

**The Federal Zone:
Cracking the Code of *Internal Revenue***

Eleventh Edition

by

Paul Andrew Mitchell, B.A., M.S.
Counselor at Law, Federal Witness,
and Private Attorney General

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Cracking the Code of Internal Revenue

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March 1, 2001 A.D.

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Notations

The Supreme Court has officially defined the key term "United States" to have three separate and distinct meanings:

- (1) It may be the name of a sovereign occupying the position of other sovereigns in the family of nations.
- (2) It may designate the limited territory over which the sovereignty of the federal government extends.
- (3) It may be the collective name for the fifty States which are united by and under the U.S. Constitution.

Understanding these several meanings is absolutely crucial to understanding the remainder of this book. Much confusion will result from failing to recognize (or decipher) the meaning that is used in any given context. In order to reinforce their importance, these three meanings will be identified by using the following convention whenever possible:

- (1) United States* or U.S.* (first meaning)

The name of the sovereign Nation, occupying the position of other sovereigns in the family of nations.

- (2) United States** or U.S.** (second meaning)

The federal government and the limited territory over which it exercises exclusive sovereign authority.

- (3) United States*** or U.S.*** (third meaning)

The collective name for the States united by and under the Constitution for the United States of America.

At the risk of being criticized for violating formal English style, quotations have also been modified with this notation. The risk of misunderstanding was judged to be far more serious, than any violations of conventional style. It is the Author's sincere intent that the addition of the asterisks will be obvious in all cases, even if the meaning of "United States" is *not* immediately obvious in any given case.

Exceptions to this convention will be made for book titles, for United States Codes (abbreviated "USC" or "U.S.C."), for the United States (or "U.S.") Constitution, and for the United States (or "U.S.") Supreme Court (also abbreviated "S.Ct.")

Other notations should be obvious from their context, but will be repeated here for extra clarity:

- IRS means Internal Revenue Service in the Department of the Treasury (*not* the U.S. Department of the Treasury)
- IR means Internal Revenue (*e.g.* **IR Manual** refers to the IRS Internal Revenue Manual)
- U.S. means United States decision when used to cite a ruling of the U.S. Supreme Court (*e.g.* **324 U.S. 652** refers to volume 324, page 652, of U.S. Supreme Court decisions)
- USC means United States Code (*e.g.* **26 USC 7701(a)** refers to Title 26 of the United States Codes, Section 7701(a)), and appears more often as "U.S.C."
- IRC means Internal Revenue Code (also known as **Title 26** of the United States Code, but these are *not* one and the same)
- CFR means Code of Federal Regulations (*e.g.* **26 CFR 1.871-1** are the regulations for Section 871 of Title 26)
- T.D. means Treasury Decision, a written decision published in the Federal Register by the U.S. Department of the Treasury

If a nation expects to be ignorant and free,
in a state of civilization,
it expects what never was
and what never will be.

Thomas Jefferson

Help us to abolish the
specter of modern slavery
which now threatens to destroy
the essential rights and freedoms
which made this a great nation
and the envy of others
around the world.

Help us to restore a government
which has drifted so far off course
it hardly resembles
the constitutional republic
it was designed to be.

from Cover Page
Notice to 50 Governors
Account for Better Citzenship

(see the Guarantee Clause for authority)

Dedications

If Frank Brushaber was a nonresident alien
with respect to the federal zone, then so am I,
and so are millions of other Americans,
who will know the truth if We teach them.

Before the 14th amendment [sic] in 1868:

... [F]or it is certain, that in the sense in which the word "Citizen" is used in the federal Constitution, "*Citizen of each State*," and "*Citizen of the United States****," are convertible terms; they mean the same thing; for "the Citizens of each State are entitled to all Privileges and Immunities of Citizens in the several States," and "**Citizens of the United States*****" are, **of course, Citizens of all the United States*****.

[44 Maine 518 (1859), Hathaway, J. dissenting]
[italics in original, underlines & C's added]

After the 14th amendment [sic] in 1868:

It is quite clear, then, that **there is a citizenship of the United States** and a citizenship of a State**, which are distinct from each other and which depend upon different characteristics or circumstances in the individual.

[Slaughter House Cases, 83 U.S. 36]
[(1873) emphasis added]

The **first clause of the fourteenth amendment** made negroes citizens of the United States**, and citizens of the State in which they reside, and **thereby created two classes of citizens, one of the United States** and the other of the state**.

[Cory et al. v. Carter, 48 Ind. 327]
[(1874) headnote 8, emphasis added]

We have in our political system a **Government of the United States** and a government of each of the several States**. Each one of these governments is distinct from the others, and **each has citizens of its own**

[U.S. v. Cruikshank, 92 U.S. 542]
[(1875) emphasis added]

One may be a citizen of a State and yet not a citizen of the United States. Thomasson v. State, 15 Ind. 449; Cory v. Carter, 48 Ind. 327 (17 Am. R. 738); McCarthy v. Froelke, 63 Ind. 507; In Re Wehlitz, 16 Wis. 443.

[McDonel v. State, 90 Ind. 320, 323]
[(1883) underlines added]

A person who is a citizen of the United States** is necessarily a citizen of the particular state in which he resides. But **a person may be a citizen of a particular state and not a citizen of the United States****. To hold otherwise would be to deny to the state the highest exercise of its sovereignty, -- the right to declare who are **its citizens**.

[State v. Fowler, 41 La. Ann. 380]
[6 S. 602 (1889), emphasis added]

The first clause of the fourteenth amendment of the federal Constitution made negroes citizens of the United States**, and citizens of the state in which they reside, and thereby **created two classes of citizens, one of the United States** and the other of the state**.

[4 Dec. Dig. '06, p. 1197, sec. 11]
["Citizens" (1906), emphasis added]

There are, then, under our republican form of government, **two classes of citizens, one of the United States** and one of the state**. One class of citizenship may exist in a person, without the other, as in the case of a resident of the District of Columbia; but both classes usually exist in the same person.

[Gardina v. Board of Registrars, 160 Ala. 155]
[48 S. 788, 791 (1909), emphasis added]

There is a distinction between citizenship of the United States** and citizenship of a particular state, and a person may be the former without being the latter.

[Alla v. Kornfeld, 84 F.Supp. 823]
[(1949) headnote 5, emphasis added]

A person may be a citizen of the United States** and yet be not identified or identifiable as a citizen of any particular state.

[Du Vernay v. Ledbetter]
[61 So.2d 573, emphasis added]

... citizens of the District of Columbia were not granted the privilege of litigating in the federal courts on the ground of diversity of citizenship. Possibly no better reason for this fact exists than **such citizens were not thought of when the judiciary article [III] of the federal Constitution was drafted**. ... citizens of the United States** ... were also not thought of; but in any event **a citizen of the United States****, who is not a citizen of any state, **is not within the language of the [federal] Constitution**.

[Pannill v. Roanoke, 252 F. 910, 914]
[emphasis added]

Table of Contents

<u>Contents:</u>	<u>Page</u>
Disclaimer	<i>ii</i>
Special Notice	<i>iii</i>
Notations	<i>v</i>
Dedications	<i>vii</i>
Table of Contents (this page)	<i>ix</i>
Preface to the 8th Edition	<i>xii</i>
Introduction	intro - 1
Chapter 1: The Brushaber Decision	1 - 1
Chapter 2: Status and Jurisdiction	2 - 1
Chapter 3: The Matrix	3 - 1
Chapter 4: The Three United States	4 - 1
Chapter 5: What State Are You In?	5 - 1
Chapter 6: Empirical Results	6 - 1
Chapter 7: Inside Sources	7 - 1
Chapter 8: Is it Voluntary?	8 - 1
Chapter 9: The Law of Presumption	9 - 1
Chapter 10: The Fundamental Law	10 - 1
Chapter 11: Sovereignty	11 - 1
Chapter 12: Includes What?	12 - 1
Chapter 13: Amendment 16 <i>Post Mortem</i>	13 - 1
Chapter 14: Conclusions	14 - 1
Appendices	(see next pages)

Table of Contents

All appendices in the eleventh edition of The Federal Zone are available for free from the *Supreme Law Library* at Internet URL:

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Hypertext links and graphics will be added to these Internet documents, as soon as time and resources permit.

These appendices are available in hard copy *by special order only*, in order to conserve paper and minimize shipping weights.

<u>Appendices:</u>	<u>Page</u>
A Letter to John Knox and his Memorandum of Law	A - 1
B Omnibus Acts	B - 1
C Treasury Decision 2313	C - 1
D Form 1040 for 1913	D - 1
E Viacom Transcript	E - 1
F Affidavit of Rescission	F - 1
G Deceptive IRS Code Words	G - 1
H Analysis of <u>U.S. v. Hicks</u>	H - 1
I Notice to 50 Governors	I - 1
J Petitions to Congress	J - 1
K IRS Form 1040NR	K - 1
L IRS Form W-8	L - 1
M List of Organizations	M - 1
N Bibliography	N - 1
O Constructive Notice and Demand	O - 1
P Miscellaneous Letters	P - 1

[more ...]

Table of Contents

<u>Appendices:</u>	<u>Page</u>
Q Apportionment Statute	Q - 1
R Affirmations: Within & Without	R - 1
S Affidavit of Foreign Status	S - 1
T Revocation of Birth Certificate	T - 1
U Revocation of Voter Registration	U - 1
V Affidavit of Applicable Law	V - 1
W Memos on <u>Downes v. Bidwell</u>	W - 1
X Certificate of Exemption from Withholding	X - 1
Y Memoranda of Law by Richard McDonald	Y - 1
Z Nature and Cause: Case Law	Z - 1

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See the Supremacy Clause for the seminal authority.

#

Preface to the Eighth Edition

The history of this book, since it was first published in the year 1992, has been nothing if not tumultuous. With a limited private budget, and no help at all from any commercial publishing companies, the second edition of The Federal Zone was perfect-bound by an automated bindery and started shipping, most often in quantities of one or two, at a law conference in Sacramento, California, on the Fourth of July. The bright, professional cover, printed in two colors, was a welcome change from the amateur designs adopted by many other authors writing on similar subjects. Nobody else had thought to shrink-wrap their freshly bound books either.

For the remainder of that year, this author spent every waking hour shipping books, sometimes by the case load, to customers in every State of the Union. What time remained was spent answering a mountain of correspondence, doing further research and bolstering the solid legal foundation already built for one specific purpose: to dismantle the IRS totally, once and for all. This is a worthy goal, for the entire nation.

It was an exhilarating time, to be sure, and a mixed blessing when the initial run of 2,500 copies was quickly exhausted. The praise for its indisputable authority, consistent rigor, and almost stubborn fidelity to proven fact, was nearly unanimous.

Although the revenue stream was substantial, the cumulative costs of continuing research, office overhead and living expenses made it impossible to pay the automated bindery for a second large print run, using the author's private funds. A plan was hatched to solicit investors who would pre-pay one thousand dollars each, in return for receiving one hundred bound copies "drop-shipped" directly from the bindery.

This was a good deal, because each investor would pay a "wholesale" price of only ten dollars per book, compared to the "retail" price of forty dollars (fifty dollars for the first edition). Four investors had fronted one thousand each, and that sum of four thousand dollars was "safely" deposited in a trust account at Wells Fargo Bank, in San Rafael, California, when disaster struck.

As it turned out, the Internal Revenue Service was watching, and they were hopping mad about the book. Nobody had ever pulled the rug out from under them quite like that, before then -- not in such a neat, professional package which was soon racing around the country and setting precedents in the history of American constitutional jurisprudence. So, like Nazis burning books in the town square at noon, the IRS cranked out a "Notice of Federal Tax Lien," strolled into Wells Fargo Bank, and strolled out with a cashier's check -- four thousand dollars worth, to be exact.

All of this happened, of course, without any notice or hearing from anyone, and certainly without the court order which is an absolute prerequisite before a bank account can be levied. So, in many ways, the IRS had become much worse than Nazis.

German Nazis at least provided their victims with ample notice of a pending book-burning, by inviting the town's people to witness cans of gasoline pouring over gutted library contents, piled high and deep in the local town square, as one lit match reduced their store of knowledge to ashes. In Amerika, the IRS steals the money being saved to print books, and nobody learns about it until the event is long past. At least, the Nazis were honest about it. Here, the books never even made it into print. California, 1993!

The only real inventory, at that point, was the electronic fourth edition. A fateful decision was made to begin shipping "shareware" copies of the book on 3.5" floppy disks written by the author's personal computer -- an Intel 80386 CPU running DOS version 5 from Microsoft.

By that time, a healthy market had developed in the computer industry, whereby independent programmers could distribute commercial software on the "honor" system. Computer programs would be copied or "shared" for free, and users would pay the original programmer a modest "shareware" fee if the software was found to be useful to them. This mode of distribution produced decent revenues for many independent programmers, because their users honored the rules, to everyone's advantage. The shareware fee for The Federal Zone was a mere \$25.00.

With high hopes that the freedom movement [sic] would play by the same rules, an electronic copy began to circulate around the country, with no way to track either copies or readers. Sadly, shareware revenues amounted to a miniscule pile of small change, forcing this author into a painful and protracted period of acute depression, both financial and emotional.

This was an extremely bitter lesson about the real American mind set, at that point in recent history. Many potential readers had expressed what appeared to be genuine concerns about federal government attacks on the fundamental Rights of all Citizens.

The U.S. Constitution is explicit about the importance of securing to authors the exclusive Right to their respective writings. And yet, the very same people who claimed to have such a deep and abiding commitment to defending, and promoting, such fundamental Rights, were often the first to steal The Federal Zone and to pass stolen copies to everyone who would listen.

One copy was even modified, in blatant violation of stated copyright restrictions, and posted without this author's permission on the Internet, made vastly popular by the first commercial "browser" in Netscape's Navigator. That stolen copy remains today on the Internet file servers at America Online, Inc., whose corporate executives refuse to honor this author's copyrights either, even after receiving numerous written notices.

The punishments, threats, retaliation, and reprisals did not stop there. Cars with tampered front brakes, physical assault, death threats, false arrest, false imprisonment, defamation and intentional starvation would follow.

The first of several court battles was not long in coming. The research which formed this book's solid foundation, had to happen initially during moonlight hours, while this author worked full-time doing systems development for a major investment bank in San Francisco. The pay was excellent, and there was no withholding, by choice. Remember, the courts had already ruled that compensation for services rendered was not "income", as that term is used in the Internal Revenue Code ("IRC"). At the end of 12 months, a 6-figure salary was bound to attract IRS attention, even *without* the recent publication of the book.

The IRS then issued an administrative summons, which this author promptly ignored. Waiting at the post office one day was an unmarked white car, and two IRS agents; one of them dropped an envelope at my feet, with a federal court order -- to show cause why I should not be compelled to obey their summons. This was a "civil" action, so I decided to remain civil too.

In retrospect, I took this hearing far too seriously. With feedback from a small group of friends, I went to work perfecting a long pleading which explained in great, authoritative detail, why the United States District Court in San Francisco could not compel me to be a witness against myself.

An unusually large set of documents was appended to the main pleading, including the printed second edition of The Federal Zone, and certified copies of all the correspondence which numerous government officials had dutifully ignored. This has become their custom in that zone, by the way. Their fraud is so enormous and far-reaching, they really do have no choice in the matter but to fall silent.

These were petitions to government for redress of grievances, protected and guaranteed by the Petition Clause in the First Amendment, but that would not stop every single government employee from ignoring everything. This pleading is scheduled to be loaded, as soon as possible, into the Supreme Law Library on the Internet, time and money permitting. Read it! It is very good. See Internet URL <http://www.supremelaw.org/cc/jetruman/oppososc.htm>.

The court hearing was before a tall federal judge, perched even higher on his custom mahogany bench, black mustache strangely similar to the infamous one right under the nose of one Adolf Hitler. A large bevy of high-paid attorneys, in expensive Italian 3-piece suits, was parked in the gallery -- shuffling papers and quiet whispers echoing from the high ceiling. When my turn came, I announced my appearance, and another little Nazi from DOJ's Tax Division made his.

I began by explaining to the judge that I needed answers to certain specific questions, before I could proceed any further. This move caught the judge by surprise, who replied that he was not there to answer *any* of my questions. So, I continued by reading each and every question into the record, while the judge squirmed in his leather chair, nervously tugged at his mustache, and otherwise refused to answer any of my questions.

The courtroom had become strangely quiet. I surmised that each and every high-paid attorney in that gallery was hearing all of this for the very first time, and they were astonished that anyone could, or would, talk to a

federal judge as I had just done. The legal merits went sailing overhead -- everyone's!

The court order to appear was dutifully signed by Adolf II, and I did show up, only to invoke the Fifth Amendment in response to every single question, without fail: "What is your name?" asked the Revenue Agent. "I decline to answer that question because I cannot be compelled to be a witness against myself." "Where's the money you made in 1990?" "I decline to answer that question, because I cannot be compelled to be a witness against myself." And so on. Blanket invocations of the Fifth don't work. Invoking the Fifth on each and every question *does* work.

In retrospect, the most memorable incident at the IRS office that day was my demand to witness that Revenue Agent's photo identification. After much arguing, in an empty waiting room, Agent X appeared from behind the public counter and flashed a badge, at shoulder height, but from 20 feet away, where I could not decipher *any* of the important details.

Years later, our impeccable research would prove that their badges tie them to an extortion racket and money laundry domiciled in Puerto Rico, and hiding behind defunct Prohibition laws. So much for their "Treasury Department" [sic]. The petroleum cartel had conspired to outlaw alcohol, to perfect their monopoly in automotive fuels, and it had to field a large federal police force which stayed when Prohibition was repealed.

Expecting the worst, I girded myself for a contempt hearing which never happened. Months later, without any fanfare, Adolf the Second quietly dismissed the entire case -- no more hearings, no appeals, no nothing. He and I both knew well enough that I had successfully penetrated, and solved, their complex labyrinth. This was a victory, albeit a small one.

A second hearing, to enforce a second summons, for records of pay during the second half of my tenure at the investment bank, was even more revealing. Again, a large coterie of Italian suits and expensive leather shoes was there to populate the gallery. A similar courtroom, with the requisite high ceiling, was scheduled.

Only this time, a retired federal judge was appointed to handle an overflow of cases. Rather than to prepare an extensive set of pleadings and exhibits, I chose instead to do nothing whatsoever, except to appear as ordered. An aging Zionist occupied the bench, like the Gaza Strip, and the clerk called the case, "U.S.A. v. Mitchell, civil case number XYZ."

Having no written pleadings whatsoever perturbed this judge, no end. Taking cues from their phony summons, I launched into a direct attack on the meaning of "liability" and the utter absence of any liability statutes for taxes imposed by Subtitle A of the IRC. The judge was caught off guard, and evidently shocked. I pressed the point and reminded him that the DOJ crony (the same one as last time) had completely failed to produce any evidence whatsoever of any liability statutes. I moved the Court to *order* him, right then and there, to exhibit same.

Silence engulfed the cavernous courtroom. There were no shuffling papers and no whispers echoing from the packed gallery. I pressed the point again, a third time, and counted, on the small fingers of my out-stretched hand, how many times I had now demanded to see specific liability statutes, *if any*. The judge was now visibly shaking as he leaned forward in his big leather chair, the better to stare down at the podium where I stood tall and spoke with convictions, challenging his every word.

"If you don't obey my order to attend that summons, I will send you to prison. Do you understand *that*?" shouted the judge. Oh, I wish I'd have known then what I know now (about threatening a federal witness). If one thought the courtroom was quiet *before* that remark, you could now hear a pin drop 40 feet away. I firmly stood my ground and answered by saying, "No. I do not understand how you can create a liability out of thin air, particularly when there appear to be no liability statutes anywhere in the IRC, and when the U.S. Attorney here can do nothing except to bite his lower lip, in total silence."

I drove the point home, "Moreover, I have now asked you, four different times, for the statutes, if any, which create a liability for Subtitle A income taxes, and all I am getting is silence, from this court, and from Mr. U.S. Attorney over there. I notice that he is even now sitting down. Then, let the record show that **there is no liability statute**, and that your silence on this crucial point is a fraud upon me, and estoppel upon you." Whew!

I wish there had been a truly spicy ending to this second summons enforcement. Unfortunately, the same nauseating routine repeated itself, once again. "What is your name?" they asked. Fifth Amendment reply again and again, every time. The aging federal judge *pro tempore* then did nothing; he didn't even dismiss the case.

And this is the really amazing thing about this whole IRS mess. Here was a seasoned federal judge, with literally decades of experience under his belt, and he appeared sincerely stumped by my demand that his Court reveal the exact statutes which create a specific liability for taxes imposed by IRC Subtitle A. And, the terribly painful answer is that he could not do so, because there is none, and he was smart enough to realize the far-reaching implications of admitting same, in open court, with a licensed court reporter recording every word! Victory!!

Now that a very bad pattern was beginning to evolve, the IRS Revenue Agent was really thirsting for blood. Having discovered my safe deposit box at Wells Fargo Bank in California, he went to a third federal judge and explained that these nasty "tax protesters" [*sic*] often hide their assets in safe deposit boxes. I normally correct these criminals whenever they designate me a "tax protester." I am *not* a tax protester; I am an "illegal tax protester," because the tax is illegal, not the protest, and certainly not the protesters! (DOJ always loses on this point.)

The really ironic admission was the paragraph in his court petition which explained why it was that the IRS needed a court order, before raiding a bank safe deposit box. Yes! These were the very same authorities which require that IRS obtain a court order to levy a bank account. Remember the \$4,000 that vanished from our trust account, set aside to re-print the book?

Poof!

Nevertheless, little did Mr. Revenue Agent know that I had never put *anything* into that safe deposit box. It was a nice gift from Wells Fargo Bank at a time when I had transferred some money from the Bank of America, as the B of A's financial ratings took a vertical nose dive; but, it had always been empty, zero, a small volume of stale air.

So, it was with much glee, and no small degree of abandon, that I completely ignored this third court case. It had become a reliable source of great satisfaction to imagine that fateful moment, court order clutched in his left fist, right fist pounding on the bank's front door, when Mr. Revenue Agent arrived to bust my safe deposit box, and all of its valuable contents.

Get this: the bank officer is ceremoniously summoned to escort this band of marauders to the waiting room, combination in hand. Mr. Revenue Agent is standing, in great anticipation, thinking that all of his expensive litigation is finally going to pay off -- or maybe break even. Ms. Bank Officer leans over to unlock the box. Mr. Revenue Agent leans over her shoulder. The door is finally opened and ... VOILA! It's empty!! Tears of laughter (mine).

Maybe, some day in the next life, the Most High will allow me to replay the Wells Go Far videotape of that unique and unforgettable moment, as Mr. Revenue Agent storms out the front door, slams his car door shut, and then slams the accelerator to the floor, making straight his path to the nearest martini bar.

There, he empties all available bottles of gin and vermouth, then runs over his daughter's tricycle, trying to find the garage door to his plush mansion in Mill Valley, California. I replay this fantasy in my mind with frequent intense fascination. That was the last I ever heard from Mr. Revenue Agent, in point of fact.

The truth of these pyrrhic victories did not travel very far. It is amazing how empty federal courts do become, whenever IRS agents appear. Most people living in my neighboring communities were absolutely convinced I had gone totally wacky.

It was true that I had abandoned a promising and lucrative career in the computer industry, I was now officially homeless, and my bouts with *bona fide* depression were not getting any better. At the lowest point, I was even washing dishes and renting a dilapidated trailer from a woman who later admitted to being a real witch. Yikes! The patience of friends I did have, was wearing very thin. The rumor mill was twisting truth beyond all recognition or repair. It was definitely time to move on.

I made contact with a friend in Sacramento, and migrated to a project challenging the doctrine of judicial immunity on behalf of an activist who was being persecuted -- for handing out fully informed jury fliers on the steps of a county courthouse in California.

My computer skills were a bit threatening to the lead counsel; but we nevertheless reached the U.S. Supreme Court with an eloquent, if somewhat flawed call for full judicial review of the current trends which immunize federal judges from all accountability whatsoever. The high Court summarily denied the petition, and I decided to head for Kentucky, to start a new life. Those worthy briefs are now in the Supreme Law Library.

It was during that period in Sacramento, when my friend handed me a copy of the high Court's decision in U.S. v. Lopez. In a concurring opinion, Justice Kennedy had utilized the term "federal zone" as a household word, entirely in the context of limiting federal jurisdiction under the Commerce Clause in the U.S. Constitution. In so doing, not only did Justice Kennedy give an impressive, if left-handed compliment to the book, which by then had reached the high Court's private library; more importantly, Justice Kennedy's use of that term, in a sweeping decision with far-reaching consequences, resulted in giving the term a permanent place in the history of American constitutional jurisprudence.

This was really something to celebrate, and celebrate I did, but only in quiet moments that served to dissolve the depression and isolation, in small but sure steps, with no fanfare, no parties, and no limousines. My real Boss was beginning to take over, at last, for I had now become an agent of the Most High, on a mission to all of planet Earth, with special emphasis on the United States of America and the supreme Law of *this* Land.

On the way to Kentucky, I was invited to attend a weekend conference on courts and common law in Albuquerque, New Mexico. A scheduled speaker could not show. So, on very short notice, I was recommended to the conference organizers as the best available pinch hitter. Without much time to prepare, I chose to address a relaxed audience early Sunday morning without using any notes. The impact on that audience was powerful.

Two video cameras were there to record this author deliver a heart-warming story of judicial activism and amazing discovery. With confidence and precision, I recited certain key statutes from the IRC: "The provisions of subtitle F shall take effect on the day after the date of enactment of this title." There was instant applause when I reminded the audience that Title 26 of the United States Code had *never* been enacted into positive law!

Three people were sufficiently impressed that morning to introduce themselves and invite me to Tucson, Arizona, to set up shop in an extra room in their company headquarters. One was the general manager of a health food chain, organized as a pure trust (with a rubber stamp for a Trustee). The other two were a married couple who had done the trust accounting for many years. The offer was just too good to refuse (*and* too good to be true).

So, I turned my car around and headed back in the direction from whence I had come. I missed a junction in Las Cruces, and had to make a U-turn on a major boulevard, with an island dividing traffic and a 3-way light to control left turns. A homeless man was standing right there with a PLEASE HELP sign, so I reached into my pocket and came up with a \$100 bill. As I handed it to him, my arrow turned green, so I drove on without making any eye contact with him. Was this man an angel in disguise?

Not long after that brief encounter, and back on the highway, headed west towards Tucson, I noticed the wheels of my car had begun to roll very smoothly, as if the highway had become a ribbon of fine glass. The sky was a patchwork of evenly shaped clouds, from horizon to horizon, equally spaced to permit the sunshine to stream through, in shafts of brilliant white light. The patchwork of clouds was iridescent with pastels from every spectrum of the visible rainbow.

A profound joy overcame me, and the car felt as if it were no longer touching the pavement on I-10. I knew then that I was having a supernatural experience, and the message was clear: "You are now going in the right direction, and great discoveries are waiting at your next destination." That prophecy would soon come true. *How true is simply hard to believe, even now.*

It wasn't long after setting up shop in Tucson, that the trust was served with a grand jury subpoena for copies of their books and records. I was rapidly promoted to Vice President for Legal Affairs, and the rest is now history, fully documented in the pleadings and related exhibits in the Supreme Law Library at URL <http://www.supremelaw.org/cc/nlhc/index.htm>.

Treat yourself to a careful study of the many documents which we generated in that case. The best place to begin is our letter to the Federal Bureau of Investigation, to support a complaint of judicial misconduct against the judge in that case.

Suffice it to say that the judge was overwhelmed with convincing evidence, the IRS and DOJ attorneys went running for cover, and a proper criminal complaint was served upon a lot of government employees, for numerous federal offenses.

We had finally busted the IRS, big time, and it has been all downhill for them, ever since then. Some who had followed this work, even now refer to that grand jury case as "legendary."

We agree!

Soon after arriving in Tucson, I was given a copy of a letter which Congresswoman Barbara Kennelly had written to one John Randall in San Diego, California. If ever there was any one, single document which proved that a major thesis of The Federal Zone is entirely correct, *beyond all doubt*, this letter was it. This one was good, and true.

Many who do read Kennelly's letter are impressed by the fact that it was written on Congressional stationery, and mailed under their franking privileges. Government by appearances is a better term for this behavior.

The *real* story is that Kennelly did not know the correct answer to Randall's question, so she went to the "experts" for advice, and merely relayed their answers back to Randall. Career specialists in federal law, in two different government offices -- the Legislative Counsel and the Congressional Research Service -- all agreed that the term "State" in the IRC includes *only* the named territories and possessions of the District of Columbia, Puerto Rico, the Virgin Islands, Guam, and American Samoa.

When the dust had settled in the grand jury case, this author prepared a Press Release to publicize Kennelly's earth-shaking and revealing admission. That Press Release now follows, verbatim:

FOR IMMEDIATE RELEASE

August 28, 1996

Congresswoman Suspected of Income Tax Evasion

Payson, Arizona. Paul Mitchell, a Counselor at Law and Citizen of Arizona state, today challenged U.S. Representative Barbara Kennelly to stop evading the big question about federal income taxes: Does the term "State" at Internal Revenue Code 3121(e) include *only* the named federal territories and possessions of the District of Columbia, Puerto Rico, the Virgin Islands, Guam and American Samoa? Can this be income tax evasion? Read on.

In a letter to Mr. John Randall of San Diego last January 24, Kennelly responded to a written request from Randall asking her if the word "State" in 26 U.S. Code 3121(e) and in other pending legislation were the same. Rep. Kennelly, a Democrat from Connecticut, first checked with the Legislative Counsel and with the Congressional Research Service about the definition. "According to these legal experts," answered Kennelly, "the definitions are not the same. The term state in 26 U.S. Code 3121 (e) specifically includes only the named U.S. territories and possessions." Her letter to Randall, on official House of Representatives stationery, was dated January 24, 1996.

This admission is earth-shaking, according to Paul Mitchell, who has conducted an in-depth investigation of federal laws and the U.S. Constitution for seven years now. If the Internal Revenue Code was deliberately written to confuse the American people into believing that "State" means "Arizona" or "California," when it does not, then the Congress has a lot of explaining to do. Mitchell has since challenged Kennelly to produce copies of the correspondence she received from the Legislative Counsel and Congressional Research Service, but she has now fallen silent and refuses to answer any follow-up letters. Congress, incidentally, exempted themselves from the disclosure requirements of the Freedom of Information Act.

Writing under several pen names, Paul Mitchell's work has reached all the way into the U.S. Supreme Court, which adopted "the federal zone" as a household word in their sweeping 1995 decision in U.S. v. Lopez. His book entitled The Federal Zone: Cracking the Code of Internal Revenue, was first published in 1992, and became an instant underground success for its lucid language and indisputable legal authority. The book was originally written in electronic form, which made it easy to disseminate through the Internet. The fourth edition can be viewed with the Alta Vista search engine, developed by Digital Equipment Corporation. The Internet version does not preserve any **bold**, underline, or *italics*, however. Mitchell has used special character formats to highlight important words and phrases in federal statutes and case laws, easing the reader's burden of deciphering an otherwise unintelligible code.

It is clear, there is a huge difference between the area covered by the federal zone, and the area covered by the 50 States. "Money is a powerful motivation for all of us," writes Mitchell in a chapter from the book. "Congress had literally trillions of dollars to gain by convincing most Americans 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 statute itself." Indeed, the proof is now leaking out on official Congressional stationery.

Mitchell goes on to argue, it is no wonder why public relations "officials" of the IRS **cringe in fear** when dedicated Patriots admit, out loud and in person, that they have read the law. It is quite stunning how the carefully crafted definitions of "United States" do appear to unlock a statute that is 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. That shift is being driven by a growing understanding of personal status and its relation to government territorial jurisdiction.

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 modern 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. The White House budget office recently 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 report upped the projection to 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," concludes Paul Mitchell.

#

What follows here is the exact text of Kennelly's letter. Pay particular attention to the precise language found in the second paragraph:

The term state in 26 U.S. Code 3121(e) specifically includes only the named U.S. territories and possessions of the District of Columbia, Puerto Rico, the Virgin Islands, Guam and American Samoa.

[**bold** emphasis added]

This level of language precision is quite rare, coming as it did from a lawmaker currently seated in the U.S. House of Representatives, in Washington, D.C. More importantly, Kennelly is telling us that experts in the offices of the Congressional Research Service, and the Legislative Counsel, agree *completely* with the main, and highly controversial thesis of this book:

Congress of the United States
House of Representatives
Washington, D.C. 20515

January 24, 1996

Mr. John Randall
3808 Rosecrans Street
Apartment #233
San Diego, California 92110

Dear Mr. Randall:

Thank you for writing with your question about Section 3(a) of H.R. 97, legislation I introduced this Congress. Please excuse the delay in my response.

In your letter you asked if Section 3(a) of H.R. 97 defining the word state, and 26 U.S. Code 3121 (e) are the same. I have checked with Legislative Counsel and the Congressional Research Service about the definition. According to these legal experts the definitions are not the same. **The term state in 26 U.S. Code 3121 (e) specifically includes only the named U.S. territories and possessions of the District of Columbia, Puerto Rico, the Virgin Islands, Guam and American Samoa.** In addition, this section of the U.S. Code unlike H.R. 97 also states,

"An individual who is a citizen of the Commonwealth of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for the purposes of this section, as a citizen of the United States."

H.R. 97, section 3(a) does not specifically define the U.S. territories and possessions that would be eligible under this legislation, and therefore is somewhat more expansive. Again, thank you for writing on this issue.

Sincerely,

/s/ Barbara

BARBARA B. KENNELLY
Member of Congress

BBK:ajr

[**bold** emphasis added]

Finally, it was no surprise when Rep. Kennelly refused to answer my polite request for copies of any written communications which she had received from those two offices. Remember, silence had become their custom in that zone. Their fraud is so enormous and far-reaching, they really do have no choice in the matter, but to fall totally and completely silent. Here's that letter:

MEMO

TO: Rep. Barbara B. Kennelly
Member of Congress

FROM: Paul Andrew, Mitchell, B.A., M.S.
Counselor at Law

DATE: June 28, 1996

SUBJECT: Definition of "State" in IRC 3121(e)

I am a part-time student of comparative economic history, and your letter to Mr. John Randall of San Diego, dated January 24, 1996, just happened across my desk recently (see attached).

I would be very interested to obtain copies of any written communications you received from the Legislative Counsel and the Congressional Research Service concerning the definition of the term "State" as found in 26 U.S. Code, Section 3121(e).

Would it be possible for you to send me copies of their written communications to you, if any?

These communications would be very helpful to certain aspects of my current research endeavors, in particular, the fallout from a set of U.S. Supreme Court decisions known as The Insular Cases (circa 1900).

Rep. Kennelly, thank you very much for your consideration.

Sincerely yours,

/s/ Paul Andrew Mitchell

Paul Andrew Mitchell, B.A., M.S.
Counselor at Law, Federal Witness,
and Private Attorney General

email: supremelawfirm@yahoo.com

attachment: letter to John Randall,
January 24, 1996

copies: Legislative Counsel
Congressional Research Service

Reader's Notes: