

We The People Foundation For Constitutional Education, Inc.

2458 Ridge Road, Queensbury, NY 12804

Telephone: (518) 656-3578 Fax: (518) 656-9724
info@givemeliberty.org www.givemeliberty.org

PRESS RELEASE: April 5, 2002

Contact: Bob Schulz (518) 656-3578

PRESS CONFERENCE: MONDAY, APRIL 8, 2002:
[WATCH IT LIVE FROM NATIONAL PRESS CLUB BY FREE WEB CAST]

CONSPIRACY AND RACKETEERING WIDESPREAD AT IRS

DOJ AND IRS OPERATING OUTSIDE THE LAW

CONGRESS LOOKS THE OTHER WAY

PEACEFUL RESISTANCE PLANNED

On April 8th at **1:00 p.m. (Eastern)**, 10 a.m. (Pacific), there will be a press conference in Washington DC on the federal income tax. The event will be held at the National Press Club.

The press conference will be broadcast live via web cast. Anyone will be able to watch the press conference by logging onto ConnectLive.com/events/wethepeople.

At the press conference, a Forensic Accountant will reveal absolute proof of widespread and intentional illegal tax assessments and accounting procedures performed by agents of the United States Internal Revenue Service—with the full knowledge of the IRS, DOJ, Congress and the Courts. Irrefutable evidence will be presented that documents the long-standing pattern of IRS fraud and abuse including: the manipulation of taxpayers' individual master files; the fraudulent enforcement of illegal time-barred assessments; the intentional underpayment of interest owed to taxpayers; the imposition of illegal levies and liens against taxpayers' social security benefits; the enforcement of illegal civil penalties, and much more.

“IRS agents are entering fraudulent transaction dates in some taxpayer's master files to cover-up and conceal illegal time barred assessments,” reports an expert forensic accountant who will testify at the press conference. “Prior to the 1998 IRS Reform and Restructuring Act, a taxpayer had no way to prove that the IRS had committed illegal or fraudulent accounting against them. The IRS maintains an Individual Master File on every taxpayer. These files contain detailed personal information on the taxpayer that has always been, and continues to be, written in a complex technical code that is hidden from the American public. Any illegal activity by the IRS

- more -

could not be decoded before 1998. But the IRS was forced to release the code as a result of the 1998 Reform and Restructuring Act.”

After three years of intensive technical research and investigation, the forensic accountant has uncovered a pattern of widespread fraud at the IRS, resulting in numerous illegal assessments and accounting procedures against individual taxpayers. According to this expert witness, “We have yet to review a single Individual Master File, and not find abuse or illegal activity by the IRS.” **The pervasive fraud and corruption at the IRS has recently been documented in a video and sent to all members of the House and Senate IRS Oversight Committees. The silence from our elected representatives has been deafening!**

At the press conference, the We The People Foundation will release the 615 page transcript of the Citizens’ Truth-In-Taxation Hearing which was held in Washington DC on February 27 and 28, 2002. Expert witnesses (including ex-IRS agents, ex-IRS counsel, constitutional and tax attorneys, CPAs, a forensic accountant and prominent tax law researchers) testified, under oath, to detailed questions challenging the legal authority of the IRS to force employers to withhold any income tax from the paychecks of their employees, and the legal authority of the IRS to force most American citizens to file a tax return and to pay the income tax.

The hearing record should remove any doubt by anyone (including Congress) that the nation's income tax system is unconstitutional in its origin, fraudulent and abusive in its operation, and ultimately repugnant to every principle of equal justice, due process of law and personal liberty that we cherish as Americans.

A summary of the evidence and conclusions of the Citizens’ Truth-In-Taxation Hearing can be viewed at www.givemeliberty.org.

This week the Senate Finance Committee announced that it will conduct a hearing on April 11th to address taxpayer “schemes, scams and cons”. The We The People Foundation challenges the Senate Finance Committee to begin looking at the fraudulent jurisdiction of the IRS, and the illegal operation of our income tax system. If Congress is truly interested in ending income tax related “schemes, scams and cons,” it must first accept accountability for this unconstitutional, unjust and immoral system of taxation that it has imposed on the working people of America.

“We, the American people, demand that Congress direct the IRS and DOJ to stop forcing employers to withhold the tax from the paychecks of their employees, and stop forcing citizens to file a tax return and to pay the tax, **OR**, schedule a full-blown congressional hearing, requiring the IRS and the DOJ to answer the questions and address the overwhelming evidence that was presented at the recorded February Truth-In-Taxation Hearing,” said Bob Schulz, Chairman of We The People Foundation. “To do anything less will completely destroy all confidence in the integrity of our elected public servants, and ultimately promote widespread peaceful resistance to our existing income tax laws.”

Summary of Findings & Conclusions of the Citizens' Truth-In-Taxation Hearing

Held in Washington DC, Feb 27-28, 2002.

Conclusions & Legal Findings of Fact: FIFTH AMENDMENT

- The Fifth Amendment right against self-incrimination is absolute and unalienable.
- There is no 5th Amendment “exception” for tax matters.
- To avoid explicitly ruling that citizens are, in fact, protected by the 5th Amendment while filing tax returns, a federal Court of Appeals ruled, instead, that the 5th Amendment does **not apply to tax returns** because the 5th Amendment *only applies to compelled testimony*. Ergo, filing a tax return is not compelled, it is voluntary.
- Using the threats of criminal prosecution, financial penalties, and incarceration, the government effectively forces citizens to “voluntarily” waive their Fifth Amendment rights.
- The IRS & DOJ clearly uses tax return information to initiate and investigate civil and criminal prosecutions against citizens.
- The People do not have to tolerate an income tax system in which the government requires citizens to give up any Constitutional rights.

Bottom Line: If you file, you have waived your 5th Amendment rights.

Conclusions & Legal Findings of Fact: SIXTEENTH AMENDMENT

- The IRS cites the 16th Amendment as its authority to force employers to withhold the income tax from the paychecks of its employees and to force the People to file a tax return and to pay the income tax.
- The Secretary of State in 1913, Philander Knox, in ignoring the obvious, and well documented procedural and substantive defects in the states' legislative votes on the 16th Amendment, violated the law and the Constitution by fraudulently certifying the amendment to the U.S. Constitution.

- When asked to determine the question of the fraudulent adoption of the 16th Amendment, a federal Court of Appeals said that was a *political question* for Congress to decide.
- The original constitutional clause in Article 1 section 9 clause 4 REQUIRES that all direct taxes be apportioned. This clause has never been repealed. The enforcement of laws based on the 16th Amendment can NOT conflict with this clause.
- Our laws must be unambiguous to have legal validity. To tolerate otherwise is to deprive the People of the due process protections of the Constitution.

Bottom Line: The government claims its sole authority for the income tax on the 16th Amendment. It was fraudulently ratified. All other discussions are secondary.

Conclusions & Legal Findings of Fact: RIGHT TO LABOR

- Labor is property. It is the most valuable property to protect because through all other rights manifest in the People are realized and enjoyed.
- Under the government's own accounting rules in the tax code as well as court decisions, the sale or conversion of one's personal labor into wages or salaries as property does not result in any taxable income.
- There is no basis for payment of employment taxes on wages or salaries.
- Income has been defined by the Supreme Court as being a **corporate tax on profit**.
- The income tax on labor in all respects, functions as a "slave tax". This is in direct violation the Constitution's 13th Amendment prohibiting peonage and involuntary servitude.

Bottom Line: The wages and salaries of ordinary Americans cannot be taxed.

Conclusions & Legal Findings of Fact: IRS VIOLATES CITIZENS' DUE PROCESS RIGHTS

- Due process is guaranteed by the Constitution.
- IRS's daily operating practices routinely deny the average citizen due process of law.
- U.S. Tax Court is not a "real" legal court. It is an administrative body of the IRS.

- The IRS administratively creates “dummy returns” without legal authority as a first step in unlawfully “assessing” and collecting income taxes.
- Even though explicitly provided for by U.S. law, certain IRS administrative procedures are **routinely denied** to the typical citizen because the IRS does not want to answer questions about the basis of their legal authority.
- IRS denies due process procedures to rapidly push citizens into the biased U.S. Tax “Court” where the price of securing justice rises dramatically, and prohibitively.
- IRS routinely refuses to cite its legal authority or to answer detailed legal questions about U.S tax law or the enforcement thereof.

Bottom Line: A tax system that violates due process is, prima facie, unconstitutional.

Conclusions & Legal Findings of Fact: JURISDICTION

- The terminology used in the Internal Revenue Code is deliberately misleading. The average American who reads words such as “citizen”, “taxpayer”, “state” etc. in the tax code without fully understanding the true legal definitions, will fail to see that in fact, they are excluded, and are **not subject** to the income tax laws of the U.S.
- **Legislative jurisdiction is required to tax.** The federal government enjoys this Constitutional power in only a very small list of geographical areas that include Washington DC. **There is no legislative jurisdiction inside the 50 states.**
- Jurisdiction must be formally ceded by a state to the federal government. Without this formal transmission, the federal government has no bona fide legal jurisdiction within any state to legislate or enforce a tax.

Bottom Line: The federal government cannot tax your income within the fifty states because they have no legislative jurisdiction.

Conclusions & Findings of Legal Fact: LIABILITY

- There is NO U.S. income tax law or income tax regulation that explicitly imposes the income tax on the general American populace.
- The laws cited by the IRS in compliance with the Privacy Act and the Paperwork Reduction Act do not specify the specific legal authority that imposes the income tax on the average citizen.

- Key terms found in the tax statutes and as used by the IRS such as “citizen”, “individual”, “income” etc. are not defined clearly in the law and as used in the law, even indicate on their face that they **do not apply** to average Americans.

Bottom Line: As the laws and regulations of the U.S. are currently written, the average American is NOT liable for the income tax.

Conclusions & Legal Findings of Fact: FOURTH AMENDMENT

- The 4th Amendment to the Constitution explicitly requires a signed court order or warrant to seize property or conduct a search.
- IRS blatantly disregards the 4th Amendment in violation of the Constitution.
- Employers are deceived about their true legal responsibility by the misleading content found on the IRS salary/wage “levy” form and instructions.
- 3rd parties such as banks, corporations, etc have no incentive to, and perhaps fear IRS retaliation for, challenging Notices of Levy and Seizure on their customers and/or employees.

Bottom Line: The 4th Amendment does not matter to the IRS.

Conclusions & Legal Findings of Fact: 26 USC 6020(b) SUBSTITUTE RETURNS

- The IRS has NO legal authority to create a “substitute return” for a citizen who chooses not file an income tax return.
- Without a signed tax return from a citizen, no individual income tax may be legally “assessed” against a citizen by an IRS agent.
- 26 USC Section 6020(b) “Substitute Returns” is NOT applicable to individual income taxes – only business related taxes.
- IRS has propagated the tax fraud by willfully utilizing deceptive training methods and materials for their agents.
- Although there is no legal authority, IRS Agents are fraudulently trained by the IRS to create “Substitute Returns” for individual income taxes. Substitute Returns are used routinely in the normal course of an agent’s workload.
- IRS has put their agents at significant legal risk, civilly and criminally, for acting outside the scope of their delegated statutory authority.

- U.S. Citizens have been falsely convicted of tax “crimes” based directly on assessment documents fraudulently certified by IRS agents as lawful evidence of proper assessments and presented to U.S. District Courts.

Bottom Line: ex-IRS Agents have publicly sworn under oath about deceptive training practices for IRS agents and have presented irrefutable documentation that they have NO legal authority to assess an individual income tax unless a return is first filed and signed by a citizen.

Conclusions & Legal Findings of Fact: INDIVIDUAL MASTER FILES

- IMF records are arguably kept non-decipherable to hide their abuse by IRS agents.
- The IRS unlawfully alters its computer records by the improper use of computer code fields to create and maintain records in ways that eventually lead to unlawful tax enforcement actions by the agency.

Conclusions & Legal Findings of Fact: IRS FRAUD: CREATION OF TIME BARRED ASSESSMENTS

- IRS agents unlawfully and fraudulently alter its computer files to facilitate the illegal assessment and collection of taxes from the American public.
- There is proof and sworn testimony of widespread and intentional illegal tax assessments and accounting practices by agents of the United States Internal Revenue Service.
- The evidence documents IRS fraud and abuse including: manipulation of taxpayers’ master files, illegal time-barred assessments, underpayment of interest owed to taxpayers, illegal levies and liens against taxpayers’ social security benefits, illegal civil penalties, fraudulent certifications of records and more.
- IRS agents are entering fraudulent transaction dates in some taxpayer’s master files to cover-up and conceal illegal time barred assessments.
- Prior to the 1998 IRS Reform and Restructuring Act, a taxpayer had no way to prove that the IRS had committed illegal or fraudulent accounting against them. IRS master files for each and every taxpayer were, and continue to be written, in a complex, technical code. Any illegal activity by the IRS could not be decoded. But the IRS was forced to release the code as a result of the 1998 Reform and Restructuring Act.

Bottom Line: IRS agents are falsifying records and committing other criminal acts.

Conclusions & Legal Findings of Fact: THE COURTS ARE CLOSED

- Even for crimes where the punishment includes incarceration, tax defendants are routinely denied the right to present defenses based on the Constitution.

Bottom Line: The Courts act in collusion with the Executive and the Legislative to perpetrate the income tax fraud.

Conclusions & Legal Findings of Fact: WORD “INCLUDES”

- Critical legal terms in the IRS code defy proper definition and interpretation because of the IRS’s misuse of the word “includes”.
- This deliberate misuse of the word “includes” leads the masses to falsely believe the IRS has jurisdiction over things, places and People it does not.
- This deliberately induced confusion and ambiguity is an act of tyranny against the People and a usurpation of power not authorized the IRS under the Constitution.

Bottom Line: Without well defined words, the laws are meaningless. This is a basic principle of due process.

Conclusions & Legal Findings of Fact: TAXABLE SOURCES

- As written, the statutes in the USC instruct tax payers to use regulations Section 861 to determine if their income is taxable.
- Deletions and alterations of key phrases and references since 1954 have deliberately induced confusion in this portion of the tax code.
- Per the plain language of the regulations, “Items” of income can only be taxed if they come from taxable “sources.”
- The list of “sources”, which uses the same word “sources” as found in the 16th Amendment, is found in Section 861.
- The list of “sources” found at Section 861 is limited to foreign source income and foreign taxpayers.

- Per the plain language of the regulations, wages, salaries and even capital gains earned by ordinary Americans within the fifty states are not taxable.

Bottom Line: The IRS does not want you to look at Section 861.

Conclusions & Legal Findings of Fact: PAPERWORK REDUCTION ACT & ADMINISTRATIVE PROCEDURES ACT

- Per the PRA, all government Forms requiring information from the general public must have an OMB number, be referenced in the regulations and be approved by OMB.
- Form 1040 has **never been approved** as the proper form to file an individual “income tax return.” In 1994, the reference to Form 1040 was DELETED from the table in the CFR that linked it to the income tax.
- Form 2555, “Foreign Earned Income” is the form specified in the regulations as the form to collect the information described in 26 CFR 1.1-1 (the income tax section).

Bottom Line: Even to comply with the laws of the U.S., the IRS refuses, *or can not*, cite its legal authority for Form 1040 and implicitly, the authority for the income tax itself.