Mortgage Killer: Another approach to Fight the Bank

Things to do list: All names are case sensitive-John Doe or JOHN DOE

The first thing to do is to understand what is really going on when a Bank 'loans' money. As without the understanding you will have a hard time seeing what is stated in their letters as they are using 'code' words developed by lawyers called 'legalese' that looks like English but has different meanings than the spoken word English. Every thing defends on where you are on the timeline in having your home taken away. If you have just received your NOTICE OF DEFAULT on the fact you have missed 3 months of house payments then you are in good shape and sending the 'NOTICE OF SELF-EXECUTING CONDITIONAL ACCEPTANCE' should slow them down considerably. You have plenty of time to study the DVD's and Books and Writings before proceeding with filing paperwork. If you have a NOTICE OF TRUSTEE SALE then you have no time and your house will be sold, quickly, probably in 30 days time. You need to file Bankruptcy paperwork immediately or at any time prior to the sale date to stop the sale. You can find an online filing service for less than $300 and here's a hint don't state you borrowed more than $0 dollars from the bank or the judge will state you have no equity in the home and bump it out to be sold. You can call the Bank an 'alleged' creditor as you do not have any proof yet. Once filed you will get instant protection from the Bank for at least 30 days and probably more like 60 days. This will be enough time to get a default on your paperwork you will submit to the bank and put you in a much better position. You can withdraw from the Bankruptcy later before the Judge swoops down to take any assets. If a couple months have gone by since you defaulted on the Banks Notice then start the procedure and study the DVD's and Books while your in the process. A word about attorneys, they can be useful and work for your home but never with the same determination that you will have, second they have sworn an oath to the BAR association that will cause them to abandon your interests if the Judge requires them to, as they are obedient to the judge regardless and will lose their lively hood by being disbarred if they don't play along. You will be considered a child, a ward of the court, incompetent to speak for yourself if you hire an attorney as he will have full authority to speak for you even if it's against your wishes **unless you hire him as 'co-counsel'** meaning he would have to consult you before speaking or acting in court. If you do not know the subject you cannot argue the subject and will lose. If you are weak in spirit, you will cower when they demean you and attack you in court. It is my hope that no one ever has to appear to defend their rights in court as it is a den of vipers with a satanic atmosphere there, however people have been victorious in court against Banks with a good hearted judge.

The following are the steps to follow to start becoming free of the unconscionable contract you have with the Bank:

1. Find a Notary willing to follow through on a series of presentments you will make to the **original**, and assigned: lender, trustee, and beneficiary of your home 'loan'.
2. The Notary will notarize your signature on various debt validation letters (perfectly legal for them as that is their normal function to verify signature/autographs) and act as the presenter by doing the "proof of service" papers (see an example of a proof of service in this disc) and you will require any responses from the bank to be sent to your Notary for verification as a 3rd party witness. The Notary can do anything anyone else can do and does not use their 'seal' or stamp on the proof of service, it would be illegal to do so, they are just acting as a private party. The beauty of this is that the bank cannot claim they were ignorant of the notary being a duly licensed notary because they can witness the notarys signature and seal on the documents the notary notarized (the DEBT VALIDATION letters).

3. The first set of Notices you will send to the bank, trustee and beneficiary are the CONDITIONAL ACCEPTANCE OF DEBT UPON PROOF OF CLAIM OF DEBT (see this document in this folder, and the QWR.
4. You will also send a QWR (qualified written request) demanding more or less the same proof of claim of debt owed, to witness the original promissory wet-ink signature document, copies of the loan application documents, and the accounting for this alleged 'loan'. They will be happy to supply these documents and you need them.
5. The Notary will make a proof of service and sign it using their address as the return address to send any response the bank, trustee, and beneficiary would be sending in response to your demands.
6. These notices will be sent by Certified Mail with green signature return cards to gather court admissible evidence. You can use USPS track and confirm http://www.usps.com/shipping/trackandconfirm.htm to verify delivery and I would print off a copy from Track and Confirm about 5-7 days after posting your letters to confirm delivery. Also, always name an individual party as the recipient, ie find out who the CFO (chief financial officer) is of the Loan servicer or Bank, etc. Google it, search it out, and if you can't find out who it is just address it to CFO C/O (**c**are **o**f) the BANK OF AMERICA or whoever your lender was. That way you can subpoena the flesh and blood man or woman as you cannot put a corporation in jail, only people go to prison. You want a man/woman to sweat going to jail for not responding to your letters.
7. The QWR's grant 60 days to default but must be answered that they received it and acknowledge it, within 20 calendar days after receipt. The Debt validation letter is a 'counterclaim' as they claim you owe a debt, so you have a right to put in a 'counterclaim' against them. The response time (in courts) for a counterclaim is 21 calendar days and failure to respond in 21 days results in a default judgment.
8. After 14 days from the time you mailed the debt validation letter, mail the first opportunity to cure letter, giving them a second chance to cure their 'dishonor' for failing to answer your demand for proof of claim. When someone sends you a demand it is a dishonor if you have a contract with them to not respond and answer the questions.
9. After 21 days from the time of their receipt of the Debt validation letter if they don't respond or if they fail to answer each point you will send them a NOTICE OF DEFAULT that barrs and estoppes them from claiming they are the creditor and lent you any 'money'.

AFTER you send the default you have the right to state they breached your original contract for the mortgage. After all the mortgage paperwork states "for a loan I have received" when in fact you were never given a "loan", the word "loan" was never defined in the document (promissory note), and they have failed to prove you actually 'borrowed' any "money" or even any "credit" from them. Now you can lawfully "cancel" the deed of trust for cause. What cause? the fact that they didn't have the elements of a lawful contract in place, ie. there was no "full disclosure" or a "meeting of the minds" wherein you were told they deposited your 'promissory note' and credited you account and created the funds from thin air that they advanced to the 'seller'. 2. they didn't give any 'valuable consideration' , what did they give you of value? In order for them to have given you value they would have to suffer a 'loss'. Could they claim they would suffer a loss if you don't pay them money if they created the money they advanced from thin air? and 3. there was only one signature/autograph on the contract and any contract where you are the only signer you can cancel it as you don't need there approval as they didn't sign it. See Tom Shauf's Bankers Manual contained on this disc for a full discussion on the banking loan business. In addition to sending off the FINAL DEFAULT you send off the Cancelled Deed of Trust as noted below.

10. So you take the Certified copy of the Deed of trust and stamp each page with the cancellation stamp and make the document null and void through cancellation. See the JP cancellation articles (JP Foreclosure free) in this folder. You have to ask for the Loan application (origination) documents you signed, for your 'loan' from the bank and they will send you copies. You will do the cancellation stamp on these as well as you are canceling your loan application documents as well.
11. Now you will need to file a NOTICE OF PRESERVATION OF INTEREST at the county recorders office with a copy of your cancelled Deed of Trust, and debt validation letters stating that you have an interest in the real property (your home identified with the assessors information) for the total amount of the loan, after all it was your promissory note that created the funds, so you are technically the 'lender'.
12. You will also benefit from proving the bank sold your mortgage to Wall street as a Mortgage backed security and have a pooling and servicing agreement with a 'trust'. You can get this information in a Securitization investigation for about $1500. An example is here http://www.consumerdefenseprograms.com/ . My friend (mortgage broker) in California can do them. You will get 'proof' they sold your note and once the note and deed are separated they have no lawful authority to foreclose on the property. However in the world of evil, where the bankers run the country, own the country, run the courts, and are very arrogant, don't be surprised if the judge refuses to 'see' any of your 'evidence' and decides to keep it from being presented. You can have a 'smoking gun' and still not get justice. However there are plenty of judges aware of the total scam, are disgusted with all the greed and are ruling against the bankers and their evil machinations. Have conviction, hope and make yourself and your interests known.
13. You can try to do a freedom of information act request to the IRS to have them give proof of the bank getting paid the full amount of the loan when it was originated in the form of a tax form 1099OID (this will show your secret strawman account paid the ORIGIANAL ISSUE DISCOUNT- OID) and the IRS form will show they collected it. and again 3 years after the origination they (the Bank) will apply for a 1099A (A = abandonement of the funds and acquisition of the funds by the bank), lovely, they get paid the full amount while claiming you still owe them? That is fraud. Remember evidence of their fraud can land them in jail, you can file an FBI complaint for fraudulently stating that you owe them money when you don't, you can file a complaint with Guy Cottrel the chief investigator for the US Postal Service for 'mail fruad'. Anytime someone lies and states you have a debt through the postal service by sending to you in the mail it is mail fraud and quite serious.

So the above is my efforts at getting the banks to fess up to being villains. I have sent 4 notices like the ones presented here and each and every time the bank, title company and beneficiary have failed to respond with anything other that uncertified copies of the statements of payments, loan applications and deed of trust and promissory notes but never any affidavit that they 'loaned' any of their money to the alleged 'borrower'. They will never give you proof to hang themselves with. They like to state its your fault that you couldn't pay them the money you borrowed. I agree, however it's their fault that the house cost $300,000 or $500,000 or whatever, because without the easy money offered by the banks no one could pay that kind of money and every seller would have to settle for much less. Would that be nice for you? Sure would, It would make the payments to the seller (who should get the money and interest) less and everyone would benefit. The seller would have a true right to foreclose because he lent his labor, not money printed up for free and the admonition of the Bible "the borrower is subservient to the lender" would hold true. You have to actually 'borrow' real money, real labor, real value before you can be a ‘borrower’. The bankers have caused every war, every famine, every depression, every malady all in the effort to acquire wealth.

The recorder will have the Deed of Trust and you need a ‘certified copy’.
The first number will be the year (i.e. 2004-4940868 would be the year 2004). Ask the Clerk for help finding it, and for a “certified copy” it costs more but is proof of being an exact copy of the original and will be stamped to show it is a “certified copy” .
If you have trouble with your County Recorder filing documents you can get them filed online in texas by sending the ‘originals’ and they will stamp them and return them to you and post them in a pdf form for ‘all’ to see on the web. Then you could post your legal notice in the newspaper qualified for running legal notices and reference your online posting? Worth a shot.
Record online here: www.nationalrepublicregistry.com/ they charge $8 for the 1st page and $2 for each additional page, a lot cheaper than the County Recorder but the county is the ablsolute preferred place to give notice.

1849 Flag To: CFO C/O From: John Doe C/O

MIDLAND FUNDING LLC, CITIBANK
P.O.BOX 60578
Los Angeles, California, [90060-0578]N/D

1224 Sunnyside Lane
Wonderland, California
[987987] N/D

CONDITIONAL ACCEPTANCE OF DEBT UPON PROOF OF CLAIM
CounterClaim in Common law/NOTICE OF DEBT DISPUTE

I, John H. Doe, one of the people[1] of the Republic of California, Sui Juris, being duly sworn do depose and say: that I am hereby presenting this CONDITIONAL ACCEPTANCE OF DEBT UPON PROOF OF CLAIM for alleged account #12XXX5071646710 MCM AN 853XXX3864. I require proof of claim of any debt I am liable for, evidenced by a sworn affidavit from a party from MIDLAND FUNDING LLC, CITIBANK, MIDLAND CREDIT MANAGEMENT INC. having direct knowledge of the debt and documents below named, hereby respectfully demanded to be presented. I require:

1. A certified copy of the alleged Lenders' balance sheet and (Federal Reserve form) FR2046, showing the account hereafter named 'source' that funded the money[2] that any advances of valuable consideration on behalf of JOHN H. DOE originated from.
2. The IRS form 1099OID relating to this transaction, which will identify the true lender and source of funds, and Form S3-A (registration) to show if, when and where the Promissory Note was sold.
3. The 424 B-5 prospectus (security filing), RC-S and RC-B call schedules, and FAS 125, 133, 140, 5, and 95 forms are required.
4. The cancelled check or draft showing the asset transfer into the account that funded the alleged "loan".
5. An affidavit from the party having first hand knowledge that lawful money was advanced on behalf of JOHN H. DOE and not credit[3] in the form of unlawful bills of credit or non-redeemable privately issued promissory notes under Title 12 sec. 411 [FRN's].
6. An affidavit from a party having first hand knowledge swearing that MIDLAND FUNDING LLC, CITIBANK, MIDLAND CREDIT MANAGEMENT INC. suffered a loss when John Doe did not repay the alleged money advanced on behalf of JOHN H. DOE.
7. The name, position and claim to knowledge of agent(s) at MIDLAND FUNDING LLC, CITIBANK, MIDLAND CREDIT MANAGEMENT INC., swearing the affidavits required above.
8. The opportunity to witness the original wet-ink 'security instrument' (Deed of Trust), and 'promissory note' that I signed that created the alleged debt. A copy of the loan application. Failure to produce the original promissory note and Deed of Trust will be evidence of fraud in claiming any right to foreclose[4] on JOHN H. DOE or John Doe.
9. The lawful authority MIDLAND FUNDING LLC, CITIBANK, MIDLAND CREDIT MANAGEMENT INC. operated under to loan anything other than gold or silver coin and create a debt obligation.

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[1] "...at the Revolution, the **sovereignty devolved on the people**; and they are truly the sovereigns of the country, but they are sovereigns without subjects...with none to govern but themselves....". CHISHOLM v. GEORGIA (US) 2 Dall 419, 454, 1 L Ed 440, 455 @DALL (1793) pp471-472.

[2] MONEY: In usual and ordinary acceptation it means **gold, silver**, or paper money used as circulating medium of exchange and **does not embrace notes[federal reserve notes]**, bonds, evidences of debt, or other personal or real estate. Lane v. Railey, 280 Ky.319, 133 S.W.2d 74,79,81. [Blacks Law 4th revised (1968)pg 1157]

[3] CREDIT: The ability of a business man **to borrow money**, or obtain goods on time, in consequence of the favorable opinion held by the community, or by the particular lender, as to his solvency and reliability. People v Wasservogle, 77 Cal. 173, 19 P. 270; in re Ford, D.C. Wash., 14 F.2d 848, 849; State ex rel. Globe-Democrat Pub. Co. V Gehner, 316 Mo. 694,294 S.W. 1017, 1018 [Blacks Law 4th revised (1968) pg 440]
"**A national bank has no power to lend its credit to any person or corporation**…" Bowen v. Needles Nat. Bank, 94 F 925, 36 CCA 553, CERTIORARI DENIED IN 29 S.Ct 1024, 44 LED 637

[4] Landmark National Bank v. Kesler, Supreme Court of Kansas No. 98,489 (Opinion released August 28, 2009)

10. Proof that the alleged original contract[5] (Deed of Trust) was not unconscionable for failure to fully disclose all aspects of agreement, failure to sign by alleged lenders agent, and failure to exchange valuable consideration.
11. Proof of compliance with the truth in lending laws of the United States Code, Title 15§1601 et.seq., regulation Z, and the Fair Debt Collection Procedures Act.
12. I believe the claim of a valid debt owed by JOHN H. DOE to MIDLAND FUNDING LLC by MIDLAND is a crime re: 15 U.S.C. §1692 (e) "false, deceptive, an misleading representation, in connection with the collection of any debt" such as the false representation of the character or legal status[6] of any debt and no evidence to the contrary exists.
13. All attached documents on Cdrom "Exhibits" are added by this reference for your due diligence.

Failure to provide verified certified copies and or 'originals' of the required documents within twenty one (21) calendar days by certified mail [for verification purposes] and or by arraignment to witness originals, will be silent acquiescence and tacit agreement that JOHN H. DOE or John Doe has no debt to MIDLAND FUNDING LLC, CITIBANK, MIDLAND CREDIT MANAGEMENT INC. and that said company is engaging in fraud by stating that they are the 'creditor'[7], that they 'loaned' any 'money'[8] or that they are entitled to any valuable consideration from JOHN DOE or John Doe to satisfy a 'debt' that without restitution would otherwise create a pecuniary 'loss' to them[9]. Please take NOTICE that this is a criminal investigation of the business practices of MIDLAND FUNDING LLC, CITIBANK, MIDLAND CREDIT MANAGEMENT INC.,N.A., it's agents, officers, employees, and attorneys to determine violations of the United States criminal laws. Your claim of right in collection of a purported debt appears to be founded upon a false record in violation of U.S.C. Title 18§ 2071, 2073 (falsifying records) and further; claiming and possessing false allegations and counterfeit securities [securitized promissory note] as well as un-substantiated claims of obligation, in violation of the Federal Racketeer Influences and Corrupt Organization (RICO), U.S.C. Title 18§ 1961 et.seq. and further: using the U.S. Mail to present such fraud and false instrument(s) amounting to Mail Fraud, criminal conduct falling under Title 18§ U.S.C. 1341-Frauds, Swindles laws. Any response shall be sent to Jane Doe [Notary] C/O P.O. Box 4834, Santa Rosita, California, [98703-4834] N/D [or 3rd party witness] for verification purposes.

Without prejudice,

By:_______________

Authorized representative of JOHN HENRY DOE

State of California)
County of Sonoma)

Subscribed and sworn to (or affirmed) before me on this _____ day of _________, 2010, by _______________________, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.
Notary Public Signature Notary Public Seal

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[5] CONTRACT: An agreement between **two or more parties**, preliminary step in making of which is offer by one and acceptance by other, in **which minds of parties meet and concur in understanding of terms**. Lee v. Travellers' Ins.Co. of Hartford, Conn., 173 S.C. 185, 175 S.E. 429
It is an agreement creating obligation, in which there must be competent parties, subject-matter, legal consideration, mutuality of agreement, and mutuality of obligation, and agreement must not be so vague or uncertain that terms are not ascertainable. H.Liebes & Co. V. Klengenberg, C. C.A. Cal., 23 F.2nd 611, 612 [BlacksLaw4th-1968,pg 394]

[6] 15 U.S.C. **1692g. Validation of debts:** (a) (4) …collector **will obtain verification of the debt…(b) Disputed debts: debt collector shall cease… collection of the debt**, or any disputed portion thereof, until the debt collector **obtains verification** of **the debt or a copy of a judgment…**Collection activities and communications that do not otherwise violate this subchapter may continue during the 30-day period referred to in subsection **(a) unless the consumer** has notified the debt collector in writing that the debt, or any portion of the debt, is disputed

[7] "Neither, as included in its powers not incidental to them, is it a part of a bank's business to lend its credit. If a bank could lend its credit as well as its money, it might, if it received compensation and was careful to put its name only to solid paper, **make a deal more than any lawful interest** on its money would amount to. If not careful, the power would be the mother of panics,… Indeed, lending credit is the **exact opposite of lending money,** which is the real business of a bank, for while the latter creates a liability in favor of the bank, the former gives rise to a liability of the bank to another. 1 Morse, Banks and Banking, 5th Ed. Sec 65; Magee, Banks and Banking, 3rd Ed. Sec. 248." American Express Co. v. Citizens State Bank, 194 NW 429.

[8] MONEY: In usual and ordinary acceptation it means **gold, silver**, or paper money used as circulating medium of exchange and **does not embrace notes**, bonds, evidences of debt, or other personal or real estate. Lane v. Railey, 280 Ky. 319, 133 S.W.2d 74, 79,81. [Blacks Law 4th Ed. pg 1157] [Federal Reserve Notes are not money as they are 'notes']

[9] see: **First National Bank of Montgomery v. Jerome Daly,** Dec. 9, 1968 (Justice Court, Credit River Township, Scott County, Minnesota)

1849 Flag

To: CFO C/O
MIDLAND FUNDING LLC, CITIBANK
P.O.BOX 60578
Los Angeles, California, [90060-0578]N/D

From: John Doe C/O
1224 Sunnyside Lane
Wonderland, California
[987987] N/D

NOTICE OF FAULT AND OPPORTUNITY TO CURE

I, John H. Doe, one of the people[10] of the Republic of California, Sui Juris, being duly sworn do depose and say: that I am hereby presenting this NOTICE OF FAULT AND OPPORTUNITY TO CURE for alleged account #12XXX5071646710 MCM AN 853XXX3864. On ____________,2010 I had my Notary send the above named party a "CONDITIONAL ACCEPTANCE OF DEBT UPON PROOF OF CLAIM OF DEBT VALIDATION" dated _____________,2011, sent Certified Mail # _______________,2011. It stated in part:

"Failure to provide verified certified copies and or 'originals' of the required documents within twenty one (21) calendar days by certified mail [for verification purposes] and or by arraignment to witness, will be silent acquiescence and tacit agreement that JOHN H. DOE or John Doe has no debt to MIDLAND FUNDING LLC, CITIBANK, MIDLAND CREDIT MANAGEMENT INC. and that said company is engaging in fraud by stating that they are the 'creditor'[11], that they 'loaned' any 'money' or that they are entitled to any valuable consideration from JOHN DOE or John Doe to satisfy a 'debt' that would otherwise create a pecuniary 'loss' to them."

Neither I, nor my Notary [3rd party witness] has received a response that meets the conditions required by the CONDITIONAL ACCEPTANCE and therefore said party is in dishonor and the time to cure your dishonor by adequately responding is about to expire. This NOTICE and GRACE is a courtesy to give the above noted addressee the opportunity to cure their dishonor.

Without prejudice,

By:________________-
Authorized representative of JOHN DOE

State of California)
County of Sonoma)

Subscribed and sworn to (or affirmed) before me on this _____ day of _________, 2010, by _______________________, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Notary Public Signature

Notary Public Seal

[10] "...at the Revolution, the **sovereignty devolved on the people**; and they are truly the sovereigns of the country, but they are sovereigns without subjects...with none to govern but themselves....". CHISHOLM v. GEORGIA (US) 2 Dall 419, 454, 1 L Ed 440, 455 @DALL (1793) pp471-472.

[11] "Neither, as included in its powers not incidental to them, is it a part of a bank's business to lend its credit. If a bank could lend its credit as well as its money, it might, if it received compensation and was careful to put its name only to solid paper, **make a deal more than any lawful interest** on its money would amount to. If not careful, the power would be the mother of panics,… Indeed, lending credit is the **exact opposite of lending money,** which is the real business of a bank, for while the latter creates a liability in favor of the bank, the former gives rise to a liability of the bank to another. 1 Morse, Banks and Banking, 5th Ed. Sec 65; Magee, Banks and Banking, 3rd Ed. Sec. 248." American Express Co. v. Citizens State Bank, 194 NW 429.

1849 Flag To: CFO C/O From: John Doe C/O

MIDLAND FUNDING LLC, CITIBANK **1224 Sunnyside Lane**
P.O.BOX 60578 **Wonderland, California**
Los Angeles, California, [90060-0578]N/D **[987987] N/D**

NOTICE OF FINAL DEFAULT/DEFUALT, / NOTICE OF ESTOPPEL/ESTOPPEL

I, John H. Doe, one of the people[12] of the Republic of California, Sui Juris, being duly sworn do depose and say: that I am hereby presenting this NOTICE OF FINAL DEFAULT, NOTICE OF ESTOPPEL for alleged account #12XXX5071646710 MCM AN 853XXX3864 against MIDLAND FUNDING LLC for dishonoring the "CONDITIONAL ACCEPTANCE OF DEBT UPON PROOF OF CLAIM OF DEBT VALIDATION" dated _____________,2011, sent by Notary, Jane Doe, by Certified mail #__________________, and received by MIDLAND FUNDING LLC as shown on the green signature receipt card on_______________,2011. And also dishonoring the "NOTICE OF FAULT AND OPPORTUNITY TO CURE" dated ____________,2011, and sent by Notary Jane Doe, by Certified Mail # ____________________ , and received by MIDLAND FUNDING LLC as shown by the green signature receipt card on ________________,2010.
Attached is the AFFIDAVIT OF NON-RESPONSE from Notary Jane Doe.
MIDLAND FUNDING LLC is hereby estopped and barred by Nihil Dicit[13], acquiescence[14] and latches[15], from claiming a debt owed to it by JOHN DOE or John Doe and is barred from taking a lawful or legal action against JOHN DOE, or John Doe for collection of alleged debt claiming to be the creditor.

Without prejudice,

By: ________________________
Authorized representative for JOHN DOE

State of California)
County of Sonoma)

Subscribed and sworn to (or affirmed) before me on this _____ day of _________, 2010,
by _______________________, proved to me on the basis of satisfactory evidence to be

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[12] "...at the Revolution, the **sovereignty devolved on the people**; and they are truly the sovereigns of the country, but they are sovereigns without subjects...with none to govern but themselves....". CHISHOLM v. GEORGIA (US) 2 Dall 419, 454, 1 L Ed 440, 455 @DALL (1793) pp471-472.

[13] NIL DICIT: He says nothing. This is the name of the judgment which may be taken as of course agisnt a defendant who omits to plead or answer the plaintiff's declaration or complaint within the time limited. In some jurisdictions it is otherwise know as judgment "for want of a plea." Gilder v. McIntyre, 29 Tex. 91; Falken v. Housatonic R. Co., 63 Conn. 258, 27 A. 1117; Wqilbur v. Maynard, 6 Colo. 486 [BlksLaw4th,'68,pg.1195]

[14] AQUIESCENCE: Acquiescence and laches are cognate but not equivalent terms. The former is a submission to, or resting satisfied with, an existing state of things, while latches implies a neglect to do that which the party ought to do for his own benefit or protection. Hence laches may be evidence of acquiescence. Laches imports a merely passive assent, while acquiescence implies active assent. In re Wilbur's Estate, 334 Pa. 45, 5 A.2nd 325,331."Acquiensence" relates to inaction during performance of an act while "laches" relates to delay after act is done. Bay Newfoundland Co. v Wilson & Co., 24Del.Ch.30, 4 A.2d 668,671, 673. "acquiescence is a species of estoppel." Bankers' Trust Co. v. Rood, 211 Iowa, 289,233 N.W.794, 802, 73 A.L.R. 1421 [BlksLaw4thEd.,'68,pg.40]

[15] LACHES, ESTOPPEL BY: A failure to do something which should be done or to claim or enforce a right at a proper time. Hutchinson v. Kenney, C.C.A.N.C., 27 F.2d 254, 256. A neglect to do something which one should do, or to seek to enforce a right at proper time. Jett, 171 Ky. 548, 188 S.W. 669,672. A species of "equitable estoppel" or "estoppel by matter in pais." See titles "Equitable Estoppel" and "In Pais, Estoppel In".[BlksLaw,4thEd.,'68, pg 1016]

the person(s) who appeared before me.
Notary Public Signature Notary Public Seal

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Fun Codes from California civil code
California interesting codes
CIV §1711. Intent to Defraud Public

One who practices a deceit with intent to defraud the public, or a particular class of persons, is deemed to have intended to defraud every individual in that class, who is actually misled by the deceit. [Added 1872.]

CIV §1712. Return of Unlawfully Obtained Property

One who obtains a thing without the consent of its owner, or **by a consent afterwards rescinded,** or by an unlawful exaction which the owner could not at the time prudently refuse, must restore it to the person from whom it was thus obtained, unless he has acquired a title thereto superior to that of such other person, or unless the transaction was corrupt and unlawful on both sides. [Added 1872.]

CIV §1713. Without Demand

The **restoration required by the last section must be made without demand**, except where a thing is obtained by mutual mistake, in which case the party obtaining the thing is **not bound to return it until he has notice of the mistake.** [Added 1872.]

CIV §1710. Deceit

A deceit, within the meaning of the last section, is either:

1. The suggestion, as a fact, of that which is not true, by one who does not believe it to be true;
2. The assertion, as a fact, of that which is not true, by one who has no reasonable ground for believing it to be true;
3. The suppression of a fact, by one who is bound to disclose it, or who gives information of other facts which are likely to mislead for want of communication of that fact; or,
4. A promise, made without any intention of performing it. [Added 1872.]

WHERE DOES THE FRAUD BEGIN? FBI FILES

This document is meant to take the reader down a road they have likely never traveled. This is a layman's explanation of what has been happening in this country that most have no idea or inkling of. It is intended to give the reader an overview of a systemic Fraud in this country that has reached epic proportions and
Provoke action to eradicate this scourge that has descended upon the people of America. Depending on what your situation is, you, anger or outright disgust at what you are about to learn. The following information is supported with facts, exhibits, and law and is not mere opinion. Let's start our journey of discovery with the purchase of a home and subsequent steps in the financial process through the life of
the "mortgage loan". It all starts at the "closing" where we gather with other people that are "involved" in the process to sign the documents to purchase our new home. Do we really know what goes on at the closing? Are we ever told who *all* the participants are in that entire process? Are we truly given "full disclosure" of all the various aspects of that entire transaction regarding what, for most people, is the single largest purchase they will make in their entire life? Let's start with the very first part of the transaction. We have a virtual stack of papers placed in front of us and we are instructed where we are supposed to start signing or initialing on those "closing documents". There seems to be so many different documents with enough legal language that we could read for hours just to get through them the first time, much less begin to fully understand them. Are we given a copy of all these documents at least 7 days prior to the closing so we can read and study these documents so we fully understand what it is that we are signing?
And agreeing to? That has never happened for the average consumer and purchaser of a property in the last 30 years or more if it ever has at all. WHY? We have a stack of documents placed before us at the "closing" that we haven't ever seen before and are instructed where to sign or initial to complete the transaction and "get our new

home". We depend on the real estate agent, in most cases, to bring the parties together at the closing after we have supplied enough financial data and other requested information so that the "lender" can determine whether we can qualify for our "loan". Obviously we have the "three day right of rescission" but do we really stop to read all the documents *after* we have just purchased our home and want to move in? Is the thought that there might be something wrong with what we have just signed a primary thought in our mind at that time? Did we trust the people involved in the transaction? Are we naturally focusing on getting moved into our new home and getting settled with our family?

Who are the players involved in the transaction from the perspective of the consumer purchasing a property and signing a "Mortgage Note" and "Deed" or similar "Security Instrument" at the closing? There is, of course, the seller, the real estate agent(s), title insurance company, property appraiser who is supposed to properly determine the value of the property, and the most obvious one being who we believe to be "the lender" in the transaction. We are led, by all involved, to believe that we are, in fact, borrowing money from the "lender" which is then paid to the current owner of the property as compensation for them relinquishing any "claim of ownership" to the property and transferring that "claim of ownership" to us as the purchaser. It all seems so simple and clear on its face and then the transaction is completed. After the "closing" everyone is all smiles and you believe you have a new home and have to r epay the "lender", over a period of years, the money which you believe you have "borrowed".

IS THERE SOMETHING WE DON'T KNOW?

Everything appears to be relatively simple and straightforward but is that really the case? Could it be that there are other players involved in this whole transaction that we know nothing about that have a very substantial financial interest in what has just occurred? Could it be that those players that we are totally that falls into the category of criminal conduct? It is well-established law that Fraud vitiates (makes void) any contract that arises from it. Does this mean that this intentional "lack of disclosure" of the true nature of the contract we have entered into is Fraud and would make the mortgage contract void?

on its face? Could it be that the Fraud could actually be "studied concealment or misrepresentation" that makes those involved in the act responsible and accountable? What happens to the "Note" once it is deposited in the bank and is converted to "money"? Are there different kinds of money? There is money of exchange and money of account. They are two very different things. See attached (Exhibit "B" para 11), Affidavit of Expert Witness Walker Todd. Walker Todd explains in his expert witness affidavit that the banks actually do convert signatures into money. The definition of "money" according to the Uniform Commercial Code: *"Money" means a medium of exchange authorized or adopted by a domestic or foreign government and includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more nations*. Money can actually be in different forms other than what we are accustomed to thinking. When you sign your name on a promissory note it becomes money whether you are talking a mortgage note or a credit card application! Did the bankers ever "disclose" this to us? Were we ever taught anything about this in the school system in this country? Could it be that this whole idea of being able to convert our signature to money is a "studied concealment" or "misrepresentation" where those involved become responsible if we are harmed by their actions? What your home and they come at a later date and foreclose and take it from you? Would you consider yourself to be harmed in any way? We will bring this up again very shortly but we need to look at the other document that is signed at the "closing" that is of great significance.

THE DEED OF TRUST

Why do we need a Deed of Trust? What exactly IS a Deed of Trust or other similar "Security Instrument"? It spells out all the details of the contract that you are signing at the "closing", including such things as insurance requirements, preservation and maintenance and all of the financial details of how, when, where and why you are going to make payments to the "lender" for years and years. Wait a minute!!!!! Make payments to the "lender"???? Why do you have to make payments to the "lender"??? Didn't we just establish the fact that your house was paid for by YOU, with your "Mortgage Note" that is converted to money by THE BANK DEPOSITING IT? Is there something wrong with this picture? We have just paid for our "home" but now we are told we have to sign a Deed of Trust or similar "Security Instrument" that binds us to pay the "lender" back? Pay the "lender" back for what? Did they loan us any money? Remember the part about banks not being able to loan "their or their depositors money" under FEDERAL LAW? What about: "In the federal courts, it is well established that a national bank has no power to lend its credit to another by becoming surety, indorser, or guarantor for him." *Farmers and Miners Bank v. Bluefield Nat 'l Bank*, 11 F 2d 83, 271 U.S. 669; "A national bank has no power to lend its credit to any person or corporation." *Bowen v. Needles Nat. Bank*, 94 F 925, 36 CCA 553, certiorari denied in 20 S.Ct 1024, 176 US 682, 44 LED 637? What is happening here with this "Deed of Trust" or similar "Security Instrument" that says we have to pay all this money back and if we don't, they can foreclose and take our home? Why do we have to have this kind of agreement when we have already paid for our home through our "Mortgage Note" which was converted to money BY THE BANK? Could this possibly be another example of "studied concealment or misrepresentation" where those involved could be held accountable for their conduct? What happens to this Deed of Trust or similar "Security Instrument" after we sign it? Where does it go? Does it go into the vault for safekeeping like we might think? See attached Exhibit "C" for substantially more information.

WHO ARE THE OTHER PLAYERS? We have already found out that the "Note" doesn't go into the vault for safe keeping but instead is deposited into an account at the bank and becomes money. Where does the Note go then? This is where things get VERY interesting because your "Mortgage Note" is then used to access your Treasury Account (that you know nothing about) and get credit in the amount of your Mortgage Note" from your "Prepaid Treasury Account". If they process the "Note" and get paid for it then they have received the funds from YOUR account at Treasury to pay for YOUR home correct? They then turn around and bundle the "Note" and sell it to investors on Wall Street and get paid again! Now let's see what happens to the "Deed of Trust" or similar "Security Instrument" after you have signed it. You may be quite surprised to know that not only does it not go into "safekeeping" it is immediately SOLD as an INVESTMENT SECURITY to one of any number of investors tied to Wall Street. There is a ready, and waiting, market for all of the "mortgage paper" that is produced by the banks. What happens is the "Deed of Trust" or other similar "Security Instrument" is bundled and SOLD to a buyer and the BANK GETS PAID FOR THE VALUE OF THE MORTGAGE AGAIN!! Haven't the bankers just transferred any risk on that mortgage to someone else and they have their money? That is a pretty slick way of doing things! They ALWAYS get their money right away and everyone else connected to the transaction has the liabilities! Is there something wrong with THIS picture? How can it possibly be that the bank has now been paid three times in the amount of your "purported" mortgage? How is it that you still have to pay years and years on this "purported" loan? Was any of this disclosed to you before you signed the "Deed of Trust" or other similar "Security Instrument"? Would you have signed ANY of those documents including the "Mortgage Note" if you knew that this is what was actually happening? Do you think there were any "copies" of the "Mortgage Note" and "Deed of Trust" or other similar "Security Instrument" made during this process? Are those "copies" just for the records to be put in a file somewhere or is there another purpose for them?

CAN REPRODUCING A NOTE OR DEED OF TRUST BE ILLEGAL?

We have already established that the "Mortgage Note" and the "Deed of Trust" or other similar "Security Instrument" are "Securities" by definition under the law. Securities are regulated by the Securities and Exchange Commission which is an agency of the Federal Government. There are very strict regulations about what can and cannot be done with "Securities". There are very strict regulations that apply to the reproduction or "copying" of "Securities": The Counterfeit Detection Act of 1992, Public Law 102 ‐ 550, in Section 411 of Title 31 of the Code of Federal Regulations, permits color illustrations of U.S. currency provided: • The illustration is of a size less than three ‐ fourths or more than one and onehalf, in linear dimension, of each part of the item illustrated • The illustration is one ‐ sided All negatives, plates, positives, digitized storage medium, graphic files, magnetic medium, optical storage devices, and any other thing used in the making of the illustration that contain an image of the illustration or any part thereof are destroyed and/or deleted or erased after their final use Other Obligations and Securities

• Photographic or other likenesses of other United States obligations and securities and foreign currencies are permissible for any non ‐ fraudulent purpose, provided the items are reproduced in black and white and are less than three ‐ quarters or greater than one ‐ and ‐ one ‐ half times the size, in linear dimension, of any part of the original item being reproduced. Negatives and plates used in making the likenesses must be destroyed after their use for the purpose for which they were made.

Title 18 USC § 472 Uttering counterfeit obligations or securities

Whoever, with intent to defraud, passes, utters, publishes, or sells, or attempts to pass, utter, publish, or sell, or with like intent brings into the United States or keeps in possession or conceals any falsely made, forged, counterfeited, or altered obligation or other security of the United States, shall be fined under this title or imprisoned not more than 20 years, or both.

Title 18 USC § 473 Dealing in counterfeit obligations or securities

Whoever buys, sells, exchanges, transfers, receives, or delivers any false, forged, counterfeited, or altered obligation or other security of the United States, with the intent that the same be passed, published, or used as true and genuine, shall be fined under this title or imprisoned not more than 20 years, or both.

Title 18 USC § 474 Plates, stones, or analog, digital, or electronic

images for counterfeiting obligations or securities Whoever, with intent to defraud, makes, executes, acquires, scans, captures, records, receives, transmits, reproduces, sells, or has in such person's control, custody, or possession, an analog, digital, or electronic image of any obligation or other security of the United States is guilty of a class B felony.

Are these regulations always adhered to by the "lender" when they have possession of these "original" SECURITIES and make reproductions of them before they are "sold to investors? How much has been in the media in the past 2 years about people demanding to see the "wet ink signature Note" when there is a foreclosure action initiated against them? You hear it all the time. Why is that such a big issue? Shouldn't the "lender" be able to just bring the "Note" and the "Deed of Trust" or similar "Security Instrument" to the Court and show that they have the original documents and are the "holder in due course" and therefore have a legal right to foreclose? To foreclose they must have BOTH the "Mortgage Note" and "Deed of Trust" or other similar "Security Instrument" ORIGINAL DOCUMENTS in their possession at the time
the foreclosure action is initiated. Furthermore, IS there a real honest to goodness obligation to be collected on? Why is it that there is such a problem with "lost Mortgage Notes" as is claimed by numerous lenders that are trying to foreclose today? How could it be that there could be so many "lost" documents all of a sudden? Could it be that the documents weren't really lost at all, but were actually turned into a source of revenue that was never disclosed as being a part of the transaction? To believe that so many "original" documents could be legitimately "lost" in such a short period of time stretches the credibility of such
claims beyond belief. Could this be the reason that MERS (Mortage Electronic Registration Systems) was formed in the 1990's as a way to supposedly "transfer ownership of a mortgage" without having to have the "original documents" that would be required to be presented to the various county recorders? Could it be they KNEW THEY WOULDN'T HAVE THE ORIGINAL DOCUMENTS FOR RECORDING and had to devise a system to get around that requirement? When the foreclosure action is filed in the court the
attorney for the purported "party of interest", usually the "lender" who is foreclosing, files a "COPY" of the "Deed of Trust" or similar "Investment Security" with the Complaint to begin foreclosure proceedings. Is that "COPY" of the "Security Instrument" within the "regulations" of Federal Law under 18 U.S.C. § 474? Is it usually the same size or very nearly the same size as the original document? Yes it is and without question it is a COUNTERFEIT SECURITY! Who was it that produced that COUNTERFEIT SECURITY? Who was involved in taking that COUNTERFEIT SECURITY to the Court to file
the foreclosure action? Who is it that is now legally in possession of that COUNTERFEIT SECURITY? Has everyone from the original "lender" down to the Clerk of the Court where the foreclosure is
now being litigated been in possession or is currently in possession of that COUNTERFEIT SECURITY? What about the Trustees who are involved in the process of selling foreclosed properties in nonjudicial
states? What about the fact that there is no judicial proceeding in those states where the documentation purported to be legal and proper to bring a foreclosure action can be verified without expensive litigation by the alleged "borrower"? All the trustee has to do is send a letter to the alleged "borrower" stating
they are in default and can sell their property at public auction. It is just ASSUMED that they have the "ORIGINAL" documents in their possession as required by law. In reality, in almost every situation,
they do NOT!!! They are using a COUNTERFEIT SECURITY as the basis to foreclose on a property that was paid for by the person who signed the "Mortgage Note" at the closing table that was
converted to money by the bank. When it is demanded they produce the actual "original signed documents" they almost always refuse to do so and ask the Court to "take their word for it" that they have BOTH of the original documents which are absolutely required to be in their possession to begin foreclosure actions.
Almost every time the people that are being foreclosed on are able to convince the Court (in judicial foreclosures) to demand that those "original documents" be produced in Court by the Plaintiff,
the foreclosure action stops and it is obvious why that happens! THEY DON'T HAVE THE "ORIGINAL" DOCUMENTS. They have, instead, submitted a COUNTERFEIT SECURITY to the Court as their
"proof of claim" to attempt to unjustly enrich themselves through a blatantly fraudulent foreclosure action. One often cited example of this was the decision handed down by U. S. Federal District Court
Judge Christopher A. Boyko of Ohio, who on October 31, 2007 dismissed 14 foreclosure actions at one time with scathing footnote comments about the actions of the Plaintiffs and their attorneys. See (Exhibit "E"). Not long after that came the dismissal of 26 foreclosure cases in Ohio by U.S. District Court Judge Thomas M. Rose who referenced the Boyko ruling in his decision. See (Exhibit "F"). How many other judges have not been so brave as to stand on the principles of law as Judges Boyko and Rose did, but
need to start doing so TODAY? Has any of this foreclosure activity crossed state lines in communications or other activities? Have there been at least two predicate acts of Fraud by the parties involved? Have the people involved used any type of electronic communication in this Fraud such as telephone, faxing or email? It is obvious that those questions have to be answered with a resounding YES! If that is the case, then the Fraud that has been discussed here falls under the RICO statutes of Federal Law. Didn't they eventually take down the mob for Racketeering under RICO statutes years ago? Is it time to take down the "NEW MOB" with RICO once again? How could this kind of situation ever occur in this country?
Could it be that this whole entire process could be "studied concealment or misrepresentation" where the parties involved are responsible under the law for their conduct? Could it be that it is no "accident" that so many "wet ink signature" Notes cannot be produced to back up the foreclosure actions that are devastating

this country? Could it be that the overwhelming use of COUNTERFEIT SECURITIES, as purported evidence of a debt in foreclosure cases, is BY DESIGN and "studied concealment or misrepresentation" so as to strip the people of this country of their property and assets? Could it be that a VERY substantial number of Banks, Mortgage Companies, Law Firms and Attorneys are guilty of outright massive Fraud, not only against the people of this country, but of massive Fraud on the Court as well because of this COUNTERFEITING? How could one possibly come to any other conclusion after learning the facts and understanding the law? How many other people are implicated in this MASSIVE FRAUD such as Trustees and Sheriffs that have sold literally millions of homes after foreclosure proceedings based on these COUNTERFEIT SECURITIES submitted as evidence of a purported obligation? How many judges know about this Fraud happening right in their own courtrooms and never did anything? How many of them have actually been PAID for making judgments on foreclosures? Wouldn't that be a felony or at the very least, misprision of felony, to know what is going on and not act to stop it or make it known to authorities in a position to investigate and stop it? How is it that so many banks could recover financially, so rapidly, from the financial debacle of 200809, with foreclosures still running at record levels, and yet pay back taxpayer money that was showered on them and do it so quickly? Could it be that when they take back a property in foreclosure where they never risked any money and actually were unjustly enriched in the previous transaction, that it is easy to make huge sums by reselling that property and then beginning the whole "Unconscionable" process all over again with a new "borrower"? How is it that just three years ago a loan was available to virtually almost anyone who could "fog a mirror" with no documentation of income or ability to repay a loan? Common sense makes you ask how "lenders" could possibly take those kinds of risks. Could it be that the ability to "repay a loan" was not an issue at all for the lenders because they were going to get their profits immediately and risk absolutely nothing at all? Could it be that, if anything, they stood to make even more money if a person defaulted on the "alleged loan" in a short period of time? They could literally obtain the property for nothing other than some legal fees and court filing costs through foreclosure. They could then resell the property and reap additional unjust profits once again! One does not need to have been a finance major in college to figure out what has been happening once you are enlightened to the FACTS.

WHAT ACTIONS HAVE PEOPLE TAKEN TO AVOID LOSING THEIR HOMES IN FORECLOSURE?

There have been a number of different actions taken by people to keep from losing their homes in foreclosure. The first and most widely used tactic is to demand that the party bringing the foreclosure action does, in fact, have the standing to bring the action. The most important issue of standing is whether that party has actual possession of the "original wet ink signature" documents from the closing showing they are the "holder in due course". As previously mentioned, in almost ALL cases the Plaintiff bringing the action refuses to make these documents available for inspection by the Defendant in the foreclosure action so they can, in fact, determine the authenticity of those documents that are claimed to be "original" and purportedly giving the legal right to foreclose. The fact that the Courts allow this to happen repeatedly without demanding the Plaintiff bring the "wet ink signature documents" into the court for inspection by the Defendant, begs the question of whether some of the judiciary are involved in this Fraud. Where is due process under the law for the Defendant when the Plaintiff is NOT REQUIRED by the Court to meet that burden of proof of standing, when demanded, to bring their action of foreclosure? One other option that has been used more and more frequently in recent months to deal with foreclosure actions is the issuing of a "Bonded Promissory Note" or "Bill of Exchange" as payment to the alleged "lender" as satisfaction of any amounts allegedly owed by the Defendant. As was earlier described, a "Note" is money and as the banks demonstrated after the closing, it can be deposited in the bank and converted to money. SOME of the "Bonded Promissory Notes" and "Bills of Exchange" are, in fact, negotiated and credit is given to the accounts specified and all turns out well. See (Exhibit "B" para 12) The problem that has occurred is that MANY of the "lenders" say that the "Bonded Promissory Notes" and "Bills of Exchange" are bogus documents and are worthless and fraudulent and they refuse to give credit for the amount of the "Note" they receive as payment of an alleged debt even though they are given specific instructions on how to negotiate the "Note". Isn't it interesting that THEY can take a "Note" that THEY print and put before you to sign at the closing table and deposit it in the bank and it is converted to money immediately, but the "Note" that YOU issue is worthless and fraudulent? The only difference is WHO PRINTS THE NOTE!!!! They are both signed by the same "borrower" and it is that person's credit that backs that "Note".

The "lenders" don't want the people to know they can use your "Prepaid Treasury Account", just as the banks do without your knowledge and consent. See (Exhibit "D") for more information on"Bills of Exchange". The fact that SOME of the "Bonded Promissory Notes" are negotiated and accounts are settled, proves beyond a shadow of a doubt that they are legal SECURITIES just like the one that the bank got from the "borrower" at the closing. Why then aren't ALL of the "Notes" processed and credit given to the accounts and the foreclosure dismissed? Because by doing so you would be lowering the National Debt and the bankers would make less money!!!! One very interesting thing that happens with these "Bonded

Promissory Notes" or "Bills of Exchange" that are submitted as payment, is that they are VERY RARELY RETURNED TO THE ISSUER yet credit is not given to the intended account. They are not returned, and the issuer is told they are "bogus, fraudulent and worthless" but they are NOT RETURNED! Why would someone keep something that is allegedly "bogus, fraudulent and worthless"? Could it be that they are instances. There could be no other explanation for the failure to return the allegedly "worthless" documents WHICH ARE ACTUALLY SECURITIES!!! Does the fact that they keep the "Note" that was submitted and refuse to credit the account that it was written to satisfy, rise to the level of THEFT OF SECURITIES? This is just one more example of the Fraud that is so obvious. This is but one more example of the ruthless nature of those who would defraud the people of this country. CONCLUSIONS One of the incredible aspects of this whole debacle is the fact that the very people who are participants in this Fraud are victims
as well. How many bank employees, judges, court clerks, lawyers, process servers, Sheriffs and others have mortgages? How many of the people who work in law offices, Courthouses, Sheriffs Departments and other entities that are directly involved in this Fraud have been fraudulently foreclosed on themselves? How
NOT REALLY "BOGUS, FRAUDULENT AND WORTHLESS" and the "lender" has, in fact, actually negotiated them for YET EVEN MORE UNJUST ENRICHMENT? That is exactly what happens in many many people in our military, law enforcement, firefighting and medical fields have lost their homes to this Fraud? How many of your friends or neighbors have lost their homes to these fraudulent foreclosures? Everyone who has a mortgage is a VICTIM of this fraud but some of the most honest, trusting, hardest
working and most dedicated people in this country have been the biggest victims. Who are those who have been the major beneficiaries of this massive Fraud? Those with the "superior knowledge" that enables them to take advantage of another's ignorance of the law to deceive them by "studied concealment or misrepresentation". This group of beneficiaries includes many on Wall Street, large investors, and most notoriously, the bankers at the top and the lawyers who work so hard to enhance their profits
and protect the Fraud by them from being exposed. The time has now come to make those having superior knowledge who HAVE taken advantage of another's ignorance of the law to deceive them
by studied concealment or misrepresentation to be held responsible for that conduct. This isn't just an idea. It is THE LAW and it is time to enforce it starting with the criminal aspect of the fraud! Under the doctrine of "Respondeat Superior" the people at the top of these organizations are responsible for the actions of
those in their employ. That is where the investigations and arrests need to start. What is it going to take to put a stop to the destruction of this country and the lives of the people who live here? It is going to
take an uprising of the people of this country, as a whole, to finally say that they have had enough. The information presented here is but one part of the beginning of that uprising and the beginning of the end of the Fraud upon the people of America. It is obvious, as has been pointed out here, with supporting evidence, that Fraud is rampant. You now know the story and can no longer say you are totally uninformed about this subject. This is only an outline of what needs to, and will, become common knowledge to the people and law enforcement agencies in this country. If you are in law enforcement it is YOUR DUTY to take what you have been given here and move forward with your own intense investigation and
root out the Fraud and stop the theft of people's homes. Your failure to do so would make you an accessory to the fraud through your inaction now that you have been noticed of what is occurring. If you are an attorney and receive this information it would do you well to take it to heart, and understand there is no place for your participation in this Fraud and if you participate you will likely become liable for substantial damages, if not more severe consequences such as prison. If you are in the judiciary you would
do well to start following the letter of the law if you haven't been, and start making ALL of those in your Court do likewise, lest you find yourself looking for employment as so many others are, if you
are not incarcerated as a result of your participation in the fraud. If you are part of the law enforcement community that enforces legal matters regarding foreclosure you would do well to make sure that ALL things have been done legally and properly rather than just taking the position "I am just doing my job" and turn a blind eye to what you now know. If you are a banker, you must know that you are now going to start being held accountable for the destruction you have wreaked on this country. You have every right to be, and should be, afraid…….very afraid. If you are one of the ruthless foreclosure lawyers that has prayed on the numerous people who have lost their homes, you need to be afraid also. Very, VERY afraid. When people learn the truth about what you have done to them you can expect to see retaliation for what you have
done. People are going to want to see those who defrauded them brought to justice. *These are not threats by any stretch of the imagination*. These are very simple observations and the study of human behavior shows us that when people find out they have been defrauded in such a grand manner as this, they tend to
become rather angry and search for those who perpetrated the fraud upon them. The foreclosure lawyers and the bankers will be standing clearly in their sights. The question of WHERE DOES THE FRAUD BEGIN has been answered. It began right at the closing table and was perpetuated all the way to the loss of property through foreclosure or the incredible payment of 20 or 30 years of payments and interest by
the alleged "borrower" to those who would conspire to commit Fraud, collusion and counterfeiting and practice "studied concealment or misrepresentation" for their own unjust enrichment. The simplest of analogies: What

would happen if you were to make a *copy* of a $100 Federal Reserve Note and go to Walmart and attempt to use it to fraudulently acquire items that you wanted? You more than likely would be arrested and charged with counterfeiting under Title 18 USC § 474 and go to prison. What is
the difference, other than the magnitude of the fraud, between that scenario and someone who makes a *copy* of a mortgage security, and using it through foreclosure, attempts to fraudulently acquire a property? Shouldn't they be treated exactly the same under the law? The answer is obvious and now it is starting to happen. *Title 18 USC § 474* Whoever, with intent to defraud, makes, executes, acquires, scans, captures, records, receives, transmits, reproduces, sells, or has in such person's control, custody,
or possession, an analog, digital, or electronic image of any obligation or other security of the United States is guilty of a class B felony. "Fraud vitiates the most solemn Contracts, documents and even judgments" [U.S. vs. Throckmorton, 98 US 61, at pg. 65]. "It is not necessary for rescission of a contract that the party making the misrepresentation should have known that it was false, but recovery is allowed even though misrepresentation is innocently made, because it would be unjust to allow one who made false representations, even innocently, to retain the fruits of a bargain induced by such representations." [Whipp v. Iverson, 43 Wis 2d 166]. "Any false representation of material facts made with knowledge of falsity and with intent that it shall be acted on by another in entering into contract, and which is so acted upon, constitutes 'fraud,' and entitles party deceived to avoid contract or recover damages." Barnsdall Refining Corn. v. Birnam Wood Oil Co. 92 F 26 817. A thorough reading of the attached exhibits will enlighten one even more, including Exhibit "G".Listing of Attached Exhibits A. Deed of Trust Template From Freddiemac.com (California) B. Affidavit of Walker Todd Expert Witness C. Memorandum of Law Bank Fraud D. Memorandum of Law Points of Authority Bills of Exchange E. U. S. District Court Judge Christopher A. Boyko Decision F. U. S. District Court Judge Thomas M. Rose Decision G. Securitization is ILLEGAL

Exhibit B

Affidavit of Walker Todd Expert Witness

Note; Emphasis added to this affidavit with Yellow Highlighting!

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF OAKLAND

)
BANK ONE, N.A.,) Case No. 03-047448-CZ
)
Plaintiff,) Hon. E.. Sosnick
)
v.) AFFIDAVIT OF WALKER F. TODD,
) EXPERT WITNESS FOR DEFENDANTS
HARSHAVARDHAN DAVE and)
PRATIMA DAVE, jointly and severally,)
)
Defendants.)

Harshavardhan Dave and Pratima H. Dave Michael C. Hammer (P41705)
C/o 5128 Echo Road Ryan O. Lawlor (P64693)
Bloomfield Hills, MI 48302 Dickinson Wright PLLC
Defendants, *in propria persona* Attorneys for Bank One, N.A.
500 Woodward Avenue, Suite 4000
Detroit, Michigan 48226
(313) 223-3500

Now comes the Affiant, Walker F. Todd, a citizen of the United States and the State of Ohio over the age of 21 years, and declares as follows, under penalty of perjury:

1. That I am familiar with the Promissory Note and Disbursement Request and Authorization, dated November 23, 1999, together sometimes referred to in other documents filed by Defendants in this case as the "alleged agreement" between Defendants and Plaintiff but called the "Note" in this Affidavit. If called as a witness, I would testify as stated herein. I make this Affidavit based on my own personal knowledge of the legal, economic, and historical principles stated herein, except that I have relied entirely on documents provided to me, including the Note, regarding certain facts at issue in this case of which I previously had no direct and personal knowledge. I am making this affidavit based on my experience and expertise as an attorney, economist, research writer, and teacher. I am competent to make the following statements.

PROFESSIONAL BACKGROUND QUALIFICATIONS

2. My qualifications as an expert witness in monetary and banking instruments are as follows. **For 20 years, I worked as an attorney and legal officer for the legal departments of the**

Federal Reserve Banks of New York and Cleveland. Among other things, I was assigned responsibility for questions involving both novel and routine notes, bonds, bankers' acceptances, securities, and other financial instruments in connection with my work for the Reserve Banks' discount windows and parts of the open market trading desk function in New York. In addition, for nine years, I worked as an economic research officer at the Federal Reserve Bank of Cleveland. I became one of the Federal Reserve System's recognized experts on the legal history of central banking and the pledging of notes, bonds, and other financial instruments at the discount window to enable the Federal Reserve to make advances of credit that became or could become money. I also have read extensively treatises on the legal and financial history of money and banking and have published several articles covering all of the subjects just mentioned. I have served as an expert witness in several trials involving banking practices and monetary instruments. A summary biographical sketch and resume including further details of my work experience, readings, publications, and education will be tendered to Defendants and may be made available to the Court and to Plaintiff's counsel upon request.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES 3. Banks are required to adhere to Generally Accepted Accounting Principles (GAAP). GAAP follows an accounting convention that lies at the heart of the double-entry bookkeeping system called the Matching Principle. This principle works as follows: **When a bank accepts bullion, coin, currency, checks, drafts, promissory notes, or any other similar instruments (hereinafter "instruments") from customers and deposits or records the instruments as assets, it must record offsetting liabilities that match the assets that it accepted from customers. The liabilities represent the amounts that the bank owes the customers, funds accepted from customers.** In a fractional reserve banking system like the United States banking system, most of the funds advanced to borrowers (assets of the banks) **are created by the banks themselves** and are not merely transferred from one set of depositors to another set of borrowers. RELEVANCE OF SUBTLE DISTINCTIONS ABOUT TYPES OF MONEY

4. From my study of historical and economic writings on the subject, I conclude that a common misconception about the nature of money unfortunately has been perpetuated in the U.S. monetary and banking systems, especially since the 1930s. In classical economic theory, once economic exchange has moved beyond the barter stage, there are two types of money: in both Europe and the United States, confusion about the distinctiveness of these two concepts has led to persistent attempts to treat money of account as the equivalent of money of exchange. In reality, especially in a fractional reserve banking system, a comparatively small amount of money of exchange (e.g., gold, silver, and official currency notes) may support a vastly larger quantity of business transactions denominated in money of account. The sum of these transactions is the sum of credit extensions in the economy. With the exception of customary stores of value like gold and silver, the monetary base of the economy largely consists of credit instruments. **Against this background, I conclude that the Note, despite some language about "lawful money" explained below, clearly contemplates both disbursement of funds and eventual repayment or settlement in money of account (that is, money of exchange would be welcome but is not required to repay or settle the Note).** The factual basis of this conclusion is the reference in the Disbursement Request and Authorization to repayment of $95,905.16 to Michigan National Bank from the proceeds of the Note. That was an exchange of the credit of Bank One (Plaintiff) for credit apparently and previously extended to Defendants by Michigan National Bank. Also, there is no reason to believe that Plaintiff would refuse a substitution of the credit of another bank or banker as complete payment of the Defendants' repayment obligation under the Note. This is a case about exchanges of money of account (credit), not about exchanges of money of exchange (lawful money or even legal tender). 5. Ironically, the Note explicitly refers to repayment in "lawful money of the United States of America" (*see* "Promise to Pay" clause). Traditionally and legally, Congress defines the phrase "lawful money" for the United States. Lawful money was the form of money of exchange that the federal government (or any state) could be required by statute to receive in 2 payment of taxes or other debts. Traditionally, as defined by Congress, lawful money only included gold, silver, and currency notes redeemable for gold or silver on demand. In a banking law context, lawful money was only those forms of money of exchange (the forms reserves of a national bank prior to 1913 (date of creation of the Federal Reserve Banks). *See,* Lawful Money, *Webster's New International Dictionary* (2d ed. 1950). **In light of these facts, I conclude that Plaintiff and Defendants exchanged reciprocal credits involving money of account and not money of exchange; no lawful money was or probably ever would be disbursed by either side in the covered transactions.** This conclusion also is consistent with the bookkeeping entries that underlie the loan account in dispute in the present case. Moreover, it is puzzling why Plaintiff would retain the archaic language, "lawful money of the United States of America," in its otherwise modern-seeming Note. It is possible that this language is merely a legacy from the pre-1933 era. Modern credit agreements might include repayment language such as, "The repayment obligation under this agreement shall continue until payment is received *in fully and finally collected funds*," which avoids the entire question of "In what form of money **or credit** is the repayment obligation due?" *6. Legal tender*, a related concept but one that is economically inferior to *lawful money* because it allows payment in

instruments that cannot be redeemed for gold or silver on demand, has been the form of money of exchange commonly used in the United States since 1933, when domestic private gold transactions were suspended (until 1974).. Basically, legal tender is whatever the government says that it is. The most common form of legal tender today is Federal Reserve notes, which by law cannot be redeemed for gold since 1934 or, since 1964, for silver. *See,* 31 U.S.C. Sections 5103, 5118 (b), and 5119 (a). Note: I question the statement that fed reserve notes cannot be redeemed for silver since 1964. It was Johnson who declared on 15 Marcy 1967 that after 15 June 1967 that Fed Res Notes would not be exchanged for silver and the practice did stop on 15 June 1967 – not 1964. I believe this to be error in the text of the author's affidavit. *7. Legal tender under the Uniform Commercial Code (U.C.C.)*, Section 1-201 (24) (Official Comment), is a concept that sometimes surfaces in cases of this nature.. The referenced Official Comment notes that the definition of *money* is not limited to *legal tender* under the U.C.C. *Money* is defined in Section 1-201 (24) as "a medium of exchange authorized or adopted by a domestic or foreign government and includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more nations." The relevant Official Comment states that "The test adopted is that of sanction of government, whether by authorization before issue or adoption afterward, which recognizes the circulating medium as a part of the official currency of that government. The narrow view that money is limited to legal tender is rejected." Thus, I conclude that the U.C.C. tends to validate the classical theoretical view of money. HOW BANKS BEGAN TO LEND THEIR OWN CREDIT INSTEAD OF REAL MONEY 8. In my opinion, the best sources of information on the origins and use of credit as money are in Alfred Marshall, MONEY, CREDIT & COMMERCE 249-251 (1929) and Charles P. Kindleberger, A FINANCIAL HISTORY OF WESTERN EUROPE 50-53 (1984). A synthesis of these sources, as applied to the facts of the present case, is as follows: As commercial banks and discount houses (private bankers) became established in parts of Europe (especially Great Britain) and North America, by the mid-nineteenth century they commonly made loans to borrowers by extending their own credit to the borrowers or, at the borrowers' direction, to third parties. The typical form of such extensions of credit was drafts or bills of exchange drawn upon themselves (claims on the credit of the drawees) instead of
3 disbursements of bullion, coin, or other forms of money. In transactions with third parties, these drafts and bills came to serve most of the ordinary functions of money. The third parties had to determine for themselves whether such "credit money" had value and, if so, how much. The Federal Reserve Act of 1913 was drafted with this model of the commercial economy in mind and provided at least two mechanisms (the discount window and the open market trading desk) by which certain types of bankers' credits could be exchanged for Federal Reserve credits, which in turn could be withdrawn in lawful money. Credit at the Federal Reserve eventually became the principal form of monetary reserves of the commercial banking system, especially after the suspension of domestic transactions in gold in 1933. Thus, credit money is not alien to the current official monetary system; it is just rarely used as a device for the creation of Federal Reserve credit that, in turn, in the form of either Federal Reserve notes or banks' deposits at Federal Reserve Banks, functions as money in the current monetary system. In fact, a means by which the Federal Reserve expands the money supply, loosely defined, is to set banks' reserve requirements (currently, usually ten percent of demand liabilities) at levels that would encourage banks to extend new credit to borrowers on their own books that third parties would have to present to the same banks for redemption, thus leading to an expansion of bank-created credit money. In the modern economy, many non-bank providers of credit also extend book credit to their customers without previously setting aside an equivalent amount of monetary reserves (credit card line of credit access checks issued by non-banks are a good example of this type of credit), which also causes an expansion of the aggregate quantity of credit money. The discussion of money taken from Federal Reserve and other modern sources in paragraphs 11 et seq. is consistent with the account of the origins of the use of bank credit as money in this paragraph.
ADVANCES OF BANK CREDIT AS THE EQUIVALENT OF MONEY 9. Plaintiff apparently asserts that the Defendants signed a promise to pay, such as a note(s) or credit application (collectively, the "Note"), in exchange for the Plaintiff's advance of funds, credit, or some type of money to or on behalf of Defendant. However, the bookkeeping entries required by application of GAAP and the Federal Reserve's own writings should trigger close scrutiny of Plaintiff's apparent assertions that it lent its funds, credit, or money to or on behalf of Defendants, thereby causing them to owe the Plaintiff $400,000. According to the bookkeeping entries shown or otherwise described to me and application of GAAP, the Defendants allegedly were to tender some form of *money* ("lawful money of the United States of America" is the type of money explicitly called for in the Note), securities or other capital equivalent to money, funds, credit, or something else of value in exchange (money of exchange, loosely defined), collectively referred to herein as "money," to repay what the Plaintiff claims was the *money* lent to the Defendants. **It is not an unreasonable argument to state that Plaintiff apparently changed the economic substance of the transaction from that contemplated in the credit application form, agreement, note(s), or other similar instrument(s) that the Defendants executed, thereby changing the costs and risks to the Defendants.** At most, the Plaintiff extended its own *credit* (money of account), but the Defendants were required to repay in

money (money of exchange, and *lawful money* at that), **which creates at least the inference of inequality of obligations** on the two sides of the transaction (*money*, including *lawful money*, is to be exchanged for *bank credit*). MODERN AUTHORITIES ON MONEY 11.To understand what occurred between Plaintiff and Defendants concerning the alleged loan of *money* or, more accurately, *credit*, it is helpful to review a modern Federal Reserve description of a bank's lending process. *See*, David H. Friedman, MONEY AND BANKING (4th ed. 1984)(apparently already introduced into this case): "The commercial bank lending process is similar to that of a thrift in that the receipt of cash from depositors increases both its assets and its deposit liabilities, which enables it to make additional loans and investments. 4. . . When a commercial bank makes a business loan, it accepts as an asset the borrower's debt obligation (the promise to repay) and creates a liability on its books in the form of a demand deposit in the amount of the loan." (Consumer loans are funded similarly.) Therefore, the bank's original bookkeeping entry should show an increase in the amount of the asset credited on the asset side of its books and a corresponding increase equal to the value of the asset on the liability side of its books. **This would show that the bank received the customer's signed promise to repay as an *asset*, thus *monetizing* the customer's signature and creating on its books a liability in the form of a demand deposit or other demand liability of the bank.** The bank then usually would hold this demand deposit in a transaction account on behalf of the customer. Instead of the bank lending its *money* or other assets to the customer, as the customer reasonably might believe from the face of the Note, the bank *created* funds for the customer's transaction account without the customer's permission, authorization, or knowledge and delivered the *credit* on its own books representing those funds to the customer, meanwhile alleging that the bank lent the customer *money*. If Plaintiff's response to this line of argument is to the effect that it acknowledges that it lent credit or issued credit instead of money, one might refer to Thomas P. Fitch, BARRON'S BUSINESS GUIDE DICTIONARY OF BANKING TERMS, "Credit banking," 3. "Bookkeeping entry representing a deposit of funds into an account." But Plaintiff's loan agreement apparently avoids claiming that the bank actually lent the Defendants *money*. They apparently state in the agreement that the Defendants are obligated to repay Plaintiff principal and interest for the "Valuable consideration (money) the bank gave the customer (borrower)." The loan agreement and Note apparently still delete any reference to the bank's receipt of actual cash value from the Defendants and exchange of that receipt for actual cash value that the Plaintiff banker returned. **12.According to the Federal Reserve Bank of New York, money is anything that has value that banks and people accept as money; money does not have to be issued by the government.** For example, David H. Friedman, I BET YOU THOUGHT. . . . 9, Federal Reserve Bank of New York (4th ed. 1984)(apparently already introduced into this case), explains that banks create new money by depositing IOUs, promissory notes, offset by bank liabilities called checking account balances. Page 5 says, "Money doesn't have to be intrinsically valuable, be issued by government, or be in any special form. . . ." 13.The publication, Anne Marie L. Gonczy, MODERN MONEY MECHANICS 7-33, Federal Reserve Bank of Chicago (rev. ed. June 1992)(apparently already introduced into this case), contains standard bookkeeping entries demonstrating that *money* ordinarily is recorded as a bank *asset*, while a bank *liability* is evidence of *money* that a bank owes. The bookkeeping entries tend to prove that banks accept cash, checks, drafts, and promissory notes/credit agreements (assets) as *money* deposited to create credit or checkbook money that are bank *liabilities*, which shows that, absent any right of setoff, banks owe *money* to persons who deposit *money*.. **Cash (money of exchange) is money, and credit or promissory notes (money of account) become money when banks deposit promissory notes with the intent of treating them like deposits of cash.** *See*, 12 U.S.C. Section 1813 (*l)*(1) (definition of "deposit" under Federal Deposit Insurance Act). The Plaintiff acts in the capacity of a lending or banking institution, and the newly issued credit or money is similar or equivalent to a promissory note, which may be treated as a deposit of money when received by the lending bank.. Federal Reserve Bank of Dallas publication MONEY AND BANKING, page 11, explains that when banks grant loans, they create new money. The new money is created because a new "loan becomes a deposit, just like a paycheck does." MODERN MONEY MECHANICS, page 6, says, "What they [banks] do when they make loans is to accept promissory notes in exchange for credits to the borrowers' transaction accounts." The next sentence on the same page explains that the banks' assets and liabilities increase by the amount of the loans. 5 COMMENTARY AND SUMMARY OF ARGUMENT 14. Plaintiff apparently accepted the Defendants' Note and credit application (money of account) in exchange for its own credit (also money of account) and deposited that credit into an account with the Defendants' names on the account, as well as apparently issuing its own credit for $95,905.16 to Michigan National Bank for the account of the Defendants. One reasonably might argue that the Plaintiff recorded the Note or credit application as a loan (money of account) from the Defendants to the Plaintiff and that the Plaintiff then became the borrower of an equivalent amount of money of account from the Defendants. **15. The Plaintiff in fact never lent any of its own pre-existing money, credit, or assets as consideration to purchase the Note or credit agreement from the Defendants.** (Robertson Notes: I add that when the bank does the forgoing, then in

that event, there is an utter ***failure of consideration*** for the "loan contract".) When the Plaintiff deposited the Defendants' $400,000 of newly issued credit into an account, the Plaintiff created from $360,000 to $400,000 of new money (the nominal principal amount less up to ten percent or $40,000 of reserves that the Federal Reserve would require against a demand deposit of this size). The Plaintiff received $400,000 of credit or money of account from the Defendants as an asset. GAAP ordinarily would require that the Plaintiff record a liability account, crediting the Defendants' deposit account, showing that the Plaintiff owes $400,000 of money to the Defendants, just as if the Defendants were to deposit cash or a
payroll check into their account. 16. The following appears to be a disputed fact in this case about which I have insufficient information on which to form a conclusion: I infer that it is alleged that Plaintiff refused to lend the Defendants Plaintiff's own money or assets and recorded a $400,000 loan from the Defendants to the Plaintiff, which arguably was a $400,000 deposit of money of account by the Defendants, and then when the Plaintiff repaid the Defendants by paying its own credit (money of account) in the amount of $400,000 to third-party sellers of goods and services for the account of Defendants, the Defendants were repaid their loan to Plaintiff, and the transaction was complete. 17. I do not have sufficient knowledge of the facts in this case to form a conclusion on the following disputed points: None of the following material facts are disclosed in the credit application or Note or were advertised by Plaintiff to prove that the Defendants are the true lenders and the Plaintiff is the true borrower. **The Plaintiff is trying to use the credit application form or the Note to persuade and deceive the Defendants into believing that the opposite occurred and that the Defendants were the borrower and not the lender.** The following point is undisputed: The Defendants' loan of their credit to Plaintiff, when issued and paid from their deposit or credit account at Plaintiff, became money in the Federal Reserve System (subject to a reduction of up to ten percent for reserve requirements) as the newly issued credit was paid pursuant to written orders, including checks and wire transfers, to sellers of goods and services for the account of Defendants.

CONCLUSION

18. Based on the foregoing, Plaintiff is using the Defendant's Note for its own purposes, and it remains to be proven whether Plaintiff has incurred any financial loss or actual damages (I do not have sufficient information to form a conclusion on this point). In any case, the inclusion of the "lawful money" language in the repayment clause of the Note is confusing at best and in fact may be misleading in the context described above.

AFFIRMATION

19. I hereby affirm that I prepared and have read this Affidavit and that I believe the foregoing statements in this Affidavit to be true. I hereby further affirm that the basis of these beliefs is either my own direct knowledge of the legal principles and historical facts involved and with respect to which I hold myself out as an expert or statements made or documents provided to me by third parties whose veracity I reasonably assumed.

Further the Affiant sayeth naught.

At Chagrin Falls, Ohio

December 5, 2003 ______________________________________

WALKER F. TODD (Ohio bar no. 0064539)
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NOTARY'S VERIFICATION

At Chagrin Falls, Ohio

December 5, 2003

On this day personally came before me the above-named Affiant, who proved his identity to me to my satisfaction, and he acknowledged his signature on this Affidavit in my presence and stated that he did so with full understanding that he was subject to the penalties of perjury.

____

Notary Public of the State of Ohio

Exhibit C

Memorandum of Law Bank Fraud

MEMORANDUM OF LAW – BANK FRAUD

I have, through research, learned the following to be true and most likely applies to me, which is the reason I have requested and demanded "the bank" to validate their claims and produce pursuant to applicable law. This MEMORANDUM serves to support my suspicions and identify criminal facts. The "bank" allegedly "loaned me their money" when in reality they deposited (credited) my promissory note and used that deposit to "pay my seller". Source and reasoning after reviewing the original file clearly shows this
fact, which is the reason for the "bank" refusing and failing to validate and to produce as stipulated by law. However, the truth is out and there is plenty of law backing up the fact that the bank is criminal.
FORECLOSURE ACTIONS AND CASES LAWFULLY DISMISSED (NOT LETTING BANK FORECLOSE WITHOUT LAWFUL VALIDATION AND PRODUCTION) BY THE COURTS DUE TO BANK'S FAILURE TO VALIDATE & PRODUCE AS STIPULATED BY LAW AND COMMITTED "BANK FRAUD" AGAINST THE BORROWER FROM THE BAR ASSOCIATION'S OFFICIAL WEB SITE :*... "this Court has the responsibility to assure itself that the foreclosure plaintiffs have standing and that subject matter jurisdiction requirements are met at the time the complaint is filed. Even without the concerns raised by the documents the plaintiffs have filed, there is reason to question the existence of standing and the jurisdictional amount". Over 30 cases are covered by*
the BAR at: http://www.abanet.org/rpte/publications/ereport/2008/3/Ohioforeclosures.pdf
1. "A national bank has no power to lend its credit to any person or corporation . . ." Bowen v. Needles Nat. Bank, 94 F 925 36 CCA 553, certiorari denied in 20 S.Ct 1024, 176 US 682, 44 LED 637.
2. Countrywide Home Loans, Inc. v Taylor - Mayer, J., Supreme Court, Suffolk County / 9/07
3. American Brokers Conduit v. ZAMALLOA - Judge SCHACK 28Jan2008 Aurora Loan Services v. MACPHERSON - Judge FARNETI 1 1Mar2008
4. "A bank may not lend its credit to another even though such a transaction turns out to have been of benefit to the bank, and in support of this a list of cases might be cited, which-would *look like a catalog of ships*." [Emphasis added] Norton Grocery Co. v. Peoples Nat. Bank, 144 SE 505. 151 Va 195.
5. "In the federal courts, it is well established that a national bank has not power to lend its credit to another by becoming surety, indorser, or guarantor for him.'" Farmers and Miners Bank v. Bluefield Nat 'l Bank, 11 F 2d 83, 271 U.S. 669.
6. Bank of New York v. SINGH - Judge KURTZ 14Dec2007
7. Bank of New York v. TORRES - Judge COSTELLO 11Mar2008
8. Bank of New York v. OROSCO - Judge SCHACK 19Nov2007 Citi Mortgage Inc. v. BROWN - Judge FARNETI 13Mar2008
9. "The doctrine of ultra vires is a most powerful weapon to keep private corporations within their legitimate spheres and to punish them for violations of their corporate charters, and it probably is not invoked too often…. Zinc Carbonate Co. v. First National Bank, 103 Wis 125, 79 NW 229. American Express Co. v. Citizens State Bank, 194 NW 430.
"It has been settled beyond controversy that a national bank, under federal Law being limited in its powers and capacity, cannot lend its credit by guaranteeing the debts of another. All such contracts entered into by its officers are ultra vires . . ." Howard & Foster Co. v. Citizens Nat'l Bank of Union, 133 SC 202, 130 SE 759(1926).
10. ". . . checks, drafts, money orders, and bank notes are not lawful money of the United States ..." State v. Neilon, 73 Pac 324, 43 Ore 168.
11. American Brokers Conduit v. ZAMALLOA - Judge SCHACK 11 Sep2007 Countrywide Mortgage v. BERLIUK - Judge COSTELLO 1 3Mar2008
12. Deutsche Bank v. Barnes-Judgment Entry
13. Deutsche Bank v. Barnes-Withdrawal of Objections and Motion to Dismiss Deutsche Bank v. ALEMANY Judge COSTELLO 07Jan2008 Deutsche Bank v. Benjamin CRUZ – Judge KURTZ 21May2008 Deutsche Bank v. Yobanna CRUZ - Judge KURTZ 21May2008 Deutsche Bank v. CABAROY - Judge COSTELLO 02Apr2008 Deutsche Bank v. CASTELLANOS / 2007NYSlipOp50978U/- Judge SCHACK 11May2007
14. Deutsche Bank v. CASTELLANOS/ 2008NYSlipOp50033U/ - Judge SCHACK 14Jan 2008
15. HSBC v. Valentin - Judge SCHACK calls them liars and dismisses WITH prejudice **
16. Deutsche Bank v. CLOUDEN / 2007NYSlipOp5 1 767U/ Judge SCHACK 1 8Sep2007
17. Deutsche Bank v. EZAGUI - Judge SCHACK 21Dec2007 Deutsche Bank v. GRANT - Judge SCHACK 25Apr2008 Deutsche Bank v. HARRIS - Judge SCHACK 05Feb2008
18. Deutsche Bank v. LaCrosse, Cede, DTC Complaint
19. Deutsche Bank v. NICHOLLS - Judge KURTZ 21May2008 Deutsche Bank v. RYAN - Judge KURTZ 29Jan2008 Deutsche Bank v. SAMPSON - Judge KURTZ 16Jan2008
20. Deutsche v. Marche - Order to Show Cause to VACATE Judgment of Foreclosure – 11 June2009
21. GMAC Mortgage LLC v. MATTHEWS - Judge KURTZ 10Jan2008 GMAC Mortgage LLC v. SERAFINE - Judge COSTELLO 08Jan2008 HSBC Bank USA NA v. CIPRIANI Judge COSTELLO 08Jan2008 HSBC Bank USA NA v. JACK - Judge COSTELLO 02Apr2008 IndyMac Bank FSB v. RODNEY-ROSS - Judge KURTZ 15Jan2008 LaSalleBank NA v. CHARLEUS - Judge KURTZ 03Jan2008 LaSalleBank NA v. SMALLS - Judge KURTZ 03Jan2008 PHH Mortgage Corp v. BARBER - Judge KURTZ 15Jan2008 Property Asset Management v.

HUAYTA 05Dec2007 22. Rivera, In Re Services LLC v. SATTAR / 2007NYSlipOp5 1 895U/ - Judge SCHACK 09Oct2007
23. USBank NA v. AUGUSTE - Judge KURTZ 27Nov2007 USBank NA v. GRANT - Judge KURTZ 14Dec2007 USBank NA v. ROUNDTREE - Judge BURKE 11Oct2007 USBank NA v. VILLARUEL - Judge KURTZ 01Feb2008
24. Wells Fargo Bank NA v. HAMPTON - Judge KURTZ 03 Jan2008 25. Wells Fargo, Litton Loan v. Farmer WITH PREJUDICE Judge Schack June2008
26. Wells Fargo v. Reyes WITH PREJUDICE, Fraud on Court & Sanctions Judge Schack June2008
27. Deutsche Bank v. Peabody Judge Nolan (Regulation Z) Indymac Bank,FSB v. Boyd - Schack J. January 2009
28. Indymac Bank, FSB v. Bethley - Schack, J. February 2009 (The tale of many hats)
29. LaSalle Bank Natl. Assn. v Ahearn - Appellate Division, Third Department (Pro Se)
30. NEW JERSEY COURT DISMISSES FORECLOSURE FILED BY DEUTSCHE BANK FOR FAILURE TO PRODUCE THE NOTE
31. Whittiker v. Deutsche (MEMORANDUM IN OPPOSITION TO DEFENDANTS' MOTIONS TO DISMISS*)* Whittiker (PLAINTIFFS' OBJECTIONS TO REPORT AND RECOMMENDATION) Whittiker (DEFENDANT WELTMAN, WEINBERG & REIS CO., LPA'S RESPONSE TO PLAINTIFFS' OBJECTIONS TO REPORT AND RECOMMENDATION) Whittiker (RESPONSE TO PLAINTIFFS' OBJECTIONS TO MAGISTRATE JUDGE PEARSON'S REPORT AND RECOMMENDATION TO GRANT ITS MOTION TO DISMISS)
32. Novastar v. Snyder * *(lack of standing)* Snyder *(motion to amend w/prejudice)* Snyder *(response to amend)*
33. Washington Mutual v. City of Cleveland *(WAMU's motion to dismiss)*
34. 2008-Ohio-1177; DLJ Mtge. Capital, Inc. v. Parsons (*SJ Reversed for lack of standing*)
35. Everhome v. Rowland
36. Deutsche - Class Action (RICO) Bank of New York v. TORRES – Judge COSTELLO 1 1Mar2008
37. Deutsche Bank Answer Whittiker
38. Manley Answer Whittiker
39. Justice Arthur M. Schack
40. Judge Holschuh- Show cause
41. Judge Holschuh- Dismissals
42. Judge Boyko's Deutsche Bank Foreclosures
43. Rose Complaint for Foreclosure | Rose Dismissals
44. O'Malley Dismissals
45. City Of Cleveland v. Banks
46. Dowd Dismissal
47. EMC can't find the note
48. Ocwen can't find the note
49. US Bank can't find the Note
50. US Bank - No Note
51. Key Bank - No Note
52. Wells Fargo - Defective pleading
53. Complaint in Jack v. MERS, Citi, Deutsche
54. GMAC v. Marsh
55. Massachusetts : Robin Hayes v. Deutsche Bank
56. Florida: Deutsche Bank's Summary Judgment Denied
57. Texas: MERS v. Young / 2nd Circuit Court of Appeals - PANEL: LIVINGSTON, DAUPHINOT, and MCCOY, JJ.
58. Nevada: MERS crushed: In re Mitchell
59. "Neither, as included in its powers not incidental to them, is it a part of a bank's business to lend its credit. If a bank could lend its credit as well as its money, it might, if it received compensation and was careful to put its name only to solid paper, make a great deal more than any lawful interest on its money would amount to. If not careful, the power would be the mother of panics, . . . Indeed, lending credit is the exact opposite of lending money, which is the real business of a bank, for while the latter creates a liability in favor of the bank, the former gives rise to a liability of the bank to another. *I Morse. Banks and Banking* 5th Ed. Sec 65; *Magee, Banks and Banking*, 3rd Ed. Sec 248." American Express Co. v. Citizens State Bank, 194 NW 429.
60. "It is not within those statutory powers for a national bank, even though solvent, to lend its credit to another in any of the various ways in which that might be done." Federal Intermediate Credit Bank v. L 'Herrison, 33 F 2d 841, 842 (1929).
61. "There is no doubt but what the law is that a national bank cannot lend its credit or become an accommodation endorser." National Bank of Commerce v. Atkinson, 55 E 471.
62. "A bank can lend its money, but not its credit." First Nat'l Bank of Tallapoosa v. Monroe . 135 Ga 614, 69 SE 1124, 32 LRA (NS) 550.

63. ".. . the bank is allowed to hold money upon personal security; but it must be money that it loans, not its credit." Seligman v. Charlottesville Nat. Bank, 3 Hughes 647, Fed Case No.12, 642, 1039.
64. "A loan may be defined as the delivery by one party to, and the receipt by another party of, a sum of money upon an agreement, express or implied, to repay the sum with or without interest." Parsons v. Fox 179 Ga 605, 176 SE 644. Also see Kirklandv. Bailey, 155 SE 2d 701 and United States v. Neifert White Co., 247 Fed Supp 878, 879.
65. "The word 'money' in its usual and ordinary acceptation means gold, silver, or paper money used as a circulating medium of exchange . . ." Lane v. Railey 280 Ky 319, 133 SW 2d 75.
66. "A promise to pay cannot, by argument, however ingenious, be made the equivalent of actual payment ..." Christensen v. Beebe, 91 P 133, 32 Utah 406.
67. "A bank is not the holder in due course upon merely crediting the depositors account." Bankers Trust v. Nagler, 229 NYS 2d 142, 143.
68. "A check is merely an order on a bank to pay money." Young v. Hembree, 73 P2d 393
69. "Any false representation of material facts made with knowledge of falsity and with intent that it shall be acted on by another in entering into contract, and which is so acted upon, constitutes 'fraud,' and entitles party deceived to avoid contract or recover damages." Barnsdall Refining Corn. v. Birnam Wood Oil Co. 92 F 26 817.
70. "Any conduct capable of being turned into a statement of fact is representation. There is no distinction between misrepresentations effected by words and misrepresentations effected by other acts." Leonard v. Springer 197 Ill 532. 64 NE 301.
71. "If any part of the consideration for a promise be illegal, or if there are several considerations for an unseverable promise one of which is illegal, the promise, whether written or oral, is wholly void, as it is impossible to say what part or which one of the considerations induced the promise." Menominee River Co. v. Augustus Spies L & C Co.,147 Wis 559-572; 132 NW 1122.
72. "The contract is void if it is only in part connected with the illegal transaction and the promise single or entire." Guardian Agency v. Guardian Mut. Savings Bank, 227 Wis 550, 279 NW 83. 73. "It is not necessary for recision of a contract that the party making the misrepresentation should have known that it was false, but recovery is allowed even though misrepresentation is innocently made, because it would be unjust to allow one who made false representations, even innocently, to retain the fruits of a bargain induced by such representations." Whipp v. Iverson, 43 Wis 2d 166. 74. "Each Federal Reserve bank is a separate corporation owned by commercial banks in its region ..." Lewis v. United States, 680 F 20 1239 (1982).

HOW AND WHY THE BANKS SECRETLY AND QUICKLY "SWITCH CURRENCY"

NOT FULFILL THE "LOAN AGREEMENT "(THE CONTRACT) OBTAIN YOUR MORTGAGE NOTE WITHOUT INVESTING ONE CENT TO FORCE YOU TO LABOR TO PAY INTEREST ON "THE CONTRACT " TO REFUSE TO FULFILL "THE CONTRACT " TO MAKE YOU A DEPOSITOR (NOT A BORROWER)

The oldest scheme throughout History is the changing of currency. Remember the moneychangers in the temple (BIBLE)? ***"If you lend money to My people, to the poor among you, you are not to act as a creditor to him; you shall not charge him interest" Exodus 22:25.*** They changed currency as a business. You would have to convert to Temple currency in order to buy an animal for sacrifice. The Temple Merchants made money by the exchange. The Bible calls it unjust weights and measures, and judges it to be an abomination. Jesus cleared the Temple of these abominations. Our Christian Founding Fathers did the same. Ben Franklin said in his autobiography, "... the inability of the colonists to get the power to issue their own money permanently out of the hands of King George III and the international bankers was the prime reason for the revolutionary war." The year 1913 was the third attempt by the European bankers to get their system back in place within the United States of America. President Andrew Jackson ended the second attempt in 1836. What they could not win militarily in the Revolutionary War they attempted to accomplish by a banking money scheme which allowed the European Banks to own the mortgages on nearly every home, car, farm, ranch, and business at no cost to the bank. Requiring "We the People" to pay interest on the equity we lost and the bank got free. Today people believe that cash and coins back up the all checks. If you deposit $100 of cash, the bank records the cash as a bank asset (debit) and credits a Demand Deposit Account (DDA), saying that the bank owes you $100. For the $100 liability the bank owes you, you may receive cash or write a check. If you write a $100 check, the $100 liability your bank owes you is transferred to another bank and that bank owes $100 to the person you wrote the check to. That person can write a $100 check or receive cash. So far there is no problem. Remember one thing however, for the check to be valid there must first be a deposit of money to the banks **ASSETS**, to make the check (liability) good. The liability is like a **HOLDING ACCOUNT** claiming that money was deposited to make the check good. **Here then, is how the switch in currency takes place** The bank advertises it loans' money. The bank says, "sign here". However the bank never signs because they know they are not going to lend you theirs, or other depositor's money. Under the law of bankruptcy of a nation, the mortgage note acts like money. The bank makes it look like a loan but it is not. **It is an exchange. The bank receives the equity in the home you are buying, for free, in exchange for an**

unpaid bank liability that the bank cannot pay, without returning the mortgage note. If the bank had fulfilled its end of the contract, the bank could not have received the equity in your home for free. The bank receives your mortgage note without investing or risking onecent. The bank sells the mortgage note, receives cash or an asset that can then be converted to cash and still refuses to loan you their or other depositors' money or
pay the liability it owes you. On a $100,000 loan the bank does not give up $100,000. The bank receives $100,000 in cash or an asset and issues a $100,000 liability (check) the bank has no intention of paying. The $100,000 the bank received in the alleged loan is the equity (lien on property) the bank received without investment, and it is the $100,000 the individual lost in equity to the bank. The $100,000 equity the individual lost to the bank, which demands he/she repay plus interest. The loan agreement the bank told you to sign said LOAN. The bank broke that agreement. The bank now owns the mortgage note without loaning anything. The bank then deposited the mortgage note in an account they opened under your name without your authorization or knowledge. The bank withdrew the money without your authorization or knowledge using a forged signature. The bank then claimed the money was the banks' property, which is a fraudulent conversion. The mortgage note was deposited or debited (asset) and credited to a Direct Deposit
Account, (DDA) (liability). The credit to Direct Deposit Account (liability) was used from which to issue the check. The bank just switched the currency. The bank demands that you cannot use the same currency, which the bank deposited (promissory notes or mortgage notes) to discharge your mortgage note. The bank refuses to loan you other depositors' money, or pay the liability it owes you for having deposited your mortgage note. To pay this liability the bank must return the mortgage note to you. However instead of the bank paying the liability it owes you, the bank demands you use these unpaid bankliabilities, created in the alleged loan process, as the new currency. Now you must labor to earn the bank currency (unpaid liabilities created in the alleged loan process) to pay back the bank. What the bank received for free, the individual lost in equity. If you tried to repay the bank in like kind currency, (which the bank deposited without
your authorization to create the check they issued you), then the bank claims the promissory note is not money. They want payment to be in legal tender (check book money). The mortgage note is the money the bank uses to buy your property in the foreclosure. They get your real property at no cost. If they accept your promissory note to discharge the mortgage note, the bank can use the promissory note to buy your home if you sell it. Their problem is, the promissory note stops the interest and there is no lien on the
property. If you sell the home before the bank can find out and use the promissory note to buy the home, the bank lost. The bank claims they have not bought the home at no cost. Question is, what right does the bank have to receive the mortgage note at no cost in direct violation of the contract they wrote and refused to sign or fulfill. By demanding that the bank fulfill the contract and not change the currency, the bank
must deposit your second promissory note to create check book money to end the fraud, putting everyone back in the same position they where, prior to the fraud, in the first place. Then all the homes, farms, ranches, cars and businesses in this country would be redeemed and the equity returned to the rightful owners (the people). If not, every time the homes are refinanced the banks get the equity for free. You and I must labor 20 to 30 years full time as the bankers sit behind their desks, laughing at us because we are too
stupid to figure it out or to force them to fulfill their contract. The $100,000 created inflation and this increases the equity value of the homes. On an average homes are refinanced every 7 1/2 years. When the home is refinanced the bank again receives the equity for free. What the bank receives for free the alleged borrower loses to the bank. According to the Federal Reserve Banks' own book of Richmond, Va. titled "YOUR MONEY" page seven, **"...demand deposit accounts are not legal tender..."** If a promissory note is legal tender, the bank must accept it to discharge the mortgage note. The bank changed the currency from the money deposited, (mortgage note) to check book money (liability the bank owes for the mortgage note deposited) forcing us to labor to pay interest on the equity, in real property (real estate) the bank received for free. This cost was not disclosed in **NOTICE TO CUSTOMER REQUIRED BY FEDERAL**
LAW, Federal Reserve Regulation Z. When a bank says they gave you credit, they mean they credited your transaction account, leaving you with the presumption that they deposited other depositors money in
the account. The fact is they deposited your money (mortgage note). The bank cannot money, they are to credit a Demand Deposit Account under your name, so you can write checks and spend your money. In this case they claim your money is their money. Ask a criminal attorney what happens in a fraudulent conversion of your funds to the bank's use and benefit, without your signature or authorization.

What the banks could not win voluntarily, through deception they received for free. Several presidents, John Adams, Thomas Jefferson, and Abraham Lincoln believed that banker capitalism was more dangerous to our liberties than standing armies. U.S. President James A. Garfield said, "Whoever controls the money in any country is absolute master of industry and commerce." The Chicago Federal Reserve Bank's book,"Modern Money Mechanics", explains exactly how the banks expand and contract the checkbook money supply forcing people into foreclosure. This could never happen if contracts were not violated and if we receivedequal protection under the law of Contract.

HOW THE BANK SWITCHES THE CURRENCY

This is a repeat worded differently to be sure you understand it. ***You must understand the currency switch.*** The bank does not loan money. The bank merely switches the currency. The alleged borrower created money or currency by simply signing the mortgage note. The bank does not sign the mortgage note because they know they will not loan you their money. The mortgage note acts like money. To make it look like the bank loaned you money the bank deposits your mortgage note (lien on property) as money from which to issue a check. No money was loaned to legally fulfill the contract for the bank to own the mortgage note.

By doing this, the bank received the lien on the property without risking or using one cent. The people lost the equity in their homes and farms to the bank and now they must labor to pay interest on the property, which the bank got for free and they lost. The check is not money, the check merely transfers money and by transferring money the check acts LIKE money. The money deposited is the mortgage note. *If the bank never fulfills the contract to loan money, then the bank does not own the mortgage note.* The deposited mortgage note is still your money and the checking account they set up in your name, which they credited, from which to issue the check, is still your money. They only returned your money in the form of a check. Why do you have to fulfill your end of the agreement if the bank refuses to fulfill their end of the agreement? If the bank does not loan you their money they have not fulfilled the agreement, the contract is void. **You created currency by simply signing the mortgage note.** The mortgage note has value because of the lien on the property and because of the fact that you are to repay the loan. The bank deposits the mortgage note (currency) to create a check (currency, bank money). Both currencies cost nothing to create. By law the bank cannot create currency (bank money, a check) without first depositing currency, (mortgage note) or legal tender. For the check to be valid there must be mortgage note or bank money **as legal tender**, but the bank accepted currency (mortgage note) as a deposit without telling you and without your authorization. The bank withdrew your money, which they deposited without telling you and withdrew it without your signature, in a fraudulent conversion scheme, which can land the bankers in jail but is played out in every City and Town in this nation on a daily basis. **Without loaning you money, the bank deposits your money (mortgage note), withdraws it and claims it is the bank's money and that it is their money they loaned you.** It is not a loan, it is merely an exchange of one currency for another, they'll owe you the money, which they claimed they were to loan you. If they do not loan the money and merely exchange one currency for another, the bank receives the lien on your property for free. What they get for free you lost and must labor to pay back at interest. If the banks loaned you legal tender, they could not receive the liens on nearly every home, car, farm, and business for free. The people would still own the value of their homes. The bank must sell your currency (mortgage note) for legal tender so if you use the bank's currency (bank money), and want to convert currency (bank money) to legal tender they will be able to make it appear that the currency (bank money) is backed by legal tender. The bank's currency (bank money) has no value without your currency (mortgage note). The bank cannot sell your currency (mortgage note) without fulfilling the contract by loaning you their money. They never loaned money, they merely exchanged one currency for another. The bank received your currency for free, without making any loan or fulfilling the contract, changing the cost and the risk of the contract wherein they refused to sign, knowing that it is a change of currency and not a loan. If you use currency (mortgage note), the same currency the bank deposited to create currency (bank money), to pay the loan, the bank rejects it and says you must use currency (bank money) or legal tender. The bank received your currency (mortgage note) and the bank's currency (bank money) for free without using legal tender and without loaning money thereby refusing to fulfill the contract. Now the bank switches the currency without loaning money and demands to receive your labor to pay what was not loaned or the bank will use your currency (mortgage note) to buy your home in foreclosure, The Revolutionary war was fought to stop these bank schemes. The bank has a written policy to expand and contract the currency (bank money), creating recessions, forcing people out of work, allowing the banks to obtain your property for free. If the banks loaned legal tender, this would never happen and the home would cost much less. If you allow someone to obtain liens for free and create a new currency, which is not legal tender and you must use legal tender to repay. This changes the cost and the risk. Under this bank scheme, even if everyone in the nation owned their homes and farms debt free, the banks would soon receive the liens on the property in the loan process. The liens the banks receive for free, are what the people lost in property, and now must labor to pay interest on. The interest would not be paid if the banks fulfilled the contract they wrote. If there is equal protection under the law and contract, you could get the mortgage note back without further labor. Why should the bank get your mortgage note and your labor for free when they refuse to fulfill the contract they wrote and told you to sign? Sorry for the redundancy, but it is important for you to know by heart their “shell game”, I will continue in that redundancy as it is imperative that you understand the principle. The following material is case law on the subject and other related legal issues as well as a summary. **LOGIC AS EVIDENCE** The check was written without deducting funds from Savings Account or Certificate of Deposit allowing the mortgage note to become the new pool of money owed to Demand Deposit Account, Savings Account, Certificate of Deposit with Demand Deposit, Savings Account, and/or Certificate of Deposit increasing by the amount of the mortgage note. In this case the bankers sell the mortgage note for Federal Reserve Bank Notes or other assets while still owing the liability for the mortgage note sold and without the bank giving up any- Federal Reserve Bank Notes. If the bank had to part with Federal Reserve Bank Notes, and without the benefit of checks to hide the fraudulent conversion of the mortgage note from which it issues the check, the bank fraud would be exposed. Federal Reserve Bank Notes are the only money called legal tender. If only Federal Reserve Bank Notes are deposited for the credit to Demand Deposit Account- Savings Account, Certificate of Deposit, and if the bank wrote a check for the mortgage note, the check then transfers Federal Reserve Bank Notes and the bank gives the borrower a bank asset. There is no increase in the check book money supply that exists in the loan process. The bank policy is to increase bank liabilities; Demand Deposit Account, Savings Account, Certificate of Deposit, by the mortgage note. If the mortgage note is money, then the bank never gave up a bank asset. The bank simply used fraudulent conversion of ownership of the mortgage note. The bank cannot own the mortgage note until the bank fulfills the contract.

The check is not the money; the money is the deposit that makes the check good. In this case, the mortgage note is the money from which the check is issued. Who owns the mortgage note when the mortgage note is deposited? The borrower owns the mortgage note because the bank never paid money for the mortgage note and never loaned money (bank asset). The bank simply claimed the bank owned the mortgage note without paying for it and deposited the mortgage note from which the check was issued. This is fraudulent conversion. The bank risked nothing! Not even one penny was invested. They never took money out of any account, in order to own the mortgage note, as proven by the bookkeeping entries, financial ratios, the balance sheet, and of course the bank's literature. The bank simply never complied with the contract.

If the mortgage note is not money, then the check is check kiting and the bank is insolvent and the bank still never paid. If the mortgage note is money, the bank took our money without showing the deposit, and without paying for it, which is fraudulent conversion. The bank claimed it owned the mortgage note without paying for it, then sold the mortgage note, took the cash and never used the cash to pay the liability it owed for the check the bank issued. The liability means that the bank still owes the money. The bank must return the mortgage note or the cash it received in the sale, in order to pay the liability. Even if the bank did this, the bank still never loaned us the bank's money, which is what 'loan' means. The check is not money but merely an order to pay money. If the mortgage note is money then the bank must pay the check by returning the mortgage note. The only way the bank can pay Federal Reserve Bank Notes for the check issued is to sell the mortgage note for Federal Reserve Bank Notes. Federal Reserve Bank Notes are
non-redeemable in violation of the UCC. The bank forces us to trade in non-redeemable private bank notes of which the bank refuses to pay the liability owed. When we present the Federal Reserve Bank Notes for payment the bank just gives us back another Federal Reserve Bank Note which the bank paid 2 1/2 cents for per bill regardless of denomination. **What a profit for the bank!** The check issued can only be redeemed in Federal Reserve Bank Notes, which the bank obtained by selling the mortgage note that they paid nothing for. The bank forces us to trade in bank liabilities, which they never redeem in an asset. We
the people are forced to give up our assets to the bank for free, and without cost to the bank. This is fraudulent conversion making the contract, which the bank created with their policy of bookkeeping entries, illegal and the alleged contract null and void. The bank has no right to the mortgage note or to a lien on the property, until the bank performs under the contract. The bank had less than ten percent of Federal Reserve Bank Notes to back up the bank liabilities in Demand Deposit Account, Savings Account, or Certificate of Deposit's. A bank liability to pay money is not money. When we try and
repay the bank in like funds (such as is the banks policy to deposit from which to issue checks) they claim it is not money. The bank's confusing and deceptive trade practices and their alleged contracts are unconscionable.

SUMMARY OF DAMAGES

The bank made the alleged borrower a depositor by depositing a \$100,000 negotiable instrument, which the bank sold or had available to sell for approximately \$100,000 in legal tender. The bank did not credit the borrower's transaction account showing that the bank owed the borrower the \$100,000. Rather the bank claimed that the alleged borrower owed the bank the \$100,000, then placed a lien on the borrower's real property for \$100,000 and demanded loan payments or the bank would foreclose. The bank deposited a non-legal tender negotiable instrument and exchanged it for another non legal tender check, which traded like money, using the deposited negotiable instrument as the money deposited. The bank changed the currency without the borrower's authorization. First by depositing non legal tender from which to issue a check (which is non-legal tender) and using the negotiable instrument (your mortgage note), to exchange for legal tender, the bank needed to make the check appear to be backed by legal tender. No loan ever took place. **Which shell hides the little pea?** The transaction that took place was merely a change of currency (without authorization), a negotiable instrument for a check. The negotiable instrument is the money, which can be exchanged for legal tender to make the check good. An exchange is not a loan. The bank exchanged \$100,000 for \$100,000. There was no need to go to the bank for any money. The customer (alleged borrower) did not receive a loan, the alleged borrower lost \$100,000 in value to the bank, which the bank kept and recorded as a bank asset and never loaned any of the bank's money. In this example, the damages are \$100,000 plus interest payments, which the bank demanded by mail. The bank illegally placed a lien on the property and then threatened to foreclose, further damaging the alleged borrower, if the

payments were not made. A depositor is owed money for the deposit and the alleged borrower is owed money for the
loan the bank never made and yet placed a lien on the real property demanding payment. **Damages exist in that the bank refuses to loan their money.** The bank denies the alleged borrower equal protection under the law and contract, by merely exchanging one currency for another and refusing repayment in the same type of currency deposited. The bank refused to fulfill the contract by not loaning the money, and by the bank refusing to be repaid in the same currency, which they deposited as an exchange for another currency. A debt tender offered and refused is a debt paid to the extent of the offer. The bank has no authorization to alter the alleged contract and to refuse to perform by not loaning money, by changing the currency and then refusing repayment in what the bank has a written policy to deposit. The seller of the home received a check. The money deposited for the check issued came from the borrower not the bank. The bank has no right to the mortgage note until the bank performs by loaning the money. In the transaction the bank was to loan legal tender to the borrower, in order for the bank to secure a lien. The bank never made the loan, but kept the mortgage note the alleged borrower signed. This allowed the bank to obtain the equity in the property (by a lien) and transfer the wealth of the property to the bank without the bank's investment, loan, or risk of money. Then the bank receives the alleged borrower's labor to pay principal and Usury interest. What the people owned or should have owned debt free, the bank obtained ownership in, and for free, in exchange for the people receiving a debt, paying interest to the bank, all because the bank refused to loan money and merely exchanged one currency for another. This places you in perpetual slavery to the bank because the bank refuses to perform under the contract. The lien forces payment by threat of foreclosure. The mail is used to extort payment on a contract the bank never fulfilled. If the bank refuses to perform, then they must return the mortgage note. If the bank wishes to perform, then they must make the loan. The past payments must be returned because the bank had no right to lien the property and extort interest payments. The bank note for two reasons. The mortgage note was deposited and the money withdrawn without authorization by using a forged signature and; two, the contract was never fulfilled. The bank acted without authorization and is involved in a fraud thereby damaging the alleged borrower.

Excerpts From "Modem Money Mechanics" Pages 3 & 6

What Makes Money Valuable? In the United States neither paper currency nor deposits have value as commodities. Intrinsically, a dollar bill is just a piece of paper, deposits merely book entries. Coins do have some intrinsic value as metal, but generally far less than face value. Then, bankers discovered that they could make loans merely by giving their promises to pay, or bank notes, to borrowers, in this way, banks began to create money. More notes could be issued than the gold and coin on hand because only a portion of the notes outstanding would be presented for payment at any one time. Enough metallic money had to be kept on hand, of course, to redeem whatever volume of notes was presented for payment. Transaction deposits are the modem counterpart of bank notes. It was a small step from printing notes to making book entries crediting deposits of borrowers, which the borrowers in turn could "spend" by writing checks, thereby "printing" their own money. ***Notes, exchange just like checks.*** *How do open market purchases add to bank reserves and deposits? Suppose the Federal Reserve System, through its trading desk at the Federal Reserve Bank of New York, buys $10,000 of Treasury bills from a dealer in U.S. government securities. In today's world of Computer financial transactions, the Federal Reserve Bank pays for the securities with an "electronic" check drawn on itself. Via its "Fedwire" transfer network, the Federal Reserve notifies the dealer's designated bank (Bank A) that payment for the securities should be credited to (deposited in) the dealer's account at Bank A. At the same time, Bank A's reserve account at the Federal Reserve is credited for the amount of the securities purchased. The Federal Reserve System has added $10,000 of securities to its assets, which it has paid for, in effect, by creating a liability on itself in the form of bank reserve balances. These reserves on Bank A's books are matched by $10,000 of the dealer's deposits that did not exist before. If business is active, the banks with excess reserves probably will have opportunities to loan the $9,000. Of course, they do not really pay out loans from money they receive as deposits. If they did this, no additional money would be created. What they do when they make loans is to accept promissory notes in exchange for credits to tile borrower's transaction accounts. Loans (assets) and deposits (liabilities) both rise by $9,000. Reserves are unchanged by the loan transactions. But the deposit credits constitute new additions to the total deposits of the banking system.* PROOF BANKS DEPOSIT NOTES AND ISSUE BANK CHECKS. THE CHECKS ARE ONLY AS GOOD AS THE PROMISSORY NOTE. NEARLY ALL BANK CHECKS ARE CREATED FROM PRIVATE NOTES. FEDERAL RESERVE BANK NOTES ARE A PRIVATE CORPORATE NOTE (Chapter 48, 48 Stat 112) WE USE
NOTES TO DISCHARGE NOTES.

Excerpt from booklet Your Money, page 7: Other M1 Money While demand deposits, traveler's checks, and interest-bearing accounts with unlimited checking authority are not legal tender, they are usually acceptable in payment for purchases of goods and services. The booklet, "Your Money", is distributed free of charge. Additional copies may be obtained by writing to: **Federal Reserve Bank of Richmond Public Services Department P.O. Box 27622 Richmond, Virginia 23261**

CREDIT LOANS AND VOID CONTRACTS: CASE LAW

75. “In the federal courts, it is well established that a national bank has not power to lend its credit to another by becoming surety, indorser, or guarantor for him.’” Farmers and Miners Bank v. Bluefield Nat 'l Bank, 11 F 2d 83, 271 U.S. 669.
76. "A national bank has no power to lend its credit to any person or corporation . . . Bowen v. Needles Nat. Bank, 94 F 925 36 CCA 553, certiorari denied in 20 S.Ct 1024, 176 US 682, 44 LED 637.
77. “The doctrine of ultra vires is a most powerful weapon to keep private corporations within their legitimate spheres and to punish them for violations of their corporate charters, and it probably is not invoked too often .. .” Zinc Carbonate Co. v. First National Bank, 103 Wis 125, 79 NW 229. American Express Co. v. Citizens State Bank, 194 NW 430.
78. “A bank may not lend its credit to another even though such a transaction turns out to have been of benefit to the bank, and in support of this a list of cases might be cited, which-would *look like a catalog of ships*.” [Emphasis added] Norton Grocery Co. v. Peoples Nat. Bank, 144 SE 505. 151 Va 195.
79. "It has been settled beyond controversy that a national bank, under federal Law being limited in its powers and capacity, cannot lend its credit by guaranteeing the debts of another. All such contracts entered into by its officers are ultra vires . . ." Howard & Foster Co. v. Citizens Nat'l Bank of Union, 133 SC 202, 130 SE 759(1926).
80. “. . . checks, drafts, money orders, and bank notes are not lawful money of the United States ...” State v. Neilon, 73 Pac 324, 43 Ore 168.
81. "Neither, as included in its powers not incidental to them, is it a part of a bank's business to lend its credit. If a bank could lend its credit as well as its money, it might, if it received compensation and was careful to put its name only to solid paper, make a great deal more than any lawful interest on its money would amount to. If not careful, the power would be the mother of panics . . . Indeed, lending credit is the exact opposite of lending money, which is the real business of a bank, for while the latter creates a liability in favor of the bank, the former gives rise to a liability of the bank to another. *I Morse. Banks and Banking* 5th Ed. Sec 65; *Magee, Banks and Banking*, 3rd Ed. Sec 248." American Express Co. v. Citizens State Bank, 194 NW 429.
82. "It is not within those statutory powers for a national bank, even though solvent, to lend its credit to another in any of the various ways in which that might be done." Federal Intermediate Credit Bank v. L 'Herrison, 33 F 2d 841, 842 (1929).
83. "There is no doubt but what the law is that a national bank cannot lend its credit or become an accommodation endorser." National Bank of Commerce v. Atkinson, 55 E 471.
84. "A bank can lend its money, but not its credit." First Nat'l Bank of Tallapoosa v. Monroe . 135 Ga 614, 69 SE 1124, 32 LRA (NS) 550.
85. ".. . the bank is allowed to hold money upon personal security; but it must be money that it loans, not its credit." Seligman v. Charlottesville Nat. Bank, 3 Hughes 647, Fed Case No.12, 642, 1039.
86. "A loan may be defined as the delivery by one party to, and the receipt by another party of, a sum of money upon an agreement, express or implied, to repay the sum with or without interest." Parsons v. Fox 179 Ga 605, 176 SE 644. Also see Kirkland v. Bailey, 155 SE 2d 701 and United States v. Neifert White Co., 247 Fed Supp 878, 879.
87. "The word 'money' in its usual and ordinary acceptation means gold, silver, or paper money used as a circulating medium of exchange . . ." Lane v. Railey 280 Ky 319, 133 SW 2d 75.
88. "A promise to pay cannot, by argument, however ingenious, be made the equivalent of actual payment ..." Christensen v. Beebe, 91 P 133, 32 Utah 406.
89. “A bank is not the holder in due course upon merely crediting the depositors account.” Bankers Trust v. Nagler, 229 NYS 2d 142, 143.
90. "A check is merely an order on a bank to pay money." Young v. Hembree, 73 P2d 393.
91. "Any false representation of material facts made with knowledge of falsity and with intent that it shall be acted on by another in entering into contract, and which is so acted upon, constitutes 'fraud,' and entitles party deceived to avoid contract or recover damages." Barnsdall Refining Corn. v. Birnam Wood Oil Co.. 92 F 26 817.
92. "Any conduct capable of being turned into a statement of fact is representation. There is no distinction between misrepresentations effected by words and misrepresentations effected by other acts." Leonard v. Springer 197 Ill 532. 64 NE 301.
93. “If any part of the consideration for a promise be illegal, or if there are several considerations for an unseverable promise one of which is illegal, the promise, whether written or oral, is wholly void, as it is impossible to say what part or which one of the considerations induced the promise.” Menominee River Co. v. Augustus Spies L & C Co., 147 Wis 559. 572; 132 NW 1122. 94. “The contract is void if it is only in part connected with the illegal transaction and the promise single or entire.” Guardian Agency v. Guardian Mut. Savings Bank, 227 Wis 550, 279 NW 83.

95. “It is not necessary for rescission of a contract that the party making the misrepresentation should have known that it was false, but recovery is allowed even though misrepresentation is innocently made, because it would be unjust to allow one who made false representations, even innocently, to retain the fruits of a bargain induced by such representations.” Whipp v. Iverson, 43 Wis 2d 166.
96. "Each Federal Reserve bank is a separate corporation owned by commercial banks in its region ..." Lewis v. United States, 680 F 20 1239 (1982).
97. In a Debtor's RICO action against its creditor, alleging that the creditor had collected an unlawful debt, an interest rate (where all loan charges were added together) that exceeded, in the language of the RICO Statute, "twice the enforceable rate." The Court found no reason to impose a requirement that the Plaintiff show that the Defendant had been convicted of collecting an unlawful debt, running a "loan sharking" operation. The debt included the fact that exaction of a usurious interest rate rendered the debt unlawful and that is all that is necessary to support the Civil RICO action. Durante Bros. & Sons, Inc. v. Flushing Nat 'l Bank. 755 F2d 239, Cert. denied, 473 US 906 (1985).
98. The Supreme Court found that the Plaintiff in a civil RICO action need establish only a criminal "violation" and not a criminal conviction. Further, the Court held that the Defendant need only have caused harm to the Plaintiff by the commission of a predicate offense in such a way as to constitute a "pattern of Racketeering activity." That is, the Plaintiff need not demonstrate that the Defendant is an organized crime figure, a mobster in the popular sense, or that the Plaintiff has suffered some type of special Racketeering injury; all that the Plaintiff must show is what the Statute specifically requires. The RICO Statute and the civil remedies for its violation are to be liberally construed to effect the congressional purpose as broadly formulated in the Statute. Sedima, SPRL v. Imrex Co., 473 US 479 (1985).

DEFINITIONS TO KNOW WHEN EXAMINING A BANK CONTRACT

BANK ACCOUNT: A sum of money placed with a bank or banker, on deposit, by a customer, and subject to be drawn out on the latter's check.

BANK: whose business it is to receive money on deposit, cash checks or drafts, discount commercial paper, make loans and issue promissory notes payable to bearer, known as bank notes.

BANK CREDIT: A credit with a bank by which, on proper credit rating or proper security given to the bank, a person receives liberty to draw to a certain extent agreed upon.

BANK DEPOSIT: Cash, checks or drafts placed with the bank for credit to depositor's account. Placement of money in bank, thereby, creating contract between bank and depositors.

DEMAND DEPOSIT: The right to withdraw deposit at any time.

BANK DEPOSITOR: One who delivers to, or leaves with a bank a sum of money subject to his order.

BANK DRAFT: A check, draft or other form of payment.

ANK OF ISSUE: Bank with the authority to issue notes which are intended to circulate as currency.

LOAN: Delivery by one party to, and receipt by another party, a sum of money upon agreement, express or implied, to repay it with or without interest.

CONSIDERATION: The inducement to a contract. The cause, motive, price or impelling influences, which induces a contracting, party to enter into a contract. The reason, or material cause of a contract.

CHECK: A draft drawn upon a bank and payable on demand, signed by the maker or drawer, containing an unconditional promise to pay a certain sum in money to the order of the payee. The Federal Reserve Board defines a check as, *"...a draft or order upon a bank or banking house purporting to be drawn upon a deposit of funds for the payment at all events of, a certain sum of money to a certain person therein named, or to him or his order, or to bearer and payable instantly on demand of."*

QUESTIONS ONE MIGHT ASK THE BANK IN AN INTERROGATORY

Did the bank loan gold or silver to the alleged borrower?

Did the bank loan credit to the alleged borrower?

Did the borrower sign any agreement with the bank, which prevents the borrower from repaying the bank in credit?

Is it true that your bank creates check book money when the bank grants loans, simply by adding deposit dollars to accounts on the bank's books, in exchange, for the borrower's mortgage note?

Has your bank, at any time, used the borrower's mortgage note, "promise to pay", as a deposit on the bank's books from which to issue bank checks to the borrower?

At the time of the loan to the alleged borrower, was there one dollar of Federal Reserve Bank Notes in the bank's possession for every dollar owed in Savings Accounts, Certificates of Deposits and check Accounts (Demand Deposit Accounts) for every dollar of the loan?

According to the bank's policy, is a promise to pay money the equivalent of money?

Does the bank have a policy to prevent the borrower from discharging the mortgage note in "like kind funds" which the bank deposited from which to issue the check?

Does the bank have a policy of violating the Deceptive Trade Practices Act?

When the bank loan officer talks to the borrower, does the bank inform the borrower that the bank uses the borrowers mortgage note to create the very money the bank loans out to the borrower?

Does the bank have a policy to show the same money in two separate places at the same time?
Does the bank claim to loan out money or credit from savings and certificates of deposits while never reducing the amount of money or credit from savings accounts or certificates of deposits, which customers can withdraw from?
Using the banking practice in place at the time the loan was made, is it theoretically possible for the bank to have loaned out a percentage of the Savings Accounts and Certificates of Deposits?
If the answer is "no" to question #13, explain why the answer is no. In regards to question #13, at the time the loan was made, were there enough Federal Reserve Bank Notes on hand at the bank to match the figures represented by every Savings Account and Certificate of Deposit and checking Account (Demand Deposit Account)?
Does the bank have to obey, the laws concerning, Commercial Paper; Commercial Transactions, Commercial Instruments, and Negotiable Instruments?
Did the bank lend the borrower the bank's assets, or the bank's liabilities?
What is the complete name of the banking entity, which employs you, and in what jurisdiction is the bank chartered?
What is the bank's definition of "Loan Credit"?
Did the bank use the borrowers assumed mortgage note to create new bank money, which did not exist before the assumed mortgage note was signed?
Did the bank take money from any Demand Deposit Account (DDA), Savings Account (SA), or a Certificate of Deposit (CD), or any combination of any Demand Deposit Account, Savings Account or Certificate of Deposit, and loan this money to the borrower?
Did the bank replace the money or credit, which it loaned to the borrower with the borrower's assumed mortgage note?
Did the bank take a bank asset called money, or the credit used as collateral for customers' bank deposits, to loan this money to the borrower, and/or did the bank use the borrower's note to replace the asset it loaned to the borrower?
Did the money or credit, which the bank claims to have loaned to the borrower, come from deposits of money or credit made by the bank's customers, excluding the borrower's assumed mortgage note?
Considering the balance sheet entries of the bank's loan of money or credit to the borrower, did the bank directly decrease the customer deposit accounts (i.e. Demand Deposit Account, Savings Account, and Certificate of Deposit) for the amount of the loan?
Describe the bookkeeping entries referred to in question #13. Did the bank's bookkeeping entries to record the loan and the borrower's assumed mortgage note ever, at any time, directly decrease the amount of money or credit from any specific bank customer's deposit account?
Does the bank have a policy or practice to work in cooperation with other banks or financial institutions use borrower's mortgage note as collateral to create an offsetting amount of new bank money or credit or check book money or Demand Deposit Account generally to equal the amount of the alleged loan?
Regarding the borrowers assumed mortgage loan, give the name of the account which was debited to record the mortgage. Regarding the bookkeeping entry referred to in Interrogatory #17, state the name and purpose of the account, which was credited. When the borrower's assumed mortgage note was debited as a bookkeeping entry, was the offsetting entry a credit account?
Regarding the initial bookkeeping entry to record the borrower's assumed mortgage note and the assumed loan to the borrower, was the bookkeeping entry credited for the money loaned to the borrower, and was this credit offset by a debit to record the borrower's assumed mortgage note?
Does the bank currently or has it ever at anytime used the borrower's assumed mortgage note as money to cover the bank's liabilities referred to above, i.e. Demand Deposit Account, Savings Account and Certificate of Deposit?
When the assumed loan was made to the borrower, did the bank have every Demand Deposit Account, Savings Account, and Certificate of Deposit backed up by Federal Reserve Bank Notes on hand at the bank?
Does the bank have an established policy and practice to emit bills of credit which it creates upon its books at the time of making a loan agreement and issuing money or socalled money of credit, to its borrowers?

SUMMARY

The bank advertised it would loan money, which is backed by legal tender. Is not that what the symbol $ means? Is that not what the contract said? Do you not know there is no agreement or contract in the absence of mutual consent? The bank may say that they gave you a check, you owe the bank money. This information shows you that the check came from the money the alleged borrower provided and the bank never loaned any money from other depositors.

I've shown you the law and the bank's own literature to prove my case. All the bank did was trick you. They get your mortgage note without investing one cent, by makingyou a depositor and not a borrower. **The key to the puzzle is, the bank did not sign the contract**. **If they did they must loan you the money. If they did not sign it, chances are, they deposited the mortgage note in a checking account and used it to issue a check without ever loaning you money or the bank investing one cent.**

Our Nation, along with every State of the Union, entered into Bankruptcy, in 1933. This changes the law from "gold and silver" legal money and "common law" to the law of bankruptcy. Under Bankruptcy law the mortgage note acts like money. Once you sign the mortgage note it acts like money. The bankers now trick you into thinking they loaned you legal tender, when they never loaned you any of their money.

The trick is they made you a depositor instead of a borrower. They deposited your mortgage note and issued a bank check. **Neither the mortgage note nor the check is legal tender**. The mortgage note and the check are now money created that never existed, prior. The bank got your mortgage note for free without loaning you money, and sold the mortgage note to make the bank check appear legal. The borrower provided the legal tender, which the bank gave back in the form of a check**.** If the bank loaned legal tender,

as the contract says, for the bank to legally own the mortgage note, then the people would still own the homes, farms, businesses and cars, nearly debt free and pay little, if any interest. **By the banks not fulfilling the contract by loaning legal tender, they make the alleged borrower, a depositor. This is a fraudulent conversion of the mortgage note. A Fraud is a felony.**

The bank had no intent to loan, making it promissory fraud, mail fraud, wire fraud, and a list of other crimes a mile long. How can they make a felony, legal? They cannot! Fraud is fraud! The banks deposit your mortgage note in a checking account. The deposit becomes the bank's property. They withdraw money without your signature, and call the money, the banks money that they loaned to you. The bank forgot one thing. If the bank deposits your mortgage note, then the bank must credit your checking account claiming the bank owes you $100,000 for the $100,000 mortgage note deposited. The credit of $100,000 the bank owes you for the deposit allows you to write a check or receive cash. They did not tell you they deposited the money, and they forget to tell you that the $100,000 is money the banks owe you, not what you owe the bank. You lost $100,000 and the bank gained $100,000. For the $100,000 the bank gained, the bank received government bonds or cash of $100,000 by selling the mortgage note. For the loan, the bank received $100,000 cash, the bank did not give up $100,000. Anytime the bank receives a deposit, the bank owes you the money. You do not owe the bank the money. If you or I deposit anyone's negotiable instrument without a contract authorizing it, and withdraw the money claiming it is our money, we would go to jail. If it was our policy to violate a contract, we could go to jail for a very long time. You agreed to receive a loan, not to be a depositor and have the bank receive the deposit for free. What the bank got for

free (lien on real property) you lost and now must pay with interest.If the bank loaned us legal tender (other depositors' money) to obtain the mortgage note the bank could never obtain the lien on the property for free. By not loaning their money, but instead depositing the mortgage note the bank creates inflation, which costs the consumer money. Plus the economic loss of the asset, which the bank received for free, in

direct violation of any signed agreement. We want equal protection under the law and contract, and to have the bank fulfill the contract or return the mortgage note. **We want the judges, sheriffs, and lawmakers to uphold their oath of office and to honor and uphold the founding fathers U.S. Constitution. Is this too much to ask?**

What is the mortgage note? The mortgage note represents your future loan payments. A promise to pay the money the bank loaned you. What is a lien? The lien is a security on the property for the money loaned.

How can the bank promise to pay money and then not pay? How can they take a promise to pay and call it money and then use it as money to purchase the future payments of money at interest. Interest is the compensation allowed by law or fixed by the parties for **invested any money** to receive **your** mortgage note. What is it they are charging interest on? The bank received an asset. They never gave up an asset. Did they pay interest on the money they received as a deposit? A check issued on a deposit received from the

borrower cost the bank nothing? Where did the money come from that the bank invested to charge interest on? The bank may say we received a benefit. What benefit? Without their benefit we would

receive equal protection under the law, which would mean we did not need to give up an asset or pay interest on our own money! Without their benefit we would be free and not enslaved. We would have little debt and interest instead of being enslaved in debt and interest. The banks broke the contract, which they never intended to fulfill in the first place. We got a check and a house, while they received a lien and interest for free, through a broken contract, while we got a debt and lost our assets and our country. The

benefit is the banks, who have placed liens on nearly every asset in the nation, without costing the bank one cent. Inflation and working to pay the bank interest on our own money is the benefit. Some benefit!

What a Shell Game. The Following case was an actual trial concerning the issues we have covered. The Judge was extraordinary in-that he had a grasp of the Constitution that I haven't seen often enough in our courts. This is the real thing, absolutely true. This case was reviewed by the Minnesota Supreme Court on their own motion. The last thing in the world that the Bankers and the Judges wanted was case law against the Bankers. However, this case law is real.

STATE OF MINNESOTA IN JUSTICE COURT COUNTY OF SCOTT TOWNSHIP OF CREDIT RIVER)MARTIN V. MAHONEY, JUSTICE FIRST BANK OF MONTGOMERY, Plaintiff,) CASE NO: 19144 Vs.) JUDGMENT AND DECREE

Jerome Daly, Defendant.)

The above entitled action came on before the court and a jury of 12 on December 7, 1968 at 10:00 a.m. Plaintiff appeared by its President Lawrence V. Morgan and was represented by its Counsel Theodore R. Mellby, Defendant appeared on his own behalf. A jury of Talesmen were called, impaneled and sworn to try the issues in this case. Lawrence V. Morgan was the only witness called for plaintiff and defendant testified as the only witness in his own behalf. Plaintiff brought this as a Common Law action for the recovery of the possession of lot 19, Fairview Beach, Scott County, Minn. Plaintiff claimed titled to the Real Property in question by foreclosure of a Note and Mortgage Deed dated May 8, 1964 which plaintiff
claimed was in default at the time foreclosure proceedings were started. Defendant appeared and answered that the plaintiff created the money and credit upon its own books by bookkeeping entry as the legal failure of consideration for the Mortgage Deed and alleged that the Sheriff's sale passed no title to plaintiff. The issues tried to the jury were whether there was a lawful consideration and whether Defendant had waived his rights to complain about the consideration having paid on the note for almost 3 years. Mr. Morgan
admitted that all of the money or credit which was used as a consideration was created upon their books that this was standard banking practice exercised by their bank in combination with the Federal Reserve Bank of Minneapolis, another private bank, further that he knew of no United States Statute of Law that gave the Plaintiff the authority to do this. Plaintiff further claimed that Defendant by using the ledger book created credit and by paying on the Note and Mortgage waived any right to complain about the consideration and that Defendant was estopped from doing so. At 12:15 on December 7, 1968 the Jury returned a unanimous verdict for the Defendant. Now therefore by virtue of the authority vested in me pursuant to the Declaration of Independence, the Northwest Ordinance of 1787, the Constitution of the United States and the Constitution and laws of the State Minnesota not inconsistent therewith.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED

That Plaintiff is not entitled to recover the possession of lot 19, Fairview Beach, Scott County, Minnesota according to the plat thereof on file in the Register of Deeds office. That because of failure of a lawful consideration the note and Mortgage dated May 8, 1964 are null and void. That the Sheriffs sale of the above described premises held on June 26, 1967 is null and void, of no effect. That Plaintiff has no right, title or interest in said premises or lien thereon, as is above described.That any provision in the Minnesota Constitution and any Minnesota Statute limiting the Jurisdiction of this Court is repugnant to the Constitution of the United States and to the Bill of Rights of the Minnesota Constitution and is null and void and that this Court has Jurisdiction to render complete Justice in this cause. That Defendant is awarded costs in the sum of $75.00 and execution is hereby issued therefore. A 10 day stay is granted. The following memorandum and any supplemental memorandum made and filed by this Court in support of this judgment is hereby made a part hereof by reference.

BY THE COURT Dated December 9, 1969

MARTIN V. MAHONEY

Justice of the Peace Credit River Township Scott County, Minnesota

MEMORANDUM

The issues in this case were simple. There was no material dispute on the facts for the jury to resolve. Plaintiff admitted that it, in combination with the Federal Reserve Bank of Minneapolis, which are for all practical purposes because of their interlocking activity and practices, and both being Banking Institutions Incorporated under the laws of the United States, are in the Law to be treated as one and the same Bank, did create the entire $14,000.00 in money or credit upon its own books by bookkeeping entry. That this was
the Consideration used to support the Note dated May 8, 1964 and the Mortgage of the same date. The Money and credit first came into existence when they credited it. Mr. Morgan admitted that no United States Law of Statute existed which gave him the right to do this. A lawful consideration must exist and be tendered to support the note. (See Anheuser Busch Brewing Co. v. Emma Mason, 44 Minn. 318. 46 NW 558.) The Jury found there was no lawful consideration and I agree Only God can create something
of value out of nothing. Even if defendant could be charged with waiver or estoppel as a matter of law this is no defense to the plaintiff. The law leaves wrongdoers where it finds them. (See sections 50, 5 1, and 52 of Am Jur 2d "Actions" on page 584.") No action will lie to recover on a claim based upon, or in any manner depending upon, a fraudulent, illegal, or immoral transaction or contract to which plaintiff was a party. Plaintiffs act of creating is not authorized by the Constitution and Laws of the United States, is
unconstitutional and void, and is not lawful consideration in the eyes of the law to support any thing or upon which any lawful rights can be built. Nothing in the Constitution of the United States limits the jurisdiction of this Court, which is one of original jurisdiction with right of trial by jury guaranteed.

This is a Common Law Action. Minnesota cannot limit or impair the power of this Court to render complete justice between the parties. Any provisions in the Constitution and laws of Minnesota which attempt to do so is repugnant to the Constitution of the United States and void. No question as to the Jurisdiction of this Court was raised by either party at the trial. Both parties were given complete liberty to submit any and all facts and law to the jury, at least in so far as they saw it. No complaint was made by Plaintiff that Plaintiff did not receive a fair trial. From the admissions made by Mr. Morgan the path of
duty was made direct and clear for the jury. Their verdict could not reasonably have been

otherwise. Justice was rendered completely and without purchase, conformable to the law in this Court on December 7, 1968.

BY THE COURT MARTIN V. MAHONEY

Justice of the Peace Credit River Township Scott County, Minnesota

Note: It has never been doubted that a note given on a consideration, which is prohibited by law is void. It has been determined independent of Acts of Congress, that sailing under the license of an enemy is illegal. The emission of Bills of Credit upon the books of these private Corporations for the purposes of private gain is not warranted by the Constitution of the United States and is unlawful. See Craig v. @ 4 peters reports 912, This Court can tread only that path which is marked out by duty. M.V.M.

JUDGE MARTIN MAHONEY DECISION AS FOLLOWS

"For the Justice's fees, the First National Bank deposited @ the Clerk of the District Court the two Federal Reserve Bank Notes. The Clerk tendered the Notes to me (the Judge). As Judge my sworn duty compelled me to refuse the tender. This is contrary to the Constitution of the United States. The States have no power to make bank notes a legal tender. Only gold and silver coin is a lawful tender." (See American Jurist on Money 36 sec.13.) "Bank Notes are a good tender as money unless specifically objected to. Their consent and usage is based upon the convertibility of such notes to coin at the pleasure of the holder upon presentation to the bank for redemption. When the inability of a bank to redeem its notes is openly avowed they instantly lose their character as money and their circulation as currency ceases." (See American Jurist 36-section 9). "There is no lawful consideration for these Federal Reserve Bank Notes to circulate as money. The banks actually obtained these notes for cost of printing - A lawful consideration must exist for a Note. As a matter of fact, the "Notes" are not Notes at all, as they contain no promise to pay." (See 17 American Jurist section 85, 215) "The activity of the Federal Reserve Banks of Minnesota, San Francisco and the First National Bank of Montgomery is contrary to public policy and contrary to the Constitution of the United States, and constitutes an unlawful creation of money, credit and the obtaining of money and credit for no valuable consideration. Activity of said banks in creating money and credit is not warranted by the Constitution of the United States." "The Federal Reserve Banks and National Banks exercise an exclusive monopoly and privilege of creating credit and issuing Notes at the expense of the public which does not receive a fair equivalent. This scheme is obliquely designed for the benefit of an idle monopoly to rob, blackmail, and oppress the producers of wealth. "The Federal Reserve Act and the National Bank Act are, in their operation and effect, contrary to the whole letter and spirit of the Constitution of the United States, for they confer an unlawful and unnecessary power on private parties; they hold all of our fellow citizens in dependence; they are subversive to the rights and liberation of the people." "These Acts have defiled the lawfully constituted Government of the United States. The Federal Reserve Act and the National Banking Act are not necessary and proper for carrying into execution the legislative powers granted to Congress or any other powers vested in the Government of the United States, but on the contrary, are subversive to the rights of the People in their rights to life, liberty, and property." (See Section 462 of Title 31 U. S. Code).

"The meaning of the Constitutional provision, 'NO STATE SHALL make anything but Gold and Silver Coin a legal tender ' payment of debts' is direct, clear, unambiguous and without any qualification. This Court is without authority to interpolate any exception. My duty is simply to execute it, as and to pronounce the legal result. From an examination of the case of Edwards v. Kearsey, Federal Reserve Bank Notes (fiat money) which are attempted to be made a legal tender, are exactly what the authors of the Constitution of the United States intend to prohibit. No State can make these Notes a legal tender. Congress is incompetent to authorize a State to make the Notes a legal tender. For the effect of binding Constitution provisions see Cooke v. Iverson. This fraudulent Federal Reserve System and National Banking System has impaired the obligation of Contract promoted disrespect for the Constitution and Law and has shaken society to its foundation." (See 96 U.S. Code 595 and 108 M 388 and 63 M 147) "Title 31, U.S. Code, Section 432, is in direct conflict with the Constitution insofar, at least, that it attempts to make Federal Reserve Bank Notes a legal tender. The Constitution is the Supreme Law of the Land. Section 462 of Title 31 is not a law, which is made in pursuance of the Constitution. It is unconstitutional and void, and I so hold. Therefore, the two Federal Reserve Bank Notes are Null and Void for any lawful purpose in so far as this case is concerned and are not a valid deposit of $2.00 with the Clerk of the District Court for the purpose of effecting an Appeal from this Court to the District Court." "However, of these Federal Reserve Bank Notes, previously discussed , and that is that the Notes are invalid, because of a theory that they are based upon a valid, adequate or lawful consideration. At the hearing scheduled for January 22, 1969, at 7:00 P.M., Mr. Morgan appeared at the trial; he appeared as a witness to be candid, open, direct, experienced and truthful. He testified to years of experience with the Bank of America in Los Angeles, the Marquette National Bank of Minnesota and the First National Bank of Minnesota. He seemed to be familiar with the operation of the Federal Reserve System. He freely admitted that his Bank created all of the money and credit upon its books with which it acquired the Note and Mortgage of May 8, 1964. The credit first came into existence when the Bank created it upon its books. Further, he freely admitted that no

United States Law gave the Bank the authority to do this. This was obviously no lawful consideration for the Note. The Bank parted with absolutely nothing except a little ink. In this case, the evidence was on January 22, 1969 that the Federal Reserve Bank obtained the Notes for this seems to be conferred by Title 12 USC Section 420. The cost is about 9/10th of a cent per Note regardless of the amount of the Note. The Federal Reserve Banks create all of the money and credit upon their books by bookkeeping entries by which they acquire United States Securities. The collateral required to obtain the Note is, by section 412 USC, Title 12, a deposit of a like amount of bonds. Bonds which the Banks acquire by creating money and credit by bookkeeping entry." "No rights can be acquired by fraud. The Federal Reserve Bank Notes are acquired through the use of unconstitutional statutes and fraud." "The Common Law requires a lawful consideration for any contract or Note. These Notes are void for failure at a lawful consideration at Common Law, entirely apart from any Constitutional consideration. Upon this ground, the Notes are ineffectual for any purpose. This seems to be the principal objection to paper fiat money and the cause of its depreciation and failure down through the ages. If allowed to continue, Federal Reserve Bank Notes will meet the same fate. From the evidence introduced on January 22, 1969, this Court finds that as of March 18, 1969, all Gold and Silver backing is removed from Federal Reserve Bank Notes." "The law leaves wrongdoers where it finds them. (See I Mer. Jur 2nd on Actions Section 550)."Slavery and all its incidents, including Peonage, thralldom, and debt created by fraud is universally prohibited in the United States. This case represents but another refined form of Slavery by the Bankers. Their position is not supported by the Constitution of the United States. The People have spoken their will in terms, which cannot be misunderstood. It is indispensable to the preservation of the Union and independence and liberties of the people that this Court, adhere only to the mandate of the Constitution and administer it as it is written. I, therefore, hold these Notes in question void and not effectual for any purpose." (4) January 30, 1969
Judge Martin V. Mahoney
Justice of the Peace Credit River Township

CREDIT LOANS AND VOID CONTRACTS PERFECT OBLIGATION AS TO A HUMAN BEING AS TO A BANK

Furthermore, this Memorandum of law is offered in order to advance understanding of the complex legal issues, present and embodied in the Common Law, with authorities, law and cases in support of, which will constitute the following facts: Privately owned banks are making loans of "credit" with the intended purpose of circulating "credit" as "money". Other financial institutions and individuals may "launder" bank credit that they receive directly or indirectly from privately owned banks. This collective activity is unconstitutional, unlawful, in violation of Common Law, U.S. Code and the principles of equity. Such activity and underlying contracts have long been held void, by State Courts, Federal Courts and the U.S. Supreme Court. This Memorandum will demonstrate through authorities and established common law, that credit "money creation" by privately owned bank corporations is not really "money creation" at all. It is the trade specialty and artful illusion of law merchants, which use old-time trade secrets of the Goldsmiths, to entrap the borrower and unjustly enrich the lender through usury and other unlawful techniques. Issues based on law and the principles of equity, which are within the jurisdiction of this Court, will be addressed.

THE GOLDSMITHS

In his book, *Money and Banking* (8th Edition, 1984), Professor David R. Kamerschen writes on pages 56 -63: "The first bankers in the modern sense were the goldsmiths, who frequently accepted bullion and coins for storage ... One result was that the goldsmiths temporarily could lend part of the gold left with them . . . These loans of their customers' gold were soon replaced by a revolutionary technique. When people brought in gold, the goldsmiths gave them notes promising to pay that amount of gold on demand. The notes, first made payable to the order of the individual, were later changed to bearer obligations.

In the previous form, a note payable to the order of Jebidiah Johnson would be paid to no one else unless Johnson had first endorsed the note ... But notes were soon being used in an unforeseen way. The note holders found that, when they wanted to buy something, they could use the note itself in payment more conveniently and let the other person go after the gold, which the person rarely did . . .The specie, then tended to remain in the goldsmiths' vaults. . . . The goldsmiths began to realize that they might profit handsomely by issuing somewhat more notes than the amount of specie they held. . . These additional notes would cost the goldsmiths nothing except the negligible cost of printing them, yet the notes provided the goldsmiths with funds to lend at interest . . . .And they were to find that the profitability of their lending operations would exceed the profit from their original trade. The goldsmiths became bankers as their interest in manufacture of gold items to sell was replaced by their concern with credit policies and lending activities . . .They discovered early that, although an unlimited note issue would be unwise, they could issue notes up to several times the amount of specie they held. The key to the whole operation lay in the public's willingness to leave gold and silver in the bank's vaults and use the bank's notes. This discovery is the basis of modern banking: On page 74, Professor Kamerschen further explains the evolution of the credit system: "Later the goldsmiths learned a more efficient way to put their credit money into circulation. They

lent by issuing additional notes, rather than by paying out in gold. In exchange for the interest-bearing note received from their customer (in effect, the loan contract), they gave their own non-interest bearing note. Each was actually borrowing from the other ... The advantage of the later procedure of' lending notes rather than gold was that . . . more notes could be issued if the gold remained in the vaults ... Thus, through the principle of bank note issuance, *banks learned to create money in the form of their own liability*."
[Emphasis Added]

MODERN MONEY MECHANICS

Another publication which explains modern banking as learned from the Gold smiths is *Modern Money Mechanics* (5th edition 1992), published by the Federal Reserve Bank of Chicago which states beginning on page 3: "It started with the goldsmiths ..." At one time, bankers were merely middlemen. They made a profit by accepting gold and coins brought to them for safekeeping and lending the gold and coins to borrowers. But the goldsmiths soon found that the receipts they issued to depositors were being used as a means of payment. 'Then, bankers discovered that they could make loans merely by giving borrowers their promises to pay, or bank notes... In this way, banks began to create money ... Demand deposits are the modern counterpart of bank notes . . . It was a small step from printing notes to making book entries to the credit of borrowers which the borrowers, in turn, could 'spend' by writing checks, thereby printing *their own* money."
[Emphasis added]

HOW BANKS CREATE MONEY

In the modern sense, banks create money by creating "demand deposits." Demand deposits are merely "book entries" that reflect how much lawful money the bank owes its customers. Thus, all deposits are called demand deposits and are the bank's liabilities. The bank's assets are the vault cash plus all the "IOUs" or promissory notes that the borrower signs when they borrow either money or credit. When a bank lends its cash (legal money), it loans its assets, but when a bank lends its “credit” it lends its liabilities.

The lending of credit is, therefore, the exact opposite of the lending of cash (legal money). At this point, we need to define the meaning of certain words like "lawful money”, “legal tender”, “other money” and “dollars”. The terms "Money" and "Tender" had their origins in Article 1, Sec. 8 and Article 1, Sec. 10 of the *Constitution of the United States*. 12 U.S.C. §152 refers to "gold and silver coin as lawful money of the United States" and was unconstitutionally repealed in 1994 in-that Congress **can not delegate** any portion of their constitutional responsibility without Amendment. The term "legal tender" was originally cited in 31 U.S.C.A. §392 and is now re-codified in 31 U.S.C.A. §5103 which states: "United States coins and currency . . . are legal tender for all debts, public charges, taxes, and dues." The common denominator in both "lawful money" and "legal tender money" is that the United States Government issues both.

With Bankers, however, we find that there are two forms of money - one is governmentissued, and privately owned banks such as WASHINGTON MUTUAL, and JP MORGAN CHASE, issue the other. As we have already discussed government issued forms of money, we must now scrutinize privately issued forms of money. All privately issued forms of money today are based upon the liabilities of the issuer.

There are three common terms used to describe this privately created money. They are “credit”, “demand deposits” and “checkbook money”. In the Sixth edition of Blacks Law Dictionary, p.367 under the term “Credit” the term “Bank credit” is described as: “Money bank owes or will lend a individual or person”. It is clear from this definition that “Bank credit” which is the “money bank owes” is the bank's liability. The term “checkbook money” is described in the book “*I Bet You Thought”*, published by the privately owned Federal Reserve Bank of New York, as follows: "Commercial banks create checkbook money whenever they grant a loan, simply by adding deposit dollars to accounts on their books to exchange for the borrowers IOU . . . ."

The word "deposit" and "demand deposit" both mean the same thing in bank terminology and refer to the bank's liabilities. For example, the Chicago Federal Reserves publication, “*Modern Money Mechanics”* states: "Deposits are merely book entries ... Banks can build up deposits by increasing loans ... Demand deposits are the modern counterpart of bank notes. It was a small step from printing notes to making book entries to the credit of borrowers which the borrowers, in turn, could 'spend' by writing checks. Thus, it is demonstrated in “Modern Money Mechanics” how, under the practice of fractional reserve banking, a deposit of $5,000 in cash could result in a loan of credit/checkbook money/demand deposits of. $100,000 if reserve ratios set by the Federal Reserve are 5% (instead of 10%).

In a practical application, here is how it works. If a bank has ten people who each deposit $5,000 (totaling $50,000) in cash (legal money) and the bank's reserve ratio is 5%, then the bank will lend twenty times this amount, or $1,000,000 in "credit" money. What the bank has actually done, however, is to write a check or loan its credit with the intended purpose of circulating credit as "money." Banks know that if all the people who receive a check or credit loan come to the bank and demand cash, the bank will have to close its doors because it doesn't have the cash to back up its check or loan. The bank's check or loan will, however, pass as money as long as people have confidence in the illusion and don't demand cash. Panics are created when people line up at the bank and demand cash (legal money), causing banks to fold as history records in several time periods, the most recent in this country was the panic of 1933.

THE PROCESS OF PASSING CHECKS OR CREDIT AS MONEY IS DONE QUITE SIMPLY

A deposit of $5,000 in cash by one person results in a loan of $100,000 to another person at 5% reserves. The person receiving the check or loan of credit for $100,000 usually deposits it in the same bank or another bank in the Federal Reserve System. The check or loan is sent to the bookkeeping department of the lending bank where a book entry of $100,000 is credited to the borrower's account. The lending bank's check that created the borrower's loan is then stamped "Paid" when the account of the borrower is credited a "dollar" amount. The borrower may then "spend" these book entries (demand deposits) by writing checks to others, who in turn deposit their checks and have book entries transferred to their account from the borrower's checking account. However, two highly questionable and unlawful acts have now occurred. The first was when t he bank wrote the check or made the loan with insufficient funds to back them up. The second is when the bank stamps its own "Not Sufficient Funds" check "paid" or posts a loan by merely
crediting the borrower's account with book entries the bank calls "dollars." Ironically, the check or loan seems good and passes as money -- unless an emergency occurs via demands for cash - or a Court challenge -- and the artful, illusion bubble, bursts.

DIFFERENT KINDS OF MONEY

The book, "*I Bet You Thought*", published by the Federal Reserve Bank of New York, states: "Money is any generally accepted medium of exchange, not simply coin and currency. Money *doesn't* have to be intrinsically valuable*, be issued by a government* or be in any special form." [Emphasis added] Thus we see that privately issued forms of money only require public confidence in order to pass as money. Counterfeit money also passes as money as long as nobody discovers it's counterfeit. Like wise, "bad" checks and
"credit" loans pass as money so long as no one finds out they are unlawful. Yet, once the fraud is discovered, the values of such "bank money" like bad check's ceases to exist. There are, therefore, two kinds of money -- government issued legal money and privately issued unlawful money.

DIFFERENT KINDS OF DOLLARS

The dollar once represented something intrinsically valuable made from gold or silver. For example, in 1792, Congress defined the silver dollar as a silver coin containing 371.25 grains of pure silver. The legal dollar is now known as "United States coins and currency." However, the Banker's dollar has become a unit of measure of a different kind of money. Therefore, with Bankers there is a "dollar" of coins and a dollar of cash (legal money), a "dollar" of debt, a "dollar" of credit, a "dollar" of checkbook money or a
"dollar" of checks. When one refers to a dollar spent or a dollar loaned, he should now indicate what kind of "dollar" he is talking about, since Bankers have created so many different kinds.

A dollar of bank "credit money" is the exact opposite of a dollar of "legal money". The former is a liability while the latter is an asset. Thus, it can be seen from the earlier statement quoted from *I Bet You Thought*, that money can be privately issued as: "Money doesn't have to ... be issued by a government or be in any special form." It should be carefully noted that banks that issue and lend privately created money demand to be paid with government issued money. However, payment in like kind under natural equity would seem to indicate that a debt created by a loan of privately created money can be paid with other privately created money, without regard for "any special form" as there are no statutory laws to dictate how either private citizens or banks may create money.

BY WHAT AUTHORITY?

By what authority do state and national banks, as privately owned corporations, create money by lending their credit --or more simply put - by writing and passing "bad" checks and "credit" loans as "money"? Nowhere can a law be found that gives banks the authority to create money by lending their liabilities.

Therefore, the next question is, if banks are creating money by passing bad checks and lending their credit, where is their authority to do so? From their literature, banks claim these techniques were learned from the trade secrets of the Goldsmiths. It is evident, however, that money creation by private banks is not the result of powers conferred upon them by government, but rather the artful use of long held "trade secrets." Thus, unlawful money creation is not being done by banks as corporations, but unlawfully by bankers.

Article I, Section 10, para. 1 of the *Constitution of the United States of America* specifically states that no state shall "... coin money, emit bills of credit, make any thing but gold and silver coin a Tender in Payment of Debts, pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligations of Contracts . . "[Emphasis added]

The states, which grant the Charters of state banks also, prohibit the emitting of Bills of credit by not granting such authority in bank charters. It is obvious that "We the people" never delegated to Congress, state government, or agencies of the state, the power to create and issue money in the form of checks, credit, or other "bills of credit." The Federal Government today does not authorize banks to emit, write, create, issue and pass checks and credit as money. But banks do, and get away with it! Banks call their privately created money nice sounding names, like "credit", "demand deposits", or "checkbook money". However, the true nature of "credit money" and "checks" does not change regardless of the poetic terminology used to describe them. Such money in common use by privately owned banks is illegal under Art. 1, Sec.10, para. 1 of the Constitution of the United States of America, as well as unlawful under the laws of the United States and of this State.

VOID "ULTRA VIRES" CONTRACTS

The courts have long held that when a corporation executes a contract beyond the scope of its charter or granted corporate powers, the contract is void or "ultra vires". In *Central Transp. Co. v. Pullman*, 139 U.S. 60, 11 S. Ct. 478, 35 L. Ed. 55, the court said: "A contract *ultra vires* being unlawful and void, not because it is in itself immoral, but because the corporation, by the law of its creation, is incapable of making it, the courts, while refusing to maintain any action upon the unlawful contract, have always striven to do justice between the parties, so far as could be done consistently with adherence to law, by permitting property or money, parted with on the faith of the unlawful contract, to be recovered back, or compensation to be made for it. In such case, however, the action is not maintained upon the unlawful contract, nor according to its terms; but on an implied contract of the defendant to return, or, failing to do that, to make compensation for, property or money which it has no right to retain. To maintain such an action is not to affirm, but to disaffirm, the unlawful contract." "When a contract is once declared ultra vires, the fact that it is executed · does not validate it, nor can it be ratified, so as to make it the basis of suitor action, nor does the doctrine of estoppel apply." *F& PR v. Richmond*, 133 SE 898; 151 Va 195. "A national bank ... cannot lend its credit to another by becoming surety, indorser, or guarantor for him, such an act ; is ultra vires . . ." *Merchants' Bank v. Baird* 160 F 642.

THE QUESTION OF LAWFUL CONSIDERATION

The issue of whether the lender who writes and passes a "bad" check or makes a "credit" loan has a claim for relief against the borrower is easy to answer, providing the lender can prove that he gave a lawful consideration, based upon lawful acts. But did the lender give a lawful consideration? **To give a lawful consideration, the lender must prove that he gave the borrower lawful money such as coins or currency. Failing that, he can have no claim for relief in a court at law against the borrower as the lender's actions were ultra vires or void from the beginning of the transaction.**

It can be argued that “bad” checks or “credit” loans that pass as money are valuable; but so are counterfeit coins and currency that pass as money. It seems unconscionable that a bank would ask homeowners to put up a homestead as collateral for a "credit loan" that the bank created out of thin air. Would this court of law or equity allow a counterfeiter to foreclose against a person's home because the borrower was late in payments on an unlawful loan of counterfeit money? Were the court to do so, it would be contrary to all principles of law. The question of valuable consideration in the case at bar, does not depend on any value imparted by the lender, but the false confidence instilled in the "bad" check or "credit" loan by the lender. In a court at law or equity, the lender has no claim for relief. The argument that because the borrower received property for the lender's "bad" check or "credit" loan gives the lender a claim for relief is not valid, unless the lender can prove that he gave lawful value. The seller in some cases who may be holding the “bad” check or “Credit” loan has a claim for relief against the lender or the borrower or both, but the lender has no such claim. **BORROWER RELIEF**

Since we have established that the lender of unlawful or counterfeit money has no claim for relief under a void contract, the last question should be, does the borrower have a claim for relief against the lender? First, if it is established that the borrower has made no payments to the lender, then the borrower has no claim for relief ‘against the lender for money damages. But the borrower has a claim for relief to void the debt he owes the lender for notes or obligations unlawfully created by an ultra vires contract for lending "credit" money.

The borrower, the Courts have long held, has a claim for relief against the lender to have the note, security agreement, or mortgage note the borrower signed declared null and void.

The borrower may also have claims for relief for breach of contract by the lender for not lending "lawful money" and for “usury” for charging an interest rate several times greater than the amount agreed to in the contract for any lawful money actually risked by the lender. For example, if on a $100,000 loan it can be established that the lender actually risked only $5,000 (5% Federal Reserve ratio) with a contract interest rate of 10%, the lender has then loaned $95,000 of "credit" and $5,000 of "lawful money". However, while charging 10% interest ($10,000) on the entire $100,000. The true interest rate on the $5,000 of "lawful money" actually risked by the lender is 200% which **violates Usury laws of this state.**

If no "lawful money" was loaned, then the interest rate is an infinite percentage. Such techniques the bankers say were learned from the trade secrets of the Goldsmiths. The Courts have repeatedly ruled that such contracts with borrowers are wholly void from the beginning of the transaction, because banks are not granted powers to enter into such contracts by either state or national charters.

ADDITIONAL BORROWER RELIEF

In Federal District Court the borrower may have additional claims for relief under "Civil RICO" Federal Racketeering laws (18 U.S.C. § 1964). The lender may have established a "pattern of racketeering activity" by using the U.S. Mail more than twice to collect an unlawful debt and the lender may be in violation of 18 U.S.C. §1341, 1343, 1961 and 1962. The borrower has other claims for relief if he can prove there was or is a conspiracy to deprive him of property without due process of law under. (42 U.S.C. §1983 (Constitutional Injury), 1985 (Conspiracy) and 1986 ("Knowledge" and "Neglect to Prevent" a U.S. Constitutional Wrong), Under 18

U.S.C.A.§ 241 (Conspiracy) violators, "shall be fined not more than $10,000 or imprisoned not more than ten (10) years or both."
In a Debtor's RICO action against its creditor, alleging that the creditor had collected an unlawful debt, an interest rate (where all loan charges were added together) that exceeded, in the language of the RICO Statute, "twice the enforceable rate". The Court found no reason to impose a requirement that the Plaintiff show that the D efendant had been convicted of collecting an unlawful debt, running a "loan sharking" operation. The debt included the fact that exaction of a usurious interest rate rendered the debt unlawful
and that is all that is necessary to support the Civil RICO action. Durante Bros. & Sons, Inc. v. Flushing Nat 'l Bank. 755 F2d 239, Cert. denied, 473 US 906 (1985). The Supreme Court found that the Plaintiff in a civil RICO action, need establish only a criminal "violation" and not a criminal conviction. Further, the Court held that the Defendant need only have caused harm to the Plaintiff by the commission of a predicate
offense in such a way as to constitute a "pattern of Racketeering activity." That is, the Plaintiff need not demonstrate that the Defendant is an organized crime figure, a mobster in the popular sense, or that the Plaintiff has suffered some type of special Racketeering injury; all that the Plaintiff must show is what the Statute specifically requires. The RICO Statute and the civil remedies for its violation are to be liberally construed to effect the congressional purpose as broadly formulated in the Statute. Sedima, SPRL v. Imrex Co., 473 US 479 (1985). Aside from any legal obligation, there exists a societal and moral obligation enure to both the Plaintiff and the Defendant in that if you were to defuse a Bomb, and you completed the task 99% correct, you are still dead. Grantor believes that his position on the law is sound, but fears grievous repercussions throughout the financial community if he should prevail. The credit for money scheme is endemic throughout our society and could have devastating effects on the national economy. Grantor believes that another approach may be explored as follows:
PERFECT OBLIGATION AS TO A HUMAN BEING That which is borrowed is wealth. Labor created that wealth, so it is money notwithstanding its form. Consideration is promised in advance by the Promissor of the Note, in the nature of principal and interest payments for the consideration provided by the lender, which is his personal wealth created by his labor. A Mortgage Note or Promissory Note secures the position of the lender and if there is default on the promise to pay then the borrower has agreed to accept the strict foreclosure
remedy provided by state statutes. Then the borrower obligated themselves to pay back the principal and pay for the use of it, in the form of interest for the years over which the principal is to be paid back. **When payments stop there is a prima facie injury to the lender**. When payments stop the lender has strict foreclosure procedure in state court to remedy the pay back of the balance of the principal. Judgment to foreclose on the property is granted upon the mere proof that payments have ceased as promised. The property is sold to cover the unpaid balance; deficiency judgment may be needed. All is right with the world. Here the lender would be prejudiced if complete and swift remedy were not available. Absent such remedy the government would be party to placing the lender into a condition of involuntary servitude
to the borrower. **PERFECT OBLIGATION AS TO A BANK**
In years past banks and savings and loans institutions enjoyed the remedy outlined above. The reason was they were lending out money belonging to their depositors and there was prima facie injury to the depositors upon the mere proof that payments had ceased. Thereby the bank as well as the government would be party to creating a condition of involuntary servitude upon the depositors if strict foreclosure remedy were not available. Today depositors are not in jeopardy of being injured when a person borrows money from a bank. The bank does not lend their money, only their credit in the amount of the loan (paper accounting). Hence no prima facie injury exists to either the depositors or the bank upon the mere proof that payments cease. Injury is based upon the payments made as to the credit line.
PERFECT OR IMPERFECT OBLIGATION
A perfect obligation is one recognized and sanctioned by positive law; one of which the fulfillment can be enforced by the aid of the law. But if the duty created by the obligation operates only on the moral sense, without being enforced by any positive law, it is called an "imperfect obligation," and creates no right of action, nor has it any legal operation. The duty of exercising gratitude, charity, and the other merely moral duties are examples of this kind of obligation. Edwards v. Keaney, 96 U.S. 595, 600, 24 L.Ed. 793.
Government approved the Federal Reserve Bank, Inc., as the Central Banking system for the United States, and it's policy is reviewed by Congress albeit, in a haphazard manner. The Federal Reserve authorizes its "private money" "Federal Reserve Bank Notes" to be used by lending institutions such as member banks, to operate upon a system of fractionalizing. The nature of which is that they do not lend either their money or the money of the depositors, the money is created out of thin air, by the mere stroke of a pen. When there is no consideration in jeopardy of being returned, then the obligation is to make the bank injury proof, to the extent of the obligation, which would be to make them whole.
The only legal obligation is based upon the moral issue, which under the law is an Imperfect Obligation, to return to them their property, which isn't wealth, but credit. A Promissory Note is signed under "economic compulsion" when, the "loan" will not be consummated unless and until the borrower signs it. Thus, performing the act of signing a Promissory Note cannot be considered voluntary. The discharging of the credit is based upon social, economic, and moral standards to make the bank whole, if injury is claimed, in any court action where default on

the Promissory Note is on record and where the bank fails to verify an injury, the bank cannot enforce a promise to pay consideration where they provided no consideration. For
the bank to be able to force upon the defendant an amount over and above the credit, is to force upon the defendants a debt that goes to the control of their labor against their will. This condition would be Peonage, which has been abolished in this country. (42 U.S.C. § 1994, and 18 U.S.C. §1581.) The question then arises as to when is the obligation discharged, to put the bank in a position, where there is no record of injury to it?

THE CASE IS CLEAR

Conspiracy against rights: If two or more persons conspire to injure, oppress, threaten, or intimidate any person in any State, Territory, Commonwealth, Possession, or District in the free exercise or enjoyment of any right or privilege secured to him by the Constitution or laws of the United States, or because of his having so exercised the same ; or If two or more persons go in disguise on the highway, or on the premises of another, with intent to prevent or hinder his free exercise or enjoyment of any right or privilege so
secured - They shall be fined under this title or imprisoned not more than ten years, or both; and if death results from the acts committed in violation of this section or if such acts include kidnapping or an attempt to kidnap, aggravated sexual abuse or an attempt to commit aggravated sexual abuse, or an attempt to kill, they shall be fined under this title or imprisoned for any term of years or for life, or both, or may be sentenced to death. [18, USC 241]

Deprivation of rights under color of law: Whoever, under color of any law, statute, ordinance, regulation, or custom, willfully subjects any person in any State, Territory, Commonwealth, Possession, or District to the deprivation of any rights, privileges, or immunities secured or protected by the Constitution or laws of the United States, or to different punishments, pains, or penalties, on account of such person being an alien, or by reason of his color, or race, than are prescribed for the punishment of citizens, shall be fined under this title or imprisoned not more than one year, or both; and if bodily injury results from the acts committed in violation of this section or if such acts include the use, attempted use, or threatened use of a dangerous weapon, explosives, or fire, shall be fined under this title or imprisoned not more than ten years, or both; and if death results from the acts committed in violation of this section or if such acts include kidnapping or an attempt to kidnap, aggravated sexual abuse, or an attempt to commit aggravated sexual abuse, or an attempt to kill, shall be fined under this title, or imprisoned for any term of years or for life, or both, or may be sentenced to death. [18, USC 242] **Property rights of citizens**: All citizens of the United States shall have the same right, in every State and Territory, as is enjoyed by white citizens thereof to inherit, purchase, lease, sell, hold, and convey real and personal property. [42 USC 1982]

Civil action for deprivation of rights: Every person who, under color of any statute, ordinance, regulation, custom, or usage, of any State or Territory or the District of Columbia, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable to the party injured in an
action at law, suit in equity, or other proper proceeding for redress, except that in any action brought against a judicial officer for an act or omission taken in such officer's judicial capacity, injunctive relief shall not be granted unless a declaratory decree was violated or declaratory relief was unavailable. For the purposes of this section, any Act of Congress applicable exclusively to the District of Columbia shall be considered to be a statute of the District of Columbia. [42 USC 1983]

Conspiracy to interfere with civil rights: Depriving persons of rights or privileges: If two or more persons in any State or Territory conspire or go in disguise on the highway or on the premises of another, for the purpose of depriving, either directly or indirectly, any person or class of persons of the equal protection of the laws, or of equal privileges and immunities under the laws; or for the purpose of preventing or hindering the constituted authorities of any State or Territory from giving or securing to all persons within such State or Territory the equal protection of the laws; or if two or more persons
conspire to prevent by force, intimidation, or threat, any citizen who is lawfully entitled to vote, from giving his support or advocacy in a legal manner, toward or in favor of the election of any lawfully qualified person as an elector for President or Vice President, or as a Member of Congress of the United States; or to injure any citizen in person or property on account of such support or advocacy; in any case of conspiracy set forth in this section, if one or more persons engaged therein do, or cause to be done, any act in furtherance of the object of such conspiracy, whereby another is injured in his person or property, or deprived of having and exercising any right or privilege of a citizen of the United States, the party so injured or deprived may have an action for the recovery of damages occasioned by such injury or deprivation, against any one or more of the conspirators. [42 USC 1985(3)]

Action for neglect to prevent: Every person who, having knowledge that any of the wrongs conspired to be done, and mentioned in section 1985 of this title, are about to be committed, and having power to prevent or aid in preventing the commission of the same, neglects or refuses so to do, if such wrongful act be committed, shall be liable to the party injured, or his legal representatives, for all damages caused by such wrongful act, which such person by reasonable diligence could have prevented; and such damages may be recovered in an action on the case; and any number of persons guilty of such wrongful neglect or refusal may be joined as defendants in the action; and if the death of any party be caused by any such wrongful act and neglect, the legal representatives of the deceased shall have such action therefore, and may recover not exceeding $5,000 damages therein, for the

benefit of the widow of the deceased, if there be one, and if there be no widow, then for the benefit of the next of kin of the deceased. But no action under the provisions of this section shall be sustained which is not commenced within one year after the cause of action has accrued. [42 USC 1986]
COURT: The person and suit of the sovereign; the place where the sovereign sojourns with his regal retinue, wherever that may be. [Black's Law Dictionary, 5th Edition, page 318.]
COURT: An agency of the sovereign created by it directly or indirectly under its authority, consisting of one or more officers, established and maintained for the purpose of hearing and determining issues of law and fact regarding legal rights and alleged violations thereof, and of applying the sanctions of the law, authorized to exercise its powers in the course of law at times and places previously determined by lawful authority. [Isbill v. Stovall, Tex.Civ.App., 92 S.W.2d 1067, 1070; Black's Law Dictionary, 4th Edition, page 425]
COURT OF RECORD: To be a court of record a court must have four characteristics, and may have a fifth. They are: a. A judicial tribunal having attributes and exercising functions independently of the person of the magistrate designated generally to hold it [Jones v. Jones, 188 Mo.App. 220, 175 S.W. 227, 229; Ex parte Gladhill, 8 Metc. Mass., 171, per Shaw, C.J. See, also, Ledwith v. Rosalsky, 244 N.Y. 406, 155 N.E. 688, 689] [Black's Law Dictionary, 4th Ed., 425, 426]
b. Proceeding according to the course of common law [Jones v. Jones, 188 Mo.App. 220, 175 S.W. 227, 229; Ex parte Gladhill, 8 Metc. Mass., 171, per Shaw, C.J. See, also, Ledwith v. Rosalsky, 244 N.Y. 406, 155 N.E. 688, 689] [Black's Law Dictionary, 4th Ed., 425, 426]
c. Its acts and judicial proceedings are enrolled, or recorded, for a perpetual memory and testimony. [3 Bl. Comm. 24; 3 Steph. Comm. 383; The Thomas Fletcher, C.C.Ga., 24 F. 481; Ex parte Thistleton, 52 Cal 225; Erwin v. U.S., D.C.Ga., 37 F. 488, 2 L.R.A. 229; Heininger v. Davis, 96 Ohio St. 205, 117 N.E. 229, 231]
d. Has power to fine or imprison for contempt. [3 Bl. Comm. 24; 3 Steph. Comm. 383; The Thomas Fletcher, C.C.Ga., 24 F. 481; Ex parte Thistleton, 52 Cal 225; Erwin v. U.S., D.C.Ga., 37 F. 488, 2 L.R.A. 229; Heininger v. Davis, 96 Ohio St. 205, 117 N.E. 229, 231.] [Black's Law Dictionary, 4th Ed., 425, 426]
e. Generally possesses a seal. [3 Bl. Comm. 24; 3 Steph. Comm. 383; The Thomas Fletcher, C.C.Ga., 24 F. 481; Ex parte Thistleton, 52 Cal 225; Erwin v. U.S., D.C.Ga., 37 488, 2 L.R.A. 229; Heininger v. Davis, 96 Ohio St. 205, 117 N.E. 229, 231.] [Black's Law Dictionary, 4th Ed., 425, 426]
Taking into consideration all of the documentation contained herein it is abundantly clear that no foreclosure action is warranted, justified or lawful. There is no injury to the purported lender. A court of record should decide what actions should and must be taken as a result of the unlawful actions of the Plaintiff. Exhibit D Memorandum of Law Points of Authority Bills of Exchange
NOTICE NOTICE OF MEMORANDUM OF LAW-Points and Authorities in Support of International Bill of Exchange
"Those who constitute an association nationwide of private, unincorporated persons engaged in the usiness of banking to issue notes **against** these obligations of the United States due them; whose **private** property is at risk to collateralize the government's debt and currency, by legal definitions, a "**national banking association**"; such notes, issued **against these obligations of the United States to that part of the public debt due its Principals and Sureties** ***are required by law to be accepted as "legal tender" of payment for all debts public and private***, and are defined in law as "**obligations of the United States**", on the same par and category with Federal reserve notes and other currency and legal tender obligations." **RE: Item tendered for Discharge of Debt**. **The instrument tendered to the bank and negotiated to the United States Treasury for settlement is an "Obligation of THE UNITED STATES**," under **Title 18USC Sect.8,** representing as the definition provides a "certificate of indebtedness ….**drawn upon an authorized officer of the United States**," (in this case the Secretary of the Treasury)"**issued under an Act of Congress**" (in this case **public law 73-10, HJR-192 of 1933** and **Title 31 USC 3123, and 31 USC 5103) and by treaty** (in this case **the UNITED NATIONS CONVENTION ON INTERNATIONAL BILLS OF EXCHANGE AND INTERNATIONAL PROMISSORY NOTES (UNCITRAL**) and the **Universal Postal Union headquartered in Bern, Switzerland**).
TITLE 18 > PART I > CHAPTER 1 > Sec. 1. > Sec. 8.
Sec. 8. - Obligation or other security of the United States defined The term "obligation or other security of the United States" includes all bonds, certificates of indebtedness, national bank currency, Federal Reserve notes, Federal Reserve bank notes, coupons, United States notes, Treasury notes, gold certificates, silver certificates, fractional notes, certificates of deposit, bills, checks, or drafts for money,
drawn by or upon authorized officers of the United States, stamps and other representatives of value, of whatever denomination, **issued under any Act of Congress**, and canceled United States stamps.
The International Bill of Exchange is legal tender as a national bank note, or note of a National Banking Association, by legal and/or statutory definition (**UCC 4-105, 12CFRSec. 229.2, 210.2, 12 USC 1813)**, issued under Authority of the United States Code **31 USC 392, 5103**, which officially defines this as a statutory legal tender obligation of THE UNTIED STATES, and is issued in accordance with **31 USC 3123**

and HJR-192 (1933) which establish and provide for its issuance as "Public Policy" in remedy for discharge of equity interest recovery on that portion of the public debt to its Principals, and Sureties bearing the Obligation of THE UNITED STATES. This is a statutory remedy for equity interest recovery due the principles and sureties of the United States for **discharge of lawful debts in commerce in conjunction with US obligations to that portion of the public debt it is intended to reduce**.During the financial crisis of the depression, in 1933 substance of gold, silver and real money was **removed** as a foundation for our financial system. In it s place the **substance** of the American citizenry: **their** real property, wealth, assets
and productivity **that belongs to them** was, in effect, '**pledged**' by the government and **placed at risk** as the **collatera**l for **US debt, credit and currency** for commerce to function. This is well documented in the actions of Congress and the President at that time and in the Congressional debates that preceded the adoption of the reorganizational measures: **Senate Document No. 43, 73rd Congress, 1st Session**, stated,
"Under the new law the money is issued to the banks **in return** for **Government obligations, bills of exchange, drafts, notes, trade acceptances, and banker's acceptances. The money will be worth 100 cents on the dollar, because it is backed by the credit of the nation. It will represent a mortgage on all the homes and other property of all the people in the Nation**." (Which **lawfully belongs** to these private
citizens.) The National Debt is defined as "**mortgages on the wealth and income of the people of**
a country." (Encyclopedia Britannica, 1959.) Their wealth, …. their income. The reorganization is evidenced by: The Emergency Banking Act, March 9, 1933, House Joint Resolution 192, June 5, 1933 (public law 73-10) And the Series of Executive Orders that surrounded them: 6073- Reopening of Banks. Embargo on Gold Payments and Exports, and Limitations on Foreign Exchange Transactions. March 10, 1933 6111-Transactions in foreign exchange are permitted under Governmental Supervision. April 20, 1933 6102 - Forbidding the hoarding of gold coin, gold bullion and gold certificates. April 5, On December 23, 1913, Congress had passed "An Act to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford a means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and **for other purposes**". The Act is commonly known as the "**Federal Reserve Act**". One fo the purposes for enacting the Federal Reserve Act was:
(3) **to authorize "hypothecation" of obligations including "United States bonds or other securities which Federal reserve Banks are authorized to hold**" under Section 14(a); **12 USC; ch. 6, 38 Stat. 251 Sect 14(a)**
The term "**hypothecation**" as stated in Section 14(a) of the Act is defined: "1. Banking. **Offer of** stocks, bonds, or other assets owned by a party **other than the borrower as collateral for a loan, without transferring title**. If the borrower turns the property over to the lender who holds it for safekeeping, the
action is referred to as a pledge. If the borrower retains possession, but **gives the lender the right to sell the property in event of default**, it is a true hypothecation. 2. Securities. The pledging of negotiable securities to collateralize a broker's **margin** loan. The broker pledges the same securities to a bank as collateral for a broker's loan, the process is referred to as **rehypothecation**."
[Dictionary Of Banking Terms, Fitch, pg. 228 (1997)]
As seen from the definitions, in hypothecation there is **equitable** risk to the **actual** owner. Section 16 of the current Federal Reserve Act, which is codified at 12 USC 411, declares that **"Federal Reserve Notes" are "obligations of the United States".** So we see the "**full faith and credit**" of the **United States**: which is the **substance** of the American citizenry: **their** real property, wealth, assets and productivity that **belongs to them**, is thereby **hypothecated and rehypothecated** by the United States to its obligations as well as to the Federal Reserve **for the issuance and backing of Federal Reserve Notes as legal tender** "for all taxes, customs, and other public dues". **TITLE 12 > CHAPTER 3 > SUBCHA PTER XII > Sec. 411.**
Sec. 411. - Issuance to reserve banks; nature of obligation; redemption Federal Reserve notes, to be issued at the discretion of the Board of Governors of the Federal Reserve System for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are authorized. **The said notes shall be obligations of the United States and shall be**
receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. The commerce and credit of the nation continues on today under financial reorganization (Bankruptcy) as it has since 1933, **still** backed by the assets and wealth of the American
citizenry: **at risk** for the **government's** obligations and currency. Under the 14th amendment and numerous Supreme Court precedents, as well as in equity, **Private property can not be taken or pledged for public use without just compensation, or due process of law** . The United States **can not pledge or risk the**
property and wealth of its private citizens, for any government purpose without legally providing them remedy to recover what is due them on their risk. This principle is so well established in English common law and in the history of American jurisprudence. The 14th amendment provides: "**no person shall be deprived of… property without due process of law**".
And Courts have long ruled to have one's property legally held as collateral or surety for a debt even when he still owns it and still has it is to deprive him of it since it is at risk and could be lost for the debt at any time. The United States Supreme Court said, in United States v. Russell [13 Wall, 623, 627]

"**Private property, the Constitution provides, shall not be taken for public use without just compensation**." "The **right of subrogation** is not founded on contract. It **is a creature of equity**; is enforced solely for the purpose of accomplishing the ends of substantial justice; **and is independent of any contractual relations between the parties." Memphis & L. R. R. Co. v. Dow, 120 U.S. 287, 301-302 (1887)**. **The rights of a surety to recovery on his risk or loss when standing for the debts of another** was reaffirmed again as late as 1962 in Pearlman v. Reliance Ins.Co., 371 U.S.132 when the Court said: **…"sureties compelled to pay debts for their principal have been deemed entitled to reimbursement, even without a contractual promise …And probably there are few doctrines better established….." Black's Law Dictionary , 5th edition, defines "surety":** "One who undertakes to pay **or to do any other act in event that his principal fails therein**. Everyone who incurs **a liability in person or estate for the benefit of another**, without sharing in the consideration, **stands in the position of a "surety**."

Constitutionally and in the laws of equity, the United States **could not borrow or pledge the property and wealth of its private citizens, put at risk as collateral for its currency and credit without legally providing them equitable remedy for recovery of what is due them.** The United States government, of course, did **not** violate the law or the Constitution in this way, in order to collateralize its financial reorganization, but did, **in fact**, provide such a legal remedy so that it has been able to continue on since 1933 to hypothecate the **private** wealth and assets of those classes of persons by whom it is owned, **at risk backing the government's** obligations and currency, **by their implied consent**, through the government having provided such **remedy**, as defined and codified above, for recovery of what is due them on their assets and wealth at risk. The provisions for this are found in the same act of "Public Policy" **HJR-192, public law 73-10** that suspended the gold standard for our currency, abrogated the right to demand payment in gold, and made Federal Reserve notes for the first time legal tender, "**backed by the substance or "credit of the nation**". **All** US currency since that time is only **credit** against the real property, wealth and assets belonging to the private soverign American people, **taken** and/or '**pledged**' by THE UNITED STATES to its **secondary** creditors as **security** for its obligations. Consequently, those **backing** the nation's credit and currency could not recover what was due them **by anything drawn on Federal Reserve notes without expanding their risk and obligation to themselves**. Any recovery payments backed by this currency would only **increase the public debt its citizens were collateral for, which an equitable remedy was intended to reduce**, and in equity would not satisfy anything. And there was no longer **actual money of substance to pay anybody**. There are other serious limitations on our present system. **Since the institution of these events, for practical purposes of commercial exchange, there has been no actual money in circulation by which debt owed from one party to another can actually be repaid**. Federal Reserve Notes, although made legal tender for all debts public and private in the reorganization, can only **discharge** a debt. Debt must be "**paid**" with **value or** substance (i.e. gold, silver, barter, labor, or a commodity). For this reason HJR-192 (1933), which established the "public policy" of our current monetary system, repeatedly uses the technical term of "discharge" in conjunction with "payment" in laying out public policy for the new system. A debt currency system cannot pay debt.

So from that time to the present, commerce in the corporate UNITED STATES and among sub-corporate subject entities has had only debt note instruments by which debt can be discharged and transferred in different forms. The unpaid debt, created and/or expanded by the plan now carries a **public liability** for collection in that when debt is discharged with debt instruments, (i.e. Federal Reserve Notes included), by our commerce, debt is inadvertently being **expanded** instead of being **cancelled**, thus **increasing the public debt**. **A situation potentially fatal to any economy**. Congress and government officials who orchestrated the public laws and regulations that made the **financial reorganization** anticipated the long term effect of a debt based financial system which many in government feared, and which we face today in servicing the interest on trillions upon trillions of dollars in US Corporate public debt and in this same act made provision not only for the **recovery remedy to satisfy equity** to its Sureties, but **to simultaneously resolve this problem as well**. Since it is, in fact, the real property, wealth and assets of that class of persons that is the substance backing all the other obligations, currency and credit of THE UNITED STATES and such currencies could not be used to reduce its obligations for equity interest recovery to its Principals and Sureties, HJR-192 further made the "notes of national banks "and "national banking associations" on a par with its other currency and legal tender obligations.

Now TITLE 31 , SUBTITLE IV , CHAPTER 51 , SUBCHAPTER I , Sec. 5103. **says**, *Legal tender* -United States coins and currency (including Federal reserve notes and circulating **notes** of Federal reserve banks and **national banks**) are *legal tender* for all debts, public charges, taxes, and dues. (emphasis added)

But this official definition for 'legal tender' was first established in HJR-192 (1933) in the same act that made federal reserve notes and notes of national banking associations legal tender.

Public Policy HJR-192 JOINT RESOLUTION TO SUSPEND THE GOLD STANDARD AND ABROGATE THE GOLD CLAUSE, JUNE 5, 1933

H.J. Res. 192, 73rd Cong., 1st Session Joint resolution to assure uniform value to the coins and currencies of the United States. As used in this resolution, **the term "obligation" means an obligation (including every**

obligation of and to the United States, excepting currency) payable in money of the United States; and **the term "coin or currency" means coin or currency of the United States, including** Federal Reserve notes and circulating notes of Federal Reserve banks and **national banking associations**.
"**All coins and currencies of the United States (including** Federal Reserve notes and circulating **notes of** Federal Reserve banks and **national banking associations**) heretofore or hereafter coined or issued, **shall be legal tender** for all debts, for public and private, public charges, taxes, duties, and dues,"
[USC Title 12.221 Definitions – "The terms "**national bank**" and "**national banking association**"….shall be held to be **synonymous and interchangeable**."] **"notes of national banks" or "national banking associations" have continuously been maintained in the official definition of legal tender since June 5, 1933 to the present day, when the term had never been used to define "currency "or "legal tender" before that**. Prior to 1933 the forms of currency in use that were legal tender were many and varied: -United States Gold Certificates – United States Notes – Treasury Notes – Interest bearing notes –Gold Coins of United States – Standard silver dollars – Subsidiary silver coins – minor coins - Commemorative coins –**but the list did not include federal reserve notes or notes of national banks or national banking associations** despite the fact national bank notes were a common medium of exchange or "currency" and had been, almost since the founding of our banking system and were backed by United States bonds or other securities on deposit for the bank with the US Treasury. Further, **from the time of their inclusion in the definition they have been phased out** until presently **al**l provision in the United States Code pertaining to **incorporated federally chartered National Banking institutions issuing, redeeming, replacing and circulating notes** have all been **repealed**.
USC TITLE 12 > CHAPTER 2 - NATIONAL BANKS SUBCHAPTER V - OBTAINING AND ISSUING CIRCULATING NOTES Sec.101 to 110. *Repealed*. Pub. L. 103-325, title VI, Sec. 602e5-11, f2-4A, g9, Sept. 23, 1994, 108 Stat. 2292, 2294
SUBCHAPTER VI - REDEMPTION AND REPLACEMENT OF CIRCULATING NOTES
Sec.121. *Repealed*. Pub. L. 103-325, title VI, Sec. 602f4B, Sept. 23, 1994, 108 Stat. 2292
Sec.121a. Redemption of notes unidentifiable as to bank of issue
Sec.122. *Repealed*. Pub. L. 97-258, Sec. 5b, Sept. 13, 1982, 96 Stat. 1068
Sec.122a. Redeemed notes of unidentifiable issue; funds charged against
Sec 123 to 126. *Repealed*. Pub. L. 103-325, title VI, Sec. 602e12, 13, f4C, 6, Sept. 23, 1994, 108 Stat. 2292, 2293
Sec127. *Repealed*. Pub. L. 89-554, Sec. 8a, Sept. 6, 1966, 80 Stat. 633
As stated in 'Money and Banking", 4th edition, by David H. Friedman, publ. by the American Bankers Association, page 78, "**Today commercial banks no longer issue currency, …."**
It is clear, federally incorporated banking institutions subject to the restrictions and repealed provisions of Title 12, **are not those primarily referred to maintained in the current definition of "legal tender**".
The legal statutory and professional definitions of "**bank**", "**banking**", **and "banker**" used in the United States Code and Code of Federal Regulations are not those commonly understood for these terms and have made the statutory definition of "**Bank**" accordingly: **UCC 4-105** PART 1 "**Bank**" means **a person engaged in the business of banking," 12CFR Sec. 229.2** Definitions (e) **Bank** means—"the term bank also includes **any person engaged in the business of banking**," **12CFR Sec. 210.2** Definitions. (d)" **Bank means any person engaged in the business of banking**." **USC Title 12 Sec. 1813**. –**Definitions of Bank and Related Terms**. – (1) Bank. – The term "**bank**" – (A) "means any national bank, State bank, and District bank, and any Federal branch and insured branch;" **Black's Law Dictionary, 5th Edition**, page 133, defines a "**Banker**" as, **"In general sense, person that engages in business of banking. In narrower meaning, a private person………; who is engaged in the business of banking without being incorporated. Under some statutes, an individual banker, as distinguished from a "private banker", is a person who, having complied with the statutory requirements, has received authority from the state to engage in the business of banking, while a private banker is a person engaged in banking without having any special privileges or authority from the state.** "
"Banking" Is partly and optionally defined as "**The business of issuing notes for circulation……, negotiating bills**." **Black's Law Dictionary, 5th Edition**, page 133, defines "**Banking**": **"The business of banking, as defined by law and custom, consists in the issue of notes ……intended to circulate as money……..** And defines a "**Banker's Note**" as: "**A commercial instrument** resembling a bank note in every particular except that it is **given by a private banker or unincorporated banking institution**."
Federal Statute does **not** specifically define "**national bank" and "national banking association**" in those sections **where these uses are legislated on to exclude a private banker or unincorporated banking institution**. It **does** define these terms to the **exclusion** of such persons in the chapters and sections where the issue and circulation of notes by national banks has been repealed or **forbidden**. **"In the absence of a statutory definition, courts give terms their ordinary meaning**.
"Bass, Terri L. v. Stolper, Koritzinsky, 111 F.3d 1325,7thCir. Apps. (1996). As the U.S. Supreme Court noted, **"We have stated time and again that courts must presume that a legislature says in a statute what it means**

and means in a statute what it says there." See, e.g., United States v. Ron Pair Enterprises, Inc., 489 U.S. 235, 241 -242 (1989); United States v. Goldenberg,168 U.S. 95, 102 -103 (1897); "**The legislative purpose is expressed by the ordinary meaning of the words used**.

"Richards v. United States, 369 U.S.1 (1962). Therefore, as noted above, the legal definitions relating to '**legal tender'** have been written by Congress and maintained as such to be both **exclusive**, where necessary, and **inclusive**, where appropriate, to provide in its statutory definitions of **legal tender** for the **inclusion** of all those, who by definition of private, unincorporated persons engaged in the business of banking to issue notes **against** the obligation of the United States for recovery on their risk, whose **private** assets and property are being used to collateralize the obligations of the United States since 1933, as collectively and nationally constituting a legal class of persons being a "**national bank" or "national banking association" with the right to issue such notes against The Obligation of THE UNITED STATES for equity interest recovery due and accrued to these Principals and Sureties of the United States backing the obligations of US currency and credit; as a means for the legal tender discharge of lawful debts in commerce as remedy due them in conjunction with US obligations to the discharge of that portion of the public debt, which is provided for in the present financial reorganization still in effect and ongoing since 1933**. [12 USC 411, 18 USC 8, 12 USC; ch. 6, 38 Stat. 251 Sect 14(a), 31 USC 5118, 3123. with rights protected under the 14th Amendment of the United States Constitution, by the U.S. Supreme Court in United States v. Russell (13 Wall, 623, 627), Pearlman v. Reliance Ins. Co., 371 U.S. 132,136,137 (1962), The United States v. Hooe, 3 Cranch (U.S.)73(1805), and in conformity with the U.S. Supreme Court 79 U.S. 287 (1870), 172 U.S.48 (1898), and as confirmed at 307 U.S. 247(1939).]

HJR-192 further declared ……."**every provision….which purports to give the oblige a right to require payment in gold or a particular kind of coin or currency….is declared to be against Public Policy; and no such provision shall be….made with respect to any obligation hereafter incurred**." Making way for discharge and recovery on US Corporate public debt due the Principals and Sureties of THE UNITED STATES providing as "**public policy**" for the discharge of "**every obligation", "including every obligation OF and TO THE UNITED STATES", "dollar for dollar**", allowing those backing the US financial reorganization to recover on it by **discharging** an obligation they owed **TO THE UNITED STATES** or its sub-corporate entities, **against that same amount of obligation OF THE UNITED STATES owed to them; thus providing the remedy for the discharge** and **orderly recovery** of equity interest on US Corporate public debt due the Sureties, Principals, and Holders of THE UNITED STATES, discharging that portion of the public debt **without expansion of credit, debt or obligation on THE UNITED STATES or these its prime-creditors** it was intended to satisfy equitable remedy to, but gaining for each bearer of such note, discharge of obligation equivalent in value 'dollar for dollar' to any and all "**lawful money of the United States**".Those who constitute an association nationwide of private, unincorporated persons engaged in the business of banking to issue notes **against** these obligations of the United States due them; whose **private** property is at risk to collateralize the government's debt and currency, by legal definitions, a "**national banking association**"; such notes, issued **against these obligations of the United States to that part of the public debt due its Principals and Sureties** are required by law to be accepted as "legal tender" of payment for all debts public and private, and, as we have seen, are defined in law as "obligations of the United States", on the same par and category with Federal reserve notes and other currency and legal tender obligations. This is what is asserted in the tender presented to the bank for deposit and the government has said nothing to the contrary. Would we question that this is exactly what Congress has provided for in these statutes and codes on the public debt and obligations of the United States and that this is the remedy codified in statutory law and definition we have cited here? Even though it is never discussed. Under this remedy for **discharge** of the public debt **and** recovery to its Principals and Sureties, **TWO debts** that would have been discharged in Federal Reserve debt note or checks drawn on the same, equally **expanding** the public debt by those transactions, are discharged against **a SINGLE public debt of the Corporate UNITED STATES and its sub-corporate entities** to its prime-creditor **without the expansion and use of Federal Reserve debt note instruments as currency and credit**, and so, **withou**t the expansion of debt and debt instruments in the monetary system and the **expansion of the public** debt as burden upon the entire financial system and its Principals, and Sureties the recovery remedy was intended to relieve. Apparently their use is for the discharge and **non-cash accrual reduction** of US Corporate public debt to the Principals, Prime Creditors and Holders of it as provided in law and the instruments will ultimately be settled by adjustment and set-off in discharge of a bearer's obligation TO THE UNITED STATES against the obligation OF THE UNITED STATES for the amount of the instrument to the original creditor it was tendered to or whomever or whatever institution may be the final bearer and holder in due course of it, again, thus discharging **that** portion of the public debt **without expansion of credit, debt or note on the prime-creditors of THE UNITED STATES** it was intended to satisfy equitable remedy to, but gaining for each endorsed bearer of it discharge of obligation equivalent in value 'dollar for dollar' of currency, measurable in "**lawful money of the United States**". Although this has been public policy as a remedy for the discharge of debt in conjunction with removal of gold, silver and real money as legal tender currency by the same act of public policy in 1933, it has been a **difficult** concept to communicate for others to accept and to know what to do with it, so its never gained common use and for obvious reasons the government has **discouraged** public understanding of the remedy and recovery under it and therefore it is **little known** and not generally accessed by the public. But it is still an obligation the United States has **bound** itself to and has provided for in statutory law and the United States still accepts these non-cash accrual exchanges today as a matter of law and equity. So is the experience of many who have attempted to access the remedy. That the "public policies" of House Joint Resolution 192 of 1933 are still in effect is evidenced by the other provisions of "public policy" it established that we can see along with these discussed. No one would attempt to demand payment in gold or a particular kind of coin or currency in use or think to write such an obligation into a contract, **because the gold standard for currency is still suspended and the right to a 'gold clause' to require payment in gold is still abrogated. Both are also part of "public policy" established in HJR-192**. The practical evidence and fact of the United States' financial reorganization (bankruptcy) is still ongoing today, visible all around us to see and understand. When Treasury notes come due, they're not paid. They are **refinanced by new** T-Bills and notes to back the currency and cover the debts. ..something that cannot be done with debt **……unless,…. the debtor is protected from creditors in a bankruptcy reorganization** that is regularly being restructured to keep it going. Every time the Federal debt ceiling is raised by Congress **they are restructuring the bankruptcy reorganization of the government's debt so commerce can continue on**. For obvious reasons the United States government does not like having to recognize all this. It is a very sensitive and delicate matter. And few can speak or will speak authoritatively about it, as the bank has found out. The recovery remedy is maintained in law because it has to be to satisfy equity to its prime creditors. At this late time, the United States is neither expecting nor intending it to be generally accessed by the public. Regarding such instruments tendered to the Secretary, when public officials are put in a position to legally acknowledge or deny the authority or validity of the instruments, those in responsibility **will not deny or dishonor it, or an instrument of discharge properly submitted for that purpose**. The issue is what has the government said about it now?What is its policy **in practice**? And how does it finally respond to such claims of which it receives thousands every day? **It is a fact**: Title 31 USC 3123 makes a statutory pledge of the United States government to payment of obligations and interest on the public debt. TITLE 31 , SUBTITLE III , CHAPTER 31 , SUBCHAPTER II , Sec. 3123. – **Payment of obligations and interest on the public debt(a)** The faith of the United States Government is pledged to pay, in legal tender, principal and interest on the obligations of the Government issued under this chapter. **(b)** "**The Secretary of the Treasury** shall pay interest due or accrued on the public debt."

It is a fact: Title 31 Section 3130 further delineates in its definitions a portion of the total public debt which is **held by the public** as the "Net public debt" **TITLE 31** > **SUBTITLE III** > **CHAPTER 31** > **SUBCHAPTER II** > **Sec. 3130**. **Sec. 3130. - Annual public debt report**

(e) Definitions. -

(2) Total public debt. - The term "total public debt" means the total amount of the obligations subject to the public debt limit established in section 3101 of this title. (3) **Net public debt**. - **The term "net public debt" means the portion of the total public debt which is held by the public**. **It is a fact**: Section 3101 references **guaranteed obligations held by the Secretary of the Treasury** which are **excepted** and **exempted** from "the face amount of obligations whose principal and interest are guaranteed by the United States Government"

Sec. 3101. - Public debt limit

(b) The face amount of obligations issued under this chapter and the face amount of obligations whose principal and interest are guaranteed by the United States Government (**except guaranteed obligations held by the Secretary of the Treasury**) may not be more than $5,950,000,000,000, outstanding at one time, subject to changes periodically made in that amount as provided by law **It is a fact**: Every day the United States Treasury department receives dozens or hundreds of such instruments making claims of this type. Obviously some are valid and some are not. **It is a fact**: There are only 3 official government directives or alerts that address spurious, fraudulent, fictitious, or otherwise invalid, instruments sent to the US Treasury for payment, and **only one** that officially states what is to be **official US government policy** and treatment of them if they are received, this is ALERT 99-10: which is also published on the government website for the United States Treasury: www.publicdebt.treas.gov under Frauds and Phonies,

The Office of the Comptroller of the Currency, Enforcement & Compliance Division in ALERT 99-10 states: Type: Suspicious Transactions TO: Chief Executive Officers of all National Banks; all StateBanking Authorities; Chairman, Board of Governors of the Federal Reserve System; Chairman, Federal Deposit Insurance Corporation; Conference of State Bank Supervisors; Deputy Comptrollers (Districts); Assistant Deputy Comptrollers; District Counsel and Examining Personnel. RE: Fictitious Sight Drafts payable through the U.S. Treasury It has been brought to our attention that certain individuals have been making and executing worthless paper documents which are titled "Sight Draft" These items state that they are payable through the U. S. Treasury, 1500 Pennsylvania Avenue, NW, Washington, DC 20220. These instruments are being presented for payment at banks and other businesses throughout the United States. **Any of these instruments that are presented to the U. S. Treasury for payment will be returned to the sender** and copies will be provided to the appropriate law enforcement agencies." **Dishonored**.

This is in conformity with the Uniform Commercial Code that parties may rely on their presentment of obligations as settled unless given a Notice of Dishonor, whether directly applicable to Treasury Dept. officers or not.

UCC3-503. NOTICE OF DISHONOR …(b) Notice of dishonor may be given by any person: **may be** given by any commercially reasonable means, including an oral, written, or electronic communication;

and is sufficient if it reasonably identified the *instrumen*t **and** indicates that the instrument has been dishonored or has not been **paid or** accepted. Return of an instrument **given to a bank for collection** is sufficient notice of dishonor. …c) Subject to Section 3-504(c), **with respect to an instrument taken for collection** notice of dishonor must be given…. **within 30 days following the day on which the person receives notice of dishonor. With respect to any other instrument, notice of dishonor must be given within 30 days following the day on which dishonor occurs. These instruments are never returned from the Treasury dishonored. It is a fact**: There is no basis or reason or plausible explanation for such **unexplained silence** with regard to these particular instruments. Every other branch of the Federal government including the Dept. of the Treasury has developed elaborate libraries of computer generated form letters of statements and replies dealing with almost every possible question or claim that could be made of any agency or department of the Federal government. The United States Treasury has an Office of Public Correspondence whose sole job it is to respond to communications from the general public. **THERE IS NO COMMUNICATION SENT TO THE UNITED STATES TREASURY THAT CAN NOT BE RESPONDED TO AS IT MAY REQUIRE.** Many such categories of requests calling for response are far greater in number than claims in equity for recovery to a Prime-creditor over the United States and some categories are far fewer in number, and yet be the requests greater or smaller in number or in complexity of response required, **all these of a commercial nature are regularly and timely responded to. There is virtually no written response by the Federal government to this issue of recovery to the prime-creditors and holders in equity over the United States. The factually observable position of the Secretary of the Treasury and his department in response to THIS type of claim has been ABSOLUTE SILENCE be they from bank, business or private person:**

Not denial, disavowal, dishonor, or repudiation of such claims OR their basis in law and fact if they are not true, which in every other case of correspondence to the Federal government or the Department of Treasury dealing with any question, request or claim: ANY SUCH FALSE CLAIM, MISCONCEPTION OR MISTAKEN UNDERSTANDING ON THE PART OF THE GENERAL PUBLIC IS TIMELY DEALT WITH IN EVERY CASE BY SUCH FORM LETTERS. It is the duty of the United States Treasury to the commerce of the nation and in the interests of the general public whom it serves to **quickly** and **conclusively quash and repudiate any such false understandings or claims of remedy in equity on recovery of the public debt in the commercial realm and it is easily within their power to do so**.

This despite the fact the only official US government directive from the Department of the Treasury dealing with policy of the government toward fictitious or otherwise invalid instruments sent to the Treasry for collection states clearly "**they will be returned to the sender**." There is, therefore, no basis or reason or plausible explanation for such **unexplained silence** with regard to **this** particular class of instrument **except** that **a remedy in equity for recovery to the prime-creditors over the United States IS true and factual and CANNOT BE DENIED or DISHONORED in equity, and that such Bills of Acceptance in discharge of mutually offsetting obligations between the United States and its holders in equity as secured parties ARE, in fact, being kept, held, and without return or dishonor, accepted as obligations of the United States in the discharge and recovery of the public debt as they make claim on their face to the Secretary of the Treasury to be**. **How** they are to be recovered on is up to the parties involved holding such obligations and is provided for in law and regulation and administrative procedure a holder or its banking institution may use. **In Conclusion: When a Commercial Bank sends the instrument to the Secretary for discharge of its own obligations and a problem arises concerning the instrument, a commercial response of some kind is required. There is a legal liability of the government to a negotiable legal tender obligation upon the United States government sent to them for acceptance by a member Federal Reserve Bank after they received it and became responsible for it.** The Treasury has an obligation as a department of government serving the public interest to the bank which as a member of the Federal Reserve System that has a commercial obligation to an account holder and a 3rd party who tendered the item in payment to tell them that its not any good or its not going to be honored, even if they wanted to keep it for prosecution or investigation. This is in effect what the directive says the government will do if its no good. **What does statutory law, regulation, or case law tells us about what that obligation is**? They do not dishonor it in any way by return of the item or the sending of any notice to that effect, or make request for additional information or time for examination of the instrument, or given a statement of explanation indicating the time frame for its review and settlement if it would be an inordinately lengthy time as longer than 60 days to finish with it. The instruments are being kept, held, and

without return or dishonor, are accepted as an obligation of the United States in the discharge and recovery of the public debt as it makes claim on its face to be.Put another way: If the bank had had to pay the item to honor its customer agreement as if it had been a check, **what would or could the bank be trying to do with it to finally settle the account? The bank needs to treat the Instrument tendered as an obligation of the United States to the bank. The tender of these Instruments**
discharge the obligation of the debt for which they are delivered and the payee
becomes the new holder in due course and collection agent on the Instruments. **Exhibit E**
U. S. District Court Judge Christopher A. Boyko Decision
UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF OHIO EASTERN DIVISION
IN RE FORECLOSURE CASES) CASE NO. NO.1:07CV2282
) 07CV2532)
07CV2560) 07CV2602) 07CV2631) 07CV2638) 07CV2681) 07CV2695) 07CV2920) 07CV2930
) 07CV2949) 07CV2950) 07CV3000) 07CV3029))
JUDGE CHRISTOPHER A. BOYKO))))OPINION AND ORDER))
CHRISTOPHER A. BOYKO, J.:
On October 10, 2007, this Court issued an Order requiring Plaintiff-Lenders in a number of pending foreclosure cases to file a copy of the executed Assignment demonstrating Plaintiff was the holder and owner of the Note and Mortgage ***as of the date the Complaint was filed***, or the Court would enter a dismissal. After considering the submissions, along with all the documents filed of record, the Court dismisses the captioned cases without prejudice. The Court has reached today's determination after a thorough review of all the relevant law and the briefs and arguments recently presented by the parties, including oral Case 1:07-cv-02282-CAB Document 11 Filed 10/31/2007 Page 1 of 6-2-
arguments heard on Plaintiff Deutsche Bank's Motion for Reconsideration. The decision, therefore, is applicable from this date forward, and shall not have retroactive effect. **LAW AND ANALYSIS**
A party seeking to bring a case into federal court on grounds of diversity carries the burden of establishing diversity jurisdiction. *Coyne v. American Tobacco Company*, 183 F. 3d 488 (6th Cir. 1999). Further, the plaintiff "bears the burden of demonstrating standing and must plead its components with specificity." *Coyne*, 183 F. 3d at 494; *Valley Forge Christian College v. Americans United for Separation of Church & State, Inc.*, 454 U.S. 464 (1982). The minimum constitutional requirements for standing are: proof of injury in fact, causation, and redressability. *Valley Forge*, 454 U.S. at 472. In addition, "the plaintiff must be a proper proponent, and the action a proper vehicle, to vindicate the rights asserted." *Coyne*, 183 F. 3d
at 494 (quoting *Pestrak v. Ohio Elections Comm'n*, 926 F. 2d 573, 576 (6th Cir. 1991)). To satisfy the requirements of Article III of the United States Constitution, the plaintiff must show he has ***personally suffered some actual injury*** as a result of the illegal conduct of the defendant. (Emphasis added). *Coyne*, 183 F. 3d at 494; *Valley Forge*, 454 U.S. at 472. In each of the above-captioned Complaints, the named Plaintiff alleges it is the holder and owner of the Note and Mortgage. However, the attached Note and Mortgage identify the mortgagee and promisee as the original lending institution — one other than the named Plaintiff. Further, the Preliminary Judicial Report attached as an exhibit to the Complaint
makes no reference to the named Plaintiff in the recorded chain of title/interest. The Court's Amended General Order No. 2006-16 requires Plaintiff to submit an affidavit along with the Complaint, which identifies Plaintiff either as the original mortgage holder, or as an assignee, Case 1:07-cv-02282-CAB Document 11 Filed 10/31/2007 Page 2 of 6 -3-
trustee or successor-in-interest. Once again, the affidavits submitted in all these cases recite the averment that Plaintiff is the owner of the Note and Mortgage, without any mention of an assignment or trust or successor interest. Consequently, the very filings and submissions of the Plaintiff create a conflict. In every instance, then, Plaintiff has not satisfied its burden of demonstrating standing at the time of the filing of the Complaint. Understandably, the Court requested clarification by requiring each Plaintiff to submit
a copy of the Assignment of the Note and Mortgage, executed as of the date of the Foreclosure Complaint. In the above-captioned cases, ***none*** of the Assignments show the named Plaintiff to be the owner of the rights, title and interest under the Mortgage at issue as of the date of the Foreclosure Complaint. The Assignments, in every instance, express a present intent to convey all rights, title and interest in the Mortgage and the accompanying Note to the Plaintiff named in the caption of the Foreclosure Complaint upon receipt of sufficient consideration on the date the Assignment was signed and notarized. Further, the
Assignment documents are all prepared by counsel for the named Plaintiffs. These proffered documents belie Plaintiffs' assertion they own the Note and Mortgage by means of a purchase which pre-dated the Complaint by days, months or years. Plaintiff-Lenders shall take note, furthermore, that prior to the issuance of its October 10, 2007 Order, the Court considered the principles of "real party in interest," and examined Fed. R. Civ. P. 17 — "Parties Plaintiff and Defendant; Capacity" and its associated Commentary. The Rule is not *apropos* to the situation raised by these Foreclosure Complaints. The Rule's Commentary offers this explanation: "The provision should not be misunderstood or distorted. It is intended to prevent forfeiture when determination of the Case 1:07-cv-02282-CAB Document 11 Filed 10/31/2007 Page 3 of 6

1 Astoundingly, counsel at oral argument stated that his client, the purchaser from the original mortgagee, acquired complete legal and equitable interest in land when money changed hands, even before the purchase agreement, let alone a proper assignment, made its way into his client's possession.-4-

proper party to sue is difficult or when an understandable mistake has been made. ... It is, in cases of this sort, intended to insure against forfeiture and injustice ..." Plaintiff-Lenders do not allege mistake or that a party cannot be identified. Nor will Plaintiff-Lenders suffer forfeiture or injustice by the dismissal of these defective complaints otherwise than on the merits. Moreover, this Court is obligated to carefully scrutinize all filings and pleadings in foreclosure actions, since the unique nature of real property requires contracts and transactions concerning real property to be in writing. R.C. § 1335.04. Ohio law holds that when a mortgage is assigned, moreover, the assignment is subject to the recording requirements of R.C. § 5301.25. *Creager v. Anderson* (1934), 16 Ohio Law Abs. 400 (interpreting the former statute, G.C. § 8543). "Thus, with regards to real property, before an entity assigned an interest in that property would be entitled to receive a distribution from the sale of the property, their interest therein must have been recorded in accordance with Ohio law." *In re Ochmanek*, 266 B.R. 114, 120 (Bkrtcy.N.D. Ohio 2000) (citing *Pinney v. Merchants' National Bank of Defiance*, 71 Ohio St. 173, 177 (1904).1 This Court acknowledges the right of banks, holding valid mortgages, to receive timely payments. And, if they do not receive timely payments, banks have the right to properly file actions on the defaulted notes — seeking foreclosure on the property securing the notes. Yet, this Court possesses the independent obligations to preserve the judicial integrity of the federal court and to jealously guard federal jurisdiction. Neither the fluidity of 2

Plaintiff's reliance on Ohio's "real party in interest rule" (ORCP 17) and on any Ohio case citations is misplaced. Although Ohio law guides federal courts on substantive issues, state procedural law cannot be used to explain, modify or contradict a federal rule of procedure, which purpose is clearly spelled out in the Commentary. "In federal diversity actions, state law governs substantive issues and federal law governs procedural issues." *Erie R.R. Co. v. Tompkins*, 304 U.S. 63 (1938); *Legg v. Chopra*, 286 F. 3d 286, 289 (6th Cir. 2002); *Gafford v. General Electric Company*, 997 F. 2d 150, 165-6 (6th Cir. 1993).

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Plaintiff's, "Judge, you just don't understand how things work," argument reveals a condescending mindset and quasi-monopolistic system where financial institutions have traditionally controlled, and still control, the foreclosure process. Typically, the homeowner who finds himself/herself in financial straits, fails to make the required mortgage payments and faces a foreclosure suit, is not interested in testing state or federal jurisdictional requirements, either *pro se* or through counsel. Their focus is either, "how do I save my home," or "if I have to give it up, I'll simply leave and find somewhere else to live."

In the meantime, the financial institutions or successors/assignees rush to foreclose, obtain a default judgment and then sit on the deed, avoiding responsibility for maintaining the property while reaping the financial benefits of interest running on a judgment. The financial institutions know the law charges the one with title (still the homeowner) with maintaining the property.

There is no doubt every decision made by a financial institution in the foreclosure process is driven by money. And the legal work which flows from winning the financial institution's favor is highly lucrative. There is nothing improper or wrong with financial institutions or law firms making a profit — to the contrary , they should be rewarded for sound business and legal practices. However, unchallenged by underfinanced opponents, the institutions worry less about jurisdictional requirements and more about maximizing returns. Unlike the focus of financial institutions, the federal courts must act as gatekeepers, assuring that only those who meet diversity and standing requirements are allowed to pass through.

Counsel for the institutions are not without legal argument to support their position, but their arguments fall woefully short of justifying their premature filings, and utterly fail to satisfy their standing

the secondary mortgage market, nor monetary or economic considerations of the parties, nor the convenience of the litigants supersede those obligations. Despite Plaintiffs' counsel's belief that "there appears to be some level of disagreement and/or misunderstanding amongst professionals, borrowers, attorneys and members of the judiciary," the Court does not require instruction and is not operating under any misapprehension. The "real party in interest" rule, to which the Plaintiff-Lenders continually refer in their responses or motions, is clearly comprehended by the Court and is not intended to assist banks in avoiding traditional federal diversity requirements.2 Unlike Ohio State law and procedure, as Plaintiffs perceive it, the federal judicial system need not, and will not, be "forgiving in this regard."3

and jurisdictional burdens. The institutions seem to adopt the attitude that since they have been doing this for so long, unchallenged, this practice equates with legal compliance. Finally put to the test, their weak legal arguments compel the Court to stop them at the gate. The Court will illustrate in simple terms its decision: "Fluidity of the market" — "X" dollars, "contractual arrangements between institutions and counsel" — "X" dollars, “purchasing mortgages in bulk and securitizing” — “X” dollars, “rush to file, slow to record after judgment” — “X” dollars, “the jurisdictional integrity of United States District Court” — “Priceless.” -6-

CONCLUSION

For all the foregoing reasons, the above-captioned Foreclosure Complaints are dismissed without prejudice.

IT IS SO ORDERED. DATE: October 31, 2007 S/Christopher A. Boyko
CHRISTOPHER A. BOYKO
United States District Judge

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Exhibit F
U. S. District Court Judge Thomas M. Rose
Decision
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION AT DAYTON
IN RE FORECLOSURE CASES CASE NO. 3:07CV043
07CV049 07CV085 07CV138 07CV237 07CV240 07CV246 07CV248 07CV257 07CV286 07CV304
07CV312 07CV317 07CV343 07CV353 07CV360 07CV386 07CV389 07CV390 07CV433
JUDGE THOMAS M. ROSE

OPINION AND ORDER

The first private foreclosure action based upon federal diversity jurisdiction was filed in this Court on February 9, 2007. Since then, twenty-six (26) additional complaints for foreclosure based upon federal diversity jurisdiction have been filed.

STANDING AND SUBJECT MATTER JURISDICTION

While each of the complaints for foreclosure pleads standing and jurisdiction, evidence submitted either with the complaint or later in the case indicates that standing and/or subject matter jurisdiction may not have existed at the time certain of the foreclosure complaints were Case 3:07-cv-00286-TMR-MRM Document 24 Filed 11/15/2007 Page 1 of 7 -2-
filed. Further, only one of these foreclosure complaints thus far was filed in compliance with this Court’s General Order 07-03 captioned “Procedures for Foreclosure Actions Based On Diversity Jurisdiction. Standing Federal courts have only the power authorized by Article III of the United States Constitution and the statutes enacted by Congress pursuant thereto. *Bender v. Williamsport Area School District*, 475 U.S. 534, 541 (1986). As a result, a plaintiff must have constitutional standing in order for a federal court to have jurisdiction. *Id.*Plaintiffs have the burden of establishing standing. *Loren v. Blue Cross & Blue Shield of Michigan*, No. 06-2090, 2007 WL 2726704 at *7 (6th Cir. Sept. 20, 2007). If they cannot do so, their claims must be dismissed for lack of subject matter jurisdiction. *Id.* (citing *Central States Southeast & Sou hwest Areas Health and Welfare Fund v. Merck-Medco Managed Care*, 433 F.3d 181, 199 (2d Cir. 2005)). Because standing involves the federal court’s subject matter jurisdiction, it can be raised sua sponte. *Id.* (citing *Central States*, 433 F.3d at 198). Further, standing is determined as of the time the complaint is filed. *Cleveland Branch, NAACP v. City of Parma, Ohio*, 263 F.3d 513, 524 (6th Cir. 2001), *cert. denied*, 535 U.S. 971 (2002). Finally, while a determination of standing is generally based upon allegations in the complaint, when standing is questioned, courts may consider evidence thereof. *See NAACP,* 263 F.3d at 523-30; *Senter v. General Motors*, 532 F.2d 511 (6th Cir. 1976), *cert. denied*, 429 U.S. 870 (1976) To satisfy Article III’s standing requirements, a plaintiff must show: (1) it has suffered an injury in fact that is concrete and particularized and actual or imminent, not conjectural or Case 3:07-cv-00286-TMR-MRM Document 24 Filed 11/15/2007 Page 2 of 7 -3-
hypothetical; (2) the injury is fairly traceable to the challenged action of the defendant; and (3) it is likely, as opposed to merely speculative, that the injury will be redressed by a favorable decision. *Loren*, 2007 WL 2726704 at *7.To show standing, then, in a foreclosure action, the plaintiff must show that it is the holder of the note and the mortgage at the time the complaint was filed. The foreclosure plaintiff must also show, at the time the foreclosure action is filed, that the holder of the note and mortgage is harmed, usually by not having received payments on the note. Diversity Jurisdiction In addition to standing, a court may address the issue of subject matter jurisdiction at any time, with or without the issue being raised by a party to the action. *Community Health Plan of Ohio v. Mosser*, 347 F.3d 619, 622 (6th Cir. 2003). Further, as with standing, the plaintiff must show that the federal court has subject matter jurisdiction over the foreclosure action at the time the foreclosure action was filed. *Coyne v. American Tobacco Company*, 183 F.3d 488, 492-93 (6th Cir. 1999). Also as with standing, a federal court is required to assure itself that it has subject matter jurisdiction and the burden is on the plaintiff to show that subject matter jurisdiction existed at the time the complaint was filed. *Id.* Finally, if subject matter jurisdiction is questioned by the court, the plaintiff cannot rely solely upon the allegations in the complaint and must bring forward relevant, adequate proof that establishes subject matter jurisdiction. *Nelson Construction Co.*

v. U.S., No. 05-1205C, 2007 WL 3299161 at *3 (Fed. Cl., Oct. 29, 2007) (citing *McNutt v. General Motors Acceptance Corp. of Indiana*, 298 U.S. 178 (1936)); *see also Nichols v. Muskingum College*, 318 F.3d 674, (6th Cir. 2003) ("in reviewing a 12(b)(1) motion, the court may consider evidence outside the pleadings to resolve factual disputes

concerning jurisdiction…"). The foreclosure actions are brought to federal court based upon the federal court having jurisdiction pursuant to 28 U.S.C. § 1332, termed diversity jurisdiction. To invoke diversity jurisdiction, the plaintiff must show that there is complete diversity of citizenship of the parties and that the amount in controversy exceeds $75,000. 28 U.S.C. § 1332. Conclusion While the plaintiffs in each of the above-captioned cases have pled that they have standing and that this Court has subject matter jurisdiction, they have submitted evidence that indicates that they may not have had standing at the time the foreclosure complaint was filed and that subject matter jurisdiction may not have existed when the foreclosure complaint was filed.Further, this Court has the responsibility to assure itself that the foreclosure plaintiffs have standing and that subject-matter-jurisdiction requirements are met at the time the complaint is filed. Even without the concerns raised by the documents the plaintiffs have filed, there is reason to question the existence of standing and the jurisdictional amount. *See* Katherine M. Porter, *Misbehavior and Mistake in Bankruptcy Mortgage Claims* 3-4 (November 6, 2007), University of Iowa College of Law Legal Studies Research Paper Series Available at SSRN: http://ssrn.com/abstract-1027961 ("[H]ome mortgage lenders often disobey the law and overreach in calculating the mortgage obligations of consumers. … Many of the overcharges and unreliable calculations… raise the specter of poor recordkeeping, failure to comply with
consumer protection laws, and massive, consistent overcharging.") Therefore, plaintiffs are given until not later than thirty days following entry of this order to submit evidence showing that they had standing in the above-captioned cases **when the**
1The Court views the statement "the complaint must be accompanied by the following" to
mean that the items listed must be filed with the complaint and not at some time later that is more convenient for the plaintiff. -5- **complaint was filed** and that this Court had diversity jurisdiction **when the complaint was filed**. Failure to do so will result in dismissal without prejudice to refiling if and when the plaintiff acquires standing and the diversity jurisdiction requirements are met. *See In re Foreclosure Cases*, No. 1:07CV2282, et al., slip op. (N.D. Ohio Oct. 31, 2007) (Boyko, J.)**COMPLIANCE WITH GENERAL ORDER 07-03** Federal Rule of Civil Procedure 83(a)(2) provides that a "local rule imposing a requirement of form shall not be enforced in a manner that causes a party to lose rights because of a nonwillful failure to comply with the requirement." Fed. R. Civ. P. 83(a)(2). The Court recognizes that a local rule concerning what documents are to be filed with a certain type of complaint is a rule of form. *Hicks v. Miller Brewing Company*, 2002 WL 663703 (5th Cir. 2002). However, a party may be denied rights as a sanction if failure to comply with such a local rule is willful. *Id.* General Order 07-03 provides procedures for foreclosure actions that are based upon diversity jurisdiction. Included in this General Order is a list of items that must accompany the Complaint.1 Among the items listed are: a Preliminary Judicial Report; a written payment history verified by the plaintiff's affidavit that the amount in controversy exceeds $75,000; a legible copy of the promissory note and any loan modifications, a recorded copy of the mortgage; any applicable assignments of the mortgage, an affidavit documenting that the named plaintiff is the owner and holder of the note and mortgage; and a corporate disclosure statement. In general, it is from these items and the foreclosure complaint that the Court can confirm standing and the 2The Sixth Circuit may look to an attorney's actions in other cases to determine the extent of his or her good faith in a particular action. *See Capital Indemnity Corp. v. Jellinick*, 75 F. App'x 999, 1002 (6th Cir. 2003). Further, the law holds a plaintiff "accountable for the acts and omissions of [its] chosen counsel." *Pioneer Inv. Services Co. v. Brunswick Associates Ltd.Partnership*, 507 U.S. 380, 397 (1993).
-6- existence of diversity jurisdiction at the time the foreclosure complaint is filed. Conclusion To date, twenty-six (26) of the twenty-seven (27) foreclosure actions based upon diversity jurisdiction pending before this Court were filed by the same attorney. One of the twenty-six (26) foreclosure actions was filed in compliance with General Order 07-03. The remainder were not.2 Also, many of these foreclosure complaints are notated on the docket to indicate that they are not in compliance. Finally, the attorney who has filed the twenty-six (26) foreclosure complaints has informed the Court on the record that he knows and can comply with the filing requirements found in General Order 07-03. Therefore, since the attorney who has filed twenty-six (26) of the twenty-seven (27) foreclosure actions based upon diversity jurisdiction that are currently before this Court is well aware of the requirements of General Order 07-03 and can comply with the General Order's filing requirements, failure in the future by this attorney to comply with the filing requirements of General Order 07-03 may only be considered to be willful. Also, due to the extensive discussions and argument that has taken place, failure to comply with the requirements of the General Order beyond the filing requirements by this attorney may also be considered to be willful. A willful failure to comply with General Order 07-03 in the future by the attorney who filed the twenty-six foreclosure actions now pending may result in immediate dismissal of the -7- foreclosure action. Further, the attorney who filed the twenty-seventh foreclosure action is hereby put on notice that failure to comply with General Order 07-

03 in the future may result in This Court is well aware that entities who hold valid notes are entitled to receive timely payments in accordance with the notes. And, if they do not receive timely payments, the entities have the right to seek foreclosure on the accompanying mortgages. However, with regard the enforcement of standing and other jurisdictional requirements pertaining to foreclosure actions, Judge Christopher A Boyko of the United States District Court for the Northern District of Ohio who recently stressed that the judicial integrity of the United States District Court is "**Priceless**." **DONE** and **ORDERED** in Dayton, Ohio, this Fifteenth day of November, 2007.

s/Thomas M. Rose

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THOMAS M. ROSE
UNITED STATES DISTRICT JUDGE
Copies provided: Counsel of Record

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Exhibit G

Securitization is ILLEGAL

Title: SECURITIZATION IS ILLEGAL.

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theres more you can search for FBI files on: http://groups.yahoo.com/group/RedemptionByMethod/