



“Those who constitute an association nationwide of private, unincorporated persons engaged in the business of banking to issue notes against these obligations of the United States due them; *whose private property is at risk* to collateralize the government’s debt and currency, by legal definitions, a *‘national banking association’*; such notes, issued against these obligations of the United States to that part of the public debt due its Principals and Sureties are *required by law to be accepted as “legal tender”* of payments for all debts public and private, and are defined in law as *“obligations of the United States”*, on the same par and category with Federal reserve Notes and other currency and legal tender obligations.”



The Note (Exhibit A) tendered to the Plaintiff and negotiated to the United States Treasury for settlement is an obligation of THE UNITED STATES, under *Title 18 USC Sec. 8*, representing as the definition provides a *“certificate of indebtedness...drawn upon an officer of the United States,”* (in this case the Secretary of the United States Treasury) *“issued under an Act of Congress”* (in this case *public law 73-10 and Title 31 USC 3123 and 31 USC 5103*) and by Treaty (in this case the *UNITED NATIONS CONVENTION ON INTERNATIONAL BILLS OF EXCHANGE AND INTERNATIONAL PROMISSORY NOTES (UNCITRAL)* and the *Universal Postal Union headquartered in Bern, Switzerland*).

**TITLE 18 USC >Part I> CHAPTER 1> Sec.1>Sec.8**

**Sec. 8.- Obligation or other security of the United States defined**

The term *“obligation of the United States”* includes all *bonds, certificate of indebtedness, national bank currency*, Federal Reserve bank Notes, coupons, United States Notes, Treasury Notes, gold certificates, silver certificates, fractional notes, certificate of deposits, bills, drafts for money, *drawn by or upon authorized officers of the United States*, stamps and other representatives of value, of whatever denomination, issued *under any Act of Congress*, and *cancelled United States stamps*.

The International Bill of Exchange is legal tender as a national bank note, or note of a National Banking Association, by legal and/or statutory definition (UCC 4-105, 12 CFR Sec. 229.2, 210.2, 12 USC 1813), issued under Authority of the United States Code 31 USC 392, 5103, which officially defines this as a statutory legal tender obligation of the United States, and is issued in accordance with 31 USC 3123 which establishes and provides for its issuance as Public Policy in remedy for discharge of equity interest recovery on that portion of the public debt to its Principals and Sureties bearing the Obligations of the United States.

This is a statutory remedy for interest equity recovery due the Principals and Sureties of the United States for discharge of lawful debts in commerce in conjunction with US obligations to that portion of the public debt it is intended to reduce.

During the financial crisis of the depression, in 1933 the substance of gold, silver and real money was removed as a foundation for our financial system, In its place the substance of the American citizenry: their real property, wealth, assets and productivity that belongs to them was, in effect, "pledged" by the government and placed at risk as the collateral for U.S. debt, credit and currency for commerce to function.

This is well documented in the actions of Congress and the President at that time and in the Congressional debates that preceded the adoption of the re-organization measures:

Senate Document No. 43, 73<sup>rd</sup> Congress, 1<sup>st</sup> Session, stated, "***Under the new law the money is issued to the banks in return for Government obligations, bills of exchange, drafts, notes, trade acceptances, and banker's acceptances.*** The money will be worth 100 cents on the dollar, because it is backed by the credit of the nation. It will ***represent a mortgage on all of the homes and other property of all the people of the nation.***" (Which lawfully belongs to the people)

The National debt is defined as "mortgages on the wealth and income of the people of a country." (Encyclopedia Britannica, 1959)

The re-organization is evidenced by: The Emergency Banking Act, March 9, 1933; House Joint Resolution 192, June 5, 1933, Public Law 73-10, and the Series of Executive Orders that surround them:

6073- Re-opening of Banks. Embargo on Gold Payments and Exports, and Limitations on Foreign Exchange Transactions. March 10, 1933

6011- Transactions in foreign exchange are permitted under the Governmental Supervision. April 20, 1933.

6102- Forbidding of hoarding of gold coin, gold bullion and gold certificates. April 5, 1933.

On December 23, 1913, Congress had passed "An Act to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford a means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes." The Act is commonly known as the "Federal Reserve Act."

One of the purposes for enacting the Federal Reserve Act was :

(3) to authorize 'hypothecation' of obligations including "United States bonds or other securities which Federal Reserve Banks are authorized to hold" under 12 USC, ch. 6, 38 Stat. 251 sect 14(a).

The term "hypothecation" as stated in sec. 14(a) of the Act is defined :

"1. Banking. Offer of stocks, bonds, or other assets owned by a party other than the borrower as collateral for a loan, without transferring title. If the borrower turns the property over to the lender who holds it for safekeeping, the action is referred to as a pledge. If the borrower retains possession, but gives the lender the right to sell the property in event of default, it is a true hypothecation.

2. Securities. The pledging of negotiable securities to collateralize a broker's margin loan. The broker pledges the same securities to a bank as collateral for a broker's loan, the process is referred to as re-hypothecation." (Dictionary of Banking Terms, Fitch pg. 228 (1997).

As seen from the definitions, in hypothecations there is an equitable risk to the actual owner.

Section 16 of the current Federal Reserve Act, which is codified at 12 USC 411, declares that "Federal Reserve Notes" are "obligations of the United States. Therefore, the "full faith and credit" of the United States: which is the substance of the American citizenry; their real property, wealth, assets and productivity that belongs to them, is hypothecated and re-hypothecated by the United States to its obligations as well as to the Federal Reserve for the issuance and backing of Federal Reserve Notes as legal tender "for all taxes, customs and other public dues."

#### **TITLE 12> CHAPTER 3> SUBCHAPTER XII> Sec. 411**

##### **Sec. 411.- Issuance to reserve banks; nature of obligation; redemption**

**Federal Reserve Notes**, to be issued at the discretion of the Board of Governors of the Federal Reserve System for the purpose of making advances to the Federal Reserve banks through the Federal Reserve agents as herein set forth and for no other purpose, are authorized. The said notes shall be obligations of the United States and shall be received by all national and member banks and Federal Reserve banks and for all taxes, customs and other public dues. The commerce and credit of the nation continues on today under financial reorganization (Bankruptcy) as it has since 1933, still backed by the assets and wealth of the American people: at risk for the government's obligations and currency.

Under the 14<sup>th</sup> Amendment and numerous Supreme Court precedents, as well as in equity, Private property cannot be taken or pledged for public use without just compensation, or due process of law. The United States cannot pledge or risk the property and wealth of the American people, for any government purpose without legally providing them remedy to recover what is due them on their risk.

This principle is so well established in English common law and in the history of American jurisprudence. The 14<sup>th</sup> Amendment provides: "no person shall be deprived of....property without due process of law." The courts have long ruled to have one's property legally held as collateral

or surety for a debt even when he still owns it and still has it to deprive him of it since it is at risk and could be lost for the debt at any time. The United States Supreme Court said in United States vs Russell [13 Wall, 623,627] "Private property, the Constitution provides, shall not be taken for public use without just compensation."

The right of subrogation is not founded on contract. It is a creature of equity; is enforced solely for the purpose of accomplishing the ends of substantial justice; and is independent of any contractual relations between the Parties." Memphis & L.R.R. Co. vs Dow, 120 U.S. 287,301-302 (1887)

The rights of a surety to recover on his risk or loss when standing for the debts of another was affirmed again as late as 1962 in Pearlman vs Reliance Ins. Co., 371 U.S. 132 when the court said ..."sureties compelled to pay debts for their principal have been deemed entitled to reimbursement, even without a contractual promise....and probably there are few doctrines better established...."

Black's Law Dictionary, 5<sup>th</sup> Ed, defines "surety": "One who undertakes to pay or do any other act in event that his principal fails therein. Everyone who incurs a liability in person or in estate for the benefit of another, without sharing in the consideration, stands in the position of a surety."

Constitutionally and in the laws of equity, the United States could not borrow or pledge the property and wealth of the American people, put at risk as collateral for its currency and credit, without legally providing them equitable remedy for recovery of what is due them. The United States did not violate the law or the Constitution in order to collateralize its financial reorganization. But, did in fact provide such a legal remedy so that it has been able to continue on since 1933 to hypothecate and re-hypothecate the private wealth and assets of the American people, at risk backing the government's obligations and currency, by their implied consent, through the government having provided such remedy, as defined and codified above, for recovery of what is due them on their assets and wealth at risk. The provisions for this are found in the same act of Public Policy, HJR 192, public law 73-10 that suspended the gold standard for our currency, abrogated the right to demand payment in gold, and made the Federal Reserve notes, for the first time, legal tender 'backed by the substance or credit of the nation.' All U.S. currency since that time is no more than credit against the real property and wealth of the sovereign American people, taken and/or pledged by the United States to its secondary creditors as security for its obligations. Consequently, those backing the nation's credit and currency could not recover what was due them by anything drawn on the Federal Reserve notes without expanding their risk and obligation to themselves. Any recovery payments backed by this currency would only increase the public debt the American people are

collateral for, which an equitable remedy was intended to reduce, and in equity would not satisfy anything.

There are other serious limitations on our present system. Since the institution of these events, for practical purposes of commercial exchange, there has been no actual money of substance in circulation by which debt owed from one party to another can actually be repaid.

The Federal Reserve Notes, although made legal tender for all debts, public and private in the re-organization, can only discharge debt. Debt must be 'paid' with value or substance (gold, silver, barter, labor, or a commodity). For this reason HJR 192, Public law 73-10, which established the public policy of our current monetary system, repeatedly uses the term of 'discharge' in conjunction with 'payment' in laying out public policy for the new system. A debt currency system cannot 'pay' debt. Since 1933 to present, commerce in the corporate United States and among sub-corporate subject entities has had only debt note instruments by which debt can be discharged and transferred in different forms. The unpaid debt, created and/or expanded by the plan now carries a public liability for collection in that when debt is discharged with debt instruments, (i.e. Federal Reserve Notes, etc.), by our commerce, *debt is inadvertently expanded instead of being cancelled*, thus increasing the public debt, a situation fatal to any economy.

Congress and government officials who orchestrated the public laws and regulations that made the financial reorganization anticipated the long term effect of a debt based financial system which many in government feared, and which we face today in servicing the interest on trillions of dollars in U.S. Corporate public debt, and in this same act made provisions not only for the recovery remedy to satisfy equity to its Sureties, but to simultaneously resolve this problem as well.

Since it is, in fact, the real property and wealth of the American people that is the substance backing all the other obligations, currency and credit of the United States and such currencies could not be used to reduce its obligations for equity interest recovery to its Principals and Sureties, HJR 192, public law 73-10 further made the "notes of national banks" and "national banking associations" on par with its other currency and legal tender obligations.

**TITLE 31> SUBTITLE IV> CHAPTER 51> SUBCHAPTER I Sec. 5103 says:**

**Legal Tender** – United States coins and currency (including Federal Reserve Notes and circulating notes of Federal Reserve Banks and national banks) are legal tender for all debts, public charges, taxes and dues. This legal definition for 'legal tender' was first established in HJR 192 in the same act that made Federal Reserve Notes and notes of national banking associations legal tender.

Public Policy HJR 192  
JOINT RESOLUTION TO SUSPEND THE GOLD  
STANDARD AND ABROGATE THE GOLD CLAUSE  
JUNE 5, 1933  
HJR 192 73<sup>RD</sup> Congress, 1<sup>st</sup> Session

Joint Resolution to assure uniform value to the coins and currency of the United States

As used in this resolution, the term "obligation" means an obligation (including every obligation of and to the United States, excepting currency) payable in money of the United States; and the term 'coin or currency' means coin or currency of the United States, including Federal Reserve Notes and circulating notes of Federal Reserve Banks and national banking associations.

All coins and currencies of the United States( including Federal Reserve Notes and circulating notes of Federal Reserve Banks and national banking associations) heretofore and hereafter coined or issued, shall be legal tender for all debt, public and private, public charges, taxes, duties and dues."

Although HJR 192 has been since repealed, UCC 10-104 Un-repeals the resolution as the United States cannot deny or withhold remedy from the American people as long as their economic system remains collateralized by the wealth and assets of the American people.

**TITLE 12.221 Definitions** - "The terms 'national bank' and 'national banking associations' ....shall be held to be synonymous and interchangeable." The term "notes of national banks or national banking associations" have been continuously maintained in the official definition of legal tender since June 5, 1933 to present, when the term had never been used to define 'currency' or 'legal tender' before that time. Prior to 1933 the forms of currency in use that were legal tender were many and varied: United States Gold Certificates, United States Notes, Treasury Notes, Interest bearing notes, Gold coins of the United States, Standard silver dollars, subsidiary silver coins, minor coins, commemorative coins, but, the list did not include Federal Reserve Notes or notes of national banks or national banking associations despite the fact national bank notes were a common medium of exchange or 'currency' and had been, almost since the founding of our banking system and were backed by United States bonds or other securities on deposit for the bank with the U.S. Treasury.

Further, from the time of their inclusion in the definition they have been phased out until presently all provisions in the United States Code pertaining to ***incorporated federally chartered National Banking institutions*** issuing, redeeming, replacing and circulating notes have all been

repealed. As stated in "Money and Banking", 4<sup>th</sup> Ed., by David H. Friedman, published by the American Bankers Association, page 78, "Today commercial banks no longer issue currency...." It is clear that the federally incorporated banking institutions subject to the restrictions and repealed sections of Title 12, are NOT those primarily referred to maintained in the current definitions of "legal tender."

The legal statutory and professional definitions of 'banks', 'banking', and 'banker' used in the United States Code of Federal Regulations are not those commonly understood for these terms and have made statutory definition of "Bank" accordingly:

**UCC 4-105 Part 1 - Bank** "means a person engaged in the business of banking,"

**12 CFR Sec. 229.2 Definitions (e) Bank** means – "the term bank also includes any person engaged in the business of banking,"

**12 CFR Sec. 210.2 Definitions.** (d) "Bank means any person engaged in the business of banking."

**Title 12 USC Sec. 1813 –Definitions of Bank and Related Terms.-** (1) Bank- The term "Bank" – (a) "means any national bank, state bank, and district bank, and any federal branch and insured branch;"

**Black's Law Dictionary, 5<sup>th</sup> Edition, page 133** defines a "Banker" as " In general sense, person that engages in the business of banking. In narrower meaning, a private person....; who is engaged in the business of banking without being incorporated. Under some statutes, an individual banker, as distinguished from a "private banker", is a person who, having complied with the statutory requirements, has received authority from the state to engage in the business of banking, while a 'private banker' is a person engaged in banking without having any special privileges or authority from the state."

"**Banking**" Is partly and optionally defined as "The business of issuing notes for circulation....., negotiating bills."

**Black's Law Dictionary, 5<sup>th</sup> Edition, page 133, defines "Banking"** "The business of banking, as defined by law and custom, consists in the issue of notes.....intended to circulate as money....."

And defines a "**Banker's Note**" as "A commercial instrument resembling a bank note in every particular except that it is given by a 'private banker' or unincorporated national banking institution." Federal statute does not specifically define 'national bank' and 'national banking association' in those sections where these uses are legislated on to exclude a private banker or unincorporated banking institution. It does define these terms to the exclusion of such persons in the chapters and sections where the issue and circulation of notes by national banks has been repealed or forbidden.

In the absence of a statutory definition, the courts give terms their ordinary meaning. Bass, Terri L. vs Stolper, Koritzinski, 111 F.3<sup>rd</sup> 1325, 7<sup>th</sup> Cir.Apps. (1996) As the U.S. Supreme Court

noted, "We have stated time and again that courts must presume that a legislature says in a statute what it means and means in a statute what it says there." See e.g., United States vs Ron Pair Enterprises, Inc. 489 U.S. 235, 241-242 (1989) "The legislative purpose is expressed by the ordinary meaning in the words used." Richards vs United States 369 U.S. 1 (1962)

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

HJR 192, public law 73-10 further declared...."every provision... which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency....is declared against public policy; and no such provision shall be...made with respect to any obligation hereafter incurred."

Making way for discharge and recovery on U.S. corporate public debt due the Principals and Sureties of the United States providing as public policy for the discharge of 'every obligation', including every obligation of and to the United States, 'dollar for dollar', allowing those backing the United States financial reorganization to recover on it by discharging an obligation they owe to the United States or its sub-corporate entities, against that same amount of obligation of the United States owed to them; thus providing the remedy for the discharge and orderly recovery of equity interest on U.S. corporate public debt due the Sureties, Principals and Holders of the United States, discharging that portion of the public debt without expansion of credit, debt or obligation on the United States or these its prime creditors it was intended to

satisfy equitable remedy to, but gaining for each bearer of such note, discharge of obligation equivalent in value 'dollar for dollar' to any and all 'lawful tender of the United States.'"

Those who constitute an association nationwide of private, unincorporated persons engaged in the business of banking to issue notes against these obligations of the United States due them; whose private property is at risk to collateralize the government's debt and currency, by legal definition, a 'national banking association'; such notes, issued against these obligations of the United States to that part of the public debt due its Principals and Sureties and required by law to be accepted as 'legal tender' of payment of all debts, public and private, and are defined in law as 'obligations of the United States', on the same par and category with Federal Reserve Notes and other currency and legal tender obligations.

This is what is asserted in the instrument which was presented to the Plaintiff and the Plaintiff has said nothing to the contrary.

Under this remedy for discharge of the public debt and recovery to its Principals and Sureties, two debts that would have been discharged in Federal Reserve debt note instruments or checks drawn on the same, equally expanding the public debt by those transactions, are discharged against a single public debt of the corporate United States and its sub-corporate entities to its prime creditor without the expansion and use of Federal Reserve debt note instruments as currency and credit, and so, without the expansion of the public debt and debt instruments in the monetary system and the expansion of the public debt as burden upon the entire financial system and its Principals and Sureties the recovery remedy was intended to relieve.

Their use is for the discharge and non-cash accrual reduction of U.S. Corporate public debt to the Principals, Sureties, Prime Creditors and Holders of it as provided in law and the instruments will ultimately be settled by adjustment and set-off in discharge of a bearers obligation to the United States against the obligation of the United States for the amount of the instrument to the original creditor it was tendered to or whomever or whatever institution may be the final bearer and holder in due course of it, again, thus discharging that portion of the public debt without expansion of credit, debt or note on the prime creditors of the United States it was intended to satisfy equitable remedy to, but gaining for each endorsed bearer of it discharge of obligation equivalent in value, 'dollar for dollar' of currency, measurable in 'lawful money of the United States.'

Even though the gold clause has been repealed, there still remains no currency of value or substance or gold coin in circulation today with which to pay a debt. The law does not allow for impossibilities. But even this did not repeal or remove our remedy which equity demands for the Principals and Sureties of the United States. The practical evidence and fact of the financial

reorganization (bankruptcy) of the United States is still ongoing today, visible all around us to see and understand. When Treasury Notes come due, they are not paid. They are refinanced by new Treasury Bills and Notes to back the currency and cover the debts....something that cannot be done with debt, unless, the debtor is protected by bankruptcy reorganization that is regularly restructured to keep it going. Each time the Federal debt ceiling is raised by Congress they are restructuring the bankruptcy reorganization of the government's debt so that commerce may continue on. *The recovery remedy is maintained in law because it has to be to satisfy equity to its prime creditors.*

Although the United States will not publicly announce to the American people the validity of these instruments when presented to the Department of the United States Treasury for discharge, they have never been returned or dishonored. The U.S. Treasury has stipulated to the validity of these instruments as have the U.S. District Courts. They have been investigated by the U.S. Treasury, the Internal Revenue service, The Federal Bureau of Investigation and the U.S. Attorney Office and have been found to be absolutely valid and cannot be refused or dishonored as a remedy in equity for recovery to the prime creditors of the United States is true and factual and cannot be denied or dishonored in equity, and that such Bills of Acceptance in discharge of mutually off setting obligations between the United States and its Holders in equity as secured parties are, in fact, being kept, held and without return or dishonor, accepted as obligations of the United States in the discharge and recovery of the public debt as they make claim on their face to the Secretary of the U.S. Treasury to be.

The bank must treat the instrument tendered as an obligation of the United States to the bank. The tender of these instruments discharge the obligation of the debt for which they were delivered and the Payee becomes the new holder in due course and collection agent on the instrument. When a commercial bank sends the instrument to the Secretary for discharge of its obligations and a problem arises concerning the instrument, a commercial response is required. There is a legal liability of the government to a negotiable legal tender obligation upon the United States government sent to them for acceptance by a member Federal Reserve Bank after they received it and became responsible for it.

The Treasury has an obligation as a department of government serving the public interest to the bank which as a member of the Federal Reserve System that has a commercial obligation to an account holder and a 3<sup>rd</sup> party who tendered the item in payment to tell them that it is not good or it is not going to be honored, even if they wanted to keep it for prosecution or investigation. They do not dishonor it in any way by return of the item or the sending of any notice to that effect, or given a statement or explanation indicating the time frame for its review and settlement if it would be an inordinately long time to finish with it. The instruments are being

kept, held and without return or dishonor, are accepted as an obligation of the United States in the discharge and recovery of the public debt as it claims on its face to be.