

# THE TRUTH REGARDING 501(c)3 CORPORATIONS ©

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Many have questions regarding "Non-Profit" organizations and the status of 501(c)3 Corporations. This document is intended to answer many of these questions and to present the truth regarding "tax-exempt" status and the relationship between the government/IRS/courts and an "individual" as found in the IRS Code, known as the United States Code, Title 26.

First of all, what is a 501(c)3 Corporation/Organization? The term "501(c)3" is found in the IRS Code or Title 26 USC §501(c)3. According to this code, an organization may want to be recognized as a tax-exempt organization and may apply for 501(c)3 tax-exempt status from the IRS. This application is done on one of the IRS's forms, which PRESUMES that the organization has been created by the state, i.e. a "Corporation".

In truth, according to Norton v. Shelby Co., a 501(c)3 organization/corporation is a "creature" of the legislature, created by the state and therefore controlled by the state. It has no constitutional rights except for a limited first amendment right to advertise; (Va. State Board of Pharmacy v. Va Citizen's Council or the "Ashwander Doctrine"). In other words, this fictional "person" has no rights. It only has privileges - which can be taken away at anytime by the state. In fact, all statutory organizations, (created by legislature) and known as "public entities" are controlled by the state.

The next question is; what is a church or ministry? The answer to this lies upon what you regard a church or ministry to be. Do you want it to be controlled by the state? Or, do you want it to be private and controlled by you and God? A church or ministry does not have to apply for an exemption. They are already exempt by its very definition. There is NO law that requires a church or ministry to apply for exemption. What is Gods, is Gods. What is created by the state is controlled and "owned" by the state. Therefore, Corporations are not necessarily tax-exempt.

The problem lies upon the so called "advice" the IRS presents to an organization informing them that they may want to be recognized as a tax-exempt organization in order for donors to have a tax deductibility. After applying for an EIN number on the SS4 form, they (IRS), will send you a letter to which they inform you, in form 557, that you can file a 1023 form to be recognized. Applying for an EIN number in itself does NOT make a church or ministry a corporation, nor does it give the state any control. The ONLY reason to apply for an EIN number is for a checking account -- and that is all!

When a church or ministry files this form to become recognized as a tax-exempt organization, it then becomes a corporation according to the IRS. I believe this is not what God had in mind. A church or ministry as a 501(c)3 corporation will never have freedom of worship, assembly, speech, press, redress of grievances, the first Amendment right allowing us to teach or preach our own doctrines, or the right to worship on Sabbath or Sunday. In fact, with no qualms about the separation of church and state (a misnomer), a state government can dissolve this type of church or ministry and take its assets.

A few months ago a Seventh day Adventist Pastor wrote about this type of problem confronting a church corporation in Florida. I may not agree with everything that was written, but what was written in Pastor Jan Marcussen's June 2001 newsletter should be carefully read and understood:

A lawyer from California "tells some of his experiences in courtrooms where he helped SDA's, and other people to defend themselves. He revealed that certain courtrooms have the maritime flag [ensign] hanging in them instead of the American flag." (Note-the maritime flag or ensign is an American flag with yellow fringe.)

"This is the flag which a ship flies when at sea. The judge is the same as a captain of a ship - who has supreme power and is not governed by the U.S. constitution."

(You may recall that when I, [Richard J. Humpal, JD], attempted to arrest a Federal Judge in his court room in Los Angeles about 10 years ago, the judge pointed a finger at the flag and announced "See that flag? It is a maritime flag! In this court, I am the law! YOU have NO rights unless I give them to you!") (See Title 4, United States Code)

The Pastor went on with a script of a conversation with this attorney: "Please give us some of the keys to understanding the legal system...and tell us the background of "corporations"."

Attorney: "The first legal reference to corporations was in 2083 B.C.. It was under the code of Hammurabi, which was the law in the Mesopotamian part of Asia Minor. Roman Civil law brought about the development of various corporations. They were 1) Religious Soldalitas, 2) Governmental Municipants, and 3) Societies. During the time of the Roman Empire, the concept arose that a corporation could only come into existence by the creative touch of the sovereign. But with approval of the sovereign comes a certain amount of control. There were two offshoots of Roman Civil law - 1) Canon Law, and 2) modern civil law. Canon law deals with church property. This branch gave rise to two types of corporations - 1) Corporation Sole - composed of one person like a Bishop and 2) Corporation Aggregate - composed of many people. In the early 13th century, Pope Innocent IV developed the concept of a corporation as a "persona ficta". This means a fictitious person or an artificial person, created and controlled by papal authority. This also led to the legal separation of the corporation (an artificial person), from a natural person - a human. The word "corp" means "body". This also leads to the fact that you cannot use everyday English language when you are talking about something that is "legal". A word in "legal" terms, means something different than the same word means in normal language." The word "legal" itself means "fiction". In every day language, you and I are persons. That is not the case in "law". A legal dictionary says that a "person" is a "corporation," a "partnership", i.e. an artificial, legal public entity."

This Roman Civil system [we now have in our courts] of normal language vs. legal language is very tricky. It may mean one thing to common folk, but it may mean quite another for the attorney and the court. "The word "church" with small letters [lower case] means a group of worshipers, and the word "Church" which is capitalized, means a state "corporation".

"The civil law, the dominant law of Europe, evolved from the influence of Roman law. In this system of law, also known as "Inquisitorial Law", you are presumed guilty until proven innocent. This is the opposite of English "Common Law" where you are presumed innocent until proven guilty."

"By the 14th century in England, the concept of "Homo Fabrilis" - or charitable corporations, was developed. By time of the reign of King James I, England had accepted the old Roman theory that a corporation could only be created by the proper authority, where the state was justified in regulating and controlling the "corporation"."

"Because the ancient law of commerce involved sea-going vessels, merchant law developed into what we call today "Maritime Law" - [the law of the sea]. Under Maritime law, during a voyage, the Captain's word was the absolute, final law."

"The great "Protestant Reformation" started a change away from some of this Roman based law. Now, in the 21st century here in America, corporations are considered to be creatures of the state, in harmony with the roots of Roman Catholic "Canon Law" and the "Civil Law" of the Roman Empire. State law, (statutory law), governs every facet of a corporation's existence. A corporation is a "person" under the law. The rights of a corporation are different from the rights of a natural person under the constitution. A corporation under the first amendment only has a limited freedom of speech, and is protected only as long as that freedom of speech involves the corporation's advertisement of its product. The corporation itself does not have a fifth amendment right against self-incrimination. Corporations don't have the same rights against search and seizure as humans are supposed to have." However, a private organization such as my "Self-Supported Ministry" and is not a 501(c)3 corporation, may also have the same rights as a natural person. This type of organization is not public, it is private. (More on this later.)

The Pastor went on and asked the lawyer about the Jesuit inspired inquisitorial doctrine of "visitation": He stated; "This means that the state is a silent, third partner in any corporation formed with the state - including a "Church" corporation. "Visitation" gives the state the right to supervise and control every facet of the corporation's operation. They can "correct" anything that they think is an abuse and they can "nullify" everything that the state views as "irregular".

"The corporation must justify its behavior to the state by certain reporting requirements. If it cannot justify it, the state may order the State's Attorney to file a suit against the corporation. If an injunction is obtained and the corporation refuses to follow its dictates, the State's Attorney General can file a suit to dissolve the corporation. If the suit is filed and the corporation is dissolved, guess who is in charge of taking control of the assets of the corporation? You guessed it - the state through the court."

"For a charitable corporation to receive "tax-exempt" status as a 501(c)3 corporation it must look to Title 26 USC Section 501(c)3. This is also known as the IRS Code. So, a 501(c)3 corporation must meet the requirements of the IRS, as well as the requirements of the state. This is one area where federal law can control a corporation even though there is NO corporate federal law!"

"An example of this was the Independent Christian Church in Philadelphia. On the eve of the 1992 Presidential election, the Church took out a full page ad in USA TODAY The ad urged Christians to vote for the person running against "Slick Willie" because it was alleged that he was a known womanizer and a suspected drug dealer.

After the election, the IRS investigated this independent 501(c)3 Church, took them to court, dissolved their corporation and distributed the Church assets/funds according to the good pleasure of the IRS."

IRS publication 557 states that you do not have to register with the IRS and that a church/ministry is "exempt automatically". Therefore, if a church or ministry forms a 501(c)3 corporation with the state, they "sign away" in a "legal contract" the rights of their organization under the constitution. However, if you now have a 501(c)3 corporation, you may be able to keep it as long as you use the corporation for the purpose of bulk mailing permit and perhaps your advertising. You must remember that the corporation is a "commercial enterprise" (public entity). This is the main reason the state regulates it.

The following is a story about what happened to a "501(c)3 Church" a few years ago: "There was a small Baptist Church in Nebraska. The pastor's name was Louis Sullivan. The Church decided they would start a Church School. They wanted to educate their children in their brand of religion and therefore wanted to choose their own teachers. So, they hired teachers who were not licensed as teachers and opened the Church School. It wasn't long until the state found out about it and told the pastor to cease and desist operating a school or get teachers who were licensed. This Church did neither. One morning as the students were coming to Church to attend School, the doors of the Church were chained shut. Later in court, after the Attorney General for Nebraska gave his opening remarks, the judge turned to the pastor and said, "Pastor, do you have anything you want to say"?

"The pastor stood up and said, "Yes, your Honor. The U.S. Constitution gives my Church the right to freedom of religious speech, religious assembly and worship."

The judge looked at him and said, "Pastor Sullivan, is your Church incorporated?" Pastor Sullivan said, "Yes your Honor, it is."

The judge said, "Pastor Sullivan, sit down and be quiet. You mention the constitution one more time in my court and I will hold you in contempt. When your organization incorporated as a 501(c)3 organization, it contracted away every constitutional right you thought it had."

The first clue to the above proceedings should have been the heading of the law suit. It read, "The State of Nebraska, a corporation verses Faith Baptist Church, 'Incorporated'". This was non other then a corporation suing another corporation. And, because it is a corporation suing a corporation, there are NO constitutional rights. It was a commercial case. The only law that applied was Corporate Law.

There is another case that is on point that I should mention here. This was a Florida case of an independent Seventh-day Adventist Church Pastor by the name of Raphael Perez who was being sued by the General Conference of Seventh-day Adventists for infringing upon their trademark. The only issue before the court was the right to use the name "SEVENTH DAY ADVENTIST" or "SDA" for the Church. Since the Church was not related by contract with the General Conference SDA Church, and since the General Conference SDA Church had a trademark on this name, the General Conference SDA Church sued the pastor of the independent Church for using the name "SEVENTH DAY ADVENTIST" or "SDA" without a license to do so.

As a side bar, it may be interesting to note here, that I met with Pastor Perez prior to the hearing of this suit and informed him that he would probably lose the case since the Church was a 501(c)3 corporation. It was too bad, but I sincerely believe he was either naive or arrogant and would not listen to what I told him. And sure enough, on April 27, 2000, Pastor Perez lost the case. I had told him that he should get out of the 501(c)3 corporation and let me construct a non-501(c)3 church organization to which the General

Conference of the SDA Church could do nothing . My words fell on deaf ears, just like many other people, pastors, ministers and leaders of other churches and ministries.

It is also interesting that on the same day the judge gave his ruling in this trademark case, a 6 page letter was mailed from the General Conference Corporation to three self-supporting ministries. These ministries supplied expert witnesses for the Eternal Gospel Church of SDAs (Pastor Raphael Perez's Church), in the courtroom. Two of those ministries are in the United States, (also a corporation), and like the General Conference, are also 501(c)3 corporations. This letter was also printed in the Adventist Review. It informed these 501(c)3 SDA corporations that they had 12 months to conform to the rules of the General Conference Corporation or they would reap certain consequences.

However, the same letter that was published in the Adventist Review reads like a report from a group of preachers concerned with brotherly love. But, the letter that went to the three ministries - although it was worded the same as the one in the Adventist Review, was different. What was the difference? If you understand the difference between "legal" and "lawful" ["legal" means "fiction"] you would know that there's every difference in the world. In the letter to the three ministries, the word "Church" is capitalized and in the Adventist Review, the word "church" is not capitalized.

In other words, the letter to the ministries was a "legal" document and the letter in the Adventist Review was not a "legal" document. Sneaky? You bet! But it does point out the fact that the General Conference of SDAs can NOT be the same as a group of people calling themselves Seventh-day Adventists or SDAs. In fact, the "legal beagles" working for the General Conference of SDAs must have known that they were not a church controlled by God. Why? Because it is a "public entity" controlled by the state.

It should be pointed out that this was prophesied in Daniel 7:25. Yes, the beast has attempted to change the laws. What was God's law or the "Common[ly understood] Law, is now "man's law" - the Roman Civil uncommonly understood law.

It is also interesting to note that the title of the suit was: "GENERAL CONFERENCE CORPORATION OF SEVENTH DAY ADVENTISTS vs. RAPHAEL (RAFAEL) PEREZ". Notice that both entities are in upper case? This means that both of them are corporations. They did NOT sue the human Raphael Perez, they sued a corporate entity known as RAPHAEL PEREZ. Wow, did this go over your head? Why didn't the good pastor catch on to this? The reason the pastor was a party to this case is because he, himself answered the case and he got an attorney to "represent" him. Why? because of the confusion that the law provides that only an attorney can/must represent a corporation. This is why a judge wants a "person" to have an attorney. All corporations and public entities MUST be represented by an attorney. Most people do not know the truth regarding this LEGAL concept. I have been in court many times when I have heard that a "person" wanted to "represent" "himself". What is wrong with this? Don't people (humans) realize that a human cannot represent himself? After all, isn't he himself! This is completely misunderstood by most people, including the court officers themselves. (By the way, there is a Supreme Court case regarding this issue which proves the fact that only those who regard themselves as corporations or incompetent must have representation by a lawyer. Others, [wise humans], may have legal counsel to assist them.)

The truth of the matter is, when you were born your parents probably sent your "birth certificate" to the county recorder to be registered. This certificate of birth was then changed from a human into a "straw man", aka. corporation. This is why you will find your name spelled in capital [higher case] letters on most all of your identification. Just look at your drivers license. Again, humans have an un-lien-able

constitutional right to travel. However, the "straw man" being a corporation, needs a "drivers license" issued by the state to "drive", legally meaning; to make your living on a public street by having passengers who pay you to "drive" them somewhere, as in a taxi cab.

Last year I was in contact with Reverend Dixon's Indianapolis Baptist Temple in regards to a legal battle with the IRS over a 6 million dollar lien the IRS filed against them because they refused to be a tax collector. Reverend Dixon told me that they did not need any help from me because they "had faith" (more like presumption), that they were going to win the battle. He went on to tell me that they "had been a 501(c)3 corporation", but they had never changed their paper work and just informed the IRS that they were not going to function as a 501(c)3 corporation any more.

The IRS filed the lien after Reverend Dixon kept ignoring IRS's demands. Dixon said that his lawyers were handling the case and they were sure they were going to win. Well, they didn't. The judge ruled for the IRS. Later, the IRS confiscated the Church and it's assets. In the September 2001 issue of Christian Times, it was reported that the judge ordered Reverend Dixon to pay \$136,610.04 from his own assets. Dixon said that he was broke, and that he had now retired and was living in a mobile home.

It should be pointed out that if you do not properly undo a 501(c)3 corporation, that you may wind up with this type of trouble too. Even if you want to keep the 501(c)3 corporation, you MUST be able to show paper work that proves that you are only using it for advertising and other related business. All other work MUST be done through the Self Supported Ministry/non-501(c)3 church organization and MUST have the proper paper work which provides the evidence necessary to stay lawful.

One more question people have regarding a Self-Supported Ministry is: "I work for a company" or "I have my own business - how can I have a Self-Supported Ministry and still work for someone or own my own business? Isn't it enough that I give 10% of what my "income" is as tithe to the Church?

Even though I could write pages on this issue, my bottom line answer comes in the form of a question. What does God require? Jesus said "give unto Caesar what is Caesar's" but most importantly - "and unto God, what is God's". This just about raps it up. Didn't Christ require us to bare our own cross? Shouldn't everything you have and do belong to God? Don't we belong to God? Are we citizens of the Kingdom of Heaven, or are we citizens of the United States? If you have a problem with this, please contact me in person. The truth will set you free!

This document however, is not intended to supply the reader with information on how to become a sovereign human or to stay a sovereign human. It is only an attempt to provide a little information on just how we got into all of the trouble that come upon us and a way to stay out of trouble. Since this document has probably been provided to you as an attachment for a "Self-Supported Ministry", created for you by myself, I have attempted to answer questions regarding the necessity of staying away from the horrible control by Satan's governmental laws which effect each of us today. I sincerely believe that many 501(c)3 Church corporations will fall by the way side in the near future. Many Pastors will face jail time. Many Ministers will become confused as to what they can and cannot do.

Daniel 12: 8-10 says it all, "...Go your way Daniel, because the words are closed and sealed until the [appointed] time of the end. Many will be purified, made spotless and refined, but the wicked will continue to be wicked. None of the wicked will understand, but those who are wise will

understand." (NIV) Do you want to be one of the wise? Do you want to understand? If you do, then please contact me at the above address and phone number.

God Bless,

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