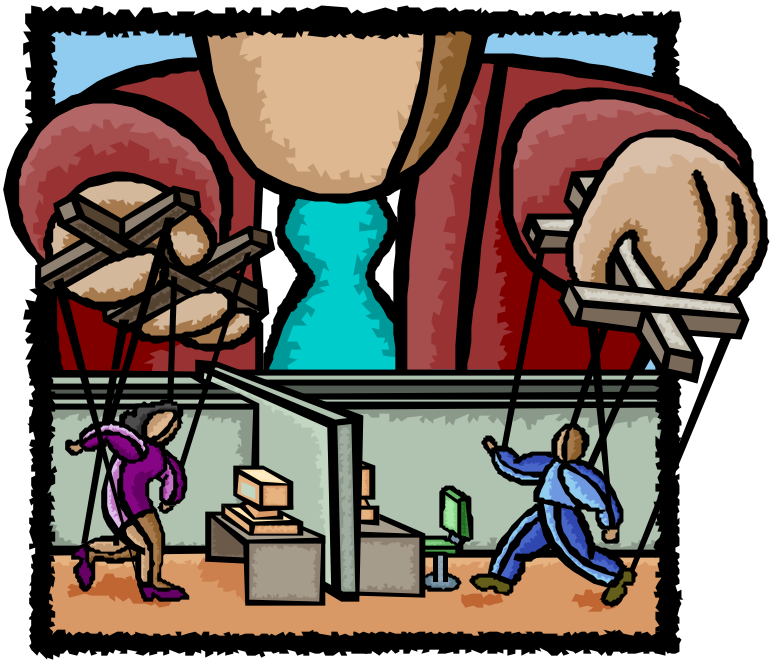
THE DOÑ QUIJOTÉ SCHOOL OF LAW

By: Don Quijote, JD.

How To Combat

BANK FORECLOSURES



Another SOS-NEWS Publication (author Don Quijote, JD.)

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COMMENTS FROM THE PROFESSOR

Banks are the main source of financial pain for all of us. You may not understand that statement now, but after reviewing this file you will be mad as hell because of the abuse you have suffered for many years at the hands of the bank, due to their illegal and immoral conduct. This sample action just might level the playing field. Again, this knowledge is a loaded gun, be careful how you use it, abuse will make it worthless in the blink of an eye.

Professor of Law
Don Quijote, JD.

COMMENTS FROM SOS-NEWS EDITOR

With so many of our rural people finding themselves in the process of the banks foreclosing on their " loans", with many more to come, this could be timely information to send the banks packing and restore the status quo, and the dignity of our farming communities and many others.

This is an American paper, however it pertains to the Australian Banks and how they work in the same manner as Australian Banks. We have modified as mush as we could to suit Australian banking terms.

Although copies of court documentation are USA, equivalent legal documents are available in every state of Australia. World banking use the same principals and practices to manipulate people.

This we must get to the farmers and all Australians locked into the clutches of the banks greed.

Please email this to friends, and to those not on line, print out a copy.

SOS-NEWS Editor
Mal Davies
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HOW AND WHY THE BANK MUST SWITCH CURRENCY

1. **NOT FULFILL THE LOAN AGREEMENT**
2. **OBTAIN YOUR MORTGAGE NOTE WITHOUT INVESTING ONE CENT**
3. **FORCING YOU TO LABOR TO PAY INTEREST ON THE CONTRACT**
4. **THE BANK REFUSES TO FULFILL THE CONTRACT**
5. **MAKES YOU A DEPOSITOR NOT A BORROWER**

The oldest scheme throughout History is the changing of currency. Remember the moneychangers in the temple? 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 cheques. 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 cheque. If you write a $100 cheque, the $100 liability your bank owes you is transferred to another bank and that bank owes $100 to the person you wrote the cheque to. That person can write a $100 cheque or receive cash. So far there is no problem.

Remember one thing however, for the cheque to be valid there must first be a deposit of money to the banks **ASSETS**, to make the cheque (liability) good. The liability is like a **HOLDING ACCOUNT** claiming that money was deposited to make the cheque 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 (cheque) 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 DDA (liability) was used from which to issue the cheque. 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 cheque they issued you), then the bank claims the promissory note is not money. They want payment to be in legal tender (cheque 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 Cheque 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 ½ 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 cheque 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 cheques 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 chequebook 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 <u>must</u> 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 cheque. 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 cheque is not money, the cheque merely transfers money and by transferring money the cheque 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 chequeing account they set up in your name, which they credited, from which to issue the cheque, is still your money. They only returned your money in the form of a cheque. 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, MN) to create a cheque (currency, BM) (bank money). Both currencies cost

nothing to create. By law the bank cannot create currency (BM a cheque) without first depositing currency, (MN) or legal tender. For the cheque to be valid there must be MN or BM **as legal tender**, but the bank accepted currency (MN) 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 (MN), 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 (MN) for legal tender so if you use the bank's currency (BM), and want to convert currency (BM) to legal tender they will be able to make it appear that the currency (BM) is backed by legal tender. The bank's currency (BM) has no value without your currency (MN). The bank cannot sell your currency (MN) 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 (MN), the same currency the bank deposited to create currency (BM), to pay the loan, the bank rejects it and says you must use currency (BM) or legal tender. The bank received your currency (MN) and the bank's currency (BM) 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 (MN) (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 (BM), 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 cheque was written without deducting funds from SA or CD allowing the MN to become the new, pool of money owed to DDA, SA, CD with DDA, SA, CD increasing by the amount of the MN. In this case the bankers sell the MN for FRBN's or other assets while still owing the liability for the MN sold and without the bank giving up any- FRBN'S.

If the bank had to part with FRBN'S, and without the benefit of cheques to hide the fraudulent conversion of the MN from which it issues the cheque, the bank fraud would be exposed.

FRBN's are the only money called legal tender. If only FRBN's are deposited for the credit to DDA- SA- CD, and if the bank wrote a cheque for the MN, the cheque then transfers FRBN's and the bank gives the borrower a bank asset. There is no increase in the cheque book money supply that exists in the loan process.

The bank policy is to increase bank liabilities; DDA, SK, CD, by the MN. If the MN is money, then the bank never gave up a bank asset. The bank simply used fraudulent conversion of ownership of the MN. The bank cannot own the MN until the bank fulfills the contract.

The cheque is not the money; the money is the deposit that makes the cheque good. In this case, the mortgage note is the money from which the cheque is issued. Who owns the MN when the MN is deposited? The borrower owns the MN because the bank never paid money for the MN and never loaned money (bank asset). The bank simply claimed the bank owned the MN without paying for it and deposited the MN from which the cheque 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 MN, 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 MN is not money, then the cheque is cheque kiting and the bank is insolvent and the bank still never paid. If the MN 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 MN without paying for it, then sold the MN, took the cash and never used the cash to pay the liability it owed for the cheque the bank issued. The liability means that the bank still owes the money. The bank must return the MN 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 cheque is not money but merely an order to pay money. If the mortgage note is money then the bank must pay the cheque by returning the MN.

The only way the bank can pay FRBN's for the cheque issued is to sell the MN for FRBN's. FRBN's 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 FRBN's for payment the bank just gives us back another FRBN which the bank paid 2 ½ cents for per bill regardless of denomination. What a profit for the bank!

The cheque issued can only be redeemed in FRBN's, which the bank obtained by selling the MN 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 MN or to a lien on the property, until the bank performs under the contract.

The bank had less than ten percent of FRBN's to back up the bank liabilities in DDA, SA, or CD'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 cheques) 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 cheque, 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 cheque (which is non-legal tender) and using the negotiable instrument (your mortgage note), to exchange for legal tender, the bank needed to make the cheque 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 authorisation), a negotiable instrument for a cheque. The negotiable instrument is the money, which can be exchanged for legal tender to make the cheque 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 cheque. The money deposited for the cheque 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 cheques, thereby "printing" their own money.

Notes, exchange just like cheques.

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" cheque 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 CHEQUES. THE CHEQUES ARE ONLY AS GOOD AS THE PROMISSORY NOTE. NEARLY ALL BANK CHEQUES ARE CREATED FROM PRIVATE NOTES. FEDERAL RESERVE BANK NOTES ARE A PRIVATE CORPORATE NOTE. (HJR 192) WE USE NOTES TO DISCHARGE NOTES!

Excerpt from booklet Your Money, page 7:

Other M1 Money

While demand deposits, traveler's cheques, and interest-bearing accounts with unlimited chequeing 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

"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.

"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.

"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.

"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.

"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).

". . . cheques, drafts, money orders, and bank notes are not lawful money of the United States ..." State v. Neilon, 73 Pac 324, 43 Ore 168.

"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.

"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).

"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.

"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.

".. . 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.

"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.

"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.

"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.

"A bank is not the holder in due course upon merely crediting the depositors account." Bankers Trust v. Nagler, 229 NYS 2d 142, 143.

"A cheque is merely an order on a bank to pay money." Young v. Hembree, 73 P2d 393.

"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.

"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.

"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.

"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.

"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.

"Each Federal Reserve bank is a separate corporation owned by commercial banks in its region ..." Lewis v. United States, 680 F 20 1239 (1982).

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).

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 cheque.

BANK: whose business it is to receive money on deposit, cash cheques 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, cheques 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 cheque, draft or other form of payment.

BANK 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. (See illegal consideration and impossible consideration.)

CHEQUE- 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 cheque 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

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

2. Did the bank loan credit to the alleged borrower?

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

4. Is it true that your bank creates cheque 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?

5. 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 cheques to the borrower?

6. 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 Cheque Accounts (Demand Deposit Accounts) for every dollar of the loan?

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

8. 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 cheque?

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

10. 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?

11. Does the bank have a policy to show the same money in two separate places at the same time?

12. 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?

13. 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?

14. If the answer is "no" to question #13, explain why the answer is no.

15. 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 Chequeing Account (Demand Deposit Account)?

16. Does the bank have to obey, the laws concerning, Commercial Paper; Commercial Transactions, Commercial Instruments, and Negotiable Instruments?

17. Did the bank lend the borrower the bank's assets, or the bank's liabilities?

18. What is the complete name of the banking entity, which employs you, and in what jurisdiction is the bank chartered?

19. What is the bank's definition of "Loan Credit"?

20. 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?

21. 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 DDA, SA or CD, and loan this money to the borrower?

22. Did the bank replace the money or credit, which it loaned to the borrower with the borrower's assumed mortgage note?

23. 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?

24. 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?

25. 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. DDA, SA, and CD) for the amount of the loan?

26. Describe the bookkeeping entries referred to in question #13.

27. 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?

28. 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 cheque book money or DDA generally to equal the amount of the alleged loan?

29. Regarding the borrowers assumed mortgage loan, give the name of the account which was debited to record the mortgage.

30. Regarding the bookkeeping entry referred to in Interrogatory #17 state the name and purpose of the account, which was credited.

31. When the borrower's assumed mortgage note was debited as a bookkeeping entry, was the offsetting entry a credit account?

32. 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?

33. 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. DDA, SA and CD?

34. When the assumed loan was made to the borrower, did the bank have every DDA, SA, and CD backed up by Federal Reserve Bank Notes on hand at the bank?

35. 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 cheque, you owe the bank money. This information shows you that the cheque 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 chequeing account and used it to issue a cheque 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 cheque. **Neither the mortgage note nor the cheque is legal tender**. The mortgage note and the cheque 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 cheque appear legal. The borrower provided the legal tender, which the bank gave back in the form of a cheque**.** 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 is fraud is fraud!

The banks deposit your mortgage note in a chequeing 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 chequeing 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 cheque 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 cheque 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 cheque 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. Folks, this is the real thing, and what I have been writing is 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 in favor of us. This case cannot be used as case law in support of your complaint, but it was real.

STATE OF MINNESOTA
COUNTY OF SCOTT

IN JUSTICE COURT
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:

1. 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.
2. That the Sheriffs sale of the above described premises held on June 26, 1967 is null and void, of no effect.
3. That Plaintiff has no right, title or interest in said premises or lien thereon, as is above described.
4. 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.

5. That Defendant is awarded costs in the sum of $75.00 and execution is hereby issued therefore.

6. 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 was as follows :

"For the Justice's fees, the First National Bank deposited @ the Clerk of the District Court the two Federal Reserve Bank Notes. The Clerk tendered the Notes to me (the Judge). As Judge my sworn duty compelled me to refuse the tender. This is contrary to the Constitution of the United States. The States have no power to make bank notes a legal tender. Only gold and silver coin is a lawful tender." (See American Jurist on Money 36 sec. 13.)

“Bank Notes are a good tender as money unless specifically objected to. Their consent and usage is based upon the convertibility of such notes to coin at the pleasure of the holder upon presentation to the bank for redemption. When the inability of a bank to redeem its notes is openly avowed they instantly lose their character as money and their circulation as currency ceases." (See American Jurist 36-section 9).

"There is no lawful consideration for these Federal Reserve Bank Notes to circulate as money. The banks actually obtained these notes for cost of printing - A lawful consideration must exist for a Note. As a matter of fact, the "Notes" are not Notes at all, as they contain no promise to pay." (See 17 American Jurist section 85, 215)

"The activity of the Federal Reserve Banks of Minnesota, San Francisco and the First National Bank of Montgomery is contrary to public policy and contrary to the Constitution of the United States, and constitutes an unlawful creation of money, credit and the obtaining of money and credit for no valuable consideration. Activity of said banks in creating money and credit is not warranted by the Constitution of the United States."

"The Federal Reserve Banks and National Banks exercise an exclusive monopoly and privilege of creating credit and issuing Notes at the expense of the public which does not receive a fair equivalent. This scheme is obliquely designed for the benefit of an idle monopoly to rob, blackmail, and oppress the producers of wealth.

"The Federal Reserve Act and the National Bank Act are, in their operation and effect, contrary to the whole letter and spirit of the Constitution of the United States, for they confer an unlawful and unnecessary power on private parties; they hold all of our fellow citizens in dependence; they are subversive to the rights and liberation of the people.”

"These Acts have defiled the lawfully constituted Government of the United States. The Federal Reserve Act and the National Banking Act are not necessary and proper for carrying into execution the legislative powers granted to Congress or any other powers vested in the Government of the United States, but on the contrary, are subversive to the rights of the People in their rights to life, liberty, and property." (See Section 462 of Title 31 U. S. Code).

"The meaning of the Constitutional provision, 'NO STATE SHALL make anything but Gold and Silver Coin a legal tender ' payment of debts' is direct, clear, unambiguous and without any qualification. This Court is without authority to interpolate any exception. My duty is simply to execute it, as and to pronounce the legal result. From an examination of the case of Edwards v. Kearsey, Federal Reserve Bank Notes (fiat money)

which are attempted to be made a legal tender, are exactly what the authors of the Constitution of the United States intend to prohibit. No State can make these Notes a legal tender. Congress is incompetent to authorize a State to make the Notes a legal tender. For the effect of binding Constitution provisions see Cooke v. Iverson. This fraudulent Federal Reserve System and National Banking System has impaired the obligation of Contract promoted disrespect for the Constitution and Law and has shaken society to its foundation." (See 96 U.S. Code 595 and 108 M 388 and 63 M 147)

"Title 31, U.S. Code, Section 432, is in direct conflict with the Constitution insofar, at least, that it attempts to make Federal Reserve Bank Notes a legal tender. The Constitution is the Supreme Law of the Land. Section 462 of Title 31 is not a law, which is made in pursuance of the Constitution. It is unconstitutional and void, and I so hold. Therefore, the two Federal Reserve Bank Notes are Null and Void for any lawful purpose in so far as this case is concerned and are not a valid deposit of $2.00 with the Clerk of the District Court for the purpose of effecting an Appeal from this Court to the District Court."

"However, of these Federal Reserve Bank Notes, previously discussed, and that is that the Notes are invalid, because of a theory that they are based upon a valid, adequate or lawful consideration.

At the hearing scheduled for January 22, 1969, at 7:00 P.M., Mr. Morgan appeared at the trial; he appeared as a witness to be candid, open, direct, experienced and truthful. He testified to years of experience with the Bank of America in Los Angeles, the Marquette National Bank of Minnesota and the First National Bank of Minnesota. He seemed to be familiar with the operation of the Federal Reserve System. He freely admitted that his Bank created all of the money and credit upon its books with which it acquired the Note and Mortgage of May 8, 1964. The credit first came into existence when the Bank created it upon its books. Further, he freely admitted that no United States Law gave the Bank the authority to do this. This was obviously no lawful consideration for the Note. The Bank parted with absolutely nothing except a little ink. In this case, the evidence was on January 22, 1969 that the Federal Reserve Bank obtained the Notes for this seems to be conferred by Title 12 USC Section 420. The cost is about 9/10th of a cent per Note regardless of the amount of the Note. The Federal Reserve Banks create all of the money and credit upon their books by bookkeeping entries by which they acquire United States Securities. The collateral required to obtain the Note is, by section 412 USC, Title 12, a deposit of a like amount of bonds. Bonds which the Banks acquire by creating money and credit by bookkeeping entry."

"No rights can be acquired by fraud. The Federal Reserve Bank Notes are acquired through the use of unconstitutional statutes and fraud."

"The Common Law requires a lawful consideration for any contract or Note. These Notes are void for failure at a lawful consideration at Common Law, entirely apart from any Constitutional consideration. Upon this ground, the Notes are ineffectual for any purpose. This seems to be the principal objection to paper fiat money and the cause of its depreciation and failure down through the ages. If allowed to continue, Federal Reserve Bank Notes will meet the same fate. From the evidence introduced on January 22, 1969, this Court finds that as of March 18, 1969, all Gold and Silver backing is removed from Federal Reserve Bank Notes."

"The law leaves wrongdoers where it finds them. (See I Mer. Jur 2nd on Actions Section 550)."Slavery and all its incidents, including Peonage, thralldom, and debt created by fraud is universally prohibited in the United States. This case represents but another refined form of Slavery by the Bankers. Their position is not supported by the Constitution of the United States. The People have spoken their will in terms, which cannot be misunderstood. It is indispensable to the preservation of the Union and independence and liberties of the people that this Court, adhere only to the mandate of the Constitution and administer it as it is written. I, therefore, hold these Notes in question void and not effectual for any purpose." (4) January 30, 1969

Judge Martin V. Mahoney
Justice of the Peace
Credit River Township

IN THE CIRCUIT COURT, (number) JUDICIAL CIRCUIT,
IN AND FOR (name) COUNTY, (state)

(Your name)
Plaintiff

CASE NO.:
DIVISION:

vs.

JURY TRIAL DEMAND

(Lending Officer Name)

PETITION FOR DECLARATORY JUDGMENT AND INJUNCTIVE RELIEF

Defendants.

_____/

PLAINTIFF DEMAND FOR A JURY TRIAL

Plaintiff, (Your Name), asserts (his/her) rights under the Seventh Amendment to the United States Constitution and demands a trial by jury on all issues of fact, in accordance with (Federal Rule of Civil Procedure 38) (State Name) Rule of Civil Procedure ??).

VERIFIED PETITION

INTRODUCTION; JURISDICTION AND VENUE

1. This is an action for Declaratory and other relief.

2. This court has jurisdiction under the (state) Declaratory Judgments Act, (number), (state) Statutes, and the State of (name) Constitution. Defendants maintain their main offices in the state and do business within this state. Plaintiff is a resident of (name) County, (state) and has resided in (name) County for a period in excess of (number) years.

3. This civil action arises under (Statute #), as an original action in the (number) Circuit Court of (name) County, (state). Wherein plaintiff moves the court for Injunctive relief and Declaratory Judgment, pursuant to (state) Rules of Civil Procedure (number) because of newly discovered evidence of Fraud on the part of the defendant in a Court foreclosure action. (CASE NO.)

4. The defendants intend to sell the plaintiff's home on (date). The plaintiff moves the court for a Temporary Restraining Order pursuant to (state) Rules of Civil Procedure (number) in that the sale of

plaintiff's homestead property will cause irreparable injury and damage to plaintiff. The complaint alleges violations of law by fraudulent practices of defendants, denying plaintiff a fair trial, based upon fraudulent testimony before the court in the original Foreclosure action.

5. All of the claims derive from a common nucleus of operative fact. All of the events alleged herein-transpired in (name) County, (state).

PARTIES

6. Plaintiff is a single man and is the owner of title for the Homestead property located (Address City, State, zip.) Plaintiff is employed as an (occupation).

7. Defendants are doing business in banking under the name of (Name of Bank). These defendants are doing business in the State of (name) and are served at their Attorney's offices (Name of firm, address, city, State, zip.)

FACTS

8. The defendant foreclosed on plaintiff's property on (Date).

7. The defendant bank advertised they loan money.

8. Plaintiff applied for a loan of money.

9. Defendant refused to loan plaintiff legal tender or other depositors' money to fund the alleged bank loan cheque. (EXHIBIT A)

10. The defendant misrepresented to the plaintiff the elements of the alleged agreement.

11. There is no bona fide signature on the alleged promissory note.

12. The copy of the promissory note is a forgery.

13. The alleged original promissory note could not be produced by defendant with plaintiff's name on it, said copy purports to obligate plaintiff to pay (i.e. One Hundred Twenty Five Thousand Dollars $ 125,000.00) plus interest, giving it value today of ($ 125,000.00) if it were sold to investors.

14. The defendant recorded the forged promissory note as a loan from plaintiff to the bank.

15. The defendant used this loan to fund the alleged bank loan cheque, back to plaintiff. (EXHIBIT A)

16. The defendant at no time loaned plaintiff legal tender or other depositors' money in the amount of ($125,000.00) or repay the unauthorized loan it recorded from plaintiff to the bank.

17. The defendant changed the cost and the risk of the alleged loan.

18. At all times the defendant operated without plaintiff's knowledge, permission, authorization, or agreement.

19. The defendant bank refused to disclose material facts of the alleged agreement, refusing to tell plaintiff if the agreement was for plaintiff to fund the alleged bank loan cheque or if the defendant was to use the bank's legal tender or other "depositors" money to fund the bank loan cheque. (EXHIBIT A)

20. The defendant refused to disclose whether the cheque was the consideration loaned for the alleged promissory note.

CAUSE OF ACTION

PLAINTIFF, (Your name in Upper and Lower case) does show:

Plaintiff re-alleges and incorporates by reference all prior allegations.

Plaintiff alleges that the defendant created a contract, which was void, in that the lending officer did not have the power under the Bank Charter to loan, the plaintiff credit; the contract was ultra viris. (EXHIBIT)

Plaintiff alleges that defendant is in violation of the usury laws in that the defendant did charge interest on credit and not money. Plaintiff alleges that defendant through their conduct have defrauded plaintiff and based upon this fraud are in violation of Federal Banking Law 12 USC §24 (7) and subject to (State Statute number).

Defendants have irreparably damaged the plaintiff by depriving him of his property and inflicting serious mental and emotional damage to plaintiff.

PRAYER

May the God of creation intervene in the hearts of men that truth may prevail over deception, that law may prevail over lawlessness. May God move the heart of the Presiding Judge of this Court too:

1. Grant injunctive relief.
2. Set aside the Judgment in the original action of foreclosure, stopping the sale of his Homestead Property and,
3. Declaratory judgment instructing the Plaintiff of his rights under the law,

4. Or instructing the Plaintiff that his rights which are in question are contrary to his understanding,

5. Impanel a Jury too determine the facts of this case.

And of this he puts himself upon the country.

Respectfully submitted,

_____

(Your name in Upper and Lower case), Plaintiff

VERIFICATION OF (NAME OF PARTY)

I, (Your Name), declare as follows:

1) I am named as the Plaintiff in the above-entitled matter.

2) I have read the foregoing VERIFIED COMPLAINT, and attached Affidavit, and know the facts therein stated to be true and correct.

I declare, under penalty of perjury pursuant to the laws of the United States of America, that the foregoing is true and correct to the best of my knowledge and belief.

Executed on (Date), at (City, State).

_____
(Your Name), Plaintiff
Address
City, State, zip

AFFIDAVIT

STATE OF (Name)
COUNTY OF (Name)

I, (Your Name), being domiciled at (address, city, state, zip and,

1. Being a Citizen of the State of (Name) and;
2. Being of the age of Majority, and;
3. Filed the attached Petition for Declaratory Judgment and Injunctive relief in the Circuit court of (Name) County, (Name of State), says;
4. I do hereby affirm that the allegations contained therein are true to my best knowledge and belief.

FURTHER AFFIANT SAYETH NOT.

_____
(Your name), Affiant

STATE OF (Name) **NOTORIAL**
COUNTY OF (Name)

On this day the ____ of (Month, Year), before me personally appeared (Your name), being identified by a valid (Name) State Drivers License did take an oath and states that he has read the Petition for Declaratory and Injunctive relief, and that the contents are true to the best of his knowledge and belief, and signed the documents before me.

_____
Notary Public My Commission expires:

CERTIFICATE OF SERVICE

I certify that I mailed a copy of the above Complaint, by U.S. Mail to the office of the attorney in charge for Defendant, to (Name), whose address is (Address, City, State, Zip, Date)

_____
(Your Name), Plaintiff

IN THE CIRCUIT COURT,
(Number) JUDICIAL CIRCUIT,
IN AND FOR (Name) COUNTY, (State)

(Your Name)
Plaintiff

vs.

Name of Defendants
Defendants.

_____/

CASE NO.:
DIVISION:

PLAINTIFFS
MEMORANDUM
OF LAW IN SUPPORT
OF BRIEF

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

Plaintiff, offers this Memorandum of law in order for the Court to advance it's 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:

Defendant and other 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]

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 cheques, 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 Defendant, (Name of Bank) Bank, 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 “chequebook 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 “chequebook 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 chequebook 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 cheques. 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/chequebook 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 cheque or loan its credit with the intended purpose of circulating credit as "money." Banks know that if all the people who receive a cheque 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 cheque or loan. The bank's cheque 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 cheques 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 cheque or loan of credit for $100,000 usually deposits it in the same bank or another bank in the Federal Reserve System. The cheque 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 cheque 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 cheques to others, who in turn deposit their cheques and have book entries transferred to their account from the borrower's chequeing account.

However, two highly questionable and unlawful acts have now occurred. The first was when the bank wrote the cheque or made the loan with insufficient funds to back them up. The second is when the bank stamps its own “Not Sufficient Funds” cheque "paid" or posts a loan by merely crediting the borrower's account with book entries the bank calls "dollars." Ironically, the cheque 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" cheques 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 cheque’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 chequebook money or a "dollar" of cheques. 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" cheques 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 cheques 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 cheques, credit, or other "bills of credit."

The Federal Government today does not authorize banks to emit, write, create, issue and pass cheques 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 “Chequebook money”. However, the true nature of "credit money" and "cheques" 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".

1. 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."

2. "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.

3. "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. (Additional cases are cited as footnotes at the end of this Memorandum.)

The Question of Lawful Consideration

The issue of whether the lender who writes and passes a "bad" cheque 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” cheques 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" cheque 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" cheque 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” cheque 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 may have 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. Plaintiff 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. Plaintiff 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 them selves 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 lead 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 it's "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?

BANK CREDIT LOAN EXAMPLE

When a person borrows $100,000.00 at 10 % interest amortized over 30 years at a cost of 4 points, is not the $4,000.00 for points the profit to the bank? In the paperwork the borrower is charged the $4,000.00 for points. In essence the bank only provides $96,000.00 for a $100,000.00 loan, thereby causing the cost of the loan to be more than $100,000.00. Example: the borrower's cost of the Note is 10 % of $100,000.00, or $10,000.00 for the bank's investment of $96,000.00. $10,000.00 divided by $96,000.00 = 10.42 annual percentage rate (APR). In this process the profit to the bank is received at the closing table.

This raises the question at what point in making payments can the holder of the Note no longer sustain injury?

Monthly payments should be $878.00 for a $100,000.00 loan at 10 % interest amortized over 30 years [$8.78 per $1,000.00 = $8.78 x 100 = $878.00/month]. The $100,000.00 loan divided by $878.00/monthly payments = 113.4 payments; or after making 114 payments x $878.00 a total of $100,092.00 has been paid.

After 114 payments the credit lined provided by the loan has been discharged. Does injury exist to the bank after the 114th payment? The answer is NO.

Where the credit line of $100,000.00 is discharged, where is the injury? There is only injury to the bank where payments have not been made for 9 ½ years (114 payments).

If payments stop before the 114th payment then whatever injury exists must be based upon a verified complaint of injury; e.g, that which remains to discharge the credit line after 57 payments is approximately $50,000.00 [57 x $878.00 = $50,046.00].

What happens when payments stop after the 114th payment?

The plan is for the borrower to pay $878.00 x 360 payments; or $316,080.00 (over

30 years) for a credit line of $100.000.00

The first payment of $878.00 includes principal of $55.00 and interests $833.00. When payments stop prematurely the bank uses the state's strict foreclosure laws colorably as if the bank's wealth or the wealth of the depositors is in jeopardy of being returned.

" Colorable transaction, One presenting an appearance which does not correspond with the reality, and, ordinarily, an appearance intended to conceal or to deceive. (Black's Law Dictionary 6th Edition.)

Is, or is not, a transaction with the bank colorable?

Plaintiff believes if the borrower stops the payments before the credit line is exhausted then it can be charged that the borrower intended to injure the bank; but that the bank intends to injure the borrower if the borrower has made 114 payments and the bank forecloses intending for the court to rule in their favor. Plaintiff believes that forced collection of anything over the $l00,000.00 is injury to the borrower and is a debt that goes to control their labor against their will. Enforcement of this service is a prohibited condition of peonage.

It is taken that the plaintiff permits the Bank to use the court's process and the state's strict foreclosure procedures as if the bank arranged for consideration to be part of the transaction when the Plaintiff does not

refuse to accept the enforcement of this service for the reason that they can only make a defense based upon a verified complaint of injury to the bank since the bank provided no consideration in the transaction. Plaintiff has yet to see a verified complaint of injury filed in these proceedings.

In the example where 114 payments had been made, and then payments stop, the credit line is discharged. The bank however, based upon the former practice (policy) will claim through a third party, their attorney, using the records colorably in a non verified complaint, that an outstanding balance of approximately $90,000.00 exists on the 30 year amortized Promissory Note as if the bank provided consideration.

Under such circumstances the foreclosure procedure used intends to injure the Plaintiffs where there is no verified complaint of injury to defend against.

Due process is violated when the court makes judgment in favor of the bank upon the mere proof that the borrower stopped making payments. There is no verified complaint of injury to the bank; thereby the strict foreclosure procedure has the result of the court, imposing injury to the Plaintiff in an amount certain.

Plaintiffs believe the enforcement of this service is peonage.

Plaintiffs argue that if the borrower does not refuse to accept for cause, without dishonor, the rebuttable presumptions in the non-verified complaint then they accept being controlled by the court's process and the proceedings is to the non-verified claims. If the Plaintiffs make a proper record (by affidavit) of refusing to accept the non-verified complaint and proceedings and their reasons are not controverted with evidence (by affidavit) then a record is made that the claims in the non-verified complaint are irrebuttable presumptions. Bailey v. Alabama, 219 U.S. 2193.

Absent a verified complaint of a damaged party, the Plaintiff having repaid the principle of the original loan, can not be held to peonage for the satisfaction of an imperfect obligation.

CONTINUATION OF CASE CITES IN SUPPORT

The following case cites also support this Memorandum on credit loans and void contracts:

"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.

"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.

"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.

“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).

“. . . cheques, drafts, money orders, and bank notes are not lawful money of the United States ...” State v. Neilon, 73 Pac 324, 43 Ore 168.

"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.

"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).

"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.

"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.

".. . 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.

"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.

"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.

"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.

“A bank is not the holder in due course upon merely crediting the depositors account.” Bankers Trust v. Nagler, 229 NYS 2d 142, 143.

"A cheque is merely an order on a bank to pay money." Young v. Hembree, 73 P2d 393.

"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.

"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.

"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.

"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.

"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.

"Each Federal Reserve bank is a separate corporation owned by commercial banks in its region ..." Lewis v. United States, 680 F 20 1239 (1982).

Respectfully submitted,

_____

IN THE CIRCUIT COURT, (number) JUDICIAL CIRCUIT
IN AND FOR (name) COUNTY, (state)

CASE NO:
DIVISION NO:

(Your Name, in Upper and lower case letters)

Plaintiff,

(Address)
(City, State, zip)

vs **REQUEST FOR ADMISSIONS**

(NAME OF BANK), and
(Name of Loan Officer)
in his individual capacity,

Defendants.
(Address)
(City, State, zip)
_____/

PLAINTIFF REQUEST FOR
FIRST AND SECOND ADMISSIONS

SET ONE, ARE HEREBY PROPOUNDED TO:

(Name of Bank and Loan Officer) by (Your Name) (Plaintiff)

To (Name of Banker), you are hereby requested this (date) to admit the truthfulness of each and every statement or allegation set forth below, and to do so within 15 days of this request:

EACH OF THE FOLLOWING STATEMENTS OR ALLEGATIONS IS TRUE.

1. According to the Bank Charter you are authorized to loan credit?

2. According to your understanding of the alleged contract was the borrower to provide the capital or money to fund the bank loan cheque?

3. According to your understanding was the bank responsible to provide the capital or money to fund the bank loan cheque?

4. Did the bank loan credit to the borrower?

5. Was the promissory note or mortgage note used to fund the loan?

6. Did the borrowers sign an agreement that prevented the borrower from repaying in credit?
7. At the time of applying for the loan, did the bank advertise that it loan money?

8. Did the bank loan plaintiff money?

9. Under the bank terminology is there more than one form of money?

10. Is there any other form of money other than gold and silver under Article 1 sec. 10 of the United States Constitution and under the laws of the United States, legal tender, i.e., lawful money is described in 31 USCA Sec. 5103 as coins and currency?

11. Is a Bank Certified Cheque the same as a Bill of Credit?

12. Are not Bills of Credit illegal under the Constitution?

SECOND SET, REQUEST FOR ADMISSIONS ARE HEREBY PROPOUNDED TO:

(Name of Bank and Loan Officer) by (Your Name) Plaintiff on (Date filed)

EACH OF THE FOLLOWING STATEMENTS OR ALLEGATIONS IS TRUE.

1. Does the bank advertise that it loans money?

2. Does the bank charter authorize the bank to sell promissory notes to other banks?

3. Does the bank arrange a payment schedule for the borrower requiring repayment in Federal Reserve Bank Notes and in a timely manner?

4. Did the bank have on account sufficient funds at that particular branch to honor that bank cheque issued to the borrower?

5. Does the bank consider the bank cheque a form of money?

6. Did the bank establish and state that it charges interest on the credit loaned to the borrower either in the advertising or on the loan agreement?

7. Was the promissory note in the form of a mortgage note or loan contract signed by the borrower the instrument used to fund the bank cheque?

8. Did the bank use savings accounts, certificates of deposits, depository accounts or investors funds to fund the loan?

9. Did the bank establish and state it requires the borrower's authorization and signature to withdraw money from the borrowers account?

10. Can interest be charged for the loaning of credit according to State or Federal usury law?

_____
(Your Name), Citizen in Party

CERTIFICATE OF SERVICE

I certify that I mailed a copy of the above Request for Admissions, by U.S. Mail to the office of the attorney in charge

Defendant, to (Name of Lawyer) Address, City, State, zip, on (Date)

_____

, Plaintiff

IN THE CIRCUIT COURT, (number) JUDICIAL CIRCUIT

IN AND FOR (name) COUNTY, (state)

CASE NO:
DIVISION NO:

(Your Name, in Upper and lower case letters)

Plaintiff,

(Address)
(City, State, zip)

vs **REQUEST FOR ADMISSIONS**

(NAME OF BANK), and
(Name of Loan Officer)
in his individual capacity,

Defendants.
(Address)
(City, State, zip)
_____/

PLAINTIFF REQUEST FOR

FIRST AND SECOND ADMISSIONS

SET ONE, ARE HEREBY PROPOUNDED TO:

(Name of Bank and Loan Officer) by (Your Name) (Plaintiff)

To (Name of Banker), you are hereby requested this (date) to admit the truthfulness of each and every statement or allegation set forth below, and to do so within 15 days of this request:

EACH OF THE FOLLOWING STATEMENTS OR ALLEGATIONS IS TRUE.

13. According to the Bank Charter you are authorized to loan credit?

14. According to your understanding of the alleged contract was the borrower to provide the capital or money to fund the bank loan cheque?

15. According to your understanding was the bank responsible to provide the capital or money to fund the bank loan cheque?

16. Did the bank loan credit to the borrower?

17. Was the promissory note or mortgage note used to fund the loan?

18. Did the borrowers sign an agreement that prevented the borrower from repaying in credit?
19. At the time of applying for the loan, did the bank advertise that it loan money?

20. Did the bank loan plaintiff money?

21. Under the bank terminology is there more than one form of money?

22. Is there any other form of money other than gold and silver under Article 1 sec. 10 of the United States Constitution and under the laws of the United States, legal tender, i.e., lawful money is described in 31 USCA Sec. 5103 as coins and currency?

23. Is a Bank Certified Cheque the same as a Bill of Credit?

24. Are not Bills of Credit illegal under the Constitution?

SECOND SET, REQUEST FOR ADMISSIONS ARE HEREBY PROPOUNDED TO:

(Name of Bank and Loan Officer) by (Your Name) Plaintiff on (Date filed)

EACH OF THE FOLLOWING STATEMENTS OR ALLEGATIONS IS TRUE.

11. Does the bank advertise that it loans money?

12. Does the bank charter authorize the bank to sell promissory notes to other banks?

13. Does the bank arrange a payment schedule for the borrower requiring repayment in Federal Reserve Bank Notes and in a timely manner?

14. Did the bank have on account sufficient funds at that particular branch to honor that bank cheque issued to the borrower?

15. Does the bank consider the bank cheque a form of money?

16. Did the bank establish and state that it charges interest on the credit loaned to the borrower either in the advertising or on the loan agreement?

17. Was the promissory note in the form of a mortgage note or loan contract signed by the borrower the instrument used to fund the bank cheque?

18. Did the bank use savings accounts, certificates of deposits, depository accounts or investors funds to fund the loan?

19. Did the bank establish and state it requires the borrower's authorization and signature to withdraw money from the borrowers account?

20. Can interest be charged for the loaning of credit according to State or Federal usury law?

_____
(Your Name), Citizen in Party

CERTIFICATE OF SERVICE

I certify that I mailed a copy of the above Request for Admissions, by U.S. Mail to the office of the attorney in charge Defendant, to (Name of Lawyer) Address, City, State, zip, on (Date)

_____

, Plaintiff

IN THE CIRCUIT COURT, (number) JUDICIAL CIRCUIT

IN AND FOR (name) COUNTY, (state)

CASE NO:
DIVISION NO:

(Your Name, in Upper and lower case letters)

Plaintiff,

(Address)
(City, State, zip)

vs **REQUEST FOR DEPOSITION**

(NAME OF BANK), and
(Name of Loan Officer)
in his individual capacity,

Defendants.
(Address)
(City, State, zip)
_____/

FIRST REQUEST FOR DEPOSITION
(Name), loan officer,
(Name of) Bank
Date
Time
Location and address

BASIC INFORMATION

GENERAL

Name

Current employment

Title, job description

How long employed by bank

Job position/title on (Date of Loan) – for how long before

EDUCATION & TRAINING

1. Academic training/education – describe Professional training/education as a banker – describe Special training in loan making – describe

MISC.

2. Knowledge of lawful vs. unlawful loans – guidelines, bounds of authority, etc.
3. Knowledge of basic bank accounting procedures – bookkeeping
4. Available resources: Banker manual/handbooks, Federal Reserve manuals, etc.
5. Who drafts / prepares the loan documents/instruments used by Bank? How many consumer-type loans do you estimate you've made? Last year? This year? Etc.

CHARTER POWERS

6. Is (Name of Bank) a state chartered bank?
7. Are you familiar with the powers granted by statute to state chartered banks?

8. Do you have a working knowledge as to what are and what are not permissible bank business activities? (If no, then how do you know when you are operating lawfully in commerce?)

ADMISSIONS

9. Do you concur with the bank's response to the admissions? Are they accurate and correct?
10. Did you personally provide attorney (Name) with the responses to these eight statements? (No)
11. If no– who is personally responsible for the responses to these admissions? (Don't know)
12. Who at (Bank) would know who is responsible for giving these responses? (Pres.)
13. Is Mr. (Name) solely responsible for the responses to these statements of admission?
14. If you did not give the responses to these eight statements of admissions how do you know that they are accurate and correct?
15. Are you authorized to testify on behalf of (Bank) regarding the loan in issue including answering questions regarding (Bank) response to admissions? (Yes)
16. Do you have personal, firsthand knowledge of the facts of the loan in issue? (Yes)

ADMISSION #1 QUESTIONS

GENERAL

17. On or about (Date), did Bank make a credit loan to Customer? (Yes) [Admission #1]
18. What is a "credit" loan? Describe.
19. Are credit loans the only kind of loan Bank makes? If not, what are the other types/kinds of loans?
20. How does a "credit" loan differ from a "money" loan or is it the same thing?
21. What was the nature and extent of the paperwork involved? Describe.
22. Who filled-in/completed the paperwork? _____names
23. Who witnessed the execution of the paperwork? _____names
24. Describe the type of loan Bank made to customer. Commercial, consumer, credit loan? ***DOLLARS OF MONEY / LEG TENDER***
25. What was the amount of said "credit" loan? ($6,010.00 dollars)
26. "Dollars" of what? A dollar is a unit of measurement like a quart, inch, etc. ("Dollars" of money.)
27. What is Bank definition of "money?" What constitutes "money"? (Coins, currency, cheques, etc.) Is "money," by Bank definition, what was loaned to customer in the amount of $6,010?
28. Did Bank loan customer $6,010 of "coin" money? (No)
29. Did Bank loan customer $6,010 of "paper currency" money, i.e., Federal Reserve Bank Notes? (No)
30. Did Bank loan customer $6,010 of chequebook money? (Certified or cashier's cheque) (Yes)

CERTIFIED CHEQUES = NEGOTIABLE DEBT INSTRUMENTS

31. What is Bank definition of a certified cheque is?
32. Does Bank consider a cashier's cheque and a certified cheque to be essentially the same thing? (Yes)
33. Does Bank consider a certified cheque and a certificate of deposit to be essentially the same thing? (Yes)
34. Does Bank consider a certified cheque to be a negotiable instrument? (Yes)
35. Does Bank consider a certified cheque to be evidence of debt, i.e., is it a direct obligation of the bank? (Yes)

36. Does Bank consider a certified cheque to be an acknowledgment of a debt drawn by the bank upon itself? (Yes)
37. By issuing a certified cheque, does Bank warrant that sufficient funds are on deposit and have been set aside to pay the cheque? (Yes)
38. If Bank considers a certified cheque to be evidence of debt, who is the debtor? (Bank) Who is the creditor? (Borrower)
39. Was the certified cheques loaned to customer issued by the United States government or by Bank? (Bank)
40. Does Bank consider certified cheques to be legal tender? (No) What makes them not legal tender?
41. Does Bank consider U.S. coins and Federal Reserve Bank Notes to be legal tender? (Yes)
42. What makes them legal tender? (Laws of the United States)
43. Law or Public Policy?
44. What is the difference between a certified cheque for $100 and a Federal Reserve Note for $100?

ADMISSION #2 QUESTIONS

GENERAL

45. Was the credit loan in issue made to customer in compliance with Sec. of the Code of (State)? (GIVE COPY of statu entitled "Permissible business.") (No-bank admitted yes) [Admission #2]
46. Then, is it your admission that Bank loaned customer money as authorized by statute? (No-bank admitted Yes)
47. Did you not already testify that Bank loaned customer a certified cheque? (Yes)
48. Did you not already testify that a certified cheque is not legal tender? (Yes)
49. If Bank did not loan customer any legal tender (coin or currency), how was the loan in compliance with the statute to loan "money"? (Duhh)
50. Do you still contend that Bank response to admission #2 that the loan made to customer was in compliance with State statutes is true and correct? (Uh-uh-yes-er-no)

COUNTERFEIT

51. How does Bank define counterfeit? (Private unauthorized source, looks like money, passes for money, spends like mone imitation, something made in imitation of something else with a purpose to deceive, spurious, sham, etc.)
52. What is the difference between bank cheques and counterfeit?
53. Would you agree that one feature of counterfeit is that there are no assets backing it up? (Yes)

BANK LOAN ASSETS

54. What money assets "backed up" or were set aside to cover the certified cheques Bank issued for the loan to customer? (Money, reserves, etc.)
55. What evidence do you have that Bank assets of substance backed up the loan to customer? (Book entries)
56. Do the bookkeeping entries prove that there were bank assets backing up the loan cheque? How so? (They prove that th bank did not have assets backing up the certified cheque)
57. How would the entries look on the books? Column, Headings, etc.
58. Would those money assets be entered on the books as debits or credits? (Debits)
59. Upon making the loan to customer did Bank total assets increase, decrease, or remain the same? (Increased. If the bank moved their money from reserves to cover the loan, assets would remain same–not increase!) ASK QUESTIONS TO QUALIFY RESPONSE. Where is that reflected?

60. How do you explain the fact that the bank's money assets increased with the loan by the same amount of the loan? (Duh

LOAN LIMITATIONS

61. Is Bank limited by regulations in the number and amount of loans it can make to customers? (Yes)
62. What are the limitations? Explain. (Available assets on hand)
63. Where are the limitation guidelines in written form?
64. Who cheques to see that the bank is loaning within the allowable limits? (CPA-get name/firm)
65. What penalty would the bank incur if it loans out more than it should under the limit guidelines?
66. Who enforces the penalties?
67. Does Bank ever make loans for more money than it has on hand, in assets? (Yes) Explain.

VERIFYING MONEY ON HAND

68. Is it Bank policy to cheque and see if it has enough money on hand before making loans to customers? (Yes)
69. Did you personally cheque and see if Bank had enough money on hand before making the loan to customer on (Date)? (Yes)
70. What method did you used to ascertain the amount of money Bank had on hand? How? (Personal inquiry, computer, etc
71. If person get name and title.
72. If computer get name of software vendor and consultant programmer.
73. Is it possible to ascertain the total amount of Bank assets on hand at any given point in time? Explain.
74. What were the figures of cash/assets on hand at the time of the loan? (CPA data) How can I find out?
75. Is it possible to ascertain the total amount of Bank liabilities outstanding at any given point in time? Explain.
76. What were the figures of total liabilities outstanding at the time of the loan?
77. How can I find out?
78. Does Bank software program allow you to ascertain the total amount of bank assets before making a loan so that Bank d not exceed the limits?
79. If no, then how are you sure that enough assets are available to cover the loan? (They don't loan money only credit so th don't worry about it!)Does Bank software program keep a real time balance of transactions, i.e., as they occur? (No)
80. If no, then how can you be sure of staying within the asset limits when making loans?

DEPOSIT DYNAMICS

81. Does the name (Your Name) appear on loan transaction account #Number) in issue?
82. Can a cheque be lawfully drawn on a bank account that has no money deposited into it? (No)
83. Then is it true that loan transactions account #(Number) first had money deposited into it before the certified loan cheque were issued by Bank for (Your Name) loan? (Yes)
84. Is it Bank bookkeeping policy to credit deposit amounts to the depositors' bank account? (Yes)
85. Is it Bank policy to pay a depositor upon demand the amount(s) deposited into his/her bank account? (Yes)
86. What does Bank bookkeeping entry look like when it pays a demand deposit to a depositor?
87. Do Bank bookkeeping records show that (Your Name) made a deposit into the loan transaction account (#) in issue
88. If no - Who, then, made the deposit? (Name of bank employee, etc.)
89. How can the bank make a deposit into an account with (Your Name) name on it without his knowledge or consent?

90. Was (Your Name) notified by Bank that a deposit had been made?
91. What proof is there of deposit? Bookkeeping entry, records, etc.
92. Is the bank the source of the loan funds? Proof?
93. If yes - How many deposits were made? For what amounts? Dates of deposit?
94. What was the form of asset deposited? Cash, coin, cheque, note, etc.
95. What proof is there of deposit? Endorsement? Deposit slip? Bookkeeping entry, records, etc.
96. Who is in charge of making the bookkeeping entries? Name? Title?

DEBITS & CREDITS

97. What is a "credit?" (Payment TO someone/something)
98. What is a "debit?" (Payment DUE from someone to another)
99. When Bank deposits money into a loan transactions account is the money asset entered on the bank's books as a debit or a credit?
100. When a Bank loan customer deposits money into a transactions account is the money asset entered on the bank's books a debit or as a credit? (Credit)
101. Does Bank consider credits equal to liabilities or obligations of the bank? (Yes)
102. Is it Bank policy to consider liabilities of the bank and assets of the bank as one and the same thing? (No-absurd)
103. Is it Bank policy to declare "credit" and "money" to be the exact same thing? (Err-Yes, err-no) Explain.
104. Is it Bank policy and practice to routinely make loans of its credit called "credit" loans? (Yes)
105. Are not loans of Bank credit in fact loans of the bank's obligation/debt/liability? (Yes)
106. Does Bank corporate bank charter permit Bank to make loans of "credit?" (No)
107. You have already testified that Bank made a "credit" loan to customer, did you not?
108. Under what authority does the Loan Officer authorize a loan of credit and not money if the Bank Charter does not perm it?
109. Are you familiar with the legal doctrine of Ultra Vires?

<u>ADMISSION # 3 QUESTIONS</u>

GENERAL

110. On or about (Date), did Bank loan customer money lawful under the Constitution of the United States, the laws of the United States, and the laws of the State of (Name), and charge customer interest on the same in compliance with State interest rate statutes? (Yes)
111. What is Bank understanding of lawful money under the U.S. Constitution?

CONSTITUTIONAL MONEY

Money lawful under the U.S. Constitution is gold & silver per Art. I, Sec. 10.

HAVE COPY OF CONSTITUTION FOR DOCUMENTATION

112. Did the Bank make a loan of gold or silver to customer? (No)
113. How can Bank admit to loaning lawful money to customer "under the Constitution of the United States" when said loan was not in gold or silver? (Duhh)

114. Do you now testify on behalf of Bank that Bank loaned customer lawful money under the U.S. Constitution and that Ba response to admission #3 is true and correct? (Duhh-yes)

LEGAL TENDER STATUTE

115. Bank admitted in its response to admissions #3 that it loaned customer money lawful under the laws of the United State
116. Under the laws of the United States, legal tender, i.e., lawful money is described in 31 USCA Sec. 5103 as coins and currency.
117. Earlier you testified that Bank did not loan customer coin or currency. Please explain how Bank can admit to loaning lawful money/legal tender to customer under the laws of the United States and yet it did not loan him coin or currency? (Duhh)
118. Does Bank corporate charter allow for it to loan borrowers non-legal tender in lieu of statutory money? (No) Where is such authority/power given in the statutes? (Can't find)
119. As a representative of Bank do you still admit that Bank response to admission #3 stating that Bank loaned customer money lawful under the laws of the United States is true and correct? (Duhh-yes, err-no)

USURY ISSUE EXAMINED

120. Does Bank charter powers allow Bank to charge interest on credit loans? Where?
121. Did Bank charge interest on the credit loan it made to customer? (Yes) How much? (10%)
122. What is the maximum allowable interest rate Bank may charge under current state statutes?
123. Was the 10% of interest charged on the loan in compliance with State interest rate statutes, i.e., usury laws? (No-bank says Yes)
124. Is it Bank policy to charge interest on "credit" (liability) as well as on money (asset) loaned? (No–catch them later)
125. Since you have testified that Bank did not loan customer legal tender, and since allowable interest/usury rates are calculated upon **money** loaned, please explain how Bank was in compliance with the state's usury laws by charging 10% non-money? (Duhh)
126. What would be the real interest rate of 10% charged on "non-money", i.e., credit?
127. Do you still contend that Bank response to admission #3 that Bank was, indeed, in compliance with the state's usury la with regard to the loan in issue, is true and correct?

FRACTIONAL RESERVE BANKING

128. Please describe fractional reserve banking?
129. Does Bank engage in fractional reserve banking? What is the current percentage of reserve?
130. What was the percentage of reserve on (Date)? How can you find out?

How much of the alleged $6,010 loan amount was being held in actual cash (legal tender) reserves? (none)

PAYMENT IN LEGAL TENDER

131. You have testified that Bank loaned customer $6,010 in certified bank cheques. We have also seen that certified chequ are not legal tender. Is the bank expecting customer to repay the loan in legal tender (lawful money)? (yes)
132. Please explain why Bank demands customer to repay in legal tender a loan which it made in non-legal tender?
133. Does Bank consider this loan policy to be fundamentally just, fair and equitable?
134. May customer repay his loan to Bank in NON-LEGAL TENDER? (No) Why not? (Duhh)

135. May customer repay with a promissory note? (No) Why not?

PERSONAL KNOWLEDGE OF PHYSICAL MONEY LOANED

136. Please describe the physical appearance of the money allegedly loaned to customer? (If no physical appearance then it only bookkeeping entries, which is NOT money!)
137. Can you produce a sample of the money allegedly loaned to customer? (No)
138. Did you personally see the physical "money" that was allegedly loaned to customer? (If yes, describe)
139. To your knowledge, did anyone at Bank see the "physical money" allegedly loaned to customer? (Get names) __? If no why not?
140. If no one saw the physical "money" allegedly loaned, what evidence do you have that there really was money in the vault? (Bookkeeping entries)
141. Who can testify from personal knowledge that physical money was in the vault to cover customer loan? (Get names)

VAULT MONEY

142. Where was the $6,010 dollars of "money" allegedly loaned physically kept/stored? (Vault)
143. How did the "money" get into the vault? Sources? (Depositors', investors', etc. deposits)
144. What proof is there that "physical money", i.e., coin or currency, reserves backed up the loan? (Records)
145. Is each dollar deposited recorded on the bank's books? (Yes)
146. Where are the bank's books kept?
147. Who was the custodian for the bank's record keeping on (Date)(Get name)

NOTE: GET EXACT AMOUNT OF MONEY IN VAULT ON (Date)AND EXACT LIABILITIES ON SAME DAY - Pro there wasn't enough money to cover liabilities. Are bookkeeping entries the same as lawful money (legal tender)? See 31 USCA Sec. 5103.

BANK AUDITOR

148. What is the name of Bank auditing firm? Name of individual auditor(s)?
149. What was the date of your last audit? Next audit?
150. Do your bank audit reports show that book entries are loaned to customers in place of money?
151. Who prepares the computer printouts for the auditor to review? (Names, CPA firm, etc.

ADMISSIONS #4 QUESTIONS

GENERAL

152. With respect to admission #4, Bank denied loaning customer money issued by the United States Government. Bank qualified its response by stating that customer was paid with bank issued certified cheques "payable in money." Are bank issued certified cheques equivalent to legal tender? (No)
153. Are Bank certified cheques universally accepted everywhere and by everyone the same as legal tender? (No)
154. Explain what Bank meant by stating in its response that its certified cheques are "payable in money." By whom? How Where? When? Under what circumstances?
155. How does one get money from a certified cheque? (Certified cheques are only payable in money at another bank – not the open cash market – are not legal tender.)

156. Do the Bank issued certified loan cheques represent guaranteed assets deposited into the loan transactions account? (Y

157. Are not assets deposited into bank accounts considered as liabilities of the bank in favor of the depositor? (Yes)

158. Does Bank have state granted charter powers to specifically issue private negotiable instruments, which are not legal tender, and loan the same to customers in lieu of government issued legal tender? (No--Not authorized)

BILL OF EXCHANGE V. CERTIFIED CHEQUE

159. Are certified cheques the same as bills of exchange? (Yes) ,

160. Can Bank loan a bill of exchange under state charter powers? (No-can't loan negotiable instrument of debt)

ADMISSIONS #5 QUESTIONS

GENERAL

161. Admissions statement # 5 reads: "On or about June 23, 1997, the defendant/counter-plaintiff [bank] loaned the plaintiff/counter-defendant private bank credit, i.e., chequebook money." (Bank response was a denial and a qualifier that the bank does not understand the statement.)

162. What part of the statement does Bank not understand?

163. You have admitted and testified that Bank issued certified loan cheques to customer, that said certified loan cheques we not issued by the U.S. Government, and that said certified cheques represented credit/debt/obligation/liability of Bank. In light of this testimony, is it not correct that Bank loaned customer "private bank credit?" (Yes)

164. If F&M issued certified loan cheques are not legal tender, why are they not properly identified as "chequebook" money If not, why not? Explain.

165. Do you now testify that Bank still does not understand admission #5?

166. Do you wish to change your response to admission #5 from "denied" to "admitted?"

ADMISSION #6 QUESTIONS

GENERAL

167. Bank admitted in its response to admission #6 that it made said credit loan pursuant to the charter powers granted to it b the State of (Name). Is this admission true and correct? If yes, please explain in light of your testimony today.

ADMISSION #7 QUESTIONS

GENERAL

168. Bank admitted in its response to admission #7 that it gave consideration of lawful money such as U.S. coins or currency to customer in said loan transaction, i.e., money lawful under the U.S. Constitution, the laws of the United States, and the laws of the State of (Name).

169. Lawful money as we have seen is legal tender and vice versa. Legal tender is coin and/or currency. Certified cheques not legal tender.

170. Explain how Bank gave customer consideration in lawful money/legal tender for his note when you have testified

(a) that Bank did not give customer any money issued by the U.S. Government, i.e., coin, paper currency, gold silver, and

(b) that Bank gave customer two privately issued certified loan cheques which is not money but credit and is th exact opposite of money.

CONSIDERATION

171. Who is currently the rightful owner of the promissory note in issue?

172. Please explain how Bank obtained ownership of the note?

173. Exactly when, i.e., what point in time, did Bank become the rightful owner of the note?

174. Did Bank become the rightful owner of the note when

(a) the note was signed?

(b) the note was signed and handed to (Third Party)?

(c) the note was signed, handed it to (Third Party), and (Third Party) physically took the note and put it into Bank records?

(d) upon all of the above happening and Bank issuing the certified loan cheques?

175. Did Bank give customer lawful consideration/legal tender for the note before or after the note was deposited into the loa transactions account?

176. Is Bank response to admission #7 as admitted still true and correct?

ADMISSIONS #8 QUESTIONS

GENERAL

177. Bank admitted in its response to admission #8 that it was the holder in due course in the instant matter. Please explain why does Bank believe that it is the holder in due course?

HOLDER IN DUE COURSE

178. Where is the original note physically being stored currently? Custodian?

179. Has said note been sold, assigned or transferred to a third party? Who?

180. Does Bank consider said note to be a negotiable instrument? (Yes)

181. Did Bank take the note in good faith and for value? (Yes)

182. How much value did Bank take the note for? ($6,010)

183. How did Bank determine the note's value? By what standard? By whom?

184. How is the value recorded? What does the bookkeeping entry look like? Asset/liability?

185. Is the note accepted for value as an asset? (Yes)

186. What did Bank give in exchange for the note? (Certified cheques)

187. Did become the rightful owner of the note for value before or after issuing the certified loan cheques?

188. You have testified that the certified loan cheques were not government issued legal tender. Was any legal tender given exchange for the note? (No)

189. Explain how can Bank be the holder in due course when no lawful money/legal tender was given for the note?

190. How does acceptance of the value of the note affect the total assets of? Increase, decrease, remain the same?

191. Where is the value recorded? By whom?

192. Can the value of the note be converted into cash by Bank? (Yes) How? (Discount & sell)

193. If the note is a negotiable instrument and the certified loan cheques are negotiable instruments, are they equivalent in bo type and value?

194. Do you still consider Is Bank response to admissions #8 to be true and correct?

MASONIC OATH

195. Are you a member of Free and Accepted Masons or any other Masonic order?
196. Have you taken any Masonic oath as a member of a Masonic order?
197. Are you a member in good standing?

For illustrative purposes, consider the following.

Someone is suing the bank, alleging the following:

?? The bank advertised they loan money.

?? I applied for a loan.

?? They refused to loan me legal tender or other depositors' money to fund the alleged bank loan cheque.

?? The bank misrepresented the elements of the alleged agreement to the alleged borrower.

?? There is no bona fide signature on the alleged promissory note. The promissory note is a forgery.

?? The promissory note with my name on it obligates me to pay $100,000 plus interest, giving it value to day of $100,000 if it were sold to investors.

?? The bank recorded the forged promissory note as a loan from me to the bank.

?? The bank used this loan to fund the alleged bank loan cheque back to me.

?? The bank refused to loan me legal tender or other depositors' money in the amount of $100,000 or repay the unauthorized loan it recorded from me to the bank.

?? The bank changed the cost and the risk of the alleged loan.

?? At all times the bank operated without my knowledge, permission, authorization, or agreement.

?? The bank denied me equal protection under the law.

?? The bank refused to disclose material facts of the alleged agreement, refusing to tell me if the agreement was for me to fund the alleged bank loan cheque or if the bank is to use the bank's legal tender or other depositors' money to fund the bank loan cheque.

?? They refused to disclose whether the cheque was the consideration loaned for the alleged promissory note.

Now the judge has a problem.

You are claiming a forgery of a document and the bank refuses to disclose material facts as to who funded the bank loan cheque. The bank must answer the lawsuit or default. If the bank answers they need to prove there is no forgery. To do this, they must disclose if the promissory note is money or not

money. They cannot say the bank recorded the promissory note as an unauthorized loan from you to the bank. But that is exactly what happened.

If they say it is true, then you want your loan back. They do not want to claim they denied you equal protection. If they operated without your knowledge, permission, or authorization they have no agreement with full disclosure.

The following interrogatories accompany the lawsuit or are the questions you ask of the bank in a Hearing.

1. Mr. Banker, according to your understanding of the alleged agreement, was the borrower to provide the capital or money to fund the bank loan cheque to the same alleged borrower?

2. Mr. Banker, according to your understanding of the alleged agreement, was the bank to loan other depositors' money or legal tender to fund the bank loan cheque?

3. Mr. Banker, according to your understanding of the alleged agreement regarding the $100,000 bank loan, how much legal tender did the bank have to loan the borrower in order for the bank to legally own the promissory note? *If he says zero, he will look pretty stupid in court. If he says $100,000, he lost. If he says he never loaned legal tender, then you do not have to pay legal tender back.*

4. Mr. Banker, according to your understanding of the alleged agreement, was the bank to follow the Federal Reserve Bank policy and procedures regarding the alleged loan? *If yes, you know the bank bookkeeping entries. If no, they are in trouble. If they do not know, then they do not understand what the agreement is any more than you supposedly do. If no one knows what the agreement is, how can they argue and claim there IS an agreement?*

5. Mr. Banker, according to your understanding of the alleged agreement, does the bank legally own the promissory note without loaning one cent of legal tender or other depositors' money to obtain the promissory note? *If they say yes, they admit there was no loan. If they say no, they lost. You just need them to give you a yes or a no. If they do not know, how can they defend them selves. What is the agreement then?*

6. Mr. Banker, does a bank liability such as a Demand Deposit Account mean the bank owes the depositor legal tender? Is a bank liability, a bank debt owing legal tender?

7. Mr. Banker, describe what the money looked like that you loaned the borrower.

He can tell you what Federal Reserve Bank Notes look like. They are about 2-5/8 inches by 6-1/8 inches, with green on one side and black on the other side, saying Federal Reserve Bank Notes. If they loaned you the bank liability owing you the legal tender they refused to pay you, I do not know what size or color that comes in. Imagine them saying they loaned you $100,000 but they never saw the money and do not know what it looks like. You want them to look very silly for answering the lawsuit.

8. Mr. Banker, are you familiar with the powers of the Bank under its corporate Charter?
9. Mr. Banker, does the Bank have the power under its corporate Charter to Loan Credit?
10. Mr. Banker, if it does not have that power to loan credit, and only the power to loan Depositors or Investors Funds, is not the loaning of credit “Ultra Vires” or illegal?

I do not think it is likely they will answer these questions. They may say they do not understand the questions or say you are harassing them. Truth is, they do not want to answer the questions. What can they say? Will they admit the bank created a new bank liability, agreeing they recorded the promissory note as a loan from you to the bank?
Did they steal it?

The bank must come back and claim the promissory note is not a forgery. Expect the bank to claim they lost it or it burned. I have not yet seen them show an original. They do not want you to see the words, "***paid to the order or without recourse***" stamped on the back of it. You still do not know what the

agreement is. Was it to change the promissory note into money? If yes, does the bank agree you gave it money to fund the bank loan cheque? If the promissory note is not money, did you agree the bank loans nothing, owns it, sells it for money, and returns it back to you as a loan? They do not want to be trapped into answering these questions.

If the bank who granted the alleged loan is the one who still holds the promissory note, you want to see the bank bookkeeping entries. If someone bought the promissory note, they were not there, so how do they know what was agreed to or if the bank advertised to loan money. Most likely they never sold the original promissory note until after it was forged. If you were smart, you sent the current holder of the promissory note a letter and notice and caveat explaining the situation and demanded proof. Did they ignore it?

Will you force them to answer it in court?

They may claim the bank auditors guaranteed the bank is not involved in a fraud and complied with the Federal Reserve Bank policies and procedures. Did you ever think of suing the CPA as a co-conspirator? After the recent ENRON scandal, I do not think that an Auditing Firm is going to readily admit that they are co-conspirators in Bank Fraud. That may stop their argument that everything is on the up and up.

At this time, if you were the judge, you may not want to make a decision. You may tell the bank to produce the original promissory note to prove there is no forgery.

Let them know you will not accept a copy. They could have forged it after the copy was made. They have to bring in the original to prove these were the papers you agreed to and signed. You hope they do. You also want to see the bank bookkeeping entries to show who funded the cheque. You want to see their advertising to see if it is misleading. At this time, you want them to answer all your questions as to what the agreement was. Who was to provide the money to fund the cheque? This question is vitally important. You must know if the promissory note is or is not money per the bank policy. Do not ask according to the law. If you do, the judge will stop you and claim only he can make those decisions; he will never tell anyone what the decision is.

Expect the bank to put you in a deposition. They will swear you in to tell the whole truth and nothing but the truth. They will ask you if this is your signature on the promissory note. Learn the difference between a name, a signature, and a forged document. If the notary claims it is your signature, ask him what it is about the signature that gives it validity? It may be your handwriting, but is it your signature giving validity to this document? Remember, if you wrote a cheque for $200 and I changed the $200 to $20,000 is it still your bona fide signature? Is the document forged? Is the document valid? If someone did that to my cheque, I would call the sheriff and claim they forged the document and that it no longer contains my signature. What would happen if you reversed the deposition and claimed you do not have enough information to make the determination?

What if you asked the bank Attorney:

Do you stipulate the document is an agreement?

Do you stipulate that it is not money?

Do you stipulate the bank is to loan me $100,000 of legal tender in order for the bank to legally own the promissory note?

Make the bank attorney explain what the agreement is. If he cannot understand what the document or agreement is, how can you agree to it claiming that your signature gives it validity?

As an expert witness I learned that if I did not know whether something took place or not, the best thing to say was, "I do not recall agreeing to this or signing that." Someone asked me one time if I recognized my signature on a document. I responded, "Looks like a masterful forgery to me. I never agreed to this." They did not know what to say.

They may ask you, "Did the bank loan you the money?"

You know that you never saw the money; the bank cannot even tell you what the money looks like, so how do you know they loaned you the money to fund the cheque? The seller of the house may know. As far as you know, he is satisfied. The bank attorney may ask you if you own the house. You know you live there, and there is a lien on the house. You are not a lawyer and it looks like they want you to answer a legal question. If you owned it, I doubt if you would be there in court.

If the bank attorney asks me whether I agreed to the loan because I made bank payments for the last 10 years, I may say something like, "I went to the police and they refused to arrest the banker. I never knowingly agreed to be stupid by loaning myself my own money and paying you back as if you loaned me your money. You illegally placed a lien on my property and used extortion to force me to pay you. Extortion payments do not ratify an alleged agreement. I believe you are involved in a fraudulent concealment because you refuse to answer all my questions as to what the agreement is."

Ask your legal counsel how to handle the deposition. I only gave you a sample of questions the bank is likely to ask you. Your legal counsel will give you ideas how to honestly answer the questions. You want to put the bank president, CPA bank auditor, bank controller (accountant), bank attorneys, and lending officers in a deposition or on the witness stand in court. Your goal is to get them to admit they knew, or should have known they were involved in as many felonies as you can get them to admit to. Ask questions about Federal Reserve Bank Policy or their bank policy in order to show they had intent. You need intent for criminal charges. Through the questions YOU want them to admit they do not legally own the promissory note. People have called me, claiming the bankers pleaded the Fifth Amendment. The judge may not allow you to question them, but legally the judge cannot do this. Believe me, funny things happen in court and you never know what to expect. If they do not answer, I do not know how they can defend the lawsuit.

You want the deposition to prove the bank is still making false statements, just like they did before the alleged loan. The deposition is to prove the bank bookkeeping entries are the opposite of the alleged bank loan agreement. Do not allow the deposition to stop until you obtain your objective. You must find out what the real bank loan agreement is, according to the bank or who bought the promissory note.

At this time the bank knows they cannot answer any of the questions or lawsuits without exposing the truth. They know if they answer, the non-bankers will fax the bank's answers to the four-corners of the nation. They know people are misled as to what the real agreement is. They know the bank

bookkeeping entries are the opposite of what the agreement is or, if there is equal protection or, if there are material facts missing.

Imagine the banker going to the judge, saying that the bank complied with all federal laws. The bank was audited and received a clean bill of health.

Imagine the borrower at this time claiming the bank did the opposite of what the alleged agreement said. That the Bank changed the cost and the risk whereby no one in their right mind would loan themselves their own money and repay a complete stranger the principal and interest as if the stranger loaned their money. When in fact they never worked one day to earn the legal tender to loan to you and never loaned you other depositors' money. They **loaned no legal tender** to obtain the promissory note, **placed a lien on your property**, and **used the U.S. Mails to receive loan payments from you**, yet they never risked or invested one cent of legal tender. Is this the federal law they say they are in compliance with?

You just made the bank look silly. According to the bank bookkeeping entries, did the bank steal the promissory note or record it as a loan from you to the bank, or did the bank loan other depositors' money to obtain the promissory note? How can the judge rule the bank invests no legal tender? The borrower is the one who provided the legal tender to fund the cheque and then the borrower had to pay the banker the loan payments while the banker never risked or loaned one cent of legal tender. Are you telling the borrower he agreed to this? Would you agree to this Mr. Bank attorney? Does this federal law allow banks to be involved in fraudulent concealment?

Does this federal law mean the banks obtained the liens on nearly every home, car, farm, ranch, factory, business and aircraft in this nation, without the bank loaning one cent of legal tender or other depositors' money?

Are you telling me the borrower authorized and gave permission for the bank to open up a borrower's transaction account and exchange the promissory note for credit in the borrower's transaction account.

Then allowing the bank to withdraw a cheque out of the transaction account without the borrower's signature on the cheque, and this same cheque is called the bank loan cheque?

Who would be stupid enough to deposit $100,000 into a chequeing account, withdraw the $100,000, and call it a bank loan, allowing the bank to obtain the $100,000 of money deposited for free? Are you calling me stupid?

If the bank attorney said yes, ask him to show you where you gave this permission in writing.
Was he personally there and witness you giving permission? Ask the bank attorney if, to qualify for a bank loan, one of the requirements is that you have to be a complete idiot?
Do you have to agree to leave out material facts in the alleged agreement?
If I, am loaning myself my own money, why would I have to qualify for a loan?
Are you telling me I agreed to waive my right of equal protection under the law?
Where was this in the written agreement?

COMMENTS FROM THE PROFESSOR

As you can see, depositions are an important part of the discovery process. The Banker in this Deposition admitted that the Bank does not have the authority to loan credit but still does. This is in violation of the Doctrine of "Ultra Vires" making the contract void from the beginning. The courts are being asked to enforce a contract that the bank had no charter authority to enter into and where no damage to the bank can occur. They admit that they are in violation of the usury laws by stating that they charged interest on the credit loan that they had no authority to make. Interest may only be charged on actual money, not on credit, so any amount of credit charged violates the law of usury. This loaning of credit is the same for credit cards or any transaction the banks enter into including mortgages. They are the largest criminal syndicate on the face of the earth and have been pillaging our wealth for many years.

There exists a Doctrine in law, which the judges must follow, that described as the "Chaos Doctrine". When a judge is confronted with a matter in which a decision by the court would bring chaos to the settled and normal accepted practices, they may not rule in your favor, even

if you are correct and justice would demand he rule in your favor. So, if you argue the money issue, you will loose, because to rule in your favor would cause chaos to the entire banking and credit industry of this country. The safer approach is to argue that the contract is void, in that the lending institution did not have the power under their charter to do what they did --- loan credit and charge interest on that credit. The Ultra vires argument permits the judge to rule in your favor, as that is a contract issue --- not a money issue.
It is time that you stopped them.

Professor of Law

Don Quijote, JD.

This message came from polhigh45@yahoo.com and was posted to yahoo list: http://groups.yahoo.com/group/citizensoftheUSofA
On April 21, 2007.