

Jurisdiction

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MR. SCHULZ: The next line of inquiry will have to do with the jurisdiction of the IRS.

And the jurisdiction of Congress to legislate an income tax within the confines of the 50 states. I would call Larry Becraft to return to the table and I would ask Bill Benson and John Turner if they would come up as well.

MR. HANSEN: For the benefit of our viewers at home, we would like to remind you that it is our best intention to announce the question numbers prior to asking the questions so that you can follow along as you see the evidence at home.

MR. SCHULZ: At this point I must also offer an explanation. When we prepared the questions -- during the negotiations with Department of Justice and the IRS last summer, we agreed that we would provide the list of questions about a week to two prior to the event, which at that time was scheduled for September 25th and 26th. Following Congressman Bartlett's announcement on January 17th, about a week later, maybe January 27th -- in any event, on January 22nd I responded to Congressman Bartlett. And that response is on our web site at Give Me Liberty.Org -- I guess I'll plug the web site. As part of that response I went to Washington and personally delivered the letter to his office. And attached to the letter were some 299 questions which we said were our preliminary questions. We admitted we were weeks early in providing these questions to DOJ and IRS. We had hoped against hope that they would look at the questions and they might decide to attend. That didn't happen. Since then, of course, we've continued to prepare our questions and we now have -- I haven't counted them but maybe 100, 200 more, in addition. And we had those numbered 1 through 400 something. But in preparing for this event we decided to shuffle -- reshuffle the subject matter, the lines of inquiry and we just ran out of time to renumber

1 all the questions. So that's why you're finding that the questions are not in order. The question
2 numbers are not in the order that we're normally used to seeing question numbers. And with that I
3 would remind MR. Becraft and MR. Turner that you're still under oath. And when MR. Benson
4 returns we'll ask MR. Benson to take the oath. With this line of questioning, line of inquiry, we
5 intend to, and we will prove, that Congress lacks the authority to legislate an income tax on the
6 people except in the District of Columbia, the U.S. Territories and in those geographic areas within
7 any of the 50 states where those states have specifically authorized it in writing. MR. Hansen,
8 would you proceed.

9 **MR. HANSEN:** Yes, Sir. Question 33. Is it true that at Section 7608(a) of the Internal
10 Revenue Code Congress set forth the authority of Internal Revenue officers with respect to
11 enforcement of Subtitle E and other laws pertaining to liquor, tobacco and firearms?

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

13 **MR. HANSEN:** Question 34. Is it true that at Section 7608(b) of the Internal Revenue
14 Code Congress set forth the authority of Internal Revenue officers with respect to enforcement of
15 laws relating to Internal Revenue other than Subtitle E?

16 **MR. TURNER:** Yes, I'm familiar with that.

17 **MR. HANSEN:** Question 34(a). Is it true that the only persons authorized to enforce
18 Subtitle A are special agents and investigators under Internal Revenue Code Section 7608(a)?

19 **MR. BECRAFT:** Well, that's a new question that's been added. May I ask the questioner to
20 repeat the question?

21 **MR. HANSEN:** Is it true that the only persons authorized to enforce Subtitle A are special
22 agents and investigators?

23 **MR. BECRAFT:** Pursuant to 7608(b), correct.

1 **MR. HANSEN:** Question 35. Is it true that the term person as that term is used in the
2 Internal Revenue Code Section 6001 and 6011 is defined in Section 7701(a)(1)?

3 **MR. TURNER:** I agree.

4 **MR. HANSEN:** Question 36. Is it true that the Internal Revenue Code 7701(a)(1) states the
5 term person shall be construed to mean and include an individual, a trust, estate, partnership,
6 association, company or corporation?

7 **MR. TURNER:** It is so.

8 **MR. HANSEN:** Question 37. Is it true that trusts, estates, partnerships, associations,
9 companies and corporations do not have arms and legs, do not get married, do not eat, drink and
10 sleep and are not otherwise included in what one not trained in the law would recognize as a
11 person?

12 **MR. TURNER:** I think I could get away with the affirmative for that, yes.

13 **MR. HANSEN:** Is it true that the Internal Revenue Code Section 6012(a) states in
14 subparagraph A General Rule. Returns with respect to income taxes under Subtitle A shall be made
15 by the following: Subparagraph (1)(A) every individual having for the taxable year gross income
16 which equals or exceeds the exemption amount or more?

17 **MR. TURNER:** Yes, I agree.

18 **MR. HANSEN:** Question 39. Is it true that Internal Revenue Code Section 1 imposes a tax
19 on the taxable income of certain persons who are individuals and estates and trusts?

20 **MR. TURNER:** Yes, it does.

21 **MR. HANSEN:** Question 40. Is it true that the individual mentioned in Internal Revenue
22 Code Section 6012 is the same individual as mentioned in Internal Revenue Code Section 1?

23 **MR. TURNER:** Yes, I would say that it does.

1 **MR. HANSEN:** Question 41. Is it true that the individual mentioned by Congress in
2 Internal Revenue Code Section 6012 and Internal Revenue Code Section 1 is not defined anywhere
3 in the Internal Revenue Code?

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

5 **MR. HANSEN:** Question 42. Is it true that the regulations under Section 1 of the Code
6 specifically 1.1-1 is the Treasury Regulation that corresponds to Internal Revenue Code Section 1?

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

8 **MR. HANSEN:** Question 43. Is it true that that regulation in subparagraph (a)(1), the
9 individuals identified at Section 1 of the Internal Revenue Code are those individuals who are
10 either citizens of the United States, residents of the United States or nonresident aliens?

11 **MR. TURNER:** That's what it says.

12 **MR. SCHULZ:** MR. Turner and MR. Becraft, when you answer the questions, I'm
13 advised to tell you do not lean forward to the microphone because these are remote cameras that are
14 focused on you and when you lean forward you go out of view of the folks at home. So it's not
15 necessary. The sound is being picked up quite accurately. You can just lean back and relax.

16 **MR. TURNER:** Can I also kick off my shoes?

17 **MR. SCHULZ:** No, that won't be necessary, thanks.

18 **MR. HANSEN:** Question 44. Is it true that residents and citizens identified in 26 C.F.R.
19 1.1-1(a)(1) are mutually exclusive classes?

20 **MR. TURNER:** It is true.

21 **MR. HANSEN:** Question 45. Is it true that as used in 26 C.F.R. 1.1-1 the term resident
22 means an alien?

23 **MR. TURNER:** Yes.

1 **MR. BECRAFT:** I agree.

2 **MR. HANSEN:** Question 46. Is it true that 26 C.F.R. 1.1-1(c) states that every person born
3 or naturalized in the United States and subject to its jurisdiction is a citizen?

4 **MR. TURNER:** Yes.

5 **MR. HANSEN:** Question 47. Is it true that a person who is born or naturalized in the
6 United States but not subject to its jurisdiction is not a citizen within the meaning of 26 C.F.R. 1.1-
7 1?

8 **MR. TURNER:** I agree.

9 **MR. BECRAFT:** Perfectly logical.

10 **MR. HANSEN:** Question 48. Is it true that on April 21st, 1988, in the United States
11 District Court, Southern District of Indiana, Evansville Division, in the case of "United States v.
12 James I. Hall," case number EV 87-20-CR, IRS Revenue Officer Patricia A. Schaffner, testified
13 under penalties of perjury that the terms subject to its jurisdiction as used in 26 C.F.R. 1.1-1(c)
14 meant being subject to the laws of the country and that meant the legislative jurisdiction of the
15 United States?

16 **MR. SCHULZ:** MR. Becraft?

17 **MR. BECRAFT:** That's true. And I think the audience really needs to see the exhibit that
18 goes with that.

19 **MR. SCHULZ:** Are we able to pull up -- the basis of your response -- affirmative response,
20 Mr. Becraft, is?

21 **MR. BECRAFT:** In MR. Dickstein's book he included that transcript of that trial. I wasn't
22 there at that trial.

23 **MR. SCHULZ:** What was the name of that book?

1 **MR. BECRAFT:** "Judicial Tyranny."
2 **MR. SCHULZ:** The full name?
3 **MR. BECRAFT:** Yes.
4 **MR. SCHULZ:** Not "Judicial Tyranny and Your Income Tax"?
5 **MR. BECRAFT:** Yeah, that's the full title.
6 **MR. SCHULZ:** Okay. And does he include in his book as an appendix the transcript? A
7 portion of the transcript of that trial?
8 **MR. BECRAFT:** It's a portion, that's correct.
9 **MR. SCHULZ:** And does the transcript include the testimony of –
10 **MR. BECRAFT:** Patricia Schaffner?
11 **MR. SCHULZ:** Yes.
12 **MR. BECRAFT:** Yes.
13 **MR. SCHULZ:** And Patricia Schaffner was an IRS Revenue officer?
14 **MR. BECRAFT:** That's what the transcript reveals. It may be difficult to pull up because I
15 think that's a PDF file.
16 **MR. SCHULZ:** It's a large PDF file taking time to download. All right. Let's proceed.
17 **MR. HANSEN:** Question 49.
18 **MR. SCHULZ:** Just a second. MR. Benson, would you remain standing for a moment and
19 would you take the Bible, please. And do you swear to tell the truth, the whole truth and nothing
20 but the truth so help you God?
21 **MR. BENSON:** Yes, I do.
22 **MR. SCHULZ:** Thank you, MR. Benson. We'll continue then.
23 **MR. HANSEN:** Question 49. Is it true that in the same case Patricia A. Schaffner testified

1 under oath the term subject to its jurisdiction could have no other meaning than to



1 legislative jurisdiction of the United States?

2 **MR. BECRAFT:** That's what the transcript shows.

3 **MR. HANSEN:** Question 50. Is it true that when Patricia A. Schaffner was asked to tell the
4 jury what facts made MR. Hall subject to the legislative jurisdiction of the United States the
5 prosecutor, Assistant United States Attorney Larry Mackey, objected and the court sustained the
6 objection?

7 **MR. BECRAFT:** True.

8 **MR. HANSEN:** Question 51. Is it true that the Internal Revenue Service is never required
9 by the federal courts to provide facts to establish --

10 **MR. SCHULZ:** To prove facts.

11 **MR. HANSEN:** Never required by the federal courts to prove facts to establish whether
12 one is subject to the jurisdiction of the United States?

13 **MR. BECRAFT:** That's true and they don't even consider that point to be an element of the
14 crime.

15 **MR. HANSEN:** Question 52. Is it true that the United States Department of Justice and the
16 United States attorneys and their assistants always object when an alleged taxpayer demands that
17 the government prove that they are subject to the jurisdiction of the United States and the federal
18 courts always sustain those objections, which means that the federal courts routinely prohibit the
19 introduction of potentially exculpatory evidence in tax crime trials?

20 **MR. BENSON:** That's very true. I've been a subject of that several times.

21 **MR. SCHULZ:** MR. Becraft?

22 **MR. BECRAFT:** You know, I never liked in this question "always." I would add this: In
23 my experience that's proven to be true, but I can't say always.

1 **MR. SCHULZ:** Because you don't have an endless list of clients that you're representing in
2 court. Thank you. I would like to return, MR. Becraft, to question 49. Would you define what
3 legislative jurisdiction means as Patricia Schaffner -- in the sense that she was using it. Just define
4 the term legislative jurisdiction. What does that mean to you?

5 **MR. BECRAFT:** Well, under the United States Constitution there's a provision, Article 1,
6 Section 8 lists -- enumerates the various powers of Congress. There are 16 really dispositive
7 powers. But when you get down to the very last one, Article 1, Section 8, Clause 17, you'll find the
8 words to the effect that Congress will have the authority over forts, magazines, arsenals, stockyards
9 and other needful buildings.

10 **MR. SCHULZ:** Would you go over that slowly. Just repeat what you said but just more
11 slowly.

12 **MR. BECRAFT:** Article 1, Section 8, Clause 17, which I have studied in great detail --

13 **MR. SCHULZ:** Would you read from this version of the Constitution, please.

14 **MR. BECRAFT:** If you could throw it to me, please. Thank you, MR. Schulz. Article 1,
15 Section 8, Clause 17 provides as follows or reads as follows: "To exercise exclusive legislation in
16 all cases whatsoever over such district not exceeding 10 miles square as may by section of
17 particular states with the exception of Congress become the seat of the government of the United
18 States. And to exercise like authority over all places purchased by the Legislature or the state in
19 which the same shall be for the erection of forts, magazines, arsenals, stockyards and other needful
20 buildings." Now, that's the provision of the Constitution that we are mentioning right now. Now
21 when I was -- back in the mid-80s I was doing a lot of study in this particular field and we ran
22 across a government report and I saw some cases and they referenced this report and I asked
23 somebody to get the book for me. Eventually the book was obtained. It was hard at the time to find

1 it. However, MR. Benson went so far as to accurately reproduce the book and he was selling it. I
2 thought it was a better copy than the original. But this government report dealt with this entire
3 subject matter of the jurisdiction of Uncle Sam. It was -- the report took several years to compile,
4 the government asked for and received the participation of I think every Attorney General of every
5 state. And an extensive amount of work went into the compilation and the drafting and writing of
6 these two works. And MR. Benson has also republished those books. And that's what he went up to
7 his room to get a moment ago.

8 **MR. SCHULZ:** And the title of that report?

9 **MR. BENSON:** The title of that report, MR. Schulz, is entitled "Jurisdiction over federal
10 areas within the states." As the report of interdepartmental committee for the study of jurisdiction
11 over federal areas within the state. And it was not only -- there are two volumes of this work. The
12 two volumes were all written by the agencies of federal government. Every agency, including the
13 Internal Revenue Service. So every agency was involved in the authoring of these two books. It
14 wasn't MR. Becraft, it wasn't Joe Banister, it wasn't mine, it was the federal government that wrote
15 these books in June of 1957. One of the most interesting things that I found in this book, besides
16 many others, is there was a murder case and the case was tried without the federal government
17 having jurisdiction, state government having jurisdiction because of what they did. And they said
18 the absence of jurisdiction in a state or in the federal government over a criminal act occurring in
19 an area as to which only the other of these governments has legislative jurisdiction is demonstrated
20 by the case of "United States v. Tully, 140 federal at 899 CCD and Montana." And it was a case in
21 1905 and it says that Tully had been convicted by a state court in Montana of first degree murder
22 and sentenced to be hanged. The Supreme Court of the state reversed the conviction on the ground
23 that the homicide had occurred on a military reservation over which exclusive legislative

1 jurisdiction was vested in the federal government. The defendant was properly indicted in the
2 federal court but went free as a result of a finding that the federal government did not have
3 legislative jurisdiction over the particular land on which a homicide had occurred. The federal
4 Court said -- and I've always been intrigued by what this federal judge had to say. "It is unfortunate
5 that a murderer should go unwhipped of justice, but it would be yet more unfortunate if any court
6 should assume to try one charged with the crime without jurisdiction over the offense." And I
7 found that extremely interesting. And there is another case that I really went into as jurisdictional
8 situations because I live 22 miles from the federal building in Chicago and I do a lot of work there
9 in the research libraries and I got next to one of the attorneys at a building -- at one of the
10 government buildings. There are two of them. One is at 630 and one is at 622. Where the
11 government officials are housed, the federal government does have legislative jurisdiction --
12 exclusive legislative jurisdiction. In other words, if any crime of any sort is committed in that
13 building the federal government may charge the individual and try them. Now, across the street
14 where the judges are housed if there is a crime that is committed in that building, as there was in
15 about 10 years ago, there was an individual that was disturbed with a judge and he held the Court's
16 personnel at hostage with a pistol. The court police tried to come to the rescue of everyone but this
17 individual knew all about legislative jurisdiction. He said you can't come near me because you
18 don't have jurisdiction over this building. That judge can't do anything to me and you, as a federal
19 officer, can't touch me in this building.

20 **MR. HANSEN:** MR. Benson, I've got a question for you. Was that a tax trial that he was
21 upset with when he threatened the judge?

22 **MR. BENSON:** That's correct. But what he had to do was to call the Chicago Police
23 Department into the federal building to then arrest the individual, not the federal government. So

1 the federal government could do nothing.

2 **MR. SCHULZ:** MR. Benson, I was remiss. Could you, for the record, tell us where you
3 live and what your profession has been and what you're doing now.

4 **MR. BENSON:** I live in South Holland, Illinois, and I've lived there for -- in that area for --
5 I'm 74 years old now, the 30th of March I'll be 75. I've lived in that area all of my life. I was a
6 former investigator for the Criminal Investigation Division for the Illinois Department of Revenue.
7 Uncovered a great deal of corruption within that department.

8 **MR. BECRAFT:** No.

9 **MR. BENSON:** Yeah, a whole lot. And because of that I was fired by the director of the
10 Internal Revenue Service. He said, "Bill, if you don't remain silent and take the money like
11 everyone else does," he said, "I'm going to fire you."

12 **MR. SCHULZ:** Did you mean the Internal Revenue Service or the Illinois department --

13 **MR. BENSON:** Yes, thank you. So I said if you fire me I will sue you. And I love to sue
14 the federal government and state government also. I think everybody knows that. And, of course, I
15 did that. We both kept our word. Six and a half years later -- if you think it's easy to go into court
16 and win a case -- six and one half years later we had a five and a half week jury trial and that jury
17 found in my favor because the State of Illinois had violated my First Amendment right. They had
18 awarded me \$353,000 and they awarded the attorneys, Mr. Becraft, \$3,000 I believe it was.
19 Because they didn't know how to set attorney fees. And I know there's been a lot of people that
20 have said at least to me and to a few other people that that never happen. Well, yes, it did, because I
21 have the documents -- I have the order from the jury awarding the amount of money. MR. Becraft,
22 would you read that, please.

23 **MR. BECRAFT:** MR. Benson has handed me an obvious pleading in the case filed in the

1 United States District Court from the Northern District of Illinois, Eastern Division now known as
2 downtown Chicago, William J. Benson against Robert Alvin who I know is a party that at one time
3 was the head of the IDOR. And this document that I'm looking at right now is -- it bears six
4 signatures on it, which is obviously a civil jury. It bears a stamp up here of -- I can't read the whole
5 thing. The 1983 stamp filed in court. But the substance of the document says "We the Jury
6 unanimously find for the plaintiff against the defendant on plaintiff's claim that he was discharged
7 in retaliation for his exercise of First Amendment rights and assess the plaintiff's damages in the
8 sum of \$350,000." It looks like June A. Friend, Charles Lachauski and Danny Ryan, Fay Beller,
9 Jerry Placios, M.S. Howe (phonetic) or something like that.

10 **MR. SCHULZ:** MR. Becraft, thank you.

11 **MR. BENSON:** The foreman of that jury was a black lady who worked for the Federal
12 Postal Service. She was the one that was instrumental to seeing to it that justice was done in my
13 favor. MR. Becraft, I would like you to read what was done with the attorney fees.

14 **MR. SCHULZ:** Is that necessary?

15 **MR. BENSON:** Yes, it is. It is necessary if you want to get into jurisdiction. Get into these
16 things. It is all necessary.

17 **MR. SCHULZ:** All right.

18 **MR. BECRAFT:** Well, this document says the jury assessed damages for attorney's fees in
19 the sum of \$3,000. "Verdict in favor of the plaintiff against the defendant on the claim that he was
20 discharged in retaliation for his exercise of his First Amendment rights." It says damage in the sum
21 of \$350,000. Trial date is jury discharged

1 under Rule 58(j).

2 **MR. SCHULZ:** Thank you. So it did happen?

3 **MR. BENSON:** Yes, it is true. Whenever you deal with the federal government I've learned
4 one thing for sure, you better have the document. Because as MR. Becraft knows, the document
5 speaks for itself. That's what the federal judges tell us when we go into court. The document speaks
6 for itself.

7 **MR. SCHULZ:** So you're leading up to something.

8 **MR. BENSON:** Yes. When you had the last meeting and we were before the IRS building,
9 I challenged Commissioner Rosetti come and get me. Indict me. Let us find out once and for all
10 who is right, you or I. Is the Sixteenth Amendment to the United States Constitution law or is it
11 not? I have 17,000 certified notarized documents to prove that it is not. And MR. Rosetti can sit
12 next to me, like MR. Becraft is, and go through all 17,000, that will be fine. And with that, the next
13 question.

14 **MR. SCHULZ:** Thank you.

15 **MR. HANSEN:** Question 52(a). Is it true that the IRS has been directed to maintain a
16 system of financial records on all federal judges, all IRS Criminal Investigation Division Special
17 Agents, and all U.S. Attorneys, which records cannot be accessed by the subjects under the FOIA
18 or Privacy Act?

19 **MR. SCHULZ:** FOIA meaning?

20 **MR. HANSEN:** Freedom of Information Act.

21 **MR. SCHULZ:** Is that true, MR. Becraft?

22 **MR. BECRAFT:** That is my understanding. I kind of thought MR. Turner was going to
23 answer that.

1 **MR. SCHULZ:** MR. Turner?

2 **MR. TURNER:** Yes, I can attest to that.

3 **MR. BENSON:** Maybe a little opposition because as far as the documents of federal
4 judges, I have the financial disclosure for every federal judge in the Seventh Circuit Court of
5 Appeals and throughout the country. So you can get their financial disclosure statement.

6 **MR. SCHULZ:** Except, MR. Benson, the question goes to records kept --

7 **MR. BENSON:** That is the record, MR. Schulz.

8 **MR. SCHULZ:** Yes, I understand. But the question goes to -- my question, MR. Turner, is
9 are there -- has the IRS been directed to maintain a system of financial records over and above
10 those that might be available through FOIA, listing a judge's ownership of stocks and bonds and
11 investments and that sort of thing, which I'm familiar with. I've also acquired, through the New
12 York State's Freedom of Information Act the federal -- the financial records as they are required to
13 be filed on most Supreme Court justices in New York State. But the question here is are there --
14 MR. Turner, is the information that the IRS is required to maintain on judges, attorneys, does that
15 information contain -- just what information is the Treasury directive referring to? Is it merely the
16 records -- the information that is required to be released to the public?

17 **MR. TURNER:** The information -- do we have the -- yes, we have the exhibit on the
18 screen I believe. The information as shown on the screen, the Treasury system of records at 46.002
19 will answer that question.

20 **MR. SCHULZ:** Well, let me ask it another way. Is it the individual master file -- do I have
21 access to Judge Rehnquist's individual master file? Can I get access to that through the Freedom of
22 Information Act?

23 **MR. TURNER:** Probably not.

1 **MR. SCHULZ:** Does the IRS maintain an individual master file on Judge Rehnquist?

2 **MR. TURNER:** Yes, they do.

3 **MR. SCHULZ:** Thank you.

4 **MR. HANSEN:** Question 53. Is it true that unless specifically provided for in the United
5 States Constitution the federal government does not have legislative jurisdiction in the states?

6 **MR. BECRAFT:** Yes.

7 **MR. HANSEN:** Question 53 --

8 **MR. SCHULZ:** Let me ask MR. Becraft --

9 **MR. BENSON:** I agree too.

10 **MR. SCHULZ:** -- what is the "United States v. Lopez"? What issue did it deal with? What
11 were the circumstances in fact of that case?

12 **MR. BECRAFT:** Lopez was a party -- a criminal defendant charged with violating one of
13 the federal gun laws. The gun law in question was the possession of a firearm within 1,000 feet of a
14 school.

15 **MR. SCHULZ:** And was that a federal statute? Was that a statute passed by Congress and
16 signed by the President?

17 **MR. BECRAFT:** All the gun offenses are under Section 922. Without looking at it Lopez
18 dealt with a violation of Title 18, Section 922(o) I believe.

19 **MR. SCHULZ:** So help me understand. So the Congress passed a statute that said in effect
20 --

21 **MR. BECRAFT:** Do not possess a firearm within 1,000 feet of a school.

22 **MR. SCHULZ:** Thank you. And what happened during the trial?

23 **MR. BECRAFT:** Well, the issue was raised whether or not the statute was constitutional.

1 That involves, naturally, the reach of the Interstate Commerce Clause of the United States
2 Constitution. And that issue -- the Fifth Circuit dealt with that issue, the government carried it on
3 up to appeal to the Supreme Court and the Supreme Court ruled in 1995 -- April 26, 1995, in that
4 case called "United States against Lopez." For those that studied and followed interstate commerce
5 jurisprudence it was very refreshing to see the United States Supreme Court strike down the statute.

6 **MR. HANSEN:** And for the benefit of the listeners, that particular school was not on
7 federal property, was it?

8 **MR. BECRAFT:** No.

9 **MR. SCHULZ:** And also for the benefit of the audience here and the listeners and the
10 viewers, that was a school in the state of California?

11 **MR. BECRAFT:** Texas.

12 **MR. SCHULZ:** Texas. And Texas had not ceded jurisdiction in writing to the federal
13 government?

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

15 **MR. SCHULZ:** But they could have. And then Lopez could have been prosecuted.

16 **MR. BECRAFT:** When you're dealing with Article on Section 8, Clause 17 jurisdiction
17 there must be, for the constitutional provision to operate, Uncle Sam has got to go out and buy the
18 property or acquire title to the property.

19 **MR. SCHULZ:** I see.

20 **MR. BECRAFT:** And then after that happens then you seek jurisdiction over the -- the
21 state seeks jurisdiction to Uncle Sam.

22 **MR. HANSEN:** In writing.

23 **MR. SCHULZ:** All right. So that what that might -- does that not mean --

1 **MR. BECRAFT:** Not necessarily in writing. The problem was that before 1940 there was
2 this automatic presumption regarding jurisdiction. After that -- like in the situation involving
3 Chicago. You know, Bill is bringing up 230. The different between 230 South Dearborn and 219
4 South Dearborn.

5 **MR. SCHULZ:** Are you saying, MR. Becraft, the federal government could have
6 purchased that property and set up that school without the written approval of the State of Texas?

7 **MR. BECRAFT:** Uncle Sam can go out into the states and purchase and acquire property,
8 yes, without the consent of the state.

9 **MR. BENSON:** But that doesn't conclude it.

10 **MR. BECRAFT:** And then for Article 1, Section 8, Clause 17 to operate then there has to
11 be a section of jurisdiction over the federal lands to Uncle Sam. The state, you know -- the
12 authority on the point -- this is the law regarding -- you know, here we sit -- well, we're in
13 Washington D.C. unfortunately. But let's assume we were sitting in Cincinnati in some hotel. The
14 mere fact that we're on private property would mean that, of course, Uncle Sam would not own the
15 property. Of course if Uncle Sam did not own the property then it would be outside the Article 1,
16 Section 8, Clause 17 jurisdiction of the federal government.

17 **MR. SCHULZ:** Okay.

18 **MR. TURNER:** MR. Schulz, whether or not this is the correct time, but I'd like to revisit
19 52(a), whether it's after you proceed with another question or two or at this time, either way.

20 **MR. SCHULZ:** Go ahead.

21 **MR. TURNER:** What I want to add in the way of clarification on 52(a) -- would you read
22 that again real quick, please?

23 **MR. HANSEN:** Is it true that the IRS has been directed to maintain a system of financial

1 records on all federal judges, all IRS Criminal Investigation Division Special Agents and all U.S.
2 Attorneys which records cannot be accessed by the subjects under the Freedom of Information Act
3 or the Privacy Act?

4 **MR. TURNER:** Okay. I'm on record as agreeing that this is the case. I want to clarify so
5 that people understand that the IRS system of records for maintaining your tax records is called the
6 individual master file. Each citizen is entitled to make a request to inspect his own records that the
7 IRS has on him. And what this is saying here is that the IRS is also maintaining records on these
8 people. Federal judges, special agents such as MR. Banister was, and those people do not have the
9 right to request those records about themselves like you do when you want to inspect your own tax
10 records. And when you think about the implications of that, people like MR. Schiff and MR.
11 Benson who have been convicted at the federal level by federal judges who are subject to what
12 we're talking about here. Do you have something, MR. Banister?

13 **MR. SCHULZ:** Reminding MR. Banister you're still under oath.

14 **MR. BANISTER:** Still under oath. Being that I was one of the people mentioned on that
15 list there's only three groups of people on the list, special agents, U.S. District Court judges and
16 U.S. Attorneys is the other one, right?

17 **MR. BECRAFT:** Right.

18 **MR. BANISTER:** And it concerned me a great deal because having worked in the IRS and
19 seeing the mountains of information they keep on people and how they oh once in awhile might use
20 that information to intimidate people. After I resigned I did a Freedom of Information Act request
21 to find out what information they kept on me. And I can only report that I got the bureaucratic run
22 around. But as Bill says as far as the documents I did my best to try to secure the information that
23 they kept on me to determine if maybe they could have used something to intimidate me had I not

1 been successful in getting publicity about all of these issues. So suffice it to say that I got -- I made
2 plenty of appeals to try to get the information, but without suing them in court -- which maybe
3 some day I will get the chance to do -- they were very hesitant -- actually refused to provide me
4 with any information about what they were keeping on me as a special agent out there investigating
5 people like you. It should cause concern for every American.

6 **MR. SCHULZ:** Answer this if you care to, MR. Becraft and MR. Turner, MR. Benson. Is
7 it true then that a federal judge who has a citizen before the bench on a charge of willful failure to
8 file, criminal willful failure to file, if that judge and the plaintiff in the case is the federal
9 government, the commissioner of the Internal Revenue, and if the judge finds against that plaintiff -
10 - I'm sorry, finds against the defendant in favor of -- I'm sorry, finds against the plaintiff, finds
11 against the government, that that judge is sitting there while the trial is proceeding before him, that
12 judge knows that the plaintiff -- one of the parties before the bench has a great deal of information
13 about that judge that that judge cannot access and, therefore, knows that if he finds against the
14 government, that there is at least a risk to him of having his life turned upside-down requiring him
15 to be subjected to an audit and an endless whatever; being thrown into tax court himself and so
16 forth?

17 **MR. TURNER:** We don't know to what extent the information might be there from person
18 to person, from judge to judge. But the fact is that they're able and they are keeping information
19 and who knows what kind of information potentially is available to circumvent, influence, you
20 know, obfuscate, you name it.

21 **MR. SCHULZ:** Let me follow up with MR. Benson. You're familiar with the Stahl case?

22 **MR. BENSON:** Yes.

23 **MR. SCHULZ:** "U.S. v. Stahl." Was it not a claim -- was it not a cause of action in that

1 case that fraud was committed in 1913 by the then Secretary of State Philander Knox in declaring
2 the Sixteenth Amendment to have been properly and legally ratified? Was that not an issue before
3 that Court?

4 **MR. BENSON:** That's correct.

5 **MR. SCHULZ:** And did that Court find that the question of the fraudulent adoption of the
6 Sixteenth Amendment was a question for the Congress to decide?

7 **MR. BENSON:** Yes, that's correct.

8 **MR. SCHULZ:** Is fraud --MR. Becraft, is fraud a political question or is that a legal
9 question? Just answer that question. Is fraud a legal question or a political question?

10 **MR. BECRAFT:** The existence of fraud is a fact that must be determined by a fact finder.
11 Your typical fact finder is going to be a jury, unless you're going through a bench trial and then it
12 would be the judge.

13 **MR. SCHULZ:** Thank you. MR. Benson and MR. Becraft, you're both familiar with the
14 case "U.S. v. Stahl."

15 **MR. BECRAFT:** I wrote the motion, Bob.

16 **MR. SCHULZ:** Yes. Thank you. There is a better than even -- well, this is an opinion
17 because you can't prove this, but there is -- there's a better than even chance that the judge in the
18 case knew that if he didn't apply -- that if he applied the Constitution to the facts of the case and
19 found against the government, that his life and his career -- his life could very possibly change
20 dramatically and his career would be over? Is that a possibility?

21 **MR. BECRAFT:** The Stahl case was going on in 1986. Do you recall what was happening
22 right before then in the years immediately preceding that?

23 **MR. SCHULZ:** I can't say that I do.

1 **MR. BECRAFT:** Prosecution of Harry Claiborne. Harry Claiborne -- it's been my
2 experience and what I have seen about the new judges coming on the federal bench, that a lot of
3 them come from government, a lot of them come straight out of the U.S. Attorneys' office. Very
4 rarely do you have a criminal --

5 **MR. SCHULZ:** Is this what's known as the revolving door?

6 **MR. BECRAFT:** One way of looking at it, true. But one of the last criminal defense
7 attorneys that was appointed to the federal bench was Harry Claiborne. He was a trial lawyer, a
8 criminal defense lawyer out in Nevada. And he went on the bench and he wasn't friendly to the
9 government. And naturally they built a case against him, prosecuted him. He represented Joe
10 Conforti, people like that. He was a -- Joe Conforti was a profelover (phonetic). But the
11 government was successful in turning Joe Conforti and to build some of the case against Harry
12 Claiborne. But Harry Claiborne was prosecuted. And the Claiborne prosecution, the Claiborne
13 impeachment sent a message to a lot of judges.

14 **MR. SCHULZ:** Thank you.

15 **MR. BENSON:** What was the attorney's name that defended him, do you remember?

16 **MR. BECRAFT:** If you hadn't asked me --

17 **MR. BENSON:** It's very important because that attorney that represented Claiborne called
18 me about the Sixteenth Amendment and he said, "Bill, send me everything that you have and do
19 everything that you can to get that documentation to me because it would be the first arrow that I
20 will shoot at the Court." And I watched very intensely because I sent him everything. I watched
21 very intensely as to what he was doing, how he was doing it. When are you going to get to this
22 issue of the Sixteenth Amendment? He never did. And I called him after that trial and asked him
23 why. He said, "They would have had my head," quote and unquote.

1 **MR. SCHULZ:** Thank you.

2 **MR. HANSEN:** Question 53(a). Is it true that at 40 U.S.C. Code Section 255 identifies the
3 only method by which the federal government may acquire legislative jurisdiction over a
4 geographic area within the outer limits of the state of the Union which is by state cession in
5 writing?

6 **MR. BECRAFT:** Why don't we pull it up, MR. Bodine.

7 **MR. SCHULZ:** Can't pull that one up, sorry. Do you care to elaborate, MR. Becraft,
8 absence the evidence?

9 **MR. BECRAFT:** It would be nice to have it up.

10 **MR. SCHULZ:** All right. But you have admitted that that is true?

11 **MR. BECRAFT:** Yes.

12 **MR. HANSEN:** Question 54. Is it true that on December 15th, 1954, an interdepartmental
13 committee was commissioned on the recommendation of the Attorney General of the United States,
14 Herbert Brownell, Jr., and approved by President Eisenhower and his cabinet, named the
15 "Interdepartmental Committee for the Study of Jurisdiction Over Federal Areas Within the States,"
16 and charged with the duty of studying and reporting where the United States had legal authority to
17 make someone subject to its jurisdiction?

18 **MR. BENSON:** That's very true. Those are amazing books. Sometimes I look at those
19 books and look at "The Law That Never Was" and say which one was the best.

20 **MR. SCHULZ:** And this is the report and the books that you referred to earlier in your
21 testimony, MR. Benson?

22 **MR. BENSON:** Yes. And I had those reprinted.

23 **MR. SCHULZ:** And did I hear you say earlier, MR. Becraft, that the committee that was

1 commissioned on the recommendation of Attorney General Brownell, that as part of their work
2 they had the input from the Attorney Generals of all 50 states?

3 **MR. BECRAFT:** That's what the books say. You know, the actions, the course of
4 investigation, everything that went on with this investigative committee was recounted in the
5 books. That's what the books say. We contacted them, obtained information from the Attorney
6 Generals in the states.

7 **MR. SCHULZ:** And it was your testimony earlier that most, if not all, federal departments,
8 including the IRS, had inputted information to the committee that the committee relied on in its
9 work and in the publication of its report? That most, if not all, federal departments were part of that
10 study?

11 **MR. BECRAFT:** Yes, I would say there was an attempt to do so. You know if you get one
12 of the books, I think it is the first on --

13 **MR. BENSON:** They have two.

14 **MR. BECRAFT:** The 1956 edition, there is a long passage, a long part of the book that is
15 devoted to specifying the jurisdictional areas in each state. So, you know, you wouldn't be able to
16 make a compilation like that without consulting everyone.

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

18 **MR. HANSEN:** Question 55. Is it true that in June of 1957 the "Interdepartmental
19 Committee for the Study of Jurisdiction Over Federal Areas Within the States" issued "Part II" of
20 its report entitled "Jurisdiction Over Federal Areas Within the States"?

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

22 **MR. BENSON:** That's correct. I'm not quite sure that we cleared up one issue that I would
23 like to clear up, if I might. Let's assume that state government would seize a piece of property to

1 federal government. That's all done in certified, notarized documents because I have them from the
2 State of Illinois. The federal government must then author a letter back to the Governor accepting
3 the ceding of the jurisdiction. And if that letter is not written they don't have jurisdiction.

4 **MR. SCHULZ:** Thank you.

5 **MR. HANSEN:** Question 56. Is it true that the report makes the following statements:
6 Paragraph A, "The Constitution gives express recognition to but one means of federal acquisition
7 of legislative jurisdiction -- by state consent under Article 1, Section 8, Clause 17, Justice McLean
8 suggested that the Constitution provided the sole mode for transfer of jurisdiction, and that if this
9 mode is not pursued, no transfer of jurisdiction can take place"?

10 **MR. BENSON:** That's true.

11 **MR. HANSEN:** And did it also state --

12 **MR. SCHULZ:** And what page would you find that --

13 **MR. BECRAFT:** Page 41 of that particular report.

14 **MR. SCHULZ:** Thank you.

15 **MR. HANSEN:** And did that report also state "It scarcely needs to be said that unless there
16 has been a transfer of jurisdiction, number one, pursuant to Clause 17 of the federal acquisition of
17 land with state consent, or number two, by the cession from the state to the federal government, or
18 unless the federal government has reserved jurisdiction upon the admission of the state, the federal
19 government possesses no legislative jurisdiction over any area within a state, such jurisdiction
20 being for exercise by the state, subject to non-interference by the state with federal functions"?

21 **MR. BENSON:** That's absolutely correct. That's what I got to a moment ago.

22 **MR. SCHULZ:** Do you find that statement on page 45 of the report?

23 **MR. BECRAFT:** Absolutely.

1 **MR. HANSEN:** And did that same report state "The federal government cannot, by
2 unilateral action on its part, acquire legislative jurisdiction over any area within the external
3 boundaries of the state"?

4 **MR. BECRAFT:** The report says as much on page 46 of the report.

5 **MR. HANSEN:** Thank you. Did that report also state "On the other hand, while the federal
6 government has power under various provisions of the Constitution to define, and prohibit as
7 criminal, certain acts or omissions occurring anywhere in the United States, it has no power to
8 punish for various other crimes, jurisdiction over which is retained by the states under our federal-
9 state system of government, unless such crime occurs on areas as to which legislative jurisdiction
10 has been vested in the federal government"?

11 **MR. BECRAFT:** The report says as much on page 107.

12 **MR. HANSEN:** Question 57. Is it true that the phrase "subject to their jurisdiction" as used
13 in the Thirteenth Amendment means subject to both the jurisdiction of the several states of the
14 Union and the United States?

15 **MR. BECRAFT:** Correct.

16 **MR. HANSEN:** Question 58. Is it true that the "subject to its jurisdiction" component of
17 the definition of citizen set out at 26 C.F.R. 1.1-1(c) has a different meaning than the phrase
18 "subject to their jurisdiction" as used in the Thirteenth Amendment to the Constitution of the
19 United States?

20 **MR. BECRAFT:** This issue hasn't been litigated, but it's been right there in the background
21 for many, many, many years. And the Thirteenth Amendment uses their jurisdiction and you've got
22 26 C.F.R. 1.1-1 defining citizen as being one subject to its jurisdiction. And when you go through
23 the statute -- when you go through the cases its jurisdiction is always painted in terms of 18 U.S.C.

1 Section 7 which defines the jurisdiction of the United States in an Article 1, Section 8, Clause 17
2 sense.

3 **MR. SCHULZ:** So is it your testimony, MR. Becraft, that jurisdiction in the Constitution is
4 defined one way but the regulations are used to establish jurisdiction in the other case? That the
5 regulations -- not even the statutes. We're quoting here the regulations and that the meaning of the
6 word jurisdiction in the regulations is different than the word subject to jurisdiction -- in the phrase
7 "subject to jurisdiction" as found in the Constitution? We are talking here the difference between
8 the Constitution of the United States of America and the regulations?

9 **MR. BECRAFT:** I don't think the fact that I am mentioning something contained in the
10 regulation is even important. The fact that it comes from a regulation. You know, forget all that.
11 Let's presume that the position of the government is the taxes imposed upon citizens of the United
12 States subject to its jurisdiction, that's what the government says.

13 **MR. SCHULZ:** But it's also true that a statute and certainly a regulation that's repugnant to
14 any provision of the United States Constitution, the Constitution of the United States of America, is
15 a nullity. It's void.

16 **MR. BECRAFT:** Yes, a regulation that is broader than the statute, which it's based upon,
17 is either overbroad or abhorring.

18 **MR. SCHULZ:** And certainly if it overreaches the Constitution --

19 **MR. BECRAFT:** True, then it would be unconstitutional.

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

21 **MR. HANSEN:** Question 58(a). Is it true that the worn foreign is nowhere defined in the
22 Internal Revenue Code?

23 **MR. BECRAFT:** I haven't found it.

1 **MR. SCHULZ:** Have you looked?

2 **MR. BECRAFT:** Yes.

3 **MR. SCHULZ:** Thank you.

4 **MR. TURNER:** You could make a career out of looking, by the way, there's 9500 pages of
5 the Code.

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

7 **MR. SCHULZ:** But you could do it on a computer search and find it.

8 **MR. BENSON:** After I did the research on the Sixteenth Amendment and volume one was
9 authored I threw my Code book in the garbage and it will stay there. I'll never, ever use it.

10 **MR. HANSEN:** Question 58(b). Is it true that the term foreign means anything outside the
11 legislative jurisdiction of the Congress, which means anything outside of federal property ceded, in
12 most cases, to the federal government by the states as required by 40 U.S.C. Section 255?

13 **MR. BECRAFT:** I personally do not agree with that.

14 **MR. SCHULZ:** Oops! Let's go over it again.

15 **MR. BECRAFT:** Uncle Sam is not our foreign agent, Uncle Sam is a domestic agent. The
16 Constitution was drafted so that the State of Alabama, the State of Virginia, the State of Tennessee,
17 the State of Washington delegated to a common agent for all of the states certain powers. That
18 relationship between the states and the United States is purely a domestic relationship. The nature
19 of a federal government is such that a federal government deals with other foreign countries.

20 **MR. HANSEN:** Let me rephrase the question. With respect to the Internal Revenue Code
21 would you assume or would you conclude -- would a reasonable person conclude that the definition
22 of foreign means anything outside of the legislative jurisdiction of the United States government
23 which means federal property as we established earlier?

1 **MR. BECRAFT:** I think it's reasonable for some people to reach that conclusion although I
2 personally do not.

3 **MR. HANSEN:** Question 59. Is it true that a Treasury Regulation cannot create affirmative
4 duties not otherwise imposed by Congress in the underlying statute, corresponding Internal
5 Revenue Code section?

6 **MR. BECRAFT:** That's true. We've talked about this less than five minutes ago.

7 **MR. SCHULZ:** And the cases upon which you rely --

8 **MR. BECRAFT:** If you pull up "Calamaro," which is the case dealing with the runner, you
9 know, the pickup man. And you go down to -- here's a good spot. The government made it
10 contingent in this case -- this is a prosecution for, you know, the booze runners. You know, when
11 you're -- what was the movie one time, Burt Reynolds or something like that -- you know, those
12 types of guys, running booze. This was a prosecution for one of those types of cases. But here in
13 this case the government was making an argument about a statute and a supporting regulation and
14 the Supreme Court's making the point that a statute can never be broader -- I mean a regulation can
15 never be broader than the statutory scheme. And that's brought out in this case.

16 **MR. SCHULZ:** Okay. Thank you.

17 **MR. HANSEN:** Question 60. Is it true that Congress defined a taxpayer at Section
18 7701(a)(14) of the Internal Revenue Code as any person subject to any Internal Revenue tax?

19 **MR. TURNER:** I can promise for that.

20 **MR. HANSEN:** Question 68. Is it true that "subject to" is defined in Black's Law
21 Dictionary, Sixth Edition, page 1425, as "Liable, subordinate, subservient, inferior, obedient to;
22 governed or affected by; provided that; provided; answerable for"?

23 **MR. BECRAFT:** Black's says that.

1 **MR. HANSEN:** Question 60(b). Is it true that based on the above definition of "subject to,"
2 use of the term "taxpayer" in describing anyone creates a presumption of liability for tax on the part
3 of the person being referred to?

4 **MR. BECRAFT:** I'll agree with that.

5 **MR. HANSEN:** Question 60(c). Is it true that the IRS uses the term "taxpayer" to refer to
6 everyone, including those not necessarily subject to or liable for Subtitle A income taxes?

7 **MR. BECRAFT:** John?

8 **MR. HANSEN:** Question 60(d).

9 **MR. SCHULZ:** No, we didn't get an answer.

10 **MR. BECRAFT:** I was looking to John.

11 **MR. TURNER:** Mr. Becraft referred to me and I was going to say that I believe that
12 personally I would probably put the word "nearly" in front of "everyone," but for all practical
13 purposes I would agree.

14 **MR. SCHULZ:** In their day-to-day administrative procedures do they refer to everyone as
15 taxpayer?

16 **MR. TURNER:** Yes.

17 **MR. HANSEN:** Question 60(d). Is it true that in "Botta v. Scanlon" in 1961 a federal court
18 said "A reasonable construction of the taxing statutes does not include vesting any tax official with
19 absolute power of assessment against individuals not specified in the states as a person liable for
20 the tax without an opportunity for judicial review of this status before the appellation of taxpayer is
21 bestowed upon them and their property is seized"?

22 **MR. BECRAFT:** "Botta v. Scanlon" and several other cases makes statements of that
23 nature.

1 **MR. HANSEN:** Thank you. Question 60(e). Is it true that based on the above it is a
2 violation of due process and a violation of delegated authority for any IRS tax official to refer to
3 any person as a taxpayer who does not first identify him or herself as such voluntarily?

4 **MR. SCHULZ:** MR. Turner?

5 **MR. TURNER:** I can't comment on that.

6 **MR. SCHULZ:** MR. Becraft? Do you want to revisit your testimony for the questions
7 immediately preceding?

8 **MR. BECRAFT:** You know, a lot of people have misconception of what voluntary means
9 and the government comes along and says it's voluntary, it's voluntary, it's voluntary. Here's what
10 the government means by making that statement: That a tax is voluntarily paid by one not subject
11 to the tax cannot be recovered. Now, that's the reason why the government walks around and makes
12 all these printed statements and public statements. Sometimes you read in the newspaper about
13 voluntary compliance. That's what the government means by voluntary.

14 **MR. SCHULZ:** But if it's wrong -- I mean if they refer to everyone, including those not
15 liable for the tax as taxpayer, is it not a violation of one's due process rights for the IRS to refer to
16 them as taxpayer?

17 **MR. HANSEN:** Since they can't make an assessment.

18 **MR. TURNER:** May I be permitted to --

19 **MR. SCHULZ:** Sure.

20 **MR. TURNER:** Do you recall a few years ago when there was a certain homerun slugger
21 that was creating a lot of public attention because he was about to break the all time homerun
22 record? There was news media reports that the IRS was going to be there with the person who --
23 anybody who caught the fly ball that was that magic homerun number and he was going to be --

1 there was already apparently some way to assess how much that ball was going to be worth on fair
2 market basis and then be able to assign some kind of taxable transaction to the action of catching
3 that ball. And the IRS backed off on proceeding that way. But I bring this up here to say that that
4 person who caught that fly ball could have been a person with no income by any definition you
5 want to put forth, and by the virtue -- and by virtue of catching that fly ball, had IRS not been
6 forced off by public outcry to back off, he could have instantly become a taxpayer --

7 **MR. SCHULZ:** A target.

8 **MR. TURNER:** -- for catching a fly ball.

9 **MR. SCHULZ:** A target.

10 **MR. TURNER:** Yes.

11 **MR. HANSEN:** Question 60(f). Is it true that the federal courts, in the case "Long Page
12 127 v. Rasmussen" in 1922 stated at page 238 "The revenue laws are a code or system in regulation
13 of tax assessment and collection. They relate to taxpayers and not to nontaxpayers. The latter are
14 without their scope. No procedure is prescribed for nontaxpayers, and no attempt is made to annul
15 any of their rights and remedies in due process of law. With them Congress does not assume to
16 deal, and they are neither of the subject nor of the object of the revenue laws"?

17 **MR. BECRAFT:** The case does say that.

18 **MR. HANSEN:** Thank you. And did it also say "The distinction between persons and
19 things within the scope of the revenue laws and those without is vital"?

20 **MR. BECRAFT:** Correct.

21 **MR. HANSEN:** Question 61. Is it true that one who is not a citizen, resident or nonresident
22 alien is not an individual subject to the tax imposed by Section 1 of the Internal Revenue Code?

23 **MR. TURNER:** I agree.

1 **MR. HANSEN:** Question 62. Is it true that an individual who is not subject to the tax
2 imposed by Section 1 of the Internal Revenue Code is not an individual required to make a return
3 under the requirement of Internal Revenue Code Section 6012?

4 **MR. BECRAFT:** True.

5 **MR. TURNER:** I agree.

6 **MR. HANSEN:** Question 62(a). Is it true that the Supreme Court in a dissenting opinion of
7 Judge Harlan in the case of "Downes v. Bidwell," in 1901 stated "The idea prevails with some,
8 indeed it has found expression in arguments at the bar, that we have in this country substantially
9 two national governments; one to be maintained under the Constitution, with all of its restrictions;
10 and the other to be maintained by Congress outside the independently of that instrument, by
11 exercising such powers of absolutism as other nations of the earth are accustomed to. I take leave to
12 say that if the principles thus announced should ever receive the sanction of the majority of this
13 court, a radical and mischievous change in our system of government will result. We will, in that
14 event, pass from an era of Constitutional liberty guarded and protected by a written Constitution
15 into an era of legislative absolutism. It will be an evil day for American liberty if the theory of a
16 government outside the supreme law of the land finds lodgment in our constitutional jurisprudence.
17 No higher duty rests upon this court than to exert its full authority to prevent all violation of the
18 principles of the Constitution"?

19 **MR. BECRAFT:** "Downes against Bidwell" contains that language.

20 **MR. HANSEN:** Question 62(b). Is it true that the jurisdiction that Honorable Justice
21 Harlan above was referring to where legislative absolutism would or could reign was in areas
22 subject to the legislative jurisdiction of the U.S. government, which includes the District of
23 Columbia, federal enclaves within the states and U.S. Territories and possessions?

1 **MR. BECRAFT:** That's a conclusion one may draw from the language.

2 **MR. HANSEN:** Question 62(c). Is it true that the Internal Revenue manual says the
3 following in section 4.10.7.2.9.8, "Importance of court decisions." Number one. "Decisions made at
4 various levels of the court system are considered to be interpretations of tax laws and may be used
5 by either examiners or taxpayers to support a position"? Number two. "Certain court cases lend
6 more weight to a position than others. A case decided by the U.S. Supreme Court becomes the law
7 of the land and takes precedence over decisions of lower courts. The Internal Revenue Service must
8 follow Supreme Court decisions. For examiners, Supreme Court decisions have the same weight as
9 the Code"? And paragraph 3. "Decisions made by lower courts, such as Tax Courts, District Courts
10 or Claims Court, are binding on the Service only for the particular taxpayer and the years litigated.
11 Adverse decisions of lower courts do not require the Service to alter its position for other
12 taxpayers"?

13 **MR. TURNER:** I agree, that is there.

14 **MR. HANSEN:** Question 62(d). Is it true that the Internal Revenue Service in its
15 responsive letters to taxpayers routinely and chronically violates the above requirements by citing
16 cases below the Supreme Court level which do not apply to more than the individual taxpayer in
17 question according to the above?

18 **MR. TURNER:** Nearly every day I have to read correspondence from settlement officers,
19 who are supposed to be impartial in taxpayer disputes, who will provide numerous references to tax
20 court cases. It's done often.

21 **MR. SCHULZ:** That concludes this line of inquiry. I think between the questions and the
22 evidence presented we have proven that Congress lacks the authority to legislate an income tax on
23 the people except in the District of Columbia, the U.S. Territories and in those geographic areas

1 within any of the 50 states where the states have specifically authorized it in writing. I might add at
2 this point that there is a citizen of the United States of America, Walt Machan, who has been in
3 federal court now on this issue. He admittedly, based on his knowledge of the Constitution and the
4 laws of the land, has stopped filing his income tax returns. My understanding of his case -- correct
5 me if I'm wrong, MR. Bodine. You've talked to MR. Machan more than I have, although I have
6 talked to him frequently. My understanding of the case is that -- this question of federal
7 jurisdiction, the jurisdiction of the IRS to force him to file and pay that income tax, that that is an
8 essential part of his defense. And that he's still walking around after being in court for a couple of
9 years and my understanding is that recently there's been a suggestion of a settlement by the federal
10 government.

11 **MR. BENSON:** That's right too, Bob, because I talked to Walt a lot of times. I gave him
12 the two books on federal jurisdiction and he's used those very well, very extensively.

13 **MR. SCHULZ:** Okay. This is --(Discussion off the record.)

14 **MR. SCHULZ:** Did you want to say something, MR. Benson?

15 **MR. BENSON:** Yes. We've been talking about the legislative jurisdiction. And I am glad
16 that we have MR. Becraft here. I wish there were more of us here. It has been my position that does
17 a federal judge in any courtroom in the United States have the authority to proceed with a case
18 without jurisdiction over the offense because of the 1957 books that was authored by government,
19 all of government, saying that no you can't do this. The crime has not been committed. Where was
20 the crime committed; in a state. Does the federal government have the right to try us then because
21 the crime is committed in the state? I read U.S.C. Tully. I've talked about two attorneys from the
22 two buildings I talked about earlier and they agree that they cannot.

23 **MR. SCHULZ:** Tully is an important case.

1 **MR. BENSON:** Absolutely.

2 **MR. SCHULZ:** But Lopez seems to me to be quite important as well. The law that was
3 struck down because the Congress lacked legislative jurisdiction, was the statute that says you
4 cannot possess a gun within 1,000 feet of a school. Now presumably within 1,000 feet of that
5 school there is a private residence. And presumably within that private residence is a citizen. An
6 American. And presumably that citizen could decide on the basis of jurisdiction alone -- forget for
7 the moment his right to his labor. Forget for the moment the Fifth Amendment. Forget for the
8 moment the corruption of the constitutional amendment process, especially with regard to the
9 Sixteenth Amendment. Forget all that. But on the basis of legislative jurisdiction alone, that citizen
10 living in that home could say to the federal government you have no legislative authority, no
11 legislative jurisdiction and that's why I'm not paying this tax; is that correct?

12 **MR. BENSON:** That's correct. I believe that wholeheartedly.

13 **MR. SCHULZ:** On the same defense that Lopez used.

14 **MR. TURNER:** Essentially.

15 **MR. BENSON:** That's why I challenged Rosetti like I did before the IRS building. I want
16 him to answer those books. I think that after he reads or sees the tapes that have been made of these
17 proceedings he's going to learn something that he might not know. But I think that he does.

18 **MR. SCHULZ:** Is this the same MR. Rosetti that president Clinton -- that had a conflict of
19 interest?

20 **MR. BENSON:** That's correct.

21 **MR. SCHULZ:** That president Clinton pardoned his conflict of interest before President --
22 in the final days of his departure?

23 **MR. BENSON:** Yes.

1 **MR. SCHULZ:** That's a rhetorical question.

2 **MR. BECRAFT:** Let me ask you a question. Tell us what it is. What is that conflict of
3 interest, MR. Schulz? These people are entitled to know what you know about that.

4 **MR. SCHULZ:** MR. Rosetti was a founder of a firm that specialized in computer
5 programming as it relates to the Internal Revenue Service and the Code as it relates to the
6 individual master files and electronic filing and so forth. He was in that position when he was
7 tapped by President Clinton to become the commissioner of the Internal Revenue Service. Now, the
8 issue of his -- now, the firm he headed at the time had contracts with the Internal Revenue Service
9 that he was on his way of becoming the commissioner of. And the issue was raised during his
10 senate confirmation hearings and the senate said okay. It's okay. He was allowed to take the
11 position. And while he's been there -- and the source of my information is Inside Magazine.
12 They've done some stories on this. Investigative journalism. Investigative journalism at its best I
13 think. But they have determined that while there some of those contracts have been enlarged,
14 extended and new contracts have been signed. Just before President Clinton was to leave office he
15 pardoned -- I thought an excessively large number -- something like a hundred and forty -- some
16 very large number of people. And one of those he pardoned was Commissioner Rosetti for his
17 conflict of interest. Past apparently, which I find strange. Not the past, I mean usually indiscretions
18 and violations of the law, I mean that's what presidents pardon. But to pardon ongoing and future
19 conflicts of interest I think is unprecedented. I don't think it's ever been done. This man may
20 commit crimes in the future and it's okay with me the President of the United States and that's why
21 he's still there.

22 **MR. BENSON:** He's taking some authority away from George Bush. Bush could say okay,
23 you're out of here.

1 **MR. SCHULZ:** Sure, he could. I don't know why -- well, this is a good time to break for
2 lunch, I think we're right on our schedule. Let's be here and quiet once more, please, inside of an
3 hour. No later than an hour from now. Thank you very much.(A lunch recess was taken.)
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