

Chapter 6:
Empirical Results

Up to this point, we have defined a set of key terms and created a scheme for understanding how these key terms relate to each other. This scheme was summarized in the form of a diagram which we have called *The Matrix* (see chapter 3 and also the original cover of this book). *The Matrix* is a two-by-two table which permutes every combination of citizen, alien, resident and nonresident, to create four unique cases:

1. resident citizen
2. resident alien
3. nonresident citizen
4. nonresident alien

As a body of law, the Internal Revenue Code ("IRC") and its regulations together require all "citizens" and all "residents" of the United States** to pay taxes on their worldwide incomes. This requirement applies to three of the four cases shown above, namely, resident citizens, resident aliens and nonresident citizens. In the fourth case, nonresident aliens only pay tax on income which is effectively connected with a U.S.** trade or business, and on income from sources within the U.S.** (like Frank Brushaber's dividend). Their tax liability is succinctly summarized by the Code itself. Note how the relevant Code section utilizes the phrase "includes only" as follows:

General Rule. -- In the case of a nonresident alien individual, except where the context clearly indicates otherwise, gross income **includes only** -- [!!]

- (1) **gross income which is derived from sources within the United States**** and which is not effectively connected with the conduct of a trade or business within the United States**, and
- (2) **gross income which is effectively connected with the conduct of a trade or business within the United States**.**

[IRC 872(a), emphasis added]

This may sound all well and good, in theory. How does it work in practice? With so many words to document the recipe for pudding, how does the pudding taste? Three case histories provide some of the necessary proof. Appendix A is a winning brief proving that the income tax provisions of the IRC are municipal statutes.

Case 1

Figure 1 shows a letter which an American Citizen sent to the District Director of the Internal Revenue Service in Ogden, Utah State. This letter was prepared in response to an unsigned letter from the IRS, requesting that he file a 1040 Form. Note, in particular, his use of the key words

Figure 1: Letter to District Director

December 5, 1990

District Director
Internal Revenue Service
Ogden, Utah 84201

Re: NRA SSN # ___-__-____

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

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

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

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

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

If you have any questions concerning this letter, you may write to me at the address shown below. Please sign all papers so that I know who I am dealing with. Until such a time as I hear from you or your office, I will take the position that I am no longer liable for filing the return. Failure to respond will be taken as meaning that you have "acquiesced" and that, from this date forward, the doctrine of "estoppel by acquiescence" will prevail.

Sincerely,

/s/ NRA

"**citizen** of the United States**", "**resident** of the United States**", "**domestic** corporation", "**domestic** partnership", "**domestic** trust or estate" and "**sovereign**". He asserted his status by explicitly claiming to be a sovereign who was **not** the "person" defined at IRC 7701(a)(1), and who was **not** the "United States** person" defined at 7701(a)(30). The IRC defines "person" as follows:

Person. -- The term "person" shall be construed to mean and include an individual, a trust, estate, partnership, association, company or corporation.

[IRC 7701(a)(1)]

At that time, the IRC defined "United States** person" as follows:

United States** person. -- The term "**United States**** person" means --

- (A) a **citizen** or **resident** of the United States**,
- (B) a **domestic** partnership,
- (C) a **domestic** corporation, and
- (D) any estate or trust (**other than a foreign** estate or foreign trust, within the meaning of Section 7701(a)(31)).

[IRC 7701(a)(30), emphasis added]

Again, note the use of the key words "citizen", "resident", "domestic", and "foreign" which have been highlighted for emphasis. These key words relate directly to *The Matrix*. The key words "domestic" and "foreign" relate directly to the boundaries of the federal zone, that is, the "United States**" as that term is defined in relevant sections of the United States Codes ("U.S.C."). A domestic corporation is one which was chartered inside the federal zone. A foreign estate or foreign trust are *foreign* because they were established outside the federal zone. Without making these statements in so many words, our intrepid American's letter in Figure 1 can be used to draw the following inferences about his **status with respect to** the exclusive legislative jurisdiction of the "United States**":

1. He is a sovereign as defined by the Supreme Court
2. He is not a citizen of the United States**
3. He is not a resident of the United States**
4. He is not a domestic corporation
5. He is not a domestic partnership
6. He is not a domestic estate and
7. He is not a domestic trust

There is one important thing his letter did not state explicitly about him, and that is his status as a nonresident alien. Nevertheless, this inference can, in turn, be drawn from two of the above inferences: (2) he is not a citizen of the United States** and (3) he is not a resident of the United States**. As a human being, he is not an artificial "person" like a corporation, partnership, estate, or trust. **If he is not a citizen of the United States**, then he is an alien. If he is not a resident of the United States**, then he is a nonresident.** Therefore, he is a nonresident alien, according to the Code and its regulations.

Now, let's take the pudding out of the oven and see how it tastes. After taking some time to review his letter, the IRS addressed the following response to our intrepid American:

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201

In reply refer to: 9999999999
June 27, 1991 LTR 2358C
_____-_____-_____ 8909 05 0000
Input Op: 9999999999 07150

To: NRA
Address
City, State Zip

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

Dear Taxpayer:

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

Sincerely yours,

/s/ J. M. Wood

Chief, Collection Branch

P.S. "J. M. Wood" is a phony name, so you won't ever be able to charge the real me with extortion and racketeering.

Case 2

It would have been interesting to see what kind of response NRA would have received if he *had* stated explicitly his status as a nonresident alien. Based on what we know already about the law and its regulations, such an explicit statement might have expedited the processing of his letter. But, hindsight is always 20/20. Fortunately, we do have another example where an American Citizen did just that, in response to a similar IRS request for a 1040 form. The following is the text of the IRS request:

[please see next page]

Department of the Treasury
Internal Revenue Service
Ogden, UT 94201

Date of this Notice: 08-19-91
Taxpayer Identification: (ssn)
Form: 1040
Tax Periods: 12-31-89

To: ARN

Your tax return is overdue -- Contact us immediately

We still have not received your tax return, Form 1040 U.S. Individual Income Tax Return, for the year ending 12-31-89.

We must resolve this matter. Contact us immediately, or we may take the following action:

1. Summon you to come in with your books and records as provided by Sections 7602 and 7603 of the Internal Revenue Code;
2. Criminal prosecution that includes a fine, imprisonment, or both, for persons who willfully fail to file a tax return or provide tax information (Code Section 7203).

To prevent these actions, file your tax return today and attach your payment for any tax due.

Even if you can't pay the entire amount of tax you owe now, it is important that you file your tax return today.

Pay as much as you can and tell us when you will pay the rest.

We may be able to arrange for you to pay in installments.

Detach and enclose the form below with your return. To expedite processing, use the enclosed envelope.

If you are not required to file or have previously filed, please contact us at the phone number shown above.

[unsigned]

I always enjoy it very much when the IRS states that "you can pay in installments". Somebody should write to them and recommend that they consider augmenting their "Services" by implementing a layaway plan. They may even have a special form for this very thing: Service Augmentation Request Form (RF) #6666666, kind of like their "internal" Form 4685, as described on page 34 of the IRS Printed Product Catalog, Document 7130:

Form 4685 41890S (Each)
News Clipping Mounting Guide
This guide sheet is used for mounting news clippings
for submittal to the National Office.
C:PA:L Internal Use

Now, our second intrepid American, coded with the initials ARN (Non Resident Alien abbreviated backwards) also took it upon himself to respond in writing. This time, however, he wrote the following words *right on the IRS letter* and sent it back to them, certified mail, return receipt requested, on September 13, 1991:

PLEASE BE ADVISED that ARN is a non-resident alien of the United States**, never having lived, worked, nor having income from any source within the District of Columbia, Puerto Rico, Virgin Islands, Guam, American Samoa or any other Territory within the United States**, which entity has its origin and jurisdiction from Article 1, Section 8, Clause 17, of the U.S. Constitution. Therefore, he is a non-taxpayer outside of the venue and jurisdiction of 26 U.S.C.

This response gets right to the point. In his first sentence, ARN is explicit and unequivocal about his status as a nonresident alien *with respect to the United States***. He has never lived or worked in the United States**. He has never had income from any source inside ("within") the District of Columbia, Puerto Rico, Virgin Islands, Guam, American Samoa, or any other Territory within the United States**. He exhibits his knowledge of the relevant constitutional authority for "internal" revenue laws by correctly citing Article 1, Section 8, Clause 17 ("1:8:17") of the U.S. Constitution. Lastly, he concludes that he is a "non-taxpayer" who is outside the venue and jurisdiction of 26 U.S.C. (*i.e.*, Title 26, United States Code).

English Philosopher William of Occam (1300-1349) put it succinctly when he said:

"The simplest solution is the best."

Contrast this, the simplest of statements, with one dictionary's definition of "Occam's razor", as it is called:

Occam's razor n [William of Ockham]: a scientific and philosophic rule that entities should not be multiplied unnecessarily which is interpreted as requiring that the simplest of competing theories be preferred to the more complex or that explanations of unknown phenomena be sought first in terms of known quantities.

[Webster's New Collegiate Dictionary]
[G. & C. Merriam Co.]
[Springfield, Mass. 1981]

We wonder if the people who write for G. & C. Merriam Company also obtain supplementary compensation for services performed inside the exclusive legislative jurisdiction of the federal democracy of the United States** (i.e., moonlight in the federal zone).

Exactly two weeks later, ARN received the following letter from J. M. Wood, signed with "hand writing" that lines up perfectly with the same signature received by NRA. Could it have been a computer signature?

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201

In reply refer to: 9999999999
Sep. 30, 1991 LTR 2358C
_____-_____-_____ 8902 30 000
Input Op: 9999999999 07150

To: ARN
Address
City, State Zip

Taxpayer Identification Number : ____-____-_____
Tax Form : 1040
Tax Period : Dec. 31, 1989
Correspondence Received Date : Sep. 16, 1991

Dear Taxpayer:

Based on our information, you are no longer liable for filing a tax return for this period. If other issues arise, we may need to contact you in the future. You do not need to reply to this letter.

Sincerely yours,

/s/ J. M. Wood

Chief, Collection Branch

P.S. "J. M. Wood" is a phony name, so you won't ever be able to charge the real me with extortion and racketeering.

Now, that's what we call fast internal revenue service.

Case 3

A keen appreciation for the precise limits of exclusive federal jurisdiction has spread like wildfire since the initial publication of The Federal Zone and books like it. Other Sovereign Americans have mastered the subject so well, their communications with the IRS are quite stunning to behold, even now. Our third case is the written dialogue between SOV and IRS. It began when IRS demanded an explanation why SOV was not required to

Figure 2: Letter to Chief, Collection Branch

May 27, 1993

Dear Chief,

You have asked me to explain why I am not one required to provide information/statements to your office. My filing status is outside the territorial jurisdiction of the "United States" as defined at Title 18 U.S.C. (Crimes), Section 7(3), to wit:

Any lands reserved or acquired for the use of the United States, and under the exclusive or concurrent jurisdiction thereof, or any place purchased or otherwise acquired by the United States by consent of the legislature of the State in which the same shall be, for the erection of a fort, magazine, arsenal, dockyard, or other needful building.

I do NOT reside, nor do I live within, the Federal jurisdiction of the United States. The Federal jurisdiction is foreign with respect to the 50 states, just as the 50 states are foreign with respect to each other (see U.S. v. Perkins, 163 U.S. 625, affirming In re Merriam's Estate, 36 NE 505; see also Title 28, Section 297, wherein the freely associated compact states are FOREIGN COUNTRIES with respect to the corporate United States Government).

The Independent Sovereign state of Illinois and the Sovereign individual, SOV, are NOT subject to federal law outside the exclusive legislative jurisdiction of Congress as defined by the Constitution at Article 1, Section 8, Clauses 1 thru 18.

"All legislation is *prima facie* territorial."

[American Banana Co. v. United Fruit Co.]
[213 U.S. 347, 356-357 (1909)]

"Legislation is presumptively territorial and confined to limits over which the law-making power has jurisdiction."

[New York Central R.R. Co. v. Chisholm]
[268 U.S. 29, 31-32 (1925)]

... [T]he "canon of construction which teaches that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States"

[U.S. v. Spelar, 338 U.S. 217, 222]
[70 S.Ct. 10 (1949)]

Since I am not a resident of the Federal Corporate United States and did not conduct a trade or business within the Corporate Federal government, I elected not to file or report any of my private affairs to this FOREIGN jurisdiction. "With Explicit Reservation of All Rights" U.C.C. 1-207

/s/ SOV

provide information to them. Figure 2 shows every detail of the letter which SOV wrote to them on Form 9358: "Information About Your Tax Return for INDIVIDUAL Taxpayers Only". This letter expands upon territorial jurisdiction by citing several decisions on this subject by the U.S. Supreme Court, in addition to two key federal statutes. Without question, the quoted language of Title 18 refers to 1:8:17 in the Constitution for the United States of America ("fort, magazine, arsenal, dockyard, or other needful building"). The quoted language of Title 28, U.S.C., section 297, shows that Congress *still* refers to the 50 States as "countries". SOV then ends his letter by reserving all his rights under the Common Law.

It took almost two months for the IRS to process this letter. Here is their response:

Department of the Treasury
Internal Revenue Service
Kansas City, MO 64999

In reply refer to: 9999999999
July 30, 1993 LTR 2358C
_____-_____- 9012 30 000
Input Op: 9999999999 07463

To: SOV
Address
City, State Zip

Taxpayer Identification Number : ____-____-_____
Tax Form : 1040
Tax Period : Dec. 31, 1990
Correspondence Received Date : July 22, 1993

Dear Taxpayer:

Thank you for providing the overdue tax return we requested for the period(s) shown above. If there is an amount due, we will send you a bill after we process your return. If you are due a refund, you will receive it soon. You do not need to respond to this letter.

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

Sincerely yours,

/s/ Dorothy O. Smith

Chief, Collection Branch

P.S. "Dorothy O. Smith" is also a phony name, so you won't ever be able to charge the real me with extortion and racketeering.

To give you some idea just how far we need to elevate the importance of status and jurisdiction, consider the following lengthy quotes from the written work of author, attorney at law and constitutional expert Jeffrey A. Dickstein. These quotes were buried deep among footnotes at the end of the chapters in his brilliant book entitled Judicial Tyranny and Your Income Tax:

The term "individual" which is used not only in Section 6012(a)(1) but also in Section 1 as the subject upon whose income the tax is imposed, is not defined in the Internal Revenue Code. It is, however, defined in the treasury regulations accompanying Section 1. The regulations make a distinction between "citizens" and "residents" of the United States**, and define a "citizen" as every person born or naturalized in the United States** and subject to its jurisdiction [see 26 CFR Section 1.1-1 (a) - (c)]. An extremely strong argument can be made that the federal income tax as passed by Congress and as implemented by the Treasury Department was only meant to apply to individuals within the "territorial or exclusive legislative jurisdiction of the United States**," as those individuals would be subject to the "jurisdiction of the United States**." These exclusive areas, per Article I, Section 8, Clause 17, of the United States Constitution, are Washington, D.C., federal enclaves and United States** possessions and territories. Outside of these exclusive areas, state law controls, not federal law. Thus a State citizen, residing in a State, would not meet the two part test for being an "individual" upon whose income the tax is imposed by Section 1 of the Internal Revenue Code, and would not have the "status" of a "taxpayer." It is the official policy of the I.R.S. [Policy P-(11)-23] to issue, upon written request, rulings and determination letters regarding status for tax purposes prior to the filing of a return. On August 29, 1988, I requested such a "status determination" from the I.R.S. on behalf of one of my clients; as of the date of the publication of this book, the I.R.S. had still not responded.

[Judicial Tyranny and Your Income Tax, pages 83-84]

Evidently, Dickstein was exposed to this particular argument by another attorney and constitutional expert, Lowell Becraft of Huntsville, Alabama. It is very revealing that Dickstein could justify the following observations **even with a legal presumption that the Sixteenth Amendment had been ratified:**

... Attorney Lowell Becraft of Huntsville, Alabama, has made a powerful territorial/legislative jurisdictional argument that under the Supreme Court's holding in *Brushaber*, the income tax cannot be imposed anywhere except within those limited areas within the states in which the Federal government has exclusive legislative authority under Article I, Section 8, Clause 17, of the United States Constitution, such as on military bases, national forests, etc., and within United States territories, such as Puerto Rico, etc. Indeed, Treasury Department delegation orders and the language of Treasury Regulation 26 C.F.R. Section 1.1-1(c) fully supports Mr. Becraft's scholarly analysis.

[Judicial Tyranny and Your Income Tax, p. 33]

After publishing Judicial Tyranny, Jeffrey Dickstein made an absolutely stunning presentation to Judge Paul E. Plunkett in defense of William J. Benson before the federal district court in Chicago. From the transcript of that hearing, it is obvious that Dickstein had continued to distill his vast knowledge even further, by isolating the following essential core:

The statutes are in the Internal Revenue Code. I submit they mean something different if the Sixteenth Amendment was ratified than they do if the Sixteenth Amendment was not ratified. If the Sixteenth Amendment was ratified it means you can go into the states and collect this direct tax without apportionment. **If it's not ratified you can't go into the states and do that. And since Pollock says it's a direct tax, what other connotation can you give to the statutes? The connotation that makes it constitutional is that it applies everywhere except within the states -- which would be where? On army bases, federal enclaves, Washington, D.C., the possessions and the territories.**

[You Can Rely On The Law That Never Was!, pages 20-21]
[emphasis added]

Sometimes, the answer is staring us right in the face. In retrospect, we dedicate this chapter to Jeffrey Dickstein, who has done so much to bring the truth about our federal government into the bright light of day. Jeff, we have only ourselves to blame for not paying closer attention to your every words.

In the passage quoted above from pages 83 and 84 of Judicial Tyranny, author Dickstein refers to IRS Policy #P-(11)-23, from the official Internal Revenue Manual (IRM). This "policy" reads as follows:

RULINGS, DETERMINATION LETTERS, AND CLOSING AGREEMENTS AS TO SPECIFIC ISSUES

P-(11)-23 (*Approved 6-14-87*)

Rulings and determination letters in general

Rulings and **determination letters are issued to individuals and organizations upon written requests**, whenever appropriate in the interest of wise and sound tax administration, **as to their status for tax purposes and as to the tax effect of their acts or transactions, prior to their filing of returns or reports as required by the revenue laws.** Rulings are issued only by the National Office. **Determination letters are issued only by District Directors and the Director of International Operations.** Reference to District Director or district office in these policy statements also includes the office of the Director of International Operations.

[emphasis added]

This IRS "policy", as published in their Internal Revenue Manual, prompted the National Commodity and Barter Association in Denver, Colorado, to draft the following example of a request letter, updated by this author for extra clarity and authority:

EXAMPLE OF REQUEST LETTER

Director of International Operations
Foreign Operations Division
Internal Revenue Service
11601 Roosevelt Boulevard
Philadelphia, Commonwealth of Pennsylvania

Dear Director:

My research of the Internal Revenue Code and related Regulations has left me confused about my status for purposes of Federal Income Taxation.

Pursuant to I.R.M. Policy #P-(11)-23, "upon written request" I can obtain from your office a determination of my status for purposes of Federal Income Taxation.

This is my written, formal request for a determination letter as to my status for Federal Income Tax purposes.

Please take note that your determination letter must be signed under penalty of perjury, per IRC Section 6065.

If this is not the proper format for making this request, please send me the proper format with instructions.

If I do not receive a determination letter from you within 30 days, I will be entitled to presume that I am not subject to any provisions of the IRC.

Sincere yours,

/s/ John Q. Doe

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What is the lesson in all of this? At the end of Chapter 1, we expressed our intention to elevate status and jurisdiction to the level of importance which they have always deserved. We are by no means and in no way advising any Americans to utter, or to sign their names on, any statements which they know to be false. On the contrary, it is fair to say that we have been criticized more often in life for being *too* honest.

If you are a nonresident alien *with respect to* the federal zone, then say so. If you are *not* a nonresident alien *with respect to* the federal zone, then think about changing your status. You can if you want to, because involuntary servitude is forbidden *everywhere* in this land. It's the 13th Amendment, properly ratified right after the Civil War, and that *is* the supreme Law everywhere in America!

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Reader's Notes:

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