The purpose of this Newsletter is to inform you of the truth of the Social Security System.

First before I begin to explain I must define the term "employee" and "employer". The correct legal definition of these terms are: "Employee=working for the government, Employer=government or government protected workplace" The W-4 is a class 5 gift tax form, by signing this you are stating that you are receiving the gift of employment from the government, so everything you receive is profit or gain as a U.S. citizen.

In the history of the United States of America, there is probably no more dramatic demonstration of deliberately designed misinformation than the literature put out by the Social Security Administration. One need go no further than three (3) decisions handed down by the U.S. Supreme Court (two in 1937 and one in 1960,) to realize what blatant deception the current Social Security literature contains. These cases are: STEWARD MACHINE CO. v. DAVIS, 301 US 548 (1937); HELVERING v. DAVIS, 301 US 619 (1937); and FLEMMING v. NESTOR, 363 US 603 (1960). These cases clearly enunciate the position of the Supreme Court on the Social Security Act and the actual legal position of those who expect to receive benefits from it. Highlights of these cases are as follows:

1. The payroll deductions of workers do NOT go into a pool or trust fund, but:

> "The proceeds of both (the employee and the employer) taxes are to be paid into the treasury like other internal revenue generally, and are NOT earmarked in any way." HELVERING v. DAVIS, US 619, 635 (1937)

2. The Court points out that payroll deductions of American workers are NOT payments on premiums for insurance of any kind, but are simply income taxes:

> "...eligibility for benefits... (does) not in any true sense depend on contribution through the payment of taxes." FLEMMING v. DAVIS, 363 US 603, 609 (1960).

3. Furthermore, payments made by employers for each of their employees are NOT matching to be credited to the account of the employee, but constitute an EXCISE TAX on the employer's right to do business. Consequently, his so called "contributions" go directly into the general fund of the treasury and,

4. People participating in Social Security payroll deductions do NOT acquire property rights or contractual rights through their payments, as they would if they were paying on an insurance policy or contributing to an annuity plan. Simply put, there are no guarantees! The Congress does have power to deny benefits to citizens even though they had paid S.S. taxes.

Also, the amount of benefits granted are at the option of Congress. FLEMMING v. NESTOR, 363 US 603, 610 (1960).

5. Benefits granted under Social Security are therefore NOT considered earned by the worker, but simply constitute a gratuity or gesture of charity. As the Court states:

> "Congress included in the original act, and has since retained a claim expressly reserving to it the right to alter, amend, or repeal any provision of the act". FLEMMING v. NESTOR, 363 US 603, 610-11 (1960).

In effect, Social Security benefits are unlike pensions to be given or withheld at the discretion of Congress.

6. Payroll deductions which a worker pays (a special kind of "employment/income tax") do nothing more than qualify him for consideration as a recipient of a charitable gift. His payments do not guarantee him anything. They do not guarantee the amount to be received, nor the duration of the gift. The Congress can alter or abolish the entire process at any time.

Justice Hugo L. Black, dissenting in the Nestor case, stated that the whole Social Security thesis, as expounded by the majority of the court, is that the government is giving the participating citizen "something for nothing and Congress can stop doing so when it pleases." He further stated:

> "I cannot believe that any private insurance in America would be permitted to repudiate it's matured contracts with its policy-holders who have regularly paid all the premiums in reliance upon the good faith of the company." Flemming v. Nestor, supra, Justice Black dissenting.

It was only a short time after the Supreme Court had revealed that Social Security funds are:

> "paid into the Treasury like other internal revenue generally, and are NOT earmarked in any way....",

and that the Social Security Administration went right ahead publishing literature fraudulently proclaiming that payroll deductions:

> "are strictly accounted for and kept separate from the general funds of the U.S. Treasury."
> Quoted by Warren Shore, SOCIAL SECURITY: THE FRAUD IN YOUR FUTURE, The Macmillan Co., New York, 1975 pg. 23.

Literature from the Social Security headquarters also continued to talk about it's "insurance plan," and the "contributions" which are "pooled" in a "trust fund." All of this was deliberately misleading in view of the Supreme Court decisions cited above. Had a private insurance company so grossly misrepresented its position in this same manner, its officers probably would

have been sent to jail.

Ever since 1935 the Social Security Administration has laid such great emphasis on its "trust fund", that the average citizen believes that his benefits are paid out of this "fund". The administration knows this is NOT true since benefits are paid out of the general treasury. It therefore refers to its so-called trust fund as a "reserve of assets" to back up the Social Security program.

What this "reserve fund" amounts to is simply an accumulation of United States Bonds which wouldn't pay the liabilities of the system even if they were to be cashed in tomorrow. Furthermore a government Bond is nothing more than a claim against the American people for taxes not yet collected. This is also true of the interest which must be paid on the bond. Neither the bond, nor the interest to be paid on it constitutes an "asset" in any real sense of the term.

For a government agency to accumulate a quality of the government owned bonds and call these a "reserve" of assets, is like a man writing himself a bundle of I.O.U.'s and listing these as "assets" on his financial statement to the bank. People tend to think of a "trust fund" as more or less liquid funds which have an available cash flow if needed. The Social Security system has no such funds.

Unfortunately for some, and tragically for others, the words of Warren Shore describe the real situation:

> "Obviously, there is no pool, just as there are no trust funds. Both words remain in the Social Security Lexicon not because they are true, but because they help foster the public notion that Social Security is like insurance with its premium pools and trust funds regulated to support the promise made." (IBID p. 22)

Because ALL funds collected in the name of Social Security are never earmarked for any special use, they are intermingled with and spent each year like any other funds. This means that billions of dollars collected by the Social Security Administration in the early days of the program were used during 1935 to 1945 to help finance the military requirements of national defense incidental to World War II. Since the war, funds collected in the name Social Security have continued to be spent on all the miscellaneous appropriations of the government including foreign aid, salaries for nearly three (3) MILLION federal employees, and various regulatory agencies of government.

In recent years there has been considerable talk about the Social Security system becoming "insolvent" and getting close to "bankruptcy." The

government itself is largely to blame for this misconception because it has used this line to justify the gigantic leap in Social Security taxes. They said these increases were absolutely necessary to keep the system "sound." At the same time, the Social Security Administration has been promising tremendous increases in "benefits" if the people would tolerate this new wave of increase taxes. In reality, what Congress really accomplished was create more resources for the general fund of the treasury for political giveaway programs. The scare tactic of a "bankrupt" Social Security system has been immorally used against aging Americans to minimize resistance to the new tax gouging in the name of Social Security.

The main thing to keep in mind is that Social Security cannot go bankrupt in the ordinary sense of the term because it is able to depend upon the government power to raise revenue by compulsory means through taxes rather than a trust fund such as insurance companies are required to have. As long as the people will allow Congress to "tax and tax, spend and spend, elect and elect, the people are to damn dumb to understand" (according to the political formula of Harry L. Hopkins as administrative assistant to Franklin D. Roosevelt), Social Security will continue to be a runaway spending program.

The Social Security board of trustees emphasized the power to tax as a secret weapon in 1972 report to Congress by stating:

> "Because compulsory social security insurance is assured of continuing income ... it does not have to build up the kind of reserves that are necessary at all times in an institution that cannot count on current income to meet obligations."

The Taxpayers Federation immediately issued a press release stating:

> "It is now publicly acknowledged that all adherence to sound insurance practices have been abandoned. This single decision assured ever-mounting tax bills for the system without any possibility of relief. It is the ever-mounting tax bills which constitute the greatest threat to the Social Security system, and by 1980 that threat had become terribly real."

Fifty Eight years ago the Federal Government created the Social Security Program. In 1935 it was a new government program for American citizens. It did not then, and does not now include all citizens. Some groups of such as railroad workers, certain professionals such as doctors and lawyers, and also government employees (including members of Congress) are not members of the plan. Until just recently, certain religious groups also were not members of the program.

The government program for U.S. citizens Social Security is literally called

the Federal Insurance Contributions Act, and is frequently abbreviated as FICA. As with some other government program names, the actual name is not totally correct and is somewhat misleading. The FICA program is not an insurance plan in the commonly accepted fashion, as there is no guarantee that the citizen will receive certain benefits. A private insurance policy must have protected and positive benefits for its members. The word 'insurance' in "FICA" is not a correct description, as Congress has total control over the amount as well as the duration of all benefits. Collections or payments can be changed at the whim of Congress, which has been done from time to time.

The third word in the name, 'contributions' is also deceptive and misleading. In the various FICA publications the word 'donation' is commonly used as a substitute for the term 'contributions'. Most dictionaries define these words to mean that something is voluntary, optional, and is NOT mandatory. The simple fact is that the FICA program is voluntary and optional

No law has been passed requiring any state Citizen to enroll in, and/or subscribe to the FICA program. Remember, classes of workers, such as government and railroad employees, are exempt from joining. There is strong influence and coercion to make everyone enroll in the FICA program, but there is no requirement that it must be done. Joining the program is voluntary, and the right not to enroll is protected by the U.S. Constitution. Described another way, a FICA number CANNOT be forced upon any state Citizen, but must be requested by you. Usually a FICA number is requested and received when the state citizen is legally a minor. There is a question of validity of such action as minors are not allowed to participate in contract, especially one that has a lifetime application.

Other groups OFFICIALLY exempt from the FICA program are non-profit organizations and also hospital employees. Farmers, commercial fishing boats, international agencies like the U.N. workers at tax supported universities, schools, and workers at any tax exempt entity generally do not have to participate. Preachers, pastors, priest, rabbis, and monks do not pay FICA taxes if they choose NOT to.

To withdraw from FICA as a group, notice of intent must be presented to the IRS two years in advance of the actual withdrawal action by the group. As a reflection of the fading confidence in the FICA, there is a growing increase of notices to withdraw, such as the state of Alaska (which was refused). Besides the obvious unreliability of the FICA program, the recent increase in contribution rates is another reason for citizens to consider ending participation.

In many cases workers have more withheld for FICA, than for "income tax".

Currently, the so called average worker works for more than one third of the year for the government, based on these two deductions alone. Originally, an FICA membership card carried a warning that the card was to be used only by the Social Security Administration, and not to be as "identification". Since then, the warning caution has been removed from the card and the number has become a common identification for items such as bank accounts, drivers license, etc.

The Social Security program has various examples of a double standard. One such example is, amounts will be withheld from an worker even if he does not have an FICA number, but there is no such requirement to withhold from a state Citizen. The law does not require a state Citizen to have an account number, but collects a contribution from compensation unless the worker is in some class (status) that is OFFICIALLY exempt. One method to be exempt from payment to the FICA by withholding is a work under contract which specifies that all compensation be received and there are no deductions for any purpose.

The state Citizen's right to contract is protected by your state Constitution and in the U.S. Constitution Article I, Section 10. Such financial contract agreement is beneficial to both worker and workplace. The workplace has reduced bookkeeping costs, and does not pay "matching" amounts toward FICA. The company having reduced business expense by avoiding FICA costs could invest such amounts, experience an increase in profits, or share the amount with worker, etc. Such working agreements are within the state Citizen's rights which were established over 200 years ago. A state Citizen cannot be subjected to government programs that infringe upon rights, such as FICA.

The collection of FICA tax is accomplished by the IRS. The 'code-book' for the IRS is Title 26 of the United States Code. This code (26 USC) is pertinent to 'income-tax". Income-tax is an INDIRECT-EXCISE type of tax. This specification is defined in Congressional Report #80-19A, dated Jan. 17, 1980. Unlike a 'Direct' tax, any excise tax (INDIRECT) is the result of having or using a special license or privilege that is granted by government, such as U.S. citizenship. If a state Citizen does not have or use a special license or privilege, they are not subject to an excise tax. Some state Citizens are confused about the income-tax and believe a tax is owed the compensation (wages, salaries, and commissions) received by them for performing some service. Careful study of this subject reveals that opinion to be incorrect. There is a tax on 'income', but it does not include wages, salaries, tips, commissions, etc. This is so stated in the IRS Code itself which describes FICA tax, in Section 3101 of Chapter 21, as follows:

> "RATE OF TAX (A) "In addition to other taxes, there is hereby imposed on the INCOME of every individual a TAX."

...This type is an indirect tax and has been so ruled by the Supreme Court

in Helvering v. Nestor, 363 US 603, 609 (1960) in which it states that the employees' portion of social security is an 'income tax', and is not a premium payment for any kind of an insurance program. Notice also that Section 3101 of 26 USC separates and distinguishes a difference between 'income' and 'wages'.
This means the amount of withholdings/contributions are determined by wages earned, however, contributions/withholdings are NOT required until a state Citizen earns an income. This statement is very important to the proper understanding and application of the FICA "tax". Simply put, if state Citizens do not receive income (profit or gain), they are not subject to deductions for FICA. This is the same authority used for the tax on income.

Liability for FICA is NOT the result of being an worker, but is based upon the condition that the worker receives a profit or gain (income). Section 3102 (B) of 26 USC strongly influences employers to contribute and withhold FICA tax from their workers, attempting to make the workplace responsible for the tax if the worker decides to halt withholdings (volunteering).

Many citizens are confused about what income tax is and believe it to be a tax on compensation (wages, salaries, commission) received by them for performing some service. This is untrue. There is a tax on income, but that tax does NOT include taxes upon wages, salary, tips, compensation, etc. Taxing these categories was automatically repealed in 1946, when it was ruled that a tax on the source (wages etc.) can only be levied for a term of two (2) years once our government declares war, per Article I, Section 8, Clause 12, United States Constitution. This is also indicated in the I.R.S. code itself where it describes the FICA tax, in section 3102 of Chapter 21, which reads as follows:

> "Rate of Tax (a); In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentage of the wages. . ."

The government is admitting in section 3101 that income is income and wages are wages. The words income and wages have two (2) different meanings, thus are not income and cannot be taxed.

Notice carefully that 26 USC 3101 also specifies that FICA "contributions" are taxes. This is an indirect excise tax and has been so ruled by the Supreme Court in Flemming v. Nestor, 363 US 603, 609 (1060), for employers' portion, commonly called the matching half. This tax liability directed at the employer is the result of business operation permitted by government.

The Supreme Court ruled in Flemming v. Nestor, 363 US 603, 609 (1960), that employee's portion is an income tax and it is not a premium payment for any kind of insurance program.

Remember, Sec. 3101 of Chapter 21 of Title 26 clearly shows that until

Citizens receive income (profit/gain) they are not subject to deductions for the FICA tax. This is the same authority as the Federal/State tax on "income", for until a citizen receives income (gain/profit), he is not subject to having Federal/State taxes withheld from their property (wages) and no employer has any right or authority to withhold property from any employee's paycheck unless said employee voluntarily signs and files a W-4 form with employer, authorizing the employer to withhold the tax at the source.

The Supreme Court has addressed this issue three (3) times since FICA was enacted:

1. The payroll deductions of workers do NOT go into any pool or trust fund, but:

> "The proceeds of both (the employee and the employer) taxes are to be paid into the treasury like other internal revenue generally, and are NOT earmarked any way."

2. The Court points out that payroll deductions of American workers are NOT payments on premiums for insurance of any kind, but are simply income taxes:

> "...eligibility for benefits...(does) not in any true sense depend on contribution through the payment of taxes".
> FLEMMING v. NESTOR, 363 US 603, 609 (1960)

3. Furthermore, payments made by employers for each of their employees are NOT matching to be credited to the account of the employee, but constitutes an EXCISE TAX on the employer's right to do business. Consequently, his so-called "contributions" go directly into the general fund of the treasury and

> "are NOT earmarked in any way".
> HELVERING v. DAVIS, 301 US 619, 635 (1937)

4. Worker's participating in Social Security payroll deductions do NOT acquire any property rights or contractual rights through their payments as they would IF they were paying on an insurance policy or contributing to an annuity plan. Simply put, there are no guarantees! The Congress has power to deny benefits to Citizens even though they have paid Social Security taxes.
Also, the amount of benefits are changeable from year to year at the option of Congress. Flemming v. NESTOR, 363 US 603, 610 (1960)

5. Benefits granted under Social Security are therefore NOT considered earned by the worker, but simply constitute a gratuity or gesture of charity. As the Court states:

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> retained, a claim expressly reserving to it the right to alter, amend, or repeal any provision of the act." FLEMMING v. NESTOR, 363 US 603, 610 (1960)

In effect, Social Security benefits are like pensions to be given or withheld at the discretion of Congress.

6. Payroll deductions which a worker pays (a special kind of "income tax") do nothing more than qualify him for consideration as a recipient of a charitable gift. His payments do not guarantee him anything. They do not guarantee the amount to be received, nor the duration of the gift. The Congress can alter or abolish the entire progress at any time.

7. From the NESTOR case, Justice Hugo L. Black gave his dissenting opinion which stated that the whole Social Security thesis, as expounded by the majority of the Court, is that the government is giving the participating citizens'... "something for nothing and Congress can stop doing so when it pleases."

Since the government cannot compel "voluntary contributions", then the workplace must be withholding property on their own, in violation of authority. This act is an act of illegal conversion /theft and no amount of arbitrary "commands" or coercion by the IRS can justify this act by a workplace as it is unlawful and creates a cause of action for the worker.