

1 **MR. SCHULZ:** With me as a questioner is Chris Hansen. He is a legal scholar and an
2 author who has been researching income tax laws for several years. He has written a 2300 page
3 book summarizing his findings. It's available for free on the Internet. It's called "The Great IRS
4 Hoax: Why We Don't Owe Income Tax." He is a patriot who serves his country as a chief in the
5 U.S. Navy. As a data communication engineer he wires the Navy. He designs and tests the
6 computer networks used by all of the U.S. Navy's war ships. Chris Hansen and I will be asking the
7 questions.

LIABILITY

10 For the record, would you tell us where you live and a little bit about who you are and what your
11 professional experience is and what you're doing now.

13 **MR. BANISTER:** Thank you, MR. Schulz. I hope everybody at home can hear me fine.
14 My name is Joseph Banister, I'm 39 years old, I'm married to a lovely wife and we have two
15 beautiful sons. I live in -- born and raised in San Jose, California. I attended San Jose State
16 University, graduated from there, earned a degree in business administration, concentration in
17 accounting. I have approximately 15 years of experience in accounting, tax and finance. I am a
18 certified public accountant and have been so certified since 1991. From 1993 until 1999 I served as
19 a special agent in the IRS Criminal Investigation Division. As a special agent my duties included
20 investigating criminal violations of the federal income tax and money laundering laws. During my
21 five and a half years I was appointed the asset forfeiture coordinator and also the organized crime
22 drug enforcement task force coordinator for the Central California District for the IRS. What I had

1 expected to be a lifelong career in the IRS was cut short after about five and a half years when after
2 two years of part-time, off-duty investigation I validated and confirmed many -- or much of the
3 evidence or similar evidence to what you will hear over the next couple of days. It's evidence that
4 proves the federal government, from the Congress to the Internal Revenue Service, is knowingly
5 deceiving and stealing from the American people. Believing that I had a moral, ethical and legal
6 duty to speak up about the results of my investigation I submitted a report outlining my findings
7 and I expressed grave concerns that people's rights were being routinely violated. Rather than
8 address the concerns of an agent sworn to support and defend the Constitution, the IRS encouraged
9 my resignation. Since resigning from the IRS, when possible, outside of family responsibilities and
10 work responsibilities, I joined in raising my voice in making sure the people understand that a
11 special agent -- a criminal investigator from the Internal Revenue Service -- had to resign from that
12 agency in order to uphold his oath to support and defend the Constitution.

13 **MR. SCHULZ:** MR. Turner, for the record would you state your name and where you're
14 from, where you live and your professional experience and what you're doing now, please.

15 **MR. TURNER:** Yes, MR. Schulz. Thank you very much. My name is John Turner, I've
16 been happily married for 29 years. Together my wife and I have raise a beautiful daughter. I live in
17 northern California, Paradise, California. That's north of Sacramento, California. I'm a man who in
18 my earlier years served with the United States Army. I had a position of trust. Held top secret
19 clearances. The government put me in a position where I was in charge of information and
20 expected to be a person of integrity with that information. Later I accepted a job with the Internal
21 Revenue Service as a revenue officer. I worked for IRS for 10 years, from 1987 to 1997. Revenue
22 officers are agents who collect delinquent taxes through distraint actions. That is the power to levy
23 and to seize. In early 1997 I was challenged -- not in my official capacity but in my personal

1 capacity -- to research some claims that there were no requirements to file an income tax return or
2 pay income tax. I agreed to this challenge and I set out on my own time to prove that these claims
3 were wrong and demonstrate that they mostly enjoyed popularity with people who read the law out
4 of context. After much study, a lot of research, and even some face-to-face conversations with
5 people who the IRS calls illegal tax protesters, I came to many conclusions. And I'm going to share
6 briefly with you just a few of them at this time. I concluded that the protesters were mostly right. I
7 concluded that the IRS was mostly wrong. I concluded that there is no law which requires an
8 American to file a 1040 tax return. I concluded that if an American does not file, IRS has no legal
9 basis to file an income tax return for them. Furthermore, I discovered that they were misapplying
10 the law and their own rules to go ahead anyway and file returns for people without legal grounds.
11 This is wrong. 95 percent of Americans work for another man and subject their wages to
12 withholding. If the American people realized what I just said, most people would stop filing their
13 income tax returns. However, most people don't realize that IRS operates on 90 percent bluff.
14 Revenue officers have no authority to seize assets of private citizens. They only have authority not
15 much unlike that of a clerk. They know how to fill out forms, such forms as a Notice of Levy, and
16 send that form to your employer in a demand for your paycheck. The employers are too
17 uninformed and too afraid to do anything accept acquiesce to that Notice of Levy. This needs to
18 change. As a revenue officer I always try to use the awesome power judiciously. However, when I
19 discovered that I had no authority, I also realized my power was illegitimate and I was eager at that
20 point in time to relinquish that power. Please note I did not say that they have no power, I said they
21 don't have authority. There's a big difference. The IRS agents have a tremendous amount of power.
22 They have power enough to destroy people's way of life. Sometimes people never recover from the
23 actions taken by revenue officers who have no authority and great power. Unfortunately, it is we

1 the people who have allowed them so little authority and so much power, with far too little
2 accountability. It is we the people who must see to it that this changes. These are a few reasons
3 why I resigned from IRS in 1997.

4 **MR. SCHULZ:** MR. Becraft, would you state your name and tell us where you live, what
5 your profession has been, what you're doing now.

6 **MR. BECRAFT:** Thank you, MR. Schulz. My name is Larry Becraft, I'm just an Alabama
7 lawyer. In May of 1992 I graduated with honors from Sanford University, is a college -- university
8 down in Birmingham. In May of 1975 I graduated from Cumberland School of Law at Sanford
9 University. In September of 1995 I was admitted to practice before the courts in Alabama. Since
10 then I have been admitted to practice before the United States Supreme Court, all the federal
11 appellate courts except the First of the D.C. circuits and a number of U.S. District Courts. I
12 represent a lot of people that are charged with tax crimes. One of the people that I've represented is
13 a good friend of mine, Bill Benson, who is sitting over there against the wall. I guess my claim to
14 fame regarding him is that I'm his official chauffeur. In June of '98 I became involved with an
15 institute called the Wallace Institute. I'm general counsel for the Wallace Institute and my boss
16 there at the Wallace Institute is this lady that's sitting over there next to the wall, Devvy Kidd.

17 **MR. SCHULZ:** Thank you, MR. Becraft. Is it true that the Internal Revenue Code is found
18 at Title 26 of the United States Code?

19 **MR. BECRAFT:** Agreed.

20 **MR. SCHULZ:** Is it true that Title 26 of the Code is broken down into subtitles?

21 **MR. TURNER:** Yes.

22 **MR. SCHULZ:** Is it true that the income taxes as set forth in Subtitle A of Title 26, that
23 that's where you find Sections 1 through 1563 dealing with the income tax?

1 **MR. TURNER:** Yes.

2 **MR. SCHULZ:** Is it true that the estate and gift taxes are set forth in Subtitle B?

3 **MR. BECRAFT:** Correct.

4 **MR. SCHULZ:** And that that section contains -- the subtitle contains Sections 2001
5 through 2704?

6 **MR. TURNER:** That's correct.

7 **MR. SCHULZ:** Is it true that the employment taxes are set forth in Subtitle C?

8 **MR. BECRAFT:** Yes.

9 **MR. SCHULZ:** In Sections 3101 through 3510?

10 **MR. TURNER:** Yes.

11 **MR. SCHULZ:** Is it true that miscellaneous excise taxes are set forth in Subtitle D?

12 **MR. BECRAFT:** Correct.

13 **MR. SCHULZ:** In Sections 4001 through 5000?

14 **MR. TURNER:** Yes.

15 **MR. SCHULZ:** Is it true that alcohol, tobacco and certain other excise taxes are set forth in
16 Subtitle E?

17 **MR. BANISTER:** That's true.

18 **MR. SCHULZ:** In Sections 5001 through 5882?

19 **MR. BECRAFT:** Yes.

20 **MR. SCHULZ:** Is it true that the procedures and administration to be followed with respect
21 to the different taxes addressed in Subtitles A through E are set forth in Subtitle F?

22 **MR. TURNER:** Yes.

23 **MR. SCHULZ:** And Sections 6001 through 7873 in Subtitle A through E are set forth in

1 Subtitle F?

2 **MR. BECRAFT:** Yes.

3 **MR. SCHULZ:** And Sections 6001 through 7873?

4 **MR. BECRAFT:** Subtitle F is procedure in administration for all the taxes.

5 **MR. SCHULZ:** Is it true that the Congress enacted the Privacy Act at Title 5?

6 **MR. TURNER:** Yes.

7 **MR. SCHULZ:** Is it true that the Internal Revenue Service -- when the Internal Revenue
8 Service requests information from an individual, the Privacy Act requires the IRS to inform each
9 individual whom it asks to supply information, on the form which it uses to collect the information
10 or on a separate form that can be retained by the individual the following: (a) the authority which
11 authorizes the solicitation of the information and whether disclosure of such information is
12 mandatory or voluntary?

13 **MR. TURNER:** That's correct.

14 **MR. SCHULZ:** And does the Act require --

15 **MR. BECRAFT:** If I could help, MR. Schulz. I do believe that 5 U.S.C. Section 552a(e)(3)
16 requires a wide variety of things that you're about to read.

17 **MR. SCHULZ:** Does it require the principal purpose or purposes for which the information
18 is intended to be used?

19 **MR. BECRAFT:** Yes.

20 **MR. SCHULZ:** And does it require the routine uses which may be made of the
21 information, as published pursuant to paragraph (4)(D) of the subsection?

22 **MR. BECRAFT:** Correct.

23 **MR. SCHULZ:** Does it require the effects on him, if any, of not providing all or any part

1 of the requested information?

2 **MR. BECRAFT:** That's correct.

3 **MR. SCHULZ:** Is it true that Congress enacted the Paperwork Reduction Act at Title 44?

4 **MR. BECRAFT:** That's correct. It starts at Section 3501.

5 **MR. SCHULZ:** Is it true that the Paperwork Reduction Act requires the director of the
6 Office of Management and Budget to include with any information requests a statement to inform
7 the person receiving the request why the information is being collected, how it is to be used and
8 whether responses to the requests are voluntary, required to obtain a benefit, or mandatory?

9 **MR. BECRAFT:** Those are the requirements of -- the provisions of the Paperwork
10 Reduction Act. But I would also add, MR. Schulz, that those are also the requirements of the
11 Privacy Act.

12 **MR. SCHULZ:** Thank you, MR. Becraft. Is it true that the Internal Revenue Service
13 complies with the Privacy Act and the Paperwork Reduction Act by setting out the required
14 statements on the IRS Form 1040 Instruction Booklet?

15 **MR. TURNER:** That's correct.

16 **MR. SCHULZ:** Is it true that the Privacy Act and the Paperwork Reduction Act statements
17 which the Internal Revenue Service currently uses with respect to the federal income tax states that
18 "Our legal right to ask for information is Internal Revenue Code Sections 6001, 6011 and 6012(a)
19 and their regulations. They say that you must file a return or statement with us for any tax you are
20 liable for. Your response is mandatory under these sections"?

21 **MR. TURNER:** Yes.

22 **MR. BANISTER:** Yes.

23 **MR. SCHULZ:** Is it true that the Internal Revenue Code Section 6001 reads in relevant

1 part, "Every person liable for any tax imposed by this title, or for the collection thereof, shall keep
2 such records, render such statements, make such returns, and comply with such rules and
3 regulations as the Secretary may from time to time prescribe. Whenever in the judgment of the
4 secretary it is necessary, he may require any person, by notice served upon such person or by
5 regulations, to make such returns, render such statements or keep such records as the Secretary
6 deems sufficient to show whether or not such person is liable for tax under this title. The only
7 records which an employer shall be required to keep under this section in connection with charged
8 tips shall be charged receipts, records necessary to comply with Section 6053(c)"?

9 **MR. BECRAFT:** I believe you read it accurately, MR. Schulz.

10 **MR. SCHULZ:** Thank you. Is it true that the Internal Revenue Code, Section 6011 states,
11 "General Rule. When required by regulations prescribed by the Secretary any person made liable
12 for any tax imposed by this title or for the collection thereof shall make a return or statement
13 according to the forms and regulations prescribed by the Secretary. Every person required to make
14 a return or statement shall include therein the information required by such forms or regulations.
15 And under subparagraph g, income tax, estate and gift taxes. For requirement that returns of
16 income, estate and gift taxes be made whether or not there is a tax liability"?

17 **MR. BECRAFT:** That's a correct reading of the statement.

18 **MR. SCHULZ:** Is that accurate?

19 **MR. TURNER:** That is correct.

20 **MR. SCHULZ:** Is it true that subparts B and C referred to at Internal Revenue Code
21 Sections 6011(g) contain Internal Revenue Code Sections 6012 through 6017(a)?

22 **MR. BECRAFT:** Correct.

23 **MR. SCHULZ:** Is it true that Congress displayed its knowledge of how to make someone

1 liable for a tax under the Internal Revenue Code which states that under Section 5005 "The distiller
2 or importer of distilled spirits shall be liable for the taxes imposed thereon by Section 5001(a)(1)"?

3 **MR. TURNER:** That's correct.

4 **MR. SCHULZ:** Is it true that Congress displayed its knowledge of how to make someone
5 liable for the tax in the Internal Revenue Code at 5703 which reads "The manufacturer or importer
6 of tobacco products and cigarette papers and tubes shall be liable for the taxes imposed therein by
7 Section 5071"?

8 **MR. TURNER:** That's correct.

9 **MR. SCHULZ:** Is it true that persons made liable at Internal Revenue Code Sections 5005
10 and 5703 for the taxes imposed at Internal Revenue Codes Sections 5001(a) and 5701, respectively,
11 are the persons described at Sections 6001, 6011 and 6000 -- I'm sorry, at Sections 6001 and 6011
12 required to make returns and keep records?

13 **MR. BECRAFT:** That's correct, MR. Schulz.

14 **MR. SCHULZ:** Is it correct that Section 1461 is the only place in Subtitle A of the Internal
15 Revenue Code where Congress used the words "liable for"?

16 **MR. BECRAFT:** That's correct.

17 **MR. SCHULZ:** Is it true that the person made liable by Congress at Section 1461 is a
18 withholding agent for nonresident aliens?

19 **MR. BECRAFT:** The whole chapter 1461 is in, commencing with 1441, 1442, all relates
20 to withholding and taxing nonresident aliens and foreign corporations.

21 **MR. SCHULZ:** Could you speak into the microphone, please.

22 **MR. BECRAFT:** Will do.

23 **MR. SCHULZ:** Is it true that there is a canon of statutory construction, "expressio unius est

1 exclusio alterius," which means the express mention of one thing means the implied exclusion of
2 another?

3 **MR. BECRAFT:** That's correct. And your Latin is pretty good.

4 **MR. SCHULZ:** I practiced. Is it true that Congress could have but did not make anyone
5 else, other than the withholding agent referred to in Section 1461, liable for any income tax
6 imposed in Subtitle A?

7 **MR. BECRAFT:** Do it yourself. Do a computer search. Look up liable under Subtitle A.
8 1461 is the one that comes up.

9 **MR. SCHULZ:** Is it true, MR. Becraft --

10 **MR. BECRAFT:** That wasn't sufficient?

11 **MR. SCHULZ:** -- that Congress could have but did not make anyone else other than the
12 withholding agents referred to in Section 1461 liable for any income tax imposed in Subtitle A?

13 **MR. BECRAFT:** That's true. And I promise to listen to your questions a lot more closely.

14 **MR. SCHULZ:** Is it true that up until 1986 the statement required by the Privacy and
15 Paperwork Reduction Acts set out in the Internal Revenue Service Form 1040 Instruction Booklet
16 mentioned only Internal Revenue Code Sections 6001 and 6011 as the authority for request
17 information?

18 **MR. BECRAFT:** That's true.

19 **MR. SCHULZ:** Do we have on the screen a copy of the return for 1985 -- the instruction
20 booklet rather -- for 1985? And do we have on the screen the statement from the instruction booklet
21 for 1986?

22 **MR. BECRAFT:** You should because I scanned them in.

23 **MR. SCHULZ:** We're being informed by MR. Hildebrandt from Eknowledge, our

1 contractor for the webcast, that we've been zipping through these questions too quickly, that we've
2 gone ahead of the technology.(Discussion off the record.)

3 **MR. BECRAFT:** I could quote it for you, MR. Schulz.

4 **MR. SCHULZ:** MR. Hildebrandt, we're looking for the Exhibit 15 and the Exhibit 4.

5 **MR. BECRAFT:** It was of the 1985 instruction booklet.(Discussion off the record.)

6 **MR. SCHULZ:** We'll proceed.

7 **MR. BECRAFT:** Can I quote them?

8 **MR. SCHULZ:** No, that's okay. On second thought, go ahead, MR. Becraft.

9 **MR. BECRAFT:** In 1985 and before the Privacy Act -- Internal Revenue Service said that
10 our legal right to ask you for information or Section 6001, 6011 of the Internal Revenue Code and
11 their regulations they say that you must file a return or statement with us for any tax that you are
12 liable for (sic). In 1986 the same Privacy Act was -- the same wording was used except in 1986
13 they added Section 6012. My personal conclusion is that that was done as a result of people like
14 MR. Irwin Schiff complaining about liability.

15 **MR. SCHULZ:** Thank you. Is it true that the United States Supreme Court has held in the
16 "Acker" case and in the "Calamaro" case that a regulation that purports to create a legal
17 requirement not imposed by Congress in the underlying statute is invalid?

18 **MR. BECRAFT:** That's correct.

19 **MR. SCHULZ:** Is it true that the regulations in Title 26 -- or that regulations for Title 26
20 uses the following phrase: "All citizens of the United States, wherever resident, and all resident
21 alien individuals are liable to the income tax imposed by the Code whether the income is received
22 from sources within or without the United States"?

23 **MR. BECRAFT:** That's a correct quote from a part of that regulation, MR. Schulz.

1 **MR. SCHULZ:** Is it true that the statute above this regulation -- the statute found at 26
2 U.S.C 1 nowhere uses the word liable to describe the taxes imposed in that section?

3 **MR. BECRAFT:** The word liable does not appear in Section 1 of the Code.

4 **MR. SCHULZ:** Is it true that because the corresponding statute in the Code under Section
5 1 does not use the word liable or liable to, then the implementing regulation for the section in the
6 regulations 26 C.F.R. 1.1-1 cannot, which makes the implementing regulation imposing the
7 otherwise nonexistent liability invalid and unenforceable?

8 **MR. BECRAFT:** I wouldn't call it invalid or unenforceable, MR. Schulz. What I would say
9 is that 1.1-1 describes the people that are subject to the tax and, therefore, not necessarily liable but
10 subject to.

11 **MR. SCHULZ:** Can a regulation --

12 **MR. BECRAFT:** A regulation cannot expand statute.

13 **MR. SCHULZ:** Thank you. And the statute does not use the word liable or liable to?

14 **MR. BECRAFT:** That's absolutely correct.

15 **MR. SCHULZ:** So the regulation cannot --

16 **MR. BECRAFT:** And the regulation doesn't use the word liable either.

17 **MR. SCHULZ:** Thank you.

18 **MR. BECRAFT:** Excuse me. The regulation does use the word liable. The point that I
19 think that you want to make is that the regulation appears to be broader than the statutory scheme.
20 Section 1 does not use the word liable and the regulation and the corresponding regulation 1.1-1
21 uses the word liable. Your position is that it's broader than the statutory scheme. Another way of
22 looking at it though is what I mentioned a moment ago.

1 **MR. SCHULZ:** Is it true that there's no statute anywhere in Subtitle A of the Code that
2 makes any person liable for the tax imposed under Section 1 or Section 871 other than a
3 withholding agent for nonresident aliens?

4 **MR. BECRAFT:** We're repeating a prior question that's true, Section 1461 is the one that
5 makes someone liable for the income tax.

6 **MR. SCHULZ:** And it makes withholding agents liable?

7 **MR. BECRAFT:** Nonresident aliens and foreign corporation and certain others. 1443.

8 **MR. SCHULZ:** Is it true, MR. Becraft, that the regulations define the term individual and
9 that it defines alien individual as an individual who is not a citizen or a national of the United
10 States. And it defines nonresident alien individual as a person described in 7701, an individual who
11 is a resident of a foreign country under the residence article of an income tax treaty and Section 301
12 of this chapter, or an alien individual who is a resident of Puerto Rico, Guam, the Commonwealth
13 of Northern Mariana Islands, the U.S. Virgin Islands, or American Samoa as determined under
14 Section 301.7701 of the chapter. An alien individual who has made an election under Section 6013
15 to be treated as a resident of the United States is nevertheless treated as a nonresident alien
16 individual for purposes of withholding under chapter 3 of the Code and the regulations there under?

17 **MR. BECRAFT:** That was a heavy one. MR. Schulz, you were reading from 26 C.F.R.
18 Code of Federal regulations 1.1441-1. And what you read is correct. Let me put it in layman's
19 terms.

20 **MR. SCHULZ:** Thank you.

21 **MR. BECRAFT:** This is where a lot of people get confused and they hate lawyers for, for
22 going through the routine that you've just been through. It's got a lot of words that need explaining.
23 A citizen is someone that is born here. An alien is someone that is not born here in the United

1 States. You've got two types of aliens. One is an alien that's here, he's called a resident alien.
2 Another type of alien is a nonresident alien. But I would also add further that a citizen can also be a
3 nonresident. Any citizen nonresident is one that is residing abroad.

4 **MR. SCHULZ:** Is it true that there is no other place anywhere in the Internal Revenue
5 Code or the regulations where the word individual is defined?

6 **MR. BECRAFT:** Other than what you've just covered?

7 **MR. SCHULZ:** Yes.

8 **MR. BECRAFT:** Yes.

9 **MR. SCHULZ:** Is it true that under the regulations 1.1441 you find the definition for the
10 term individual that appears at the top of the Internal Revenue Form 1040 and the phrase individual
11 income tax return?

12 **MR. BECRAFT:** Well, you also have 7701(a) contains definitions. There are definitions
13 there and I think we covered that in a previous question or we will be covering it in a later question.

14 **MR. SCHULZ:** Does the Form 1040 include both definitions alien individual and
15 nonresident alien individual?

16 **MR. BECRAFT:** Yes, reference the terminology in the use of a 1040 individual is
17 associated with aliens and they do file 1040NRs.

18 **MR. SCHULZ:** Is it true that the Internal Revenue Service Form 1040NR is the form
19 required to be used by nonresident aliens?

20 **MR. BECRAFT:** Absolutely.

21 **MR. SCHULZ:** And is it true that if Form 1040NR is used for nonresident aliens, the only
22 thing left for an individual appearing under the Code at 7701, the only thing left that he could be is
23 an alien based on the regulations at 1441?

1 **MR. BECRAFT:** Well, you know, being mindful of the fact that a citizen abroad is also an
2 alien. Looked at from a domestic viewpoint, a citizen abroad can be a nonresident, and naturally a
3 citizen abroad is an alien where he is.

4 **MR. SCHULZ:** Is it true that the term citizen of the United States is defined as follows in
5 the regulations at 31.3121: "The term citizen of the United States includes a citizen of the
6 Commonwealth of Puerto Rico or the Virgin Islands, and effective January 1, 1961, a citizen of
7 Guam or American Samoa?"

8 **MR. BECRAFT:** Well, when you combine this definition in 26 C.F.R. -- and this is a
9 regulation that defines citizen in reference to withholding taxes and specifically this was at 26
10 C.F.R. 31.31.2. And what you have just read in reference to the definition of citizen appears there.
11 And there's another definition of citizen that also appears in 26 C.F.R. Section 1.1-1 which we've
12 also covered this morning.

13 **MR. SCHULZ:** I would ask each of you is it true -- in your opinion is it true that the
14 Internal Revenue Code does not make most Americans liable to file a tax return and to pay an
15 income tax; that, in fact, when they do so they do so voluntarily, most Americans? MR. Banister?

16 **MR. BANISTER:** Yes, I would say that statement is absolutely true.

17 **MR. SCHULZ:** MR. Turner?

18 **MR. TURNER:** Yes, I agree. And it was one of the major reasons to cause me to have to
19 resign from the IRS.

20 **MR. SCHULZ:** MR. Becraft?

21 **MR. BECRAFT:** Well, I'll give you a legal answer. The government says those required
22 to file a return are those that are liable. The sections that we have covered today previously -- we
23 read 6001, 6011. Those are the general rules regarding the filing of returns. Those statutes used the

1 word liable. And that if you engaged in a search for who's liable for the income tax under Subtitle
2 A Sections 1 through whatever the end is, 1473 -- it varies from year to year. The only section you
3 will find in reference to someone liable using the words of the government or the withholding
4 agents at 1461, withholding agents for nonresident aliens and foreign corporations, those are the
5 only ones that are specifically statutorily made liable. Does that answer your question?

6 **MR. BANISTER:** MR. Schulz, if I may comment just from a layman's point of view even
7 though I was a special agent, CPA. But just like most people, you know, I look at what the IRS
8 provides to me and provides to millions of Americans as we mentioned in the 1040 Instruction
9 Booklet. And they are required by law -- the Privacy Act and the Paperwork Reduction Act -- to
10 inform you of what the requirements are. And it specifically says to file a return for any tax you are
11 liable for. So if the government is required to tell you what your requirements are and they state it
12 there and then as we said the liability sections are so few, what else is somebody with some
13 common sense to think?

14 **MR. BECRAFT:** So true.

15 **MR. SCHULZ:** I thank this panel very much. If MR. Becraft will remain, I would like to
16 call Sherry Jackson. We will take a two-minute break at this point.(A brief recess was taken.)

17