

Chapter 14:
Conclusions

The areas of land over which the federal government exercises exclusive authority are the District of Columbia, the federal territories and possessions, and the enclaves within the 50 States which have been ceded to the federal government by the consent of State Legislatures. This book has referred to these areas collectively as "the federal zone" -- the zone over which Congress exercises exclusive legislative jurisdiction, the zone over which the federal government is sovereign. Author Ralph Whittington itemizes the federal "states" and possessions as follows:

- (1) District of Columbia Federal State
- (2) Commonwealth of Puerto Rico Federal State
- (3) Virgin Islands Federal State
- (4) Guam Federal State
- (5) American Samoa Federal State
- (6) Northern Mariana Islands Federal Possession
- (7) Trust Territory of the Pacific Islands .. Federal Possession

Inclusive of the aforementioned Federal State(s) and Federal Possessions, the "exclusive Federal Jurisdiction" also extends over all **Places purchased by the Consent of the Legislature of one of the Fifty State(s)**, in which the same shall be, for the Erection of Forts, Magazines, Arsenals, dock-Yards, and other needful Buildings.

[The Omnibus, page 87]
[emphasis added]

In exercising its exclusive authority over the federal zone, Congress is not subject to the same constitutional limitations that exist *inside* the 50 States. For this reason, the areas that are inside and outside the federal zone are heterogeneous with respect to each other.

This difference results in a principle of territorial heterogeneity: the areas *within* the federal zone are subject to one set of rules; the areas *without* (or outside) the federal zone are subject to a *different* set of rules. The Constitution rules outside the zone and inside the 50 States. The Congress rules inside the zone and outside the 50 States.

The 50 States are, therefore, in one general class, because *all* constitutional restraints upon Congress are in force throughout the 50 States, without prejudice to any one State. The areas within the federal zone are in a *different* general class, because these same constitutional restraints simply do not limit Congress inside that zone.

Without referring to it as *such*, Lori Jacques has concisely defined the taxing effects of territorial heterogeneity as follows:

The "graduated income tax" is not a constitutionally authorized tax within the several states; however, Congress is apparently not prohibited from levying that type of tax upon the "subjects of the sovereign" in the Possessions and Territories.

The definitions of "United States" and "State" are stated "geographically to include" only those areas constitutionally within congress' exclusive legislative jurisdiction upon whom a graduated tax can be imposed.

[A Ticket to Liberty, November 1990 edition, page 54]
[emphasis added]

It is in the area of taxation where the restraints of the Constitution are most salient. Congress cannot levy indirect taxes inside the borders of the 50 States unless the tax rates are **uniform** across those 50 States. The mountain of material evidence which impugns the ratification of the so-called 16th Amendment should leave no doubt in anybody's mind that Congress must still **apportion** all direct taxes levied inside the borders of the 50 States and outside the federal zone. For example, if California has 10 percent of the nation's population, then the State of California would pay 10 percent of any apportioned direct tax levied by Congress. Unfortunately, the IRS currently enforces federal income taxes as direct taxes on the gross receipts of individual persons **without apportionment**. This results in great tension between the law and its administration.

Similarly, Congress is not empowered to delegate unilateral authority to the President to divide or join any of the 50 States of the Union. Dividing or joining States of the Union can only occur with the consent of Congress and of the Legislatures of the States affected. For many reasons like this, the IRC would be demonstrably unconstitutional if it applied to areas over which the 50 States exercise sovereign jurisdiction.

It is conclusive, therefore, that the IRC is municipal law for the federal zone only. As the municipal authority with exclusive legislative jurisdiction, Congress is "City Hall" for the federal zone.

The Bill of Rights also constrains Congress from violating the fundamental rights of Citizens of the 50 States. These rights include, but are not limited to, the right to work for a living, and the right to enjoy the fruits of individual labor. These activities are free from tax under the fundamental law.

The fundamental law is the Constitution for the United States of America, as lawfully amended. The first 10 amendments institutionalize a number of explicit constraints on the acts of Congress within the 50 States. The most salient of these amendments are those that mandate due process and prohibit self-incrimination.

The Internal Revenue Code and its regulations impose taxes on the worldwide income of United States** citizens and United States** residents. Throughout this book, two stars "***" after the term "United States**" are used to emphasize that the "United States" in this context has the second of three separate and distinct meanings.

These meanings were defined by the Supreme Court in the pivotal case of Hooven & Allison Co. v. Evatt, which is still the standing case law on this question. The high Court indicated that the Hooven case would be the last time it would address a definition of the term "United States". Therefore, this ruling, and the preceding case law and law review articles on which it was based, must be judicially noticed by the *entire* American legal community.

The United States**, as that term is used in the IRC, is the area over which Congress exercises exclusive legislative authority; it is the federal zone. If you are not a United States** citizen, then you are an alien *with respect to this United States***. If you are not a United States** resident, then you are nonresident *with respect to this United States***.

Therefore, if you were *born* outside the federal zone, if you *live and work* outside the federal zone, and if you were never *naturalized* or granted *residency* privileges by the federal zone, then you are a **nonresident alien** under the Internal Revenue Code, by definition. Be clear that an "alien" here is not a creature from outer space. The term "alien" is the creation of attorneys, and so is a "citizen of the United States", a status not even contemplated with the organic U.S. Constitution was first drafted.

Nonresident aliens only pay taxes on income that is derived from sources that are inside the federal zone. According to explicit language in the Internal Revenue Code, gross income for nonresident aliens *includes only* gross income which is effectively connected with the conduct of a trade or business within the United States**, and gross income which is derived from sources within the United States**, even if it is not connected with a U.S.** trade or business. Thus, employment with the federal government produces earnings which have their source inside the federal zone.

Similarly, unearned dividends paid to nonresident aliens from stocks or bonds issued by U.S.** domestic corporations also have their source inside the federal zone, and are therefore taxable. Frank Brushaber was such a nonresident alien.

For any federal tax liability that does exist, a nonresident alien can utilize Form 1040NR to report and remit that tax liability to the IRS. As a general rule, a nonresident alien need not report or pay taxes on gross income which is derived from sources that are outside the federal zone, or on gross income which is effectively connected with the conduct of a trade or business that is outside the federal zone.

The regulations specify a key exception to this general rule: a return must be filed, however, by nonresident aliens engaged in any U.S.** trade or business, *whether or not* they have derived income from any U.S.** sources.

The law of presumption has made it possible for the federal government to impose income taxes on individuals who had no tax liability in the first place. The regulations which promulgate the Internal Revenue Code make it very clear that all aliens are presumed to be *nonresident* aliens because of their "alienage", that is, because of their status as aliens from birth.

However, through their own ignorance, in combination with a systematic and constructive fraud perpetrated upon them by the federal government,

nonresident aliens may have filed 1040 forms in the past, in the mistaken belief they were required to do so, when they were *not* required to do so by any statute or regulation.

The receipt of these forms, signed under *internal* U.S.** penalties of perjury, entitles the federal government to presume that nonresident aliens have "elected" to be treated as residents and/or they have volunteered to be treated as taxpayers.

A completed, signed and submitted 1040 or 1040A form is a voluntarily executed commercial agreement which can be used as *prima facie* evidence, in criminal trials and civil proceedings, to show that nonresident aliens have voluntarily subjected themselves to the federal income tax. This presumption was described in a decision of the U.S. Court of Appeals for the 9th Circuit, in the 1974 ruling of Morse v. U.S. which stated:

Accordingly, **when returns were filed in Mrs. Morse's name declaring income to her** for 1944 to 1945, and making her potentially liable for the tax due on that income, **she became a taxpayer within the meaning of the Internal Revenue Code.**

[Morse v. United States, 494 F.2d 876, 880]
[emphasis added]

Within the borders of the 50 States, the "geographical" extent of exclusive federal jurisdiction is confined to the federal enclaves; this extent does not encompass the 50 States themselves. We cannot blame the average American for failing to appreciate this subtlety, particularly when officials in Congress and elsewhere in the federal government have been guilty of constructive as well as actual fraud ever since the year 1868.

Not only are the key definitions of "State" and "United States" confusing and vague; the term "income" isn't even defined in the Code or its regulations, and neither is its "intent". Close examination of the Internal Revenue Code ("IRC"), reveals that the meaning of "income" is simply not defined, period! There is an important reason in law why this is the case.

At a time when the U.S. Supreme Court did not enjoy the benefit of 17,000 State-certified documents which prove it was never ratified, that Court assumed that the 16th Amendment was the supreme Law of the Land. In what is arguably one of the most important rulings on the definition of "income", the Supreme Court of the United States has clearly instructed Congress that it is essential to distinguish between what is and what is not "income", and to apply that distinction according to truth and substance, without regard to form. In that instruction, the high Court has told Congress **it has absolutely no power** to define "income" by any definition it may adopt, because that term was considered by the Court to be a part of the U.S. Constitution:

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.**

[Eisner v. Macomber, 252 U.S. 189, emphasis added]

Clearly, the Internal Revenue Code has not distinguished between what is, and what is not, income. To do so would be an exercise of power which Congress has been told, in clear and certain terms, it simply does not have.

This is a Catch-22 from which the Congress cannot escape, without officially admitting that the 16th Amendment is not Law. Congress either defines income by statute, and thereby exercises a power which it does not have, or it fails to define income, thereby rendering whole chunks of the Internal Revenue Code null and void for vagueness.

If it argues that the word "income" is not really in the Constitution after all, because the 16th Amendment was never ratified, Congress will be free to legislate the meaning of "income" by any definition it may adopt, but in doing so it will admit to the world that the "amendment" is null and void.

Moreover, the "void for vagueness" doctrine is deeply rooted in our fundamental Right to due process (under the Fifth Amendment) and in our fundamental Right to know the nature and cause of any criminal accusation (under the Sixth Amendment). The latter right goes far beyond the contents of any criminal indictment.

The right to know the nature and cause of any accusation starts with the statute which a defendant is accused of violating. A statute must be sufficiently specific and unambiguous in all its terms, in order to define and give adequate notice of the kind of conduct which it forbids.

If it fails to indicate with reasonable certainty just what conduct the legislature prohibits, a statute is necessarily void for uncertainty, or "void for vagueness" as the doctrine is called. Any prosecution which is based upon a vague statute must fail, together with the statute itself. A vague criminal statute is unconstitutional for violating the 5th and 6th Amendments.

The confusion that results from the vagueness we observe in the IRC is inherent in the statutes and evidently intentional, which raises some very serious questions concerning the *real* intent of those statutes in the first place. The hired lawyers who wrote this stuff should have known better than to use terms that have a long history of semantic confusion. For this reason, and for this reason alone, we are now convinced that the confusion is inherent in the language chosen by these hired "guns" and is therefore deliberate.

Could money have anything to do with it? You bet it does.

It is clear that there is a huge difference between the area enclosed by the federal zone, and the area enclosed by the 50 States of the Union. No one will deny that money is a powerful motivation for all of us. Congress had literally trillions of dollars to gain by convincing most Americans that they were *inside* its revenue base when, in fact, most Americans were *outside* its revenue base, and remain outside even today.

This is deception on a grand scale, and the proof of this deception is found in the Code itself, and its various amendments over time.

It is quite stunning how the carefully crafted, multiple definitions of terms like "State" and "United States" do unlock a huge number of statutes, a mountain of regulations, and a pile of forms, instructions and publications that are all horribly complex, and deliberately so.

As fate would have it, **these carefully crafted definitions also expose perhaps the greatest fiscal fraud that has ever been perpetrated upon any people at any time in the history of the world.**

It is now time for a shift in the wind. Let justice prevail. Let no man or woman be penalized from the oppression that results from arbitrary enforcement of vague and ambiguous statutes that benefit the few and injure the many. The Constitution for the United States of America guarantees our fundamental right to ignore vague and ambiguous laws because they violate the 6th Amendment. **This is the supreme Law of the Land.** Unlike other governments elsewhere in space and down through time, the federal government of the United States of America is not empowered to be arbitrary.

The vivid pattern that has now painfully emerged is that "citizens of the United States", as defined in federal tax law, are the intended victims of a new *statutory* slavery that was predicted by the infamous Hazard Circular soon after the Civil War began. This Circular admitted that chattel slavery was doomed, so the bankers needed to invent a *new* kind of slaves.

These statutory slaves are now burdened with a bogus federal debt which is spiralling out of control. In a preliminary report, the White House budget office has invented a new kind of "generational accounting" so as to project a tax load of seventy-one percent on future generations of these "citizens of the United States". The final version of that accounting report upped this projection to more than eighty percent! It is our duty to ensure that this statutory slavery is soon gone with the wind, just like its grisly and ill-fated predecessor.

In the long history of the world, only a few generations have been granted the role of defending freedom in its hour of maximum danger. I do not shrink from this responsibility -- I welcome it. I do not believe that any of us would exchange places with any other people or any other generation. The energy, the faith, the devotion which we bring to this endeavor will light our country and all who serve it -- and the glow from that fire can truly light the world.

[President John Fitzgerald Kennedy]
[Inaugural Address, January 1961]

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Reader's Notes:

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