Do I Have to File?

by

Dan Meador

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by Dan Meador
(excerpted from Masters of Deceit)

Application of Federal tax laws, authority of the Internal Revenue Service, and various matters relating to the Internal Revenue Code have been addressed throughout this effort, so there is no need to reproduce every detail covered to this point. However, one of the more important points that needs to be emphasized is that Title 26 of the United States Code, as other titles of the Code, is not law -- it is merely evidence of law. Where the Internal Revenue Code is concerned, it has not been enacted as positive law so doesn't even qualify as "legal evidence". It is merely "prima facie" the law.

Without hairsplitting, it is probably fair to say the Internal Revenue Code is law by appearance. In order to unravel the Code so each tax accounted for in it, and application of administrative and judicial sections in Subtitle F could be properly interpreted, it would probably be necessary to track United States tax and judicial legislation to the time Congress convened under the Constitution in 1789, which would require pouring over the complete Statutes at Large (they take about 200 feet of shelf space), Treasury orders, treaties, reorganization plans, and volumes of court decisions. In fact, the Code has been defaulted as void for vagueness as it is impossible for most so-called experts to understand -- mere mortals get impossibly lost in it. The only real favor in the thing is the general disclaimer at 26 U.S.C. § 7806:

> Sec. 7806. Construction of title.
>
> (a) Cross references.
>
> The cross references in this title to other portions of the title, or other provisions of law, where the word "see" is used, are made only for convenience, and shall be given no legal effect.
>
> (b) Arrangement and classification.
>
> No inference, implication, or presumption of legislative construction shall be drawn or made by reason of the location or grouping of any particular section or provision or portion of this title, nor shall any table of contents, table of cross references, or similar outline, analysis, or descriptive matter relating to the contents of this title be given any legal effect. The preceding sentence also applies to the sidenotes and ancillary tables contained in the various prints of this Act before its enactment into law.

The fact that Title 26 has never been enacted as positive law, which would make it "legal evidence" of laws of the United States, is verified in the Preface to the 1994 edition of the United States Code, produced in the first volume of the complete Code. Therefore, it remains prima facie evidence of law, but legislative construction cannot be assumed even where one section follows another in numerical sequence, classification by subtitle, chapter, subchapter, or whatever. Each section must be tracked to its original source or sources in the Statutes at Large in order to determine legitimate application, the section must be wed to one or more general application regulations, proper lines of authority must be established, etc., before a section can be said to have "legislative construction."

Since this effort isn't intended to provide thorough treatment and a complete history of United States tax law, I've limited focus to underlying authorities and the legitimacy of agencies involved in the collection process and enforcement of the Federal taxing system. That will generally be the case in this section, although we will investigate some of the historical evolution of the current system.

One of the key questions is, "Where did the Internal Revenue Code come from?"

The first true "Internal Revenue Code" was the Internal Revenue Code of 1939. It seems that the 1939 Code was the point of demarcation for the Code we presently have as it was effected after the "Normal Tax" in the present Subtitle A, and Social Security and related taxes enacted in 1935 were on line. To that point, there was no effort to extend normal tax obligations to the general population -- the normal tax was simply a tax on officers and employees of United States government, governments of United States political subdivisions, and officers of corporations in which United States government has a proprietary interest. That remains the case today, the term "employee" defined at 26 U.S.C. § 3401(c), and "employer" at § 3401(d):

> (c) Employee.
>
> For purposes of this chapter, the term "employee" includes an officer, employee, or elected official of the United States, a State, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing. The term "employee" also includes an officer of a corporation.
>
> (d) Employer.
>
> For purposes of this chapter, the term "employer" means the person for whom an individual performs or performed any service, of whatever nature, as the employee of such person...

These definitions are applicable to Subtitle C, Chapter 24 -- Collection of Income Tax At Source. The requirement for withholding is at § 3402:

> Sec. 3402. Income tax collected at source.
>
> (a) Requirement of withholding.
>
> (1) In general. Except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary...

Liability is prescribed at §§ 3403 & 3404:

> Sec. 3403. Liability for tax.
>
> The employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of such payment.
>
> Sec. 3404. Return and payment by governmental employer.
>
> If the employer is the United States, or a State, or political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, the return of the amount deducted and withheld upon any wages may be made by any officer or employee of the United States, or of such State, or political subdivision, or of the District of Columbia, or of such agency or instrumentality, as the case may be, having control of the payment of such wages, or appropriately designated for that purpose.

Liability for collection, and payment, ultimately falls to withholding agents, or in the event of a third-party payee, the third party. Liability is established in Chapter 25 -- General Provisions Relating to Employment Taxes and Collection of Income Taxes at Source, §§ 3504 & 3505:

> Sec. 3504. Acts to be performed by agents.
>
> In case a fiduciary, agent, or other person has the control, receipt, custody, or disposal of, or pays the wages of any employee or group of employees, employed by one or more employers, the Secretary, under regulations prescribed by him, is authorized to designate such fiduciary, agent, or

other person to perform such acts as are required of employers under this title and as the Secretary may specify. Except as may be otherwise prescribed by the Secretary, all provisions of law (including penalties) applicable in respect of any employer shall be applicable to a fiduciary, agent, or other person so designated but, except as so provided, the employer for whom such fiduciary, agency, or other person acts shall remain subject to the provisions of law (including penalties) applicable in respect of employers.

Sec. 3505. Liability of third parties paying or providing for wages.

(a) Direct payment by third parties.

For purposes of sections 3102, 3202, 3402, and 3403, if a lender, surety, or other person, who is not an employer under such sections with respect to an employee or group of employees, pays wages directly to such an employee or group of employees, employed by one or more employers, or to an agent on behalf of such employee or employees, such lender, surety, or other person shall be liable in his own person and estate to the United States in a sum equal to the taxes (together with interest) required to be deducted and withheld from such wages by such employer.

(b) Personal liability where funds are supplied. If a lender, surety, or other person supplies funds to or for the account of an employer for the specific purpose of paying wages of the employees of such employer, with actual notice or knowledge (within the meaning of section 6323(i)(1)) that such employer does not intend to or will not be able to make timely payment or deposit of the amounts of tax required by this subtitle to be deducted and withheld by such employer from such wages, such lender, surety, or other person shall be liable in his own person and estate to the United States in a sum equal to the taxes (together with interest) which are not paid over to the United States by such employer with respect to such wages. However, the liability of such lender , surety, or other person shall be limited to an amount equal to 25 percent of the amount so supplied to or for the account of such employer for such purposes.

(c) Effect of payment.

Any amounts paid to the United States pursuant to this section shall be credited against the liability of the employer.

At no point is the "employee" made liable for these taxes. The lot falls to the officer or employee designated to withhold directly from wages, or to the lender, surety, or other person who supplies funds for whatever enterprise the tax is imposed against. We could chase this in a circle, but will simply cite the definition of "withholding agent" at § 7701(a)((16) to put other statutes into play:

(16) Withholding agent. The term "Withholding agent" means any person required to deduct and withhold any tax under the provisions of sections 1441, 1442, 1443, or 1461.

Before addressing the withholding agent further, we'll cite other definitions in § 7701(a) as useful keys to unraveling the Code. Of particular import, the definitions of "United States", "State", and "Trade or business". The latter opens the door to taxes prescribed in Subtitles A & C, so it will be cited first:

(26) Trade or business. The term "trade or business" includes the performance of the functions of a public office.

By employing the two limiting principles cited earlier, the above general definition applicable to the Internal Revenue Code limits consideration to the class of "trade or business" defined by example. Private enterprise is excluded from "trade or business" where the Internal Revenue Code is concerned. The field is thus narrowed to definitions of "employee" and "employer" at §§ 3401(c) & (d). The range of applicability is further narrowed by definitions of "United States" and "State":

(9) United States. The term "United States" when used in a geographical sense includes only the States and the District of Columbia.

(10) State. The term "State" shall be construed to include the District of Columbia, where such

> construction is necessary to carry out provisions of this title.

We previously saw from the Downes decision that the District of Columbia, and territories and insular possessions of the United States, are not States of the Union where the Constitution is concerned. Therefore, the exclusionary language in the two definitions above, when reliant on use "in a geographical sense," must be exclusive of the several States party to the Constitution. This reinforces Paul Mitchell's contention that the Internal Revenue Code is for all practical purposes municipal law applicable in territory subject to sovereignty of the United States under Article IV § 3.2 of the Constitution. With the possible exception of the "normal tax" prescribed in Chapter 1, Subtitle A of the Internal Revenue Code, the rest of the taxes in Title 26 are applicable only in the States of the United States, which include insular possessions of the United States, except where the District of Columbia is specifically incorporated, as is the case in the definitions of "United States" and "State" at §§ 7701(a)(9) & (10). Definitions at § 3102(e), relating to the Federal Insurance Contributions Act, will be reproduced here again for comparative expediency as they are more explicit:

> (e) State, United States, and citizen. For purposes of this chapter --
>
> (1) State. The term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.
>
> (2) United States. The term "United States" when used in a geographical sense includes the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.
>
> An individual who is a citizen of the Commonwealth of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States.

Given these definitions, a "United States trade or business" can at best be expanded to an officer or employee of United States government, and a "State trade or business" to an officer or employee of the District of Columbia, Puerto Rico, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and governments of other insular possessions of the United States. Application of these taxes is therefore exclusive of (1) private enterprise, and (2) public office in the Union of several States party to the Constitution. The bridge the several States have used has generally been the Buck Act, located in Title 4 of the United States Code. There are no implementing regulations for Title 4 (Title 4 of the Code of Federal Regulations pertains to Accounts, and is under administration of the General Accounting Office in conjunction with the Department of Justice), so the bridge is as much illusion as other elements of Cooperative Federalism. Definitions in the Buck Act reinforce this conclusion.

The liability issue is clarified in regulations for §§ 1441, 1442, 1443 & 1446, with applicable regulations in 26 CFR §§ 1, 31 & 301; i.e., 26 CFR § 1.1441, 31.1441 & 301.1441, etc. Consult the Parallel Table of Authorities and Rules to determine which are general application regulations, but study all regulations pertaining to these sections whether they are listed as having general application or not.

In a previous section, I made two assertions that may have seemed outrageous: First, Congress effectively hid the Treasury of the United States in June 1921 by creating the General Accounting Office and moving former Treasury personnel to the office under supervision of the Comptroller General, then via the act of Nov. 23, 1921, repealed virtually all taxes authorized by Article I and the Sixteenth Article of Amendment to the Constitution, with the various taxes, when reenacted, applicable exclusively within territory of the United States. The revenue act of Nov. 23, 1921, ch. 136, is at 42 Stat. 227; creation of the General Accounting Office and transfer of Treasury employees is at 42 Stat. 23. For purposes here, Historical and Revision Notes following 5 U.S.C. § 5512 follow:

> In subsection (b) [of 5 U.S.C. § 5512], reference to the "General Accounting Office" is substituted for "accounting officers of the Treasury" on authority of the Act of June 10, 1921, ch. 18, title III, 42 Stat. 23. The words "on request of" are substituted for "if required to do so by" as more accu-

> rately reflecting the intent. Reference to the "Attorney General" is substituted for "Solicitor of the Treasury" and "Solicitor" on authority of section 16 of the Act of March 3, 1933, ch. 212, 47 Stat. 1517; section 5 of E.O. 6166, June 10, 1933; and section 1 of 1950 Reorg. Plan No. 2, 64 Stat. 1261.
>
> Standard changes are made to conform with the definitions applicable and the style of this title as outlined in the preface to the report.

Responsibility of the Comptroller General, as head of the General Accounting Office, is preserved in the current United States Code at 31 U.S.C. § 3702, Title 31 relating to Money and Finance:

> Sec. 3702. Authority of the Comptroller General to settle claims
>
> (a) Except as provided in this chapter or another law, the Comptroller General shall settle all claims of or against the United States Government. A claim that was not administratively examined before submission to the Comptroller General shall be examined by 2 officers or employees of the General Accounting Office independently of each other...

Unless or until a claim is submitted to the Comptroller General, in his capacity as head of the General Accounting Office, courts of the United States may not adjudicate it -- suit for a claim which has not been denied by the General Accounting Office presents a claim for which relief may not be granted. Consequently, a suit against the United States, the Internal Revenue Service, or any other governmental entity will go nowhere until such time as the General Accounting Office makes a determination.

When the government makes a claim, the head of an executive or legislative agency has first responsibility for the attempted collection, as specified at 31 U.S.C. § 3711:

> Sec. 3711. Collection and compromise
>
> (a) The head of an executive or legislative agency --
>
> (1) shall try to collect a claim of the United States Government for money or property arising out of the activities of, or referred to, the agency;
>
> (2) may compromise a claim of the Government of not more than $100,000 (excluding interest) or such higher amount as the Attorney General may from time to time prescribe that has not been referred to another executive or legislative agency for further collection or action; and
>
> (3) may suspend or end collection action on a claim referred to in clause
>
> (2) of this subsection when it appears that no person liable on the claim has the present or prospective ability to pay a significant amount of the claim or the cost of collecting the claim is likely to be more than the amount recovered.
>
> (b) The Comptroller General has the same authority that the head of the agency has under subsection
>
> (a) of this section when the claim is referred to the Comptroller General for further collection action. Only the Comptroller General may compromise a claim arising out of an exception the Comptroller General makes in the account of an accountable official.
>
> [(c) not reproduced]
>
> (d) A compromise under this section is final and conclusive unless gotten by fraud, misrepresentation, presenting a false claim, or mutual mistake of fact. An accountable official is not liable for an amount paid or for the value of property lost or damaged if the amount or value is not recovered because of a compromise under this section.
>
> (e) The head of an executive or legislative agency acts under --

> (1) regulations prescribed by the head of the agency; and
>
> (2) standards that the Attorney General and the Comptroller General may prescribe jointly. (f)(1) When trying to collect a claim of the Government under a law except the Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.), the head of an executive or legislative agency may disclose to a consumer reporting agency information from a system of records that an individual is responsible for a claim if... [balance of section not reproduced]

The portion of Subsection (f)(1) was included simply to demonstrate that collection of taxes prescribed in the Internal Revenue Code is included in the collection and compromise process prescribed in 31 U.S.C. § 3711. The initial collection effort, or negotiation on a claim, begins with the agency head, then goes to the Comptroller General or his delegate in the General Accounting Office if collection isn't successful or a claim against an agency isn't paid (compromised). If the Comptroller General determines that collection should be effected where a claim isn't paid, he is then responsible, via the Attorney General in his capacity as Solicitor of the Treasury, for initiating litigation. Where officers and employees of the United States subject to normal tax withholding are concerned, the necessity of this process is codified at 5 U.S.C. § 5512:

> Sec. 5512. Withholding pay, individuals in arrears
>
> (a) The pay of an individual in arrears to the United States shall be withheld until he has accounted for and paid into the Treasury of the United States all sums for which he is liable.
>
> (b) When pay is withheld under subsection (a) of this section, the General Accounting Office, on request of the individual, his agent, or his attorney, shall report immediately to the Attorney General the balance due; and the Attorney General, within 60 days, shall order suit to be commenced against the individual.

Section 5512 tacitly provides the avenue for litigating contested assessments. Administrative withholding to satisfy a claim of the United States may be accomplished in only one of two ways: (1) consent on the part of the party withholding is from, or (2) litigation in a court of competent jurisdiction. If the "individual" the assessment is against contests and rejects whatever assessment lies against him, he "requests" that the General Accounting Office, via the Attorney General, initiate suit for collection -- he does not consent to administrative collection without proper judicial process. This is verified in the section on garnishment at 5 U.S.C. § 5520a(b):

> (b) Subject to the provisions of this section and the provisions of section 303 of the Consumer Credit Protection Act (15 U.S.C. 1673) pay from an agency to an employee is subject to legal process in the same manner and to the same extent as if the agency were a private person.

There is a small encumbrance to administrative seizure and admiralty/maritime seizure (*in rem* and *in personam*) actions employed by the Internal Revenue Service. The Fifth Article of Amendment due process clause is an absolute barrier -- "No person shall ... be deprived of life, liberty, or property, without due process of law..." Per Wayman v. Southard (1825), cited earlier, the Fifth, Sixth, and Seventh Articles of Amendment assure due process in the course of the common law. Even United States government is obligated by contract to pay wages for work performed, so in the event an alleged liability is contested, the matter must be litigated in a court of competent jurisdiction in the course of the common law. Although linguistically tortured, 5 U.S.C. § 5512 preserves this constitutionally-secured right even for officers and employees of United States government.

Now back to the Internal Revenue Code, at § 7805:

> Sec. 7805. Rules and regulations.
>
> (a) Authorization.

> Except where such authority is expressly given by this title to any person other than officer or employee of the Treasury Department, the Secretary shall prescribe all needful rules and regulations for the enforcement of this title...

Never-ending word games -- the Treasury Department is not the Department of the Treasury. The reference above is to the Treasury of the United States, which has always been under congressional supervision. The General Accounting Office, via the June 1921 act cited above, became general agent of the Treasury of the United States, under supervision of the Comptroller General -- due to recent legislation, GAO is now under a Director rather than the Comptroller General so titles are about to change again. Oh, what tangled webs they weave. At any rate, the Secretary isn't responsible for promulgating regulations for GAO -- consult Title 4 of the Code of Federal Regulations for most of those regulations -- but he is responsible for regulations pertaining to all other agencies that enforce Internal Revenue Code provisions.

In order to come to terms with this hocus-pocus, we're going back to definitions (11) & (12) in § 7701 (a):

> (11) Secretary of the Treasury and Secretary.
>
> (A) Secretary of the Treasury. The term "Secretary of the Treasury" means the Secretary of the Treasury, personally, and shall not include any delegate of his.
>
> (B) Secretary. The term "Secretary" means the Secretary of the Treasury or his delegate.
>
> (12) Delegate.
>
> (A) In general. The term "or his delegate" --
>
> (i) when used with reference to the Secretary of the Treasury, means any officer, employee, or agency of the Treasury Department duly authorized by the Secretary of the Treasury directly, or indirectly by one or more redelegations of authority, to perform the function mentioned or described in the context; and
>
> (ii) when used with reference to any other official of the United States, shall be similarly construed.
>
> (B) Performance of certain functions in Guam or American Samoa. The term "delegate," in relation to the Performance of certain functions in Guam or American Samoa with respect to the taxes imposed by chapters 1, 2, and 21, also includes any officer or employee of any other department or agency of the United States, or of any possession thereof, duly authorized by the Secretary (directly, or indirectly by one or more redelegations of authority) to perform such functions.

The Treasury Department still isn't the Department of the Treasury. The delegate of the Secretary of the Treasury in the United States is, "any officer, employee, or agency of the Treasury Department..." The General Accounting Office is general agent of the Treasury of the United States; the Director, formerly the Comptroller General, is head of the General Accounting Office.

The Internal Revenue Service and the Bureau of Alcohol, Tobacco and Firearms are agencies of the Department of the Treasury, Puerto Rico, both in the lineage of the Bureau of Internal Revenue, Puerto Rico, created by the provisional government of Puerto Rico in approximately 1900. These agencies are delegates of the Secretary in insular possessions of the United States, Guam and American Samoa evidently included. They operate in the framework of authority delegated to the Secretary of the Treasury via E.O. # 10289, and redelegated to the Commissioner of Internal Revenue via T.D.O. #150-42 (1956), as amended by T.D.O. #150-01 (1986). They have absolutely no constitutional or statutory authority in the Union of several States party to the Constitution.

Our focus is on Chapter 80 -- General Rules, Subchapter A. -- Application of Internal Revenue Laws. The subchapter includes §§ 7801-7811. Via § 7806, we established that the Internal Revenue Code is merely prima facie the law, no inference of legislative construction can be given to any section in the Code, and under stipulation of whatever legislation lies behind § 7805(a), the General Accounting Office is the delegate of the Secretary as general agent of the Treasury of the United States. Granted, we've gone around Robin Hood's barn to get where we're headed, but we've finally arrived at what may be the most critical and pivotal section in the Code, § 7804, which is in Chapter 80, Subchapter A:

> Sec. 7804. Effect of reorganization plans.
>
> (a) Application.
>
> The provisions of Reorganization Plan Numbered 26 of 1950 and Reorganization Plan Numbered 1 of 1952 shall be applicable to all functions vested by this title, or by any act applicable to all functions vested by this title, or by any act amending this title (except as otherwise expressly provided in such amending act), in any officer, employee, or agency, of the Department of the Treasury.
>
> (b) Preservation of existing rights and remedies. Nothing in Reorganization Plan Numbered 26 of 1950 or Reorganization Plan Numbered 1 of 1952 shall be considered to impair any right or remedy, including trial by jury, to recover any internal revenue tax alleged to have been erroneously or illegally assessed or collected, or any penalty claimed to have been collected without authority, or any sum alleged to have been excessive or in any manner wrongfully collected under the internal revenue laws. For purposes of any action to recover any such tax, penalty, or sum, all statutes, rules, and regulations referring to the collector of internal revenue, the principal officer for the internal revenue district, or the Secretary, shall be deemed to refer to the officer whose act or acts referred to in the preceding sentence gave rise to such action. The venue of any such action shall be the same as under existing law.

The Internal Revenue Code of 1954 (Vol. 68A of the Statutes at Large), as amended in 1986, is evidenced in Title 26 of the United States Code. But even Vol. 68A of the Statutes at Large is simply an amalgamation of the various Federal tax laws enacted through the years. It is not the original acts themselves, and it is in many respects incomplete. Examining historical transition of the Internal Revenue Code is important to help grasp implications of § 7804.

The biggest departure from the 1939 Code to the 1954 Code was administrative in nature, effected by the two reorganization plans listed in § 7804. Most of the administrative changes involved transfer of collection responsibilities from directly appointed revenue agents to the Bureau of Internal Revenue, a "professional" service. President Harry S. Truman's January 14, 1952 letter to Congress, which accompanied Reorganization Plan Numbered 1 of 1952, explains rationale and the process, reproduced below in relative part (full text follows § 7804 in Title 26 U.S.C.):

> The task of collecting the internal revenue has expanded enormously within the past decade. This expansion has been occasioned by the necessity additional taxation brought on by World War II and essential post-war programs. In fiscal year 1940, tax collections made by the Bureau of Internal Revenue were slightly over 5 1/3 billions of dollars; in 1951, they totaled almost 50 1/2 billions. In 1940, 19 million tax returns were filed; in 1951, 82 million. In 1940, 19 million tax returns were filed; in 1951, 82 million. In 1940, there were 22,000 employees working for the Bureau; in 1951, there were 57,000...
>
> Throughout this tremendous growth, the structure of the revenue-collecting organization has remained substantially unchanged. The present field structure of the Bureau of Internal Revenue is comprised of more than 200 field offices which report directly to Washington. Those 200 offices carry out their functions through more than 2,000 suboffices and posts of duty throughout the country. The Washington office now provides operating supervision, guidance, and control over the principal field offices through 10 separate divisions, thus further adding to the complexities of administration.

> Since the end of World War II, many procedural improvements have been made in the Bureau's operations. The use of automatic machines has been greatly increased. The handling of cases has been simplified. One major advance is represented by the recently completed arrangements to expedite criminal prosecutions in tax-fraud cases. In these cases, field representatives of the Bureau of Internal Revenue will make recommendations for criminal prosecution directly to the Department of Justice. These procedural changes have increased the Bureau's efficiency and have made it possible for the Bureau to carry its enormously increased workload. However, improvements in procedure cannot meet the need for organizational changes.
>
> Part of the authority necessary to make a comprehensive reorganization was provided in Reorganization Plan No. 26 of 1950, which was one of several uniform plans giving department heads fuller authority over internal organizations throughout their departments. The studies of the Secretary of the Treasury have culminated since that time in a plan for extensive reorganization and modernization of the Bureau. However, his existing authority is not broad enough to permit him to effectuate all of the basic features of the plan he has developed.
>
> The principal barrier to effective organization and administration of the Bureau of Internal Revenue which plan No. 1 removes is the archaic statutory office of collector of internal revenue. Since the collectors are not appointed and cannot be removed by the Commissioner of Internal Revenue or the Secretary of the Treasury and since the collectors must accommodate themselves to local political situations, they are not fully responsive to the control of their superiors in the Treasury Department. Residence requirements prevent moving a collector from one collection district to another, either to promote impartiality and fairness or to advance collectors to more important positions. Uncertainties of tenure add to the difficulty of attracting to such offices persons who are well versed in the intricacies of the revenue laws and possessed of broadgaged administrative ability.
>
> It is appropriate and desirable that major political offices in the executive branch of the Government be filled by persons who are appointed by the President by and with the advice and consent of the Senate. On the other hand, the technical nature of much of the Government's work today makes it equally appropriate and desirable that positions of other types be in the professional career service. The administration of our internal-revenue laws at the local level calls for positions in the latter category.
>
> Instead of the present organization built around the offices of politically appointed collectors of internal revenue, plan No. 1 [of 1952] will make it possible for the Secretary of the Treasury to establish not to exceed 25 district offices...

Mr. Truman's rationale had the ring of sincerity, and no doubt there is some merit in what he presented. But the letter also makes important disclosures: The "archaic statutory office of collector of internal revenue," which was administratively abolished by Reorganization Plan 1 of 1952, was not attached to the Bureau of Internal Revenue or the Department of the Treasury. The collector of internal revenue was attached to the Treasury Department, a/k/a Treasury of the United States, the Treasury being under congressional rather than executive control. The position was appointed, and as the U.S. Marshal, district judges, court clerks, United States Attorneys, etc., the collector of internal revenue was required to live in whatever district he was appointed to. He was accountable to the community in the same way local public servants are.

President Franklin D. Roosevelt used somewhat the same rationale to extend Bureau of Internal Revenue authority over the Federal Alcohol Administration Act via Reorganization Plan No. III of 1940. In relative part, Mr. Roosevelt's letter to Congress of April 2, 1940 is reproduced below:

> The second reorganization affecting the Treasury Department vests in the Secretary of the Treasury full authority for the administration of the Federal Alcohol Administration Act. At present the Federal Alcohol Administration occupies an anomalous position. It is legally a part of the Treasury Department, but actually it is clothed with almost complete independence under existing statutory provisions. Under certain conditions the Administration would by law become an independent agency, whereas the interest of improved management require its integration with allied activities in the Treasury Department.

> I propose, therefore, that the functions of the Federal Alcohol Administration be correlated with the activities of the Bureau of Internal Revenue, particularly its Alcohol Tax Unit. The Bureau is already performing a large part of the field enforcement work of the Administration and could readily take over complete responsibility for its work. The Bureau is daily making, for other purposes, a majority of the contacts with units of the liquor industry which the Federal Alcohol Administration should but cannot make without the establishment of a large and duplicating field force. Under the provisions of this plan, it will be possible more effectively to utilize the far-flung organization of the Treasury Department, including its many laboratories, in discharging the functions of the Federal Alcohol Administration. Thus, I find the proposed consolidation will remedy deficiencies in organization structure as well as afford a more effective service at materially reduced costs.

Succession of administration of Federal law relating to distilled spirits is reflected in a note on page 762 of *The United States Government Manual*, 1996/97 edition:

> **Alcohol Control Administration, Federal**
>
> Established by E.O. 6474 of Dec. 4, 1933. Abolished Sept. 24, 1935, on induction into office of Administrator, Federal Alcohol Administration, as provided in act of Aug. 29, 1935 (49 Stat. 977). Abolished by Reorg. Plan No. III of 1940, effective June 30, 1949, and functions consolidated with activities of Internal Revenue Service.

Per Mr. Roosevelt's letter of April 2, 1940, it appears that the Bureau of Internal Revenue, predecessor of the Internal Revenue Service and the Bureau of Alcohol, Tobacco and Firearms, moved into the breach prior to Reorganization Plan III of 1940 -- his letter discloses that BIR, with no statutory authority, was already performing many of the functions of the Federal Alcohol Administration, which was to have replaced the Federal Alcohol Control Administration in August 1935. A director for the Federal Alcohol Administration was appointed, but the Administration itself was never activated as the Constantine case was pending, and it appeared that repeal of the Eighteenth Article of Amendment in December 1933 was finally going to end concurrent State and Federal jurisdiction relating to regulation of production and distribution of alcoholic beverages. The Twenty-first Article of Amendment placed production and distribution of drinking alcohol under State option; concurrent State and Federal jurisdiction was secured in Section 2 of the Eighteenth Article of Amendment, had not been preserved with ratification of the Twenty-first. Therefore, Federal enforcement relating to alcohol, tobacco and firearms, now under jurisdiction of BATF, had to be limited to territory and other property of the United States, and United States admiralty and maritime jurisdiction. Reorganization Plan III of 1940 came nearly five years after the Constantine decision, long enough for Federal encroachment into certain areas to be under the cloak of forgetfulness, and for the general environment of the New Deal, launched in March 1933, to condition people to more direct involvement in everyday life. The illusion, however, didn't change the reality of law any more then than now -- Congress didn't create the Bureau of Internal Revenue, and has never implemented anything resembling statutory authority for IRS and BATF to establish revenue districts of any sort in the several States.

Both Roosevelt and Truman abolished statutory offices and agencies, replacing them with administratively-created offices, and sometimes agencies, and where the Federal tax system is concerned, progressively moved collection and enforcement activity under administration of the Puerto Rican Bureau of Internal Revenue. For about a year in the 1930s, a Bureau of Internal Revenue had been incorporated as a private enterprise in a Northeastern State, but the corporation was abolished. The Puerto Rico link was evidently sufficient, particularly since the Social Security Act of 1935 had specified administration by the Bureau of Internal Revenue, with definitions at 26 U.S.C. § 3121 & 26 CFR § 31.3121 verifying exclusive United States territorial application. Origins are also verified by definitions at 27 CFR § 250.11:

> Revenue Agent. Any duly authorized Commonwealth Internal Revenue Agent of the Department of the Treasury of Puerto Rico.

Secretary. The Secretary of the Treasury of Puerto Rico.

Secretary or his delegate. The Secretary or any officer or employee of the Department of the Treasury of Puerto Rico duly authorized by the Secretary to perform the function mentioned or described in this part.

In order not to leave a stone unturned, we will go as far as possible to unearth sources, the first source being presidential authority for reorganization plans. President Roosevelt enacted reorganization plans under the act under an older reorganization plan statute, where Mr. Truman issued reorganization plans under the act of June 20, 1949, ch. 226, Sec. 3, 63 Stat. 203, which is no longer listed in the Parallel Table of Authorities and Rules, replaced by Pub. L. 89-554 of Sept. 6, 1966, 80 Stat. 394, and amended several times since. Application of current public laws will be examined momentarily, but first, the Code section evidencing authority for the President to implement reorganization plans should be considered, 5 U.S.C. § 903:

Sec. 903. Reorganization plans

(a) Whenever the President, after investigation, finds that changes in the organization of agencies are necessary to carry out any policy set forth in section 901(a) of this title, he shall prepare a reorganization plan specifying the reorganizations he finds are necessary. Any plan may provide for --

(1) the transfer of the whole or a part of an agency, or of the whole or a part of the functions thereof, to the jurisdiction and control of another agency;

(2) the abolition of all or a part of the functions of an agency, except that no enforcement function or statutory program shall be abolished by the plan;

(3) the consolidation or coordination of the whole or a part of an agency, or of the whole or a part of the functions thereof, with the whole or a part of another agency or the functions thereof;

(4) the consolidation or coordination of part of an agency or the functions thereof with another part of the same agency or the functions thereof;

(5) the authorization of an officer to delegate any of his functions; or

(6) the abolition of the whole or a part of an agency which agency or part does not have, or on the taking effect of the reorganization plan will not have, any functions.

The President shall transmit the plan (bearing an identification number) to the Congress together with a declaration that, with respect to each reorganization included in the plan, he has found that the reorganization is necessary to carry out any policy set forth in section 901(a) of this title.

[subsections (b) & (c) not reproduced]

Criteria in § 901 requires justification of reorganization plans according to standards of economy and efficiency -- there is no need to reproduce the section here. We'll simply examine authority of 5 U.S.C. § 9, and existing public laws which provide underlying authority for reorganization plans.

In the Parallel Table of Authorities and Rules, the general application regulation for 5 U.S.C. § 903 is listed as 28 CFR § 45:

Title 28 -- Judicial Administration; Chapter I, Dept. of Justice (Parts 0-199); § 45, Standards of Conduct.

Public laws which replaced the 1949 act are as follows: Pub. L. 89-554, Sept. 6, 1966, 80 Stat. 394; Pub. L. 90-83, Sec. 1(99), Sept. 11, 1967, 81 Stat. 220; Pub. L. 92-179, Sec. 2, Dec. 10, 1971, 85 Stat. 574; Pub. L. 95-17, Sec. 2, April 6, 1977, 91 Stat. 30; and Pub. L. 98-614, Sec. 3(b)(10,

(2), 4, Nov. 8, 1984, 98 Stat. 3192, 3193.

As in similar analysis, the public law is listed on the left, with regulations on the right:

> Pub. L. 89-544 32 CFR § 716: Title 32 -- National Defense; Subsection A -- Department of Defense; Chapter VI -- Department of the Navy (Parts 700-799); Subchapter C -- Personnel; § 716, Death gratuity.
>
> Pub. L. 90-83 No general application regulations.
>
> Pub. L. 92-179 No general application regulations. Pub. L. 95-17 No general application regulations.
>
> Pub. L. 98-614 No general application regulations.

The underlying authority for presidents to promulgate reorganization plans is consistent with previous analysis relating to other subjects: The reorganization may apply solely to (1) government of the United States and political subdivisions of the United States, (2) United States admiralty and maritime jurisdiction, and (3) territories and insular possessions of the United States. There is no application to the Union of several States party to the Constitution.

We can now address the three reorganization plans: Section 2 of Reorganization Plan III of 1940, which placed administration of the Federal Alcohol Administration Act under administration of the Bureau of Internal Revenue was repealed by Pub. L. 95-258, Sec. 5(b), Sept. 13, 1982, 96 Stat. 1068, 1085. Possibly it is a relief to some that Congress finally did something decisive, but as it turns out, there are no general application regulations listed in the Parallel Table of Authorities and Rules for Pub. L. 95-258, either. Consequently, the original transfer of authority for administration of the Federal Alcohol Administration Act to the Bureau of Internal Revenue, Puerto Rico still doesn't apply to the Union of several States party to the Constitution. In light of what has already been proven, the conclusion shouldn't be overly surprising.

Next, Reorganization Plan 26 of 1950, cited in 26 U.S.C. § 7804: The four sections in this reorganization plan were repealed by 1972 & 1982 legislation, again demonstrating that Congress has a will of its own. Section 1 was repealed by Pub. L. 97-258, Sec. 5(b), Sept. 13, 1982, 96 Stat 1068, 1085, "see" references as 31 U.S.C. § 321 & 49 U.S.C. § 108; Section 2 was repealed by Pub. L. 97-258, Sec. 5(b), Sept. 13, 1982, 96 Stat. 1068, 1085, "see" reference as 31 U.S.C. § 321; Section 3 was repealed by Pub. L. 92-302, Sec. 1(d), May 18, 1972, 86 Stat. 149, "see" reference at 31 U.S.C. § 301; Section 4 was repealed by Pub. L. 97-258, Sec. 5(b), Sept. 13, 1982, 96 Stat. 1068, 1085, "see" reference at 31 U.S.C. § 321.

No general application regulations for the two public laws are listed, so it will be useful to examine the United States Code sections listed as "see" references: 31 U.S.C. §§ 301 & 321, and 49 U.S.C. § 108. There are no general application regulations listed for 31 U.S.C. § 301, Title 31 being Money and Finance, § 301 pertaining to organization of the Department of the Treasury, or 49 U.S.C. § 49, Title 49 being Transportation, and § 108 establishing the Coast Guard as a department or agency in the Department of Transportation during peacetime. There are, however, a crop of regulations for 31 U.S.C. § 321, which prescribes general authority of the Secretary of the Treasury. All the general applications regulations listed are in Title 31 of the Code of Federal Regulations, Money and Finance: Treasury, with none pertaining to Title 26. The listed regulations are as follows: 31 CFR §§ 1, 2, 10, 19, 21, 25, 26, 205, 206, 210, 337, 413 & 601. It's obvious that few if any of these regulations have much to do with the Internal Revenue Code and regulations promulgated thereunder, but true to resolve to look under every rock, each of these regulations will be accounted for:

> 31 CFR § 1 Title 31 -- Money and Finance: Treasury; Subtitle A -- Office of the Secretary of the

Treasury (Parts 0-50); § 1, Disclosure of records.

31 CFR § 2 § 2, National security information. 31 CFR § 10 § 10, Practice before the Internal Revenue Service.

31 CFR § 19 § 19, Governmentwide debarment and suspension (nonprocurement) and governmentwide requirements for drug-free workplace (grants).

31 CFR § 21 § 21, New restrictions on lobbying.

31 CFR § 25 § 25, Prepayment of foreign military sales loans made by the Defense Security Assistance Agency and foreign military sales loans made by the Federal Financing Bank and guaranteed by the Defense Security Assistance Agency.

31 CFR § 26 § 26, Environmental review of actions by Multilateral Development Bands (MDBs).

31 CFR § 205 Subtitle B -- Regulations Relating to Money and Finance; Chapter II -- Fiscal Service, Department of the Treasury (Parts 200-399); Subchapter A -- Financial Management Service; § 205, Rules and procedures for funds transfers.

31 CFR § 206 § 206, Management of Federal agency receipts, disbursements, and operation of the Cash Management Improvements Fund.

31 CFR § 210 § 210, Federal payments through financial institutions by the automated clearing house method.

31 CFR § 337 Subchapter B -- Bureau of the Public Debt; § 337, Supplemental regulations governing Federal Housing Administration debentures.

31 CFR § 413 Chapter IV -- Secret Service, Department of the Treasury (Parts 400 -- 499); § 413, Closure of streets near the White House.

31 CFR § 601 Chapter VI -- Bureau of Engraving and Printing, Department of the Treasury (Parts 600-699); § 601, Distinctive paper for United States currency and other securities.

It's nice to see that the Secret Service has regulatory authority to close streets near the White House, which is incidentally located in the District of Columbia (this is another Department of the Treasury agency or Bureau that has little or no legitimate authority in the several States), and that the Bureau of Engraving and Printing is required to use distinctive paper for United States currency and other securities. However, none of the regulations above directly mandate filing tax returns, etc., as might be expected from regulations promulgated under authority of Reorganization Plan 26 of 1950 and Public Laws that replaced the four sections of the plan.

Next we turn to Reorganization Plan 1 of 1952. Except for repeal of Section 2(b) via Pub. L. 97-258, Sec. 5(b), Sept. 13, 1982, 96 Stat. 1068, 1085, this plan has been left intact. Subsection 2(b) established the office of Assistant General Counsel, 31 U.S.C. § 301. Section 3, which relates to appointment and compensation of Assistant Commissioners and district commissioners, now probably district directors, and the Assistant General Counsel, was amended via act of June 28, 1955, ch. 189, Sec. 12(c)(19), 69 Stat. 182. By consulting the Parallel Table of Authorities and Rules, it is found that there are no general application regulations promulgated for Reorganization Plan 1 of 1952, the act that repealed Section 2, the act that amended Section 3, or 31 U.S.C. § 301.

It would appear that authorities have been exhausted, but thanks to an IRS Internet reply to Alan Tenore (Oct. 12, 1998; IDENTIFIER: irsnash5 #83778; http://www.irs.ustreas.gov/help/email-survey.html for a survey exercise, or http://www.irs.ustreas.gov/prod/help/newmail/user.html for questions), we need to address original enactments of the Internal Revenue Code.

Per the prepared response, the Internal Revenue Code of 1954 was enacted August 16, 1954, Pub. Law

591, then amended by the Tax Reform Act of 1986, Pub. L. 99-514. Although neither of these cites is complete, the act of 1954 is Volume 68A of the Statutes at Large, and the 1968 Public Law number can be referenced in the Parallel Table of Authorities and Rules.

In the Parallel Table of Authorities and Rules, Public Law cites begin with the 80th Congress, numbering being changed to reflect the Congress and the number of the law enacted in that particular session. The first Public Law listing using this numbering system is Public Law 80-806. Prior to that, the listing is by location in the Statutes at Large. For example, the 98th volume of the Statutes at Large, page 42 - 98 Stat. 42.

By turning to page 810 of the 1996 Code of Federal Regulations Index volume, it is found that Volume 68A of the Statutes at Large is not listed. However, sections in Volumes 68 and 69 are. Consequently, the conclusion must be that there are no implementing regulations for Volume 68A of the Statutes at Large, the 1954 Internal Revenue Code, or successive Secretaries of the Treasury have been derelict in their respective duties over a period spanning approximately 44 years. However, there are regulations listed for the Tax Reform Act of 1986, Pub. L. 99-514, so there must be an explanation for oversight of some kind relating to Vol. 68A. Regulations listed for Pub. L. 99-514 go a ways toward explaining the defect.

Pub. L. 99-514 appears on page 821 of the 1996 CFR Index volume. Listed regulations are 19 CFR § 354 and 26 CFR § 31.

The first regulation is reasonably easy to dispose of: Title 19 -- Customs Duties; Chapter III -- International Trade Administration, Department of Commerce (Parts 300-399); § 354, Procedures for imposing sanctions for violation of an antidumping or countervailing duty protective order.

The regulation which on the surface appears to be problematic is 26 CFR § 31: Title 26 -- Internal Revenue, Department of the Treasury (Parts 1-799); Subchapter C -- Employment Taxes and Collection of Income Tax at Source; § 31, Employment taxes and collection of income tax at source.

The first clue to 26 CFR § 31 application is the fact that all Chapter I regulations in Title 26 of the CFR are promulgated for Internal Revenue Service administration. They must be applicable in United States territorial, and conceivably in admiralty and maritime jurisdiction and as applicable to officers and employees of the United States and it's political subdivisions. However, because we have the cited regulation as applicable under the Tax Reform Act of 1986, we should investigate further to see if 26 CFR § 31 complies with authorities thus far established.

A cursory survey of authorities listed under "Authority 26 U.S.C. 7805", which requires the Secretary to promulgate regulations (Title 26 -- Internal Revenue, volume containing parts 30-39, April 1, 1998 Edition, pages 10 & 11), fails to list Pub. L. 99-514 as any unique authority for § 31. Authority appears to emerge almost exclusively from Vol. 68A of the Statutes at Large, with the exception of § 31.6053-3 (b)(5), (h) and (j)(9), § 31.6053-4, § 31.6053-3T, and § 31.6053-4T (T = temporary regulations; have no binding effect). In addition to the Internal Revenue Act of 1954, Pub. L. 98-369, 98 Stat. 1052, is listed as an authority. General application regulations for Pub. L. 98-369 are listed as 49 CFR § 89, which is Transportation, in Subtitle A -- Office of the Secretary of Transportation, § 89, Implementation of Federal Claims Collection Act.

Since Pub. L. 99-514 isn't specifically listed as authority in headnotes for 26 CFR § 31, there would appear to be inconsistency unless it can be internally demonstrated that the Tax Reform Act did not do anything significant to expand or alter application of the Internal Revenue Code of 1954.

Researchers and others interested in details of how administrative process relative to Subtitle A & C

taxes is supposed to work, even for Federal employees subject to administration of the General Accounting Office, should read 26 CFR § 31, particularly Subpart G, as a multitude of procedural sins are exposed in these regulations.

Subpart A -- Introduction, §§ 31.0-1 - 31.0-4, begins on page 11, of the April 1, 1998 edition of this volume. In order to secure subject matter, the introduction is as follows:

> § 31.0-1 Introduction.
>
> (a) *In general*. The regulations in this part relate to the employment taxes imposed by subtitle C (chapters 21 to 25, inclusive) of the Internal Revenue Code of 1954, as amended. References in the regulations to the "Internal Revenue Code" or the "Code" are references to the Internal Revenue Code of 1954, as amended, unless otherwise indicated. References to the Federal Insurance Contributions Act, the Railroad Retirement Tax Act, and the Federal Unemployment Tax Act are references to chapters 21, 22, and 23, respectively, of the Code. References to sections of law are references to sections of the Internal Revenue Code unless otherwise indicated. The regulations in this part also provide rules relating to the deposit of other taxes by electronic funds transfer.
>
> (b) *Division of regulations*. The regulations in this part are divided into 7 subparts. Subpart A contains provisions relating to general definitions and use of terms, the division and scope of the regulations in this part, and the extent to which the regulations in this part supersede prior regulations relating to employment taxes. Subpart B relates to the taxes under the Federal Insurance Contributions Act. Subpart C relates to the taxes under the Railroad Retirement Tax Act. Subpart D relates to the tax under the Federal Unemployment Tax Act. Subpart E relates to the collection of income tax at source on wages under chapter 24 of the Code. Subpart F relates to the provisions of chapter 25 of the Code which are applicable in respect of the taxes imposed by chapters 21 to 24, inclusive, of the Code. Subpart G relates to selected provisions of subtitle F of the Code, relating to procedure and administration, which have special application in respect of the taxes imposed by subtitle C of the Code. Inasmuch as these regulations constitute Part 31 of Title 26 of the Code of Federal Regulations, each section of the regulations is preceded by a section symbol and 31 followed by a decimal point (§ 31.). Sections of law or references thereto are preceded by "Sec." or the word "section".

Those wishing to track the Social Security act and related legislation would be well served to read § 31.0-2, General definitions and use of terms, as cites for the original Social Security Act of 1935 and major amendments through 1972 are listed in the definitions. The definition at § 31.0-2(e) is the only one that will be reproduced here:

> (e) *Subpart E.* As used in Subpart E of this part, unless otherwise expressly indicated, tax means the tax required to be deducted and withheld from wages under section 3402 of the Code.

The withholding at 26 U.S.C. § 3402 relates to the so-called "income" tax, a/k/a "normal" tax. Therefore, 26 CFR § 31 relates to Social Security and related taxes, and income tax prescribed in Subtitle A of the Internal Revenue Code. Administrative procedure addressed in Subpart G therefore relates to both Social Security and income tax, where applicable, railroad retirement tax, unemployment tax, etc.

Although the subpart is reasonably long, I'm going to reproduce § 31.0-3, Scope of regulations, nearly in its entirety as there are important elements in it which I will underscore as a means of emphasis. Of particular note, definitions are applicable for determining liability:

> § 31.0-3 Scope of regulations.
>
> (a) *Subpart B*. The regulations in Subpart B of this part related to the imposition of the employee tax and the employer tax under the Federal Insurance Contributions Act with respect to wages paid and received after 1954 for employment performed after 1936. In addition to employment in the case of remuneration therefor paid and received after 1954, the regulations in Subpart B of this part relate also to employment performed after 1954 in the case of remuneration therefor paid and

received before 1955. The regulations in Subpart B of this part include provisions relating to the definition of terms applicable in the determination of the taxes under the Federal Insurance Contributions Act, such as "employee", "wages", and "employment". The provisions of Subpart B of this part relating to "employment" are applicable also, (1) to the extent provided in § 31.3121(b)-2, to services performed before 1955 the remuneration for which is paid after 1954, and (2) to the extent provided in § 31.3121(k)-3, to services performed before 1955 the remuneration for which was paid before 1955. (For prior regulations on similar subject matter, see 26 CFR (1939) Part 408 (Regulation 128).)

[(b) *Subpart C* omitted, relates to Railroad Retirement Tax Act]

(c) *Subpart D*. The regulations in Subpart D of this part relate to the imposition on employers of the excise tax under the Federal Unemployment Tax Act for the calendar year 1955 and subsequent calendar years with respect to wages paid after 1954 for employment performed after 1938. In addition to employment in the case of remuneration therefor paid after 1954, the regulations in Subpart D of this part relate also to employment performed after 1954 in the case of remuneration therefor paid before 1955. The regulations in Subpart D of this part include provisions relating to the definition of terms applicable in the determination of the tax under the Federal Unemployment Tax Act, such as "employee", "employer", "employment", and "wages". The regulations in Subpart D of this part also include provisions relating to the credits against the Federal tax for State contributions. (For prior regulations on similar subject matter, see 26 CFR (1939) Part 403 (Regulations 107).)

(d) *Subpart E*. The regulations in Subpart E of this part relate to the withholding under chapter 24 of the Code of income tax at source on wages paid after 1954, regardless of when such wages were earned. The regulations in Subpart E of this part include provisions relating to the definition of terms applicable in the determination of the tax under chapter 24 of the Code, such as "employee", "employer", and "wages". (For prior regulations on similar subject matter, see 26 CFR (1939) Part 406 (Regulations 120).)

(e) *Subpart F*. The regulations in Subpart F of this part deal with the general provisions contained in chapter 25 of the Code, which relate to the employment taxes imposed by chapters 21 to 24, inclusive, of the Code. (For prior regulations on the subject matter of section 3501, see 26 CFR (1939) 411.802 and 408.803 (Regulations 114 and 128, respectively). For prior regulations on the subject matter of section 3504, see 26 CFR (1939) 406.807 and 408.906 (Regulations 120 and 128, respectively).)

(f) *Subpart G*. The regulations in Subpart G of this part, which are prescribed under selected provisions of subtitle F of the Code, relate to the procedural and administrative requirements in respect of records, returns, deposits, payments, and related matters applicable to the employment taxes imposed by subtitle C (chapters 21 to 25, inclusive) of the Code. In addition, the provisions of Subpart G of this part relate to adjustments and to claims for refund, credit, or abatement, made after 1954, in connection with the employment taxes imposed by subtitle C of the Internal Revenue Code of 1954, by chapter 9 of the Internal Revenue Code of 1939, or by the corresponding provisions of prior law, but not to any adjustment reported, or credit taken, in whole or in part on any return or supplemental return filed on or before July 31, 1960. The provisions of Subpart G of this part also relate to deposits of taxes imposed by subchapter B on chapter 9 of the 1939 Code or by corresponding provisions of prior law with respect to compensation paid after 1954 for services rendered before 1955. For other administrative provisions which have application to the employment taxes imposed by subtitle C of the Code, see Part 301 of this chapter (Regulations on Procedure and Administration). (The administrative and procedural regulations applicable with respect to a particular employment tax for a prior period were combined with the substantive regulations relating to such tax for such period. For the regulations applicable to the respective taxes for prior periods, see paragraphs (a), (b), (c), and (d) of this section.) Subpart G of this part also provides rules relating to the deposit of other taxes by electronic funds transfer.

Reproduction of § 31.0-3 was primarily to demonstrate that regulations in this part (1) apply to the group of taxes that issue under or in connection with the Social Security tax system, inclusive of unemployment tax, etc., and income tax prescribed in Subtitle A, and (2) definitions in 26 U.S.C. §§ 3121 & 3401 determine application of the tax.

We can dispose of whatever questions there might be concerning application of these regulations in reasonably short order by beginning with the definition of "American employer" at 26 CFR § 31.3121 (g)-1:

> § 31.3121(h)-1 American employer.
>
> (a) The term "American employer" means an employer which is (1) the United States or any instrumentality thereof, (2) an individual who is a resident of the United States, (3) a partnership, if two-thirds or more of the partners are residents of the United States, (4) a trust, if all of the trustees are residents of the United States, or (5) a corporation organized under the laws of the United States or of any State. For provisions relating to the terms "State" and "United States", see § 31.3121(e)-1.
>
> (b) For provisions relating to services performed outside the United States by a citizen of the United States as an employee for an American employer, see paragraph (c)(3) of § 31.3121(b)-3 and paragraph (e) of § 31.3121(b)(4)-1.

We're back to definitions reproduced earlier, but the definitions of "State", "United States", and "citizen" at § 31.3121(e)-1 simply cannot be resisted:

> § 31.3121(e)-1 State, United States, and citizen
>
> (a) When used in the regulations in this subpart, the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Territories of Alaska and Hawaii before their admission as States, and (when used with respect to services performed after 1960) Guam and American Samoa.
>
> (b) When used in the regulations in this subpart, the term "United States", when used in a geographical sense, means the several states (including the Territories of Alaska and Hawaii before their admission as States), the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands. When used in the regulations in this subpart with respect to services performed after 1960, the term "United States" also includes Guam and American Samoa when the term is used in a geographical sense. The term "citizen of the United States" includes a citizen of the Commonwealth of Puerto Rico or the Virgin Islands, and, effective January 1, 1961, a citizen of Guam or American Samoa.

Application of the definitions above have already been determined to be limited to territory of the United States, so we don't have to engage in speculation. The regulation, and the corresponding definition at 26 U.S.C. § 3121, say what they say. Social Security and kindred taxes have always been applicable only in territory of the United States, including Alaska and Hawaii prior to admission as States of the Union. There is and never has been a constitutionally enumerated power authorizing Congress to institutionalize socialistic government policy throughout the nation. This is one of the more sinister elements of Cooperative Federalism that travels hand-in-hand with the entire social welfare system -- a mathematically impossible scheme that of necessity will bankrupt the American people.

The first exclusionary provision in § 31.3121(h)-1 for "American employer" is § 31.3121(b)-3(c)(3):

> (3) *By a citizen of the United States as an employee for an American employer*. Services performed after 1954 outside the United States by a citizen of the United States as an employee for an American employer constitutes employment provided the services are not specifically excepted under section 3121(d). For definitions of "citizen of the United States" and "American employer", see §§ 31.3121(e)-1 and 3121(h)-1, respectively.

The second exclusionary cite is § 31.3121(e)-1, and applies to "Services performed on or in connection with a non-American vessel or aircraft." It's remote enough that it won't be reproduced here.

The definition of "citizen of the United States" has been problematic for many people. "Am I a citizen of

the United States?" The definition above provides clarification: Even if the Fourteenth Article of Amendment extended "citizen of the United States" status to people throughout the several States party to the Union, which it didn't, the "citizen of the United States" the Internal Revenue Code addresses is geographically determined. The Fourteenth Article of Amendment was promulgated, never properly ratified, in order to extend citizenship status to African Americans liberated following the Civil War, and might be broadly construed to include other minorities of color who didn't enjoy the status of State citizens prior to the Civil War. Governments of the several States extended universal State citizenship without regard to race, color or creed, so as those the Fourteenth Article of Amendment directly affected died, their lineage enjoyed the status of State citizen in their respective States, and were not "citizens of the United States" where the Fourteenth Article of Amendment is concerned unless they went through the prescribed process necessary to become citizens of the United States.

However, Congress employed this mechanism beginning in 1917 to confer "citizen of the United States" status on people indigenous to insular possessions. The first act of this nature conferred "citizen of the United States" status on the people of Puerto Rico, then in the next decade, citizen of the United States status was conferred on people of the Virgin Islands. Dates when the indigenous people of American Samoa and Guam became "citizens of the United States" are referenced in the "citizen" definition above.

The effect is this: While the "People of the United States" (Constitution, Preamble) think of themselves as "citizens of the United States," a rhetorical claim that had no substantive existence prior to 1868, the vast majority are not "citizens of the geographical United States," as defined in § 3121(d) of the Internal Revenue Code of 1954, as amended. General application definitions of "United States" and "State" at 26 U.S.C. § 7701(a)(9) & (10) have the same effect as they include only insular possessions of the United States and the District of Columbia. In other words, being a "citizen of the United States," as created in Section 1 of the Fourteenth Article of Amendment, and a "citizen of Oklahoma" or any other State of the Union, is irrelevant where the Internal Revenue Code is concerned. In order for "citizen of the United States" status to make any difference, the status must be determined by the "citizen of the United States" being so by virtue of citizenship in the District of Columbia, Puerto Rico, the Virgin Islands, Guam or American Samoa. It is a municipal or geographically specific citizenship, not a citizenship universal throughout the several States and possessions of the United States. Consequently, even if I as a citizen of Oklahoma am also a citizen of the United States, my United States citizenship is of no consequence where the Internal Revenue Code is concerned as I am not a citizen of the United States of the District of Columbia, Puerto Rico, etc. Application of the Internal Revenue Code is geographically specific, limited to territory and insular possessions of the United States subject to the Article IV § 3.2 territorial clause.

Evidence to this effect was already established when we tracked the President's authority to establish revenue districts (26 U.S.C. § 7621) through Executive Order #10289 and Treasury Delegation Order #150-42 (1956). The only revenue districts applicable to the several States are customs districts, administered by the United States Customs Service. There is absolutely no authority, whether statutory or regulatory, for the Internal Revenue Service and the Bureau of Alcohol, Tobacco and Firearms to establish revenue districts in the several States party to the Constitution.

Possibly a comment concerning the Parallel Table of Authorities and Rules is in order: In the past a few critics have attempted to discredit the Table. However, Congress mandated construction of reliable finding aids in the Federal Register Act (44 U.S.C. § 1510), and via a court order cited earlier, the Director of the Federal Register was ordered to compile and publish the prescribed finding aids. The purpose, as articulated by the court, is to avert imposition of secret law. In other words, the Parallel Table of Authorities and Rules is a disclosure mechanism intended for use by those who need to know what application Code sections and regulations have. And as is the case for the United States Code relative to the Statutes at Large, that which is published in the Code of Federal Regulations is prima facie evidence of publication in the Federal Register. Further, responsibility for accuracy rests on the officer or agency responsible for maintaining the Table, per requirements set out at 1 CFR § 8.5:

§ 8.5 Ancillaries.

The Code shall provide, among others, the following-described finding aids:

(a) *Parallel tables of statutory authorities and rules*. In the Code of Federal Regulations Index or at such other place as the Director of the Federal Register considers appropriate, numerical lists of all sections of the current edition of the United States Code (except section 301 of title 5) which are cite by issuing agencies as rule-making authority for currently effective regulations in the Code of Federal Regulations. The lists shall be arranged in the order of the titles and sections of the United States Code with parallel citations to the pertinent titles and parts of the Code of Federal Regulations.

(b) *Parallel tables of Presidential documents and agency rules*. In the Code of Federal Regulations Index, or at such other place as the Director of the Federal Register considers appropriate, tables of proclamations, Executive orders, and similar Presidential documents which are cited as rulemaking authority in currently effective regulations in the Code of Federal Regulations.

(c) *List of CFR sections affected*. Following the text of each Code of Federal Regulations volume, a numerical list of sections which are affected by documents published in the Federal Register. (Separate volumes, "List of Sections Affected, 1949-1963" and "List of CFR Sections Affected, 1964-1972)", list all sections of the Code which have been affected by documents published during the period January 1, 1949, to December 31, 1963, and January 1, 1964, to December 31, 1972, respectively.) Listings shall refer to Federal Register pages and shall be designed to enable the user of the Code to find the precise text that was in effect on a given date in the period covered.

Responsibility of the various government agencies is at § 8.7:

§ 8.7 Agency cooperation.

Each agency shall cooperate in keeping publication of the Code current by complying promptly with deadlines set by the Director of the Federal Register and the Public Printer.

The Director and staff of the Federal Register set standards and provide support for agencies responsible for publishing documents in the various Federal Register publications (1 CFR, § 15), but responsibility for accuracy lies with the agencies respectively. Each agency has stiff requirements set out in 1 CFR, § 16, reproduced in applicable part below:

§ 16.1 Designation

(a) Each agency shall designate, from its officers or employees, persons to serve in the following capacities with relation to the Office of the Federal Register:

(1) A liaison officer and an alternate.

(2) A certifying officer and an alternate.

(3) An authorizing officer and an alternate.

The same person may be designated to serve in one or more of these positions.

(b) In choosing its liaison officer, each agency should consider that this officer will be the main contact between that agency and the Office of the Federal Register and that the liaison officer will be charged with the duties set forth in § 16.2. Therefore, the agency should choose a person who is directly involve in the agency's regulatory program.

(c) Each agency shall notify the Director of the name, title, address, and telephone number of each person it designates under this section and shall promptly notify the Director of any changes.

> § 16.2 Liaison duties.
>
> Each agency liaison officer shall --
>
> (a) represent the agency in all matters relating to the submission of documents to the Office of the Federal Register, and respecting general compliance with this chapter;
>
> (b) Be responsible for the effective distribution and use within the agency of Federal Register information on document drafting and publication assistance authorized by § 15.10 of this chapter;
>
> (c) Promote the agency's participation in the technical instruction authorized by § 15.10 of this chapter; and
>
> (b) Be available to discuss documents submitted for publication with the editors of the Federal Register.
>
> § 16.3 Certifying duties.
>
> The agency certifying officer is responsible for attaching the required number of true copies of each original document submitted by the agency to the Office of the Federal Register and for making the certification required by §§ 18.5 and 18.6 of this chapter.
>
> Each document must be certified under signature as correct, the seal of the office is optional. See referenced cites.

The Parallel Table of Authorities and Rules takes up 108 pages in the 1996 Index volume of the Code of Federal Regulations, which I've used for desktop convenience in construction of this discourse rather than constantly calling up the 1998 edition on computer CD. It isn't there for nothing. Congress mandated it by law, a court ordered it, the Director of the Federal Register set out requirements by regulation, and the agency responsible for maintaining any given section is required to certify authenticity. The Table must therefore be given the same credibility as other documents reproduced in the Code of Federal Regulations -- it is prima facie evidence of publication in the Federal Register, or in this case, application of documents published in the Federal Register. If it isn't, it's a waste of time and a tremendous amount of public money.

Even at that, we haven't relied exclusively on the Parallel Table of Authorities and Rules. Instead, we've gone to the United States Code, tracked authority to original sources in the Statutes at Large, reproduced relative portions of Executive Orders, reorganization plans and presidential letters, examined regulations reproduced in the Code of Federal Regulations, reproduced original delegations of authority directly from the Federal Register, and otherwise filled gaps with principles of law and precedent court decisions.

The test is this: Is evidence of law, regulations, Executive Orders, executive delegations of authority, reorganization plans, statutory authority, et al, consistent with what the Parallel Table of Authority and Rules reflects? We've merely used the Parallel Table of Authorities and Rules as a navigation tool. Authorities it cites have proven to be authentic. By examining 26 CFR § 31, we demonstrated that the tax reform act of 1986 did not expand application of the Internal Revenue Code -- IRS jurisdiction is limited to insular possessions of the United States and the District of Columbia.

In order to demonstrate accuracy of the Table, we'll go through one more exercise that will be of considerable interest to people plagued by notices of lien and levy issued under signature of Internal Revenue Service revenue offices. To do that, we'll track 26 U.S.C. § 6331 and related sections of the Internal Revenue Code, the core section headed, "Levy and distraint". In the course of the general analysis, we'll rely to a certain extent on research pertaining to seizures and levies by John J. Schlabach, an Internal Revenue Service-enrolled agent (tax accounting, etc., certified by IRS) from Colbert, Washington. Mr. Schlabach's research reinforces conclusions we'll demonstrate when finally returning

to address implications of 26 U.S.C. § 7804: That is, administrative seizures via "notice of levy", without orders of a court of competent jurisdiction, are patently illegal. We will see when returning to § 7804 that the Internal Revenue Code preserves the right to due process of law, as contemplated by the Fifth, Sixth, and Seventh Articles of Amendment, and remedies for "redress of grievance" against those responsible for fraudulently seizing assets without properly executed court orders.

We'll begin the analysis by reproduction of 26 U.S.C. § 6331(a), the general authority subsection of the levy and distraint section. This should be of interest particularly to people who have had the unfortunate experience of receiving notices of lien and levy from IRS revenue officers and the like as alleged statutory authority is reproduced on the backs of most of these instruments, but § 6331(a) isn't cited. This omission roughly falls under the axiom, "Figures don't lie, but liars figure." The subsection is as follows:

> Sec. 6331. **Levy and distraint**
>
> (a) Authority of Secretary
>
> If any person liable to pay any tax neglects or refuses to pay the same within 10 days after notice and demand, it shall be lawful for the Secretary to collect such tax (and such further sum as shall be sufficient to cover the expenses of the levy) by levy upon all property and rights to property (except such property as is exempt under section 6334) belonging to such person or on which there is a lien provided in this chapter for the payment of such tax. Levy may be made upon the accrued salary on wages of any officer, employee, or elected official, of the United States, the District of Columbia, or any agency or instrumentality of the United States or the District of Columbia, by serving a notice of levy on the employer (as defined in section 3401(d)) of such officer, employee, or elected official. If the Secretary makes a finding that the collection of such tax is in jeopardy, notice and demand for immediate payment of such tax may be made by the Secretary and, upon failure or refusal to pay such tax, collection thereof by levy shall be lawful without regard to the 10-day period provide in this section. [underscore added]

The first obvious difficulty with this section is that it is an amalgamation or composite, as is the case for 28 U.S.C. § 132 relating to United States District Courts. At this juncture, I haven't had time to track down exactly when the amalgamation was effected, but suspect it was via the act for enactment of the Internal Revenue Code of 1954, or the act of Nov. 2, 1966, Pub. L. 89-719, title I, Sec. 104(a), 85 Stat. 520. The latter made significant changes in the entire lien and levy process as it came at approximately the time legislatures of all fifty States of the Union had fraudulently enacted the Uniform Commercial Code. The 1966 act was effected to reconcile Federal lien and levy process with the UCC. In the 1934 edition of the United States Code, the section appeared approximately as follows (portion added is left in strike-through text):

> If any person liable to pay any tax neglects or refuses to pay the same within 10 days after notice and demand, it shall be lawful for the Secretary to collect such tax (an such further sum as shall be sufficient to cover the expenses of the levy) by levy upon all property and rights to property (except such property as is exempt under section 6334) belonging to such person or on which there is a lien provided in this chapter for the payment of such tax. Levy may be made upon the accrued salary on wages of any officer, employee, or elected official, of the United States, the District of Columbia, or any agency or instrumentality of the United States or the District of Columbia, by serving a notice of levy on the employer (as defined in section 3401(d)) of such officer, employee, or elected official. If the Secretary makes a finding that the collection of such tax is in jeopardy, notice and demand for immediate payment of such tax may be made by the Secretary and, upon failure or refusal to pay such tax, collection thereof by levy shall be lawful without regard to the 10-day period provided in this section. [underscore added]

This portion was added, possibly as early as 1939, but more probably in 1954 or 1966:

> Levy may be made upon the accrued salary on wages of any officer, employee, or elected official, of the United States, the District of Columbia, or any agency or instrumentality of the United

> States or the District of Columbia, by serving a notice of levy on the employer (as defined in section 3401(d)) of such officer, employee, or elected official. [underscore added]

The employer definition at 26 U.S.C. § 3401(d) has already been cited; the employer employs officers and employees of the United States, United States political subdivisions, and officers of corporations where the United States has a proprietary interest, as defined at 3401(c). The person made liable for tax withheld at the source is the withholding agent. The balance of § 6331(a) is applicable to excise taxes in Subtitle E, most of these taxes pertaining to alcohol, tobacco and firearms.

Here we'll pick up Mr. Schlabach's line: Whatever authority the Secretary of the Treasury and/or his delegates have is prescribed by statute. The Secretary's seizure authority is at 26 U.S.C. § 7321:

> Sec. 7321. Authority to seize property subject to forfeiture.
>
> Any property subject to forfeiture to the United States under any provision of this title may be seized by the Secretary.

We're going to pick this up again, so remember the phrase, "Any property subject to forfeiture..," as it is key to understanding § 6331 and other sections that address lien, levy, and seizure. We will now consider authority of internal revenue enforcement officers, at § 7608:

> Sec. 7608. Authority of internal revenue enforcement officers.
>
> (a) Enforcement of subtitle E and other laws pertaining to liquor, tobacco, and firearms. Any investigator, agent, or other internal revenue officer by whatever term designated, whom the Secretary charges with the duty of enforcing any of the criminal, seizure, or forfeiture provisions of subtitle E or of any other law of the United States pertaining to the commodities subject to tax under such subtitle for the enforcement of which the Secretary is responsible may --
>
> (1) carry firearms;
>
> (2) execute and serve search warrants and arrest warrants, and serve subpoenas and summonses issued under authority of the United States;
>
> (3) in respect to the performance of such duty, make arrests without warrant for any offense against the United States committed in his presence, or for any felony cognizable under the laws of the Unite States if he has reasonable grounds to believe that the person to be arrested has committed, or is committing, such felony; and
>
> (4) in respect to the performance of such duty, make seizures of property subject to forfeiture to the United States.
>
> (b) Enforcement of laws relating to internal revenue other than subtitle E.
>
> (1) Any criminal investigator of the Intelligence Division or the Internal Security Division of the Internal Revenue Service whom the Secretary charges with the duty of enforcing any of the criminal provisions of the internal revenue laws, any other criminal provisions of law relating to internal revenue for the enforcement of which the Secretary is responsible, or any other law for which the Secretary has delegated investigatory authority to the Internal Revenue Service, in the performance of his duties, authorized to perform the functions described in paragraph (2).
>
> (2) The functions authorized under this subsection to be performed by an officer referred to in paragraph (1) are --
>
> (A) to execute and serve search warrants and arrest warrants, and serve subpoenas and summonses issued under authority of the United States;
>
> (B) to make arrests without warrant for any offense against the United States relating to the internal revenue laws committed in his presence, or for any felony cognizable under such laws if he has

reasonable grounds to believe that the person to be arrested has committed or is committing any such felony; and

(C) to make seizures of property subject to forfeiture under the internal revenue laws.

[subsection (c) not reproduced]

We find authority to "make seizures of property subject to forfeiture" at §§ 7321 & 7608(a)(4) & (b)(2)(C). The language is explicit -- the Secretary and properly designated revenue officers may make all seizure of property subject to forfeiture. Statutory language does not go beyond that point. And as it so happens, the Internal Revenue Code is very explicit when it comes to what property is subject to forfeiture, specific statutory provisions in Chapter 75, Subchapter C -- Forfeitures. By appearance, the list is limited to Part I, Property subject to forfeiture, but there is a hidden gem in Part II that is the IRS back door out of the Internal Revenue Code. The escape hatch will be addressed in due course. The main list of property subject to forfeiture is at § 7301:

Sec. 7301. Property subject to tax.

(a) Taxable articles.

Any property on which, or for or in respect whereof, any tax is imposed by this title which shall be found in the possession or custody or within the control of any person, for the purpose of being sold or removed by him in fraud of the internal revenue laws, or with design to avoid payment of such tax, or which is removed, deposited, or concealed, with intent to defraud the United States of such tax or any part thereof, may be seized, an shall be forfeited to the United States.

(b) Raw materials.

All property found in the possession of any person intending to manufacture the same into property of a kind subject to tax for the purpose of selling such taxable property in fraud of the internal revenue laws, or with design to evade the payment of such tax, may also be seized, and shall be forfeited to the United States.

(c) Equipment.

All property whatsoever, in the place or building, or any yard or enclosure, where the property described in subsection (a) or (b) is found, or which is intended to be used in the making of property described in subsection (a), with intent to defraud the United States of tax or any part thereof, on the property described in subsection (a) may also be seized, and shall be forfeited to the United States.

(d) Packages.

All property used as a container for, or which shall have contained, property described in subsection (a) or (b) may also be seize, and shall be forfeited to the United States.

(e) Conveyances.

Any property (including aircraft, vehicles, vessels, or draft animals) used to transport or for the deposit or concealment of property described in subsection (a) or (b), or any property used to transport or for the deposit or concealment of property which is intended to be used in the making or packaging of property described in subsection (a), may also be seized, and shall be forfeited to the United States.

Property described in § 7301 is obviously related to production and distribution of distilled spirits subject to licensing under the Federal Alcohol Administration Act. It might be construed as being applicable to production of tobacco products and conceivably even firearms, but we know application is to insular possessions of the United States, not the several States. Even at that, we are narrowing the range of forfeiture by listing those things the Internal Revenue Code itemizes as subject to forfeiture.

The next section identifying property subject to forfeiture provides the approach ramp for IRS' leap from the Internal Revenue Code:

> § 7302. Property used in violation of internal revenue laws.
>
> It shall be unlawful to have or possess any property intended for use in violating the provisions of the internal revenue laws, or regulations prescribed under such laws, or which has been so used, and no property rights shall exist in any such property. A search warrant may issue as provided in chapter 205 of title 18 of the United States Code and the Federal Rules of Criminal Procedure for the seizure of such property. Nothing in this section shall in any manner limit or affect any criminal or forfeiture provision of the internal revenue laws, or of any other law. The seizure and forfeiture of any property under the provisions of this section and the disposition of such property subsequent to seizure and forfeiture, or the disposition of the proceeds from the sale of such property, shall be in accordance with existing laws or those hereafter in existence relating to seizures, forfeitures, and disposition of property or proceeds, for violation of the internal revenue laws.

Implications of § 7302 will become evident momentarily. In the meantime, the balance of property subject to forfeiture listed in §§ 7303 & 7304 needs to be accounted for to complete the survey:

> § 7303. Other property subject to forfeiture.
>
> There may be seized and forfeited to the United States the following:
>
> (1) Counterfeit stamps. Every stamp involved in the offense described in section 7208 (relating to counterfeit, reused, canceled, etc., stamps), and the vellum, parchment, document, paper, package, or article upon which such stamp was placed or impressed in connection with such offense.
>
> (2) False stamping of packages. Any container involve in the offense described in section 7271 (relating to disposal of stamped packages), and of the contents of such container.
>
> (3) Fraudulent bonds, permits, an entries. All property to which any false or fraudulent instrument involved in the offense described in section 7207 relates.
>
> § 7304. Penalty for fraudulently claiming drawback.
>
> Whenever any person fraudulently claims or seeks to obtain an allowance of drawback on goods, wares, or merchandise on which no internal tax shall have been paid, or fraudulently claims any greater allowance of drawback than the tax actually paid, he shall forfeit triple the amount wrongfully or fraudulently claimed or sought to be obtained, or the sum of $500, at the election of the Secretary.

When we consult the Parallel Table of Authorities and Rules, we find that §§ 7301 & 7302 aren't listed, regulations for § 7302 are 27 CFR §§ 24 & 252, and regulations for § 7304 are 27 CFR § 70. Title 27 of the Code of Federal Regulations includes the Federal Alcohol Administration Act, and is under Bureau of Alcohol, Tobacco and Firearms administrative jurisdiction. No general application regulations under these sections issue from Title 26 of the Code of Federal Regulations.

Remember, all judicial action to enforce forfeiture is supposed to issue as an *in rem* action in a United States District Court, per 26 U.S.C. § 7323, so we know that "venue" established by § 7323 is in one of the three remaining territorial courts, defined as courts of the United States at 18 U.S.C. § 23 -- the United States District Courts of Guam, the Northern Mariana Islands, and the Virgin Islands. Therefore, we know that all forfeitures must be in insular possessions of the United States, or territorial waters. This conclusion reinforces the allegation that IRS and BATF, both successors of the Bureau of Internal Revenue, Puerto Rico, have absolutely no legitimate jurisdiction in the Union of several States. The legitimate United States District Court is a territorial court that does not exercise Article III judicial authority of the United States -- it is an Article I legislative court. And beyond that, the *in rem* forfeiture

action is admiralty-maritime in nature, proceeding in the course of the civil law, contrary to due process in the course of the common law assured by the Fifth, Sixth, and Seventh Articles of Amendment.

How is the IRS leap from the Internal Revenue Code accomplished? Via 26 U.S.C. § 7327:

> § 7327. Customs laws applicable.
>
> The provisions of law applicable to the remission and mitigation by the Secretary of forfeitures under the customs laws shall apply to forfeitures incurred or alleged to have been incurred under the internal revenue laws.

The exit begins with § 7302, property used in violation of internal revenue laws, then the exit from the Internal Revenue Code is via § 7327, customs laws applicable. Seizures, including garnishment, are predicated on the notion of property used in violation of internal revenue laws. We know that this is the case as for the last several years, researchers across the country have decoded classification documents for literally hundreds of people subjected to IRS seizure and forfeiture. They are invariable red flagged as "illegal tax protesters", which is a trigger label, and are classified as high level and illegal drug dealers out of the Virgin Islands, Cayman Islands, etc. This is the underlying presumption IRS uses as justification for administrative seizures and/or criminal and civil prosecution in private United States District Courts situated in the Union of several States. These courts, without notice, presume to accommodate a change of venue from the District Court of the Virgin Islands under that court's concurrent maritime jurisdiction with district courts of the United States, 18 U.S.C. § 3241. The victim simply isn't informed that even if he is being prosecuted in a civil case, he is presumed to have committed an offense against customs laws of the United States in territorial waters of the Virgin Islands.

Those who haven't been exposed to the institutionalized criminal element of government have to be saying, "This can't be true! This is the most outrageous account imaginable!"

I hope that's the case, and I hope those who have read this far are sufficiently motivated to (1) take time to verify authorities that support conclusions presented in this discourse, and (2) demand that people who hold elected and appointed offices in United States government rebut conclusions with lawful authorities which satisfy criteria established in the section on five essential legal authorities. Most of this information is already in court pleadings around the country, it has been submitted to Federal judges in their respective administrative capacities, and has been submitted via the Director of the Administrative Office of United States Courts; IRS officials have failed to rebut or correct it, and various members of Congress stand mute, unwilling or unable to rebut the documented evidence. The best any of them can hope for -- that the truth doesn't reach a sufficient number of people that there is a general demand for accountability.

This is not the place for sermonizing, so we will proceed. Again consulting the Parallel Table of Authorities and Rules, regulations for 26 U.S.C. § 7327 are listed as 27 CFR § 72, regulations under BATF administration. However, at this juncture we're not concerned with BATF, so there is obviously no regulation in Title 26 of the Code of Federal Regulations with general application within the Union of several States. However, there is an unlisted regulation at 26 CFR 403 pertaining to Internal Revenue Service enforcement of customs laws. This is the Internal Revenue Code off ramp. The route is from 26 U.S.C. § 7302, property used in violation of Internal revenue laws, to § 7327, customs laws, to 26 CFR § 403, which pertains to customs laws in Title 19 of the U.S.C. The exit is predicated on classification to whoever illicit IRS actions are against, whether in civil or criminal forums, being classified as an illegal tax protestor who has drug-related operations in insular possessions and territorial waters subject to Congress' Article IV § 3.2 legislative jurisdiction.

The scope of the regulation is set out at 26 CFR § 403.1:

§ 403.1 Personal property seized by the Internal Revenue Service.

> Regulations in this part relate to personal property seized by officers of the Internal Revenue Service as subject to forfeiture as being involved, used, or intended to be used, as the case may be in any violation of the internal revenue laws other than Chapters 51 (distilled spirits), 52 (tobacco) and 53 (firearms), of the Internal Revenue Code of 1954 (I.R.C.).

The object of this seizure authority is personal property valued at $100,000 or less (26 U.S.C. § 7325), and coin-operated gaming devices (§ 7326(a)).

The delegation of authority to the Commissioner of Internal Revenue (T.D. 7433, 41 FR 39312, Sept. 15, 1976, as amended by T.D. 7525, 42 FR 64334, Dec. 23, 1977), is reproduced at 26 CFR § 403.25:

> § 403.25 Personal property subject to seizure.
>
> Personal property may be seized by the Commissioner of Internal Revenue or his delegate for forfeiture to the United States when involved, used, or intended to be used, in violation of the internal revenue laws, other than Chapter 51 (distilled spirits), 52 (tobacco) and 53 (firearms) of the I.R.C. (Sec. 7321, 68A Stat. 869; 26 U.S.C. 7321).)

What does 26 U.S.C. § 7321 relate to?

> Sec. 7321. Authority to seize property subject to forfeiture.
>
> Any property subject to forfeiture to the United States under any provision of this title may be seized by the Secretary.

As demonstrated, property subject to forfeiture within the covers of the Internal Revenue Code is specifically enumerated save that which is "used in violation of internal revenue laws" (§ 7302). Therefore, property which is the object of seizure must be personal property valued under $100,000 (§ 7325), or coin-operated gaming devices (§ 7326(a)), under applicable customs laws (§ 7327). This conclusion is locked down by Subpart D -- Remission or Mitigation of Forfeitures, at 26 CFR § 403.35:

> § 403.35 Laws applicable.
>
> Remission or mitigation of forfeitures shall be governed by the customs laws applicable to remission or mitigation of penalties as contained in 19 U.S.C. 1613 and 19 U.S.C. 1618.
>
> (Sec. 613, 46 Stat. 756, as amended, sec. 618, 46 Stat. 757, as amended, sec 7327, 68A Stat. 871; (19 U.S.C. 1613, 1618, 26 U.S.C. 7327))

The customs laws at issue grow out of the Tariff Act of 1930; Subtitle III -- Administrative Provisions; Part V --Enforcement Provisions, but there have been several amendments since that cast a fog over how manipulation of administration was accomplished. We'll address some of the conspicuous incongruities, but first need to see authority of 19 U.S.C. §§ 1613 & 1618:

> Sec. 1613. Disposition of proceeds of forfeited property
>
> (a) Application for remission of forfeiture and restoration of proceeds of sale; disposition of proceeds when no application has been made Except as provided in subsection (b) of this section, any person claiming any vessel, vehicle, aircraft, merchandise, or baggage, or any interest therein, which has been forfeited and sold under the provisions of this chapter, may at any time within three months after the date of sale apply to the Secretary of the Treasury if the forfeiture and sale was under the customs laws, or to the Commandant of the Coast Guard or the Commissioner of Customs, as the case may be, if the forfeiture and sale was under the navigation laws, for a remission of the forfeiture and restoration of the proceeds of such sale, or such part thereof as may be claimed by him. Upon the production of satisfactory proof that the applicant did not know of the

seizure prior to the declaration or condemnation of forfeiture, and was in such circumstance as prevented him from knowing of the same, and that such forfeiture was incurred without any willful negligence or intention to defraud on the part of the applicant, the Secretary of the Treasury, the Commandant of the Coast Guard, or the Commissioner of Customs may order the proceeds of the sale, or any part thereof, restored to the applicant, after deducting the cost of seizure and of sale, the duties, if any, accruing on the merchandise or baggage, and any sum due on a lien for freight, charges, or contribution in general average that may have been filed. If no application for such remission or restoration is made within three months after such sale, or if the application be denied by the Secretary of the Treasury, the Commandant of the Coast Guard, or the Commissioner of Customs, the proceeds of sale shall be disposed of as follows:

(1) For the payment of all proper expenses of the proceedings of forfeiture and sale, including expenses of seizure, maintaining the custody of the property, advertising and sale, and if condemned by a decree of a district court and a bond for such costs was not given, the costs as taxed by the court;

(2) For the satisfaction of liens for freight, charges, and contributions in general average, notice of which has been filed with the appropriate customs officer according to law; and

(3) The residue shall be deposited in the general fund of the Treasury of the United States.

(b) Disposition of proceeds in excess of penalty assessed under section 1592

If merchandise is forfeited under section 1592 of this title, any proceeds from the sale thereof in excess of the monetary penalty finally assessed thereunder and the expenses and costs described in subsection (a)(1) and (2) of this section or subsection (a)(1), (a)(3), or (a)(4) of section 1613b of this title incurred in such sale shall be returned to the person against whom the penalty was assessed.

(c) Treatment of deposits

If property is seized by the Secretary under law enforcement or administrated by the Customs Service, or otherwise acquired under section 1605 of this title, and relief from the forfeiture is granted by the Secretary, or his designee, upon terms requiring the deposit or retention of a monetary amount in lieu of the forfeiture, the amount recovered shall be treated in the same manner as the proceeds of sale of a forfeited item.

(d) Expenses

In any judicial or administrative proceeding to forfeit property under any law enforce or administered by the Customs Service or the Coast Guard, the seizure, storage, and other expenses related to the forfeiture that are incurred by the Customs Service or the Coast Guard after the seizure, but before the institution of, or during, the proceedings, shall be a priority claim in the same manner as the court costs and the expenses of the Federal marshal.

Sec. 1618. Remission or mitigation of penalties

Whenever any person interested in any vessel, vehicle, aircraft, merchandise, or baggage seized under the provisions of this chapter, or who has incurred, or is alleged to have incurred, any fine or penalty thereunder, files with the Secretary of the Treasury if under the customs laws, and with the Commandant of the Coast Guard or the Commissioner of Customs, as the case may be, if under the navigation laws, before the sale of such vessel, vehicle, aircraft, merchandise, or baggage a petition for the remission or mitigation of such fine, penalty, or forfeiture, the Secretary of the Treasury, the Commandant of the Coast Guard, or the Commissioner of Customs, if he finds that such fine, penalty, or forfeiture was incurred without willful negligence or without any intent on the part of the petitioner to defraud the revenue or to violate the law, or finds the existence of such mitigating circumstances as to justify the remission or mitigation of such fine, penalty, or forfeiture, may remit or mitigate the same upon such terms and conditions as he deems reasonable and just, or order discontinuance of any prosecution relating thereto. In order to enable him to ascertain the facts, the Secretary of the Treasury may issue a commission to any customs officer to take testimony upon such petition: Provided, That nothing in this section shall be construed to deprive any person of an award of compensation made before the filing of such petition.

By following references in the text of these two sections from Title 19, the link to drug-related offenses is reasonably easy to establish. However, at the moment, the link to Reorganization Plan 26 of 1950, cited in 26 U.S.C. § 7804, and subsequent authority delegated by E.O. #10289, and T.D.O. #150-42 (1956), is probably more important. The reorganization plan, and another plan promulgated in 1946, are cited as authorities in historical and revision notes following § 1613:

TRANSFER OF FUNCTIONS

> By Reorg. Plan No. 3 of 1946, set out in the Appendix to Title 5, Government Organization and Employees, functions of Secretary of Commerce relating to remission and mitigation of fines, penalties and forfeitures incurred for violation of navigation laws were transferred to Commandant of Coast Guard and Commissioner of Customs, subject to direction and control of Secretary of the Treasury, except as otherwise required by law with respect to United States Coast Guard whenever it operates as a part of Navy. Accordingly, references to Commandant of Coast Guard and Commissioner of Customs substituted in text for "the Secretary of Commerce".
>
> For transfer of functions of other officers, employees, and agencies of Department of the Treasury, with certain exceptions, to Secretary of the Treasury with power to delegate, see Reorg. Plan No. 26 of 1950, Sec. 1, 2, eff. July 31, 1950, 15 F.R. 4935, 64 Stat. 1280, 1281, set out in the Appendix to Title 5, Government Organization and Employees. Commissioner of Customs, referred to in text, is an officer in Department of the Treasury. Functions of Coast Guard and Commandant of Coast Guard excepted from transfer when Coast Guard is operating as part of Navy under sections 1 and 3 of Title 14, Coast Guard.
>
> Coast Guard transferred to Department of Transportation, and functions, powers, and duties relating to Coast Guard of Secretary of the Treasury and of other officers and offices of Department of the Treasury transferred to Secretary of Transportation by Pub. L. 89-670, Sec. 6(b)(1), Oct. 15, 1966, 80 Stat. 938. Section 6(b)(2) of Pub. L. 89-670, however, provided that notwithstanding such transfer of functions, Coast Guard shall operate as part of Navy in time of war or when President directs as provided in section 3 of Title 14. See section 108 of Title 49, Transportation.

Aside from connecting these customs duties-related sections to the 1950 reorganization plan that restructured basic administration authority by way of the Internal Revenue Code of 1954, the above note reflects some of the difficulty behind determining who has what authority, where it came from, where it might be applicable, and how legitimate it is. It's like playing, "Button, button, who has the button?"

Here is an example: During war, the Coast Guard operates under direction of the Navy; in peacetime, the Coast Guard operates under direction of the Director of the Department of Transportation, but at all times the Coast Guard is a military department subject to direct orders of the President. In other words, whether operating under military or civilian direction, the Coast Guard is a military organization. Consequently, the Coast Guard has absolutely no civil enforcement authority in the Union of several States save possibly during times of invasion or rebellion (Art. IV § 4, Constitution).

The above sections, when understood properly, demonstrate three jurisdictions or areas of responsibility: The Coast Guard has primary responsibility over navigation laws on the high seas; the United States Customs Service has primary responsibility relating to customs districts in the Union of several States, as demonstrated earlier; and the Secretary of the Treasury, via his delegate, the Commissioner of Internal Revenue, has primary responsibility in insular possessions of the United States and their respective territorial waters. Delegation of territorial jurisdiction or venue authority to the Commissioner of Internal Revenue, and subsequently to IRS and BATF, was via T.D.O. #150-42 (1956), as amended by T.D.O. #150-1 (1986), under authority of E.O. #10289 and 26 U.S.C. § 7621.

We found in the Parallel Table of Authorities and Rules that authority for 26 U.S.C. § 7327 is listed as 27 CFR § 72. This corresponding regulation is acknowledged and specifically cited at 26 CFR § 403.2:

> § 403.2 Personal property seized by the Bureau of Alcohol, Tobacco and Firearms.
>
> Regulations in 27 CFR Part 72 relate to personal property seized by officers of the Bureau of Alcohol, Tobacco and Firearms, as subject to forfeiture as being involved, used, or intended to be used, as the case may be, in any violation of Chapters 51 (distilled spirits), 52 (tobacco) and 53 (firearms), of the I.R.C., as well as certain other federal laws (Treasury Dept. Order No. 221 (June 6, 1972), 37 FR 11696; Treasury Dept. Order No. 221-3 (December 24, 1974), 40 FR 1084; Treasury Dept. Order No. 221-3 (Revision 2) (Jan. 14, 1977), 42 FR 3725)

Those interested in the pedigree of BATF can get a pretty good scope on the entity by looking up Treasury Delegation Orders listed above. BATF was split from IRS via the order of June 6, 1972, then scope of authority was fine-tuned by the other orders.

Providing there is IRS seizure under provisions of 26 U.S.C. § 7327, an innocent party may petition for return of the property or proceeds from sale. There is no particular form, although 26 CFR § 403.37 specifies that the petition should be typewritten on legal size paper and must be executed under oath, prepared in triplicate, and addressed to the District Director of the internal revenue district in which the property was seized. All copies must be certified under penalties of perjury, and copies of support exhibits should be attached to each of the triplicate petitions. Contents of the petition are prescribed in § 403.38. We'll reproduce only § 403.38(d) & (e) as these paragraphs list the drug-related crimes which are prosecutable in civil and criminal forums and ultimately make the connection with Title 18, the Criminal Code:

> (d) *Petitioner innocent party*. If the petitioner did not commit the act which caused the seizure of his property, the petitioner should state how the property came into the possession of the person whose act did cause the seizure, and it should also state that the petitioner had no knowledge or reason to believe that the property would be involved or used in violation of the internal revenue laws. If the petitioner knows, at the time he files the petition, that the person in whose possession the seized property was at the time of the seizure had a record or reputation for committing commercial crimes, the petitioner should state in the petition whether the petitioner knew of such record or reputation before the petitioner acquired his interest in the property or before such other person came into possession of the property, whichever occurred later. For purposes of this paragraph, the term "commercial crimes" includes, but is not limited to any of the following federal or state crimes:
>
> (1) Offenses against the revenue laws; burglary; counterfeiting, forgery; kidnapping; larceny; robbery; illegal sale or possession of deadly weapons; prostitution (including soliciting, procuring, pandering, white slaving, keeping house of ill fame, and like offenses); extortion; swindling and confidence games; and attempting to commit, conspiring to commit, or compounding any of the foregoing crimes. Addiction to narcotic drugs and use of marijuana will be treated as commercial crimes.
>
> (e) *Documents supporting claim*. The petition should be accompanied by copies, certified by the petitioner under oath as correct, of contracts, bills of sale, chattel mortgages, reports of investigators or credit reporting agencies, affidavits, and any other documents that would support the claims made in the petition.

Again, internal clues which reveal proper territorial application abound. Can IRS or any other Federal agency enforce "state and federal laws" within the several States party to the Constitution? The Constantine case, decided in December 1935, should have put that matter to rest for good. And merely reclassifying what are normally considered common law crimes subject to jurisdiction of each of the several States respectively as commercial crimes doesn't place them under Federal jurisdiction.

The revelation most people who have lost homes to IRS administrative seizure might be offended by is the notion that their respective homes were being used for prostitution or some other such offense against revenue laws of the United States. But, of course, they are never informed of what crime a home, car, occupational tools and the like have been used in, so they don't know how to defend against the *in*

rem procedure presumed in administrative seizure. Yet, even that is fraud where a court of competent jurisdiction hasn't made a judicial award, as we shall see.

Now for the next significant clue, found at § 403.43(a):

> § 403.43 Final action.
>
> (a) *Petitions for remission or mitigation of forfeiture*. (1) The Commissioner or his delegate shall either allow or deny any petition filed pursuant to these regulations. Such allowance or denial will constitute final action. If he allows the petition, the Commissioner or his delegate shall state the conditions, if any, of the allowance.

It would appear that the Secretary of the Treasury has delegated authority that isn't his to delegate. Congress has made the General Accounting Office general agent of the Treasury of the United States, and GAO, through the Comptroller General, now the Director, has final disposition of all claims of and against the United States. Since there is absolutely no statutory authority for the Secretary to delegate authority that is not vested in him or the President, we're left with one or two conclusions: Either the Secretary of the Treasury has usurped the legislative power of Congress, or such exercise of authority is applicable only in insular possessions of the United States.

The next giggle is this: Administrative seizure even in insular possessions of the United States is limited to property valued at $2,500 or less, and a reasonably small bond will force the matter to court:

> § 403.26 Forfeiture of seized personal property.
>
> (a) *Administrative forfeiture*. (1) Personal property seized as subject to forfeiture under the internal revenue laws and this part which has an appraised value of $2,500.00 or less shall be forfeited to the United States in administrative forfeiture proceedings except as otherwise provided in this section.
>
> (2) If the Commissioner or his delegate seizes personal property which is forfeitable under the internal revenue laws and this part and which in his opinion is valued at $2,500.00 or less, he shall cause a list containing a particular description of the seized property to be prepared in duplicate and an appraisal thereof to be made by three sworn appraisers, selected by the Commissioner or his delegate, who shall be respectable and disinterested citizens of the United States residing within the internal revenue district wherein the seizure was made. Such list and appraisement shall be properly attested by the Commissioner or his delegate and such appraisers.
>
> (3) If such forfeitable personal property is found by the appraisers to be of the value of $2,500.00 or less, the Commissioner or his delegate shall publish a notice once a week for three consecutive weeks, in some newspaper of the judicial district where property was seized, describing the articles and stating the time, place, and cause of their seizure, and requiring any person claiming them to appear and make such claim within 30 days from the date of the first publication of such notice.
>
> (4) Any person claiming the personal property so seized, within the time specified in the notice, may file with the District Director of the internal revenue district in which the property was seized a claim, stating his interest in the articles seized, and may execute a bond to the United States in the penal sum of $250, conditioned that, in case of condemnation of the articles so seized, the obligors shall pay all the costs and expenses of the proceedings to obtain such condemnation. The District Director shall transmit such claim, together with the duplicate list or description of the property seized, to the United States Attorney for the district in which such property was seized. Both the claim and the cost bond should be executed in quadruplicate.
>
> (b) *Judicial condemnation*. Personal property seized as subject to forfeiture under the internal revenue laws and this part which has an appraised value of more than $2,500 and such seized property which has an appraised value of $2,500 or less with respect to which a bond has been filed pursuant to paragraph (a)(4) of this section, shall be forfeited to the United States in judicial condemnation proceedings, as authorized by the Director, General Legal Services Division, Office of Chief Counsel, Internal Revenue Service, or his delegate.

There are a few obvious problems with the regulation above, aside from it demonstrating that internal revenue laws preserve due process requirements even for seizures under $2,500. One of the conspicuous problems is that the appraisers, being "citizens of the United States," must be resident in the district where the seizure takes place. Since we know the only internal revenue districts in the several States are customs districts under administration of the United States Customs Service, the regulation must apply to a jurisdiction other than the several States. Next, the Seventh Article of Amendment secures the right to jury trial in the course of the common law for all controversies involving in excess of twenty dollars: "In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved..."

The Fifth Article of Amendment locks in the remedy: "No person shall be ... deprived of life, liberty, or property, without due process of law," in the course of the common law.

The condemnation proceeding, in the course of the civil law, is an *in rem* admiralty-maritime action which is strictly prohibited by the Fifth, Sixth, and Seventh Articles of Amendment, per former Chief Justice John Marshall in Wayman v. Southard (1825), previously cited. Consequently, the nature of the proceeding again condemns process prescribed in 26 CFR § 403. It cannot apply to or in the Union of several States party to the Constitution. The only merit the regulation has is for people in the District of Columbia, Puerto Rico, the Virgin Islands, etc., to know they have recourse against IRS vandals who exceed lawful authority in territory of the United States.

This is one of the major virtues of 26 U.S.C. § 7804: The section secures remedies against revenue officers, agents and employees when they exceed lawful authority. We will examine the section in more detail, but first we have other fish to fry.

At 26 U.S.C. § 7321, we found that, "Any property subject to forfeiture to the United States under any provision of this title may be seized by the Secretary," then at § 7608(b)(2)(C), we found that the Internal Revenue Service has authority, "to make seizures of property subject to forfeiture under the internal revenue laws."

We have listed and examined all items made subject to forfeiture in Chapter 75, Subchapter C, including items subject to forfeiture under customs laws. The Internal Revenue Code is explicit and limited as to what is or isn't subject to forfeiture, i.e., levy, and generally speaking, wages subject to withholding at source do not fall into the category of "property" subject to forfeiture and the *in rem* admiralty-maritime action prescribed in territorial United States District Courts at § 7323. As demonstrated, the action prescribed at § 7323 is applicable (1) in territory of the United States where there is some licensed enterprise (alcohol, tobacco, firearms, etc.), under customs laws, and under navigation laws. The items subject to forfeiture include (1) those things subject to lien by virtue of licensing where liens are agreed to in the licensing process, (2) items subject to customs taxes, and (3) items used in the process of breaking internal revenue laws.

In the first case, the lien exists by virtue of conditions of the licensing agreement. In the latter two cases, liens arise out of judgments, with forfeitures under 26 CFR § 403 & 27 CFR § 72 arising via judgment subsequent to determination of specified criminal activity. If there is no criminal judgment, there can be no civil forfeiture judgment. The initial seizure, prior to judicial forfeiture via condemnation proceeding, must proceed on criminal probable cause. In the latter instance, if no crime has been committed, there is no basis for seizure or forfeiture, which are all part of the levy process, with judgment being antecedent to levy.

We'll address this in more detail, and demonstrate that this process is preserved in the Internal Revenue Code, but we need to return to the questionable provision in § 6331 relating to garnishment of wages for

officers and employees of United States government, etc. By consulting the Parallel Table of Authorities and Rules, it is found that regulations prescribed for 26 U.S.C. §§ 6331-6343 are 27 CFR § 70. There is a regulation for 26 U.S.C. § 6334 at 26 CFR § 404, and for 26 U.S.C. § 6343 at 26 CFR § 301, but the basic authority for levy and distraint is in § 6331(a), and the only listed regulation is at 27 CFR § 70. This application is reinforced by the only regulation for liens (26 U.S.C. § 6321) also being 27 CFR § 70.

On the title page of Title 27 of the Code of Federal Regulations, the following is found:

> Title 27 -- Alcohol, Tobacco Products, and Firearms is composed of two volumes, parts 1-199 and part 200 to end. The contents of these volumes represent all current regulations issued by the Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, as of April 1, 1995.

Here I'm using the 1995 printed edition of Title 27 CFR distributed by the Government Printing Office rather than the electronic 1998 edition on CD as these regulations haven't changed much for several years and at the moment it is easier to use the printed copy rather than the computer-base CD. The above paragraph would suggest that all of Title 27 CFR is under administration of BATF, so at first blush it would be surprising to find regulations in Title 27 pertaining to garnishment of wages. That's a presumption I and other researchers made for several years when first discovering the Parallel Table of Authorities and Rules -- I presumed that 27 CFR § 70 includes only regulations pertaining to liens and levy and distraint relating to licensing under Subtitle E of the Internal Revenue Code. That was a mistake. Somehow or another, the garnishment against government employees makes a magical appearance in the title and part.

Below are relevant portions of 27 CFR § 70, beginning with § 70.161, with certain portions highlighted by my underscoring for emphasis:

> § 70.161 Levy and distraint.
>
> (a) *Authority to levy* -- (1) *In General*. If any person liable to pay any tax neglects or refuses to pay the tax within 10 days after notice and demand, the regional director (compliance) or Chief, Tax Processing Center who initiated the assessment (or, on that official's request, any other regional director (compliance) or the Chief, Tax Processing Center) may proceed to collect the tax by levy, provided the taxpayer has been furnished the notice described in § 70.162(a) of this part. The regional director (compliance) or the Chief, Tax Processing Center may levy upon any property, or rights to property, whether real or personal, tangible or intangible, belonging to the taxpayer. The regional director (compliance) or the Chief, Tax Processing Center may also levy upon property with respect to which there is a lien provided by 26 U.S.C. 6321 for the payment of the tax ... As used in 26 U.S.C. 6331 and this section, the term "tax" includes any interest, additional amount, addition to tax, or assessable penalty, together with costs and expenses ... <u>Levy may be made by serving Notice of Levy on any person in possession of, or obligated with respect to, property or rights to property subject to levy, including receivables, bank accounts, evidences of debt, securities and salaries, wages, commissions, or other compensation. Except as provided in § 70.162(c) of this part with regard to a levy on salary or wages, a levy extends only to property possessed and obligations which exist at the time of the levy.</u> Obligations exist when the liability of the obligor is fixed and determinable although the right to receive payment thereof may be deferred until a later date ... Similarly, a levy only reaches property in the possession of the person levied upon at the time the levy is made. For example, a levy made on a bank with respect to the account of a delinquent taxpayer is satisfied if the bank surrenders the amount of the taxpayer's balance at the time the levy is made, including interest thereon to the date of surrender. The levy has no effect upon any subsequent deposit made in the bank by the taxpayer. Subsequent deposits may be reached only by a subsequent levy on the bank.
>
> [paragraphs (2) & (3) omitted]
>
> (4) *Certain types of compensation*. -- (i) *Federal employees*. <u>Levy may be made upon the salary or wages of any officer or employee (including members of the Armed Forces), or elected or appointed official, of the United States, the District of Columbia, or any agency or instrumentality of ei-</u>

ther, by serving a notice of levy on the employer of the delinquent taxpayer. As used in this paragraph, the term "employer" means:

(A) The officer or employee of the United States, the District of Columbia, or of the agency or instrumentality of the United States or the District of Columbia, who has control of the payment of the wages, or

(B) Any other officer or employee designated by the head of the branch, department, or agency, or instrumentality of the United States or of the District of Columbia as the party upon whom service of the notice of levy may be made.

If the head of such branch, department, agency or instrumentality designates an officer or employee other than one who has control of the payment of the wages, as the party upon whom service of the notice of levy may be made, such head shall promptly notify the Director of the name and address of each officer or employee so designated and the scope or extent of the authority of such designee.

(ii) *State and municipal employees. Salaries, wages, or other compensation of any officer, employee, or elected or appointed official of a State or Territory, or of any agency, instrumentality, or political subdivision thereof, are also subject to levy to enforce collection of any Federal Tax.*

§ 70.162 Levy and distraint on salary and wages.

(a) *Notice of intent to levy*. Levy may be made for any unpaid tax only after the regional director (compliance) or the Chief, Tax Processing Center has notified the taxpayer in writing of the intent to levy. The notice must be given in person, left at the dwelling or usual place of business of the taxpayer, or be sent by certified or registered mail to the taxpayer's last known address, no less than 30 days before the day of levy. The notice of intent to levy is in addition to, and may be given at the same time as, the notice and demand described in § 70.161 of this part.

(b) *Jeopardy*. Paragraph (a) of this section does not apply to a levy if the regional director (compliance) or the Chief, Tax Processing Center has made a finding under § 70.161(a)(2) of this part that the collection of tax is in jeopardy.

(c) *Continuing effect of levy on salary on wages*. A levy on salary or wages is continuous from the time of the levy until the liability of which the levy arose is release under 26 U.S.C. 6343 and § 70.167 of this part... [most of this paragraph is omitted]

§ 70.163 Surrender of property subject to levy.

(a) *Requirement* -- (1) *In general*. Except as otherwise provided in 26 U.S.C. 6332, relating to levy in the case of banks or life insurance and endowment contracts, any person in possession of (or obligated with respect to) property or rights to property subject to levy and upon which a levy has been made shall, upon demand of the official who made the levy, surrender the property or rights (or discharge the obligation) to the official who made the levy, except that part of the property or rights (or obligation) which, at the time of the demand, is actually or constructively under the jurisdiction of a court because of an attachment or execution under any judicial process.

(2) *Property held by banks*. (i) Any bank shall surrender any deposits (including interest thereon) in such bank only after 21 days after service of levy.

(ii) Notwithstanding paragraph (a)(1) of this section, if a levy has been made upon property or rights to property subject to levy which a bank engaged in the banking business in the United States or a possession of the United States is in possession of (or obligated with respect to), the Director shall not enforce the levy with respect to any deposits held in an office of the bank outside the United States or a possession of the United States, unless the notice of levy specifies that the regional director (compliance) or the Chief, Tax Processing Center intends to reach such deposits. The notice of levy shall not specify that the regional director (compliance) or the Chief, Tax Processing Center intends to reach such deposits unless that official believes:

(A) That the taxpayer is within the jurisdiction of a U.S. court at the time the levy is made and that the bank is in possession of (or obligated with respect to) deposits of the taxpayer in an office of

> the bank outside the United States or a possession of the United States; or
>
> (B) That the taxpayer is not within the jurisdiction of a U.S. court a[t] the time the levy is made, that the bank is in possession of (or obligated with respect to) deposits of the taxpayer in an office outside the United States or a possession of the United States, and that such deposits consist, in whole or in part, of funds transferred from the United States or a possession of the United States in order to hinder or delay the collection of a tax imposed by provisions of 26 U.S.C. enforced and administered by the Bureau.
>
> (b) *Enforcement of levy*. -- (1) *Extent of personal liability*. Any person who, upon demand of the regional director (compliance) or the chief, Tax Processing Center, fails or refuses to surrender any property or right to property subject to levy is liable in his/her own person and estate in a sum equal to the value of the property or rights not so surrendered, together with costs and interests. The liability, however, may not exceed the amount of the taxes for the collection of which the levy was made. Interest is to be computed at the annual rate referred to in regulations under 26 U.S.C. 6221 from the date of the levy, or, in the case of a continuing levy on salary or wages (see 26 U.S.C. 6331(e)), from the date the person would otherwise have been obligated to pay over the wages or salary to the taxpayer. Any amount recovered, other than cost, will be credited against the tax liability for the collection of which the levy was made.
>
> (2) *Penalty for violation*. In addition to the personal liability described in paragraph (b)(1) of this section, any person who is required to surrender property or rights to property and who fails or refuses to surrender them without reasonable cause is liable for a penalty equal to 50 percent of the amount recoverable under 26 U.S.C. 6332(d)(2). No part of the penalty described in this subparagraph shall be credited against the tax liability for the collection of which the levy was made. <u>The penalty described in this subparagraph is not applicable in cases where a bona fide dispute exists concerning the amount of the property to be surrendered pursuant to a levy or concerning the legal effectiveness of the levy. However, if a court in a later enforcement suit sustains the levy, then reasonable cause would usually not exist to refuse to honor a later levy made under similar circumstances.</u>
>
> (c) *Effect of honoring levy*. Any person in possession of, or obligated with respect to, property or rights to property subject to levy and upon which a levy has been made who, upon demand by the regional director (compliance) or the Chief, Tax Processing Center, surrenders the property or rights to property, or discharges the obligation, to that official, or who pays a liability described in paragraph (b)(1) of this section, is discharged from any obligation or liability to the delinquent taxpayer with respect to the property or rights to property arising from the surrender or payment. If an insuring organization satisfies a levy with respect to a life insurance or endowment contract in accordance with § 70.164 of this part, the insuring organization is discharge from any obligation or liability to any beneficiaries of the contract arising from the surrender of payment. Also, it is discharged from any obligation or liability to the insured or other owner. <u>Any person who mistakenly surrenders to the United States property or rights to property not properly subject to levy is not relieved from liability to a third party who owns the property. The owners of mistakenly surrendered property may, however, secure from the United States the administrative relief provided for in 26 U.S.C. 6343(b) or may bring suit to recover the property under 26 U.S.C. 7426.</u>

Underscored portions of regulations reproduced above should provide adequate orientation for those who have read through and studied material in this discourse to this point, but a certain amount of discussion is probably warranted. Two important facts need to be set out at the onset: (1) The majority of these regulations address levy of property in possession of third parties, and (2) there are two provisions relating to wages and salaries. The first might relate to levy arising from a claim under obligations from miscellaneous excise taxes or customs duties where an employer isn't directly involved with that particular enterprise. In that event, each levy issues only against existing obligations. Only levies against wages of officers and employees of the United States and its political subdivisions have continuing effect, and the "employer" in that case is the government agency employing the officer or employee. It is exclusive of private enterprise, whether in the several States or possessions of the United States. These regulations are from Title 27 of the Code of Federal Regulations, of course, and administration is tacitly under BATF (IRS?) rather than General Accounting Office administration, so application here is in insular possessions of the United States and the District of Columbia. When

William Cooper and Bill Bentson published research demonstrating that IRS and BATF are agencies of the Department of the Treasury, Puerto Rico, they were somewhat amazed by a Treasury Delegation Order that names IRS as director of BATF -- these regulations appear to explain reasoning behind the strange delegation order.

> These regulations also determine the location of banks required to surrender money on deposit in § 70.163(a)(2): If a branch of a bank is outside the geographical United States, including insular possessions, there is no legal obligation to surrender accounts on a levy unless the regional director (compliance) or the Chief of the Tax Processing Center has so designated, the designation of necessity supported by order of a court of competent jurisdiction. Since territorial United States District Courts do not exercise Article III judicial authority of the United States, the court order extending to a bank in Kansas would have to come from the Article III district court of the United States for the District of Kansas.

Litigation to determine liability would issue in the name and by authority of the United States against the alleged taxpayer with a bona fide tax liability. Once the liability was adjudicated against the taxpayer, the judgment would become a lien against him or her. The judgment would then be the basis of levy and distraint. Third parties in possession of property belonging to the taxpayer would be obligated to surrender whatever property belonging to the taxpayer they had in possession or had control of. The responsible officer, whether the General Accounting Office in the several States, or BATF or IRS in the District of Columbia or any given insular possession of the United States, would be responsible for issuing a "notice of levy", along with proof of claim, being an authentic court order, to whoever was in possession of property being seized.

IRS agents are fully aware of the due process requirement. The first rule governing administrative settlements, at 26 CFR § 601.106(f)(1), acknowledges the Fifth Article of Amendment requirement of due process of law:

(1) *Rule I.* An exaction by the U.S. Government, which is not based upon law, statutory or otherwise, is a taking of property without due process of law, in violation of the Fifth Article of Amendment to the U.S. Constitution...

In light of the due process requirement in the Union of several States and in territory and insular possessions of the United States, liability of the third party in possession of property subject to levy is clarified. Liability for surrender of property belonging to a third person is exonerated providing the levy has been judicially executed, but not if it hasn't been. Surrender of wages, bank accounts or anything else where there is no evidence of a court order to support a "notice of levy" leaves an employer, bank, or whatever in jeopardy to the proper owner. If the owner sues for recovery and damages, the third party middleman might recover loss and expense under provisions of 26 U.S.C. §§ 6343(b) & 7426, but the probability of an IRS agent volunteering to serve time if the injured party elects to seek criminal prosecution of whoever has deprived him or her of property without due process of law is pretty remote. Therefore, the middleman third party might find it prudent to demand certified court orders, as specified in the latter part of 27 CFR § 70.163(b)(2), before surrendering anything to the Internal Revenue Service, the Bureau of Alcohol, Tobacco an Firearms, the United States Customs Service, or even the General Accounting Office. Unless or until the Fifth Article of Amendment is repealed or amended, the mandate for due process of law is absolute and without exception. To abridge that constitutionally-secure right is criminal, it is not simply a civil matter.

As Mr. Schlabach points out in his research, levy and distraint are elements of a process, they are not stand-alone actions. In his May 27, 1997 analysis prepared for a client, Mr. Schlabach makes the following observation:

> There are two concepts for me to get across. It is important to discuss the difference between a "levy" and a "seizure". A "seizure" means the act of taking into custody or control something

> which before was not in custody or control. A "levy" is not a single act, but rather is the whole process by which the money needed to pay a tax is raised, either by exercising control over something already in custody and control of the government or by distraining and seizing property not already in custody of the government. The levy process includes the sale of levied property and the application of the proceeds to the unpaid tax.
>
> I must now advise you that a, "Notice of Levy", is not a levy or seizure. The "Notice of Levy" has no legal effect in the private sector unless it is accompanied with a Judicial Court Order and a "Notice of Seizure"...

The easy way to get through the maze is simply to go to Chapter 76, Judicial Proceedings: We've already cited original jurisdiction of the district court of the United States, "at the instance of the United States," for civil actions at 26 U.S.C. § 7402. It's a reasonably simple matter to read the next section, which clarifies the need for judicial determination of legitimacy of liens, and to bring property under control of the United States when it isn't specifically secured by a lien:

> Sec. 7403. Action to enforce lien or to subject property to payment of tax.
>
> (a) Filing.
>
> In any case where there has been a refusal or neglect to pay any tax, or to discharge any liability in respect thereof, whether or not levy has been made, the Attorney General or his delegate, at the request of the Secretary, may direct a civil action to be filed in a district court of the United States to enforce the lien of the United States under this title with respect to such tax or liability or to subject any property, of whatever nature, of the delinquent, or in which he has any right, title, or interest, to the payment of such tax or liability. For purposes of the proceeding sentence, any acceleration of payment under section 6166(g) shall be treated as a neglect to pay tax.
>
> (b) Parties.
>
> All persons having liens upon or claiming any interest in the property involved in such action shall be made parties thereto.
>
> (c) Adjudication and degree.
>
> The court shall, after the parties have been duly notified of the action, proceed to adjudicate all matters involved therein and finally determine the merits of all claims to and liens upon the property, and, in all cases where a claim or interest of the United States therein is established, may decree a sale of such property, by the proper officer of the court, and a distribution of the proceeds of such sale according to the findings of the court in respect to the interests of the parties and of the United States. If the property is sold to satisfy a first lien held by the United States, the United States may bid at the sale such sum, not exceeding the amount of such lien with expenses of sale, as the Secretary directs.
>
> (d) Receivership.
>
> In any such proceeding, at the instance of the United States, the court may appoint a receiver to enforce the lien, or, upon certification by the Secretary during the pendency of such proceedings that it is in the public interest, may appoint a receiver with all the powers of a receiver in equity.

Sections in the Internal Revenue Code relating to administration and administrative enforcement are simply grouped together in 6000 numbering ahead of the judicial, numbered 7401 and up, for classification convenience. Each of the sections may be prima facie the law, or evidence of law, but as stipulated at § 7806, "Construction of title," no legislative construction is implied by location of any section in the Internal Revenue Code. There obviously must be adjudication by a court of competent jurisdiction before any agency that purports to represent the executive branch of government can deprive any of the sovereign American people of life, liberty, or property. This conclusion should be so obvious as not to warrant question or discussion, but bully tactics of the Federal Alphabet Brotherhood have so cowed the general population that most grow shag and play carpet rather than stand on the law either in

defense or to secure redress for illegal acts which many times result in the compromise of third parties. This is the purpose of 26 U.S.C. § 7804(b), reproduced a second time below:

> (b) Preservation of existing rights and remedies.
>
> Nothing in Reorganization Plan Numbered 26 of 1950 or Reorganization Plan Numbered 1 of 1952 shall be considered to impair any right or remedy, including trial by jury, to recover any internal revenue tax alleged to have been erroneously or illegally assessed or collected, or any penalty claimed to have been collected without authority, or any sum alleged to have been excessive or in any manner wrongfully collected under the internal revenue laws. For purposes of any action to recover any such tax, penalty, or sum, all statutes, rules, and regulations referring to the collector of internal revenue, the principal officer for the internal revenue district, or the Secretary, shall be deemed to refer to the officer whose act or acts referred to in the preceding sentence gave rise to such action. The venue of any such action shall be the same as under existing law.

What rights and remedies are "existing"? If the Constitution of the United States is still the law of the land, all rights secured by the Bill of Rights, and whatever other rights the Constitution secures, are "existing rights." In the Union of several States, due process in the course of the common law is among the existing rights, and in insular possessions of the United States, due process in the course of the civil law. Through legislation and court rulings, people indigenous to insular possessions have for the most part secured the right to jury trial, even if under quasi-admiralty rules, so application of § 7804(b) is universal within the "American empire."

With that in mind, we'll examine the first sentence of § 7804(b) with editorial modification that clarifies what it means: "Nothing in [the Internal Revenue Code] shall be considered to impair any right [including trial by jury], or remedy, including trial by jury, to recover any internal revenue tax alleged to have been erroneously or illegally assessed or collected, or any penalty claimed to have been collected without authority, or any sum alleged to have been excessive or in any manner wrongfully collected under the internal revenue laws."

A basic concept needs to be emphasized: He who has no rights has no remedies. Since the Constitution secures rights of the People via the Bill of Rights, appropriate remedies are assumed. So far as the people of the Union of several States are concerned, both rights and remedies secured by eight centuries of British-American common law heritage are assumed, so the right to trial by jury is preserved for both defendant and plaintiff.

Further, the first sentence of § 7804(b) throws the door wide open so far as causes are concerned. An action may proceed on the allegation of "erroneously or illegally assessed or collected" tax. And, of course, if an assessment or collection action was patently illegal, an affidavit of criminal complaint should naturally proceed against whoever was responsible for assessment and/or collection proceedings. In the event a properly constructed affidavit of criminal complaint is filed in the appropriate district court of the United States, the district judge is obligated to hold a probable cause hearing. Whoever files the affidavit of criminal complaint may support the complaint with personal testimony, documentary evidence, and witnesses, even if hostile. They simply have to be subpoenaed, and some documents might have to be secured by subpoena duces tecum.

The second sentence of § 7804(b) is just as important: "For purposes of any action to recover any such tax, penalty, or sum, all statutes, rules, and regulations referring to the collector of internal revenue, the principal officer for the internal revenue district, or the Secretary, shall be deemed to refer to the officer whose act or acts referred to in the preceding sentence gave rise to such action."

It's a somewhat jaded notion that dates to the time North American colonies settled by English people were still British subjects, but the idea that the sovereign could not commit a crime against his subjects is preserved in our judicial lineage. When the People of the United States delegated powers to the United

States via the Constitution, United States Government became a sovereign of sorts. The government, being a legal fiction, cannot transgress rights of the people. Therefore, the government, which cannot act of its own accord, cannot be sued except by consent. Congress has enacted consent statutes for certain situations, but where the Internal Revenue Code is concerned, Congress has specified that litigation for civil remedies must issue against the actual perpetrator, being the revenue officer or whoever else was involved in an erroneous or illegal assessment or collection action.

However, consider this: If a complaint against the erroneous or illegal assessment or collection action is filed with the district director, and subsequently with the Commissioner of Internal Revenue, either or both are obligated first to correct erroneous or illegal assessment or collection actions, and if the actions were illegal, to file appropriate complaints. Of course, a cover letter might stipulate that the injured party will file an enclosed affidavit of criminal complaint with the stipulation that the district director, Commissioner of Internal Revenue, or whatever other officer is implicated will be a witness to facts and law set out in the complaint. Approached properly, superior officers become witnesses in support of criminal prosecution, or they become accessories after the fact who might be prosecuted for misprision of felony, or where the Internal Revenue Service and other Federal agencies are de facto agents of a government foreign to the United States, misprision of treason. And there might be an excellent case for conspiracy to defraud the lawful government of the United States.

Finally, the last sentence has considerable merit: "The venue of any such action shall be the same as under existing law."

IRS and BATF are agencies of the Department of the Treasury, Puerto Rico, with jurisdiction in the District of Columbia and insular possessions of the United States. They have no lawful authority in the Union of several States. Therefore, if IRS officers and agents execute illegal assessments and collections in one of the several States party to the Constitution, venue is determined by the location of the criminal enterprise. It's my opinion that the injured party has a choice between prosecution under law of his home asylum State or Federal law. However, civil and criminal remedies must be prosecuted in the same forum, whether State or Federal.

In his analysis of the required levy-seizure process, Mr. Schlabach cites several decisions researchers will want to pursue: Brewer v. U.S., 764 F. Supp. 309, 315 (S.D.N.Y. 1991); Arfor v. United States, 934 F.2 229 (9th Cir. 1991); Freeman v. Meyer, 152 F. Supp. 383, Affd 253 F.2d 1295 (3rd Circuit 1968); United States v. O'Dell, 160 F. 2d 304, 307 (6th Cir. 1947); Goodwin v. United States, 935 F.2d 1061 (9th Cir. 1991); Kulway v. United States, 917 F.2d 729, 735 (2nd Cir. 1990). O'Dell and Kulway decisions are relied on most.

Agents of a Foreign Government: A Bizarre Saga

By Dan Meador (April 5, 2000)

An Internet friend recently forwarded an article by Bill Cooper, published in the September 1995 issue of Veritas. The title is "B.A.T.F./IRS Criminal Fraud". Wayne Bentson of Arizona collaborated with Cooper, also of Arizona, to produce a documentary article that would spark revolution if syndicated media published it.

The Cooper article might have befuddled me when I first saw it the month it was published had it come out of the blue, but my wife and I had just finished what we called the "monster" tax index. Our index went through the Internal Revenue Code section-by-section, listing regulations as they appear in the Parallel Table of Authorities and Rules, then we tracked titles and listed headings for the regulations. Because of our index, I was able to verify many of Cooper's authorities without going to actual texts. What I found was that Cooper-Bentson conclusions were reinforced by the index.

One significant proof we had was that there are no implementing regulations for section 7621 of the Internal Revenue Code, which authorizes the President to establish revenue districts. Consequently, there are no revenue districts in States of the Union. The Cooper article explained why. With enactment of the Internal Revenue Code of 1954, Federal income tax administration had for all practical purposes been turned over to the Bureau of Internal Revenue, Puerto Rico, which in 1953, via executive name change, had become the Internal Revenue Service.

I might not take time to write this account, but an Illinois attorney and an Idaho United States Attorney put icing on the cake. *The Internal Revenue Service is an agency of a government that is technically foreign to the United States*, and the Department of Justice does not have authority to defend IRS personnel in civil or criminal matters. We'll elaborate on that good news later. Before detailing these revelations, I need to account for significant historical events.

There was a troubling void in Cooper-Bentson research. When Cooper wrote the article in 1995, he and Bentson hadn't found origins of the Bureau of Internal Revenue, Puerto Rico. I didn't find it until late 1998 even though I knew where to look when I read the Downs v. Bidwell decision in 1997. The first civil governor of Puerto Rico established five bureaus in the Puerto Rico Department of Treasury on May 1, 1900. The five bureaus were eventually merged to become the Bureau of Internal Revenue. Early Puerto Rican administrative acts and legislation were annually published in Senate Documents after 1900. Detailing evolution of the Bureau of Internal Revenue is simply a matter of sitting down with these dusty old books.

Our acting Secretary of our Treasury changed the name of the Bureau of Internal Revenue to Internal Revenue Service in 1953 prior to implementation of the Internal Revenue Code of 1954. The new Code, which replaced the Internal Revenue Code of 1939, was based on Reorganization Plan 26 of 1950 and Reorganization Plan 1 of 1952, both effected by Harry Truman.

In his article, Cooper cited the Federal Register and the Internal Revenue Manual acknowledgement that Congress never created a Bureau of Internal Revenue. We have since located a decision where Supreme Court justices acknowledged that Congress never created a Bureau of Internal Revenue or Internal Revenue Service. Consequently, *IRS has no lawful authority to enforce anything in the Union* as Congress is charged with responsibility for establishing any government department or agency that the Constitution itself does not establish. If it isn't established by law enacted in compliance with the constitutionally prescribed legislative process, an agency doesn't legitimately exist. It has no lawful authority. Whatever it undertakes is de facto -- it may do one thing or another in fact, but all acts are without lawful authority.

In the historical account by the Commissioner of Internal Revenue published in the Federal Register and the Internal Revenue Manual, the Commissioner alleged that Congress intended to create a Bureau of Internal Revenue via 1862 legislation that established the Commissioner's office. But by reading the 1862 legislation, it is easy to see that Congress did what was intended. The act created the offices of assessor and collector, with one of each for each revenue district. Assessors and collectors were appointed in the fashion U.S. Attorneys are presently appointed. They were political patronage positions. The offices continued to exist until implementation of Reorganization Plan 26 of 1950.

In order to come to terms with what happened via the Truman reorganization plans, we need to review evolution of law relating to drugs and alcohol dating to the turn of the century. We will begin with termination of national alcohol prohibition, then take another step back to the time immediately following the Spanish-American War in 1898 and the Chinese Boxer Rebellion in 1900.

In 1933, the Twenty-first Amendment repealed the Eighteenth, which terminated national prohibition. Each State of the Union was thereafter free to determine whether or not to continue prohibition. However, Federal agencies continued to enforce

state liquor laws to the point of the Constantine decision in December 1935. In the decision, Supreme Court justices said that once the Eighteenth Amendment was repealed, State and Federal agencies ceased to have concurrent jurisdiction for enforcement of alcohol-related laws as the Eighteenth Amendment contained the concurrent jurisdiction grant of authority. Once the amendment was repealed, concurrent jurisdiction was repealed.

Until summer 1935, the Feds enforced 1926 prohibition law. The 1926 law was replaced by the Federal Alcohol Administration Act of 1935. In the wake of the Constantine decision, a director was appointed, but the Federal Alcohol Administration was never staffed. Then via Reorganization Plan 3 of 1940, administration of the Federal Alcohol Administration Act was transferred to the Bureau of Internal Revenue, predecessor of the Internal Revenue Service.

As the Cooper article suggested, BIR, Puerto Rico and/or BIR, Philippines had already effected encroachment into the Union via China Trade Act legislation, which implemented maritime (customs) laws relating to trade in opium, cocaine and citric wines. The first drug-related law significantly affecting the Union was passed in 1914, then with the 1918 amendment, Federal agencies began zealously enforcing drug laws in the several States even though they applied only to international trade.

Timing was ideal. Significant political mobilization was responsible for the alcohol prohibition amendment, so Federal enforcement agencies took advantage of considerable empathy for purging any kind of intoxicating substance. In his letter supporting the 1940 Reorganization Plan, Roosevelt acknowledged that BIR had been enforcing provisions of the Federal Alcohol Administration Act anyway, so formal transfer of responsibility didn't effect significant change. BIR, Puerto Rico, and possibly BIR, Philippines, had been engaged in covert operations in the several States for at least two decades prior to transfer of administration of the Federal Alcohol Administration Act.

This is an important point that can be framed by a question: Has the Constitution been amended to impose national prohibition against drugs classified as controlled dangerous substances? If it required an amendment to impose national prohibition against alcohol, and alcohol prohibition was repealed when the amendment was repealed, it would obviously take a constitutional amendment to impose national drug prohibition. No such amendment exists. Yet approximately 60% of our Federal prisoners, and 35-40% of our State prisoners, are incarcerated for drug-related offenses. This usurpation of power is responsible for unlawful incarceration of at least a million Americans.

Via the Spanish-American War, United States Government strengthened her global empire position in the Atlantic and Pacific, then following the Boxer Rebellion, we joined hands with Britain, Germany and other maritime interests to carve up China for purposes of drug trade. Via the China Trade Act in 1904, Congress enacted domestic legislation that for all practical purposes monopolized importation of opium and cocaine, both of which have important medicinal as well as recreational uses.

Some time before Cooper wrote his article, I read the 1992 New York v. United States decision. In the decision, Justice Sandra Day O'Connor used the term "Cooperative Federalism".

My response was "What the devil is Cooperative Federalism?"

The next time I saw formal use of the term was in the title of an article in the 1992 edition of The Book of the States. In the meantime, I ran across the "Federalism" executive order Ronald Reagan executed. William Jefferson Clinton keeps trying to liberalize the Federalism executive order to further Federal encroachment, but he is getting considerable resistance. This particular executive order is simply a policy statement. It doesn't meet publishing requirements of section 301 of title 3 of the United States Code and the Federal Register Act, so it has intragovernmental application only (See 5 U.S.C. ß 301 for limitations). While practice is something else, Mr. Reagan's Federalism executive order ideally preserves the clear line between State and Federal authority, while Mr. Clinton, it seems, would brazenly crash the Tenth Amendment barrier.

Although the second is a redundancy, let's address the Federalism/Cooperative Federalism scheme through two constitutional questions: Have Article I ß 8, clauses 5 & 6 and Article I ß 10, paragraph one of the Constitution been repealed or amended? Has the Constitution been amended to effect prohibition against opium, cocaine, and other such substances?

We'll follow those questions with two more: Do we have gold and silver coin as our national monetary system? Do we have national prohibition against drugs?

Obviously, the Federal Reserve Act of 1913, as amended, is patently unconstitutional. At least it is if it applies to the Union. But it might not be if it applies to United States Government itself and territories and insular possessions of the United States. Likewise, Federal drug laws might be legitimate if they apply to the District of Columbia and insular possessions of the United States. It is here that Congress has plenary or near-absolute power. And we can lengthen the list. The Federal Alcohol Administration Act is legitimate in Puerto Rico, but not Oklahoma. Likewise, the Social Security Act of 1935 is legitimate in Puerto Rico, the Virgin Islands, etc., but not in Kansas. Also in 1935, the Supreme Court judicially condemned Congress' first effort to implement a national social welfare program. When the Social Security Act was subsequently enacted, it ap-

plied only to the District of Columbia, the territories of Alaska and Hawaii, and insular possessions such as Puerto Rico that were not incorporated in the constitutional scheme.

Definitions of "State", "United States" and "citizen" in Part 31.3121(e)-1 in title 26 of the Code of Federal Regulations clearly prescribe geographical limits where the Social Security Act is applicable. These definitions demonstrate that the Social Security Act was applicable in Alaska and Hawaii while they were territories, but no longer applied when they were respectively admitted to the Union. It has never lawfully applied to States of the Union admitted prior to 1935.

While in the grips of the thirties great depression, State officials were hell-bent on accommodating destruction of the American democratic republic and liberties attending the free enterprise system. At the January 1937 general conference of the Council of State Governments, delegates from a majority of our state legislatures endorsed the Declaration of Intergovernmental Dependence. The declaration formalized what was already a working arrangement. Elected and appointed state officials embraced the Federal dole system, and by setting up the infrastructure, provided a forum for state governing bodies to determine what Federal encroachment they would accommodate. The intergovernmental dependence declaration is published in Book 2, Volume 2 of The Book of the States.

Here are more relevant questions: Does the executive branch have legislative authority? Can the President unilaterally repeal law once Congress has formally enacted it?

Via Reorganization Plan 3 of 1940, Roosevelt reassigned duties of the Federal Alcohol Administration to BIR, thereby abolishing the agency Congress established by law in 1935, then via Reorganization Plan 26 of 1950, Truman abolished offices of internal revenue assessors and collectors that existed since 1862 legislation. But these draconian changes shouldn't adversely affect the American people at large: Since implementation of the Internal Revenue Code of 1954, there have been no Federal internal revenue districts in the several States. The Internal Revenue Code limits IRS assessment and collection activity to whatever revenue districts are established under authority of 26 U.S.C. ß 7621. A vast majority of Internal Revenue Code taxing authority is geographically limited to the District of Columbia and insular possessions of the United States, exclusive of States of the Union.

In 1998, I solved another mystery: Via Executive Order #10289, as amended, the President authorized the Secretary of the Treasury to establish revenue districts under authority of section 7621 of the Internal Revenue Code. Although section 7621 isn't listed in the Parallel Table of Authorities and Rules, E.O. #10289 is. The implementing regulation is Part 101 of title 19 of the Code of Federal Regulations. The regulation establishes customs collection offices in each State of the Union; it does not establish internal revenue districts. A note at Part 301.7621-1 of title 26 of the Code of Federal Regulations confirms that E.O. #10289 is the only authority for establishing revenue districts.

"So what are these people doing in Oklahoma and other States of the Union?" is an obvious question.

The Federal tax mystery is resolved to a certain extent by understanding that there is another application other than the geographical. That is, many of these reorganization plans, executive orders, etc. (executive legislation) are intragovernmental in nature. The application is to government agencies and personnel, not the general population. This is where Chapter 24 of the Internal Revenue Code contributes to understanding: *Withholding from wages, salaries and tips is authorized for government agencies, not private enterprise*. The Federal Reserve System board of governors and Federal Reserve regional banks collectively and individually serve as "fiscal agent" of United States Government. As if by magic, they launder "public money" (revenue and obligations of United States Government, commonly known as "credit") in such a fashion that the sleight of hand is more bizarre than the Federal tax system. But that goes beyond the scope of this article.

Beginning with the Louisiana Purchase in 1803, all territorial acquisitions until the Spanish-American War were incorporated into the constitutional scheme. Whether the territory was acquired by purchase, conquest or otherwise, it was destined to become a State of the Union, and inhabitants of the territory were extended full constitutional rights and benefits. But when the King of Spain ceded Puerto Rico and the Philippines, these insular possessions were not incorporated in the constitutional scheme. In the Insular Tax Cases (1900-1904), the Supreme Court determined that these and other insular possessions are "foreign" to the United States and the several States party to the Constitution, and they are more on the order of British crown colonies than traditional territories of the United States.

Here it is useful to understand that Congress has schizophrenic characters: Congress may exercise only constitutionally enumerated powers where States of the Union are concerned, but has plenary or near-absolute power over land belonging to the United States. Under Article I, Section 8 of the Constitution, Congress exercises restrictive power in the Union, but may do anything not specifically prohibited by the Constitution in territory belonging to the United States. Thus, where Puerto Rico, the Virgin Islands, Guam and American Samoa are concerned, and the new arrival, the Northern Mariana Islands, Congress does as Congress pleases.

Some time after 1908 and before 1918, nonconstitutional insular possessions of the United States entered a political compact

or alliance. The name of this alliance is the "United States of America", i.e., "Guam, U.S.A." on letterheads of the government of Guam. Cooper and Bentson tracked mutual assistance agreements among insular possessions that might provide a basis for this second "United States of America" confederation, but they didn't quite get to the meat of the matter.

When Timothy McCrory of Blackwell, Oklahoma and I first stumbled across evidence of this second United States of America in January 1997, the research community was plagued by myopia. States of the Union collectively are the United States of America. The possibility of there being a second United States of America was rejected by most researchers.

The Articles of Confederation in 1777 formally established the original United States of America, mentioned in the Preamble and Article II of the Constitution of the United States. But the Constitution creates and empowers a governmental entity designated and known as the United States. The only authority conferred to the United States of America, as a continuing public entity, is to elect the President and Vice President. When he takes his oath of office, the "President of the United States of America" becomes the "President of the United States". Article III, Section 1 of the Constitution establishes "The judicial Power of the United States," it doesn't vest authority in the United States of America, nor does it acknowledge the United States of America as a principal of interest.

Yet since approximately 1937, virtually all Federal civil actions and criminal prosecutions have been in the name and by authority of the "United States of America".

That isn't what law specifies. Section 3231 of title 18, the Criminal Code, section 1345 of title 28, the Civil Code, and section 7402 of the Internal Revenue Code, all specify that the "United States" is the proper principal of interest.

The only place we've found the "United States of America" as a principal of interest in the current edition of the United States Code is section 1001 of the Criminal Code, formerly 18 U.S.C. ß 80 in the 1940 edition. Under this section, presently titled "statements and entries generally," the United States of America can be a principal of interest where there is fraud against a corporation in which the United States of America is a stockholder.

Beginning with 1918 legislation, the "United States" and the "United States of America" both appeared in the section, where the United States of America was not present in the 1908 statute. In Historical and Statutory notes following the current 18 U.S.C. ß 1001, the reviser's note says the following about deletion of phrasing: "Words 'or any corporation in which the United States of America is a stockholder' in said ß 80 [1940 edition] were omitted as unnecessary in view of definition of 'agency' in ß 6 of this title."

By some quirk of tortured rationale, this come-lately United States of America is construed or defined as an "agency" of United States Government even though the U.S. Supreme Court judicially proclaimed that these constitutionally unincorporated insular possessions are "foreign" to the United States.

In the Interstate Agreement on Detainers Act, which most States of the Union have adopted, the "United States of America" is defined as a "State". The definition is at Article II(a), in Oklahoma Statutes, at section 1347 II(a) of title 22: "'State' shall mean a state of the United States; the United States of America; a territory or possession of the United States; the District of Columbia; the Commonwealth of Puerto Rico."

Where United States Government has subject matter jurisdiction by virtue of a constitutionally enumerated power, Federal agencies and courts have territorial jurisdiction, commonly known as venue, within States of the Union. In this context, then, the "United States of America" is a unique and separate "State" within the framework of the Interstate Agreement on Detainers Act. The United States of America doesn't have any more territorial jurisdiction in Oklahoma and Texas than Kansas does. If and when it has a criminal cause of action against someone located in one of the several States, it must apply for extradition just as one State must apply for extradition from another. Aside from being a political alliance, it is a geographical alliance. It is this entity, that magically appeared between 1908 and 1918, that is the primary vehicle used for Federal encroachment. As we will shortly verify, the Internal Revenue Service is an agency of this come-lately United States of America, it is not an agency of United States Government.

We've engaged this exercise to frame two conclusions: The Internal Revenue Service is successor of the Bureau of Internal Revenue, Puerto Rico, and does not have lawful authority in States of the Union; and the United States of America is a political and geographical alliance foreign to the United States and States of the Union. We now have the stage set for our attorneys.

Diversified Metal Products, Inc. of Idaho received an Internal Revenue Service notice of levy for money the company allegedly owed to Steve Morgan. The notice was challenged, so rather than get caught in the middle, Diversified Metal's attorney, John M. Ohman, filed an impleader action in the District Court of the Seventh Judicial District of Idaho, in the Booneville County Magistrate Court (Case #CV93-4117). The disputed money was deposited with the court. Diversified Metal filed the impleader action to resolve the dispute between T-Bow Company Trust, the Internal Revenue Service, and Steve Morgan.

The purpose of the litigation was to determine proper ownership of the money without Diversified Metal having liability exposure to IRS or Morgan.

In the complaint, Ohman set out statements of what he believed to be fact. Averment #4 is as follows: "Defendant Internal Revenue Service (IRS) is an agency of the United States government which has presented to Plaintiff a lien [actually, a notice of levy] against monies to which Steve Morgan, or presumably Defendant T-Bow Company Trust for him, may be entitled."

The United States Attorney for the district, Betty H. Richardson, answered on behalf of the Internal Revenue Service. In her response to Ohman's #4 averment, she made the following corrections: "Denies that the Internal Revenue Service is an agency of the United States Government but admits that the United States of America would be a proper party to this action."

The Internal Revenue Service is not an agency of United States Government, but the United States of America would be a proper party to the action? Richardson was in a corner where she had to confess what Cooper, Bentson, and numerous other people have proven half a dozen different ways: Congress did not legislatively create a Bureau of Internal Revenue and the Philippines gained independence in 1946. That leaves only the Bureau of Internal Revenue, Puerto Rico as a legislatively created governmental entity. The Internal Revenue Service is successor by name change to BIR, Puerto Rico.

If the Internal Revenue Service is not an agency of United States Government, the United States obviously wouldn't be the principal of interest. Davidson glossed over her presentation, but she told the truth. The Internal Revenue Service operates as an agent of this come-lately geographical and political alliance know as the United States of America, Puerto Rico being a party to the compact.

On December 18, 1998, attorney Michael Bufkin of Dundee, Illinois sent a Freedom of Information Act request to the Internal Revenue Service asking for documentation of authority for the Department of Justice to defend IRS personnel in civil litigation and/or criminal prosecution. On August 2, 1999, Leslie Hayward, a Disclosure Program Assistant in the IRS national office, answered Bufkin as follows: "A search was performed with the Office of Tax Crimes (Criminal Investigation) and with the Assistant Chief Counsel (Disclosure Litigation) and we have no documents responsive to your request. However, you may forward a copy of your request to the U.S. Attorney General's Office within the Department of Justice."

In September, Bufkin sent the request to the Department of Justice, then on January 11, 2000, Thomas J. McIntyre, Chief of the Department of Justice Freedom of Information/Privacy Act Unit, made the following response: "We have conducted a search of the appropriate indices to Criminal Division records and did not locate any records responsive to your request."

In other words, Internal Revenue Service personnel constitute an endangered species. It might be necessary to roll them in sand to reduce the slime factor, but once you get hold well enough to usher them to jail or sue them in civil court, the Department of Justice and U.S. Attorneys have to watch from a respectful distance. IRS personnel are agents of a government foreign to the United States, and they do not have lawful access to government-funded defense when the Federalism scheme finally comes down around their ears. They are quite literally agents of a foreign government invading the several States of the Union.

What happens when the chickens come home to roost? In 1995, Cooper and Bentson followed fraudulently collected American tax dollars through the Agency for International Development to projects such as funding the Kava River tank and military truck factory in Russia. The factory, which has more space under roof than all American auto factories combined, was built during the latter Cold War period before the Soviet Union was dissolved. As the research community documents and eventually exposes these kinds of projects illicitly funded with American tax money, entrenched powers behind the Federalism scheme will have to account to an irate public.

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Internal Revenue Service/Internal Revenue Code Investigative Report

By William Cooper
CAJI News Service - Exclusive

“The Congress shall have Power to lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defense and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States;” The Constitution for the united States of America, Article 1, Section 8, paragraph 1.

"No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or Enumeration hereinbefore directed to be taken." The Constitution for the united States of America, Article 1, Section 9, paragraph 4.

CAJI Investigation

Investigation of the alleged Internal Revenue Service and the Bureau of Alcohol, Tobacco and Firearms has disclosed a broad, premeditated conspiracy to defraud the Citizens of the united States of America. Examination of the United States Code, the Code of Federal Regulations, the Statutes at Large, Congressional Record, the Federal Register, and Internal Revenue manuals too numerous to list reveals a crime of such magnitude that words cannot adequately describe the betrayal of the American people. What we uncovered has clearly been designed to circumvent the limitations of the Constitution for the united States of America and implement the Communist Manifesto within the 50 States. Marx and Engles claimed that in the effort to create a classless society, a "graduated income tax" could be used as a weapon to destroy the middle class.

The Art of Illusion

Magic is the art of illusion. Those who practice magic are called magi. They have created a web of obfuscation and confusion in the law. When the courts have ruled them unconstitutional or unlawful they merely stepped outside jurisdiction and venue. By fooling the people they continued the crime. These Magicians have convinced Americans that we have a status we do not. We are led to believe we must do things that are not required. Through the clever use of language the government promotes the fraud.

Not Created by Congress

The Bureau of Internal Revenue, and the alleged Internal Revenue Service were not created by Congress. These are not organizations or agencies of the Department of the Treasury or of the federal government. They appear to be operated through pure trusts administered by the Secretary of the Treasury (the Trustee). The Settler of the trusts and the Beneficiary or Beneficiaries are unknown. According to the law governing trusts the information does not have to be revealed.

Not Found in 31 USC

The organization of the Department of the Treasury can be found in 31 United States Code, Chapter 3, beginning on page 7. You will not find the Bureau of Internal Revenue, the Internal Revenue Service, the Secret Service, or the Bureau of Alcohol Tobacco and Firearms listed. We learned that the Bureau of Internal Revenue, Internal Revenue, internal revenue, Internal Revenue Service, the Federal Alcohol Administration, Director Alcohol Tobacco and Firearms are one organization. We found this obfuscated.

Constructive Fraud

The investigation found, that except for the very few who are engaged in specific activities, the Citizens of the 50 States of the united States of America have never been required to file or to pay "income taxes." The Federal government is engaged in constructive fraud on a massive scale. Americans who have been frightened into filing and paying "income taxes" have been robbed of their money. Millions of lives have been ruined. Hundreds of thousands of innocent people have been imprisoned on the pretense they violated laws that do not exist. Some have been driven to suicide. Marriage have been destroyed., Property has been confiscated to pay . . . . .

Lincoln's War Tax

During the Civil war Abraham Lincoln imposed a war tax upon the citizens. The War tax lawfully applied only to those citizens who resided within the federal District of Columbia and the federally owned territories, dockyards, naval bases, or forts, and those who were considered to be in rebellion against the Union. Many Citizens of the several States volunteered to pay. After the war the tax was repealed. This left the impression that the President and Congress could levy an unapportioned direct tax upon the Citizens of the several States, when, in fact, no such tax had ever been imposed. The Tax was not fraud as nothing was done to deceive the people. Those who were deceived, in fact, deceived themselves.

Philippine Trust #1

In the last century the United States acquired by conquest the territory of the Philippine Islands, Guam, and Puerto Rico. The Philippine Customs Administrative Act was passed by the Philippine Commission during the period from Sept. 1, 1900 a 31, 1902, to regulate trade with foreign countries and to create revenue in the form of duties, imposts, and excises. The Act crated the federal government's first trust fund called Trust fund #1, the Philippine special fund (customs duties), 31 USC, Section 1321. The Act was administered under the general Supervision and control of the Secretary of Finance and Justice.

Philippine Trust #2
Bureau of Internal Revenue

The Philippine Commission passed another act known as The Internal Revenue Law of Nineteen Hundred and Four. This Act created the Bureau of Internal Revenue and the federal government's second trust fund called Trust fund #2, the Philippine special fund (internal revenue), 31 USC, Section 1321. In the Act, Article I, Section 2, we find, "There shall be established a Bureau of Internal Revenue, the chief officer of which Bureau shall be known as the Collector of Internal Revenue. He shall be appointed by the Civil Governor, with the advice and consent of the Philippine Commission, and shall receive a salary at the rate of eight thousand pesos per annum. The Bureau of Internal Revenue shall belong to the department of Finance and Justice."

And in Section 3, we find,

"The Collector of Internal Revenue, under the direction of the Secretary of Finance and Justice, shall have general superintendence of the assessment and collection of all taxes and excises imposed by this Act or by any Act amendatory thereof, and shall perform such other duties as may be required by law."

Customs & BIR Merged

It is clear that the Customs Administrative Act was to fall within the jurisdiction of the Bureau of Internal Revenue which bureau was to be responsible for "all taxes and excises imposed by this Act," which clearly included import and export excise taxes. This effectively merged Customs and Internal Revenue in the Philippines.

Demon Alcohol

When Prohibition was ratified in 1919 with the 18th Amendment, the government created federal bureaucracies to enforce the outlaw of alcohol. As protest and resistance to prohibition increased so did new federal laws and the number of bureaucrats hired to enforce them. After much bloodshed and public anger prohibition was repealed with the 21st Amendment which was ratified in 1933.

Federal Alcohol Act

In 1933 President Roosevelt declared a "banking Emergency." The Congress gave the President dictatorial powers under the "War Powers Act of 1917." Congress used the economic emergency as the excuse to give blanket approval to any and all Presidential executive orders. Roosevelt, with a little help from his socialist friends, was prolific in his production of new legislation and executive orders. In 1935 the Public Administration Clearinghouse wrote, and Roosevelt introduced, The Federal Alcohol Act. Congress passed it into law. The Act established The Federal Alcohol Administration. That same year the Supreme Court, in a monumental ruling, struck down the act among many others on a long list of draconian and New Deal laws. The Federal Alcohol Administration did not go away; it became involved in other affairs, placed in a sort of standby status.

Internal Revenue (Puerto Rico)

At some unknown date prior to 1940 another Bureau of Internal Revenue was established in Puerto Rico. The 62nd trust fund was created and named Trust fund #62 Puerto Rico special fund (Internal Revenue). Note that the Puerto Rico special fund has Internal Revenue, capital "I" & "R". The Philippine special fund (internal revenue) is in lower case letters. Between 1904 and 1938 the China Trade Act was passed to deal with opium, cocaine and citric wines shipped out of China. It appears to have been administered in the Philippines by the Bureau of Internal Revenue.

China Trade Act

We studied a copy of The Code of Federal Regulations of the United States of America in Force June 1, 1938, Title 26 - Internal Revenue, Chapter I - (Parts 1-137). On page 65 it makes reference to the China Trade Act, where we find the first use of such terms as: income, credits, withholding, Assessment and Collection of Deficiencies, extension of time for payment, and failure to file return. The entire substance of Title 26 deals with foreign individuals, foreign corporations, foreign insurance corporations, foreign ships, income from sources within possessions of United States, Citizens of the United States and domestic corporations deriving income from sources within a possession of the United States, and China Trade Act Corporations.

Narcotics, Alcohol, Tobacco, Firearms

All of the taxes covered by these laws concerned the imposts, excise taxes and duties to be collected by the Bureau of Internal Revenue for such items as narcotics, alcohol, tobacco, and firearms. The alleged Internal Revenue Service likes to make a big do about the fact that Al Capone was jailed for tax evasion. The IRS will not tell you that the tax Capone evaded was not "income tax: as we know it, but the tax due on the income from the alcohol which he had imported from Canada. If he had paid the tax he would not have been convicted. The Internal Revenue Act of 1939 was clearly concerned with all taxes, imposts, excises and duties collected on trade between the possessions and territories of the United States and foreign individuals, foreign corporations, or foreign governments. The income tax laws have always applied only to the Philippines, Puerto Rico, District of Columbia, Virgin Islands, Guam, Northern Mariana Islands, territories and insular possessions.

FAA becomes BIR

Under the Reorganization Plan Number 3 of 1940 which appears at 5 United States Code Service, Section 903, the Federal Alcohol Administration and offices of members and Administrator thereof were abolished and their functions directed to be administered under direction and supervision of Secretary of Treasury through Bureau of Internal Revenue. We found this history in all of the older editions of 27 USCS, Section 201. It has been removed from current editions. Only two Bureaus of Internal Revenue have ever existed. One in the Philippines and another in Puerto Rico. Events that have transpired tell us that the Federal Alcohol Administration was absorbed by the Puerto Rico Trust #62 (Internal Revenue).

Victory Tax Act

World War II was a golden opportunity. Americans were willing to sacrifice almost anything if they thought that sacrifice would win the war. In that atmosphere Congress passed the Victory Tax Act. It mandated an income tax for the years 1943 and 1944 to be filed and paid in the years 1944 and 1945. The Victory Tax Act automatically expired at the end of 1944. The federal government, with the clever use of language, created the myth that the tax was applicable to all Americans. Because of their desire to win the war Americans filed and paid the tax. Because of ignorance of the law Americans filed and paid the tax. The government promoted the fraud and threatened those who objected. Americans forgot that the law expired in 2 years. When the date had come and gone, they continued to keep "records"; they continued to file; and they continued to pay the tax. The federal government continued to print returns and collect the tax. Never mind the fact that no Citizen of any of the several States of the Union was ever liable to pay the tax in the first place.

Federal Power Limited

The fiction, "that because it was an excise tax, it was legal," is not true. The power of the federal government is limited to its own property as stated in Article 1, Section 8, paragraph 17, and to "regulate Commerce with foreign Nations, and among the several States, and with the Indian tribes;" as stated in Article 1, Section 8, paragraph 3. 18 USC, Section 921, Definitions, states, "The term 'interstate or foreign commerce' includes commerce between any place in a State and any place outside that State, or within any possession of the United States (not including the Canal Zone)." Only employees of the federal government, residents of the District of Columbia, residents of naval bases, residents of forts, U.S. Citizens of the Virgin Islands, Puerto Rico, territories, and insular possessions were lawfully required to file and pay the Victory Tax.

BIR becomes IRS

In 1953 the United States relinquished its control over the Philippines. Why do the Philippine pure Trusts #1 (customs duties) and #2 (internal revenue) continue to be administered today? Who are the Settlers of the Trusts? What is done with the funds in the Trusts? What businesses, if any, do these Trusts operate? Who are the Beneficiaries? Coincidentally on July 9, 1953 the Secretary of the Treasury, G. M. Humphrey, by "virtue of the authority vested in me," changed the name of the Bureau of the Internal Revenue, BIR, to Internal Revenue Service when he signed what is now Treasury Order 150-06. This was an obvious attempt to legitimize the Bureau of Internal Revenue. Without the approval of Congress or the President, Humphrey, without any legal authority, tried to turn a pure trust into an agency of the Department of the Treasury. His actions were illegal, but went unchallenged. Did he change the name of the BIR in Puerto Rico or the BIR in the Philippines? We cannot find the answer.

Mutual Security Act

In 1954 the United States and Guam became partners under the Mutual Security Act. The Act and other documents make reference to the definition of Guam and the United States as being mutually interchangeable. In the same year the Internal Revenue Code of 1954 was passed. The Code provides for the United States and Guam to coordinate the "Individual Income Tax". Pertinent information on the tax issue may be found in 26 CFR 301.7654-1: Coordination of U.S. and Guam Individual income taxes, 26 CFR 7654-1(e): Military personnel in Guam, 48 USC Section 1421I: "Income-tax laws" defined. The Constitution forbids unapportioned direct taxes upon the Citizens of the several States of the 50 States of the Union; therefore the federal government must trick (defraud) people into volunteering to pay taxes as "U.S. citizens" of either Guam, the Virgin Islands, or Puerto Rico. It sounds insane, and it is, but it is absolutely true.

BATF from IRS

On June 6, 1972 Acting Secretary of the Treasury Charles E. Walker signed Treasury Order Number 120-01 which established the Bureau of Alcohol, Tobacco and Firearms. He did this with the stroke of his pen citing "by virtue of the authority vested in me as Secretary of the Treasury, including the authority in Reorganization Plan No. 26 of 1950.: He order [states] the

"...transfer, as specified herein, the functions, powers and duties of the Internal Revenue Service arising under laws relating to alcohol, tobacco, firearms, and explosives (including the Alcohol, Tobacco and Firearms Division of the Internal Revenue Service) to the Bureau of Alcohol, Tobacco and Firearms (hereinafter referred to as the Bureau) which is hereby established. The Bureau shall be headed by the Director, Alcohol, Tobacco and Firearms (hereinafter referred to as the Director). the Director shall perform his duties under the general direction of the Secretary of the Treasury (hereinafter referred to as the Secretary) and under the supervision of the Assistant Secretary (Enforcement, Tariff and Trade Affairs, and Operations) (hereinafter referred to as the Assistant Secretary)." [my insertrion, Dan]

BATF = IRS

Treasury Order 120-01 assigned to the new BATF Chapter 51, 52 and 53 of the Internal Revenue Code of 1954 and sections 7652 and 7653 of such code, chapters 61 through 80 inclusive of the Internal Revenue Code of 1954, the Federal Alcohol Administration Act (27 USC Chapter 8) (which, in 1935, the Supreme Court had declared unconstitutional within the several States of the Union,) 18 USC Chapter 44, Title VII Omnibus Crime Control and Safe Streets Act of 1968 (18 USC Appendix, sections 1201-1203, 18 USC 1262-1265, 1952 and 3615, and etc. Mr. Walker then makes a statement within TO 120-01 that is very revealing.

"The terms 'Director, Alcohol, Tobacco and Firearms Division' and 'Commissioner of Internal Revenue' wherever used in regulations, rules, and instructions, and forms, issued or adopted for the administration and enforcement of the laws specified in paragraph 2 hereof, which are in effect or in use on the effective date of this Order, shall be held to mean 'the Director'". Walker seemed to branch the Internal Revenue Service (IRS), creating the Bureau of Alcohol, Tobacco, and Firearms (BATF), and then with that statement joined them back together into one. In the Federal Register, Volume 41, Number 180, of Wednesday, September 15, 1976 we find, "The term 'Director, Alcohol, Tobacco and Firearms Division' has been replaced by the term 'Internal Revenue Service."

We found this pattern of deception and obfuscation everywhere we looked during our investigation. For further evidence of the fact that the IRS and the BATF are one and the same organization check 27 USCA Section 201.

The Gift of the Magi

This is how the Magi perform magic. Secretary Humphrey, with no authority, creates an agency of the Department of the Treasury called "Internal Revenue Service", out of the air, from an offshore pure trust called "Bureau of Internal Revenue ....and beneficiaries" of the trust are unknown. The "Trustee" is the Secretary of the Treasury. Acting Secretary Walker further launders the trust by creating, from the alleged "Internal Revenue Service," the "Bureau of Alcohol, Tobacco, and Firearms."

Person Becomes Thing

Unlike Humphrey, however, Walker assuaged himself of any guilt when he nullified the order by proclaiming, "The terms 'Director, Alcohol, Tobacco and Firearms Division' and 'Commissioner of Inter-

nal Revenue' wherever used in regulations, rules, and instructions, and forms, issued or adopted for the administration and enforcement of the laws specified in paragraph 2 hereof, which are in effect or in use on the effective date of this Order, shall be held to mean 'the Director'." Walker created the Bureau of Alcohol, Tobacco, and Firearms from the Alcohol, Tobacco and Firearms Division of Humphrey's Internal Revenue Service. He then says, that what was transferred, is the same entity as the Commissioner of Internal Revenue. He knew he could not legally create something from nothing without the authority of Congress and/or the President, so he made it look like he did something that he had, in fact, not done. To compound the fraud the Federal Register published the unbelievable assertion that a person had been replaced with a thing; "the term Director Alcohol, Tobacco, and Firearms Division has been replaced with the term Internal Revenue Service."

Stroke of Genius

The Federal Alcohol Administration. which administered the Federal Alcohol Act, and offices of members and Administrator thereof were abolished and their functions were directed to be administered under direction and supervision of Secretary of Treasury through Bureau of Internal Revenue, now Internal Revenue Service. The Federal Alcohol Act was ruled unconstitutional within the 50 States so was transferred to the BIR which is an offshore trust, which became the IRS, which gave birth to the BATF and somehow, the term Director, Alcohol, Tobacco, and Firearms Division, which is a person within the BATF, spawned the alleged Internal Revenue Service via another flick of the pen on September 15, 1976. In a brilliant flash of logic Wayne C. Bentson determined that he could check these facts by filing a freedom of information act request asking the BATF to "name the person who now administers the Federal Alcohol Act." If we were wrong a reply stating that no record exists as to any name of any person who administers the Act. The request was submitted to the BATF. The reply came on July 14, 1994, from the Secret Service, an unexpected source, which discloses a connection we had not suspected. The reply states that John Magaw of the Bureau of Alcohol, Tobacco, and Firearms, of the Department of the Treasury administers the Federal Alcohol Act. You may remember from the Waco hearings that John Magaw is the Director Alcohol, Tobacco, and Firearms. All of our research was confirmed by that admission.

Smoke and Mirrors

Despite all the pen flicking and the smoke and mirrors, there is no such organization of the Department of the Treasury known as "Internal Revenue Service" or the "Bureau of Alcohol, Tobacco, and Firearms." 31 USC is 'Money and Finance' and therein are published the laws pertaining to the Department of the Treasury (DOT). 31 USC, Chapter 3 is a statutory list of the organizations of the DOT. Internal Revenue Service and/or Bureau of Alcohol, Tobacco, and Firearms are not listed within 31 USC as agencies or organizations of the Department of the Treasury. They are referenced, however, as, "to be audited" by the Controller General in 31 USC Section 713.

BATF - Puerto Rico

We have already demonstrated that both of these organizations are in reality the same organization. Where we find one we will surely find the other. In 27 CFR, Chapter 1, Section 250.11, definitions we find, "United States Bureau of Alcohol, Tobacco and Firearms office. The Bureau of Alcohol, Tobacco and Firearms office. The Bureau of Alcohol, Tobacco and Firearms office. The Bureau of Alcohol Tobacco and Firearms office in Puerto Rico ...," and "Secretary - The Secretary of the Treasury of Puerto Rico." and "Revenue Agent - Any duly authorized Commonwealth Internal Revenue Agent of the epartment of the Treasury of Puerto Rico." Remember that 'Internal Revenue' is the name of the Puerto Rico Trust #62. It is perfectly logical and reasonable that a Revenue Agent works as an employee for the Department of the Treasury of the Commonwealth of Puerto Rico.

Where is IRS?

Where is the alleged "Internal Revenue Service"? The Internal Revenue Code of 1939, a.k.a. Internal Revenue Code of 1954, etc., etc., etc. 27 CFR refers to Title 26 as relevant to Title 27, as per 27 CFR, Chapter 1, Section 250.30, which states that 26 USC 5001(a)(1) is governing a 27 USC law. In fact 26 USC Chapters 51, 52, and 53 are the alcohol, tobacco and firearms taxes, administered by the Internal Revenue Service; alias Bureau of Internal Revenue; alias Virgin Islands Bureau of Internal Revenue; alias Director, Alcohol, Tobacco and Firearms Division; alias Internal Revenue Service.

Must be Noticed

According to 26 CFR Section 1.6001-1(d), Records, no one is required to keep records or file returns unless specifically notified by the district director by notice served upon him, to make such returns, render such statements, or keep such specific records as will enable the district director to determine whether or not such person is liable for tax under subtitle A of the Code. 26 CFR states that this rule includes State individual income taxes. Don't get yourself all lathered up because State means, ... the District of Columbia, U.S. Virgin Islands, Guam, Northern Mariana Islands, Puerto Rico, territories, and insular possessions.

No Implementation of Law

44 USC says that every regulation or rule must be published in the Federal Register. It also states that every regulation or rule must be approved by the Secretary of the Treasury. If there is no regulation there is no implementation of the law. There is no regulation governing "failure to file a return." There is no computer code for "failure to file." The only thing we could find was a requirement stating "where to file" an income tax return. It can be found in 26 CFR, Section 1.6091-3, which states that, "Income tax returns required to be filed with Director of International Operations." Who is the Director of International Operations?

Delegation of Authority

No one in government is allowed to do anything unless they have been given specific written authority in the law or someone who has been given authority in the law gives that person a delegation of authority order, spelling out exactly what they can and cannot do under that specific order. We combed the Department of the Treasury's Handbook of Delegation Orders and we found that no one in the IRS or BATF has any authority to do most of the things they have been doing for years.

No Authority to Audit

Delegation Order Number 115 (Rev. 5), of May 12, 1986 is the only delegation of authority to conduct Audit. It states that the IRS and BATF can only audit themselves and only for amounts of $750 or less. Any amount above that amount must be audited by the Controller General according to Title 31 USC. No other authority to audit exists. No IRS or BATF agent, or representative can furnish us with any law, rule, or regulation which gives them the authority to audit anyone other than themselves. Order Number 191 states that they can levy on Property but only if that Property is in the hands of third parties.

Authority to Investigate

The manual states on page 1100-40.2, of April 21, 1989, Criminal Investigation Division, that "the Criminal Investigation Division enforces the criminal statutes applicable to income, estate, gift, employment, and excise tax laws ... involving United States citizens residing in foreign countries and nonresident aliens subject to Federal income tax filing requirements by developing information concerning al-

leged criminal violations thereof, evaluating allegations and indications of such violations to determine investigations to be undertaken, investigating suspected criminal violations of such laws, recommending prosecution when warranted, and measuring effectiveness of the investigation processes... ."

Authority to Collect

On page 1100-40.1 it states in 1132.7 of April 21, 1989, Director, Office of Taxpayer Service and Compliance,

"Responsible for operation of a comprehensive enforcement and assistance program for all taxpayers under the immediate jurisdiction of the Assistant Commissioner (International)... ...Directs the full range of collection activity on delinquent accounts and delinquent returns for taxpayers overseas, in Puerto Rico, and in United States possessions and territories."

50 States not Included

1132.72 of April 21, 1989, Collection Division, says

"Executes the full range of collection activities on delinquent accounts, which includes securing delinquent returns involving taxpayers outside the United States and those in United States territories, possessions and in Puerto Rico."

U.S. Attorney's Manual

The United States Attorney's Manual, Title 6 Tax Division, Chapter 4, page 16, October 1, 1988, 6-4.270, Criminal Division Responsibility states, "The Criminal Division has limited responsibility for the prosecution of offenses investigated by the IRS. Those offenses are: excise violations involving liquor tax, narcotics, stamp tax, firearms, wagering, and coin-operated gambling and amusement machines; malfeasance offenses committed by IRS personnel; forcible rescue of seized property; corrupt or forcible interference with an officer or employee acting under the internal revenue laws; and unauthorized mutilation, removal or misuse of stamps. See 28 CFR S O.70.

"Act of Congress"

We found this revelation in 28 USC Rule 54c, Application of Terms,

"As used in these rules the following terms have the designated meanings. 'Act of Congress' includes any act of Congress locally applicable to and in force in the District of Columbia, in Perto Rico, in a territory or in an insular possession."

It is the Law

28 USC is the "Rules of Courts" and was written and approved by the Justices of the Supreme Court. The Supreme Court in writing 28 USC has already ruled upon this issue. It is the Law.

Where is the Money?

Where does the money go that is paid into the IRS? It spends at lease a year in what is called a "quad zero" account under an Individual Master File, after which time the Director of the IRS Center can apparently do whatever he wants with the money. It is sometimes dispersed under Treasury Order 91 (Rev. 1), May 12, 1986 which is a service agreement between and the Agency for International Development,

AID.

We Financed Soviet Weapons

When William Casey, Directory of the Central Intelligence Agency during Iran-Contra, was the head of AID he funneled hundreds of millions of dollars to the Soviet Union which money was spent building the Kama River Truck Factory, the largest military production facility for tanks, trucks, armored personnel carriers, and other wheeled vehicles in the world. The Kama River factory has a production capability larger than all of the combined automobile and truck manufacturing plants in the United States.

IRS/AID Service Agreement

The agreement states, "Authority is hereby delegated to the Assistant Commissioner International to develop and enter into the service agreement between the Treasury Department and the Agency for International Development." The Secretary of the Treasury is always appointed U.S. Governor of the International Monetary Fund in accordance with the international agreement that created the IMF. The Secretary of the Treasury is paid by the IMF while serving as Governor.

Agent of Foreign Powers

Lloyd Bentsen held the following positions at the same time he was the Secretary of the Treasury: U.S. Governor of the International Monetary Fund, U.S. Governor of the International Bank for Reconstruction and Development, U.S. Governor of the Inter-American Development, U.S. Governor of the African Development Fund, and U.S. Governor of the European Bank for Reconstruction and Development. Mr. Bentsen received a salary from each of these organizations which literally made him an unregistered agent of several foreign powers.

Citizen vs citizen

By birth we are each a Citizen of the State of California, or a Citizen of the State of Arizona, or a Citizen of whatever State wherein we were born, and at the same time we are all Citizens of the united States of America, and are not subject to Acts of Congress other than the 18 powers specifically cited in the Constitution for the united States of America. People who are born or who reside within the federal District of Columbia, Guam, the U.S. Virgin Islands, Puerto Rico, the Northern Mariana Islands, any territory, on any naval base or dockyard, within forts, or within insular possessions are called U.S. citizens and are subject to Acts of Congress. Within the law words have meanings that are not the same meanings that are accepted in common usage. Our Constitution is the Constitution for the united States of America. The U.S. Constitution is the Constitution of Puerto Rico.

Volunteer "Taxpayers"

We are subject to the laws of the jurisdiction which we volunteer to accept. In the law governing income tax, income is defined as foreign earned income, offshore oil well or windfall profits, and war profits. A return is prepared by a taxpayer to submit to the federal government taxes that he/she collected. A taxpayer is one who collects taxes and submits the taxes as a return to the federal government. An employee is one who is employed by the federal government. An employer is the federal government. An individual is a citizen of Guam or the U.S. Virgin islands. A business is defined as a government, a bank, or an insurance company. A resident is an alien citizen of Guam, the U.S. Virgin Islands, or Perto Rico who resides within one of the 50 States of the united States of America or one of the other island possessions.

1040 for "Aliens"

A form 1040 is the income tax return for a nonresident alien citizen of the U.S. Virgin Islands residing within one of the 50 States of the several States of the united States of America. If you volunteer that you are a U.S. citizen, you have become a U.S. citizen. If you write or print your name on a line labeled "taxpayer," you have become a taxpayer. Since these forms are affidavits which you submit under penalty of perjury you commit a crime every time you fill one out and sign stating that you are what you are not. The federal government is delighted by your ignorance and will gladly accept your returns and your money. As proof refer to The Virgin Islands Tax Guide which states, "All references to the District Director or to the Commissioner of Internal Revenue should be interpreted to mean the Director of the Virgin Islands Bureau of Internal Revenue. All references to the Internal Revenue Service, the Federal depository and similar references should be interpreted as the BIR, and so forth. Any questions in interpreting Federal forms for use in the Virgin Islands should be referred to the BIR."

Codes tell the Tale

In Internal Revenue Service publication 6209, Computer Codes for IRS, "TC 150" is listed as the code for "Virgin Island Returns" and the codes 300 through 398 are listed as "U.S. and UK Tax Treaty claims involving taxes on narcotics which were financed in the Cayman Islands and imported into the Virgin Island"

Narcotics Dealer?

When Freedom of Information Act requests have been filed for [the] Individual Master File (IMF) for people who are experiencing tax problems with the IRS, every return has been found to contain the above codes except for some which are coded as "Guam" returns. Every return shows that the unsuspecting Citizen is being taxed on income derived from importing narcotics, alcohol, tobacco, or firearms into the United States or one of its territories or possessions, from a foreign country or from Guam, Puerto Rico, the Virgin Islands, or into the Virgin Islands from the Cayman Islands.

Who is required to file?

26 CFR, Section 601.103(a) is the only place which tells us who is required to file a return provided that person has been properly noticed by the District Director to keep records and then noticed that he/she is required to file. It states, "In general each taxpayer (or person required to collect and pay over the taxes) is required to file a prescribed for[m] of return ..." Are you a taxpayer?

Who are these Thugs?

The scam manifests itself in many different ways. In order to maintain the semblance of legality, hats are changed from moment to moment. When you are told to submit records for examination you are dealing with Customs. When you submit an offer in compromise you are dealing with the Coast Guard. When you are confronted by a Special Agent of the IRS you are really dealing with a deputized United States Marshall. When you are being investigated by the alleged Internal Revenue Service you are really dealing with an agent contracted by the Justice Department to investigate narcotics violations. When the alleged Internal Revenue Service charges you with a crime you are dealing with the Bureau of Alcohol, Tobacco, and Firearms. Only a small part of 26 USC is administered by the alleged Internal Revenue Service. Most of the Code is administered by the Bureau of Alcohol, Tobacco, and Firearms, including Chapters 61 through 80 which is enforcement. In addition, 27 CFR is BATF and states in Subpart B - Definitions, 250.11, Meaning of terms, "United States Bureau of Alcohol, Tobacco, and Firearms office - Bureau of Alcohol, Tobacco, and Firearms office in Puerto Rico." Every person we find who is being prosecuted by the alleged Internal Revenue Service has a code on their IMF putting them in "tax class 6" which designates that they have violated a law relating to alcohol, tobacco, or firearms, Puerto Rico.

No Jurisdiction

The Bureau of Alcohol, Tobacco, and Firearms has no venue or jurisdiction within the borders of any of the 50 States of the united States of America except in pursuit of an importer of contraband alcohol, tobacco, or firearms who failed to pay the tax on those items. As proof refer to the July 30, 1993 ruling of the United States Court of Appeals for the Seventh Circuit, in 1 F.3d 1511; 1993 U.S. App. Lexis 19747, where the court ruled in United States v. D.J. Vollmer & Co. that the BATF has jurisdiction over the first sale of a firearm imported to the country but they don't have jurisdiction over subsequent sales.

Feds Lie

Attorneys, including your defense attorney, the U.S. Attorney, Federal Judges, and alleged Internal Revenue Service and Bureau of Alcohol, Tobacco, and Firearms personnel routinely lie in depositions and on the witness stand to perpetuate this fraud. They do this willingly and with full knowledge that they are committing Perjury. Every Judge intentionally lies every time he/she gives instructions to a Jury in a criminal or [civil] tax case brought by the IRS or BATF. They all know it, and do it willingly, and with malice aforethought.

Where do they get these Guys?

How does the government hire people who will intentionally work to defraud their fellow Americans? Most of those who work on the lower levels for the IRS, BATF, and other agencies simply do not know the truth. They do as they are told to earn a living until retirement. Executives, U.S. Attorneys, Federal Judges, and others do know and are with full knowledge and malice aforethought, participating in the crime of the century. Many of these people, including the President, are paid lots of money.

Monetary Awards

The Internal Revenue Manual, Handbook of Delegation Orders, January 17, 1983, page 1229-91 outlines the alleged Internal Revenue Service's system of monetary awards "of up to and including $5,000 for any one individual employee or group of employees in his/her immediate office, including field employees engaged in National office projects; and contributions of employees of other Government agencies and armed forces members" with the approval of the Deputy Commissioner, "of $10,001 - $25,000 for any one individual or group" with the Commissioner's concurrence, "an additional monetary award of $10,000 (total $35,000) to the President through Treasury and OPM" with the Commissioner's concurrence.

Legal Bribery

These awards include cash awards. They are not limited as to number that may be awarded to any one person or group. There is no time limitation placed upon any award. Any person or group of persons can be awarded this money, including U.S. Attorneys, Federal Judges, your Certified Public Accountant, the President of the United States, members of Congress, your mother, H&R Block, etc. The awards may be given to the same person or group each minute, each hour, every day, every week, every month, every year, or not at all. In other words, the U.S. Government and the alleged Internal Revenue Service a.k.a. Bureau of Alcohol, Tobacco, and Firearms has a perfectly legal system of bribery. The bribery works against the Citizens of the several States of the united States of America.

Warning!

Our investigation uncovered a lot. We have printed only a little. Successful use of this material requires

a lot of study and an excellent understanding of the legal system. Please do not compound errors by attempting to extract some imaginary magic bullet to use against the alleged Internal Revenue Service or the Bureau of Alcohol, Tobacco, and Firearms. It is not enough to discover this information; you must know it inside out, backward and forward, like you know the smell of your own breath.

Trust Betrayed

We have been betrayed by those we trusted. We have been robbed of our money and property. It happened because we trusted imperfect men to rule imperfect men and we failed in our duty as watchdog. It happened because we have been ignorant, apathetic, and even stupid.

By Choice and Consent

"A nation or world of people, who will not use their intelligence, are no better than animals that do not have intelligence; such people are beasts of burden and steaks on the table by choice and consent."

see also: *Behold a Pal Horse*, by William Cooper, Light Technology Publishing Sedona.

A significant portion of the research that led to the writing of this article was contributed by Mr. Wayne Bentson. IRS investigative research/Veritas Magazine, September 1995