment, intimidation, and outright theft. These actions are an abomination against civilization and an affront to all this country is supposed to be based on. Like all cowardly, power-happy bullies, the IRS and DOJ employees terrorizing the citizenry are completely incapable of a rational discussion of the law and the evidence; they avoid it like the plague. The only language they understand is the language of threats and violence. They are, to be blunt, lawless thugs. They find security in their "pack" and in the knowledge that they have their superiors' permission to ignore procedures, break the law, and terrorize the public. Like the Nazis, they believe they can escape personal responsibility simply because they are "just following orders" given to them by their power-happy, god-complex bosses.

In addition to the average citizens who are afraid to obey the law, more and more federal employees and tax professionals are realizing that the "conventional wisdom" about the federal income tax is grossly incorrect, but they too fear to say so publicly, for fear of retaliation from the federal storm troopers. The government propaganda and misinformation machine, assisted by the incompetent or intentionally disingenuous "reporting" of people like David Cay Johnston at the New York Times, goes to great length to vilify, ridicule and terrorize any who dare to publicly speak the truth, including former government officials such as former IRS Special Agent Joseph Banister.

Using the same methods of the regimes of Mao and Stalin, certain federal officials target would-be "whistle-blowers" for character assassination, vilification and other harassment. At least a dozen CPAs and attorneys have told me that they personally dare not tell their clients that the income of most Americans is not taxable although they know that to be case for fear of possible retaliation by the federal leviathan. Their fear is based on experience, because they see what is done to tax professionals who dare to correctly apply the laws: they are publicly ridiculed and insulted, threatened, fined, harassed, and silenced and put out of business by way of court injunctions (again under the asinine claim that telling people what the law says constitutes an "abusive tax shelter" subject to 26 USC § 6700).

When average citizens begin to look into the issue and the reactions of the government, they are often stunned and terrified by what they see. This does not match what they were told about a government “by the people and for the people”; it does not match the government’s rhetoric about “taxpayer services” or concern for due process; it instead matches the attitudes and tactics of every totalitarian regime in history. As more Americans get introduced to this situation, I get more and more notes from people expressing their utter disgust and absolute shock at the actions of “their” government. They see government agents lying, cheating, and stealing. The citizens who begin to see what is going on are at a loss for what to do, since every level of the “system” is engaged in the same evasions and intimidations.

The people have been taught that the system will grant justice, and that petitioning the “system” and playing by the system’s rules is the only civilized remedy for such problems. When they see the reality of the situation, it scares the hell out of them, because they realize, at least when it comes to dealing with the IRS, that they are not living in the country of Jefferson and Washington; they are living in the country of Lenin and Stalin. They see honest, law-abiding people begging the government to address the issue, to explain the law, to show where the citizen might be in error, to show legal support for the government’s actions, and to hold hearings where the written law can be openly and honestly discussed. But as was the case hundreds of years ago, their humble petitions “have been answered only be repeated injury” (the Declaration of Independence). On this Independence Day we have come full circle, just as the Founders of this country feared. The government can no longer be said to be a servant of the people; it is the primary violator of individual rights; it is the enemy of freedom, not the protector of it. It is high time the victims of IRS tyranny put an end to it.

On too many occasions I have seen hard-working, decent, law-abiding Americans literally reduced to tears by the systematic harassment, robbery and intimidation that the IRS intentionally inflicts on any who do not unquestioningly bow to the commands of whatever mentally unstable bureaucrat has his case file. The pattern clearly shows that many IRS bullies cause citizens emotional stress on purpose, cause marital strife on purpose, cause financial destruction on purpose, cause constant worry and feelings of insecurity on purpose, and delight in the emotional and financial collapse of their victims. While of course not all IRS employees, or even a majority, are like this, such sadistic animals are not at all uncommon in the IRS, as they are perfectly suited to the extortionist, terrorist organization that the IRS was designed to be. (After all, you cannot illegally steal trillions of dollars from the citizenry unless you keep the people constantly terrified of the “collectors.”)

### **The Remedy**

This situation is intolerable. This ongoing terror campaign and extortion racket run by agents of the United States government has to end, and I intend to see to it that it does. The means necessary to achieve justice will depend upon the lengths to which the guardians of this deception will go to preserve it. As thousands of Americans have begun to learn the truth, the participants in this fraud have resorted to more and more despicable tactics, slandering, threatening, harassing, robbing and censoring those who dare to publicly speak the truth. When tyrants

and thieves can no longer preserve their power through propaganda, they will fall back on what they know best: coercion and violence.

“Power concedes nothing without a demand. It never did, and it never will. Find out just what people will submit to, and you have found out the exact amount of injustice and wrong which will be imposed upon them, and these will continue till they have resisted with either words or blows, or with both. The limits of tyrants are prescribed by the endurance of those whom they suppress.” - Frederick Douglass

Too often in history the only remedy to government injustice has been forcible resistance by the people. Those who wield power eventually become accustomed to dominating others using threats and punishments, and “forget” how to act like human beings, using discussion and reason. This tendency is all too clear in the current actions of the IRS and the Tax Division of the Department of Justice. They think and act like gangsters and thieves. They do not know how to discuss; they know only how to threaten and punish. (All this from employees of the government, whose job it is to protect the citizenry from such fraud and theft.)

Most IRS employees truly believe they are just enforcing the law. They too are victims of the disinformation campaign of the government lawyers. However, once federal employees have been formally provided with actual citations of law showing their error, if they continue to participate in the federal shakedown, they lose the ability to plead ignorance. They become no better than the average lawless thug on the street and do not deserve to be treated any differently. In addition to educating the general public about this injustice, I am also showing the administrators of the law the truth about how they have been unwittingly used to illegally defraud their own friends and neighbors. (I have already sent out dozens of free copies of the Theft By Deception video to IRS employees across the country, and will continue to do so.)

Again, I want to see this fraud brought down without violence, but I have no intention of bowing to thieves and criminals simply because higher-ranking thieves and criminals have given their blessing (via court rulings or IRS lawyer directives) to the illegal looting and plundering of the American people. Over and over again the truth has been made plain, and over and over again the federal miscreants have ignored the law and tried to browbeat and subdue citizens into surrendering money that the citizens knew they did not owe. Every level of the bureaucracy, including Congress itself, has either turned a blind eye or given its blessing to such harassment and extortion. (When trillions of dollars are at stake, those in power forget who is supposed to be the master and who is the servant.)

I will not willingly allow myself and my family to be robbed, no matter how many government officials endorse the robbery. I will resist. I will not willingly allow my neighbors to be deceived and extorted, whether or not they themselves see what is happening. I will resist. I will not willingly allow those who tell the truth to be terrorized, robbed and imprisoned. I will resist. Though the majority of the people remain deceived, I will resist. Though the perpetrators of this swindle have tremendous wealth and power, I will resist. Though I am only one person with only one voice, I will resist. I will resist to the day I die, or to the day this injustice dies. And I am not alone.

Sincerely,  
Larken Rose  
www.Theft-By-Deception.com  
P.O. Box 653  
Huntingdon Valley, PA 19006

=====  
[\[4\] Call Reminder](#)  
=====

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.

=====  
[5] Contact Information  
=====

**Paul Leinthall**

**Phone: 661-822-7889, Mon. - Fri. 9 AM to 5, PM (Pacific)**

**Email: [littlehammer@primemail.com](mailto:littlehammer@primemail.com)**

You may notice that I refer to [THE COMPANY] or to the founder of the company [THE FOUNDER] in various places throughout the Newsletter. I choose those expressions, instead of providing the actual names of the company or it's founder, for a couple of reasons...reasons which you'll also find reflected in my explanation of the copyright notice (below). I want to insulate [THE COMPANY] and [THE FOUNDER] from undue and unwarranted attention (especially negative attention or reaction), whether from a casual reader or from any taxing agency or authority, their attorneys, or representatives. Therefore, it is my desire that the reader be absolutely clear who is responsible for what appears in this newsletter. This newsletter is NOT sponsored directly by [THE COMPANY] or [THE FOUNDER], and while I believe I am being representative of [THE COMPANY's] and [THE FOUNDER's] philosophy, goals, ideals and the truth in law and in fact on which [THE COMPANY] stands to perform its valuable service for its clients (of which I am one), and while I may quote [THE FOUNDER], or someone else, I always seek to maintain each person's privacy, unless their words are already in the public (published) domain; thus I will take the heat for any negative attention, response or reaction.

Also, this allows anyone, including other representatives of [THE COMPANY], who find this information valuable, and who want to share it with others, to substitute their name and contact information for mine, and not have to worry about potential clients of the company going over their heads and bypassing them. Since [THE COMPANY] sponsored conference call follows this same philosophy of client protection for their representatives, the information in this newsletter can, then, be more widely disseminated for the value and education of others.

About the copyright notice: The copyright notice covers all the contents herein, except quotations, if any. I value my (and the reader's) freedom, integrity and responsibility, and I desire to maintain an environment where I (and the reader) can utilize and distribute this written material. From the point of view of copyright law, if I don't first copyright this material, someone else could; and then, by law, they could disallow me (and the reader) from using or distributing it. Given that fact, copyright is the best avenue I know to continue allowing freedom for all of us regarding this matter.

Therefore, the reader is free to copy, print, use and distribute this material by personal email, fax, or handout (including substituting her own contact information), as long as BOTH the copyright notice AND this explanation of the copyright notice remain in the material. **However, I do NOT, nor does [THE COMPANY], in its own philosophy and ideals, authorize or condone ANY mass media distribution of COMPANY writing or materials, including (and especially) posting to any web sit. However, material written solely by the herein named copyright owner MAY be posted to a web site or some other media - but ONLY with the copyright owner's express, written, prior permission, in each instance.** The responsibility for the words contained herein resides with the copyright owner. The copyright notice makes absolutely clear who is responsible for what appears here; that way, the buck stops with me, should anyone question or challenge what is written herein.

This material is not intended to be interpreted as legal or financial advice. The copyright owner is neither an attorney nor CPA and has no license to offer legal and financial advise. I encourage the reader to study and think for herself and to make her own informed decisions, based on her own desires and beliefs, in harmony with her own inner sense and self-interested, positive and comfortable, good-gut feeling. For THAT, each reader is, himself/herself, entirely responsible.