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**littlehammer's**  
**Weekly Tax Exempt Newsletter**  
**with**  
**Questions and Answers**  
**and**  
**Conference Call Reminder**

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Tuesday, April 16, 2002

- [1] Welcome & Editorial: Not Many Questions
- [2] Questions and Answers: The Questions Don't Change (much).
- [3] News Briefs & Comments: "The Master" in Trouble.
- [4] Conference Call Reminders: **“Question & Answer “Call - for New Folks**  
**Wednesday NIGHTS - 9 pm EASTERN**  
**1-620-584-8202, Pin 2974#**  
**“\*6” (Star 6) MUTES and UN-MUTES your line**  
**ALSO**  
**Corporation Sole (specific) Conference Call**  
**Friday MORNINGS - 10:00 AM EASTERN**  
**Same Number and Pin as Above**  
**PLUS**  
**A CLIENT'S ONLY CALL**  
**Call Your Representative for Number and Time**
- [5] Contact Information, Legal Notice & Notice of Copyright explanation.

In this section (below), I explain why I use the bracketed phrases [THE COMPANY] and [THE FOUNDER] to refer to the founder and his company, who achieve the 100% effective results of having the IRS change their internal records to reflect the fact that each client is exempt from income taxes on any income, regardless of amount or source, unless the source of the income is the federal government itself or a trade or business under the sovereign jurisdiction of the government. [THE COMPANY] accomplishes this fully (and only) in accord with the Internal Revenue Code, and thus, none of their clients ever experience adverse IRS confrontation or court proceedings.

-----NOTICE-----

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[1] Welcome & Editorial
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Hi Folks,

I've noticed a diminishing of questions coming to me in my email over the last several weeks. Without your questions, I don't have a lot "new" to talk about.

I've been putting out an edition of the newsletter for about 18 months at this point, and I know I've repeated myself time and time again. Even when I'm answering questions, I oft repeat myself over the course of time.

In line with that, what I did this week, to keep the length of the newsletter in line with "normal", was to pull a long dialogue from an inquirer from 13 months ago. As you'll see, not much has changed. [THE COMPANY] still does the work we talk about; they're still successful, not having failed for any client, although some clients go through some turmoil, particularly the ones who had tax troubles before they came to us.

One thing that may soon be good news for clients who have employers who don't honor their employee's "exempt W-4" is that [THE FOUNDER] is preparing a document for these employers based on one of the IRS' own publications. The test results have demonstrated an increasing number of employers, who have feared honoring the employee's W-4 up to this point, decide to honor it. We should be hearing and seeing more about this in just a few weeks.

I'm writing this on "tax day" - and I'm again reminded of how nice it is to not have to be fighting against the clock to meet a filing deadline, although I can't say [THE COMPANY] is enjoying such a break, because they are having to meet the filing deadline for all clients, either with the actual annual filing or the filing of an automatic extension, in keeping with the law. I have to say I sure glad someone else is doing it all for me. It's worth the price of admission.

Your friend,
Paul Leinthall
661-822-7889, 9am-8pm, Mon-Fri., PACIFIC time
email: littlehammer@primemail.com

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[2] Questions and Answers
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This first entry is not a question; in the light of what April 15 is; however, I thought you'd appreciate the light touch of humor.

Subject: THIS IS THE WAY TO PAY THE IRS
Date: Mon, 15 Apr 2002 12:46:34 -0400

There was a man who computed his taxes for 1999 and discovered that he owed \$3,407. He packaged up his payment and included this letter:

Dear IRS:

Enclosed is my 1999 Tax Return & payment. Please take note of the attached article from the USA Today newspaper. In the article, you will see that the Pentagon is paying \$171.50 for hammers and NASA has paid \$600.00 for a toilet seat. Please find enclosed four toilet seats (value \$2400) and six hammers (value \$1029). This brings my total payment to \$3429.00. Please note the overpayment of \$22.00 and apply it to the "Presidential Election Fund," as noted on my return. Might I suggest you the send the above mentioned fund a "1.5 inch screw." (See attached article...HUD paid \$22.00 for a 1.5 inch Phillips Head Screw.)

It has been a pleasure to pay my tax bill this year, and I look forward to paying it again next year.



Paul,

My family and I have more questions that I hope you can answer.

1. Do you have any clients that are in that legal or accounting field that would be willing to speak with my father? He would like to get their perspective of your program and see how operating a business as "tax exempt" compares to how he is used to running a business.

One does not operate a business as tax exempt. In other words, the business entity can not be tax exempt. Only an individual can be tax exempt, and any person born in any of the 50 States was actually born income tax exempt in his relationship to the federal government and the IRS. From the point of view regarding IRS law (the Internal Revenue Code), a Citizen of one of the 50 States, is defined as a "nonresident alien" and a nonresident alien is naturally tax exempt, unless he has income DIRECTLY from the federal government (called the "U.S." or "the United States" in the IR Code); sometimes the Code refers to this as "income connected with a trade or business in the United States". A lot of folks (including myself at a critical point in my life) were fooled by this terminology, thinking that the words "United States" in that phrase meant anywhere in the 50 States of the Union, but it strictly means the United States referred to, for tax purposes, in the Internal Revenue Code, and strictly means the federal government or any district, territory, enclave or reservation under the sovereign jurisdiction of the federal government. (The booklet we send out, entitled, "Do You Know Your True IRS Tax Status? Are You Sure?" makes clear the distinctions in the various meanings of the words "United States" as they are used in the law).

As a tax exempt individual, your father can now run his BUSINESS as always, with a different idea regarding it's income. Whereas, formerly, he may have tried to show more money going to his business, because some businesses (like corporations) have a lower tax rate, he can now channel more of the money from his business to himself to be seen as his personal income. As a person who had gone through the revocation of election process, he would be exempt from income taxes on any of his income (with the exceptions mentioned in the paragraph above), and thus his business would have much less "profit" upon which to pay business or corporate income tax. If worked to a sufficient degree, he would have made his business "tax exempt" by virtue of not having any profit on which to pay taxes. But the business itself would never be classified by the IRS as tax exempt, like they classify an individual who has gone through the revocation process, because the business can't be "resident" or "nonresident". It can only be

“foreign” or “domestic”, and of course, in the Internal Revenue Code, “domestic” applies ONLY to federal districts and territories, etc. A business in one of the 50 States is considered “foreign” to what is “domestic”, just as the individual is considered to non-resident and alien compared to a person who is (or is seen AS) a resident alien.

**2. For the Corporate Sole, does your company have a service that sets this up, or do you have attorneys apart from your organization that will do this?**

Yes. A person applies to [THE COMPANY] and pays the fee. (We have the application as well as 67 pages of information in "PDF" format which we distribute freely via email or fax). Then the Corporation Sole client has a "long" phone conversation or two with [THE FOUNDER] so he knows exactly the best way to formulate the required paperwork, depending on which one of the 17 states is desired for registration of the Corporation Sole. After the Corporation Sole is established, even if the state in which the client lives does not officially register Corporation Sole, the client can do business and open bank accounts, buy/sell/transfer property, etc. Even though the Corporation Sole has NO tax filing/reporting/paying requirements of any kind, the IRS will issue the Corporation Sole a "non-tracking" identification number for ease in opening bank accounts and for other purposes where a identification number is required.

**3. How long does the revocation of election process take with the IRS. Or how long before we appear on their records as Tax Exempt?**

The revocation process itself takes only the time required to submit your application and have it received by [THE COMPANY], and after the ten business day right of cancellation, to get the paperwork requiring your notarized signature in several places back to you, and then, after notarization, back to [THE COMPANY]. That process generally takes from three to six weeks (occasionally longer or shorter, depending on variables).

Since [THE COMPANY] is totally in accord with the law, WE consider the revocation effective the moment the first return receipt card is SIGNED by them. The U.S. Post Office returns the "certified mail receipt" in two to three weeks; but that receipt only disallows them claiming they never got the revocation paperwork. Of course, it does verify to [THE COMPANY] and to the client that it was, indeed, received.

[People can speed things up in this process by choosing to waive their 10 business day right to cancel when they apply. I want to be careful when I say that, because [THE COMPANY] in no way wants to be party to haste and hype and pressure for people to become clients. This is something we feel quite strongly is not a “light” decision for most people; and we want folks to be clear about their decision. Part of my evolving reason for my newsletter (and for the weekly conference calls) is to provide clear and sustained information for folks to be able to ponder and consider. What [THE COMPANY] does absolutely works and never fails in any instance; but, at the same time, it’s not a instantaneous, magic bullet that solves everyone’s problems with the IRS in a day, or two.]

The reason the revocation is effective is because [THE COMPANY] does not change a person into something he is not, or into something he has not already been all of his life. If a person is born and residing in one of the 50 States (and not on a U.S. military reservation or other federal enclave, territory or district), he already is and has been, by definition in the Internal Revenue Code, a "nonresident alien" - that means NOT RESIDENT in the DISTRICT of Columbia (or any other federal district or territory) and

FOREIGN to ITS jurisdiction. He is, rather, and probably always has been, a RESIDENT of the State in which he lives (or one of the other 50 States), and is considered a Private State Citizen. [THE COMPANY] can not alter the fact and nature of who a person is any more than the IRS can. We don't correct what a person IS or where he resides; we correct his voluntary election to have begun filing forms that never applied to him in the first place, which provided the "evidence" and "proof" that the IRS should see him as someone he is not and never was.

The problem is, the Private Citizen himself, may have VOLUNTEERED (and probably did) to be seen and treated by the IRS as a "U.S. Individual" for tax purposes, when he signed his FIRST "1040 U.S. Individual Tax Return." (Notice that STATEMENT on the top of any 1040 tax return). He voluntarily signed, under penalty of perjury, that he had examined "all statements", and to the best of his belief and knowledge, ALL those statements were true and correct. So, the Private State Citizen, who had no lawful requirement to sign such a statement, voluntarily did so, and thus gave the IRS the authorization to treat him as a taxpayer, rather than as a non-taxpayer. He did NOT change his natural status or move his residence; he just volunteered to be treated differently, as if he had changed his residence or in some other way had come within the jurisdiction of the IRS and the income tax laws. He agreed that the adhesion contract, into which he entered via his signature on the 1040 tax return, had conditions which were distinctly different from those of his natural status. All those conditions are explained in the Internal Revenue Code, and are all the laws, rules and regulations which most people (and the IRS) understand do, indeed, apply to taxpayers.

So, [THE COMPANY] merely revokes that voluntary election to be seen and treated differently. Since the person is ALREADY nonresident and alien to federal jurisdiction (because he was either born in the USA or is a naturalized citizen, and not residing in - not a resident of - a federal jurisdiction), and is therefore by natural status a tax exempt person, the revocation paperwork, attached to any filing to the IRS office, establishes the revocation of his voluntary election to have been seen and treated otherwise. It does not change the person, only the way the IRS views the person. The paperwork reestablishes him in his correct relationship to the IRS.

Now - how long it takes the IRS to make the internal changes in their records to reflect that correction is a totally different matter; the actual length of time can vary from client to client - not necessarily having anything to do directly with the client - but having more to do with the machinations of a large organization that is geared to seeing everyone as a "taxpayer," no matter what.

What comes up for most folks at that point, of course, is that most folks would like to have something directly from the IRS that tells them this has been handled, and that the person is to be congratulated for finally having found the magic key which unlocked his prison cell which had kept him in bondage to the tax laws all his life. But their not going to get some magic letter telling them this, because the truth is, such a document already exists, and it is available to anyone who wants to take the time to ferret out the truth in that document. It's called "The Internal Revenue Code." It's ALWAYS been right there, IN the Code. It's the Law now; and it always has been the Law. The fact that "most" people don't know this does not in any way make it any less the law.

So, even though most folks hope they will SEE some evidence of this change, other than the eventual changing of their records under the guidelines of the Freedom of Information Act, something like a letter acknowledging the specific change, I tell

people, "Don't hold your breath. You may never see something like that; although it would be nice to see, wouldn't it?"

When you think about it, you'll notice that the IRS never communicates anything to anybody except in the event they think a person is doing something wrong. They never acknowledge receipt of your tax monies that you owed them, UNLESS you don't pay them enough. Of course, if you have money coming back from monies your employer TOOK from you, and you filed your "return" to get a return of some of that money, you get a check back. But they never include a letter saying "Hey! Thanks for doing all the bookkeeping and for the greater amount which we kept!"

We know the IRS eventually changes their internal records AND the records they make available to the public. A person can get a copy of the records the IRS has on him by making a request through the Freedom of Information Act. (It's called a FOIA Request). What comes back is a "coded" form, which a person must then take to someone who knows how to "decode" it, and, sure enough, it will reveal any client of [THE COMPANY] as being a person who is exempt from taxes on his personal income. BUT we have no way of knowing how long that process actually takes. The IRS has no law or regulation giving them parameters or time periods. It only says they must maintain accurate records.

When you're dealing with the IRS, the old saying truly applies: "No news is good news." In other words, no communication from them is good. Most clients NEVER hear a word. The ones who do, have usually already been in some kind of communication (problem) with the IRS, and it sometimes takes a while before their communication ceases. Perhaps the best way to tell, in those cases, is that the IRS communication eventually ceases completely.

Sometimes, another "sign" for clients who have been used to receiving a 1040 Instruction booklet each year, is that they notice they no longer receive it; although for some, they get a packet which contains a 1040NR (nonresident) form, rather than the standard 1040. Again, "no news is GOOD news."

#### [4. How long does it take to set up a Corporate Sole? And do you have any assistance available to move property into it?](#)

About 30 days, give or take a week or two, depending on how much phone-tag has to be played between you and [THE COMPANY] in the process. During the personal conversation each client has with [THE FOUNDER], the assistance you're inquiring about will be provided.

#### [5. In receiving our W-4 package, how is it verified by the IRS to our employer that we are truly Tax Exempt. I'm not referring to disputing the law with my employer, but is there something that comes from the IRS to confirm our status?](#)

Unfortunately, the same answer I gave to question #3 applies here. This question brings up another problem in today's society, however, which is that employers also DON'T KNOW the Law. The employer is legally bound to honor WHATEVER the employee puts on his W-4, and this particularly applies to a person who has LEGALLY revoked his election to have volunteered to be a tax payer. Most employers honor the W-4; some do not.

Again, for the client whose employer hears NOTHING from the IRS, it's good. And, whether the employer hears from the IRS, has to do primarily with one thing: whether the employer has notified the IRS of the employee's having submitted an "exempt" W-4 forms. (Some employers do, and some don't).

Obviously, the IRS would like EVERY employer to tell them when somebody files an "exempt" W-4? Why? Because then the IRS (without lawful authorization) informs the employer that the employer will not accept the W-4 as exempt, but will instead, treat the employee as single, with maximum withholding. When an employer does not understand that the law requires him to honor the W-4 from the employee rather than to honor the "instructions" from the IRS, or when the employer is intimidated by the IRS, or fearful that if he doesn't do as they say, HE will be investigated, and when the employer then "obeys" the IRS' instructions, [THE COMPANY] must begin communicating with the IRS. (This hardly ever happens, particularly to clients who WAIT until the revocation process is complete before submitting their new W-4. Up till a couple months ago, it had only happened to clients who had come to us AFTER they had already filed an "exempt" W-4 on the unwise advise of others, and who had done it before they had lawfully revoked their election and before they were legally tax exempt; however, two or three months ago, this did occur to one client (out of almost 1000, at this point- one of my clients, no less). [THE FOUNDER] is, however, dealing directly with the IRS on this matter, challenging them on their "ability" to do what is not in accord with the law, which, when resolved, may benefit many people, including people who have not even heard of [THE COMPANY].

This is why [THE COMPANY] provides each client who requests it, a "W-4 Packet", which contains an affidavit and an explanation to the employer that the purpose of the information packet is so the employer can take the necessary steps to protect himself from the various penalties imposed by the labor laws should he choose to improperly withhold money from the paycheck of a tax exempt individual (the obvious steps being to NOT withhold the employees money to give to the IRS). The IRS will NEVER defend an employer in court against ANY charge regarding this matter. In other words, they will not defend any employer who has failed, upon their instructions, to honor the exempt W-4. Most employers would be surprised to know that, don't you think?

As I said, however, many employers are, themselves, ignorant of the law. And, just because an employee turns in a new (exempt) W-4, which includes an explanation of the facts, doesn't absolutely guarantee that an ignorant employer will do what he should do, which logically would start with his taking the necessary steps to know the law and then to choose to obey it.

So, again, in answer to your question, I have to say, "No". Nothing comes from the IRS to the employer to verify you are not one subject to withholding, other than that which is already written in the law. (As I wrote that last statement I recalled reading in the Bible about Jesus saying to the scribes and Pharisees, when they asked him for proof of what he was saying. He said, "An evil and adulterous generation seeketh after a sign; and there shall no sign be given to it, but the sign of the prophet Jonas." [Matt. 12:38-39; 16:1-4; Mark 8:11-12; Luke 11:16-29; John 2:18-19; 6:30]. There was a whole "scroll" the scribes and Pharisees could refer to about the life of Jonah. Since, in their case, they were already familiar with the law, they had nothing to say back to Jesus).

Unfortunately, in our situation, most folks are not conversant with the law as it truly is, and a rare few employers won't take the time to acquaint themselves with it to any great degree. And that's why a degree of preliminary investigation is necessary for most

of [THE COMPANY's] clients. Most folks get all the information [THE COMPANY] freely makes available, they get on one or more of the conference calls, and they receive my newsletter - some of them for months - before they feel comfortable enough and trusting enough to become clients. That's why I keep repeating the fact that this process has never failed, not even once. And that's why I keep repeating the question and answer: Why has it never failed? Because it IS the law and HAS BEEN the law ever since the inception of the Internal Revenue Code. And WHY has it been the law from the beginning of the Internal Revenue Code? Because it is INHERENT in the Constitution, a Private State Citizen's right to "Life, Liberty, and the Pursuit of Happiness", about which early versions of the Constitution specifically referred to as including "Property". (And property includes everything you earn and work for as well as anything you own).

The Fifth Amendment to the Constitution states that "No person shall...be deprived of life, liberty, OR PROPERTY, without due process of law." The Fourteenth Amendment adds, "...nor shall any State deprive any person of life, liberty, or PROPERTY, without due process of law." While the Sixteenth Amendment (which some folks believe wasn't properly or truly ratified in the first place) gives Congress "...power to lay and collect taxes on incomes, from what ever source derived, without apportionment among the several States", it does not mean that Congress could, or would, have given themselves the right to deprive anyone of their property without due process of law. In fact, they have NOT; and part of that due process is understanding WHO Congress had in mind when they wrote the tax laws.

"WHO" Congress had in mind, spelled out in the Internal Revenue Code (not in the clearest terms, mind you; at least not clear until some terms and their meanings are clearly understood) - who they had in mind did NOT include nonresident aliens, which is what most people living in the States truly ARE (although, as I've plainly stated, they may have volunteered or elected to be seen and treated otherwise, under their right to contract under Section 10 or Article I of the Constitution, which includes the assurance that no law would be passed that would either impair their right to enter such contracts or impair their obligation to fulfill the conditions of those contracts once they freely entered into them).

Plain and simply put: The IRS has it's authority in the lives of Private State's Citizens ONLY via the power of contract. That contract was entered into and was signed and sealed by most people when they filed their FIRST "1040 Form - U.S. Individual Tax Return." That statement "title" on the top of that form and their free-will signature at the bottom, which indicated their agreement with it, under penalty of perjury, sealed the contract, and established its terms and conditions (expressed in the IR Code) in the life (and income) of anyone who so signed.

The terms of that contract remain in effect, until the voluntary election to have entered into that contract is properly revoked by law, in the manner prescribed by law. In the meantime, no amount of "protesting" (tax, or otherwise) will change it, a fact which is well witnessed by the many who have gone to prison or who have got themselves into some other form of deep "doo-doo" with the IRS. Only obedience to the contract itself, following the proper terms for revocation, allows one out of most of the terms of the contract, and THAT is what [THE COMPANY] achieves for all of its clients.

Thanks for your time,  
xxxxxx xxxx

I hope it helped.

Sincerely,  
Paul Leinthall

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Subject: Re: QUESTIONS RE CORP SOLE

Hi XXXXX,

I'll do my usual.

Couldn't seem to get my questions in this morning [on the corporation sole conference call]...not fast enough on the uptake :)...and I had to get off a few minutes early. No urgency, but do have some questions:

Had an e-mail from someone last week stating that Corp Sole was not safe; that some people had been "taken down" who had used it. It was said that these Corp Soles (that went down) were attacked by IRS as contrived ways of evading taxes...and they didn't hold up.

Is the person simply misinformed, or does it make a difference who sets it up?

It could be both or either. NO properly set-up corporation sole, in [THE FOUNDER's] recent knowledge ("recent" meaning he doesn't check every day to see again whether, or not, it's still true) - NO properly set-up corporation sole has ever been penetrated by any government agency, let alone the IRS, who has no jurisdiction over it in the first place, even if a person is using it TOTALLY as an alter-ego.

My guess: the person saying that you can get in trouble, either doesn't understand corporation sole, or is confusing it with a typical "non-profit" corporation, or is confusing it with some form of a "501" type organization (e.g. "501C3"), or is operating from second hand knowledge thinking he knows what he's talking about.

When anyone tells you that corporation sole can get into trouble, ask for the legal cite of the court case that supposedly proves what the person is saying.

I am NOT saying that a corporation sole is "suit-proof"; I'm saying that a corporation sole, created and used properly, does not get folks into trouble; in fact, it does quite the opposite; and that has ample legal cites to illustrate the fact, which are included in the information I sent you.

Are there perhaps people setting up Corp Soles that are not doing them properly, just as in the Trust arena?

No doubt about it. [THE FOUNDER] told me recently that if a person has been marketing corporation sole for less than three years, they don't even know the right questions to ask.

I've had calls from half-a-dozen folks in the last several weeks, who purchased corporation sole elsewhere, but who neither fully understand what they actually have nor how to use it to its best advantage. In several of those cases, they were never even

provided an EIN Number, so they find it almost impossible to open bank accounts in the name of the corporation sole.

Some folks sell a corporation sole and then register it as a "501(C)(3)"! Talk about not understanding! That's equivalent to us, as individuals, who had no lawful requirement to file an IRS Form 1040, voluntarily electing to join ourselves to the adhesion contract which obligated us to the paying of income taxes when we weren't liable for paying them in the first place.

Is there ANY checking into a CS that can be done by the government - given that it is registered with the Secretary of State?

Anyone, with the name of the corporation sole and knowing the state in which it's registered, can validate with that state that it's a corporation sole and who the "titular head" is. It doesn't do anyone any good to "check" if they don't have any jurisdiction to do anything about it; and the reason it's so powerful is because it has so few restrictions (virtually NONE, in fact).

Is it more complicated, or expensive, to set up when our state does not allow them, and they have to be done in another state - and "imported" as a foreign entity?

No. The only time a "foreign" corporation (Corporation sole registered in one State while doing business in another) needs to register as a foreign corporation is when you have an actual business PRESENCE in any state in which the corporation sole was not created.

[THE FOUNDER] has said in the past that Illinois does not allow them. I realize one can use the educational or eeleomosynary purposes for setting up a CS, but given that in what you've sent that I've read, it seems the thrust of the material centers around the religious aspect. Although I understand it is not necessary, is it an advantage in any way to be a licensed minister - to have any kind of ministerial degree?

Thanks, Paul.  
Have a great weekend....

XXXXX

There might be some advantage, but I don't know what they might be. The actual legal strength of the corporation sole comes under the "religious" umbrella - because "Congress shall make no rule respecting the establishment" thereof; so, even if a person's thrust is not "religious", the law still protects, because there is no rule about what a religion (any religion) actually IS.

Sincerely,

Paul Leinthall

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[3] News Briefs & Comments  
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I've copied the "The Sovereign Society" editor's comments several times in this newsletter over the last 18 months. Until this one, the comments have been something with which I agree. I am a member of The Sovereign Society and a long-time reader of their "Offshore A-Letter" and other of their publications; so I was not entirely surprised by what you're about to read. Like many folks who BELIEVE the government has overstepped its bounds when it comes to the matter of income taxes, it appears the editor and staff attorney for The Sovereign Society, Robert Bauman, nevertheless remains ignorant of the truth of the law regarding income taxes.

I'll make comments as we go along.

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THE SOVEREIGN SOCIETY OFFSHORE A-LETTER  
Your Link to Freedom, Prosperity & Privacy in the Offshore World  
Friday, April 12, 2002 - Vol. 4 No. 28  
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COMMENT: Tax Reform Before Tax Revolt

Dear Friend:

Our last two A-Letter commentaries concerning the illegal IRS grab of offshore credit card records elicited a lot of reader response. Many demanded to know why we didn't mirror their beliefs that US income tax laws are null and void, even unconstitutional.

You haven't heard (and wont hear) that from us. That's because The Sovereign Society has from its founding advocated full compliance with US tax laws, including all reporting requirements.

Of course, [THE COMPANY] does, too. In other words, we advocate full compliance with US Tax laws. The question is: What exactly are those laws and to whom do they apply?

Please don't send me e-mails about intricate theories based on obscure sections of the Internal Revenue Code that supposedly prove there is no US income tax. You're entitled to your views, but those who follow such beliefs by not paying taxes go to jail. The US Supreme Court and other courts have consistently rejected all these ideas and a lot of people are in prison because of them.

I certainly agree that it doesn't make a whole lot of sense to try to prove there is no US income tax. I mean, the Internal Revenue Code and the income tax laws didn't show up just because Congress likes to hear themselves talk (although, that øseems to be the case sometimes); the tax laws were written with specific classes of people in mind and the most certainly pertain to those folks; it's just that the laws, as currently misunderstood, do NOT apply to everyone, as so many folks seem to think (including Mr. Bauman).

Of course we're entitled to our views. And, it's also true that some people, who believe there is NO income tax, and who have defied the government and denied their

responsibility for handling the matter properly, have gone to jail. But to say that "The US Supreme Court and other courts have consistently rejected ALL these ideas..", makes it sound like there is no choice; and that's simply not the case.

Some people simply oppose income taxes or oppose taxation entirely. The late author Robert Heinlein said that "There is no worse tyranny than to force a man to pay for what he does not want merely because you think it would be good for him." We happen to agree with that view. But tax reform comes before tax revolt.

"Tax reform comes before tax revolt." Isn't it nice that "not having to pay income taxes (for clients of [THE COMPANY]) actually comes BEFORE tax reform". That's the part that so many miss.

Do we really need tax reform if the current laws, exactly the way they are, allow for any American Citizen to already NOT have to pay State or Federal Income taxes, as long as he is not residing under federal jurisdiction or having "federally connected?"

As Monday, April 15th, looms here are stark examples of US tax tyranny that beg for reform:

As an example of the rhetorical question I asked in my last paragraph, none of [THE COMPANY's] clients fit into the following statistics:

- In 1999 individuals, businesses spent 4.3 billion hours complying with the income tax; estimated compliance costs of \$125 billion.

Nope - we don't have to spend any time. In fact, [THE COMPANY] does all the work of "filing" for us.

- In 1999 6.3 million taxpayers with incomes in the top 5% paid over 55% of all income taxes.

No again. We don't pay any percentage.

- The top 1%, those earning \$293,415 and up, paid 1/3 of all taxes while their share of the national income was 19%.

[THE COMPANY] has a fair number of clients in this category, too, except they don't pay any income taxes, either.

- The richest pay an average top rate of 38.6%. Most low earning taxpayers pay an average top rate of 15% and many, no taxes at all

We have some clients in this "richest" category, but their top rate is also "ZERO".

- Taxpayers in the bottom 50% paid only 4% of income taxes in 1999. These 63 million taxpayers average income less than \$26,415 a year.
- By 2006, taxpayers earning over \$100,000 a year will pay almost 59% of all income taxes.

If the income tax laws stay pretty much the same (as they have over the last 90 years), we won't be paying any more taxes then, than we are now.

- In 2000 individual income taxes consumed 10.2% of the US GDP.

Small wonder that 1 in 4 Americans says it's OK to "cheat" on taxes. 11% say it is OK to cheat "a little here and there." 5% even say people should cheat "as much as possible."

One of the best advantages of being a client of [THE COMPANY] is that we no longer have to be embroiled in this controversy. And we don't have to be looking over our shoulder, either.

The truth is -- and we often have said so -- there are only very limited tax savings by "going offshore." But offshore does provide asset protection against unjust claims and litigation, plus a far greater degree of financial privacy. Of course, there is the "ultimate estate plan" suggested by Sovereign Society Council of Experts member, Dr. Marshall Langer -- expatriation.

A nice benefit of not having to pay any income taxes is that we don't have to go offshore in order to achieve that result. Of course, for privacy and asset/liability protection, those issues can be facilitated by going offshore. BUT - an equally viable way for asset and liability protection - without having to go offshore to accomplish it (and if you work it right, you can have your privacy, too) - is through corporation sole. It sure is an easier and less complicated way of handling things.

Yes, US taxes are too high. Yes, the blundering IRS has unjustly bullied and hurt many Americans. But until changed, the law must be observed. Those who wont abide by the law should seek another nation as their home. Many individual and corporate Americans are doing just that.

That's the way that it looks from here.  
Faithfully Yours, Bob Bauman, Editor

I guess you might say we're able to have our cake and eat it, too. We obey the law AND we don't pay income taxes. That's a great cake, and the icing is fantastic.

What do you think?

.....

Here's an interesting article from The Sierra Times. I'm going to use it here to illustrate some of the distinctions between what many folks are doing and what [THE COMPANY] does.

An Internet Publication for Real Americans  
Friday March 22, 2002 - 08:29:40 AM, PST

IRS Representative Arrested and Charged With Tax Crimes  
**Sierra Times Report**  
Published 03. 21. 2002 at 21:25 PST

Sierra Times has learned that Wayne C. Bentson of Payson, Arizona, has been arrested by federal authorities; it appears he was arraigned in Tucson, Arizona, on March 14th, 2001.

Bentson has been charged with two counts of failure-to-file federal tax returns, and one count of conspiracy to impede the administration of internal revenue laws. As of March 21st, Bentson is still being held in at the Central Arizona Detention Center in Florence, Arizona, where he has been held without bond since at least the date of his arraignment.

"Willful Failure to File a Tax Return". So many folks believe they can sign a contract, and then, when they find they don't like the terms, just decide to not keep the agreements they signed, which are part of the contract.

Folks ask me all the time: "Why do we have to file every year if we're out of the system?" The answer is, [THE COMPANY] doesn't want to give any ground or any appearance of defiance once we revoke our voluntary election to have "joined" the system ("adhered" ourselves to the IRS contract). We know what the law says; we know we can be free from the paying of most (if not all) State and federal income taxes; but until there is a clear and evident change in a client's Independent Master File, which specifically states that the client does not have to file tax returns, [THE COMPANY] will continue filing each year for that client.

Bentson has been a fixture in the "tax movement" for many years, and quite a bit of controversy surrounds him. He has operated under his own name, as well as that of "Western Information Network" and "The Bentson Group."

Bentson has for years done numerous seminars and classes around the country, claiming variously that failure-to-file charges by IRS and DOJ are "almost impossible" when one follows his procedures,...

Well - I'd say it would be almost impossible if he were filing every year; but obviously, it's not true when you defiantly refuse to file, and teach others to do the same.

...that he has the "Gold key" to "secret law used by IRS to victimize and rob," and that, if people follow his program, and not that of other "gurus," they will prevail against IRS. Despite this fact, Sierra Times has learned that Bentson and his wife have lost six of their own personal tax cases, some dating back as far as 1977,\* that their son, Stephen Bentson, was convicted of failure-to-file in 1991, and that many of Bentson's clients and associates have suffered similar losses, both civil and criminal.\*\*

Interestingly, Bentson was issued an IRS Representative Number (8005-09154R) that he has been using on Powers of Attorney and Freedom of Information Act (FOIA) requests submitted on behalf of his clients for almost ten years. Despite complaints to IRS from several former clients, the IRS has to date refused to revoke Bentson's IRS Rep. Number, nor to sanction him in any way, leading some of his clients to speculate that Bentson was being used for many years by IRS to entrap people and set them up for additions to tax, civil penalties and prosecution.

This allegation is bolstered somewhat by Bentson's long-time relationship with banker-turned-federal-witness John Mathewson of Guardian Bank in the Cayman Islands.

We are often judged by the company we keep. This is why [THE COMPANY] has no web site - because when you have a web site, you can not control who links (refers) people from their site to yours. We're not interested in being painted with a brush which is not in harmony with our true color.

Several former clients of Bentson's have informed Sierra Times that Bentson referred them and others to Guardian Bank to open off-shore accounts, and that Bentson and his wife, Elizabeth ("Susie") Bentson, often accompanied these referral clients to the Cayman Islands, socialized with banker Mathewson and received substantial referral fees from him.

On January 18, 1995, Guardian Bank was suddenly closed down by the Cayman Islands government. In 1996, Banker Mathewson was charged by the U.S. Department of Justice with money laundering, cable TV piracy and tax evasion charges. According to the Miami Herald, after pleading guilty to money laundering, wire fraud and tax evasion, Mathewson was sentenced to 60 days house arrest, five years probation and was slapped with a \$30,000 fine. Prosecutors advocated leniency.

Mathewson was obviously given an on-going strong incentive to help the federal government: A 1993 civil tax judgment in Miami against him has now grown to \$26 million.

However, John Mathewson received a mere \$30,000 fine and 500 hours of community service in return for his turning over to federal authorities the records of Guardian Bank's some 1500 clients, and agreeing to testify as a star witness for the Department of Justice in cases against former clients of Guardian Bank, some of whom have received jail time for owing far less than does Mathewson to IRS.

It is ironic but true that many people who are found guilty of misdemeanor failure-to-file tax return convictions that include amounts owing in the tens of thousands of dollars instead of the tens of millions receive substantially harsher sentences than did banker-turned-snitch Bentson-cohort John Mathewson.

Sierra Times has also learned that three of Bentson's former clients are presently suing him for fraud - Fred D. Mills of Wyoming, and Dr. and Mrs. Dwight C. Lundell of Arizona. Dr. Lundell was recently indicted on federal tax charges for three years during which he followed IRS Rep. Bentson's advice, and Mills, a long-time client of Bentson's, pled guilty to failure-to-file misdemeanor charges in 1996 after faithfully following IRS Rep. Bentson's advice for several years.

Another distinction I want to bring out here: [THE COMPANY] does not sell you advice and "know-how" - and then leave you to hang with it. Instead, we give all our advice freely, and when you choose to become a client, [THE COMPANY] does all the work.

Numerous Bentson clients were referred by Wayne Bentson to Guardian Bank and John Mathewson. In fact, Mills and his wife had accompanied Bentson down to the Caymans Islands on numerous occasions; during one such trip, Mills claims that Bentson tried to persuade Mills and his wife each to carry more than \$10,000 cash with them into Miami - a violation of federal law - ostensibly for a client of Bentson's in Florida named Fred Florence. Mills and his wife refused.

Some former Mathewson/Bentson clients speculate that Bentson and Mathewson conspired to set them up for prosecution, and that Bentson's conspiracy charge will name Mathewson as co-conspirator. However, since Mathewson apparently has immunity from the government, it is doubtful that he will be prosecuted.

Both Mills and Lundell, as well as other former clients, claim that Bentson repeatedly boasted to them that he'd "never lost a case" when he persuading them to sign them up as clients, and that Bentson failed to inform them about his own losing cases as well as the losing cases of some of his clients.

Mr. Bentson is not the only "tax guru" who makes the claim of never losing, while there is clear evidence in public record that the statement is not true.

In addition, as "annual clients" of Bentson, who paid him annually to handle all of their tax problems, both Mills and Lundell claim that, as part of their annual client contract, they were promised that Bentson would provide them with an attorney at his expense should they ever encounter criminal problems; both former clients claim that Bentson refused to honor the contract, and Lundell claims that, when he attempted to get Bentson to pay attorneys' fees he had incurred as a result of Bentson's advice, Bentson wrote him a letter stating, in essence, "You were never my client."

In distinction, [THE COMPANY] does NOT promise to handle attorney's fees. Why not? Because the taxing agencies simply don't pursue [THE COMPANY's] clients into court. [THE COMPANY] handles everything administratively, while fulfilling all the actual requirements of the law, pertaining to filings, negotiations, refund claims, etc.

It was then that Lundell sued Bentson for fraud.

Both clients, as well as other Bentson clients, claim to have paid Bentson primarily in cash, as per his direction. Mills claims to have paid Bentson over \$55,000, and Lundell claims to have paid him over \$150,000. Various other clients claim to have paid Bentson anywhere between \$2500 and \$100,000 for his services.

Occasionally (but not very often in my experience) folks balk at the fees [THE COMPANY] charges for their services. Maybe this is as good an opportunity as ever to do a little comparison.

There is nothing in this article to give us an idea of the annual income of the folks mentioned here, so I'll just have to set up some conditions in the example I'm about to give. Let's presume that a person is a client of [THE COMPANY], and remains a client for at least ten years. How much, in comparison to these gentleman paying Mr. Bentson, would [THE COMPANY's] client have to pay over that ten year period?

Before we start, we need a couple more assumptions: First (because [THE COMPANY's] second year's fees are based on a calculation which utilizes the client's PRIOR three years AVERAGE annual income, we'll say the client's PRIOR three years income averaged out to be \$70,000 each year. Secondly, we'll assume the client is married, so his first year's fee is the couple rate.

How much total money would that particular client pay [THE COMPANY] over the full ten year period? \$11,075.00. (First year: \$3100; Second year:\$4375, Third through the tenth year: \$3600 (\$450 a year for each of 8 years).

That's a far cry from \$55,000, or \$150,000.

Mr. Mills states that he and other injured Bentson clients still cannot understand why the government waited so long to stop IRS Rep. Bentson from representing people before the IRS. Mills claims that he and many others whom the government prosecuted over the past six years since he pled to failure-to-file charges after following Mr. Bentson's advice had become discouraged that the government seemed interested only in Bentson's clients, and not in stopping Bentson from harming people. Mills cited IRS Publication 2105, in which IRS clearly states that the Service will attempt to help people who have followed "tax protest" leaders and "who have been misled to correct their filing status," and that IRS will make every effort to curb and punish those who have "misled" others.

Several attorneys worked with and used Bentson's material, among them Gerald Aurillo of Louisiana and John Kelly Crow of Missouri, who was convicted of Missouri state tax crimes.

Despite his allegations on several videotapes that he would "have to lower his IQ fifty points to be an attorney," and his repeated statements to his clients about the ineffectiveness of attorneys in general, Bentson has hired attorney Joel F. Hansen of Las Vegas, Nevada, to defend him in the Lundell case. Hansen is the brother of activist Daniel Hansen, who Sierra Times reported was recently raided by IRS, and who was tragically killed in an auto accident in February of 2002. He is also the brother of Christopher Hansen.

Hansen is also the uncle of Joshua Hansen, who successfully prevailed against the state of Nevada in a case in which the state attempted to require Josh Hansen to have a Social Security Number in order to vote. Joel Hansen was Josh Hansen's attorney in this case.

The Hansen family is well known in Nevada for its efforts to restore constitutional government to America, and its resistance to unlawfulness in federal agencies.

Sierra Times does not know if Joel Hansen will represent Wayne Bentson in the government's criminal case against Bentson. However, Bentson has claimed for years that the government doesn't want to arrest him or his clients for tax crimes, because the government "doesn't want any jury to hear these arguments." Certainly it will be interesting to see how he treats his own arrest and charges in light of these claims.

Yes, it will.

Not only has Wayne Bentson promoted himself and his allegedly infallible legal abilities on videotapes of his presentations - he also has several promoters around the country who have, on various flyers and web sites, touted him as "The Old Master" and "The Master."

Nancy English Vinal of Las Vegas, Nevada, advertised Mr. Bentson's legal expertise with a seminar flyer that boasted that Bentson could teach people why "Failure to File is almost impossible," and that Bentson had "The Gold Key to unlock secret law."

Another promoter in Florida who calls himself "Chico" is promoting Bentson seminars on his (Chico's) website (<http://www.irsdecoding.com>): For \$1500 (cash or postal money orders only) one can attend a 5-day "private seminar with the Master himself" in Payson, Arizona, and for \$175 in advance, \$225 at the door, one can attend "The Advanced Study Series" in April, 2002, in Trenton, New Jersey.

At yet another web site ([http://www.heritage.com/Products/irs\\_order\\_page.htm](http://www.heritage.com/Products/irs_order_page.htm)) one can purchase for \$200 the "Wayne Bentson 'Willful Failure to File' Seminar. Video/audio/paperwork."

Along with Ben Houck of Cincinnati, Ohio, Wayne Bentson promoted a "Failure to file Seminar" in 1998 that promised: "All fact - no theory. You will learn: Which laws exempt form 1040 from civil and criminal penalties; who must file a 1040 (Yes, there is a requirement, but probably not you.)... How to force the IRS to 'prove' that you are not subject to FTF penalties through the Freedom of Information Act..."

Sierra Times acknowledges that there are many valid questions regarding the income tax and IRS. Indeed, the refusal of the IRS and the DOJ to participate in the recent We The People Foundation hearings in Washington, D.C. points to the fact that the government appears not to want to be forced to answer many valid questions posed by attorneys and other researchers absent the protection of a federal judge.

It's clear to this author that the IRS and DOJ would NEVER want to be put in a place of having to explain the clear, honest truth of the requirements of law regarding income taxes, particularly regarding to whom the Internal Revenue Laws apply.

Notwithstanding the many honest and well-meaning researchers in this field, there are obviously numerous charlatans and scam artists in the "tax honesty" movement, who promote many bogus claims - after all, if the problems regarding the IRS and taxes could be solved with a couple hundred dollars and a seminar, no one would ever have a problem with IRS.

Many promoters like Wayne Bentson claim their programs to be infallible. Certainly if Mr. Bentson's program is infallible, his arrest and the charges leveled against him now offer him a golden opportunity to prove that his program works.

Sierra Times' phone calls to Wayne Bentson's residence were not answered.

Below are cites for cases involving Mr. Bentson and some of his supporters. If Mr. Bentson or any of his supporters can provide Sierra Times with any cases in which his program has prevailed, we hope they will do so. Send any such information to [news@sierratimes.com](mailto:news@sierratimes.com). Please include contact information and case cites.

Stay tuned for more information as this case unfolds.  
The Sierra Times Staff.  
© 2002 SierraTimes.com (unless otherwise noted)

If you would like to see the cases involving Mr. Bentson and some of his supporters, I'll be happy to send them in email form, upon your request.

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[4] Call Reminder  
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The **TAX EXEMPT Conference Call**, for “new” folks, takes place **EVERY Wednesday NIGHT** at **9 PM EASTERN** time. The number is: **620-584-8202, pin 2974#**.

The **CORPORATION SOLE (specific) Conference Call**, is on **Friday MORNINGS**, at **10 AM EASTERN** time. The number is the same as above

Also, there is a **CLIENT'S ONLY Conference Call** available (obviously) for Clients Only. If you're already a client, and you would like to be on that call, **CALL YOUR REPRESENTATIVE for the phone number and time, ]**

I want to mention something to new readers and to folks who have never been on the [THE COMPANY] Conference Calls. The calls are NOT what you may be expecting from a typical “conference call” these days. A lot of people are used to big sales-hype conference calls, with a lot of “Rah-Rah-Rah”. The conference calls are NOT “sales” calls. No one is trying to get you to enroll in something, or asking or suggesting that you try to get your friends to enroll. These are ALL TEACHING calls. They consist almost entirely of questions and answers, after a brief introduction. They're a great place to hear other folks ask all sorts of questions and get any questions of your own answered, and they provide you the opportunity to get a pretty well-rounded understanding of what this is all about in 60 to 90 minutes. I think you'll find they're one of the best \$3 to \$5 values you can find today. (The telephone long distance charges for most people).

Pressing “\*6” (Star 6) on your phone will mute your end of the line, so everyone can hear better; then, when you want to ask a question, you can press “\*6” again to go off mute. If you're having a hard time hearing, with various noises in the background from other folk's lines, such as: conversations, kids-playing, dishes clanging, and phones & faxes ringing, then be assured, everyone else can hear the ambient sounds from your environment. It simply makes it much more difficult to hear whoever is speaking at the moment. Thanks for your consideration in this regard.

May I suggest, if possible, that when you call, you use a regular “connected-to-the-wall telephone”, rather than a cellular phone (particularly when driving), or even a cordless phone. Also, please, not a speaker phone, either, unless it has a “mute” button, because speaker phones amplify the ambient sounds in your environment. And PARTICULARLY NOT an Internet phone, a true “killer” of conference call Quality.

If you like what you hear on the call, and you want to talk further to someone (including the call presenter) or ask more “personal” questions, remember how you heard about the call. No contact numbers are given out on the call, not because anyone is trying to hide anything, but because various representatives of [THE COMPANY] bring folks to the call. The call itself is not a “sales” forum and doesn't get involved in the sales “hierarchy”.

See you on the call. Tell your friends about it, too.

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[5] Contact Information  
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Paul Leinthall

Phone: 661-822-7889, Mon. - Fri. 9 AM to 5, PM (Pacific)

Email: littlehammer@primemail.com

You may notice that I refer to [THE COMPANY] or to the founder of the company [THE FOUNDER] in various places throughout the Newsletter. I choose those expressions, instead of providing the actual names of the company or it's founder, for a couple of reasons...reasons which you'll also find reflected in my explanation of the copyright notice (below). I want to insulate [THE COMPANY] and [THE FOUNDER] from undue and unwarranted attention (especially negative attention or reaction), whether from a casual reader or from any taxing agency or authority, their attorneys, or representatives. Therefore, it is my desire that the reader be absolutely clear who is responsible for what appears in this newsletter. This newsletter is NOT sponsored directly by [THE COMPANY] or [THE FOUNDER], and while I believe I am being representative of [THE COMPANY's] and [THE FOUNDER's] philosophy, goals, ideals and the truth in law and in fact on which [THE COMPANY] stands to perform its valuable service for its clients (of which I am one), and while I may quote [THE FOUNDER], or someone else, I always seek to maintain each person's privacy, unless their words are already in the public (published) domain; thus I will take the heat for any negative attention, response or reaction.

Also, this allows anyone, including other representatives of [THE COMPANY], who find this information valuable, and who want to share it with others, to substitute their name and contact information for mine, and not have to worry about potential clients of the company going over their heads and bypassing them. Since [THE COMPANY] sponsored conference call follows this same philosophy of client protection for their representatives, the information in this newsletter can, then, be more widely disseminated for the value and education of others.

About the copyright notice: The copyright notice covers all the contents herein, except quotations, if any. I value my (and the reader's) freedom, integrity and responsibility, and I desire to maintain an environment where I (and the reader) can utilize and distribute this written material. From the point of view of copyright law, if I don't first copyright this material, someone else could; and then, by law, they could disallow me (and the reader) from using or distributing it. Given that fact, copyright is the best avenue I know to continue allowing freedom for all of us regarding this matter.

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This material is not intended to be interpreted as legal or financial advice. The copyright owner is neither an attorney nor CPA and has no license to offer legal and financial advise. I encourage the reader to study and think for herself and to make her own informed decisions, based on her own desires and beliefs, in harmony with her own inner sense and self-interested, positive and comfortable, good-gut feeling. For THAT, each reader is, himself/herself, entirely responsible.