

Chapter 1

Tax Cheats?

In 1986, I.R.S. Commissioner Roscoe Egger publicly admitted that there are 35 million people who make money in the U. S. A., but do not file or pay income taxes and go free. Is the IRS that inefficient? No! The IRS would have us believe these people are all tax cheats and are playing a very dangerous game. Of course, this is probably true of a few of them. But the truth is, there is no law requiring the common people to file a return or pay an income tax, regardless of how much money they make! Only government employees' wages, money made by corporations, money paid to officers of corporations owning stock, money made in U. S. territories, possessions or federal enclaves, and money made from government licenses and privileges are taxable income. The only other thing taxable is what we ourselves falsely claim to be taxable! Know the truth and the truth will set you free. At least it will if you know what to do with it.

Many years ago, Lynn Meredith taught a large group of people in Orange County, California tax law, and she wrote an extremely informative book by the title of "Vultures in Eagle's Clothing." Lynn was a brilliant and dedicated legal researcher. The following pages reproduce typical correspondences between some of her students and the IRS. Notice that they did not owe the tax, so they just did not file. If people have reported a W-4 or 1099s to the IRS that they paid you money, insinuating that it was taxable income although it wasn't you are going to have to deal with the IRS. These are methods that have worked over the years, but that is doing things the hard way. The following exchanges were successful, but you probably do not want to get into this type of spirited discussion with the IRS. There is a better way!

Note: A law case cite that uses US in it, such as *Yick Wo vs. Hopkins*, 118 US 356, indicates that this is a case decided by the U. S. Supreme Court.

F. or F.2d, such as *American Airways v. Wallace*, 57 F.2d 877, means a case decided by the U. S. Court of Appeals, which is just below the U. S. Supreme Court.

CFR is the Code of Federal Regulations, and IRC is the Internal Revenue Code.

Is someone shirking his duty to his country by not paying taxes that he does not owe? Here is what the U. S. Supreme Court had to say:

"The individual may stand upon his Constitutional rights as a Citizen. He is entitled to carry on his private business in his own way. His power to contract is unlimited. He owes no duty to the State or to his neighbors to divulge his business or to open his doors to investigation...He owes no duty to the State, since he receives nothing therefrom, beyond the protection of his life and property. His rights are such as existed by the Law of the Land, long antecedent to the organization of the State, and can only be taken from him by due process of the law and in accordance with the Constitution. He owes nothing to the public so long as he does not trespass upon their rights." Hale vs. Hinkle, 201 U.S. 43 at 74.



Department of the Treasury
Internal Revenue Service

Holtsville NY 11742

TAX PERIODS: 12-31-86

For assistance you may
call us at the numbers shown below,
or you may write the Chief, Collections Branch
at the numbers shown below

743-0100 3-010 BX. MAN.
732-0100 ST.ISLAND
997-1510 RKLD/WSTCHR/CTYS

YOUR TAX RETURN IS OVERDUE – CONTACT US IMMEDIATELY. WE
HAVE NOT RECEIVED YOUR ANSWER TO ANY OF OUR REQUESTS FOR
FORM 1040 US INDIVIDUAL INCOME TAX RETURN FOR THE TAX PERIOD
ENDING 12-31-86. YOUR FAILURE TO RESPOND INDICATES TO US THAT
YOU DO NOT INTEND TO FILE THE RETURN. WE MUST RESOLVE THIS
MATTER. WE MAY TAKE THE FOLLOWING ACTION:

1. CRIMINAL PROSECUTION THAT INCLUDES A FINE,
IMPRISONMENT, OR BOTH, FOR PERSONS WHO WILLFULLY FAIL
TO FILE A TAX RETURN OR TO PROVIDE TAX INFORMATION
(INTERNAL REVENUE CODE SECTION 7203); OR

**2. SUMMON YOU TO COME IN WITH YOUR BOOKS AND RECORDS
(AS PROVIDED BY SECTIOND 7602 AND 7603 OF THE CODE).**

TO AVOID THESE ACTIONS, FILE THE RETURN, SHOW THAT THE RETURN HAS BEEN FILED, OR CONTACT US IMMEDIATELY AND EXPLAIN WHY YOU ARE NOT REQUIRED TO FILE. BE SURE TO REFER TO THIS NOTICE AND ANY OTHER INFORMATION NEEDED IF YOU FILED THE RETURN, MAIL YOUR COPY OF IT; IF YOU PAID THE TAX, MAIL YOUR RECEIPT OR CANCELED CHECK.

To make sure that IRS employees give courteous responses and correct information to taxpayers, a second IRS employee sometimes listens in on telephone calls. Keep this part for you records.

Detach Here

XXXXX XXXXXXXXXXXXX
XX XXXXXX XXX
XXXXXXXX XXXXXX,XX XXXXX

7 February 1989

Director of the Foreign Operations District
Internal Revenue Service
Washington, D.C. 20225

Dear Sir:

I shall continue to state that I am not an alien, foreign corporation, officer, director, stockholder or employee of a foreign corporation, or a citizen of the United States living and working abroad or in a territory, possession or enclave of the United States. I do not reside in Washington, D. C., or in a federal enclave within any of the states. I am, therefore, not "subject to the jurisdiction of the United States."

Sincerely,

XXXXX XXXXXXXXXXXXX

cc
Copy INTERNAL REVENUE SERVICE
CHIEF, COLLECTION BRANCH
HOLTSVILLE, NEW YORK 00501



Department of the Treasury
Internal Revenue Service

Holtsville NY 00105

In reply refer to: 11917897
April 03 1989 LTR 2358C
112-20-8133 8612 30 000
Input Op: 10717897

Taxpayer Identification Number:
Tax Form: 1040
Tax Period: Dec. 31, 1986
Correspondence Received Date: Feb. 13, 1989

Dear;

Based on information you have provided, the account specified above is resolved. We may contact you in the future, if further issues arise requiring clarification. At present, no further response is needed on the above account.

Sincerely yours

Sandy Pacello
Chief, TDI Section

December 5, 1990

District Director
Internal Revenue Service
Ogden, Utah 84201

Re:

Dear _____ :

On or about December 1, 1990, I received an unsigned document claiming that you have not received the tax return 1040, and requesting that the form 1040 be filed. I have enclosed a copy of that request. I know of no such code that requires me to file a "tax return 1040." If you know of such a code, please identify it for me.

I have enclosed a copy of the letter that I have sent to the Director of the Foreign Operations District, concerning this matter.

In researching the revenue code book which your people kindly supplied to me. I discovered that only an "individual" is required to file a tax return (26 USC 6012) and then only under certain circumstances. In looking at Section 7701 (a) (30), I discovered the definition of a "United States Person" as meaning a "citizen of the United States," "resident of the United States," "domestic corporation," "domestic partnership" and a "domestic trust or estate." There is no INDIVIDUAL defined under 7701 (a) (30) and therefore I cannot be an "individual" within the meaning of 7701 (a) (1) and/or 26 USC 6012.

As well, the Supreme Court, in the case of *Wills vs Michigan State Police*, 105 L. Ed. 2d 45 (1989) made it perfectly clear that I, the sovereign, cannot be named in any statute as merely a "person," or "any person." I am a member of the "sovereignty" as defined in *Yick Wo vs Hopkins*, 118 U. S. 356 and the *Dred Scott* case, 60 U. S. 393.

Therefore, and until you can prove otherwise, I am not a "taxpayer," nor an "individual" that is required to file a 1040 tax return. Please forward me a letter stating that I am not liable for this tax return, or produce the documentation that requires me to file.

If you have any questions concerning this letter, you may write to me at the address shown below. Please sign all papers so that I know who I am dealing with. Until

such a time as I hear from you or your office, I will take the position that I am no longer liable for filing the return.

Failure to respond will be taken as meaning that you have “acquiesced” and that from this date forward, the doctrine of “estoppel by acquiescence” will prevail.

Sincerely,

XXXXXX XXXXXXXXXXXXX



Department of the Treasury
Internal Revenue Service

Ogden UT 84201

In reply refer to: 9999999
June 27, 1991 LTR 2358C
- - 8909 05 0000
Input Op: 999999999 07150

To: Name
Address
City, State, ZIP

Taxpayer Identification Number: - -
Tax Form: 1040
Tax Period: Sep. 30, 1989
Correspondence Received Date: June 13, 1991

Dear Taxpayer:

Based on our information, you are no longer liable for filing this tax return. We may contact you in the future if issues arise that need clarification. You do not need to reply to this letter.

Sincerely yours,

/s/ J. M. Wood
Chief, Collection Branch



Department of the Treasury
Internal Revenue Service

Ogden, UT 84201

**** IF YOU HAVE ANY QUESTIONS, ****
**** REFER TO THIS INFORMATION: ****
NUMBER OF THIS NOTICE: CP-516
DATE OF THIS NOTICE: 11-21-94
TAXPAYER INDENT. NUM: 523 -----
TAX FO;RM: 1040
TAX PERIOD; 12-31-92

SECOND REQUEST FOR YOUR TAX RETURN

Our records show that we haven't received from you either the following tax return or an explanation for not filing.

Form number: 1040 Tax period ENDING: 12-31-92
Title: US INDIVIDUAL INCOME TAX RETURN

If you haven't sent us your tax return or explanation, please do so today. Attach your payment for any tax due. We will bill you for any interest and penalties. If you can't pay the entire amount, send as large a payment as you can, and tell us when you can pay the rest. We may be able to arrange for you to pay in installments.

If you filed this tax return more than 6 weeks ago, please send us a copy of it. Be sure to sign, or re-sign, the copy and date it. Or you can complete the information that applies to you on the enclosed Form 9358, Information About Your Tax Return. If you filed this tax return within the last 6 weeks, please disregard this notice.

If you need assistance, call 221-3969 LOCAL PORTLAND
1-800-829-1040 OTHER OR

October 15, 1994

District Director
Department of the Treasury
Internal Revenue Service
Fresno, California

RE: Request for 1040 or letter of explanation

Thank you for your correspondence of September 26, 1994. This is a letter of explanation confirming that I am not required to file a 1040 Form.

Please be advised that your information regarding my implied tax liabilities is in error. My Individual Master File, as of September, 1992, reflects the Code MFT-01, which indicated that I am not required to file a 1040 return.

Therefore, there is no need to contact me in the future as I am not liable for filing a 1040 Form. I incurred no tax liability for the Form 1040 individual income tax under Title 26, Subtitle A in 1992 or 1993 and I do not anticipate that I will incur such a liability in the current or future years. If I do incur a tax liability in the future, I will file the appropriate returns for all taxes I am liable for or required to pay.

If for some reason my status in my Individual Master File has changed, please notify me of the circumstances supporting the change and provide me with the following information:

1. Please provide me with your direct authority to act upon me in a collection capacity, pursuant to the Code of Federal Regulations. I am aware that there are 121 enacting codes of federal regulations which define a "type of tax". I am aware of only three "types of tax" with specific reference to federal employees and none of those are applicable to me. Pursuant to the above and within the guidelines established by Congress, please define the particular "type of tax" which you are utilizing as the basis for your purported determination that I have incurred a tax liability.
2. I require copies of the criteria used by you and/or your superiors to make this unauthorized and unlawful determination of law, in direct violation of Internal Revenue Code 7214(a) and its regulations. Such requirements are evidenced within IRS Publication 609 and noted within the Privacy Notice 609, which references IRS 6001, 6011, and 6012 (a) and their regulations.
3. Please provide me with a copy of the section numbers in 26 USC and 26 CFR

requiring me to file the form 1040.

- 4. Please take notice that I am not an "employee" as such "term" or "word of art" is defined in Title 26 US, the Internal Revenue Code, the 26 Code of Federal Regulations or the federal register, (9/7/43, Section 404. 104, pg 12267;). As you are aware, such a "term" specifically includes only federal officers and employees.
- 5. Further, because I am not an "employee" as such "term" is defined above, I cannot and do not receive "wages", "salary" or "gross income" as such "terms" are defined in 26 USC, the Internal Revenue Code, 26 CFR or in the Public Salary Act (53 Statutes at Large, Chapter 59, Title I, Section 1).

You are granted 10 working days to clear up any misapplication of the code on your part and to provide me with a written determination of the status for tax purposes, in relationship to United States tax laws and form 1040. Such determination must be consistent with my aforementioned Individual Master File status. If such status indicating that I am not required to file or make a return has changed, please notify me within the aforementioned 10 working days. Otherwise, I will presume that my information is correct and I am not required to file a 1040 Form for the years in question.

Please respond within 10 days to:

Please do not phone me. I must demand that all correspondence with your agency be in writing.

Thank you for your assistance in clarifying this extremely important matter.

I declare under penalty of perjury under the laws of these united States of America that, to the best of my knowledge and belief, the foregoing is true and correct.

Without Prejudice, U.C.C. 1-207

STATE OF _____)
) _____)
 _____, COUNTY)

I hereby certify that on this _____ day of _____, 199 ____,

the above named Citizen whom I know (or has satisfactorily proved to me), appeared to attest and affirm that he/she is the Citizen executing the foregoing document.

I, THEREFORE, set forth my hand and seal in affirmation the execution thereof.

NOTARY

My Commission Expires

Date



Department of the Treasury
Internal Revenue Service

FRESNO, CA 93888

In reply refer to: 9999999999
Nov. 91, 1994 LTR 2348C
----- 9212 30 000
Input Op: 9999999999 03431

90740-6317346

Taxpayer Identification Number: -----
Form: 1040
Tax Period: Dec. 31, 1992
Correspondence Received Date: Oct. 27, 1994

Dear Taxpayer:

Thank you for responding to our inquiry about the above tax return. Based on your information, we agree that you aren't legally required to file a tax return for the above tax period(s). We are taking no further action at this time, but we may need to contact you again if other tax issues arise. You don't need to reply to this letter.

If you have any questions about this letter, you may write us at the address show above, or you may call the IRS telephone number listed in your local directory.

Sincerely yours,

Fred Arras
Chief, Collection Branch

CERTIFIED DEMAND FOR PROOF JURISDICTION

To the Department of the Treasury
of the Internal Revenue Service

IN RESPONSE TO NOTICE: CP-516
DATE OF THIS NOTICE: 11-28-94
TAX FORM: 1040
TAX PERIOD: 12-31-92

MEMPHIS, TX 37501

Dear Madam or Sir:

I have studied the law and I do not believe that I am a person under the jurisdiction of your agency, which is defined and limited by Article I, Section 8, Cl. 17 of the Constitution of the united States of America.

“It is a well established principle of law that all federal legislation applies only within the territorial jurisdiction of the United States unless a contrary intent appears.”
Foley Brothers v. Filardo, 336 U. S. 281 (1948).

It is a principle of law that, once challenged, the person asserting jurisdiction must prove that jurisdiction to exist as a matter of law.

Title 5 of the U.S. Codes, Section 556 (d) states, as follows: “When jurisdiction is challenged the burden of proof is on the government.”

Also: Please take Notice of the following:

McNutt v. G.M. 56 S. Ct.789

Griffin v. Matthews, 310 F. Supp. 341, 423, F. 2d 272

Basso v, U. P. L., 495 F. 2d 906

Thomson v. Gaskiel, 62 S. Ct. 673

Your jurisdiction is hereby challenged.

- (1) I am a Sovereign Citizen of the North Carolina Republic. I do not reside or earn income or compensation in any Territory, Possession, Instrumentality or Enclave which is under "sovereignty of" or "subject to the jurisdiction of" the United States.
- (2) I was natural born in the Alabama Republic. This is one of the 50 States and not a Territory over which the sovereignty of the United States extends.
- (3) I am not a citizen of the United States subject to its jurisdiction.
- (4) I am not a federal government employee or an officer of a corporation under a duty to withhold.

If you feel that your agency has jurisdiction over me, please provide me with your appropriate jurisdictional authority with 30 Days. If you cannot provide such authority, I will respectfully expect a letter from you stating that the "case is closed."

WITNESS _____

WITNESS _____

Respectfully,

.....

PROOF OF SERVICE

I do hereby certify that I have served _____ (name of agency or person served) with a true and correct copy of the within document by Certified Mail with Return Receipt Requested, from Charlotte, North Carolina (city and state mail was sent from).

Date: Dec. 19 1994

Signature of Person Serving



Department of the Treasury
Internal Revenue Service

MEMPHIS, TN 37501

In reply refer to: 9999999999
Jan. 17, 1995 UIM 23580
----- 9212 30 000
Input Op: 9999999999 03529

Charlotte NC 28217-24435321

Taxpayer Identification Number: -----
Form: 1040
Tax Period: Dec.31, 1992
Correspondence Received Date: Dec. 23, 1994

Dear Taxpayer:

Thank you for responding to our inquiry about the above tax return. Based on your information, we agree that you aren't legally required to file a tax return for the above tax period (s). We are taking no further action at this time, but we may need to contact you again if other tax issues arise. You don't need to reply to this letter.

If you have any questions about this letter, you may write us at the address shown above, or you may call the IRS telephone number listed in your local directory.

Sincerely yours,

Thomas Parker
Chief, Collection Branch



Department of the Treasury
Internal Revenue Service

Ogden UT 84201

** IF YOU HAVE ANY QUESTIONS, **
** REFER TO THIS INFORMATION: **
NUMBER OF THIS NOTICE: CP-516

TAXPAYER INDENT. NUM: 523 -----
TAX FORM: 1040
TAX PERIOD; 12-31-92

SECOND REQUEST FOR YOUR TAX RETURN

Our records show that we haven't received from you either the following tax return or an explanation for not filing.

Form number: 1040 Tax period ENDING: 12-31-92
Title: US INDIVIDUAL INCOME TAX RETURN

If you haven't sent us your tax return or explanation, please do so today. Attach your payment for any tax due. We will bill you for any interest and penalties. If you can't pay the entire amount, send as large a payment as you can, and tell us when you can pay the rest. We may be able to arrange for you to pay in installments.

If you filed this tax return more than 6 weeks ago, please send us a copy of it. Be sure to sign, or re-sign, the copy and date it. Or you can complete the information that applies to you on the enclosed Form 9358, Information About Your Tax Return. If you filed this tax return within the last 6 weeks, please disregard this notice.

If you need assistance, call 221-3960 LOCAL PORTLAND
1-800-829-1040 OTHER OR

PLEASE BE ADVISED that I am a non-resident alien (American) of the United States, never having lived, worked, nor having income from any source with the District of Columbia, Puerto Rico, Virgin Islands, Guam, America Samoa or any other Territory within the United States, which entity has its origin and jurisdiction from Article I, Section 8, Clause 17 of the U. S. Constitution. Therefore, I am a non-taxpayer outside of the venue and jurisdiction of 26 U. S. C.

John Hale



Department of the Treasury
Internal Revenue Service

Ogden, UT 84201

In reply refer to: 9999999999
Jan 18, 1995 LTR 2358C
523----- 9212 30 000
Input Op: 9999999999 00219

Dear Taxpayer:

Thank you for responding to our inquiry about the above tax return. Based on your information, we agree that you aren't legally required to file a tax return for the above tax period(s). We are taking no further action at this time, but we may need to contact you again if other tax issues arise. You don't need to reply to this letter.

If you have any questions about this letter, you may write us at the address shown above, or you may call the IRS telephone number listed in your local directory.

Sincerely yours,

Timothy A. Towns,
Chief, Compliance Division

Howard Freeman

“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 been 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