

7. CASE STUDIES

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1 "Wise men learn more from fools than fools from the wise. "
2 [Cato the Elder]

3 "Wise men learn by other men's mistakes, fools by their own."
4 [H. G. Bohn]

5 For persons wishing to take on the system and defend their right not to have to pay taxes, we provide the following case
6 studies as examples of previous patriots who have tried the same thing. The studies below provide anecdotes and
7 information on common tactics and resources used in the fight against the IRS and the fraudulent tax system that it
8 represents.

9 The best reference we have found of IRS abuses is on the World Wide Web at <http://www.neo-tech.com/irs-class-action/>.
10 The site is called the *IRS Abuse Reports*. The content of the site is prepared for the committees in the United States Senate
11 and the House of Representatives investigating the Internal Revenue Service. It is also furnished to all Federal Judges in
12 America. It is Prepared and Maintained by the Kenneth A. Clark Foundation , who can be reached at Internet email:
13 sue@irs.class-action.com

14 **7.1 An Epidemic of Non-Filers**

15 This phenomenon, which began in the early 1980's, has become so epidemic that former IRS Commissioner Roscoe Egger
16 resigned in April 1986 after admitting that 35 million Americans no longer filed personal income tax returns.

17 Shirley Peterson, the 1993 IRS Commissioner, stated in a speech delivered on August 26, 1993 before the National
18 Association of Enrolled Agents that 1 in 5 Americans had stopped filing returns altogether and the situation is out of
19 control.

20 The most recent IRS commissioner, Margaret Milner Richardson, has recently resigned, allegedly over non-compliance.

21 The "tax gap," meaning what the IRS can actually collect, is growing wider every day as more and more Americans "wake
22 up", which is why many believe that it's the IRS itself that is lobbying vigorously from behind the scenes through the
23 mouths of political candidates and others to create the illusion of the elimination of their own agency.

24 Why? So that a public "dialogue" can be manipulated towards a new taxing scheme, such as a "flat tax" or a national sales
25 tax, that will still push us towards a cashless society of debit and credit cards and ATM's where all financial transactions
26 can be instantaneously and remotely monitored, and will still include the sacred "cash cow" known as tax withholding.

27 Many overlook that one of the most important jobs of the Department of the Treasury, regardless of the tax system used, is
28 now and always has been, surveillance and control.

29 **7.2 Individuals**

30 **7.2.1 Joseph Banister: Former IRS Criminal Investigative Division (CID) Agent**

31 Devvy Kidd
32 April 12, 2000

33 As readers of this document know, Joseph Banister is a former IRS Criminal Investigator. After thoroughly researching the
34 tax code, Joe came to the indisputable conclusion that *most Americans are not required to file tax returns*. Joe resigned his
35 high-paying position with the IRS in 1999 because he could not reconcile his oath of office with the fraud being perpetrated
36 against the American people by the very organization he worked for. I ask Joe if he would share with the people what his
37 plans were for this tax year as relates to whether or not he would be filing an income tax return or the paying of "income"
38 taxes. Below are my questions to Joe and his responses:

39 Q: April 15, 2000 is just around the corner. People are wondering whether or not, you, as a former IRS, CID agent will file
40 an income tax return on what is traditionally known in the tax movement as "April Fools Day"?

1 A: I know it would be easier to answer your question with a simple yes or no. Unfortunately, due to the complexity of the
2 issues involved, the implications of my answer for all of those who will read it, and my desire to be very truthful and honest
3 in conducting my affairs, I must include a detailed explanation with my answer. I will also try to be as specific as possible
4 so that my intentions will be very clear.

5 First, please allow me to introduce myself for the benefit of those who don't know about me. After graduating from college,
6 earning my certified public accountant certificate, and spending approximately 7 years in the private sector, I accepted an
7 appointment as a Special Agent for the Internal Revenue Service, Criminal Investigation Division and was sworn in as such
8 on November 15, 1993. In December of 1996, I heard you speaking on the radio and making what, at the time, seemed to
9 be incredible and outrageous claims.

10 You claimed, among other things, that filing of federal income tax returns and the payment of federal income taxes was
11 voluntary for most Americans. You claimed that the 16th Amendment (income tax amendment) to the U.S. Constitution was
12 never ratified. You claimed that federal income tax money is not even used to pay the government's operating expenses. I
13 set out to disprove your claims, because I believed at the time that you could not possibly be correct. I wondered how you
14 could possibly be correct in claiming that the federal income tax was not compulsory for most Americans when the IRS had
15 issued me a badge, gun, handcuffs, and other enforcement equipment to ensure that all Americans did comply.

16 After spending many evenings and weekends over a 2 year period carefully researching your claims, I concluded that you
17 were telling the truth. The information you provided, and my subsequent research, led me to conclude that in order for the
18 federal income tax to be administered within the confines of our federal Constitution, the Internal Revenue Code and
19 regulations were written in such a way that comparatively few Americans are legally and constitutionally required to pay it.
20 I also verified your claim that the 16th Amendment was never ratified and that the U.S. Government largely finances its
21 operations with debt currency/funds rather than federal income tax revenues. These were obviously not the conclusions I
22 expected to reach.

23 Nonetheless, when I reached these conclusions, I knew I had a duty to discuss them with my supervisors in the Internal
24 Revenue Service. I gathered some of the more compelling facts and evidence supporting my conclusions about your claims
25 and submitted them to IRS officials in the form of a report. In keeping with my oath of office, I informed IRS officials of
26 my sincere concern that the rights of Americans were very likely being violated and I asked them to show me the error of
27 my analysis, if any. They rebuffed my concerns and encouraged my resignation. I resigned on February 25, 1999.

28 With that history in mind, I can now address your question. The last time I recall being asked to provide a public answer to
29 the question about my own filing was on July 2, 1999 at a tax symposium held in Washington, D.C. at the National Press
30 Club. I gave a necessarily long-winded answer on that day. I think this would be an appropriate venue to repeat my answer
31 plus offer some additional explanations.

32 As you know, the IRS, the Clinton Administration, the U.S. House of Representatives, the U.S. Senate, the U.S. Treasury
33 Department, the U.S. Justice Department, and other federal agencies were formally invited to the July 2nd symposium,
34 televised nationally on C-SPAN2, to debate the conclusions of the report I submitted to the IRS as well as the conclusions
35 of other learned researchers such as Larry Becraft, Bill Benson, Bill Conklin, and yourself. (www.givemeliberty.org).

36 As you also know, not a single government official came to discuss, debate, or argue against our conclusions. To date, the
37 IRS has refused to meet with me or with any of the afore-mentioned researchers or to debate the mountains of evidence
38 pointing to the voluntary nature of the federal income tax.

39 Having held a C.P.A. certificate since 1991 and having worked for the IRS Criminal Investigation Division for over five
40 years, I know the agency's expectation is that everyone should file an income tax return. Having done over three years of
41 research into the requirements for filing federal income tax returns and paying the federal income tax, I have concluded that
42 the statutes and regulations do not require most Americans to file federal income tax returns or pay federal income tax.

43 I have spent many sleepless nights wondering whether fulfilling the agency's expectation is the proper course or whether
44 obeying the statutes and regulations is the proper course (since my findings indicate that the agency's expectation appears to
45 me to be in conflict with the statutes and regulations). Since I have found a conflict between the agency's expectation and

1 my good faith reading of the statutes and regulations, I must choose between them. I must choose to obey the statutes and
2 regulations.

3 The statutes and regulations indicate to me that I have no federal income tax return filing requirement and no requirement
4 to pay the federal income tax. Until I can resolve the conflict between the agency's expectation and the plain language of
5 the statutes and regulations, *I can not in good conscience file a federal income tax return.* I believe that for me to file such a
6 return without resolving this conflict, I would be committing perjury upon signing the document. My position will continue
7 to be that I may file a federal income tax return in the future, but only if my research shows me that I am required by law to
8 file such a return and/or the IRS helps me to understand what law requires me to file or how I can file a return without
9 waiving any of my rights.

10 It is important to note that the statutory and regulatory reasons I have researched do not even take into consideration the 5th
11 Amendment implications to the filing of federal income tax returns developed by Bill Conklin and others, the evidence of
12 the lack of ratification of the 16th Amendment to the U.S. Constitution investigated by Bill Benson and Red Beckman, and
13 the opinions of all of the professionals I have consulted with who have confirmed my conclusions.

14 Q: The biggest fear (a mind set brutally beat into the America people by the IRS) an individual has in making the decision
15 as to whether or not they will file, is: Will I be prosecuted and thrown in jail? Second to losing their freedom, Americans'
16 greatly fear, as they should, the IRS simply coming in and stealing their money and other assets.

17 Since you have decided not to volunteer this April 15, 2000, could you please tell us what your first step was to protect
18 your assets and deal with the IRS' first goal: getting your money? (The check you sent in- getting the money issue off the
19 table.)

20 A: In order to answer your question more completely, I'd like to provide some background information. First, Americans
21 need to understand that there is a difference between filing a federal income tax return and paying federal income tax. The
22 two are related but they are not necessarily dependent on each other. Paying the federal income tax is done primarily
23 through withholding out of your paycheck throughout the year or through estimated payments made every three months.
24 Filing a federal income tax return is something that is done only once per year, and the return is used to report taxable
25 income and to compute an income tax on that taxable income and compare the computed income tax to the amount of
26 withholding or estimated payments. The result of the comparison is either an "amount you owe" or a "refund."

27 Once a person learns this information, they will likely find themselves torn between what they know to be the truth (*that*
28 *they are not required to file a federal income tax return or pay the federal income tax*) and the fact that the truth has not
29 prevented people from ending up in prison or losing all of their property. In my experience, the truth may not be an absolute
30 shield against the IRS for a number of reasons. The primary reason for this is that the IRS frames the payment of income
31 taxes in terms of paying one's "fair share" rather whether or not one has a legal duty to pay it. In a criminal prosecution for
32 not paying taxes, the government often uses jealousy and envy to convince a jury that the accused should be convicted. The
33 prosecutor will generally try to convince the jury that the defendant did not pay his "fair share" rather than try to convince
34 the jury that the defendant "broke the law." The prosecutor wouldn't dream of discussing what law required the defendant to
35 file a federal income tax return or pay the federal income tax.

36 Why discuss such things when the raw emotions of 12 jurors who have been stuck paying their "fair share" will obtain a
37 guilty verdict quite nicely. In my opinion, this is the reality of income tax enforcement and for this reason, people should
38 educate themselves and exercise extreme caution if they decide to take any action on any of this information.

39 As to the IRS "getting your money," I am personally less concerned with the IRS getting my money than I am concerned
40 with the deceitful way they administer the income tax and the suspicious silence on their part when asked to clarify these
41 issues. Based on my knowledge of the government's administrative and enforcement tactics, I realized I had to formulate a
42 way to inform the American people about the fraudulent way the income tax is administered without having my message
43 diluted by a government accusing me of not wanting to pay my "fair share."

44 I wanted to ensure that everyone understood that my opposition to the IRS isn't about opposition to taxation as much as it is
45 about opposition to collecting taxes through fear, intimidation, deceit, and color of law. *In order to accomplish this, I have*
46 *written, in good faith, a check to the U.S. Treasury as a bond to cover more than the "fair share" I would have paid had I*

1 *been required to file a federal income tax return, even though my research of the statutes and regulations has shown me*
2 *that no payment is required. I will subsequently demand that the IRS adhere to every administrative procedure (including,*
3 *but not limited to, an examination hearing and collection hearing) to determine whether or not the money I have paid to the*
4 *IRS is legally theirs to keep.*

5 After exhausting my rights to administrative due process of law and civil suit, if necessary, I will hopefully have
6 determined once and for all whether or not I am required to file a federal income tax return and/or am liable to pay the
7 federal income tax. If I am required to pay the federal income tax, then the IRS already has my money. If I learn during this
8 process that I am required by law to file a federal income tax return, I will file one immediately in order to comply with the
9 law.

10 Q: Last November 13, 1999, you were one of the panel members at the National Press Club in Washington, DC for
11 Symposium II. A man named David Bosset was there and he covered his long battle with the IRS to force them to adhere to
12 the law as it's written. The thrust of Mr. Bosset's argument is the Section 861 "source income" argument. I understand that
13 this is the foundation for the process you have undertaken in not filing a 1040 "income" tax return. Could you please give
14 the readers an explanation, something readable in this century! - about this 861 argument? I say something readable in this
15 century, because as you know, Title 26 alone can take years to read.

16 A: One of the most concise explanations about the "861 Argument" (outside of www.taxgate.com and www.nite.org) that I
17 have seen was authored by F. Tupper Saussy in the January 2000 issue of *Media Bypass* magazine. Mr. Saussy said, in
18 pertinent part:

19 *"No income tax is imposed upon incomes derived by United States citizens from sources within the United*
20 *States. The only persons liable for a tax on income derived from sources within the United States are*
21 *nonresident aliens and foreign corporations"*

22 *"There is no provision in the [Internal Revenue] Code for a tax upon the income of United States citizens living*
23 *and domiciled in the United States if the income is derived from sources within the United States"*

24 I have interviewed Mr. Bosset at length and I find him to be a very credible and honest man. He has proven to my
25 satisfaction that he presented aspects of the "861 Argument" to the Internal Revenue Service as a basis for amending forms
26 previously filed with the agency. He requested and received a refund for taxes previously paid in. It is my understanding
27 that others have received refunds based on the "861 Argument" also. People can learn more about the subject at
28 www.taxgate.com and www.nite.org .

29 Q: To get this straight: You will not file a 1040. You have already sent the IRS a check, which they have cashed. You will
30 be preparing a document to submit to them prior to April 15, 2000 requesting a.....hearing and working your way through
31 the administrative process, demonstrating good will and an honest attempt to follow the law as it's written. Is this correct?

32 A: Yes, I can not repeat enough times that I am an honest American who has, in good faith, simply tried to determine what
33 the mandatory tax paying obligations of the average American are. I have concluded that many of the federal income tax
34 obligations that I previously believed to be mandatory are actually voluntary, if one can navigate the incredible maze of the
35 Internal Revenue Code and Code of Federal Regulations. The IRS has been suspiciously silent on the matter and has
36 refused to meet with me to discuss my obligations. In light of the Internal Revenue Service's refusal to assist me, I am left
37 to make my decisions based on my own training, experience, and research. What else can I do? I also intend to utilize all of
38 my rights to due process of law to get an answer to my questions, even if I have to pay for the privilege (with a check to the
39 U.S. Treasury).

40 Q: I personally know the great burden and challenge your resignation from a secure government career has had on your
41 family. However, I must say that not once have I ever regretted the fact that you heard me on Geoff Metcalf's radio show
42 and as a result of listening to what I had to say about the 16th Amendment and the voluntary nature of the income tax, you
43 made a horrendous life changing decision. I believe with all my heart that this was your destiny, this is what our Lord
44 wanted you to do and while it has been hell for you at times over the past few years, millions of Americans are truly
45 thankful for your sacrifices.

1 Each day more and more Americans become aware of your courage and commitment to the truth. Many would like to know
2 what you've been doing since your resignation 15 months ago and what you'd like to do in the future - perhaps open your
3 own consulting firm, re-enter law enforcement in some capacity?

4 A: The remainder of 1999 was very difficult for my family and me but because of the thoughts, prayers, and support of so
5 many people and our faith in God's grace and goodness, we have much to be thankful for. I am confident that the truth will
6 prevail and other honest government officials will learn about the deceitful administration of the federal income tax and
7 speak out as I have done.

8 * * * *

9 The deadline for this forced extortion exercise by the IRS is April 17, 2000. Each and every individual in this country must
10 determine their own course and act according to their conscience. The IRS exists *only* to feed the magical money machine
11 called the "Federal" Reserve Banking System. They are married and this country doesn't need either one. The Unseen Hand,
12 the power cartel behind the scenes - *they* are the ones who need these two mechanisms to continue funding their global
13 games. It must come to a halt before the system reaches the point of collapse and it will. Despite all the lies about "a
14 prosperous economy," the day will come when the debt load can no longer be met and then the banksters will pull the plug.

15 This thievery must stop or America's people will never be free. Our children and grand children will remain in bondage as
16 slaves on their knees to people who remain in the shadows, stripping our country blind while lying politicians chant, "I'm
17 for lower taxes" or "more money for education!" What drivel. If you haven't become a sponsor of *The Wallace Institute*,
18 please consider doing so today.

19 We want to fight these battles but court challenges require big bucks and the pooling of dollars will make this possible.
20 Remember: It isn't just once a year (April 15th) that we're being fleeced, it's the forced "voluntary" withholding that also
21 must be exposed for the deceptive, theft device that it is, right along with the "voluntary" social security tax. *The Wallace*
22 *Institute* can take these issues to court but we need your support. We need *no direct taxation* (no flat tax, no VAT, none of
23 these substitutes to feed the "Fed") to run a limited form of Republican government. Agencies such as the EPA and the
24 Federal Department of Education must go and you can help make history with your sponsorship of our institute.

25 Thank you.

26 **7.2.2 Gaylon Harrell**

27 Logan County Jury Acquits Harrell 5/26/00

28 LINCOLN - Gaylon "Whitey" Harrell of rural Latham was acquitted by a 12 person jury of the four count criminal felony
29 charges of willful failure to file an Illinois State Income Tax form. The actual trial began on Wednesday May 24th in the
30 Logan County Circuit Court room, presided over by Senior Judge David "Slick" Coogan ("Slick is how the judge identifies
31 himself) and closed on Friday after four hours of deliberation when the jury returned with four consecutive "not guilty"
32 verdicts.

33 "We were in a heated debate" reported one unnamed juror, "but when the court refused, after our specific written request, to
34 furnish us copies of the actual statutes, (that imposed the obligation on the defendant,) it didn't take long for all of us to see
35 that something was wrong with the State's case.

36 "That was not all the court refused to let the jury see," added Jerry Barringer, Harrell's attorney. "The court, at the request of
37 the Illinois State's attorney, denied the jury access to evidence that already had been introduced and accepted."
38 "Astoundingly, even the Bill of Indictment was denied to the jury," chimed in Barringer's legal assistant Lindsey Springer,
39 "Also denied were jury instructions sanctioned by the Supreme Court and even a VCR recorder to play the video tape that
40 Whitey had made of his meeting with the CID agent." "I've seen a lot of tyranny in the courts, but never anything so blatant
41 as what I saw here over the last two days," added Bob Minark, an Indiana friend of Harrell's.

1 The four criminal felony charges had been brought against Harrell in 1997 and just came to trial this past week. Harrell had
2 submitted numerous motions in a case that saw both assigned judges and assigned state's attorneys resign or recuse
3 themselves. All of Harrell's motions were denied.

4 The case started back in early 1997 when Harrell was approached by Illinois Dept. of Revenue Criminal Investigation
5 Division (CID) agent Robert Craner, who asked him for an interview. The testimony was that Harrell refused until he had
6 witnesses present and a video camera set up at the local library where he later video taped a 45 minute meeting with Craner.
7 On the video, which was shown to the jury at the trial, Harrell specifically pointed out that he could find no section of the
8 Illinois statutes that obligated him to file an Illinois income tax return. He presented Craner with numerous documents
9 which he identified as outlines of statutes and regulations and "administrative code" which he said he searched to no avail
10 in finding any obligation that would apply to him. Craner accepted the documents. The tape showed that Craner promised
11 Harrell at least five different times, to produce the statutes that made Harrell liable and get answers to Harrell's questions.

12 The testimony later showed that Craner didn't do that and instead went back to the Grand Jury to testify that Harrell was a
13 resident of Logan County who failed to file Illinois state income tax forms. Unbeknownst to Harrell, at the time of the
14 interview, Craner was also acting as a Grand Jury investigator. "He never told me," said Harrell, "He never read me a
15 Miranda warning. He just promised to get me the information, but instead went back to the Grand Jury to get an
16 Indictment." Grand Jury Transcripts show that Craner testified that Harrell, at the library meeting, had nothing to offer in
17 his defense of why he didn't file a tax return, but the video tape brought Craner's credibility into serious question.

18 Harrell testified in his own defense and verified his many efforts to obtain the law that made him liable for the income tax
19 or how his activity was privileged. The prosecution brought out on cross examination that Harrell had filed many law suits
20 in the past and that those suits were dismissed in both the state and federal courts. In an attempt to prove knowledge, the
21 state also elicited that Harrell had filed tax returns previously. Harrell's Attorney Barringer likened that to believing in
22 Santa Claus when you were a child and then gaining knowledge of the fact that Santa Claus is a fantasy as you got older
23 and wiser. Barringer's questioning of Agent Craner as to his belief in Santa Claus brought an objection from the State's
24 attorney which was sustained by the judge without any recognition of humor. Harrell, 62, had worked for the United States
25 Post Office as a rural mail carrier and also received a pension from Caterpillar from where he retired in 1990.

26 Asked if his case will set a precedent, Harrell said, "Legally, No, but I certainly hope it sets the precedent that more people
27 question the loss of their rights and property whenever government claims it's the law. I feel sure this jury will be thinking
28 twice."

29 Interestingly, even after the specific request of the jury, neither the state nor the court ever did produce any statute showing
30 Harrell had any obligation. "We don't have anything to say at this time other than Mr. Harrell was very lucky and we will
31 be watching his activities carefully," stated an assistant State's Attorney who asked not to be identified.

32 Harrell plans to keep up his efforts to expose what he says is the one of the largest frauds ever committed on the people of
33 Illinois. "Al Capone couldn't hold a candle to these guys," Harrell commented when talking about the State's claim of a
34 requirement for wage earners and independent contractors to file a state income tax form.

35 Harrell's bail bond has been released and the funds obtained from Harrell to guarantee the bond will be returned. No further
36 court actions are pending against Harrell at this time, but Harrell anticipates further actions by himself against both the state
37 Department of Revenue and the federal Internal Revenue Service.

38 **7.2.3 Fred Allnut¹**

39 The June 3, 1996 issue of the *Spotlight* states:

40 On March 28, 1996, Fred W. Allnut Sr. and his son Christopher were acquitted in federal district court in Baltimore,
41 Maryland of tax crimes alleged by the Internal Revenue Service. The IRS had charged Allnut and his son with criminal
42 conspiracy and criminally attempting to prevent the IRS from carrying out its mandated duty to assess and collect taxes.

¹ *Losing Your Illusions*, Gordon Phillips, p. 129

1 According to published reports, Allnutt's defense team convinced the jury the Allnutts believed they were not liable for
2 paying the federal income tax. Allnutt's lawyers explained their client's victory as the inability of the government to
3 convince the jury the defendants did anything they themselves believed was illegal.

4 "The prosecution simply did not prove its case," said defense attorney James Lupinek. "There was no conspiracy and no
5 willful evasion of income taxes. There was plenty of reasonable doubt about every element of the government's case."

6 Allnutt said he is certain the IRS, the U.S. attorney's office and the courts "colluded together to stop me from telling the
7 truth about the IR Code, IRS terrorism and the lawlessness that exists in our judicial system." He is known as an outspoken
8 critic of the IRS, the application of tax laws and what Allnutt calls "their oppressive intrusion into our lives."

9 After an emotionally charged two week trial, the jury deliberated for three days before returning not guilty verdicts on all
10 charges. Lead defense attorney Jeffrey Dickstein of Tulsa, Oklahoma, viewed the case as a tax season compliance
11 promoting ploy. "This was an IRS 'show trial' before tax season," Dickstein added. With a 98 percent conviction rate in
12 tax trials, a conviction would be splashed around by the media to scare the American people and to promote voluntary
13 compliance, "but the IRS lost".

14 Allnutts confrontations with the IRS began back in 1982 when he determined that he was required to file and informed the
15 agency that he did not intend to file federal income tax forms for 1981. He got no answer. For three years, nothing
16 happened. Then in 1986, a correspondence between Allnutt and the IRS began. In 1987, he received a summons from the
17 IRS demanding his appearance on December 4 for a hearing.

18 He sent a letter asking the revenueurs to tell him why, along with the Freedom of Information Act request related to
19 applicable laws. The hearing was postponed until early 1988. It never took place.

20 On February 7, 1989, Allnutt received a "Notice of Deficiency," but "no indication of what kind of tax," he told the
21 Spotlight. He petitioned the Tax Court, which affirmed the notice and added a 75 percent penalty for "fraud." The charge
22 against Christopher and me were vindictive and contrived by the IRS to silence me for speaking out about the illegal
23 actions of this infamous agency," Allnutt said.

24 The truth is, I have always been open about my beliefs on the income tax and have expressed them in writing to the IRS on
25 many occasions."

26 Following notices of deficiency and correspondence back and forth, in which Allnutt asserts the IRS never explained why
27 he should be required to file an income tax return, and a ruling against him in the Tax Court, the IRS raided him.

28 On October 5, 1992, approximately 60 armed IRS agents and others, with bullet-proof vests and guns drawn entered and
29 seized the family business, JFC Excavating. Subsequently, Allnutt filed bankruptcy. An attorney told Allnutt the IRS
30 would have to release the business to him under the automatic stay statute of the bankruptcy code. However, the IRS
31 refused to release the property and the bankruptcy court would not order them to return it. Since filing bankruptcy, I have
32 submitted evidence to the bankruptcy court showing that there never was a lawfully assessed tax, but the court has ignored
33 this evidence," he told the Spotlight.

34 During the summer of 1994, Allnutt was told by several people that they had received grand jury subpoenas seeking
35 financial information about JFC Excavating. On September 12, Allnutt sent letters to both the grand jury foreman and to
36 Assistant U.S. Attorney Ethan Bauman who served the subpoenas, to advise them that "I was in on-going civil litigation
37 with the IRS and that it was my belief that the IRS was wrongfully seeking to persuade the grand jury that I had committed
38 some "income" tax crimes under the IR Code," he said.

39 Allnutt asked to be invited to testify. In May of 1995, having not received a response to his letters, Allnutt called Bauman
40 and asked for an opportunity to speak before the grand jury. A date of June 6 was arranged. Allnutt brought a written
41 presentation with what he describes as "exculpatory evidence" and had it placed in the record. But Allnutt was not allowed
42 to discuss his evidence. He was ordered to answer Bauman's questions instead.

1 On March 11, 1996, Allnutt and his son went on trial in Baltimore. On March 28, they were acquitted of all charges.
2 Allnutt described the scene in the courtroom:

3 "I heard the judge mumble the word "unbelievable" when he looked at the verdict. I saw the prosecutors heads fall. I saw
4 the crows of the IRS people, the prosecutors and other quickly exit the courtroom after the verdict was read. I saw the
5 judge quickly dismiss the jury without the usual comments and abruptly leave the bench without telling us we were free to
6 leave."

7 According to expert observers, there are two possible lessons to be learned from this case. The first is that the IRS always
8 makes a mistake when it seeks to criminally prosecute a "true believer", that is, someone who truly believes he is not, for
9 various reasons, subject to the income tax. That is because the prosecutors must prove that the defendant "willfully" defied
10 the law, which they could not have done if they did not believe the Law applied to them in the first place.

11 The second is that juries may look with more sympathy on so-called tax protesters, whose arguments, which are many and
12 various, are nonetheless reflective of a growing public dislike for the IRS specifically and income taxes in general.

13 Fred Allnutt, a member of the Save-A-Patriot Fellowship and owner of an excavation company in Baltimore Maryland,
14 stood for the truth and won. Fred continues to operate his excavation firm to this day and still has no SSN, requires none of
15 his workers to have one unless they want one and requires none of his workers to fill out W-4's or 1099's, etc.

16 To this day he does not collect the voluntary Maryland State Sales Tax on material he sells because collecting sales tax is
17 voluntary in the state of Maryland! Fred won in this trial not because the jury felt for him, but rather because Fred did not
18 break the Law and the jury ruled on the Law and not the intimidation of the government.

19 Fred did not break the Law because there is no Law requiring a citizen or resident alien to file a 1040 or pay a tax on
20 income earned within the United States.

21 **7.2.4 Lloyd Long²**

22 A mechanical engineer by the name of Lloyd Long was prosecuted by the IRS in 1994 in Tennessee District Court. Mr.
23 Long's studies over several years, including numerous long drives to a regional Law library, had led him to sincerely
24 believe that he was not required to file income tax returns and he in fact did not file returns for 1989 and 1990.

25 In an amazing court case involving the "income tax," a Chattanooga **jury agreed with the argument by the defendant**
26 **that the "income tax" is actually an excise tax and only applies to certain classes of people.**

27 Nationally prominent attorney Lowell Becraft of Huntsville, Alabama, assisted by attorney Russell J. Leonard of Sewanee,
28 Tennessee, who defended Lloyd R. Long of Decherd, Tennessee, who was charged by the Internal Revenue Service with
29 "willful failure to file income tax returns" for the years 1989 and 1990.

30 In presenting the case for the IRS, assistant U.S. Attorney Curtis Collier, assisted by Special Agent Michael Geasley of the
31 IRS, declared that Mr. Long had gross income in excess of \$49,000 for each of the years 1989 and 1990, and that he had
32 "willfully" failed to file income tax returns for those years as "required by law."

33 The defense admitted that Mr. Long did in fact have income in excess of \$49,000 for each of the years in question and that
34 he did not file a return. He then proceeded to prove to the jury beyond a reasonable doubt that he was not "liable" for an
35 income tax, nor was he "required by law" to file.

36 Defense testimony presented a case titled *Brushaber v. Union Pacific Railroad, 240 U.S. 1*, wherein it was the unanimous
37 decision of the U.S. Supreme Court that the Sixteenth Amendment did not give Congress any new power to tax any new
38 subjects. It merely tried to simplify the way in which the tax was imposed. **It also showed that the income tax was in fact**
39 **an excise tax on corporate privileges and privileged occupations.**

² <http://www.devy.com/lloyd.html>.

1 The defense then brought out a case entitled *Flint v. Stone Tracy*, 220 U.S. 107, wherein an excise tax was defined as a tax
2 being laid upon the manufacture, sale and consumption of commodities within the country upon licenses to pursue certain
3 occupations and upon corporate privileges.

4 Mr. Long's attorneys also brought out a case entitled *Simms v. Arehns*, cite omitted, wherein **the court ruled that the**
5 **income tax was neither a property tax nor a tax upon occupations of common right, but was an excise tax.**

6 The defense then brought out a case entitled *Redfield v. Fisher*, cite omitted, wherein **the court ruled that the individual,**
7 **unlike the corporation, cannot be taxed for the mere privilege of existing but that the individual's right to live and**
8 **own property was a natural right upon which an excise tax cannot be imposed. Defense also pointed to a couple of**
9 **studies done by the Congressional Research Service that shows the income tax is an excise tax.**

10 Next, defense pointed out that in the Tennessee Supreme Court Case *Jack Cole v. Commissioner*, cite omitted, the court
11 ruled that citizens are entitled by right to income or earnings and that could not be taxed as a privilege. And, in another
12 Tennessee Supreme Court Case, *Corn v. Fort*, cite omitted, the court ruled that individuals have a right to combine their
13 activities as partnerships and that this is a natural right, independent and antecedent of government.

14 The prosecution did not challenge or attempt to refute any of the cases cited or the conclusions of the courts.

15 Defense brought out in testimony the fact that nowhere in the Internal Revenue Code was anyone actually made liable for
16 the income tax. They showed that in the IRS' own privacy act notice only three sections were cited and that none of these
17 sections made anyone liable for the tax. They also proved that this was not an oversight by showing that the alcohol tax was
18 worded so clearly that no one could misinterpret who was made liable for the alcohol tax.

19 [Editorial note: Why do you think the Internal Revenue Code is over 9,000 pages? How many decent, desperate Americans
20 can (1) afford to buy Title 26 - both volumes? And (2) Once they open up this labyrinth of deceptive mish-mash, they give
21 up, take a gun to their head and pull the trigger. **Yes, this has happened too many times.** Keep passing more and more and
22 more laws so no one can find the one sentence which makes us liable and in this case, it doesn't exist!]

23 **Prosecution did not challenge or attempt to refute this point, nor were they able to show a statute that made anyone**
24 **liable for the income tax.**

25 Defense then presented the mission statement of the IRS stating that the income tax relied upon "voluntary compliance" and
26 a statement from the head of alcohol and tobacco tax division of the IRS which in essence showed that the income tax is
27 100% voluntary, as opposed to the alcohol tax which is 100% enforced.

28 [Editorial note: I have a copy of the February 3, 1953 hearings before A Subcommittee Of The Committee On Ways and
29 Means, House of Representatives, Eighty-Third Congress: Administration of the Internal Revenue Laws, Part A, page 13
30 and I quote Dwight D. Avis, Head of Alcohol, Tobacco Tax Division:

31 "Let me point this out now: Your income tax is 100 percent VOLUNTARY tax and your liquor tax is 100 enforced tax.
32 Now, the situation is as different as day and night. Consequently, your same rules just will not apply and therefore the
33 alcohol and tobacco tax has been handled here in this reorganization a little differently because of the very nature of it, than
34 the rest of the over all tax problem."

35 Try not filing and you will end up just like Mr. Long because 90% of the judges in this country at the federal level are
36 rotten to the core. You think they can't read the law? Please.]

37 Mr. Long stated that in 1988 he knew that the income tax was in fact an excise tax and that he was not enjoying any
38 corporate privileges nor engaged in any privileged occupation, that income or earnings from the exercise of common right
39 could not be taxed as an excise or otherwise, that nowhere in the IR Code was he made liable for the tax and that the
40 income tax was voluntary. But, Mr. Long was still so intimidated by the IRS that he filed and paid his voluntary
41 assessment.

1 He then began a series of letters to the IRS explaining that he had no licenses or privileges issued to him by the federal
2 government. He asked for direct answers to simple questions such as "Am I required to file federal income tax returns?"
3 and "Am I liable for federal income taxes?" The IRS never gave a direct answer to any of his questions. Instead, they
4 inferred and insinuated and extrapolated and beat around the bush and generally avoided answering. As a result, Mr. Long
5 testified that he decided to stop "volunteering."

6 The IRS brought two "expert" witnesses. Both were actually IRS employees who had received training as professional
7 witnesses. Upon cross-examination by Mr. Becraft, one witness stated that a secret code known only to the IRS and
8 encoded on Mr. Long's permanent record [Note: This is the IMF, Individual Master File], **showed that the IRS knew he**
9 **was not required to mail or file a return.** The witness made every effort to avoid this admission, to the point that she was
10 beginning to frustrate the jury. The other witness, upon cross-examination by Mr. Becraft, gave testimony that conflicted
11 with the privacy act notice.

12 The government also attempted to insinuate "guilt by association" in that they claimed Mr. Long had known and replied
13 upon persons of questionable character. The argued that the writers of some of the books he read and people he knew had
14 been convicted of tax-related charges in the past and were, in fact, criminals.

15 Mr. Long responded that just because a person had been convicted of a crime by a court, this did not invalidate everything
16 he said. To illustrate, he pointed out that the Apostle Paul was a murderer but that by the Grace of God, he became the
17 greatest of the Apostles. He added that he, Mr. Long, did not rely on anything that he did not personally check out
18 thoroughly.

19 In summation, Mr. Becraft reminded the jury that Galileo was imprisoned for holding a belief that conflicted with what
20 everyone else knew as a "fact" and that Columbus, acting on a belief which conflicted with what everyone else knew was a
21 "fact," discovered something no one else thought existed.

22 The government had screened the jury pool for their favorite type of juror. But these twelve local Tennessee citizens, after
23 listening carefully to the evidence and arguments presented in the courtroom and after studying Mr. Long's information in
24 the jury room , found him 100% "No Guilty!" on all counts. They have ventured into hitherto uncharted territory in their
25 monumental decision. with this case.

26 A Chattanooga TV station quoted a government spokesman as saying that this case will change the way the IRS will handle
27 such cases in the future. They indicated that they (the government) will be less likely to prosecute if a jury wasn't going to
28 decide in their favor.

29 Mr. Long's spirit was best expressed when he was asked for a final statement by a reporter as he was leaving the courtroom.
30 His words, "Glory be to God." **End of article.

31 This case is CR-1-93-1, United States of America v. Lloyd Long filed in the U.S. District Court, Eastern District of
32 Tennessee and was decided on October 15, 1993. Naturally, one heard not a peep from Gunga Din Dan Blather, Tom
33 Brokenjaw or any of the other "news" mouthpieces for the government.

34 One of our readers further investigated this story and below is his report confirming its accuracy:

35 4/7/2003

36 *I wanted to personally confirm one of your case histories. I am speaking of the case of United States v. Lloyd*
37 *Long, which is referenced on page 1918 of the version of GIRSTH that I have. I live in Chattanooga, Tennessee,*
38 *where this case was tried in U. S. District Court in 1993. After reading about this case, and being one to check*
39 *things out before leaping, I tracked down Mr. Long, who still lives in Decherd some 40 miles from here. I spoke*
40 *to him today on the telephone, and he assures me that, since prevailing against the IRS in this case in 1993, he*
41 *has paid no income taxes and filed no returns. Except for receiving an occasional notice (which he ignores) that*
42 *he owes taxes for the two years disputed at trial, he says the IRS has left him alone.*

43 *Why do you suppose the government never appealed? If they were right, a Supreme Court decision in this case*
44 *would have settled the issue forever. ; -)*

1 *For anyone interested in studying Mr. Long's case, he will gladly provide transcripts of the two-day trial, some*
2 *800 pages worth, for \$150 (about what Kinkos would charge to reproduce it -- if there were a Kinkos in*
3 *Decherd!). Send a money order along with your letter of request to:*

4 *Mr. Lloyd Long*
5 *5048 Roarks Cove Road*
6 *Decherd, Tennessee 37324*

7 *For anyone who wishes to study the Government's own records of this case, the filings, pleadings and decision*
8 *are available from the archives of the U. S. District Court, Eastern Division, in Atlanta, Georgia, telephone*
9 *(404) 763 7474. Or simply fax your request to (404) 763 7815. The cost is \$35, so be sure to include a credit*
10 *card number and expiration date, and a return fax number. Ask for:*

11 *United States v. Lloyd Long*
12 *CR-1-93-1*
13 *Accession No. 021990915*
14 *Location No. H0263524*
15 *Box 1 of 11*

16 *Hopefully, this information will prove useful to your many readers.*