

IRS Suffers Staggering Defeat

<http://www.wethepeoplefoundation.org/UPDATE/Update2007-09-30.htm>

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Media Blackout: 161 Federal Tax Charges - 0 Convictions

IRS Suffers Staggering Defeat Tax Questions Raised Regarding Gold and Silver Coins Used to Pay Wages

Around noon on Monday, September 17th, a Las Vegas federal jury returned its verdict refusing to convict nine defendants of any of the 161 federal tax crimes they had been charged with. The charges included income tax evasion, willful failure to file and conspiracy to evade taxes.

The four-month trial centered around the family businesses of Robert Kahre who paid numerous workers for their labor with circulating gold and silver U.S. coins, and did not report the wages. The payments took place over several years, allegedly totaling at least \$114 million dollars.

On September 20, 2007, three days after the federal trial's dramatic conclusion, the [Las Vegas Review Journal](#), reportedly under a degree of public pressure, ran its first (and last) story about the outcome of the trial. To this day, with exception of the single article by the Review Journal, no major media entity has published a news story regarding the outcome of this important federal criminal tax case.

The censorship of this important news story is, unfortunately, not unexpected given the continuing, worldwide onslaught against the U.S. "dollar" -- specifically the Federal Reserve variety, and the ever growing numbers of Federal Reserve Notes required to trade for an actual ounce of silver, gold, oil, or for that matter, anything.

In short, this failed prosecution has coalesced and exposed truths our Government desperately needs to hide from [We] the People: the truth about our money, the truth about our (privately-owned) central bank (a.k.a., [the] Federal Reserve Bank), and the truth about the fraudulent nature of the operation and enforcement of the federal income tax system.

According to defense attorney Joel Hansen, who represented co-defendant Alex Loglia, the primary "willfulness" defense was that the defendants believed they had no legal obligation to withhold, pay income taxes or report anything to the government because, in part, the nominal (i.e., face value) of the gold and silver

coins is so small as to fall beneath the reporting thresholds set by the Internal Revenue Code.

The Defendants also argued that regardless of the valuation of the coins for internal revenue purposes, there is no law that requires average American workers to file or pay direct, un-apportioned taxes on the fruits of their labor.

The Government argued that the payments in solid gold and silver U.S. coins must be considered at their bullion (i.e., intrinsic full-market) value when considering the worth of the wages for purposes of the internal revenue code.

Attorney Hansen cited two Supreme Court cases bolstering Defendant's monetary argument at the heart of the defendants "willfulness" defense.

The essence of the argument is that under the Constitution Congress is obligated by law to mint and circulate such coins as demand requires, and must establish the value of coins as they are used as legal tender, but the coins' market value, arising as valuable personal "property," is a distinct, separate attribute of such coins, and is of no legal consequence if the coins are used as legal tender.

In other words, if a worker is paid with such coins, his taxable "income" (if any) can only be the face value indicated upon the coin money paid -- i.e., \$1.00 for a circulating silver dollar or \$50 for a circulating gold U.S. coin. Not surprisingly, the IRS has never issued any public guidance regarding this significant issue.

The first case, [Ling Su Fan v. U.S.](#), 218 US 302 (1910) establishes the legal distinction of a coin bearing the "impress" of the sovereign:

"These limitations are due to the fact that public law gives to such coinage a value which does not attach as a mere consequence of intrinsic value. Their quality as a legal tender is an attribute of law aside from their bullion value. They bear, therefore, the impress of sovereign power which fixes value and authorizes their use in exchange."

The second case, [Thompson v. Butler](#), 95 US 694 (1877), establishes that the law makes no legal distinction between the values of coin and paper money used as legal tender:

"A coin dollar is worth no more for the purposes of tender in payment of an ordinary debt than a note dollar. The law has not made the note a standard of value any more than coin. It is true that in the market, as an article of merchandise, one is of greater value than the other; but as money, that is to say, as a medium of exchange, the law knows no difference between them."

Defense attorney Hansen confirmed that members of the jury were able to actually hold and inspect the gold and silver U.S. coins paid to the workers.

After almost four months of testimony and three and a half days of deliberation, the jury did not convict any of the defendants of any of the 161 crimes alleged. Although some defendants were acquitted of multiple counts, and several were acquitted completely, others may have to stand for a retrial if the Government brings charges a second time.

The Review Journal reported the jury foreman claimed DOJ prosecutors admitted they were "shocked" by the outcome.

In March 2007, the primary defendant, Bob Kahre, filed a federal civil rights lawsuit against the prosecutor and IRS agents who had conducted what he alleges to be an unlawful search and seizure raid. In 2005 the Ninth Circuit Court of Appeals refused to overturn a previous District Court ruling holding that the federal prosecutor is not entitled to absolute immunity for the unlawful raid.

The media suppression of this story is similar to the widespread mainstream media suppression of the July 11, 2007 acquittal of Louisiana attorney Tommy Cryer who was also charged with multiple federal income tax crimes and relied upon numerous Supreme Court precedents and U.S. tax laws to establish his "willfulness" defense.

<http://www.freedom-school.com/tax-matters/index.htm>

(A link to Cryer's trial material.)

Execute a Google News archive search to locate news stories about Tommy Cryer's tax trial.

[United States Constitution](#) Article One, Section 10. **No state shall** enter into any treaty, alliance, or confederation; grant letters of marque and reprisal; coin money; emit bills of credit; **make anything but gold and silver coin a tender in payment of debts**; pass any bill of attainder, ex post facto law, or law impairing the obligation of contracts, or grant any title of nobility.

TITLE 31 UNITED STATES CODE § 371

The **money of account of the United States shall be expressed** in dollars or units, dimes or tenths, cents or hundredths, and mills or thousandths, a dime being the tenth part of a dollar, a cent the hundredth part of a dollar, a mill the thousandth part of a dollar; **and all accounts in the public offices and all the proceedings in the courts shall be kept and held in conformity to this regulation.** (Emphasis added.)(See also, [Public Law 97-258](#), September 12, 1982.)