

## **money is debt - debt is money + interest = economic slavery - jerome daly : The Man Who Humbled the Federal Reserve**

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(Natural News) Jerome Daly is one of the few men to take on the might of the Federal Reserve in the courts and win. 40 years ago, a Minnesota bank attempted to foreclose on Daly's mortgage but he humiliated them, thanks to his profound knowledge of Fractional Reserve Banking and a courageous, scrupulously honest judge. The judge delivered a dynamite decision that blasted the Federal Reserve and National Banks as unconstitutional and fraudulent. Understandably, the bankers have tried to bury this case and keep the controversial decree from public knowledge.

Those of you who may be facing the grim prospect of foreclosure on your mortgage, or if you know someone who is facing foreclosure, then the incredible story of Jerome Daly will delight and amaze you.

Jerome Daly was an attorney in Minnesota in the 1960s. In May, 1964, he took out a mortgage for \$14,000 with The First National Bank of Montgomery, Minnesota, on a property described as Lot 19, Fairview Beach, Scott County, Minnesota.

Somehow, three years later, Mr. Daly fell behind on his mortgage payments and the bank initiated proceedings to foreclose. The case was heard before a jury in Credit River Township, Scott County, Minnesota, at 10 a.m. on December 7th, 1968. The trial justice was Martin V. Mahoney, a remarkable, no-nonsense man of great integrity and fair-play.

Jerome Daly, being a lawyer, defended himself. The main witness for the prosecution was a Lawrence V. Morgan, President of The First National Bank of Montgomery.

The main issues were whether or not the loan transaction constituted a legal `consideration` and whether or not Mr. Daly waived his rights to complain by having paid his loan for three years.

For any loan transaction to be legal and binding a lawful `consideration` must be brought to the table by both parties. Mr. Daly said that as a consideration he put up his property of Lot 19, Fairview Beach. Mr. Daly further asserted that the bank provided no consideration but merely created the money out of thin air!

Under cross examination by Jerome Daly, Mr. Morgan the bank president spoke candidly and truthfully. Nevertheless, his evidence astonished the judge and jury.

Mr. Morgan admitted that by making a book-keeping entry the bank created the money out of nothing but that this was standard practice exercised by his bank in conjunction with the [Federal Reserve](#) Bank of Minneapolis, another private bank. When questioned by Daly he also conceded that he knew of no [United States](#) Law or Statute that gave the bank authority to create money out of nothing.

The court was gobsmacked. Justice Mahoney was heard to say, "That sounds like fraud to me."

The bank went on to claim that the Defendant, Daly, accepted the ledger book credit and by paying his mortgage for almost three years he waived his right to complain about the consideration and was legally estopped from doing so.

At 12.15 p.m. the jury returned a verdict. They unanimously found for the Defendant, Jerome Daly.

Justice Mahoney`s Judgment and Decree makes for fascinating reading. Here are some of his major points.

1. The Plaintiff (the bank) was not entitled to recover the possession of Lot 19, Fairview Beach
2. Because there was no lawful consideration the Mortgage was Null and Void
3. The Bank parted with absolutely nothing except a little ink
4. The Plaintiff had no right, title, interest, or lien on the property
5. Defendant is awarded costs in the amount of \$75

In his Memorandum Justice Mahoney went on to say, "The jury found there was no lawful consideration and I agree. Only God can create something of value out of nothing."

He also said, "Even if the Defendant could be charged with waiver or estoppel as a matter of Law this is no defense [sic] to the Plaintiff. The Law leaves wrongdoers where it finds them."

And incredibly... "Plaintiff's act of creating credit is not authorized by the Constitution and Laws of the United States, is unconstitutional and void, and is not a lawful consideration in the eyes of the Law to support any thing [sic] or upon which any lawful rights can be built."

Amazing! A properly accredited U.S. judge actually said this in a properly convened U.S. court!

"...It has never been doubted that a Note given on a Consideration which is prohibited by law is void. It has been determined, independent of Acts of Congress, that sailing under the license of an enemy is illegal. The emission [sic] of Bills of Credit upon the books of these private Corporations, for the purposes of private gain is not warranted by the Constitution of the United States and is unlawful..."

Then the case took another incredible turn.

The bank appealed, as was their right to do so; but a lawful appeal must be made within 10 days and accompanied by fee of \$2. If the Clerk of the Court does not receive the appeal and the appropriate \$2 fee within 10 days, as is required by the strict Appeals Statutes, then the District Court does not acquire Jurisdiction upon Appeal.

When the Notice of Appeal and the \$2 fee arrived on Justice Mahoney's desk for him to make his return to the District Court the judge made a second landmark decision. After examining the two \$1 bills he saw that they were Federal Reserve notes. Justice Mahoney refused the notes and refused to allow the Appeal upon the grounds that the notes were without any lawful consideration and void for any purpose.

Justice Mahoney would not accept the Federal Reserve notes to pay for the Appeal process because they were not true money but represented instruments of debt. If the bank had paid in silver dollars, half-dollars, quarters, dimes, nickels, or even pennies, their appeal would have been legitimate and would have been heard.

Justice Mahoney offered the bank a hearing on the issue but they failed to request one. Then the District Court ordered Mahoney to show cause as to why the Appeal should not be allowed. Mahoney then ordered a hearing on January 22nd, 1969, for the purposes of making Findings of Fact and Conclusions of Law.

But no representative of the First National Bank of Montgomery turned up in court, nor was there any continuance requested by the bank or its attorney.

In his Findings of Fact and Conclusions of Law Justice Mahoney made some extraordinary observations. The following 12 points are quoted directly from his report (<http://www.lawlibrary.state.mn.us/C...>)...

1. The Federal Reserve Banks and National Banks create money and credit upon their books and exercise the ultimate prerogative of expanding and reducing the supply of money or credit in the United States. The creation of this money or credit constitutes the creation of fiat money upon the books of these banks.

2. When the Federal Reserve Banks and National Banks acquire United States Bonds and Securities, State Bonds and Securities, State Subdivision Bonds and Securities, mortgages on private Real property and mortgages on private personal property, the said banks create the money and credit upon their books by bookkeeping entry. The first time that the money comes into existence [sic] is when they create it on their bank books by bookkeeping entry. The banks create it out of nothing. No substantial fund of gold or silver is back of it, or any fund at all.

3. The Federal Reserve Bank obtains Federal Reserve Notes [no matter what denomination] for the cost of printing of each note which is less than one cent. The net effect of the entire transaction is that the Federal Reserve Bank obtains Federal Reserve Notes comparable to the ones they placed on file with the Clerk of the District Court...for the cost of printing only.

4. From 1913 down to date, the Federal Reserve Banks and the National Banks are privately owned. As of March 18, all gold backing is removed from the said Federal Reserve Notes. No gold or silver backs up these notes.

5. The Federal Reserve Notes in question in this case are unlawful and void...being contrary to Article 1, Section 10, of the Constitution of the United States...are not lawful money of the United States; are in violation of the Constitution of the United States and are not valid for any purpose.

6. Said Notes are fiat money, not redeemable in gold or silver coin upon their face, not backed by gold or silver, and the notes are in want of some real or substantial fund being provided for their payment in redemption.

7. The sole consideration paid for the One Dollar Federal Reserve Notes is in the neighborhood of nine-tenths of one cent, and therefore, there is no lawful consideration behind said Notes...As a matter of fact, the "Notes" are not Notes at all, as they contain no promise to pay.

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

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

10. The Federal Reserve Act and the National Bank Act is in its operation and effect contrary to the whole letter and spirit of the Constitution of the United States; confers an unlawful and unnecessary power on private parties; holds all of our fellow citizens in dependence; is subversive to the rights and liberties of the people. It has defied the lawfully constituted Government of the United States. The two banking Acts and Sec. 462 of Title 31, U.S.C. pages 41 and 42, are therefore unconstitutional and void.

11. This fraudulent Federal Reserve System and National Banking System has impaired the obligation of Contract, promoted disrespect for the Constitution and Law and has shaken society to its foundations.

12. No rights can be acquired by fraud. The Federal Reserve Notes are acquired thru [sic] the use of unconstitutional statutes and fraud.

This is a thoroughly amazing legal decision, unprecedented in the history of the United States. Justice Mahoney was not a man to mince his words. He was courageous in the extreme, perhaps even reckless, to deliver such a decree against the Federal Reserve.

But the great fortitude of this remarkable judge may have cost him his life.

Less than 6 months later, in June, 1969, Justice Martin V. Mahoney died in a mysterious boating accident. Those close to him say his body was heavily poisoned.

Justice Mahoney's decree still stands and has not been challenged or overturned to this very day.

We owe it to the memory of this brave man to get his audacious milestone judgment out into mainstream public awareness.

Some citizens, facing foreclosure, have quoted this case as a precedent but ended up losing their cases. Not every judge in America possesses the integrity and decency of Judge Mahoney. Isn't it time to stamp out this fraud and corruption that is so endemic in the legal, business, and political institutions of our world today?

Those interested in examining the original documents of this monumental legal decision will find scores of documents at:

<http://www.counterthink.com/025687.html>