

March 19, 2007

[REDACTED]
[REDACTED]
[REDACTED]
USA

Mr. Rich [REDACTED],
Internal Revenue "agent"

Sent Certified # 7006 0810 0003 0933 6505

[REDACTED]
[REDACTED]
[REDACTED],
USA.

Greetings Mr. C [REDACTED]

Thank you for your letter dated March 6, 2007. In it you indicate that our "...federal return for (2003 12) has been selected for examination."

We are very happy that you have verified in writing that you have received and that we did indeed file a return for that year because one of your accomplices in the ongoing fraud being perpetrated against us by the IRS (Mr. M [REDACTED]) has perjured himself in a Territorial tribunal, aka "USDC Federal Court", by indicating in numerous pleadings he and his DOJ accomplices have filed in that tribunal that we had not filed any return(s).

Please be advised that your letter...

- a) Will be submitted as proof of that 'agents' perjury within the next several days, and,
- b) Is REFUSED BY US FOR FRAUD. It is in violation of 31 USC 333 for starters, and is being returned to you as such.

There is no need for us to "examine" our return, as it was originally filed as per the letter of the law/code, and we do not intend to make any changes to it. Therefore, it should be processed immediately by your (foreign to us) organization in the interest of

“judicial economy” and in order to avoid any further litigation concerning these lawfully filed returns.

Enclosed please find our “**Affidavit of Foreign Status and Statement of Fact**” which should clear up any confusion your (foreign to us) organization might have in regards to our lawful status as ‘non-taxpayer(s)’ and “non-resident alien(s)” with respect to your organization’s municipal ‘codes’.

We reserve the right to submit this letter (along with your rebuttal or lack thereof) and the enclosed ‘Affidavit’ as evidence in any lawful court proceeding(s), and to record both as “public record”.

As an alleged ‘government agent’, you now have a legal and moral duty to respond to our Affidavit. (See U.S. v. Tweel 550 F. 2d 297, and Carmine v. Bowen 64 A. 932.)

You have until April 1st, 2007 to respond/refute/rebut our enclosed Affidavit.

Please refer to the following “Various Court Decisions” (below) concerning the ‘income’ tax, and know that we, in good faith, rely heavily on these (and other) higher Court rulings as Supreme Law of the Land in all of our dealings with all ‘agencies’ alleging authority and/or jurisdiction over us.

These and other U.S. Supreme Court decisions are the basis of our good faith belief that “income” must be DERIVED from something, and that “income” is NOT “everything that comes in”. You and your accomplices might want to re-read the 16th Amendment, and study the following court decisions before sending us any more fraudulent documents in the US Mail.

VARIOUS COURT DECISIONS;

“The general term “income” is not defined in the Internal Revenue Code.”

[U.S. v. Ballard, 535 F.2d 400, 404]

[Income is NOT everything that "comes in"]:

We must reject ... the broad contention submitted in behalf of the Government **that all receipts -- everything that comes in -- are income** within the proper definition of "gross income"

[Southern Pacific Co. v. John Z. Lowe, 247 U.S. 330]

[**bold emphasis added**]

[Corporate profits are "income"]:

[Income] imports, as used here, something entirely distinct from principal or capital either as a subject of taxation or as a measure of the tax; **conveying rather the idea of gain** or increase arising from corporate activities.

[Emanuel J. Doyle v. Mitchell Brothers Co., 247 U.S. 179]

[**bold emphasis added**]

[Congress CANNOT change the Constitution]:

In order, therefore, that the clauses cited above from Article I of the Constitution may have proper force and effect ... **it becomes essential to distinguish between what is and what is not "income,"** as the term is there used; and to apply the distinction ... according to truth and substance, without regard to form. **Congress cannot by any definition it may adopt conclude the matter, since it cannot by legislation alter the Constitution, from which alone it derives its power to legislate, and within whose limitations alone that power can be lawfully exercised.**

[Mark Eisner v. Myrtle H. Macomber, 252 U.S. 189]

[**bold emphasis added**]

[Again, "income" is a gain, a profit]:

Here we have the essential matter -- not a gain accruing to capital, not a growth or increment of value in the investment; but a gain, a profit, something of exchangeable value proceeding from the property, severed from the capital however invested or employed, and coming in, being "derived," that is received or drawn by the recipient (the taxpayer) for his separate use, benefit, and disposal -- that is income derived from property. Nothing else answers the description

[Mark Eisner v. Myrtle H. Macomber, 252 U.S. 189]

[bold emphasis added]

[NOTE WELL: The Supreme Court has REPEATEDLY ruled that compensation for professional services is not "income"]:

In determining the definition of the word "income" thus arrived at, **this court has consistently refused to enter into the refinements of lexicographers and economists** and has approved, in the definitions quoted, what it believed to be the commonly understood meaning of the term

We continue entirely satisfied with that definition, and, since the fund here taxed was the amount realized from the sale of the stock in 1917, less the capital investment as determined by the trustee as of March 1, 1913, it is palpable that it was a "gain or profit" "produced by" or "derived from" that investment, and that it "proceeded," and was "severed" or rendered severable, from, by the sale for cash, and thereby became that "realized gain" which has been repeatedly declared to be taxable income

[Merchant's Loan & Trust v. Smietanka, 255 U.S. 509]

[bold emphasis added]

["Income" has been legally and officially defined]:

And the definition of "income" approved by this Court is: **"The gain derived from capital, from labor, or from both combined,"** provided it be understood to include profit gained through a sale or conversion of capital assets. ... It is thus very plain that the statute imposes the income tax on the proceeds of the sale of personal property to the extent only that *gains* are derived therefrom by the vendor

[Goodrich v. Edwards, 255 U.S. 527]

[**bold emphasis added**]

[You do NOT obtain "income" by charging for services rendered]:

The phraseology of form 1040 is somewhat obscure But it matters little what it does mean; the statute and the statute alone determines what is income to be taxed. It taxes only income "derived" from many different sources; **one does not "derive income" by rendering services and charging for them.**

[Edwards v. Keith, 231 F. 111 (2nd Cir.)]

[**bold emphasis added**]

[No gain, no income -- no income, no tax]:

Income is nothing more nor less than realized **gain** **It is not synonymous with receipts** Whatever may constitute income, therefore, must have the essential feature of gain to the recipient **If there is no gain, there is no income.**

[Conner v. U.S., 303 F.Supp. 1187]

[**bold emphasis added**]

["Income" means "gain" -- "gain" means "profit"]:

Income ... means "gain" "derived" from, and not accruing to, capital or labor or from both combined, including profit gained through the sale or conversion of capital, the gain not being taxable until realized, and, in such connection, "gain" means **profit or something of exchangeable value**, and "derived" means proceeding from property, severed from capital, however invested or employed, and coming in, received or drawn by taxpayer for his separate use, benefit, and disposal.

[Staples v. U.S., E.D. Penna., 21 F.Supp. 737]

[**bold emphasis added**]

[Wages and profits are two DIFFERENT things]:

There is a clear distinction between "profit" and "wages" or compensation for labor.
Compensation for labor cannot be regarded as profit within the meaning of the law.

[Oliver v. Halstead, 196 Va. 992; 86 S.E. 2d 858]

[**bold emphasis added**]

[Payment for labor is NOT profit]:

Reasonable **compensation for labor or services rendered is not profit.**

[Laureldale Cemetery Assoc. v. Matthews]

[345 Pa. 239; 47 A. 2d 277, 280]

[**bold emphasis added**]

[The meaning of "income" has been CONSISTENT in law]:

... **"Income" has been taken to mean the same thing** as used in the Corporation Excise Tax Act of 1909, in the Sixteenth Amendment and in the various revenue acts subsequently passed

[Bowers v. Kerbaugh-Empire Co., 271 U.S. 174]

[**bold emphasis added**]

[Again, "income" has had the SAME MEANING in law]:

... and before the 1921 Act this Court had indicated ... what it later held, that **"income,"** as used in the revenue acts taxing income, adopted since the 16th Amendment, **has the same meaning that it had in the Act of 1909.**

[Burnet v. Harmel, 287 U.S. 103]

[**bold emphasis added**]

["Income" is NOT the same as "gross receipts"]:

Constitutionally the only thing that can be taxed by Congress is "income." And the tax actually imposed by Congress has been on net income as distinct from gross income. **The tax is not, never has been and could not constitutionally be upon "gross receipts"**

[Anderson Oldsmobile, Inc. v. Hofferbert, USDC Maryland]

[102 F.Supp. 902, **bold emphasis added**]

[Try to find a principle that is better settled]:

Remember that our source is not some "tax protest" group. Just about everything we are telling you comes from the U.S. Supreme Court. **It would be difficult, and perhaps impossible, in our system of jurisprudence, to find a principle better settled than the one we have been citing.** [Alan Stang, Tax Scam, Mt. Sinai Press, POB 1220]

[Alta Loma 91701, CALIF. 1988, **bold emphasis added**]

[Other cases not cited here say the SAME THING]:

In addition to the cases cited above, the following also support and affirm this definition of "income": ... United States v. Supplee-Biddle Hardware Co., 265 U.S. 189; United States v. Phellis, 257 U.S. 156; Miles v. Safe Deposit & T. Co., 259 U.S. 247; Irwin v. Gavit, 268 U.S. 161; Edwards v. Cuba R. Co., 268 U.S. 628.

[Irwin Schiff, The Great Income Tax Hoax, Freedom Books]

[POB 5303, Hamden, Connecticut 06518, 1985, page 475]

On this point, therefore, the pertinent decisions of federal and State courts, particularly the U.S. Supreme Court, are quite clear in holding that:

- (1) one does not derive income by rendering services and charging for them,
- (2) reasonable compensation for labor, or for services rendered, is legally not income because it is not "profit", and
- (3) income is definitely not everything that "comes in."

This "Cover Letter to our Affidavit of Foreign Status", and any and all correspondence with your agency, past, present and future, are filed, *nunc pro tunc*, under 28 USC 1746 (1), that is, 'without' the 'United States', and under the laws of the united States of America, with a reservation of all of our rights, and a waiver of none.

Internal Revenue Service
Small Business and Self-Employed

Department of the Treasury

Date: March 6, 2007

REFUSED FOR CAUSE
WITHOUT DISHONOR

all
3/14/07

(violates 31 USC 333)

Taxpayer Identification Number:

Form:

1040

Tax Period(s):

200312

Person to Contact:

Rich

Contact Telephone Number:

Contact Fax Number:

Employee Identification Number:

EXHIBIT
"PERS 1"

Dear [redacted]:

Your federal return for the period(s) shown above has been selected for examination.

yes!

What You Need To Do

Please call me on or before March 21, 2007. I can be contacted from 8:00 am - 4:30 pm at the contact telephone number provided above.

What We Will Discuss

During our telephone conversation, we will discuss:

- Items on your return that I will be examining.
- Types of documentation I will ask you to provide.
- The examination process.
- Any concerns or questions you may have.
- The date, time and agenda for our first meeting.

Refused for fraud as per: U.S. v. Tweel, 550 F.2d 297;
Estoppel by Acquiescence has been activated as per
Carmin v. Bowen, 64 A. 932;
Your mailing constitutes 1 count of Mail Fraud
per 18 USC 1341, 1961, and is returned to you as such.

Initial: [signature] Date: 3/14/07

The issues listed below are the preliminary items identified for examination. During the course of the examination, it may be necessary to expand or contract the list of items. If this should occur, I will advise you of the change.

* NOTE: We had a rubber stamp made for special occasions such as this!!

Someone May Represent You

You may have someone represent you during any part of this examination. If you want someone to represent you, please provide me with a completed Form 2848, *Power of Attorney and Declaration of Representative*, at our first appointment.

If you prefer, you may mail or fax the form to me prior to our first appointment. You can get this form from our office, or from our web site at www.irs.gov, or by calling 1-800-829-3676. If you decide that you wish to get representation after the examination has started, we will delay further examination activity until you can secure representation.

Your Rights As A Taxpayer

We have enclosed Publication 1, *Your Rights as a Taxpayer*, and Notice 609, *Privacy Act Notice*. We encourage you to read the Declaration of Taxpayer Rights found in Publication 1. This publication discusses general rules and procedures we follow in examinations. It explains what happens before, during, and after an examination, and provides additional sources of information.

Thank you for your cooperation, and I look forward to hearing from you by March 21, 2007.

Sincerely,



Ri [Redacted]
Internal Revenue Agent

Enclosures:
Publication 1
Notice 609

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Estoppel by Acquiescence has been activated as per
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Your mailing constitutes 1 count of Mail Fraud
per 18 USC 1341, 1961, and is returned to you as such.
Initial: me Date: 3/14/07

Handwritten note: Rubber Stamp Again (ink is red on original stamp/doc) with an arrow pointing to the stamp area.