



Tax Protest Movement

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The tax protest movement is a relatively long-lived anti-government movement rising out of opposition to federal income taxes. Tax protesters generally believe that either the income tax laws are in some way invalid or that they do not apply to most citizens; therefore, they believe they have a legal and moral right not to pay taxes. Many tax protesters suspect that the government covers up the "truth" about the income tax in order to continue oppressing the people and taking their money. Tax protesters engage in a wide variety of tax evasion strategies that range from simple refusal to pay taxes to complicated schemes using onshore and offshore trusts in order to hide income from the government. Tax protesters are also violent on occasion, attacking IRS agents or property or others charged with enforcing the law.

Quick Profile

- **Origins:** 1950s
- **Background:** An anti-government movement that believes that income taxes are illegitimate
- **Ideology:** Anti-government, some white supremacist elements
- **Outreach:** Books, manuals, seminars, radio shows, Web sites

- **Favorite arguments:** Filing tax returns violates Fifth Amendment rights; the Sixteenth Amendment was never properly ratified; wages are not income; income taxes are voluntary; income taxes apply only to residents of Washington, D.C., and certain other limited areas
 - **Criminal activity:** Overall level of criminal activity is high, consisting mostly of attempts at tax evasion. Some tax protesters have engaged in large-scale scams and frauds. Violent incidents are also well-documented.
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Origins: No Taxation Even With Representation

Benjamin Franklin once said that only two things in life were certain -- death and taxes. Yet two centuries later, a movement has emerged in the United States that struggles -- though so far with little success -- to overturn the latter of these two certainties. The tax protest movement, originating in the 1950s and 1960s, is the oldest right-wing anti-government movement still in existence in the United States and one of the most active. Along with the better-known militia and sovereign citizen movements, the tax protest movement is a key component of the strain of extreme right-wing anti-government activism often referred to as the "patriot" movement.

Few people enjoy paying taxes, of course, especially income taxes, and many people attempt to avoid them through legal or illegal means. Yet tax protesters are not synonymous with tax evaders, even though most tax protesters do in fact evade paying income taxes. A tax evader uses illegal methods to avoid paying required taxes. A tax protester, however, regardless of whether he or she actually attempts to evade paying taxes, is someone who has become convinced that they have a moral, ethical or legal right or responsibility to refuse to pay taxes. In other words, tax protest is an ideological commitment.

Since the end of World War II, two major tax protest movements have arisen. One is a left-wing tax protest movement that formed largely as a reaction to the Vietnam War. A number of pacifistic opponents to the war argued that it was

immoral to pay income taxes that would go toward supporting an "imperialistic" American military machine. These activists, who often referred to themselves as "war tax resisters," usually either refused to pay income taxes at all or demanded some sort of guarantee that their taxes would not support the military -- a guarantee that the government was obviously not going to grant. The end of the war in Vietnam robbed the movement of some of its energy, but it survived long enough to find new life during the Reagan and Bush administrations in the 1980s in opposition to United States policies in Latin America. War-tax resisters still exist today, though in much reduced numbers.

The other tax protest movement to emerge in the second half of the 20th century had a very different history. It was an extreme right-wing movement that had its origins in longstanding conservative opposition to the income tax, which was ratified as the 16th Amendment in 1913. Conservatives objected to the progressive nature of the tax, the loss of personal income, and, later, the intrusive nature of the withholding process. Some pointed out that a "heavy progressive or graduated income tax" was one plank in Karl Marx's Communist Manifesto.

Early opposition in the postwar era was relatively mild and consisted in large part of various campaigns to repeal the 16th Amendment. Of these, the most important were attempts to pass the so-called "Liberty Amendment." First introduced in Congress in 1952, it essentially tried to strengthen states' rights. However, in 1957 Congressman Elmer Hoffman of Illinois introduced a revised version of the Liberty Amendment that included a section mandating the abolition of income, estate and gift taxes. In this form, the amendment garnered considerable support among extreme right-wing conservatives as well as the budding libertarian movement.

In the late 1950s, Willis Stone became national chairman of the Liberty Amendment Committee and tried to raise support for the proposed amendment through a book, *Action for Americans*. Stone and the Committee were able to persuade several state legislatures (eventually nine) to request that Congress send the amendment to the states for ratification, but this fell far short of the

requirements for a constitutional amendment. Since then, far-right conservatives have repeatedly tried to reintroduce the Liberty Amendment in Congress -- most recently by Congressman Ron Paul of Texas in 1998 -- but without any success. Given the costs of the Cold War and the simultaneous expansion of government services in the 1950s and 1960s, it is not surprising that Stone and the Liberty Amendment Committee had little chance of success.

Arguments: "The Law That Never Was"

As a result of these failures, however, the nature of the tax protest movement slowly changed. The more mainstream conservatives lost interest, while the hard core turned to other strategies. The emphasis shifted away from attempts to repeal the 16th Amendment; instead, tax protesters (often referring to themselves as "tax patriots") increasingly spent their energies coming up with various alternative interpretations of the 16th Amendment, the tax laws or other United States laws that would in some way nullify or defeat the imposition of income taxes. The pioneer behind these efforts seems to have been a Wichita, Kansas, building contractor named Arthur Porth who, in 1951, filed a claim to recover his income tax payment of \$151. Porth argued that the 16th Amendment was unconstitutional because it placed the taxpayer in a position of involuntary servitude contrary to the 13th Amendment. Not surprisingly, the courts found little merit in his argument, but this failed to stop Porth, who embarked upon a long career of inventive challenges to the income tax laws. His most influential effort came in the early 1960s, when he filed a tax return that was blank except for a statement declaring that he was pleading the Fifth Amendment (i.e., claiming that filling out a tax return violated his right of protection from self-incrimination). Moreover, Porth became an activist; he traveled around the country distributing tax protest literature, including a book titled *A Manual for Those Who Think That They Must Pay an Income Tax*. Not surprisingly, Porth was convicted on various tax evasion charges and sent to prison, but he had already become a grass-roots hero to the nascent tax protest movement.

A variety of tax protest theorists followed in Porth's footsteps; as a result, the movement increasingly became a menagerie of groups and individuals devising

reasons why tax laws were invalid or did not apply to most Americans. The focus of the movement's efforts became the development and propagation of pseudolegal and pseudohistorical theories intended to delegitimize the federal income tax (and, in many cases, state income taxes as well). The movement's early leaders included a variety of colorful characters. Jerome Daly and William Drexler were disbarred Minnesota attorneys who popularized not only the Fifth Amendment argument, but also the "no dollar" defense, which claimed that income taxes could not be paid because Federal Reserve Notes (i.e., paper money) were not redeemable in specie and were therefore not legitimate currency. Later, in the early 1980s, they would each receive prison sentences for creating and marketing bogus churches (the Basic Bible Church and the Life Science Church respectively) for the purpose of allowing people to avoid paying income taxes. Another Minnesotan, Daniel Pilla, also advocated the "no dollar" defense, as did William Vaughn Ellsworth of Arizona. Another Arizonan, Marvin Cooley, began his tax protest career in the late 1960s and soon published a book, *The Big Bluff*, containing a variety of documents, sample letters, citations and copies of his tax returns for other tax protesters to use. He was a vocal advocate of the Fifth Amendment defense.

As the tax protest movement grew rapidly in popularity during the 1970s, arguments involving the 13th Amendment, the Fifth Amendment and Federal Reserve Notes were joined by many other novel theories. The most popular tax protest arguments over the past several decades include the following: a requirement to file tax returns violates First Amendment freedom of speech protections; the tax laws only apply to residents of limited areas like Washington, D.C., or federal territories; the tax laws apply only to federal employees; income taxes are voluntary; income taxes are dependent upon a contractual arrangement between an individual and the government; the 16th Amendment was not lawfully ratified, because different states had slight differences in the punctuation, etc., of their individual ratifications (popularized by Bill Benson and Martin "Red" Beckman in their book *The Law That Never Was*) ; the 16th Amendment was not lawfully ratified, because Ohio was not legally a state at the time it ratified the

amendment; the Internal Revenue Code was not "positive law"; the Internal Revenue Service is not a legitimate government agency; wages do not qualify as "taxable income"; "sovereign citizens" are exempt from income tax. All of these arguments have been declared frivolous by the courts -- usually repeatedly -- but are used again and again by tax protesters; some fall in and out of style. When a tax protest argument fails in court, the response among tax protesters is typically not to conclude that the argument was erroneous but rather to assume that the judge was wrong, corrupt or deliberately misinterpreting the law.

Criminal Activities: Tax Attacks

The tax protest movement not only grew during the 1970s, it also grew more radical. Many tax protesters moved easily from believing that the tax laws were illegitimate to concluding that the entire government was in various ways illegitimate. The most notorious tax protest group to take this particular tack was the Posse Comitatus, a loosely organized group that began in Oregon and California around 1970 and spread to the rest of the country during the next decade. Posse adherents urged the use of vigilante justice to protect the citizenry from an unlawful, tyrannical government. As early as 1972, a Posse group in Michigan sent threatening notices to local law enforcement agencies about their enforcement of state tax laws against a tax protester named George Kindred. Two years later, Wisconsin Posse activist Thomas Stockheimer and several followers lured an I.R.S. agent to a farm and assaulted him. By the early 1980s, groups like the Posse had developed into an entirely new anti-government movement, the "sovereign citizen" movement, many of whose members continued to be active in the tax protest movement. Many of the intimidating and harassing tactics developed by sovereign citizens, like placing bogus liens on the property of public officials and law enforcement officers, were originally designed for use against I.R.S. agents and employees. Several leaders of the sovereign citizen movement were adherents of Christian Identity, a racist and anti-Semitic religion. Increasingly, tax protest leaders were Christian Identity as well, including Martin "Red" Beckman of Montana, Nord Davis of North Carolina and Gordon Kahl of North Dakota.

In 1983, Kahl demonstrated to the entire nation that the tax protest movement was willing to go much further than simply evading taxes. A World War II veteran who became involved in the tax protest movement in the late 1960s, about the same time he converted to Christian Identity, Kahl stopped paying taxes in 1969; in 1973, he joined the Posse Comitatus and became a state coordinator for the Posse in Texas. The I.R.S. became interested in his activity after he appeared on television in 1974; three years later he was convicted on tax charges and sentenced to one year in jail and five years' probation. Following his release, Kahl again refused to file an income tax return, thereby violating the terms of his probation. In 1981, a warrant was issued for his arrest, but United States marshals in North Dakota, where Kahl now lived, were not eager to confront the well-armed tax resister. When they finally did attempt to bring him in, in February 1983, their earlier reluctance proved well-founded. Stopped at a roadblock, Kahl opened fire, killing two marshals and injuring several others before fleeing. It took law enforcement officers four months to track Kahl to a remote farmhouse in Arkansas, where he killed a local sheriff before dying himself in a final shootout.

Kahl's killings were part of a pattern of violence. Although the majority of crimes committed by tax protesters tend to be related to tax evasion -- willful failure to file, tax fraud, wire fraud, racketeering, etc. -- there have been many incidents involving threats, harassment and violence against people or property related to the enforcement of tax laws. Some of the more noteworthy incidents in recent years include:

- April 1991: Dean Harvey Hicks launches a mortar attack on an I.R.S. service center in Fresno, California. He had earlier attempted twice to bomb a West Los Angeles I.R.S. office, once with a truck-borne fertilizer bomb. At the time of his arrest, he was plotting to bomb an FBI office in Los Angeles. He is convicted and sentenced to 20 years in prison.
- April 1992: An unidentified person fires shotgun blasts into the front window of an I.R.S. office in Hayward, California.

- September 1993: An attempt to destroy an I.R.S. office in Santa Barbara, California, by pumping propane through a broken window, is foiled after an employee smells gas and notifies the police.
- July 1995: Tax protester Charles Polk is arrested for plotting to blow up an IRS office in Austin, Texas. He later receives a 15-year sentence.
- December 1995: Tax protester Joseph Bailie leaves a fertilizer bomb outside an I.R.S. office in Reno, Nevada. The bomb fails to explode, and Bailie is later convicted.
- May 1997: Unknown arsonists set fire to a building housing I.R.S. offices in Colorado Springs, Colorado.
- April 1999: Arsonists again attack a Colorado Springs I.R.S. office.
- October 1999: Spokane, Washington, tax protester Richard Eldon Peters is arrested by F.B.I. agents on suspicion that he recruited two other men in 1998 to kill or retaliate against a witness who had testified against Peters at an earlier trial.
- October 1999: Richard Van Hazel and Troy Coe are arrested in Rochester Hills, Michigan, charged with the attempted kidnapping and murder of an accountant who gave testimony in an Arizona case involving a chiropractor charged with income tax evasion. Van Hazel is a tax protester and white supremacist who himself was convicted in 1987 for mailing death threats to I.R.S. agents and an African American judge. He is later sentenced to life in prison.
- January 2000: Nashville, Tennessee, tax protester Rodney Lynn Randolph receives a four-year prison sentence on weapons charges after a search of his home reveals an arsenal of weapons that included a hand grenade, bomb-making materials, automatic weapons parts, a .50-caliber antitank weapon and 200,000 rounds of ammunition.

Criminal Activities II: Tax Scams

Tax protesters usually evade taxes and sometimes commit acts of violence, but a number of people involved in the tax protest movement have also engaged in a variety of scams and frauds designed to capitalize on the beliefs of other tax protesters and the greed of ordinary citizens. Though they generally believe in the anti-tax rhetoric they preach, a variety of groups and individuals have worked actively to defraud others through the marketing of bogus trusts, "untax" kits or other devices that would ostensibly allow people to avoid paying income taxes.

Perhaps the most famous such tax protest organization was the California-based Your Heritage Protection Association, which, at one point in the early 1980s, could boast nearly 19,000 members. Its leader, Armen Condo, taught followers how to file papers claiming they were exempt from income taxes and urged them to pay a portion of those taxes to his organization as dues. Condo collected around \$2 million before being arrested and convicted of mail and tax fraud in 1982, after which YHPA gradually died off. However, the YHPA was followed by the Pilot Connection Society, founded by Phillip and Marlene Marsh of Fresno, California. The Society sold "untax" kits to members from all 50 states, collecting more than \$10 million in fees and dues before the Marshes and five associates were arrested on a variety of charges in 1993 – with members in other states arrested subsequently. More recently, three members of the Wisconsin-based group Sovereign Citizens for Liberty were arrested in 1997 for selling "untax" packages. A variety of individuals unassociated with any particular group have also been arrested on similar charges in the past several years.

Other Activities: Spreading the Word

Even when members of the tax protest movement do not commit crimes other than evading taxes, they can still play an extremely important role on the far right as recruiters. The tax protest movement is a major point of entry into right-wing fringe groups and movements: because so many people dislike paying taxes, significant numbers are susceptible to the claims of tax protesters. Once involved with the tax protest movement, they become exposed to the beliefs and practices of other extremist movements. Many people begin their association with fringe

groups by becoming tax protesters, then move on to the militia or sovereign citizen movements. They may also be exposed to Christian Identity or other racist or anti-Semitic ideologies as well.

Moreover, those influenced by the tax protest message often include wealthy, well-educated, and influential individuals. Tax protesters sent to prison in recent years include airplane pilots, doctors, veterinarians, businessmen, firemen and police officers. Tax protester Grant McEwan -- who pled guilty in 1997 to failure to file income tax returns, filing \$1.1 million of bogus liens against I.R.S. employees, threatening I.R.S. employees and bond jumping -- was a Florida millionaire. Gary Beacom, sentenced in early 1998 to 21 months in jail on various tax-related charges, was a well-known professional figure skater. He had been recruited into the tax protest movement after moving to Idaho.

Tax protesters, well aware of the lure of anti-tax arguments, recruit energetically. In 2001, for instance, a group of tax protesters led by Bob Schulz of the New York-based We the People Foundation began "Project Toto," described as a plan to "conduct a massive, large-scale, nationwide educational program to inform millions of Americans" about tax protest theories. This education program included events like a planned April 2001 protest in Washington, D.C., attended by at least 1,040 people. However, the most visible signs of their efforts were a series of full-page color advertisements in USA Today. These ads featured tax protesters Bill Benson, author of *The Law That Never Was*, a book arguing that the 16th Amendment had not been properly ratified; Larken Rose, author of *Taxable Income*; and John Kotmair, leader of the nation's largest tax protest organization, the Save-a-Patriot Fellowship. The ad copy summarized several tax protest arguments and provided information about Schulz's Web site. It also solicited contributions, which it noted were "tax deductible." Finally, in April 2001, USA Today notified the We the People Foundation that it would not accept any more of their advertisements, because the ads promoted illegal activities.

Prospects: Fewer Filings

Cracking down on the tax protest movement will be difficult. After well-publicized hearings on alleged I.R.S. misdeeds in the late 1990s, the I.R.S. enforcement budget was cut back considerably. As a result, with fewer agents and resources (since 1992, the number of I.R.S. employees has been reduced by a sixth), the I.R.S. has been unable to cope with the tide of people who deliberately refuse to pay their taxes. Indeed, I.R.S. agents are no longer even allowed to use the term "tax protesters" to describe them. Leaving aside criminal investigations and prosecutions, even the number of civil suits filed by the I.R.S. against non-taxpayers dropped from over 2,500 in 1992 to 641 in 1999. Seizure of property for nonpayment of taxes dropped 99% from 1992. In the meantime, tax protesters grow more brazen. The New York Times reported in November 2000 that a number of business owners, influenced by tax protest leaders like Californian Joseph Banister, have publicly announced that they will no longer withhold taxes from their employees. As of spring 2001, the I.R.S. had taken no action against any of them.

Groups: A Portfolio of Protesters

The tax protest movement includes a wide variety of prominent groups and individuals. Because many protesters privilege their own pet ideas as to the illegitimacy of income taxes, they spend much of their time sniping at one another's theories; however, they will generally unite against such foes as the I.R.S. Some of the leaders of the movement include:

- **Irwin Schiff.** One of the most colorful and prominent tax protest leaders, Schiff has written numerous books, such as *The Federal Mafia*, promoting his income tax ideas. Though he has twice spent time in prison on tax-related charges, he still convinces many people who attend his expensive seminars.
- **Lynne Meredith.** Head of a California-based group called *We the People*, Meredith publishes tax protest books, holds seminars across the country and markets various trusts as ways to "lawfully" (as opposed to "legally") avoid paying taxes. In April 2002, Meredith and six associates were arrested by

federal agents and charged with mail fraud, conspiring to defraud the IRS, and various tax related charges. As of March 2003, they await trial.

- **John Kotmair.** A former Baltimore police detective, Kotmair runs the Save-a-Patriot Fellowship, currently the largest organization of tax resisters in the United States. Its literature promotes a variety of tax protest theories, although it denies being involved in tax protesting. Kotmair spent two years in prison in the 1980s for tax evasion; his son, Edward, was sentenced to 27 months in jail on similar charges in February 2000.
- **Joseph Banister.** An I.R.S. investigator who became a tax protester, Banister then resigned after being placed on administrative leave and now is a full-time and popular tax protest advocate. Through his San Jose, California-based organization, Freedom Above Fortune, he markets his book, Investigating the Federal Income Tax and makes personal appearances.
- **Lowell "Larry" Becraft.** The most prominent attorney involved with the tax protest movement, Alabamian Becraft specializes in representing tax protesters in court. With fellow tax protester Devvy Kidd of Sacramento, California, he established the Wallace Institute, an organization designed to, in the words of Kidd, "restore the Constitutional Republic" and rid the country of "dictatorial democracy."
- **Otto Skinner.** This long-time California-based tax protester is best known for books such as The Biggest "Tax Loophole" of All.

"The New Man on the Job," John Scott Clubb, 1913. The institution of income tax, ratified in the 16th Amendment of the Constitution, was seen as a sharp penalty on the privileged classes.