

DoJ Tax Division Admits \$Billions Issued In CtC-Educated Refunds

IN A HEARING ON April 9, 2015, Department of Justice Tax Division attorney Jeffrey McLellan admitted that billions of dollars in refunds of improperly-withheld taxes have been made to Americans who have filed claims informed by the research and conclusions laid out by Peter Hendrickson in his 2003 book, '[Cracking the Code- The Fascinating Truth About Taxation In America](#)'

As will be seen in the following hearing transcript, McLellan offers no dispute to [Hendrickson's long-published assertion](#) that \$billions have been refunded. This failure to dispute operates as acknowledgment, as the the US Supreme Court has observed:

"Indeed, as Mr. Justice Brandeis declared, speaking for a unanimous court in the *Tod* case, supra, which involved a deportation: **"Silence is often evidence of the most persuasive character."** 263 U.S. at 263 U. S. 153-154. And just last Term, in *Hale*, supra, the Court recognized that **"[f]ailure to contest an assertion . . . is considered evidence of acquiescence . . . if it would have been natural under the circumstances to object to the assertion in question."** 422 U.S. at 422 U. S. 176. [footnote 3]."

Baxter v. Palmigiano, 425 U.S. 308, 318 (1976) (emphasis added)

So, it is admitted that by 2015 the feds had issued \$billions in CtC-educated refunds-- which also mean they had honored hundreds of thousands of individual claims (the average refund being around \$10,000).

Both of these facts have been proven elsewhere and otherwise, of course. See the link above, and [this one](#), for instance. But it's nice to see an official who lies about CtC for a living being forced to admit them.

Besides, McLellan's efforts to makes lemonade out of the lemons he's sucking are very entertaining...

McLELLAN'S STRUGGLE to put a good face on things has him bracket his admission with a lot of amusing eyewash. For instance, he tries to suggest that all those refunds over all that time are a result of the IRS having had the wool successfully pulled over its eyes hundreds of thousands of times, week after week for more than a decade.

As McLellan puts it, "It turns out that" Hendrickson has "devised a scheme to which the IRS is seemingly vulnerable" (McLellan gratuitously ascribes the "scheme" to Doreen as well, in a cheap effort to tar his target with what he means to be taken as an evil deed.)

I don't think McLellan really thought that one out. I don't think he realized that by suggesting all those refunds have just been a big mistake he was not only alleging the biggest screw-up in history by the feds. What he suggests would also, miraculously, be a simultaneous identical screw-up of the same magnitude by each of 36 state governments, which have been issuing the same refunds in response to the same claims over the same time period!

But perhaps I do McLellan a discourtesy. Maybe he knew just what he was doing. Maybe McLellan had made what he thought was a cunning calculation: Better to pretend a huge, embarrassing, inexplicable and completely implausible screw-up than admit that all these refunds are made deliberately in the full understanding that they are 100% correct and required to be made under the law.

UNFORTUNATELY FOR McLELLAN, the “Hendrickson scheme” thing and its implicit “pulled the wool over all those the government eyes” won't fly even in regard to a single refund, much less hundreds of thousands by the feds and the states. After all, the returns to which McLellan admits the IRS “is vulnerable” are glaringly obvious.

These returns show, in most cases, zero or near-zero in “income”. At the same time, they also report an average of \$10,000 in withholdings-- including Social security and Medicare withholdings-- every penny of which is claimed for refund.

Each of these returns is subjected to a gauntlet of challenges. This begins with a live screener, followed by the Electronic Fraud Detection System and the Questionable Refund Program, at least. See how the IRS describes this process, and some examples of the returns McLellan wants everyone to believe are “slipping through the cracks”, [here](#).

It's simply a fact that no [CtC](#)-educated refund has been the outcome of “fraud”, by which the government was somehow deceived. Each claim has been bolt upright and impossible to misunderstand, and each resulting refund has been knowingly recognized by the government's own tax experts as being perfectly valid.

McLellan, though, just doesn't know when he's already deep in a hole. He goes on (in the portion of the transcript that I have blurred to not-quite-illegibility*) to absurdly assert that after first making the refunds the IRS then “catches a lot of these cases” and proceeds with various dire consequences, as though these refunds DIDN'T go through the “catching” gauntlet *before* being issued (while unsurprisingly offering no evidence whatever to support his blustery declaration).

What a crock! And all this bs is peddled for one simple reason-- *to keep McLellan's audience from reflecting on the simple fact that the only kind of “scheme” to which the IRS can be “vulnerable” is one that invokes and fully harmonizes with the law.*

*I have blurred what is irrelevant to my point on the transcript page because it mostly consists of scurrilous lies about my good wife (though anyone who really wishes to wade through that cesspool can easily make it out). Don't forget, the purpose of McLellan's appearance in the hearing was to vilify Doreen, and he's a shameless pro.

But also don't forget that [Doreen wasn't charged with fraud or false returns or tax evasion or any kind of tax crime](#) (and surely would have been if the government had anything with which to support such charges). Thus, McLellan's hyperbolic usages of terms like “fraud” and other pejorative descriptors as part of his “lemonade” project should be recognized as pure, desperate spin and can properly be ignored.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

Case No. 13-20371

-vs-

Detroit, Michigan

DOREEN HENDRICKSON,

April 9, 2015

Defendant.

-----/

TRANSCRIPT OF SENTENCING HEARING
BEFORE THE HONORABLE VICTORIA A. ROBERTS
UNITED STATES DISTRICT COURT JUDGE

APPEARANCES:

For the Government:

Melissa Siskind, Esq.

Jeffrey McLellan, Esq.

Tax Division Trial Attorneys

U.S. Department of Justice

For the Defendant:

Mark E. Cedrone, Esq.

Proceedings taken by mechanical stenography, transcript
produced by computer-aided transcription

1 fraudulently procured refunds and worse yet as of this morning, the tax fraud scheme
2 that she so enthusiastically promotes with her husband is up to \$11,605,323.00 in
3 demonstrated fraudulent refunds that they have posted up on that website, and her
4 husband brags on that website of billions more such refunds.

5 It turns out that the Defendant and her husband have devised a scheme to
6 which the IRS is seemingly vulnerable and the IRS sometimes sends out checks, and
7 eventually the IRS catches up on a lot of these cases and imposes the \$5000
8 frivolous filing penalties, additional assessments of taxes, penalties and interest.
9 Sometimes these cases end in liens and levies and criminal prosecutions.

10 Now the Defendant knows these things about what happened to other people,
11 but they have not yet deterred her, and the Government proposes that a two-year
12 prison sentence imposed upon her personally will serve to deter her from further
13 criminal conduct. In this case, the Court is confronted with a most recalcitrant
14 Defendant. None of the sanctions that have been imposed upon this Defendant to
15 date have served to deter her from her misconduct in any way, and the Government
16 proposes this term of incarceration as the next effort on the part of this Court.

17 Another aspect of this case, Your Honor, is the issue of the promotion of the
18 respect for the rule of law and the general deterrence of other people from the kind of
19 misconduct that the Court is looking at in this case.

20 The Defendant and her fellow travelers in the so-called Tax Honesty Movement
21 have gone out of their way to draw attention to this case and we've listed some of the
22 attention efforts in our Sentencing Memorandum. There's various blogs commenting
23 on the case and urging people to come to the sentencing. There's a book for sale
24 about how this was a witchcraft trial.

25 The Defendant did an internet radio interview after her purported victory over