

A History Of Federal Government Efforts To Suppress The Inconvenient Truth About The Income Tax

"There are two distinct classes of men...those who pay taxes and those who receive and live upon taxes." - Thomas Paine

FOR ALMOST SEVEN YEARS the federal government has been engaged in an intense effort to suppress the liberating truth about the "income" tax uniquely revealed in '[Cracking the Code- The Fascinating Truth About Taxation In America](#)' (CtC).

Having quickly recognized that if it gets into enough hands the information in the book is fatal to what has been a decade's-long-wallow in other people's money to which the political elite have grown very comfortably accustomed, the state has spared no effort and found no level of corruption too shameful to embrace in this project-- all while continuously acknowledging the truth revealed in the book [by steadily returning all withheld property to Americans across the country](#) for the same seven years, of course... Here's how it has gone:

Year One: The Liberating Truth About The Tax Is Revealed And the First-Ever Complete Refund Is Issued.

IN DECEMBER OF 2002, I posted a summary of the research that would become [CtC](#). On August 26 of 2003, the first edition of the book went on sale. On November 3 of that year, I became the first American in history to secure [the return of ALL amounts withheld from my earnings](#) and given over to the federal government in connection with the "income" tax-- Social Security and Medicare "contributions" included. That was enough to bring on phase one of the assault, which had actually been being prepared since at least the day I made [CtC](#) available...

Year Two: The IRS Launches A Series Of Legal Assaults, All Of Which Fail.

THE SUPPRESSION EFFORT STARTED with attempts by the IRS to characterize my website and my distribution of [CtC](#) as "promotion of an abusive tax shelter" and charge me accordingly. Such charges necessarily rest on the premise that what is "being promoted" is false, of course (and the hundreds of injunctions routinely issued in such cases often plainly say so: see a couple of examples [here](#) and [here](#)).

No time was wasted getting this effort going; on February 18, 2004, even before I secured my [second victory](#) (but after the first of my few readers up to that point had made the filings which would result in THEIR first victories, which began to be received a few months later), I got [this demand in the mail](#). You'll notice that no date is provided for the demanded meeting, but no matter, because two weeks later I found a summons rubber-banded to my doorknob which DID have a date for compliance on it. A description of that summons (and how I responded to it) can be seen [here](#).

Interestingly, included in the materials provided to the court in "support" of the enforcement action was a printout of [losthorizons.com](#) from the week of August 26, 2003... Plainly, I was already being

monitored at that point, and probably had been ever since first posting the core information in [CtC](#) eight months before publishing the book.

In the end, because nothing in [CtC](#) IS false, these efforts failed, one after another, with the DoJ itself moving the courts in which these charges were being prosecuted to dismiss the actions. At one point in early 2005, the DoJ attorney involved had to ask me to be patient, as its IRS client was resisting the dismissals, but in the end, the DoJ prevailed and the suits were dismissed, with me agreeing, at the government's request, to forgive it my costs. See [here](#) and [here](#), and [here](#), [here](#) and [here](#) for a more in-depth discussion of these assaults. Meanwhile, and throughout all this, the first readers of [CtC](#) were securing THEIR first [complete refunds](#) of EVERYTHING withheld from, or paid-in by them...

On to plan "B"...

Year Three: Increasing Numbers Of Americans Begin Recovering Erroneously Withheld Or Paid-In Taxes. The IRS Turns To A Dis-Information Campaign.

BY NOW THE BENEFICIARIES OF THE "IGNORANCE TAX" were even more fearful of what [CtC](#) means to their good-time gravy-train of deception and exploitation, since the spread of the book was manifesting itself in an ever-increasing volume of claims for the return of withheld and paid-in property to both federal and state treasuries, and an increasingly sophisticated, well-educated and relentlessly dedicated community of claimants and others standing square and upright on behalf of the rule of law. They shifted to a national PR/disinformation campaign.

IRS-funded or -friendly webpages began posting smears aimed at me personally, and/or disinformation about the contents of [CtC](#), particularly efforts to tar the book as simply being a re-hash of any number of misunderstandings about the tax long-flogged throughout the "tax honesty" community. Agents-provocateur within that community began an endless round of emails of the same sort of disinformation. See more about that [here](#).

This 2005 project, during which the amount of money refunded to [CtC](#)-educated Americans by government treasurers cracked \$1 million and continued to grow briskly, peaked with the IRS crafting a carefully-inaccurate description of a kind of improper filing meant to be mistaken for a [CtC](#)-educated return and posting it as the [#1 red-flag item on its annual "Dirty Dozen" list issued in early 2006](#).

Guess what? That didn't work, either.

What is revealed in [CtC](#) is simply too clear, too easily verifiable, too compelling, and too critically important to be overborne by lies, however well-crafted and frequently-repeated. Not only does the book expose a vicious, decades-old liberty-eroding, Leviathan-feeding exploitation of the American people by an unscrupulous political elite utterly contemptuous of the rule of law, but it actually tells the reader how he or she can promptly and individually act to correct the situation and restore the

individual liberty that is our right as human beings and the limited republic that is our heritage as Americans.

Once any decent person learns these things, there's no going back to lies, apathy or timidity. More, any decent person is honor-bound to share this liberating and activating knowledge with others, and to encourage them to take up their civic responsibility of keeping their servant government within the confines of the law.

Consequently, [those who read the book become unstoppable advocates for its liberating information](#), and personal exemplars of upright, law-abiding, law-enforcing good citizenship. Their clarity, honesty and courageous commitment are only emphasized by the lies deployed against the truth they share, and that truth continued to spread and take root.

[CtC](#)'s fourth, fifth and sixth printings sold out during this phase of the government's struggle to suppress the truth, and despite the character assassination and disinformation campaigns and even after the "Dirty Dozen" list was featured in every MSM venue lap-dogging for Leviathan (which is to say, all of them), federal and state tax agencies found themselves issuing more refund checks and notices than ever before. On to plan "C"...

Year Four: Large Numbers Of CtC-Educated Americans Are Now Securing Regular And Repeated Victories Over The Misapplied "Income" Tax. The IRS And DoJ Slap Together A Hastily-Contrived "Lawsuit" Against Me And Announce It In A National Press Release Just Before "Tax Day" In An Effort To Turn Back The Tide.

PLAN "C" WAS A NATIONALLY ANNOUNCED "LAWSUIT": "The United States v. Peter and Doreen Hendrickson". Four days before "tax day" in April of 2006, the DoJ, now whipped into line by higher powers and no longer trying to back the IRS down from its bad behavior, filed an action in the federal court for the Eastern District of Michigan.

The suit claimed that the government had "made a mistake" in returning property withheld from me during 2002 and 2003, and now it wanted our property back. The government alleged that it had a right to keep that property for itself as a "tax due" ([even while its own treasury department says otherwise](#)).

At the same time, the government asked the court to coerce Doreen and me into executing new tax returns for those years, on which we would be compelled to testify to the government's specifications and declare our earnings to be "income"-- because the government isn't willing to declare this to be true itself, but without such testimony, its claim that we owed it a tax, which was the justification for the suit in the first place, can't be sustained... Sort of a legal lift-yourself-up-by-your-own-bootstraps ploy...

Obviously, this "creative" lawsuit should have been tossed by the court as soon as it was filed, but remember, this was "Plan "C"", and the gravy-train-riders were getting desperate. Thus, somehow the district court managed to sit on our immediately-filed motions to dismiss on jurisdictional and other grounds for more than nine months without comment, while allowing the government to move for summary judgment during the same period.

Finally, in late February of the following year, without any evidence being introduced by the government at all, and without so much as a single hearing, the court simply denied our motions and granted the government's, [on the very same day!](#) On the following May 2, the judge did it again, in a "final ruling" after a few motions objecting to the first one.

The judge simply declared us to owe the government taxes for 2002 and 2003, and ordered us to execute fictional 1040Xs for those years in order to create a pretext for the first fiction. (We haven't done so, of course, and thus, even now, years later and after all the government's allegations about us "owing" it these amounts, [no taxes have ever been assessed for those years...](#)) The DoJ and IRS issued press releases around the country, with headlines screaming that, "Hendrickson has been ruled against by the Court!!!" This, they figured, would finally scare into silence and "compliance" those insubordinately persevering "CtCers"!

They were wrong, of course.

What the adversaries of the truth don't understand is that the community of [CtC](#)-educated Americans has such a thorough, unusually well-founded understanding of the level of deception the voracious state is willing to embrace in defense of its taproot into the aquifer of individual Americans' private wealth, and the control over their behavior it manages to exercise due to widespread ignorance of the truth about the "income" tax, that it actually reads more than just the government's press releases. Indeed, it is a key characteristic of the [CtC](#)-educated community that its members actually read the law for themselves, as well as the filings made in actions like that of "plan "C"".

In fact, the [CtC](#)-educated community has become adept at reading and understanding the law to a degree not seen in America since Edmund Burke said of the colonists to Parliament in 1775, explaining why British hopes of keeping the Americans in subjection were futile:

"Permit me, Sir, to add another circumstance in our colonies, which contributes no mean part towards the growth and effect of this untractable spirit. I mean their education. In no country perhaps in the world is the law so general a study."

[CtC](#)-educated Americans read the filings and rulings in this "lawsuit". They recognized the legal and substantive emptiness of government's straw-man arguments, smoke-and-mirror charades and complete failure to actually make, or prove, its case; and they understood both the impropriety of the effort to coerce testimony more to the government's liking from my wife and me, and the acknowledgement of [CtC](#)'s accuracy reflected in the government's desire for that custom testimony.

See the [Motion to Vacate](#) just filed in this case for a short, straight-to-the-point listing and brief discussion of just a few of the many invalidating aspects of this "lawsuit" and its treatment by the court, including:

- 1. There has never been a case or controversy to adjudicate, as the United States agrees that we owe it no tax.*
- 2. The United States invoked the Court's jurisdiction under false pretenses.*
- 3. The United States has never had standing to bring this suit, and thus, this Court has lacked jurisdiction.*
- 4. The United States has never introduced any evidence in support of its claims; and the "information return" hearsay upon which it relied is specifically declared by statute to be insufficient to support findings and judgment in its favor.*
- 5. By entertaining the United States' Motion for Summary Judgment before ruling on the various Motions we filed in response to its Complaint, and then granting its Motion and denying ours the same day, and without any hearing at any time, the Court violated our right to due process of law.*
- 6. The United States failed to substantiate its assertion of jurisdiction pursuant to 26 USC 7401, and the Court was therefore without jurisdiction.*

As I said, no one was fooled by this lawsuit, and thus, "plan "C"" didn't do the job, either; the knowledge in [CtC](#) kept spreading, and Americans kept standing up, one after another, on behalf of the rule of law. During the time this "suit" was in play, returned and retained property of those acting in educated harmony with the Constitution and tax-related statutes mounted into the millions of dollars. More and more Americans stood up loud and proud with the Founders and their vision of limited government, enforcing the framework of law by which the blessings of Liberty were meant to be preserved for themselves and their posterity.

So, what was a frustrated despot to do?

On to plan "D"...

Year Six: After Four Years Of Internal Struggle While Amounts Recovered Or Retained By CtC-Educated Americans Mount Into The Millions, The IRS And DoJ Announce An Indictment Against Me, Charging Me With Not Believing What I Revealed About The Tax In My Book

ON NOVEMBER 12, 2008, after [a series of failed attempts over four years](#), an unsigned "[indictment](#)" was announced, charging me with ten criminal counts of not believing what I know to be true about the law, and which the federal and, by now, 33 state governments have been acknowledging

ceaselessly for nearly seven years now, [continuing even as you read these words](#). No one else [has ever been similarly charged in connection with a CtC-educated return](#), before or since. In October of 2009, I had a trial on these charges.

While the charges actually include allegations that something on documents I had filed was objectively false, not a word of testimony was presented challenging the objective correctness of my filings or anything else I have ever done. Instead, the trial was an exercise in character assassination and jury manipulation, and nothing else. For instance, the "lawsuit" ruling about which you have just read was used as evidence against me to suggest that I have to have actually believed myself to be wrong about the law (and thus acted "willfully", since I filed educated returns anyway).

The fact is none of the filings involved in the charges had actually been made prior to the final ruling in that case, meaning the "ruling" was completely irrelevant to the case no matter what one might imagine its significance to be, but this "evidence" was allowed in by the judge anyway-- hey, this trial had nothing to do with reality... The government wanted it in so as to give the jury the impression that an "authority figure" disagreed with me (when really all that happened was an exercise in evidence-free legal gamesmanship, straw-man arguments and evasions). It also wanted a pretext to put some angry words I posted on the subject into the record in order to make me look disrespectful of people with officious job descriptions.

Things I was on record saying about the tax nearly twenty years ago were read to the jury in an effort to convince them that I don't really mean what I say now. For instance, back then, before having discovered the true nature of the tax, I had angrily characterized it as "unconstitutional".

I had also declared wages to not be taxable without apportionment back then, and that was read to the jury as well. I had meant the word in its common sense, of course, since twenty years ago I hadn't yet uncovered the fact that there is a legal term of the same spelling and pronunciation as common 'wages' which only refers to a limited class of payments which absolutely ARE taxable, and without apportionment, because of their special character. My twenty-year-old words were just an expression of the fact that a tax on common pay received by common workers would be a direct tax requiring apportionment under Article 1, Section 9.

Doubtless these completely irrelevant ancient words-- allowed into the trial only over my objections-- served to at least confuse the jury about what I meant when I now explained that the tax is completely Constitutional, that "wages" as defined in the law are taxable, and that I simply hadn't received any such "wages". This, of course, was just what was intended by their presentation. Unable to declare that anything I have said about the tax since 2002 is incorrect, the government simply resorted to this sort of cheap and manipulation of the jury.

A clever, sleazy program was also undertaken to minimize the significance to the jury of the government's ongoing admissions of CtC's accuracy. To begin with, the judge interrupted my

testimony on the subject [with an instruction to the jury that these victories were merely hearsay](#), as I couldn't testify from personal knowledge that any of them had actually occurred. I was allowed to go on, but as soon as I began to get into some of the more interesting, drawn-out, lots-of-IRS-resistance-before-surrendering victories (like those [here](#), [here](#), [here](#) and [here](#)), [it was proposed that the government stipulate](#) to many people receiving refunds in connection with filings like mine, in order to prevent these illuminating victories from being seen by the jury. And so [that's just what happened...](#)

Not a single witness for the prosecution testified that anything I said in my filings was wrong or false; indeed, the prosecution was careful not to present a single witness even capable of rendering an opinion about such things. Even after all that, the prosecution felt obliged to persuade the court to keep the actual words of the statutes relevant to my filings from the eyes of the jury, [which it did](#).

The court even went so far as to [deny a specific request from a juror to see them](#) (along with my own demand that the jury be given the actual words of the law). Instead, the jurors were only given [prosecution-crafted "interpretations" of the statutes](#), which incorporated undefined legal terms, and were designed to be misunderstood.

The [explanation given](#) was that to give the jurors the actual words written by Congress might cause them to suspect that they don't mean what the prosecution wants the jury to think that they do... But all was well, as the judge reassured the jurors that if he (and therefore, they) got it wrong, [it could all be fixed later](#), so don't sweat the verdict too much! They didn't sweat it too much-- the jury promptly played that get-out-of-jury-duty-before-dinner-time card: it went out for deliberations just after lunch and came back with a guilty verdict on all counts well before dinner.

So that oughta be that, yes?

Surely "plan D(esperate)" has done the job, and [all the tens of thousands of Americans](#) who have learned to read the law for themselves through study of [CtC](#) are now standing back down in confusion, despair and silence, right?

Sorry, Charlie...

Year Eight: The CtC-Educated Community Carries On, And The Federal And State Governments Continue To Issue Complete Refunds Of Erroneously Withheld Or Paid-In Property Without Interruption

Here's the thing: WHAT IS REVEALED IN [CtC](#) IS THE TRUTH ABOUT THE "INCOME" TAX.

The thuggish beneficiaries of the "ignorance tax" know that, of course-- that's why they keep sending out those checks; that's why they've been reduced to trying to get a judge to order my wife and me to testify to their specifications in order to create a pretext for claiming a tax owed; that's why their "Dirty Dozen" listing had to be not-quite-an-accurate representation of a [CtC](#)-educated filing; that's

why they couldn't sustain their "promotion of an abusive tax shelter" charges; that's why they didn't dare put anyone on the stand to testify that anything in my filings was incorrect and had to resort to corrupt ploys and jury manipulations.

The thugs know it's the truth. Heck, that's why they struggle so hard to suppress it.

What the thugs DON'T get (or refuse to face) is that what is revealed in [CtC](#) is UNMISTAKABLY the truth, and anyone who has once read it IS FOREVERMORE PROOF AGAINST THE LIES. You can't make a man unsee what he once has seen, and only someone invested in misunderstanding can fail to "see it" after just a single reading of [CtC](#).

Two things proceed from the fact that once learned, the truth rules. The first is that those who have learned the truth recognize the critical importance of spreading it to others and inoculating them against the lies, and [will keep doing so no matter how much effort is spent on discouraging them](#). They do so both out of charity and regard for the interests of their fellows, and out of self-interest, as well, because a "fellow" that isn't part of the solution is part of the problem.

The second thing about learning the unmistakable truth about the tax is that once someone has done so, he or she can't fail to stand up with that truth, both out of respect for truth generally, and because the thugs themselves have set things up so that to NOT stand up with the truth is necessarily to become part of an annual lie. It's just the nature of the thug's own scheme: one either speaks the truth, or one endorses a lie. Good Americans-- heck, good HUMANS-- don't endorse lies, so good people who have learned the truth don't stand down.

SO, THERE'S THE HISTORY OF THE STATE'S SUSTAINED EFFORT to suppress the truth about the "income" tax uniquely revealed in [CtC](#), and why it has been, and is doomed to remain, futile. Those efforts will continue, of course-- what choice do the thugs have? Give it up and look for real jobs in "flyover country"? For that matter, think about the ramifications of admitting to the scam they've been perpetrating...

No, they won't give up, but neither will those of us on the side of the liberating truth. And in the end, the truth always wins.

"[A]ll through history the way of truth and love has always won. There have been tyrants and murderers and for a time they seem invincible, but in the end, they always fall - think of it, always."
-Mahatma Gandhi

The truth WILL win, but to do so it DOES need YOU to both stand your ground, and spread the word. [Tools for doing the latter will be found here](#). Please use them.

And as regards the standing of your ground, be sure to share your victories! [Click here to learn how.](#)



***“Don't pay any attention to Joe back there...
He's just... uh... cleaning up the office...
You pay attention to me!
This 'Cracking the Code' book is nothing but
FALSE and FRIVOLOUS nonsense!”***

By the way, if you're new to all this, you can find a brief introduction to the liberating truth about the perfectly benign, perfectly Constitutional but widely misunderstood and corruptly mis-applied “income” tax at <http://losthorizons.com/Intro.pdf>.

“Although all men are born free, slavery has been the general lot of the human race. Ignorant--they have been cheated; asleep--they have been surprised; divided--the yoke has been forced upon them. But what is the lesson?...the people ought to be enlightened, to be awakened, to be united, that after establishing a government they should watch over it....It is universally admitted that a well-instructed people alone can be permanently free.”

-James Madison

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To read a layman-friendly brief detailing abuses deployed
in Pete Hendrickson's trial,
go to

<http://losthorizons.com/PostCrimAppealBrief.pdf>