

Securitization 1

Loosely based upon Jean Keating Transcript

draft version –do not distribute until proofed for concept errors.

Securitization: *The process of homogenizing financial instruments into fungible securities, so that they are sellable on the securities market.*

Definitions

You will need to be familiar and understand these “codes” and “rules”:

- Article 8
- FAS125
- FAS140
- FAS5
- FAS95
- 12 USC
- GAAP and GAAS.
- UCC 3-305, 306
- FAS 133
- Colorable law
- Article 9
- HELOC
- FR 2046
- 12 USC 248 and 347
- 12 USC 1813(L)(1)
- civil rule 13
- civil rule 36
- UCC 3-309
- Title 5 USC 552(b)(4).
- UCC 2-302.
- Title 42 USC 4012(a).
- UCC 3-407

Bills of exchange

- If I make a picnic table and want to trade you for tomatoes, we can trade.
- Next week if I want more tomatoes, but you don't want another picnic table, you might accept a piece of paper that says "bring this to me and I will give you a picnic table", and you trade or exchange that piece of paper with Jim for a bushel of corn.
- Jim brings me "the bill"(of exchange) and I give him a picnic table.
- The "Bill" was *returned to the creator* and the debt is extinguished.

Bills of exchange

- What if Jim trades “the bill”(of exchange) to someone else? He may figure that his picnic table will last this year, and he will get the new one next year.
- That is fine, Jim has the USE of the bill, and could even pawn the piece of paper at a pawn shop and make money by placing the piece of paper as collateral for a loan. The “bill” isn’t his “property” but he is entitled to use it. The bill is still my property and remains so until the “bill” is *returned to the creator* and the debt is extinguished.

Bills of exchange

- It is interesting to note that under this scenario, I am the surety (underwriter) of the picnic table. And as long as people have faith that I will honor my bill, it is of useful value to others based upon the “faith and credit” of those in the exchange. i.e. Those extending credit to Jim based upon their faith that I will perform. It is important to know that the Pawn shop is a *creditor* by “accepting my bill” and extending Jim credit based upon their perceived value of *my* credit. They have the right to redeem the “bill” with me if Jim defaults. By connecting the dots, you can see that I have traded my labor for an interest in Jim’s enterprise as long as he is responsible to the pawn shop. Since it is my “bill”, I could call it due and redeem the bill from the pawn shop for a picnic table. Presumably the pawn shop would agree as it is likely they gave Jim some fraction of the generally accepted value due to this risk, and they could sell the table at a profit if Jim defaults. But Jim could pay the “pawn” and still get the table from them under the terms of the “pawn”. The key here, is that the bill is mine, and I can extinguish the “bill” if I knew where it was.

Bills of exchange

- Even though the bill looks like an IOU, I am the creditor to the “creditor” (pawn shop) because it is my creditworthiness that allowed the Pawn Shop to extend credit to Jim. It was not entirely Jim’s creditworthiness.
- The Pawn shop is the same position that the Federal Reserve takes when they accept your signature on the Private side and issue Public funds to banks.
- They change the venue from the private to the public. The Federal Reserve has agreed to accept the signature of private people for what ever they want if the people go through their licensed intermediaries (banks).
- The banks have agreed to withhold access to the private venue for incompetents by their license agreements. If you are incompetent, (not credit worthy) they will decide how much they will loan you in the public.
- The banks must report all transactions on this change of venue to the Federal Reserve as the Federal Reserve knows that you should “redeem” your credit and they will give it to you when you are deemed competent. They have an awesome accounting program that they have developed internally, called not surprisingly, the Internal RE –VENUE Service.

Bills of exchange

- An understanding of fractals is helpful at this point, but essentially nature performs the same functions over and over in repeating patterns.
- The monetary system is based upon this concept.
- Everything is returned to the creator.
- You were created by something and you will be returned to the creator when you are ‘extinguished’.
- During the time that you are here, you get to “borrow” everything that has been created, but since you didn’t create it, you don’t “OWN” it. You just get the use of it.
– usufruct –
- It is like a trust. The creator is the grantor and you are the trustee (entrusted with the use of the planet) and are responsible for the care of it.
- Children are the beneficiary of this trust. Once they become competent, they become trustees as well.
- If they do not become competent and do not manage their affairs consistent with the care of the planet, the fractal nature of nature is that they will create conditions which accelerate their demise, much like yeast cells that overproduce alcohol and cause the yeast culture to die. The money system is the same way, it will fail if there are no responsible people – as we have today....and the warning signs are very clear.

Bills of exchange

- The government has adopted a similar strategy for the monetary system, based upon exchange of energy inputs.
- Your energy is exchanged for something of value.
- You have the unlimited right to contract and only you can place a value on your labor, and the price you will pay for a car.
- Now let's examine the essence of the *currency* system by recalling the picnic table scenario.
- If I am the government and I want to increase the ease of commercial transactions (trade) I may offer to create uniform bills of exchange if the people agree to it. The value proposition to me is that I will charge a fee for my energy in creating and managing the “units”, and my people will benefit from not having to lug around heavy gold, silver, or picnic tables to conduct trade. It speeds interaction for “picnic table builders” as they do not have to search to find a trader for picnic tables, they pledge their labor in return for a stable currency that allows them to quickly obtain what they need by “passing the buck” as a representation that they are a productive member of society since they have obtained “units” somehow.

Bills of exchange

- Monetary policy is based upon scarcity. If sand were money, you would need to bring a dump truck to trade for a kernel of corn.
- Nature is based upon abundance. How much do you pay for the sunlight and water that grows your corn? It is free from the creator. You trade your labor for the care of weeding the field and you can sell the free corn because you labored to ensure (responsible trustee) the crop comes in.
- There is a balance between the two, monetary policy is based upon productive (responsible trustees) to create value.
- Monetary policy=scarcity - it is a construct or an idea. Fiction
- Nature=Abundance. – it is tangible. Non Fiction.
- If you operate in nature and trade your crops for chairs and things you need, you don't need “units of credit”
- If you operate using the fictional idea of money, then you must obey the fictional rules of money just as you must obey the rules of nature to grow your corn.

Bills of exchange

- Let's say that I (the government) am appointed to manage the money system (or I appoint someone to do it for me.) The first thing that we would have to do is decide how many units to create. Do we create as many units as there are grains of sand? Or do we create one unit per person? – Assuming that everyone is equal (the presumption of the Constitution) We may start off creating 13 units for the 13 people I have in my government. The people have created the “authority” for me to do this, so technically it is their “will” and their property if they ask for it. They can trade these units among themselves. At the end of the year, just like the game Monopoly, there will be a temporary uneven distribution of the units to those people who have learned how to cater to the needs of the others.
- This distribution is based upon the “vote” of the people. If they value Tulip Bulbs, then the Tulip Growers will end up with a disproportionate amount of the units. If people value Elvis Presley songs, Elvis gets his due. The system doesn't care who you vote for. You have the unlimited right to contract for services. Everybody gets what they want and everything is in balance.

Bills of exchange

- Since I don't know how productive each member will be I will issue additional credits to each member of my "society" upon their pledge (signature) if they will go through an intermediary (bank) who I will delegate the responsibility of blocking credit access to this private side of the ledger for incompetents. I can't have the "children" getting whatever they want if they are not responsible/competent. Once they claim their exemption-which requires a fair amount of competency- they are deemed to be competent and will be deemed to have reached the age of majority and can join the free society and be a trustee/beneficiary to the common wealth of the society. Or Commonwealth.

Bills of exchange

- What happens when my 13 people become 26 people (due to childbirths? Hmm...I need to create more units so each of the children have their unit too. I will need to track the birth levels in each county and I recognize that the children will probably not be “productive” until they are 18, so I may just create 18 units per child as soon as they are born. I assume that the child will be grateful that that I “the creator” of the money advanced them these units and they will return via their labor via a pledge from their mother to me.
- Since the child is not going to use all 18 units right up front, I may place the units in trust for the child, and allow the child to claim them when they need them, but in the meantime, I will invest the unclaimed units in highly productive assets for the good of my nation.
- If they are exceptionally productive children, like a Bill Gates, I may find that they have produced for the nation/government far more than the original 18 units and they are entitled to the additional PRIVATE units created, *if they ask for them*. I will withhold this credit for incompetents. –See withholding IRS regs.

Bills of exchange

- I presume that they will ask for them when they reach the age of majority and are competent to make decisions. If I don't hear from them by the time they are 18, they are presumed incompetent and I will withhold their access to their private credit as they are not responsible or I may presume they must have died. I will begin to probate the assets that are in their account for the good of the public rather than waste the units as they have been brought from the private into the public and the investment is needed to offset interest is being paid since I can not count on any productive labor from a dead or incompetent body. I will place the extra units in CAFR funds.
- They are incompetent because they are creating more debt by not discharging / extinguishing their bills. I have chartered the banks to return abandoned units to me and I will extinguish the debt myself after giving 36 months to the creator to extinguish the debt on their own. I will continue to withhold access to private credit to incompetents.

Bills of exchange

- Incompetents in the public further demonstrate incompetence in a fractal way by financing their own demise, (nature has a way of doing this). Consider your actions at the store when you must choose between \$2.00 factory raised eggs and the \$4.00 free range eggs. If you live in scarcity, you may choose the eggs based upon price, not nutrients. In your retirement fund, you invest in Halliburton because you want a 20% return on your “money”. You get the kind of government you deserve because you VOTE for it every day with a representation of your energy. In the theatre of the mind, it is not survival of the fittest, it is survival of the reflective. The world is a reflection of our collective choices, and if you are not “reflecting” on your decisions, you are controlled by the other side of the mirror, the reflection of your shadow.

Nutrition Facts	
Serving Size 1 Film Can (0g)	
Amount per serving	
Insight	5000
	% Daily Value*
Total Thought	10%
Conscious 20g	5%
Unconscious 20g	5%
Ethics 46g	30%
Morality 70g	90%
Total Materials	
Reuseable 40g	100%
Recycled 50g	90%
Guilt 0g	0%
Sweatshop/Child Labour	0%
Pollution	0%
Health Implications	0%
Brainwash Advertising	0%
Local Materials	100%
Globally Aware	100%
Compassion	100%

*Percent Daily Values are based on a 5000 Insight diet. Your daily values may be higher or lower depending on your insight needs.

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Bills of exchange

- So what kind of world are you creating? Are you controlling it or letting it control you?
- In the system what exactly DO you create?

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Recycled 50g	90%
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Local Materials	100%
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Bills of exchange

- Analogous to the picnic table scenario, you may not create picnic tables, but you are ultimately the creditor. Banks can not loan their assets by law. So what exactly do you create?

MONEY

- When you go to a bank you are an authorized representative of the bank to create money.
- Your signature creates the money that allows the public to exchange units.
- If you created the money by your signature, it is just like creating a picnic table.
- It is your bill and it must be returned to you.

Bills of exchange

- That is an exceptionally simplistic overview of the nature of fiat currency creation, but the important thing to understand is that currency is a fractal (fictional) version of nature ...like electricity. It *flows* like currents in a river and flow is corrected by *banks*. If you *resist* the fictional rules of fictional money, you are a “*resistor*” and you will be “*charged*” and brought before a “*circuit*” court (bank will correct you) and if you do not “*discharge*” (counterclaim) the matter, you will be placed in a “*cell*” until the energy is returned to the source / creator (you), otherwise you are “grounded”.
- If you don't understand public and private, look at a dollar bill and see that you have been given notice that there are two sides to a dollar “bill” and it is good for all debts *public and private*.
- So let's look at the second level of currency creation.
Securitization. It is called that because it is based on your social *security* account which has two sides to it. A public and a private side. The SSN is public, the red numbers on the back are private. Incompetents operate in the public, and “competents” operate in the private.

When you sign a mortgage note it comes under UCC Article 3

- It is a cash payment. It IS the money for the house.
- A “security” is an interest in future payments.
- A financial instrument that represents: an ownership position in a publicly-traded corporation (stock), a creditor relationship with governmental body or a corporation (bond), or rights to ownership as represented by an option. A security is a fungible, negotiable financial instrument that represents some type of financial value. The company or entity that issues the security is known as the issuer.
- **Definition of 'Securitization'**
- The process through which an issuer creates a financial instrument by combining other financial assets and then marketing different tiers of the repackaged instruments to investors. The process can encompass any type of financial asset and promotes liquidity in the marketplace.

When you sign a mortgage note it comes under UCC Article 3

- After securitization, it comes under Article 8. Under US law securitization is illegal because it is fraudulent. Instruments such as loans, credit cards and receivables, are securitized. Enron was involved in securitization and someone brought charges against them. But almost all large corporations are doing it as usual business. However, the banking system and the government are also doing it.

It needs to add up...

- It is all accounting, whether it is banking, civil or criminal court. Submit the FASB regulations – FAS125 securitization accounting, FAS140 **Offsetting** of financial assets and liabilities, FAS 133 derivatives on hedge accounts, FAS5, FAS95. These are the resource materials for understanding this process.

There is a GAAP in your process

- The note is not under a negotiable instrument any more, it is a security. All the banks follow these standards. They set up GAAP, generally accepted accounting principles. The banks are mandated by Title 12 USC to follow GAAP and GAAS. They have a local FASB and an international IFASB. They also cover derivatives. FAS 140 relates to UCC 3-305, 306. If you want to instruct them on how to do offsets, you have to refer them to FAS 133. *If you don't know the accounting regulations, you can't give them the proper instructions for settling and closing.*

What you really want is recoupment.

- **Recoupment** – (1) *The recovery or regaining of expenses **Applying the setoff** so you can get back what you gave and what you are entitled to.* (2) *The withholding for the equitable part or all of something that is due.* This is all equitable action in admiralty style instruments.
- **Blacks:**
- IOU – a memorandum acknowledging a debt. See also a due bill.
- DUE BILL – See IOU
- SIGHT DRAFT – A draft that is due on the bearers demand; or on proper presentment to the drawer. Also termed a demand draft. A draft is an unconditional order signed by one person, the drawer directing another person, the drawee, to pay a certain sum of money on demand or at a definite time to a person, the payee, or to bearer.

This is colorable

- Who is holding the debt? A due bill is like a sight draft. They are not saying from which perspective it is a debt, from theirs or yours. The party receiving the IOU is the debtor, because the IOU is an asset. It is an instrument, and you are the originator. You have monetized their system with your signature. An IOU is an asset instrument, not a liability instrument. This is one of the places where you have your perspective changed.

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Power to the People

- Under the constitution, the government was not given authority to create money. It is a **power reserved by the people**. Article I, section 10 restricted the states from making gold coins. So the corporate government **has to rely on the ignorance of people to create money**. So the way money is created is to have people sign an IOU, or promissory note. **It is not a debt instrument to the one who created it; it is actually an asset**. The creator can pass it on for someone else to use. It is negotiable unless it includes terms and conditions as part of a contract. The property belongs to the creator, and the holder is merely using it and any proceeds that come from it should be restored to the creator.

AUTHOR...ity

- That is the power we have if we realize we have the authority to do this. The intent is to understand the regulations and to see how they accept our ignorance to believe we are the debtor and the slave and they are the creditor at all times. This is not true if you are competent.
- **We are looking for recoupment**

You are the creator...

- Once we, the creator of the promissory note, have signed it and others are using it, recoupment means **we want our property back** or have the account set off. Recoupment in practice is a counterclaim in a civil procedure. That is how one does a recoupment. We did a counterclaim on the grounds that; with the county, you can do a setoff. You can use the financial liability of the accounting ledger to offset the financial asset if you have the right to do that. But you have the right to do that *if you are the creditor* on the liability side and the bank or *lending institution is the debtor* on the liability side.

There are four sides to every argument

- **There is a duality here.** The bank is the creditor on the receivable side or their asset side that is the receivable. You are the creditor on the liability side or the accounts payable. **You can use your accounts payable as an offset or counterclaim to the financial asset side** that is the receivable. The bank or the court is using the receivable side of the accounting ledger. That is what they are charging you with. On the receivable side, you have to pay the debt, because that is where the charge is coming from since they are claiming to be the creditor like a bank collecting the mortgage

Double Entry Bookkeeping

- The mortgage side of the bank ledger is the banks asset and their receivable. But on the liability side, because they sold our gold... (1933 EO- Franklin Roosevelt)
- We have the actual gold contract where they did this. This is not my opinion, we have eleven \$50 million gold bonds sold from the DeBeers Diamond Company. They sold America's gold under contract to the Bank of China. This is not my opinion. The U.S. did not go bankrupt in 1933. **What they did was sell all the gold under a gold contract to the Chinese government.** So the U.S. had to give us an account payable as a cash receipt. FAS 95 tells us that when they do a credit to a transactional account, which is a liability account, on which we are the creditor, they give a cash receipt to the customer and a cash payment to the bank, because it is cash proceeds. In intermediate accounting, when you give them a promissory note.

Your instruments **ALWAYS** work

- I gave a promissory note to a publisher for \$1700. They accepted it because I gave them the proper accounting instructions. I did another one to another publisher for over \$3000. They accepted initially, and then hired a collection attorney in one of the biggest collection agencies in the state of Ohio. They didn't send the note back because a payment tendered and refused is discharged. **Also, any form of viable payment must be accepted.** Almost anyone that you send a note to is going to be making a mistake if they send it back. There is someone here that sent a transaction to the IRS on a closed checking account. He got the cancelled check back from the IRS. They said the check is no good because it is a closed account. But the transactional marks on the back of the check say otherwise.

Case Closed

- If it is a note put into a bank, it is a **cash receipt to the depositor** and a **cash payment** to the Bank. So when the bank processed that closed check, the IRS got a cash receipt and the bank got cash payment. Then the IRS sent it back, so it is **evidence** that the transaction is accepted, but then colorably and publicly claim it is no good.

Case Closed

- The publisher accepted the note and hired an attorney. I sent them a letter and they dropped the matter since they know that I know what the accounting is. Under FAS 140, you get your setoff. When you make a deposit, it is a cash receipt, a cash proceed. Everything becomes a cash proceed in commercial law under Article 9. They show it as a cash proceed. They give you a credit to your account that is actually a cash receipt to you the customer or the borrower. Then they do a cash payment to the bank. The bank they sell the note. They do a HELOC, home equity line of credit, and sell it to warehouse lending institution. This is the same as a credit card. Even on a **mortgage loan...**

Another Warehouse Receipt

- A HELOC is different than warehouse lending. I got this from their mortgage department. They take the proceeds from the promissory note and pay off the warehouse lender. So the debt on the real estate is extinguished from the books (is that why they call it closing). They are required to file an [FR 2046](#). This is a balance sheet. Under [12 USC 248](#) and [347](#) they are required to file a balance sheet. They are required on a quarterly or weekly basis. They file these balance sheets with the Federal Reserve Board. I talked to the head of the FRB. They file a balance sheet with the board. The balance sheet shows the assets and liabilities that they use in the accounting. The liabilities would be your promissory note. It is a liability because it is an asset to you.

Ask and ye shall receive

- **Securitization is the process of transferring all the liabilities off the balance sheet.** They can do this because you never ask for them. They have everybody conned into believing we are debtors instead of creditors and do not know to ask for our assets. We never ask for recoupment. So why carry the payables on the books if they have been abandoned. Why not write them off and sell them for more cash?

Who moved my cheese?

- The government has such complicated books it is impossible to figure out what is going on.
- **If you give a bank a promissory note, they are required to give you a cash receipt.** They owe you that money under a recoupment or asset. If you take the receipt back, they should give you some money. They call it an offset in accounting, but in the UCC it is called a recoupment. Unless you do ask or do a defense in recoupment under [UCC 3-305](#), and a claim under [3-306](#), you have a possessory and property claim against the cash proceeds under the liability side of the ledger. [UCC 3-306](#), there cannot be a holder in due course on a promissory note after they deposit it. They do an off balance sheet entry. This means they take your note after they sell it, instead of showing it on their balance sheet, they move over to some other entities balance sheet. It is no longer on the banks books.

They moved it off the balance sheet

- This is called **off balance sheet bookkeeping**. The head of the FASB said that I was correct. They are not showing the liability side of the ledger or the accounts payable because it has **been moved** over to someone else's balance sheet.
- **The IRS does the same thing when you tender them a negotiable instrument.** They accept it and never return it. **But** don't adjust the account. They pretend like nothing happened. They move them off the books that the collection agent is looking at. He is only looking at the accounts receivable ledger.

It is all evidentiary

- **You tender a note to the bank to stop a foreclosure, and they ignore it.** The agent at the bank claims she never got any payment. The agent only sees the receivable side of the books. He is being honest. It is up to us to make a claim for them to look at their other set of books. You have to learn how the system works so you can explain it to them. We need to know how to get them to produce the missing documents. They are only going to produce the documents that support their claim. The American and English litigation system is adversarial. They only have to present the evidence that supports their claim. – So do you...

You must be Responsible

- When a strawman is charged with speeding, he is given a charging instrument. It is the same as a claim by the bank that shows that someone has failed to make mortgage payment. It is a commercial entry from a corporation showing that there is a liability on your part that is an account receivable and **they are in the capacity of a creditor and making you appear in the capacity as a debtor**. So the clerk has an accounting charge against the strawman but you are operating the account. *It is your responsibility* to bring in recoupment in behalf of the real party of interest which is you because you are the ultimate creditor if you raise that claim against the liability side of the account.
- People have a right to travel. So they have the right of recoupment to offset any charges against the strawman in an attempt to restrict the right of travel of living people. Civil and criminal court procedure operates the same as the bank.

Ignore this at your own peril

- **Ignore-ANCE – Ignoring the facts before your eyes.**
- **What is the substantive principal involved in this that allows them to avoid fraud?** The government does everything correctly. They never make a mistake. The government is involved in securitization that appears to be a fraud. There is immunity for people who understand the procedure. Only the unlearned are fooled into voluntarily entering into fraudulent contracts. It does not work if you get frustrated and angry at the fraudulent results of your own ignorance.

Take my money...please

Paraphrasing Henny Youngman

- **When you sign a promissory note to create the mortgage with a bank to buy your house, at closing, they have already sold your note to the warehousing institution.** The warehousing institution brought money into the bank when they bought the note. At closing, they take the money and closes out the account on one side. The bank forgot to tell you that you don't have a liability on their receivable side any more.
- **Why do they keep taking your money?** They have become the servicer for the account; they are not paying principal and interest. The payments are profit to the holder of the note. This is not stealing if we knew how to make a claim for recoupment. **They are using the note to expand the money supply.**

Ignorance is bliss *...to the bank*

- Under Title 12 USC 1813(L)(1) when you deposit a **promissory note**, it becomes a cash item. It becomes the equivalent of cash because I have a cash receipt. I talked to Walker Todd, one the heads of the Cleveland FRB. He has been a government witness in court cases regarding BOE. He said that I am correct that we are the creditor on the payables side of the ledger. The bank owes you the money. No one is bringing up recoupment as a defense. You waive the defense and they go to collection on the receivables.
- Under civil rule 13 , you fail to bring a **mandatory counterclaim**, which is based on the same transaction. Under the rules you have waived it because you were ignorant of the rules of procedure

Example

- I just filed a motion in a court case. I took portions of Statement 95 incorporated it into a memorandum. These reports are filed on OMB forms in which the public has a right to disclosure under the privacy act. If they shift the assets off the books, they have to report to the FRB where it went, so you can follow it. In the memorandum, it shows that they are mandated to give a cash receipt on any deposit. It is a demand deposit account. They are required to show it on their books, but they are not doing that. They are doing an **offset entry**. This is not going to trial because we are going to subpoena the auditor. Auditors keep track of where the assets went. These are special auditors.

Example

- We have asked for all this information in discovery under civil rule 36 if they don't answer, they have admitted them. This is so powerful in this foreclosure that the banks attorney is saying that discovery and records from auditors do not constitute admissions. Ha! Are you telling the court that the banks records kept in the due course of business are not admissions? They are hurting.
- So in our motion for summary judgment I put in admissions that they admitted by non-response. So now we have them in a dilemma. The other side is scrambling. **They have come out with an affidavit of a lost note or destroyed instrument.** Under UCC 3-309 you have to show four elements to claim a lost instrument:
 - 1) you were in possession at the time it was lost;
 - 2) you have the right of enforcement of the note;
 - 3) you have to show that the obligor on the note is indemnified by you against and future claims;
 - 4) the loss was not due to a transfer.

Example

- They are trying to maintain the illusion that they are still holding your paperwork because you are still paying them. The illusion is that there is a debt that is due.
- I've got the S3 registration statement. That is the form the bank filed that they sold the note that is a transfer. The attorney lied when he put in a claim that the instrument was lost.
- We have the 424(b)(5) prospectus. The bank we are dealing with is Bank One that is owned by JP Morgan and Chase. They sold it in 1997 right after they got our loan they sold it. They are doing a HELOC. Most banks do **warehouse lending**. As soon as they get the note, they borrow the money from a warehouse lender. The bank does not give you the money or credit. They get it from a warehouse lender. Then they pay off the warehouse lender with the note that they sell to them. Then they make derivatives out of this note by a bookkeeping entry.

You have to explain it to *them*

- The balance sheet, a 2046, 2049, and 2099, have OMB numbers on them that are subject to disclosure under the privacy act, [Title 5 USC 552\(b\)\(4\)](#). They have to give it to you if you ask for it. At closing and settlement, the reason they actually call it closing is because they pay off the loan in its entirety. The debt is actually extinguished.
- Patriots say they didn't lend any money. But that doesn't rebut the receivable. There is no money. But we loaned them the note. So we started the process, so we have to help resolved the problem.
- They do the accounting appropriately, but there is two sets of books. **But if you don't ask to see the books, it is your problem.** This is also what they are doing in the courtroom. The clerk has the receivable side for the corporation and the judge has the payables. **The judge is holding accounts payable under HJR 192 for all the people that come before him if he has the SSN.** The judge is not required to be a witness or bring pleadings to the court. He is a referee. The receivables are the charges against the strawman. The party aware of the payables is not the same party handling the receivables. People don't bring in an offsetting claim under the rules of procedure.

Raising the dead...

- The judge does not have to do the setoff unless you raise the issue or defense. We have the right to waive it. So the judge is the priest receiving the sacrifice for the corporation.

Securitization 2 -Example

- Levy on Paycheck
- Employer filed Form 1096 to pay Corp income tax with employee's salary and using accounts payable Direct Treasury Account.
- Use Form 1099-OID, corrected box checked, Form 1096 and 1040, for refund.
- Keating's letter to bill collector law firm:

Securitization 2 -Example

- Dear Mr. Doe,
- I am writing regarding your recent letter in regard to your client XYZ CORP, being the alleged creditor in the amount of \$1100. Your alleged client has waived their status as a creditor when they accepted my tender of payment under UCC §§3-409(a)&(b) and UCC §3-604(a). They did not adjust their accounting ledger to reflect settlement and closure of the accounts receivable side of the accounting ledger.
- By way of review, I sent the woman in the credit department of the creditor, a negotiable instrument on April 24th in the form of a commercial note draft, as an order to pay under UCC 3- 104(e). This may be treated either as a promise to pay or an order to pay. Since she has not returned the instrument to me she has obviously chosen the latter; an order to pay. Under §3-104(f) of the UCC a draft is the equivalent of a check and may be securitized or monetized by direct deposit in a commercial checking, time, thrift or savings account under Title 12 of the United States code, Section 1813(L)(1) and when deposited it becomes the equivalent of money as outlined under Section 1813(L)(1). ...

Securitization 2 -Example

- The collection manager from the credit department of the creditor did, however, send me a letter saying that she did not accept promissory notes. She is, however, **precluded** by public policy HJR-192 and Title 31 of the United States Code Section 5118(d)(2), and the Fair Debt Practices Act, aka, Consumer Protection Act at 15 USC §1601 and §1693 from demanding payment in any specific coin or currency of the United States, even though she has not done so. Section (d)(2) of Title 31 USC §1518 states that an obligation governed by gold coin is discharged on payment dollar for dollar, by United States coin or currency that is a legal tender at the time of payment. The narrow view that money is limited to legal tender is rejected under Section 1-201(24) of the UCC. It is not limited to United States dollars. See official comments under section 3-104 of the UCC under the definition of money.

Securitization 2 -Example

- The woman at the creditor has failed to perform her duty as fiduciary trustee of the account. I have done a Notorial protest against her and the account for non-acceptance and payment under sections 3-501 and 3-505(a)(b) of the UCC, which creates the evidence or presumption of a dishonor. She is knowingly or unknowingly become the debtor and myself the creditor by operation of commercial and administrative law. Also worthy of note, if she is going to treat the note as a liability instrument, she has to present it to me for payment, make me chargeable under 3-501 of the UCC, which she has also failed to do. To the extent that she is in dishonor for non-acceptance and non payment by Notorial protest on the administrative side, ... there has been a discharge of the debt in its entirety under the Fair Debt Collection Practices Act within the 30 day time frame as mandated by law.

Securitization 2 -Example

- I have been teaching and studying commercial banking law and intermediate and advanced accounting for 36 years. I have a degree in Commercial Banking law, four years in undergraduate study at USC and four years at Hastings School of Law in San Francisco. This is for your edification and exhortation.
- Since I am reasonably sure that we can come to a peaceful resolution of this matter, as your client does not understand commercial banking law, and the IASB, the FASB and GAAP principles as they apply to commercial banking. I do a lot of trading and purchasing in commodities and securities exchange market where the use of a revocable standby letters of credit, documentary drafts, international bills of exchange, or promissory notes are used exclusively under the UNICITRAL convention

Securitization 2 -Example

- Your client is not applying the correct accounting entries under GAAP. She is treating the account as a trade receivable through securitization as an off balance sheet financing technique. Since she has accepted the instrument that I have tendered, I have a claim or possessory right in the instrument and its proceeds under 3-306 of the UCC. Any defense and any claim in recoupment under section 3-305 of the UCC, which I shall exercise at my option, if she does not credit my account. The 1099-OID will identify who the principal is from, which capital and interest were taken, and who the recipient or who the payer of the funds are, and who is holding the account in escrow and unadjusted.
- Since I am solution oriented, and want to show good faith, there are two ways of resolving this matter. Since your client has already accepted my tender of payment and has not returned it, you can instruct her to credit my account for the sum said in full for settlement and closure. Or, instruct her to return the original instrument to me, unendorsed, and I will make an alternative form of payment. Otherwise, I will consider this matter settled and closed.
- END OF LETTER

Securitization 2 -Example

- The woman at the creditor can't send the promissory note back because she has already negotiated the instrument. **No one ever gets promissory notes or BOE's returned because a debt tendered and refused is discharged.** She kept the note, and wrote a letter saying that she doesn't accept promissory notes. **But her actions speak louder than words.** She accepted it. So it has already gone in to the corporate liability account, but it didn't go into the corporate asset account for ledger. A debt tendered and refused is a debt paid.
- We sent an IBOE to a bank and they negotiated it and said they returned it. But they didn't return it. They deposited it and it became cash proceeds. So whenever you send them the note or BOE, they keep it in their deposit system and it becomes a cash item. They get a cash receipt for the deposit. If you don't understand accounting, they get away with the theft of your instrument. In reality, you gave them the instrument to settle and close the account. Your instrument is an asset to you. It appears that you created a debt instrument, but the opposite is true. The government has no authority under the constitution to create money. So only the people can create money

Securitization 2 -Example

- So we are the originator of money, so we are the creditors. But they make you believe you are the debtor as if they are the creator of money.
- The only way you have an accounting of the instrument is in the bookkeeping. And they are keeping the account on the off balance sheet ledger. If they know you know what they are doing, they won't try to hide it. When they go to a collection agency, they are selling the account as a trade receivable from the asset side of the banks ledger. If the bank is trying to collect money, the evidence of that debt owed on their books is on their asset ledger, accounts receivable. If you gave them a promissory note, they have to record a debt to you on their liability ledger. When the US citizens became enemies of the state in 1933, they were not required to notify them of their assets. **They are not required to notify enemies of their assets during times of war.** They are not required to return enemies of their assets. So they are kept on hidden books.

Securitization 2 -Example

- When you send the collection agency the above letter it creates a fiduciary duty for them to go back to the principal to check the off balance sheet liability ledger to determine if the account has been paid and if your claim is correct. **This principle applies to the IRS and the courts.** They only want to discuss what you owe them, and ignore what you pay them. The reason they tell you that your negotiable instrument is no good, is that under the Trading With the Enemy Act, they cannot allow you to create your own negotiable instruments or use your own assets. All they have done is keep the ledgers separate. The receivables book has not been ledgered. That is why the collection agent says they have not given you credit and you still owe the money.
- The debt collector buys the account receivable in good faith without evidence of its accuracy. It is like a charging instrument. The attorney says pay up or we are coming after you. Under civil rules of procedure, rule 13, commerce is adversarial, **so they are not required to tell you the whole truth.** It is mandated that the defendant return a counterclaim with facts proving that the charge is untrue, which is an affirmative defense. A claim is an account that has matured for debt collection. You must show you are a creditor. The charge is a presumptive claim with **no evidence.**

Dr. Livingston, I presume...

- **A notice of lien or levy has no evidence of a claim.** It is just a charge. A notice is a claim of jurisdiction. A counterclaim is not a dispute or argument. Disputes are not permitted. If the merchant had brought a claim, it would have been a fraud, because you already paid it. So they just give you a **presumptive notice**. It is an unsupported charge. There is probable cause with no evidence. You have to respond to it **because it will become valid if you don't**. It is just a notice of interest. It can mature to a claim with your failure to respond. You have to accept it and return it with your notice of interest, which is a counterclaim, within 10 days, according to admiralty rules. Failure to do a specific negative averment of the facts alleged (rule 9) **constitutes an acceptance of this fact** as far as the courts are concerned. A notice of interest matures to agreement of the parties that they have a valid claim so they do not have to prove it.

If you don't object, you agree...

- An unsupported notice of interest becomes an agreed claim. They are not guilty of fraud, deceit or trickery. **Your failure to respond is the problem.** Our responsibility is to rebut the assumptions and presumptions under the rules of evidence.
- Jean did everything he needed to do in-law and at-law to resolve the issue. The merchant handling the books was only handling the accounts receivable books for the corporation and was not privy to their accounts payable books, which are their liability books. The reason the corporations separate their bookkeeping is they can bring this woman in with a straight face and no knowledge that the other books exist, swear in court that she's been handling these books for years and the account still has an \$1100 balance. You sent in an instrument that had nothing to do with affecting the balance on the books she handles. **When that corporation did a deposit of your promissory note, or BOE as a cash item receipt, that went into the other set of books that she doesn't see.** She can use her affidavit and swear that this account is still open. Whereas if you knew the accountant on the other set of books, and subpoenaed those books, you would find something on the ledger over there and there hasn't been a transfer or exchange of information between the two sets of books.

Integrity

- You need to bring the knowledge of that forward to a data integrity board hearing. “I don’t disagree with anything that this lady is saying, however, if you would go over to the corporate liability off balance sheet ledgers, you would find that there has been a set off deposited there and if you could see both sets of books, you would see there is a set off, which is a claim under civil rule 13, which I am timely invoking and I am asking you to look at both sets of books and do the offset balance and do the settlement and closure in this matter.
- Remember, the firm hired an attorney collection firm. The collector came with the charge to Jean. How many times has Jean been charged by different entities in this case? Twice, so they can have two or more witnesses. The first time he said to the receivables lady with the merchant, here is a promissory note. She made a determination that she is not going to accept it. But, the note didn’t come back. So now the corporation sells the account to an attorney and the attorney writes a letter to Jean. Jean raised a rule 13 affirmative defense in his letter back. Showing by the accounting what the problem was and describing the claim he would make in court.

A second set of eyes...

- This attorney's company is the second set of witnesses acting as the data integrity board trying to find out why you haven't paid. So you should give them your records so they can compare your records with the corporation's records and decide whose records are correct. Let him know that, **ONE, you did not get the note back, so they are a holder, so they are liable on it.** **TWO,** this was meant as a set off on the corporate liability books because they kept my note. They should have given him a **cash receipt** for the note. The woman in receivables is only looking at the corporate asset ledger. That is an affirmative defense and a set off claim that the law can recognize.

Agree with your adversary quickly

- The attorneys company can either go back to the corporation and close the case or else, if it goes to court, this is going to be my affirmative defense and my counterclaim in court because I have an asset that the corporation is holding of mine, that they failed to give me credit for. Where they made their mistake, is that they are likely carrying my asset on a liability ledger of balance from their accounts receivable. What I am asking you to do, as a data integrity board is to investigate to determine which one of us has the most sustainable evidence.
- The attorney firm was put there as an opportunity for you to have a second witness to look into the matter and settle the account. They don't usually have to investigate the information that is sold to them by the corporation. They don't have any probable cause to believe different. In an adversarial system, it is up to you to tell your side of the story. Every debt collector writes in his letter that; "If you have any reason to dispute this debt, let us know." You have to send them your claim within 10 or 30 days. **Do not argue or create a dispute.** Simply give them the facts of your defense.

There's a new kid in town...

- Jean put in his note: A promise to pay, an order to pay and a notice of tender of payment and asked them to credit it to the accounts receivable. He should also have asked for a cash receipt. It would be **fraud if the corporation kept after Jean**, so they sell the receivable to a third party that doesn't know the whole story. They are a new party. When a new party comes after you, they have **no standing** under the UCC to do it. **But if you argue**, it causes a new controversy. All you do is present your claim that shows you are the creditor in the transaction. **The new holder has to be the data integrity board. So he is your best opportunity to settle and close. Don't ignore him.**

Don't prove it up for them...

- **The IRS has a notice of lien or levy.** It is a charge or notice of interest. Don't argue with them. You should **rebut** it under civil rule 13. Otherwise it stands as fact and **they don't have to prove anything.** The government and their agents are here to test us. If we want to pass the test, we should have a claim for set off. **We must act like creditors, not debtors.** Jesus paid for all our debts.
- **Jean did the Notarial protest on the note.** It becomes the evidence that you put in your claim. It is critical that you register the note on a UCC3, to make it a public record. Victoria used a note to discharge her parole. However, she did not register the note on her UCC3. So it was never recognized in the public to settle and close the matter. So her charge was sold to a Hong Kong company who requires a wanted notice maintained on her as their notice of interest.

Bring it on....

- **You don't need any evidence to issue a notice of interest.** IRS notices of lien or levy are just notices of interest. You have 10 to 30 days to respond with a counterclaim. If you don't respond, they have a claim by default. Arguing creates the IRS claim by default. We are a creditor when we discharge the debt, but we never respond timely with a counterclaim to show we are a creditor. Since the IRS is just a debt collector, they are the best place to **have a data integrity board hearing to settle and close** the matter.
- **Arguments about the law are not counterclaims. *If we don't bring a claim, we lose.*** If we discharge the debt, and they keep the note, we have a claim as a creditor. The note cannot be introduced as evidence of the claim. If they kept the note without giving a receipt, your record is the UCC registration of the note. Don't put the invoice AR4V on the UCC. It is a liability not an asset. The BOE becomes a registered security under UCC article 8, which are superior to other UCC articles. **The court will not look at any security that is not registered in the public.**

Register early and often...

- You should **register your bank mortgage note on your UCC 3**, to establish a claim. The mortgage note is a security and it is never registered. The finance system is dealing in unregistered securities. They cannot take an unregistered mortgage note into a court for foreclosure. **They never produce a note in a foreclosure** because it is evidence of their liability and not cognizable in court. We are the creditor on the mortgage note, so we should register it. **As soon as we register the mortgage note, we become the creditor in the foreclosure case with the highest interest.**
- If we tendered a BOE to settle and close a criminal case, it should be registered. The clerk never gave us an accounting for credit. So they will ignore it because we didn't make a rule 13 counterclaim. We must register the BOE on a UCC3 and **bring a UCC11 in as a counterclaim**. All other arguments do not matter because all law is an illusion. They converted everything to a commercial transaction at the beginning of the case.
- People have filed UCC liens listing the bank as the debtor. The **debtor should be the prepaid** account at the Secretary of Treasury of Puerto Rico. The **strawman** should be a third party creditor because he is a bailee on another filing. The **living man** does not appear in their system, so the strawman has to be the creditor. All parties on a UCC filing have to be a fiction, not living. The **SSN is the account number**. The living man is responsible for all transactions.

Rule 11

- **When Jean sent his claim to the collection agency, they had the fiduciary responsibility to go back to the corporation and ask to see the off balance sheet liabilities ledger to check out the claim.** When you give them notice, they have to go to discovery under **civil rule 11**. He has to find out who is responsible for the accounts payable ledger and what did you do with the cash receipt for his deposit. I want to see your 1099-OID, statement 95 cash flow statement and your balance sheet. Jean will not likely hear from these people again. Jean presented a credible counterclaim. The note was an asset to him and a liability to the corporation and they didn't account for it.
- The debt collector can't resell the receivable now, because **he has had notice**. The sale would not have been in good faith. The woman in the original company was operating in ignorant good faith. She only saw half the books. You may have to go through the administrative procedure against him if he ignores your claim. After he has seen both sides of the books, he would be **operating in fraud**. The Enron executives that got in trouble were the ones that saw both sides of the books. Securitization is fraud.
- Some companies pass the receivable on to fourth or fifth parties so they could have clean hands. But no one ever told them about the second set of books.

Let's review our mistakes...

- We have not given them a registered security.
- There is no evidence in the public record.
- They can carry the illusion that your instrument is worthless, forever.
- If we do not understand that the collection agent only sees the receivables and not the payables, we will fail to state a claim.
- This puts us into commercial dishonor, which gives them the option to take us into court to force us to pay in Federal Reserve notes.
- So the first court case is actually an appeal from the administrative process. One is not allowed to introduce a new claim in an appeal.
- The factual hearing was with the collection agency. We are foreclosed from bringing our claim.
- One must raise the claim at the appropriate time, or you have not exhausted your administrative remedies. We need to get a data integrity review hearing or a secondary hearing because we have new evidence to be adjudicated

TILA-tee-da....

- The Truth-in-lending act (TILA), section 226.23, which is regulation Z, gives one the right to **rescind any commercial debt contract** or agreement entered into.
- **All commercial contracts for credit or loan provides for 72 hours to do a rescission. That can be extended for three years from the date that one discovers that one did not have full disclosure.** In Appendix H, it says that this regulation Z does not apply to residential mortgage transactions. **However, once foreclosure has been initiated on a mortgage, one can rescind it if;**
- **(a) they did not disclose the right to rescind at closing under Appendix H. They never give the proper notice at closing. So one could rescind every mortgage contract at foreclosure. They give this option because one could have registered the note on a UCC, one would be the creditor anyway, and so they can't foreclose. Rescission completely discharges the security agreement (the mortgage deed and the mortgage contract). One can ask for the entire amount of the mortgage note returned in the form of cash**

Promises, promises...

- They should have given you the cash for your note at closing and closed the whole transaction without continuing payments. The house was paid for at closing with your negotiable instrument on one set of books. They didn't give you credit for the note because you didn't register the note and show a claim.
- If you don't register the note, they will not give you your property back.
- They can't give you the note back because they sold it. So, they should give all your payments back.
- God has given us a prepaid account so we never have to go into debt, if we are honorable. We should pay for everything with a promissory note.

The Regs from A to Reg Z

- All homes are legally abandoned because no one has made their claim for the money that was owed to them. One should have claimed the house at closing because the note paid it for. The bank has no claim. There is a third party that bought the note from the bank and holds an interest in the note.
- Foreclosure is damage, so they have to give notice and the right to rescind. The notice of rescission is sent by certified mail.
- As soon as we do that they try to claim that Reg. Z doesn't apply to residential mortgages. In the In Re: Maxwell case, the owner repeatedly asked for disclosure.
- We used this case as a foundation for our case on the ground that the mortgage transaction was an unconscionable act.
- Whenever there is a lack of disclosure, one has an offset available. This is dangerous to the entire mortgage industry, however, a few cases is not going to cause a big problem. If most people want to be ignorant, and be slaves to the banking system, they have the right to do that.

They can't jeopardize the "system"

- No attorney will make this type of claim because it jeopardizes the system that he works for. Nor was the attorney told what to do by the client.
- Regulation Z shows the form in which the bank is required to give notice of rescission. They never give you notice in that form. They awarded the owner, \$475,000 in punitive and actual damages from the bank. Plus, they rescinded the contract.
- They said the contract was unconscionable under [UCC 2-302](#).
- One also had the right to rescind if the property is on a flood plain that was not disclosed. Many new flood plains have been declared. The whole state of Ohio is surrounded by navigable waters under USC Title 33 and is a flood plain. Where the high water mark goes, one is subject to admiralty maritime law providing Federal jurisdiction. It is caused a hazard area under [Title 42 USC 4012\(a\)](#). FEMA defines the flood plain. There was no flood insurance on the property when the loan was originated. It is not possible to take out a loan in a flood plain area without flood insurance. That voids the contract.

Affirmative Defense

- The claim or affirmative defense is that this is another ground for rescission. They never disclosed that the property was in a flood hazard area and there was no flood hazard insurance. That is a violation of UCC 3-407, a material alteration to the original contract.
- The government is trying to expand the definition of wetlands and flood plains. This is related to securitization in which they transform negotiable instruments into securities. They move them from UCC article 3 to article 8.
- Ohio code section 1707.01(b) a promissory note is defined as a security. So one can use rescission on it also. Under Ohio code 1707-261 one has the right to restitution and rescission when they sell an unregistered security. As soon as the bank gets your mortgage note, they sell it. Banks register mortgage deeds, not mortgage notes.

You see, see?

- Victoria gave a note to the county do discharge her criminal case. The county likely deposited it in a bank and received a cash receipt. The bank likely sold it as an unregistered security. This provides Victoria with another remedy. But she needs to register it on a UCC3 before it can be used as a claim.

Securitization 3

- Banks securitize mortgages by selling them to a SPV (a special purpose vehicle, a trust). Then they create bonds of trust assets to sell to DTC. The bank cannot foreclose on the note, because they are not a holder and lack standing.
- However, *the mortgage contract requires payments*. This makes the note non-negotiable.
- They are foreclosing on the contract under common law, not the note. The bank claims to be holder in due course, but that is not possible for there to be a holder in due course of a non negotiable instrument.
- Non-negotiable instruments are governed by common law, not the UCC.

♪ *Nothing is real... Strawberry fields forever...* ♪

- SPV- A special purpose vehicle, an organization constructed for a limited purpose and life. Frequently these SPV's serve as conduits or pass through organizations or corporation in relation to securitization. The entity that hold the legal rights over the asset transferred by the originator.
- The originator of a mortgage is the living man. If he is the originator, the SPV becomes the legal holder when the deed is signed.
- The bank is acting in the capacity as a servicer.
- When you are involved in a foreclosure case, the strawman creates an illusion. No party is real.

Let's be real...

- So the real parties in interest are not involved in the court. The bank may be named as the plaintiff on the foreclosure is the servicer. The real party in interest is the SPV.
- Patriots usually ask the plaintiff to produce the note.
- The note is not a negotiable note because it has terms and conditions associated with the instrument which could lead to a question as to whether the terms and conditions have been met. A negotiable instrument can have no restrictions, terms or conditions.
- One, the note is non-negotiable.
- Two, it is never registered in the public.
- These instruments cannot appear in a court.

If it is not in his public jurisdiction...

- If it was brought into court, the judge would see that it is not registered, and would claim he has no subject matter jurisdiction over your claim.
- Secondly, it is not negotiable, so it does not come under the UCC negotiable instruments act.
- Consequently it comes under contract obligations, so the appearance of the note is immaterial and irrelevant.
- Especially since it was never registered in the public.
- The next problem is, since the note is not registered, what standing does the plaintiff, bank, have to be there?
- Under the UCC, the plaintiff has no standing if he is not a holder in due course.

The shell game...

- The plaintiff is not there on the note for several reasons. It is also shows that the bank is liable and the originator is the creditor. The note is an asset to the defendant, which is a counterclaim for recoupment. It does not support the banks case.
- Before closing the note goes into an SPV which now has legal title to these issues and it creates a new instrument in the place of the note. They create securities and bonds, which are registered. The plaintiff is representing the registered security and bond at closing. They are hiding the pea under several shells so you don't know where it is. This keeps the patriots from making the proper claims .

Repent and Rescind no more...

- The statute says you have a right to restitution and rescission if they sell an unregistered security, Ohio statute 1707-261. Is the note an unregistered security? It is a non-negotiable instrument. When they convert it into a security, it takes it out of UCC Article 3. It could be under UCC article 4 because it is deposited in a bank. But eventually, after it has gone into the SPV, and been securitized, it is moved to UCC Article 8 and Article 9 is applicable to the remedy. They have to give you the right to rescission because it is unregistered. So, they ledger that you no longer have a liability by giving you the setoff. So they are following the law. But they are keeping the records in two different sets of books like the Mafia.
- We are following the letter of the law and showing them what they are doing. We have a right to rescind and restitution, which is also part of recoupment. We can go to the NASD, the national association of securities dealers, they have an arbitration and resolution board located in NYC. They have tribunals in each state for hearings. You can go to arbitration and have the contract rescinded and get restitution because they are selling unregistered securities. I have examples of four recent cases from 2005 and 2006. People have purchased promissory notes and found out they were unregistered securities. There is case law on this. This is money laundering or RICO.

The Law Requires a setoff claim...

- But there is a statute protecting us. Since, as soon as they sell the unregistered security, we are entitled to setoff to settle the claim. We are raising this claim; we have not waived it. They have not addressed our claims or defenses, so we have grounds for appeal. The law requires them to do this because they have raised it. One can stop any mortgage on this basis.
- They would be better off if the judge gave you a remedy on other grounds. We have given them several grounds for rescission. They can also allow rescission because the property is in a flood plain. Their attorney said that if what we are saying is true, it would destroy the mortgage market. We had an attorney say the same in her pleadings fifteen years ago, and then she was taken off the case. I don't think they like attorneys saying those things in public.
- Federal court through out our RICO complaint initially. I brought up the FASB and IASB standards and regulations in appellate court. I corrected them from stating that the bank is the creditor. That is only true on the receivable side of the ledger. We are the creditor and they are the debtors on the liability ledger. That provides a remedy. The G7 has endorsed it. Now we are getting into international law, with the IASB standards that they have adopted. These standards say we have a right to setoff.

Make them an offer they can't refuse

- So, like the Mafia, they always have a second set of books that are not available to the public. They only use the public books when they make a claim against us to determine how much we know about our claims available on the other side of the accounting. It is up to us to bring this claim or waive our remedy. Most CPA's are not familiar with these issues, because they don't have to deal with them.
- Bank One uses KPMG to audit their books; others use Price Waterhouse. They are international auditing services. They are expert at auditing off balance sheet accounts. There is off balance sheet financing, payables and receivables. These auditors are the only ones that are aware of these issues. Scott Taub is the chief accountant for the SEC and his assistant. They confirmed my information. The SEC is also the enforcement agent for this practice, because it involves securities. He admitted that this is their practice. He wanted to know who I was, but I did not tell him.

Who are you?

- One bank auditor wanted to know why I was asking these questions. What does why I am asking have to do with question. “Are going to tell me what you are going to do with my note? Don’t I have a right to know what you are doing with my note if I go into business with you? “ Everybody thinks a note is a liability, but it is not. Under UCC 4(a), 104(c), it says that the originator is the sender of the first fund transfer. We are the first funds transferor. UCC 3-105(a)(c), subsection (a) talks about issue and (c) talks about issuer. It defines the issuer as the transferor of the first fund transfer, which is the drawer and the maker.
- UCC 8-102 (12), (15) and (9) that defined what an entitlement holder is. UCC 8-105 that says we are identified as the person with securities and entitlement right on the books of a banking intermediary. They call them intermediaries under Article 8. This practice is all under Article 8 because it involves securities. That is how they are hiding their practices. They are treating these notes as securities and not Article 3 paper. Under Article 8 we are the holders of entitlement and possessory rights to the proceeds of the transaction because we are the originator of the first funds transfer on the accounts payable side of the ledger. We are entitled to the funds.

Trumping the claim...

- A promissory note is an asset to us. When we give it to a beneficiary and he deposits it, it becomes a cash item to the bank. They issue a cash receipt to the depositor. The bank gets a cash receipt that is the equivalent of money. It is what passes for money in the society. They will tell us that our note is not cash. But after it is deposited it looks as if we deposited money in an account.
- This is a cash proceed under Title 12 of the USC. We are the creditor and we are not bringing this up as a defense. This is why there cannot be a holder in due course.
- UCC 3-302 defines a holder in due course. It says in the first paragraph that this section a holder in due course is subject to 3-106(d). That says that where an instrument is involved, there cannot be a holder in due course. The reason they can't is because they are taking it subject to the defenses and claims that the drawer and maker as the originator of the first funds transfer can bring against the payee, which is the bank. The reason there can't be a holder in due course is because we are the creditor and we can trump any claim that a holder might have on that instrument.

You are behold'en to me...

- The claim that the originator and maker can make is setoff because they sold an unregistered note. They cannot be a holder in due course because they are taking it subject to administrative and commercial claims, every time there is a clause in the instrument. They create a mortgage purchase loan (16 CFR 433.1). This whole process is not about mortgages at all, because they sold the note and received the funds and closed the account by assuming they have repaid the originator on the loan. If they already repaid the originator on the loan, the living man who signed the note, then the whole thing is closed. We got our money back.
- **We did not receive the money or ask for the note back.** So the bank transaction on the payables side shows that we brought the money in, they credited it our account so they paid it back, we don't have a claim against the bank. It stayed in the account, because we didn't claim it. So they assume it has been abandoned. A trustee of abandoned assets would normally invest these assets to make money on them. They are expecting rent for this property from us. We are not paying monthly payments of principal and interest, is because the loan has been paid off.

Fool on the hill....

- We are paying rent for the asset we failed to collect. The SPV is taking all the payments as profit. It is under contract and has nothing to do with notes and contracts it ends when the original contract is finished.
- If you stop making payments, no one has been damaged. The only reason the banks continue to collect for 30 years is because you are a fool. We are responsible for agreeing to this contract. We don't have a claim for fraud.
- We did the first funds transfer that they transferred to the receivables as an asset to the bank. When they didn't give the note back, the bank sold it or deposited it as a cash item. UCC 1-204 says we are considered as merchants at law, who know what we are doing. We act as though we are experts at negotiable instruments. That is how they get around the defense of fraud in the inducement.

♪ Can't touch this...

- To prove fraud in the inducement, one has to prove he didn't know what they were doing, and didn't have sufficient time to find out. But in order to prove that, you have to learn how to do it right first.
- They call their process de-recognition. But most of the time that is not true. If they pass the reward and the risk, a complete sale of the asset, it is de-recognition. De-recognition is defined in accounting as not recognizing it on their books any more, or removed it of the balance sheet. This means they extinguished the loan from the books. We are asking for the balance sheet in discovery. The balance sheet will show that the loan has been extinguished. They are trying to collect on a note that they have no right title or interest in.
- Pimpcos on Bonds, using the real estate is not the mortgage loan. It is used to securitize the commodities and securities exchange. They are not using mortgages to attach property, because it only appears that they got an interest to attach the property.

♪ We are the champions...♪

- We have the priority. Their real intent is to create derivatives to create a security and bond market to finance all commercial and corporate activity. Tying up the land is a profitable by product, because nobody understands that they don't have a claim for it. They are called beneficial interest holders (BIHS). Those are the organizations with an account with the DTC to buy the mortgage-backed bonds, which are the pooled assets from the HELOC or trust.

It is all the same....

- There is no difference between a civil case, a criminal case or a mortgage deed and mortgage loan purchase. Victoria had a couple traffic cases back in early 1990's. Victoria was in jail for a while. She was jailed for six months in 2001 based on a personal complaint, but they discovered an old warrant for her arrest. She attempted to get the feds to prosecute the county under Title 42 because the judge had said that the warrants had expired. She settled and closed the probation with a note.
- But she recently found an old warrant poster on her on the Internet. She found out that a Hong Kong investment company purchased her criminal case bond. It is possible that she didn't have standing to ask for a Title 42 lawsuit, because she had not filed a bailee/bailor agreement and therefore, she was not a creditor. One must be a creditor to make a claim. Everyone today is presumed to be an enemy of the state, a U.S. citizen. This game is played in admiralty maritime commercial law. When you file a UCC1 bailor/bailee you are saying that I want to be a creditor. A creditor in an admiralty transaction is the same as a sovereign with inalienable rights in common law. It is a way of colorably stating that I have standing as a creditor to get a remedy.

You are a slave NEO...

- You are the creditor in their payables books. As a slave, you can only plead guilty. But without the UCC1, you didn't have any documents to show that you could come in as the creditor on the liability account of the corporation. If you can come in where the defacto government owes you instead of having the defacto government claim you owe them, you have a counterclaim for a set off. Patriots want to use the common law, but the government is focusing on you as a debtor by a voluntary contract of servitude. The government treats you like a slave unless you know enough to understand how a slave can pay off his debt and get his liberty and freedom. They are speaking in a different language so we don't understand, asking for our liberty presuming we don't have a debt. We languish in a foreign jail because we cannot understand the remedy.

Off your knees and Stand up to get standing....

- How do I get them to acknowledge this so I can come in with standing as a creditor? Do I send a precipe to the clerk seeking his acknowledgment and his appointment of this attorney. She has not received an answer back from the Secretary of State of Puerto Rico acknowledging her filing. If there is no filing number, what document do I have to show there is a B/B agreement to give me standing in the court to direct the Title 42 action to appoint an attorney to go after the state for its unlawful actions against the strawman because they didn't have a valid warrant.

Show me the money...

- Once you do your B/B filing showing the relationship, then you can bring that document in. Just like the collateral being the note in a foreclosure case, the collateral in the criminal case has to be our signature on our note that we gave them in the criminal case for the settlement and closure. That is your claim in that criminal case. The note we gave the bank was the claim in the foreclosure case. That is your asset. One should not put the indictment in the collateral on the UCC, because it is a liability to you and an asset to the corporation. It is their account receivable. The IBOE that you sent them is your asset and it constitutes your claim.
- Victoria gave them an IBOE to settle the case. They have not returned the note or settled the account. This is just like the bank mortgage. The mortgage deed is still recorded after you gave them the note. But when you gave them the note, they closed the account. But then they sold the note for other investments to other corporations off the balanced sheet in the background. How can you show them that you have an ongoing interest in that note to settle that account? Have you been making monthly payments to show an ongoing interest in the note?

Public and Private

- For an example: you purchased real estate. They give you a deed. They recorded the deed. You got the mortgage deed, you got the mortgage note and you got the mortgage contract. The mortgage deed is superimposed on top of the deed. The mortgage deed has priority because it was filed last and it is sequenced with the same party that is on the deed. The public looks at the mortgage deed and it appears to be a legal, lien hold interest in the property. It is not a negotiable note.
- A Federal Reserve note is a negotiable note that is registered as a security. So the FRN passes in the public. If you deposit a FRN with a deposit slip in the bank, the bank accepts the deposit as a cash item and they give you a cash receipt. They do not that when you give them your note, because it is non-negotiable and not registered in the public. So the transaction does not appear on the public side of the books because there is no public registration. It does appear on the private side of the account because the note is private. When your note comes in to the bank, they offset the private side of the account, but they can't offset the public side because it isn't registered. So it cannot appear in the public side to offset the public side of the accounting.

I have an interest...

- We use monthly payments to show the public that we have interest in that property. Legal title to the note has been transferred to the SPV. So you no longer have legal title to the property. We must use the monthly payments to show we have claim to the property, because it was our own note. We make monthly payments on the mortgage and the utilities and yearly payments on taxes. If we were not paying those, we would have no receipts to show that we had any continuing interest in the property.
- If we filed an interest in the property as a creditor, we would not have to make all those monthly payments in the property. We can chose to be a creditor or debtor. But if you are a debtor and stop making payments, the presumption will be that you are abandoning your interest in the property for possession and use. You already abandoned the legal title. The bank can step in and take over because of another level of abandonment
- When the mortgage deed is still recorded in the register but when you gave them the note they closed out the account. Then they sold the note for other investments to other corporations off the balance sheet in the background. How do they prove that you have an ongoing interest in that note that you gave them to settle that account. That is why you make monthly payments on that note that you abandoned to show that you have an ongoing interest.

Jesus is the SSN of God

- You have to provide an application with a name, address and an SSN to sign up for a utility on the property. The SSN is the trust account that is prepaid. So you sign up for your utilities with your prepaid account. Within 30 days, instead of giving them a BOE on the prepaid account, you keep coming in with liability notes to keep showing a debtor interest rather than a prepaid interest on the account because you fail to register. The application for the utilities is the equivalent of signing a negotiable instrument or a private note, because your unrestricted signature with the account name and number is equivalent authority for the utility to keep drawing off of your prepaid account to run their corporate utility business. You show a continuing monthly interest by your bill paying with liability notes. If you try to pay with a BOE, you should register the original contract you signed because that is the equivalent of the unlimited credit access to the prepaid account. That is your asset in that transaction. If it is not registered, you can't show that the public should settle the public side of that accounting. If you send them a BOE that is unregistered, they will not accept it. They cannot see any public side to your BOE.

Prove it...

- Victoria has not been making monthly payments and she put the three criminal cases on a UCC filing. The BOE that you gave them in the criminal case is collateral. The case is not an asset; the case is a forum to settle the transaction. The note should be put on the UCC. The criminal case is not settled because you have not made a claim. You have not put the note as collateral on the UCC.
- You are like a person in a mortgage foreclosure case that stops making payments and has not shown a continuing interest in the property by any filing in the public. Monthly payments would have been a monthly filing of a notice of interest. A notice of interest will expire if you don't renew it. The bank is foreclosing on you for presumed abandonment of the property. You didn't record your asset, which is your mortgage note that you gave them to begin with. The mortgage note is an asset to you and a liability to the bank and you didn't record the note, to make it a security registered in the public. Therefore it is not cognizable by the public court system to give you a remedy when the bank did not close the full accounting with you at your escrow closing when you brought the property and when the note was closed off the banks books on their liability side, you have no public claim.

Where is my check?

- How can you claim the note as an asset when you give it to them? The note is an asset, like a lawnmower. If you give it to somebody, they owe you something back. You are the creditor in the transaction. You were the originator in the transaction. When you buy a house, you sign a mortgage note to the bank. You are the creditor. Did you give the court a BOE to settle the account in the current case? That was an original instrument therefore you are the creditor. They owe you a receipt or a canceled check. Like Roger Elvick use to say, you should receive a check. They didn't give the BOE back to you, because first, they closed the account on one side otherwise they would be involved in fraud. But you didn't ask for the note back and they presume you didn't make a claim, it is a valuable asset, so they sell it to someone else. So someone else has a claim on that note that Vic used to settle her criminal case. Somebody is holding it. They bought it from the state.

Settle the accounting

- But they closed your account, the charges in criminal court; but only on one side. The case isn't settled because they haven't applied the funds from the note to the other side. They have not given you credit for your asset on your liability to close the full account. You have not made a claim. The receivables side is still open because the note does not show any public registration. They closed the private side that you gave them the note for, but you didn't get it back, because you didn't claim it so therefore, they sold it again. So they are still trying to collect the receivables, they sold her asset to another company that holds her asset, so she doesn't hold it and they are using the asset to create even more funding to run the corporations with.

UCC, they see...

- This is because they didn't ask them to give the note back and you didn't show that you have a public claim. You can ask the bank all you want to give your note back. The bank is not going to listen to you, because they assume that you are a debtor and they have no document of standing to show you are a creditor to ask for the note back. If we had registered it, we could certify it out of a public office, which they are required to accept.
- Just like you told the lady in the foreclosure suit, put the note that you gave to the bank that they are using in the foreclosure, as collateral on the UCC filing. When she showed the filing to the judge, it shows I have a continuing public interest in the property. If you are not making the monthly payments, you have to have a instrument that shows you are still making a claim on the property. I am a creditor; I have this UCC lien. It shows that I am a creditor with the property as collateral. I am the highest-level creditor on the property. The judge said, "Ok, it looks like you have priority."

It's all backwards...

- The reason they still have a wanted sign for Victoria is because you gave them the note, they settled the private side, so she doesn't owe them any more for the crime. They settled on the private side, they didn't give her the note back, we held it, she didn't show she had a claim to get it, but we have settled the substance of the criminal charges. So they settled the one side which is their liability side, which means they don't owe her any more, which means they recognize the substance of what she gave them. But if they gave it back to her, none of the rest of the transactions could continue, because everything is based on her credit line. So they had to create a presumption that they didn't have to give it back to her. One, she doesn't have a registration that shows she is a creditor and because it isn't registered, we can't close out the public side. Since we can't close out the public side, we may as well not give her, her note back and we will sell that note to another corporate entity that can use it again anyway because she doesn't know to ask for it.

China Syndrome...

- They closed the one side just like the bank did the mortgage at closing in escrow. They don't want to hold any money any more. This whole thing is done, but she never came and asked for her money with standing, ie, the note that got cancelled, so consequently we will sell this liability to some other corporation as their asset. Now you have the right to make the claim that you are the ultimate claim on the closing on the criminal account. I want the case settled and I want the wanted poster down.
- They cannot take the wanted poster down yet, because there is a silent party in the background that holds the note. You don't hold it. Someone else holds it, so someone else has a claim, an account ready for collection as a creditor. The company in Hong Kong that bought the account receivable is the creditor with a claim in this case. The wanted poster is still up to show the investor's public interest in Victoria to give public notice that they have a claim. If you don't show a public interest that you have a claim, you have abandoned it and they are going to come in for collection in court. If Vic isn't making the probation monthly reports, the Hong Kong company will bring her in. They are not going to show up in court. The county will show up in court to press charges as the servicing bank on the account that was purchased by an SPV. The SPV is the conduit to funnel the money to the Hong Kong investment corporation. But the investor is the true moving party.

Hmmm....

- Edgar Bradley was federal probation in which he tendered a note to settle and close. Ed kept telling them he was the creditor, why haven't you closed the account. The probation officer reported to the court that Bradley was not meeting the monthly probation requirements, and asked to revoke his parole. He was brought in briefly to a magistrate in which they adopted the recommendation of the parole office and he was going to submit it to the judge. At that point he had the opportunity to rebut, do affirmative defenses or counterclaims. The judge agreed with the magistrate, and told Bradley to report back into federal prison for three months because of parole violations.
- Edgar Bradley had already sent an IBOE to the feds to settle and close the account. He had not registered his BOE. So he failed to make a claim. So they settled the private side, but because he can't show standing they did not settle the public side of the account. Since they couldn't settle the receivable side, they had to sell it to a foreign investor to avoid fraud. When they cancelled the probation, the new investor in the background was the moving party.

Contempt...

- I assume that they put him in for 90 days to see if anyone was going to prove a claim. When nobody proved the claim, they let him out again, with three more years of probation. This is likely the security to protect the investment interest of the purchaser of the public account receivable. This is caused by the failure to register the note and file a security interest in the public sector to settle and close the account.
- Admiralty maritime only has authority for execution of sentences for contempt for failure to pay a debt. He did not record his note in the public so the accountants can settle their claim.
- There is another guy in similar situation as Pete with the state tax authorities. The state hired an attorney to collect the accounts receivable after he tendered a BOE. The state needed to sell the account because Pete gave them the substance for closing. But Pete is in contempt because Pete did not register his instrument to allow the account to settle and close. Therefore, the punishment is to sell the account to a third party investor for collection. They have to put up some notice of interest to protect the investor, which will appear to interfere with your rights and privileges as punishment for you for not allowing us to settle the account. They are not punishing anyone for violating the law. They are not concerned about monthly payments.

It is all prepaid...

- They cannot take the wanted poster down because there is a silent party in the background that holds the note. The wanted poster is the collateral they are using to support their claim. If you want the poster taken down, settle the claim. They can make a claim with an unregistered security, but they don't have a defense if you bring a registered claim. That is why they are not picking you up, so that you will not make that claim. Your claim will close that account down. They want that investor to keep it open and enjoy the return. They won't pick you up but they have the public notice of interest. A notice of interest does not have to be proven unless there is a claim against it.
- Victoria has been trying to buy a house in Australia, but is hasn't settled and closed yet, because she hasn't registered the payment in the public. She is concerned about a bad credit rating. They give you bad credit ratings when you don't pay your bills because you don't know how the system works.
- **No one in the USA should have a bad credit rating because they have a prepaid account.**