The Unified Common Law Grand Jury of Southern Africa

aka **Unified Grand Jury ZA,** hereinafter **UZA**

"A government of all the people, by all the people, for all the people."
T. Parker.

How To Settle Bills, debts demands and prevent foreclosures and evictions using Money of Exchange

3rd Edition April 2014
Documentation at: http://giftoftruth.wordpress.com/common-law-manuals/
giftoftruth@hushmail.com

No Disclaimer:
There is no disclaimer on these pages because the reader will learn and know that each and every perception and interpretation of anything and everything we as People experience, is unique. The responsibility is our own on how we use what we are learning and becoming. Anyone reading these pages is wise enough to follow their own counsel and therefore acknowledges this by the act of reading further. The choice is yours and yours alone.

Introduction

Before you start, it is important to have things in perspective regarding South Africa:
1. REPUBLIC OF SOUTH AFRICA is a Company registered on the U.S. SECURITIES & EXCHANGE as 7 different corporations and we, the people are not the shareholders. The Bilderberg Group is; the illuminati.
2. SARB, NATIONAL TREASURY and SARS are privately owned 'federal' corporations, funnelling our minerals and taxes; regulating our currency.
3. Not one cent of taxes goes to the country; all taxes are off-set against a fictitious 'debt' created by the central banking system.
4. This central banking system is privately owned and uses the law of the sea, admiralty law, which is re-organization bankruptcy law.
5. With the Insolvency Acts and Reserve Bank Acts, the central bankers gained control of governments by staging the Great Depression, declaring insolvency. The people became the creditors as all value was 'lent' to the government to try settle this bankruptcy.

If you are reading this then you have either had a visit by the sheriff or have received a nasty notice in the mail. You have probably:

a) been avoiding notices and demands made on you
b) or were not even aware of any
c) or served your own notices on them which have been ignored thus far.

II's time to take action. Firstly, you have to have a basic knowledge of what you are embarking on here. It's time to quickly erase all previously held presumptions regarding currency, your Trust and what remedies you have.

What do I Need?
You will need to properly read about 200 pages in order to be properly informed and educated on bills of exchange/negotiable instruments:
1. Go to *http://giftoftruth.wordpress.com/common-law-manuals/*
:
a) on the '*Common Law Manuals'* page download
   i) **Modern Money Mechanics**
  ii) **Foreclosure Defense Handbook**.
b) Download the following documents at:
http://giftoftruth.wordpress.com/bills-of-exchange/ this email OR
   download from www.giftoftruth.wordpress.om on the *Bills of Exchange page:*

NOTICE OF SETTLEMENT
ENTITLEMENT ORDER – body in this further down this document

2. Download and read the Bills of Exchange Act 56 of 2000 from net.
3. Read the relevant section from ***The Giftoftruth – SA guide to Sovereignty & Commerce*** at the end of this manual before you continue.

Educate yourself. Ask questions. Make notes. This explains in depth what 'money of exchange' is as opposed to 'money of debt', which is the only currency that you have been 'educated' in.

IF IT GOES TO COURT:
Don't stress, it is not that hard. It is all an act and you "The Sovereign Decrees the Law" which you can learn in a few hours.
For more on Grand Jury process, go to *www.NationalLibertyAlliance.com* for the **Common Law Introduction Lectures** and go to www.1215.org for the Common Law Dictionaries and Notes.
The updated **UZA Grand Jury Manual April 2014 V4** and the **Common Law Court Manual April 2014 V3** are on the *Common Law Manuals* page at:
http://giftoftruth.wordpress.com/common-law-manuals/
:
These contain important common law definitions and educational. We suggest you print .**UZA Grand Jury Manual April 2014 V4** if you have court action as you will use the terms in court.

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Simplified Steps to settle a Bill:

(eg. invoice, remittance, warrant, order) yes even an order of the court can be endorsed/indorsed both words are acceptable:

1. Indorse Bill
2. Write an entitlement order on another page
3. Always make 2 photocopies and have them certified.
4. Scan the original indorsed in colour or certified copy if otherwise.
5. Hand deliver the originals if court/sheriff is involved.
6. or post original via registered mail for taxes, rates etc. .
7. Post the original set to the CEO/Equities Admin/Stock Brokers of the Bank, which name and account number appears on the Bill. Each Bank has a stock market department called Equities Admin that interacts with the JSE and SARB. Their emails are equitiesadmin@bank.co.za
8. cc Pravin Gordhan, the Secretary of the National Treasury; he is the secretary of the treasury and your securities intermediary. Once you have indorsed the bill, you now have the right to enforce it on him. He is oathed as an obligor to honour the bill as purchaser for value.

Maybe this will enforce a Commission of Enquiry. It is our right to demand one.

Download and read the documents at:
http://giftoftruth.wordpress.com/legal-defene/ for the following section.

PRE-COURT ACTION

Before any legal actions against you have commenced ask for an invoice, use something similar to the '**NOTICE OF SETTLEMENT**'.

The reason why the banks are reluctant to produce such an invoice is the 'loan' is the 'invoice' which has been securitized, the bank who is suing you and still wants to collect your money of debt, can't write an invoice, since they don't own the alleged debt anymore, secondly, they most likely know you are going to use and apply the same methods as they do in international commerce.

If a Bank or SARS or CITY OF make a demand of payment then ask for an Invoice so that you can settle the account.

ALL LAW IS COMMERCE; ALL COMMERCE IS CONTRACT; ABSENT A CONTRACT, NO LAW.

They claim they have a contract. You know that they do not have a contract because they sold the original and that was first an email is sufficient according to the electronic communications act.

From an internet cafe they print a delivery report. Print one from home if you can. Send it 3 times to be sure they received it. The more proof you have in court, the better.

1. NOTICE OF SETTLEMENT must simply state the following:

"**BE PLEASE TO TAKE NOTICE THAT** I wish to settle this matter by full settlement, discharge and transfer of the bill for credit against my Trust Account, administered by

the Treasury, in order to balance the books, contract the amount and close the account regarding this matter.

In order for the Trustors to settle this matter, the **INITIALS&SURNAME** Trust requires **XXXXX BANK LIMITED** to issue a TRUE BILL in the form of an INVOICE."

For the latest templates, go to '*How to Settle Debts'* page on giftoftruth.wordpress.com

2. Indorsing the INVOICE once you have the Invoice:

Under commercial rules, if someone just accepts an instrument issued by an agent of the REPUBLIC for value and does not immediately pay it, he is in default. If he were to accept it for value and return it to the issuer's bank with a qualified endorsement (not a blank endorsement), the issuer would have no recourse against the one who endorsed and returned the instrument.

The qualified endorsement: (written on the bill, diagonally and clear to read)

Accepted for Value
Under Onerous Title *(Draw 2 diagonal lines)*
Exempt from Levy *like on a cheque ie. //*

signature _____ *Date* ____

Exemption Identification Number 19671333 5092 989
Deposit to the National Treasury and charge the same to:

(Fill in ***A*** *or* ***B*** *or* ***C*** *from below).*

A. The value of the instrument can be charged to
JOHN H DOE, EXEMPTION I.D.: 19671333 5092 989, if it is addressed to your I.D. NAME & NUMBER.

B. The value can be charged to a clerk of MAGISTRATES court for

case # _____.

C. The value can be charged to a registrar of HIGH court for

case # _____.

D. The value can be charged to the Commissioner of South African Revenue Service for account # (ID number), if it is a tax bill.

The utility companies are sending you the INVOICE which you can indorse and transfer for credit against your Trust name & account held in the National Revenue Fund. Even so, they might decide to turn off your service if you do not send them an indorsed bill with an entitlement order with your proper endorsement. Follow it up, put pressure on them now. Notify ESCOM that you have paid your rates and they may not terminate your services.
SARS also sends the voucher on the final demand before lien or levy. A voucher can be “a written record of expenditure, disbursement, or completed transaction, or it can be a written authorization or certificate, especially one exchangeable for cash or representing a credit against future expenditures”. It would need to be endorsed before submitting it as a credit. Notify the Commissioner of SARS. Always go to the top.

A blank endorsement (ie. Leaving the bill as is) puts the liability on the endorser (You). Yes, every month you dishonoured those bills and now you have to pay using money of debt when they were offering you a voucher, a cheque in disguise.
It’s also the only way to properly transact, contract and balance all bubbles of debt Which causes deflation. Money of debt causes inflation.
This raises the question of why we are not properly informed that we are drowning ourselves in debt by not transacting properly? Here is the proper way.

A qualified endorsement (ie. The above instructions) puts the liability on the issuer. Also the bank has an obligation as the ‘purchaser for value’.

3. An ENTITLEMENT ORDER needs to be attached:

In a letter format the body of your attached Entitlement Order only needs to state the following:

RE: ENTITLEMENT ORDER REF. XXXXXXXXXX

I, **ALL CAPITAL INITIALS & SURNAME**, Agent of the **ALL CAPITAL INITIALS & SURNAME** Express Trust and all derivatives thereof, as Entitlement holder and holder in due course, hereby instructs that:

1. I, Accept for Value and Return for Discharge, Settlement, and Closure of the attached negotiable instrument as per the Bills of Exchange Act.
2. Please credit the CITY OF/BANK/SARS/TRAFFIC DEPT acc. Number: XXXXXXXX.
3. Please charge this negative, commercial claim against the account on the negotiable instrument against the transmitting utility **I.D. NAME** Trust account **I.D.NUMBER** to the securities intermediary of the National Treasury.
4. Please adjust the account accordingly on any outstanding claims, to balance the books, contract the matter and close the account.

As the holder in due course of the charge/ presentment/ claim I now request that the account be adjusted as I have a security interest in the negotiable instrument.

Respectfully,

By: **Proper Noun Name and Surname**

Replace the highlighted sections **with the correct details (case sensitive!!!!)**
Get 2 witnesses to sign it.

Make 2 certified copies as proof.

Deliver the original indorsed **INVOICE & ENTITLEMENT ORDER** in an envelope by Hand if you can. Otherwise post it back to the Department who issued it. Good to have a name and email to refer back to. I would phone to get all details correctly.
A traffic fine can be indorsed and a hand written Entitlement Order added and dropped immediately at the local magistrates court from the jurisdiction where the fine was issued. You won't hear from them again. If you get harassed then complete the **FOUNDING AFFIDAVIT** with the **7 ANNEXURES** which provides the fact as to why what you have done is legal.
If its for Rates then cc the CEO of the CITY OF XXXXXXXXXX who is the Premier of the PROVINCE, also a corporation and cc your banker, Pravin Gordham. Make up a cover letter stating Memorandum – For your Information with **Founding Affidavit** and **7 ANNEXURES** to re-educate them.

Simplified steps: (The full explanation is after this one, don't stress. It's just for you to get a basic picture.)
1. Indorse the bill as per Indorsing Bills post.
2. Complete, print and Attach Entitlement Order and make certified copies.
3. Place originals in envelope as per instructions.
3. Print Receipt of Hand Delivery.
4. Deposit at BANK. (The Banking groups who are the managers for RSA etc on the SECURITIES FILINGS RSA post will happily receive your bill. That's all the major banks.)
5. Get teller to complete the Receipt of Hand Delivery. NB evidence of acceptance.
6. Go home, make a coffee. Scan all certified documents onto pc.
7. Email all 3 documents, payment notification and a notice to the manager to forward your email to the equities admin department in their stock market division. Find the email for them beforehand. Should be something like equitiesadmin@bank.co.za.
We do not quite know as yet where the interface happens between the banks/reserve bank and banks/JSE and how Central Securities Depository such as the company STRATE tie into all this. With more of us asking questions as to where these bills are going or should be going, you will be able to fill in the picture. Email BT on brotherthomas@hushmail.com if you find answers.

Currently, this is where it's at:

Who do I give it to?
Every Bill has a bank and account number on it. That is the account number and bank to deposit the bill to. You deposit it with that Bank. Always deposit at that Bank. Make the bank liable. Only the bank has a licence to do this. Don't send it back to the poor guy who issued it, he might be a small guy like us who won't know what to do with it and now he's liable. The stock market division of each bank called the

equities admin know exactly what a bill of exchange is. The Pty Ltd RSA is registered with the US Securities and Exchange Commission. (on the website) On the Securities Filings of SA , you will see that the managers are the following:

Governing Law:	New York
Joint Lead Managers:	Barclays Capital, Citigroup
Co-Managers:	Nedbank Capital, Rand Merchant Bank
B&D:	Citigroup

The best method is to hand-deposit it. Registered mail creates confusion and takes way too long for commercial trading.
You don't even have to deposit it to the specific branch of that Bank on the Bill. Any branch will do. You put the 2 bills in an envelope addressed to the Branch Manager. Put a reference number on the envelope. Make out a **Receipt of Hand Delivery** as on the same name post. Put the same reference number on it so everyone knows which envelope it was (out of their thousands.) You make certified copies of your evidence (Always). This is evidence that you have deposited this cheque to the bank. The original goes to the bank.

Phone the branch you intend using and get the name and email address of the branch manager. You have Trust documents to send him/her. That's all.

Address the envelope to: Name, Branch Manager, Bank & Branch.
From: Initials, Surname - Trust; TAX EXEMPTION ID NO:
SECURITIES DEPOSIT.
Also write envelope reference number and same number on Receipt of Hand Delivery. Any number will do. Date?

Now waltz off to the Bank. I prefer shorter queues, so I go to the client services counter and say:
"Hi, I am delivering this document to the branch manager, Mr/Mrs so and so. It's Trust documents, please ensure he/she gets it. Please complete the Receipt of Hand Delivery as my Trust requires proof of delivery, from me, the Agent of the Trust. They sign the date and time it was received. This is your evidence. They have now accepted it, you have proof of date and time, now the clock ticks. They have until midnight to reject it. After 2pm it will be the following midnight. They are now liable.

You waddle home, make a cup of coffee. You scan your signed Receipt of Hand Delivery, certified copy of bill, entitlement order, Payment Notification. Email these to the Branch Manager and the Issuer of the Bill.

Now they both know its's paid… or do they… Goodness gracious, NO!
The manager desperately starts phoning or emailing you. "What is this?" they ask with concern. (Interesting how you evoke a response from a bank who you are not even a client of, in most cases.)
"Don't worry", you say, "it's a commercial transaction. Please forward the email to your Bank's equities admin. at…" (This is in the stock exchange division of the bank.

Do a beforehand search for email address. Normally it's equitiesadmin@(insert bank name).co.za. Search on the web for your bank.

They breathe a sigh of relief as they are able to pass the buck. There is an email controller, in the stock exchange division of the bank, re-directing the various equities. It disappears into the mist. Now this is where we need to start asking questions regarding where these bills go?
The bank has accepted your bill, but if they probably did not perfect the transaction then ask them why? .Take them to court. Put them on the back foot for a change.

COURT DEFENCE ACTION

A court is a stage where I, the sovereign, put on a good show.

This is the most important thing to comprehend regarding a court. It is how you carry yourself and deliver your act even if you do not actually know what is going on. If you can keep this first and foremost at all times then half the battle is already won.

When a Bank or THE CITY or anyone files against you in a court then you need to oppose it in the manner that they can comprehend at the court where it is lodged otherwise they will proceed with foreclosure or attaching your goods or property.

Remember, if you offer to settle it removes the conflict and thus no adjudication is necessary.

If your Courtesy Notices etc have not worked then its time to pay attention. Do not concern yourself with what you have filed. Focus on what you need to do now:

1. When filing any documents first find out what has been filed against you.

2. Go to the court and ask the clerk of the Magistrate's Court or the Registrar of the High Court. Most are very helpful if your attitude is positive.

3. If it is the sheriff then ask the Sheriff's Office. He is an officer of the court. He needs to assist you if you want to resolve this matter.

WHEN IN DOUBT, ASK!!!!!!!!!!!!!!

and all parties need to be cc'ed with regards to the case.

If you are not sure then ask the clerk of the court. It is all about attitude.

If your attitude is positive then they will be helpful. If you make demands on them then they will give you little or no info.

Remember:
You want to settle, you want an invoice. You want to indorse the invoice and add an Entitlement Order. But you are not there yet:

TO OPPOSE A JUDGEMENT:

The bank or other agency has filed with the court, but you have not re-butted or responded. A summary judgement or writ or order has been issued.

As a last ditch effort you will more than likely will have to file the following with the court which made the judgement or eviction order etc:

1. **FOUNDING AFFIDAVIT** including the **ANNEXURES**
2. **NOTICE OF MOTION – Application for recission of judgement.**

Double check with the court which documents you need to file to oppose this matter as you want to settle it through your Trust.

JUDGE DALE SPILLS THE BEANS ON BANKS, THE COURTS AND GOVERNMENTS

During May 2012, a retired United States Judge released an article in which he exposed the entire banking and corporate government scam. I sincerely hope that this will be picked up by judges all over the world, as they realise they are being used as instruments of an unjust, corrupt system, which is enslaving their brother and sisters and all other fellow human beings. This is what Judge Dale has to say.

PREFACE:
By Judge Dale (Retired)

I didn't plan on writing a PART 5 but given the global movement in play to collapse the fiat financial dominance, historically created and controlled by the Vatican; European Royal and Elite plus the retaliatory efforts by the United States Corporation to recoup their control of America; I felt a need to point out the flaws in their CORPORATE PROCESS.
You probably identify with this CORPORATE PROCESS as LEGAL PROCESS but it really isn't about what is legal or lawful because all process is about the enforcement of CONTRACTS or the imposition and enforcement of CORPORATE REGULATIONS called STATUTES. The best advice you will ever receive is to: AVOID THEIR COURTS WHENEVER POSSIBLE. There is NO justice to be found in those Courts unless you are a member of the Vatican; the Royal or Elite, or have purchased Diplomatic Immunity!

1) THE COURTS:
The only Constitutional Court in America is the International Court of Trades, which was created because no Foreign Nation Government would Trade with the Corporate United States, until they provided a way for these Foreign Nations to enforce their Trade Agreements with America.
NOTE: Historically, the World Court was created to provide Nations with a venue to enforce their Trade Agreements but the Corporate United States refused the Courts invitation to participate because they were denied control over the Court.
All of the other American Courts are pseudo courts or fictions and simply are Corporate Administrative Offices designed to resemble Courts and all of their Judges are simply Executive Administrators designed to resemble Judges.

The purpose of these pseudo Corporate Courts are only to settle contract disputes and since George Washington's government was military in structure; if either party refuses to participate, these Courts cannot become involved and the dispute is dead in the water! My use of the term "dead in the water" is not a canard because these pseudo Courts are unconstitutional Courts of Admiralty, the International Law of the Sea!
The Washington Monument was completed in 1884, as a tribute to George Washington and his military government, which is actually a sea-level obelisk that infers that all of America is "under water" and thus subject to the Laws of Admiralty as opposed or contrary to the intended Constitutional Civilian Government under **Common Law.**
The pseudo Judges of these pseudo Courts have NO powers without the Consent of both the Plaintiff and the Defendant. [AND] In every case the Judge must determine that he has Consent; Personam and Subject Matter Jurisdiction before he can act or access the Cesta Que Trust.

NOTE: All tradable Securities must be assigned a CUSIP NUMBER before it can be offered to investors. Birth Certificates and Social Security Applications are converted into Government Securities; assigned a CUSIP NUMBER; grouped into lots and then are marketed as a Mutual Fund Investment. Upon maturity, the profits are moved into a GOVERNMENT CESTA QUE TRUST and if you are still alive, the certified documents are reinvested. It is the funds contained in this CESTA QUE TRUST that the Judge, Clerk and County Prosecutor are really after or interested in! This Trust actually pays all of your debts but nobody tells you that because the Elite consider those assets to be their property and the Federal Reserve System is responsible for the management of those Investments.
Social Security; SSI; SSD; Medicare and Medicaid are all financed by the Trust. The government makes you pay TAXES and a portion of your wages supposedly to pay for these services, which they can borrow at any time for any reason since they cannot access the CESTA QUE TRUST to finance their Wars or to bail out Wall Street and their patron Corporations.
The public is encouraged to purchase all kinds of insurance protection when the TRUST actually pays for all physical damages; medical costs; new technology and death benefits. The hype to purchase insurance is a ploy to keep us in poverty and profit off our stupidity because the Vatican owns the controlling interest in all Insurance Companies.
You may receive a monthly statement from a Mortgage Company; Loan Company or Utility Company, which usually has already been paid by the TRUST. Almost all of these corporate businesses double dip and hope that you have been conditioned well enough by their Credit Scams, to pay them a second time. Instead of paying that Statement next time, sign it approved and mail it back to them. If they then contact you about payment, ask them to send you a TRUE BILL instead of a Statement and you will be glad to pay it? A Statement documents what was due and paid, whereas a TRUE BILL represents only what is due. Banks and Utility Companies have direct access into these CESTA QUE TRUST and all they needed was your name; social security number and signature.

Then state the following: As I understand this process Judge; the Attorney (state prosecutor) [or] BANK has levelled a charge with the Clerk/Registrar against the TRUST, using the ALL CAPS NAME that appears on this BIRTH CERTIFICATE!

The use of capital letters is dictated by the Printing Style Manual, which explains how to identify a CORPORATION.
The Clerk/Registrar, who is the ADMINISTRATOR of the CESTA QUE TRUST, then, appointed you Judge as the TRUSTEE for the TRUST and since neither of you can be the BENEFICIARY, that leaves me and therefore you are MY TRUSTEE!
So as MY TRUSTEE, I instruct you to discharge this entire matter, with prejudice as the BANK is failing to observe the basic tenets of contract law. Either they need to produce a basic contract in the form of a negotiable instruments such as an INVOICE or cease and desist and claim public liability. Furthermore, that the penalties and costs of the court for these charges be settled by the defendant as well as to the people in substantive compensation and substantive damages by equitable estoppel as the only injured party for my false arrest!

NOTE: The Law of Trusts dictates that an Administrator; Trustee and Beneficiary cannot serve two positions in a Trust. So a Trustee cannot be a Beneficiary too! The TRUSTEE Judge has no alternative but to honour your demands but you have to get this right and act with confidence! You really need to know this information well, so that you can't be hoodwinked or confused by either of them! They will or may attempt to play some mind games with you if you display any doubt; stammer or display a lack confidence! Appearances [the pomp and majesty] of these pseudo Courts, is totally for your benefit and is intended to invoke fear and intimidation! If you show fear or intimidation, you get a pony ride!

NOTE: I've seen and heard of Judges and Prosecutors interfering with a defendant's response, which made the defendant, become confused and he was subsequently committed into a mental hospital for a psychiatric evaluation. The Judge and Prosecutor successfully twisted what the defendant was trying to say and then the Judge Ordered a mental evaluation.
Understand that the County Attorney will be forced to pay the Cost of Court out of his own pocket, if the case is discharged, so he isn't going to give up that easily and the Judge; Clerk and County Attorney, stand to make a pretty penny off of your conviction and incarceration! So don't screw it up…
If the County Attorney (state prosecutor) begins to act too cocky with you, you can take the wind out of his sails by asking him to produce the 1040 (tax filing) for this case? If he denies the need to do such a thing, inform him that you will be taking care of that for him ASAP [as soon as possible]! He may move for a discharge at that point because you are a little too dangerous or smart! The last thing that Prosecutor wants is the IRS (SARS) examining his files for the last seven years because he makes money on every conviction but he doesn't pay TAXES on them as a Rule! He usually only declares the salary he receives.

Also: Should you accidentally find yourself in a mental hospital; the Psychiatrist who is assigned or appointed to evaluate you is just as corrupt as the Judge; Clerk and County Attorney and he will falsify all of your responses to him, just so that you are recommitted back into the mental facility with a review in six months! So lie to him and deny that you ever made such remarks! Of course, if you accept the criminal charges against your Birth Certificate, then you will instantly be deemed SANE!
Sorry that I had to be the one to tell you this but this is how corrupt many of my fellow Judges truly are and it should explain why my conscience caused me to retire

early! Before I learned what was really going on; I believed that my duties and performance were entirely Constitutional. I was lied too also!

TO MAINTAIN YOUR COMMON LAW JURISDICTION:
1. Start your document with the following:

"KINDLY TAKE NOTICE THAT I, Proper Noun Name; eg. A.B. Freeman, a people …"

In this way they have to recognize your document and by just stating that you are a people maintains your jurisdiction.

Go to **www.NationalLibertyAlliance.com** for the **Common Law Introduction Lectures** and go to **1215.org** for the Common Law Dictionaries and Notes.

2. The Unified Grand Jury ZA seal at the bottom of the document templates maintains your common law jurisdiction as a Common Law Court of Record. Please scan and email Brother Thomas a pdf set of documents that you have filed with a court if you have used the seal of the **Unified Grand Jury ZA** to brotherthomas@hushmail.com.

3. They will demand that a Commissioner of Oaths verify the document. Lawyers are bound to Commission your documents. Go to the opposing lawyers to stamp the documents as Commissioners before filing.

4. To maintain jurisdiction:
a) keep the Grand Jury seal on the bottom
b) Deponent and witness to initial each page on the front bottom right.

4. Copies certified by a police commissioner of oaths only need to be on front page, but must state his name, rank and address and be signed by him/her.

5. Finally, deponent and witness to autograph the back bottom right of all certified copies.

6. Alter the court templates as little as possible, but adapt them to your case.

TO FILE & SERVE SETTLEMENT OFFER WITH COURT

If legal actions have been instituted against you, i.e. summons/order served such as summary judgment, default judgment, warrant of attachment or eviction order follow instructions below:

- Read, comprehend and amend documents accordingly, i.e. singular/plural, name of bank, credit provider or SPV, date/time/place. Remember when writing your affidavit, this is not about fighting, arguing or presenting new evidence about the fraud your bank has committed against you (you have most likely done this in previous approaches and it didn't work);

- This is an offer to settle, we're merely asking the bank to produce an invoice, just not in the private, but in the public, in front of a judge.

- Make at least 4 sets of copies (in case of property one more for the deeds office), make a receipt of hand delivery with index including and listing all parts (founding affidavit/notice of motion/annexure 1 -6) for each one of them; have every page (back & front) initialled by 2 witnesses.

- Serve on registrar of high court / sheriff's office / deeds office / opposing council (attorneys)
  Possibly also on the master of the high court / clerk of the judge allocated to case / local police station commander. Keep the copy for the opposing council (attorneys) until last, use it as copy when delivering the others, have it also stamped on the first page, so when finished with court/sheriff/deeds office it should feature all 3 of those stamps. This you can then hand deliver or scan & email (if law firm is out of town) to the attorneys, including all scanned receipts of hand delivery form court/sheriff/deeds office)

- If no answer, response and/or invoice after 30 days, file an application/motion for set down,
  this enables you to set a date when this matter will be heard in front of a judge, you have now proof the banks don't want or cannot produce a simple invoice; the judge will also have received your documents via the registrar or clerk and should be in the know.

WHAT TO DO WHEN IN COURT

Maintain your jurisdiction. Make it clear from the outset.
You are a people. You are not a 'citizen'.

Remember this:
The Judge calls a civil court into session where there is a claim against the 'person'. There is now a set of books not balanced and the court acts as trustee to correct this administrative error. If you do not realize that the court is at sea and that outside the dock is land then beware.
Rather tell the judge you do not understand the law, but there is no conflict here. The BANK demands payment and you demand an INVOICE as the form of contract to settle the matter and that the Founding Affidavit with the 7 ANNEXURES explains it all. Any further questions can be made in writing to the address.

If you have listened to ALL THE LECTURES on **Common Law** at www.NationalLibertyAlliance.com and read the documents at www.1215.org, you will know the following:

Read **Common Law Manuals 2013** for maintaining jurisdiction in court.

Respectfully,

Administrator, Unified Grand Jury ZA

From **The Giftoftruth** – SA guide to Sovereignty and Commerce

2. Banking and Money in South Africa – How credit is created

An understanding of how banks extend credit is necessary to show, prima facie, that the bank operates contrary to public opinion and misrepresents itself to the extent that it is *contra bonos mores*.

- According to my research, these are the ways in which a loan may be provided:
- Via a bookkeeping entry initiated with a promissory note;
- Via the process of securitization, also initiated with a promissory note;
- A combination of the above;
- With the bank physically lending its own money.
- In this section, I will focus on the first method. In the next section, I will focus on the second. According to my research, the fourth method is no longer practiced in modern times.
- In both the first and the second instance, money is not loaned in the ordinary sense of the word. As bizarre as it may seem, money was not transferred from The Bank's account into my account.
- Be that as it may, I will endeavour to provide prima facie evidence that public perception differs significantly from the reality of how banks actually operate. Absolute proof of this will require expert witness testimony and the right to request relevant documents.
- Banks do not make ordinary "loans" and neither I, nor anyone else in South Africa, could be considered ordinary "borrowers." In a nutshell, the money was created via nothing more than a book-keeping entry.
  "Each and every time a bank makes a loan, new bank credit is created – new deposits – brand new money." **Graham F Towers. Governor, Bank of Canada (1934-1954).**
- Credit is "advanced" to the borrower using a promissory note provided by the borrower, which banks record as an asset on their books. Banks simply swap this promissory note for credit which can then be spent by the seller.

- In other words, this was not a "loan" it was an "exchange." The difference between the two is extremely significant.
- From an accounting perspective a promissory note (the asset) requires a balancing entry on the banks books. This balancing entry (or bank liability) is the "money" which reflects in the borrowers account. A bank's liability (money) was thus created using a mere book-keeping entry and no money was actually lent to me.
- The impact of this to both me and the public at large is extraordinary. Not only is it contrary to public perception, it would mean that primary control of both i) the money creation process and ii) where and how that money is spent in the economy, rests substantially with commercial banks. They would conceivably wield more influence than government policy.
- While I accept that some aspects of the **Usury Act** have been repealed by the National Credit Act, I reference it here to show a specific and relevant distinction. Section 10 of the Usury Act mentions "*a money lending transaction or a credit transaction.*" As such, there must be a difference between the two. Lending money and advancing credit are two different things.

- I believe the following example alludes to the fact that the above is accurate:

- If I am in the process of buying a property, but I do not yet own it, it is not possible for me to sign it over as security. Yet somehow the property is paid for and transferred into my name, thus allowing me to sign it over as surety. As I need the security in order to borrow the money used to pay for it, clearly something is amiss.

- It seems obvious that the title deed for the property can only be transferred once it has been paid for. However, in theory it cannot be paid for until the loan has been granted. The loan cannot be granted unless I place the property (which I do not yet own because it has not been paid for) as security.

- This catch 22 situation can only be resolved if banks are able to "advance credit" or create money "out of thin air" (discussed later) using a book-keeping entry guaranteed against a promissory note. This is a highly secretive process which indicates to me just why The Bank refuses to answer my questions about it.

- A loan created from a book-keeping entry originates from a negotiable instrument (promissory note) given by the borrower. It is not paid with the banks own money. This is contrary to The Bank's own advertising and public communication which clearly promotes "home loans" and "lending money" on street boards, in the print media and during many prime time TV shows.

- While The Bank was the "Credit Provider" I must have been the "Credit Originator." It was not disclosed to me up front that I was the one who would be creating my own home loan!

  Ralph Hawtrey, Secretary of the British Treasury stated that *"Banks lend by creating credit. They create the means of payment out of nothing."*

- Prima facie evidence that all this is true in my specific case is the simple fact that The Bank refuses to answer the questions I put to them. If the transaction was not secret or without malice, I would imagine it to be a very simple matter to explain it to me. Instead, they made no attempt to answer my questions and immediately instigated legal action against me.

- The Federal Reserve Bank of Chicago published a workbook entitled **Modern Money Mechanics** [Dorothy M Nichols, 1961, revised in 1992] that outlines precisely how the money creation process works in banks:
"Deposits are merely book entries... Transaction deposits are the modern counterpart of bank notes. It was a small step from printing notes to making book entries crediting the deposits of borrowers, which the borrowers in turn could spend by writing checks, thereby printing their own money."

- Although Modern Money Mechanics is a US document, the definition of a promissory note is virtually identical in almost every country in the world. In fact, the South African **Bills of Exchange Act** [as amended by Act 64 of 2000] is founded on the **United Kingdom Act**, stretching out in its similarity across the globe as far as India and Australia. It is therefore reasonable to assume, prima facie, that the system used to process negotiable instruments here in South Africa is equally similar. I will know for certain once I obtain expert testimony, interview witnesses and request the relevant documents.

- **The full ramifications of the original agreement were not disclosed**

- My perception of a mortgage bond is that I offer my property as security to repay money, which I borrowed from a bank. The bank earns money through its ordinary course of business (through deposits, fees, or by borrowing from other banks, such as the Reserve Bank) which it transfers to me as a loan.

- It was my understanding that failure to repay a loan would result in a real financial loss to the bank. This loss would justify the pledging of a real asset security to guarantee the loan, and perhaps justify the bank's somewhat aggressive approach to its debt collection procedures. After all, the bank has employees that need to be paid.

- This misconception creates a strong emotional and moral obligation to repay one's debts. One feels that it will be gravely detrimental to society and the employees of the bank if a loan is not repaid.

- In reality however, the word "re-pay" is totally misleading. The word is expected by ordinary people to mean something like *"I physically handed you money from my wallet, so you must physically re-pay it back to me."* However the bank's meaning of the word is very different. It is more along the lines of *"You must make payments over and over again, regardless of whether there is an original debt or not, and regardless of whether or not the bank provided you with anything in return."*

- The Continuing Covering Mortgage Bond which The Bank brought forth as evidence in this case only has one signature on it (which is not even my own). As such, the constant repayments that I have been making are not repayments of a debt in the ordinary everyday sense of the word. This is because the mortgage bond does not require any consideration or obligation from the bank's side. It is a totally one-sided transaction!
  "Banks do not take security for any loans or mortgages. The credit beneficiary or nominal borrower pledges his own security as a guarantee of his performance, i.e., as security for his payment obligations, not as security for the credit/loan granted by the bank. Technically, this is extremely important from the bank's perspective" **(Modern Money Mechanics)**.

- My property, which was supposedly placed as security for a loan, is actually there to enforce a stream of payments and nothing more. This is completely contrary to public perception who honestly believes that repayments are for a true and honest debt.

- The obligation to continue making repayments is NOT linked to money that was physically loaned, which is precisely why The Bank cannot and will not prove to me that they loaned me money. (There is another reason for this, securitization, which I will deal with separately). In the meantime, let me explain the former:
- The security (my farm) used to guarantee the home loan is believed by most South Africans (including me) to be for the repayment of money loaned in the ordinary sense of the word.
- However, the security is provided only to guarantee a stream of payments. It is not connected to the borrowing of actual money. This became apparent to the public when the concept of "securitization" came into the spotlight after the stock market crash of 2008.
- Banks can only securitise a string of repayments which are on-sold in an outright or "true sale" to a third party investor. A bank is therefore required to separate the *obligation* (the string of payments) from the *debt* (the money supposedly lent) so it can be on-sold. This is achieved simply by the fact that there is actually no debt from which it must be split! This leaves a clean string of repayments, not attached to any debt, open and ready to be sold to a third party investor.
- The bank does have one dilemma: They must also separate from the string of repayments, the security that was pledged for it. That way, if a default occurs, the bank is seen, prima facie, to have the power to foreclose on the secured property. They look like they are the proprietor of the loan, but in reality they are not and this is a key aspect of my case.
- Even if securitization did not occur (and the note was not sold to a third party), once the bank monetised my asset (the note), only then could the property be transferred into my name. Once the property was in my name, a continuing covering mortgage bond could be signed in favour of the bank by a person who should have power of attorney to do so.
- The property must have been paid for before it was transferred into my name. This can only be achieved if I actually funded the purchase price by way of a negotiable

instrument and not by the banks own money. This is how the bank overcomes the catch 22 situation outlined earlier.

- I was forced, under complete misrepresentation, to sign a one-sided, unilateral promise to keep making a stream of payments to the bank (let's call this TRANSACTION 1). Then, when the property was transferred, that real asset was signed over to the bank as a guarantee to keep making those payments (TRANSACTION 2). This looked to me as if it was to repay a loan, but this cannot possibly be true because the bank needs to sell the stream of payments, but still keep the right to the secured property if there is a default. How the bank manages to pull this off can only be explained using the term "magic trick."
- To use an analogy: The Bank has attempted to split the atom. The obligation to repay the loan has been split from the security. What is left is a shell of the original transaction which makes it appear to the Honourable Court as if it is the full and complete agreement. In nearly every case, this is mistakenly ratified by a defendant who, by way of sheer apathy, concedes that there is a legitimate loan in place.

- In my opinion, the above gives rise to a claim of *non est factum.*

- In the US case **Credit River Decision** [284 Minn.567, 171 N.W.2d 818 (1969)], which I appreciate is substantially removed from this case, at least demonstrates that such a notion is not new to a Court of law. In this case, the bank manager:

  "…admitted that all of the money or credit which was used as a consideration was created upon their books, that this was The Banking practice exercised by their bank."

- The Bank has brought to the court two documents: i) a "Home Loan Agreement" and ii) a "Continuing Covering Mortgage Bond."

- With reference to s10 (2) of the **Usury Act of 1968**, I put the following to The Bank:
  "Which of these two documents, if any, is the instrument of debt?"
  "s10 (2) On a written demand by a borrower or a credit receiver or a lessee and against payment of an amount prescribed by the minister, a moneylender, excluding the holder of a debenture, or credit granter or lesser shall, at any time during the currency of an agreement in connection with a money lending transaction or a credit transaction, furnish to such borrower or credit receiver or lessee or to any person named in such demand, a true copy of the Instrument of debt concluded in connection with such transaction."

- Walker F Todd was called in as an expert witness in the US case **Bank One v. Harshavardhan Dave and Pratima Dave** [03-047448=CZ]. He is an attorney and former officer for the Federal Reserve Bank and recognized expert on the history of banking and financial instruments. His affidavit was made to the court on December 5th 2003. In his affidavit he stated:

"Banks are required to adhere to Generally Accepted Accounting Principles (GAAP). GAAP follows an accounting convention that lies at the heart of the double entry bookkeeping system called the Matching Principle.
…it must record offsetting liabilities that match the assets that it accepted from customers.
…the bookkeeping entries required by application of GAAP… should trigger close scrutiny of The Applicant's [the bank's] apparent assertions that it lent it funds, credit or money.
…most of the funds advanced to borrowers are created by the banks themselves and are not merely transferred from one set of depositors to another set of borrowers.
…no lawful money [gold, silver and official currency notes] was or probably ever would be disbursed by either side of the covered transactions.
…it remains to be proven whether the bank has incurred any financial loss or actual damages."

- David H Friedman in his book **Money and Banking** [4th ed, 1984] reiterates that: "When a commercial bank makes a business loan, it accepts as an asset the borrower's debt obligation (the promise to repay) and creates a liability on its books in the form of a demand deposit in the amount of the loan. Therefore, the bank's original bookkeeping entry should show an increase in the amount of the asset credited on the asset side of its books and a corresponding increase equal to the value of the asset on the liability side of its book.
This would show that the bank received the customer's signed promise to repay as an asset thus monetizing the customer's signature."

- History has taught us that when we split an atom, it tends to blow up. Such an explosion is evidenced by the stock market crash of 2008, as well as the ensuing chaos in Iceland, Greece, Portugal, Ireland, Spain, Italy, the United States and a host of other countries who face economic collapse.

- The common man, including me, is under the impression that an ordinary debt exists. We are intimidated by harassing sms messages and phone calls into i) paying back a loan that includes interest (another story entirely) and ii) giving up our real assets if we do not pay.

- I hereby declare and express my natural universal right to ask for the truth, and to stop paying my bond, and thus stop perpetuating what I believe to be a criminal act of unspeakable proportions, until such time that the bank provides the answers.
- I truly believe that once The Bank representatives are asked under oath to reveal the true nature of its credit creation process, and the relevant documents are produced as evidence, my contentions will be validated.

- **My lawful right to settle the claim using a negotiable instrument**

- To cement the above contentions, and to also bring to the Court's attention a brand new defence, it is necessary that I demonstrate and explain the use and effect of negotiable instruments by a bank.

- This is a body of law that has been quoted as being "notoriously difficult" by numerous law professors, including the late Leonard Gering.

- The Law of Negotiable instruments is governed by the **Bills of Exchange Act** [As amended by Act 64 of 2000]. A document entitled **"Overview of the National payment System in South Africa"** from the Bank for International Settlements confirms this (p151 and p156):
  The banking system, however, is in general terms regulated by commercial law while the banking industry is subject to various laws, regulations and related legislation such as... the Bills of Exchange Act No 34 of 1964

  From a payment system viewpoint, the Bills of Exchange Act deals mainly with the usage of paper-based-cheques and bills of exchange.

- It seems reasonable to assume that when dealing with a Mortgage Bond and therefore a "note" (ie. Promissory note) that the **Bills of Exchange Act** must apply to the transaction. A detailed understanding of the Act is vital to understanding my argument.

- The Act defines two groups of instruments:

Negotiable Instruments

/ \

Promissory Notes (two party promise) — Maker → Payee

Bills of Exchange (three party order) — Drawer → Drawee → Payee

- A promise to pay **(promissory note)** is the underlying agreement of a commercial contract, and the **bill of exchange** is the method for its payment.

- In August 1994, The South African Law commission published a document called **An Investigation into the payments system in South African Law**. Their opening statement confirmed that:
  "A bill of exchange is a financial instrument necessary for the completion of commercial transactions...
  - such transactions being the act or instance of conducting business or other dealings, especially the formation, performance or discharge of a contract. No commercial transaction is complete without an instrument [my emphasis] of payment."

- There are only two categories of instruments: Bills of Exchange and Promissory notes. Therefore, it stands to reason that a bill of exchange (NOT necessarily a cheque) is required to conclude a transaction initiated by a promissory note. As such, I am well within my rights to request a bill from the bank like so: *if The Bank believes I owe them money, then they are to please provide me with the original certificate of*

indebtedness that was used to generate the opening balance (book entry) on the statement that they claim shows that I owe them money, and / or to provide me with a bill so that I may complete the transaction."

- Legal Definitions:
- ***NEGOTIABLE INSTRUMENT:*** In South African Law, I have found only one definition of a negotiable instrument. This was provided by Professors Denis Cohen and Leonard Gering from the book **Southern Cross: Civil Law and Common Law in South Africa [ISBN 0198260873, p482].** The professors jointly define a negotiable instrument as follows:
  A negotiable instrument is a document of title embodying rights to the payment of money or the security of money, which, by custom or legislation, is (a) transferable by delivery (or by endorsement and delivery) in such a way that the holder pro tempore may sue on it in his own name and in his own right, and (b) a bona fide transferee *ex causa onerosa* may acquire a good and complete title to the document and the rights embodied therein, notwithstanding that his predecessor had a defective or no title at all.

  In the **Handbook on the Law of Negotiable Instruments [Third Edition, ISBN 978 – 702 17263 2 p226]**, Professor Leonard Gering states: "*The phrase 'under onerous title' corresponds with the Latin expression ex causa onerosa.*"

  The only section of the Bills of Exchange Act in which the phrase '*under onerous title*' appears, is section 25: "*A holder takes a bill for value if he takes it under onerous title.*" Therefore, s25 of the Bills of Exchange Act provides a clear and direct link between The Bills of Exchange Act and the only workable definition of a negotiable instrument in South African Law.

  In 1933, money of substance (ie. money backed by gold) no longer existed in South Africa. Only the instruments themselves (ie. bills, notes and other commercial paper acting as *the security for money*) contained the perceived value that allowed them to be used as currency by banks and the common man.

- ***PROMISSORY NOTE (s87, Bills of Exchange Act):*** *A promissory note is an unconditional promise in writing made by one person to another, signed by the maker and engaging to pay on demand or at a fixed determinable future time, a sum certain in money, to a specified person or his order, or to bearer.*

- ***NOTE:*** The word "note" appears in many documents relating to mortgage backed securities and it pivotal to the securitisation process. Most notably, it appears in a series of documents outlining The Bank's very own mortgage backed securities programme entitled: **PROGRAM MEMORANDUM, BLUE GRANITE INVESTMENTS MASTER PROGRAMME together with TRANSACTION SUPPLEMENT.**

  Despite multiple references to the word "note" in this and other documents, the

word "note" is not specifically defined in any of them, nor is it defined in any of the other statutes that I have researched. For example:

- The word "note" is not defined at all in the **Banks Act** (although s79 discusses "Shares, debentures, negotiable certificates of deposit, share warrants and promissory notes or similar instruments.")
- The **Securities Services Act, 2004** includes "notes" in the definition of "securities" (along with a list of several other instruments), but does not specifically define the word "note."
- There is no definition of "note" in the **Collective Investment Schemes Control Act of 2002**, the **Participation Bonds Act** or the **Financial Institutions Act**.
  It seems reasonable to assume that a "note" must therefore refer to one of two things:

- It refers to a BANK NOTE in the ordinary sense of the word which people use every day as "money" (eg. a R50 note) for the buying and selling of goods and services. If this is true, then a "note" used by a bank must be an asset of equal value to cash money. In other words, if a bank accepts a promissory note from a customer, it is treated with the same overall effect as cash.

- A note must be a "promissory note" as defined in the **Bills of Exchange Act**.

- An amalgamation of both 1 and 2 above.

- ***BILL OF EXCHANGE (s2):*** *A bill of exchange is an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable future time, a sum certain in money to a specified person or his order, or to bearer.*
  I wish to point out that Black's Law Dictionary defines a **DRAFT ORDER** as almost identical to that of a bill of exchange.

- ***CHEQUE (s1):*** *Cheque means a bill drawn on a bank, payable on demand.*

- If I give The Bank a cheque to settle the debt, that would be acceptable because the common perception of a cheque is that it is paid by debiting the customer's account. However, in reality, this is not the case. There are actually two transactions involved in the payment of a cheque: 1) payment of the cheque by the bank and 2) debiting the customer's account. This separation is critical to understand my argument in this section because it shows that it is feasible to contend that a bill of exchange can be paid by a bank without the need for debiting the customer's account. This happens by way of a similar same book-keeping entry outlined earlier in the credit creation process.
- The Bills of Exchange Act makes it clear that a cheque and a bill of exchange are different. A cheque is a bill of exchange drawn on a bank. It has the additional property that it also instructs the bank to debit the customer's account. Paying a debt

by cheque will involve two transactions instead of only one. I will show this in law using three references:

- Professor Leonard Gering on **The Handbook of Negotiable Instruments** states (p175, with regard to post-dated cheques) that they "*…prevent the drawee banker from paying the cheque and debiting the drawer's account.*"
  Use of the word "and" instead of "by" in the above quotation implies that there are two transactions involved in honouring a cheque, not just one.

- This contention is made even clearer in **Amler's Precedents of Pleadings** [5th edition, ISBN 0409011045, p60]: *"If a client issue a cheque the banker must pay according to its tenor (provided he [the banker] is in funds) and debit the account of the client.*
  Once again we clearly see that the banker pays a bill of exchange and, in a second transaction (presumably by way of prior contractual agreement with the customer), the account is debited. I will return to the issue of the "banker's funds" later in the section on liquidity behind the bill when I show that banks have unlimited funds with which to pay bills of exchange.

- On the latest account application form used by Mercantile Bank, the following is stated:

  AUTHORISATIONS - I/We authorise you:
  to pay all promissory notes, bills of exchange and other negotiable instruments drawn, made and accepted by me/us and to debit the amount of such instruments to my/our aforesaid account;

  Note that authorisation is required by the customer to allow both transactions outlined above. In other words, the customer must authorise the bank to:
  i) pay the cheque and ii) debit the account.

- Therefore the power of a customer over a bank is substantially greater than the common man has ever been led to believe.

- Based on this research, I maintain that it is therefore plausible, practical and reasonable for me to presume that a bank has the authority to pay a bill of exchange without having to debit my account. A bill of exchange, issued by the bank and drawn on me, *held for value* using s25 of the Bills of Exchange Act, will convert their bill (ie. the piece of paper itself) into *the security for money.* More simply put, a bill of exchange held for value is "money" because *money* and the *security for money* are the same thing, provided that we operate in a society that uses a form of currency not backed by any physical resource (eg. gold).

- In **Allied Credit Trust v Cupido** [1996 (2) SA 843 (C) at 847], Conradie J stated: "The fundamental purpose of a negotiable instrument is to be freely negotiable, **to serve in effect as money**, and this fundamental purpose is frustrated if the taker of a bill or note is obliged to have regard to matters extraneous to the instrument."

- The South African Reserve Bank is a signatory to the **Reform of the Bills of Exchange Act** which was adopted at the UNCITRAL Convention in 1999. On page 25 it stipulates that:
"bills and notes are 'commercial' paper money..."

- The notion that a bill of exchange is considered *security for money* is even echoed in the High Court's own rules under **"Incorporeal Property:"**
"Immovable property Rule 45(8)(a) Where the property or right to be attached is a lease or a bill of exchange, promissory note, bond or other security for the payment of money"

- It is trite that what we call money is actually a promise made by a bank (bank obligation / liability). As such the confidence in these instruments is held together by the fact that if people knew the power they had over such instruments, the entire banking system would require a severe overhaul. To quote **SOUTH AFRICAN RESERVE BANK - HISTORY, FUNCTIONS AND INSTITUTIONAL STRUCTURE** [Jannie Rossouw - Management of the South African money and banking system (Para 9.1.3: Exit policy and process for managing distress in banks)]:
"The maintenance of public confidence in the stability of the banking system is the cornerstone of the process of financial intermediation. The emergence of liquidity or solvency problems in a particular bank can threaten confidence not only in that particular bank, but also because of the possibility of contagion, in the safety and stability of the system as a whole."

- As we are witnessing first hand across the world, the current financial system is unsustainable. If the confidence of the people that Mr Jannie Rossouw refers to is held together by misrepresentation, then an urgent reform of the banking system is required. On a micro level, an urgent reform of my personal loan account is required.

- I believe that I have every right to demand transparency from my bank. I refuse to sit back and let the financial chaos spreading all over the world reach me here in South Africa to the severe and detrimental effect of me, my family and my community.

- **Holder in Due Course**

- It is a common misconception to most people in South Africa, that a bank pays a cheque *by* debiting the customer's account as one single transaction. However, this perception is incorrect because as I have shown above, the bank first pays the cheque as if it were money, then debits the account. This is because a bill of exchange is the "*security for money*" and in modern banking where money is not backed by substance, "*money*" and the "*security for money*" are synonymous.
- It is the role of a bank to, on instruction of their client, pay / discount bills of exchange, promissory notes and other negotiable instruments. Therefore, banks are

fully capable of monetizing these instruments and actually do so every day. This sentiment is echoed in the Reserve Bank Act, Section 10 (g) (1):
"The Bank may, subject to the provisions of section 13… buy, sell, discount or re-discount bills of exchange drawn or promissory notes issued for commercial, industrial or agricultural purposes."

- Furthermore, Modern Money Mechanics continues:
"The actual process of money creation takes place primarily in banks... bankers discovered that they could make loans merely by giving their promise to pay, or bank notes, to borrowers. In this way banks began to create money."

- Therefore, a bill of exchange drawn on me, when *accepted for value* in the correct way using the Bills of Exchange Act, will become the *security for money* required to set-off the account. Thus, as per the South African Law Commission statement above, it becomes an instrument of payment necessary to complete the transaction.

- To complete the acceptance of the bill, we must first define acceptance:
"Acceptance means an acceptance completed by delivery or notification" (s1**, BILLS OF EXCHANGE ACT NO 34 OF 1964 AS AMENDED BY ACT 56 OF 2000**)

- The requirements for delivery of a bill are found in s19:
Delivery as requirement for contract on a bill *(1) No contract on a bill, whether it be the drawer's, the acceptor's, an indorser's, or that of the signer of an aval, shall be complete and irrevocable, until delivery of the instrument in question in order to conclude such a contract: Provided that if an acceptance or an aval is written on a bill and the drawee or the signer of the aval, as the case may be, gives notice to, or according to the directions of, the person entitled to the bill that he has accepted or signed it, the acceptance or aval then becomes* ***complete and irrevocable****.*

- It is my understanding that, by accepting for value and completing by delivery; I have become the holder in due course of the instrument (as per s27, Bills of Exchange Act) and have acquired a better title to the instrument than The Bank who originally issued it.

- The notion that I may acquire a better title to the instrument than the issuer of the bill is the fundamental aspect of a negotiable instrument. Not only is it expressed in the definition outlined earlier, but ***In Impala Plastics v Coetzer, Flemming J said:***
"Whilst avoiding definition, I must refer to one characteristic which goes to the foundation of negotiable instruments…

  More or less common to all systems and at all times is, however, the fact that the party entitled to the instrument can through a very informal act vest in another party the right, whist "holding" the document, to claim payment in his own name and in his own right from the party liable under the instrument, which right can conceivably be stronger than the rights which the transferor had. A document in respect of which the law tolerates such consequences, which it endows with the latent potential for such consequences, is a negotiable instrument."

- It is submitted that this requirement is correctly stated in Cowan, Law of Negotiable Instruments, general Principles, as follows:
"It is only a transferee who gives value in the sense of taking ex causa onerosa who holds free from defects in the transferor's title. In South African law, a transferee who takes gratuitously will occupy no better position than a mere cessionary of the instrument."

- Placing one's signature on a piece of paper is an extremely powerful act. In my case, a bill provided to me from The Bank must be held for value in order that I may be holder in due course / secured party in the transaction. As "value" is vested in the confidence of the public (ie. me), I give value to the bill simply by accepting and signing it. The fact that the banks make a profit behind the scenes should not prejudice South Africans who are losing their homes and other assets as a result of misrepresentation of banking activity.

THE USURY ACT OF 1968

10 1) A moneylender… or a credit grantor… shall, within 14 days… deliver or send through the post to the borrower or credit receiver … a duplicate or true copy of the **instrument of debt** was so executed, a duplicate or true copy of a document which has been signed… by the moneylender and borrower or the credit grantor and credit receiver…

- Note again the distinction between borrowing money and receiving credit which are misrepresented by the bank as the same thing. In fact, that same section in The Act refers to *"money lending or a credit grantor," "a money lending transaction or a credit transaction"* and the parties *"moneylender and borrower or the credit grantor and credit receiver."* These distinctions are not defined.

- Therefore, a bill drawn by The Bank on me can be held for value and, on my instruction, they are able to set-off the amount they claim I owe them. For them, it is a simple matter of closing the accounting. I therefore express my right to ask The Bank to justify their "statement of account" / "certificate of balance" by providing me with the instrument that initiated the liability, or at least show accounting evidence that the liability came about by way of an ordinary loan. They have not done either.

- Based on the above evidence, I see no reason why I may not set-off the debt using the above payment method. At the very least, when this method was put to the bank, they should have given me a suitable answer as to why I could or could not use it. Instead, they avoided the topic and immediately took legal action against me, under threat to both my land and my community who reside there.

- To conclude, the form of money used to "repay" a loan is irrelevant to an accounting software system in a bank because an asset is simply an asset. I originated my own credit and if I initiated the transaction using a signed piece of paper, I must also be

able to conclude it in the same way. If banks are able to do it then it stands to reason that so can I. What is good for the goose is good for the gander.

- **Liquidity behind an instrument**

- A counter argument I have encountered in my research is that an asset (ie. promissory note) is only considered valuable because it will be paid at some future date. One of the shocking revelations of our monetary system is there is actually no evidence for this contention. Banks have unlimited funds which are made available by the signature of the customer. The fact that they trade and profit behind the scenes from the illusion that money is scarce is testament to the financial crisis we are experiencing.

- It is clear by world news reports that every hour of every day, the total amount of the world's debt is increasing. Only a physical resource can be scarce and as we have no physical resource to back our currency, it is a clear and obvious truth that money is an infinite resource.

- Professor Antal E. Fekete [Professor, Intermountain Institute of Science and Applied Mathematics, Missoula, MT 59806, U.S.A] in his article **Detractors of Adam Smith's Real Bills Doctrine** put it succinctly when he stated:
"Debt repayable in irredeemable currency is nothing but an interest-bearing promise to pay that is exchangeable at maturity for a non-interest-bearing one. Bonds at maturity are exchanged but for an inferior instrument, insofar as interest-paying debt is considered preferable to non-interest-paying debt.

  …But debt can never be retired under the regime of irredeemable currency. At maturity it is shifted from one debtor to another. People are constructing a Debt Tower of Babel destined to topple in the fullness of times.
…Only if we approach our differences with sufficient humility can we prevail against the evil forces opposing freedom armed, as they are, with the formidable weapon of irredeemable currency."

- It is my understanding that overseas cases may be used as a reference in South Africa, provided that no suitable local case law exists. **In Stanek vs. White** [172 Minn.390, 215 N.W. 784]:
"There is a distinction between a 'debt discharged' and a debt 'paid'. When discharged, the debt still exists though divested of its charter as a legal obligation during the operation of the discharge, something of the original vitality of the debt continues to exist, which may be transferred, even though the transferee takes it subject to its disability incident to the discharge."

- In other words, payment of a debt instrument (my promissory note to The Bank) with another debt instrument (bank promises, promissory notes, or other "money" as we know it) will *discharge* the obligation, but it will not actually *pay* the debt! This extraordinary revelation implies that i) not only is there a misrepresentation being

undertaken by the banks, but ii) that I would be acting dishonourably if I were to discharge the obligation in the common way.

- All money must be borrowed into existence which in turn means all money is debt. In modern terms, the two terms "money" and "debt" are almost synonymous, with the only exception being that, due to the interest factor, there is nowhere near enough "money" in the world to pay off all the "debt" in the world.

  "… our whole monetary system is dishonest, as it is debt-based… We did not vote for it. It grew upon us gradually but markedly since 1971 when the commodity-based system was abandoned." **The Earl of Caithness, in a speech to the House of Lords, 1997.**

- All money in circulation is therefore owed by someone, and due to the interest factor, far more people owe money than money is available to pay it. A potentially unlimited supply of money, not backed by any substance or resource whatsoever, is available to the banks at any given time. My failure to take a stand against such a discrepancy between public opinion and reality would be a dereliction of my duty to myself, my family and my community.

- The Bank misrepresented itself to me as having its own money to lend. They do not have money, they only have the *promise to pay money*. Using fractional reserve banking, combined with a book-entry system and very complex legal and internal procedures, they create money "out of thin air." The stream of repayments made by me (which is a separate, one sided agreement that has nothing to do with the original credit) is then sold into a securitisation scheme where the bank profits overnight and I am none the wiser.

- The notion that money is made "out of thin air" is not new. Stephen Goodson, director of our own **South African Reserve Bank** stated in a recent article attached as **F1:**
  "Did you know that commercial banks create money out of nothing, and lend it to you at compound interest, and moreover insist that you pledge real assets for such loans? Let me repeat - banks make money out of nothing."

- On 10th August 2011 – **Die Beeld newspaper**, published an article in which it quotes Dr Chris Stals (the previous governor of the SA Reserve Bank):
  "Minister Pravin Gordhan is reg as hy sê dat die lening wat die Reserwebank aan die regering van Swaziland toegestaan het, nie met belastingbetalersgeld gefinansier sal word nie....Dis inderdaad so dat die Reserwebank normaalweg nie belastingbetalersgeld gebruik om enige van sy bedrywighede te finansier nie. Die Reserwebank is 'n unieke instelling wat deur spesiale wetgewing van die parlement die reg verkry het om geld te kan skep. Wanneer die Reserwebank 'n lening toestaan, soos aan die regering van Swaziland, krediteer die bank eenvoudig die regering van Swaziland se rekening met die leningsbedrag en debiteer sy rekening vir "lenings en voorskotte". Die regering van Swaziland verkry nou die reg om geld uit hierdie rekening te onttrek. In die eenvoudige geval kan hy vra om banknote in

rand te onttrek. Die Reserwebank "**skep**" dan die geld deur nuwe banknote te druk en aan Swaziland uit te reik".

- The 14th edition of Encyclopedia Britannica goes on to state that:
"Banks create credit. It is a mistake to suppose the bank credit is created by the payment of money into the banks. A loan made by a bank is a clear addition to the amount of money in the community."

- Therefore, banks create money by monetising negotiable instruments. These instruments operate within a bank *virtually like* money, but this is not disclosed to the public. My signature allowed my loan to be created "out of thin air" and this is totally against what I have been led to believe.

- People honestly believe that money is a scarce resource. Even the Grade 5 curriculum at Rivonia Primary School in Johannesburg unwittingly misrepresents the financial system to children when it states:
The World of Money - Money has to comply with a few prerequisites before it can be part of an economy, such as • It must be relatively scarce.

Closing Statement

- Please imagine for a moment, a village from a thousand years ago. Every morning the people of the village come to the well, and take just enough water needed for the day. In times of drought, it was a simple case of taking slightly less than what was required, but there was always enough for survival. Then one day an army of bandits attacked the village and took control of the well. They forced the villages to give their real assets (food, clothing and materials) in exchange for water. During times of drought, the villagers were required to pay more assets for less water, and the bandits used the resources they acquired to build their own personal empires. One day, however, a small group of villagers discovered that the bandits had secretly dug the well deeper. In fact, the well was dug so deep that it reached into an underground freshwater aquifer. There was now an unlimited amount of water available, but in order to preserve their hold over the village, the illusion of scarcity had to be maintained. What did the villagers do when they discovered the misrepresentation? This is precisely the situation we are in right now with the money supply.

- The Bank has brought to court what they believe to be a simple agreement. Their presumption is that they have a contract that guarantees a string of re-payments to them in return for a loan granted by them. I am a victim of this misconception and when I approached the bank to get clarity, their response was legal action. I hereby wholeheartedly rebut this presumption.

- When I was a boy, my parents had a relationship with their bank manager. Any problems or issues that needed to be discussed were done so in an amicable and friendly way. This is no longer the case. Banks are no longer on the side of, or even

impartial to the customer. Investors in their precious mortgage backed securities, shadow stakeholders who profiteer behind the scenes and even the bank itself are placed well and truly above the rights of the human being forced to do the hard work. This is unacceptable to me. My unalienable rights, and those of my family and community, have been thwarted by a conspiracy of silence.

By Scott Cundhill.

2. Homeloans

SA HOMELOANS

From NEW ECONOMIC RIGHTS ALLIANCE:

FOREWORD - Securitization.
When you buy a house for R1 million, most people think that the following happens:
You apply at the bank/institution for a "LOAN".
It gets approved if you can afford to pay the repayments.
The bank either borrows the money from the Reserve Bank at repo rate(5.5%)and sells it to you at the prime rate(9%) and makes a profit on the difference OR
The bank/institution takes depositors money within the bank and lends that to you at the different interest rates and makes their profit.

What actually happens when you buy your R1 million house?
You apply at the bank/institution for a "LOAN"
It gets approved if you can afford to pay the repayments.
You sign the "LOAN" documents and commit to paying over 20 years.
ON YOUR SIGNATURE ,that document becomes a very valuable "FINANCIAL INSTRUMENT" worth about R2.5 million ! That is what your house will cost you over 20 years.
The bank/institution collects a whole lot of these documents in a pool, and then sells them AT A DISCOUNT to investors. This is done through forming a Company known as a SPECIAL PURPOSES VEHICLE (SPV) which sells the documents. Your document "NOTE" could fetch as much as R1.5 million. They then form a "trust fund" to channel interest repayments on that R1.5 million to the investors.
The bank/institution gets R 1million back for the purchase of the house and a quick R500,000 clean profit which it can lend out at overdraft rates of up to 17% or more. On the banks books, that will allow them to legally lend out another R5 million in "loans" using the same method to create more DEBT.

It is important to remember, there is a repayable debt, but not to the bank/institution. This is to the investors who purchased your "FINANCIAL INSTRUMENT / PROMISSORY NOTE" and certainly not at the interest rates and costs you are being charged.

It is the LEGALITY of this whole process that we are contesting. Through the Trust , the bank/institution commits to pay back the interest to the investors who purchased your "NOTE", that is not your problem.
The problem is that the BANKS LIED to you about lending you money, it never cost them a cent and the proof that you owe anyone any money is in the hands of the investors(your ORIGINAL promissory note) and they cannot enforce the contract because it is no longer **a document on its own,** but part of the "stock" of the SPV.

This concept has taken some people months to fully understand , but in a nutshell, that is an explanation that will set the thought processes rolling and enable you follow it through. There are small variations between various "lenders" but the thread is there.
The NEW ECONOMIC RIGHTS ALLIANCE will keep you up to date with the latest developments.

Who Started SA Homeloans?
SA Homeloans appears to be the brain-child of Standard Bank, who owns 44% of the shares. The other shareholder was a company called Peregrine Holdings but there have been some changes since inception. Standard Bank is still a major shareholder. It was a perfect way to raise a large amount of capital by taking away business from existing "homeloan lenders" and re-securitising it all over again. At the same time they offered you more equity in your property because the value was climbing so quickly at that time and they offered a no-charge transfer from other organizations. They were also the first organization to make use of the relaxed conditions for securitization, announced by Government in December 2001 and evidently, they started before the changes had even been gazetted.

Marketing Strategy
SA Homeloans was the first alternative to the conventional homeloan type of service in SA. They advertised openly, and still do, that they use the "securitization" method of funding their "loans" Their original marketing revolved around the fact that they "brought home purchasers and investors together" to offer much better interest rates to the customer, better costing and charges and "transparency" in all these dealings. They linked their interest rates to the JIBAR which is the JSE`s linked interest index and they claimed a normal 2% lower than any other interest rate offered by a Bank. In other words, they went gambling on the stock market with the huge profit they made from their customers in the securitization process!

Two Special Purpose Vehicle utilization.
It also appears that were one of the first organizations to use the 2 SPV system (instead of 1 SPV as is the case in most countries). They have done that because they wanted a set of "original" documents to take to court in the event of a foreclosure. During the process of signing the "loan" documents, you are required to sign an "Indemnity Bond" as well as the "Loan Agreement" The loan agreement is sold with all rights to create the debt/finance and the indemnity bond document is what they present when they try to take your house away if you default.

Process of Completing the Deal.
Lets go through the process of the theft of your money :

- Everything you see is SA Homeloans, fancy branded cars, buildings, and uniforms. During the entire process of signup nothing is mentioned about what happens behind the scenes or the fact that your document will actually be sold for a huge profit.
- When the documents are ready to be signed, they are neatly together in SA Homeloans stationery. Suddenly, the "Lender" becomes a company called MAIN STREET 65 {PTY) LTD. This is interesting because if you go into the internet and look up this company, it has a non-descript, one page website saying that it is a "management consultancy". It does , however have the same address as SAHL and apparently dispenses hundreds-of - millions of rands in loans every year.
- In the document called "Indemnity Bond" this company signs over its rights to the SA Homeloans Guarantee Trust.
- When you receive the letters of demand, they come from a company called CHANGING TIDES 17 (PTY) LTD. When you enquire where they suddenly came from , their lawyers tell you that the SA Homeloans guarantee Trust appointed them as "sole trustees" of the SA Homeloans trust, registered them as a credit provider and authorized them to sue you!
- CHANGING TIDES 17 cannot be found on the internet except for dozens of cases where they have successfully sued people and taken their properties. There is no information on CHANGING TIDES 17 but a company called CHANGING TIDES GROUP is registered in Mauritius!
- It is also strange that any documentation or correspondence you have is with SA Homeloans Pty Ltd, including any requests to reduce bond payments etcetera so who is actually managing the whole thing?

Now, some other interesting questions come to mind:

- When SAHL securitized new loans from other banks, did they physically pay back the outstanding bonds on the old agreement? With Standard Bank, probably not, as it was part of their organization.
- If payment was made, who was it made to? We know that it is impossible to isolate one document in the pool.
- If it was impossible to pay back anyone, and the money was merely put back into the banks coffers, then the agreement would have just continued as normal with the investors getting their monthly interest payments thinking that they had security of your property.
  However, with the new securitization, the same property was used as security again! I thought that was fraud. It is like selling the same asset twice!
- Have you ever received your original promissory note when you settle a bond? I haven`t.
- How did the Banks declare that money as well as money accrued from the sale of a foreclosed house? They should declare that as net profit and pay tax on it? I really doubt that it was handled like that because the whole system is rigged to be a bad

debt recoverable but they have already been paid in full and received a healthy profit.

Another tax scenario is that in the event of a foreclosure (which we all know now is illegal) there is no Capital Gains tax so the poor old tax man is possibly getting shafted there as well.
But don`t worry, the South African Treasury issued a notice that if SA banks failed they would bail them out. Guess with whose money? Our tax money of course and the Financial Establishment guys will be able to take massive bonuses and go to the Cayman Islands to buy property.
Diabolical, but brilliant!

1. Special Drawing Rights-

The One World currency of the NWO

Special Drawing Rights (SDRs) are supplementary foreign exchange reserve assets defined and maintained by the International Monetary Fund (IMF). Not a currency itself, they represent a potential claim on the currencies of IMF member states for which they may be exchanged.
Created in 1969 to alleviate a shortage of preferred foreign exchange reserve assets, namely the US dollar and gold, the value of the SDR is defined by a weighted currency basket of four major currencies, the Euro, the US dollar, the British pound, and the Japanese yen. Also used as a unit of account by the IMF and others, it is denoted with the ISO 4217 currency code XDR.
As of September 2009, the total amount of SDRs is about XDR 204 billion.

History
Special Drawing Rights were created by the IMF in 1969, intended to be an asset held in foreign exchange reserves under the Bretton Woods system of fixed exchange rates. After the collapse of the Bretton Woods system in the early 1970s the SDR has taken on a far less important role.
The SDR was purposefully given an anodyne name free of connotations due to controversy. During its creation there were disagreements over the nature of this new, "synthetic" reserve currency. Some wanted it to function like money and others, credit. And while its name would offend neither side of this debate, it can be argued that prior to 1981 the SDR was a debt security and so a form of credit. Member states receiving SDR allocations were required by the reconstitution provision of the SDR articles to hold a prescribed number of SDRs. If a state used any of its allotment, it was expected to rebuild its SDR holdings. As the reconstitution provisions were dropped in 1981, the SDR can no longer be thought to function like credit.

Definition

Today, the value of the SDR is determined by the value of several currencies important to the world's trading and financial systems. Composed of the Japanese yen, the US dollar, the British pound and the Euro, the currency basket used to value the SDR is "weighted" meaning that the more important currencies have a larger impact on the SDR's value. Currently, the value of the SDR is equal to the sum of 0.423 Euros, 12.1 Yen, 0.111 Pounds, and 0.66 US Dollars.
This basket is re-evaluated every five years, and the currencies included as well as the weights given to them can then change. A currency's importance is currently measured by the degree to which it is used as a foreign exchange reserve asset and the amount of exports sold in that currency.

Current valuation
Due to ever-changing exchange rates, the relative value of each currency varies continuously and so does the value of the SDR. The IMF fixes the value of one SDR in terms of US dollars daily. The latest US dollar valuation of the SDR is published on the IMF web site.
Interest rate
Special Drawing Rights carry a weekly determined interest rate. The rate is based on a weighted average of the representative short-term rates in the money markets of the base currencies. The SDR interest rate is paid by the IMF members on any shortfall of SDR subscriptions below their cost-free allocation, and on non-concessional IMF loans. The IMF pays its members the interest rate on the fraction of their SDR subscriptions that is above their allocation quota.

Allocations
Special Drawing Rights are allocated to member nations by the IMF. A nation's IMF quota, the maximum amount of financial resources that it is obligated to contribute to the fund, determines its allotment of SDRs.
Allocations are not made on a regular basis and have only occurred on several occasions. They began in 1970 in yearly installments, creating an initial pool of SDR 9.3 billion by 1972. This first round took place due to the possibility of an insufficient amount of US Dollars, as the US was reluctant to run the deficit necessary to supply future demand.
While this situation was soon reversed, the situation of the dollar during the late 1970s led to another round of allocations from 1979 to 1981 allocation. This second series of installments brought the total to 21.4 billion by 1981. Since then, up to the 2008 banking crisis, no new allocations took place. On 2 April 2009, the G-20 authorized the issuance of $250 billion in new SDRs to augment the foreign reserves of IMF members and quickly channel resources into emerging economies. Increases in the reserves of some emerging economies will be substantial, e.g., South Korea's will grow by $3.4 billion, India's by $4.8 billion, Brazil's by $3.5 billion, Russia's by $6.9 billion and China's by $7.3 billion.

Date	**Amount**
1970-1972	SDR 9.3 billion
1979–1981	SDR 12.1 billion

April 2, 2009	SDR 250 billion
September 9, 2009	SDR 21.4 billion

A special allocation of SDRs was issued on Sep. 9, 2009, to nations that joined the IMF after 1981 and so had never been allocated any.

Exchange

The IMF acts as an intermediary in the voluntary trading of Special Drawing Rights and has the authority to order nations with strong foreign exchange reserves to purchase SDRs from nations with weak reserves. But the claim to foreign currency that SDRs represent is not a claim on the IMF, and it is not the IMF that pays out foreign currency in exchange for SDR.

Other uses

The SDR is used as a unit of account by some international organizations, including the IMF. A few countries peg their currencies to SDRs, too. And in some international treaties charges, liabilities, or fees are denominated in SDRs.

Unit of account

International organizations that use the SDR as a unit of account include the IMF, JETRO, African Development Bank, Islamic Development Bank, and the Universal Postal Union.

Use in international law

In some international treaties and agreements, SDR are used to value penalties, charges or prices. The Convention on Limitation of Liability for Maritime Claims caps personal liability for damages to ships at SDR 330,000. The Warsaw convention, the Montreal Convention, and other treaties also use SDRs in this way.

Currency peg:

A few countries peg their currencies to the SDR.

Reserve currency proposal

In late March 2009 Zhou Xiaochuan, governor of the People's Bank of China proposed using the SDR as a worldwide reserve currency in place of the dollar as a way to cope with problems associated with the US dollar and the Euro being used as world reserve currencies. However, independent economists point out that the SDR is unlikely to emerge as an alternative to preferred foreign exchange reserves in the foreseeable future. A few of them argue that China's proposal may be motivated by political, rather than economic, considerations.

Potential pitfalls as a reserve currency

There are potential pitfalls that may preclude the SDR from being a global reserve currency. The US dollar, the euro and the pound sterling are contained in the SDR—these currencies have been losing value against a larger basket of other currencies since the late 2000s recession started in 2007. The SDR does not contain the Chinese yuan, Indian rupee, Australian dollar or Canadian dollar, which have important international status being widely held. No facilities exist for global SDR banking

support for individuals and businesses. The possible loss of national sovereignty of the nations involved is a concern.
Other important externalities have been occasionally cited by economists. China & India's precious metal foreign exchange reserve holdings are not equivalent in size to those of the US with respect to SDR conversion. The gulf states have precious metal reserves that are potentially undersized. Many other nations that could move over to the SDR also have too small precious metal foreign exchange reserve assets.

Go to ubuntuparty.org.za, jojou.cc and thinkfreesa.com for more info on South Africa. Internationally, download "Banks lie" by Chris Field of Australia and "Foreclosure Defense Handbook" by Vince Kahn, excellent information.

Download and watch "The Obama Deception" by Alex Jones and you will see who the 'enemy' is.

CHAPTER 10 – Money

1. Money Quotes:

"In exchange for using notes belonging to bankers who create them out of nothing, based on our credit, we are forced to repay in substance, our labour property, land productivity, businesses and resources – in ever increasing amounts. …We have been deceived into thinking that we were lent other depositors deposited funds… all you borrowed was monetised credit that your signature created." - **Mary Elizabeth Croft**

"Give me control of a nation's money and I care not who makes the laws." - **Meyer Amschel Rothschild**

"The few who could understand the system will either be so interested in its profits, or so dependent on its favours, that there will be no opposition from that class, while on the other hand, the great body of the people mentally incapable of comprehending the tremendous advantage that capital derives from the system, will bear its burdens without complaint." - **John Sherman (1863, Rothschild Brothers)**

"By this means government may secretly and unobserved, confiscate the wealth of the people, and not one man in a million will detect the theft." - **British Lord John Maynard Keynes**

"A great industrial nation is controlled by its system of credit. Our system of credit is concentrated in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated governments in the world. No longer a government of free opinion, no longer a government by conviction and vote

of the majority, but a government by the opinion and duress of small groups of dominant men." - **Woodrow Wilson**

"This [Federal Reserve Act] establishes the most gigantic trust on earth. When the President [Wilson} signs this bill, the invisible government of the monetary power will be legalized....the worst legislative crime of the ages is perpetrated by this banking and currency bill." - **Charles A. Lindbergh, Sr. 1913**

“Very soon, every American will be required to register their biological property (that’s you and your children) in a national system designed to keep track of the people and that will operate under the ancient system of pledging. By such methodology, we can compel people to submit to our agenda, which will affect our security as a charge back for our fiat paper currency. Every American will be forced to register or suffer being able to work and earn a living. They will be our chattels (property) and we will hold the security interest over them forever, by operation of the law merchant under the scheme of secured transactions. Americans, by unknowingly or unwittingly delivering the bills of lading (Birth Certificate) to us will be rendered bankrupt and insolvent, secured by their pledges. They will be stripped of their rights and given a commercial value designed to make us a profit and they will be none the wiser, for not one man in a million could ever figure our plans and, if by accident one or two should figure it out, we have in our arsenal plausible deniability. After all, this is the only logical way to fund government, by floating liens and debts to the registrants in the form of benefits and privileges. This will inevitably reap us huge profits beyond our wildest expectations and leave every American a contributor to this fraud, which we will call “Social Insurance.” Without realizing it, every American will unknowingly be our servant, however begrudgingly. The people will become helpless and without any hope for their redemption and we will employ the high office (presidency) of our dummy corporation (USA) to foment this plot against America.” - **Colonel Edward Mandell House**

"Capital must protect itself in every way...Debts must be collected and loans and mortgages foreclosed as soon as possible. When through a process of law the common people have lost their homes, they will be more tractable and more easily governed by the strong arm of the law applied by the central power of leading financiers. People without homes will not quarrel with their leaders. This is well known among our principal men now engaged in forming an imperialism of capitalism to govern the world. By dividing the people we can get them to expend their energies in fighting over questions of no importance to us except as teachers of the common herd." - **Taken from the Civil Servants' Year Book, "The Organizer" January 1934.**

"All the perplexities, confusion and distress in America arise, not from defects in the Constitution or confederation, not from want of honour or virtue, so much as from downright ignorance of the nature of coin, credit and circulation." - **President John Adams**

"We are completely dependent on the commercial banks. Someone has to borrow every dollar we have in circulation, cash or credit. If the banks create ample synthetic money we are prosperous; if not, we starve. We are absolutely without a permanent money system.... It is the most important subject intelligent persons can investigate and reflect upon. It is so important that our present civilization may collapse unless it becomes widely understood and the defects remedied very soon." - **Robert H. Hamphill, Atlanta Federal Reserve Bank**

"Banking was conceived in iniquity and was born in sin. The Bankers own the earth. Take it away from them, but leave them the power to create deposits, and with the flick of the pen they will create enough deposits to buy it back again. However, take it away from them, and all the great fortunes like mine will disappear and they ought to disappear, for this would be a happier and better world to live in. But, if you wish to remain the slaves of Bankers and pay the cost of your own slavery, let them continue to create deposits." **- Sir Josiah Stamp**

"The modern banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented." - **Major L.B. Angus**

"Neither paper currency nor deposits have value as commodities, intrinsically; a 'dollar' bill is just a piece of paper. Deposits are merely book entries." - **Modern Money Mechanics Workbook, Federal Reserve Bank of Chicago, 1975**

The actual process of money creation takes place primarily in banks… bankers discovered that they could make loans merely by giving their promise to pay, or bank notes, to borrowers. In this way banks began to create money. Transaction deposits are the modern counterpart of bank notes. It was a small step from printing notes to making book entries crediting deposits of borrowers, which the borrowers in turn could 'spend' by writing checks, thereby 'printing' their own money.
A deposit is created through lending is a debt that has to be paid on demand of the depositor, just the same as the debt arising from a customer's deposit of checks or currency in the bank. Of course they do not really pay out loans from the money they receive as deposits. If they did this, no additional money would be created. What they do when they make loans is to accept promissory notes in exchange for credits to the borrowers transaction accounts." - **Modern Money Mechanics**

"Most Americans have no real understanding of the operation of the international money lenders. The accounts of the Federal Reserve System have never been audited. It operates outside the control of Congress and manipulates the credit of the United States." - **Sen. Barry Goldwater (Rep. AR)**

"Banks create credit. It is a mistake to suppose the bank credit is created by the payment of money into the banks. A loan made by a bank is clear addition to the amount of money in the community." - **Encyclopaedia Britannica (14th)**

"Banks lend by creating credit. (ledger-entry credit, monetized debt) They create the means of payment out of nothing." - **Ralph M. Hawtrey, Secretary of the British Treasury**

"There is a distinction between a 'debt discharged' and a debt 'paid'. When discharged, the debt still exists though divested of its charter as a legal obligation during the operation of the discharge, something of the original vitality of the debt continues to exist, which may be transferred, even though the transferee takes it subject to it's disability incident to the discharge." - **Stanek vs. White, 172 Minn.390, 215 N.W. 784**

"The whole aim of practical politics is to keep the populace in a continual state of alarm (and hence clamorous to be led to safety) by menacing them with an endless series of hobgoblins, all of them imaginary." - **H L Mencken**

"This truth is well known among our principal men now engaged in forming an imperialism of Capital to govern the world. By dividing the voters through the political party system, we can get them to expend their energies in fighting over questions of no importance. Thus by discreet action we can secure for ourselves what has been so well planned and so successfully accomplished." - **Sir Denison Miller**

"History records that the money changers have used every form of abuse, intrigue, deceit, and violent means possible to maintain their control over governments by controlling money and its issuance." - **James Madison**

"I am afraid that the ordinary citizen will not like to be told that the banks can and do create and destroy money. And they who control the credit of a nation direct the policy of governments, and hold in the hollow of their hands the destiny of the people." - **Richard McKenna**

"It is well that the people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning." - **Henry Ford**

"If the people were to ever find out what we've done, we would be chased down the streets and lynched." - **George Bush**

"The issue which has swept down the centuries and which will have to be fought sooner or later is the people versus the banks." - **Lord Acton**

"The youth who can solve the money question will do more for the world than all the professional soldiers of history." - **Henry Ford Sr.**

2. Money of Account and Money of Exchange

Money of Account is debt-based financial transactions on paper. All debt is created on paper, so all debt can be discharged with 'other' pieces of paper. This has absolutely nothing to do with what we, the private think of as "money" which is promissory notes, aka debt notes and, since debt notes cannot 'pay' a debt, then, handing over what we think of as 'money' cannot possibly offset the debt of an entirely separate money system based upon electronic and paper-created debits and credits. When anyone talks about the 'national debt' the only way to discharge or offset that alleged debt, which is not real as it exists only in a virtual computer world, is to create paper which will balance said negative/red entries on the ledgers/computers. Our cash cannot, in a million years, 'pay' that debt because the two are entirely unrelated. It is "apples and oranges". If the apple bushel is nearly empty, then, filling it with oranges will not give you a bushel of apples.

Cash is solely for exchange of goods and services which WE, in the private, obtain, not the debt which those in the public create by charging our trust accounts which have credit, only due to the bonds backed by our birth certificates. Only they can monetize that credit and offset the debt they create; WE cannot do so. We do not have access to those accounts. Yes, we ought to be able to do so, but, so far, they have thwarted us on every attempt. The public uses 'money of account' and we use 'money of exchange'. Please make the distinction.

Definition of and requirements for bill of exchange:

(From the Bills of Exchange act of 2000)

(1) A bill of exchange is an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable future time, a sum certain in **money** to a specified person or his order, or to bearer.

(2) An instrument which does not comply with the requirements specified in subsection (1) or which orders any act to be done in addition to the payment of money, is not a bill.

(3) An order to pay out of a particular fund is not unconditional within the meaning of subsection (1) but an unqualified order to pay coupled with-

- an indication of a particular fund out of which the drawee is to reimburse himself, or of a particular account to be debited with the amount;
- a statement of the transaction which gives rise to the bill;
- a statement on the bill that it is drawn against specified documents attached thereto for delivery on acceptance or on payment of the bill, as the case may be; or
- a statement on the bill that it is drawn under or against a specified letter of credit or other similar authority, is unconditional within the meaning of the said subsection.

(4) A bill is not invalid by reason-

- that it is not dated;
- that it does not specify the value given, or that any value has been given therefore;
- that it does not specify where it is drawn or where it is payable.

What is Money? (From ModernMoneyMechanics- Federal Reserve)

If money is viewed simply as a tool used to facilitate transactions, only those media that are readily accepted in exchange for goods, services, and other assets need to be considered. Many things - from stones to baseball cards - have served this monetary function through the ages. Today, in the United States, money used in transactions is mainly of three kinds - currency (paper money and coins in the pockets and purses of the public); demand deposits (non-interest bearing checking accounts in banks); and other checkable deposits, such as negotiable order of withdrawal (NOW) accounts, at all depository institutions, including commercial and savings banks, savings and loan associations, and credit unions. Travellers checks also are included in the definition of transactions money. Since $1 in currency and $1 in checkable deposits are freely convertible into each other and both can be used directly for expenditures, they are money in equal degree. However, only the cash and balances held by the nonbank public are counted in the money supply. Deposits of the U.S. (and RSA) Treasury, depository institutions, foreign banks and official institutions, as well as vault cash in depository institutions are excluded.

This transactions concept of money is the one designated as M1 in the Federal Reserve's money stock statistics. Broader concepts of money (M2 and M3) include M1 as well as certain other financial assets (such as savings and time deposits at depository institutions and shares in money market mutual funds) which are relatively liquid but believed to represent principally investments to their holders rather than media of exchange. While funds can be shifted fairly easily between transaction balances and these other liquid assets, the money-creation process takes place principally through transaction accounts. In the remainder of this booklet, "money" means M1.

The distribution between the currency and deposit components of money depends largely on the preferences of the public. When a depositor cashes a check or makes a cash withdrawal through an automatic teller machine, he or she reduces the amount of deposits and increases the amount of currency held by the public. Conversely, when people have more currency than is needed, some is returned to banks in exchange for deposits.

While currency is used for a great variety of small transactions, most of the dollar amount of money payments in our economy are made by check or by electronic transfer between deposit accounts. Moreover, currency is a relatively small part of the money stock. About 69 percent, or $623 billion, of the $898 billion total stock in December 1991, was in the form of transaction deposits, of which $290 billion were demand and $333 billion were other checkable deposits.

What Makes Money Valuable?

In the United States (and RSA) neither paper currency nor deposits have value as commodities. Intrinsically, a dollar bill is just a piece of paper, deposits merely book entries. Coins do have some intrinsic value as metal, but generally far less than their face value.
What, then, makes these instruments - checks, paper money, and coins - acceptable at face value in payment of all debts and for other monetary uses? Mainly, it is the confidence people have that they will be able to exchange such money for other financial assets and for real goods and services whenever they choose to do so.
Comment:
Federal Reserve Notes are considered to be a benefit R.S.A. citizens get to use within the R.S.A. A promise can be value. Suffering can be value. A benefit can be consideration sufficient to support a simple contract. Using Federal Reserve Notes is considered taking advantage of a benefit (consideration) in exchange for rights the R.S.A. has to enforce the terms of a pre-existing citizenship contract (a pledge). That is the implied basis for its agents to issue bills (instruments) to R.S.A. citizens, but they have to be issued for value. The terms of that pledge are the hidden basis for issuing instruments for value. There is a default presumption that every R.S.A. citizen has made a pledge to the United States and its statutes. Other than the issuer's obligation to pay an instrument that is issued for value, there is no value in the instrument, when it is issued. It is not negotiable when it is issued. It is seeking a negotiable instrument. An issuer has a defence for issuing instruments without consideration, if they are issued for value, and a promise previously made by the transferee (R.S.A. citizen) is due and has not been performed. The payment on the national debt is always due and has not been performed.

CHAPTER 11 – Bills of Exchange

An investigation into the payment system in South African Law - SA Law Commission

"The bill of exchange is a financial instrument for the completion of commercial transactions. It's use is not confined to transactions in any specific country. It is truly an international instrument. It is the most cosmopolitan of all contracts. The quest for unification was aided by another factor, a desire to formulate, within human limits, a perfect system of law governing bills and notes. This part of the law leads itself to precise formulation. They constitute a rigid and geometrically perfect system."
This is the opening paragraph. It proves without doubt that bills of exchange are very commonly used in South Africa."

Overview of the National Payment system in South Africa - SARB

1. INSTTITUTIONAL ASPECTS

1.1 General legal aspects
The South African Reserve Bank Act. Act No. 90 of 1989 provides in general terms that the central bank may organise and participate in a clearing system. The Reserve Bank does not presently have any specific statutory powers to supervise the national payment system.

The payment system, however, is in general terms regulated by commercial law while the banking industry is subject to various laws, regulations and related legislation such as:

- The Banks Act. Act No. 94 of 1990;
- The Mutual Banks Act. Act No. 124 of 1993;
- The Bills of Exchange Act. Act No. 34 of 1964;
- The Companies Act. Act No. 61 of 1973;

2. Major legislation, regulation and policies

There is no specific legislative framework governing the operations of the payment system except for cheques and other bills of exchange subject to the provisions of the Bills of Exchange Act (see 1.1).

When you research these documents, it says very little about cash money. This proves that there are other forms of money right under our noses and they are not

acknowledging this fact. You can also download: ***The handbook on the law of negotiable instruments.***

Presentment of Bill

If you have watched Robert-Arthur: Menard's interview Bursting Bubbles you will know all about the Bills of exchange act. I dug up the South African version and it is pretty much the same as how the boys in Canada are doing it, take a gander at this link:

http://www.mangaung.co.za/Legal-Service ... %20Act.pdf

By not accepting the original bill of exchange (the traffic fine) you go into dishonour and this is why they have power over you, here is a bit about dishonour:
Quote:

41 When bill is dishonoured by non-acceptance, and consequences thereof

(1) A bill is dishonoured by non-acceptance if-

- it is duly presented for acceptance, and such an acceptance as is prescribed by this Act is refused or cannot be obtained; or
- Presentment for acceptance is excused and the bill is not accepted.

(2) Subject to the provisions of this Act, if a bill is dishonoured by non-acceptance, a right of recourse against the drawer and indorsers immediately accrues to the holder, and no presentment for payment is necessary.

42 Duties as to and consequences of qualified acceptance

(1) The holder of a bill may refuse to take a qualified acceptance, and, if he does not obtain an unqualified acceptance, may treat the bill as dishonoured by non-acceptance.

(2) If a qualified acceptance is taken and the drawer or an indorser has not expressly or impliedly authorized the holder to take a qualified acceptance, or does not subsequently assent thereto, the drawer or such indorser is discharged from his liability
on the bill: Provided that the provisions of this subsection do not apply to a partial acceptance whereof due notice has been given.

(3) If the drawer or an indorser of a bill receives notice of a qualified acceptance, and does not within a reasonable time express his dissent to the holder, he shall be eemed to have assented thereto.

Read the stuff in bold: “If a bill is dishonoured by non-acceptance a right of recourse against the drawer and indorser immediately accrues to the holder and no presentment of payment is necessary”.
This is why you are truly double-crossed. You refused to accept the bill, now they going to send you a notice in the post to pay or go to court. If you go to court you are in dishonour and at the courts mercy, bad situation to be in.
So what you need to do when a traffic fine is presented to you is this:

- Acknowledge that you know it is a bill of exchange
- Offer to accept the presentment of the original bill i.e. "I am open to you presenting to me of the original".
- They aren’t going to give you the original and thus you do not sign (I mean why go into dishonour??)

It’s funny when you read the statutes you will always find remedy, even if it is on the last page of the 2000 page document!

This part of the Act deals with proper presentment of the bill. Quote:

91 Presentment of note for payment

(1) (a) If a note is in the body of it made payable at a particular place, it must be presented for payment at that place to render the maker liable, unless the particular place mentioned is the place of business of the payee and the note remains in his hands.

(b) In no other case is presentment for payment necessary in order to render the maker liable.

(2) Presentment for payment is necessary to render the indorser of a note liable.

(3) (a) If a note is in the body of it made payable at a particular place, presentment at that place is necessary to render an indorser liable.

(b) If a place of payment is indicated by way of memorandum only, presentment at that place is necessary to render an indorser liable: Provided that presentment to the maker elsewhere, if sufficient in other respects, shall be sufficient to render an indorser liable.

I am interested in the bold part above; you must be presented with the bill properly in order to be made liable for it. If your signature is on the bill then that is proof that it has been properly presented to you and that fact that they STILL have the original is proof that you dishonoured the bill by not accepting it... tricky! Tricky!

The thing is - with traffic fines you are never presented with the bill properly, if you are not properly presented with the bill then it stands you are not liable for it... In this case the liability of the bill falls on the traffic officer who issued it.

Once the traffic officer has refused to give you the original, you then protest the fact by using a notary and sending the protest to the finance minister.
Some suggestions from the act:
Quote:

98 Protest when notary not accessible

(1) If a dishonoured bill or note is authorized to be protested, and the services of a notary cannot be obtained at the place where the bill or note is dishonoured, any landowner or householder of the place may, in the presence of two witnesses, give a certificate, signed by them, attesting

the dishonour of the bill and such certificate shall in all respects operate as if it were a formal protest of the bill.
[Sub-s. (1) substituted by s. 46 of Act 56 of 2000.]
30 (2) The form set out in the First Schedule may be used with the necessary modifications for such certificate, and if so used, shall be sufficient.

Here is the form you can use:
Quote:
FORM OF PROTEST WHICH MAY IN TERMS OF SECTION ninety-eight BE USED WHEN THE SERVICES OF A NOTARY CANNOT BE OBTAINED

Know all men that I, A. B., landowner or householder of _____

In the district of _____
at the request of C.D., there being no notary available, did on the

_____ day of _____ 20_____

at _____ demand payment or acceptance from E.F., of the bill of exchange which or a copy of which is hereto annexed, to which demand he answered (state answer, if any) wherefore I now in the presence of G.H., and J.K., do protest the said bill of exchange.

A.B. _____

Witnesses:

G.H. _____

J.K. _____

N.B. - The bill

Internationally all Bills of Exchange are governed by UNIFORM LAW FOR BILLS OF EXCHANGE AND PROMISSORY NOTES. If you are interested, download the pdf.

CHAPTER 12 IS FOR INTERNATIONAL COMMERCIAL LAW UNDER WHICH THE BANKS, TREASURY, SARB, SARS are governed, but won't admit. A more complex code governing Bills and Negotiable Instruments.

CHAPTER 12 – UNIFORM COMMERCIAL CODE

1. Introduction to UCC

From Wikipedia, the free encyclopaedia:

The Uniform Commercial Code (UCC or the Code), first published in 1952, is one of a number of uniform acts that have been promulgated in conjunction with efforts to harmonize the law of sales and other commercial transactions in all 50 states within the United States of America. Remember, South Africa is registered in New York and the governing law is UCC.
The goal of harmonizing state law is important because of the prevalence of commercial transactions that extend beyond one state. For example, goods may be manufactured in State A, warehoused in State B, sold from State C and delivered in State D. The UCC therefore achieved the goal of substantial uniformity in commercial laws and, at the same time, allowed the states the flexibility to meet local circumstances by modifying the UCC's text as enacted in each state. The UCC deals primarily with transactions involving personal property (movable property), not real property (immovable property).
Other goals of the UCC were to modernize contract law and to allow for exceptions from the common law in contracts between merchants.
History
The UCC is the longest and most elaborate of the uniform acts. The Code has been a long-term, joint project of the National Conference of Commissioners on Uniform State Laws (NCCUSL) and the American Law Institute (ALI),[1] who began drafting its first version in 1942. Judge Herbert F. Goodrich was the Chairman of the Editorial Board of the original 1952 edition,[2] and the Code itself was drafted by some of the top legal scholars in the United States, including Karl N. Llewellyn, William A. Schnader, Soia Mentschikoff, and Grant Gilmore.
The Code, as the product of private organizations, is not itself the law, but only a recommendation of the laws that should be adopted in the states. Once enacted by a state, the UCC is codified into the state's code of statutes. A state may adopt the UCC verbatim as written by ALI and NCCUSL, or a state may adopt the UCC with specific changes. Unless such changes are minor, they can seriously obstruct the Code's express objective of promoting uniformity of law among the various states. Thus persons doing business in different states must check local law.
The ALI and NCCUSL have established a permanent editorial board for the Code. This board has issued a number of official comments and other published papers. Although these commentaries do not have the force of law, courts interpreting the Code often cite them as persuasive authority in determining the effect of one or more provisions. Courts interpreting the Code generally seek to

harmonize their interpretations with those of other states that have adopted the same or a similar provision.
In one or another of its several revisions, the UCC has been enacted in all of the 50 states, as well as in the District of Columbia, the Commonwealth of Puerto Rico[citation needed], Guam[3] and the U.S. Virgin Islands. Louisiana has enacted most provisions of the UCC, with the exception of Article 2, preferring to maintain its own civil law tradition for governing the sale of goods.
Although the substantive content is largely similar, some states have made structural modifications to conform to local customs. For example, Louisiana jurisprudence refers to the major subdivisions of the UCC as “chapters” instead of articles, since the term “articles” is used in that state to refer to provisions of the Louisiana Civil Code. Arkansas has a similar arrangement as the term “article” in that state's law generally refers to a subdivision of the Arkansas Constitution. In California, they are titled "divisions" instead of articles, because in California, articles are a third- or fourth-level subdivision of a code, while divisions or parts are always the first-level subdivision. Also, California does not allow the use of hyphens in section numbers because they are reserved for referring to ranges of sections; therefore, the hyphens used in the official UCC section numbers are dropped in the California implementation.

The following are excerpts which are the fundamentals to comprehend. If you have an interest in commerce, it would be advisable to download all 10 Sections and read and summarise it for comprehension. It is written in clear language. Once you know the definitions, it’s not rocket science.

The following is from “Defense Foreclosure Handbook” by Vince Kahn, the most instructive manual in commerce.

ISSUER
issuer. 1. A person or entity (such as a corporation or bank) that issues securities, negotiable instruments, or letters of credit. 2. A bailee that issues negotiable or non-negotiable documents of title.
Non-reporting issuer. An issuer not subject to the reporting requirements of the Exchange Act because it (1) has not voluntarily become subject to the reporting requirements, (2) has not had an effective registration statement under the Securities Act within the fiscal year, and (3) did not, at the end of its last fiscal year, meet the shareholder or asset tests under the Exchange Act registration requirements.
The subject matter in Article 5, letters of credit, may also be governed by an international convention that is now being drafted by UNCITRAL, the draft Convention on Independent Guarantees and Standby Letters of Credit. The Uniform Customs and Practice is an international body of trade practice that is commonly adopted by international and domestic letters of credit and as such is the "law of the transaction" by agreement of the parties. Article 5 is consistent with and was influenced by the rules in the existing version of the UCP. In addition to the UCP and the international convention, other bodies of law apply to letters of credit. For

example, the federal bankruptcy law applies to letters of credit with respect to applicants and beneficiaries that are in bankruptcy;

Because enforcement of a contract based on an implied promise is weak, an instrument demanding performance on it is an offer to initiate a new contract based on an old (antecedent) and maybe implied or unenforceable contact. If an instrument is based on an intentional written promise to perform and an intentional pledge to relinquish property, it does not have to be issued for value. It is just issued, and the original contract with the offeror's right to the pledged property is the consideration that supports the demand. A copy of the written promise and pledge can be attached to the instrument, or the instrument can just refer to the contract by its title, number, or date, etc. The issuer of the instrument demanding performance supported by a written promise has defences if the debtor files a complaint against the issuer for making the demand. The issuer can produce the antecedent contract that contains the intentional promise to perform and the intentional pledge to use tangible or intangible property to secure that performance. If the debtor is aware that he had previously signed a promise and pledged his right to a thing to guarantee his performance, he would not have to see the contract. The demand instrument is issued to get performance already promised, or in the alternative to get the thing already pledged. In some cases, there is no pledge to support an instrument, so it must be issued and transferred for value (with implied consideration). There is no debtor. The issuer does not have a written instrument to back his demand instrument. If he decides to issue the demand instrument in spite of his lack of authority, he is risking liability on the instrument. If the transferee (the one who the issuer directs the demand to) calls the issuer's bluff, the issuer could be made to pay the transferee. The issuer (transferor) has no defences. He has no antecedent contract to attach as consideration for the demand he is sending to the transferee. If the issuer has no written pledge but still decides to issue a demand, the demand instrument must be issued for value, because there is no evidence of pledge to attach to it. There is no written antecedent contract obligation that requires the transferee to perform, but he still has to do something with the demand.
The transferee is the one who receives the instrument by mail, by process server, or by warrant. The transferee is a target. The issuer is shooting the instrument at the target, hoping the target will just take the shot and agree to become liable on the new offer. The issuer is bluffing. If the transferee recognizes the demand instrument as a bluff, he can call the issuer on the bluff and require the issuer to pay. The transferee actually gains a security interest in the instrument if he recognizes it. If the instrument is issued and transferred for value (with implied consideration), the transferee acquires a security interest or other lien on the instrument if it was not obtained by judicial proceeding. See UCC 3-303 below.
If you properly endorse an instrument issued and transferred for value, you acquire a right to enforce the instrument against the issuer. You become the creditor by returning it to the issuer, who becomes the debtor. By accepting the instrument (an offer) for value, you are altering the terms of the offer, and it becomes a counteroffer.
Acceptance If an acceptance modifies the terms or adds new ones, it

generally operates as a counteroffer. Black's 7th
The right to be the creditor is what you get when you A4V an instrument that is issued and transferred for value, like a tax bill, penal action "indictment," or speeding ticket. These issues are all based on violations of statutes. Dishonor has value in the public. Violation of statutes has value in the public. The violation of the statute is the presumed basis (consideration) for issuing the instrument, but if you have not promised to perform under those statutes, you are not obligated, and the issuer has no way of supporting his demand instrument. It is issued without consideration. It is issued based on a presumption that every U.S. citizen has pledged allegiance to the United States and to its private laws – statutes. It is a bluff. The river card has already been turned. You have the winning hand. You can call the issuer's bluff. You can check. You can raise. You can fold. It is your choice. You have the button.
The commercial system of the United States is based on the Law Merchant. That law is not neutral; it is not set up to be fair. It is set up to facilitate collection for creditors, especially foreign creditors. It deals with debtors and creditors, even when there is no debtor/creditor relationship. The only thing that has to be determined in most situations is - who is the debtor and who is the creditor. Once that is determined, additional facts are usually irrelevant and immaterial. In the R.S.A. States, every man is deemed to be a R.S.A. citizen, and every R.S.A.. citizen is deemed to a debtor. A4V is one way of establishing that you are a creditor and not a debtor. If you are going to use the Law Merchant to settle disputes with the R.S.A., a firm understanding of the Law Merchant is necessary. If you have commercial rights, the trier of facts in a commercial dispute will proceed cautiously to avoid denying you commercial due process.
Commercial due process is not much more than time and opportunity to complete an administrative remedy and produce a counterclaim.
Money and things are not needed under this commercial system where interest in things like real estate, bank accounts, and bodies serve as consideration.
The agreement will specify the terms of the agreement and the defences each party gives to the other. Those defences are rights that will result in a remedy if one of the parties is later wrongly accused of a breach. The people have commercial remedies if they are accused of a breach of some unknown contract. The accuser might claim a security interest in an antecedent claim against property supposedly pledged as security in exchange for value that was supposedly given by the accuser. That kind of claim would have to be issued for value, because the accuser would have no written agreement as the basis for his claim. His claim would be a new offer. He would be trying to get you to join in a new contract by implying that an antecedent contract existed. Since it does not exist, the issuer of the new offer has to be bluffing.
A4V is based on contract law. If you think there is a presumption of a
Pre-existing contract through which you are presumed to be a debtor that has supposedly pledged property and your liberty as security for some presumed value given by the R.S.A., it might be very important for you to negotiate some better terms in a counteroffer. If the issuer of the instrument for value does not counter your counteroffer, you are in a much better position. If you have a record of a

valid contract that contains terms in your favour and can be enforced in commerce, you have remedies.

2. Acceptance for Value = Taken for Value

Issuing an instrument is not the same as issuing an instrument for value. Accepting an instrument is not the same as accepting an instrument for value. Generally, the issuer of an instrument is the one who has the duty to pay. If an instrument is issued for value, it appears its issuer is not actually a person entitled to enforce it, and may not even be a holder in due course of another enforceable instrument. He has no standing to demand payment or performance, but by issuing an instrument for value, he might be able to open a new account through the transferee's unqualified taking of the instrument. If the issuer can get the transferee to take the instrument with no conditions on the taking, the transferee is waiving the defects in the instrument he is taking. The main defect is that there is no consideration attached to the offer to contract. There is no value in it at the point it is issued. The issuer is looking for the transferee to provide the value. The issuer is looking for the transferee to provide the consideration for both sides of the transaction. By merely taking (accepting) the instrument, the transferee becomes an accommodation party. He receives no rights, no defences, and no value for his agreement to lend his name and his credit to the transaction. He does not realize that there is a hidden value in the instrument that he can use to his advantage if he accepts it for value and returns it.

If the issuer were entitled to enforce the instrument, his instrument would refer to a pre-existing contract in detail. Since the pre-existing contract presumed to support this new simple contract is the application for the birth certificate, or a pledge of allegiance to the R.S.A., or an application for a social security number, or an application for any number of other benefits granted by the R.S.A., the new instrument must be issued for value. If he issues it referring to a non-existent contract as its basis, he would not have defences He would be acting outside his delegation of authority. It appears "for value" may be translated into "to get value" or "to get consideration". Example: The child acted out for attention, ie. to get attention. The man worked for money, ie. to get money. The issuer issues the instrument for value, ie. to get value.

3. Holder in due course

A person who in good faith has given value for a negotiable instrument that is complete and regular on its face, is not overdue, and, to the possessor's knowledge, has not been dishonoured. • Under UCC § 3-302, a holder in due course takes the instrument free of all claims and personal defences, but subject to real defences. — Abbr. HDC; HIDC. — Also termed due-course holder.

Ucc 3-302. Holder in due course

A. Subject to subsection C of this section and section 3-106, subsection D, "holder in due course" means the holder of an instrument if:
1. The instrument when issued or negotiated to the holder does not bear such apparent evidence of forgery or alteration or is not otherwise so irregular or incomplete as to call into question its authenticity; and
2. The holder took the instrument:
(a) For value;
(b) In good faith;
(c) Without notice that the instrument is overdue or has been dishonoured or that there is an uncured default with respect to payment of another instrument issued as part of the same series;
(d) Without notice that the instrument contains an unauthorized signature or has been altered;
(e) Without notice of any claim to the instrument described in section 3-306; and
(f) Without notice that any party has a defence or claim in recoupment described in section 3-305, subsection A.

§ 3-106. UNCONDITIONAL PROMISE OR ORDER.
(a) Except as provided in this section, for the purposes of Section 3-104(a), a promise or order is unconditional unless it states (i) an express condition to payment, (ii) that the promise or order is subject to or governed by another record, or (iii) that rights or obligations with respect to the promise or order are stated in another record. A reference to another record does not of itself make the promise or order conditional.
(b) A promise or order is not made conditional (i) by a reference to another record for a statement of rights with respect to collateral, prepayment, or acceleration, or (ii) because payment is limited to resort to a particular fund or source.
(c) If a promise or order requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the promise or order, the condition does not make the promise or order conditional for the purposes of Section 3-104(a). If the person whose specimen signature appears on an instrument fails to countersign the instrument, the failure to countersign is a defense to the obligation of the issuer, but the failure does not prevent a transferee of the instrument from becoming a holder of the instrument.
(d) If a promise or order at the time it is issued or first comes into possession of a holder contains a statement, required by applicable statutory or administrative law, to the effect that the rights of a holder or transferee are subject to claims or defences that the issuer could assert against the original payee, the promise or order is not thereby made conditional for the purposes of Section 3-104(a); but if the promise or order is an instrument, there cannot be a holder in due course of the instrument.

§ 3-202. NEGOTIATION SUBJECT TO RESCISSION.
(a) Negotiation is effective even if obtained (i) from an infant, a corporation exceeding its powers, or a person without capacity, (ii) by fraud, duress, or mistake, or (iii) in breach of duty or as part of an illegal transaction.

(b) To the extent permitted by other law, negotiation may be rescinded or may be subject to other remedies, but those remedies may not be asserted against a subsequent holder in due course or a person paying the instrument in good faith and without knowledge of facts that are a basis for rescission or other remedy.

TRANSFER OF INSTRUMENT; RIGHTS ACQUIRED BY TRANSFER. (a) An is transferred when it is delivered by a person other than its r for the purpose of giving to the person receiving delivery the right to enforce the instrument. (b) Transfer of an , whether or not the transfer is a , vests in the transferee any right of the transferor to enforce the instrument, including any right as a , but the transferee cannot acquire rights of a holder in due course by a transfer, directly or indirectly, from a holder in due course if the transferee engaged in fraud or illegality affecting the instrument. (c) Unless otherwise agreed, if an is transferred for value and the transferee does not become a holder because of lack of by the transferor, the transferee has a specifically enforceable right to the unqualified indorsement of the transferor, but of the instrument does not occur until the indorsement is made. (d) If a transferor purports to transfer less than the entire , indorsement by the holder. If an instrument is payable to bearer, it may be negotiated by transfer of possession alone.
[Comment]
§ 3-202. NEGOTIATION SUBJECT TO RESCISSION.
(a)Negotiation is effective even if obtained (i) from an infant, a corporation exceeding its powers, or a person without capacity, (ii) by fraud, duress, or mistake, or (iii) in breach of duty or as part of an illegal transaction.
(b) To the extent permitted by other law, negotiation may be rescinded or may be subject to other remedies, but those remedies may not be asserted against a subsequent holder in due course or a person paying the instrument in good faith and without knowledge of facts that are a basis for rescission or other remedy.

[Comment]
§ 3-203. TRANSFER OF INSTRUMENT; RIGHTS ACQUIRED BY TRANSFER.
(a) An instrument is transferred when it is delivered by a person other than its issuer for the purpose of giving to the person receiving delivery the right to enforce the instrument.
(b) Transfer of an instrument, whether or not the transfer is a negotiation, vests in the transferee any right of the transferor to enforce the instrument, including any right as a holder in due course, but the transferee cannot acquire rights of a holder in due course by a transfer, directly or indirectly, from a holder in due course if the transferee engaged in fraud or illegality affecting the instrument.
(c) Unless otherwise agreed, if an instrument is transferred for value and the transferee does not become a holder because of lack of indorsement by the transferor, the transferee has a specifically enforceable right to the unqualified indorsement of the transferor, but negotiation of the instrument does not occur until the indorsement is made.
(d) If a transferor purports to transfer less than the entire instrument, negotiation of the instrument does not occur. The transferee obtains no rights under this Article and has only the rights of a partial assignee.

§ 3-204. INDORSEMENT.
(a) "Indorsement" means a signature, other than that of a signer as maker, drawer, or acceptor, that alone or accompanied by other words is made on an instrument for the purpose of (i) negotiating the instrument, (ii) restricting payment of the instrument, or (iii) incurring indorser's liability on the instrument, but regardless of the intent of the signer, a signature and its accompanying words is an indorsement unless the accompanying words, terms of the instrument, place of the signature, or other circumstances unambiguously indicate that the signature was made for a purpose other than indorsement. For the purpose of determining whether a signature is made on an instrument, a paper affixed to the instrument is a part of the instrument.

§ 8-504. DUTY OF SECURITIES INTERMEDIARY TO MAINTAIN FINANCIAL ASSET.
(a) A securities intermediary shall promptly obtain and thereafter maintain a financial asset in a quantity corresponding to the aggregate of all security entitlements it has established in favour of its entitlement holders with respect to that financial asset. The securities intermediary may maintain those financial assets directly or through one or more other securities intermediaries.
(b) Except to the extent otherwise agreed by its entitlement holder, a securities intermediary may not grant any security interests in a financial asset it is obligated to maintain pursuant to subsection (a).
(c) A securities intermediary satisfies the duty in subsection (a) if:
(1) the securities intermediary acts with respect to the duty as agreed upon by the entitlement holder and the securities intermediary; or
(2) in the absence of agreement, the securities intermediary exercises due care in accordance with reasonable commercial standards to obtain and maintain the financial asset.
(d) This section does not apply to a clearing corporation that is itself the obligor of an option or similar obligation to which its entitlement holders have security entitlements.

4. Your Rights as entitlement holder

§ 8-505. DUTY OF SECURITIES INTERMEDIARY WITH RESPECT TO PAYMENTS AND DISTRIBUTIONS.
(a) A securities intermediary shall take action to obtain a payment or distribution made by the issuer of a financial asset. A securities intermediary satisfies the duty if:
(1) the securities intermediary acts with respect to the duty as agreed upon by the entitlement holder and the securities intermediary; or
(2) in the absence of agreement, the securities intermediary exercises due care in accordance with reasonable commercial standards to attempt to obtain the payment or distribution.

(b) A securities intermediary is obligated to its entitlement holder for a payment or distribution made by the issuer of a financial asset if the payment or distribution is received by the securities intermediary.

§ 8-506. DUTY OF SECURITIES INTERMEDIARY TO EXERCISE RIGHTS AS DIRECTED BY ENTITLEMENT HOLDER.
A securities intermediary shall exercise rights with respect to a financial asset if directed to do so by an entitlement holder. A securities intermediary satisfies the duty if:
(1) the securities intermediary acts with respect to the duty as agreed upon by the entitlement holder and the securities intermediary; or
(2) in the absence of agreement, the securities intermediary either places the entitlement holder in a position to exercise the rights directly or exercises due care in accordance with reasonable commercial standards to follow the direction of the entitlement holder.

§ 8-507. DUTY OF SECURITIES INTERMEDIARY TO COMPLY WITH ENTITLEMENT ORDER.
(a) A securities intermediary shall comply with an entitlement order if the entitlement order is originated by the appropriate person, the securities intermediary has had reasonable opportunity to assure itself that the entitlement order is genuine and authorized, and the securities intermediary has had reasonable opportunity to comply with the entitlement order. A securities intermediary satisfies the duty if:
(1) the securities intermediary acts with respect to the duty as agreed upon by the entitlement holder and the securities intermediary; or
(2) in the absence of agreement, the securities intermediary exercises due care in accordance with reasonable commercial standards to comply with the entitlement order.
(b) If a securities intermediary transfers a financial asset pursuant to an ineffective entitlement order, the securities intermediary shall re-establish a security entitlement in favor of the person entitled to it, and pay or credit any payments or distributions that the person did not receive as a result of the wrongful transfer. If the securities intermediary does not re-establish a security entitlement, the securities intermediary is liable to the entitlement holder for damages.

§ 8-508. DUTY OF SECURITIES INTERMEDIARY TO CHANGE ENTITLEMENT HOLDER'S POSITION TO OTHER FORM OF SECURITY HOLDING.
A securities intermediary shall act at the direction of an entitlement holder to change a security entitlement into another available form of holding for which the entitlement holder is eligible, or to cause the financial asset to be transferred to a securities account of the entitlement holder with another securities intermediary. A securities intermediary satisfies the duty if:
(1) the securities intermediary acts as agreed upon by the entitlement holder and the securities intermediary; or

(2) in the absence of agreement, the securities intermediary exercises due care in accordance with reasonable commercial standards to follow the direction of the entitlement holder.

§ 8-509. SPECIFICATION OF DUTIES OF SECURITIES INTERMEDIARY BY OTHER STATUTE OR REGULATION; MANNER OF PERFORMANCE OF DUTIES OF SECURITIES
INTERMEDIARY AND EXERCISE OF RIGHTS OF ENTITLEMENT HOLDER.
(a) If the substance of a duty imposed upon a securities intermediary by Sections 8-504 through 8-508 is the subject of other statute, regulation, or rule, compliance with that statute, regulation, or rule satisfies the duty.
(b) To the extent that specific standards for the performance of the duties of a securities intermediary or the exercise of the rights of an entitlement holder are not specified by other statute, regulation, or rule or by agreement between the securities intermediary and entitlement holder, the securities intermediary shall perform its duties and the entitlement holder shall exercise its rights in a commercially reasonable manner.
(c) The obligation of a securities intermediary to perform the duties imposed by Sections 8-504 through 8-508 is subject to:
(1) rights of the securities intermediary arising out of a security interest under a security agreement with the entitlement holder or otherwise; and
(2) rights of the securities intermediary under other law, regulation, rule, or agreement to withhold performance of its duties as a result of unfulfilled obligations of the entitlement holder to the securities intermediary.
(d) Sections 8-504 through 8-508 do not require a securities intermediary to take any action that is prohibited by other statute, regulation, or rule.

§ 8-510. RIGHTS OF PURCHASER OF SECURITY ENTITLEMENT FROM ENTITLEMENT HOLDER.
(a) In a case not covered by the priority rules in Article 9 or the rules stated in subsection (c), an action based on an adverse claim to a financial asset or security entitlement, whether framed in conversion, replevin, constructive trust, equitable lien, or other theory, may not be asserted against a person who purchases a security entitlement, or an interest therein, from an entitlement holder if the purchaser gives value, does not have notice of the adverse claim, and obtains control.
(b) If an adverse claim could not have been asserted against an entitlement holder under Section 8-502, the adverse claim cannot be asserted against a person who purchases a security entitlement, or an interest therein, from the entitlement holder.
(c) In a case not covered by the priority rules in Article 9, a purchaser for value of a security entitlement, or an interest therein, who obtains control has priority over a purchaser of a security entitlement, or an interest therein, who does not obtain control. Except as otherwise provided in subsection (d), purchasers who have control rank according to priority in time of:
(1) the purchaser's becoming the person for whom the securities account, in which the security entitlement is carried, is maintained, if the purchaser obtained control under Section 8-106(d)(1);

(2) the securities intermediary's agreement to comply with the purchaser's entitlement orders with respect to security entitlements carried or to be carried in the securities account in which the security entitlement is carried, if the purchaser obtained control under Section 8-106(d)(2); or
(3) if the purchaser obtained control through another person under Section 8-106(d)(3), the time on which priority would be based under this subsection if the other person were the secured party.
(d) A securities intermediary as purchaser has priority over a conflicting purchaser who has control unless otherwise agreed by the securities intermediary.
[Comment]

§ 8-511. PRIORITY AMONG SECURITY INTERESTS AND ENTITLEMENT HOLDERS.
(a) Except as otherwise provided in subsections (b) and (c), if a securities intermediary does not have sufficient interests in a particular financial asset to satisfy both its obligations to entitlement holders who have security entitlements to that financial asset and its obligation to a creditor of the securities intermediary who has a security interest in that financial asset, the claims of entitlement holders, other than the creditor, have priority over the claim of the creditor.
(b) A claim of a creditor of a securities intermediary who has a security interest in a financial asset held by a securities intermediary has priority over claims of the securities intermediary's entitlement holders who have security entitlements with respect to that financial asset if the creditor has control over the financial asset.
(c) If a clearing corporation does not have sufficient financial assets to satisfy both its obligations to entitlement holders who have security entitlements with respect to a financial asset and its obligation to a creditor of the clearing corporation who has a security interest in that financial asset, the claim of the creditor has priority over the claims of entitlement holders.

5. UCC 4 - General Provisions

This section is about banks and their obligations.

SECTION 4–102. APPLICABILITY.
(a) To the extent that items within this Article are also within Articles 3 and 8, they are subject to those Articles. If there is conflict, this Article governs Article 3, but Article 8 governs this Article.
(b) The liability of a bank for action or non-action with respect to an item handled by it for purposes of presentment, payment, or collection is governed by the law of the place where the bank is located. In the case of action or non-action by or at a branch or separate office of a bank, its liability is governed by the law of the place where the branch or separate office is located.

(5) "Collecting bank" means a bank handling an item for collection except the payor bank;

SECTION 4–106. PAYABLE THROUGH OR PAYABLE AT BANK: COLLECTING BANK.
(a) If an item states that it is "payable through" a bank identified in the item, (i) the item designates the bank as a collecting bank and does not by itself authorize the bank to pay the item, and (ii) the item may be presented for payment only by or through the bank.
ALTERNATIVE A
(b) If an item states that it is "payable at" a bank identified in the item, the item is equivalent to a draft drawn on the bank.
ALTERNATIVE B
(b) If an item states that it is "payable at" a bank identified in the item, (i) the item designates the bank as a collecting bank and does not by itself authorize the bank to pay the item, and (ii) the item may be presented for payment only by or through the bank.
(c) If a draft names a nonbank drawee and it is unclear whether a bank named in the draft is a co-drawee or a collecting bank, the bank is a collecting bank.

SECTION 4–109. DELAYS.
(a) Unless otherwise instructed, a collecting bank in a good faith effort to secure payment of a specific item drawn on a payor other than a bank, and with or without the approval of any person involved, may waive, modify, or extend time limits imposed or permitted by this Act for a period not exceeding two additional banking days without discharge of drawers or indorsers or liability to its transferor or a prior party.
(b) Delay by a collecting bank or payor bank beyond time limits prescribed or permitted by this Act or by instructions is excused if (i) the delay is caused by interruption of communication or computer facilities, suspension of payments by another bank, war, emergency conditions, failure of equipment, or other circumstances beyond the control of the bank, and (ii) the bank exercises such diligence as the circumstances require.

SECTION 4–110. ELECTRONIC PRESENTMENT.
(a) "Agreement for electronic presentment" means an agreement, clearing-house rule, or Federal Reserve regulation or operating circular, providing that presentment of an item may be made by transmission of an image of an item or information describing the item ("presentment notice") rather than delivery of the item itself. The agreement may provide for procedures governing retention, presentment, payment, dishonor, and other matters concerning items subject to the agreement.
(b) Presentment of an item pursuant to an agreement for presentment is made when the presentment notice is received.
(c) If presentment is made by presentment notice, a reference to "item" or "check" in this Article means the presentment notice unless the context otherwise indicates.

SECTION 4–202. RESPONSIBILITY FOR COLLECTION OR RETURN; WHEN ACTION TIMELY.
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(a) A collecting bank must exercise ordinary care in:
(1) presenting an item or sending it for presentment;
(2) sending notice of dishonor or nonpayment or returning an item other than a documentary draft to the bank's transferor after learning that the item has not been paid or accepted, as the case may be;
(3) settling for an item when the bank receives final settlement; and
(4) notifying its transferor of any loss or delay in transit within a reasonable time after discovery thereof.
(b) A collecting bank exercises ordinary care under subsection (a) by taking proper action before its midnight deadline following receipt of an item, notice, or settlement. Taking proper action within a reasonably longer time may constitute the exercise of ordinary care, but the bank has the burden of establishing timeliness.
(c) Subject to subsection (a)(1), a bank is not liable for the insolvency, neglect, misconduct, mistake, or default of another bank or person or for loss or destruction of an item in the possession of others or in transit.

SECTION 4–204. METHODS OF SENDING AND PRESENTING; SENDING DIRECTLY TO PAYOR BANK.
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(a) A collecting bank shall send items by a reasonably prompt method, taking into consideration relevant instructions, the nature of the item, the number of those items on hand, the cost of collection involved, and the method generally used by it or others to present those items.
(b) A collecting bank may send:
(1) an item directly to the payor bank;
(2) an item to a nonbank payor if authorized by its transferor; and
(3) an item other than documentary drafts to a nonbank payor, if authorized by Federal Reserve regulation or operating circular, clearing-house rule, or the like.
(c) Presentment may be made by a presenting bank at a place where the payor bank or
other payor has requested that presentment be made.

SECTION 4–213. MEDIUM AND TIME OF SETTLEMENT BY BANK.
(a) With respect to settlement by a bank, the medium and time of settlement may be prescribed by Federal Reserve regulations or circulars, clearing-house rules, and the like, or agreement. In the absence of such prescription:
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(1) the medium of settlement is cash or credit to an account in a Federal Reserve bank of or specified by the person to receive settlement; and
(2) the time of settlement, is:
(i) with respect to tender of settlement by cash, a cashier's check, or teller's check, when the cash or check is sent or delivered;
(ii) with respect to tender of settlement by credit in an account in a Federal Reserve Bank, when the credit is made;
(iii) with respect to tender of settlement by a credit or debit to an account in a

bank, when the credit or debit is made or, in the case of tender of settlement by authority to charge an account, when the authority is sent or delivered; or
(iv) with respect to tender of settlement by a funds transfer, when payment is made pursuant to Section 4A–406(a) to the person receiving settlement.
(b) If the tender of settlement is not by a medium authorized by subsection (a) or the time of settlement is not fixed by subsection (a), no settlement occurs until the tender of settlement is accepted by the person receiving settlement.
(c) If settlement for an item is made by cashier's check or teller's check and the person receiving settlement, before its midnight deadline:
(1) presents or forwards the check for collection, settlement is final when the check is finally paid; or
(2) fails to present or forward the check for collection, settlement is final at the midnight deadline of the person receiving settlement.
(d) If settlement for an item is made by giving authority to charge the account of the bank
giving settlement in the bank receiving settlement, settlement is final when the charge is made by
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the bank receiving settlement if there are funds available in the account for the amount of the
item.

SECTION 4–215. FINAL PAYMENT OF ITEM BY PAYOR BANK; WHEN PROVISIONAL DEBITS AND CREDITS BECOME FINAL; WHEN CERTAIN CREDITS BECOME AVAILABLE FOR WITHDRAWAL.
(a) An item is finally paid by a payor bank when the bank has first done any of the following:
(1) paid the item in cash;
(2) settled for the item without having a right to revoke the settlement under statute, clearing-house rule, or agreement; or
(3) made a provisional settlement for the item and failed to revoke the settlement in the time and manner permitted by statute, clearing-house rule, or agreement.
(b) If provisional settlement for an item does not become final, the item is not finally paid.
(c) If provisional settlement for an item between the presenting and payor banks is made through a clearing house or by debits or credits in an account between them, then to the extent that provisional debits or credits for the item are entered in accounts between the presenting and payor banks or between the presenting and successive prior collecting banks seriatim, they become final upon final payment of the item by the payor bank.
(d) If a collecting bank receives a settlement for an item which is or becomes final, the bank is accountable to its customer for the amount of the item and any provisional credit given for the item in an account with its customer becomes final.
(e) Subject to (i) applicable law stating a time for availability of funds and (ii) any right of the bank to apply the credit to an obligation of the customer, credit given by

a bank for an item in a customer's account becomes available for withdrawal as of right:
(1) if the bank has received a provisional settlement for the item, when the settlement becomes final and the bank has had a reasonable time to receive return of the item and the item has not been received within that time;
(2) if the bank is both the depositary bank and the payor bank, and the item is finally paid, at the opening of the bank's second banking day following receipt of the item.
(f) Subject to applicable law stating a time for availability of funds and any right of a bank to apply a deposit to an obligation of the depositor, a deposit of money becomes available for withdrawal as of right at the opening of the bank's next banking day after receipt of the deposit.

RELATIONSHIP BETWEEN PAYOR BANK AND ITS CUSTOMER
SECTION 4–401. WHEN BANK MAY CHARGE CUSTOMER'S ACCOUNT.
(a) A bank may charge against the account of a customer an item that is properly payable from the account even though the charge creates an overdraft. An item is properly payable if it is authorized by the customer and is in accordance with any agreement between the customer and bank.
(b) A customer is not liable for the amount of an overdraft if the customer neither signed the item nor benefited from the proceeds of the item.
(c) A bank may charge against the account of a customer a check that is otherwise properly payable from the account, even though payment was made before the date of the check, unless the customer has given notice to the bank of the postdating describing the check with reasonable certainty. The notice is effective for the period stated in Section 4–403(b) for stop-payment orders, and must be received at such time and in such manner as to afford the bank a reasonable opportunity to act on it before the bank takes any action with respect to the check described in Section 4–303. If a bank charges against the account of a customer a check before the date stated in the notice of postdating, the bank is liable for damages for the loss resulting from its act. The loss may include damages for dishonor of subsequent items under Section 4–402.
(d) A bank that in good faith makes payment to a holder may charge the indicated account of its customer according to:
(1) the original terms of the altered item; or
(2) the terms of the completed item, even though the bank knows the item has been completed unless the bank has notice that the completion was improper.

SECTION 4–402. BANK'S LIABILITY TO CUSTOMER FOR WRONGFUL DISHONOR, TIME OF DETERMINING INSUFFICIENT OF ACCOUNT.
(a) Except as otherwise provided in this Article, a payor bank wrongfully dishonors an item if it dishonors an item that is properly payable, but a bank may dishonor an item that would create an overdraft unless it has agreed to pay the overdraft.
(b) A payor bank is liable to its customer for damages proximately caused by the wrongful dishonor of an item. Liability is limited to actual damages proved and may include damages for an arrest or prosecution of the customer or other consequential

damages. Whether any consequential damages are proximately caused by the wrongful dishonor is a question of fact to be determined in each case.
(c) A payor bank's determination of the customer's account balance on which a decision to dishonor for insufficiency of available funds is based may be made at any time between the time the item is received by the payor bank and the time that the payor bank returns the item or gives notice in lieu of return, and no more than one determination need be made. If, at the election of the payor bank, a subsequent balance determination is made for the purpose of re-evaluating the bank's decision to dishonor the item, the account balance at that time is determinative of whether a dishonor for insufficiency of available funds is wrongful.

6. UCC 8 – Investment Securities

1308.23 Whether indorsement, instruction, or entitlement order is effective - UCC 8-107.
(A) "Appropriate person" means:
(1) With respect to an indorsement, the person specified by a security certificate or by an effective special indorsement to be entitled to the security;
(2) With respect to an instruction, the registered owner of an uncertificated security;
(3) With respect to an entitlement order, the entitlement holder;
(4) If the person designated in division (A)(1), (2), or (3) of this section is deceased, the designated person's successor taking under other law or the designated person's personal representative acting for the estate of the decedent; or
(5) If the person designated in division (A)(1), (2), or (3) of this section lacks capacity, the designated person's guardian, conservator, or other similar representative who has power under other law to transfer the security or financial asset.
(B) An indorsement, instruction, or entitlement order is effective if:
(1) It is made by the appropriate person;
(2) It is made by a person who has power under the law of agency to transfer the security or financial asset on behalf of the appropriate person, including, in the case of an instruction or entitlement order, a person who has control under division (C)(2) or (D)(2) of section 1308.24 of the Revised Code; or
(3) The appropriate person has ratified it or is otherwise precluded from asserting its ineffectiveness.
(C) An indorsement, instruction, or entitlement order made by a representative is effective even if:
(1) The representative has failed to comply with a controlling instrument or with the law of the state having jurisdiction of the representative relationship, including any law requiring the representative to obtain court approval of the transaction; or
(2) The representative's action in making the indorsement, instruction, or entitlement order or using the proceeds of the transaction is otherwise a breach of duty.
(D) If a security is registered in the name of or specially indorsed to a person described as a representative, or if a securities account is maintained in the name of a person described as a representative, an indorsement, instruction, or entitlement order made by the person is effective even though the person is no longer serving in the described capacity.

(E) Effectiveness of an indorsement, instruction, or entitlement order is determined as of the date the indorsement, instruction, or entitlement order is made, and an indorsement, instruction, or entitlement order does not become ineffective by reason of any later change of circumstances.
Effective Date: 01-01-1998

1308.59 Specification of duties of securities intermediary by other statute or regulation manner of performance of duties of securities intermediary and exercise of rights of entitlement holder - UCC 8-509.

7. 20 UCC Provisions Every Banker Should Know

National Check Fraud Center
By Mary Beth Guard - Attorney & Editor

If you are a banker, I urge you to keep abreast of the following UCC provisions.

1. Section 3-104: To be a "negotiable instrument" a check must be unconditional. Why do you care if it is a negotiable instrument? Because only if it is will Articles 3 and 4 of the UCC apply. Those laws give you guidelines so that all parties to the instrument know the "rules" that apply to it. If it is not a negotiable instrument, beware! An item that would otherwise be treated as a check can be rendered non-negotiable if it has the words "non-negotiable" printed on it. Don't make the mistake of cashing a non-negotiable item or accepting it for deposit.
2. Section 3-104: A draft is an order to pay money. Checks are a type of draft. To be a check, an item must be drawn on a bank. Under the UCC, the term "bank" includes savings and loans and credit unions, as well as commercial banks. When you are trying to determine how the UCC applies to an item, you will need to determine if it is a check or a simple draft. Drafts that are not checks are drawn on nonbank payees.
3. Section 3-109: Checks may be payable to Bearer or to Order. The way a check is made payable will affect who must negotiate/indorse it. If it is made payable to bearer, that means the holder of the item can negotiate it (e.g., cash it or deposit it.) Examples of items payable to bearer include items on which the payee line is blank, items that are made payable to cash, items that say they are payable to "bearer", or items that do not indicate they are payable to an identified person. If an item is payable to order, that means it is payable to an identified person and the identified a person must indorse the item or deposit it into his account.
4. Section 3-110: If a check is made payable to two or more parties with "and" in the middle, both must indorse it. If a check is made payable to two or more parties with the names separated by "or" or "and/or" or by a virgule (slash) or with one name above the other, either party can indorse it. Losses can occur when a bank accepts an item without the signatures of all parties if the item is payable jointly.
5. Section 4-404: If an item is more than six months old, you may pay it from your customer's account if you do so in good faith, but you don't have to. This surprises many people. It means that it's the payor bank who has the discretion to decide

whether or not to pay it if the check is more than six months old. Exercise caution, therefore, if you are the depositary bank.

6. Section 3-109: If the payee simply signs his name to the back of a check, that is called a blank indorsement and the check then becomes bearer paper, which means that the person who is the holder of it can negotiate it. If a check is made payable to Sally and she wants to give it to Joe, she can either apply a blank indorsement, just signing her name, and give it to him, or she can indorse it "Pay to the order of Joe" and sign it. Either way, Joe becomes entitled to negotiate it. In the first example he would simply become the bearer or a check that, at that point, would be bearer paper; in the second example, he would become the new payee by virtue of the indorsement and would need to affix his own indorsement.
7. Section 3-206: If the back of the check says it is For deposit only, then has the signature of the payee, that is a restrictive indorsement and it should be observed, but the person who affixed that indorsement can waive it. If Webster takes a check payable to him and indorses it "For deposit only, Webster", when he comes to the bank he can change his mind and get cash instead. On the other hand, if Webster indorses the check "For deposit only, Webster" and gives it to Ryan to take to the bank, Ryan does not have the authority to waive the indorsement.
8. Section 3-114: If there are contradictory terms on a check, typewritten terms prevail over printed terms, handwritten terms prevail over both, and words prevail over numbers. Always be alert to inconsistencies and use this simple set of guidelines to reconcile them.
9. Section 3-401: Signature is defined as something which may be made a) manually or by means of a device or machine, and b) by the use of any name, including a trade or assumed name, or by a word, mark, or symbol executed or adopted by a person with present intention to authenticate a writing. Thus, although in order for an item to be payable it should have a signature, the definition makes clear that that doesn't just mean a typical handwritten rendition of the customer's name. It's much broader than that. For example, your customer could talk to a magazine salesman on the phone and agree to allow the salesman to send a paper draft through to debit the customer's account to pay for a new subscription. If the customer authorized it, then the word, mark, or symbol that the salesman puts on the signature line of the draft would arguably be deemed to have been adopted by the customer with the present intention to authenticate the writing.
10. Section 3-407: An alteration is an unauthorized change in an instrument that purports to modify in any respect the obligation of a party, or it could be an unauthorized addition of words or numbers or other change to an incomplete instrument relating to the obligation of a party. If your customer, when writing a check, makes a change on it, that would not be an alteration because it would not be unauthorized. Also, if a change made on a check does not modify the obligation of a party, it is not an alteration. Thus, if the date written on the check is April 31, it may be changed by the payee, or someone else, to May 1 without it being an alteration because, since there is no such date as April 31, the change would not modify an obligation of any party.
11. Section 4-208: When a check is deposited into a bank and sent through to the bank upon which it is drawn, the depositary bank warrants that the item has not been

altered and that it is entitled to enforce the instrument. If there is a problem with the indorsements, or if the check has been altered, the payor bank can bring a claim against the depositary bank for breach of the warranty. This fits right in with the UCC's general scheme which seeks to place the risk of loss on the party in the best position to prevent the loss. Depositary banks, exercise caution when you accept a deposit or when you cash a check! Look it over for any evidence of alteration and be sure you know that the indorsements are all genuine.

12. Section 3-307: When a bank is dealing with a fiduciary, it must exercise caution. [The term fiduciary is defined to mean an agent, trustee, partner, corporate officer or director, or other representative owing a fiduciary duty with respect to an instrument.] The bank will be deemed to be on notice of a breach of fiduciary duty (and will thus face potential liability) if there is an instrument payable to the represented person or the fiduciary as such and the instrument is (i) taken in payment of or as security for a debt known by the taker to be the personal debt of the fiduciary, (ii) taken in a transaction known by the taker to be for the personal benefit of the fiduciary, or (iii) deposited to an account other than an account of the fiduciary, as such, or an account of the represented person.
13. Section 4-401: It is perfectly proper for a bank to pay a postdated check before its date unless the customer has given the bank notice of the postdating. The notice of postdating is a mechanism through which the customer can place the bank on formal notice that the customer has written a postdated check and does not want it to be paid before its date. It should be given in the same manner as a stop payment, but remember that the two (stop payments v. notice of postdating) are very different. A stop payment orders the bank not to pay the check while the stop payment is in force. The notice of postdating merely orders the bank not to pay the check before the date on the check.
14. Section 4-403: Any person authorized to draw on an account can close the account. Many bankers are shocked to learn that this provision means that even if an account is set up in such a way that two signatures are required on checks, either signatory party, acting alone, may close the account! Even an authorized signer or person acting under a pertinent power of attorney can close the account. Keep in mind, however, that there are precautions to protect the account owner. Let's say that ABC Corporation sets up an account and names John Doe and Mary Smith as the authorized signers, with two signatures required. While either John or Mary could come to the bank and close the account, they can't easily escape with the funds -- the check to close the account will be made payable to ABC Corporation. That protects the corporation, who is the account owner. You may then ask, "Well, couldn't John and Mary jointly sign a check on the corporate account, made payable to themselves, that effectively zeroes out the account, and thus make off with the funds?" Yes, they could, but that's not your concern. When the corporation appointed them authorized signers, the corporation took that risk. [On the other hand, be sure you don't allow the agents to take action that would put you on notice of breach of fiduciary duty, as described above.] By the same token, if Mary is an authorized signer on Jimmy's account, she can close Jimmy's account. Again, the check for the balance would be made payable to Jimmy -- the owner of the account -- not to Mary.

15. Section 4-302: A payor bank must pay or return an item or send notice of dishonor by its midnight deadline (midnight on its next banking day following the banking day on which it receives the relevant item or notice). Most bankers are familiar with this requirement, but some do not realize that this strict deadline applies even when the check presented for payment is a counterfeit, or is drawn on a closed account. If an item is presented to you for payment, act expeditiously if you intend to return in unpaid. Otherwise, you may lose the legal right to return the item.
16. Section 4-205: It is permissible for a depositary bank to send through a check for payment without first obtaining an indorsement. Under Section 4-205, when the depositary bank submits an unindorsed item for payment, it warrants to the payor bank or other payor, and to the drawer that the amount of the item was paid to the customer or deposited to the customer's account. This is a statutory warranty. It does not need to be stamped upon the check; it applies automatically. If it is discovered that the funds were not paid to the customer or deposited to the customer's account, a breach of warranty action can be mounted. Exercise caution, however, when the check has joint payees. If you, as the payor bank, receive a joint payee check that does not bear all the required indorsements, I would consider returning that for missing indorsement.
17. Section 4-209: Are you familiar with the encoding warranty? A person who encodes information on or with respect to an item after the item is issued warrants to any subsequent collecting bank and to the payor bank or other payor that the information is correctly encoded. If the customer of a depositary bank encodes, that bank also makes the warranty. Keep this warranty in mind if you are allowing one of your business customers (like a large department store)to encode checks it receives.

Let's look at what could happen with this warranty. John writes a check to Phoebe for $6,000. Phoebe deposits it into her bank. Her bank encodes the amount as $60,000 and credits her account for that much. Phoebe calls the bank's data line and believes that she has found her pot of gold! She doesn't know where the money came from and isn't about to ask any questions. She withdraws all the funds and moves to an exotic island, never to be heard from again. In the meantime, John's checks start bouncing. Upon investigation, he discovers that the check he wrote to Phoebe was paid for the wrong amount. He complains to his bank. Since the check was only properly payable for its actual amount, his bank must recredit his account for the difference between the real amount ($6,000) and the amount wrongly encoded ($60,000). His bank then goes against the encoding bank under a breach of warranty theory. Unfortunately, the encoding bank will have a hard time passing the loss on, since Phoebe is long gone with the money. The moral of the story? Make sure there are plenty of caffeinated beverages in the encoding room!

18. Section 4-403: Any person authorized to draw on an account may stop payment of any item on the account, as long as they describe the item with reasonable certainty and give the notice to the bank in time for the bank to act on it before the item is paid. Imagine that Phil and his brother Randolph have a joint account. Phil writes a check to buy a new fishing boat. Randolph thinks it's a stupid purchase. Randolph can put a stop payment order on the check, even though he didn't write it! Remember that this provision, like almost all others in Articles 3 and 4, may be varied by contract. Even authorized signers can impose stop payments.

Don't forget that stop payments don't last forever. A stop payment is effective for 6 months, but lapses after 14 days if not confirmed in writing. If the customer wants the stop payment to be effective for a longer period, he must renew it. If you refuse payment on a check after a stop payment has expired, and return the check marked "Stop Payment", you risk a claim for wrongful dishonor.

19. Section 4-401: A bank may charge its customer's account for any item that is properly payable, even if paying the item creates an overdraft. You may have had the kind of customer I've heard about who comes in, ranting and raving, saying, "Why did you pay that check I wrote to John? I didn't want it paid. That's why I made sure I didn't have enough money in the account to cover it!" In that instance, all you have to do is point to Section 4-401 of the UCC, which gives you a clear right to pay the check, even though the customer's balance was not sufficient to cover it.
20. Section 4-405: If a customer dies, UCC Section 4-405 provides that you have the authority, as a payor or collecting bank, to accept, pay, or collect an item after the death of the customer. You have that right until your bank knows of the death. Even with knowledge of the death, a bank may, for 10 days after the date of death, pay or certify checks drawn before that date unless the bank is ordered to stop payment by a person claiming an interest in the account. This is a very practical provision. Imagine what chaos would exist if the bank's authority to pay a check was terminated automatically upon the death of the customer, whether the bank knew of the death or not! That obviously would not be a workable situation.

This article was written by Attorney Mary Beth Guard, Editor of BankersOnline.com (www.bankersonline.com). Ms. Guard was formerly general counsel for the Oklahom Banking Department, general counsel and EVP for the Oklahoma Bankers Association, and EVP of Specialized Services for Thomson Financial Publishing. She teaches and speaks all over the country on banking law matters.

8. UCC 9 – Secured Transactions

440.9104 Control of deposit account.
Sec. 9104. (1) A secured party has control of a deposit account if 1 or more of the following apply:
(a) The secured party is the bank with which the deposit account is maintained.
(b) The debtor, secured party, and bank have agreed in an authenticated record that the bank will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor.
(c) The secured party becomes the bank's customer with respect to the deposit account.
(2) A secured party that has satisfied subsection (1) has control, even if the debtor retains the right to direct the disposition of funds from the deposit account.

440.9105 Control of electronic chattel paper.

Sec. 9105. A secured party has control of electronic chattel paper if the record or records comprising the chattel paper are created, stored, and assigned in such a manner that all of the following apply:
(a) A single authoritative copy of the record or records exists which is unique, identifiable, and, except as otherwise provided in subdivisions (d), (e), and (f), unalterable.
(b) The authoritative copy identifies the secured party as the assignee of the record or records.
(c) The authoritative copy is communicated to and maintained by the secured party or its designated custodian.
(d) Copies or revisions that add or change an identified assignee of the authoritative copy can be made only with the participation of the secured party.
(e) Each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy.
(f) Any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

440.9105.amended Control of electronic chattel paper.
Sec. 9105. (1) A secured party has control of electronic chattel paper if a system employed for evidencing the transfer of interests in the chattel paper reliably establishes the secured party as the person to which the chattel paper was assigned.
(2) A system satisfies subsection (1) if the record or records comprising the chattel paper are created, stored, and assigned in such a manner that all of the following apply:
(a) A single authoritative copy of the record or records exists which is unique, identifiable, and, except as otherwise provided in subdivisions (d), (e), and (f), unalterable.
(b) The authoritative copy identifies the secured party as the assignee of the record or records.
(c) The authoritative copy is communicated to and maintained by the secured party or its designated custodian.
(d) Copies or amendments that add or change an identified assignee of the authoritative copy can be made only with the consent of the secured party.
(e) Each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy.
(f) Any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.
440.9107 Control of letter-of-credit right.
Sec. 9107. A secured party has control of a letter-of-credit right to the extent of any right to payment or performance by the issuer or any nominated person if the issuer or nominated person has consented to an
assignment of proceeds of the letter of credit under section 5114(3) or otherwise applicable law or practice.
History: 1962, Act 174, Eff. Jan. 1, 1964;¾Am. 2000, Act 348, Eff. July 1, 2001.
440.9108 Sufficiency of description.

Sec. 9108. (1) Except as otherwise provided in subsections (3), (4), and (5), a description of personal or real property is sufficient, whether or not it is specific, if it reasonably identifies what is described.
(2) Except as otherwise provided in subsection (4), a description of collateral reasonably identifies the collateral if it identifies the collateral by 1 or more of the following:
(a) Specific listing.
(b) Category.
(c) Except as otherwise provided in subsection (5), a type of collateral defined in the uniform commercial code.
(d) Quantity.
(e) Computational or allocational formula or procedure.
(f) Except as otherwise provided in subsection (3), any other method, if the identity of the collateral is objectively determinable.
(3) A description of collateral as "all the debtor's assets" or "all the debtor's personal property" or using words of similar import does not reasonably identify the collateral.
(4) Except as otherwise provided in subsection (5), a description of a security entitlement, securities account, or commodity account is sufficient if it describes 1 or more of the following:
(a) The collateral by the term security entitlement, securities account, or commodity account, or as investment property.
(b) The underlying financial asset or commodity contract.
(5) A description only by type of collateral defined in the uniform commercial code is an insufficient description of either of the following:
(a) A commercial tort claim.
(b) In a consumer transaction, consumer goods, a security entitlement, a securities account, or a commodity account.
History: 1962, Act 174, Eff. Jan. 1, 1964;¾Am. 2000, Act 348, Eff. July 1, 2001.
440.9203 Attachment and enforceability of security interest; proceeds; supporting obligations; formal requisites.
Sec. 9203. (1) A security interest attaches to collateral when it becomes enforceable against the debtor with respect to the collateral, unless an agreement expressly postpones the time of attachment.
(2) Except as otherwise provided in subsections (3) through (9), a security interest is enforceable against the debtor and third parties with respect to the collateral only if all of the following are met:
(a) Value has been given.
(b) The debtor has rights in the collateral or the power to transfer rights in the collateral to a secured party.
(c) One or more of the following conditions are met:
(i) The debtor has authenticated a security agreement that provides a description of the collateral and, if the security interest covers timber to be cut, a description of the land concerned.
(ii) The collateral is not a certificated security and is in the possession of the secured party under section 9313 pursuant to the debtor's security agreement.

(iii) The collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under section 8301 pursuant to the debtor's security agreement.
(iv) The collateral is deposit accounts, electronic chattel paper, investment property, or letter-of-credit rights, and the secured party has control under section 9104, 9105, 9106, or 9107 pursuant to the debtor's security agreement.
(3) Subsection (2) is subject to section 4210 on the security interest of a collecting bank, section 5118 on the security interest of a letter-of-credit issuer or nominated person, section 9110 on a security interest arising under article 2 or 2A, and section 9206 on security interests in investment property.
(4) A person becomes bound as debtor by a security agreement entered into by another person if, by operation of law other than this article or by contract, either of the following occurs:
(a) The security agreement becomes effective to create a security interest in the person's property.
(b) The person becomes generally obligated for the obligations of the other person, including the obligation secured under the security agreement, and acquires or succeeds to all or substantially all of the assets of the other person.
(5) If a new debtor becomes bound as debtor by a security agreement entered into by another person, the agreement satisfies subsection (2)(c) with respect to existing or after-acquired property of the new debtor to the extent the property is described in the agreement, and another agreement is not necessary to make a security interest in the property enforceable.
(6) The attachment of a security interest in collateral gives the secured party the rights to proceeds provided by section 9315 and is also attachment of a security interest in a supporting obligation for the collateral.
(7) The attachment of a security interest in a right to payment or performance secured by a security interest or other lien on personal or real property is also attachment of a security interest in the security interest, mortgage, or other lien.
(8) The attachment of a security interest in a securities account is also attachment of a security interest in the security entitlements carried in the securities account.
(9) The attachment of a security interest in a commodity account is also attachment of a security interest in the commodity contracts carried in the commodity account.

CHAPTER 13 – COMMON LAW TRUSTS

Trustees in Commerce: A Way of Life

By Carlton A. Weiss

A while back I was asked to write a few paragraphs on the specific advantages of living your life as a trustee in everything you do, as opposed to as a sovereign or secured party. I was asked to cover all related bases. That included a comparison to show how each choice would hold up in commerce. What I came to realize is that there is only one way of life, in its own category, that enhances all others. All the others are actually disadvantages in commerce.

At that time, I had just developed a surefire way of piercing pure trusts, and I was on my way to finally uncovering the pivotal flaw in federal contract trusts. What my clients were asking from me at the time was a technology that would allow a statutory entity like a LLC to sniff out minimum contacts people had that bound them to legislative jurisdiction, which would obviously allow the client to overcome the burden of establishing jurisdiction in their lawsuits against those people. I had no guilt about this because my philosophy is that ignorance is never an excuse. Equity compels performance regardless.

I only assisted with cases that involved people claiming to be sovereigns, secured parties, general managers, managing directors and other players in entities like pure trusts, federal contract trusts and corporations sole. **In each instance, there was always a common theme: contradiction**. Every single one of the people I cracked had contradicted themselves by their stated position compared to their actual position; every single one of the non-statutory entities I helped pierce was a contradiction by its intended nature and its actual nature.

Sovereigns were nothing more than cestui que trusts (beneficiaries). Secured parties were nothing more than people with split personalities reflected in a commercial recording—even though I understand where they went wrong, the way they went about it was so rife with contradictions—you got the sense they had a screw loose. They couldn't really be helped because they wanted to be respected as creditors when it suited their needs, yet they wanted to be absolved of liability like wards of the court when the pressure was too much.

Likewise, pure trusts were really nothing more than unincorporated associations calling themselves trusts, and most federal contract trusts were nothing more than partnerships wishing they had the protection of the Federal courts under Article 1, Section 10 of the Federal Constitution. They were contracts indeed, but they contradicted the original intent of the constitutional clause they sought protection under because the participants were exercising a franchise either during the formation or life of the trust.

These strategies I was seeing, and continue to see, place all the eggs in one basket. The really sad thing is the basket was made to hold bread, so the eggs never make it to market whole.

Sovereignty: Mission Impossible

The "sovereigns" I studied with during my research initially had a good point, and the good case law to back up the point. However, as I sicced my investigative dogs on the case, I peeled back one layer after another of confusion. I saw the truth about the strict confines of any sovereign's role in the nation or kingdom of which he is the head.

I was somewhat transplanted into the mind of the judges who had decided the cases most "sovereigns" rely on today. It became apparent that the case law actually shot sovereigns in the foot by holding over their head an internationally recognized standard they couldn't practically live up to with their limited financial and natural resources in today's commercial arena.

In the end, I didn't even need to cite legal authorities to prove this to them, though articles like George Mercier's *Invisible Contracts*, Richard Lancial's *Benefits Accepted Equals Jurisdiction*, James Montgomery's*The United States is Still a British Colony*, the Informer's *Fallacy & Myth of the People Being the Sovereign*, and timeless classics like William Whiting's *War Powers* certainly hit home. The problem most of them face is they invested a lot of time and funds into something that turns out to be false. **They thought they held sovereignty but they could now see they voluntarily contracted themselves under suzerainty at best**.

To be truly sovereign in olden times you needed nothing less than—

- A plot of land that you have absolute dominion over;
- A fortified castle strategically placed on the land so as to protect you, the sovereign;
- A military to protect the castle and land;
- Workers to do maintenance on the castle and land;
- A stockpile of weapons high powered enough to wipe out any threat inside or outside your castle and plot of land;
- A stockpile of gold and silver or material or natural resources to pay the militia, workers and sustain the economy that develops out of daily needs people have when living in self-sustaining communities. This includes a stockpile of financial or natural resources to build up your reserves for tough times; and to top it all off
- A full sense of how to negotiate with other people who are in the same position as you (sovereigns), especially those who have bigger weapons than yours and might want to take your castle by force or fraud to consolidate their own empire.

Today, not much has changed except for what electronic technology has made possible. To be truly sovereign nowadays you need nothing less than—

- A plot of land that you have absolute title to, even stronger than the protections granted under the castle doctrine in Texas. It has to be a title so strong that it is recognized all over the world, not just in one state or country, because real sovereignty is an international quality;
- A fortified compound;
- A militia to protect the compound and land. It has to be more than just guard dogs. It must be an actual military presence that sends a clear message to all within earshot of your land not to invade, much less trespass;
- Workers to maintain the compound and land;
- A stockpile of weapons or technology powerful enough to stop a modern military offensive against you;

- A stockpile of coined gold and silver to keep you from having to use Federal Reserve Notes or Ameros. You need sufficient natural resources to live on and pay your people with so as to not have to engage in commerce as a sovereign, otherwise you reduce yourself to the status of a merchant and your sovereignty is lost; and to top it all off
- A full understanding of trust law as it pertains to sovereigns as trustees and merchants as beneficiaries, contract law, national security law and negotiable instruments law, as well as the laws of power relating to sovereigns and other heads of state so that you can negotiate with the United States and State governments in a way that doesn't get you dead, conquered or in prison because those sovereigns had more powerful weapons than yours. Otherwise, you'll end up like the Native American nations, many of which gave up their sovereignty to engage in commerce via gambling halls and casinos.

  The problems you immediately face are all issues of practicality, such as—
- While you can remove land from the incorporated city or county, your title is not absolute. You cannot effectively exercise absolute title to land as an individual, at least not land that isn't in the middle of nowhere. This kind of isolation leaves you at risk of invasion and limits your flexibility in the information age. In isolation you have no "eyes & ears" out in the rest of the world to stay ahead of other sovereigns looking to expand or consolidate their empire. "Eyes & ears" are what give you intelligence to avoid being checkmated;
- A compound is very expensive to build and difficult to maintain. Independent power, utilities and services need to be installed off-the-grid. For internet access you would need to build your own satellite, maintain your own servers, etc. Regardless, however, if the fort goes so do you because the eggs are all in one basket;
- Having a private military is a direct threat to the United States and State governments who are far too corrupted to appreciate the absolute right of self-defense, much less the right to bear arms on a individual or nationalistic level;
- A stockpile of weapons will attract some unwanted attention. It will deter other sovereign men, but sovereigns like the United States who stockpile tanks and missiles might not deter so easily. Though stockpiling can be done with prudence, especially with some ingenuity, the more firearms you have, the more suspicious other sovereigns will be of your motives behind stockpiling. An arms race then ensues and you face the likelihood of invasion or preemptive strike;
- Using gold and silver as money with third-parties is very difficult at this point because most third-parties are still under the misconception that Federal Reserve Notes are worth something. You would have to wait until the US economy collapsed, at which time you could use commerce to conquer by buying up property for a fraction of the cost in gold. Even so, when you do so you are technically acting as a merchant, and you are no longer sovereign. Even if the gold is pre-1933 lightly circulated coin, or the silver is pre-1965 ninety-percent ("junk") monetary silver, the sovereign is whoever minted the coin, which would be the United States of America in this case; and
- If you truly understand trust law as it pertains to sovereigns and merchants, contract law, national security law and negotiable instruments law, as well as the laws of power relating to sovereigns and other heads of state, you will quickly realize that the people's sovereignty never truly existed. What's more, times have changed even more since the idea was first entertained. Our times now make sovereignty a disadvantage in commerce because the moment any sovereign sets foot into the rest of the world to get things done, unless you do business by the barrel of a gun or barter using no currency or coin at all, you automatically give up whatever sovereignty you had by

acting as a merchant. This includes use of a license, social security number, registration of an automobile or weapon, etc.

Secured Parties: Nobody's Creditor

A UCC Financing Statement (UCC-1) is a very mighty financial instrument indeed, but only when used for the right situation. Filing a lien on a trust you did not create and did not act as trustee for is inherently fraudulent because **you're demanding a debt from an entity that owes you nothing**. If the US government decided to issue you a social security account number and thereby create a revocable living trust naming you the beneficiary, you have no grounds to file a lien on that trust. No commercial gain was had at your expense, even if the trust is identified based on the name of the cestui que trust, such as using your name in all capital letters (e.g., JOHN WAYNE DOE).

I can create a thousand trusts, naming all of them based on the cestui que trust, and the beneficiaries don't even have to be told they are beneficiaries for the trusts to be legally and lawfully enforceable. It happens all the time. People discover they inherited an estate from a distant relative and as long as they accept the benefit when it comes time to distribute the trust, the trust does what it was created to do. Beneficiaries are merely there to benefit, not to decide. Beneficiaries don't need to be trusted by anyone to do anything because regardless of what they do, by virtue of the graciousness of the settlor or grantor, they stand only to benefit from the decisions of the people put in control of the trust— the trustees.

Therefore, one who is a beneficiary, one who benefits from a trust created by the US government has no recourse to file a lien when he discovers he's been made the beneficiary of a trust identified based on his name. There is not even a copyright violation because, generally, names alone are not intellectual property; the substance represented by the name is the intellectual property. A registered mark cannot be infringed upon in name alone, but the substance connected to the mark must also somehow be subjected to the infringement. I can call anything *ANYTHING* as long as the substance is original, which is why you have many different books by the same title.

To approach the commercial aspects of the creditor-debtor relationship, for instance with a 1099 Original Issue Discount (1099-OID), without understanding the pivotal role trust law plays in all this is useless. There is no room for a UCC-1 or even a 1099-OID. The simplest way to say it is that these are inadequate to fix the problem. **A resignation, discharge of duty, disclaimer or rejection of beneficial interest are the only tools you need to remedy any issue relating to holding an unwanted position in a trust**. **If you don't want the duty then resign**. **If you don't want the benefit then reject it**. Filing to become a secured party creditor, besides being fraudulent, is actually accepting a benefit— the benefit associated with the Secretary of State publishing your commercial recording.

Trustee in Commerce: Body Armor for Commercial Warfare

Now, take all that and place a simple barrier between the "sovereign" or "secured party" and commerce. The barrier is called an **Express Trust under the Common Law**. Throw out the fragile sovereign crown and give the man a bulletproof trustee helmet. Now, instead of him owning a plot of land with a castle, having a royal army and a royal staff of workers, stockpiling his own weapons, having

Federal Reserve Notes or minted coins in his personal possession, and understanding all applicable bodies of law to protect himself— he now does these things on behalf of a trust. Problem solved.

He needs to eat, but does he buy directly from the store with his own Federal Reserve Notes or silver dimes?
No. He buys on behalf of the trust and works out a private contract with the trust that enables him to eat the trust's food and offset his trustee compensation the trust owes him for carrying out his daily duties.

He sees an advantage to owning a ranch in a certain jurisdiction, but does he make an offer to purchase in his own name and thereby acquire personal ownership of the property?
No. He draws up an Offer to Purchase (or Offer to Buy if the trust has the gold on hand). The trust acquires the property and the beneficiaries of that trust benefit from his wise decision. He can then contract privately with the trust as to how he may use the property, offsetting his compensation if that use involves anything outside of his duties as trustee. Even so, there are ways to keep things strictly within trusteeship if you are really serious about living a trustee's life.

Let's say he needs to travel to the state to do the deal. Does he get behind the wheel of his motor vehicle with license in hand as though he's about to transport goods or passengers like any "driver" would?
No. He's a trustee, so he gets into a trust-owned automobile with a certified copy of the manufacturer's certificate of origin and bill of sale and his trustee identification, and he travels to that state on official trust business.

Whatever contract he works out with the trust regarding offsetting things along the way with his trustee compensation is a private contract that actually *is* protected under Article 1, Section 10. There are no questions as to the validity of such a blatant trust relationship. Who's asking? Another trust? The Constitution for the United States of America creates an Express Trust under the Common Law, as did the Articles of Confederation, to act as a limited governing entity.

Article 4, Section 2 provides a clear protection to the trustees of such trusts to do business on behalf of the trust while not being subjected to foreign business entity laws. The protection is real. If the host state tried to stop you, the trust could actually sue and the state would likely settle out of court.

The state constitutions do the same for each individual territory. Therefore, the United States corporation (and all its DBAs) and State corporations are, in essence, nominee trusts created under international law by the original Express Trusts that were created back at the moment each constitution was ratified. Anytime one of these entities has questions for an Express Trust under the Common Law, they are asking an equal to show deference not legally required.

Article 1, Section 10 and Article 4, Section 2 can therefore be invoked anytime one of these entities looks as though it might impair the obligations you have to the trust or block your ability to administer trust affairs in a certain state as trustee. There is no need to run or hide like you would with a pure trust or federal contract trust. There is

no fear of even being prosecuted: how many constitutional courts do you see these days? It takes someone like you to invoke constitutional jurisdiction. That's power. The extent of the protection may not have dawned on you yet, so allow me to point out that your obligations to the trust are as extensive as everything you do in your daily life. A trustee in commerce eats, drinks and sleeps wearing his trustee helmet. His clothes, his toothbrush and even his trousers are trust property. When he has Federal Reserve Notes or Ameros, they are in the trust's possession by virtue of his trusteeship— never in his personal possession.

It's a lot simpler than some would expect. A simple document binder to hold your trustee identification, authorization papers, the trust's debit cards and Federal Reserve Notes is all that is ever in your possession. Possession is nine-tenths of the law, but at the same time **it is only nine-tenths**. **There is one-tenth remaining for situations such as this**. The document binder has the trust's name and a private property notice embroidered on the outside to designate ownership. The notice also names the trustee authorized to have the document binder in his possession.

At that point, everything within the document binder belongs to the trust. It may be in your possession as trustee, however the contents are in the trust's possession to the extent of nine-tenths of the law. They are in your personal possession only one-tenth by virtue of physically being on you. You are absolved of any liability associated with having the debit card or, even worse, Federal Reserve Notes. So, for all intents and purposes you have not reduced yourself to a merchant.

I can go on and on like this, but I am merely trying to illustrate a point. What good is it to be the sovereign or a secured party creditor when you're status is practically useless in everyday commerce? Not to mention, how well do you sleep knowing that the game isn't over until the king is checkmated? How many "sovereigns" are backed into a corner by the Federal or State governments every year? On the other hand, the trustee sleeps well every night because he literally can't give up what he doesn't have (and doesn't need to have). **He owns nothing**. **Yet, he controls it all**.

As long as you maintain a strict separation in this manner, paying close attention to the nuances in possession, you will avoid co-mingling of trust property and you will never diminish the protection. The commercial environment you are confronted with is as hostile toward sovereigns today as the American Republic always was toward poor Whites and free Negroes. They were without legally enforceable rights. They had no protections. What they couldn't do for themselves would not get done, and there was no universal sense of justice toward them.

As a result, they were easily conquered over time and became today's shining examples of 14th Amendment citizens: beneficiaries in mind and spirit. They became the exact opposite of today's shining examples of trustees in commerce because benefits accepted equal jurisdiction even if the man accepting them happens to be an internationally recognized sovereign. However, whose jurisdiction are you under if you don't accept any benefits? Can you see why trustees in commerce are in a league of their own?