<u>MEMORANDUM OF LAW – BANK FRAUD</u>

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.

<u>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</u>

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 . . . <u>Bowen v. Needles Nat. Bank,</u> 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] <u>Norton Grocery Co. v. Peoples Nat. Bank,</u> 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 <u>Nat 'l Bank,</u> 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 Kirkland v. 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 one-cent.

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 bank liabilities, 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 claim they own the mortgage note until they loan you their money. If bank deposits your 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 received equal 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 has no right to sell a mortgage 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 so-called 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 making you 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 the use or forbearance of borrowed money. The bank **never 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 <u>Edwards v. Kearsey,</u> 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 Goldsmiths 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 government-issued, 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 the 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 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).

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.