

Transcript for Session 1

I. Preparation

This course explains the most reliable, most effective combination of methods in recognition of **compound synergy** for incomparably amplifying your own prosperity—no matter what you do for a living, no matter what you earn, and whether you feel impoverished or wealthy already. Using this course, you will literally *watch, listen, and read your way to prosperity!*

What is this course all about and designed to do? It is about lawful, private methods for capitalizing on your potential, increasing your income, enhancing your benefits, decreasing your unwanted expenses, avoiding penalties, and protecting yourself against privacy invasion and financial losses due to extortion, fraud, and poor health. It is designed to give you the appropriate **awareness** and **wherewithal** to effect the **greatest-possible benefits** for yourself, namely, the free exercise of **all** of your rights and privileges under the law and the Constitution, realized by **lawful activities, privacy** and **security** and manifested by a measure of financial prosperity you could not **otherwise** achieve. Accordingly, you should get the right sense of the focus, direction, and recommendations of each session by viewing all segments of each session **first** and **then reinforcing** the content of each session with its accompanying free supplemental materials and resource links. Make good use of these freebies, carefully apply each recommendation and implement each step as it is explained in sequence, and you will enjoy accelerated accumulation of permanently-risk-free-tax-free wealth and a lifetime of tax-free income.

What strategy should you use for taking a course about strategy? After each period of watching, listening, and reading, think about what you are learning. When work and family do not demand your acute attention, think about how you are going to apply what you are learning, and also think about how loved ones and friends could also apply what you are learning. As you prepare to begin each subsequent period of watching, listening, and reading, think about how you have already benefitted from what you are learning, and also think about how loved ones and friends could also benefit from what you are learning. So, think, think, think about learning from this course.

II. **Discovering New Possibilities: STP: Expanding Your Awareness** The First Element

This first session, **Discovering New Possibilities: Strategic Tax Planning: Expanding Your Awareness**, gets you started with an introduction to the **three principles** for achieving financial prosperity.

III. Disclaimer

TAX AVOIDANCE AND TAX EVASION

A fine line exists between legal tax planning and illegal tax planning—tax avoidance versus tax evasion. Tax avoidance is merely tax minimization through legal techniques. In this sense, tax avoidance becomes the proper objective of all tax planning. Though eliminating or reducing taxes is also a goal of tax evasion, the term implies the use of subterfuge and fraud as a means to this end. Perhaps because common goals are involved, popular usage has blurred the distinction between the two concepts. Consequently, the association of tax avoidance with tax evasion has kept some taxpayers from properly taking advantage of planning possibilities. The now-classic words of Judge Learned Hand in *Commissioner v. Newman* reflect the true values a taxpayer should have:

Over and over again courts have said that there is nothing sinister in so arranging one's affairs as to keep taxes as low as possible. Everybody does so, rich or poor; and all do right, for nobody owes any public duty to pay more than the law demands: taxes are enforced extractions, not voluntary contributions. To demand more in the name of morals is mere cant.—47-1 USTC ¶9175, 35 AFTR 857, 159 F.2d 848 (CA-2, 1947).

[West Federal Taxation Corporations, Partnerships, Estates & Trusts, 2001 Edition by Hoffman, Raabe, Smith, Maloney, © 2001 by South-Western College Publishing]

Neither the information contained in this course nor reference to various tax codes should be construed as constituting either legal advice or an inducement to violate any statutes of law. Any reference to the law in this course is expressly reference to the actual language of the law as legislated by one of the fifty-one congresses. This course has been prepared for educational, entertainment, and informational purposes and is intended for “nontaxpayers.” Great care has been taken to make plain, easily understandable statements that are completely true and neither self-contradictory nor misleading. However, so as to prevent any misunderstanding, it is recommended that participants vigorously scrutinize, research, challenge, and prove the information contained in this course by inquiry into the original sources of authority—namely, the various tax codes—cited throughout this course and accompanying free supplemental materials and resource links.

“The [federal] revenue laws are a code or system in regulation of tax assessment and collection. They relate to taxpayers, and not to nontaxpayers. The latter are without their scope. No procedure is prescribed for nontaxpayers, and no attempt is made to annul any of their rights and remedies in due course of law. With them [nontaxpayers] Congress does not assume to deal, and they are neither of the subject nor of the object of the revenue laws.” Economy Plumbing

and Heating Co. v. United States, 470 F. 2d 585 (1972) [Moreover,] “The laws of Congress in respect to those matters [federal income taxation] 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. United States*, 152 U.S. 211, 215, 14 S. Ct. 513 (1894)

If the participant is a “taxpayer” defined at IRC § 7701(a)(14) or in one or more of the various state statutes, information can be obtained at <http://www.irs.gov> or on one or more of the various state web sites.

None of what is contained in this course is intended to interfere with the proper administration or enforcement of the tax laws of the federal government or any state government; nor can there be found any false, deceptive, or misleading commercial statement regarding the excludability of assets or income known to be false or fraudulent in relation to any material matter or any information pertaining to the organizing or selling of an abusive tax shelter, plan, or arrangement that might incite taxpayers to attempt to violate the tax laws, evade the assessment or collection of their federal or state tax liabilities, or claim improper tax refunds or healthcare benefits.

Participants are encouraged to adhere to and obey federal and state income tax law carefully and dutifully since it is possible to observe both the spirit and the letter of the law and, at the same time, enjoy all of the rights and privileges the law provides and thereby effect general economic benefits.

Participants are encouraged both to verify the information contained in this course, rather than merely accept it as valid and reliable, and, with the aid of this course, to gain accurate knowledge of the actual language of applicable tax law, to obey diligently all actual requirements of such law, and to exercise fully all actual rights and privileges afforded by such law. No responsibility is assumed for the success or failure of participation in this course to produce the effects desired by the participant. The utilization of the information, methods and recommendations in this course is strictly the choice of the participant.

Finally, specific information and resource links contained in this course are subject to change without notice. However, this course demonstrates how participants may seek, locate, verify, and update all of the information it contains as well as confirm the soundness of its methods and recommendations.

IV. Principles, Steps and Synergy

What is the basis for this course? This course is founded on principles that are as reliable and enduring as the laws of nature. Each principle applies equally to everyone, and each and every individual benefits from observing each principle, but especially from observing **all three principles** in combination. (It is also true that each and every individual **loses** benefits by **not** doing so.) Additionally, the specific, implementing steps recommended for observing all **three principles** in combination are founded on

the reliable facts of the original sources of authority, namely, the US Constitution, the US Code of laws, the US Code of Regulations, the codes of laws of the fifty States, and the published instructions of the US Department of the Treasury, Internal Revenue Service. Finally, an identifiable **synergy** exists among each of five combinations of specific practices, wherein much greater benefit is realized by combining the specific practices than by not combining them. The benefits of acting in recognition of **synergy** can be compared to the benefits of employing simple machines. Just as use of an inclined plane or a pulley can facilitate, or make it easy, to elevate a heavy load, specific practices in recognition of **synergy** can facilitate, or make it easy, to realize great wealth. Moreover, just as using a compound pulley can make it extremely easy to elevate a heavy load, specific practices in recognition of **compound synergy** can make it extremely easy to realize great wealth.

Accordingly, properly combined and implemented, these principles and implementing steps are as true and as sure as any steel-reinforced concrete foundation, from which any steel-reinforced concrete structure could not be shaken with anything less than a truly earth-shattering event. Steel-reinforced-concrete strength and durability that far exceeds the sum of the strength and durability of the basic elements of water, sand and/or stone aggregate, cement hardener, and steel bars is an example of **synergy**, wherein the whole is greater than the sum of its parts, the value of the combination being much greater than the value of the sum of the basic elements. Just as combining basic elements forms concrete of much greater strength and durability than the sum of those of the basic elements, observing **all three principles** in combination provides financial benefits much greater than the sum of those of observing the principles individually, not in combination. Just as adding steel bars to the mix forms **reinforced** concrete of even **greater** strength and durability than the sum of those of the basic elements, a **compound synergy** exists wherein implementing the specific steps recommended for observing all **three principles** in combination provides financial benefits even **greater** than the sum of those of observing the principles individually, not in combination, and without implementing the specific steps. In simpler terms, **little**, if **any**, wealth can be realized by means of traditional methods, but **great** wealth can be realized in recognition of this **compound synergy**, particularly since a characteristic of this **compound synergy** is the generation of wealth and income in the most efficient, safe, and secure way possible, making your financial prosperity **thrive—on its own—** rather than grow only as much and as long as you can push it through many adversities.

This is possible, in a large way, by leveraging your time—twice. First, you're a busy person—your time is precious and limited—and this course takes that into consideration. In just a few minutes, each session will give you the high level of practical expertise you need to achieve maximum prosperity as quickly as possible. Second, the clock is ticking, and you have only so many years to generate a sufficient amount of wealth to provide a comfortable income, whether or not you choose to retire. It is accordingly absolutely imperative that you get started right away and use the principles, steps and synergies explained in this course to start snow-balling your wealth right away.

Even if you are very young, which makes time very much on your side, you'll benefit the most if you don't put this off until later. "Later" is the key term people think of when they believe they have time on their side. They think of this term when they go into debt—they can worry about paying off the debt **later**. They think of this term when they choose a specific financier—they can decide whether or not they're getting the best terms **later**. They also tend to put off planning for their future until **later**, most of them not realizing that they are throwing away great time-leveraging potential.

Procrastinating, paying too much interest, and **earning** too little interest are devastating to your financial prosperity, and it is just too late to do anything about it when you are suddenly out of time, out of energy, and struggling to survive on government welfare benefits.

Another thing making it absolutely imperative that you **do** get started right away is **inflation**, which is also devastating to your financial prosperity. However, while you cannot **control** the effects of inflation, you **can beat** inflation! In fact, by the time you finish this course, you will be able to **beat everything** that is devastating to your financial prosperity, and you will be able to **master everything** that enhances and accelerates your financial prosperity!

Another practical example of **synergy** is making a diligent, focused effort in combination with following instructions for doing something new, which results in the reward of a job well-done, not only correctly and with the anticipated benefits but also in, probably, the most efficient and least time-consuming manner. By making a diligent, focused effort in combination with implementing the specific steps explained in this course, you will enjoy great financial prosperity that you could not **otherwise** achieve.

V. Your First Step to Reach Your Financial Prosperity Goals

By what means can you reach your goals? We are deep in the Information Age. While a **university** education may or may not help you realize your **career** goals, **self-**education is **absolutely essential** to help you realize your **prosperity** goals.

Is this course full of impossibly-difficult concepts and cost-prohibitive arrangements? You will soon discover that the ideas presented in this course are not rocket science, that proper implementation is not like moving mountains, and that decreasing your unnecessary expenses and increasing your wealth as much as possible does not have to be costly or painful.

Would enhanced knowledge and understanding of your options help you reach your financial prosperity goals?

Your first step is to begin to understand all of your rights and privileges and to begin to develop your strategy. Your rights and privileges under the US Constitution and the laws of the federal and state governments—particularly your rights to privacy, contract and agency—are the basis for what the IRS calls your right to pay "no more" than "only the correct amount of tax due under the law," "only the amount of tax legally

due”—read the short yellow-highlighted sentences on page 1 of each version of IRS Publication 1 accompanying this session. There is an initial, a first, **synergy** between properly applying your rights and privileges and working to earn money, in that your wealth-generating power is **enhanced** by combining these.

Also recognize that there is no law that requires you to continue in the so-called “herd mentality.” It is not that you cannot think for yourself—it is that all of us have been programmed just to go with the flow and not exercise our rights and privileges under the US Constitution and the laws of the land. However, in just five short sessions, you will fully understand what it means to exercise your rights to privacy, contract and agency, and you will be fully able to implement the steps for capitalizing on your potential for real, enduring prosperity.

The free supplemental materials and resource links provided with this session should be used and referenced throughout the course—really, throughout your life. While it is not necessary to read the **entire** e-book, it would be highly beneficial for you to read at least the essential 42 pages:

from the cover page through the opening pages and Chapter 1,

then the 1-5 pages in Chapter 1 for each State that interests you,

the 3 pages for Washington DC,

and Chapters 2-4.

You might also find it worthwhile to read the 4 pages for the US Constitution in the Appendix and to review the table of contents of the Appendix to identify any additional reading you wish to do to verify statements of fact and conclusions presented.

There is no intent here to convince you to do something for yourself. **Too many** people complain about never having enough money to start planning for the future, convince themselves that only legal **professionals** can read and understand the law, and rationalize that they therefore cannot afford to do anything about their legal options or their future prospects. They make their present lives as comfortable as possible with whatever they can bring home from work and hope that—**somehow**—they will have enough to live on when they are not healthy enough to work anymore—or they deliberately avoid **thinking** about how they will live when they are not healthy enough to work anymore.

You can continue in this tendency of keeping yourself paralyzed with the “herd mentality,” waiving your rights, and volunteering to pay more than the actual language of the law requires you to pay, or you can take proactive steps and make a difference for yourself. You need to convince **yourself** to make the necessary efforts for your prosperity—and, by watching this first session, you are taking the first step. You are

about to be equipped and empowered to increase your “take-home” pay and begin periodically **doubling** the size of your wealth.

VI. The **Three Principles** for Achieving Financial Prosperity

Why be concerned with principles when all you have to do is obey the law? The focus here is on **three principles**—avoidance of taxation, efficient application of the “Rule of 72,” and avoidance of market losses—there is an additional, a second, **synergy** among these **three principles**, in that your wealth-generating power is **magnified** by properly combining these. For many, having convinced themselves that they have an affordability issue, consistent accumulation of wealth requires an additional stream of income, providing for which is part of planning strategically and is addressed in the second session.

The **first** of the **three principles** for achieving financial prosperity is avoidance of taxation. Being familiar with a little history is **essential** to observing this principle.

Why is history important? By the 1890’s, the US government had become consumed with this question: How do you get the people to do something they do not want to do and cannot be required to do? By the end of the century, they had arrived at this answer: Get them to **believe** they **are** required to do it and will suffer terribly if they do not—also, give them some “benefits” in advance so they can reason on these.

Can they really do that? That is exactly what the US government began doing in the early part of the 1900’s. First—and, no doubt, with great publicity—they promoted, as though ratified (in 1913), what would be merely the sixth constitutional amendment, after the Bill of Rights, to give Congress authority to require an income tax from the people—and then they let the “Amendment” simmer for three decades. After the stock market crash of 1929, which ended the economically prosperous period known as the “Roaring Twenties,” the creation of the Securities Exchange Commission (SEC) in 1934 was followed by the creation of the Social Security Administration (SSA) in 1935. No doubt, each of these new government agencies was designed not only to create jobs during a long, slow period of economic recovery but also to provide the people with peace of mind coupled with a sense that the government would not again allow millions to go without work and a means to provide food for their families. (Indeed, the creation of the National Industrial Recovery Act (NIRA) and the National Recovery Administration (NRA) in 1933 was for these very purposes.) However, no sooner than the SSA began syphoning from the masses Old Age, Survivors, and Disability Insurance (OASDI) taxes in 1935, the IRS, a bureau of the US Department of the Treasury in existence since 1862, began syphoning from the masses income taxes in 1943.

If the Constitution was amended, what new laws were passed? It must be noted that the US Congress has never enacted any law **requiring** individuals to pay what was then known as “OASDI” taxes or what was later known popularly as “FICA” taxes or what is now known popularly as “Social Security” and “Medicare” taxes, but the US

Congress **has** enacted laws **encouraging** employers to withhold these taxes from earnings and requiring such employers to pay to the SSA, through the IRS, the liability thus created for the employers (but not for the employees).

Why has Congress never enacted any law requiring these taxes? It must also be noted that the 1913 “Sixteenth Amendment” to the US Constitution—the so-called “Income-Tax” Amendment just mentioned—was not, in fact, ratified by the required majority vote—nor did it authorize any tax not already authorized by the US Constitution. This is, most likely, the reason that thirty years elapsed before the first income tax was withheld from earnings and, most likely, the reason the US Congress has never—at least, not since the US Supreme Court overturned the 1894 income tax as unconstitutional—enacted any law **requiring** individuals to pay income tax—but the US Congress **has** enacted laws **encouraging** employers to withhold this tax from earnings and requiring such employers to pay to the IRS the liability thus created for the employers (but not for the employees).

If there has never been a law, why does everybody pay income tax? By the time the collection of income tax began, individual employees were already well accustomed to payroll deductions for a prior category of taxation. Whereas “OASDI” taxes are calculated by straight percentages, income taxes are calculated by brackets of percentages, and the Secretary of the Department of the Treasury, through the IRS, provides tables to **help** employers determine how much to withhold for each employee.

What individuals in the US Congress have done—and individuals in most of the state congresses have done likewise—is enact nearly innumerable laws to create the **appearance** of an obligation to pay these taxes and thereby encourage individuals to **volunteer** to pay these taxes out of confusion and frustration—no apparent choice exists **not** to volunteer. Such individuals are then left only to reason on the “benefits”—**and** the **foregone greater** suffering—resulting from **volunteering** to pay these taxes.

Just **how** great is this suffering? Many people indicate that they feel that they really do not pay very much in taxes. Many others demonstrate that they recognize that the burden is quite heavy. Many are influenced by the steady barrage of IRS propaganda **insisting** that **everyone must** volunteer to pay taxes on all income, propaganda such as the Form 1040-series statement “Under penalties of perjury” just above the signature line and such as posters that demand, “**You Owe Taxes!**”

Is it really all that much that people end up paying? The result is that, as mentioned in the article excerpt accompanying this session, “your federal tax bill could total in the hundreds of thousands of dollars” over the course of your lifetime. “If you ... earn a six-figure income, then you might be looking at a **million-dollar** lifetime tax bill.” As the comment following the excerpt states, this is devastating to your financial prosperity. Worse yet, this is, in fact, **over-payment** of your lawful obligation.

Law or no law, is there not a patriotic duty to pay federal income tax? Many people feel that it is their patriotic duty to pay federal income tax. However, the same US Supreme

Court pronouncement that says that “Anyone may so arrange his affairs so that his taxes shall be as low as possible” also says that “There is not even a patriotic duty to increase one’s taxes,” or **over-pay**, that is, pay beyond the requirements of the actual language of the law. (This pronouncement is item 5 of [Appendix F: The Courts](#), very near the end of the e-book accompanying this session.)

Does the government, at least, not make good use of this overpayment? Even **worse**, as highlighted throughout the special report accompanying this session, governmental accounting integrity issues result in **waste** of your tax dollars. As indicated in the next document accompanying this session, the Congressional Budget Office reports that the IRS now collects **TRILLIONS** of dollars annually in non-refunded **over-payments** of individual federal income taxes.

What about state income tax? Although the actual language of the law of eleven States does require that individuals or corporations, or both, pay state income tax, and the actual language of the law of four States requires that, in specific limited situations, individuals pay state tax **based** on income, thirty-three States collect state income tax regardless of the actual language of the law—as the Statistical Summary in the e-book accompanying this session highlights, the legislatures of these States have not established **all three elements of the essential statutory formula for income tax**—only **two** States neither collect any form of income tax nor require the payment of any form of income tax by the actual language of the law.

How does all of this apply to you? If you have not already done so, look at your recent individual income tax returns and, not the amounts due or the refund amounts, but the **total tax** amounts to see—**in print**—exactly how much you have been over-paying. (Depending on the year, look at Line 60, 61, 62, or 63 on your federal individual income tax returns. Refer also to your state income tax returns, if any.) Then use these total tax amounts to project how much money you could start putting back in your pocket.

Being aware of these facts is the **first** part of avoidance of taxation. Even if they do not **deliberately** take advantage of you, tax collectors **will**, as a matter of the course of their duties and blissfully unaware of their **own** ignorance, carry out legal extortion against you based on what you do not know.

Acting on your awareness is the **second** part of avoidance of taxation, which will be explained in the second session.

VII. Advantageous Application

How are you benefitting from all of this? With this **comprehensive** instruction and guidance on the **compound synergy** among exercising your constitutional and lawful rights and privileges, complying with the obligations of the actual language of the law, and cooperating with the standards of professional and governmental practice, you are enabling yourself to accelerate and enhance your progress toward the greatest-possible

financial prosperity without the typical, heavy cost of professional advice and assistance and the associated traps of competitive professional perspectives.

Let us review. **Your first step is to begin to understand all of your rights and privileges and to begin to develop your strategy.** After watching this first session and reviewing the accompanying supplemental materials and resource links, you should recognize two things: your rights and privileges under the law and the US Constitution—particularly, your rights to privacy, contract, and agency—and your lawful basis for reducing the amount of state and federal income tax you continue volunteering to pay.

The first **synergy** exists between properly applying your rights and privileges and working to earn money, in that your wealth-generating power is **enhanced** by combining these.

The second **synergy** exists among the **three principles**, in that your wealth-generating power is **magnified** by properly combining them.

What do you need to do? To benefit fully from this course, resolve both to verify the information presented, rather than merely accept it as valid and reliable, and to begin planning **strategically**. Begin developing your strategy to gain and maintain awareness of **all** of your rights and privileges, to invoke and **exercise** these rights and privileges, and to pay dutifully whatever taxes the actual language of the law **requires** you to pay but to reserve for yourself any **excess** taxes you discover you have been **over-paying** by lawfully **avoiding** such tax. (Look at your recent individual income tax returns and, not the amounts due or the refund amounts, but the **total tax** amounts to see—**in print**—exactly how much you have been over-paying. Depending on the year, look at Line 60, 61, 62, or 63 on your federal individual income tax returns. Refer also to your state income tax returns, if any.)

Why settle for less than what is rightfully yours? Why settle for taxation when you can be tax-free—especially when you can enjoy accelerated accumulation of permanently-risk-free-tax-free wealth and a lifetime of tax-free income?

With the second session, you will begin implementing the sub-steps for generating at least **nine** additional streams of non-taxable income.