

Appendix E

Viacom Transcript

Reader's Notes:

"Federal Income Taxes,  
The IRS and  
The Federal Reserve"

by

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Hello, ladies and gentlemen.

My name is Paul Andrew Mitchell.

I am the founder of the Account for Better Citizenship.

For the next 30 minutes, I will be talking to you about federal income taxes, the IRS, and the federal reserve system.

If you have a VCR, you might want to insert a blank tape and record the next half-hour. You are going to hear some things that you might want to hear again, or to replay later on for your family, friends, and neighbors.

If you don't have a VCR, at the end of this program we will tell you how to obtain a transcript of this program.

Let me first introduce myself. Before founding the Account for Better Citizenship, I studied to be a Catholic priest for almost 6 years.

I have a Bachelor's degree from UCLA in Political Science.

I have a Master's degree in Public Administration from the University of California at Irvine.

I have also completed 5 of the required 7 courses for a Master's degree in the Program in Social Ecology, also at the University of California at Irvine.

I have more than 20 years of professional experience in public policy, environmental planning, and computer systems development.

Now, before you get the wrong idea, I want you to understand that I have always had to work for a living.

When I graduated from college, I was over \$6,000 in debt to banks for student loans and other financial aid.

I have always paid the taxes I owed. I have obeyed the law. And I have never been arrested.

During those 20 years of experience, I came to tolerate the normal shenanigans I witnessed in American politics ...

... until June of 1990, when I was presented with real material evidence that the 16th Amendment to the U.S. Constitution was never ratified.

You may already know that the 16th Amendment is the so-called "income tax" amendment.

I investigated and found that some 17,000 State-certified documents have been assembled to prove that the 16th Amendment is really a fraud.

The U.S. Secretary of State in the year 1913, a man by the name of Philander Knox, simply "declared" it ratified, in the face of serious

problems which he knew existed with the ratification in several of the States.

You should know that it takes three-fourths (3/4) of the States to ratify an amendment to the Constitution for the United States.

Let me give you just a few examples of the obstacles which this amendment encountered in some of the States.

In the State of Illinois, a State court ruled that "it never became a law, and was as much a nullity as if it had been the act, or declaration, of an unauthorized assemblage of individuals."

In the State of Arkansas, the Governor vetoed the proposed amendment and the State Legislature never overrode his veto. You should know that the Arkansas Constitution does not exempt amendments from requiring a Governor's signature.

In Kentucky, the Senate Journal contains a clear statement that 9 Kentucky Senators voted FOR the amendment, and 22 voted AGAINST the amendment. And yet, Philander Knox declared that the State of Kentucky ratified the 16th Amendment.

This is obviously a serious matter, because we now have evidence that one or more federal officials have actually tampered with the supreme law of the land, contrary to their own sworn oaths of office.

The year was 1913<sup>1</sup>, an ominous year in the history of America.

In that same year, the Federal Reserve was established.

Look in your wallet for a moment, and pull out a Federal Reserve Note. Already, you have a big problem in your hands.

First of all, the Federal Reserve is not "federal". It is no more federal than Federal Express, or Federated Hardware Stores. There is no government copyright or trademark on using the word "federal".

Secondly, there is no "reserve". If we have time, we will explain what is meant by "fractional reserve banking".

Thirdly, Federal Reserve Notes are not real promissory notes, because they do not promise to pay anything, like gold, or silver, or any real substance.

The Federal Reserve System was conceived by a conspiracy of bankers and politicians who met secretly off the coast of Georgia to create the Federal Reserve Act.

This Act of Congress was designed to remove the Constitution as a constraint on the financial operations of the U.S. government.

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<sup>1</sup>. On the pre-recorded video tape, Mr. Mitchell erred by stating that the year was 1916. The correct year was 1913.

It created a private credit monopoly which Congressman Louis T. McFadden once called "one of the most corrupt institutions the world has ever known". Congressman McFadden was Chairman of the House Banking and Currency Committee from 1920 to 1933.

The operations of the Federal Reserve are complicated and secretive. For example, this huge syndicate of private banks has **never** been publicly audited.

I will do my best to simplify the operations of the Federal Reserve for you.

The Federal Reserve System is set up to encourage Congress to spend money it doesn't have -- lots of it.

Rather than honestly taxing Americans for all the money it wants to spend, Congress runs up a huge deficit which it covers by printing ink on paper and calling it bonds, or Treasury Bills.

Some of these T-bills are purchased by hard-working Americans like you and me, with money that we obtained from real labor, something that has real value.

But the deficits have become so huge, the wage earners do not have enough money to purchase all these bonds every year.

So, Congress walks across the street, and offers these bonds to the Federal Reserve. The FED says, "Sure, we'll buy those bonds. Your interest rate is 8.25, or 9 and a half. Take it or leave it."

Congress always takes it, because there's nobody else with that kind of money. Remember, the Federal Reserve is a private credit MONOPOLY.

Now, what does the FED use to purchase those bonds?

They **CREATE** money **OUT OF THIN AIR**, using bookkeeping entries to manufacture credit out of nothing. They used to use pen and ink, then typewriters, now computers do the job.

This artificial money would normally create very rapid inflation. This happened in Germany just prior to World War II, when Louis McFadden was a Congressman. It eventually took a wheel barrow full of Deutsche marks to buy one loaf of bread. Can you imagine that?

The bankers realized that a mechanism was needed to withdraw this artificial money **out of** circulation as quickly as it was **put into** circulation.

Enter the Internal Revenue Service.

The IRS is really a collection agency for the Federal Reserve.

The FED pumps money **into** the economy, and the IRS sucks it **out of** the economy.

This has the effect of artificially maintaining the purchasing power of this "fiat money", as it is called by monetary experts.

This is one of the PRIMARY PURPOSES of the income tax.

We know this to be true, because a man named Beardsley Ruml explained it clearly in an essay he published in 1946. Beardsley Ruml was chairman of the Federal Reserve Bank of New York, so he was in a position to know.

The shocking fact is that Federal income taxes do not pay for any government services; they are used to make interest payments on the federal debt. These interest payments are now approaching 40 percent of the federal budget.

Now, the Federal Reserve Act is unconstitutional for many reasons, foremost among which is that Congress delegated to a private corporation a power which Congress never had, that is, to counterfeit money.

It is unlawful for Congress to exercise a power which is not authorized to it by the Constitution. The People (you and I) and the States reserve ALL powers not expressly delegated to the federal government.

Congress got hooked on this sweetheart deal and started spending money so fast, it quickly bankrupted the Federal Government.

This may also come as a shock to many of you. And you might feel that what we are about to say is paranoid or crazy. We felt this way too when we first discovered it. We couldn't believe it. So we investigated.

Our research discovered that the bankers foreclosed on the United States Treasury no later than the year 1933. They called the loans and confiscated all the gold then held by the U.S. Treasury.

An Act of Congress caused all that gold to be transferred to the Federal Reserve banks. Remember, those are private banks. And the Treasury Department is NOT the U.S. Treasury Department.

To secure the rest of their debt, Congress then *liened*, in effect, on the future property and earnings of all the American people, through Social Security taxes, payroll withholding taxes, inheritance taxes, and the like.

Congress **mortgaged** the American people, using our labor and our property as collateral.

What Congress did was analogous to this: I walk into a large department store and see a new toaster I want. I tell the sales person to ship it to my home tomorrow, and to send the bill to Willie Brown.

Now, when Willie Brown gets the bill for this toaster, he's going to be pretty mad, and rightly so. He didn't order the toaster; he doesn't own the toaster; he wasn't a party to the transaction. In fact, he didn't even know about it. And yet, I am holding him responsible to pay for the toaster.

In this example, I am Congress; the department store is the Federal Reserve; and Willie Brown represents the American people. This is fraud, because Congress did not openly and freely disclose the real reasons for its actions.

Lack of full disclosure is grounds for fraud in any contract. The Uniform Commercial Code says so.

And yet, all Americans are being unlawfully enslaved by this fraud, to help discharge the debt which Congress has tried to impose upon all of us.

Now, at this point, we will show you how to contact us to obtain more information about this fraud. If you're not recording this program, get a pencil and write down our mailing address:

Account for Better Citizenship  
c/o general delivery  
San Rafael, California Republic  
Postal Code 94901/TDC

If you will send us a stamped, self-addressed envelope, we will be happy to send you a free reading list, and also a list of organizations which you can contact to obtain more information and to get yourself more involved.

We will also send you a list of other documents which you can purchase directly from us.

For example, we have already filed several formal complaints with the Congress of the United States concerning the 16th Amendment fraud. These complaints include a request for a Grand Jury Investigation right here in Marin County.

Another document is a formal letter to all the Governors of the 50 States, putting them on notice of the great fraud and deception under which the American people now suffer. This letter includes a series of attachments which fully document the fraud and deception.

Now, I want to talk a little bit about the law itself, the Internal Revenue Code, and the IRS administration of that law.

The law and its administration are two completely different things.

Under the Constitution, federal direct taxes on private property must be apportioned. Your wages are private property. Apportionment means that California pays 10 percent of the bill, if California has 10 percent of the nation's population. This is one of the reasons why we have a census every decade.

In its administration of the internal revenue laws, the IRS is now imposing income taxes as direct taxes *without* apportionment, and cites the 16th Amendment for its authority to do so. Well, you now know that the 16th Amendment never happened.



Another big problem is the legal definition of "income". Believe it or not, the term "income" is not defined anywhere in the Internal Revenue Code. All by itself, this renders the law null and void for vagueness.

On numerous occasions, the U.S. Supreme Court has already decided that "income" means profit or gain, and wages are not income. In one of the most famous of cases to decide this question, the case of Eisner versus Macomber, the Supreme Court said:

... it is essential to distinguish between what is and what is not income, and to apply that distinction according to truth and substance, without regard to form.

And, in what must have been one of its finest hours, that same Court also said:

Congress cannot by any definition it may adopt conclude the matter [of defining income], since it cannot by legislation alter the Constitution, from which alone it derives its power to legislate, and within whose limitations alone that power can be lawfully exercised.

Now, the law is something entirely different from the IRS administration of that law. In order to understand the law itself, we have consulted with legal investigators, attorneys, professors, and paralegals. With their expert help, we have come to conclude the following:

The citizens and residents of the United States are required to pay income taxes. But what is meant by the term "United States" in the Internal Revenue Code?

Well, this term has three different meanings, depending on the context. First, it may mean the name of a sovereign nation occupying the position of other sovereigns in the family of nations.

Secondly, it may mean the collective name for the 50 States which are united by and under the Constitution.

Thirdly, it can also mean the territory over which the federal government has exclusive jurisdiction. This territory includes only the District of Columbia, and the limited territories and possessions which belong to the Congress of the United States. These are places like Guam, Midway, and the Virgin Islands; they do NOT include the 50 States of the Union. Congress does not own California, for example.

When the law states that citizens and residents of the United States are required to pay income taxes, the law is using the term "United States" in this third sense.

The law says that if you're not a "United States citizen", then you're an "alien". Also, the law says that if you're not a "resident of the United States", then you're a non-resident.

Accordingly, most American Citizens, born free in one of the 50 States, living and working in one of the 50 States, are therefore NONRESIDENT ALIENS according to the Internal Revenue Code.

I know it sounds strange, but the law is not referring to creatures from outer space. The law is referring to the creations of lawyers. You are "alien" *with respect to* the federal government's areas of exclusive jurisdiction, if you were born outside those areas.

You are a "citizen" of the federal government if you were born in the District of Columbia or in one of these limited other areas, or if you elected to become a "citizen" through a process known as naturalization.

There are only 2 reasons why NONRESIDENT ALIENS must pay federal income taxes:

- (1) They either have income that is effectively connected with a trade or business inside the United States (using the third, limited definition of the United States), and/or
- (2) They have income from a source inside the United States (again, using this third, limited definition).

Aside from these exceptions, nonresident aliens pay no taxes on their earnings.

So, talk with your CPA or tax attorney, and be sure to clarify your status. You may want to consider filing IRS Form 1040NR next April 15. If you have no income which falls into these two categories, then you can put ZERO on line 23, the income total.

Be careful about attaching any W-2 or 1099 forms. Section 6065 of the Internal Revenue Code requires that such documents be certified. If they are not certified, they are not valid.

Now, if you have ever filed one or more 1040 forms in the past, the government is entitled to presume that you are a person who *is* required to file a return and to pay federal income taxes.

This is called the "law of presumption", and your 1040 forms can be used as evidence to prove that you are required to pay, even when you are not. So, you may need to reverse this presumption on their part, to prevent this from happening.

Thus, you should consider setting the record straight by sending a formal AFFIDAVIT to the Secretary of the Treasury, which will clarify your actual status and leave no doubt about their lack of jurisdiction over you.

On the list of organizations we will send to you, there are several groups around the country who can assist you in preparing and executing this affidavit.

Enough of these details for now.

To summarize, chances are, you have been **volunteering** federal income taxes in the past, and there is actually no legal requirement for you to continue doing so in the future.

If you would like me to speak with your CPA or tax attorney, I will be happy to share the results of our research with them.

In the meantime, get yourself involved, and study the Constitution. Find out how interesting and exciting it can be.

You have often heard that we get the government we deserve. Let's do everything we can to deserve the very best government that any nation has ever had.

I say these things because I hold these truths to be self-evident:

That all of us are created equal;

That we are endowed by our Creator with certain unalienable rights;

That among these, are the rights to life, liberty, and the pursuit of happiness;

That, to secure these rights, governments are instituted among us, deriving their just powers from our consent;

And that, whenever any form of government becomes destructive of these ends, it is our right to alter or abolish it, and to institute a new government, laying its foundation on such principles, and organizing its powers in such form, as to us shall seem most likely to effect our safety and our happiness.

And to this end, I dedicate my life, my fortune, and my sacred honor.

Thank you very much.

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Reader's Notes: