

We The People Foundation For Constitutional Education, Inc.

2458 Ridge Road, Queensbury, NY 12804
Telephone: (518) 656-3578 Fax: (518) 656-9724
www.givemeliberty.org

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July 9, 2001

Hon. George W. Bush
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President,

This is a follow-up to my letters to you of June 11, 2001 and July 1, 2001. An early response to this letter would be appreciated.

On April 13, 2000, I handed an (Income Tax) Remonstrance to Jason Furman, the Executive Director of the National Economic Council, who accepted the Remonstrance for President Clinton. I met with Mr. Furman in his office at the White House.

Attached hereto is a copy of the Remonstrance, together with the names, city and state of those American citizens who have signed the document.

The Remonstrance is part of a petition for a redress of grievances relating to the allegedly fraudulent and illegal operations of the federal income tax system. Our petition was initiated on May 5, 1999 and continues.

This organization is devoted to educating citizens about problems of governmental wrongdoing, especially when government behaves in violation of the State or federal constitutions or the law. For more than two years we have been focusing on the issue of the allegedly fraudulent and illegal operations of the federal income tax system. We have been learning from many tax law researchers, including former government officials, CPA's and attorneys about numerous aspects of those illegal operations.

On May 5, 1999, and on October 13, 1999, we respectfully asked President Clinton, Speaker Hastert and Senate Majority Leader Lott to send knowledgeable representatives to meetings we arranged at the National Press Club in Washington DC on July 1-2, 1999 and November 13, 1999, to examine the issues and to refute the allegations. We received no response. Note: Our July 1999 symposium was broadcast live by C-Span and rerun several times during the next few days.

The government's lack of response led us back to Washington on April 13, 2000, to deliver the Remonstrance enumerating the people's grievances over the illegal operations of the federal income tax system. During the meeting with Mr. Furman, which we were allowed to videotape, he promised to have the National Economic Council, and White House lawyers and historians, review the evidence presented by our tax law researchers. In response to our petition, he said government experts would participate in a June 29, 2000 conference we were scheduling, to answer and respond to the Remonstrance.

However, on June 2, 2000, in a telephone conversation I had with Mr. Furman, he said, "The legality of the income tax is not a high priority item at the White House and we will not be participating in any conference on the subject."

On June 19, 2000, in the Washington Times, we published an open invitation to President Clinton to send government experts to participate in the June 29th conference. There was no response.

On July 2, 2000, February 16, 2001, March 2, 2001 and March 23, 2001, at a cost of over \$260,000, we published some of the findings of the tax law researchers and invited the government to respond. We received no response. A copy of each of the USA TODAY messages is attached to this letter along with the Remonstrance.

On March 19, 2001, I wrote IRS Commissioner Charles O. Rossotti, advising him that on April 9, 2001, hundreds of American citizens would arrive at the front entrance of the IRS headquarters building. I respectfully requested that he appear at 11:30 a.m. to convey the IRS's position on the issues or, in the very least, to tell us when his experts would be available to meet with us to respond to our petition for a remedy to our grievances. Mr. Rossotti neither appeared nor responded to my letter.

Well, what are those issues; what are those grievances; and what are the remedies? I will summarize as succinctly as I can.

Congressional hearings for years have been the forum for horror stories by citizens who have suffered all kinds of abuse at the hands of the IRS. Our grievances include those outrageous and arrogant behaviors by the IRS perpetrated by its agents, policies, and procedures. We are particularly distressed at the utter lack of respect for due process and the denial of due process in IRS procedures, including the unwillingness of the IRS to provide information about our due process rights, the denial of our rights to see the evidence against us, to confront and cross-examine those who have testified against us, and denial of our rights against illegal seizure of our property by the IRS because of an unconstitutional anti-injunction law, 26 USC Section 7421.

But as bad as these behaviors are, they are only a small part of it; the problems are much deeper and they started early in the 20th century. Our grievances largely deal with issues of hoax, fraud, and deliberate deception.

It has been well established since 1985, and unrefuted, that the 16th amendment, the so-called income tax amendment, did not even come close to being legally ratified in 1913. It was, indeed, fraudulently declared to be ratified by a lame-duck Secretary of State, Philander Knox, just a few days before he left office to make way for the Wilson administration. Knox's motive is easy to see. He had for many years been attorney for Carnegie, Rockefeller, Morgan, and the Vanderbilts, and had put together the largest of their cartels. He was paving the way for the Federal Reserve Act that was passed later in 1913. The central bank would want a more reliable flow of revenue to assure payment on the debt that the government would be incurring. Knox had already had practice in this method by his role in taking over the tax collection systems in Honduras and Nicaragua to assure payment of loans to those governments. Senator Nelson Aldrich, spokesman for Rockefeller and Morgan, had pushed the income tax amendment through the Senate in 1909, and, as a result of a meeting he convened on Jekyll Island among several of the nation's most powerful bankers representing Rockefeller, Morgan, and the Rothschilds, he designed the Federal Reserve legislation that passed in 1913, under the guise of banking reform.

The research that conclusively revealed the fraudulent ratification of the 16th amendment was done by Mr. Bill Benson, a former investigator for the Illinois Department of Revenue who spent a whole year among the archives of all 48 states and the federal government. For some of his findings, see the attachment to this letter, "Examples of States That Failed to Ratify the 16th Amendment."

What has been the government's response to Benson's work? Well, one senator tried, through an aide, to pay Mr. Benson -- offered to make him a millionaire if he would only not publish the results of his work, turn over all 17,000 certified documents he had obtained from the archives, and agree never to talk about his research again. However, to Mr. Benson, our republic is not for sale. He published, and every member of Congress received a personal copy of his two-volume report. We provided the White House with a copy along with our letter to President Clinton of May 5, 1999.

Other responses by Congress have been produced by the Congressional Research Service in the form of a report written in 1985 by Thomas Ripy about the 16th amendment issue and in a 1996 report by John Luckey titled "Frequently Asked Questions Concerning the Federal Income Tax." Neither report mentions or addresses the key issue of fraudulent ratification of the 16th amendment. They are, therefore, non-responses.

The courts have refused to address the fraud issue, calling it a political question for Congress, even though fraud is clearly a matter for the courts and is not subject to the normal statute of limitations. Congress has said that it is a matter for the courts. We say it is an issue for all three branches, and it must be addressed. The government must not stonewall on this issue any longer.

The IRS has addressed the 16th amendment question in its publication titled "Why Do I Have to Pay Taxes?" This is sort of a mini-version of the Luckey Report, and can be found on the Internet. Its answer to the argument that the 16th amendment was not properly ratified is to state that the 16th amendment was ratified on February 3, 1913, and then to quote the words of the amendment. This, of course, is a non-response to the question and means nothing. It is pathetic and insulting (and the date is wrong; it was February 25).

Another major issue and grievance is that the IRS operates in such a way as to collect income taxes from almost all citizens even though no law or regulation requires most citizens to file and pay income taxes nor to have those taxes withheld from the money they earn. The IRC and its regulations make liable for the income tax only "foreigners here and citizens abroad," but not most of us, unless we have income earned abroad. This has been demonstrated of late by those, especially employers, who have carefully studied and exercised the rules as written and have succeeded in making the IRS abide by them.

The standard response of the IRS to the liability argument is to quote 26 USC Sections 1,6001,6011,or 6012, which the IRS uses as the all-encompassing filing requirements. Section 1 imposes the tax on "taxable income;" Section 6001 says, "Every person liable for any tax imposed under this title...shall keep such records... make such returns...and comply with such rules and regulations as the Secretary may prescribe;" Section 6011 says, "When required by regulations...any person made liable by any tax imposed by this title shall make a return;" Section 6012 says, "Returns... shall be made by...[e]very individual having...gross income which exceeds the exemption amount..."

These, again, are non-responses that merely beg the original question of just who is liable. The crucial question becomes: What is "gross income?" And when we follow the disjointed, disconnected, and deceptive trail through the code and its regulations, we find in CFR 1.861-8(f)(1) that gross income is income derived from foreign sources, i.e., foreigners here and citizens abroad. When we follow the trail of withholding law to find out what kind of income is subject to withholding, it takes us to the same place and the same conclusion: foreigners here and citizens abroad. The same is true regarding liability for the Social Security tax, derived from the International Labor Agreement of the 1930s. All three trails lead to the same result.

Congressional response to the question of just who is liable is exemplified in a 1989 letter from Senator Inouye to a tax consultant constituent who asked about the precise provisions of the IRC that render an individual liable for income taxes. The letter says: "Based on research performed by the Congressional Research Service, there is no provision which...requires an individual to pay income taxes." The letter goes on to say that Article I Section 8 of the U.S. Constitution gives Congress the power to lay and collect taxes, and then makes the astonishing assertion that, "Accordingly, the IRC need not specifically state that individuals shall be liable for income taxes

because it is inferred from the Congress' authority to so levy and collect." This letter would have us believe that there is no need to bother with the inconvenience of actually writing laws or regulations or anything like that! Further, the letter then points out that Section 7201 et al. sets forth penalties for failure to pay taxes owed. The key word is "owed," but the letter does not explain how it is determined what taxes are actually owed or by whom. Once again, we are given a non-response that simply begs the question, along with a heavy-handed threat of prosecution. The letter tries to give us the impression we can be prosecuted for not doing something that no law or regulation requires us to do.

It is significant that employers are learning of the scam, as they are key to the whole system, along with the denial of due process rights for individual citizens. The IRS uses the false statements from employers (W-2s and 1099s) as prima facie proof that employees have earned gross income that is taxable. The IRS then makes it impossible in their procedures for an employee to challenge the incorrect testimony of the employer by refusing to issue summons so the employee can confront and cross-examine the employer. Tax law 26 USC Section 3402 does not protect employers from submitting false information. But the IRS has bullied and coerced employers since the 1930s to do so. Employees are then coerced into filing tax returns based on false information submitted by employers and to "voluntarily" and unknowingly waive their 5th amendment rights when they sign their 1040 forms, in order to get some small portion of their money refunded.

What are the remedies?

The issue of the fraudulent ratification of the 16th amendment must be addressed, not evaded, by the federal government. Besides that, the government must act to remove the obstructions that prevent citizens from invoking the protections of their constitutional rights when dealing with the IRS in both administrative and judicial proceedings. The due process issues and abuses must be resolved. The remedy is to make the IRS and its agents obey the tax code and regulations and respect citizens' constitutional rights to due process, especially in administrative procedures. Denial of due process is the main factor in the abuses by the IRS, because it prevents people from defending themselves against those abuses. Three changes to the code can go far towards accomplishing this goal. All are in Chapter F (Administration): Sections 6326, 6404(b), and 7421. Sections 6326 and 6404(b) effectively enable errors or abuse by IRS employees to go uncorrected and obstruct the IRS Commissioner from properly controlling employees. Section 7421, as already mentioned, prevents judicial intervention and review of illegal seizures of property by the IRS in violation of our constitutional rights. No statute can overrule the Constitution. Many of the horror stories and abuses we hear about might be averted if it were not for the obstructions to correcting erroneous or malicious actions of subordinates by those above them or by the courts.

We are sure you will agree that the evidence is compelling and that these are matters of utmost importance, and cannot be long tolerated if Americans are to remain free. With that in mind we respectfully request that you identify your most knowledgeable


July 9, 2001

people on the issues and have them participate in the conference now scheduled for September 18, 2001, to show us the law that gives the IRS the legal authority to force employers to withhold the tax from the paychecks of their employees and to force American citizens to keep records and sign and file tax returns and pay an income tax.

We respectfully request your participation, or that of your staff. It is with the utmost respect that we ask for an early response to this letter.

May we hear from you soon?

Very truly yours,


Robert L. Schulz
Chairman

ATTACHMENT: EXAMPLES OF STATES THAT
FAILED TO RATIFY THE 16TH AMENDMENT

□

Bill Benson's findings show beyond doubt that the 16th amendment was not legally ratified and that Secretary of State Philander Knox did not just commit an error, but committed fraud, when he declared it ratified in February 1913. The following is based largely on Benson's research.

Philander Knox had received responses from 42 states when he declared the 16th amendment ratified in February 1913. It was required that 36 of the 48 states at that time approve it. Of the 42, Knox acknowledged that four had rejected the amendment, bringing the number down to 38 that he said approved it.

In Kentucky, the legislature acted on the amendment without even having received it from the governor. (The amendment was sent to the governor of each state in 1909 for transmittal to their state legislatures.) The version of the amendment that the Kentucky legislature made up and acted upon deleted the words "on income" from the text of the amendment, so they were not even voting on an income tax! When they straightened that out, the Kentucky senate rejected the amendment. Yet Philander, inexplicably, counted Kentucky as approving it.

In Oklahoma, the legislature changed the wording of the amendment so that its meaning was the opposite of what was intended by Congress, and this was the version they approved and sent back to Knox. Yet Knox counted Oklahoma as approving the amendment, despite a memo from his chief legal counsel, Reuben Clark, that states were not allowed to change the amendment in any way.

Attorneys who have studied the subject have published that if any state could be shown to have violated its own state constitution or laws in its process of approving the 16th amendment, then that state's approval would have to be thrown out. With that in mind, let's look at some other states.

The state constitution of Tennessee prohibited the Tennessee legislature from acting upon any proposed amendment to the U.S. Constitution received from Congress until after the next election of state legislators. The intent, of course, is to give the proposed amendment a chance to become an issue in the state legislative elections so that the people can have a chance to influence the outcome. It also provides a cooling off period to reduce the tendency to approve ideas just because they're trendy. You can probably guess that I am about to tell you that the Tennessee legislature did not hold off on voting for the 16th amendment until after the next election, and you would be right - they didn't. That means they violated their own state constitution; their approval is and was invalid, and it brings the number of approving states down to 35, one less than required for ratification.

Texas and Louisiana violated provisions in their state constitutions prohibiting the legislatures from empowering the federal government with any additional taxing authority. Now our number is down to 33.

Thirteen states, including Tennessee again, violated provisions in their constitutions requiring that a bill be read three times over a period of at least three days before voting on it. This is not a trivial requirement. So we must subtract a dozen more states, bringing our number down to 21.

Several states returned unsigned, uncertified, or unsealed documents back to Knox, and did not rectify their negligence even after being notified and warned by him. The most egregious offenders, were Minnesota, Ohio, California, Arkansas, and Mississippi. Minnesota did not send any copy at all, only a note from the governor's secretary, so Knox could not have known at all what they voted on. Four of these five states were already disqualified above, leaving California to be subtracted, which brings our number down to 20, which is 16 fewer than the number required. These last five states, along with Kentucky and Oklahoma, have particularly strong implications with regard to the charge of fraud against Knox, in that he absolutely knew they should not be counted.

We could go on, but with the number down to 20, this is a suitable place to rest.