

"A Cogent Summary of Federal Jurisdictions"

by

Paul Andrew Mitchell, B.A., M.S.

Counselor at Law, Private Attorney General

Imagine you are sitting in a packed movie theater waiting for Titanic to begin, with one aisle running down the middle, separating the seats into two wings. The theater owner thinks you are all in his theater, but you know otherwise. Those who hold popcorn in their right hands, sit in the right wing; those who hold popcorn in their left hands, sit in the left wing. No? Well, just imagine it's that way, okay? Titanic the movie is just a fiction, albeit a magnificent one.

Now, each person in the right wing looks across the aisle and sees nothing but foreign *lefties*. They are domestic types, these *righties*, and they stick together. Oddly, the *lefties* are no different in this regard. They look across the aisle and see nothing but foreign *righties*, because *lefties* stick together too. It's all a question of where you're sitting (or standing), during intermission. Please don't stand during the movie, okay?

Now, in courts, the issue of standing has a very special meaning. Where you might be *standing* has immense bearing on the laws which apply, and don't apply, to you. We chose the theater analogy above, because it helps to illustrate a very important concept in federal law, and that is the distinction between *foreign* and *domestic* jurisdictions.

The key which unlocks a great deal of confusion, and deception, is to know that the laws of every other State are *foreign* with respect to the one State you now inhabit. Thus, if you live in California, the laws of Maine, Florida, and Oregon are *foreign* to your home State's own laws. You are like those people who prefer the right wing in theaters: everyone who sits in the left wing is somewhat *foreign* to everyone who sits in the right wing. The aisle running down the middle is the border, or boundary line dividing both wings into truly distinct groups.

Once you understand this relative distinction, you only need to take one more leap, and you will become a budding expert in federal law. Here it is: the laws of the District of Columbia are also *foreign* with respect to the local, *domestic* laws of California, Maine, Florida, Oregon, and every other State in the Union. Likewise, the laws of every State in the Union are *foreign* with respect to the local, *domestic* jurisdiction of the

District of Columbia.

But, you argue, Congress makes laws for the entire country, and the States of the Union are certainly part of our country, aren't they? Yes, that is true. However, Congress passes laws in one of two modes, or roles. In one role, Congress can make laws for the entire country, which encompasses all 50 States. This is just one hat that Congress wears.

In another role, Congress can make laws *only* for the District of Columbia, because Congress is the "state" legislature for that area of land. When Congress makes laws which apply *only* inside the District of Columbia, these laws are called "municipal" laws, and these domestic, "municipal" laws are just as *foreign* to the 50 States, as the laws of those 50 States are *foreign* with respect to D.C., and to each other. This is another hat which Congress wears.

Now that you understand this important distinction between *foreign* and *domestic*, as those terms are used in American law, you are now ready to tackle a more difficult problem. Here goes: if a corporation is *domestic* by law, does that mean it was chartered by Congress? Answer: not necessarily. The correct answer depends on where you and it are standing.

If you are standing in California, and if the corporation was chartered by the State of California, then the corporation is, indeed, *domestic*, because it is on the same side of the aisle as you. But, if you cross the aisle and join the *lefties*, then that corporation becomes *foreign* with respect to your new situation. If you are standing in Nevada, that corporation is *foreign* to you.

Similarly, if a corporation was originally chartered in the District of Columbia, and you are standing in California or Nevada, then that corporation is likewise *foreign* with respect to where you are now *standing*. *Foreign* and *domestic* are relative concepts, in law.

The key which unlocks this whole matter of corporations is to appreciate that Congress can only charter a corporation in its capacity as the legislature for the District of Columbia and for other areas which are *not* States of the Union. Collectively, these other areas are now called the "federal zone," and the States of the Union are collectively called the "state zone."

Here's a real easy way to remember this: the stars on the American flag are each States of the Union (the state zone). The blue field behind the stars is the federal zone. The stripes symbolize the original thirteen colonies. Gold fringes are really superfluous.

Because of the Tenth Amendment in the Bill of Rights, Congress is prevented from creating a truly *national* corporation. The Tenth Amendment

reserves to each of the 50 States a right to charter their own local, *domestic* corporations. These State corporations are, in turn, *foreign* with respect to all federal corporations chartered by Congress, without exception.

Now, think back to our theater analogy. The theater owner thinks that all of you are in his theater (read "under his jurisdiction"). In one sense, that is true. He owns the theater, and he can demand that customers leave if they are damaging the seats, for example.

But, in another sense, when movies are showing, he really needs to stay in the projection booth, because that's what his customers have paid him to do. In a sense, his "jurisdiction" is then limited to the projection booth when movies are showing, and movie goers occupy the larger area where the seats are situated. That larger area is their "jurisdiction," not his.

To be technical about it, the projection booth is *foreign* with respect to each wing of seats; the left wing is also *foreign* with respect to the right wing AND to the projection booth; the right wing is *foreign* with respect to the projection booth AND to the left wing. Each pair-wise relation defines a separate foreign/domestic relationship, depending on where one is seated, or "standing" in law. The land where you are now standing is always *domestic*, extending up to, but not beyond, your State's border. Hence, everything outside is *foreign* in this context.

There is one more facet to this analogy which we need to explore. The theater owner does have certain vested rights of ownership. He can evict offensive customers, and those who might trespass into the theater during off-hours. But, he cannot violate their fundamental Rights.

Congress has been vested with certain "national" responsibilities, and these comprise a very limited set of *authorities* which Congress can exercise inside the state zone. Outside the state zone and inside the federal zone, Congress can create lots of local, municipal laws that are enforceable **only** inside the federal zone. But, Congress cannot wear both hats at once.

The most surprising, and even stunning discovery we made in 1992, was to prove that the Internal Revenue Code is a local, municipal Code for the federal zone, and **only** for the federal zone, as far as federal income taxes are concerned. A federal court in Texas has even agreed.

If you really want to read the rest of this story, you will have to buy your own copy of "The Federal Zone: Cracking the Code of *Internal Revenue*," eighth edition, soon to be published in hard copy. Please avoid any electronic copies that were posted on the Internet. Every one of those copies was stolen, modified, and then placed on the Internet without this

author's prior permission. If you want to see the movie, please buy a ticket. Oh, one last thing: "internal" means "municipal". Municipal Revenue Code? **YES!** Film at 11. Please take a seat.

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[Paul Andrew Mitchell](#), B.A., M.S., is a Counselor at Law, qualified Federal Witness, [Private Attorney General](#), and a Citizen of California State. He is also the creator and webmaster of the [Supreme Law Library](#) and [Supreme Law Forum](#) at Internet URL: <http://www.supremelaw.org>

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Return to Table of Contents for

[Paul Andrew Mitchell](#)

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