

WHY PENALTIES ARE ILLEGAL FOR ANYTHING BUT GOVERNMENT FRANCHISEES, EMPLOYEES, CONTRACTORS, AND AGENTS

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IRS Agents DO
NOT use or reveal
their REAL identity



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1 Introduction

The Internal Revenue Service (IRS) is fond of attempting to institute penalties against people for any of the following more common occasions:

1. Frivolous returns.
2. Late returns.
3. Late payment of penalties.
4. Inaccurate returns.

What few Americans realize is that there is simply no legal authority for them to institute such penalties in many if not most cases. This memorandum of law will analyze legal authority to institute penalties in the context of the Internal Revenue Code, and will show more importantly, circumstances in which such penalties are illegally imposed.

This memorandum is intended to be attached to your response to IRS penalty collection notices. We will close this memorandum with a series of admissions for readers who are still unconvinced by the content of the conclusions documented. The purpose of these admissions will be to offer the reader an opportunity to refute the overwhelming evidence supporting everything in this pamphlet.

2 Under the common law, all penalties and forfeitures are based upon a CONTRACT

Under the common law, all penalties and forfeitures are based upon an a contract or agreement made. Absent evidence of consent to the contract or agreement, there can be NO legal authority to institute ANY penalties. The follow authority explains why, and it is written by a U.S. Supreme Court justice:

*CHAPTER XXXVII
PENALTIES AND FORFEITURES
§ 1714. Nature of Penalties.*

Before entering upon the examination of this subject it may be well to say a few words in regard to the nature and effect of conditions at the common law, as it may help us more distinctly to understand the nature and extent of equity jurisdiction in regard to conditions. At law (and in general the same is equally true in equity) if a man undertakes to do a thing either by way of contract or by way of condition, and it is practicable to do the thing, he is bound to perform it or he must suffer the ordinary consequences; that is to say, if it be a matter of contract he will be liable at law for damages for the non-performance; if it be a condition, then his rights dependent upon the performance of the condition will be gone by the non-performance. The difficulty which arises is to ascertain what shall be the effect in cases where the contract or condition is impossible to be performed; or where it is against law; or where it is repugnant in itself or to the policy of the law.¹

[Commentaries on Equity Jurisprudence, Volume III, Fourteenth Edition, Joseph Story, 1922, pp. 335-336, Section 1714]

The FIRST duty of those claiming that a penalty is owed is therefore to satisfy the burden of proof that:

1. The person penalized consented through a contract or agreement to be liable for the penalties.
2. The consent took the form that the penalized person specified, meaning that it was not IMPLIED but rather EXPRESS and in writing.
3. If the penalty being enforced is a civil penalty administered by a government, that the penalized party had a domicile within the exclusive jurisdiction of the government instituting the penalty, and therefore, that they EXPRESSLY CONSENTED to be subject to the civil laws and/or social compact of the place in question. This is covered in:

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

¹ See Butler's note (1) to Co. Litt. 206 a, and 1 Fonbl. Eq. B. 1, ch. 4, 11, and notes (a), (b), (c). I 1 Fonbl. Eq. B. 1, ah. 4, , 1, and note (a); Id. § 2; Id. § 3, note (r); Id. '4, note (8); Pullerton v. Agnew, 1 Salk. 172; Com. Dig. Condition, D.I.