

Sixteenth Amendment

1
2 **MR. SCHULZ:** The next line of inquiry are questions which we intend to prove that the
3 IRS, the Courts and even the New York Times cite the Sixteenth Amendment as government's
4 authority to oppose a tax directly on the People's labor, but that the Sixteenth Amendment did not
5 come close to being ratified and was fraudulently declared to have been ratified by Philander Knox.
6 Let's first familiarize ourselves with the federal taxing power in the Constitution as expressed in the
7 Constitution before 1791; before any of the amendments were added to the Constitution.
8 Remember, the people at that time had just come off in 1787 -- still fresh in their minds had just
9 come off a major war with the strongest power on the earth. England. And, fundamentally, over the
10 issue of taxation. They knew the power to tax was the power to destroy. They knew the power to
11 tax was the power to erode and seize liberty, prevent liberty from the people. So they were very --
12 obviously very careful in what they gave a lot of thought to, what it was they felt the new federal
13 government -- what power they should have. So let's visit the language, as it hasn't changed. It was
14 put in the Constitution originally; it's still there. And let's visit what the original Constitution, the
15 founding fathers had to say about federal taxing power. MR. Becraft, is it true that pursuant to the
16 Constitution of the United States of America Congress is authorized to impose two different types
17 of taxes, direct taxes and indirect taxes?

18 **MR. BECRAFT:** That is true.

19 **MR. SCHULZ:** And the basis of your answer?

20 **MR. BECRAFT:** United States Constitution.

21 **MR. SCHULZ:** Article and section?

22 **MR. BECRAFT:** You have the Constitution.

1 **MR. SCHULZ:** Is the basis of your answer Article 1, Section 2, Clause 3?

2 **MR. BECRAFT:** Correct.

3 **MR. SCHULZ:** Article 1, Section 8, Clause 1?

4 **MR. BECRAFT:** Yes.

5 **MR. SCHULZ:** And Article 1, Section 9, Clause 4?

6 **MR. BECRAFT:** So true.

7 **MR. SCHULZ:** Are indirect taxes defined in the Constitution? Are they named?

8 **MR. BECRAFT:** No. Oh, the class -- the Constitution talks about taxes, excises, duties and

9 imposts.

10 **MR. SCHULZ:** Let's read -- could we have Exhibit 29. Article 1, Section 2, Clause 3.

11 Could we read that. Would you read that, Mr. Becraft.

12 **MR. BECRAFT:** Article 1, Section 2, Clause 3, "Apportionment of Representatives and

13 Taxes. Representatives and direct taxes shall be apportioned among the several states which may

14 included within this Union according to the respective numbers --" you want the whole --

15 **MR. SCHULZ:** Yes.

16 **MR. BECRAFT:** Okay. "Which shall be determined by adding the whole number of free

17 persons, including those bound to service for a term of years and excluding Indians not taxed, three

18 fifths of all other persons. The actual enumeration shall be made within three years after the first

19 meeting of Congress in the United States and within every subsequent term of 10 years in such

20 manner as the law shall direct. The number of representatives --"

21 **MR. SCHULZ:** Could we interrupt. Are we talking there about the census?

22 **MR. BECRAFT:** Yes.

23 **MR. SCHULZ:** So this is where you find -- is it true this is where you find the

1 constitutional requirement that heads be counted every 10 years?

2 **MR. BECRAFT:** Yes. The counting of heads, the number of people in this country, is real
3 important for determining the proportion any one given state will have of the representatives in
4 Congress.

5 **MR. SCHULZ:** Yes. Continue, please.

6 **MR. BECRAFT:** And, likewise, that same rule is directly connected to the imposition of
7 direct taxes. This gets back into the debate during the Constitutional Convention of 1787 about how
8 they determined these constitutional powers of taxation for the federal government. Is that what
9 you wanted explained?

10 **MR. SCHULZ:** Please continue reading to the end of Clause 3.

11 **MR. BECRAFT:** "The number of representatives shall not exceed one for every 30,000,
12 but each state shall have at least one representative. And until such enumeration shall be made the
13 State of New Hampshire shall be entitled to choose three; Massachusetts, eight; Rhode Island and
14 Providence Plantations, one; Connecticut, five; New York, six; New Jersey, four; Pennsylvania,
15 eight; Delaware, one; Maryland, six; Virginia, ten; North Carolina, five; South Carolina, five and
16 Georgia, three.

17 **MR. SCHULZ:** So the issue of taxation and representation we find in the same section of
18 the Constitution? The same provision in the Constitution?

19 **MR. BECRAFT:** The same provision in reference to direct taxes, that's correct.

20 **MR. SCHULZ:** Was that by accident?

21 **MR. BECRAFT:** It was a very careful plan. There was a lot of debate during the
22 Constitutional Convention of 1787 regarding -- you know, if you're going to create a federal
23 government, another government that's going to be above or acting on behalf of the states, it needed

1 a power taxation. However, the states were very jealous of the power taxation that they each had.
2 But they also realized they've got to surrender some power of taxation to the government that they
3 were creating. And the debate during the course of the convention encompassed that. What do the
4 states want to protect; what do they want to keep; what are they going to surrender to the federal
5 government. And it was generally decided, after the creation of the federal government upon each
6 of the Constitution that the states would retain the power of direct taxation and they were going to
7 surrender an excise tax power to the United States, and that excise or indirect power of taxation
8 would be the primary method for the raising of the revenue for the federal government.

9 **MR. SCHULZ:** Would you read, please, Article 1, Section 9, Clause 4. That's Exhibit 31,
10 MR. Bodine.

11 **MR. BECRAFT:** Article 1, Section 9, Clause 4, "No capitation or other direct tax shall be
12 laid unless in proportion to the census or enumeration herein directed to be taken."

13 **MR. SCHULZ:** So is it true, taking these two clauses together, each of which talks about
14 direct taxes, the intent -- the plain language of the Constitution and the intent of Congress was that
15 the direct taxes, such as the income tax, property tax and income tax, that it be in proportion to the
16 number -- to the states and be tied to the last census?

17 **MR. BECRAFT:** That's correct. That's called -- in reference to direct taxes what the court
18 and the people talk about in this particular issue, they call this apportionment requirement a rule or
19 a regulation. We have a power of direct taxation but it's subject to and must comply with the rule of
20 apportionment. And the rule of apportionment is how we pick our representatives in Congress.

21 **MR. HANSEN:** Does that mean that we can tax states but not individuals? The federal
22 government can tax states but not individuals?

23 **MR. BECRAFT:** That's one method of direct taxation, yes.

1 **MR. HANSEN:** And the only methods supported by the Constitution for direct taxation --
2 or raising of revenues through direct taxation of federal government?

3 **MR. BECRAFT:** Relying historically on what we have done in the past, there have been
4 four direct taxes that have been imposed in the 19th century. Where are you headed with the
5 question?

6 **MR. HANSEN:** I just wanted to establish whether or not -- by what mechanism the federal
7 government can assess direct taxes and who is the object of the tax. In this case I'm asserting that --
8 and correct me if I'm wrong -- that the federal government can only assert direct taxes against states
9 as sovereigns rather than individuals by apportionment?

10 **MR. BECRAFT:** The power of direct taxation is not limited -- at least by experience -- to
11 impositions or taxes imposed upon states. We did that during the Civil War and certain direct taxes
12 were imposed. That's one way the direct tax can be imposed, by means of imposing a tax straight
13 on a state. The state will collect in whatever fashion it can but it will make the payment straight to
14 the federal government.

15 **MR. HANSEN:** And the amount of the assessment, per se, is determined by the number of
16 people in the state?

17 **MR. BECRAFT:** Correct.

18 **MR. SCHULZ:** Is it fair to say that the -- is it a fact that the will of the people as expressed
19 in the Constitution in 1787 with respect to direct taxation, is that it be in proportion to the states and
20 tied to the last census and that, therefore, it be uniform?

21 **MR. BECRAFT:** I find uniformity and apportionment to be almost mutually exclusive
22 facets.

23 **MR. SCHULZ:** I understand that this is a new concept. But if the intent is to make -- is to

1 limit -- is to have all direct taxes -- federal direct taxes apportioned among the states and its tied to
2 the census, it's tied to enumerations, it's tied to the last head count --

3 **MR. BECRAFT:** And the number of representatives in Congress, same thing.

4 **MR. SCHULZ:** Which is tied to the number of people, each one representing --

5 **MR. BECRAFT:** Right.

6 **MR. SCHULZ:** -- the same number of inhabitants. Each representative was to represent the
7 same number of inhabitants. They still do. So it follows, does it not, that the intent with respect to
8 direct taxes, taxes that you and I cannot avoid paying, they're not indirect taxes, they are direct
9 taxes. That the intent -- that this was the founders' attempt at uniformity, to make sure that even
10 direct taxes be uniform?

11 **MR. BECRAFT:** Yes. Uniformity in the sense that they have to be apportioned, yes. Let
12 me explain apportionment, if I can, for the benefit of the audience. Let's say the Congress -- I'm just
13 going to use -- I'm not going to be using exact facts here, this is just an illustration. Let's say the
14 government wanted to raise \$100 billion and let's presume, for purposes of argument, that 10
15 percent of the population exists in California. Well, if California has 10 percent of the population it
16 will consequently have 10 percent of the representatives in Congress. Therefore, when Congress
17 wants to impose a direct tax of \$100 billion, California -- there will be 10 billion raised from
18 California. That's what apportionment is.

19 **MR. SCHULZ:** Would you read --MR. Bodine, could we have Exhibit 30. And, MR.
20 Becraft, would you read Constitution Article 1, Section A, Clause 1.

21 **MR. BECRAFT:** "The Congress shall have power to lay collect taxes, duties, imposts and
22 excises to pay the debts and provide for the common defense and general welfare of the United
23 States, but all duties, imposts and excises shall be uniform throughout the United States."

1 **MR. SCHULZ:** Are these not the indirect taxes?

2 **MR. BECRAFT:** Yes.

3 **MR. SCHULZ:** Taxes, duties, imposts, excises. These are taxes you and I could avoid if
4 we wanted to?

5 **MR. BECRAFT:** Correct.

6 **MR. SCHULZ:** Is a tax -- is the federal tax on gasoline an example of a federal excise tax?

7 **MR. BECRAFT:** Correct.

8 **MR. SCHULZ:** A federal tax on liquor and cigarettes, are those examples of federal excise
9 taxes?

10 **MR. BECRAFT:** Correct.

11 **MR. SCHULZ:** Are tariffs on products -- tomatoes coming in from Mexico, are those an
12 example of -- other example of indirect taxes, tariffs?

13 **MR. BECRAFT:** Correct.

14 **MR. SCHULZ:** And we could avoid those taxes by not buying those tomatoes?

15 **MR. BECRAFT:** That's correct.

16 **MR. SCHULZ:** So we've seen with these three clauses that there's these two classes of
17 taxes: Indirect, which are named, identified examples which are given in the Constitution; and
18 indirect, which are also identified to the extent that they call them capitation or direct taxes?

19 **MR. BECRAFT:** Correct.

20 **MR. SCHULZ:** One, the indirect or taxes that we could avoid if we wanted to, the other
21 are examples of taxes we could not avoid. They're to be imposed on us directly and we could not
22 avoid them?

23 **MR. BECRAFT:** That's a very common way of describing them.

1 **MR. SCHULZ:** If today there were no income tax, no Sixteenth Amendment, and
2 everything else being equal, there was no national sales tax, no consumption tax, no George land
3 tax, everything else being equal, and Congress was now, as we sit, beginning to work on next year's
4 budget and they said we need \$2 trillion to run the government next year, which is about what they
5 spent. And if about a trillion of that they were going to receive as revenues from the imposition of
6 indirect taxes like the taxes on gasoline and liquor and cigarettes and tariffs and so forth, and if that
7 was a trillion dollars they were planning on receiving next year from the indirect taxes and they
8 wanted to spend \$2 trillion and there was no Sixteenth Amendment, would they not -- under this
9 constitution, under Article 1, would they not have to pass a statute, a law, which might go
10 something like this: We need \$2 trillion, we're only getting a trillion from the Article 1, Section 8
11 taxes, the indirect taxes, we don't want to raise those taxes any more, any higher. We need a
12 trillion. We're going to -- we're imposing a direct tax. And based on the last census California had
13 12 percent of the people so California you'll have to come up with this amount, which is 12 percent
14 of the trillion, and all the way down to Rhode Island, they would have to identify the amount due
15 from each state. Is that about what they would have -- is that a fair scenario of what might have to
16 go on this year if there were no income tax and everything was equal?

17 **MR. BECRAFT:** Yes. That's one way of doing it.

18 **MR. SCHULZ:** Is it fair to say that if Congress this year were on its way to passing such a
19 statute, that it would be -- that the representatives in the House and the senators, that there would be
20 lots of citizens knocking on their doors to say to them wait, don't impose -- don't pass that statute
21 because 200 billion of that is to be used by you, the federal government, to support this huge
22 community development bureaucracy that you have and you're only going to trickle a little bit of
23 that 200 billion back to the states. Don't do that because if we want to develop our communities,

1 and we do, we'll tax ourselves and develop our communities, we don't need you as a middle-man.
2 So please strike the 200 billion and let's get it down to 800 billion. Is that a possibility? I mean is
3 that a scenario that we could easily envision?

4 **MR. BECRAFT:** Yes, that would happen. And I think the reaction of the government
5 would be let's monetize the debt. Let's borrow some money from the feds; therefore, keeping the
6 power.

7 **MR. BENSON:** The first thing they would have to do, MR. Schulz, is to downplay
8 government. The government would have to become much smaller than it is today.

9 **MR. SCHULZ:** Yes, but let me get through a couple more of these questions.

10 **MR. BENSON:** Go ahead.

11 **MR. SCHULZ:** Is it also not true that if Congress was bound by the Constitution prior to
12 the Sixteenth Amendment, prior to the income tax and everything else was equal, no sales tax,
13 which I personally believe it's going to run into a lot of the same kind of constitutional problems
14 that the income tax has. But there might be also many people knocking on the doors of their
15 representatives saying wait, don't pass that statute because a couple hundred billion of that is used
16 to support this huge education bureaucracy and if we want to educate the children of our state,
17 which we do, we'll tax ourselves and educate our children. We don't need you, the middle-man, to
18 take all that money and fund this federal bureaucracy only to trickle a little bit of that 200 billion
19 back to the states. No, thank you, we don't need the middle- man. Is that not also a likely scenario?

20 **MR. BECRAFT:** Yes, it proposes the two senators from your state, Chuck Schumer and
21 Hillary, would oppose you.

22 **MR. SCHULZ:** I understand.

23 **MR. HANSEN:** Would that situation not be a natural check and balance between the power

1 of the states and the federal government?

2 **MR. BECRAFT:** That's true.

3 **MR. SCHULZ:** Well, I'm getting to that. And it's easy to imagine that -- first, let me --
4 MR. Becraft, under Article 1 of the U.S. Constitution, which deals with the Congress, and it
5 enumerates their powers, do we find a specific reference to community development and
6 education? Is that an enumerated power? Are those enumerated powers?

7 **MR. BECRAFT:** Absolutely not.

8 **MR. SCHULZ:** And is it also likely that lots of other citizens would be lobbying under that
9 scenario? Lots of other citizens would be lobbying their congressman, people would be taking a
10 harder look at these enumerated powers, people would be taking a harder look at federal waste and
11 so forth just to minimize the amount of taxes that the federal government would be asking the
12 states to impose on the people of those states?

13 **MR. BECRAFT:** I think that's a natural, logical thing that the American people would be
14 doing.

15 **MR. SCHULZ:** Does it also not follow that if that were the scenario, that there would be
16 an enormous shift of power from the -- well, let me just come back to that. When the dust settled
17 and all this lobbying by the citizens and others in the states were to end, we might find that the
18 federal government only needed 43 billion instead of a trillion and that the legislators, the
19 representatives might in the end -- might. Some chance. That they might in the end decide that we
20 don't have -- after listening to all these people lobbying them, that we really don't need a trillion. In
21 fact, we don't need any of that. We'll just live with the excise taxes, tariffs, duties and imposts. It's a
22 likely scenario, is it not? I mean it might happen that the trillion might shrink substantially?
23 Significantly?

1 **MR. BECRAFT:** I think everyone can envision that in their mind. With that type of
2 taxation we would have a smaller government.

3 **MR. SCHULZ:** Yes. But if that were to happen, is it not true that the amount of power --
4 there would be an enormous shift of power from the national government back to the states; to the
5 states and to the people, is that not true?

6 **MR. BECRAFT:** True. And the traffic congestion in the D.C. area would go down and we
7 might have two-way streets.

8 **MR. HANSEN:** And we could afford more conferences like this.

9 **MR. SCHULZ:** And is that not what the founding fathers and the people of the day had in
10 mind when they adopted the Constitution and set up the system of government; that the power
11 would rest with the states and the people?

12 **MR. BECRAFT:** Correct.

13 **MR. BENSON:** Let me add one thing quickly, MR. Schulz. The scenario that you just laid
14 out, the power would then shift to the state government, no question. But the corruption then would
15 be in state government not here in Washington D.C. I know, I work there.

16 **MR. SCHULZ:** But at least it's closer to us to have an opportunity to do something about
17 it.

18 **MR. BENSON:** It would be far worse, I guarantee you. Why do you think they're trying to
19 hang onto the power they have here; they know the corruption that's going on in the states right
20 now.

21 **MR. SCHULZ:** Well, I think we get the government that we -- in that regard we get the
22 government that we deserve. For one, I'm more comfortable with government -- and the founding
23 fathers believe this -- government closer to the people is a better government. It's easier to watch

1 and monitor state and local government. It's easier to monitor and it's easier to confront
2 governmental wrongdoing. I'm not saying that -- most people do prefer the calm seas of despotism
3 rather than the boisterous sea of liberty, that's true. There's always a wave crashing in the
4 boisterous sea of liberty, that's true. But I'm in my 22nd year of closely evaluating governmental
5 behavior in the state of New York and comparing that behavior with the state constitution and then
6 confronting governmental wrongdoing wherever I found it. It's not easy, but it's a whole lot easier -
7 - and I don't have to travel as far for one thing. But it's a whole lot easier to do something about that
8 corruption and that -- those examples of governmental wrongdoing than it is to do something about
9 the wrongdoing that goes on down here.

10 **MR. BENSON:** You're correct. And it's easier for the State of Illinois because they fired
11 me for uncovering corruption. And the corruption still goes on and on and on. It doesn't stop, Bob.
12 Where the money is at, that's where the corruption is at. And that's what we have to stop. You have
13 to downplay both federal and state government. They don't need the amount of money that they
14 have, these senators and congressmen of both houses of state and federal government, the
15 enormous salaries that they draw.

16 **MR. SCHULZ:** Yes, but would you agree, MR. Benson, that citizen vigilance is the price
17 of freedom?

18 **MR. BENSON:** I guess I would, yes. That's correct.

19 **MR. SCHULZ:** And would you not agree that under the circumstances and the facts we
20 find that people find themselves in today, that citizen vigilance needs to be institutionalized -- and I
21 don't mean locked up somewhere. I mean citizen vigilance has to become something that the people
22 do -- it has to be a common occurrence. It has to be something that they do frequently in their lives

1 like something else they do routinely in their lives like going to church or something like that. Is
2 that not -- I don't mean to put words in your mouth, but --

3 **MR. BENSON:** I wouldn't let you.

4 **MR. SCHULZ:** Is that not the answer to this dilemma; citizen vigilance institutionalized?
5 The people themselves deciding to be better informed about their rights as guaranteed and better
6 informed about what is going on in government and better informed about how to confront
7 governmental wrongdoing so that when someone like yourself does stand up to governmental
8 wrongdoing the government knows that there's a whole Army that -- you know, that people
9 throughout Illinois are watching. Isn't it true that government behaves -- especially the judiciary --
10 behaves one way if they think nobody is watching and they behave another way if what they're
11 doing is in the searing white-hot light of public scrutiny?

12 **MR. BENSON:** MR. Schulz, I don't want to become argumentative, nor will I, but there's
13 something I learned this morning earlier, a couple of hours ago, that every IRS agent is listening to
14 everything we're saying today. Everything. I heard you mention the fact -- and I'm glad that they
15 are, believe me. And I heard you make -- and they've heard this already too so it's a matter of
16 record. That you had some 2000 people that subscribed to the program that's going to go on PCs.
17 They have, how many, Joe, 125,000 people that work for the IRS? They're all listening. I want
18 them to look at this book. I want them to take a good strong look at "The Law That Never Was"
19 that they haven't been able to beat for 18 years.

20 **MR. HANSEN:** Along the line of state and federal equilibrium, is it true that a necessary
21 prerequisite for the payment of state income taxes is the payment of federal income taxes in most
22 states?

23 **MR. BECRAFT:** I'm well aware of -- there's a lot of states, I don't know the number, but

1 they are directly connected to the federal income tax and that presents problems as well.

2 **MR. HANSEN:** All right. So, if there's a direct connection and if we can eliminate the
3 federal income tax, then naturally would it be safe to conclude then that naturally state income tax
4 revenues would considerably drop as well and, therefore, both sides of the tyranny equation would
5 go away?

6 **MR. BENSON:** Let's hope. The thing that we're fighting in this country today is corruption
7 at the highest level of federal government and state government. That's the thing that we're really
8 fighting.

9 **MR. SCHULZ:** Well, now that we've discussed the way the system was designed to work,
10 let's now begin to address ourselves the way the system is working and how we found ourselves in
11 this position. Is it true that the IRS says it is the Sixteenth Amendment that gives it the authority to
12 oppose the income tax directly on the working people of America?

13 **MR. BENSON:** There is no ifs, ands, buts or questions about it. Federal judges have said in
14 court orders that it is the Sixteenth Amendment to the United States Constitution that gives me the
15 power to put you in prison and that's where you're going.

16 **MR. SCHULZ:** MR. Bodine, can you call up Exhibit 26(a)? Exhibit 26(a) is an IRS
17 publication number 1918 dated July '96 catalogue number 22524-B. And it says, quote, "The
18 Sixteenth Amendment to the Constitution states that citizens are required to file tax returns and pay
19 taxes."

20 **MR. BECRAFT:** How erroneous.

21 **MR. SCHULZ:** Would you agree, Panel --MR. Becraft in particular, that the federal courts
22 have said that the Sixteenth Amendment is the government's authority to impose the income tax
23 directly on the working people of America?

1 **MR. HANSEN:** Question 62(b).

2 **MR. SCHULZ:** 62(c).

3 **MR. BECRAFT:** The courts did in fact say that. I would like -- something you mentioned
4 a minute ago, from whatever you were reading from, that government publication saying the
5 Sixteenth Amendment says you have to file a tax return. That's wrong. The government is wrong in
6 that statement.

7 **MR. SCHULZ:** But the fact remains the IRS does say it is the Sixteenth Amendment that
8 gives it the authority to impose the income tax.

9 **MR. BENSON:** It is the only issue. The only issue. There is no other.

10 **MR. SCHULZ:** Yes, I understand that.

11 **MR. BENSON:** It isn't the Fifth Amendment. It isn't any other issue, it is the only issue.
12 The Sixteenth Amendment is a controlling factor of your paying federal taxes to the federal
13 government. Here's a court case: "The income tax laws of the United States of America are
14 constitutional, having been validly enacted under authority of the Sixteenth Amendment to the
15 United States Constitution." The statute, which MR. Pederson is charged with violating, 26 U.S.C.
16 7203, is one such statute which makes it a misdemeanor offense to willfully fail to file an income
17 tax return. It is unconstitutionally vague. And then they go on about another case. Two or three
18 other cases.

19 **MR. SCHULZ:** MR. Bodine, can you call up exhibit 26(d)? **MR. BODINE:** No.

20 **MR. BANISTER:** Bob, question 62(a) for the Sixteenth Amendment statement, is that one
21 of the ones I submitted that came from the Criminal Investigation Division press kit? Because that
22 language is exactly the same.

23 **MR. SCHULZ:** Is that document -- does it have a document number on it?

1 **MR. BANISTER:** I don't think -- let me check. I'm almost certain this is the one I
2 submitted to you months ago.

3 **MR. SCHULZ:** And we looked into it and it is the IRS publication number 1918 dated July
4 '96.

5 **MR. BANISTER:** This is one of the things I encountered during my investigation. The
6 Criminal Investigation Division, as with any other division of the IRS, has a press kit so that they
7 have something to hand out to the press and it can be further disseminated to the public. And this
8 statement is right out of their press kit under the fraud program. And as Bob said earlier, it says,
9 quote, "The Sixteenth Amendment to the Constitution states that citizens are required to file tax
10 returns and pay taxes," unquote. I mean, it's a boldface lie. And it's right in the CID press kit. And
11 these are the kind of things that I encountered when the IRS had told me -- and I can quote from
12 their publication, "Why Do I Have To Pay Taxes." This is when they described people like Bill
13 Benson. Quote, "They build their complicated arguments that the income tax system is illegal by
14 stringing together unrelated ideas plucked from widely conflicting court rulings, dictionary
15 definitions, government regulations and other sources," end unquote.

16 **MR. BENSON:** I would like to comment after that. This is a document from the state of
17 Kentucky, it is a beautiful document, I love this document, and I ask everybody that I speak to that
18 are going to be judges -- there were nine senators that voted for the amendment in the State of
19 Kentucky. On February the 8th of 1910 on page 487 of the "Senate Journal" nine voted for, 22
20 voted against. I ask every one that's listening, like the IRS, when in your wildest dreams or
21 comprehension is nine ever going to become greater than 22? Take me to court again. Let's fight it
22 out.

23 **MR. SCHULZ:** MR. Bodine, do we have exhibit 26(b)? **MR. BODINE:** No.

1 **MR. SCHULZ:** It will be in the evidence. Let me ask the question then. I don't know that
2 any of the panel members have actually seen it, but let me ask is it true that no less than an
3 authority than the New York Times says that the Sixteenth Amendment is the government's
4 authority to impose the income tax directly on the working people of America? I found --

5 **MR. BECRAFT:** Can we yield the floor to David K. Johnson? MR. Johnson, are you
6 here?

7 **MR. SCHULZ:** No, he was here earlier, the New York Times reporter, but he's not here
8 now. But I have the "New York Times Almanac 2001," and this is part of its title, "The Worlds
9 Most Comprehensive and Authoritative Almanac." And on page 161 it says, quote, "Congress' right
10 to levy taxes on the income of individuals and corporations was contested throughout the 19th
11 century, but that authority was written into the Constitution with the passage of the Sixteenth
12 Amendment in 1913," end quote. Would you admit that the findings published in "The Law That
13 Never Was" -- this is not a question for you, MR. Benson, I think you might be a little biased on
14 this one.

15 **MR. BENSON:** You'd like to avoid me?

16 **MR. SCHULZ:** You might be a little biased on that.

17 **MR. BENSON:** You would like to avoid me. What I want to do, MR. Schulz, is to show
18 you what you're trying to get at.

19 **MR. SCHULZ:** But let me ask the question --

20 **MR. BENSON:** Wait, MR. Schulz, please. Here is a book of documents, there's 1,600
21 pages in here that came from the national archives of Washington D.C., not too many blocks from
22 here, that shows and proves that the Sixteenth Amendment to the United States Constitution is an
23 absolute, complete total fraud. This comes from federal government documents, they're certified

1 and they're notarized. Here's another book from the national archives of Washington D.C. that
2 shows and proves the Sixteenth Amendment has not been ratified. And if I could have brought all
3 17,000 certified, notarized documents with me I would have. So maybe we would have gotten
4 (inaudible) --

5 **MR. HANSEN:** MR. Benson, is it true that the government or a representative of the
6 federal government I believe is Warren Hatch, attempted to procure all of the original of those
7 documents from you?

8 **MR. BENSON:** That's about the best question that I've heard for a long time; not that
9 you've been asking bad questions, but yes. There was a man by the name of Warren Richardson.
10 Warren Richardson is a man who is now a lobbyist in Washington D.C. Warren Richardson knew a
11 pastor in a Baptist church and they had made a call to me -- they made a call to our home, I wasn't
12 home I was in Huntsville or Birmingham, Alabama, giving lectures and Mrs. Benson said that "It's
13 an absolute emergency that you call Washington D.C. immediately." I had no emergencies in
14 Washington D.C., so I said, "When I finish my lecturing I will call them." When I spoke to MR.
15 Richardson and Dr. Dickson, MR. Richard said, "MR. Benson, we know what you're doing out
16 there and you cannot permit that book -- you cannot permit that book, meaning "The Law That
17 Never Was," to get out into the hands of the kooks out there. The kooks, meaning you, meaning
18 everybody here, meaning me. The kooks out there. And I said, "Warren, as far as I'm concerned we
19 do have kooks in the private sector, but the majority of the kooks are in Washington, D.C., and I
20 now name you the president of the cook club." He said, "I don't think you quite understand what
21 I'm trying to get to you." I said, "I think so, but go ahead." He says -- Volume 1 had not been
22 printed yet. It hadn't hit the streets. He said, "You had all the books printed that you want. You
23 name the number. And then you'll put a price on the books and we'll pay it." He told me before the

1 conversation started that "I am making this call on the behalf of Senator Warren Hatch from Utah."
2 He said, "Of course, you know him." I said, "Of course I do not. I know of him but I don't know
3 him." And he said, "And we will pay for whatever figure you come up with." And I said, "Warren,
4 you go to hell," period. "You go to hell." I wasn't raised to be bought. My father didn't raise me that
5 way. I couldn't be bought by the Department of Revenue for the State of Illinois. And I know that
6 Joan Bainbridge Safford is going to listen to this so that's fine. And I couldn't be bought by a
7 senator or someone by the name of Richardson. About 11 years later Richardson writes a letter to
8 me -- a very complimentary letter, what a great man I am, what a great service I have done to our
9 country because I was telling people all over the country wherever I speak, like I am now, what he
10 did, how he did it. Right after that conversation concluded the pastor called me and said, "Bill, I
11 had no idea that man was going to bribe you like he did." He said, "I will write you an affidavit, do
12 everything that was said on this telephone call," and he did that. And I have that affidavit. So when
13 someone wants to argue Sixteenth Amendment with me as far as it being law, they're a bunch of
14 kooks. And that's right here in Washington D.C. where we're sitting today. It's not law. It did not
15 become law in 1913 because the states did not ratify. Not one state out of the 48 has ratified this
16 amendment. Not one. In "The Law That Never Was" -- and I'm very, very fortunate to have this
17 book here because I did an unprecedented thing; I forgot to bring it. And if it were not for my
18 coauthor, MR. Beckman who is here and who had some books in his automobile I wouldn't have
19 had it. So, thank you, Red. And it is something that they simply can't get by. And one of the things
20 that the government wrote in a 16-page memorandum that I nicknamed the Golden Key was that
21 the -- there were four states that had ratified the amendment. "It will be observed that there were --"
22 no, that's not it.

23 **MR. BECRAFT:** We have that as an exhibit.

1 **MR. BENSON:** We have that as an exhibit?

2 **MR. BECRAFT:** We'll get to it tomorrow. You don't need to read it now.

3 **MR. SCHULZ:** It's after five. Let me just close with -- we'll continue tomorrow, Bill. But
4 let me ask MR. Becraft and -- both MR. Becraft and MR. Banister to answer this question. Is it
5 true that the findings published in "The Law That Never Was," by Bill Benson and Red Beckman,
6 that those findings make a compelling case that the Sixteenth Amendment -- the income tax
7 amendment -- was not legally ratified and that Secretary of State Philander Knox was not merely in
8 error but committed fraud when he declared it ratified in February of 1913? MR. Becraft?

9 **MR. BECRAFT:** There is a very compelling factual case.

10 **MR. BECRAFT:** I disagree with that. It's not a compelling factual case, it is a factual case.
11 Now, look, MR. Becraft is a lawyer and my very good friend and my chauffeur. It is not a
12 compelling case, it is a matter of fact. It's a matter of documents. Who is going to dispute this
13 document? Are you, Rosetti? Are you going to dispute it? You cannot. And this they didn't do. The
14 states did not agree with what the Congress of the United States did so they scuttled the Sixteenth
15 Amendment, they did not ratify it.

16 **MR. SCHULZ:** And are there not two volumes?

17 **MR. BENSON:** There are, Volume 1 and Volume 2.

18 **MR. SCHULZ:** MR. Becraft, would you admit that the U.S. Court of Appeals in "U.S. v.
19 Stahl" ruled that the claim -- that the ratification of the Sixteenth Amendment was a fraudulently --
20 was a fraudulently certified -- or was fraudulently certified was a political question for Congress to
21 decide because the court could not reach the merits of the claim without expressing a lack of
22 respect to the Congress and the executive branches of the government? Is it not a fact that that's
23 what the Court of Appeals --

1 **MR. BECRAFT:** I believe that's what they said and on the screen right now is the Stahl
2 case. The decision.

3 **MR. HANSEN:** It's question 63.

4 **MR. SCHULZ:** Is it highlighted?

5 **MR. BECRAFT:** Unfortunately, no. Oh, here on the screen, yes. You know in 19 -- well,
6 there's a case called "Leezer (phonetic) against Garnet," which is a case decided I believe in 1919,
7 and that established the legal effect -- it was a determination by the Supreme Court, a legal effect of
8 the proclamation and ratification of the amendment's adoption by the Secretary of State. In the
9 Stahl case they mention that case and then they go on -- I believe the quote is above what's on the
10 screen right there. But then later on below that the court does say "Stahl's claim that ratification of
11 the Sixteenth Amendment was fraudulently certified constitutes a political question because we do
12 not undertake independent resolution of this issue without expressing lack of the respect due
13 coordinate branches of government."

14 **MR. SCHULZ:** MR. Becraft, is it not true that one of the most fundamental principles
15 underlying our system of governance is separation of the powers?

16 **MR. BECRAFT:** Yes.

17 **MR. SCHULZ:** Does that not mean that each branch is to be an independent co-equal
18 branch and that the -- is that not true?

19 **MR. BECRAFT:** True.

20 **MR. SCHULZ:** And is it not also true that the primary role of the judiciary is to keep the
21 other two branches in their constitutional places?

22 **MR. BECRAFT:** That's correct because the judiciary is the weakest of the branches. It
23 relies upon its spoken word. In effect its influence is the spoken word to have an effect upon the

1 American people and the other branches.

2 **MR. SCHULZ:** And it's worth repeating. Is the issue of fraud a political question or a legal
3 question?

4 **MR. BECRAFT:** There's probably every day in America in some court in every state a jury
5 sitting and deciding the question of fraud involved in some cases. Fraud cases are very common.

6 **MR. BENSON:** One of the interesting things in that case, when it came up before the
7 Appellate court the prosecutor said that it was an excise tax, I thought the judges were going to
8 come off the bench and hit him with their mallet. Do you remember that?

9 **MR. BECRAFT:** Yes.

10 **MR. SCHULZ:** Well, I want to -- we'll pick up tomorrow with the same panel. We're going
11 to go through and prove conclusively, I hope, with your help and the evidence -- the questions and
12 the evidence -- that there is no question that the -- that there is no doubt that the Sixteenth
13 Amendment did not pass muster with three fourths of the state legislatures. And we'll continue with
14 this line of inquiry tomorrow morning. I'd like to welcome those new viewers on the live webcast.
15 I feel the excitement with what's going on here today. To know that we no longer have to depend
16 upon the dominant media to get information out, it's just remarkable. And we do welcome all of
17 you new viewers, those of you who just tuned in this afternoon. We would like to remind the
18 viewers that while the questions are on your screens, you do have to go to the table of contents to
19 get to the individual items of evidence. Just as Mike is doing here you need to do the same thing on
20 your screens. With that we'll adjourn until tomorrow morning at nine o'clock sharp, everybody
21 seated, and we'll pick up again on the inquiry of the Sixteenth Amendment. And it will probably --
22 I know it will be followed then by a line of inquiry on having to do with the Fourth Amendment
23 and the routine violation of citizens' rights to privacy; citizens' rights against unlawful search and

1 seizure; citizens' rights to due process and the routine violation of those rights by the IRS in its day-
2 to-day administrative procedures, and the fact that the courts are helping them. We're going to have
3 tomorrow attorney Noel Spaid, who is here from San Diego. We'll also have CPAs Richard and
4 Victoria Osborne who may well have, for purposes of this conference, I suspect, having reviewed
5 all of the questions and the evidence pretty powerful testimony. Some might call it a smoking gun.
6 Conclusive evidence of manipulation and fraud by the IRS and what they're doing to people
7 routinely every day. But we'll have the Fourth Amendment and all of that due process violations,
8 we'll have that tomorrow following the flight of inquiry on the Sixteenth Amendment. Did you
9 have something, Chris?

10 **MR. HANSEN:** I wanted to clarify one last thing. A number of people approached me and
11 asked me whether or not the question, the evidence and the transcript of this proceeding were going
12 to be available after the hearing for their own use in dealing with the IRS, for instance, to establish
13 a reliance defense against willful failure to file, and we wanted to remind everyone that we will be
14 making those materials available in electronic format for your reuse in litigating against the
15 government, which we also invite.

16 **MR. SCHULZ:** Well -- excuse me. No, no, no. I'm sorry, MR. Hansen has spoken out of
17 turn. We're an educational foundation. We are research and educational foundation. We do this
18 strictly for educational purposes. These are facts that we have -- questions that we have been trying
19 -- this foundation has been trying for three years to get the government to answer and they have
20 evaded every opportunity we have presented them with. Four conferences at the national press
21 conference, a formal written remonstrance, petition for redress and grievance delivered by MR.
22 Banister and I in the White House to President Clinton's Senior Aide and at the Capitol to Dr.
23 William Ketzell, Speaker Hastert's Senior Aide, and Chief Hennessey, Senator Lock's policy

1 director in Senator Lock's office. To know that we have had a call for in our newspaper ads we've
2 invited not only government experts but experts from academia to refute the evidence, to answer
3 the questions. We had an agreement by IRS and DOJ -- now, certainly, appears that they made that
4 agreement simply to end a hunger strike and maybe for no other reason. This foundation has --
5 these aren't our questions, these are questions that the Bill Benson's, the Irwin Schiff's of the world,
6 the Larry Becraft's and so many scores and scores of others that have come before us for decades,
7 certainly since -- the Irwin's have been raising these issues since the '70s. But these people have all
8 come before us and it has bothered us to no end to know that we have people asking these
9 questions of government and government has been using their petitions, their questions as grounds
10 for more persecution and abuse against them. That's wrong. That's clearly something the people
11 cannot tolerate in this country. So, to make it very clear, this foundation does not tell people not to
12 file. We're not telling you that. We're telling you to be informed. Take whatever action you feel
13 appropriate, but be educated, be informed. That's the official position of this foundation. We're a
14 research and educational foundation. If what we do in educating people makes it uncomfortable for
15 the government, that's not our problem. But that's -- clearly, we don't invite anything. MR. Hansen
16 is a colleague, he's not on the board of this foundation, he's not an officer of the foundation. I love
17 him dearly, he's extremely well-qualified on these subjects done in great research. He's authored a
18 wonderful book, but he does not and cannot speak for the foundation.

19 **MR. BENSON:** Nor had I made an attempt to, MR. Schulz, let's make that clear.

20 **MR. SCHULZ:** No, not you. MR. Hansen. Not Benson, Hanson.

21 **MR. BENSON:** Hanson, okay. But on the other hand, what MR. Hansen said, since you
22 don't want to pick up any role as far as saying okay, we'll do this, we'll do that, I do have a
23 Sixteenth Amendment reliance defense program that I do present before the IRS and I dearly love

1 it.

2 **MR. SCHULZ:** But that's not to say -- and we'll get into this more tomorrow. But that's not
3 to say that this record we're preparing will not be used as justification by this foundation for what
4 might come next. We'll talk more about that tomorrow before we close. Well, unless -- I don't
5 know, shall we take some questions from the floor? Scott is there -- can we do that?

6 **MR. BENSON:** Good idea.

7 **MR. SCHULZ:** We'll answer a few questions from the audience.

8 **MR. BENSON:** You have the best of the best up here, I want them to ask questions.

9 **MR. SCHULZ:** It will be helpful if you would find your way to a microphone so that we
10 get good audio.

11 **FLOOR:** My question is -- someone wants to know if the cost of attending this is tax
12 deductible and I said, "I hope so."

13 **MR. BENSON:** Yes, it is.

14 **MR. SCHULZ:** Well, if you pay taxes and this is an educational event -- what's the law,
15 Larry? Is there another question? Let's speak one at a time. Is there another question? The man in
16 the red shirt.

17 **FLOOR:** I would like to ask why do you people not organize and file a class action lawsuit
18 against the IRS and DOJ and everybody else that refuses to recognize this petition for redress?

19 **MR. SCHULZ:** We're going to discuss the next step at the end of the day tomorrow.

20 **FLOOR:** Okay. Because I think this is something that's way overdue in this country.

21 **MR. SCHULZ:** Thank you, Sir. Any other questions from the floor? Yes, Sir. Would you
22 stand, Sir?

1 **FLOOR:** This question is for MR. Benson. MR. Benson, to the best of your knowledge,
2 and through your communications with the IRS, according to the IRS what is the number of
3 nonfilers in the United States of America?

4 **MR. BENSON:** Oh, God, I heard a figure somewhere around 60 million nonfilers.

5 **FLOOR:** There's already 60 million nonfilers in the United States?

6 **MR. BENSON:** Wait until next year. Wait until next year.

7 **MR. SCHULZ:** Is that it then?

8 **FLOOR:** MR. Benson, where can we get your book?

9 **MR. BENSON:** You can get them from me. I have a web site. You can get it on the web
10 site.

11 **FLOOR:** Where is Red Beckman? I would like to shake his hand too.

12 **MR. BECRAFT:** He is the man sitting in the back of the room waving his hand.

13 **FLOOR:** Could I ask a question or make a comment here? I noticed these big ads in the
14 "New York Times" and "USA Today." And they're very effective, I read them. But I've started
15 thinking these might be more effective if they were in little small town newspapers like where I
16 live. I think you've got more of a patriot movement in your smaller towns, your rural people, and
17 take the same money and spread it out over a thousand papers where there's populations. They get
18 read -- I think these papers get read a little bit and then thrown away. You have a better chance in
19 your smaller venues.

20 **MR. SCHULZ:** 1,000 papers times \$500 to \$1,000 and the smaller papers can't afford it.
21 That's the answer. This ad in the New York Times cost \$63,473. We could advertise in the Orange
22 County Register and the Hartford Current and that would eat up the 63,000. We could advertise in
23 the smaller papers but they still charge \$500, \$800, \$1200. My hometown newspaper that serves

1 Glens Falls and Queensbury, New York, we publish full page ads in that paper and they're 3,000;
2 something of that sort. So it may appear that the money could go further, but we couldn't advertise
3 in too many papers. On that point, I suppose it wouldn't be -- I don't do this very well but let me try.
4 The foundation is not a membership organization. We The People Congress is, which is sort of like
5 a sister organization. But the foundation is not -- the foundation gets along entirely, entirely, on the
6 basis of the goodwill of the people. Contributions and donations. It may appear to some, oh, they're
7 a foundation like the Ford Foundation. It doesn't work that way. It may appear because of what we
8 do that to use the vernacular we're loaded. Not true. No one at the foundation -- and we haven't
9 been receiving any compensation, we're all volunteers. We get a lot of \$25 donations and \$100
10 donations. We've had a couple of people that have come to us and have -- to get this ball rolling, to
11 get the series of ads rolling we've had one person start it who paid the full shot in the USA Today.
12 The first one. But that's --

13 **MR. BECRAFT:** He's in the room.

14 **MR. SCHULZ:** And he's in the room. We needed lawyers to help us put these questions
15 together. And there's one person in the room who paid the \$50,000 to do that. And if he doesn't
16 identify himself, I'm not going to. But other than that -- other than those two persons, I have to tell
17 you for the most part it's people sending \$100 checks, \$200 checks, \$25 checks. And I don't know
18 what the statistics are but you've got to believe that most of -- I mean I have to believe that most of
19 those contributions are under \$100. So keep that in mind. Our success -- what we do, this
20 conference -- I mean just the cost of this conference, it's enormous. And there are no heavy hitters.
21 A couple of people -- that's it. We cleaned those guys out. I mean, that's how much they're
22 committed to the principles involved here in our defense of the Constitution. It's not easy. So
23 spread the word. I simply don't ask for money very well, but I'm asking. We could use your help.

1 Spread the word. I have to say this as well. We're not in the business of selling anything. We're
2 simply not in the business. It's not what we do. It's not why we're around. We don't sell anything.
3 We are not there to sell things. Yes, we make recordings of these events available to people and we
4 make copies of these ads available to people, but it's because they're educational products. We're
5 not in the business of selling things. We're different than a lot of other people that are doing their
6 part in trying to correct these wrongs. Did you want to add -- Burr Deitz is here as a director as is
7 Pat Friedman and Ruth Davis. Four of our directors are here.

8 **FLOOR:** Yes, MR. Schulz. I emailed the foundation pretty much what I'm going to ask and
9 I know you may elaborate on this tomorrow, but with the movement going like it is, it's
10 complicated with the judicial department saying that it's a congressional problem and the Congress
11 saying that it's a judicial problem. Can we direct this movement directly right to the Supreme Court
12 and have them rule on this?

13 **MR. SCHULZ:** Well, we're going to talk about alternatives tomorrow at the end of the day.
14 You're talking about -- your question is in legal terms I think, Larry, is this correct; does a
15 mandamus lie? Can you go to the Supreme Court with a writ of mandamus to direct -- to ask the
16 court to direct some official to perform some duty that isn't being performed or to stop doing
17 something. Or can we get there directly with a petition for a declaration of our rights; a declaratory
18 judgment. We'll talk more about alternatives at the end of the day tomorrow, thank you.

19 **FLOOR:** First of all, MR. Schulz, I would like to thank you for putting this on and making
20 this available. My question alludes to the one that the gentleman had discussed about putting this in
21 smaller papers. There are hundreds of grass roots, pro-liberty organizations all over this country.
22 Would the art work be available for us to raise our own money and put in our own local papers?
23 Could you make that available to us?

1 **MR. SCHULZ:** Yes, it is our practice to put every ad that we have run -- it really wasn't
2 appropriate on the New York Times ad because it was dealing with something that was happening
3 right away. But all the USA -- all the art work, everything we do we put on our web site and we tell
4 people like yourself, go to your local newspaper, go to your local print shop, your printer, tell them
5 you would like to run an ad in their paper or have something printed. Tell them that the graphics
6 and everything is available, they can download it all off our web site and run it the way it is, and if
7 necessary we'll send them a file -- a disk. They use Quark Express or one of those programs. We
8 can send them that to them, but they should be able to get it right off the web site. The Internet is
9 going to make us free again.

10 **FLOOR:** I think history has shown to people that our government sometimes only
11 understands a stronger action being taken. And in light of the fact that right now we have our
12 President on the TV every day or in our faces or on the radio or whatever saying how he denounces
13 terrorism and that terrorism will be stopped at all fronts. Isn't it kind of ironic that the worse type of
14 terrorism being done today in the world is an agency that can come up to you on April 15th of
15 every year and say give me a third to a half of your pay and when we have the audacity to question
16 why they are doing that they say it's the law and when you say show me the law they say I will
17 throw you in prison. Isn't that the worse type of terrorism there is? And should we not as
18 Americans (inaudible due to applause) -- Well, I think it's at a time right now where people like
19 yourselves and this foundation -- and there are a lot of these groups out there and I heard a
20 gentleman talk earlier about there are hundreds of liberty groups across the country. I think the
21 problem is we need to take the gloves off and call these people exactly what they are. They are
22 terrorists.

23 **MR. SCHULZ:** Wait. Wait. Wait. Do you remember who Mahatma Gandhi was?

1 **FLOOR:** Oh, yes.

2 **MR. SCHULZ:** And Martin Luther King?

3 **FLOOR:** Oh, yes.

4 **MR. SCHULZ:** Their message to us -- Mahatma Gandhi said it first and Martin Luther
5 King read it, believed in it and was a follower of Mahatma Gandhi. What he said was when the
6 people are up against unjust and uncivil laws and government, to get the reform that they are
7 entitled to you need, he said, a militant, nonviolent mass movement. The word militant,
8 unfortunately, has changed the meaning over the years since Mahatma Gandhi's day, but it means
9 proactive. So what you're saying is you need a proactive, nonviolent mass movement. He said -- he
10 underscored. He said if you're missing any one of those three elements you will fail. We need to
11 reach critical mass. We're proactive. Look what we've accomplished. Look what we've done in
12 three years. And look what so many other people have done. It's nonviolent. We're nonviolent. We
13 need a mass movement. We're getting there. With each step -- I know that speaking for the
14 foundation -- with each step that we've taken, educational step -- the papers, the national press club
15 conferences, this event -- with each step we're not only turning the heat up a little bit on the other
16 side in terms of our demand on answering these questions, we're certainly doing that, but with each
17 step more people are being informed about these issues. More fence sitters -- the uninitiated are
18 learning, the fence sitters are more and more falling on our side of the fence I suppose is one way
19 to say it. And some people -- a lot of folks in the patriot movement who publish alternative media
20 like magazines, newspapers and newsletters and so forth, they were a little unhappy when they see
21 this kind of money going into the dominant media, USA Today and the New York Times, and they
22 say well gee why don't you spend some of that money with a full page ad in our weekly magazine
23 or our weekly newspaper or newsletter and so forth. And I feel bad. I really do feel bad for them.

1 But I have to say to them we need to reach the uninitiated. We need to reach critical mass. We don't
2 need to be talking to ourselves -- with respect I say this, clearly. I mean these people have been
3 courageous and they're passionate in their love of freedom and they've devoted their lives to
4 building up these magazines like alternative media and the such. But we need to reach the
5 uninitiated and it's going to take --What Mahatma Gandhi was really saying -- and I believe this --
6 people, to get the reform they're entitled to, they need to put a collective foot down. A collective
7 foot down. You need this mass movement. Now, what is critical mass? I don't mean 51 percent, not
8 by any means. The critical mass in 1776 was not 51 percent of the population. Nowhere near it. We
9 certainly are, with these ads, and with these web sites -- all of these web sites -- we're the modern
10 day pamphleteers. We're the modern day Thomas Paynes. The word is getting out into the homes of
11 a lot of people and they're being educated.

12 **FLOOR:** I want to clarify, I'm not abdicating violence. All I'm saying -- and you made a
13 good point; that to bring people on board you have to use what's necessary. And you're using your
14 pamphlets and what have you. Let's look at what the government has done to turn the American
15 people to give George Bush the highest approval rating ever. What did he do? He went out and
16 called Osama Bin Laden a terrorist. And I'm saying that what we need to do is tell the American
17 people exactly who the biggest terrorist in the world right now is, and that's our own United States
18 government. I think that will bring them on board. I'm not saying that --

19 **MR. SCHULZ:** I have another -- look, I've decided some 20 -- in 1979 I decided to -- I
20 learned. I mean I was like most people in that I was led to believe -- 1979, what was I 30-, 40 years
21 old. I can't think. But anyway, I was like most people in that I was led to believe that the
22 government is always benevolent. That it always has the public's interest uppermost in its minds.
23 And I didn't know anything about government other than I voted. I didn't know who I was voting

1 for. I was Republican so I voted Republican, like most people. But then something happened and I
2 got intensely involved in an issue and I won that case. I took my government to court. I knew they
3 were violating a statute. And I was ostracized. In 1979, your neighbors, your friends, you're
4 ostracized. You're questioning the government, you're suing the government, oh, my God it was
5 terrible. Because most people are led to believe that their government is benevolent and always has
6 the public's interest uppermost in its minds. That was the case in that day. And so I have, over these
7 years, come to believe otherwise. And it's not the case -- but one of my observations -- and I've
8 been intensely involved for 22 years now, it's all I do, is question, scrutinize governmental
9 behavior, compare that behavior with the requirements of the Constitution and then confront the
10 governmental wrongdoing and that usually means bringing them into court. There's some 140
11 decisions that I have -- cases that I have brought against governmental officials. One of those
12 motion decisions, but dozens and dozens of cases. And won many victories. You know, significant
13 cases against the Governor of the State of New York. Struck down state legislation and regulations
14 and nailed a couple of mayors and all that kind of stuff. But one of my observations over these
15 many years is to be very careful in this business that we're in of defending liberty, when you're
16 under the circumstances and the facts of today where most people are educated by the government
17 and the government has decided that it's not in its best interest to teach the people about these
18 principles, specific education is getting short tripped, it has been for a long time. But one of the
19 things I've learned is that you don't want to make it easy for the other side to paint you with any
20 kind of a brush. You want to talk about the Constitution. You want to talk about the law. You want
21 to talk about the way the system is designed to work. Because people can relate to that. Once you
22 start using words like terrorists and some of the -- it's easy for you to become labeled with some
23 sort of brush or another. Oh, extremists. You said the word terrorists. All of these people who

1 might be listening because we're talking about the law, we're talking about the Constitution, we're
2 talking about our character. You know, we're talking about the way the system is designed to work.
3 Under these circumstances today if we were to call the President a terrorist you'd lose 90 percent of
4 the people and it will be a long time before they would start listening to you again. That's the
5 problem. Don't be too impatient. Just stick to the law, stay focused on the Constitution and the law.

6 **FLOOR:** MR. Chairman, I believe we should have opened this program today with the
7 Pledge of Allegiance. So let us now, when we're ready to close it, salute our flag which is right
8 behind you.

9 **MR. SCHULZ:** We will when we close. Are there any other questions? One more.

10 **FLOOR:** Thank you for this presentation but I do have one question. You mentioned that
11 you're a foundation not like Ford. Why can't we get someone like the Ford foundation to help this
12 out?

13 **MR. SCHULZ:** It won't happen. Look, when I was -- it just won't happen. It won't happen.
14 There's a story behind that.

15 **FLOOR:** I have a question or comment. We were talking about newspapers. And even if
16 you don't have the money to take out a full page ad, which most of us don't probably, some things
17 we can do, like my Mom, she's been really active in trying to be helpful in ways that she can. And
18 after your ad came out in the Times she wrote an editorial and said has everyone looked at this and
19 if all of this is true or if it's not true why doesn't the government just come forward and say this is
20 not true and get it over with and just shut up. And so one thing you can do is write editorials. And
21 another thing that she did when you went on the hunger strike because she's like why isn't this
22 being covered by the media and obviously we know why, but she wrote over 200 letters to senators
23 and congressman. And think about if everybody did that and it's not just one person saying here's

1 the problem, here's the problem, it's everybody saying the same thing. So I think that's some ways
2 you can help to spread the word too.

3 **MR. BANISTER:** I have to mention, her mother sends me uplifting thoughts and prayers.
4 When I go to my P.O. Box every week and I'm feeling like is this ever going to be over or should
5 we start calling people that T word or start getting out of shape, I get a nice little card from Mary
6 Ann just giving me some little uplifting thought or prayer and it just kind of resets me and gets me
7 going another week or two and it's fantastic. So you have no idea how you can contribute, you
8 know, and still keep things calm. And you can see the progress. I mean, I could never imagine
9 giving my bosses my report and having them say see you later, Joe, and I'm thinking this is over for
10 me, over for this issue and look what's happened today. So it's awesome. And if this is what we've
11 done in three years, I'd say that the government officials that are watching, I don't know if they're
12 still watching, they better watch out.

13 **MR. BENSON:** One of the other things is this guy, Bill Benson, will not condone fraud.
14 Never, ever. I carry a big stick and I do not walk softly. Prison gave me this stick, so I remember it
15 very well.

16 **MR. SCHULZ:** Unintended consequences.

17 **FLOOR:** I personally have written 315 letters to my legislators over this tax issue and sent
18 150 emails and I have less than five letters back from any of them and don't give up. I even sent
19 letters to the editor, I sent personal invitations to Foxley, Devine and Boynavich (phonetic) to be at
20 this meeting today, and also sent a letter to the U.S. Supreme Court, and I never got a response
21 from anybody. So my advice to all of you is like he said, keep it up, because sooner or later they're
22 going to hear you.

23 **MR. SCHULZ:** I might comment on something you said. The weekend before last, on the

1 Monday following that, I received an email from someone -- I hadn't verified this but it sounded
2 legitimate. The email said that he was at the Libertarian convention, state convention in California
3 the prior Saturday I guess, and that Ron Paul was there. Ron Paul was speaking. And that he asked
4 Ron Paul "Why is it you're not doing more to stand up to the IRS and to help the Foundation and to
5 get DOJ and IRS to answer the questions and so forth. And what this man said was that Ron Paul
6 told him that look there were two congressman who did that, who took on the IRS, was demanding
7 answers and so forth. One was George Hansen and one was Traficant and look where they are now.
8 So there's the element of fear right there with your individual members of Congress. And until
9 there is a sea change, until there is this mass movement, you know, until we get the critical mass --
10 You know, put yourself in their positions. You have every one of them -- I would venture to say
11 every member of Congress got elected. We are -- after all, the people are the source of all political
12 power, we put them in office. To get elected they had to get on a ballot. In almost every instance to
13 get on a ballot today means you're designated -- you're designated -- you're chosen by one or the
14 other of the two major parties. That's how these people got there. And their loyalties, unfortunately
15 -- I can tell you this firsthand. Through firsthand experience. Their loyalties go to their political
16 parties. Unfortunately, their loyalties do not go to the Constitution, they go to their political parties
17 first. And enormous pressure can be put on any one of these people to not step out of line. To not
18 step out of line. It is -- there's no doubt every one of you I'm sure would agree that political parties,
19 by their very nature, are corruptive for that very reason. Loyalties go to the party. The party has to
20 win. It's what the party wants, not the Constitution, unfortunately. And so there's a lot of pressure
21 on them. And the human nature being what it is, a lot of folks march to a different drum, you know,
22 than we do. But, eventually, you know, you need a -- eventually they -- if public pressure -- we get
23 to that critical mass they're going to have to fix this problem. Right now they think maybe we can

1 ignore the problem and maybe this guy that writes this letter will go away and so forth. It's not
2 easy. The ultimate power does rest with us, we know that, we just have to learn -- the people, in
3 general, we just have to learn how to use it. And I think we're learning. This Internet is really
4 helping too, I can tell you that. I've been in this business a long time and this Internet is making a
5 world of difference, just in organizing. Being able to talk to people. I press a button and 40,000
6 people can get a message. It's amazing. Wonderful.

7 **MR. TURNER:** I would like to put an exclamation point, Bob, on what you said a minute
8 ago about fear. And I'll share a couple things, all personal experience. A few months ago -- last
9 summer to be exact -- I spoke at an organization and we had as a keynote speaker Senator Ron
10 Paul. Congressman Ron Paul. And I was looking forward to that opportunity to have some time
11 with him face-to-face. And I didn't get any time with him other than hear him speak and take the
12 advantage of the time to ask a question. He fielded a few questions before he hopped on a plane
13 and left. I asked a specific question about the income tax. He acknowledged that there was a
14 problem, that he has past presented bills that usually don't go anywhere and then the conclusion of
15 his question was -- this goes with fear -- he said people still go to jail for causing problems with
16 IRS. He said I'm pretty young still, I don't want to go to jail. And that was -- you know, I don't want
17 to put words in his mouth but I took that to be very much a way of him acknowledging that he has a
18 very real fear and respect of IRS in that matter.

19 **MR. SCHULZ:** Yes, he's not saying -- let's make it clear. He's not saying that he's -- he's
20 not implying once that he's done anything wrong, he's just saying that he knows that he, like a lot of
21 other people, can get railroaded.

22 **MR. TURNER:** That's correct. And I don't say this to cause anybody here any
23 misunderstanding. You know, think that I'm denigrating him. I'm saying he, to some extent, has

1 some fear like most of us do. Now, for myself, John Turner, former revenue officer, I had a father-
2 in-law -- a very dear man, was actually my best friend, he's no longer alive, he passed away. But he
3 was a retired 35-year career Division chief, Collection Division chief for IRS. He was very well
4 respected in the organization. I respected him a lot because he was a good, good man. And that's
5 one reason, when I didn't know better; I thought it would be okay to work for IRS. Somebody's got
6 to collect the taxes; it might as well be somebody that's honest, right? I mean the government needs
7 honest people working for it too. And they proved that I couldn't stay there. But my point is when I
8 left -- you know, I discovered after I called Joe Banister -- when I heard about Joe, I discovered that
9 he and I, about three hours down the road from each other, didn't know each other, he starts out on
10 his little personal investigation of the IRS at almost the same exact time that I did. We both came
11 essentially to the same conclusions independently but Joe's stepping out was dramatically different
12 than mine. When I left, I left quietly. I knew from 10 years of being a collection officer what the
13 IRS does to people and how they operate and I had a part of me, a little voice that said, you know,
14 whatever you do with these guys it doesn't matter, you're like a little gnat on a windshield of a car
15 that's going down the road. That was part of it. Part of it was my father-in-law, who was still alive
16 at that time, I respected him a lot, I didn't want to cause him a lot of embarrassment or any other
17 thing by getting too mouthy. And another thing was I had healthy fear my own self. I left for the
18 same reasons basically that Mr. Banister did, but I left very quietly. It took me some time -- almost
19 two years, as a matter of fact -- to develop my full range of thinking of how I was going to fit into
20 this situation. And I don't mind saying, before I hand the microphone back, that when I heard about
21 Joe, I called him and we got acquainted and the little voice that had been in my head for the year
22 before I heard about Joe finally got an answer. And that basically was, you know, you've got to be
23 able to find a way to find your niche here and talk to people and let people know about your

1 experiences and just about how they are being duped. Most people know that but too many millions
2 don't know that. So the fear is really, really real. I know you know that but a lot of people out there
3 that don't have the information that you have, it's even a greater, greater thing. **FLOOR:** I don't
4 work for the IRS but I'm the treasurer for the Foundation and I'll take your money, I'll do it with a
5 smile. So feel free to donate anything you would like to. Thank you very much. Voluntarily,
6 absolutely.

7 **MR. SCHULZ:** We have requested to close with the Pledge so why don't we do that. Pat,
8 do you want to lead us? Pledge of Allegiance was recited.)

9 **MR. SCHULZ:** We hope to see you all tomorrow at nine o'clock sharp. Thank you.

10 **MR. SCHULZ:** Good morning, everyone. I would like to welcome you to day two of the
11 Citizens' Truth and Taxation Hearing. I would like to welcome all the new viewers who have --
12 apparently hundreds of people have decided to join us on the Internet and are now watching us --
13 we would like to welcome all the viewers watching us on the Internet. We're in day two of our
14 Citizens' Truth and Taxation Hearing. We would like to remind the new viewers at home that they
15 need to follow the table of contents to get to the evidence. The questions will appear on their
16 screens but they do need to use the table of contents and drill down through the table of contents
17 for the evidence. We ended yesterday's session on the inquiry having to do with the Sixteenth
18 Amendment. We would like to continue where we left off. We'll be starting with question 63(a).
19 And we would like to call MR. Becraft and MR. Banister and MR. Benson. And why don't we start
20 this day out with a salute to our flag.(Pledge of Allegiance was recited.)

21 **MR. SCHULZ:** I would like to remind MR. Banister, MR. Benson and MR. Becraft that
22 they're still under oath and we'll proceed then with question 63(a). Is it true, MR. Benson, that in
23 1985 the Congressional Research Service issued a report, at the request of congressmen, to address

1 the claim by you, MR. Benson, that the Sixteenth Amendment was a fraud? MR. Hildebrandt, do
2 we have exhibit 27(a) -- not available today.

3 **MR. BENSON:** Yes, MR. Schulz, that's correct.

4 **MR. SCHULZ:** Thank you. Is it true that the report authored by an attorney named Ripy,
5 also known as the "Ripy Report" was very specific in its declaration that it was not going to address
6 the specific factual allegations detailed in your book, MR. Benson; the book "The Law That Never
7 Was"?

8 **MR. BENSON:** That's very true, MR. Schulz, MR. Ripy did not address any of the factual
9 issues in "The Law That Never Was." And we wrote a response -- and when I say "we," I mean an
10 attorney by the name of Andrew Spiegel and myself wrote a response to the Court of Public
11 Opinion, which I believe you have a copy of. And so we did write a response to him, and then after
12 that we never heard another word from MR. Ripy. But I did make a telephone call to that office and
13 asked to speak to Ripy. He didn't realize that it was me even though I told him what my name was.
14 He thought it was someone from the department where he was at. And when he found out that it
15 was me then he said he couldn't talk anymore.

16 **MR. SCHULZ:** So just to get things straight, the issue of the fraudulent adoption of the
17 Sixteenth Amendment was brought to court in the Stahl case, the court decided -- determined that it
18 was a political question for Congress to decide. Each congressman then received a copy of your
19 report. You did send and deliver a copy of your report to each congressman?

20 **MR. BENSON:** I sent back to my printer 550 books to have the Congressman's name or
21 Congresswoman's name embossed on the bottom of the book, like the book is outlined in gold
22 lettering. So it was personalized for the individual congressman. And I also sent them a letter with
23 that. And that was done in 1987.

1 **MR. SCHULZ:** Did you hear back from any congressmen?

2 **MR. BENSON:** A few, yes.

3 **MR. SCHULZ:** How long after their receipt of the -- congressmens' receipt of your report
4 did the Congressional Research Service issue the Ripy Report?

5 **MR. BENSON:** It was a very short period of time. Our response to the Ripy Report was
6 written on September of 1986, and this is a copy of the Ripy Report that was drafted as it would
7 have been sent to the Supreme Court.

8 **MR. SCHULZ:** For the benefit of the viewers, we're not able to draw up the Ripy Report
9 here today but it will be included, in its entirety, in the list of evidence on the final product that they
10 receive from the foundation. We'll also include -- with your permission, MR. Benson, we would
11 also like to include your response to the Spiegel report in its entirety in the evidence list that we
12 send back to people.

13 **MR. BENSON:** There's no problem with that. It was drafted by Andrew Spiegel and
14 myself.

15 **MR. SCHULZ:** And Andrew Spiegel is an attorney?

16 **MR. BENSON:** He is an attorney, yes. He is a constitutional attorney. He's an international
17 attorney.

18 **MR. SCHULZ:** Is it true that the Ripy Report went on to assert that the actions of a
19 government official must be presumed to be correct and cannot be judged or overturned by the
20 courts?

21 **MR. HANSEN:** Question 63(c).

22 **MR. BENSON:** Yes, that's very true.

23 **MR. SCHULZ:** So just to summarize. Is this fair to say that the Congressional Research

1 Service, a service available to congressmen but not to you or I, was asked to respond to your report,
2 their receipt of your report, "The Law That Never Was," your research report, and that MR. Ripy
3 declared in his report "We're not going to deal with the factual allegations of your work but instead
4 we're going to address and talk about the doctrine of conclusive presumption"? In other words, if
5 the ratification was good enough for a Philander Knox in 1913, it's good enough for us today? The
6 issue of fraud we're not going to deal with?

7 **MR. BENSON:** That's exactly right, yes. Even with my telephone conversation with him I
8 did bring up the fraudulent issue of the Sixteenth Amendment and he didn't want to address it,
9 that's correct.

10 **MR. SCHULZ:** Is it true that when amending the Constitution the government -- this is a
11 question for MR. Becraft. Is it true that when it comes to amending the Constitution the
12 government appears to do whatever it wants to do making up the rules regarding the ratification
13 process as it goes along, while ignoring the spirit, if not the letter, of Article 5 of the Constitution?

14 **MR. HANSEN:** Question 63(d).

15 **MR. BECRAFT:** I agree with that totally. The whole process of amending the United
16 States Constitution is something that is done, to use a colloquial expression, by the seat of your
17 pants.

18 **MR. SCHULZ:** The process of amending the United States Constitution requiring the
19 approval of three-fourths of the state legislatures is done by the government based on rules that
20 they make up as they go along?

21 **MR. BECRAFT:** I think -- what other rules are there? There's some cases on the point that
22 deal with the questions. Some of the important questions that are involved in the ratification
23 process. But when you get down to the details of what happens, who does what, when, there's

1 nothing controlling and people do what they want to do.

2 **MR. SCHULZ:** Is it true, MR. Becraft, that the Twenty-seventh Amendment was proposed
3 by Congress on September 25th, 1789, and that the states were allowed 202 years within which to
4 have three-fourths of the states ratify it with Maryland ratifying it on December 19, 1789, and New
5 Jersey in 1992?

6 **MR. BECRAFT:** That would make it about 203 years.

7 **MR. HANSEN:** That's question 63(e).

8 **MR. BECRAFT:** But that's what happened.

9 **MR. SCHULZ:** Is it true, MR. Becraft, that in 1921 in the case of "Dillon v. Gloss," the
10 United States Supreme Court concluded -- and I will read this in its entirety. This is question 64.
11 "We do not find anything in the article which suggests that an amendment once proposed is to be
12 open to ratification for all time, or that ratification in some of the states may be separated from that
13 in others by many years and yet be effective. We do find that which strongly suggests the contrary.
14 First, proposal and ratification are not treated as unrelated acts, but as succeeding steps in a single
15 endeavor, the natural inference being that they are not to be widely separated in time. Secondly, it
16 is only when there is deemed to be a necessity therefore that amendments are to be proposed, the
17 reasonable implication being that when proposed they are to be considered and disposed of
18 presently. Thirdly, as ratification is but the expression of the approbation of the people and is to be
19 effective when had in three-fourths of the states, there is a fair implication that it must be
20 sufficiently contemporaneous in that number of states to reflect the will of the people in all sections
21 at relatively the same period, which of course ratification scattered through a long series of years
22 would not do. These considerations and the general purport and spirit of the article lead to the
23 conclusion expressed by Judge Jameson 'that an alteration of the Constitution proposed today has

1 relation to the sentiment and the felt needs of today, and that if not ratified early while that
2 sentiment may fairly be supposed to exist, it ought to be regarded as waived, and not again to be
3 voted upon, unless a second time proposed by Congress.' That this is the better conclusion becomes
4 even more manifest when what is comprehended in the other view is considered. For according to
5 it four amendments proposed long --"

6 **MR. BECRAFT:** "Long ago -- two in 1789, one in 1810 --"

7 **MR. SCHULZ:** Yes. "Four amendments proposed long ago -- two in 1789, one in 1810
8 and one in 1861 -- are still pending and in a situation where their ratification in some of the states
9 many years since by representatives of generations now largely forgotten may be effectively
10 supplemented in enough more states to make three-fourths by representatives of the present or
11 some future generation. To that view few would be able to subscribe, and in our opinion it is quite
12 untenable. We conclude that the fair inference or implication from article five is that the ratification
13 must be within some reasonable time after the proposal." Is that an accurate quote from "Dillon v.
14 Gloss"?

15 **MR. BECRAFT:** It is. It is a case that dealt with certain questions regarding the ratification
16 process and the Supreme Court noted in the opinion -- it said there were two pending in 1789. They
17 were referring to the Twenty-seventh Amendment.

18 **MR. SCHULZ:** So the Supreme Court issued this opinion in --

19 **MR. BECRAFT:** 1921.

20 **MR. SCHULZ:** In 1921 the process had long been underway and the Congress allowed the
21 state legislatures to continue acting on a proposed amendment to the Constitution for another 80 or
22 90 years or --

23 **MR. BECRAFT:** I wouldn't say -- I don't think Congress had anything to do with the

1 ratification of the Twenty-seventh Amendment. It had been proposed in 1789. A few states had
2 ratified it. The subject matter of the Twenty-seventh Amendment relates to the pay for
3 congressmen. And it was not ratified in the 18th century. You know, like 1789 through the 1790s.
4 Interest in the amendment died off for a while. The Court, "Dillon v. Gloss," mentioned that it was
5 pending. But it was their view -- the Supreme Court's view that too much time had elapsed for it to
6 be ratified. Nonetheless, starting in 1979, I think the first state that started over again the
7 ratification of the Twenty-seventh Amendment may have been Wyoming I believe. But, you know,
8 even though there was a federal statute in effect that already provided for what the Twenty-seventh
9 Amendment provided for, nonetheless the states wanted to -- you know, there was a movement to
10 memorialize the statute and put it into effect constitutionally. And so over a period of about 12
11 years enough states acted upon the Twenty-seventh Amendment so that by 1992 the Federal
12 Register -- you know, the people over at archives, they made the decision, not Congress. And I
13 believe we have the ratification -- the document that proclaims ratification of the Twenty-seventh
14 Amendment that was published in the Federal Register. I think it is an exhibit for these hearings.

15 **MR. SCHULZ:** Is the Twenty-seventh Amendment part of the Constitution today?

16 **MR. BECRAFT:** It's been proclaimed as such by certain federal officials that are not
17 congressmen.

18 **MR. SCHULZ:** And Congress has remained silent on the matter?

19 **MR. BECRAFT:** True. To my knowledge.

20 **MR. SCHULZ:** So it's therefore true, MR. Becraft, that the date of September 25th, 1789,
21 when the Twenty-seventh Amendment was first proposed is widely separated in time from the date
22 of March 6, 1978, when Wyoming ratified this amendment?

23 **MR. BECRAFT:** My personal conclusion is that that's a widely separated period of time.

1 Some may disagree with me.

2 **MR. SCHULZ:** We'll go to question 67. We handled question 66 yesterday. In question 66
3 that it was determined that there are two types of taxes, both direct taxes and indirect taxes. In
4 question 67, is it true that the constitutionality of the 1894 income tax was in question in the case of
5 "Pollock v. Farmers Loan and Trust" before the United States Supreme Court and that in this case
6 the Supreme Court found that Congress could tax real and personal property only by means of an
7 apportioned direct tax, finding that the income from real and personal property was part of the
8 property itself. The court concluded in this case that a federal income tax could tax such income
9 only by means of an apportioned tax, further finding that as this particular tax was not apportioned
10 it was unconstitutional"?

11 **MR. BECRAFT:** That's a very succinct summary of the decision in the Pollock case which
12 is now on the screen, thanks to MR. Bodine.

13 **MR. SCHULZ:** In question 68 is it true that for Congress to tax today real or personal
14 property the tax would have to be apportioned among the states?

15 **MR. BECRAFT:** I think the court's in general agreement that the taxation of real or
16 personal property is exercise of a direct taxing power and the Sixteenth Amendment doesn't affect
17 the taxation of real or personal property so any such tax today would have to be apportioned. And I
18 don't believe that there are any constitutional scholars that would disagree with my statement.

19 **MR. SCHULZ:** Is it true that for Congress to tax income from real and personal property
20 without the authority of the Sixteenth Amendment such taxes would have to be apportioned among
21 the states?

22 **MR. BECRAFT:** Well, without the Sixteenth Amendment we have -- the controlling
23 authority then would be the Pollock case and that's exactly what the Pollock case dealt with.

1 **MR. SCHULZ:** Is it true that in 1913 the following law revised statute 205 was in effect?
2 Section 205. "Whenever official notice is received at the Department of State, that any amendment
3 proposed to the Constitution of the United States has been adopted according to the provisions of
4 the Constitution, the Secretary of State shall forthwith cause the amendment to be published in the
5 newspapers authorized to promulgate the laws with his certificate specifying the states by which
6 the same may have been adopted and that the same has become valid to all intents and purposes as
7 a part of the Constitution of the United States?

8 **MR. BECRAFT:** That was the statute that was in effect that related to the ratification
9 process in 1909 and it basically is the same thing that's in effect today.

10 **MR. SCHULZ:** Was it in effect in 1913?

11 **MR. BECRAFT:** Yes.

12 **MR. SCHULZ:** Is it true that revised statute 205 provided that official notice of a state's
13 ratification of an amendment must be received at the Department of State?

14 **MR. BECRAFT:** Plain language of the statute says this.

15 **MR. HANSEN:** Question 71.

16 **MR. BENSON:** It must be received by the Governor.

17 **MR. SCHULZ:** Well, the question, MR. Benson, relates to the state's ratification of an
18 amendment. It must be received at the State Department.

19 **MR. BENSON:** Yeah, that's okay.

20 **MR. SCHULZ:** Is it true that on or about July 31st, 1909, Senate Resolution 40 proposing
21 the ratification of the Sixteenth Amendment was deposited with the Department of State and the
22 same was published at 36 Stat. 184 -- Statute 184 -- and that this resolution read as follows: "Sixty-
23 First Congress of the United States of America at the first session begun and held at the City of

1 Washington on Monday the 15th day of March, one thousand nine hundred and nine. Joint.
2 Proposing an amendment to the Constitution of the United States. Resolved by the Senate and
3 House of Representatives of the United States of America in Congress assembled, two-thirds of
4 each house concurring therein, that the following article is proposed as an amendment to the
5 Constitution of the United States, which, when ratified by the legislature of three-fourths of the
6 several states, shall be valid to all intents and purposes as a part of the Constitution: Article 16. The
7 Congress shall have power to lay and collect taxes on incomes, from whatever source derived,
8 without apportionment among the several states, and without regard to any census or
9 enumeration"?

10 **MR. BECRAFT:** That's true. That Resolution was passed by Congress. That's the one that
11 proposed the sixteen amendments to the states.16 17(End of videotape number one.) 19 (Beginning
12 of Videotape No. 2) (By MR. Schulz) Of the United States copies of the Article of Amendment
13 proposed by Congress to the state legislators to amend the Constitution of the United States passed
14 July 12, 1909 respecting the power of Congress to lay and collect taxes on incomes, to the end that
15 said states may proceed to act upon the said article of amendment and that he request the executive
16 of each state that may ratify said amendment to transmit to the secretary of state a certified copy of
17 such ratification.

18 **MR. BECRAFT:** That's what Congress passed and, you know, since the process of
19 amending the Constitution is so malleable, flexible, then the only way that you can determine
20 compliance is with the actions of the parties. Here in this situation, revised statutes Section 205
21 require documentation to be sent from the states to the federal government, and here specifically
22 what Congress is asking for is they want the Congress itself to prove that a state ratified
23 amendment, ratify the amendment, they want a certified copy of the resolution. Now to me, since

1 we don't have any other controlling authority when Congress itself in reference to a very specific
2 proposal to amendment says, they passed a resolution and a resolution can't have the force of law. I
3 would suggest that in this situation that it does have the force of law, at least in this situation
4 regarding the Sixteenth Amendment, therefore the Congress of the United States to the states prove
5 that you ratified the Sixteenth Amendment by sending to us, not -- the official notice that we want
6 is a certified copy of the resolution.

7 **MR. SCHULZ:** Question 74. Is it true that, is it true that not only did this resolution
8 request that certified copies of favorable state ratification resolutions be sent to Washington D.C.,
9 the states were expressly informed to do so by secretary of state, Philander Knox, who sent the
10 following form letter to the governors of the 48 states then in the union. "Sir, I have the honor to
11 enclose a certified copy of a resolution of Congress entitled Joint Resolution Proposing an
12 Amendment to the Constitution of the United States, with the request that you cause the same to be
13 submitted to the legislature of your state for such action as may be had, and that a certified copy of
14 such action be communicated to the secretary of state as required by Section 205 revised statutes of
15 the United States. And acknowledgment of the receipt of this communication is requested. "I have
16 the honor to be, sir, your obedient servant. P.C. Knox."

17 **MR. BENSON:** MR. Schulz, bearing in mind your long study on the Sixteenth
18 Amendment, I have a certified copy of that document from each and every state. So that was sent
19 by Philander Chase Knox to each and every state. The governor would then call the general
20 assembly into session and they were supposed to vote yes or no; yeah, nay, to vote it up or down.
21 They were not to go ahead and amend or change it. A short time ago I handed MR. Hansen a letter
22 that I received from a Senator Hollings, which points out exactly what Congress's function is and
23 what the function is of state government. And Senator Hollings says that the amendment may not

1 be changed by the states. That it may not be.

2 **MR. SCHULZ:** Thank you. Is it true that in 1909, there were 48 states and that three-
3 fourths or 36 of them were required to give their approval in order for it to be ratified?

4 **MR. BECRAFT:** I am not good at math but I think that's absolutely true.

5 **MR. BENSON:** That's correct, yes.

6 **MR. SCHULZ:** Is it true that Philander Knox declared the Sixteenth Amendment ratified
7 on February 25, 1913 naming the following 38 states as having approved it: Alabama, Kentucky,
8 South Carolina, Illinois, Mississippi, Oklahoma, Maryland, Georgia, Texas, Ohio, Idaho, Oregon,
9 Washington, California, Montana, Indiana, Nevada, North Carolina, Nebraska, Kansas, Colorado,
10 North Dakota, Michigan, Iowa, Missouri, Maine, Tennessee, Arkansas, Wisconsin, New York,
11 South Dakota, Arizona, Minnesota, Louisiana, Delaware, Wyoming, New Jersey, and New
12 Mexico?

13 **MR. BENSON:** MR. Schulz, that's exactly correct, because with the certified notarized
14 documents I have on all that information, it is in Volume 1 of "The Law That Never Was". But
15 there is one thing that Philander Knox said after all of the states; he says that it appears from the
16 official records on file within the department that the states have ratified. "It appears." They have
17 never said that it has been ratified. In fact, in "The Law That Never Was" on page 10, at a 16-page
18 memorandum that I found in the National Archives in Washington, it says in the certified copies of
19 the resolutions passed by the legislators of the several states ratifying the proposed Sixteenth
20 Amendment, it appears that only 4 of these resolutions, those submitted by Arizona, North Dakota,
21 Tennessee and New Mexico have quoted absolutely accurately and correctly the Sixteenth
22 Amendment as proposed by Congress. The other 33 resolutions all contain errors, either of
23 punctuation, capitalization or wording. Minnesota, it is to be remembered, did not transmit to the

1 department a copy of the resolution passed by the legislature of that state. The interesting part
2 about Minnesota, and it is interesting because in the back on page 16, it says that the secretary of
3 the governor had notified the officials in Washington that Minnesota had ratified the amendment.
4 The secretary of the governor has no more authority than I do to make a ratification procedure, to
5 say yes or no.

6 **MR. BECRAFT:** MR. Schulz, can I ask one question since that matter has been brought
7 up by MR. Bensen? MR. Bensen, Can you find today even a copy of the document, the resolution
8 of Minnesota ratifying the Sixteenth Amendment? Does it exist?

9 **MR. BENSON:** No, it does not. I brought that up before the state archives in Minnesota.
10 And I had the director of the archives look at the documents with me and I said I want you to see
11 and show you what you have done incorrectly and what's missing from the records. And he was
12 amazed.

13 **MR. SCHULZ:** Thank you. Are the following facts true. Question 75. When California
14 provided uncertified copies of its resolution to Secretary of State Philander Knox, Knox wrote the
15 following to California Secretary of State Frank Gordon. "I have the honor to acknowledge the
16 receipt of your letter of the 27th ultimo, transmitting a copy of the joint resolution of the California
17 legislature ratifying the proposed amendment to the Constitution of the United States. And in reply
18 thereto I have to request that you furnish a certified copy of the resolution under the seal of the
19 state which is necessary in order to carry out the provisions of Section 205 of the revised statues of
20 the United States." Is that true?

21 **MR. BENSON:** That's very, and I have the certified notarized document proving it.

22 **MR. SCHULZ:** How did MR. Jordan, secretary of state, or how did the state of California
23 respond? Did they ever submit a certified copy under the seal of the state?

1 **MR. BENSON:** I could never find where they submitted a certified document as required
2 back to Philander Chase Knox. They simply do it. California butchered the Sixteenth Amendment.
3 They changed wording, capitalization, punctuation. They did not agree with the Congress of the
4 United States. One of Knox's duties when they don't agree is to then go to the Congress and say --
5 Look fellows, the states do not agree with you. Do you want to change the amendment? The only
6 body that can change the amendment, any amendment, is the Congress of the United States. The
7 states have no authority whatsoever to make any provision other than what was drafted by the
8 Congress of the United States in any amendment.

9 **MR. SCHULZ:** Do you concur with that, MR. Becraft?

10 **MR. BECRAFT:** I am just going to repeat what the government itself says.

11 **MR. SCHULZ:** Which is?

12 **MR. BECRAFT:** And the cases hold. We are going to be getting into this matter further.
13 There's more documentation.

14 **MR. SCHULZ:** Is it also true that when Wyoming governor, Joseph Carey telegraphed
15 Philander Knox news that the Wyoming legislature had ratified the Sixteenth Amendment on
16 February 3, 1913, Philander Knox telegraphed in return as follows: "Replying to your telegram of
17 third, you are requested to furnish a certified copy of Wyoming's ratification of income tax
18 amendment so there may be no question as to the compliance with Section 205 of revised statues."?

19 **MR. BENSON:** That's very true. And that document hasn't been found to this date.

20 **MR. SCHULZ:** Is it true that on February 15, 1913 a state department attorney, J. Rueben
21 Clarke, informed Secretary of State Philander Knox in reference to the state of Minnesota, "The
22 secretary of the governor merely informed the department that the state legislature has ratified the
23 proposed amendment."?

1 **MR. BENSON:** Yes, that's true. But he also says another thing that's extremely important;
2 that's on page 19 of Volume 1, and page 15 of the 16-page memorandum that's in the National
3 Archives in Washington. It says "Further, under the provision of the Constitution a legislature is
4 not authorized to alter in any way the amendment as proposed by Congress. The function of the
5 legislature consists merely in the right to approve or disapprove the proposed amendment."

6 **MR. SCHULZ:** Thank you. Question 77. Is it true that in the official records deposited in
7 the archives of the United States, there is no certified copy of the resolution of the Minnesota
8 legislature ratifying the Sixteenth Amendment?

9 **MR. BENSON:** That's very true and in fact, MR. Schulz, I went to the archives while I had
10 been in Washington this last three or four days, and researched again and it's not there.

11 **MR. BECRAFT:** Nor is it in Minnesota.

12 **MR. BENSON:** Nor is it in Minnesota. That's correct. Thank you.

13 **MR. SCHULZ:** Is it true that in the documents possessed by the archives of the United
14 States there are no certified copies of the resolutions ratifying the Sixteenth Amendment by
15 California and Kentucky?

16 **MR. BENSON:** That's very true.

17 **MR. SCHULZ:** Is it true that the Kentucky Senate voted 22 to 9 against ratification of the
18 Sixteenth Amendment?

19 **MR. BENSON:** Yes, MR. Schulz. And I am sorry that I chuckle at that, but it does make
20 me chuckle. Because I say, I say, and I am dying to get before a jury with this because that's why I
21 want the government to indict me so I can address a jury and say when in your wildest dreams or
22 comprehension will 9 ever become greater than 22? And the individual that we will have on the
23 witness stand will be my first judge, Paul Plunkett. Paul Plunkett said I have read his book, "The

1 Law That Never Was" and went on and on to praise it and to praise the work that I did. Then the
2 hypocrite put me in prison for 4 years.

3 **MR. SCHULZ:** Is it true that MR. John Ashcroft is currently the attorney general of the
4 United States?

5 **MR. BECRAFT:** I'm glad it's not Janet Reno.

6 **MR. BENSON:** Yes, that's very true.

7 **MR. SCHULZ:** Is it true that Attorney General John Ashcroft is the attorney general of the
8 United States?

9 **MR. BECRAFT:** That is very self-evident. And he's the former governor of Missouri. He's
10 a former congressman.

11 **MR. SCHULZ:** Is it true that when MR. Ashcroft was governor of Missouri, the Missouri
12 Supreme Court rendered the following decision in a case involving MR. Ashcroft, that case being
13 "Ashcroft v. Blunt," where the Missouri Supreme Court held, quote, the Senate and the House must
14 agree on the exact text of any bill before they may send it to the governor. There may not be the
15 slightest variance. The exact bill passed by the houses must be presented to and signed by the
16 governor before it may become law, laying aside as not presently material alternative procedure by
17 which a bill may become law without the governor's signature. The governor has no authority to
18 sign into law a bill which varies in any respect from the bill passed by the houses."?

19 **MR. BENSON:** I love that case, MR. Schulz, yes, because it was right on point as to what
20 my research uncovered. Yes. If the government wants to take me to trial, he shall be another
21 witness besides Paul Plunkett, yes.

22 **MR. SCHULZ:** Is it true that during hearings regarding the ratification of the Sixteenth
23 Amendment in Massachusetts, MR. Robert Luce made the following statement to the

1 Massachusetts Committee on Federal relations, "Questioned by the Committee, are we able to
2 change it? MR. Luce: No. You must either accept it or reject it."?

3 **MR. BENSON:** That's very true, MR. Schulz. All of these things are in Volume 1. Yes.

4 **MR. SCHULZ:** Is it true that on February 11, 1910, Kentucky Governor Augustus Wilson
5 wrote a letter to the Kentucky House of Representatives wherein he stated as follows: "This
6 resolution was adopted without jurisdiction of the joint resolution of Congress of the United States
7 which had not been transmitted to and was not before the general assembly and in this resolution
8 the words 'on incomes' were left out of the resolution of the Congress and if transmitted in this
9 form, would be void and would subject the Commonwealth to unpleasant comment and for these
10 reasons and because a later resolution correcting the omission is reported to have passed both
11 houses, this resolution is returned to the House of Representatives without my approval."?

12 **MR. BENSON:** That's very true, but there's another story behind that. In fact, it's in front of
13 that, because there was someone in the legislative body that called the legislators together and they
14 heard that the Congress of the United States was going to adopt the Sixteenth Amendment. And
15 they went ahead without the governor receiving anything from Washington, from Philander Chase
16 Knox and the certified notarized documents that he is supposed to send. They went ahead and did
17 what they did as you have just read. That's why they left the wording out. They didn't have the
18 proper wording.

19 **MR. BECRAFT:** May I disagree with him?

20 **MR. BENSON:** Go ahead. You always do.

21 **MR. BECRAFT:** My personal conclusion from examining the evidence, you have certain
22 very specific evidence that you can look at from which you draw certain conclusions. I think that
23 when you combine the first resolution allegedly passed by the Kentucky legislature wherein they

1 deliberately left out the words "on income." I don't believe that was a deliberate mistake. I think
2 that they intentionally left out those words on incomes because later on when they tried to push
3 another resolution the second time, it gets bogged down in the senate.

4 **MR. SCHULZ:** In the senate, they voted 22 to 9 against it.

5 **MR. BECRAFT:** And then there were lies promoted by the clerk of the senate.

6 **MR. SCHULZ:** Thank you. Is it true that no state may change the wording of an
7 amendment proposed by Congress?

8 **MR. BENSON:** That's very true, yes.

9 **MR. SCHULZ:** The basis of your answer is?

10 **MR. BENSON:** Section 205.

11 **MR. BECRAFT:** There's a number of cases, but then the exhibit that goes with this
12 question is --

13 **MR. SCHULZ:** Do we have the Exhibit 47? 47. That is the document "How Our Laws Are
14 Made." Could you enlighten us, MR. Benson, on the document "How Our Laws Are Made"?

15 **MR. BENSON:** How Our Laws Are Made, MR. Schulz, I don't have a copy of that with
16 me because I gave it to you. It was the only one that I had. But it described very specifically how
17 our laws are made from the beginning to the end. In other words, from when like what the
18 Sixteenth Amendment, or any amendment, doesn't make any difference, how Congress must act,
19 how the legislative body in the states must act. It describes how it is.

20 **MR. BECRAFT:** Then there's also the Hollings letter that I think the audience would like
21 to see.

22 **MR. BENSON:** I would like, if I may.

23 **MR. SCHULZ:** Do we have Exhibit 47a? Would you read the Hollings letter, MR.

1 Benson?

2 **MR. BENSON:** Would you have MR. Hansen read it because I gave it to him.

3 **MR. HANSEN:** "Dear MR. Benson, thank you for your recent correspondence regarding
4 states' roles in ratifying a constitutional amendment. I appreciate your interest in this interesting
5 and important subject. Once Congress has passed a constitutional amendment, two-thirds of the
6 states must vote up or down to ratify the amendment in its passed form within 7 years of
7 congressional passage. As such, states are not able to amend a passed congressional constitutional
8 amendment. However, states may hold a national convention with two-thirds of the states present
9 to propose an amendment themselves which then must be ratified by three-fourths of the states
10 before going to Congress for final passage. A national convention of states for this purpose has
11 never occurred in American history. I have enclosed information on this topic for your review.
12 "Again, thank you for your communication. Please do not hesitate to contact me again in the future
13 when an issue of concern to you arises. With kindest regards, Ernest Hollings."

14 **MR. BENSON:** And there was issue of concern that arose with me with that letter because
15 Senator Hollings said that there were two-thirds of the states. It takes three-fourths of the states to
16 ratify an amendment to the United States Constitution, regardless of which one it is. It takes two-
17 thirds of the Congress of the United States to adopt the amendment. He is going to send me a
18 corrected, as he told me, a corrected version of that two-thirds; they will make it the three-fourths.

19 **MR. SCHULZ:** This letter is dated November 29, 2001?

20 **MR. BENSON:** Yes, sir.

21 **MR. SCHULZ:** Is it true that on February 15, 1913 J. Reuben Clarke, an attorney
22 employed by the Department of State drafted a memorandum to Secretary Knox wherein the
23 following statements were made. "The resolutions passed by 22 states contain errors only of

1 capitalization, punctuation while those of 11 states contained errors in wording. Furthermore, under
2 the provisions of the Constitution, a legislature is not authorized to alter in any way the amendment
3 proposed by Congress, the function of the legislature consisting merely in the right to approve or
4 disapprove the proposed amendment."?

5 **MR. BENSON:** That's very true, and that's in Volume 1 and I read from that earlier and
6 that's a 16-page memorandum that he nicknames the Golden Key. It was astonishing for me to read
7 that letter, that 16-page memorandum, after I believe I had completed 27 states and I knew I had to
8 come to Washington to see whether or not everything was getting through to them like it should.
9 And when I found this memorandum, yeah, I was --

10 **MR. SCHULZ:** Is it true that the Sixteenth Amendment reads follows. "Article 16, the
11 Congress shall have power to lay and collect taxes on incomes from whatever source derived
12 without apportionment among the several states and without regard to any census or enumeration"?

13 **MR. BECRAFT:** That's the way it reads.

14 **MR. BENSON:** The way it reads.

15 **MR. SCHULZ:** Is it true that the Sixteenth Amendment does not read as follows, "Article
16 16, the Congress shall have power to lay and collect taxes on incomes from whatever source
17 derived without apportionment among the several states and from any census or enumeration."?

18 **MR. BECRAFT:** It does not read that way and, in fact, when you leave out "and without
19 regard to," and insert the word "from," like Oklahoma did, may I suggest that it means the exact
20 opposite of what the Sixteenth Amendment reads.

21 **MR. SCHULZ:** Is it true that the Sixteenth does not read as follows, "Congress shall have
22 power to lay and collect taxes from incomes from whatever source derived without apportionment
23 among the states and without regard to census enumeration."?

1 **MR. BECRAFT:** I have no idea what a census enumeration is but that's what California's
2 resolution read.

3 **MR. SCHULZ:** Is it true that the Sixteenth Amendment does not read as follows, "The
4 Congress shall have power to lay and collect taxes on incomes from whatever source derived,
5 without apportionment among the several states, and without regard to any census or
6 renumeration"?

7 **MR. BECRAFT:** That's what Illinois said.

8 **MR. BENSON:** That's what Illinois said, yes. There is another interesting story with
9 Illinois, MR. Schulz. I don't mean to belabor it, but this just happened in 1988. The legislators of
10 the state of Illinois wanted to amend the Constitution.

11 **MR. SCHULZ:** The state Constitution?

12 **MR. BENSON:** Their state Constitution, which I believe you're very familiar with. They
13 wanted to amend it and they spent \$885,000 in sending out the booklets to amend it. And there was
14 one word that was incorrect in that booklet that they sent out and that was in the original
15 amendment and the word was "refusal." The word should have been "recusal" but they put in
16 refusal. And they had to reject that. Illinois did reject that and corrected it before it went into the
17 amendment.

18 **MR. SCHULZ:** Is it true that the Sixteenth Amendment does not read as follows, "The
19 Congress shall have power to lay and collect taxes from whatever source derived without
20 apportionment among the several states and without regard to any census or enumeration."?

21 **MR. BECRAFT:** That's the way the first Kentucky resolution read. And may I suggest that
22 when you leave out the words "on incomes" in the Sixteenth Amendment, you do not have that in
23 your alleged ratification. It's substantially different.

1 **MR. SCHULZ:** Is it true that the Sixteenth Amendment does not read as follows, "The
2 Congress shall have power to lay and collect taxes on income from whatever sources derived
3 without apportionment among the states and without regard to any census or enumeration, which
4 amendment was approved on the blank day of July, 1909."?

5 **MR. BECRAFT:** No, the change is in the amendment itself but the Georgia legislature
6 went ahead and added for whatever reason certain words at the end.

7 **MR. SCHULZ:** Is it true that the Sixteenth Amendment does not read as follows, "The
8 Congress shall have power to lay and collect taxes on incomes from whatever source derived
9 without apportionment among the several states and without regard to any census of enumeration"?

10 **MR. BECRAFT:** That's what Mississippi said.

11 **MR. BENSON:** Yes.

12 **MR. BECRAFT:** That's not the way it reads.

13 **MR. SCHULZ:** Is it true that the Congress shall have power -- the Sixteenth Amendment
14 does not read as follows, "The Congress shall have power to lay and collect taxes on incomes, from
15 whatever source derived, with-out apportionment among the several states and without regard to
16 any census of enumeration"?

17 **MR. BECRAFT:** That's what Idaho said but that's not what Congress approved.

18 **MR. SCHULZ:** Is it true that the Sixteenth Amendment does not read as follows, "The
19 Congress shall have power to lay and collect taxes on incomes from whatever source derived,
20 without apportionment among the several states, and without regard to any census or enumeration
21 and did not submit the same to the legislatures of the several states for ratification."?

22 **MR. BECRAFT:** You read it "did not" and it reads "did submit," but in any event, what
23 you read or whether it appears in black and white, that's what Missouri had to say but may I also --

1 could we stop here and probably pull up Exhibit 48-H. May be a different exhibit but -- It's
2 somewhere in the exhibits and I thought. That's the official one but I was looking for the one where
3 you can see the original typed version and some state legislator drew right through the word "lay,"
4 and inserted "levy"; that's what Missouri did and that's what Georgia did too. They deliberately
5 changed that word. You can see the actual -- there it is. Now, if a state legislature has no power to
6 do, make any change, then may I suggest here that the purpose of the Missouri legislative assembly
7 was to deliberately change the word lay to levy, and when you go through a lot of these documents,
8 it looks like the state legislatures were deliberately sabotaging the process.

9 **MR. BENSON:** When MR. Becraft brings up sabotaging, that brings up the state of
10 Jackson, Mississippi. There were people in Jackson, Mississippi that were ready to, the senate was
11 ready to ratify the Sixteenth Amendment, but there were members of the Congress of the United
12 States that came to Mississippi and promised the legislative body wine, women, song, whatever,
13 new jobs in Washington, if they would vote no on the Sixteenth Amendment. If they would vote
14 no. And that I have certified and notarized from the documents from the state of Mississippi.

15 **MR. SCHULZ:** The document says wine, women and song?

16 **MR. BENSON:** Yes, it does.

17 **MR. BECRAFT:** I thought that there was an investigation, because somebody stumbled on
18 a whole bunch of liquor bottles in the cabinet.

19 **MR. BENSON:** It was a janitor. It's in the journal, MR. Schulz.

20 **MR. SCHULZ:** On the day after, the morning after the vote?

21 **MR. BENSON:** Yes. It was a janitor that was cleaning up, and what the janitor did with
22 what he discovered and after he had witnessed and seen -- it's all in the journal -- the whiskey
23 bottles and members of the legislative body being intoxicated, he immediately took what he found

1 to the governor. But then he found the governor had received the very same thing as far as whiskey
2 and et cetera. So, it was buried in the documents that I was looking at in Mississippi. It was about a
3 2000-page book with no index. I had to go page by page by page through it and that's how I found
4 the investigation. When I saw investigation, I began to read. And that's when I found what I did
5 with Mississippi.

6 **MR. SCHULZ:** Must have read like a novel?

7 **MR. BENSON:** Yes, it did, it really did.

8 **MR. BECRAFT:** Do we have some Mississippi folks here? Is that business as usual today?

9 **MR. SCHULZ:** Let's go on. Is it true that the state officials who prepare and send official
10 notice of ratification of constitutional amendments to federal officials in Washington, D.C. do not
11 have any authority to change the wording of the ratification resolution actually adopted by the state
12 legislature."?

13 **MR. BENSON:** That's very true, MR. Schulz. And I would like to present to you and so
14 you can put it with this proceeding the document that I was talking about from the state of Illinois.
15 So you will have a record on it and everyone will be able to see it.

16 **MR. SCHULZ:** If that could be given by someone to MR. Bodine to be added to the
17 evidence list for --

18 **MR. BECRAFT:** Could I add something to this? This is exactly what Arizona is allegedly
19 reported to be one of the states that quoted the Sixteenth Amendment perfectly. The reason why it
20 allegedly appears to Philander Knox to be correctly quoted is because the governor changed what
21 the legislature adopted.

22 **MR. BENSON:** Correct, yes.

23 **MR. SCHULZ:** Is it true that the following states were included in Knox's list of 38 states:

1 Arizona, Arkansas, California, Colorado, Georgia, Idaho, Illinois, Kansas, Kentucky, Louisiana,
2 Maryland, Michigan, Mississippi, Missouri, Montana, New Jersey, New Mexico, North Dakota,
3 Tennessee, Texas, Washington and Wyoming?

4 **MR. BENSON:** Yes, that's true. And that's in the back part of Volume 1 on page 380.

5 **MR. SCHULZ:** Is it true that the proposed Sixteenth Amendment, the income tax
6 amendment, was never properly and legally approved by the Georgia state senate?

7 **MR. HANSEN:** Question 94b.

8 **MR. BENSON:** Yes.

9 **MR. SCHULZ:** Is it true that the actions taken by the state legislatures of Arizona,
10 Arkansas, California, Colorado, Georgia, Idaho, Illinois, Kansas, Kentucky, Louisiana, Maryland,
11 Michigan, Mississippi, Missouri, Montana, New Jersey, New Mexico, North Dakota, Tennessee,
12 Texas, Washington, and Wyoming, enacting on the proposed Sixteenth Amendment were violative
13 of certain provisions of their state constitutions which were in effect and controlling at the time
14 those states purportedly ratified the Sixteenth Amendment?

15 **MR. BENSON:** Yes, that's very true, MR. Schulz. That's why I have the voluminous
16 amount of documents that I have because I have the state documents, the state Constitution,
17 everything that happened in the state to make sure that I had everything and anything that went
18 along with the Sixteenth Amendment. And when you read the states that you did, those are also in
19 Volume 1 on page 362; this is where it says, it appears from the official records on file. And you
20 mentioned the law or how our laws are made, that's also an exhibit in Volume 1 on page 363.

21 **MR. SCHULZ:** MR. Becraft, I am holding a copy of the New York State Constitution. In
22 my opinion, in my experience, most people don't know that there are state constitutions, that their
23 states have a state Constitution. Is that your experience in general, MR. Becraft? MR. Bensen?

1 **MR. BECRAFT:** If that's true, I don't know. I have lived with most of my life about
2 knowledge of the constitutions. I would guess that a lot of the American people have really never
3 looked at either their state constitutions or their federal, but I never engaged in discussion in that.

4 **MR. SCHULZ:** I know for a fact that in New York, 88 and a half percent of the children
5 are educated in public or government schools, and that they are never introduced to, told about the
6 state Constitution.

7 **MR. BENSON:** Are they told how to fill out a 1040 form?

8 **MR. SCHULZ:** Yes.

9 **MR. BENSON:** They are.

10 **MR. SCHULZ:** Is it true that by the terms of their state constitutions, the people of those
11 states have established their state governments?

12 **MR. BECRAFT:** That's truly true.

13 **MR. BENSON:** Yes.

14 **MR. SCHULZ:** Is it true by the terms of their state constitutions, the people of those states
15 have not only enabled their state government but that they have prohibited and restricted the
16 behavior of their state governments?

17 **MR. BECRAFT:** There are limitations in a lot of the constitutions. Quite often you will
18 find in reference to the structure of the state constitutions, one of the very first articles or chapters
19 of the Constitution on the front end is the declaration of rights.

20 **MR. SCHULZ:** Is it true that the state constitutions govern the behavior, the day-to-day
21 behavior of state, local, school district, officials far more so than does the U.S. Constitution?

22 **MR. BECRAFT:** Yes.

23 **MR. BENSON:** Yeah.

1 **MR. SCHULZ:** That it governs the behavior of the state legislatures?

2 **MR. BECRAFT:** Absolutely.

3 **MR. BENSON:** Yes.

4 **MR. BECRAFT:** Although within the last couple of days I have been looking at a number
5 of state constitutions. It's been probably 15 years since I went through them all and started to look
6 at in detail at all of the state constitutions. I have seen within the last 10 years efforts to eliminate
7 restrictions on the legislatures. Alabama is going through that process right now because we are
8 trying to rewrite our Constitution.

9 **MR. SCHULZ:** Is it true that any act of a state legislature, that it's repugnant to any
10 provision of the state Constitution is abrogated?

11 **MR. BECRAFT:** That would depend on the jurisdiction that you're in. Some, let me give
12 you an example. This will be related probably to some of the subject matter we are going to get
13 into. Let's say that there is a constitutional provision that requires that during the course of the
14 adoption of legislation certain things must be done. There is a split in our nation that you can divide
15 the cases on this point up into 2 fields; there is a lot of authority in the states, opinions from the
16 supreme courts that say all these provisions that say that a state legislature must do thus and such in
17 reference to the adoption of a bill or mandatory, and then there's another line of cases that say well,
18 those requirements are merely directory and even if you can prove that it did not happen, like
19 reading a bill on 3 different days. If the state follows what is known as the Enrolled Bill Rule, then
20 you are not going to get anywhere making a challenge in that respect.

21 **MR. BENSON:** MR. Schulz, there are 21 states that hold with us on the Enrolled Bill
22 Rule.

23 **MR. SCHULZ:** Is it true that citizens, you and I, we are free to do whatever we want to do

1 as long as the law does not prevent us or prohibit us from doing it. Is that generally true?

2 **MR. BECRAFT:** That's a general proposition.

3 **MR. SCHULZ:** On the other hand, is it also not true that those in government, including
4 state legislatures, can only do what the law specifically authorizes them to do? If it's not written,
5 they can't do it?

6 **MR. BENSON:** A very good example of that with the state of Illinois when they were
7 making an attempt to amend the Constitution, they had to change it. They couldn't go ahead and
8 send it out. They couldn't put it in their state Constitution.

9 **MR. SCHULZ:** MR. Becraft, is it generally, I mean is it not true?

10 **MR. BECRAFT:** Yes.

11 **MR. SCHULZ:** That the state constitutions represent the will of the people in that no word
12 can enter the state Constitution or be removed from the state Constitution except by a vote, a
13 majority vote of the people at a general election? That is the case in New York. Is it not the case in
14 --

15 **MR. BECRAFT:** I don't know of a single state where the amendment, where a Constitution
16 can be changed other than by a vote.

17 **MR. SCHULZ:** A majority vote at a general election?

18 **MR. BECRAFT:** Yes.

19 **MR. SCHULZ:** Special election.

20 **MR. BECRAFT:** Yes. There may be some place like North Dakota but --

21 **MR. SCHULZ:** Is it not true that the state constitutions are all that stand between the
22 people and total tyranny and total despotism?

23 **MR. BECRAFT:** Can I disagree with that?

1 **MR. SCHULZ:** Yes.

2 **MR. BECRAFT:** I have a little file in my computer dealing with quotes and famous men
3 and some judge said one time that you can have your state constitutions, but when it dies in the
4 hearts of the people, it is meaningless. So I think that's a true proposition. You can still have state
5 constitutions but if the people care nothing for them, it's the same as having no Constitution at all.

6 **MR. SCHULZ:** Let me then restate the question. The way the system is designed to work
7 may be in sharp contrast to what is happening, but isn't it by design that the constitutions of the
8 states stand between the people and tyranny and despotism?

9 **MR. BENSON:** Absolutely, yes.

10 **MR. SCHULZ:** What else did the founding fathers leave the people except the concept and
11 the essential principles as embodied in state and federal and state constitutions?

12 **MR. BECRAFT:** Well, I think the general principle is acceptable, the general proposition
13 that applies to federal and state constitutions that all power's inherent within the people.

14 **MR. SCHULZ:** With that in mind, let's continue with the questions then. Is it true that the
15 state of Tennessee violated Article 2, Section 23 of the Tennessee Constitution -- Section 32 of the
16 Tennessee Constitution by denying the people an opportunity to vote for their state legislators
17 between the time the proposed Sixteenth Amendment, the income tax amendment, to the U.S.
18 Constitution was submitted to the Tennessee legislature and the time the legislature voted to
19 approve the amendment?

20 **MR. BENSON:** Yes, that's very true. In fact, when I was in Tennessee, I found the things I
21 was finding there and what you are discussing now. I had a discussion with one of the attorneys
22 from the state of Tennessee bringing out these infractions, yes.

23 **MR. SCHULZ:** So that we understand. The Tennessee Constitution, the people of the state

1 of Tennessee expressed their will. They put a provision in their Constitution directing the
2 legislature not to act on any proposed amendment to the U.S. Constitution directing the legislature
3 that receives -- we have two-year legislators in New York. I don't know how long the legislators are
4 in Tennessee or were at that time, probably two years as well. But the people put in their
5 Constitution a restriction on prohibition on the state legislature. The people said the legislature that
6 receives a proposed amendment to the U.S. Constitution will not be, shall not be, must not be the
7 legislature that acts on it. Because we the people want an election of our state legislatures between
8 the time of the receipt of a proposed amendment and the time they act on it to give us the people an
9 opportunity to participate in the process. We would like, the intent being that we the people want to
10 know how our legislators, incumbents and challengers feel about a proposed amendment so that we
11 can vote accordingly. Is that not the way it was designed to work? Was that provision in the
12 Tennessee legislature at the time the legislature voted and did they violate that provision and the
13 same legislature that received it, vote on it, deny the people their right to vote?

14 **MR. BENSON:** Yes, that's correct. In fact, you can go even to Illinois with the document
15 that I have put into the record. What Illinois did was they sent out a template without the will of the
16 people to vote; they sent out a pamphlet as to what they were going to do, as to what the legislative
17 body was going to do. It wasn't a vote for the people, it was strictly what they were going to do.

18 **MR. SCHULZ:** Is it true that the state legislature of Tennessee also voted Article 2,
19 Section 18 of the Tennessee Constitution by failing to read and pass on 3 different days the bill
20 containing the proposed Sixteenth Income Tax Amendment to the U.S. Constitution?

21 **MR. BENSON:** That's very true, as Illinois did the same thing, yes.

22 **MR. SCHULZ:** Is it true that the people of the state of Tennessee approved the provision
23 of their state Constitution requiring, mandating, directing the legislature to read on 3 separate days

1 all acts that the legislature was going to vote on with the intent being we don't want any -- to
2 minimize the opportunity to slide something past us. We want it read on 3 separate days; anything
3 the state legislature is going to act on and pass must be read on 3 different days in its entirety?

4 **MR. BENSON:** MR. Schulz, that is exactly correct. The state legislatures have a rule-book
5 that I also have copies from each and every state. As I told you, I covered everything. And so does
6 federal government as to what they can do, what they cannot do. One of the interesting rules that I
7 found with the Congress of the United States is Rule Number 9, expose corruption whenever
8 discovered. Hey guys, when are you going to do it? You know. We have pleaded, I have pleaded
9 with Congress as you have. What are you going to do about it? We have been to Washington how
10 many times? They don't show up. Why don't they show up? They can't answer our questions
11 because we are a hundred percent right.

12 **MR. SCHULZ:** Is it true in voting to approve the income tax amendment, the Tennessee
13 state legislature also violated Article 2, Sections 28 and 29 of the Tennessee Constitution which
14 prohibited the legislature from voting to impose an income tax on the people of Tennessee?

15 **MR. BENSON:** That's correct. All in Volume 1.

16 **MR. SCHULZ:** To understand this correctly. The people of the state of Tennessee in their
17 state Constitution expressed their will. They enumerated. They authorized the legislature to act in
18 certain ways and prohibited from acting in other ways. In fact, they prohibited the legislature from
19 imposing an income tax on the people of Tennessee?

20 **MR. BENSON:** That's correct.

21 **MR. SCHULZ:** Is the state legislature the state of Tennessee currently trying to impose a
22 state income tax?

23 **MR. BENSON:** Yes, I believe they are.

1 **MR. SCHULZ:** What's happening down there at the state legislature?

2 **MR. BENSON:** I don't know other than I know that there's a big battle going on with, I
3 think there has been some people that have finally spoke out; maybe they are waking up and maybe
4 it's because of what we are doing. Look, we have given you a job. We have hired you; we are the
5 boss, not you. We have a Constitution that says you can do A, B, C and that's all you can do. You
6 can do no more. You must answer to us.

7 **MR. SCHULZ:** It seems to me as I have read some press reports --

8 **MR. BECRAFT:** I can tell you a few things.

9 **MR. SCHULZ:** -- thousands of people have been descending on the state legislature in
10 opposition to this. There is talk show hosts are broadcasting, they have been broadcasting their
11 shows from the lawn of the state capital and could it be, speculation I suppose, but could it be -- I
12 am not there, I don't know if you have been there -- but could it be that the people of the state of
13 Tennessee know full well that the legislature is prohibited by their state Constitution from imposing
14 any income tax, state or federal, taking any action that would result in an imposition of a state
15 income tax on the people of that state?

16 **MR. BENSON:** Yes, I believe that's correct.

17 **MR. SCHULZ:** Did you want to comment, MR. Becraft?

18 **MR. BECRAFT:** Well, there is an existing decision made by the Supreme Court of
19 Tennessee, "Jack Cole against McFarland," which in essence holds that the legislature can't impose
20 an income tax on the wages of your typical Tennessean. That's in essence what it has to say. A lot
21 of the people that are fighting the effort of the powers that be to impose the Tennessee income tax,
22 the people have been fighting that have been using that particular case and thrusting it into the face
23 of the public officials, but the public officials nonetheless keep plowing ahead. The instance that

1 you're talking about happened within the last year; word leaked out last year that the legislature was
2 secretly meeting at the state capital, maybe we can consider the income tax. Somebody inside that
3 building called, I think it was a radio talk show host in Nashville and he put the word out and the
4 people descended upon the state capital and they just shoved an angry fist in the legislature's face
5 and the legislature really got scared and they thought the people were going to riot. That didn't
6 happen, but nonetheless the people spoke, put the fear of God into the legislators and on that
7 occasion they not adopt a state income tax law.

8 **MR. SCHULZ:** Did Thomas Jefferson say -- this reminds me of a quote -- did Thomas
9 Jefferson say, "When the government fears the people, you have liberty, when the people fear the
10 government, you have tyranny"?

11 **MR. BECRAFT:** I believe that was it, yes.

12 **MR. BENSON:** That's correct, yes.

13 **MR. SCHULZ:** Is it true that in voting to approve the income tax amendment, the Arizona
14 state legislature violated Article 9, Section 9 of the state Constitution which prohibited the
15 legislature from voting to pass any bill which imposed a tax on the people of Arizona unless the
16 amount of the tax was fixed in the bill?

17 **MR. BENSON:** Yes, that's true.

18 **MR. SCHULZ:** Did the Arizona state legislature fix the amount of the federal income tax
19 when it enacted on the Sixteenth Amendment?

20 **MR. BECRAFT:** Could you repeat the question?

21 **MR. SCHULZ:** Did the state legislature of the state of Arizona fix the amount of the
22 federal income tax when they acted on the, purportedly approved the Sixteenth Amendment, the
23 proposal to amend the U.S. Constitution with the Sixteenth Amendment?

1 **MR. BENSON:** I guess they would fix it, yes.

2 **MR. SCHULZ:** They fixed it?

3 **MR. BENSON:** They would fix it, sure, but they didn't. That's correct.

4 **MR. SCHULZ:** They did not fix the amount?

5 **MR. BENSON:** That's correct?

6 **MR. SCHULZ:** As required by their state Constitution?

7 **MR. BENSON:** Their state Constitution.

8 **MR. SCHULZ:** Is it true that the State Senate of Arizona violated Article 4, Part 2, Section
9 12 of the state Constitution by failing to read on 3 different days the bill containing the proposed
10 Sixteenth Amendment to the U.S. Constitution?

11 **MR. BENSON:** Yes, that is true.

12 **MR. SCHULZ:** Is it true that the presiding officer of the State Senate of Arizona violated
13 Article 4, Part 2, Section 15 of the state Constitution by failing to sign in open session the bill
14 containing the proposed Sixteenth Amendment to the U.S. Constitution?

15 **MR. BENSON:** That's very true.

16 **MR. SCHULZ:** Is it true that in voting to approve the income tax amendment, the
17 Arkansas state legislature violated Article 16, Section 11 of the state Constitution which prohibited
18 the legislature from voting to pass any bill which imposed a tax on the people of Arkansas unless
19 the bill specified the specific purpose to which the tax to be imposed under the bill would be
20 applied?

21 **MR. BENSON:** That's true, yes.

22 **MR. SCHULZ:** Is it true that the State Senate of Arkansas violated Article 5, Section 22 of
23 the state Constitution by failing to read on 3 different days the bill containing the proposed

1 Sixteenth Amendment to the U.S. Constitution?

2 **MR. BENSON:** Yes, that's true.

3 **MR. SCHULZ:** Is it true that after the governor vetoed the bill approving the proposed
4 Sixteenth Amendment the Arkansas state legislature did not take the matter up again?

5 **MR. BENSON:** That's correct.

6 **MR. SCHULZ:** Is it true that the State Senate of California violated Article 4, Section 15
7 of the state Constitution by failing to read on 3 different days the bill containing the proposed
8 Sixteenth Amendment to the U.S. Constitution?

9 **MR. BENSON:** Yes, MR. Schulz, that's correct.

10 **MR. SCHULZ:** Is it true that the State Senate Assembly of California violated Article 4,
11 Section 15 of the state Constitution by failing to record the yeas and nays on the vote of the bill
12 containing the proposed Sixteenth Amendment to the U.S. Constitution?

13 **MR. BENSON:** Yes, that's correct.

14 **MR. SCHULZ:** Is it true that the Senate and House of the Colorado legislature violated
15 Article 5, Section 22 of the state Constitution by failing to read on 3 different days the bill
16 containing the proposed Sixteenth Amendment to the U.S. Constitution?

17 **MR. BENSON:** That's true, yes.

18 **MR. SCHULZ:** Question 94p. Is it true that the state senate of Idaho violated Article 3,
19 Section 15 of the state Constitution by failing to read section by section just prior to the vote the
20 bill containing the proposed Sixteenth Amendment to the U.S. Constitution?

21 **MR. BENSON:** Yes, that's true.

22 **MR. SCHULZ:** Is it true that the state legislature of Idaho violated Article 6, Section 10 of
23 the state Constitution by failing to send to the governor the approved bill containing the proposed

1 Sixteenth Amendment to the U.S. Constitution?

2 **MR. BENSON:** Yes, that's true. And of course all of that is in Volume 1 of "The Law That
3 Never Was", yes.

4 **MR. SCHULZ:** 94r. Is it true in voting to approve the Sixteenth Income Tax Amendment,
5 the Illinois State Senate violated Article 4, Section 13 of the state Constitution by failing to print
6 the bill containing the proposed Sixteenth Amendment before the final vote was taken and by
7 failing to read the bill on 3 different days?

8 **MR. BENSON:** Yes, MR. Schulz, that is very true and they did the same thing with the
9 state Constitution. I have all of those documents as far as the state Constitution, what they did
10 wrong with that Constitution, all certified and notarized and Supreme Court cases to back up.
11 When I went to the Supreme Court, I wanted them certified and notarized by the Supreme Court
12 and they said no, you have got our seal, our stamps. I said I want them certified and notarized. So,
13 they did.

14 **MR. SCHULZ:** So, this all causes me to ask a rhetorical question; just whose government
15 is this? By and for the people or is it by and for the government?

16 **MR. BENSON:** It is supposed to be ours. I am sorry that I interrupted. It is supposed to be
17 ours, but it is today just the opposite. And reading through the many journals that I did, this same
18 corruption went on in 1909, 1913. I read the documents from 1909, for a 7-year period because
19 there was a 7-year cap on the Sixteenth Amendment. Anyone that came in after the 7 years, it was
20 too late. They couldn't be counted.

21 **MR. SCHULZ:** Is it true that in voting to approve the income tax amendment, the Kansas
22 state legislature violated Article 11, Section 205 of the state Constitution which prohibited the
23 legislature from voting to pass any bill which imposed a tax on the people of Kansas unless the bill

1 specified the specific purpose to which the tax to be imposed under that bill would be applied?

2 **MR. BENSON:** Yes. Once again, certified notarized documents and it is in Volume 1 at
3 page 161 and 166.

4 **MR. SCHULZ:** Question 94t. Is it true that in voting to approve the income tax
5 amendment, the Kansas state senate violated Article 2, Section 128 of the state Constitution by
6 failing to record the vote on the bill containing the proposed Sixteenth Amendment to the U.S.
7 Constitution?

8 **MR. BENSON:** Yes. That's also in Volume 1 at 161 and 166.

9 **MR. SCHULZ:** Is it true that in voting to the income tax amendment, the Kansas House,
10 state House of Representatives violated Article 2, Section 133 of the state Constitution by failing to
11 read section by section the bill containing the proposed Sixteenth Amendment to the U.S.
12 Constitution.

13 **MR. BENSON:** Yes, that's very true.

14 **MR. SCHULZ:** Is it true that in voting to approve the income tax amendment, the
15 Louisiana state legislature violated Articles 224 and 227 of the Louisiana Constitution which
16 prohibited the legislature from voting to impose a federal income tax on the people of the
17 Louisiana?

18 **MR. BENSON:** Yes, that is true, MR. Schulz.

19 **MR. SCHULZ:** Is it true that in voting to approve the income tax amendment, the
20 Michigan state legislature violated Article 9, Section 6, of the state Constitution which prohibited
21 the legislature from voting to pass any bill which imposed a tax on the people of Michigan unless
22 the bill specified the specific purposes to which the tax to be imposed under that bill would be
23 applied?

1 **MR. BENSON:** That's true, 179 and 183 in Volume 1 of "The Law That Never Was".

2 **MR. SCHULZ:** You have certified notarized documents?

3 **MR. BENSON:** That's correct.

4 **MR. SCHULZ:** You checked the Constitution for all of these questions? You checked the
5 Constitution that was in effect and controlling at the time?

6 **MR. BENSON:** At that point in time. I could not go beyond. If the Constitution were
7 changed. I had to set in my mind frame at the 1909 period and 7 years forward, and that's all. I was
8 living in those years, so to speak. I couldn't go beyond that, because those were the issues and the
9 questions that I was dealing with.

10 **MR. SCHULZ:** So, you obtained a copy of the Constitution that was in effect and
11 controlling at the time the legislature voted?

12 **MR. BENSON:** That's absolutely correct.

13 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment, the
14 Mississippi state House of Representatives voted Article 4, Section 59 of the state Constitution by
15 failing to read 3 times on 3 different days the bill containing the proposed Sixteenth Amendment to
16 the U.S. Constitution?

17 **MR. BENSON:** Yes, that's very true, MR. Schulz. And it continued to amaze me as my
18 reading went on as for why these states are not following what their Constitution says. There is so
19 many of them that did not read it two or three times. It's simply they didn't do it.

20 **MR. SCHULZ:** MR. Becraft, is there any statute of limitations on constitutionality? Let
21 me ask the question another way; is it possible --

22 **MR. BECRAFT:** A statute or an act of government can be attacked at any time if it's
23 unconstitutional.

1 **MR. SCHULZ:** So, is it fair to say that the intent, the idea behind this doctrine that there is
2 no statute of limitations on constitutionality? The idea behind that is that government, including the
3 state legislature, the governor, the President, the Congress, cannot seize power from the people no
4 matter how long the people might delay in challenging the exercise of that power?

5 **MR. BECRAFT:** True.

6 **MR. BENSON:** Absolutely correct. And what we are dealing with, MR. Schulz, is a
7 fraudulent act and fraud makes it even stronger. In Volume 1 I address the, or Volume 2, I address
8 the fraudulent issue at the bottom of page 3, top of page 4. That fraud vitiates every contract from
9 its inception.

10 **MR. BECRAFT:** MR. Schulz, at the time we --

11 **MR. SCHULZ:** But in the Stahl case we are reminded that the court said the matter of
12 fraud with respect to the amendment of the United States, the Constitution of the United States of
13 America, that that's really a political question for Congress to decide. Did they duck the question?

14 **MR. BENSON:** They completely ducked the question, absolutely.

15 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment the
16 Mississippi state senate violated Article 4, Section 59 of the state Constitution by failing to read the
17 bill in full immediately before the vote on its final passage?

18 **MR. BENSON:** Yes, that's very true.

19 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment, the Missouri
20 state legislature violated Article 9, Section 1, of the Missouri Constitution which prohibited the
21 legislature from voting to impose federal income tax on the people --

22 **MR. BECRAFT:** Of Missouri.

23 **MR. BENSON:** Of Missouri, yes.

1 **MR. SCHULZ:** There's a mistake in that question. Let me read the question again. Is it true
2 that in voting to approve the income tax amendment, the Missouri state legislature violated Article
3 9, Section 1 of the -- Article 10, Section 1 of the Missouri Constitution which prohibited the
4 legislature from voting to impose a federal income tax on the people of Missouri?

5 **MR. BENSON:** Yes, that's very true, and that's on page 191 and 194 in Volume 1 of "The
6 Law That Never Was".

7 **MR. SCHULZ:** Is it true that the Missouri state legislature also violated Article 5, Section
8 14 of the Missouri Constitution which required the legislature to submit to the governor the bill
9 approving the proposed Sixteenth Amendment?

10 **MR. BENSON:** Yes, that's very true.

11 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment, the Montana
12 state House of Representatives violated Article 5, Section 22 of the state Constitution by failing to
13 print the bill containing the proposed Sixteenth Amendment to the U.S. Constitution prior to the
14 vote on its passage?

15 **MR. BENSON:** That's very true, yes.

16 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment, the presiding
17 officer of the Montana state senate violated Article 5, Section 27 of the state Constitution by failing
18 to publicly read in open session the bill containing the proposed Sixteenth Amendment to the U.S.
19 Constitution just prior to signing the bill?

20 **MR. BENSON:** Yes, that's true.

21 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment, the New
22 Mexico state legislature, both the Senate and the House violated Article 4, Section 20 of the state
23 Constitution requiring enrollment and engrossment, a public reading in full and signing by the

1 presiding officers of the recording of all those acts in the journals?

2 **MR. BENSON:** Yes, that's very true. 279 and 282 in "The Law That Never Was", Volume
3 1.

4 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment, the New
5 Mexico State House of Representatives violated Article 4, Section 15 of the state Constitution by
6 failing to read 3 different times -- 3 times on 3 different days the bill containing the proposed
7 Sixteenth Amendment to the U.S. Constitution?

8 **MR. BENSON:** Yes, that's true.

9 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment, the North
10 Dakota state legislature violated Article 2, Section 14 of the state Constitution which requires
11 reenactment and publication of amendments?

12 **MR. BENSON:** Yes, that's true. 173 and 178 of "The Law That Never Was", Volume 1.

13 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment, the North
14 Dakota state legislature, both Senate and the House, violated Article 2, Section 63 of the state
15 Constitution which requires 3 readings of the bill at length on 3 different days?

16 **MR. BENSON:** Yes, that's true.

17 **MR. SCHULZ:** Is it true in voting to approve the Sixteenth Amendment, the Texas House
18 of Representatives violated Article 3, Section 37 of the state Constitution by voting on the bill
19 before the bill was reported out of committee?

20 **MR. BENSON:** Yes, that's very true.

21 **MR. SCHULZ:** 94ii. Admit that in voting to approve the income tax amendment, the
22 Texas state legislature violated Article 3, Section 48 of the state Constitution which prohibited the
23 legislature from voting to impose a federal income tax on the people of Texas?

1 **MR. BENSON:** Yes, that's true.

2 **MR. SCHULZ:** 94jj. Is it true that in voting to approve the Sixteenth Amendment, the
3 presiding officer of the Texas Senate violated Article 3, Section 38 of the state Constitution by
4 failing to publicly read in open session the bill containing the proposed Sixteenth Amendment to
5 the U.S. Constitution just prior to signing the bill?

6 **MR. BENSON:** Yes, that's very true. Page 89 and 96 of "The Law That Never Was".
7 Volume 1.

8 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment the Texas
9 state legislature also violated Article 3, Section 33 of the state Constitution which required the
10 House to act first on all money bills?

11 **MR. BENSON:** Yes, that's true.

12 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment, the
13 Washington state legislature violated Article 7, Section 2 of the state Constitution which prohibited
14 the legislature from imposing a tax upon the people of the state unless the tax was a uniform and
15 equal rate of taxation?

16 **MR. BENSON:** Yes, that's true. Page 113, 118, Volume 1 of "The Law That Never Was".

17 **MR. SCHULZ:** Is it true that the Washington state legislature also violated Article 3,
18 Section 12 of the Washington Constitution which required the legislature to submit to the governor
19 the bill approving the proposed Sixteenth Amendment?

20 **MR. BENSON:** Yes, that's true.

21 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment, the Wyoming
22 state legislature violated Article 15, Section 13 of the state Constitution which prohibited the
23 legislature from voting to pass any bill which imposed a tax on the people of Wyoming unless the

1 bill specified a specific purpose to which the bill to be imposed under the -- unless the tax -- just a
2 second -- unless the bill specified the specific purpose to which the tax to be imposed under that
3 bill would be applied?

4 **MR. BENSON:** Yes, that's true. Page 265 and 271, Volume 1 of "The Law That Never
5 Was".

6 **MR. SCHULZ:** Is it true that in voting to approve the Sixteenth Amendment, the Wyoming
7 state legislature violated Article 3, Section 20 of the state Constitution by voting only on the title of
8 the bill?

9 **MR. BENSON:** Yes, that's very true, MR. Schulz.

10 **MR. SCHULZ:** Is it true that the income tax at -- before I go on. MR. Benson, if I might
11 say this, the people are indebted to you.

12 **MR. BENSON:** Thank you, MR. Schulz.

13 **MR. SCHULZ:** They are indebted to you and MR. Beckman for deciding first to undertake
14 this task. And then for the sacrifice that was obviously part and parcel of completing this task.
15 Going to every state and doggedly pursuing every single document related to the ratification of the
16 Sixteenth Amendment, and documenting it as thoroughly as you have. Again, thank you.

17 **MR. BENSON:** Thank you.

18 **MR. SCHULZ:** Is it true that the income tax at Subtitle A of the Internal Revenue Code
19 cannot be lawfully and constitutionally collected if the Sixteenth Amendment is not a valid
20 amendment to the Constitution of the United States, MR. Becraft?

21 **MR. BECRAFT:** Yes.

22 **MR. SCHULZ:** The basis of your answer to the question?

23 **MR. BECRAFT:** A wide variety of cases wherein the courts mentioned, just like you

1 pointed out yesterday with the New York Times and all of the statements by the public officials.
2 The same things manifests itself in the courts and I think if you'll hold up here on the screen, the
3 Parker case, "Parker against the Commissioner of Internal Revenue." We've highlighted in yellow
4 some of the various statements that they make. For example, I am looking at part of the Parker
5 decision, the second yellow part; it says Sixteenth Amendment merely eliminates the requirement
6 that the direct income tax be apportioned among the states. You're looking at the Sixteenth
7 Amendment from that view point; if you eliminate it, we are back to the same type of constitutional
8 standard for imposition of taxes as under the Pollock decision. So direct taxes would have to be, the
9 direct income taxes would have to be apportioned.

10 **MR. SCHULZ:** Is it true that the income tax imposed by Subtitle A are not apportioned, so
11 if the Sixteenth Amendment was not ratified, the taxes imposed by Subtitle A are not constitutional
12 under Pollock?

13 **MR. BECRAFT:** Yeah, the current income tax is not apportioned just like the first income
14 tax that was challenged in the Pollock case was not apportioned.

15 **MR. SCHULZ:** It's not constitutional under the Constitution; it violates the Constitution?

16 **MR. BECRAFT:** Taking into consideration the Sims decision that declares that income is
17 property, no doubt about it, yes.

18 **MR. SCHULZ:** Is it true that in 1913 Congress passed the following income tax act.
19 Quoting from its Section A, Subdivision 1. "That there shall be levied, assessed, collected and paid
20 annually upon the entire net income arising or accruing from all sources in the proceeding calendar
21 year to every citizen of the United States, whether residing at home or abroad, and to every person
22 residing in the United States, though not a citizen thereof, a tax of one percentum and a like tax
23 shall be assessed, levied, collected and paid annually upon the entire net income from all property

1 owned and of business trade or profession carried on in the United States by persons residing
2 elsewhere."?

3 **MR. BECRAFT:** You accurately read Section 2, Subparagraph A, Subdivision 1 of the
4 1913 act. Section 1 of this bill was a tariff, a protective tariff for the duties and imports. Section 2
5 started, I think page 166.

6 **MR. SCHULZ:** And the act is the act, is 38 statutes, 166?

7 **MR. BECRAFT:** Correct.

8 **MR. SCHULZ:** Passed on October 3, 1913?

9 **MR. BECRAFT:** Ye. The first income tax under the Sixteenth Amendment.

10 **MR. SCHULZ:** Is it true that MR. Brushaber, a citizen, MR. Brushaber, challenged this
11 income tax as being unconstitutional?

12 **MR. BECRAFT:** I call him Brushaber; a lot of people do. There is a lot of different ways
13 to pronounce that name; but that's exactly what happened in this particular case, which is now
14 displayed on the screen.

15 **MR. SCHULZ:** Is it true that in the Brushaber decision, the United States Supreme Court
16 held that the tax on income was an excise tax?

17 **MR. BECRAFT:** That's the thrust of the opinion and there is a sentence in the case that
18 deals with that proposition, it's something like 200 words long; it's extremely complicated. It
19 resulted in confusion. But a number of courts have flat out stated that Brushaber declares that the
20 income tax is an excise tax.

21 **MR. HANSEN:** The Supreme Court justice who ruled in that case, was it not E.B. White?

22 **MR. BECRAFT:** He had written a dissenting opinion in the Pollock case.

23 **MR. HANSEN:** So he may have had an axe to grind in that case?

1 **MR. BECRAFT:** He was the justice on the Supreme Court back in 1894 when the Pollock
2 case was decided. He wrote a dissent. He said it was an excise tax. By the time of 1914, 1915,
3 1916, he's now chief justice so he can naturally assign, and he did obviously in this case, assign
4 writing of the opinion to himself.

5 **MR. SCHULZ:** Let's go to question 104, MR. Bodine. Is it true that in "Eisner v.
6 Macomber," the U.S. Supreme Court held a tax on income was a direct tax but could be imposed
7 without apportionment because the Sixteenth Amendment gave Congress the power to lay and
8 correct taxes on incomes from whatever source derived without apportionment among the states
9 and without regard to any census or enumeration?

10 **MR. BECRAFT:** If that's posed as a question, I will answer yes and we now have Exhibit
11 54 up on the screen, the yellowed portions of the Eisner case.

12 **MR. SCHULZ:** What was the date of the Brushaber decision by the United States Supreme
13 Court?

14 **MR. BECRAFT:** 1916.

15 **MR. SCHULZ:** 1915.

16 **MR. BECRAFT:** 1916.

17 **MR. SCHULZ:** What was the date of the Eisner decision?

18 **MR. BECRAFT:** 1920.

19 **MR. SCHULZ:** So, is it fair to say that the United States Supreme Court, in speaking to --
20 was this --

21 **MR. BECRAFT:** May I suggest something? This is the last --

22 **MR. SCHULZ:** Yes. Go ahead.

23 **MR. BECRAFT:** This would be one of the last times in which the Supreme Court of the

1 United States took the opportunity, kind of characterized what the Sixteenth Amendment
2 accomplished.

3 **MR. SCHULZ:** But with respect to the issue of direct versus indirect; in the Brushaber
4 decision, the United States Supreme Court characterized the income tax as an indirect tax.
5 However, four years later the U.S. Supreme Court appears to have, did in fact, overrule or overturn
6 its earlier decision by declaring it to be a direct tax.

7 **MR. BECRAFT:** I whole heartedly agree.

8 **MR. SCHULZ:** And is this not the last time that the U.S. Supreme Court spoke on this
9 subject?

10 **MR. BECRAFT:** To my knowledge.

11 **MR. SCHULZ:** In looking at the Eisner decision, is it not true that the court held as
12 follows: The Sixteenth Amendment must be construed in connection with the taxing clauses of the
13 original Constitution and the effect attributed to them before the amendment was adopted. In
14 "Pollock v. Farmers" under the act of August 27, 1894, it was held that taxes upon rents and profits
15 of real property were in effect direct taxes upon the property from which such income arose,
16 imposed by reason of ownership, and that Congress could not impose such taxes without
17 apportioning them among the states according to population as required by Article 1, Section 2,
18 Clause 3, and Section 9, Clause 4 of the original Constitution?

19 **MR. BECRAFT:** I believe we have that up on the screen. Well, not necessarily there. But
20 that is a quote from the decision, MR. Schulz.

21 **MR. SCHULZ:** Do we have Exhibit 54, MR. Bodine?

22 **MR. BECRAFT:** It's on the screen -- yes, it is. I agree the very top yellowed part is what
23 you just read.

1 **MR. SCHULZ:** Before we go further, let me ask MR. Becraft; the United States Supreme
2 Court in "Plessy versus Ferguson"

3 **MR. BECRAFT:** Overruled.

4 **MR. SCHULZ:** Declared blacks to be separate but equal?

5 **MR. BECRAFT:** True.

6 **MR. SCHULZ:** The United States Supreme Court years later reverse itself and declared
7 blacks equal?

8 **MR. BECRAFT:** True.

9 **MR. SCHULZ:** In "Brown versus Board of Education"; is that true?

10 **MR. BECRAFT:** I believe so but that happens occasionally.

11 **MR. SCHULZ:** So the Supreme Court does reverse itself occasionally?

12 **MR. BECRAFT:** True.

13 **MR. SCHULZ:** Did it not, and it reversed itself on the issue of income taxes, whether they
14 are indirect or direct --

15 **MR. BECRAFT:** Here you have self evidently a pronouncement by the Supreme Court in
16 the Eisner case, which when anybody sits down and reads, it quite evidently appears that the
17 Supreme Court is characterizing the federal income tax as a -- the exercise of the direct taxing
18 power and that the purpose and function of the Sixteenth Amendment was to eliminate any
19 requirement that such a direct tax imposed upon the property known as income be apportioned.
20 And that appears to be -- although I have some arguments with some people saying well no, that's
21 not the way it is. I just go along with the plain wording and I think you do too.

22 **MR. SCHULZ:** So, on the issue of whether or not an income tax, direct tax on people, an
23 income tax is a direct or indirect tax, would not a reasonable person, a reasonable man have to

1 conclude in looking at the array of decisions and concerning himself with just what the United
2 States Supreme Court has had to say on the subject. Would not a reasonable man conclude based
3 on Eisner, the last time the United States Supreme Court spoke on the subject, a reasonable man
4 would have to conclude it's a direct tax?

5 **MR. BECRAFT:** True, and when combined with later decisions by the federal appellate
6 courts, when they come out and characterize the nature of the tax, they say the same thing.

7 **MR. SCHULZ:** We'll get to that in a moment. Thanks. Did the Supreme Court in Eisner
8 also say, "Afterwards and evidently in recognition of the limitation upon the taxing power of
9 Congress thus determined, the Sixteenth Amendment was adopted in words lucidly expressing the
10 object to be accomplished. The Congress shall have power to lay and collect taxes on incomes from
11 whatever source derived without apportionment among the states and without regard to any census
12 or enumeration as repeatedly held, this did not extend the taxing power to new subjects but merely
13 removed the necessity which otherwise might exist for an apportionment among the states of taxes
14 laid on income"; is that not part of the Eisner decision?

15 **MR. BECRAFT:** You read quite well, straight out of the opinion.

16 **MR. SCHULZ:** Did court then go on to say, "A proper regard for its genesis, as well as its
17 very clear language, requires also that this amendment shall not be extended by loose construction
18 so as to repeal or modify except as applied to income, those provisions of the Constitution that
19 require an apportionment according to population for direct taxes upon property, real and personal.
20 This limitation sill has an appropriate and important function and is not be overridden by Congress
21 or disregarded by the courts?

22 **MR. BECRAFT:** So true; that's out of the case.

23 **MR. SCHULZ:** These are some series of questions that are not now before the panel or in

1 the evidence in the record, but will be. Is it not true, MR. Becraft, that the federal appeals courts
2 have declared the income tax, certain federal appeals courts, have declared the income tax to be a
3 direct tax?

4 **MR. BECRAFT:** That's true.

5 **MR. SCHULZ:** Is it not true that the Fifth Circuit Court of Appeals in 1984 in Parker v.
6 Commissioner held as follows: The Sixteenth Amendment merely eliminates the requirement that
7 the direct income tax be apportioned among the states. The Sixteenth Amendment was enacted for
8 the express purpose of providing for a direct income tax?

9 **MR. BECRAFT:** That's what the Parker court said.

10 **MR. SCHULZ:** Is it not also true that the the Seventh Circuit in 1986, in "Coleman versus
11 Commissioner" held that the argument, that the income tax was an excise tax, was frivolous on its
12 face, the court having declared the power thus long predates the Sixteenth Amendment which did
13 no more than remove the apportionment requirement?

14 **MR. BECRAFT:** The Seventh Circuit said that in that case.

15 **MR. SCHULZ:** Is it true that the Eighth Circuit in 1980 in "The United States versus
16 Francisco", held that the cases cited by Francisco clearly established that the income tax is a direct
17 tax?

18 **MR. BECRAFT:** True.

19 **MR. SCHULZ:** Is it true that the Tenth Circuit in 1982 in the case "United States v.
20 Lawson" held the Sixteenth Amendment removed any need to apportionment income taxes among
21 the states that otherwise would have been required by Article 1, Section 9, Clause 4?

22 **MR. BECRAFT:** That court said that.

23 **MR. SCHULZ:** So here we have, is it not true, 6 -- how many courts of appeals, federal

1 courts of appeals are there?

2 **MR. BECRAFT:** In the states we have 11; when you throw in the D.C. circuit, that's 12.
3 Then we've also within the last couple of years got another one; basically a total of 13.

4 **MR. SCHULZ:** So we have 6 of the federal appeals courts ruling and comporting,
5 complying with the United States Supreme Court in the Eisner decision declaring the income tax to
6 be a direct tax and that it is the Sixteenth Amendment that authorizes Congress to impose an
7 income tax on the people without apportionment?

8 **MR. BECRAFT:** That is correct.

9 **MR. SCHULZ:** So the issue of the ratification of the Sixteenth Amendment then becomes
10 all the more important?

11 **MR. BECRAFT:** Yes.

12 **MR. SCHULZ:** And if the Sixteenth Amendment was not properly or legally ratified, we
13 are then left with essentially control by the Constitution which requires apportionment of an
14 income tax?

15 **MR. BECRAFT:** Yeah, and we would go back to the condition of the law of the point
16 under the Pollock case which held in order to tax the income from real personal property, the tax
17 had to be apportioned, which is extremely difficult.

18 **MR. HANSEN:** MR. Becraft, I have a question about the apportionment requirement. If,
19 would there be a requirement to modify the other amendments or the other parts of the
20 Constitution, for instance, Article 1, Section 9, Clause 4; Article 1, Section 2, Clause 3, which
21 reference the requirement for apportionment among states of direct taxes. Would there have been a
22 requirement as a result of the Sixteenth Amendment to go back and modify those clauses to remove
23 or to make an exception to the apportionment requirement and create an enabling clause?

1 **MR. BECRAFT:** Are you saying or are you asking whether or not the Sixteenth
2 Amendment modified those provisions?

3 **MR. HANSEN:** Yes. If it did, would there have been a requirement for Congress to explain
4 that in those portions of the Constitution as a result of the changes introduced by the Sixteenth
5 Amendment?

6 **MR. BECRAFT:** Yeah, and there were during the course of the effort to propose the
7 Sixteenth Amendment, there were such ideas generated by Congress -- Well, let's knock out those
8 provisions. That didn't happen. But, you know, if Congress were going to modify other provisions
9 of the Constitution, one would naturally expect that any such amendment would say this previous
10 provision of the Constitution is being amended; that didn't happen. And because it didn't happen,
11 Justice White made certain comments in that respect in his decision in the Brushaber case.

12 **MR. HANSEN:** Was that the same chief justice that ruled in the Eisner case?

13 **MR. BECRAFT:** I can't recall off the top of my head. I don't think White wrote Eisner, did
14 he?

15 **MR. SCHULZ:** I am struggling here, MR. Becraft. There is a line of questioning here
16 which we have, which will be part of the record of this citizens' hearing, which raises the void for
17 vagueness doctrine in which we point out that in spite of the fact that we have the United States
18 Supreme Court in Eisner holding that the income tax is a direct tax and therefore subject to the
19 apportionment requirement; and that we have these federal courts of appeals in the 1980s all
20 agreeing. We also have some federal court of appeals that have ruled explicitly, clearly, that the
21 tax, the income tax is an indirect tax.

22 **MR. BECRAFT:** That is true.

23 **MR. SCHULZ:** Obviously those federal appeals courts rulings that conflict with the

1 Constitution and the Eisner, United States Supreme Court in Eisner, should be disregarded, any
2 reasonable man would disregard those. The people within those districts served by those appeals
3 courts as reasonable people looking only at the United States Supreme Court decision in Eisner
4 could disregard, could ignore those federal appeals courts decisions that ruled, that hold that the tax
5 is an indirect tax, could they not?

6 **MR. BECRAFT:** I have to acknowledge that people do that. However, even the decisions
7 that deal with a construction or interruption of what was accomplished by means of the Sixteenth
8 Amendment; when they reached the result -- Oh, the Sixteenth Amendment declares that it's an
9 excise. It doesn't matter to me, under either argument whether the court, this looking at the
10 Sixteenth Amendment declares it as a direct tax or whether the court that's looking at the Sixteenth
11 Amendment declares that it's an excise tax, still both positions are dependent upon the Sixteenth
12 Amendment.

13 **MR. SCHULZ:** And the right to labor, and the jurisdiction, the constitutional restriction,
14 the legislative jurisdiction, violations and so forth. But it does in the alternative, even if the Eisner
15 didn't rule that way, in holding that the tax is a direct tax. In the alternative we have, the people
16 have another argument here, and that is given all of these conflicting opinions by the, call them
17 lower courts, we could certainly argue that the whole matter is very vague and that would bring
18 into issue the void for vagueness doctrine, legal doctrine, would it not?

19 **MR. BECRAFT:** Can I pose a question to you in response to your question? Don't you as
20 an ordinary American think that the courts of this nation should have reached unanimous
21 agreement on the nature of the federal income tax after some, you know, 90 years? Do you not?
22 That's my personal opinion. I think the courts should be unanimous. The problem, however, is that
23 the courts are not unanimous. You can sit there and point out these conflicting opinions.

1 **MR. SCHULZ:** The only thing that matters is what the United States -- (inaudible).

2 **MR. HANSEN:** Apply that to more than one taxpayer.

3 **MR. BECRAFT:** But I don't see them even following that in their day-to-day operations.

4 And their lawyers don't.

5 **MR. SCHULZ:**

6 **MR. BANISTER:** This is a good point. If the United States Supreme Court has declared
7 the income tax to be a direct tax, it's safe to say that the only reason the Service, the Internal
8 Revenue Service, the enforcing people are enforcing payment of the income tax as though payment
9 were compulsory, is because of the Sixteenth Amendment.

10 **MR. BANISTER:** There is no doubt about that; at least I can speak up until 1999, when I
11 was there. In fact, I brought this up briefly yesterday, there is a pamphlet that the IRS hands out to
12 the population enmass. I imagine millions of these have gone out. It's called the amazingly, "Just
13 the Facts of Why Do I Have to Pay Taxes?"

14 **MR. BENSON:** I never received one, Joe.

15 **MR. BANISTER:** You went and looked for the facts and you didn't find them here. But in
16 this pamphlet of facts relating to the Sixteenth Amendment it says, I quote, "Congress used the
17 power granted by the Constitution and the Sixteenth Amendment and made laws requiring all
18 individuals to pay tax." Obviously this isn't the law, but this is what the IRS shares, free of charge,
19 with millions of Americans.

20 **MR. HANSEN:** And

21 **MR. BANISTER:**, are you aware of whether or not the IRS can be held legally responsible
22 for the information that it puts on such pamphlets and their publications and furthermore provides
23 to people who call up on their 800 number?

1 **MR. BANISTER:** To my knowledge, anything that the IRS puts out is not supposed to be
2 relied upon which amazes me because if it's not supposed to be relied upon, why is it being release
3 at all?

4 **MR. HANSEN:** Absolutely.

5 **MR. BANISTER:** I don't know if this is the appropriate time, but being that I am speaking
6 about the pamphlet, it illustrates how myself as a special agent and certified public accountant, I
7 don't have a large ego, but I do -- I felt proud that I had achieved a bachelor's degree, passed the
8 CPA exam, was trusted to carry a gun and a badge around for about five years and I certainly
9 believe that I had a reasonable grasp of how to comply with and administer tax laws. I think that's a
10 minimum standard, being that I was carrying a gun and handcuffs around. But these types of
11 pamphlets were consistent with the kinds of memorandums and training that a special agent or a
12 revenue agent or revenue officer in the IRS would be exposed to. And I have to read this paragraph
13 to you; I believe I read it to you yesterday. I quote, and in this Just the Facts pamphlet they're
14 presenting arguments or positions that might be contrary to what the IRS says. So, I am going to
15 quote this paragraph: "Illegal tax protester groups have used a variety of false or misleading
16 arguments for not paying taxes. They build their complicated arguments that the income tax system
17 is illegal by stringing together unrelated ideas plucked from widely conflicting court rulings,
18 dictionary definitions, government regulations and other sources." Then it goes on to list some of
19 those things. I have to admit, as I am sure John Turner and Sherry Jackson will also testify to, that
20 it was this kind of propaganda that I believed that people like MR. Bensen, like MR. Becraft, like
21 Mrs. Kidd, you name it; any of the witnesses that are showing up and the evidence that's been
22 presented was, as the IRS described it, not to be believed. And I can only assume that as the
23 viewers across America and the people in this conference hall have seen, this evidence is as

1 documented as anything I have ever seen. It was that same kind of evidence that I investigated
2 during off duty time while I was a special agent that convinced me that these are not just the facts.
3 This stuff is propaganda and it's meant for those who will not look beyond the pamphlet, as I failed
4 to do, at least for a certain part of my career. Once I looked beyond the pamphlet, once I opened up
5 my mind to accept the possibility that the IRS and the federal government may not have my best
6 interests at heart, I discovered a mountain of evidence and you're seeing just the tip of the mountain
7 that shows that gentlemen like MR. Bensen, MR. Becraft, MR. Beckman, people that have been
8 beating their heads against the wall for decades are not only correct, but they are truthful, they are
9 courageous and they have your best interests at heart.

10 **MR. HANSEN:** And MR. Becraft, can you tell us what the opinion of the appellate or
11 circuit courts is on the issue of the credibility of IRS propaganda, I mean publications, and whether
12 or not we should rely upon those to sustain a position?

13 **MR. BECRAFT:** To bring up the subject matter of Joe, what he just had to say, there is
14 this old maxim I think a lot of people have heard, it's dangerous to be right when the government is
15 wrong. But to answer your question specifically, I use in criminal cases, I have a number of people
16 that will come along and read government documents and where I applied. Well, there's a principle
17 of law that manifests itself in the cases that you can rely upon the word of the government. That
18 may be incredibly dangerous because the government can, nonetheless, even though you have
19 relied upon the word of the government, come back and attack you and that does happen. And quite
20 often when I tender, I request jury instructions in a criminal case and say judge, the evidence shows
21 that this man read this government and he read that government document, and he read that
22 government document, and there is a principle of law that you can rely upon the word of the
23 government. Quite often the judges refuse to give those jury instructions, and the reason might be,

1 not that it's not law, but it's incredibly stupid to rely upon the government. But nonetheless, I think
2 the American people have an obligation if you want to build legal arguments regarding the income
3 tax, I think the people do in fact need to use as evidence, documents generated and offered by
4 government.

5 **MR. BANISTER:** By the way, that is what the government uses to build a case against
6 you. When I see documents like the one that showed the governor of a state crossed out a word and
7 put another word, it made me think about the numerous tax cases that I was involved where
8 somebody might have a cancelled check and crossed it out and tried to tell someone that I did this
9 check on this date and you find it to be wrong, you find them to have lied and the documents, as
10 MR. Bensen pointed out earlier, the documents are the most critical piece of evidence and the paper
11 trail is what convicts people almost every time that I have ever been able to see, and the paper trail
12 showing the government's activities over the last 80 or 90 years should speak for itself.

13 **MR. HANSEN:** Returning to that subject briefly, MR. Becraft. If there is a conflict
14 between what the law, that is the statutes or the Constitution say, and what the IRS reports or
15 represents in their publications, which of the two take precedence?

16 **MR. BECRAFT:** If you rank them naturally just a statement like

17 **MR. BANISTER:** has pointed out that's found in a little short publication of the IRS, "Just
18 the Facts", that is not a document that would prevail over statutes and constitutional provisions.
19 They are superior to mere publications; however, that does not mean, though, that you might not be
20 caught into a trap based upon conflicting words of a government agency. And I do think that we
21 have as an exhibit here the Critzer case. The Critzer case is a situation where a lady was told by the
22 Bureau of Indian Affairs that she was not required to file income tax returns. Some years after she
23 relied upon the advice of the Bureau of Indian Affairs, she was confronted with the IRS, which said

1 she was required to file income tax returns, and they prosecuted her for that. The Fourth Circuit
2 came out and said look, this lady is caught between two conflicting positions of government
3 agencies. The same government told her two different things and under those circumstances, you've
4 got uncertainty of the law, and in that particular case the court said that that uncertainty of the law
5 requires that this lady's conviction be set aside. Now I can show you repeatedly, the government
6 throws out this document they frequently provide to people that are asking questions about taxes.
7 They have this little publication "Frequently Asked Questions," or something like that. That thing's
8 changed over the years. I have seen their answer change 180 degrees in certain respects. And to
9 give you one example of that, Congressional Research Service Report 97-59a published in March
10 of last year, described the income tax -- and by the way, this particular report is published by
11 Congress, and it's only meant for consumption by Congress, and you have to jump through hoops
12 to get a copy of it. It describes the income tax as an indirect excise tax. And yet Eisner in 1920
13 described the income tax as a direct tax. So, if the Supreme Court and the U.S. Congress 90 years
14 after we passed the Sixteenth Amendment still can't agree, what are we supposed to think as
15 citizens? Well, may I point out to you, I have recently seen a newer version of the document that
16 you're talking about; now that particular constitutional section, the section that deals with the nature
17 of the income tax is entirely changed and they acknowledged that the courts are conflicted over the
18 matter, but they say it does not matter.

19 **MR. BENSON:** I cannot help, MR. Schulz, but to wonder after we have been talking about
20 these earlier cases 1916, 1918, 1920, if they knew then the fraudulent act of the Sixteenth
21 Amendment that was committed by Philander Chase Knox in the various states, how would these
22 courts have ruled then? I think we have an entirely different picture and thanks to you and your
23 organization, you're bringing things together that no one else has ever been able to do. We have

1 tried to get to Washington numerous times but were not successful. Thanks to Bob Schulz we have
2 been successful and we are here today, and we'll be here tomorrow if necessary.

3 **MR. SCHULZ:** I thank you for that. It's the Foundation and the contribution of many
4 people. It's a team effort on our part. We have people in Fairbanks, Alaska; California, Atlanta; lots
5 of folks around the country that are supporting and working with the Foundation to try and get the
6 government, simply to try to get the government to answer these questions. MR. Becraft, just a
7 couple of more questions. For those people who are unable to reach the conclusion that I have
8 reached with respect to the court decisions on this issue of whether it's an indirect or a direct tax, I
9 know there are lots of folks out there, Otto Skinner and others that say it's an indirect tax, an excise
10 tax. For those who just cannot understand that the last time the United States Supreme Court spoke
11 on this subject was the Eisner case and they said it's direct, that's it. For those who see the
12 conflicting, like the Congressional Research Service who say the courts are conflicted. Let's talk,
13 the next couple of questions are directed at the void for vagueness doctrine. Let's go to question
14 110. Admit, MR. Becraft, that when a law is ambiguous, it's unconstitutional and cannot be
15 enforced under the void for vague doctrine because it violates due process protections guaranteed
16 by the Fifth and Sixth Amendments as described by the Supreme Court in the following decisions:
17 In the "Lanzetta v. New Jersey" decision, the U.S. Supreme Court dealt with the origin of the
18 doctrine, and in the "Screws v. United States" decision, the U.S. Supreme Court and in the
19 "Williams v. United States" decision and in the "Jordon v. De George" decision, the Supreme Court
20 dealt with the development of the doctrine. Is it not true, MR. Becraft, to rephrase the question, that
21 when a law is ambiguous it is constitutional and cannot be enforced under the void for vagueness
22 doctrine because it violates due process protections guaranteed by the Fifth and Sixth Amendment
23 as described by the Supreme Court in these cases?

1 **MR. BECRAFT:** Yeah. And I just got through mentioning several other cases that dealt
2 with the same proposition.

3 **MR. SCHULZ:** Do you agree that the void for vagueness doctrine of the Supreme Court
4 was also described in "U.S. v. De Cadena" as follows: "The court held the central purpose of void
5 for vagueness doctrine with respect to interpretation of a criminal statute is to warn individuals of
6 the criminal consequences of their conduct, criminal statutes which fail to give due notice that an
7 act has been made criminal before it is done are unconstitutional deprivations of due process of
8 law"?

9 **MR. BECRAFT:** Unfortunately -- before the hearing I looked at all of the cases. I have no
10 problem with that proposition. I can't say that De Cadena says that, but I have no problem with the
11 proposition. Unfortunately, before the hearing I didn't have a chance to look at that particular one.
12 This is one case that I picked illustrative of the proposition "Collander against Lawson."

13 **MR. SCHULZ:** MR. Bodine, do we have exhibit Exhibit 59d? We will have it.

14 **MR. BECRAFT:** But I have no problems with the legal proposition that's stated there.

15 **MR. SCHULZ:** There are a number of other questions, which relate to the Sixteenth
16 Amendment in this line of inquiry which will be included in the record of the hearing. Well, let's go
17 through them quickly. Under 111, is it true that in 1894 the United States Constitution recognized
18 two classes of taxes, direct taxes and indirect taxes?

19 **MR. BECRAFT:** Absolute truth.

20 **MR. SCHULZ:** And the basis of that answer?

21 **MR. BECRAFT:** Well, Pollock, which is an exhibit.

22 **MR. SCHULZ:** Is it true that in 1894 the United States Constitution in Article 1, Section 2,
23 Clause 3 and Article 1, Section 9, Clause 4 required apportionment of all direct taxes?

1 **MR. BECRAFT:** Absolutely true.

2 **MR. SCHULZ:** Is it true that in 1994 the United States Constitution in Article 1, Section 8,
3 Clause 1, required all indirect taxes to be uniform?

4 **MR. BECRAFT:** True.

5 **MR. SCHULZ:** Is it true that in 1894 no one doubted that an excise tax was an indirect tax
6 as opposed to a direct tax?

7 **MR. BECRAFT:** True.

8 **MR. SCHULZ:** Question 115. Is it true that in 1894 Congress passed the following income
9 tax act.

10 **MR. BECRAFT:** That Section 27 that is displayed on the screen right now is straight out
11 of the statutes.

12 **MR. SCHULZ:** Is it true that MR. Pollock, a citizen of the state of Massachusetts,
13 challenged the 1894 income tax on the grounds that the tax imposed was a direct tax that was not
14 apportioned?

15 **MR. BECRAFT:** Absolutely true.

16 **MR. SCHULZ:** And is it true that a majority of the justices of the United States Supreme
17 Court found that the 1894 tax was a direct tax?

18 **MR. BECRAFT:** True.

19 **MR. SCHULZ:** Is it true that a minority of the justices of the United States Supreme Court
20 in the Pollock case believed the 1894 tax was an indirect tax?

21 **MR. BECRAFT:** Yes, and we've previously discussed this. Chief Justice White, he was
22 chief justice by 1916 when the Brushaber case came along, but he was just a new justice on the
23 Supreme Court. In 1894 he wrote a dissent on the Pollock case.

1 **MR. SCHULZ:** So, is it fair to say that Justice White heavily influenced decision in the
2 Brushaber case, that the Brushaber decision comported with his minority opinion in Pollock,
3 therefore did not comport with the Pollock court, nor did it comport with the Eisner court. It's sort
4 of an anomaly?

5 **MR. BECRAFT:** Yeah, he's remained kind of constant. His position remained constant and
6 I would say what would change would be the other all.

7 **MR. SCHULZ:** Is it true that the United States Supreme Court held the 1894 income tax
8 was unconstitutional as being a violation of the apportionment requirements for direct taxes?

9 **MR. BECRAFT:** That's true.

10 **MR. SCHULZ:** MR. Bodine, do we have an Exhibit 61? Is it true that in 1909 President
11 Taft called a special session of the Congress for the purpose of amending the apportionment
12 requirement for income taxes?

13 **MR. BECRAFT:** True.

14 **MR. SCHULZ:** Do we have his speech at Exhibit 61? MR. Becraft, are you able to --

15 **MR. BECRAFT:** Would you like for me to read it?

16 **MR. SCHULZ:** Yes.

17 **MR. BECRAFT:** This is President Taft speaking, and this would be in 1909 when both the
18 corporate excise tax had been adopted as well as when the Sixteenth Amendment was being
19 proposed. This is what Taft had to say: "I therefore recommend to the Congress that both houses by
20 two-thirds vote shall propose an amendment to the Constitution conferring the power to levy an
21 income tax on the national government without apportionment among the several states in
22 proportion to population. This course is much to be preferred to the one proposed of reenacting a
23 law once judicially declared to be unconstitutional. For the Congress to assume that the court will

1 reverse itself and to enact legislation on such an assumption will not strengthen popular confidence
2 in the stability of judicial construction of the Constitution. It is a much wiser policy to accept the
3 decision and remedy the defect by amendment in due and regular course. Again, it is clear that by
4 enactment of the proposed law, the Congress will not be bringing money into the treasury to meet
5 the present deficiency but by putting on the statute book a law already there and never repealed will
6 simply be suggesting to the executive officers of the government their possible duty to invoke
7 litigation. "Would you care for me to read the whole thing?"

8 **MR. SCHULZ:** Yes.

9 **MR. BECRAFT:** "If the court should maintain its former view, no tax would be collected
10 at all. If it should ultimately reverse itself, still no tax would have been collected until after a
11 protracted delay. It is said that the difficulty and delay in securing the approval of three-fourths of
12 the states will destroy all chance of adopting the amendment. Of course, no one can speak with
13 certainty upon this point, but I have become convinced that a great majority of the people of this
14 country are in favor of investing the national government with the power to levy an income tax and
15 that they will secure the adoption of the amendment in the states if proposed to them. "Second, the
16 decision in the Pollock case left power in the national government to levy an excise tax which
17 accomplishes the same purpose as a corporation income tax and is free from certain objections
18 urged to the proposed income tax measure. I therefore recommend an amendment to the tariff bill
19 imposing upon all corporations enjoy stock companies for profit except national banks otherwise
20 taxed, savings banks and building and loan associations, an excise tax measured by 2 percent on the
21 net incomes of such corporations. This is to be an excise tax upon the privilege of doing business as
22 an artificial entity and a freedom from the general partnership liability enjoyed by those who own
23 the stock." I believe that's enough.

1 **MR. SCHULZ:** Is it fair to say then that the President in proposing the Sixteenth
2 Amendment, did so in response to the Supreme Court's Pollock decision and did so to get around,
3 circumvent the constitutional prohibition on direct taxes without apportionment?

4 **MR. BECRAFT:** Yes.

5 **MR. HANSEN:** And this phrase that's used here, shall propose an amendment to the
6 Constitution conferring the power to levy an income tax upon the national government; did not the
7 national government already have an income tax on corporations through the corporate excise tax
8 of 1909 at that point?

9 **MR. BECRAFT:** I believe at that time although this may have been a statement made on
10 the eve of adopting the corporate excise tax, I would have to compare the two.

11 **MR. SCHULZ:** Is it true that during the Congressional debate on the income tax
12 amendment, it was stated that the income tax would not touch one hair on a working man's head?

13 **MR. BENSON:** That's very true, yes.

14 **MR. BECRAFT:** By chance, is there an exhibit?

15 **MR. SCHULZ:** Do we have that exhibit in the database yet, MR. Bodine? We'll have it
16 later. Well, I want to thank the panel very much. It's clear that the Sixteenth Amendment was
17 fraudulently declared to have been ratified by the then Secretary of State Philander Knox in
18 1913. For the benefit of the viewers and the record of the hearing, I think personally, Philander
19 Knox the man, needs to be understood. Did he have a motivation to fraudulently declare the income
20 tax to have been properly and legally ratified? Just who was this man and where did he come from?

21 **MR. BENSON:** He came from the state of Pennsylvania and he was a very powerful
22 individual as his autobiography says. He was a very powerful man. As his autobiography says, he
23 was the most feared man in Washington D.C. Very few men cared to do battle with Philander

1 Knox. Philander Knox was responsible for getting into play the Sixteenth Amendment, the 17th
2 Amendment and the dreaded Federal Reserve. He was a brilliant attorney, no question by the
3 wording that I read. Why he did what he did is beyond me; after reading the documents, he knew
4 better. His attorney, his solicitor, presented the flaws in the ratification of the Sixteenth
5 Amendment by the states, and yet he accepted them. And he accepted them, I believe, because of,
6 with the reading that I have done, because to get the Federal Reserve into place, and we all know
7 how the Federal Reserve is.

8 **MR. SCHULZ:** MR. Bensen, in your work, in your research, did you also investigate to
9 some extent Philander Knox, who he was, where he came from, what his motivation might have
10 been?

11 **MR. BENSON:** Yes, that's in a part of the reliance defense program that I put out. There is
12 a reliance defense package, there is material in there about Philander Knox, yes. What he did, how
13 he did it, how he became into power and et cetera.

14 **MR. SCHULZ:** Prior to his years in the United States Senate, prior to his years as attorney
15 general, prior to his years as secretary of state, is it not true that he as an attorney working out of
16 Pittsburgh, that he had clients that included most of the, I mean the largest industrial financial
17 companies in the world? His clients included the Morgans, the Vanderbilts the Rockefellers, and
18 people like that, corporations like that?

19 **MR. BENSON:** The railroads, yes, the steel mills, yes. He had all of them, yes.

20 **MR. SCHULZ:** Is it true that, did your research uncover the fact that he put together the
21 largest cartel in the world history, the American history; that he brought together many of these
22 corporations and put together a cartel, a private cartel?

23 **MR. BENSON:** Yes, that's very true. Philander Knox was also responsible for clearing all

1 of the land titles for the Panama Canal so it could be purchased, which was a tremendous job with
2 everything else he had to do and what he did. I could find no excuse for him, and I tried to find an
3 excuse. Why did you overlook this? Why after your solicitor, your attorney, you requested him to
4 draft a letter for you, the 16-page memorandum finding out what the states did, how they did it.
5 And when he knew that the states did not ratify that amendment, that they changed the wording,
6 deliberately changed the wording, there was no typos. They went into committee. They went out of
7 committee. They changed the wording in committee, yes.

8 **MR. SCHULZ:** Is it true that prior to 1913, that he was, if I am not mistaken, at the time
9 attorney general, and that during his tenure there, the government of Honduras was having financial
10 difficulties and that with Philander Knox's help, private banks, cartel of private banks agreed to
11 lend money to that government with the understanding that the United States would guarantee
12 repayment of that debt?

13 **MR. BENSON:** Of that debt, yes.

14 **MR. SCHULZ:** Provided further that the United States government and the banks would
15 have in effect control of the taxing power of that government and that that taxing power would be
16 used to impose a direct tax on the people of Honduras to pay that debt off?

17 **MR. BENSON:** That's very true, yes.

18 **MR. SCHULZ:** And is also not true that prior to 1913 in the country of Nicaragua that
19 there were people there who were classified as rebels who were engaged in violent acts to
20 overthrow the government of Nicaragua, and that with MR. Philander Knox's help, another cartel
21 of banks agreed to lend those rebels money and that the United States agreed to guarantee the
22 repayment of that debt to those banks, provided again, that should those rebels succeed in
23 overthrowing the then government in Nicaragua, that that new government would also in effect

1 surrender its taxing power to the United States and to those banks and that that taxing power be
2 used in such a way that they would impose a direct tax on the people to pay that debt off?

3 **MR. BENSON:** Yes, that's true.

4 **MR. SCHULZ:** So, is it fair to conclude then that what happened here in 1913 in which
5 we, the people of this country had imposed upon them a central bank, the Federal Reserve Bank,
6 for the purpose of lending money fabricated, but nonetheless lending money to the United States of
7 America to be paid back through a direct tax on the people, the income tax?

8 **MR. BENSON:** Yes, that's very true.

9 **MR. BANISTER:** In the law enforcement profession there's a term for that, it's called an
10 MO, method of operation.

11 **MR. SCHULZ:** So, in many ways, Philander Knox and his friends in the financial end of
12 the banking community used the model established in Honduras and Nicaragua for what happened
13 here, what they helped influence here in America in 1913?

14 **MR. BENSON:** Yes, that's correct. Absolutely.

15 **MR. SCHULZ:** A rhetorical question. Philander Knox, is that where the word
16 "philandering" comes from?

17 **MR. BENSON:** I believe we have to say yes. He knew better, MR. Schulz; he certainly
18 knew better.

19 **MR. SCHULZ:** All right. So, thank you very much again MR. Benson and

20 **MR. BANISTER:** It's now about twelve o'clock, we will gather again here and continue
21 with our lines of inquiry at one o'clock sharp. We will have a line of inquiry on the Fourth
22 Amendment and due process violations, routinely, routine violations or violations of the due

- 1 process rights by the IRS in its day-to-day administrative procedures. We will see you after lunch.
- 2 Thank you.(After a luncheon recess, the following took place:)
- 3

