

Richard H. Strickland
CA Real Estate Broker
1639 Marbury Street
West Covina, CA 91791
(626) 331 7060

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

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March 14, 2005

President's Advisory Panel on Federal Tax Reform
1440 New York Avenue NW, Suite 2100
Washington, DC 20220

RE: Your request for comments regarding the current tax system

Dear Advisory Panel Members:

Please consider my 5 pages of double-spaced comments written in text of 12-point font.

I'd like you to know I have no objection to paying my share of operating the government.

What's worse than being taken advantage of by IRS criminals is paying their retirement.

Thank you for a chance at closure from a bad experience by unloading this heavy burden.

Sincerely,



Richard H. Strickland

Enclosure: Five pages

TAXPAYER HEADACHES, COMPLEXITIES AND BURDENS

The Compulsory Nature Of An IRS Audit Demands A Determination Of The Following:

1. Does a federal IRS agent lose his supremacy clause immunity when carrying out his responsibilities in an objectively unreasonable manner specifically prohibited by law?
2. Does the continued complained-of mode of conduct constitute collection activity?
3. Is the Treasury Department / Internal Revenue Service regulated by the Privacy Act?
4. When does activity in connection with collection began within meaning of the law?

The 1974 Privacy Act Notice known as IRS Notice 609 is sent with each audit notice. It says, "When asking for information we must tell you why we are asking." It seems to mean if the IRS wrongly concludes a taxpayer made money while misrepresenting the purpose of the audit and denies knowing informant giving false information they violate Notice 609 and the Treasury Department violated federal law in the 1974 Privacy Act.

The Taxpayer Bill of rights says, in Title VII, Sec. 701(b)(B)(ii), "If the IRS does not follow published guidance the IRS position is presumed to be unjustified." It seems to mean if an IRS agent ignores his guidance in IRS Notice 609 and wrongly concludes I made money he violated the Taxpayer Bill of Rights and the U.S. Treasury Department has violated the Privacy Act. In my case the IRS agent also violated CA Criminal law in Penal 182 by conspiring to falsely maintain a proceeding against me for money; and ignored CA Civil law saying escrow isn't closed until all the terms of escrow are met.

When the IRS wrongly claimed I made money while denying they knew their informant giving them false information it took four years and a federal complaint for them to recant their mistake. In America equivocation is considered a form of evasion. However, four years and a federal complaint is an unconscionable evasion that belies fairness amounting to Ex Post Fact punishment prohibited by the U.S. Bill of Rights. The victims of this kind of tax audit terrorism refer to it as IRS Industrial Backdoor Policy.

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Submitted by Richard H. Strickland

ASPECTS OF THE TAX SYSTEM THAT ARE UNFAIR

I was a victim of tax audit terrorism when I bought a house from a bank for resale at a profit that turned into the subject of the unjustified IRS audit discussed herein. The former owner who had lost it at a trustee sale occupied it under adverse possession. He was an ex law enforcement officer who didn't have a job or money to move. I offered to use part of my profit to pay for his moving costs if he would allow me on the property before escrow closed to paint and repair the house. When the house was repaired the former owner began acting crazy and threatened to kill anyone who tried to move into his home and scared my buyer out of the deal. I could have resold it but he firebombed it.

I served him with eviction papers and he threatened to ruin my life with an IRS audit if I went through with it. His wife created, signed and recorded a fraudulent HUD statement changing the ownership of the property and canceling my Writ for Possession. It caused his eviction procedure to be started all over again and allowed him to continue living in the house for free a few more months. The statement also said I made \$60,000.

When the FBI investigated the HUD statement the ex law enforcement officer told them that he and I were partners, I made \$60,000, and I wouldn't give him his share. They said since I was the one on title if I made a profit I was going to jail and also lose my broker's license. I told them I didn't make a profit I lost money. They said they'd have the IRS audit me to find out. The IRS sent their audit notice to me as a corporation. I am not incorporated but their informant (the person I evicted) stole a 1040 return from me that was incorrectly prepared for me as a corporation, and never filed with the IRS.

At the audit I asked the IRS agent why I was being audited. He said it was a

routine audit. I asked, how do you do a routine audit of a company that doesn't exist, I am not incorporated? He said that was just a typo. I asked him who made the return he wanted to audit and he said the name of the CPA who mistakenly prepared the return for me as a corporation. The IRS agent denied knowing his informant who stole my files and office equipment, had threatened to ruin me with IRS audit, and prevented me selling the house after I painted it by firebombing it. The IRS had morphed into evil personified. By denying he knew this evildoer the IRS agent prevented timely resolution of the facts.

HOW THE TAX CODE DISTORTS PERSONAL & BUSIENSS DECISSIONS

~~Prior to the unjustified audit when the IRS made a mistake about my income my~~
wife and I had signed college loan applications for our children's college funds. The papers said if we ever learn you made more that claimed to get the money none of your children will be allowed to graduate from a state university. My wife and I had sent our children to private schools hoping they would do better in college; and graduate too. Now because of a mistake in an unjustified IRS audit the welfare of our children was at risk of not being allowed to graduate college. It was like they were out to destroy us.

In tax court the IRS attorney had the judge sign his Stipulation of Facts proving I made the money. It was based on the fraudulent HUD statement created and signed by the IRS informant who they denied knowing. They were not telling me the truth about knowing their informant while accusing me of not telling them the truth about the money. Four years later after they admitted I didn't make the money they admitted knowing their informant by asking questions about his eviction. It was their way of letting me know my evicting him was justification for using the tax code like a club to beat me with. To, like he said, ruin me with an IRS audit. But, is this any way to run the Treasury Department?

To protect our children's right to graduate from college I had to forget about my

career goals and abandon my business plan so I could start learning how to practice law without a license. There was no attorney to take the case for less than \$50,000 up front. A retired 33-year IRS attorney offered to talk to the IRS if I gave him all my papers and \$500, which I did. I didn't realize he had a conflict of interest. The retired IRS attorney received more in monthly benefits than what I paid him. After he cashed my check he began trying to negotiate a payment schedule with me for taxes on the \$60,000 that I told him I didn't make. I terminated him as my attorney and he refused to return my papers.

It was only after I filed a federal complaint in district court in Los Angeles, as CV 96-06164-RTM, that the IRS took a serious look at the facts in the tax court and recanted their claim I made money. Blue fire voltage arced through me when I heard. It meant our children could graduate from college and I could get back to pursuing career goals.

The Taxpayer Bill of Rights says the IRS is liable for damages for unauthorized collection procedure. But, my complaint for damages based on the 1996 Taxpayer Bill of Rights was dismissed three times in district court and twice in Ninth Circuit Court (as Case No. 01-55257) based on 1995 precedent. This is a definition of wrongful dismissal and judicial misconduct. A special commission appointed by Ninth Circuit Court Chief Justice Mary Schroeder is investigating this decision and other similar decisions.

GOALS PANEL SHOULD TRY TO ACHIEVE AS IT EVALUATES THE EXISTING TAX SYSTEM AND RECOMMENDS OPTION FOR REFORM

It is said the edge of chaos is not a physical location but a state of mind, and that surfing the edge of chaos fosters straight talk which fuels disequilibrium and is essential to navigating near the edge of chaos. The key to this discipline is to view contention in a different context. Conflict, reframed as "fuel for organizational learning," can contribute to an organization's long term-term vitality. The problem is not with the tax system it is with some of the people running it. Power corrupts some people. Why spend millions to change a system that works when we can spend far less to change a few people who don't

work? Government employees have good retirement benefits. Let some retire so they no longer have the absolute power to destroy people's lives. It'd be like a big tax break.

The IRS seems to be vulnerable to manipulation by evildoers. The IRS informant I evicted was illegally occupying property I bought from a bank. I had the legal right to buy and sell the property without illegal interference from him. When the IRS ignored its published guidance and took the informant's word I made money they became part of his conspiracy against me; and "The acts of one involved in a conspiracy inure to the other." *Adickes v. Kress & Co.*, 398 US 144 (1970); *Dennis v. Sparks*, 449 US 24 (1980).

The Service needs to be careful who they make deals with. Their informant who threatened to ruin my life with an IRS audit was an ex sheriff deputy allowed to resign from his job instead of being fired when stealing from the evidence room. Such a person fits the definition of a hybrid terrorist. This is an unemployable criminal without a police record who knows how to circumvent the law and can talk to law enforcement officers in the good old boy vernacular without them knowing he's really not one of them.

Their informant was on a white-collar crime spree when I evicted him. After his eviction I found his tax returns in the house. It showed he hadn't worked for two years before the date of the loan that was foreclosed on by the bank I bought the house from. HUD residential underwriting guidelines require two years of employment to qualify for a loan. It means their informant fabricated his loan application. I found an IRS Levy on their informant for \$5,900. This is how I knew they were untruthful about knowing him.

I became a victim of IRS Industrial Backdoor Policy when I sought to introduce productivity growth technology in my industry at the time I bought the house for resale at a profit to use to implement my business plan. After evicting their informant he illegally charged his phone calls to my phone bill. Several of them went to my organized industry and precipitated the unjustified IRS audit. Rather than rewrite the Tax Code perhaps the President's Tax Code Panel may consider requesting damages for Privacy Act violations?