

***POLICY DOCUMENT:
PETE HENDRICKSON'S
"TRADE OR BUSINESS" APPROACH***



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1 **1 Introduction**

2 The purpose of this document is to:

- 3 1. Express our gratitude to Pete Hendrickson for the important contributions made by his research to the tax honesty and
4 freedom communities in furtherance of a law abiding, limited, constitutional government.
- 5 2. Describe in detail differences between the approaches of Pete Hendrickson and this website towards the illegal
6 enforcement activities of the IRS.
- 7 3. To describe efforts to resolve the conflicts between us to date and Pete Hendrickson’s response to those efforts.
- 8 4. To provide legally admissible evidence justifying why our position is the only one consistent with prevailing law.
- 9 5. Offer an opportunity for fellowship Members and readers to further investigate and rebut any of the evidence upon
10 which we base our position.
- 11 6. Improve the information and materials available on this website for preventing unlawful activities by the government
12 and private industry.

13 This document is based upon the latest information available on Pete Hendrickson’s website below as of the time of writing
14 of this document, which is available below:

<p><u><i>Lost Horizons Website</i></u> http://losthorizons.com</p>
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15 More complete documentation of his approach is also found in his book entitled *Cracking the Code*, which is also available
16 on his website.

IMPORANT NOTE: Please DO NOT contact us for help undoing the damage that Pete Hendrickson might have inflicted on those who followed his flawed guidance, subsequently read this pamphlet, and determined that the guidance was incorrect. We are NOT a volunteer cleanup crew for those who are injured by following the endless gurus out there. We are here ONLY to warn people about these gurus and help people learn and comply with the law as described on this website.

We remind our readers that our Terms of Use and Service, Form #01.016, Section 4 forbids preparing or advising in the preparation of STATUTORY tax returns filed by statutory “taxpayers”. Consequently, all we can do is describe our own efforts to comply with the law consistent with the content of our website and let people decide for themselves whether that method is appropriate in their case.

The main difference between Pete Hendrickson’s approach and ours is that:

1. He files statutory RESIDENT tax returns and we file CUSTOM NON-STATUTORY NONRESIDENT common law claims for return of funds unlawfully paid to the government, such as:
Federal Nonresident Nonstatutory Claim for Return of Funds Unlawfully Paid to the Government-Long, Form #15.001
<http://sedm.org/Forms/FormIndex.htm>
2. We use NONRESIDENT non-statutory information return correction forms formatted as a criminal complaint. All the information return correction forms provided by the IRS are for statutory RESIDENT “taxpayers”. This is covered in:
Correcting Erroneous Information Returns, Form #04.001
<http://sedm.org/Forms/FormIndex.htm>

On the subject of changing a statutory RESIDENT tax return into a NON-STATUTORY NONRESIDENT claim, it is our understanding that:

1. IRS publishes no forms to change a previously filed RESIDENT 1040 into a NONRESIDENT 1040NR.
2. Because there is no method to change status upon refiling a return, the only method we are aware of is to file a NEW nonresident return.

For further details, see:

IRS Chief Counsel Memo 100317021: Conversion of 1040 Return with an ITIN to a 1040NR Return
<http://fanguardian.org/Subjects/Taxes/Remedies/IRSCchiefCounselMemo-ConvertForm1040TOForm1040NR.pdf>

Beyond the above information, please DO NOT contact us for help in fixing previously filed tax returns or information return corrections such as the IRS Form 4852, all of which are RESIDENT tax returns that are NOT in compliance with our member agreement and therefore not supported.

If you discover methods to address the issue of undoing the damage that Hendrickson did to you, we welcome you to post what you learn in our MEMBER forums. You are also encouraged to compare notes with others in our forums as you discover such methods, but please direct all your questions to OTHERS rather than us directly because we won’t help you violate our Member Agreement.

<http://sedm.org/forums/>

A group of disgruntled former followers who were kicked out of Pete Hendrickson’s forums because they agreed with our position on the flaws in Hendrickson’s approach have formed their own group. The purpose of the group appears to be to discover ways to secure the return of funds unlawfully paid to the government through unlawful withholding and reporting. We are not affiliated with them in any way, but you can visit their website at:

<http://www.taxresponseteam.org>

2 Summary of the Hendrickson Approach

Hendrickson’s approach is summarized below, extracted from his writings on the Lost Horizons Website:

1. The [Internal Revenue Code Subtitle A](#) describes an excise tax upon privileges associated with a “trade or business”, which is defined in [26 U.S.C. §7701\(a\)\(26\)](#) as “the functions of a public office”.

2. Information returns submitted under the authority of [26 U.S.C. §6041](#), are the method of connecting those who they are submitted against with the “trade or business” activity. Information returns include such IRS forms as the W-2, 1042-S, 1098, 1099, and K-1.
3. It is unlawful and constitutes a false and fraudulent filing of a “return” pursuant to [26 U.S.C. §7206](#) if an information return is submitted in connection with a person who is not in fact and in deed connected with a “public office” in the United States government.
4. Most information returns submitted to the IRS are false. They also become fraudulent at the point when the submitter has been notified they are being submitted against a person not engaged in a “public office” and a “trade or business”.
5. The IRS provides mechanisms for correcting false information returns. These methods include the following:
 - 5.1. False IRS Form W-2:
 - 5.1.1. With tax return: Submitting a tax return accompanied with an IRS Form 4852 correcting the false amounts reported.
 - 5.1.2. Without Tax Return: Submitting IRS form W-2C to the Social Security Data Processing Center.
 - 5.2. IRS Forms 1042-S, 1098, 1099: Resubmit the form with the “Corrected” block checked at the top of the form.
6. It is unlawful and unnecessary to deduct or withhold any amount from payments of a person who is not engaged in a “trade or business”.
7. Those who have had their earnings subjected to either withholding or backup withholding and who are not in fact engaged in a “public office” and a “trade or business” in the United States government may obtain a refund of amounts wrongfully withheld by submitting the following forms to the IRS:
 - 7.1. IRS Form 1040
 - 7.2. Corrected information returns. See:
 - 7.2.1. Correcting Erroneous Information Returns, Form #04.001-condenses the next four items into one integrated document.
<http://sedm.org/Forms/FormIndex.htm>
 - 7.2.2. Correcting Erroneous IRS Form W-2's, Form #04.006
<http://sedm.org/Forms/FormIndex.htm>
 - 7.2.3. Correcting Erroneous IRS Form 1042's, Form #04.003
<http://sedm.org/Forms/FormIndex.htm>
 - 7.2.4. Correcting Erroneous IRS Form 1098's, Form #04.004
<http://sedm.org/Forms/FormIndex.htm>
 - 7.2.5. Correcting Erroneous IRS Form 1099's, Form #04.005
<http://sedm.org/Forms/FormIndex.htm>
 - 7.3. A short letter attached which explains why you are not engaged in either a “trade or business” or a “public office”.
8. The citizenship and residency of persons is irrelevant to tax liability. The main and perhaps only thing that matters is whether they are in fact engaged in a “trade or business” or “public office” and whether they have earnings called “income” connected to that taxable activity.

3 Summary of differences between the Hendrickson Approach and Our Approach

In preparing this section we rely upon all of the following sources of information

1. The entire content of Pete’s website:

Lost Horizons Website.
<http://losthorizons.com>
2. Reading of Pete Hendrickson’s entire book:
Cracking the Code book authored by Pete Hendrickson.
3. Emails from Pete Hendrickson.
4. Postings on Family Guardian Website available at:
http://famguardian.org/Subjects/Taxes/CaseStudies/WhosWho/WhosWho.htm#Hendrickson_Pete

The content of this section is therefore a reflection of all of the information available from Pete Hendrickson that we are aware of at the time this document was written. We furthermore solicit further rebuttal by Pete Hendrickson himself and will incorporate all such rebuttal received from him into this document as we receive it.

Differences between the Pete Hendrickson approach and the SEDM approach to lawfully complying with the Internal Revenue Code by persons domiciled within states of the Union who are also born there include the following:

1. Hendrickson thinks that that the statutory “citizen”, “resident”, “taxpayer”, “individual”, “person”, or “U.S. person” who is the subject of the tax on the IRS Form 1040 is a human being, but we completely disagree. It is a public office, and in order for you to become a “taxpayer”, “citizen”, “resident”, or “U.S. person” under the I.R.C. or any federal civil law, you have to VOLUNTEER or ELECT yourself illegally (in violation of 18 U.S.C. §912) into a public office. See:
- 1.1. *Why Your Government is Either a Thief or You are a “Public Officer” for Income Tax Purposes*, Form #05.008 <http://sedm.org/Forms/FormIndex.htm>
 - 1.2. *Why You Are a “national”, “state national”, and Constitutional but not Statutory Citizen*, Form #05.006, Sections 4 and 5 <http://sedm.org/Forms/FormIndex.htm>
2. The IRS Form 1040 is the WRONG federal tax form for the average American domiciled in a state of the Union to file. It is incorrect because only STATUTORY “citizens” and STATUTORY “residents” with a legal domicile on federal territory can truthfully file this form. This is consistent with IRS Document 7130, which says the Form 1040 is only for use by statutory “U.S. citizens and residents”, who have in common a domicile on federal territory. What makes a person an “individual”, in fact, is a domicile or residence on federal territory:

1040A 11327A Each
U.S. Individual Income Tax Return

Annual income tax return filed by citizens and residents of the United States. There are separate instructions available for this item. The catalog number for the instructions is 12088U.

W: CAR:MP:FP:F:I Tax Form or Instructions
/2003 IRS Published Products Catalog, p. F-15;
SOURCE: <http://fanguardian.org/TaxFreedom/Forms/IRS/IRSDoc7130.pdf/>

3. Hendrickson doesn’t seem to understand the origins of the government’s civil authority, including the authority to tax, and this makes his followers vulnerable to exploitation by the courts and by lawyers if they have to litigate their position. The government’s authority to tax is NOT based ONLY on the “trade or business” franchise or activity. Instead:
- 3.1. All civil jurisdiction of the government originates from the voluntary, un-coerced choice of domicile. The Declaration of Independence says that all just powers of government originate from the consent of the government. This means, in practical terms, that the government cannot coerce you to choose a domicile within their jurisdiction or to accept the consequences that arise out of that choice, including the duty to pay a tax, without your consent. Another way of saying this is that they can only govern those who CONSENT to be governed.

“Thus, the Court has frequently held that domicile or residence, more substantial than mere presence in transit or sojourn, is an adequate basis for taxation, including income, property, and death taxes. Since the Fourteenth Amendment makes one a citizen of the state wherein he resides, the fact of residence creates universally reciprocal duties of protection by the state and of allegiance and support by the citizen. The latter obviously includes a duty to pay taxes, and their nature and measure is largely a political matter. Of course, the situs of property may tax it regardless of the citizenship, domicile, or residence of the owner, the most obvious illustration being a tax on realty laid by the state in which the realty is located.”
[Miller Brothers Co. v. Maryland, 347 U.S. 340 (1954)]

- 3.2. Tax liability originates from the COINCIDENCE of being engaged in a taxable activity as a franchisee called a “taxpayer” AND from having a domicile or residence on federal territory.
 - 3.2.1. Those with a domicile on federal territory are called “citizens” (pursuant to 8 U.S.C. §1401), “residents” (pursuant to 26 U.S.C. §7701(b)(1)(A)), “inhabitants”, “individuals” (26 C.F.R. §1.1441-1(c)(3) and 5 U.S.C. §552a(a)(2)), and “U.S. persons” (26 U.S.C. §7701(a)(30)).
 - 3.2.2. Those with no domicile or residence on federal territory are called “transient foreigners”, “nonresidents”, and foreigners, but *not* “persons”, “individuals”, or “foreign persons”. Tax liability is a civil liability that depends FIRST on having a domicile on federal territory. You cannot lawfully be a “taxpayer” without also being a statutory “citizen” or statutory “resident” under federal law. Any entity, including a government, that taxes activities without also requiring a domicile in the forum is simply a private company engaged in nothing more than private contracting, and is NOT a government.
- 3.3. One who engages in taxable activities but does not have a domicile on federal territory cannot lawfully have a tax liability. This was implied in the Supreme Court ruling above and is also confirmed by the content of 26 U.S.C. §911(d)(3).

- 1 3.4. The IRS Form 1040 is a “resident alien” form intended ONLY for those with a domicile on federal territory and
2 temporarily abroad and coming under an income tax treaty with a foreign country pursuant to 26 U.S.C. §911. It
3 DOES NOT include anyone situated other than abroad.
4 3.5. The tax imposed in 26 U.S.C. §1 upon the “trade or business” franchise pertains ONLY to “citizens and
5 residents” with a domicile on federal territory that is not part of any state of the Union, wherever situated.

6 For details on the above, see:

[Why Domicile and Becoming a “Taxpayer” Require Your Consent](http://sedm.org/Forms/FormIndex.htm), Form #05.002
<http://sedm.org/Forms/FormIndex.htm>

- 7 4. Hendrickson’s website features the following prominent saying on the opening page, which we heartily agree with:

8 *“Humble obedience to the Constitution is the paramount compelling state interest.”*

9 Yet on the other hand, he advocates a position that places the domicile of all of his readers squarely on federal territory
10 not protected by the Constitution! The IRS Form 1040 is only for those domiciled on federal territory and who
11 therefore have no rights. What an irony that he advances such a contradictory and hypocritical position on which form
12 to file.

13 *“Indeed, the practical interpretation put by Congress upon the Constitution has been long continued and
14 uniform to the effect [182 U.S. 244, 279] that the Constitution is applicable to territories acquired by purchase
15 or conquest, only when and so far as Congress shall so direct. Notwithstanding its duty to ‘guarantee to every
16 state in this Union a republican form of government’ (art. 4, 4), by which we understand, according to the
17 definition of Webster, ‘a government in which the supreme power resides in the whole body of the people,
18 and is exercised by representatives elected by them.’ Congress did not hesitate, in the original organization of
19 the territories of Louisiana, Florida, the Northwest Territory, and its subdivisions of Ohio, Indiana,
20 Michigan, Illinois, and Wisconsin and still more recently in the case of Alaska, to establish a form of
21 government bearing a much greater analogy to a British Crown colony than a republican state of America,
22 and to vest the legislative power either in a governor and council, or a governor and judges, to be appointed by
23 the President. It was not until they had attained a certain population that power was given them to organize a
24 legislature by vote of the people. In all these cases, as well as in territories subsequently organized west of the
25 Mississippi, Congress thought it necessary either to extend to Constitution and laws of the United States over
26 them, or to declare that the inhabitants should be entitled to enjoy the right of trial by jury, of bail, and of the
27 privilege of the writ of habeas corpus, as well as other privileges of the bill of rights.”*
28 *[Downes v. Bidwell, 182 U.S. 244 (1901)]*

- 29 5. Hendrickson does not understand that it is ILLEGAL to participate in the “trade or business” franchise for human
30 beings domiciled in states of the Union. The U.S. Supreme Court has held that the U.S. Congress CANNOT license or
31 authorize any franchise, including the “trade or business” franchise, within a state of the Union. The reason is that they
32 have no civil jurisdiction in a foreign state and because they can only enforce franchises within their own exclusive
33 jurisdiction and territory. Therefore, it is illegal to engage in a “trade or business” within a state of the Union:
34 Knowing this provides additional reasons useful in court to prove why the IRS cannot enforce or collect the tax.

35 ***“The United States have no constitutional capacity to exercise municipal jurisdiction, sovereignty, or
36 eminent domain, within the limits of a State or elsewhere, except in cases where it is delegated, and the
37 court denies the faculty of the Federal Government to add to its powers
38 by treaty or compact.”***

39 *[Dred Scott v. Sandford, 60 U.S. 393, 508-509 (1856)]*

40
41 *“Thus, Congress having power to regulate commerce with foreign nations, and among the several States, and
42 with the Indian tribes, may, without doubt, provide for **granting** coasting **licenses**, licenses to pilots, licenses to
43 trade with the Indians, and any other **licenses** necessary or proper for the exercise of that great and extensive
44 power; and the same observation is applicable to every other power of Congress, to the exercise of which the
45 granting of licenses may be incident. All such licenses confer authority, and give rights to the licensee.*

46 *But very different considerations apply to the **internal commerce** or **domestic trade** of the States. **Over this
47 commerce and trade Congress has no power of regulation nor any direct control. This power belongs
48 exclusively to the States. No interference by Congress with the business of citizens transacted within a State
49 is warranted by the Constitution, except such as is strictly incidental to the exercise of powers clearly granted
50 to the legislature.** The power to authorize a business within a State is plainly repugnant to the exclusive power
51 of the State over the same subject. It is true that the power of Congress to tax is a very extensive power. It is
52 given in the Constitution, with only one exception and only two qualifications. Congress cannot tax exports, and
53 it must impose direct taxes by the rule of apportionment, and indirect taxes by the rule of uniformity. Thus*

1 limited, and thus only, it reaches every subject, and may be exercised at discretion. But, it reaches only existing
2 subjects. **Congress cannot authorize [meaning “license”] a trade or**
3 **business within a State in order to tax it.”**
4 [*License Tax Cases, 72 U.S. 462, 18 L.Ed. 497, 5 Wall. 462, 2 A.F.T.R. 2224 (1866)]*

5 The above is why:

- 6 5.1. The “United States” is geographically defined in 26 U.S.C. §7701(a)(9) and (a)(10) as the District of Columbia
7 and nowhere within Subtitles A or C includes any part of a state of the Union.
8 5.2. There are no internal revenue districts within any state of the Union.
9 5.3. The only remaining internal revenue district is the District of Columbia. See Treasury Order 150-02. Treasury
10 Order 150-02 was repealed on May 2, 2006 and replaced it with Treasury Directive 21-01. But to this day:
11 5.3.1. IRS is still limited to enforcing ONLY within “internal revenue districts” per the I.R.C.
12 5.3.2. The only remaining internal revenue district is STILL the District of Columbia.
13 5.3.3. Both the IRS and the Treasury hide this fact by: 1. Refusing to provide any information on their websites
14 identifying the boundaries of existing internal revenue districts; 2. Refusing to produce evidence that they
15 are enforcing within internal revenue districts when they call you into an audit or enforcement action.
16 5.4. 4 U.S.C. §72 says all public offices (e.g. “trade or business”) MUST be exercised ONLY in the District of
17 Columbia and not elsewhere, except as expressly provided in an enactment of Congress. There is no enactment
18 of Congress and there CANNOT be an enactment which authorizes the exercise of public offices in any state of
19 the Union, and especially in the context of income taxes.
20 5.5. All of the lawsuits against Pete Hendrickson’s followers were against those who filed IRS Form 1040, because
21 they only have jurisdiction over “persons” with a domicile on federal territory. Those who use substitute 4852
22 forms, indicate that they are “nonresident aliens” who are neither “individuals” nor “taxpayers” are outside the
23 jurisdiction of the federal district courts and cannot lawfully be sued.
24 6. Hendrickson uses IRS Form 4852 to correct false IRS Form W-2 information returns:
25 6.1. This form, however, says at the top that it is only for use in connection with IRS Forms 1040, 1040A, 1040EZ, or
26 1040X. It cannot be used with IRS Form 1040NR.
27 6.2. IRS Forms 1040, 1040A, 1040EZ, or 1040X are all “resident alien” forms, and therefore, the 4852 cannot be
28 used by nonresident aliens, which includes the average American. IRS makes no equivalent form for use by
29 nonresident aliens because they are beyond the jurisdiction of federal law.
30 6.3. Those who use the standard IRS Form 4852 therefore must make an election to be treated as a “resident alien” in
31 order to use the 4852 form, which we think is a mistake. This needlessly subjects those who use the form to IRS
32 penalties. IRS cannot lawfully penalize nonresidents and can only penalize or prosecute residents.
33 6.4. As a work-around for nonresident aliens filing IRS Form 1040NR, we suggest using IRS form W-2C or making
34 your own W-2 correction form. See:

Correcting Erroneous IRS Form W-2’s, Form #04.006
<http://sedm.org/Forms/FormIndex.htm>

- 35 7. The correct tax return form to file for the average American to file is IRS Form 1040NR with no TIN and our Tax
36 Form Attachment, Form #04.201 to remove the presumption of “taxpayer” status. A sample filing is included below:

Federal Nonresident Nonstatutory Claim for Return of Funds Unlawfully Paid to the Government-Long, Form
#15.001
<http://sedm.org/Forms/FormIndex.htm>

37 The reasons for this are exhaustively explained in the document below:

Non-Resident Non-Person Position, Form #05.020
<http://sedm.org/Forms/FormIndex.htm>

- 38 8. Hendrickson believes that the use of Social Security Numbers does not change one’s status or imply that one is
39 engaged in the “trade or business” excise taxable franchise. We completely disagree.
40 8.1. IRS Form 1042-s Instructions say that a Taxpayer Identification Number is only required if the submitter is
41 engaged in federal franchises, including the following:

42 **Box 14, Recipient’s U.S. Taxpayer Identification Number (TIN)**

43 **You must obtain a U.S. taxpayer identification number (TIN) for:**

- 44 • Any recipient whose income is effectively connected with the conduct of a trade or business in the
45 United States.

46 **Note.** For these recipients, exemption code 01 should be entered in box 6.

- Any foreign person claiming a reduced rate of, or exemption from, tax under a tax treaty between a foreign country and the United States, unless the income is an unexpected payment (as described in Regulations section 1.1441-6(g)) or consists of dividends and interest from stocks and debt obligations that are actively traded; dividends from any redeemable security issued by an investment company registered under the Investment Company Act of 1940 (mutual fund); dividends, interest, or royalties from units of beneficial interest in a unit investment trust that are (or were, upon issuance) publicly offered and are registered with the Securities and Exchange Commission under the Securities Act of 1933; and amounts paid with respect to loans of any of the above securities.
- Any nonresident alien individual claiming exemption from tax under section 871(f) for certain annuities received under qualified plans.
- A foreign organization claiming an exemption from tax solely because of its status as a tax-exempt organization under section 501(c) or as a private foundation.
- Any QI.
- Any WP or WT.
- Any nonresident alien individual claiming exemption from withholding on compensation for independent personal services [services connected with a “trade or business”].
- Any foreign grantor trust with five or fewer grantors.
- Any branch of a foreign bank or foreign insurance company that is treated as a U.S. person.

If a foreign person provides a TIN on a Form W-8, but is not required to do so, the withholding agent must include the TIN on Form 1042-S.
[IRS Form 1042s Instructions, Year 2006, p. 14]

8.2. The following proves that Social Security system is a trust that makes you into a trustee, fiduciary, officer, and franchisee of the federal government if you weren't already one:

Resignation of Compelled Social Security Trustee, Form #06.002
<http://sedm.org/Forms/FormIndex.htm>

8.3. The following proves that Christians cannot participate in Social Security without violating God's law:

Social Security: Mark of the Beast, Form #11.407
<http://famguardian.org/Publications/SocialSecurity/TOC.htm>

8.4. The following proves that those who participate in Social Security are worshipping pagan idols and committing the worst sin in the bible, which is idolatry:

Socialism: The New American Civil Religion, Form #05.016
<http://sedm.org/Forms/FormIndex.htm>

9. Hendrickson believes it is OK to use standard IRS forms to file for refunds. We think it is VERY dangerous to use standard IRS forms, because doing so betrays you as a “taxpayer” subject to the I.R.C. Those who are not subject to the I.R.C. Subtitles A and C franchise agreement and who are “nontaxpayers” should not act like “taxpayers” and will jeopardize their rights and property by doing so. Therefore, we suggest one of the following approaches:

9.1. Using amended forms rather than standard IRS Forms 1040NR or 4852. For amended versions of most forms and instructions on how to amend forms yourself, see:

Federal Forms, Publications, Notices, and Letters
<http://famguardian.org/TaxFreedom/Forms/IRS/IRSFormsPubs.htm>

9.2. Using standard tax forms and attaching the following form:

Tax Form Attachment, Form #04.201
<http://sedm.org/Forms/FormIndex.htm>

9.3. Avoid filing tax returns and NEVER to file using IRS Form 1040. Send tax statements in lieu of returns. If you are compelled to file a return by an unlawful assessment, withholding, or enforcement, then use the following form:

Federal Nonresident Nonstatutory Claim for Return of Funds Unlawfully Paid to the Government-Long, Form #15.001
<http://sedm.org/Forms/FormIndex.htm>

10. Hendrickson believes that it is OK to use IRS form W-4 to control your withholding. We completely disagree.

10.1. That form is ONLY for use by people lawfully occupying a public office in the U.S. government BEFORE they complete or sign any tax forms. Filling out that form is actually a crime in violation of 18 U.S.C. §912 for those not already lawfully occupying a public office.

10.2. The correct form is a modified version of IRS Form W-8BEN filled in to show the submitter is not an “individual”, but simply a “human being”, and with our Tax Form Attachment, Form #04.201 attached. See:

About IRS Form W-8BEN, Form #04.202

<http://sedm.org/Forms/FormIndex.htm>

10.3. See the following document for detailed information about withholding and reporting based on the tax approach documented on this website:

Federal and State Tax Withholding Options for Private Employers, Form #09.001, Sections 21 through 21.7
<http://sedm.org/Forms/FormIndex.htm>

One important thing that we do agree on is that one should never file Exempt on an IRS Form W-4:

1. He states it as follows:

"Simply filing 'Exempt' is not a proper strategy, by the way, nor legal..."
[SOURCE: <https://web.archive.org/web/20120604110724/http://losthorizons.com/ctcfree.pdf>]

2. We state the same thing in:

Flawed Tax Arguments to Avoid, Form #08.004, Section 9.10
<http://sedm.org/Forms/FormIndex.htm>

4 Rebutted Criticisms made by Pete Hendrickson of our approach

The two articles appearing in the following two subsections were downloaded from Pete Hendrickson's website, Lost Horizons on 5/21/2007. Our comments and rebuttals follow his in a square box appearing in Arial font surrounded by double-lines. If we don't rebut his comments, then we agree with them by implication.

Several members of our fellowship have frequented Hendrickson's Lost Horizon forums and tried to educate Pete about the problems with his approach documented here. The result was that they were BANNED from his forums and told that they could not talk about these deficiencies, even though no one in the Lost Horizons forum could rebut the evidence we present without contradicting not only what the law says, but themselves.

Ultimately, the pride of Hendrickson caused him to quit listening to people and to the many warnings he received in his own forums. Ultimately, he was criminally convicted because of these very deficiencies. Below is what one poster wrote about the conviction in the forums of our sister website, Family Guardian:

By: Bing

Date: March 13, 2010

Subject: Pete Hendrickson Bashes SEDM/FG AGAIN

I am not an apologist for FG or the FG Forums and I am not authorized to speak for either. This post is based upon the Record.

*One correction is apropos. Pete Hendrickson is NOT going to jail. No sir. **Pete Hendrickson is going to federal prison.** Probably for at least 8+ years or longer. I personally think he will get about 12 - 15 years. A jail is far different from a local prison.....so I have been told. LOL*

Petey H. needs our prayers because his pride and self absorbed arrogance obviously and sadly obstructs his judgment.

Pete wrote a great book, albeit one that had a serious flaw in it. But most of his book and analysis is solid, except he dropped the ball on the execution part. And thus, Pete is lacking credibility in many respects.

Let me explain.

For instance, he has admitted that he conspired with others and helped plant a bomb in a US Post Office that resulted in a serious injury to an innocent US Postal employee. An un-Christ like and despicable terrorist act if ever there was one. The Family Guardian fellowship is anti- terrorist so Petey would never fit in here.

To make matters worse, after he bombed the Post Office, the Record proves that Petey then snitched on his co-conspirators in an effort to lessen Petey's own prison time. Nice job, Pete. So this conclusively proves that Pete is not only a terrorist, but a liar and a snitch and that he is untrustworthy to boot.

1 So, in Pete Hendrickson, the Record proves that we are dealing with a convicted terrorist, convicted felon, a
2 liar, and a snitch. These are hardly character traits that one should aspire too. But I digress.

3 If one wants to see Pete's arrogance and foolishness in action, one only need to go to his soon to be finis
4 website and see copies of the refund checks from Pete's numerous "customers". In some cases, many years ago,
5 I have saw checks with home addresses and social security numbers NOT redacted. Duhh!!

6 Point being, by publishing the checks with identifying numbers, Petey, in all of his supposed wisdom, gave the
7 IRS and DOJ a superb road map of where to find Pete's "customers", on whom the IRS and DOJ then leaned
8 upon and in some cases, had indicted and/or coerced into giving up the goods on Petey and his schemes. And so
9 the snitch, Petey, was himself snitched on by his beloved customers. Ahhh, it is remarkable how the wheels of
10 justice turn, eh?

11 Pete is too one dimensional for me. He has been riding the Cracking the Code pony for way too long.

12 Pete will now have the opportunity to spend many years in federal prison contemplating the correctness of his
13 approach. And he will have ample time to think about how the Nonresident Alien Position is not as good as his
14 "everyone should file a IRS Form 1040 & Form 4852."

15 One need only look at the breadth and depth of the FG and SEDM materials, to see that our legal scholarship is
16 arguably the best in the USA, bar none. Seriously. Pete wrote one book, and it was a flawed one at that. By
17 contrast, we have created new knowledge spanning many dozens of legal subjects and topics.

18 I think Petey is simply jealous of FG and SEDM's numerous accomplishments. We are still standing and in the
19 near future, Petey will be history as he will be "Lost over the Horizon".

20 Take care, Pete. Ohhh, when ya gets to your new crib inside federal prison, be careful not to drop the soap.

21 [SOURCE: Family Guardian Forums, Forum #4.3.4;
22 URL: <https://famguardian.org/forums/forums/topic/pete-hendrickson-bashes-sedmf-gagain/>]

23 It is truly ironic that Pete Hendrickson was prosecuted and convicted for the very crimes that we prosecute the government
24 for in the filing of false information returns. The statutes he was prosecuted for by the Department of Justice were 26
25 U.S.C. §7206 and 7207. The following forms on our website invoke these statutes and possibly even were used by the
26 D.O.J. as the starting point for how to prosecute Pete Hendrickson. The following form was posted on our website about a
27 year before they indicted Pete Hendrickson.

[Corrected Information Return Attachment Letter, Form #04.002](http://sedm.org/Forms/FormIndex.htm)
<http://sedm.org/Forms/FormIndex.htm>

28 Note that we are not indicating that the court treated Pete Hendrickson justly or that he deserved to be convicted for the
29 filing of false information returns. In fact, we are told that the jury was hung and that he wasn't going to be convicted and
30 that the judge substituted two new jurors AFTER all the trial deliberations and who knew NOTHING about the
31 proceedings. SCAM!

32 If anything could be said about Pete's failings, it is that he tried to oversimplify things too much to the point where he only
33 had one silver bullet, and that can be very dangerous if the government doesn't let you use that bullet in court.

34 **4.1 Snake-Oil Warning ("Un-Taxing" Notions)**

35 SOURCE: <http://www.losthorizons.com/tax/Misunderstandings/snakeoilwarning.htm>

36 A new slay-the-monster-by-remote-control-and-without-any-messy-confrontations silver-bullet fantasy appears to be on the
37 market, assuring the gullible that they can be permanently immunized against the "income" tax by some clever procedure
38 invoked just once-- for a fee, of course.

SEDM makes no promises or guarantees about the accuracy or effectiveness of anything available through its website located at <http://sedm.org>. As a matter of fact, the SEDM website in several locations specifically prohibits making any promises, assurances, or guarantees about the information offered and even denies that the information is factual or legally actionable. Therefore, it is impossible to describe these materials as a panacea for anything. See:

1. SEDM Terms of Use and Service, Form #01.016, Section 4, Item 8 prohibits promises or assurances of any kind.
<http://sedm.org/Forms/FormIndex.htm>
2. SEDM Member Agreement, Form #01.001, Section 7 says the ONLY basis for reasonable belief about liability is what the law actually says and not what anyone associated with the website says.
<http://sedm.org/Forms/FormIndex.htm>
3. SEDM Disclaimer, Section 1
<http://sedm.org/disclaimer.htm>
4. SEDM About Us Page, Section 8, Item 8 prohibits promises or assurances of any kind.
<http://sedm.org/AboutUs.htm#8>. Prohibited activities

1 I am not willing to fork over any money in order to learn the details of any version of this ridiculous proposition, and so can
2 only speculate, but I'm guessing that the purveyors of these "plans" exploit the unfortunately pervasive erroneous notion
3 that liability for the "income" tax is citizenship or residency based, and suggest that some process by which something
4 about one's citizenship or residency can be entered into the official record, after which one will be presumed "non-taxable".
5 If my understanding is incorrect, I will welcome being illuminated to the contrary, but in the meantime, it is this notion that
6 I will address here. (I also do not intend to identify "plans" or purveyors, but those who encounter either will recognize
7 them from the description above.)

SEDM does not advocate that liability for taxation has anything to do with one's citizenship. This is specifically rebutted in the following resources:

1. Flawed Tax Arguments to Avoid, Form #08.004, Section 9.5
<http://sedm.org/Forms/FormIndex.htm>
2. Citizenship and Sovereignty Training Course, Form #12.001, Item 2.2, p. 76. For background, see also pp. 53-75.
<http://sedm.org/Forms/FormIndex.htm>

8 That the tax is an excise, based not on citizenship or residency per se, but solely on engaging in taxable activities, is [so well](#)
9 [documented](#) and broadly disseminated as to require no reiteration. In light of that fact, citizenship and/or residency-related
10 misunderstandings must involve the mistaken notion that only citizens or residents of some particular kind can engage in
11 the activities taxed, or, to put it another way, that the tax only applies to the activities of such particular persons. However,
12 this is simply not true. The tax applies to ANYONE who engages in the activities taxed, no matter what may be their
13 citizenship, residency or location; ANYONE of ANY citizenship, residency or location is capable of engaging in those
14 activities and being consequently liable for a tax; and at least the minimal tax-related protocols-- such as the need to rebut
15 or otherwise respond to allegations made by another of having engaged in such activities-- are inescapable when such
16 allegations are made and sworn to, other than by one whose person and property are entirely outside of the physical reach
17 of the taxing entity. (The converse is also true, of course: The earnings or receipts of ANYONE which are not derived from
18 the exercise of a federal power, privilege or prerogative are NOT subject to the tax, regardless of citizenship, residency or
19 location.)

The I.R.C. Subtitles A and C income tax IS based on citizenship and residency, because it is IMPOSED in 26 U.S.C. §1 upon STATUTORY "U.S. citizens" and "residents" who are "WHEREEVER resident":

26 C.F.R. §1.1-1 Income tax on individuals.

(a) General rule.

(1) Section 1 of the Code imposes an income tax on the income of every individual who is a citizen or resident of the United States and, to the extent provided by section 871(b) or 877(b), on the income of a nonresident alien individual.

[. .]

(b) Citizens or residents of the United States liable to tax.

In general, all citizens of the United States, wherever resident, and all resident alien individuals are liable to the income taxes imposed by the Code whether the income is received from sources within or without the United States. Pursuant to section 876, a nonresident alien individual who is a bona fide resident of a section 931 possession (as defined in § [1.931-1\(c\)\(1\)](#) of this chapter) or Puerto Rico during the entire taxable year is, except as provided in section 931 or 933 with respect to income from sources within such possessions, subject to taxation in the same manner as a resident alien individual. As to tax on nonresident alien individuals, see sections 871 and 877.
[26 C.F.R. §1.1-1(a)(1)]

Those who are NOT STATUTORY “citizens of the United States” or “resident aliens”, even if they ARE engaged in a “trade or business” are NOT subject to the tax unless the public office is being exercised where expressly authorized by Congress per 4 U.S.C. §72. In that sense, the tax has a PREDICATE civil status before it can be enforced, and that status is STATUTORY “resident”, who is either a foreign national domiciled on federal territory or a STATUTORY “citizen of the United States” temporarily abroad and availing themselves of the “benefits” of a tax treaty with the foreign country they are physically within.

It should be noted that even for those physically present on federal territory, the decision to BE a STATUTORY “resident” or “citizen” is optional and voluntary. See:

[Why Domicile and Becoming a “Taxpayer” Require Your Consent](#), Form #05.002
<http://sedm.org/Forms/FormIndex.htm>

Even a STATUTORY “resident” foreign national who is domiciled on federal territory would not be the subject of the income tax unless he/she is ALSO a public officer in the national government exercising “the functions of a public office” per 26 U.S.C. §7701(a)(26).

These are the SAME people mentioned ONLY in 26 U.S.C. §911 as being ABROAD, meaning OUTSIDE the STATUTORY “United States” in a foreign country. State nationals are NOT statutory “citizens of the United States” or “resident aliens”, even if they consent to be. It is furthermore a CRIME for them to DECLARE themselves as such a party on a government form per 18 U.S.C. §912. Furthermore, the ONLY people who have this civil status are those born and domiciled on territory of the national government not within the exclusive jurisdiction of any constitutional state of the Union. The civil status they enjoy MUST be legislatively created by Congress and NOT the constitution or it isn’t taxable or regulatable. Congress can only lawfully tax or regulate that which it creates, and it didn’t create human beings.

The term “wherever resident” in 26 C.F.R. §1.1-1(b), in turn, implies that even for a STATUTORY “U.S. citizen”, they must be a “resident” in the foreign country they are temporarily within. That status can only lawfully be acquired by availing oneself of the “benefits” of a tax treaty between the United States government and the host country they are physically within. Without accepting said “benefit”, they are STATUTORY “non-resident non-persons” not subject to the EXTRATERRITORIAL statutes of the legislatively foreign “United States” government. For details, see:

[Non-Resident Non-Person Position](#), Form #05.020, Section 7.4
<http://sedm.org/Forms/FormIndex.htm>

All law is prima facie territorial. All GOVERNMENTS in fact are territorial.

“It is a well established principle of law that all federal regulation applies only within the territorial jurisdiction of the United States unless a contrary intent appears.”
[Foley Brothers, Inc. v. Filardo, 336 U.S. 281 (1949)]

“The laws of Congress in respect to those matters [outside of Constitutionally delegated powers] do not extend into the territorial limits of the states, but have force only in the District of Columbia, and other places that are within the exclusive jurisdiction of the national government.”
[Caha v. U.S., 152 U.S. 211 (1894)]

"There is a canon of legislative construction which teaches Congress that, unless a contrary intent appears [legislation] is meant to apply only within the territorial jurisdiction of the United States."
[U.S. v. Spelar, 338 U.S. 217 at 222]

If the statute ISN'T territorial, it can only be described as private business activity and private contracting not related to government at all and not protected by official, judicial, or sovereign immunity. Federal Rule of Civil Procedure 17(b) limits the enforcement of the civil statutes of the national government to federal territory or those acting in a representative capacity over entities domiciled on federal territory or created by Congress.

Statutes cannot act extraterritorially except by consent or "comity" from the nonresident parties. That consent or comity in fact gives rise to a compact of contract that is the ONLY way to act extraterritorially.

Debt and contract [franchise agreement, in this case] are of no particular place.

Locus contractus regit actum.

The place of the contract [franchise agreement, in this case] governs the act.

[Bouvier's Maxims of Law, 1856;

SOURCE: <http://famguardian.org/Publications/BouvierMaximsOfLaw/BouviereMaxims.htm>]

Excise taxes are limited to the territory of the government grantor of the franchise being taxed. Only by representing a public office in the national government or acting as an agent of government under contract can extraterritorial jurisdiction rightly exist. Another way of stating this is that one CANNOT lawfully claim or receive the benefits of any civil status under the laws of a government that is not expressly permitted by act of Congress in 4 U.S.C. §72.

Engaging in an excise taxable activity OUTSIDE the territory of the GOVERNMENT imposing the tax or regulation of the activity when one does not have a domicile on the territory of the government and is not representing a civil status under a franchise therefore does not create jurisdiction. Any attempt by a government to exercise extra-territorial jurisdiction without evidence of consent to the civil status that is the target of enforcement therefore results in TERRORISM and identity theft. Terrorism often involves "kidnapping". Unlawfully converting the civil status of a party by moving their legal identity to a legislatively foreign place is an example of such kidnapping. That identity theft is exhaustively documented in the following:

[Government Identity Theft, Form #05.046](http://sedm.org/Forms/FormIndex.htm)

<http://sedm.org/Forms/FormIndex.htm>

Hendrickson seeks to over-simplify the issues to widen his audience by ignoring these critical facts and many others. Perhaps he is doing this to broaden his audience of followers. The result is that his followers are ill-prepared to challenge jurisdiction and keep the government Beast in its ten mile square box in the courtroom, which is the only place that really counts.

1 The imposition of the tax clearly extends to those resident in the "United States" and those who are citizens thereof, AND
2 to those who are neither, as well. The statutes reflected at 26 U.S.C. §1 imposes the tax upon the "taxable income" of every
3 individual. Period.

Hendrickson is mistaken about the above. The tax is imposed only upon "residents of the United States", who are defined at [26 U.S.C. §7701\(b\)\(1\)\(A\)](#) as aliens because:

1. The term "individual" is defined as an "alien" or a "nonresident alien" in 26 C.F.R. §1.1441-1(c)(3). Nowhere is the term "individual" ever defined in the IRC or Treasury Regulations as including "citizens" or statutory "U.S. citizens" as defined in [8 U.S.C. §1401](#).
2. 26 C.F.R. §1.1-1(a)(2)(ii) defines a "married individual" and an "unmarried individual" as an alien engaged in a "trade or business". Nowhere in the I.R.C. or Treasury Regulations is the term "individual" ever defined to also include statutory "citizens".
3. [26 U.S.C. §911](#) imposes a tax upon statutory "citizens" and "residents" ONLY when abroad and not domestically. There is no statute that imposes the tax upon "citizens" and the term "U.S. citizen" isn't found in the index of the current version of the I.R.C. because he isn't the subject of the tax. A statutory "U.S.

citizen” as defined in [8 U.S.C. §1401](#) interfaces to the I.R.C. as an “alien” and a “resident” through a tax treaty with a foreign country under the provisions of [I.R.C. §911](#). When he is abroad, he is an “alien” in respect to the country he is within and so long as he continues with a legal “domicile” within the “United States”, he is treated as a “resident” within the I.R.C., which is an “alien” with a domicile in the “United States”.

4. A person engaged in a “trade or business” and a “public office” is acting in a representative capacity for the federal corporation “United States” pursuant to [28 U.S.C. §3002\(15\)\(A\)](#). The corporation “United States” that he represents has a legal domicile in the District of Columbia, and pursuant to Federal Rule of Civil Procedure 17(b), the law which applies is the laws of the place of incorporation of the corporation, which are the laws of the District of Columbia. This is also confirmed by [26 U.S.C. §7701\(a\)\(39\)](#) and [26 U.S.C. §7408\(d\)](#).
5. Even “nonresident aliens” are treated effectively as “residents” within the I.R.C. when they engage in a “trade or business”. This is clarified in the older regulations, which say the following on the subject, which establish that a statutory “resident” is really just a public officer in the U.S. government and has nothing to do with the physical location of the entity. The “status” of “resident” is procured EXCLUSIVELY by exercising the right to contract to become a “public officer”:

[26 C.F.R. §301.7701-5 Domestic, foreign, resident, and nonresident persons.](#)

*A domestic corporation is one organized or created in the United States, including only the States (and during the periods when not States, the Territories of Alaska and Hawaii), and the District of Columbia, or under the law of the United States or of any State or Territory. A foreign corporation is one which is not domestic. A domestic corporation is a resident corporation even though it does no business and owns no property in the United States. **A foreign corporation engaged in trade or business within the United States is referred to in the regulations in this chapter as a resident foreign corporation, and a foreign corporation not engaged in trade or business within the United States, as a nonresident foreign corporation.** A partnership engaged in trade or business within the United States is referred to in the regulations in this chapter as a resident partnership, and a partnership not engaged in trade or business within the United States, as a nonresident partnership. **Whether a partnership is to be regarded as resident or nonresident is not determined by the nationality or residence of its members or by the place in which it was created or organized.** [Amended by T.D. 8813, Federal Register: February 2, 1999 (Volume 64, Number 21), Page 4967-4975]*

[SOURCE: <http://famguardian.org/TaxFreedom/CitesByTopic/Resident-26cfr301.7701-5.pdf>]

Notice above the phrase above “Whether a partnership is to be regarded as resident or nonresident is **not determined by the nationality or residence of its members** or by the place in which it was created or organized.” By “nationality”, they mean “citizenship”. The tax is upon an ACTIVITY called a “trade or business” and behaves as the equivalent of a “public officer kickback”.¹ All statutory statuses that attach to the liability for tax therefore PRESUPPOSE that the statutory “person” or “individual” is a public officer in the U.S. government. This includes statutory “citizen”, “resident”, “U.S. person”, etc. The term “nonresident” also implies “nonresident alien”, but only for those lawfully engaged in a public office in the national government.

Protection and taxation go together, as evidenced by the following:

Why Domicile and Becoming a "Taxpayer" Require Your Consent, Form #05.002

DIRECT LINK: <http://sedm.org/Forms/05-MemLaw/Domicile.pdf>

FORMS PAGE: <http://sedm.org/Forms/FormIndex.htm>

Those NOT domiciled within the statutory "United States" (federal zone or federal government) are not protected by the US government and therefore have no duty to pay for protection. People with this status include those domiciled within states of the Union. States of the Union and foreign countries are both legislatively "foreign states" in relation to the national government. Thomas Jefferson confirmed this, when he said the following.

"The capital and leading object of the Constitution was to leave with the States all authorities which respected their own citizens only and to transfer to the United States those which respected citizens

¹ The status of the tax as a “public officer kickback” is exhaustively documented in the wonderful book *IRS Humbug*, Frank Kowalik, Universalistic Publishers, ISBN 0-9626552-0-1.

of foreign or other States; **to make us several as to ourselves, but one as to all others. In the latter case, then, constructions should lean to the general jurisdiction if the words will bear it, and in favor of the States in the former if possible to be so construed.**"

[Thomas Jefferson to William Johnson, 1823. ME 15:448; SOURCE: <http://famguardian.org/Subjects/Politics/ThomasJefferson/jeff1020.htm>]

"My general plan would be, to make the States one as to everything connected with foreign nations, **and several as to everything purely domestic.**"

[Thomas Jefferson to Edward Carrington, 1787. ME 6:227; SOURCE: <http://famguardian.org/Subjects/Politics/ThomasJefferson/jeff1050.htm>]

"To the State governments are reserved all legislation and administration in affairs which concern their own citizens only, and to the federal government is given whatever concerns foreigners or the citizens of other States; these functions alone being made federal. **The one is the domestic, the other the foreign branch of the same government; neither having control over the other, but within its own department.** There are one or two exceptions only to this partition of power."

[Thomas Jefferson to John Cartwright, 1824. ME 16:47; SOURCE: <http://famguardian.org/Subjects/Politics/ThomasJefferson/jeff1050.htm>]

"The true theory of our Constitution is surely the wisest and best, that the States are **independent as to everything within themselves, and united as to everything respecting foreign nations.**"

[Thomas Jefferson to Gideon Granger, 1800. ME 10:168; SOURCE: <http://famguardian.org/Subjects/Politics/ThomasJefferson/jeff1050.htm>]

Keep in mind that when Jefferson says "several", "separate", and "independent" he means "foreign". This is described in:

Sovereign=Foreign, Family Guardian Fellowship

<http://famguardian.org/Subjects/Freedom/Sovereignty/Sovereign=Foreign.htm>

Lastly, we also wish to emphasize that statutory "U.S. citizens" per 8 U.S.C. §1401, 26 U.S.C. §3121(e), and 26 C.F.R. §1.1-1(c) are also expressly made the subject of the I.R.C. tax in 26 U.S.C. §911, but only while domiciled in the "United States" AND temporarily abroad.

STATUTORY "citizens" and "residents" are grouped together in 26 U.S.C. §911, because in that section they are similarly situated. These statutory "citizens" and "residents" are domiciled in the "United States" and temporarily abroad. While they are abroad, they are statutory "aliens" in relation to their mother country under the auspices of a tax treaty WITH that country. They are statutory "aliens" in relation to the foreign country, which is also "alien" in relation to the United States of America. While they are abroad, they are under the protection of the US government and this is the ONLY condition under which they have such protection. When they are in a state of the Union, the state government provides the protection instead. Since they are protected ONLY while abroad, they have a duty to pay for such protection. While abroad, they are also OUTSIDE the protections of the Constitution and therefore are not protected by the taxation clauses within the Constitution either. If they don't WANT to be protected, then they simply describe themselves as statutory "non-citizen nationals" instead of "citizens" or "residents" under federal civil law.

Therefore, the ONLY "taxpayers" within the I.R.C. are statutory "aliens" with a legal domicile within the STATUTORY "United States" (meaning the federal zone), and who are therefore called STATUTORY "residents" in the I.R.C. Even Jesus himself agreed with this conclusion:

*When they [Jesus and Apostle Peter] had come to Capernaum, those [\[collectors\] who received the temple tax](#) [the government has become the modern day false god and Washington, D.C. is our political "temple"] came to Peter and said, **"Does your Teacher [Jesus] not pay the temple tax?"***

*He [Apostle Peter] said, **"Yes."** [Jesus, our fearless leader as Christians, was a [nontaxpayer](#)]*

*And when he had come into the house, Jesus anticipated him, saying, **"What do you think, Simon? From whom do the kings [governments] of the earth [lawfully] take customs or taxes, from their sons [citizens and subjects] or from strangers [aliens, which are synonymous with residents in the tax code, and exclude citizens]?"***

Peter said to Him, "From strangers [[aliens](#)]/[[residents](#)] ONLY. See [26 C.F.R. §1.1-1\(a\)\(2\)\(ii\)](#) and [26](#)

C.F.R. §301.6109-1(d)(3)."

Jesus said to him, "Then the sons ["citizens" of the Republic, who are all sovereign "nationals" and "nonresident aliens" under federal law] are free [sovereign over their own person and labor. e.g. SOVEREIGN IMMUNITY]." [Matt. 17:24-27, Bible, NKJV]

By "sons", Jesus means "subjects" or "citizens". This is confirmed by the Good News Translation of the Bible:

When Jesus and his disciples came to Capernaum, the collectors of the temple tax came to Peter and asked, "Does your teacher pay the temple tax?"

"Of course," Peter answered. When Peter went into the house, Jesus spoke up first, "Simon, what is your opinion? Who pays duties or taxes to the kings of this world? The citizens of the country or the foreigners?"

"The foreigners," answered Peter. "Well, then," replied Jesus, "that means that the citizens don't have to pay.

But we don't want to offend these people. So go to the lake and drop in a line. Pull up the first fish you hook, and in its mouth you will find a coin worth enough for my temple tax and yours. Take it and pay them our taxes."
[Matt. 17:24-27, Bible, NKJV]

For more on the subject of this discussion, see the following. Further discussion of statutory "nonresident aliens" is beyond the scope of this document:

Non-Resident Non-Person Position, Form #05.020
<http://sedm.org/Forms/FormIndex.htm>

1 "Taxable income" is "gross income" less allowable deductions, etc.. Period. "Gross income" includes "income" of all
2 kinds and from any source whatsoever. Period. No distinctions are drawn in these statutes as a whole as to residency or
3 citizenship, other than the specification that the "income" of non-resident aliens is taxed under special rules (which arise
4 due to considerations of tax treaties generally providing that recipients of "income" in, and from within, foreign
5 jurisdictions will be taxed by, and per the tax structure of, the foreign jurisdiction).

The above is not entirely true. Statutory "Nonresident alien INDIVIDUALS" are not the only STATUTORY "persons" who come under the provisions of a tax treaty. 26 U.S.C. §911 identifies statutory "citizens" and "residents" abroad and in a foreign country as also being subject to treaties. IRS Form 1040, which can ONLY be filed by resident aliens, is the only form on which the benefits of a tax treaty may be claimed. 26 U.S.C. §6013(g) and (h) and 26 U.S.C. §7701(b)(4)(B) both confirm that if a nonresident alien files an IRS Form 1040 instead of the correct IRS Form 1040NR, he is making an "election" to be treated as the equivalent of a "resident alien" as defined in 26 U.S.C. §7701(b)(1)(A). The nonresident alien cannot lawfully claim the benefits of a tax treaty WITHOUT becoming a "resident alien". When he/she claims said benefits, IRS Form 2555 must be attached to the IRS Form 1040. It CANNOT be attached to IRS Form 1040NR, because there is no line to include it like there is on an IRS Form 1040.

6 The manner in which those special rules are presented and organized in the statutes is complex and elaborate, but a concise
7 rendering of certain of those provisions, sufficient for purposes of this discussion, can be found by looking at 26 C.F.R.
8 §1.1-1, 26 U.S.C. §871(b), and a couple of the regulations related to 26 U.S.C. §871(b):

9 *26 C.F.R. §1.1-1 Income tax on individuals.*

10 *(a) General rule.*

11 *(1) Section 1 of the Code imposes an income tax on the income of every individual who is a citizen or resident of*
12 *the United States and, to the extent provided by section 871(b) [below] or 877(b) [relating to special treatment*
13 *of those deemed expatriates for the purpose of tax-avoidance, and thus not presented here -PH], on the income*
14 *of a nonresident alien individual.*
15

1 [26 U.S.C. §871\(b\)](#)

2 (b) *Income connected with United States business - graduated rate of tax*

3 (1) *Imposition of tax*

4 A nonresident alien individual engaged in trade or business within the United States during the taxable year
5 shall be taxable as provided in section 1 [regular tax rates and rules] or 55 [alternative minimum tax rates and
6 rules] on his taxable income which is effectively connected with the conduct of a trade or business within the
7 United States.

8 (2) *Determination of taxable income*

9 In determining taxable income for purposes of paragraph (1), gross income includes only gross income which is
10 effectively connected with the conduct of a trade or business within the United States.
11

12 26 C.F.R. §1.871-1 *Classification and manner of taxing alien individuals.*

13 (a) *Classes of aliens.* For purposes of the income tax, alien individuals are divided generally into two classes,
14 namely, resident aliens and nonresident aliens. Resident alien individuals are, in general, taxable the same as
15 **citizens of the United States**; that is, a resident alien is taxable on income derived from all sources, including
16 sources without the United States. See §1.1-1(b). Nonresident alien individuals are taxable only on certain
17 income from sources within the United States and on the income described in section 864(c)(4) from sources
18 without the United States which is effectively connected for the taxable year with the conduct of a trade or
19 business in the United States. However, nonresident alien individuals may elect, under section 6013 (g) or (h),
20 to be treated as U.S. residents for purposes of determining their income tax liability under Chapters 1, 5, and
21 24 of the code. Accordingly, any reference in §§1.1-1 through 1.1388-1 and §§1.1491-1 through 1.1494-1 of
22 this part to non-resident alien individuals does not include those with respect to whom an election under section
23 6013 (g) or (h) is in effect, unless otherwise specifically provided. Similarly, any reference to resident aliens or
24 U.S. residents includes those with respect to whom an election is in effect, unless otherwise specifically
25 provided.
26

27 26 C.F.R. §1.871-2 *Determining residence of alien individuals.*

28 (a) *General.*

29 The term nonresident alien individual means an individual whose residence is not within the United States, and
30 who is not a [STATUTORY] citizen of the United States. The term includes a nonresident alien fiduciary. For
31 such purpose the term fiduciary shall have the meaning assigned to it by section 7701(a)(6) and the regulations
32 in part 301 of this chapter (Regulations on Procedure and Administration). For presumption as to an alien's
33 nonresidence, see paragraph (b) of §1.871-4.

34 (Beyond the straightforward provisions of the law, such as are presented above, it is obvious that if the application of the
35 tax relied upon "citizenship" or "residency", it would actually be a tax on one or both of those CONDITIONS-- the amount
36 of which would be measured by economic activity (in whatever fashion and to whatever extent the taxing authority
37 preferred)-- rather than a tax on an activity or activities. Such a tax would hardly qualify as an "excise"...)

38 In sum, the tax applies to "U.S. citizens", those who are NOT "U.S. Citizens" but are resident within the "United States",
39 and those who are not "U.S. citizens" and ARE NOT resident within the "United States".

WRONG. The statutory terms “citizen” , “resident” , and “U.S. person” all presuppose a legal domicile in the statutory “United States”, meaning federal territory. Those not domiciled in the statutory “United States” are called STATUTORY “non-resident non-persons” if NOT engaged in the “trade or business” franchise and “nonresident alien INDIVIDUALS” if they ARE. The word “individual” is defined in 26 C.F.R. §1.1441-1(c) as an alien or nonresident alien and DOES NOT include “citizens”. You can’t be a statutory “citizen” and a statutory “individual” at the same time. The IRS Form 1040 identifies itself as a “U.S. Individual Income Tax Return” and says NOTHING about “citizens”. A statutory “citizen” who files a IRS Form 1040 is agreeing to be treated as a statutory “alien” and surrendering the rights of their citizen status.

The I.R.C. Subtitle A tax applies only to “resident aliens” as defined in [26 U.S.C. §7701\(b\)\(1\)\(A\)](#) and to those in receipt of payments on behalf of or from the United States government, all of which are documented in [26 U.S.C. §871](#). The “citizens of the United States” referenced in 26 C.F.R. §1.871-1(a) above are, in fact, ALSO “resident aliens” under a tax treaty while they are abroad, which is why they are grouped TOGETHER in 26 U.S.C. §911.

Statutory “U.S. citizens” as defined in [8 U.S.C. §1401](#) interface to the I.R.C. through a tax treaty with a foreign country, and do so as “resident aliens” with a legal domicile in the “United States”, which the U.S. Code defines as the District of Columbia in [26 U.S.C. §7701\(a\)\(9\)](#) and (a)(10) and federal territories and possessions in 4 U.S.C. §110(d). The moment a statutory “U.S. citizen” changes his legal domicile to the foreign country or a state of the Union, he ceases to be a “U.S. citizen” and becomes a “non-citizen national” as defined in [8 U.S.C. §1101\(a\)\(21\)](#) and [8 U.S.C. §1452](#) who is no longer subject to the provisions of [26 U.S.C. §911](#) unless he mistakenly continues to file an IRS Form 1040 to identify himself as a “domiciliary” of the “United States”. [26 U.S.C. §7701\(a\)\(39\)](#) and [26 U.S.C. §7408\(d\)](#) would both be entirely unnecessary if legal domicile were irrelevant or if the I.R.C. had extraterritorial reach beyond the “United States” (which the I.R.C. defines as the District of Columbia and the territories and possessions of the United States).

1 The common denominator is the receipt of "income"-- a profit from the exercise of federal privilege or property. Thus,
2 regardless of what assertions may be entered into some record today, if at any time in the future one is alleged to have
3 engaged in a taxable activity, the allegation will be accorded standing until responded to, for there is no prior citizen or
4 residency assertion that could establish one as incapable of owing "income" taxes (nor any other assertion that could do
5 so). One can no more immunize oneself against a future allegation of a tax liability than one can do so against a future
6 lawsuit, or indictment.

The common denominator is receipt of “income” COINCIDENT with domicile in the “United States”. See:

Why Domicile and Becoming a “Taxpayer” Require Your Consent, Form #05.002
<http://sedm.org/Forms/FormIndex.htm>

The only provision of the I.R.C. we are aware of which SPECIFICALLY exempts anyone from the income tax is that connected with “nonresident aliens” not engaged in a “trade or business”/“public office” and statutory “U.S. persons” as defined in [26 U.S.C. §7701\(a\)\(30\)](#). No similar provisions occur for either statutory “U.S. citizens” as defined in [8 U.S.C. §1401](#) or “U.S. residents” as defined in [26 U.S.C. §7701\(b\)\(1\)\(A\)](#). See:

1. [26 U.S.C. §861\(a\)\(3\)\(C\)\(i\)](#)
2. [26 U.S.C. §864\(b\)\(1\)\(A\)](#)
3. 26 C.F.R. §1.871-2(f)
4. 26 C.F.R. §31.3406(g)-1(e)
5. 26 C.F.R. §31.3401(a)(6)-1(b).

Therefore, those seeking legal evidence from within the I.R.C. itself that they are *not* the proper subject of the I.R.C. and earn no “gross income” or “taxable income” *must* claim to be “nonresident aliens” not engaged in a “trade or business”, which status is defined in 26 C.F.R. §1.871-1(b)(1)(i). There are no similar provisions connected with statutory “U.S. citizens” as defined in [8 U.S.C. §1401](#) or statutory “residents” as defined in [26 U.S.C. §7701\(b\)\(1\)\(A\)](#). The reason for this is made clear in [26 U.S.C. §864\(c\)\(3\)](#), which establishes the “presumption” that everything from within the “United States” is connected with a “trade or business”:

[TITLE 26 > Subtitle A > CHAPTER 1 > Subchapter N > PART I > § 864](#)
[§864. Definitions and special rules](#)

(c) *Effectively connected income, etc.*

(3) *Other income from sources within United States*

All income, gain, or loss from sources within the United States (other than income, gain, or loss to which paragraph (2) applies) shall be treated as effectively connected with the conduct of a trade or business within the United States.

The ONLY place where EVERYTHING is connected with a “public office”, which is what a “trade or business” is statutorily defined as, is the U.S. Government and NO geographical or physical place. THAT is the ONLY “United States” they can be referring to above. It is THIS “United States” that constitutes “sources within the United States” throughout the entire Internal Revenue Code. The Internal Revenue Code functions effectively as what we call a “public officer kickback program”. To participate lawfully, you must ALREADY occupy a public office BEFORE you become a “Taxpayer”. You cannot lawfully “elect” yourself into a public office by filling out any tax form and if you claim to be a “taxpayer” or fill out a tax form as OTHER than a public office, then you are committing the crime of impersonating a public office. For an exhaustive analysis of this subject, see:

Non-Resident Non-Person Position, Form #05.020, Section 5.6
<http://sedm.org/Forms/FormIndex.htm>

Everything a public officer makes while acting effectively as a Kelly Girl or “temp” for Uncle Sam is therefore presumed to be connected with a privileged “trade or business” and to be taxable, which we assert constitutes evidence that the term “United States” as used in the I.R.C. really means the U.S. government and is NOT used in a geographical sense at all. See section 7.3 of the following for details:

The “Trade or Business” Scam, Form #05.001
<http://sedm.org/Forms/FormIndex.htm>

The definition of “United States” found in [26 U.S.C. §7701\(a\)\(9\)](#) and (a)(10) only defines the term in the “geographic sense”. Nowhere in the code is this sense inferred or imputed, and therefore this definition is a red herring to divert attention of the term from the real meaning intended, which is the GOVERNMENT sense. We allege that the term “sources within the United States” and “trade or business within the United States” all infer the U.S. government, and exclude any geographic area in the context of I.R.C. Subtitle A.

1 Although unnecessary to the point of this discussion, some may wish to reflect on the meaning of "trade or business"--
2 "taxable income" connected with which, and accruing to non-resident aliens, "shall be taxable as provided in section 1 or
3 55...":

4 26 U.S.C. §7701. -Definitions

5 (a) When used in this title, where not otherwise distinctly expressed or manifestly incompatible with the intent
6 thereof-

7 (a)(26) Trade or business

8 The term "trade or business" includes the performance of the functions of a public office.
9

10 OFFICE. An office is a right to exercise a public function or employment, and to take the fees and emoluments
11 belonging to it.. Shelf. on Mortm. 797; Cruise, Dig. Index, h. t.; 3 Serg. & R. 149.

12 2. Offices may be classed into civil and military.

13 3. - 1. Civil offices may be classed into political, judicial, and ministerial.

14 4. - 1. The political offices are such as are not connected immediately with the administration of justice, or the
15 execution of the mandates of a superior officer; the office of the president of the United States, of the heads of
16 departments, of the members of the legislature, are of this number.

17 5. - 2. The judicial offices are those which relate to the administration of justice, and which must be exercised
18 by persons of sufficient skill and experience in the duties which appertain to them.

19 6. - 3. Ministerial offices are those which give the officer no power to judge of the matter to be done, and
20 require him to obey the mandates of a superior. 7 Mass. 280. See 5 Wend. 170; 10 Wend. 514; 8 Verm. 512;
21 Breese, 280. It is a general rule, that a judicial office cannot be exercised by deputy, while a ministerial may.

22 [Bouvier's Dictionary of the Law, 6th Edition]

23 Revised Statutes, Title XXXV- Internal Revenue, Section 3140 (currently represented by 26 U.S.C. §7701(a)(1) and (10),
24 and [26 U.S.C. §7651](#)):

25 "The word "State" when used in this title shall be construed to include the Territories and the District of
26 Columbia, where such construction is necessary to carry out its provisions. And where not otherwise distinctly
27 expressed or manifestly incompatible with the intent thereof, the word "person", as used in this title, shall be
28 construed to mean and include a partnership, association, company, or corporation, as well as a natural
29 person."

30 The 'code' representation of the definition of "person", which is a consolidation of 10 statutes, leaves out the phrase
31 'natural person'. The draftsmen relied on the term 'individual', which is incorporated in the language of several of those
32 statutes, to express the same meaning. Nonetheless, the actual language of R.S. 3140 remains the law. Unfortunately,
33 some theorists-- whose 'research' began and ended with nothing more than the code-- have erroneously concluded that
34 "person" (and/or "individual") in the law only means some kind of artificial entity. This has led, as might be imagined, to
35 all manner of wild flights of fancy regarding the nature of the "income" tax structure.

36 **Person.** In general usage, a human being (i.e. natural person), though by statute term may include a firm, labor
37 organization, partnerships, associations, corporations, legal representatives, trustees, trustees in bankruptcy,
38 or receivers.
39 [Black's Law Dictionary, Fifth Edition.]

40 **4.2 A Brief Commentary On Misunderstandings Of 'Citizenship', Serving On Juries, Voting,** 41 **And The Fourteenth Amendment**

42 SOURCE: <http://www.losthorizons.com/comment/CitizenshipJuriesVoting14th.pdf>

43 I recently became aware that some in the "tax honesty" community are promoting behavior which is likely (if not
44 guaranteed) to result in the actor being denied opportunities to serve on a jury. In fact, it appears that this is precisely what

Policy Document: Pete Hendrickson's "Trade or Business" Approach

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Form 08.003, Rev. 9-26-2017

EXHIBIT: _____

1 is intended by at least one such advocate, who advises his readers to reply to a jury summons with the submission of a letter
2 in which elements of the affidavit of citizenship and residency included with the summons are challenged. As though it is
3 something to be proud of, this fellow claims on his website that, "To date, this jury letter has had a 100% success rate at
4 stopping the jury summons process..."

SEDM does NOT advocate that any American should avoid jury service or jury summons or voting. We agree with Pete Hendrickson that participation in these "franchises" is the only method available to peacefully ensure that our public servants obey the Constitution and enforce the law consistent with the Constitution. We do, however, suggest the following approaches in order to ensure that they are not inadvertently confused with a statutory "U.S. citizen" as defined in [8 U.S.C. §1401](#) and thereby inadvertently become subject to federal jurisdiction:

1. Attaching the following form when returning a response to a Jury Summons:
[Affidavit of Citizenship, Domicile, and Tax Status](#), Form #02.001
<http://sedm.org/Forms/FormIndex.htm>
2. Attaching the following form when applying for a USA passport.
[USA Passport Application Attachment](#), Form #06.007
<http://sedm.org/Forms/FormIndex.htm>
3. Attaching the following when registering to vote.
[Voter Registration Attachment](#), Form #06.003
<http://sedm.org/Forms/FormIndex.htm>

The reasons for doing the above have nothing to do with avoiding taxes. Their main purpose is to prevent a surrender of sovereign immunity pursuant to [28 U.S.C. §1603\(b\)\(3\)](#), which says that a person cannot be a "foreign state" or instrumentality of a "foreign state" if they are statutory "U.S. citizens" pursuant to [8 U.S.C. §1401](#). This is further explained in the document below:

[Requirement for Consent](#), Form #05.003, Section 8.11
<http://sedm.org/Forms/FormIndex.htm>

5 The reason given for this bizarre advocacy is to prevent a respondent to a jury summons from declaring himself to be a
6 "citizen of the United States", which declaration is imagined to impose a legal infirmity. It is imagined that to make this
7 declaration risks transforming oneself from a citizen of one of the several States into a "citizen of the federal government",
8 which is perceived to be a lesser status-- indeed, little more than a serf, with no inherent, unalienable rights-- as though
9 somehow the federal government has the power to strip people of their unalienable, inherent rights. The perspective on the
10 meaning of "resident" is even more strained.

11 This is, frankly, the "citizenship misunderstanding" discussed briefly in the [Digital Appendix](#), and somewhat more
12 extensively at '[A New Snake Oil Warning](#)', gone seriously destructive.

13 The language of the Fourteenth Amendment is, in large part, the inspiration for these delusions. The meaning and effect of
14 that amendment (and the legality of its adoption, for that matter) is a subject upon which much could be written, and I do
15 not intend to go into it here. (Nor will I discuss here the facts that the expression "citizen of the United States" predates the
16 Fourteenth Amendment-- which was "adopted" in 1868, by 79 years; or that, absent a specification to the contrary or a clear
17 contextual implication, the expression "The United States" means "The States United"*.) It will suffice for now to refer to
18 the following words of the United States Supreme Court, reflecting the fact that when one or more of the several States
19 cedes territory to the federal government by any means or for any purpose, it does not hand over the inhabitants of that
20 territory as slaves at the same time, the Fourteenth Amendment notwithstanding:

"And as the guaranty of a trial by jury, in the third article, implied a trial in that mode, and according to the settled rules of common law, the enumeration, in the sixth amendment, of the rights of the accused in criminal prosecutions, is to be taken as a declaration of what those rules were, and is to be referred to the anxiety of the people of the states to have in the supreme law of the land, and so far as the agencies of the general government were concerned, a full and distinct recognition of those rules, as involving the fundamental rights of life, liberty, and property. This recognition was demanded and secured for the benefit of all the people of the United States, as well those permanently or temporarily residing in the District of Columbia as those residing or being in the several states. There is nothing in the history of the constitution, or of the original amendments,

1 **to justify the assertion that the people of this District may be lawfully deprived of the benefit of any of the**
2 **constitutional guaranties of life, liberty, and property;...**
3 *[Callan v. Wilson, 127 U.S. 540 (1888) (Emphasis added)]*

4 *"The congress of the United States, being empowered by the constitution 'to exercise exclusive legislation in all*
5 *cases whatsoever' over the seat of the national government, has the entire control over the District of Columbia*
6 *for every purpose of government, -national or local. It may exercise within the District all legislative powers*
7 *that the legislature of a state might exercise within the state, and may vest and distribute the judicial authority*
8 *in and among courts and magistrates, and regulate judicial proceedings before them, as it may think fit, so long*
9 *as it does not contravene any provision of the constitution of the United States. Kendall v. U. S. (1838) 12 Pet.*
10 *524, 619; Mattingly v. District of Columbia (1878) 97 U.S. 687, 690; Gibbons v. District of Columbia (1886)*
11 *116 U.S. 404, 407, 6 S. Sup. Ct. 427."*
12 *[United States Supreme Court, Capital Traction Co. v. Hof, 174 U.S. 1 (1899) (Emphasis added, and, for those*
13 *who persist in misunderstanding or denying the point, the provisions of the Constitution which Congress cannot*
14 *contravene even in DC include the prohibition against unapportioned direct taxes...)*
15 *See your [CtC Companion CD](#) for both of these rulings in their entirety]*

16 I will further present the following on the general nature and meaning of "citizen of the United States":

17 *"Looking at the Constitution itself we find that it was ordained and established by 'the people of the United*
18 *States, and then going further back, we find that these were the people of the several States that had before*
19 *dissolved the political bands which connected them with Great Britain, and assumed a separate and equal*
20 *station among the powers of the earth, and that had by Articles of Confederation and Perpetual Union, in which*
21 *they took the name of 'the United States of America,' entered into a firm league of friendship with each other for*
22 *their common defence, the security of their liberties and their mutual and general welfare, binding themselves*
23 *to assist each other against all force offered to or attack made upon them, or any of them, on account of*
24 *religion, sovereignty, trade, or any other pretence whatever.*

25 *Whoever, then, was one of the people of either of these States when the Constitution of the United States was*
26 *adopted, became ipso facto a citizen-a member of the nation created by its adoption. He was one of the persons*
27 *associating together to form the nation, and was, consequently, one of its original citizens. As to this there has*
28 *never been a doubt. Disputes have arisen as to whether or not certain persons or certain classes of persons*
29 *were part of the people at the time, but never as to their citizenship if they were.*

30 [...]

31 *The United States has no voters in the States of its own creation. The elective officers of the United States are*
32 *all elected directly or indirectly by State voters. The members of the House of Representatives are to be chosen*
33 *by the people of the States, and the electors in each State must have the qualifications requisite for electors of*
34 *the most numerous branch of the State legislature. Senators are to be chosen by the legislatures of the States,*
35 *and necessarily the members of the legislature required to make the choice are elected by the voters of the*
36 *State. Each State must appoint in such manner, as the legislature thereof may direct, the electors to elect the*
37 *President and Vice-President."*
38 *[United States Supreme Court, Minor v. Happersett, 88 U.S. 162 (1874)]*

39 and that of residence:

40 *"Now, the point that you are to decide, gentlemen, is this: Did the plaintiff, Gus. B. Ohle, at any time leave the*
41 *state of Iowa for the purpose of taking up, actually and in good faith, his residence and citizenship in Illinois?*
42 *Now, I use the word 'residence,' meaning this: It would not be sufficient merely to show that he went and*
43 *resided in the sense of living in Illinois. Residence is evidence of the citizenship. You are ultimately to find*
44 *whether he became a citizen of Illinois. In deciding that question you have a right to consider what he did in the*
45 *matter of residence; that is, where he actually lived; the place he occupied, what we ordinarily mean by the*
46 *term living. ...[That is] that he had the intent at that time, - bona fide, actual intent, -of settling in Illinois."*

47 *[The lower court jury instruction challenged and upheld in the United States Supreme Court in*
48 *Chicago & NW RR Co. v. Ohle, 117 U.S. 123 (1886);*
49 *Both of these rulings are well worth reading in their entirety. They can be accessed [here](#).]*

50 The citizenship and residency qualifications for being a juror are simply that one be an American citizen, and that one be
51 resident in the judicial district deemed to have been appropriate for the trial which will be conducted. This is true in federal
52 as well as state trials. As the U.S. District Court for the Southern District of Indiana helpfully puts it:

53 **QUALIFICATIONS FOR FEDERAL JURY SERVICE**

54 **1. Must be a citizen of the United States of America, at least 18 years of age, who resided for a period of 1 year**
55 **within the judicial district.**
56 **[\[SOURCE: http://www.insd.uscourts.gov/Jury/qual_exempt.htm\]](http://www.insd.uscourts.gov/Jury/qual_exempt.htm)**

1 The District Court for the Middle District of Florida puts it this way:

2 *1) Must be a citizen of the United States of America, at least 18 years of age, who has resided for a period of 1*
3 *year within the judicial district;*
4 *[SOURCE: <http://www.flmd.uscourts.gov/Jury/PermExcuse.htm>]*

5 Some other districts express the same thing using only "United States citizen" or "citizen of the United States", because in
6 the context of jury duty, they all mean the same thing. Just as they all mean the same thing in the context of voting in
7 federal elections, by the way... (By-the-way-II, judicial districts, and residing therein, also have no nefarious, secret
8 character. A judicial district is just an imaginary subdivision of the population to which a serving court is assigned, in what
9 is intended to be an equitable distribution of resources.)

Hendrickson clearly does not understand that a "judicial district" in the context of federal courts can only encompass the territory of the United States under its exclusive jurisdiction. This is a consequence of the Separation of Powers doctrine. See:

[Government Conspiracy to Destroy the Separation of Powers](http://sedm.org/Forms/FormIndex.htm), Form #05.023
<http://sedm.org/Forms/FormIndex.htm>

States of the Union are NOT "territories" as that word is commonly used in the legal field, are not "domestic" in the sense of laws passed by Congress, and are described as "foreign states" that are represented with the lower case word "state" in federal law. The term "State" within Acts of Congress is defined as a "territory or possession of the United States" in 4 U.S.C. §110(d) and nowhere is defined to expressly include states of the Union in OTHER than in the context of constitutional foreign commerce excise taxes in petroleum under 26 U.S.C. §4612(a)(4)(A):

*"Territories' or 'territory' as including 'state' or 'states.'" While the term 'territories of the' [United States](#) may, under certain circumstances, include the states of the Union, as used in the federal Constitution and in ordinary acts of congress "territory" does not include a [foreign state](#).
[86 Corpus Juris Secundum (C.J.S.), Territories, §1 (2003)]*

*"Foreign states. Nations which are outside the United States. Term may also refer to another state; i.e. a sister state."
[Black's Law Dictionary, Sixth Edition, p. 648]*

Therefore, United States judicial districts DO NOT include any portion of land not under the exclusive jurisdiction of the United States as either a territory or possession. Further information on this subject is available at:

[Non-Resident Non-Person Position](http://sedm.org/Forms/FormIndex.htm), Form #05.020, Section 4
<http://sedm.org/Forms/FormIndex.htm>

10 Oddball notions abound, of course, and many are harmless eccentricities. This one is not harmless. The power of the jury
11 is the most significant check on the exercise of tyranny provided for by the Founders short of the power secured by the
12 Second Amendment. The very idea that members of the "tax honesty" community-- arguably the most plugged-in,
13 courageous and reliably principled Americans gracing this great country-- are being persuaded to withhold their wisdom
14 and courage from the jury room where the fate of their neighbors is determined, and where judgment is rendered on the
15 validity of every law which our servant government's seek to impose upon us all, is appalling! I call upon everyone to do
16 everything possible to see to it that this nonsense goes no further than it already has.

17 In the interest of helping to make the critical importance of this issue clear, I ask you all to read:

[The Power Of The Jury](http://www.losthorizons.com/comment/archives/ThePowerOfTheJury.pdf)
<http://www.losthorizons.com/comment/archives/ThePowerOfTheJury.pdf>

18 *But see, for instance the following from [Bouvier's Dictionary of Law](#), 6th edition, 1856:

19 *CITIZEN. 4. A citizen of the United States, residing in any state of the Union, is a citizen of that state. 6 Pet.*
20 *761 Paine, 594; 1 Brock. 391; 1 Paige, 183 Metc. & Perk. Dig. h. t.; vide 3 Story's Const. '1687 Bouv. Inst.*

1 *Index, b. t.; 2 Kent, Com. 258; 4 Johns. Ch. R. 430; Vatt. B. 1, c. Id, '212; Poth. Des Personnes, tit. 2, s. 1. Vide*
2 *Body Politic; Inhabitant.*

3
4 *UNITED STATES OF AMERICA. The name of this country. The United States, now thirty-one in number, are*
5 *Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana,*
6 *Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New Hampshire, New Jersey, New York*
7 *North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia,*
8 *Wisconsin, and California.*

9 And the words of the United States Supreme Court, after an exhaustive review of the subject in *United States v. Wong Kim*
10 *Ark*, 169 U.S. 649 (1898):

11 *"The real object of the Fourteenth Amendment of the Constitution, in qualifying the words, "All persons born in*
12 *the United States" by the addition "and subject to the jurisdiction thereof," would appear to have been [merely]*
13 *to exclude, by the fewest and fittest words (besides children of members of the Indian tribes, standing in a*
14 *peculiar relation to the National Government, unknown to the common law), the two classes of cases -- children*
15 *born of alien enemies in hostile occupation and children of diplomatic representatives of a foreign State -- both*
16 *of which, as has already been shown, by the law of England and by our own law from the time of the first*
17 *settlement of the English colonies in America, had been recognized exceptions to the fundamental rule of*
18 *citizenship by birth within the country. Calvin's Case, 7 Rep. 1, 18b; Cockburn on Nationality, 7; Dicey Conflict*
19 *of Laws, 177; Inglis v. Sailors' Snug Harbor, 3 Pet. 99, 155; 2 Kent Com. 39, 42."*

20 **4.3 Application of the income tax has nothing whatsoever to do with citizenship or residency²**

False Argument: Family Guardian is completely incorrect in its notions that the application of the income tax has anything whatever to do with "citizenship" or "residency". Tax law makes different provisions for how "income" (gains from taxable activities) received by each of several different kinds of persons is handled, taxed and/or accounted-for, but what is taxable and/or being taxed is exactly the same class of thing in each case, and when each of these kinds of persons engage in taxable activities, they all do so in exactly the same way and are taxable for exactly the same reasons.

Corrected Alternative Argument: This is a gross oversimplification of federal jurisdiction to tax that gets lots of people in trouble, including its own chief proponent, Pete Hendrickson. If Pete was correct on this issue, why did he end up in jail or even get prosecuted in the first place? Recall that Pete himself files RESIDENT tax returns available ONLY to those DOMICILED on federal territory and therefore SUBJECT to the income tax. Whether one is subject at ALL to the income tax is in fact determined by their receipt of "trade or business" excise taxable earnings as a public officer in the national government. Those with either a legislatively foreign domicile or who are not public officers are incapable of exercising "the functions of a public office" without at least evidence that Congress "expressly authorized" them to exercise the office in the specific geographic place they are physically situated as required by 4 U.S.C. §72. In the case of state citizens not lawfully elected or appointed to public office and with a legislatively foreign domicile by virtue of residence in a state, they are not the subject of the tax because they cannot lawfully either exercise "the functions of a public office" OR be subject to the civil legislative jurisdiction of Congress per 4 U.S.C. §72 and Federal Rule of Civil Procedure 17(b). This fact is recognized in 26 U.S.C. §7701(a)(31). The only reason they are the subject of illegal enforcement by the IRS is because they MISREPRESENT their domicile/citizenship on government forms to make them falsely appear as being subject to federal legislative jurisdiction.

Further information:

1. **Why Domicile and Becoming a "Taxpayer" Require Your Consent**, Form #05.002 - proves that domicile is a prerequisite to having ANY civil status under federal law, INCLUDING "taxpayer". Domicile is an important component of citizenship itself and in most cases is even a synonym for "citizenship" in federal court.
2. **Why You are a "national", "state national", and Constitutional but not Statutory Citizen**, Form #05.006
<http://sedm.org/Forms/FormIndex.htm>
3. **Affidavit of Citizenship, Domicile, and Tax Status**, Form #02.001-proves that domicile, which is a component of and synonym for "citizenship" in federal court, IS important.
<http://sedm.org/Forms/FormIndex.htm>
4. **Citizenship, Domicile, and Tax Status Options**, Form #10.003-domicile and citizenship limitations upon federal court

² SOURCE: *Flawed Tax Arguments to Avoid*, Form #08.004, Section 9.30; <http://sedm.org/Forms/FormIndex.htm>.

useful in federal court.
<http://sedm.org/Forms/FormIndex.htm>

This argument is most frequently made by Pete Hendrickson and his misguided followers. For more information about Pete Hendrickson, see:

Policy Document: Pete Hendrickson's "Trade or Business" Approach, Form #08.003
<http://sedm.org/Forms/FormIndex.htm>

Oversimplification of issues is popular among legal neophytes or among those who want an excuse to STOP learning more about the law. This false contention falls in this dubious category. Accepting this false argument is equivalent to agreeing that the national government has jurisdiction ANYWHERE that it wants, which is clearly not the case. The most fundamental principles of law that are the foundation of the Separation of Powers Doctrine of the U.S. Supreme Court state that:

1. Civil law is limited to specific territory.
2. Law cannot extend beyond that territory except through the CONSENSUAL exercise of debt or contract.
3. Domicile is the basis for civil jurisdiction and is the main limitation upon federal civil/tax jurisdiction. Those without a civil domicile in a place cannot have a "civil status", including "taxpayer", in that place unless they CONTRACT and CONSENT to acquire that status. Hence, those without a civil domicile or a contract are statutory but not necessarily constitutional "aliens".

"Thus, the Court has frequently held that domicile or residence, more substantial than mere presence in transit or sojourn, is an adequate basis for taxation, including income, property, and death taxes. Since the Fourteenth Amendment makes one a citizen of the state wherein he resides, the fact of residence creates universally reciprocal duties of protection by the state and of allegiance and support by the citizen. The latter obviously includes a duty to pay taxes, and their nature and measure is largely a political matter. Of course, the situs of property may tax it regardless of the citizenship, domicile, or residence of the owner, the most obvious illustration being a tax on realty laid by the state in which the realty is located."
[Miller Brothers Co. v. Maryland, [347 U.S. 340](#) (1954)]

4. Domicile in a specific place is a prerequisite to being a statutory "citizen" or "resident" of that place.

"Domicile and citizen are synonymous in federal courts. Earley v. Hershey Transit Co., D.C. Pa., 55 F.Supp. 981, 982; inhabitant, resident and citizen are synonymous, Standard Stoker Co. v. Lower, D.C.Md., 46 F.2d. 678, 683."
[Black's Law Dictionary, Fourth Edition, p. 311]

The words "citizen" and citizenship, " however, usually include the idea of domicile, Delaware, L. & W.R.Co. "v. Petrowsky, C.C.A.N.Y., 250 F. 554, 557"
[Black's Law Dictionary, Fourth Edition, p. 310]

"The term 'citizen', as used in the Judiciary Act with reference to the jurisdiction of the federal courts, is substantially synonymous with the term 'domicile': Delaware, L. & W.R. Co. v. Petrowsky, 2 Cir., 250 F. 554, 557."
[Earley v. Hershey Transit Co., 55 F.Supp. 981, D.C.PA. (1944)]

5. Since you can only have a domicile in one place at a time, you can only be a "taxpayer" toward one government at a time and are a statutory "alien" in relation to all other governments. In the case of state citizens, that government is a constitutional State.

Here are a few examples:

"It is a well established principle of law that all federal regulation applies only within the territorial jurisdiction of the United States unless a contrary intent appears."
[Foley Brothers, Inc. v. Filardo, 336 U.S. 281 (1949)]

"The laws of Congress in respect to those matters [outside of Constitutionally delegated powers] do not extend into the territorial limits of the states, but have force only in the District of Columbia, and other places that are within the exclusive jurisdiction of the national government."
[Caha v. U.S., 152 U.S. 211 (1894)]

1 "There is a canon of legislative construction which teaches Congress that, unless a contrary intent appears
2 [legislation] is meant to apply only within the territorial jurisdiction of the United States.")
3 [U.S. v. Spelar, 338 U.S. 217 at 222.]

4
5 *Debitum et contractus non sunt nullius loci.*
6 *Debt and contract [franchise agreement, in this case] are of no particular place.*

7
8 *Locus contractus regit actum.*
9 *The place of the contract [franchise agreement, in this case] governs the act.*
10 *[Bouvier's Maxims of Law, 1856;*
11 *SOURCE: <http://famguardian.org/Publications/BouvierMaximsOfLaw/BouviereMaxims.htm>]*

12 We do agree with Pete Hendrickson that the activity called a "trade or business" (public office) is the only subject of the
13 I.R.C. Subtitle A excise tax. We disagree, however, that any of the following are true:

- 14 1. EVERYONE can lawfully engage in a public office activity. Aliens can't and those NOT lawfully elected or appointed
15 can't.
16 2. That the word "citizenship" in federal court means anything OTHER than domicile on federal territory. It does not:

17 *"Domicile and citizen are synonymous in federal courts," Earley v. Hershey Transit Co., D.C. Pa., 55 F.Supp.*
18 *981, 982; inhabitant, resident and citizen are synonymous, Standard Stoker Co. v. Lower, D.C.Md., 46 F.2d.*
19 *678, 683."*
20 *[Black's Law Dictionary, Fourth Edition, p. 311]*

21 *The words "citizen" and citizenship," however, usually include the idea of domicile, Delaware, L. & W.R.Co.*
22 *"v. Petrowsky, C.C.A.N.Y., 250 F. 554, 557"*
23 *[Black's Law Dictionary, Fourth Edition, p. 310]*

24 *"The term 'citizen', as used in the Judiciary Act with reference to the jurisdiction of the federal courts, is*
25 *substantially synonymous with the term 'domicile'. Delaware, L. & W.R. Co. v. Petrowsky, 2 Cir., 250 F. 554,*
26 *557."*
27 *[Earley v. Hershey Transit Co., 55 F.Supp. 981, D.C.PA. (1944)]*

- 28 3. One can unilaterally or lawfully "elect" themselves into a public office by filling out a government form, including a
29 tax form. Doing this is, in fact, a CRIME in violation of 18 U.S.C. §912.
30 4. Congress can legislatively reach inside a constitutional state and enforce against those who are NOT lawfully engaged
31 in a public office of some kind. Federal Rule of Civil Procedure 17(b) forbids it.
32 5. The activity can be conducted in a constitutional state WITHOUT both the consent of the party AND express
33 legislative authorization from Congress. The government has the burden of proving BOTH in order to enforce a tax
34 liability and they seldom can meet this burden of proof.
35 6. The tax franchise codes enforcing the activity can extend to those not domiciled on federal territory WITHOUT their
36 DEMONSTRATED express and informed consent. Non-domiciled parties are called "nonresident aliens". If they
37 have no contracts or agreements or consent with the national government, they are called "nonresident alien NON-
38 individuals and NON-persons".

39 These facts are recognized in the law itself:

40 [TITLE 4 > CHAPTER 3 > § 72](#)
41 [§ 72. Public offices; at seat of Government](#)

42 *All offices attached to the seat of government shall be exercised in the District of Columbia, and not elsewhere,*
43 *except as otherwise expressly provided by law.*

44
45 [IV. PARTIES > Rule 17.](#)
46 [Rule 17. Parties Plaintiff and Defendant; Capacity](#)

47 *(b) Capacity to Sue or be Sued.*

48 *Capacity to sue or be sued is determined as follows:*

- 1 (1) for an individual who is not acting in a representative capacity, by the law of the individual's domicile;
2 **(2) for a corporation, by the law under which it was organized; and**
3 (3) for all other parties, by the law of the state where the court is located, except that:
4 (A) a partnership or other unincorporated association with no such capacity under that state's law may sue
5 or be sued in its common name to enforce a substantive right existing under the United States Constitution
6 or laws; and
7 (B) 28 U.S.C. §§ 754 and 959(a) govern the capacity of a receiver appointed by a United States court to sue
8 or be sued in a United States court.

9 [Federal Rule of Civil Procedure 17(b)]

10 All "public officers" engaged in a "trade or business" are officers of the "U.S. Inc." federal corporation mentioned in 28
11 U.S.C. §3002(15)(A) and therefore are governed by the laws of the District of Columbia WHEREVER they serve per
12 Federal Rule of Civil Procedure 17(b). Every office must be EXPRESSLY AUTHORIZED to be exercised in a SPECIFIC
13 place. Without the following factors, there is no lawful office or officer and no jurisdiction within a state to reach a human
14 being called a "taxpayer"

- 15 1. The express legislative authorization of Congress to CREATE the office in a SPECIFIC geographical place.
16 2. A lawful election or appointment.
17 3. An oath of office corresponding with the election or appointment.
18 4. The express CONSENT of the party to SERVE in the public office. Otherwise the Thirteenth Amendment has been
19 violated.

20 The IRS has never to our knowledge satisfied the above criteria in each case where they allege "taxpayer" status and
21 therefore, most of their enforcement activity is a constitutional tort and a criminal trespass. The status of "taxpayer" itself
22 is, in fact, an office in the U.S. government as we prove in the following:

[Why Your Government is Either a Thief or You are a "Public Officer" for Income Tax Purposes](http://sedm.org/Forms/FormIndex.htm), Form #05.008
<http://sedm.org/Forms/FormIndex.htm>

23 In fact, the ONLY party listed anywhere in the Internal Revenue Code as NOT LIABLE is a "nonresident alien individual",
24 and the fact that they ARE "alien" is proof that citizenship DOES matter:

25 *Title 26: Internal Revenue*
26 [PART 1—INCOME TAXES](#)
27 [nonresident alien individuals](#)
28 § 1.872-2 Exclusions from gross income of nonresident alien individuals.

29 (f) *Other exclusions.*

30 *Income which is from sources without[outside] the United States [federal zone, see 26 U.S.C. §7701(a)(9)*
31 *and (a)(10) and 4 U.S.C. §110(d), as determined under the provisions of sections 861 through 863, and the*
32 *regulations thereunder, is not included in the gross income of a nonresident alien individual unless such*
33 *income is effectively connected for the taxable year with the conduct of a trade or business in the United*
34 *States by that individual.* To determine specific exclusions in the case of other items which are from sources
35 within the United States, see the applicable sections of the Code. For special rules under a tax convention for
36 determining the sources of income and for excluding, from gross income, income from sources without the
37 United States which is effectively connected with the conduct of a trade or business in the United States, see the
38 applicable tax convention. For determining which income from sources without the United States is effectively
39 connected with the conduct of a trade or business in the United States, see section 864(c)(4) and §1.864-5.

40 Furthermore, the above regulation mentions only "nonresident alien INDIVIDUALS". Everyone who does not consent to
41 the public office called "individual" is in fact:

- 42 1. Incapable of earning statutory "gross income", which is earnings from a public office.
43 2. Beyond the legislative jurisdiction of Congress per Federal Rule of Civil Procedure 17(b).
44 3. Not expressly listed as required to file a tax return under 26 C.F.R. §1.6012-1(b) and therefore NOT SUBJECT to the
45 filing requirement.
46 4. A STATUTORY "non-resident non-person".

47 Now some might simplistically say that the tax applies to anyone who occupies a public office in the government but
48 constitutional ALIENS (foreign nationals) are not allowed to exercise the functions of a public office, and therefore are not

1 allowed to BE public officers and therefore "taxpayers". Hence, citizenship DOES matter, no matter WHAT Mr.
2 Hendrickson falsely PRESUMES.

3 4. Lack of Citizenship
4 §74. Aliens can not hold Office. - -

5 *It is a general principle that an alien can not hold a public office. In all independent popular governments, as*
6 *is said by Chief Justice Dixon of Wisconsin, "it is an acknowledged principle, which lies at the very foundation,*
7 *and the enforcement of which needs neither the aid of statutory nor constitutional enactments or restrictions,*
8 *that the government is instituted by the citizens for their liberty and protection, and that it is to be administered,*
9 *and its powers and functions exercised only by them and through their agency."*

10 *In accordance with this principle it is held that an alien can not hold the office of sheriff.*³
11 *[A Treatise on the Law of Public Offices and Officers, Floyd Russell Mechem, 1890, p. 27, §74;*
12 *SOURCE: <http://books.google.com/books?id=g-I9AAAAIAAJ&printsec=titlepage>]*

13 **4.4 Federal jurisdiction is not limited to federal territory**

14 SOURCE: <https://web.archive.org/web/20190103205443/http://losthorizons.com/N/-42.htm>

15 **The Dangerous Allegations Of Idiots And Scoundrels**

16 ...and an all-purpose, universal debunk.

17 LAST WEEK AN UNDOUBTEDLY WELL-MEANING CORRESPONDENT sent me a .pdf version of an argument that
18 the application of the income tax cannot extend outside the boundaries of the District of Columbia. The much-appreciated
19 notion behind sending the document was that the argument might help with [Doreen's circumstance](#).

20 Unfortunately, the scholarly-looking argument, which is promoted at the websites of "SEDM (FamilyGuardian)", "Freedom
21 Law School" and others who prey on vulnerable people in the "tax honesty" community, is a fraud. It is just another of the
22 many, many false artifacts infecting cyberspace and targeted at those focused on the income tax issue in the hope of
23 distracting them away from the actual truth about the tax.

24 THIS PARTICULAR FALSE ARGUMENT rests its "territorial jurisdiction" assertions on provisions of 4 U.S.C. § 72
25 concerning the exercise of offices attached to the seat of government, and excerpts from a number of Supreme Court
26 rulings. Most fundamental to the argument's intended point is the following, which the authors excerpt from *Caha v. United*
27 *States* 152 U.S. 211 (1894):

28 *"The laws of Congress in respect to those matters do not extend into the territorial limits of the states, but have*
29 *force only in the District of Columbia, and other places that are within the exclusive jurisdiction of the national*
30 *government."*

31 This is deployed to suggest that the Supreme Court is saying that the income tax laws "do not extend into the territorial
32 limits of the states", as here on SEDM (FamilyGuardian)'s site:

33 *"I know this is hard to believe, but the 16th Amendment and Subtitle A of the Internal Revenue Code are*
34 *"special law" rather than "public law", which is to say that they apply ONLY to federal territories over which*
35 *the United States government exercises exclusive legislative jurisdiction:*

36 *"A canon of construction which teaches that [sic] of Congress, unless a contrary intent appears, is meant to*
37 *apply only within the territorial jurisdiction of the United States." U.S. v. Spelar, 338 U.S. 217 at 222 (1949)*

38 *"The law of Congress in respect to those matters do not extend into the territorial limits of the states, but have*
39 *force only in the District of Columbia, and other places that are within the exclusive jurisdiction of the national*
40 *government." Caha v. United States, 152 U.S. 211 (March 5, 1894)"*

41 (<https://famguardian.org/Subjects/Taxes/16Amend/SpecialLaw/16thAmendIRCirrelevant.htm>)

³ State v. Smith, 14 Siw. 497; State v. Murray, 28 Wis. 96, 9 Am.Rep. 489.

1 The idea is that the "territorial jurisdiction" of Congress only extends to DC and other enclaves within the overall USA, and
2 that the tax laws are "the laws of Congress" being referred-to by the *Caha* court.

The word "territory" in relation to the national government is legally defined as land under the EXCLUSIVE jurisdiction of that national government, whether in a federal territory or a federal enclave in a constitutional state.

"§1. Definitions, Nature, and Distinctions

"The word 'territory,' when used to designate a political organization has a distinctive, fixed, and legal meaning under the political institutions of the United States, and does not necessarily include all the territorial possessions of the United States, but may include only the portions thereof which are organized and exercise governmental functions under act of congress."

"While the term 'territory' is often loosely used, and has even been construed to include municipal subdivisions of a territory, and 'territories of the' United States is sometimes used to refer to the entire domain over which the United States exercises dominion, the word 'territory,' when used to designate a political organization, has a distinctive, fixed, and legal meaning under the political institutions of the United States, and the term 'territory' or 'territories' does not necessarily include only a portion or the portions thereof which are organized and exercise government functions under acts of congress. The term 'territories' has been defined to be political subdivisions of the outlying dominion of the United States, and in this sense the term 'territory' is not a description of a definite area of land but of a political unit governing and being governed as such. The question whether a particular subdivision or entity is a territory is not determined by the particular form of government with which it is, more or less temporarily, invested.

"Territories' or 'territory' as including 'state' or 'states.'" While the term 'territories of the' [United States](#) may, under certain circumstances, include the states of the Union, as used in the federal Constitution and in ordinary acts of congress "territory" does not include a [foreign state](#).

"As used in this title, the term 'territories' generally refers to the political subdivisions created by congress, and not within the boundaries of any of the several states."
[86 C.J.S. [Corpus, Juris, Secundum, Legal Encyclopedia], Territories]

By "territorial" jurisdiction, we mean "territory" as defined above, which INCLUDES land within the exclusive jurisdiction of the national government and WITHOUT the exclusive jurisdiction of Constitutional States. Notice that Constitutional states are referred to above as "foreign states". They don't have to be "foreign countries" to be "foreign states".

3 But in fact, in describing the canon to which it refers the *Spelar* court is referring to "territorial jurisdiction" as inclusive of
4 the several states and all US territories and possessions. *Spelar* distinguishes this territorial jurisdiction only from the
5 territory of foreign countries over which the United States has no sovereignty whatsoever, delegated or otherwise (in this
6 case, Newfoundland).

7 In fact, *Spelar* makes a very useful observation in regard to the meaning of "foreign" that needs to be tattooed on the
8 foreheads of every tin-foil-hat advocate of "citizenship/residency" nonsense regarding the income tax:

9 *See Mr. Justice Brown for the Court in De Lima v. Bidwell, 182 U.S. 1, 182 U.S. 180: "A foreign country was*
10 *defined by Mr. Chief Justice Marshall and Mr. Justice Story to be one exclusively within the sovereignty of a*
11 *foreign nation, and without the sovereignty of the United States. The Eliza, 2 Gall. 4; Taber v. United States, 1*
12 *Story 1; The Adventure, 1 Brock. 235, 241."*
13 [United States v. Spelar, 338 U.S. 217 at 222 (1949), fn. 5 (emphasis added)]

14 As a consequence of the delegation of certain powers to the federal government, *some* federal jurisdiction extends
15 throughout the entire USA-- federal territories, possessions and enclaves and the several states included. Only places where
16 there is *no* United States jurisdiction-- which is to say, foreign countries in the common usage of the expression, as opposed
17 to any of the several states, are "foreign" in the meaning used here by the *Spelar* court, and in most usages in federal law.
18 (See [this](#) and [this](#) for related material.)

Notice that Constitutional states are referred to above as "foreign states" in the legal encyclopedia we cited earlier. They don't have to be "foreign countries" to be "foreign states". You used the word "foreign" improperly and deceptively. The court used the word "foreign country", not "foreign". Anything not within the subject

matter jurisdiction of the national government within a constitutional state under Article 1, Section 8 is “foreign” for the purposes of federal legislative jurisdiction, as we point out in:

Flawed Tax Arguments to Avoid, Form #08.004, Section 4.2.3
<https://sedm.org/Forms/08-PolicyDocs/FlawedArgsToAvoid.pdf>

It is a fact that the U.S. Supreme Court has NEVER cited income tax as a “subject matter jurisdiction” within states of the Union under Article 1, Section 8 of the Constitution. Furthermore, the geographical definitions within the Internal Revenue Code at 26 U.S.C. §7701(a)(9) and (a)(10) and 4 U.S.C. §110(d) limit the applicability of the income tax to federal territory. Anything OUTSIDE that territory is “foreign”. That territory could conceivably include land within states of the Union, but only in the case of federal enclaves where both federal and state jurisdictions can and often do overlap. Otherwise, you can’t owe a tax to both state and federal on the same earnings, because of the separation of powers doctrine ([Form #05.023](#)). See:

State Income Tax, Form #05.031
<https://sedm.org/Forms/05-MemLaw/StateIncomeTax.pdf>

For more information on why states of the Union are legislatively “foreign” for all subjects NOT listed in Article 1, Section 8 of the Constitution, see:

1. *“Sovereign” = “Foreign”*, Family Guardian Fellowship
<https://famguardian.org/Subjects/Freedom/Sovereignty/Sovereign=Foreign.htm>
2. *Great IRS Hoax*, Form #11.302, Sections 5.2.15-5.2.17
<https://famguardian.org/Publications/GreatIRSHoax/GreatIRSHoax.htm>
3. *Non-Resident Non-Person Position*, Form #05.020
<https://sedm.org/Forms/05-MemLaw/NonresidentNonPersonPosition.pdf>

1 The meaning ascribed to this excerpt from *Spelar* is a falsehood. It is either false for being deliberately misrepresented, or
2 for being implicitly offered as a part of a well-researched, trustworthy argument.

3 LIKEWISE, WHAT IS SUGGESTED by the excerpt from the *Caha* ruling in the presentation above is also NOT what the
4 *Caha* court actually says. In fact, the excerpt is deceptively pulled out of this actual passage in the ruling:

5 *“Neither can it be doubted that the District Court of Kansas had jurisdiction over a prosecution for the crime of*
6 *perjury committed at the place named in violation of the provisions of Rev. Stat. § 5392. That section -- and*
7 *under it this indictment was found -- reads as follows:*

8 *““Every person who, having taken an oath before a competent tribunal, officer, or person, in any case in which*
9 *a law of the United States authorizes an oath to be administered, that he will testify, declare, depose, or certify*
10 *truly, or that any written testimony, declaration, deposition, or certificate by him subscribed is true, willfully*
11 *and contrary to such oath states or subscribes any material matter which he does not believe to be true is guilty*
12 *of perjury.”*

13 *“This statute is one of universal application within the territorial limits of the United States, and is not*
14 *limited to those portions which are within the exclusive jurisdiction of the national government, such as the*
15 *District of Columbia. Generally speaking, within any state of this union, the preservation of the peace and the*
16 *protection of person and property are the functions of the state government, and are no part of the primary*
17 *duty, at least, of the nation. The laws of Congress in respect to those matters do not extend into the territorial*
18 *limits of the states, but have force only in the District of Columbia and other places that are within the exclusive*
19 *jurisdiction of the national government. It was in reference to such body of laws that § 2145, Rev. Stat., was*
20 *enacted, and the argument which is sought to be drawn by the counsel therefrom against the jurisdiction of the*
21 *District Court of Kansas has no foundation.*

22 *“It is enough that § 5392 has uniform application throughout the territorial limits of the United States; that by §*
23 *563, the district courts are given jurisdiction generally “of all crimes and offences cognizable under the*
24 *authority of the United States committed within their respective districts,” and that, by the Act of January 6,*
25 *1883, c. 13, § 2, 22 Stat. 400, the territory in question was annexed to and made a part of the United States*
26 *Judicial District of Kansas.”*

27 [*Caha v. United States, 152 U.S. 211 (March 5, 1894) (emphasis added)*]

1 Contrary to the assertions of SEDM and other misleading will-o'-the-wisps infesting the "tax honesty" community, *Caha*
2 absolutely does NOT say that, "The laws of Congress in respect to [taxation] do not extend into the territorial limits of the
3 states, but have force only in the District of Columbia and other places that are within the exclusive jurisdiction of the
4 national government." The only laws spoken of in the deceptively excerpted sentence from *Caha* are federal police powers
5 related to "the preservation of the peace and the protection of person and property."

Police powers include the enforcement of all criminal laws. To suggest that there are no federal police powers in a state is to admit that the alleged "criminal" provisions of the Internal Revenue code found in 26 U.S.C. §7200 et seq are NOT "criminal laws" but civil and PENAL in nature.⁴ Thus, they are penalty provisions of the "trade or business" franchise agreement limited in their geographical enforcement to places EXPRESSLY stated in the Internal Revenue Code subtitle A franchise. Land under the exclusive jurisdiction of the constitutional states is NOWHERE expressly included within the geographical definitions found in 26 U.S.C. §7701(a)(9) and (a)(10) and 4 U.S.C. §110(d). Hence, per the rules of statutory construction, they are presumed to be purposefully excluded.

6 **Every poor soul taken in by the argument that the federal income tax only applies to "US citizens" or does not**
7 **extend, or cannot be enforced, inside the several states should re-read all the above until this dangerous nonsense is**
8 **thoroughly purged from his/her mind. This nonsense is the upchuck of idiots and the Kool-Aid of scoundrels.**

Your overly simplistic view of the law is the "upchuck of idiots and the Kool-Aid of scoundrels" and it is the reason your wife ended up in jail.

9 IN FACT, *Caha* says the opposite of what the deceivers suggest, and expressly recognizes the extension of the federal
10 income tax authority throughout the entire USA. This is because the federal income tax structure hinges directly on the
11 federal perjury statutes.

Caha says NOTHING about income taxes. It was about perjury statements. Perjury statutes are currently found in 28 U.S.C. §1746, and the perjury statement at the end of all tax forms VIOLATES these statutes by placing the filer on federal territory under 26 U.S.C. §1746(2). To be correct, they would have to use the perjury statement in 28 U.S.C. §1746(1) in the case of a constitutional state of the Union. If income taxes are, in fact, built on perjury statements, then they are built on the wrong foundation because every form they publish violates the perjury statutes at 28 U.S.C. §1746 by placing a filer in states of the Union in the WRONG geographical place. The reason federal courts have jurisdiction over most perjury statements is because they MISREPRESENT the domicile and civil status of the person signing them. That in itself is perjury.

12 It's this simple: when a payment is reported on an "information return" such as a W-2, a 1099, or a K-1, it alleges every
13 necessary prerequisite of qualification for that payment to be a gain from a taxable activity. Thus, even if "US citizenship"
14 or "DC residency" or having been born during a thunderstorm *were* actual requirements for the application of the tax, the
15 allegation of that thing is incorporated in an information return report.

16 Unless and until such a qualified payment allegation is rebutted it imposes the requirement on its target of all its
17 implications and consequences. There is only ONE WAY to rebut such allegations, and that is by way of a signed, sworn
18 1040.

19 The law is plainly stated:

"Provided, that any party, in his or her own behalf, or as guardian or trustee, as aforesaid, shall be permitted to declare, under oath or affirmation, the form and manner of which shall be prescribed by the Commissioner of Internal Revenue, that he or she was not possessed of an income of [the current personal exemption amount], liable to be assessed according to the provisions of this act..."
[Revenue Act of 1862, § 93]

25 A sworn 1040 is the "form and manner" prescribed by the Commissioner.

⁴ See: *Government Instituted Slavery Using Franchises*, Form #05.030, Section 16.1; <https://sedm.org/Forms/05-MemLaw/Franchises.pdf>.

The so-called "law" you cite is a private law franchise statute applicable ONLY to volunteers of the franchise called "taxpayers". It doesn't apply to EVERYONE or to PRIVATE people not serving in public offices. The revenue acts cited therefore ONLY pertain to statutory "taxpayers", who are all fictions of law and public offices manned by illegally serving public officers with an effective domicile in the District of Columbia, per 4 U.S.C. §72. See:

Why Your Government is Either a Thief or You are a "Public Officer" for Income Tax Purposes, Form #05.008

<https://sedm.org/Forms/05-MemLaw/WhyThiefOrPubOfficer.pdf>

Those who are not lawfully serving in such elected or appointed positions cannot be the lawful subject of information returns and CANNOT file an IRS form 1040 without committing FRAUD and perjury. EVERYTHING that goes on IRS FORM 1040 is "trade or business" earning of a public office subject to "trade or business" deductions found in 26 U.S.C. §162. The filers of this "resident" tax form are those INSIDE the U.S. government, not inside the geographical "United States". All public offices are legally INSIDE the "United States" corporation and can lawfully be exercised anywhere Congress EXPRESSLY authorizes per 4 U.S.C. §72. Congress never expressly authorized such offices to be exercised within constitutional states, and therefore they CANNOT be exercised there. That is why 26 U.S.C. §7601 limits IRS enforcement to internal revenue districts and why the only remaining internal revenue district is in the District of Columbia.

Those who are NOT serving in public offices are PRIVATE and beyond the jurisdiction of the Internal Revenue Code Subtitle A and legislatively "foreign". They CAN'T have the civil status of "taxpayer", "person", "individual" or any other thing status under that code, nor can they use forms or remedies available ONLY to statutory "taxpayers". To do otherwise is the crime of impersonating a public officer in violation of 18 U.S.C. §912. Filing a 1040 form or any other "taxpayer" form would constitute such a crime. That crime is proven in:

Government Identity Theft, Form #05.046

<https://sedm.org/Forms/05-MemLaw/GovernmentIdentityTheft.pdf>

The commissioner cannot prescribe conditions for the refund of monies unlawfully paid to the government on behalf of someone who is NOT subject to the I.R.C. because they are a non-resident non-person. The I.R.C. doesn't even address what to do for "nontaxpayers" and CAN'T. That's why the following was created:

Your Rights as a Nontaxpayer, Form #08.008

<https://sedm.org/LibertyU/NontaxpayerBOR.pdf>

These monies aren't even lawfully classified as "taxes" but THEFT. When the government receives monies unlawfully paid, and the victim of this payment wants their money back, there are not forms prescribed for such situations and there don't even need to be. There is an implied contract on the part of the government to return the fruit of the crime back to the victim even WITHOUT an IRS form 1040 or any other tax form. That form, in turn, should use the CORRECT perjury statement that places the victim OUTSIDE of federal territory by invoking 28 U.S.C. §1746(1). See for yourself:

Federal Nonresident Nonstatutory Claim for Return of Funds Unlawfully Paid to the Government-Long, Form #15.001

<https://sedm.org/Forms/15-Claims/FedNonresNonstatClaimRfd-Long.pdf>

- 1 The only thing that really matters on a 1040 is the amount of "income" reported. It is from the amount of "income" (gains
- 2 from federally-excisable activities) received that liability for the tax arises.

- 3 As seen above, the language of the law does not provide for declaring that one is not a "US citizen", or not a "DC resident",
- 4 or not born on a stormy day-- because these things aren't relevant to the application of the tax. The only thing provided for
- 5 is a declaration that one didn't receive more than the exemption amount of "income" liable to be assessed according to the
- 6 provisions of this act (which is to say, [excise-relevant income](#)).

The so-called "language of the law" isn't "law" to begin with if it only pertains to public officers on official business. Any obligation that attaches only to people with a certain statutory or civil status is not law, but a private law franchise that requires consent. See and rebut the following if you disagree:

What is "law"?, Form #05.048

<https://sedm.org/Forms/05-MemLaw/WhatIsLaw.pdf>

Furthermore, there IS a place to record your domicile and citizenship status, not on the 1040 form directly, but in the filer's CHOICE of form and its attachments that are submitted. The Form 1040 is a RESIDENT tax form for those domiciled on federal territory wherever physically located, including a constitutional state. For those NOT domiciled on federal territory, filing that form is criminal PERJURY and a penal offense under 26 U.S.C. §7207. The main problem we have with Pete Hendrickson's approach is his filing of the WRONG tax form with the wrong perjury statement. Those not domiciled and at least physically present on federal territory at one time cannot use the 1040 form, nor can they lawfully elect to represent a public office that is so domiciled without committing the crime of impersonating a public officer in violation of 18 U.S.C. §912. The fact that Hendrickson isn't aware that he has made a choice about his citizenship and domicile by virtue of the form he chooses to submit to get a refund is one of his biggest problems.

1 Anyone who believes such things can say in big bold print on a 1040 (or any other instrument) that (s)he is not a "US
2 citizen", or lives in Texas, or was born on a sunny day. None of that will mean or do anything.

3 An allegation of receiving "income" is an allegation of everything necessary for the presumption of liability for the tax,
4 whatever that might be. The only way that presumption can be rebutted is by a report on a 1040 of a total "income" below
5 the personal exemption amount.

The presumption can be rebutted in the case of nontaxpayers using ANY form or submission by not using a "taxpayer" form such as the 1040 containing perjurious statements about the status of the submitter. See Form #15.001 referenced earlier. The fact that he uses the wrong form with the wrong perjury statement not only results in criminal perjury and a criminally false return under 26 U.S.C. §7207, but also creates the false appearance of jurisdiction that would not otherwise exist. This is called the Stockholm syndrome: Sympathizing with your kidnappers. You are helping the mafia legally kidnap your identity and transport it apparently without your knowledge to federal territory or what Mark Twain calls "the District of Criminals". Then you complain when your kidnappers expect you to obey the laws in the place they kidnapped you to. Pretty silly.

6 If a 1040 rebutting those "income" allegations is *not* submitted once the person about whom they are made has been put on
7 notice, all those allegations stand as proven. In the absence of that rebuttal those allegations will not be arguable in any
8 other time, place or manner.

9 And here's the kicker, and why *Caha*-- read honestly and not as false support for pet theories or deliberate dis-information
10 to divert Americans from [the true path to understanding the tax](#)-- actually supports the legal USA-wide application of the
11 tax: 1040s must be signed sincerely, under penalties of perjury.

12 As the *Caha* court says, the perjury statutes have USA-wide application, and therefore the declaration-based structure of the
13 "income" tax is jurisdictionally-viable throughout the same range. An allegation can be made (in DC, if you like, but
14 anywhere, really), and unless a rebuttal is made on a sworn, sincere 1040, the appropriate tax will be deemed due and
15 owing.

The perjury statement at the end of the 1040 form places the signer on federal territory, pursuant to 28 U.S.C. §1746(2). Here is the statute:

[28 U.S. Code § 1746 - Unsworn declarations under penalty of perjury](#)

Wherever, under any law of the United States or under any rule, regulation, order, or requirement made pursuant to law, any matter is required or permitted to be supported, evidenced, established, or proved by the sworn declaration, verification, certificate, statement, oath, or affidavit, in writing of the person

making the same (other than a deposition, or an oath of office, or an oath required to be taken before a specified official other than a notary public), such matter may, with like force and effect, be supported, evidenced, established, or proved by the unsworn declaration, certificate, verification, or statement, in writing of such person which is subscribed by him, as true under penalty of perjury, and dated, in substantially the following form:

(1) If executed without the United States: "I declare (or certify, verify, or state) under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on (date).

(Signature)".

(2) If executed within the United States, its territories, possessions, or commonwealths: "I declare (or certify, verify, or state) under penalty of perjury that the foregoing is true and correct. Executed on (date).

(Signature)".

This is where your wife Doreen's problems begin: She has declared herself to be on federal territory. Not only is it the WRONG form for a state national to file, but the perjury statement itself is perjury! The Perjury statement referenced in Caha was the same one he advocates, placing the signers on federal territory. Otherwise, 28 U.S.C. §1746 says the perjury statement should say "from without the united States". Even the NONRESIDENT tax form, the 1040NR, has the RESIDENT perjury statement, so it is a false form and there is no proper form for those who are non-resident non-persons nontaxpayers to file. That's why we had to make our own. Surely, you aren't advocating perjury for the sake of getting a refund? This little trick with perjury statements is why the court can say in Caha that the statute can apply anywhere. If it had said the following, then the perjury could only be prosecuted in a state court AND the submitter of the form would be a non-resident non-person not subject to the Internal Revenue Code:

*"I declare (or certify, verify, or state) under penalty of perjury under the laws of the United States of America that the foregoing is true and correct."
[28 U.S.C. §1746(1)]*

1 That tax will be collected in whatever way is possible. This could mean seizing American-located assets of a Frenchman
2 living in Paris about whom an un rebutted allegation of federally-taxable "income" was made, or seizing the property of a
3 Texan found in Dallas or in a foreign bank which bows to the will of Uncle Sam.

4 SO, HERE'S THE BOTTOM LINE. There are lots of efforts being made out there to keep more Americans from learning
5 the actual truth about the income tax. Many of these efforts involve a pretense of dedication to "tax truth" coupled with
6 attractive, often simple and silver-bullet-ish assertions about the tax which are tarted-up in seemingly serious, scholarly
7 robes.

The efforts to keep Americans from learning the WHOLE truth include yours, Mr. Hendrickson. Your oversimplification of the subject matter have placed your wife Doreen in jeopardy and you have no one to blame for it but your own legal ignorance. As long as that ignorance persists, your persecutors will persist, because they know you will never escape from the gravity of ignorance that holds you in orbit around their death star.

8 Being taken in by any of this nonsense *will* cause harm of lesser or greater degree. It might mean merely being kept from
9 learning the truth for a while or it might mean being led into making bad filings (or none), and letting presumptions of
10 liability become established, or improperly withheld amounts go un-reclaimed.

11 Spreading this nonsense will entrap others, and ensure that the actual truth about the tax faces a much more skeptical
12 audience both among those predisposed to the subject and those predisposed against it.

13 Don't be fooled. READ EVERY CITED CASE FOR YOURSELF, with a skeptical eye.

1 Or, for the much, much simpler and safer approach, follow this easy rule: If you didn't (or don't) see an assertion concerning
2 the tax in [CtC](#) or my other books, or in something else I have written on the subject (such as here on [losthorizons.com](#)), it is
3 either irrelevant to the tax, outright wrong, or both.

IN CONCLUSION: The only "idiot and scoundrel" is Hendrickson himself, who refuses to follow his own advice and read MORE than just the individual court cites and look at the WHOLE context. He is so busy looking at the trees that he forgot about the forest and the bigger picture. The bigger picture is the rules of statutory construction and the definitions found in the Internal Revenue Code. The rules of statutory construction forbid expanding geographical definitions.

*"It is apparent that a constitutional prohibition cannot be transgressed indirectly by the creation of a statutory presumption any more than it can be violated by direct enactment. The power to create presumptions is not a means of escape from constitutional restrictions."
[Bailey v. Alabama, 219 U.S. 219 (1911)]*

*"**Expressio unius est exclusio alterius.** A maxim of statutory interpretation meaning that the expression of one thing is the exclusion of another. *Burgin v. Forbes*, 293 Ky. 456, 169 S.W.2d. 321, 325; *Newblock v. Bowles*, 170 Okl. 487, 40 P.2d. 1097, 1100. Mention of one thing implies exclusion of another. When certain persons or things are specified in a law, contract, or will, an intention to exclude all others from its operation may be inferred. Under this maxim, if statute specifies one exception to a general rule or assumes to specify the effects of a certain provision, other exceptions or effects are excluded."
[Black's Law Dictionary, Sixth Edition, p. 581]*

*"**When a statute includes an explicit definition, we must follow that definition, even if it varies from that term's ordinary meaning.** *Meese v. Keene*, 481 U.S. 465, 484-485 (1987) ("It is axiomatic that the statutory definition of the term excludes unstated meanings of that term"); *Colautti v. Franklin*, 439 U.S. at 392-393, n. 10 ("As a rule, 'a definition which declares what a term 'means' . . . excludes any meaning that is not stated"); *Western Union Telegraph Co. v. Lenroot*, 323 U.S. 490, 502 (1945); *Fox v. Standard Oil Co. of N.J.*, 294 U.S. 87, 95-96 (1935) (Cardozo, J.); see also 2A N. Singer, *Sutherland on Statutes and Statutory Construction* § 47.07, p. 152, and n. 10 (5th ed. 1992) (collecting cases). That is to say, the statute, read "as a whole," post at 998 [530 U.S. 943] (THOMAS, J., dissenting), leads the reader to a definition. That definition does not include the Attorney General's restriction -- "the child up to the head." Its words, "substantial portion," indicate the contrary."
[[Stenberg v. Carhart](#), 530 U.S. 914 (2000)]*

If the definitions are not limiting, then they aren't "definitions" and the code is not "law" but political policy disguised to look like law that no real constitutional Article III court can lawfully hear. Real constitutional "judges" cannot act in a political capacity or have that kind of discretion. Any judge or even Mr. Hendrickson who attempts to infer or presume anything is "included" in a definition that is not expressly stated is engaging in an act of legislation reserved ONLY for the legislative and not judicial branch. This is a violation of the separation of powers:

"When the legislative and executive powers are united in the same person, or in the same body of magistrates, there can be no liberty; because apprehensions may arise, lest the same monarch or senate should enact tyrannical laws, to execute them in a tyrannical manner.

Again, there is no liberty, if the judiciary power be not separated from the legislative and executive.** Were it joined with the legislative, the life and liberty of the subject would be exposed to arbitrary control; for the judge would be then the legislator. **Were it joined to the executive power, the judge might behave with violence and oppression [sound familiar?].

There would be an end of everything, were the same man or the same body, whether of the nobles or of the people, to exercise those three powers, that of enacting laws, that of executing the public resolutions, and of trying the causes of individuals."

[. . .]

In what a situation must the poor subject be in those republics! The same body of magistrates are possessed, as executors of the laws, of the whole power they have given themselves in quality of legislators. They may plunder the state by their general determinations; and as they have likewise the judiciary power in their hands, every private citizen may be ruined by their particular decisions."

[The Spirit of Laws, Charles de Montesquieu, Book XI, Section 6, 1758;

SOURCE: http://famguardian.org/Publications/SpiritOfLaws/sol_11.htm

If Congress intends for the income tax to apply to areas OTHER than federal territory, federal enclaves within the states, or those domiciled in either when abroad under 26 U.S.C. §911 then they must STATE so in the geographical definitions within the statutes. Until they do, the rules of statutory construction forbid presuming anything other than federal territory. Anyone who argues otherwise has the burden of producing definitions that expressly include what they want to PRESUME is "included". So far, Mr. Hendrickson has not met that burden of proof. For more on this subject, see and rebut:

[Legal Deception, Propaganda, and Fraud](https://sedm.org/Forms/05-MemLaw/LegalDecPropFraud.pdf), Form #05.014
<https://sedm.org/Forms/05-MemLaw/LegalDecPropFraud.pdf>

There is only ONE basis for extraterritorial reach, which is abroad in 26 U.S.C. §911, but even that application requires the parties to have a domicile on federal territory. Otherwise, they are incapable of having a civil status such as "taxpayer", "U.S. citizen", "U.S. Person" within the exclusive jurisdiction of Congress. Without a civil status, they are "non-resident non-persons", as we point out in:

[Why Domicile and Becoming a "Taxpayer" Require Your Consent](https://sedm.org/Forms/05-MemLaw/Domicile.pdf), Form #05.002, 11.7
<https://sedm.org/Forms/05-MemLaw/Domicile.pdf>

Trying to simplify legal subjects for your naïve readers may at first appear to expand the reach of your approach, Mr. Hendrickson, but in the end, your unfortunate readers can be easily victimized by their ignorance and will surely suffer for it:

*"My people are destroyed for lack of knowledge."
[Hosea 4:6, Bible, NKJV]*

5 SEDM overall policy towards the Hendrickson Approach

SOURCE: <http://sedm.org/LibertyU/LibertyU.htm>

We caution our readers of the following differences of opinion that we have with Pete Hendrickson's approach:

1. Pete Hendrickson's approach to getting refunds of earnings unlawfully withheld against his wishes and without a VOLUNTARY W-4 is to submit IRS Form 1040. We disagree with this approach, and instead use the 1040NR for such a case so that we are not mistaken by the courts and the IRS as a statutory "U.S. citizen" or "resident" who has a domicile in the District of Columbia.
2. Several have contacted Pete about this almost singular defect in his approach. Some have pointed to the IRS Document 7130, which says that IRS Form 1040 is only for "U.S. citizens and residents". They have also pointed out to him the definition of "individual" which appears at the top of IRS Form 1040 found in 26 C.F.R. §1.1441-1(c)(3), which is defined as an "alien" or "nonresident alien". Pete agrees that those domiciled in states of the Union are all "nonresident aliens". However, he isn't willing to translate this understanding of the I.R.C. into practice by filing the correct form, the 1040NR form, when he asks for a refund, and we believe this is a grave mistake.
3. Anyone who starts out as a "nonresident alien" and who files an IRS Form 1040 is making an "election" to be treated as a statutory "resident alien" pursuant to 26 U.S.C. §6013(g) and (h) and 26 U.S.C. §7701(b)(4)(B) . This is a very dangerous way to jeopardize your sovereignty and waive sovereign immunity pursuant to 28 U.S.C. §1603(b)(3). Read the following for details on how this "election" works.

[Non-Resident Non-Person Position](http://sedm.org/Forms/FormIndex.htm), Form #05.020, Section 10
<http://sedm.org/Forms/FormIndex.htm>

4. Pete suggests attaching IRS Form 4852 to correct false W-2 forms. However, those filing IRS Form 1040NR cannot use this form. The top of the Form 4852 says "Attach to form 1040, 1040A, 1040-EZ, or 1040X." Form 1040NR is not included in the list, so obviously, this is a "resident alien" form available only to those with a domicile on federal territory and therefore whom the government has jurisdiction over to penalize. We therefore suggest either using form W-2C or making your own substitute form in the following article on our website:

[Correcting Erroneous IRS Form W-2's](http://sedm.org/Forms/FormIndex.htm), Form #04.006
<http://sedm.org/Forms/FormIndex.htm>

5. We therefore strongly discourage our [Members](#) or readers from filing IRS Form 1040's as Pete suggests. The ONLY form they can file to get a refund and still remain members is either an [Amended IRS Form 1040NR](#), or our Federal Nonresident Nonstatutory Claim for Return of Funds Unlawfully Paid to the Government-Long, Form #15.001. The reasoning behind this is exhaustively described in the following memorandum of law:

Non-Resident Non-Person Position, Form #05.020
<http://sedm.org/Forms/FormIndex.htm>

On a more positive note, we admire Pete Hendrickson's research for the most part, with the singular exception above, as well as his brave efforts to inform the American public on his Lost Horizons Website of the deliberate misapplication of the Internal Revenue Code by private employers and the government. Of all the freedom researchers we know of, he has come closer to the truth about the income tax than anyone else to date, except possibly us, of course. We wouldn't have posted a link to his work here if he didn't have important or valuable information to offer our Members.

The links below are offsite links and we are not responsible for the content. We encourage you to visit either of the two offsite links and to share the links with your friends, but please be sure to warn them about the above defects in Pete's approach:

- On the Meaning of "income"
 - [Video](http://video.google.com/videoplay?docid=-7168065131939251968): [<http://video.google.com/videoplay?docid=-7168065131939251968>]
 - [Audio](#) (MP3, 28 Minutes):
[<http://famguardian.org/Subjects/Taxes/Articles/PeteHendrickson-20060217.mp3>]
- [About the Income Tax FRAUD](#): [<http://video.google.com/videoplay?docid=-5896474392571120895>]

6 Family Guardian overall policy towards the Hendrickson Approach

SOURCE: http://famguardian.org/Subjects/Taxes/CaseStudies/WhosWho/WhosWho.htm#Hendrickson_Pete

Works in the real estate industry. Advocates home schooling. Offers a book called "Cracking the Code" on his website. This book is a compilation of his research over the years into the tax fraud and it very lucidly explains using historical documents why Subtitle A describes an indirect excise tax upon privileged federal "public office". His argument centers on the meaning of words, due process, and the "includes" argument. This is also the position taken on this website as well.

- [Click here](http://famguardian.org/Subjects/Taxes/Articles/TradeOrBusinessScam.htm) (<http://famguardian.org/Subjects/Taxes/Articles/TradeOrBusinessScam.htm>) for an article agreeing with his findings entitled "The Trade or Business Scam".
- [Click here](http://famguardian.org/Subjects/Taxes/FalseRhetoric/Includess.pdf) (<http://famguardian.org/Subjects/Taxes/FalseRhetoric/Includess.pdf>) for another article on the word "Includes" which is consistent with Pete's research on the subject

Mr. Hendrickson's approach is to file a 1040 return asking for all the money back, and attaching IRS Form 4852's showing that the amounts reported by employers are in error because he is not engaged in a "[trade or business](#)". The technique has worked for several. In April 2006, IRS initiated a lawsuit against Hendrickson and six others, trying to recover monies they refunded to him. We agree with his research on the [trade or business scam](#). However, we disagree about the best technique for getting unlawfully withheld or paid earnings returned to the victim. We think the IRS form 1040 is the WRONG form because:

1. The IRS form 1040 is only for use by statutory "U.S.** citizens" and statutory "U.S.** residents" [domiciled](#) in the federal zone, which doesn't fit most Americans. It is also the wrong form because everything that goes on an IRS form 1040 is "[trade or business](#)" earnings subject to deductions under [26 U.S.C. §162](#).
2. Everything listed in 26 U.S.C. §1 and everything that goes on an IRS Form 1040 is "[trade or business](#)" earnings subject to deductions under [26 U.S.C. §162](#).

We have talked with him about this problem, but doesn't seem inclined to change his approach and thereby may be needlessly subjecting those who imitate his approach to federal jurisdiction that they wouldn't otherwise be subject to.

In Pete's defense, he says it doesn't matter what form you file as long as you put "zero" for earnings. We disagree with Pete, however, because a "[nonresident alien](#)" filing the 1040 form constitutes an "election" to become a "[resident alien](#)" subject to the jurisdiction of the federal courts pursuant to [26 U.S.C. §6013\(g\)](#) and (h), [26 U.S.C. §7701\(b\)\(4\)\(B\)](#), and the

1 [IRS Published Products Catalog, Document 7130](#). All "[taxpayers](#)" within the I.R.C. Subtitle A are "aliens" per 26 C.F.R.
2 §1.1-1(a)(2)(ii) and a "[nonresident alien](#)" as defined in [26 U.S.C. §7701\(b\)\(1\)\(B\)](#) is NOT equivalent to an "alien" as defined
3 in [26 U.S.C. §7701\(b\)\(1\)\(A\)](#). The IRS tries to deliberately confuse this issue in its [Publication 519](#) so that people will treat
4 "nonresident aliens" and "aliens" as equivalent, but they in fact are not statutorily. The ONLY way a "nonresident alien"
5 can become a "[resident alien taxpayer](#)" is to make a voluntary election to become one by filling out the WRONG form, the
6 1040 form. Folks, if you are going to use his approach, DON'T use the IRS Form 1040, but the 1040NR-EZ or else you'll
7 eventually end up needlessly jeopardizing your [sovereign immunity](#) and becoming an effective "resident" of the federal
8 zone and your local federal judicial district.

- 9 • [Click here \[http://sedm.org/Forms/05-MemLaw/NonresidentAlienPosition.pdf\]](#) (OFFSITE LINK) to learn more
10 about why the 1040NR and not the 1040 is the correct form.
- 11 • [Click here \[http://famguardian.org/Subjects/LawAndGovt/Citizenship/WhyANational.pdf\]](#) to learn why
12 citizenship and domicile is HUGELY important to the jurisdiction and sovereignty issue.

13 In response to the above, Pete sent us the following:

14 *In a technical sense, a non-federal-zone-located person could be characterized as a "[non-resident alien](#)" in the*
15 *context of the revenue law, [. . .] but this is absolutely immaterial to the fundamental application of the tax,*
16 *which has nothing to do with either citizenship or residency [. . .]. See*
17 <http://www.losthorizons.com/appendix.htm#RegardingNon-ResidentAliens>.

18 *As noted in the Appendix section indicated, the distinction between the use of a 1040 and a 1040NR is moot for*
19 *most-- that is, for anyone not needing to take advantage of provisions offering "income"-taxation*
20 *exclusions based on certain tax treaty structures. See*

21 <http://www.losthorizons.com/tax/Misunderstandings/snakeoilwarning.htm>,
22 <http://www.losthorizons.com/tax/Misunderstandings/praand1040s.htm> and
23 <http://www.losthorizons.com/tax/Misunderstandings/CitizenshipAndTheFourteenth.htm>,

24 *for a good deal more on this, and please read them through carefully.*

25 Based on the above, we agree with Pete that the [I.R.C. Subtitle A](#) income tax does not apply to someone ONLY because of
26 where they live, as he points out. Instead, liability is based on the COINCIDENCE of one's legal domicile AND the taxable
27 activities (e.g. "[trade or business](#)") they are involved in coincident with said legal [domicile](#). We also add that even if you
28 are engaged in a "[trade or business](#)", you won't be a "[taxpayer](#)" or have a liability if your legal domicile is not *within* federal
29 territory, which the I.R.C. calls the "[United States](#)". In this regard, Pete has grossly oversimplified his argument. For
30 instance:

31 *Title 26: Internal Revenue*
32 [PART 1—INCOME TAXES](#)
33 [nonresident alien individuals](#)
34 [§ 1.872-2 Exclusions from gross income of nonresident alien individuals](#).

35 *(f) Other exclusions.*

36 ***Income which is from sources without [outside] the United States [District of Columbia, see 26 U.S.C.***
37 ***§7701(a)(9) and (a)(10)], as determined under the provisions of sections 861 through 863, and the***
38 ***regulations thereunder, is not included in the gross income of a nonresident alien individual unless such***
39 ***income is effectively connected for the taxable year with the conduct of a trade or business in the United***
40 ***States by that individual.*** *To determine specific exclusions in the case of other items which are from sources*
41 *within the United States, see the applicable sections of the Code. For special rules under a tax convention for*
42 *determining the sources of income and for excluding, from gross income, income from sources without the*
43 *United States which is effectively connected with the conduct of a trade or business in the United States, see the*
44 *applicable tax convention. For determining which income from sources without the United States is effectively*
45 *connected with the conduct of a trade or business in the United States, see section [864\(c\)\(4\)](#) and §1.864-5.*

46 The above is based on [26 U.S.C. §871](#), which imposes a tax upon nonresident aliens ONLY in connection with sources of
47 income within the federal "[United States](#)" or "federal zone". Note that based on the above, the requirement for "in the
48 United States" would not be satisfied if the income was earned OUTSIDE the federal "[United States](#)" by the nonresident
49 alien.

50 We also disagree that residency is NOT a criteria for the tax. All income taxes are based on legal "[domicile](#)", and domicile
51 is synonymous with "residency" as Mr. Hendrickson uses it above. This is confirmed by carefully reading [26 U.S.C. §911](#)

1 and by reading Cook v. Tait, 265 U.S. 47 (1924). Domicile is also the source of jurisdiction for all civil matters in federal
2 court, and therefore it IS very important, especially if or when the IRS attempts enforcement actions. See:

[Why Domicile and Becoming a "Taxpayer" Require Your Consent](http://sedm.org/Forms/FormIndex.htm), Form #05.002
<http://sedm.org/Forms/FormIndex.htm>

3 All statutory, but not constitutional, citizens maintain a legal domicile on federal territory, based on the above article about
4 domicile.

5 Pete also points out that some are advocating that people NOT register to serve as jurists based on mistaken notions about
6 citizenship. We are not among the persons to whom he refers. HOWEVER, we also inform our members that they should
7 consider doing the following if they wish to ensure that they do not compromise their sovereign immunity and are NOT
8 mistaken for a statutory "U.S. citizen" as defined in 8 U.S.C. §1401 or a statutory "resident alien" as defined in 26 U.S.C.
9 §7701(b)(1)(A), both of whom have a domicile on federal territory and are therefore "taxpayers" ONLY when abroad under
10 26 U.S.C. §911:

- 11 1. They should attach the following to their voter registration.
12 [Voter Registration Attachment, Form #06.003](#) (OFFSITE LINK)
- 13 2. They should attach the following to their Jury Summons Response:
14 [Affidavit of Citizenship, Domicile, and Tax Status, Form #02.001](#) (OFFSITE LINK)

15 **7 Conviction of Pete Hendrickson**

16 As we predicted, the defects in Hendrickson's approach ultimately were fatal to his cause, and may result in incarceration
17 for several years. Below is one press release on the subject.

18 *Federal jury finds tax protestor guilty*
19 PAUL EGAN
20 *The Detroit News*
21 *Last Updated: October 26, 2009 8:27PM*

22 *Detroit -- A federal jury today convicted tax protestor and author Peter Hendrickson on 10 counts of filing false*
23 *documents.*

24 *Hendrickson, 54, of Commerce Township, author of "Cracking the Code," could face prison when he is*
25 *sentenced by Chief U.S. District Judge Gerald E. Rosen on Feb. 9. Each count is a three-year felony.*

26 *Hendrickson's trial began last Tuesday on charges he falsely reported zero or nominal income on his 2000 to*
27 *2006 tax returns when he actually earned tens of thousands of dollars each year.*

28 *Testifying in his own defense, Hendrickson told jurors that income tax is an excise tax and excise taxes may*
29 *only be levied upon those who benefit from a government privilege such as a government job.*

30 *But the government called expert witnesses from the Internal Revenue Service who rejected Hendrickson's*
31 *arguments.*

32 *The jury deliberated less than half a day.*

33 *Hendrickson, who was comforted by his wife Doreen and other family members following the verdict, said he*
34 *plans to appeal.*

35 *He criticized Rosen for instructing the jurors on what the law said, rather than giving them copies of the*
36 *relevant statutes to read for themselves.*

37 *"He relieved the prosecution of its burden in this case," Hendrickson said of the judge.*

38 *In 2007, U.S. District Judge Nancy G. Edmunds permanently barred Hendrickson and his wife from filing tax*
39 *returns on which they falsely reported their incomes as zero. The order came in response to a lawsuit filed*
40 *against Hendrickson by the U.S. Justice Department. Edmunds found Hendrickson's position on income tax to*
41 *be "false and frivolous."*

Hendrickson, who remains free on bond to await his sentencing, was convicted in 1992, for failing to file a federal income tax return and for a conspiracy involving a fire bomb placed in a bin at a Royal Oak post office.

Hendrickson could face sentencing guidelines of 21 to 27 months on the latest convictions, an official said.
[SOURCE: <http://detnews.com/article/20091026/METRO/910260410&template=printart>]

Pete's case may provide useful material to study how to prosecute filers of false information returns. You can study his case on the Public Access to Court Electronic Records (PACER) system maintained by the U.S. courts. The case number is 2:08-cr-20585-GER-DAS, United States District Court for the Eastern District of Michigan, Southern Division.

8 Conclusions

The differences between the Pete Hendrickson approach and that documented on the SEDM website pertaining to federal income taxes described in I.R.C. Subtitle A are minor but *not* inconsequential. Most of these differences result from Hendrickson's obvious desire to simplify his approach to taxation so as to broaden the appeal of that approach to all Americans so that they can avoid having to learn too much about law in order to defend their status and return unlawfully withhold earnings. We believe this desire of his is laudable and admirable. However, we also think that because of the sheer size and volume of the Internal Revenue Code, being 9,500 pages:

1. Hendrickson's approach is grossly oversimplified. It does not give his followers enough information to:
 - 1.1. Defend their status as a "nontaxpayer" with no "gross income" or "taxable income" using the I.R.C. and Treasury Regulations themselves.
 - 1.2. Develop evidence and an administrative record that will immunize them from IRS enforcement or criminal prosecution.
 - 1.3. Defend themselves administratively against all the meritless IRS propaganda and subterfuge they will get in collection notices and correspondence they will receive from the government.
 - 1.4. Litigate in federal court without the aid of a licensed attorney, who in most cases will sell EVERYONE down the river and cave in to the government. This will lead those who have a valid approach to tarnish and discredit the approach because of the counsel who represents them.
2. Hendrickson's understanding of the relationship of domicile to taxation is incomplete and is missing some very important information. Lack of knowledge of these subjects are commonplace and have resulted in successful criminal prosecutions of previous freedom movement leadership such as Larken Rose, Irwin Schiff, etc.
 - 2.1. The purpose of government is "protection", and domicile is the institutionalized means by which that protection or "tribute" is paid for. Domicile is the origin of the all of the government's jurisdiction to impose an income tax.
 - 2.2. Domicile is a First Amendment, Constitutionally protected choice of political affiliation which no court may lawfully interfere with because no court can entertain "political questions" without violating the separation of powers doctrine.
 - 2.3. Understanding of "domicile" is important, because understanding and correctly describing your status is the key to avoiding becoming the target of illegal enforcement of the Internal Revenue Code, disconnecting from the government "beast", and restoring your sovereignty. Lawfully avoiding income taxation is only a very small part of restoring one's sovereignty.
 - 2.4. The IRS Form 1040 is a "resident" (alien) form to be filled out by "resident aliens" ONLY who are engaged in the "trade or business" franchise and who are subject to the tax imposed by 26 U.S.C. §1. These "resident aliens" include statutory citizens temporarily abroad and coming under a tax treaty with a foreign country pursuant to 26 U.S.C. §911. In this capacity, they interface to the I.R.C. as "resident aliens" because they are aliens in relation to the foreign country they interface through.
 - 2.4.1. Everything that goes on IRS Form 1040 is "trade or business" earning subject to deductions pursuant to 26 U.S.C. §162. [26 C.F.R. §301.7701-5](#) (older versions of this reg., not current version) implies that all persons engaged in said franchise are "residents".
<http://famguardian.org/TaxFreedom/CitesByTopic/Resident-26cfr301.7701-5.pdf>
 - 2.4.2. [26 U.S.C. §7701\(a\)\(39\)](#), and [26 U.S.C. §7408\(d\)](#) say that these "residents" consent to be treated as though they live in the District of Columbia for the purposes of judicial jurisdiction.
 - 2.4.3. [26 U.S.C. §7701\(b\)\(4\)\(B\)](#) and [26 U.S.C. §6013\(g\)](#) or (h) authorize nonresident aliens to make an election to be treated as "resident aliens", but only when married to statutory "U.S. citizens". It is ILLEGAL for a nonresident alien not married to a statutory U.S. citizen to file IRS form 1040.
 - 2.5. For further details on the importance of "domicile", see and rebut the following:

Why Domicile and Becoming a "Taxpayer" Require Your Consent, Form #05.002
<http://sedm.org/Forms/FormIndex.htm>

- 1 3. Hendrickson does not understand who the real “taxpayers” are, and that they are all “resident aliens” of one kind or
2 another.
- 3 3.1. All “individuals” within the I.R.C. are “aliens” or “nonresident aliens” pursuant to 26 C.F.R. §1.1441-1(c)(3).
4 3.2. Those who are “nonresident aliens” must make a voluntary election to become “resident aliens” pursuant to 26
5 U.S.C. §6013(g) and (h) before they can become “taxpayers”.
- 6 3.3. A “nonresident alien” who engages in a “trade or business” becomes a “resident alien”, whether he likes it or
7 knows it or not, pursuant to 28 U.S.C. §1605(a)(2) and older versions of 26 C.F.R. §301.7701-5. See also:

<u>Who are “taxpayers” and who needs a “Taxpayer Identification Number”?</u> , Form #05.013 http://sedm.org/Forms/FormIndex.htm
--
- 8 4. His description of the “trade or business” scam is incomplete and is not packaged to make it directly useful in
9 correspondence with the IRS nor is it useful for litigation purposes. For a more succinct and immediately useful
10 description, see the following free memorandum of law available on our website:

<u>The “Trade or Business” Scam</u> , Form #05.001 http://sedm.org/Forms/FormIndex.htm

- 11 3. Hendrickson believes that the use of Social Security Numbers does not change one’s status or imply that one is
12 engaged in a “trade or business”. We completely disagree. NO ONE who wants their sovereignty back should be
13 applying for, using or providing government-issued numbers because doing so makes them a fiduciary over public
14 property. Everything they connect that number to becomes private property voluntarily donated to a “public use”
15 which is subject to control and forfeiture to the government. See:
- 16 3.1. About SSNs and TINs on Government Forms and Correspondence, Form #05.012
17 <http://sedm.org/Forms/FormIndex.htm>
- 18 3.2. About SSNs and TINs on Government Forms and Correspondence, Form #07.004
19 <http://sedm.org/Forms/FormIndex.htm>
- 20 3.3. Resignation of Compelled Social Security Trustee, Form #06.002
21 <http://sedm.org/Forms/FormIndex.htm>
- 22 3.4. Social Security: Mark of the Beast, Form #11.407
23 <http://sedm.org/Forms/FormIndex.htm>
- 24 3.5. Socialism: The New American Civil Religion, Form #05.016
25 <http://sedm.org/Forms/FormIndex.htm>
- 26 5. Hendrickson understands the distinctions between “taxpayers” and “nontaxpayers”, and yet he misrepresents his status
27 as that of a “taxpayer” by using “taxpayer” forms such as IRS form 1040 and not at least attaching something to clarify
28 that he is not a “taxpayer”. This oversight and omission:
- 29 5.1. Encourages the IRS to impose penalties and enforcement against those who use his method.
30 5.2. Needlessly subjects those imitating his methods to the jurisdiction of federal Article IV franchise courts such as
31 District and Circuit courts. The only persons these courts have jurisdiction over are those engaged in federal
32 franchises and who have a domicile on federal territory, and those who submit IRS Form 1040 meet BOTH
33 criteria.
- 34 6. We believe that people domiciled in states of the Union who are seeking a refund of unlawfully withheld or paid
35 earnings:
- 36 6.1. Should properly declare their status as nonresident aliens not engaged in a “trade or business”.
- 37 6.2. Should NOT file an IRS Form 1040 as Hendrickson advocates, because that form is ONLY for use by “resident
38 aliens” with a legal domicile in the District of Columbia and who are completely subject to the legislative
39 jurisdiction of the federal courts. See:

<u>Non-Resident Non-Person Position, Form #05.020</u> http://sedm.org/Forms/FormIndex.htm
--
- 40 6.3. If they are Members of SEDM, may ONLY file one of the following three methods and still remain Members in
41 Good Standing, in descending order of preference where the lowest numbered item is the highest priority:
- 42 6.3.1. Federal Nonresident Nonstatutory Claim for Return of Funds Unlawfully Paid to the Government-Long,
43 Form #15.001
<http://sedm.org/Forms/FormIndex.htm>
- 44 6.3.2. Amended IRS Form 1040NR
45 <http://famguardian.org/TaxFreedom/Forms/IRS/IRSFormsPubs.htm>
- 46 6.3.3. IRS form 1040NR with the following form attached:
47

<u>Tax Form Attachment</u> , Form #04.201 http://sedm.org/Forms/FormIndex.htm
--
- 48 7. Hendrickson does not understand the distinctions between statutory “citizens of the United States” and constitutional
49 “citizens of the United States”. These distinctions are very important in:

- 1 7.1. Preserving and protecting and defending your sovereignty and sovereign immunity as a “stateless person” in
2 federal district court.
3 7.2. Determining the jurisdiction of federal courts.
4 7.3. Determining the correct tax form(s) to file, which is the IRS Form 1040NR, and not the IRS Form 1040.
5 7.4. Determining how to administratively defend your status with the I.R.S. in a way that will keep you outside their
6 jurisdiction and as far away as possible from their unlawful activities.

7 Those wishing to understand this important issue should consult the following on our website:

Why You Are a “national”, “state national”, and Constitutional but not Statutory Citizen, Form #05.006
<http://sedm.org/Forms/FormIndex.htm>

- 8 8. The subtleties and nuances described in this section are very easy to overlook, even for seasoned tax professionals and
9 tax attorneys. It is not a sin or transgression for Mr. Hendrickson to overlook them, but continuing to overlook them or
10 refusing to rebut them once he has been informed of them in his own website forums is inexcusable for a person who is
11 exercising any kind of educational or leadership role or has a large number of followers. On this important subject, the
12 Bible says:

13 *“My brethren, let not many of you become teachers, knowing that we shall receive a stricter judgment.”*
14 *[James 3:1, Bible, NKJV]*

15 We therefore hope that he will take his responsibility very seriously to read and rebut any aspect of the information
16 contained herein or on our website that is in fact inconsistent with reality or prevailing law, because many may be
17 influenced by it and if they are influenced improperly, hurt by it.

- 18 9. We predict that the deficiencies in his approach will invite persecution against those who imitate it eventually on the
19 part of the IRS and the Dept. of Justice.

20 In closing, we wish to thank Pete Hendrickson for his excellent and important research and his brave attempt to educate the
21 American public about their legal obligations in relation to federal taxation. He is an intelligent and articulate man who we
22 believe has the best intentions and who diligently seeks to learn about and comply with all that federal law requires of him.
23 In that sense, he is a good and responsible citizen and we wish there were many more people like him.

24 We welcome Mr. Hendrickson to respond to or rebut anything in this pamphlet that he find objectionable and will
25 incorporate all such feedback into this document if or when we receive it. The goal is not to be “right”, but to educate and
26 inform the American public about what the law requires of them through rational debate that is completely consistent with
27 prevailing law. We do not desire to compete with or denigrate anyone, but simply to come to the Truth of the matter.

28 We also welcome our readers to notify us on our Contact Us page if they find anything on our website that is inconsistent
29 with what appears in this document, or which is inconsistent with prevailing law or legal precedent. We desire to bring
30 nothing but honor and glory to the Lord in all that we do in connection with this religious ministry.

31 **9 Resources for Further Study and Rebuttal**

32 Understanding the “trade or business” scam fits together all the pieces of the puzzle scattered throughout this chapter and
33 explains them in such a cohesive way that it is impossible to argue with. It is far more than simply a “theory”, but a fact
34 you can verify yourself by reading the IRS Publications, the code, the Constitution, and the Treasury Regulations. All of
35 them agree with the content of this section. If you would like to learn more about the “trade of business” scam, the
36 following resources may be helpful:

- 37 1. *The “Trade or Business” Scam*, Form #05.001-memorandum of law that summarizes our approach. Covers much
38 more practical aspects of the franchise than the *Cracking the Code* book.
39 <http://sedm.org/Forms/FormIndex.htm>
40 2. *The “Trade or Business” Scam*-Family Guardian Website. HTML version of this article with several additional
41 research links
42 <http://famguardian.org/Subjects/Taxes/Remedies/TradeOrBusinessScam.htm>
43 3. *Authorities on “trade or business”-Sovereignty Forms and Instructions, Cites by Topic*, Family Guardian Website
44 <http://famguardian.org/TaxFreedom/CitesByTopic/TradeOrBusiness.htm>
45 4. *Proof That There Is a “Straw Man”*, Form #05.042
46 <http://sedm.org/Forms/FormIndex.htm>
47 5. *Why Statutory Civil Law is Law for Government and Not Private Persons*, Form #05.037

- 1 <http://sedm.org/Forms/FormIndex.htm>
- 2 6. *Why Your Government is Either a Thief or You are a "Public Officer" for Income Tax Purposes*, Form #05.008-
3 memorandum of law that proves that all "taxpayers" are public officers
4 <http://sedm.org/Forms/FormIndex.htm>
- 5 7. *Government Instituted Slavery Using Franchises, Form #05.030*- Describes how franchises such as a "trade or
6 business" function and all of the legal implications of participating in said franchises.
7 <http://sedm.org/Forms/FormIndex.htm>
- 8 8. *Officers of the United States Within the Meaning of the Appointments Clause*, U.S. Attorney Memorandum Opinion-
9 describes what the U.S. government thinks a "public officer" is
10 <http://famguardian.org/TaxFreedom/CitesByTopic/PublicOffice-appointmentsclausev10.pdf>
- 11 9. *A Treatise on the Law of Public Offices and Officers*, Floyd Mechem, 1890. Google Books. Excellent free exhaustive
12 book.
13 <http://books.google.com/books?id=g-I9AAAAIAAJ&printsec=titlepage>
- 14 10. *Cracking the Code*- Book about the "trade or business" fraud by Pete Hendrickson.
15 http://www.losthorizons.com/Cracking_the_Code.htm
- 16 11. *Income Tax Withholding and Reporting*, Form #12.004- Excellent short and simple treatment of income tax
17 withholding and reporting. Includes links to several other resources.
18 <http://sedm.org/Forms/FormIndex.htm>
- 19 12. *Liberty University*- Complete free training materials on freedom and sovereignty subjects.
20 <http://sedm.org/LibertyU/WithngAndRptng.pdf>
- 21 13. *The Information Return Scam*, Family Guardian Fellowship
22 <http://familyguardian.tax-tactics.com/Subjects/Taxes/Remedies/InformationReturnScam.htm>
- 23 14. *Demand for Verified Evidence of "Trade or Business" Activity: Information Return*, Form #04.007- Present this to
24 private employers to educate them about why they can't file information returns, including W-2, 1042-S, 1098, and
25 1099 against a person who does not consent to engage in the voluntary excise taxable, privileged "trade or business"
26 activity because they don't want to act as a "public official" and "trustee" of the "public trust".
27 <http://sedm.org/Forms/FormIndex.htm>
- 28 15. *Demand for Verified Evidence of "Trade or Business" Activity: Currency Transaction Report*, Form #04.008-Present
29 this to financial institutions when they attempt to illegally connect you with a "trade or business" in the process of
30 withdrawing \$10,000 or more from a bank account.
31 <http://sedm.org/Forms/FormIndex.htm>
- 32 16. *Correcting Erroneous Information Returns*, Form #04.001- Consolidates the next four documents into one
33 <http://sedm.org/Forms/FormIndex.htm>
- 34 17. *Correcting Erroneous IRS Form W-2's*, Form #04.006- Allows you to correct a false IRS Form W-2 that connects you
35 to a "trade or business", which is a privileged federal contractor activity that makes you into a "public official".
36 <http://sedm.org/Forms/FormIndex.htm>
- 37 18. *Correcting Erroneous IRS Form 1042's*, Form #04.003- Allows you to correct a false IRS Form 1098's that connects
38 you to a "trade or business", which is a privileged federal contractor activity that makes you into a "public official".
39 <http://sedm.org/Forms/FormIndex.htm>
- 40 19. *Correcting Erroneous IRS Form 1098's*, Form #04.004- Allows you to correct a false IRS Form 1098's that connects
41 you to a "trade or business", which is a privileged federal contractor activity that makes you into a "public official".
42 <http://sedm.org/Forms/FormIndex.htm>
- 43 20. *Correcting Erroneous IRS Form 1099's*, Form #04.005- Allows you to correct a false IRS Form 1099's that connects
44 you to a "trade or business", which is a privileged federal contractor activity that makes you into a "public official".
45 <http://sedm.org/Forms/FormIndex.htm>