

# Fourth Amendment

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**MR. SCHULZ:** We would like to call --

**MR. HANSEN:** Irwin Schiff, Larry Becraft and John Turner.

**MR. SCHULZ:** We remind MR. Turner and MR. Becraft that you're still under oath and MR. Schiff, would you rise please raise and take the Bible. It has an Old Testament. Hold the Bible in your left hand and raise your right hand. MR. Schiff, do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

**MR. SCHIFF:** I do.

**MR. HANSEN:** The next area of inquiry is the Fourth Amendment. And with the assistance of the following questions, we intend to show that the IRS routinely violates Fourth Amendment due process protections of Americans by seizing assets without lawful authority or court orders. And by the way, we would like MR. Schiff to describe his background for those who don't know.

**MR. SCHIFF:** Well, I have written a few books on the subject of income tax and how the government illegally enforces it.

**MR. SCHULZ:** Where do you live? **THE COURT:** Right now I reside in Las Vegas, Nevada, formerly from Hamden, Connecticut. I would want to say to one and all, if you don't know it already, the income tax probably represents the greatest program of organized extortion the world has ever seen. I will preface my comments by saying we sell the Internal Revenue Code. I'm the nation's leading seller of the Internal Revenue Code. My last order that I placed with the Research Institute of America was for a thousand codes. We ran out of them and we are sitting for our next shipment. If anybody does not file a tax return or files a return showing zeroes, they fall outside of

1 the jurisdiction of this code and the laws don't even apply. The laws can only apply if someone  
2 makes a mistake of filing a tax return and saying he owes the tax on income he never earned. If you  
3 do not file, or if you file a zero return, there is no provision in the code that legally gets to you.

4 **MR. HANSEN:** With that, we will proceed with the questions. We will begin with question  
5 number 400. MR. Schiff, is it true that 26 U.S. Code Section 6331 is the authority by which  
6 distraint in the collection of Subtitle A income tax against individuals is instituted?

7 **MR. SCHIFF:** Yes. I would simply say the alleged authority, because I have Section 6331  
8 right in front of me and it says the authority of the secretary, that is the Secretary of the Treasury.  
9 The IRS is not even mentioned in Section 6331. The only time the IRS can seize property pursuant  
10 to Section 6331 is as follows: If anyone is liable to pay any tax or neglects or refuses to pay within  
11 10 days after notice and demand. So you could not even be subject to seizure unless you're liable  
12 for the tax and there is no provision in the Internal Revenue Code making anybody liable for the  
13 tax. And a notice and demand is a Form 17, as defined by treasury decision 1995 and the IRS never  
14 sends out a notice and demand for tax, so therefore, though IRS does seize property pursuant to  
15 Section 6331, pursuant to the law they have no authority to do so. It only states, it shall only be  
16 lawful for the secretary, meaning the Secretary of the Treasury. Before any IRS agent can seize  
17 property, the Secretary of the Treasury would have to delegate him with authority and he never has.  
18 Because the secretary is not going to delegate anybody with the authority to seize property pursuant  
19 to a tax that doesn't exist and the income tax doesn't exist as a tax because there is no mandatory  
20 provisions for the payment of the tax and for keeping books and records with respect to that tax.

21 **MR. HANSEN:** Thank you. Question 401. Is it true that that same section, 6331, Paragraph  
22 A identifies the only entities against whom distraint may be instituted? And let me explain what  
23 distraint means. Distraint means the application of coercion or force under the color of law to create

1 a, to fulfill the requirements of a legal duty.

2 **MR. SCHIFF:** Well, Section 6331 says levy may be made against the accrued salary and  
3 wages of government employees by serving a notice of levy upon the employee.

4 **MR. HANSEN:** Get to that. That is the next question.

5 **MR. SCHIFF:** That's the only one that could even be subject to 6331, is government  
6 employees because the government already has their money.

7 **MR. HANSEN:** Would you like to read that section, Paragraph A?

8 **MR. SCHIFF:** Well, I'll read it. Of course the regulation expands, legally expands the law.  
9 It says here, "Levy may be made upon the accrued salary or wages of any officer, employee or  
10 elected official of the United States, the District of Columbia or any agency or instrumentality of  
11 the United States by serving a notice of levy on the employer." Now, the employer there is the U.S.  
12 Government itself. The question is, why in the statute on seizures does the government single out  
13 its own employees in only one asset of the employee. It doesn't say that Section 6331 applies to the  
14 bank accounts of government employees, only their accrued wages and salary. Why should that be?  
15 The reason is the word levy means to seize. The government cannot seize property already in its  
16 possession. So the government made a little document that it could put in the pay envelope of its  
17 own employees saying we are claiming you owe us taxes maybe because you made wine, you  
18 made guns, which there is a tax, and we are going to apply the money we owe you to what you  
19 claim you owe us. Any employer could do the same thing. Now, the government uses this  
20 document which was specifically designed to only apply to the accrued wages and salary of  
21 government employees and they send it to banks, insurance companies, employers and they use it  
22 to seize the wages and salaries of people to whom the law absolutely does not apply and they get  
23 away it primarily because of the spineless character and the ignorance of the American legal

1 establishment that allows the government to get away with it.

2 **MR. HANSEN:** And because of a misunderstanding? Is it safe to say they also do it  
3 because of a misunderstanding of the jurisdictional aspects of the authority of the income tax which  
4 we said yesterday only applied within the federal property on federal property ceded by the state?

5 **MR. SCHIFF:** Well, they get away with it. I think we are going to get to the fraudulent  
6 character of the notice of levy to begin with because the government leaves off the back of a notice  
7 of levy Paragraph A, and we are going to get to that somewhere along the line. We will show you  
8 how the government fraudulently misleads third parties with the help of their lawyers.

9 **MR. HANSEN:** Moving on. Is it true that the term employee is defined in 26 CFR,  
10 31.2401c, which is employment tax withholding, identifies the following definition of employee.  
11 As we have just referenced earlier in Section 6331, employee is defined as the term includes,  
12 officers, employees whether elected or appointed of the United States, a state, territory, Puerto Rico  
13 or any political subdivision thereof or the District of Columbia or any agency or instrumentality of  
14 any one or more of the foregoing. The term employee also includes an officer of a corporation. Is  
15 that true?

16 **MR. SCHIFF:** Well, even if -- it's probably true.

17 **MR. SCHULZ:** Is that the definition, MR. Schiff, under 2631, 3401?

18 **MR. SCHIFF:** Well, not having that section in front of me, I am assuming that's correct.

19 **MR. SCHULZ:** It's on the screen. That says, MR. Hansen read it.

20 **MR. HANSEN:** That's it. Okay. Question 404. Is it true that the IRS form 668, MR. Turner  
21 is it true that the IRS form 668-A,(c) (DO), is the notice of levy form routinely delivered to private  
22 nongovernmental employers by the IRS to institute distraint against their employees?

23 **MR. TURNER:** Yes, that's true.

1           **MR. SCHULZ:** What is it you're holding?

2           **MR. TURNER:** I am holding form 668-A, notice of levy; it's a little bit old now. I  
3 bootlegged it out of the Service before I left. But it's a blank form and I use it for reference  
4 purposes only, but it is the notice of levy that you are referring to here in this question.

5           **MR. HANSEN:** And is it true that the reverse side of that form 668-A(c) (DO), shows 26  
6 U.S. Code Section 6331, just the section we just referred to, but Paragraph A is conveniently  
7 removed?

8           **MR. TURNER:** Well, we can see on the screen that that is the case. The screen has a copy  
9 of the back-side of the notice of levy and I am looking at an actual notice of levy in my hand, and  
10 yes, the Paragraph A is not on the page. There is only Paragraph B and Paragraph C. I might add  
11 that I never noticed this the entire time that I worked for IRS. I don't know why I didn't notice it,  
12 but a lot of those things didn't get noticed and that's why I was able to stay there for 10 years in  
13 good conscience. When I started looking at various things, to include this, I was absolutely shocked  
14 and first I'm thinking it must be an el mistako, typo on the government printing office or  
15 something. Of course that didn't work. So, then I am trying to make sense of it from a common  
16 sense standpoint point, and it didn't make sense to me as to why the government possibly might  
17 leave this off intentionally until I had a much fuller understanding later in my personal research as  
18 to the truth about the income tax.

19           **MR. SCHULZ:** Why do you think they left it off?

20           **MR. TURNER:** Well, it's only conjecture. I just want to make that clear. I don't know. But  
21 I have heard it said that the, with it on there, it would be confusing to the taxpayers and actually  
22 that might have been a little confusing to taxpayers, but maybe not for the same reason that the  
23 government meant; but actually to me I think it would be more confusing for the government

1 because let's consider this little scenario, if you will, for just a minute. I am a revenue officer and I  
2 have the authority, supposedly; on my own, to put my signature as a revenue officer on the bottom  
3 of this page and send it to a bank certified mail or deliver it in person and that banker or the person,  
4 if it's a wage levy, is supposed to tie up that person's assets, bank deposits or whatever. I just forgot  
5 my train of thought.

6 **MR. SCHULZ:** Why do you think they left it off?

7 **MR. TURNER:** If that banker, if that banker called up the revenue officer who, in this case  
8 me, and said MR. Turner, I just pulled out my copy of Internal Revenue Code, because all bankers  
9 keep the Internal Revenue Code right in their front desk, top of their desk. And look at the back of  
10 these instructions, excerpts from the Internal Revenue Code, it says on the back of this levy, and I  
11 notice MR. Turner, that Paragraph A is missing and I am looking at what it says in the code and I  
12 don't understand because it seems like there is a problem here. Can you explain that to me. One of  
13 my conjectures as to why the government may have left this off is that it would be more confusing  
14 for the employees who are working there in good conscience, doing their jobs, if they don't have  
15 that information and have to have arguments in the office about what this means.

16 **MR. SCHIFF:** Can I address that? It's obvious there's fraud involved here and when the  
17 government has, they have charged people for false advertising, false mail fraud. This is mail fraud.  
18 The government deliberately left off Paragraph A so that the people who get a notice of levy would  
19 not be alerted to the fact that the notice of levy doesn't apply to their employee, doesn't apply to the  
20 assets at issue and the fact is, it wasn't a mistake because I wrote about this in my book, "The  
21 Federal Mafia".

22 I also reproduced the back of form, the notice of levy is Form 668-A. Well, in Form 668-B  
23 which applies to levy, they left off Paragraph A. They included Paragraph A, they didn't leave it

1 off. So the government includes Paragraph A, which describes the notice of levy when it doesn't  
2 apply, and leaves it off the back of a document where it does apply. The point is there is mail fraud  
3 but it gets worse than that. Further on in the back of a notice of levy, it says surrender a property  
4 subject to levy. It doesn't say surrender a property subject to notice of levy. Now, if a person seizes  
5 property, only an IRS agent has property, which has been subject to levy. Levy means to seize. If  
6 an IRS agent seizes property he has to give that property to the government because he seized it.  
7 Further on in the back of a notice of levy they say surrender a property subject to levy. Now, there  
8 is no levy unless there is a notice of seizure given. You'll never give a notice of seizure to a bank or  
9 a third party or employer. Here's what it says: "Any person who fails or refuses to surrender any  
10 property, rights to property, subject to levy upon demand of the secretary shall be liable." So third  
11 parties who get this document believe that if they don't turn over the property, that they are liable  
12 but it doesn't apply to them because you cannot be liable if you fail to turn over a property subject  
13 to a notice of levy. So, in essence here's what the government does. The government sends out  
14 notices of levy and leaves off the back of the document that portion of the law that would alert third  
15 parties that the notice of levy doesn't apply to them, then includes on the back provisions of a law  
16 that can't apply to them at all. This is a fraud. And any IRS agent who sends out a notice of levy  
17 can actually be charged with mail fraud.

18 **MR. HANSEN:** Question 406. Is it true that removal of 6331(a) from the reverse side of  
19 IRS form 668-A(c) could lead private employers who do not employ federal employees to  
20 incorrectly honor a notice of levy?

21 **MR. SCHIFF:** Absolutely. That's what the purpose of -- the purpose of leaving it of is so  
22 that they will be intimidated or mislead into honoring a document that the law says doesn't apply.

23 **MR. HANSEN:** Question 407. Is it true that inclusion of 26 U.S. Code 6331(a) on the

1 reverse side of IRS form 668-A would make it less likely to cause private employers to misinterpret  
2 or misapply the law in processing an IRS notice of levy. The answer was yes?

3 **MR. TURNER:** Yes.

4 **MR. HANSEN:** Question 408. Is it true that the Fourth Amendment requires that all  
5 seizures of property by the U.S. Government must be preceded by service of a warrant upon the  
6 party whose property is to be seized?

7 **MR. SCHIFF:** I will answer that question.

8 **MR. BECRAFT:** I will express my personal opinion. I agree with the statements that is  
9 there, however there is the "Phelps versus the Commissioner" case and a few others of the Supreme  
10 Court that indicate that in reference to the collection of taxes, due process is basically out the  
11 window; that they can seize first and ask questions later.

12 **MR. SCHIFF:** I have a lot of experience in this area.

13 **MR. SCHULZ:** Excuse me. Are you saying that the due process, lower courts, not the U.S.  
14 Supreme Court, but lower courts.

15 **MR. BECRAFT:** Supreme Court.

16 **MR. SCHULZ:** Supreme Court has ruled that there is an exception to the Fourth  
17 Amendment when it comes to taxes?

18 **MR. BECRAFT:** So to speak, yes. "Phelps versus Commissioner." I've them linked over at  
19 my web site. I would like to cover that and I brought this out. But that is, you got some cases back  
20 dating -- what's that 1970 Shapiro, Irwin?

21 **MR. SCHIFF:** If I can expand on that a little bit. First of all, the Constitution clearly says  
22 you can't be deprived of property without due process of law and that means a hearing. There's no  
23 Supreme Court decision that can get around that. Due process means a hearing. It doesn't say with

1 the exception of taxes. Now, the Supreme Court, which is part of the fraud, which will be covered  
2 in my next book, says that the IRS can either proceed administratively or judicially, that's what they  
3 say and that's a fraud, because if they could proceed administratively, then they never have to  
4 proceed judicially. So they have conveniently said that the government -- if the IRS can seize  
5 property without court orders, then any other government agency can do it. The IRS is no different  
6 than is anybody else. In other words, what the Supreme Court has done is thrown into the ash can  
7 the most important aspect of the United States Constitution, which is what separates us from living  
8 under Attila the Hun. Presumably Attila the Hun, if he went through a village and saw something  
9 belonging to a citizen or one of his subjects, he would grab it. But under our Constitution, the  
10 government can't grab it unless, A, they have a court order or a writ of garnishment, which is true  
11 of every state. State law says that you have to have a writ of attachment or a writ of garnishment.  
12 Now, here is what the Supreme Court has done. They have said, number one, you can proceed  
13 administratively. You know why they say that? Because they say it's not efficient for the  
14 government to have to go to court to seize \$2,000. It just doesn't pay. So we'll just go to the bank  
15 and grab it. Now, the whole theory of why they can do this, how can the courts justify the seizing  
16 of property without a hearing? Because they say you will get a postseizure hearing. After we seize  
17 your property, if we seized it illegally, you can go to court and prove you don't owe it. Except the  
18 average person, if it's not feasible for the government to sue somebody for \$2,000, if they take it  
19 illegally, how can the truck driver go into court and say hey, I didn't owe it. So what you have here  
20 is judicial extortion. But you're looking at a fellow right now where the government took over  
21 \$200,000 of my property without a hearing, using notices of levy. And when I sued the government  
22 to get it back, to get that postseizure hearing, the government got a summary judgment. No hearing.  
23 So you are looking at a fellow where the government took over \$200,000 of my money and I never

1 had either a pre-seizure hearing or a postseizure hearing. So the due process clause of the  
2 Constitution is out the window. Read all about it in my next book.

3 **MR. HANSEN:** Question 409. Is it true that the Fourth Amendment requires that the  
4 person who signs or issues the warrant authorizing seizure must be a neutral magistrate as indicated  
5 in the annotated Fourth Amendment? And I quote, "Issuance by Neutral Magistrate: In numerous  
6 cases the court has referred to the necessity that warrants be issued by a judicial officer or a  
7 magistrate. The point of the Fourth Amendment, which often is not grasped by zealous officers, is  
8 not, that it denies law enforcement the support of the usual inferences which reasonable men draw  
9 from evidence. Its protection consists in requiring that those inferences be drawn by a neutral and  
10 detached magistrate instead of being judged by the officer engaged in the often competitive  
11 enterprise of ferreting out crime. Any assumption that evidence sufficient to support a magistrate's  
12 disinterested determination to issue a search warrant will justify the officers in making a search  
13 without a warrant would reduce the Amendment to a nullity and leave the people's homes secure  
14 only in the discretion of police officers. These cases do not mean that only a judge or an official  
15 who is a lawyer may issue warrants, but they do stand for two tests of the validity of the power of  
16 the issuing party to so act. He must be neutral and detached and must be capable of determining  
17 whether probable cause exists for the requested arrest or search. The first test cannot be met when  
18 the issuing party is himself engaged in the law enforcement activities, but the court has not required  
19 that an issuing party have the independence of tenure and guarantee of salary, which characterizes  
20 federal judges. And in passing on the second test, the court has been essentially pragmatic in  
21 assessing whether the issuing party possesses the capacity to determine probable cause." Is that  
22 true, MR. Becraft?

23 **MR. BECRAFT:** I agree. I haven't look at that particular annotation, but I do not see that

1 there's anything erroneous in it. In fact, there is language in this that looks like it was pulled straight  
2 out of the Supreme Court decisions.

3 **MR. HANSEN:** Question 410. Is it true that the IRS routinely seizes property from citizens  
4 without litigating to obtain a warrant from a neutral magistrate?

5 **MR. BECRAFT:** I think we need to let MR. Schiff answer that.

6 **MR. SCHIFF:** Well, under the Constitution due process clause, in every state legislature --  
7 incidentally, the government passed in 1990 the Federal Debt Collection Procedures Act. And  
8 under that act only U.S. marshals can seize property and they need a court order and they need a  
9 writ of garnishment. The reason the Federal Debt Collection Procedures Act was passed, before it  
10 was passed, U.S. attorneys testified that the government had to seize property pursuant to state law.  
11 In every state, the garnishment laws of every state require court orders, writs of garnishment and  
12 writs of attachment.

13 **MR. BECRAFT:** Judgment first.

14 **MR. SCHIFF:** Yeah, some prejudgment remedies, which means that one of the reasons  
15 why they testify they need the Uniform Federal Debt Collection Procedures Act; they said in  
16 Texas, for instance, the state law didn't allow you to garnish wages. So that means before 1990, any  
17 IRS garnishment of wages in the state of Texas was absolutely illegal, because you can see the  
18 hearings which I have and they said prior to 1990, the government could only seize property  
19 pursuant to state law. Incidentally, a lot of my property was seized before 1990. They never had a  
20 court order or writ of garnishment or a writ of attachment.

21 **MR. HANSEN:** Is it true that -- thank you.

22 **MR. TURNER:** Are you still on number 410?

23 **MR. HANSEN:** Yes.

1           **MR. TURNER:** Would you ask me a question or two? Would you ask me to share some  
2 general --

3           **MR. SCHULZ:** The question has been asked, does the IRS routinely seize property from  
4 citizens without first litigating to obtain a warrant from a neutral magistrate?

5           **MR. TURNER:** Yes. If you would, I am going to share with you briefly some experiences  
6 from when I was a revenue officer engaged in this kind of activity. I think we need to understand  
7 that what really happens when a revenue officer fills out the notice of levy and sends it to a bank.  
8 What's really happening here? We get a little piece of paper signed by the revenue officer, it's not  
9 from a court or anybody like that. I simply looked at what the computer showed as currently was  
10 due and owing, filled it out, signed it, put in a mail, certified mail bound. The banker has it. Now,  
11 what he does according to tradition and procedure is put a freeze on that person's bank account.  
12 After 21 days, according to procedures, he sends a check, if there is any funds in that account to the  
13 IRS at the address that I gave him. What has the revenue officer actually, literally done in that  
14 example? The IRS revenue officer, he hasn't gone to the bank, even though MR. Schiff a moment  
15 ago was just speaking in passing, he used the term the IRS comes in to the bank and grabs the  
16 money. What I am saying is that he used the phrase "grabbed the money." My point is the IRS  
17 doesn't physically, literally come in and grab a person's money out of a bank account. What I am  
18 wanting people to focus on here for a moment is that by nothing more than a little piece of paper  
19 signed by a revenue officer, a public servant, not a judge not a whatever; this is an administrative  
20 action. The bank acquiesces and sends the money from that person's account straight to IRS. I as  
21 the officer, I didn't seize anything, in a sense. When I needed to seize a person's automobile, I never  
22 actually took the car myself. But what I did was call a tow company, a private towing company and  
23 contracted with them to, once I issued the paperwork again, the seizure paperwork to the taxpayer

1 or put it on his front door or mailed it to him later, whatever the situation was, I simply contracted  
2 with the towing company to literally back up to the car, hook up to it and tow it away.

3 **MR. SCHULZ:** So, in effect you seized it, but actually the tow company seized it. But in  
4 effect you seized it?

5 **MR. TURNER:** Correct.

6 **MR. HANSEN:** In effect, what you really accomplished was an enforcement action; is that  
7 correct?

8 **MR. TURNER:** Well, we'll talk about that later, but depending on how you want to use the  
9 word enforcement, yes or no. The other thing I wanted to do before I move on is take this to the  
10 next step. In today's climate the IRS cannot seize a person's personal residence without the  
11 signature of a judge. That didn't always used to be the case. There was a time when little old me  
12 revenue officer could make the decision all by myself with maybe the permission of my group  
13 manager to seize the house that somebody lived in it. Fortunately that's escalated to the point you  
14 don't get that done without a judge signing it. My point here again is, I went through the  
15 procedures, filled out the paperwork, left them on the person's front door and it was considered by  
16 the government in effect seized. What happened if the person refused to move out for whatever  
17 reason? The taxpayer put the ball in the IRS, their lap. They put the ball in their lap when they  
18 refused to move out of the house that's been seized. How does the IRS then become forced to get  
19 that person out of that house? They haven't taken possession of that house, have they? The IRS  
20 would then be, the remedy would be the same as any other creditor that must evict a person out of  
21 that piece of property to secure possession of it. So again, the revenue officer never literally seized  
22 it; he usually, most people hand you the key and walk out the door.

23 **MR. SCHIFF:** Can I clarify something, just to clarify this point? Section 6502 of the

1 Internal Revenue Code, this is very important, says the date on which a levy on property or rights  
2 to property is made shall be the date in which notice of seizure provided in Section 6335 is given.  
3 John just pointed out that there is no notice of seizure given to the bank, so no levy made. So when  
4 the bank gets a 6331 form, and it says turn over property subject to levy; no levy has been made, so  
5 people will get letters from the bank saying your funds have been levied upon but no notice of  
6 seizure is given, there's no levy.

7 The banks routinely turn over depositor money pursuant to a fraudulent notice of a levy. I  
8 am just suing the Bank of America right now because they turned over money to pursuant to a  
9 notice of levy, even after I gave the bank a sworn statement that the revenue agent had no  
10 delegation of authority or a pocket commission to get that money by distraint. They turned it over  
11 anyway, so I sued the Bank of America. A month after I sued the Bank they changed their deposit  
12 agreement. They say now if we give your money to the wrong party, you are not going to hold us  
13 liable. It's in their deposit agreement. Page 2, paragraph 5. Bank of America.

14 Everybody should check the deposit agreements in all their banks because they vary. Some  
15 banks say if your funds have been made subject to legal process, others don't. Banks differ.

16 **MR. SCHULZ:** Let me understand this. Somebody makes a deposit, opens up an account  
17 rather, with a Bank of America; unless they read the fine print, they don't realize that they have put  
18 their money in a bank that has told them, there is a condition here, and that is if we give your  
19 money to somebody other than you --

20 **MR. SCHIFF:** Right.

21 **MR. SCHULZ:** -- you can't sue us?

22 **MR. SCHIFF:** That's right. You agree not to sue us. They put that in as of November 1991.  
23 I filed my lawsuit the end of September. Now, some banks in their deposit agreement say if your

1 funds have been made subject to garnishment; some banks say if your funds have been subject to  
2 legal process. The Bank of America says none of that. The Bank of America's agreement says that  
3 if any entity, somebody claims the money in your account, we in our judgment could decide to give  
4 them the money. Now, everybody should check the deposit agreement. Now, incidentally, even if  
5 you have your money in the Bank of America, this is an abuse discretion. If you give the bank, if  
6 anybody gets a notice from the bank, all they have to do is give the bank a sworn affidavit saying  
7 that the agent involved had no pocket commission to seize the money. Had no delegation of  
8 authority from the secretary because remember, Section 6331 only says the secretary can issue a  
9 notice of levy, not an IRS agent. And if they turn over your money without verifying -- we prepare  
10 a letter that they send to the agent asking the agent for his delegation of authority for his pocket  
11 commission and if they turn over the money without getting those documents, you can sue the bank  
12 for triple damages for breach of contract and abuse of discretion.

13 **MR. SCHULZ:** MR. Schiff, you mentioned that the Bank of America made this change in  
14 1991?

15 **MR. SCHIFF:** 2001, I am sorry.

16 **MR. SCHULZ:** They made this change last fall?

17 **MR. SCHIFF:** They made it a month after I sued them.

18 **MR. SCHULZ:** I have a rhetorical question. Why would anybody put their money in Bank  
19 of America?

20 **MR. SCHIFF:** Well, you see, people don't know. Nobody reads these deposit agreements;  
21 at the time I didn't even know it myself. I didn't read the deposit agreement. When I sued them,  
22 they said we complied with our deposit agreement, that's when I read the deposit agreement. But I  
23 said it's still an abusive discretion. I gave them the sworn statements before they turned it over. You

1 have got 21 days, you can go down to the bank and swear that the person who sent the notice of  
2 levy was not authorized to do so. So therefore, they have no legal obligation to turn over the  
3 money.

4 **MR. TURNER:** I would like to add to it. Another thing, let's say there is an asset on the  
5 curb, like an automobile; that's considered a public area. There might be a vehicle behind a fence or  
6 in your garage or somewhere, that would be considered private area. In that instance when the asset  
7 is in a private area, the IRS revenue officer must make a determination as to whether or not he  
8 needs to get a writ of entry from a magistrate. And if he determines that asset, he wants to seize that  
9 vehicle, then he goes to request the magistrate give him a writ of entry. That writ of entry is not any  
10 kind of legal license to seize, although when the revenue officer is requesting the judge's signature,  
11 he explains to the magistrate why he wants this access to a private area. So the judge knows he's  
12 going to seize something and he signs the writ, but all the judge is doing is saying you have  
13 permission to go to this private area and seize this.

14 **MR. SCHULZ:** This is not a notice of seizure?

15 **MR. TURNER:** No.

16 **MR. SCHULZ:** Writ of entry is not a notice of seizure?

17 **MR. TURNER:** No. But just notice that when it's private area, all of a sudden the  
18 Constitution seemed to kick in a little bit there, as opposed to when the vehicle is sitting out on the  
19 curb.

20 **MR. SCHULZ:** The Constitution seems to kick in a little bit; that's like saying you could  
21 be a little bit pregnant?

22 **MR. TURNER:** I was being a little loose there, but obviously to me, the IRS is aware of  
23 when in terms of directing a revenue officer how they work and do their job, they know when in

1 terms of staying out of trouble and keeping their revenue officers out of trouble. They know when  
2 the revenue officer needs to get a judge to sign something and when he can just go and haul it off,  
3 have it hauled off. Also the problem we have with the IRS is obvious, as far as levies, but bigger  
4 still is the problem with banks and employers. When they received these notices of levy, they  
5 simply hand the person's assets over to the IRS without the IRS doing anything other than giving  
6 them a piece of paper. It's the employers and the banks that really need to be brought up to speed  
7 on this.

8 **MR. SCHIFF:** This is intimidation and extortion. Everybody wants to be on the good side  
9 of the IRS. The employer doesn't want to be audited so they use the intimidating power of the IRS.

10 **MR. SCHULZ:** Is it a constructive conspiracy?

11 **MR. SCHIFF:** Absolutely. Let me just read something from the IRS's own revenue guide;  
12 this is very important. "It cannot be emphasized too strongly that constitutional guarantees and  
13 individual's rights must not be violated. Property should not be forcibly removed from the person of  
14 a taxpayer. Such conduct may expose a revenue officer to an action in trespass, assault, and battery  
15 and conversion." What the IRS agent has to do is get you to give up, but if you say I am not going  
16 to give you my car, get away from my car. If you use force -- because he doesn't have a court order.  
17 You have a right to use force. If he uses force to take that vehicle, then you can get him for assault  
18 and battery and trespass. What they do a lot of times, you might have done it, John, a revenue  
19 officer may stop at the police station and there is a sheriff, and say look, I expect some trouble here  
20 with this guy. I have a notice of seizure. The sheriff doesn't know what it is so he accompanies him  
21 down to the house of the guy whose car he wants to seize and rings the doorbell. The man comes to  
22 the door, sees the revenue officer. The revenue officer says I have a notice of seizure for your car.  
23 He sees the cop there. Give me your keys. He figures if he doesn't give him his keys, he's going to

1 get arrested. So now he gives the revenue officer his keys.

2 **MR. SCHULZ:** The law says one thing but yet they are doing something else. Rhetorical  
3 question. Does the IRS dress their windows? Is this window dressing for the IRS?

4 **MR. TURNER:** Do you mean, is there a facade? The reason the IRS is not in a hundred  
5 percent capacity breaking the law here is because they are not literally, physically seizing. They are  
6 going through all the motions with forms that says levy and seizure, but you know if I have seized a  
7 person's business with merchandise inside, I didn't go in there and forcibly -- it was almost in effect  
8 if the taxpayer wasn't there and took off once I had given the seizure paperwork, it's almost like it  
9 was abandoned property, if I had to inventory and control that stuff to ready, to make it ready for  
10 public auction. I mean unless, like MR. Schiff said a minute ago, if the taxpayer had ever come in  
11 when I was in his business premises, touching his property and said out, I would have left  
12 immediately. That would have been having the same effect of preventing me from, force me to take  
13 the next step, which is get some kind of a court order.

14 **MR. SCHIFF:** Court order, that's what they need. As a matter of fact, listen to this from the  
15 IRS's own revenue manual, it says this: "Where a notice of levy is served upon a third party and  
16 there is no response, a final demand is made." Listen to this, "In the event that the final demand is  
17 not responded to, a suit will ordinary be required to reach the property." In other words, if we can't  
18 extort the money with the notice of levy and final demand, well, then we will have to get a court  
19 order. Anybody can take a notice of levy that they get and wad it up and throw it in the ash can, but  
20 they're afraid. Everybody's afraid of the IRS. They're afraid to be audited. The whole thing is  
21 extortion. The laws are okay, but the courts turn -- if you sue, if people sue that the bank didn't  
22 have to turn over their money pursuant to a notice of levy, these suits get routinely dismissed. In  
23 my case it wasn't dismissed because I raised another issue.

1           **MR. HANSEN:** Question 411. Is it true that the Supreme Court said that the persons are  
2 entitled to due process hearing prior to the seizure of property as follows: This is "Bell v. Burson."  
3 The right to a prior hearing has long been recognized by this court, that is the Supreme Court,  
4 under the Fourteenth and Fifth amendments. The court has traditionally insisted that whatever its  
5 form, opportunity for that hearing must be provided before the deprivation at issue takes place.  
6 Close quote.

7           **MR. SCHULZ:** Is that a fair quote from "Bell versus Burson", MR. Becraft?

8           **MR. BECRAFT:** Yes.

9           **MR. HANSEN:** Question 412. Is it true that the due process hearing prior to seizure must  
10 occur at the point where the seizure of property can be prevented as follows: I am quoting now  
11 from "Stanley versus Illinois", another Supreme Court ruling in 1972. "If the right to notice and a  
12 hearing is to serve its full purpose, it is clear that it must be granted at a time when the deprivation  
13 can still be prevented. At a later hearing, an individual's possessions can be returned to him if they  
14 were unfairly or mistakenly taken in the first place. Damages may even be awarded him for  
15 wrongful deprivation but no later hearing and no damage award can undo the fact that the arbitrary  
16 taking that was subject to the right of due process has already occurred. This court has not  
17 embraced the general proposition that a wrong may be done if it can be undone."

18           **MR. SCHULZ:** MR. Becraft, is that accurate?

19           **MR. BECRAFT:** Yes, it is.

20           **MR. HANSEN:** Question 413. Is it true that 26 U.S. Code 7805(a) authorizes and  
21 empowers the Secretary of the Treasury as follows: Paragraph A, authorization. "Except where  
22 such authority is expressly given by this title to any person other than an officer or employee of the  
23 treasury department, the secretary shall prescribe all needful rules and regulations for the

1 enforcement of this title, including all rules and regulations as may be necessary by reason of any  
2 alteration of law in relation to Internal Revenue."

3 **MR. BECRAFT:** I agree.

4 **MR. SCHIFF:** Can I make a comment here? The only regulations that have the force and  
5 effect of law, the three kinds of regulations: interpretive, legislative and procedural. Only  
6 legislative regulations have the force and effect of law; of course the public doesn't know that.  
7 They'll show them a regulation. There are no regulations that have the force and effect of law  
8 involving income tax.

9 **MR. HANSEN:** We are getting to that. Question 414. Admit that there are no  
10 implementing regulations applicable to Part 1 of Title 26 of the Code of Federal Regulations which  
11 authorizes assessment of a tax imposed under 26 U.S. Code Section 1 or 26 U.S. Code, Section 871  
12 by other than the taxpayer filling out the form.

13 **MR. SCHIFF:** That would be correct.

14 **MR. HANSEN:** Would that imply that all income taxes have to be voluntary?

15 **MR. SCHIFF:** Absolutely. If you do not file a return saying you owe a tax, then you fall  
16 outside all of the laws of the Internal Revenue Code.

17 **MR. HANSEN:** Question 415. Is it true that there are no implementing regulations  
18 applicable to Part 1 of Title 26 of the Code of Federal Regulations which require record keeping for  
19 the tax imposed under 26 U.S. Code, Section 1, or 26 U.S. Code 871 by other than the taxpayer  
20 filling out the form?

21 **MR. SCHIFF:** There is no provision in the law requiring anybody to keep books and  
22 records for income tax purposes; as, for example, I will just give you an example. This is records;  
23 distillers, every wholesaler, dealer in liquors who sells distilled spirits to others shall keep a daily

1 record. There is nothing in this Internal Revenue Code that says anyone that has income shall keep  
2 a record of his income. Yet there are people who have garages -- they can't even put their car in the  
3 garage because they have all their tax records and there is no law that says that they got to maintain  
4 a sheet of paper. I was given a summons two or three years ago to turn over all my books and  
5 records to the IRS. I didn't give them a piece of paper and nothing has happened to me. They have  
6 no authority to summon your books and records. There's no law requiring you keep books and  
7 records.

8 **MR. HANSEN:** Question 416. Thank you. Is it true that there are no implementing  
9 regulations applicable to Part 1 of Title 26 of the Code of Federal Regulations which authorizes  
10 IRS collection of the tax imposed under 26 U.S. Code Section 1 or 26 U.S. Code Section 871?  
11 Question 416.

12 **MR. SCHIFF:** Yeah, absolutely. There is no -- the laws are fine. The laws and regulations  
13 are fine. It's just that the courts and the lawyers intimidate the public into thinking there are such  
14 regulations.

15 **MR. HANSEN:** Question 417. Is it true that there are no implementing regulations  
16 applicable to Part 1 of Title 26 of the Code of Federal Regulations which authorize imposition by  
17 the government of penalties or interest for nonpayment of tax imposed under Title 26, Section 1 or  
18 Section 871?

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

20 **MR. HANSEN:** Would that imply then that if we filed a return indicating, a zero return, for  
21 instance, indicating as you advocate, indicating that we are not responsible or not liable for a tax;  
22 that if the IRS assesses a \$500 frivolous return penalty, they are doing it without authority?

23 **MR. SCHIFF:** Absolutely. There's no IRS agent who is authorized to impose a penalty,

1 because if the IRS could impose a penalty without a hearing, then any other government agency  
2 can do it, and if they can impose a penalty without a hearing for \$500, they could do it for a  
3 thousand or 1500 or 2,000. The whole thing is based on fraud, extortion, intimidation and  
4 ignorance.

5 **MR. HANSEN:** So this would then appear, once again, to point to the fact that filing of  
6 Subtitle A income taxes is a volunteer act, because if they could penalize you, it wouldn't be  
7 voluntary, would it?

8 **MR. SCHIFF:** Absolutely.

9 **MR. TURNER:** Comment? Going back to question 416; it's certainly not limited to 416  
10 but it brought it to my mind. Revenue officers and revenue agents; the revenue officers are  
11 collectors; they want the delinquent money paid and tax returns that haven't been filed, filed.  
12 Revenue agents are auditors and they, essentially, look at tax returns that might need to have some  
13 adjustments made. They look for corrections that might need to be made. Those people are given  
14 credentials and the IRS, Internal Revenue Manual actually calls it, describes that credential as a  
15 pocket commission. Those pocket commissions are what IRS gives to the civil people, the civil  
16 agents, revenue agents and revenue officers in particular. Now, those people when they go out and  
17 call on the public, third parties, banks, taxpayers for sure, they present that to that party to identify  
18 themselves as the person that is from IRS to investigate this tax matter. If you look in the Internal  
19 Revenue Manual, you will see about pocket commissions being described that the two agents,  
20 revenue agents and revenue officers, among others, have been issued nonenforcement pocket  
21 commissions. Now, the manual is very clear on showing that the criteria on the actual pocket  
22 commissions that are issued to these types of agents, which I was one. There is a letter "A" next to  
23 the serial number there, which designated to mean a nonenforcement pocket commission.

1           **MR. HANSEN:** Would that be administrative, then, A?

2           **MR. TURNER:** I don't know what it means. You can surmise that, I guess, but I don't  
3 actually know. There are also in the same manual Part 1 of the manual online, a description of the  
4 enforcement pocket commission. Now,

5           **MR. BANISTER:**, who used to be a criminal agent, special agent; he was issued the kind of  
6 pocket commission that had the letter designation E, and I would presume that means enforcement.  
7 So, this could be a little confusing for people, but you've got the special agent who investigates  
8 ostensibly only violations of a criminal nature, who of the two, of the three agents, special agents,  
9 revenue officers and revenue agents, he is the only one that has the enforcement pocket  
10 commission. Special agents do not make seizures of assets for payment at the civil level of taxes,  
11 delinquent taxes. They seize assets when they have witnessed a crime being made. They can seize -  
12 - they, as

13           **MR. BANISTER:** brought out, he makes seizures of forfeited type assets for illegal drug  
14 activity.

15           **MR. SCHIFF:** Contraband.

16           **MR. TURNER:** So you've got the special agents with the enforcement pocket commissions  
17 and a slew of civil law enforcement agents, who have the nonenforcement commissions and I  
18 submit to you that the reason IRS has chosen, properly so, to give the revenue officers and the  
19 revenue agents the nonenforcement commissions is because they truly don't have enforcement  
20 authority, not in the literal sense, as we talked about earlier. I didn't ever actually physically seize  
21 assets.

22           **MR. HANSEN:** And MR. Becraft, is it true that in the absence of implementing regulations  
23 to authorize enforcement activity, which would include assessment or collection or seizure, that the

1 IRS then would have no authority, no lawful authority to carry out those activities?

2 **MR. BECRAFT:** Well, there is a lot of talk about implementing regulations. I think it's  
3 been misconstrued in the movement. Certain people have advocated certain arguments that I think  
4 are not valid regarding the implementing regulations issues. Certain statutes require regulations,  
5 others do not. You have to take a look at the statute itself or the overall statutory scheme by which  
6 one section of the law might be a part. You have to make a determination as to whether or not there  
7 is rule-making authority granted; and if there is rule-making authority granted, then how effective  
8 is the statutory scheme in the absence of regulations? But the mere fact that you can't go through  
9 the code and see, well you know, the position everything is in the code, there should be a  
10 corresponding regulation is not valid. Because there are provisions in the code that stand on their  
11 own without the necessity of any implementing regulations.

12 **MR. SCHULZ:** MR. Turner, is it true that we have -- is it your testimony that we have  
13 revenue nonenforcement personnel all across America enforcing the code?

14 **MR. TURNER:** Well yes, they are enforcing the code.

15 **MR. SCHULZ:** I mean enforcing their, performing the functions normally reserved for  
16 CID agents?

17 **MR. TURNER:** No, I would not say that. What I would say is that the nonenforcement  
18 holders, the holders of nonenforcement pocket commissions are literally, they are not in the  
19 constitutional sense of seizure, they are not seizing so therefore, they are -- it's a charade.

20 **MR. SCHULZ:** But they are in effect seizing assets?

21 **MR. TURNER:** They are in effect, definitely; that's why everybody is afraid.

22 **MR. SCHULZ:** And if I am at home and an IRS agent appears with a tow truck operator at  
23 my home and they want to make my automobile, if I ask for credentials, the tow truck operator

1 looks to you, the revenue agent, so you flash your pocket commission and it's a nonenforcement  
2 pocket commission, in effect he has flashed a fake badge?

3 **MR. TURNER:** No, it's not a fake badge because it does authorize him to investigate tax  
4 matters, but it's not --

5 **MR. SCHULZ:** But he's there seizing your property?

6 **MR. TURNER:** Well, he's not really seizing it; he is there trying to coerce you into giving  
7 him the car.

8 **MR. SCHULZ:** In other words, you're saying it's kind of like what the definition of the  
9 word "is" is?

10 **MR. TURNER:** Did you have to bring that up, MR. Schulz?

11 **MR. HANSEN:** As I did not have sex with that woman?

12 **MR. TURNER:** Seriously, that scenario where you're at a front door and you're greeting  
13 the taxpayer and you're identifying yourself with your commission; all you're basically saying is  
14 that I am a revenue officer with Internal Revenue Service and I am here to talk to you about a  
15 federal tax matter.

16 **MR. SCHIFF:** Bob, let me say this: If you know the difference between enforcement and  
17 non-enforcement pocket commission. I didn't know this as late as six months ago. I didn't know  
18 there were two different kinds of pocket commissions, but now I know. So, if anybody shows up to  
19 seize your car, you say let me see your pocket commission. If he shows you a pocket commission  
20 with an A following the serial number, you say this is not an enforcement commission. Get the  
21 heck off my property or I am going to have you arrested for trespassing. You just kick him off your  
22 property. He doesn't have a court order. But I just want to clarify something that Larry said a little  
23 ago. There are three code sections mentioned in the Property Act that the government directs your

1 attention to, specifically Section 6001, 6011 and 6012. You're supposed to go to those code  
2 sections because those are the only code sections mentioned in the Property Act. Now, here's what  
3 6011 says: When required by regulations prescribed by the secretary, the law tells you to comply  
4 with regulations, it doesn't say when required by statutes and regulations. It says when required by  
5 regulation? It doesn't say you got to comply with letters from IRS. Let me see the regulation that  
6 I'm required to comply with. Incidentally, Section 6001 says, Whenever in the judgment of the  
7 secretary, he may require a person -- shall keep records -- can issue such rulings and regulations as  
8 the secretary may from time to time prescribe. So the statute tells you to comply with regulations.  
9 It's amazing it doesn't say comply with statutes and regulations. Now, just point out to Larry, there  
10 is some statutes that have a regulation in 27 CFR; well, if they have a regulation in 27 CFR, they  
11 should have a regulation in 26 CFR. Now, suppose they have a regulation that's legislative showing  
12 a statute in 27 CFR, with deals with liquor, tobacco and firearms, but they don't have a comparable  
13 legislative regulation applying to income tax. So, there are significant differences between  
14 regulations, which the public has absolutely no knowledge of.

15 **MR. SCHULZ:** Thank you, MR. Schiff. MR. Becraft, could you relinquish your chair to  
16 MR. BANISTER, please?

17 **MR. BECRAFT:** Sure. Yes.

18 **MR. BANISTER:** MR. Schulz, I wanted to share a personal experience to emphasize  
19 what's been said here, just as additional evidence that might give people a moment to ponder. I was  
20 part of defensive tactics firearms instruction in the central California district. And one of the things  
21 that we would train about was something called an armed escort. An armed escort was where  
22 special agents, the ones that carry the 9-millimeter handguns would accompany someone like MR.  
23 Turner as they went out to take a vehicle or see that a vehicle might be taken. And our training, I

1 can't vouch for what happens today, but in our training as late as 1998, special agents, the ones  
2 when the guns and the shotguns and the handguns, and the handcuffs and the bulletproof vests and  
3 the pepper spray, we were told that if someone resists or says don't take my car, we were instructed  
4 to leave. That's what we were instructed to teach our trainees was to turn around and leave. So I  
5 found that to be --

6 **MR. SCHULZ:** Sounds like 98 percent of what your colleagues are doing a bluff.

7 **MR. BANISTER:** It is. Thank you.

8 **MR. SCHIFF:** But Bob, what is important is that this bluff is protected by the U.S.  
9 Department of Justice who knows it's bluff and the courts. They are backed up, the bluff is backed  
10 up by the courts and of course all accountants and lawyers all over the country will say yeah, they  
11 can do it.

12 **MR. SCHULZ:** Because the judges are intimidated.

13 **MR. SCHIFF:** Yeah, they're all on the same team.

14 **MR. SCHULZ:** Ms. Jackson, I remind you you're still under oath. Did you have something  
15 that you wanted to add to this line of inquiry?

16 **MS. JACKSON:** I was able to keep a copy of my pocket commission and I have it here. I  
17 was an Internal Revenue agent. I was the one that went out and assessed the individual's with the  
18 taxes. I didn't necessarily have to collect it but I would ask them for a check at the end of the day  
19 and if they decided to give me a check, I would collect that check. And this pocket commission  
20 says my name and then whose signature and picture appear above is duly commissioned as Internal  
21 Revenue agent, and has authority to perform all duties conferred upon such officers under all laws  
22 and regulations administered by the Internal Revenue Service including the authority to investigate  
23 and to require and receive information as to all matters relating to such laws and regulations. And it

1 does have an A at the end which means it was non- enforceable. So the Internal Revenue Service  
2 had me out there on the line with no authority and that is so wrong.

3 **MR. SCHULZ:** Thank you very much panel. Let's see, Victoria Osborn.

4 **MR. SCHIFF:** If I can just summarize here for a moment; it's important to know that IRS  
5 agents have no more authority than a clerk working at the department of education. An everything  
6 they do is based upon extortion and fear and, you know, engineered by the government  
7 deliberately.

8 **MR. SCHULZ:** As spelled out in your books?  
9