

Department of the Treasury—Internal Revenue Service  
**U.S. Individual Income Tax Return** 2015  
 OMB No. 1545-0074 Use Only—Do not write or staple  
 1040 (2015)

OMB No. 1545-0074 Use Only—Do not write or staple

See separate instructions  
 Your social security number

Spouse's social security number

Make sure the SSN(s) above and on line 6c are correct

Presidential Election Campaign  
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  
 Your  Spouse

Filing Status  
 Check only one

1  Single  
 2  Married filing jointly (even if you are not both citizens or residents of the United States)  
 3  Married filing separately (each spouse must file a separate return, and full name here must be the same as on spouse's return)  
 Your ex-spouse  
 Head of household (with qualifying person). (See instructions.) If this is either person is a child but not your dependent, enter this child's name here.   
 Qualifying widow(er) with dependent child

Boxes checked on 6a and 6b  
 No. of children on the return:  
 • lived with you  
 • did not live with you due to divorce or separation (see instructions)  
 Dependents on 6c not entered above  
 Add numbers on lines above

Total number of exemptions claimed

Wages, salaries, tips, etc. Attach Form(s)

7 Taxable interest. Attach Schedule B if required 8a

8a Tax-exempt interest. Do not include on line 8a 8b

9a Ordinary dividends. Attach Schedule B if required 9a

9b Qualified dividends 9b

10 Taxable refunds, credits, or overpayments of state and local income taxes

11 Alimony received 11

12 Business income or loss. Attach Schedule C or C-EZ 12

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here  13

14 Other gains or (losses). Attach Form 4797 14

15a IRA distributions 15a

15b Taxable amount 15b

16a Pension or annuities 16a

16b Taxable amount 16b

17 Personal services, royalties, partnerships, S-corporations, trusts, etc. Attach Schedule E 17

18 Farm income or (loss). Attach Schedule F 18

19a Unemployment compensation 19a

19b Taxable amount 19b

20a Social security benefits 20a

20b Taxable amount 20b

21 Other income. List type and amount 21

22 Combine the amounts in the far right column for lines 7 through 21. This is your total income 22

Adjusted Gross Income

23 Educator expenses 23

24 Certain business expenses of reservists, performing artists, fee-basis government officers, and qualified performing artists. Attach Form 2106 or 2106-EZ 24

25 Health savings account deduction. Attach Form 8889 25

26 Moving expenses. Attach Form 3903 26

27 Deduction for self-employment tax. Attach Schedule SE 27

28 Self-employed SEP, SIMPLE, and qualified plans 28

29 Self-employed health insurance deduction 29

30 Penalty on early withdrawal of savings 30

31a Alimony paid b Recipient's SSN 31a

32 IRA deduction 32

33 Student loan interest deduction 33

34 Tuition and fees. Attach Form 8879 34

35 Domestic production activities deduction. Attach Form 8803 35

36 Add lines 23 through 35 36

37 Subtract line 36 from line 22. This is your adjusted gross income 37

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*Are the Taxes Paid by Nancy and Marvina Lee Robey*

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# FORWARD

## HOW THIS INFORMATION WAS GATHERED



Nancy Darlene Robey

Nancy Darlene Robey: I have spent decades studying the law surrounding the income tax, the IRS, the U. S. Department of the Treasury, and the Federal Reserve Banks. The only reason for paying taxes is to support the government. Americans assume that money paid in income taxes goes to the Federal government, and the government then spends this money for the benefit of the taxpayers. I found out that this is totally untrue. NONE of the money paid in Federal income taxes goes to the Federal government. NOT ONE PENNY! In 2017, the Federal government expects Americans to pay \$2.6 trillion in income tax. So where does all of the tax money go? It all goes to privately owned banks! ALL OF IT! How does that happen?



Marvin Lee Robey

My father once took over a corporation and had several employees. I was the accountant and took care of withholding taxes. I noticed that the taxes being withheld were NOT to be sent to the government. Instead, the money was to be sent to the local Federal Reserve Bank, one of the twelve. When people send a check to the IRS for taxes, the check is cashed by the Federal Reserve Bank, not the U. S. Treasury. The back of the canceled check shows this.

A lot of people ASSUME, wrongly, that the Federal Reserve Banks are somehow part of the Federal government. They are not. Although they were chartered by the Federal government in the Federal Reserve Bank Act, they are privately owned, and NOT part of the Federal government.

In 1913, the proposed Aldrich Bill provided for a group of 12 privately owned banks, with a charter giving them exclusive banking rights for the Federal government and the power to issue circulating currency backed by U. S. bonds. The United States government was liable for the bank's currency and therefore its debts. If the banks wildly created unbacked debts it could not pay, the United States was liable for those debts. The public flatly refused this bill.

Woodrow Wilson renamed the Aldrich Bill the "Federal Reserve Bank Act." He implied to the people that the bank was owned by the federal government. The Federal Reserve Bank Act passed with only one congressman reading it. That was Congressman Charles Lindbergh, Sr., who condemned it with all of his power.

Under the terms of the Federal Reserve Bank Act, the government has to put up collateral to cover its loans from the Banks in the form of bonds. Then the government has to pay the Federal Reserve Banks for the interest on the loans AND the bonds! The bonds are the funding of the loans. Based upon these funds, the banks create the money to loan the government. In other words, the Banks loan the government back its own credit at interest. This is a totally fraudulent scheme that creates an increasing debt that eventually (as of 1929) cannot be paid.

The currency, Federal Reserve Notes, are printed for the Federal Reserve Banks by the U. S. Government Printing Office at the cost of printing. Now, the debts to the Federal Reserve have become so huge that all income tax is paid to the Federal Reserve directly. The U. S. government then borrows money from the Federal Reserve to operate.

Congressman Luis T. McFadden, Chairman of the House Banking and Currency Committee for over ten years, gave this speech to Congress on June 10, 1932: 'Mr. Chairman, we have in this country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board and the Federal Reserve Banks, which have cheated the government and the people of the United States out of enough money to pay the national debt several times over. This evil institution has impoverished and ruined the people of the United States and has practically bankrupted our government. It has done this through the defects of the law under which it operates, through the maladministration of that law, by the Federal Reserve

Board, and through the corrupt practices of the moneyed vultures who control it! Some people think the Federal Reserve Banks are United States government institutions. They are not! They are private monopolies which prey upon the people of the United States for the benefit of themselves and their foreign swindlers...'

So, there are three reasons why I don't pay income tax:

The central bank is one of the planks of Karl Marx's Communist Manifesto.

A graduated income tax is another of the planks of Karl Marx's Communist Manifesto. I am not a communist.

Lastly, I choose not to be a slave of the private, central bank, working to pay a fraudulent, unpayable debt while keeping others bound in the same slavery. Through considerable study, I now have a very clear understanding as to why I do not owe the income tax. I have demonstrated this for the last 20 years. No one who claims their citizenship in their republic and makes their living by any occupation of common right owes any income tax, either. I am the legal researcher who compiled the court cases into this book.

Marvin Lee Robey: In 1976 I was prosecuted for failure to file an income tax return for three years. I demanded all of my Constitutional Rights. The judge answered: "Yes, Mr. Robey, you have all of your Constitutional **privileges**." In the first place, I didn't think there was such a thing as a Constitutional privilege. The Constitution is positive. It either is a Right or nothing at all. Rights and privileges are two very different things.

The IRS brought a special agent in from out of state. In testifying she made the clear statement: "In my opinion Mr. Robey's returns are valid." Yes, she admitted I had filed and the returns were valid. Nevertheless, the jury found me guilty. so I appealed the case.

My appeal went before a three-judge panel of the Ninth Circuit Court of Appeals, which is just below the U. S. Supreme Court. At the hearing, I received the rare opportunity of questioning the judges. Knowing the Bill of Rights guaranteed me the Right of freedom of speech, I asked if I could be taxed for my speech. The answer came back: "Yes." They took a vote on it and it was unanimous. I asked the Court if I could be taxed for my prayer. The answer came back: "Yes." And again they took a vote on it and again it was unanimous. Knowing that the income tax is an excise

tax on a privilege, I then asked what privilege I was being taxed for. The answer came back: “For the privilege of living and earning a living in the United States.” In my public schooling, I was taught that I had all of my Constitutional Rights. Now, when I tried to use my Rights, I was classed as a criminal for doing so.

My grandmother on my mother’s side was closely related to both Harrison presidents and could remember sitting on President Benjamin Harrison’s lap as a little girl. On my father’s side, I could trace my ancestry back to Hezekiah Robey, who owned a general store and cattle ranch in Virginia before the Revolutionary War. At one time, I held his original record book, leather-bound by him. Now I was being told I did not even have a Right to life itself, that I was being taxed for the privilege of living. Was the Constitution now only history?

The IRS Special Agent assigned to me helped me drastically reduce the amount I owed. The last time I saw him, knowing I had questioned the legality of the income tax, he told me to keep up the “good work” because it was having a good effect in his office.

I literally worked night and day for two years to pay my back taxes. After that I had time to go to the law library and study the court decisions. I read of U. S. Supreme Court rulings in favor of people’s Constitutional Rights. I wondered why they had Constitutional Rights and I didn’t. My daughter Nancy started going with me and proved to have a very good understanding of law. We started reading U. S. Supreme Court cases. They seemed to sometimes conflict with one another or reality. I read some history of the passage of the 14<sup>th</sup> Amendment. We studied how Congress had passed the 14<sup>th</sup> Amendment creating a new citizenship for the freed slaves under territorial law, where the Constitution does not apply. With this I suddenly realized there are two classes of American citizens, not just one. That was the missing piece of the puzzle! But how did we get classified as freed slaves? This took a lot more study in the law library.

Reading the income tax law, Title 26 left us more bewildered than ever, with its confusing listing of “aliens.” Who are these “aliens?” I thought they must be the immigrants. It seems the aliens do NOT owe the tax, but the American citizens do seem to owe the income tax. That does not make sense. The citizens owe the tax but immigrants don’t? With very careful analysis, we finally realized the “aliens” were the solid Constitutional citizens, not the immigrants, and therefore do not owe the tax. But how could I possibly argue this complexity to the IRS or a court? The story from Gulliver’s Travels of the stolen cow came to mind, in which the court wanted

to know everything except the real facts. It took years to settle the case. By that time the cow was dead and the farmer was bankrupt from the legal fees.

Obviously, whoever wrote Title 26 and presented it to Congress was working hard to fool the people into paying taxes they did not owe. News releases were sent out propagating these false concepts to confuse the public even more, such as “Are wages taxable?” “Yes.” (for government employees only).

But how did we wind up under the freed slave law? We studied more and found out the courts are now operating under commercial law instead of the common law, as they originally did! Under commercial law they can and do assume whatever they like. These false assumptions must now be guessed at and repudiated. To establish the truth, we must deny all possible false assumptions. When dealing with the IRS, they assume what they want even when it is contrary to the obvious. Now we must actively claim what was, for many generations, naturally ours. To deny my tax liability I decided I could do so by going back to the U. S. Supreme Court decisions and base my arguments directly on them. This has proven much easier than trying to argue the alien issue. However, in reading the U. S. Supreme Court decisions, the U. S. Supreme Court seemed to be very concerned about the meaning of the Constitution. After looking up the legal definitions of the key words, I began to realize our common slang and legal language are two very different things. Congress, the IRS, and the general news, all like to use our slang, but the U. S. Supreme Court interprets the law much more carefully in legal language. The lower courts take what we file in our slang and base their decisions on that or what our opposition files, usually written in our slang, if not properly refuted. Therefore, if we have misconceptions of the law, the opposition can easily feed upon those misconceptions to defeat us. But the courts will base their decisions on the actual law if properly claimed.

We will still have our Constitutional Rights, once we notify the agency or court, sworn to under penalty of perjury, of our citizenship in the Republic. Our Rights in the Republic always override the laws of the territories where there is any conflict, if timely claimed. There have always been fundamental principles of law which cannot be destroyed. When a legislative body steps out of them, their legislation fails. Learn the fundamental principles of Law and the Law will set you free. Learn what you are told the law is and it will enslave you.

In 1997, I received three 1099's. I first sat down and pondered what the proper action should be. Under the commercial law, I had been presented with the false

claims from my customers that I had taxable income. These false claims had been reported to the IRS and so I supposedly owed the income tax. But I knew it was not taxable income. It would do no good to argue the point with my customers, as they would not understand. But I decided to notify them of their error anyway.

I sent a letter to the main customer explaining why it was not income. I gathered the three 1099's and sent them to the IRS along with a copy of the letter to my customer. I did not hear anything from the IRS until the year 2000, three years later. I did not file anything during that time. That is when they sent me a notice of an amount due for the previous year. I sent them another letter explaining that the 1099's were in error for the same reasons as before, and that the money was not taxable income. They didn't accept it this time, but in denying it they told me what was missing from my explanation. I immediately followed their instructions, and they accepted it. I have followed those instructions every year since and I have not heard any more from them.

All the money I receive on 1099's is reported. However, I do not file any tax return for this money. I do file a tax return for the Social Security I receive because Social Security is a special privilege from government, although it is supposedly my money. It is therefore subject to an excise (income) tax. My deductions more than cover this, so I pay nothing.

If I reported the money my customers pay me on a standard tax return, it would become taxable income. There is a simpler, easier way that does not convert the money received into taxable income. That is what this book is about.



## INTRODUCTION

"You can fool all the people some of the time, and some of the people all the time, but you cannot fool all the people all the time." - Abraham Lincoln

Howard Freeman is the first person to beat the IRS. Here is his story:

“When I beat the IRS, I used supreme Court decisions. I was involved with a group and I studied supreme Court cases. I concluded that the supreme Court had declared that I was not a person required to file a tax return—that the tax was an excise tax on privileges granted by the government. So I quit paying taxes and it was not long before they came down on me with a notice of deficiency. It said I owed such a fantastic sum of money, that my biggest temptation was to go in with their letter and say ‘Where in the world did you ever get that figure?!’ They claimed I owed them some \$60,000. Even if I had been paying taxes, I never had that much money. Fortunately, I had been given the following information: NEVER ARGUE THE FACTS IN A TAX CASE! If you are not required to file, why do you care if they say you owe \$60 or \$60,000? Don’t argue the amount—that’s a FACT issue. The IRS wants you to run in and say, ‘I don’t owe that much!’ You have, then agreed that you owe them something, and you are just debating how much! You have given them jurisdiction. If the law says that you are not required to file or pay income tax, the amount is irrelevant! If you want to argue the amount, they’ll send you to tax court where facts of law cannot be decided. At tax court all they can do is adjust how much you owe.

I, therefore, went to see the agent and told him that I wasn’t required to file. He said. ‘You are required to file, Mr. Freeman.’ I had supreme Court cases that said I wasn’t required, which I started reading to him. He said. ‘I don’t know anything about law, Mr. Freeman.’ I thought that someone there must know something about law so I asked to see his superior. I went to him and got out my supreme Court cases and he wouldn’t listen. ‘I don’t know anything about law, Mr. Freeman.’ Finally, I got to the Problem Resolution Officer and he said that he didn’t know the law either! The only person above him was the District Director so I went to see him. By the time I got to his office, the other agents had phoned ahead, and his secretary said he was out. I heard someone in his office and I knew he was there.

I went down the elevator and around the corner to the Federal Building and into Senator Simpson's office. There was a girl sitting at the desk and she asked if she could help me. I told her my problem. I said that I really thought the District Director was in. I said, 'If you get him on the phone, tell him that you are from the Senator's office and you have a person who you are sending over to speak to him, if he can wait just five minutes.' It worked. He was in there and I ran back up to his office. His secretary met me when I came in and said, 'Mr. Freeman, you're so lucky, the Director just arrived.'

The Director was very nice and offered me coffee and cookies and we sat and talked. 'I told him that there were agents who were writing letters which contradict the decisions of the supreme Court of the United States and they were doing it over his name!' He seemed very interested in hearing about those decisions and asked if I had any examples. I, of course, did and he asked if I could leave that information with him, which I did. He said he would look it over and contact me within three days. Three days later he called me up and said. 'I'm sure, Mr. Freeman, that you will be glad to know that your Notice of Deficiency has been withdrawn. We've determined that you're not a person required to file. Your file is closed and you will hear no more from us.' I never heard from the IRS again and I haven't filed since 1969."

Howard Freeman

# Chapter 1

## Tax Cheats?

“The marvel of all history is the patience with which men and women submit to burdens unnecessarily laid upon them by their governments.” William H. Borah

From the beginning of history almost every ruler has tried to get more money and wealth from those he/she has ruled. It is the nature of rulers. The United States of America is the only nation in history established as what our Founding Fathers called a “Republic:” a nation of, by, and for, the people They created the American Constitution to make it permanent and difficult to change. Because one of the main reasons for breaking away from England was oppressive taxation, they added Article I, Section 9: “No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or Enumeration herein before directed to be taken.”

In doing so, they also created a United States Supreme Court, having no gain or loss in the interpretation of the laws, to oversee the Constitutionality of the laws passed by Congress. Our Founding Fathers warned us that Congress would be looking continually for ways to gain more power over the people and especially for ways to get more taxing power over the people. The U. S. Supreme Court has continually ruled that this made every income tax over individuals passed by Congress unconstitutional, except under the territorial government, in which they have no Constitutional limitations.

As such, still today, no direct tax (income tax) can be laid on the citizens of the Republic. We may wonder, therefore, why we are paying just such a tax. ***There is no law requiring the citizens of the Republic to pay an income tax for occupations of common right!!*** At the same time, there is no law preventing Congress from passing any tax on citizens of the territories and possessions that Congress wants to pass, because the 14<sup>th</sup> Amendment made its citizens “subject to...”

We are only paying the present income tax by being misled through reading the tax laws in our slang language and no longer knowing how to claim our citizenship in the Republic. When we find the true legal definitions used in the tax laws, we find they do not apply to the citizens of the republic. The taxes only apply to special

privileges the people have applied for or been given, such as accepting a government job, or turning our hard-earned savings into investments in corporations.

This is commonly done without the people's knowledge or understanding. It is based upon our common slang reading of the law. Claiming your citizenship in our Republic only takes 15 easy minutes after reading *Axe The Taxes*. A few people are actually prosecuted based upon the incriminating documents they have signed, without even knowing what they are being prosecuted for. We help the reader avoid these pitfalls.

*"Axe The Taxes"* uses the Lawful vocabulary of the tax laws in an unusual, but very proper, way to report all of one's money received to the IRS without signing any false or incriminating statements.

If you ask the IRS or a Congressman what is taxable and what is not, you will get half-truths, usually based upon our common slang. They want your money. But it's your money. Keep it! The U. S. Supreme Court continually tells us that the tax laws do not say what the IRS tells us they say. Article I, Section 9 is still in effect and protecting us. But you do need to know how to claim it.

I do pay all of the taxes I owe. But I can usually show you why you actually owe no tax or often show you how to handle your money so that you owe no tax. I show you how to get refunds for withholding of money falsely withheld. All of these processes are absolutely legal and absolutely safe, very quick and simple. Although the IRS continually works on half-truths, they do follow the law as established by the U. S. Supreme Court when confronted with it. The U. S. Supreme Court and the other Federal courts are on our side!

## Chapter 2

### DON'T TAX ME!

“The power to tax is the power to destroy.” John Marshall, memorably, for a unanimous

U. S. Supreme Court in McCulloch v. Maryland, 17 U.S. 316 (1819)

When our Founding Fathers were debating the issues of our Constitution there was, of course, considerable disagreement. The main problem was how much power to give the government. Many wanted the government to have almost unlimited power, such as England tried to get over the colonies. Most of those men were looking for personal advantage through a powerful government. Others wanted very limited government of the people.

The people of the American colonies had been very free for over a hundred years. Then King George III of England saw the wealth and power among the colonies and decided to tap into it with heavy taxation, including direct taxes. A direct tax is one laid upon a person or property itself, whether the owner has the money to pay the tax or not. The colonists rebelled and the War broke out.

When the colonists had won, they were not about to set up their own government with any more power over themselves than they wanted. Thus, those wanting a powerful government could not get the people's support. Without the people's support, there could be no government.

Those that demanded a strong constitution to protect the common people would not compromise. One of the greatest fears the people had of their new government was a direct tax, since one of the main reasons for breaking away from England was oppressive direct taxes. The colonies had been supported almost entirely by import, export duties and imposts and that is the way they demanded the new government operate. Therefore, Article 1 Section 9 was placed in the Constitution stating: “No Capitation or other direct, Tax shall be laid, unless in Proportion to the Census or Enumeration herein before directed to be taken.” No such tax has ever been laid.

A direct tax is defined thusly:

“A tax levied upon the property because of its ownership is a direct tax, whereas one levied upon property because of its use is an excise, duty or impost.” Manufactures’ Trust Co. vs U. S., 32 F. Supp. 289.

Duties, imposts and excises are import and export taxes and taxes on special privileges laid by the government. They are not going to be discussed in this book. We are focusing on the personal income tax on common labor.

“Excises are taxes...upon licenses to pursue certain [regulated] occupations and upon corporate privileges; the requirement to pay such taxes involves the exercise of privilege...” Flint v. Stone Tracy Co., 220 U.S. 107, at pg 154, 165.

“The terms ‘excise tax’ and ‘privilege tax’ are synonymous. The two are often used interchangeably.” American Airways v. Wallace, 57 F. 2d 877, 880.

The income tax is an excise tax on privilege only:

“...Conceding the power of Congress to tax the business activities of private corporations... the tax must be measured by some standard...It is therefore well settled by the decisions of this court that when the sovereign authority has exercised the right to tax a legitimate subject of taxation as an exercise of a franchise or privilege, it is no objection that the measure of taxation is found in the income...” Flint vs. Stone Tracy Co., 220 U.S. 107, at page 154, 165.

In Doyle v. Mitchell Brothers, 247 U.S. 330 we find a clear refuting of the contention of Congress and the IRS that all money received is “income.” “... **We must reject...the broad contention submitted in behalf of the Government that all receipts, everything that comes in -are income within the proper definition of the term ‘gross income’...**”

So, what is income? The U. S. Supreme Court defines it thusly:

“...it becomes essential to distinguish between what is and what is not ‘income’... according to truth and substance without regard to form. [Income is] derived from capital - the gain derived from capital, etc. Here we have the essential matter - not gain accruing to capital, not a growth or increment of value in the investment; but a gain, a profit, something of exchangeable value...severed from the capital however invested or employed, and coming in, being “derived,” that is received or drawn by the recipient for his separate use, benefit and disposal - that is the income derived from property. Nothing else answers the description...” Eisner v. Macomber, 252 U. S. 189.

So, income is profit from capital investment. It is most definitely not pay for work done:

“One does not ‘derive income’ by rendering services and charging for them.”  
Edwards v. Keith, 231 F. 110.

Our founding fathers strongly warned us that Congress would continually try to get more taxes and more control over us. Their prediction has been very accurate and those efforts of Congress have been the greatest downfall of the Constitutional Republic.

# CHAPTER 3

## THE GOVERNMENT ESTABLISHED

### BY OUR FOUNDING FATHERS

“Neither consent nor submission by the States can enlarge the powers of Congress. The sovereignty essential to the proper functioning of a State under the Constitution cannot be surrendered, nor can it be taken away by any form of legislation.” Ashton v. Cameron County Water Imp. Dist. No. 1, 298 U.S. 513 (1936)

The Continental Congress had borrowed two million dollars from King Louis XVI of France to fight the Revolutionary War. It was due after seven years, but the Continental Congress stopped making payments on the interest in 1785 and defaulted on further installments that were due in 1787. It became obvious nothing would be paid on it. King Louis XVI of France sold the unpaid loan to King George III of England. Payment was now demanded. Few of the other War debts had been paid. Veterans of the War had still not been paid, were losing their farms and becoming violent. Something had to be done. The Constitutional Convention was called to establish a government that could pay its bills. If the loan now owned by King George III was not paid, the cease fire with England would have ended and the War resumed - with an undesirable outcome.

To get the people to accept the new government, the authors of the Constitution had to agree to including the Bill of Rights. This was an afterthought the drafters of the Constitution finally realized was necessary to get the people to agree to their Constitution.

The members of the Constitutional Convention had to set up some form of government the people would want. The people would agree to almost no new taxes. The Revolutionary War broke out largely over King George III and Parliament placing oppressive taxes on the Colonists. The Americans argued that they fought their own wars with the native peoples when necessary. The colonists maintained their own law and order and all of the colonies had adopted the Common Law of England which was self regulating. The people were entirely free to do anything they wanted unless they stepped on the rights of another. A person's honor was part of their religion in most cases and a man's word was his bond. There were not many



disputes and the people had the their own Common Law courts to settle these few disputes. Thus, the people saw little need for more taxes.

The people further demanded that protection from taxing powers had to be made permanent, along with all of the other provisions of the Bill of Rights. Thus, at the demand of the people, those who supported a government for the people, like Thomas Jefferson, James Monroe, and Benjamin Franklin largely took control of the forming of the Constitution. In addition to creating a Constitution to satisfy the people, they created a U. S. Supreme Court to protect it permanently. The U. S. Supreme Court was established as the enforcer of the Constitution and the protector of the people, and still is. The result was the Constitution of the United States of America, after the Bill of Rights was added as the first Ten Amendments.

## **THE AWESOME POWER OF THE CONSTITUTION**

There is one very important clause of taxing power in the new government in Article 1, Section 9: “No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or Enumeration herein before directed to be taken.” This was intended to prevent oppressive taxation and is still preventing taxes on the working person’s labor.

The taxes to support the new government were to come largely from import and export duties. The expenses of government were to be minimal. Congressmen and other government officials had to be paid. A minimum navy was needed to protect shipping, and an agency was needed to collect the import and export duties.

The people were to be sovereign over the states, and the states were to be sovereign over the Federal Government. There were a few crimes against the government, such as counterfeiting, destruction of government property, piracy, treason, etc. and the few issues of the states specifically mentioned in the Constitution. “...While sovereign *powers* are *delegated* to the agencies of governments, **sovereignty itself** remains with the People, by whom and for whom, all government exists and acts.” U. S. Supreme Court ruling in Yick Wo vs Hopkins and Woo Lee vs Hopkins, 118 U.S. 356.

The predictions of our Founding Fathers that the government would at times make a dedicated effort to gain more power and more taxes has been proven to be accurate several times in history, and certainly not always because they needed more money. With only the Constitutional taxing powers the government paid off its debt

to King George III and has stood up to all emergencies with very few short exceptions. The U. S. Supreme Court has stood firm to the Constitution. The original taxing power has proven sufficient.

Eventually, Congress finally did find a way around the original Constitutional limitations. It took the Civil War and considerable manipulation and pressures on the States to do so. Even so, the only thing giving them more taxes and more power has been by keeping the people in confusion as to who we are and what the government is.

Fortunately, we can, through the Constitution, as individuals, reclaim our original freedom and power - if we understand how Congress has manipulated us. It is very easy once you understand how they are doing everything they can to get us to pay taxes that we do not owe. And they do it with our own genuine signed confessions!

Didn't know you were signing false statements under penalty of perjury creating your own tax liability? Read on! We are our own worst enemy!

### **SOME FUNDAMENTAL RIGHTS SECURED BY THE U. S. SUPREME COURT THAT THE IRS IS BYPASSING**

“Waivers of Constitutional rights not only must be voluntary; they must be knowingly intelligent acts done with sufficient awareness of relevant circumstances and consequences.” Brady v. U.S., 397 U.S. 742 at 748.

“A state [or the United States] may not Impose a charge for the enjoyment of a Right granted by the Federal Constitution.” Murdock v Pennsylvania, 319 U.S. 105, at 113.

“Every man has a right to the fruits of his own labor, as generally admitted, and no other person can rightfully deprive him of those fruits, and appropriate them against his will...” The Antelope, 23 U.S. 66, 120.

“Among these unalienable rights as proclaimed in the Declaration of Independence, is the right of men to pursue their happiness, by which is meant, the right to pursue any lawful business or vocation, in any manner not inconsistent with the equal rights of others, which may increase their prosperity or develop their faculties, so as to give them their highest enjoyment... It has been well said, the *property which every man has is his own labor, as it is the original foundation of all other property, so it is the most sacred and inviolable...* to hinder his employing... in what manner he

thinks proper, without injury to his neighbor, is a *plain violation of the most sacred property.*” Butchers Union Co. v. Crescent City Co., 111 U.S. 746-757.

“...Reasonable compensation for labor or services rendered is not profit...”  
Lauredale Cemetary Assc. vs. Matthews, 47 Atlantic 2d. 277.

“...Congress has taxed income [profits and gains] not compensation” Conner v. U. S., 303 F. Supp., 1187.

“One does not ‘derive income’ by rendering services and charging for them.”  
Edwards v. Keith, 231\_F. 110.

Thus, compensation (pay for work done) is NOT income and is NOT taxable.

## Chapter 4

### TERRITORIAL LAW VERSUS LAW WITHIN THE STATES

“Absolute power corrupts absolutely” is the best-known quotation of the 19th century British politician Lord Acton

Many people think the U. S. Constitution applies evenly throughout the country. Unfortunately, this is not the case at all. Congress found a loophole big enough to destroy the country, and then the Supreme Court backed them up. The U. S. Supreme Court ruled that due to the exclusivity clause (Article I, Section 8, Clause 17), when Congress legislates for the possessions and territories “**belonging to**” the United States, it can **ignore and disregard** the protections and Rights afforded to the people **within** the fifty States!

“In exercising its constitutional power to make all needful regulations respecting territory belonging to the United States, Congress [under Art. I, Section 8, Cl. 17 and Article IV, Section 3, Cl. 2, of the U. S. Constitution] is not subject to the same constitutional limitations as when it is legislating for the United States [the fifty states].” Hooven and Allison Co. vs. Evatt, 324 U.S. 674.

The Hooven case was actually upholding an earlier Supreme Court decision, the case of Downes vs. Bidwell, 182 U.S. 244. The issue before that Court was whether Puerto Rico, the recently acquired possession of the United States, and other territories and possessions under the exclusive jurisdiction of the United States, were subject to the same Constitutional protections as the States of the Union. In a 5-4 decision that would be a disaster to the future of the country, the Court ruled as follows:

“Constitutional restrictions and limitations were **not** applicable to the areas of lands, enclaves, territories and possessions over which Congress had exclusive legislative authority.” Downes vs. Bidwell, 182 U.S. 244.

An “enclave” is land belonging to the federal government that is inside of a state, such as a post office, military base, or national forest. A “possession” is one or more islands captured in war, such as Puerto Rico, Guam, American Samoa, or the U. S. Virgin Islands. A “territory” is land that the U. S. government has acquired and rules.

In discussing Downes vs. Bidwell, Justice Harlan, in his eloquently expressed dissenting opinion, supported equal Constitutional protections for all territories and

possessions of the United States, in the same manner that the fifty states are protected. The following are excerpts from that opinion, along with Justice Harlan's accurate predictions of the consequences of that decision:

“The idea prevails with some, indeed it has found expression at the bar, that we have in this country substantially two national governments; one to be maintained under the Constitution, with all of its restrictions; the other to be maintained by Congress outside and independently of that instrument, by exercising such powers (of absolutism) as other nations of the earth are accustomed to...I take leave to say that, if the principles thus announced should ever receive the sanction of the majority of the court, a radical and mischievous change in our system of government will result. We will, in that event, pass from the era of constitutional liberty guarded and protected by a written constitution into an era of legislative absolutism...It will be an evil day for American liberty if the theory of government outside of the supreme law of the land finds judgment in our constitutional jurisprudence. No higher duty rests upon this court than to exert its full authority to prevent all violation of the principles of the Constitution.” Downes vs. Bidwell, 182 U.S. 244, dissenting opinion.

Justice Harlan's extremely prudent advice was ignored and his prediction of “a radical and mischievous change in our system” because of this ruling was right on target! This dual United States ruling is the root of the evil of the Internal Revenue Service and the many other unjust federal agencies that have abused American's rights, confiscated their property, and strangled them with red tape. A government established to protect the happiness of the American people has become the root of their misery and the worst abusers of the Rights it was established to protect. Because of this ruling, Congress has been able to circumvent the Constitution for the United States of America, as follows:

1. The United States government legally creates legislation, which may be unconstitutional for the fifty states, under the authority and guise of legislating for the citizens and residents of the territories and possessions “belonging to” the United States, over which the United States has exclusive authority.
2. Such federal legislation is made applicable only to the people residing in territories, possessions, and enclaves under the exclusive jurisdiction of the United States. These “individuals” are called “U. S. citizens” or “citizens of the United States, subject to its jurisdiction” in such legislation. The average American, of course, believes he or she is such a citizen because it was never disclosed to him that our Congress legislates for citizens of the territories. Because that American has respect for the law, he or she

voluntarily consents to obey this legislation that is contrary to the Constitution and doesn't even apply to him/her.

This Congressional absolute law is in contrast to law within the States, which are **not** territories, and the people within the States have full Constitutional Rights.

Bouvier's Law Dictionary has this to say about "territory:"

"A part of a country, separated from the rest, and subject to a particular jurisdiction. The word is derived from *terreo* (terror), and is so-called because the magistrate within his jurisdiction has the power of inspiring salutary fear... In the sense it is used in the constitution of the United States, it signifies a portion of the country subject to and belonging to the United States... Congress possesses the power to erect territorial governments within the territory of the United States; the power of congress over such territory is exclusive and universal, and their legislation is subject to no control..."

Ballentine's Law Dictionary describes a territory thusly:

"A geographical region over which a nation exercises sovereignty, but whose inhabitants do not enjoy political, social or legal parity with the inhabitants of other regions which are constitutional components of the nation. With respect for the United States, for example, Guam or the Virgin Islands as opposed to New York, California or Texas."