

February 8, 1999

Mr. Robert A. Gorini
Supervisory Special Agent
Internal Revenue Service, Criminal Investigation Division
55 South Market Street, Suite 815
San Jose, California 95113

Dear Bob:

This is undoubtedly the most difficult letter I have ever written in my life. Still, my duty as a citizen, my duty as a federal law enforcement officer sworn to support and defend the Constitution of the United States, and my adherence to the Old Testament's 9th Commandment which prohibits me from bearing false witness against my neighbor requires that it be written. As you know, I have been employed as a Special Agent for the U.S. Department of the Treasury, Internal Revenue Service, Criminal Investigation Division, since 1993. My education, training, and experience gained prior to being appointed as an agent with the U.S. Department of the Treasury includes:

- Bachelor of Science Degree, Business Administration, Concentration in Accounting, San Jose State University, 1986
- 3 years with *KPMG Peat Marwick* as a senior tax specialist and staff auditor
- 4-5 years as Accounting and Tax professional in private industry and later as a self-employed Certified Public Accountant (California license CPA 57875).

In 1993, my dream of becoming a federal law enforcement officer became a reality when the IRS Criminal Investigation Division appointed me to the position of GS-1811 Criminal Investigator, more commonly known as *special agent*. My duties as an IRS Special Agent include investigating violations of the U.S. Code, specifically the Internal Revenue Code (Title 26), money laundering and conspiracy violations under the Criminal Code (Title 18), and violations of the reporting requirements of the Bank Secrecy Act (Title 31). I am also authorized to execute or serve search warrants and arrest warrants, to make arrests without warrant, to carry firearms, and seize property subject to forfeiture. In addition to my investigative duties, I am currently the Asset Forfeiture Coordinator and Organized Crime Drug Enforcement Task Force Coordinator for the Central California District. I also participate in community outreach and assist in firearms and enforcement training in our District.

The most important day of my career as a federal law enforcement officer was probably the first day, when I swore an oath to God to support and defend the Constitution of the United States. I have always taken that oath very seriously. With members of my family watching, I swore to the following words:

I, Joseph R. Banister, do solemnly swear, that I will support and defend the Constitution of the United States against all enemies foreign and domestic, that I will bear true faith and allegiance to the same, that I take this obligation freely without any mental reservation, or purpose of evasion, and that I will well and faithfully discharge the duties of the office on which I am about to enter, so help me God.

The above oath is very powerful. I have always relied on it to guide me in my responsibilities as a federal law enforcement officer. I have also been mindful of maintaining my ethics and moral standards as a public servant. The importance of these standards is summarized in a paragraph from the Introduction contained in Chapter 1 of the Internal Revenue Service Rules of Conduct (Document 7098 (7-86)):

Confidence in the Service and faith in its dependability and integrity are factors having a vital impact on our ability to carry out our purpose. We can maintain the public confidence only to the extent that every one of our contacts with the public reflects the highest ethical and moral standards.

Executive Order 11222 of May 8, 1965, the language of which is included in the Department of the Treasury, Minimum Standards of Conduct, at 31 CFR Part 0, Subpart A, Section 0.735-3, states:

Where government is based on the consent of the governed, every citizen is entitled to have complete confidence in the integrity of his government. Each individual officer, employee, or advisor of government must help to earn and must honor that trust by his own integrity and conduct in all official actions.

Further, throughout my career in public service, I have remained cognizant of the Internal Revenue Service *Mission Statement*:

The purpose of the IRS is to collect the *proper* amount of tax revenues at the least cost to the public, and in a manner that warrants the highest degree of public confidence in our integrity, efficiency and fairness. (Emphasis added)

. . . which was recently revised to state:

Provide America's taxpayers top quality service by *helping them understand* and meet their tax responsibilities and by applying the tax law with integrity and fairness to all. (Emphasis added)

The previous excerpts are but a small sample of the principles promulgated by Department of the Treasury, the Internal Revenue Service, and the government in general. Adhering to the highest standards of honesty, integrity, morality, impartiality, ethics, trustworthiness, and loyalty to the United States of America are clearly a necessity for public servants working in a government which derives its authority from the consent of the governed.

In 1997, I was presented with an opportunity to determine whether or not I was really serious about abiding by those standards. I was presented with allegations relating to the very profession I had chosen and the very agency I was employed by, namely the public accounting/income tax profession and the Internal Revenue Service, respectively. Among the allegations presented to me was that (1) the federal income tax is voluntary and the filing of federal income tax returns is not required, that (2) the 16th Amendment to the U.S. Constitution was never ratified, and that (3) federal income taxes are not used to operate the federal government. Needless to say, these allegations were not only

unbelievable but they were contrary to everything that I had been taught and contrary to everything I believed to be true. Notwithstanding the unbelievable nature of these allegations, they came from a source that I had found credible in the past. The credibility of this source was so strong that I felt more investigation was warranted.

I assumed from the beginning that I would have trouble convincing top officials in the IRS Criminal Investigation Division that government resources should be committed to investigating these allegations, serious though they were. This assumption is due to the ridicule that is commonly laid upon anyone who speaks of such matters. Most people espousing such beliefs about the federal income tax are usually dismissed as being crazy, a racist, a militia member, or a tax protester. I do not fit into any of those categories and neither does my source. Therefore, in order to both seek the truth and avoid ridicule, I made up my mind to investigate the allegations off-duty and at my own expense.

As I said previously, these allegations were contrary to everything I knew to be the truth. Therefore, I was prepared for the possibility that upon closer investigation, these allegations might prove to be just another scheme to distort the facts or the law, as the Internal Revenue Service has claimed in the past. I believed that my background in the areas of income tax law, income tax compliance, and income tax enforcement would enable me to separate fact from fiction. The results of my personal investigation were far from what I expected.

In short, based on my education, training, and experience, I believe that the allegation regarding the voluntary nature of the income tax does have merit and it is therefore immoral and illegal to fine, prosecute, or otherwise penalize those who do not volunteer. I also believe that, contrary to public perception, the income tax is not used to supply the federal government with needed operating revenue. I fully realize that my conclusions regarding these issues may have far-reaching consequences. However, based on the obligations and duties I described previously, I believe I must bring these matters to your attention.

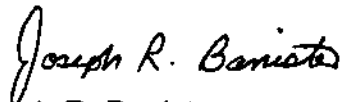
I continue to have the utmost respect and admiration for those I have worked with not only in the IRS Criminal Investigation Division but all federal and state law enforcement officers and prosecutors. I have found these officials to be of the highest character and talent. I would like to continue to work with these officials but due to the nature of the allegations and evidence contained in my report, I am strongly considering resigning from the Service. Ultimately, my decision will hinge upon the Service's response to this letter. If the Internal Revenue Service will commit – in writing- to conduct its own point by point answer/analysis of the allegations and evidence set forth in my report, I will consider remaining in my position. If the Service declines to conduct its own analysis, or dismisses the evidence in this report without proper review, then I must tender my resignation. My oath to support and defend the Constitution of the United States was made to God and I can not serve two masters.

I have enclosed a copy of a report I prepared called *Investigating The Federal Income Tax: A Preliminary Report*, which summarizes the allegations and the evidence supporting them. I respectfully request that you simultaneously review this report and forward it to your superiors up to and including

Letter to IRS officials
page 4

Commissioner Rossotti. I respectfully request that the Commissioner or his designee respond to the evidence in my report within 30 days. I am certain that IRS management will have questions and I will do my best to answer them. Please advise them that my email address at work is joseph.banister@ci.irs.gov and my office telephone is (408) 494-7910. Written inquiries can be sent to Special Agent Joseph R. Banister, IRS Criminal Investigation Division, 55 S. Market Street, Suite 815, San Jose, California 95113.

Sincerely,

A handwritten signature in cursive script that reads "Joseph R. Banister".

Joseph R. Banister
Special Agent
IRS Criminal Investigation Division