

# LAW MERCHANT

**A statement by John Knox and Jean Keating**

**Edited by Arthur Stigall with comments**

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Note: This version does not have underlining and bolding added by authors or editor. The formatting was not available. Current bolding added by this publisher.

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### Editor's Introduction

We have been studying the concept, "Accepted For Value This Property Is Exempt From Levy". In an effort to determine the basis for this procedure the following information (apparently written by John Knox and Gene Keating) is provided. There was no date on the information but it was probably written ten to fifteen years ago.

This paper is an insightful analysis (hypothesis) concerning liability for "income tax".

This information is not a defense. If you go to court with this information, in its present form, you will be arguing your opponent's position. Once you admit that your opponent is correct you have lost your case. Additionally, your opponent must state, "for the record", that the theory presented is the basis for the "tax". It has been my experience that such admissions are very difficult to obtain. The authors speak of defenses in the Uniform Commercial Code ("UCC"). A defense involves a legal theory of law or fact recognized by the courts.

When attempting (whether plaintiff or defendant) to establish the erroneous collection of the "income tax" the burden of proof has been placed upon the "taxpayer". You will ordinarily be considered a "taxpayer". Perhaps this paper will help explain why.

The burden of proof involves establishing, on the court record by admissible evidence, the facts necessary to prove the legal theory relied upon. This is called a prima facie case. The "Acceptance For Value" appears to shift this burden back where it belongs; upon the claimant.

The party in the condition of "commercial dishonour" carries the burden of proof. By "accepting" the "offer" "for value" you become the "holder in due course" shifting the burden of proof. Taking the position "this property is exempt from levy" removes the property from dispute. Requesting an accounting (discharge of the amount) to adjust the records of account the dispute shifts to liability.

The information below may help to establish the necessary foundation to understand what is being accomplished by "accepting for value" and where the burdens lie.

The meaning of the authors has been preserved. The text has been reorganized and edited to make it easier to read, analyze, and understand. Comments have been added and extraneous information has been removed. Statements concerning spurious issues have been placed in footnotes [that may not be in present version]. "When you sign the bank account card, you become a stockholder in the bank, taxes become due upon the come-in."

## Prologue

There is a WAR going on that has been raging since NIMROD s day. The war is between the Roman Civil Law (civil law) and the Biblical Common Law. God gave Nimrod power over Gold because Ish-ra-El misused gold by making golden calves every time they got the chance. Nimrod's descendants still have the control today.

In this country this ancient war culminated in the Civil War. That terrible war between the states was NOT over slavery but over the institution of a National Bank TO ISSUE NEGOTIABLE INSTRUMENTS under the LAW OF NATIONS, to bring the people under INTERNATIONAL LAW.

The Northern states were trying to industrialize while the South was agrarian and was making an excellent economic progress with their cotton, flax, tobacco, wheat, etc., while the northern states were trying to raise capital for their industrial expansion. As a consequence, the northern congressmen, being in the majority, passed an export tax against Southern products that practically decimated the South. However, the South stood firm against a (central) credit bank. At the time, there was a hue and cry going on over slavery, so the northern industrialists and international bankers used the problem to whip up civil unrest. (See John Brown's history, he was supported by the industrialists.)

Northerners wanted the people to liquefy their assets by forced loans upon the property (assets) using negotiable paper as the medium of contractual attachment as security for the loan in order to expand the industrial capacity. The south didn't fall for it (central bank) so they were raped (see rape BLD – Black's Law Dictionary).

Fully 2 years after the war, the Radical Republican Congress passed the 24th amendment, refused to seat Southern members, declared martial law over all the Southern states, sent troops to occupy the south and forced them to adopt the 13th and 14th amendments, then sent federal courts into the states to administer their new power. It took the South over 100 years to recover.

The 13th and 24th amendments increased Congress's power, which is being exercised in its fullest form today over all states and their citizens through their new power to create corporations and issue forced loans by negotiable paper.

The states always had the power to create corporations and to grant citizenship, but the congress only had power to regulate naturalization and the state constitutions limited that to free white. Now, while the whites and blacks were busy arguing about civil rights, Congress was busy creating domestic and foreign corporations similar to the British East India Company with charters to do all kind of things, including but not limited to creating a MONEY monopoly.

Today, these governmental creations have combined to buy up, by bank loans (FRNs) all the goods and services with their created loans. The product is then retailed to the people for great profit. In this manner not the created interest is payed but these bank supported corporations own the industrial capacity of the country. At the same time creating a market for the circulation of more NOTES. The ownership is concentrated in a very few well-hidden hands. "I owe my soul to the country store."

This great feat was accomplished by the imposition of the Law Merchant on the people. The people thought they were dealing at the Christian Common Law and even now don't understand the difference between PAYING under the common law and DISCHARGING in equity under the law merchant. Everyone

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is only PRETENDING they have been PAID, INCLUDING THE LAWYERS AND JUDGES. When a Citizen goes into court, by putting themselves in jeopardy, for an answer to their question they are bewildered by the results. The judges and lawyers, educated in the governmental schools, do not have the guts (or don't know) to fess up and tell the American people the truth, and you can bet congress will not.

The constitutional Common Law is DEAD or so very feeble and sick it cannot function. There will be no common law until payment on the NOTES is required and public currency is re-established. Issuance of Treasury Paper would be far more equitable than placing everyone under law merchant (private law, private currency), except it would take a constitutional amendment and this writer is sure they don't want this exposed to public debate.

The "Churches" are so steeped in law merchant (Law of Nations) today, they wouldn't recognize biblical common law if God dropped some silver or gold in their faces then rubbed it all over them. These "Christians" would just exchange the substance for paper calves; then donate their tithe to God in paper and deduct the donation from their income tax. I don't believe the CHURCH has sense enough to build a golden calf today. If they did, at least they would NOT BE sitting on the fence, neither hot or cold.

The War between these two great bodies of law (eg Law of Nations v. Common Law) is presently raging in Ireland and over other parts of the world. The Irish and English think it is a religious war between the Catholics and the Protestants, however, it's the same war still raging between the Roman Civil Law and the Common Law.

This should explain why the Jesuit priests are stepping out of their robes and becoming part of the new government after the recent revolutions in South America and why all State constitutions before the civil war stated Catholics could not become Presidents. Not that I have anything against catholic people, just facts.

After Rome began this law (Babylonian law) the government only lasted a short time and died a violent death. They can only steal so much from the people by issuance of NON-REDEEMABLE notes, then all hope of the inhabitants for justice dies out. The historical record is the same for any country that has that has followed this path (see British history; see American history of paper).

"HE WHO HAS THE GOLD MAKES THE RULES". Everything today is ruled from the District of Columbia (they hold the gold) through their long arm jurisdiction under the interstate commerce clause. Our compelled use and circulation of their credit instruments (FRNs) compelled entry into social security.

You may say well, what is the alternative? This would show your brain washing in the government schools. The common law is a law of individual self-responsibility and when you see someone doing a wrongful immoral act, YOU bring the complaint, don't leave it up to the STATE. YOU TAKE THE RESPONSIBILITY. If you weren't kept in perpetual DEBT, you could take time to see that the common law was enforced. Our fore fathers only had to labor about 180 days a year in the 1800s (wife didn't have to work out either) to support a big family and look at the huge homes they built all over the country.

Your author has talked with lawyers, educators, preachers, patriots and others in positions of authority and they don't know the truth of what is being revealed herein and many do not want to know. What's more some refuse to hear or see it. They have eyes to see and ears to hear but can't or won't. I suspect they won't because I have relatives who are preachers and they must not be using the same Bible (or

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say it says something I don't see) that I am reading. They admit the Constitution is no longer in force but they don't seem concerned that they are LAW MERCHANTS. I don't think they can understand.

By 1938 these debt notes had become so engrafted into common usage throughout the states (common law of usage by force) that the Supreme Court in the Erie Rail Road v. Thompkins case declared there to be no more General Common Law (state law) [sic]. Only Federal Common Law [sic] (law merchant) (international law of negotiable instruments) could henceforth be used in the Federal courts. This has had the effect of compelling all courts in the United States (through Federal Court decisions, i.e. Erie Railroad ) to switch from the English common law (rule of stare decisis—once decided always decided, same today, yesterday and tomorrow) to the English common law of negotiable instruments where each case has to be decided on its own MERITS. This explains why the present courts are always settling a case on the merits. No one in the world today is PAYING debts, including governments, they are only discharging payment in equity with negotiable instruments. This narrative should confirm to the reader that a one world system has been in existence since 1913; administered by the United Nations under international law or law merchant. The United States government does not now pay its debts and neither does any other country or any Person in the USA. Today, all debts are discharged in negotiable instruments, placing the entire world under the international law, law merchant (United Nations) except for perhaps the Arab countries which for the most part still pay their debts in gold. This conflict of law is what the fight there is all about.

TODAY, there are no common law actions. There are no common law courts judges acting in common law courts. There are no ARTICLE III JUDGES acting under christian common law. There are no common law citizens. There are no common law corporations. There are no common law governments.

There is not in existence TWENTY DOLLARS in which to invoke a common law court in accordance with ARTICLE VII of the bill of rights. There are no people paying their debts in common law money so how could any of the above be in existence?

There are no common law churches. There are no biblical christians. There are no truthful [honest] commercial transactions.

WHY, WHY, WHY because there is no one dealing at the common law. Everyone, governments included are statutory law merchants dealing in negotiable paper under limited liability for the payment of debts: THERE IS NOTHING ELSE - THERE IS NOTHING ELSE - THERE IS NOTHING ELSE.

The term "common law dollar" is a unit of measure adequately described in the Coinage Act of 1789 which is still in force today. BUT THERE ARE NO DOLLARS - "ONLY NOTES"— (law merchant, negotiable instruments) DENOMINATED IN DOLLARS.

Out goes the Article VII of the Bill of Rights so don't go into court claiming common law constitutional rights under the 7th Amendment, the judge will go in chambers and laugh his head off at our stupidity and will warn you over and over to get a lawyer, 90% of whom don't know either.

### **1. What Law governs COMMERCIAL PAPER?**

The Law Merchant does.

### **2. Is the government, state or federal, involved in commercial paper?**

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IF SO, THEY COME UNDER THE LAW MERCHANT.

See US v. Burr, Clearfield and other cases infra.

**3. Would it be Fraud by inducement, among other things, to entice (SEE SEDUCE) you to use my notes, then have congress pass a law that I didn't have to redeem them and that even though you could use then they belong to me?**

**4. Is their Public policy law generally known?**

**5. Does the Law Merchant say you can circulate un-payable paper?**

**6. Does the Secretary of Treasury and the Treasurer circulate un-payable paper?**

See, "Joint Note" BLD (Black's Law Dictionary).

**7. Does un-payable paper pay a TAX under the Law Merchant (UCC) or the Common Law Constitution?**

Congress only has authority to TAX to pay the debts.

**8. Has the government reneged on its obligations under the law merchant? Is that grounds for an action?**

**9. Have you ever been PAID?** No consideration, See UCC 3-408.

**10. Do you still have payment coming for the many years back, plus interest, plus depreciation of the notes?**

**11. If you have never been PAID does that constitute INCOME?**

Hint, look at UCC. Articles 3-304, 3-3D5. 3-306 for countersuit remedies. There are many others.

**12. Do judges have a financial stockholders interest in a tax cause or any cause if they are holders in due course of Federal Reserve Notes?**

Remember when government deals in commercial paper it has only the same "rights" (powers) of a private corporation.

It is this writer's hope that from the following short discussion, the reader will realize that there is absolutely no cause coming before the courts today that does not involve negotiable instruments, international law, limited liability for the payments of debts and admiralty jurisdiction as a result of the international implications of the law merchant. This includes murder, rape, theft, abortion, victimless crimes, and all the other crimes that are being perpetrated in which the corporate government has an insurable interest in the criminal in the hope he will be able, at some point in time, to pay his share of the supposed DEBT.

The Government can issue notes at no cost to keep a person in prison but if he gets out and goes to work, his substantive production will pay much more on the debt than the cost of printing notes.

The entire concept herein given is to get each reader to understand that the entire country is operating outside the constitution under international law private law because of the use of credit instruments. There is no substance (COMMON LAW IS GROUNDED IN SUBSTANCE, Law Merchant in PAPER

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CONTRACTS) and the Congress has pledged all the property of every citizen (WITHOUT YOUR CONSENT, except by your silent acquiescence) to their own banks for acceptance of their credits.

In fact and law there is NO United States. It is now merely a private corporate UNITED STATES (including all states, counties and cities) administrating the pledged credit for its creditors which is YOU. (See Clearfield Trust Co. v. U.S. (1943) 318 US 363.) This has the effect of making each United States Citizen a Resident Alien in a foreign (corporation of Federal jurisdiction) country. (Clearfield, supra, is the leading case on the subject.) The following should explain:

"Governments descend to the level of a mere private corporation and take on the character of a mere private citizen [where private corporate commercial paper (securities) are concerned]" Bank of US v. Planters Bank, 9 Wheaton (22 US) 904, 6LEd 24 and

"When governments enter the world of commerce, it is subject to the same burdens as any private firm." U.S. v. Burr, 309 US 242, 60 Sct. 488, 84 LEd 244. and

"For purposes of suit, such corporations and individuals are regarded as an entity ENTIRELY separate from government." Planters, infra. and

"The plaintiffs are NOT suing the USA, but the corporation, and if its act was UNLAWFUL, even if they might have sued the USA, they are NOT cut off from a remedy against the AGENT that did the wrongful act. In general the USA cannot be sued for a tort but its immunity does NOT extend to those who acted in its name." Sloan Shipyards v. US EFC 67 Cal. LR No. 6 (1979).

Do you know of any government AGENT in the U.S. who is not dealing in commercial paper? With this understanding you should be able to sue the pants off them bur-a-rats in their private (non-governmental) individual capacity (state and federal). I could list 50 more cases that say the same thing as above but you can search them out if needed.

It is a shame the people do not know about the law merchant and it makes this writer want to cry out to those who are protesting such things as abortion, taxes, seat belts, and other government coercion, etc.; then when they go into court have their constitutional arguments ignored BECAUSE THEY ARE UNDER CONTRACT in law merchant due to use of negotiable instruments and the court just overrules their constitutional arguments or approves a Motion in Limine, e.g. keep the constitution OUT, without telling them why. You should have a good grasp of the situation after reading this report.

There is nothing but international law merchant courts in existence today and they once in a while give lip service to the constitution for confusion IF THE CASE IS PROPERLY PLEADED. Babylonian = confusion = Law Merchant.

"Actually, this entire procedure should be adjudicated at the Administrative level and never reach the referee of need. See Title 5, sections 554 (a) (c) (1) ; 555 (B) , 556 & 557."

## Chapter One

### What happened?

#### Bona fides exigit ut quod convent fiat

"Good faith demands that what is agreed upon shall be done."

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The Constitution of the United States was overwhelmed by a body of law called the Negotiable Instruments Act [Law] (herein-after "NIL"). The NIL was established by Treaty (International Law) by most of the free Nations of the world in 1930 at the Geneva conference.

The NIL has many names and several forms. Some of the names are Roman Civil Law, Civil Law, Hague Law, Geneva Law, Merchants Law, Negotiable Instruments Law, Superior Law, Babylonian Law, International Law of Credit, Public Law, Law of Nations, Uniform Commercial Code, and others. These multiple names cause confusion.

The Law Merchant (i.e. NIL) came early to America from English Law. The NIL has been "codified" in most states as a commercial code. All "codes" arise out of and are subject to the NIL, [see UCC Article 10]. In some states the NIL (or Law Merchant) is called the Business and Commerce Code. The NIL was repealed (Article 10, Sec. 40) and Codified in most states about 1967 as the Uniform Commercial Code (hereinafter "UCC").

Until 1933 entry into this law was voluntary (explained infra). Without a knowledge of this private law, "Code", you cannot know what is happening in America and the world today.

This (so called superior law) works upon notes, bills of exchange, checks, drafts, and all commercial paper [presentments].

The use of paper denoting debt by contract compels the user into the Law of Merchants or Mercantile Law, (UCC).

The use of credit was forced upon the people in America in 1933 by HJR 192 forcing the acceptance of FRNs (hereinafter "FRNs") as legal tender in lieu of payment of debt. The use of FRNs compels the user into interstate commerce under an admiralty/maritime jurisdiction involving international law.

"A bill, draft, check, or note is a contract, and the fundamental rules governing contract law are applicable to the determination of the legal questions which arise over such instruments. 1st American Jurisprudence, vol.7, pg.788 (emphases added)

Contracts are private law not controlled by the Constitution. []

"The admiralty court later widened its jurisdiction to embrace mercantile causes, and thereafter the common-law judges encroached upon the field of admiralty jurisdiction over commercial transactions." 1st Am Jur, 7, pg. 797 supra.

Neither Congress, the schools, "churches", nor the mass "news" media have informed the people about the involvement of the UCC in every aspect of their lives.

Liability [in theory] arises through the use and circulation of non-redeemable FRNs (credit) placing the user in debt bondage under the UCC. This happened without notice and opportunity to be heard [without due process?] while fraudulently pretending the constitution is controlling.

The coup de grace was accomplished by President Roosevelt in 1933 when HJR 192 demonetized gold, forcing the States and people therein to accept Notes in discharge of debt instead of payment in gold/silver.

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HJR 192 (1933) made all State and Federal governments law merchants, thereby destroying their sovereignty as a state, and placing them under the private side of international law, see UCC 1-201 (28) and the Clearfield Trust Co. v. U.S. (1943) 318 US 363 and related cases (infra).

HOW does one get involved? By becoming a law merchant! When dealing in negotiable instruments such as checks, notes, bills of exchange etc. [offers, presentments, refusals, acceptances, contracts] issues are adjudicated in a court exercising a quasi-admiralty jurisdiction in accord with the UCC, Am.Jur.7, Vol 1. pg. 796, '797, para 14, see UCC 2-104 (law merchant code).

There is no other choice, by edict of congressional statutes, since HJR 192 in 1933. Dealing in FRNs, checks, bills, etc. makes one a full-fledged law merchant. Bills, notes, checks, bills of lading, warehouse receipts etc. are contracts, see Am.Jur.1, vol.7 & 8 for a full discussion on these contracts.

Using FRNs is also dealing under contract in interstate commerce. Interstate commerce comes under the exclusive jurisdiction of the statutory laws of congress.

A license is required for involvement in transactions using FRNs because these paper notes are traded in inter state commerce, and international transactions. This involvement makes one a(n) (international) law merchant.

Until you plead and prove otherwise, the presumption (in the courts) is that you are under the UCC, your silence waives the defense. [As a general rule failure to plead a defense waives the defense.]

It is presumed, everyone voluntarily entered the law Merchant by their silence, (i.e. no strong objection to a violation of the law, see ratification below). Silence [failure to reject or performance on a contract] confirms a contract. When you know someone is violating the law (Art 1, § 10) and you participate without objection, you become as guilty as the other party by your silence. You have ratified the contract (by your silence) hence the courts take the position that you volunteered into it, see Ezekiel 33, v. 4:13. [A Notice of On-going War and a Notice the Federal Reserve is Void was published in the Sacramento Daily Recorder as a legal notice.]

Today (since 1933, HJR 192) no one is "paying", but is only "discharging" his debts (labor) by "indorsing" (signing the contract) the negotiable instrument (check) in exchange for another form of non-negotiable credit instrument (paper) called a Federal Reserve note (obligations, evidence of debt) of the United States (12 USC 411).

FRNs are indorsed on the back by the United States of America. The United States becomes the holder of the check (guaranteed by the endorsement) in exchange for its credit instruments (FRNs). The corporate U.S.A. has an insurable interest in the indorser because the U.S.A. has an outstanding credit obligation, hence social security insurance may be compelled.

Didn't they lend you their credit? Are you using it?

When a pay (sic) check is indorsed over to the bank, the bank discharges your claim with non-negotiable [sic - negotiable] notes, see Am Jur 1, Vol 8, pg. 556, Non-negotiable instruments, non-redeemable.

The United States and the bank, in the name of the U.S., becomes the holder in due course upon the instrument (check) indorsed through a simple contract and the indorser becomes the holder in due course of the Federal Reserve Note. By accepting responsibility for the payment of the check, the bank

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(all members of the Federal Reserve system) exchanges with the indorser some credit (paper notes of the United States).

The drawer (the U.S.) by the actions of the Secretary of the Treasury and the Treasurer of the United States (the fiduciary), borrowed on the U.S. credit, bonding (guaranteeing) the indorser's (participants) obligation with the future taxing potential of the U.S.

The Treasurer (the fiduciary) has signed as maker in the name of the United States of America.

Now, for the privilege (Title of Nobility) of discharging debts by these credit instruments (a debt which can never be extinguished) a "return" or interest payment to the maker of the Notes for guaranteeing your credit is due.

The applicable law, adopted by all states is the uniform law on negotiable instruments (UCC).

NEGOTIABLE INSTRUMENTS involve three parties:

1. the maker, drawer etc.,
2. the accommodation party (the bank - payer),
3. the pay to party — payee,

When no "pay to Party" is provided the paper is a demand note payable to the holder. For example when the "pay to the order of" space is left blank, on a check the holder must place his name on the instrument as payee to make it a negotiable instrument, and the holder must indorse the back for presentment for payment (sic).

Demand notes ordinarily don't have a "pay to the order of" place on them so the holder must sign over the maker's signature. A FRN has only two parties on it, the U.S. and the Federal Reserve. The indorser must sign over the Secretary of Treasurer's signature and place UCC 1- 201 (no waiver of rights) or the right to payment is waive.

The maker (the U.S.) charges a premium duty and redeems his notes through a return (1040 Form) on the investment for the privilege of the use and circulation of his credit, see privilege, and Title of Nobility. As long as a person circulates a note without presentment he has volunteered and the maker can demand payment (sic) and take his property.

Am.Jur.7, p.790, states; bills of exchange, notes, checks, bills of laden, and other negotiable and non-negotiable instruments are all essentially the same thing, just made in different forms.

The UCC is a code involving private [contract] transactions and is based upon four simple concepts:

1. The Constitutional provision that "no state can impair the obligation of contract".
2. There is an absolute right to contract.
3. Anything that constitutes a simple contract, (eg. signing back of check) invokes the UCC,
4. Private Law operates outside the Constitution, and is adjudicated by a referee.

Congress has an explicitly stated power to regulate commerce and therefore has exclusive [predominate] jurisdiction superseding the authority of a Tenth Amendment State.

Congress shall have power... to regulate commerce with foreign Nations, and among the several States;" U.S. Const.Art. 1, § 8, ¶ 3. (emphases added)

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When FRNs circulate as "money", they cross state lines in commerce, Congress has the power to "regulate" the involvement by the people in commerce (using forms of "money" notes, Checks etc.) but no more power that it has to "regulate commerce with foreign nations and among the several States".

Fraud enters [among other ways] because the States and the Congress have abrogated their mandate to mint gold and silver coins (only those clad copper coins remain) forcing the people to use bank notes exclusively, and never being able to extinguish the debts but only to "discharge" them in equity (only gold or silver or some other tangible "thing" Pays a debt).

The Federal reserve is a compelled privatized monopoly. Private money comes under private law. "Money" is created when something of value (tangible property) is pledged and bank notes, checks, or book-keeping entries (liquefied property) is received. The bank holds the "thing" (mortgage "paper" etc.) of value until the bank notes, (Credit of the United States) are returned. When the FRNs are returned the transaction is canceled out to zero. However, the state and federal governments have a continuing lien on the property purchased with the privilege (Title of Nobility) of purchasing "things" with their credit instruments, see Repealer UCC Article 10, Section 40 which repealed the old negotiable Instruments Law.

Today, everyone is a law merchant by definition, no one pays a debt but only discharges it in equity. Even if FRNs are used for purchase of gold and silver one is still compelled into the merchant system under the UCC for two reasons:

1. Use, of the debt instruments constitutes a claim by their maker upon the thing purchased, the gold or silver.
2. Silver was de-monetized in 1873, gold in 1933.

In other words gold and silver are not money; they are commodities.

Let us take a look at the (prior) organic constitutional law regarding public currency before privatization.

The Constitution of the United States of America in Art.1,§8,¶5 states: "Congress shall have the power ... To coin money, regulate the value thereof, and of foreign coin.

The founders knew the evils of private paper. Public coin was struck, (after the revolution) and put in circulation for use among the states and the inflation of the time subsided. Art. 1,§10,¶1: "No State shall coin Money; emit Bills of Credit; ... make any thing but gold and silver coin a tender in payment of debts;"

A Bill of Credit (Note) is redeemable in gold/silver or other tangible property in contradistinction to intangible property "paper" declared irredeemable by congress by HJR 192.

Credit notes are intangible property. Under the law merchant (adopted by England about 1250 and became a part of English common law about 1400). Under this law one can be placed in jail for debt by compelled performance through contempt of court. This was happening in England after 1400 under the law merchant. The founders were very knowledgeable about this body of law and forbid its inland entrance by Art.1,§8,Cl.9, and Art.1,§10,¶1 of the Constitution.

IN summary: Congress "privatized" the money system in 1913, giving the exclusive privilege to create money to one of its creations (the Federal Reserve). Since 1933 Gold, and later silver, was demonetizing

forcing the people to use FRNs (HJR 192). In a society such as ours both private and public money is needed, not one to the exclusion of others. In the present monopoly the maker (U.S. gov.) never redeems its notes. This is the fraudulent device used to place you and I under a foreign jurisdiction called the International law of negotiable instruments. The UCC is administered in an Admiralty/maritime jurisdiction called the common law or a common law court using admiralty rules.

## Chapter Two – The Tax Issue

Chapter One has made several points. Among them are the following.

1. The Constitution of the United States was overwhelmed by the Negotiable Instruments Act [Law] ("NIL").
2. The NIL was repealed (Article 10, Sec. 40) and Codified in the states as the Uniform Commercial Code ("UCC").
3. The applicable law, adopted by all states as the uniform law on negotiable instruments, is the UCC.
4. All "codes" (statutory law) are superceded by the UCC Article 10.
5. Dealing in Federal Reserve notes, checks, bills, etc. makes one are a law merchant.
6. Bills, notes, checks, bills of lading, warehouse receipts etc. are contracts.
7. The United States and the bank, in the name of the U.S., becomes the holder in due course upon the instrument indorsed through simple contract and the indorser become the holder in due course of the FRNs.
8. The state and federal governments have a continuing lien on property purchased with the privilege (Title of Nobility) of purchasing "things" with their credit instruments, see Repealer UCC Article 10, Section 40.
9. The drawer (the U.S.) by the actions of the Secretary of the Treasury and the Treasurer of the United States, borrowed on the U.S. credit bonding the indorsers (participants) obligation for future taxes of the U.S.
10. The Treasurer (your fiduciary) has signed as maker in the name of the United States of America.
11. For the privilege (Title of Nobility) of discharging your debts by these credit instruments (a debt which can never be extinguished) you owe a "return" or interest payment to the maker of the Notes for guaranteeing your credit.

Based upon these points and pursuant to the Organic Constitution, it will can be shown that the "Income Tax is not a direct tax" and is quasi constitutional, [is colorable].

Until the civil war, in the 1860s, the States used nationally minted coin and regulated foreign coin, as the lawful tender in payment of debts pursuant to the above Art. 1, §10, ¶1. As an example the Mexican peso was legal tender in Colorado at one time.

In the past, before "privatization", currency was public coin (such as gold and silver) of intrinsic value and when a debt (note etc.) was paid it was extinguished forever. On the other hand a debt is merely discharged in equity with bills, notes, bills of exchange, and checks and each person who was a holder of the instrument has a continuing obligation and possible equitable interest in the device.

Except for today's small denomination copper clad coins, "money" is private money made of paper, an exclusive monopoly by the Federal Reserve and its member banks.

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This private "money" circulates in commerce over all the world, between the states and is traded as a commodity on the stock exchanges between Nations. All of it is created in a foreign country called the District of Columbia (mint).

The only exception to involvement in the NIL (UCC) today is the exclusive use of the (public currency) small denominational clad coins struck by United States mints.

People using checks, notes, credit cards, etc. (called "choses in action") are said to be code law merchants (UCC 2-104) but this has not always been the case.

FRNs are sent to the Federal Reserve Banks located in the states to make sure this private money circulates between the states. This gives Congress a long arm, jurisdiction through the commerce clause (supra) in its Article I courts to enforce the return.

An examination of the meanings of four common words: Income, Direct, Indirect, and tax follows.

### Chapter 2, Part 1 — Income

Perhaps the most destructive innovation of civilizations throughout history is the use of paper, fiat, money as a substitute for commodity money, gold and silver. Gold and silver are still acknowledged as commodities of real value in all societies.

The idea of paper money was introduced to western civilization in a chapter of the classic, Travels of Marco Polo (c. 1300). Marco Polo, after being in the service of Kublai Khan, recounts how the Emperor became one of the most powerful and richest monarchs in history:

Now that I have told you in detail of the splendor of this city of the emperors I shall proceed to tell you of the mint which he has in the same city, in which he has his money coined and struck, as I shall relate to you. And in doing so, I shall make manifest to you how it is that the great Lord may well be able to accomplish even much more than I have told you, or am going to tell you in this book. For, tell it how I might, you never would be satisfied that I was keeping within truth and reason!

The emperor's mint then is in this same city of Cambaluc, and the way it is wrought is such that you might say he has the secret of alchemy in perfection and you would be right. For he makes his money after this fashion. He makes them take of the bark of a certain tree, in fact, of the mulberry tree, the leaves of which are the food of the silkworms, these trees being so numerous that the whole districts are full of them. What they take is a certain fine white bast or skin which lies between the wood of the tree and the thick outer bark, and this they make into something resembling sheets of paper, but black. When these sheets have been prepared they are cut up into pieces of different sizes.

All these pieces of paper are issued with as much solemnity and authority as if they were of pure gold or silver; and on every piece a variety of officials, whose duty it is, have to write their names, and to put their seals. And when all is prepared duly, the chief officer deputed by the Khan smears the seal entrusted to him with vermilion, and impresses it on the paper, so that the form of the seal remains imprinted upon it in red: the money is then authentic. Anyone forging it would be punished with death. And the Khan causes every year to be made such a vast quantity of this money, which costs him nothing, that it must equal in amount all the treasure of the world.

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With these pieces of paper, made as I have described, he causes all payments on his own account to be made: and he makes them to pass current universally over all his kingdoms and provinces and territories, and wheresoever his power and sovereignty extends. And nobody, however important he may think himself, dares to refuse them on pain of death. And indeed everybody takes them readily, for wheresoever a person may go throughout the great Khan's dominions, he shall find these pieces of paper current, and shall be able to transact all sales and purchases of goods by means of them just as well as if they were coins of pure gold.

Furthermore, all merchants arriving from India or other countries, and bringing with them gold or silver or gems and pearls, are prohibited from selling to any one but the emperor. He has twelve experts (12 Federal Reserve Banks) chosen for this business, men of shrewdness and experience in such affairs: these appraise the articles, and the emperor then pays a liberal price for them in those pieces of paper. The merchants accept his price readily, for in the first place they would not get so good an one from anybody else, and secondly they are paid without any delay. And with this paper money they can buy what they like anywhere over the empire, while it is also vastly lighter to carry about on their journeys ... So he buys such a quantity of those precious things every year that his treasure is endless, while all the time the money he pays away costs him nothing at all. Moreover, several times in the year proclamation is made through the city that any one who may have gold or silver or gems or pearls by taking them to the mint shall get a handsome price for them, and the owners are glad to do this because they would find no other purchaser give so large a price. Thus the quantity they bring in is marvelous though those who do not choose to do so may let it alone. Still, in this way, nearly all the valuables in the country come into the Khan's possession.

When any of those pieces of paper are spoilt — not that they are so very flimsy neither — the owner carries them to the mint, and by paying three per cent on the value he gets new pieces in exchange. (what a deal I have for you — ed.) And if any baron, or any one else soever, hath need gold or silver or gems or pearls in order to make plate or girdles or the like, he goes to the mint and buys as much as the list, paying in this paper money.

Now that you have heard the ways and means whereby the great Khan may have, and in fact has, more treasure than all the kings in the world, and you know all about it and the reason why.

Marco Polo's account of this method of minting money through the use of paper is both amusing and tragic. It is amusing, in our sophisticated age, to recall the ease with which the absolute monarch of China controlled the currency of his empire. We marvel at the tragedy of artisans, merchants and ordinary people being taken" by the dynastic issuer of the currency under a thoroughly autocratic regime, long ago and far away. Now let us take a realistic look at the nature of our own money" in this enlightened twentieth century. Instead of ridiculing the naive subjects of the Great Khan," let us contemplate the victims of the "Great Con", you and me.

"All the perplexities, confusions and distresses in America arise not from defects in the constitution or confederation, not from want of honor or virtue, as much as from downright ignorance of the nature of coin, credit and circulation!" — John Adams

The Great Khan was a jewel compared to our Great Con Artist, Congress, because he, Khan, only had single demands on his paper and we have multiple demands on each and every issue. The people then only had to behead the monarch and appoint a new one. We have 435 (congress) monarchs who each

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come to give us their great privileges (titles) for our vote to continue the Great Con and make it impossible to behead them because they offer up new ones at our pleasure every four years. The only choice is, do you want to be con-ed" by Republicans or Democrats for more and more paper? If you vote or participate in the con, you WAIVE ALL RIGHT TO object to the Great Con, see Ratification.

**Income.** "The return in Money from one's business, labor, or capital income invested; gains, profits, or private income." [BLD 4?] (underlining added)

### Chapter 2, Part 1(a) — Money

"Money" is defined in the UCC (code "Law Merchant").

**Money.** Means a medium of exchange authorized or adopted by a domestic or foreign government as a part of its CURRENCY", (UCC 1-201 (24) 3-107). (footnote added) Currency. "Coined money and such banknotes or other paper money as are authorized by law and do in fact circulate from hand to hand as the medium of exchange."

**Cash.** "Money or its equivalent; usually ready money in hand, either in current coin or other legal tender, or bank bills or checks and received as money. ... and whatever can be used as MONEY without being converted into another form. BLD, (emphases added)

What makes money valuable?

"In the United States neither paper currency nor deposits have value as commodities. Intrinsically, a dollar bill is just a piece of paper. Deposits are merely book entries. Coins do have some intrinsic value as metal, but generally far less than their face amount." (ed/they are copper)

"What, then, makes these instruments-checks, paper money, and coins-acceptable at face value in payment (ed/discharge) 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 real goods and services whenever they choose to do so. This is partly (ed/ wholly) a matter of law; currency has been designated "legal tender" by the government - that is it must be accepted by (ed/force of law) creditors...." *Modern Money Mechanics* by Federal reserve Bank of Chicago, page 3.

There you have it right out of the horse's mouth. It's just a confidence game (Inducement) compelled by "legal tender acts" of congress.

FRNs have a green stamp on the right hand side and a black stamp (maritime) on the left hand side. The green stamp indicates the STAMP TAX has been paid, the black STAMP (maritime seal) denotes which Federal bank has discharged (paid) the stamp tax (see Chapter 63 Internal Revenue Code Sec. 6201(a)(20(B)). This is the authority is to collect a Stamp Tax.

Each person is paying a tax on each note that comes into your possession hence "Income" (come-in) acting much like the dreaded STAMP TAX on all paper by GOOD OLD KING GEORGE.

The reason KING GEORGE was so good is he only taxed the paper once, not every time it exchanged (circulated) from hand to hand.

## Chapter 2, Part 1(b) — Private Income

Privatization (private monopoly) of the currency was effectively barred by Art.1,§10,¶1 (supra) which requires a public currency redeemable in gold or silver for use by the States.

What constitutes "private income", negotiable instruments? Yes, although there are other considerations.

What are negotiable instruments?

Written or printed paper [presentments] or both?

"A negotiable instrument is a written promise or result for the payment of a certain sum of money to order or bearer". [Source not provided, see UCC 3-104(a) (1995 text for official definition)].

Keep the word "circulate" (in transitu-movable) in mind, it will be significant in this discussion, because negotiable instruments are circulated and especially when they "come in" (income) (chose in action) they then become choses in possession.

The "thing(s) (chose) in action" which come(s)-in, may be "income" (chose in possession) and it (the chose) comes-in from hand to hand.

All persons circulating private negotiable instruments (chose in transitu) are under the code law merchant (UCC) which governs the transaction (movement) as the private notes "choses in action" circulates from hand to hand.

A more elaborate definition of Negotiable Instruments [private income] follows: "Under the Negotiable Instruments Act, an instrument, to be negotiable, must be in writing and signed; must contain an unconditional promise or order to pay a certain sum of money on demand, or at a fixed and determinable future time; it must be payable to order or bearer, and where it is addressed to the drawee, he must be named or otherwise indicated with reasonable certainty; its negotiability is not affected by the fact that it is not dated or that it bears a seal, or that it does not specify the value given or that value was given. It is the general name for bills, notes, checks trade acceptances, certain bonds, letters of credit and other written securities. These words impart the character of negotiability." BLD (underlining added)

Take a close look at a Federal Reserve Note. It fits all the above definitions (see 3-104 UCC). It is a demand note without a payee stated on its face. The holder UCC 3-305 & 3-501 can make demand for payment.

## Chapter 2, Part 1(c) — Bills of Exchange

The Form 1040 is nearly identical in form and function to a Bill of exchange. We will use the definitions that follow:

**Bill of Exchange.** (in the law of negotiable instruments) "A Promissory obligation for the payment of money. A written order from A. to B., directing B. to pay C. a certain sum of money therein named." (open or unsealed- (eg. unsworn)).

**Foreign Bill of Exchange.** "a bill of exchange drawn in one state or country, upon a foreign state or country." "... a bill of exchange drawn in one of the United States upon a person residing in another state is a foreign bill." (see District of Columbia where FRNs are printed U.S. mint)

**Indorsement.** The act of a payee, drawee, accommodation indorser or holder of a bill, note, check, or other negotiable instrument, in writing his name on the back of the same, with or without further or qualifying words, whereby the property in the same is assigned and transferred to another." (UCC 3-202) BLD

See also other types of indorsement in BLD. Also see the back of a FRN. The word Endorse was changed to Indorse, but both spellings are in use.

## Chapter 2, Part 2 — Taxes

Income tax is the Mode of indirectly taking a portion of the funds received as a duty premium from a "person" made liable voluntarily by "code" under threat upon signing a quasi bill, in exchange for use of FRNs of "vapor value" for security of an antecedent claim (specie of debt upon simple contract.) No consideration is necessarily given, and free from all defenses of any party whom, the holder has not negotiated with, except illegal fraudulent transfer as renders the obligation a nullity. Withstanding such misrepresentation as has sold (induced) the party into signing an instrument with miscellaneous provisional forms, receipts and non-negotiable set, renouncing — waiving — certain inalienable rights to justice. (Note, circulating FRNs = same as signing in our case.)

Definitions from Black's Law Dictionary:

**Tax** [v.]. "To impose a tax; to enact or declare that a pecuniary contribution shall be made by the person liable, for the support of government. spoken of an individual, to be taxed is to be included in an assessment made for purposes of taxation." BLD

**Income tax.** "A tax relating to the product or income from property or from business pursuits; a tax on the yearly profits arising from property, professions, trades, offices; a tax on a person's income, emoluments, profits, and the like, or excess thereof over a certain amount. It is also called an excise and even a direct tax; while an income tax is a direct tax imposed upon income, and is directly imposed as a tax on land. U.S. v. Philadelphia, B & WR. Co., D.C. Pa. 262 F. 188, 190. BLD

An extensive definition of the phrase "income tax" will encompass the meanings of many words and will be quite complex. It has to do with private property (in action or in possession and/or transitory) rights reserved in the so called "money", "currency", "checks", "bills", FRNs, etc.

It has been established that the organic law mandates that a national tax cannot be imposed directly by the national government. There is no prohibition against an indirect roundabout tax taking a return premium for the use of things (chose) in action. Except that the things mandated to be public currency in the States are gold and silver coin.

Individual natural persons, as well as "unnatural" corporate persons circulate private negotiable currency. There is paid a premium for the circulation or use of this "chose in action." Public treasury currency is no longer issued, except clad copper coin. Since 1913, money evolved as private paper issued (indirectly) by a private enfranchised bank. This "premium duty" avoids the prohibition against non-apportioned direct taxes.

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By deduction, the assessment is for the use of private currency negotiated by the Exchange Broker/IRS, it may be direct or indirect, in the nature of an excessive use fee or premium from "whatever source derived" (discussion infra see Veazie Bank v. Fenno, 75 US \_\_\_).

There is a distinction between a tax and an assessment.

**"Assessments"**: In a broad sense, taxes undoubtedly include assessments, and the right to impose assessments has its foundation in the taxing power of the government; and yet, in practice and as generally understood, there is a broad distinction between the two terms.

Taxes as the term is generally used, are public burdens imposed generally upon the inhabitants of the whole state, or upon some civil division thereof, for governmental purpose, without reference to peculiar benefits to particular individuals or property. (underlining added)

"Assessments" have reference to impositions for improvements which are specially beneficial to particular individuals or property, and which are imposed in proportion to the particular benefits supposed to be conferred ... BLD 5, P. 1307 Synonyms.

This author knows of no one who is being taxed in the constitutional sense, state or federal. All are being assessed for a privilege under the UCC. (International law — Check out privileges as Titles.)

### Chapter 2, Part 2(a) — Indirect verses Direct

A direct tax must be apportioned. The United States Treasury cannot assess [Congress cannot levy] a direct tax, except according to the census, Art.1,§2,¶3 and Art.1,§9,¶4 (even though congress was given extensive powers to tax. (now Financial Administration Service).

**Direct.** "Immediate, proximate; by the shortest course, without circuitry; operating by immediate connection or relation instead of through a medium; the opposite of indirect."

During the financial emergency caused by the civil war, president Abraham Lincoln issued public paper, "Treasury Notes". These Notes, called "green backs" were redeemable in coin.

In the late 1800's Congress (probably influenced by the foreign international bankers) attempted to pass an income tax statute which taxed property directly. In the case of Pollock v. Farmers L. & T. Co. this mode of taxation was ruled unconstitutional and void by the Supreme Ct.

**Art.1,§8,¶1:** "The Congress shall have power ... to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defence and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States... (footnote added)

**Art.1,§2,¶3:** "Direct taxes shall be apportioned among the several States ... according to their respective numbers."

**Art.1,§9,¶4:** "No capitation or other direct tax shall be laid, unless in proportion to the census or enumeration hereinbefore directed to be made."

This "indirect" loophole (unless in proportion) might have been closed with the words "No capitation or other direct or indirect tax shall be laid, ... etc."

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**Indirect tax:** A tax upon some right or privilege or corporate franchise. A tax laid upon a happening of an event as distinguished from the tangible fruits.

It would appear that at the time the Constitution was ratified, usury or excessive interest for the use of private "things [choses] in action" was considered unconscionable.

**Usury.** "An illegal contract for a loan or forbearance of money goods, or things in action, by which illegal interest is reserved or agreed to be reserved or taken...an unconscionable and exorbitant increase...The reserving and taking, or contracting to reserve to take, either directly or indirectly, a greater sum for the use of money than the lawful interest... Interest of money; increase for the loan of money; a reward for the use of money."

Speaking of Lincoln's Green Backs the court stated: "This currency, issued directly by the government for disbursement of the war and other expenditures, could not, obviously, be a proper object of taxation." *Veazie v. Fenno*, (1869) (underlining added)

Since currency issued directly by the government could not be taxed, the Federal Reserve was created, a corporation for the purpose of creation of credit.

**Vessel-public.** "One owned and used by a nation or government for public service, whether in its navy, its revenue service, or otherwise." (UCC 9- 105(b) & 106)

Congress found it necessary to try an in-direct mode of taxation to circumvent the prohibition of the Constitution of the United States of America states.

**Circuitry.** "A complex, indirect, or roundabout course of legal proceeding, making two or more actions necessary in order to effect that adjustment of rights between all parties concerned in the transaction which, by a more direct course, might have been accomplished in a single suit."

**Circulation.** "As used in statutes providing for taxes on the circulation of banks, this term includes all currency or circulating notes or bills, certificates or bills intended to circulate as money."

**Circulate[d].** "A thing is 'circulated' when it passes, as from one person or place to another, or spreads, as a report or tale."

**Circulating medium.** "This term is more comprehensive than the term 'money', as it is the medium of exchanges, for purchases and sales, whether it be gold or silver coin or any other article." (choses transitory)

International bankers (governmental financiers) had established a foothold 20 years prior to "Stonewall" Jackson's presidency (1829-37) only some 30 years after ratification of the Constitution. When the attempt was made to renew the congressional franchise (National Bank Act) for another 20 years President Jackson vetoed the bill.

In 1913, a similar central bank was established by Congress, the Federal Reserve Banking Act was passed, and in May, 1914. The private Federal Reserve was incorporated in California.

This central bank is called the "bankers bank" having gained congressional appropriation for a species of debt on simple contract.

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Chose in action are circulated in the normal course of private business and involves private law. There is nothing in the Constitution to prohibit the circulation of private FRNs (chose in action) as currency.

The legal tender act compelled the use of the notes which are a debt obligation of the government.

[Note: This "debt" is not a direct obligation of the people.]

**USE.** "A right given to any one to make a gratuitous use of a thing (e.g. Fed Res. accounting unit Devices (FRAUDS)/private negotiable instruments etc.) belonging to another, or to exact such a portion of the fruit it produces as is necessary for his personal wants and those of his family.

A tax for the privilege of using private notes is an indirect tax.

### Chapter 2, Part 2(b) — Banking Acts of The 1860s

On July 13th, 1866 Congress passed an Ac. The second clause of the 9th section as follows:

"That every national banking association, State bank, or State banking association, shall pay a tax of ten per centum on the amount of notes of any person, State bank, or State banking association, used for circulation and paid in such manner as shall be prescribed by the Commissioner of Internal Revenue."  
(footnote added)

The Veazie Bank, which was a chartered corporation by the State of Maine. The Veazie Bank had authority to issue bank notes for circulation. The tax was assessed and being collected by authority of the Banking Act of 1866 (supra). The bank initially refused to pay. Collector Fenno, was proceeding by distraint in order to collect with penalties and costs. In order to prevent collection by distraint the bank paid under protest and took unsuccessful action against the collector, Fenno.

In the opinion of the court:

"It may be said to come within the same category of taxation as the tax on incomes of insurance companies, which this court, at the last term, in the case of Pacific Ins. Co. v. Soule, 7 Wallace 434, held not to be a direct tax." Veazie Bank v. Fenno, 75 US 533 (underlining added)

This case, on appeal is requisite reading to understand that the present income tax is of the nature of the tax collected from the bank above named "income tax" before the name was ever applied to the present day duty premium. The word "income" is mentioned only once in the text at page 547.

The word "circulation" is used at least 28 times in the text of the Court's opinion as in the following short excerpt:

"At a later date, by the act of June 3rd, 1864 which was substituted for the act of February 25th, 1863, authorizing National banking associations, the rate of tax on circulation was continued and applied to the whole amount of it, and the shares of their stockholders were also subjected to taxation by the States; and a few days afterwards, by the act of June 30, 1864 to provide ways and means for the support of the government, the tax on the circulation of State banks was also continued at the same annual rate of one per cent, as before, but payment was required in monthly installments of one-twelfth of one per cent, with monthly reports from each state bank of the amount in circulation." Veazie Bank v. Fenno, 75 US \_\_\_, (underlining and footnote added)

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Remember that this was during the civil war, and the above Acts, emanate from the Act of March 3rd, 1863, 12 Statutes at Large, 670.

The word circulation (e.g. Chose: "in transitu") has a very significant bearing on how our conclusion will read because these taxes were assessed and taken as a "tax on circulation" for the amount of currency (private notes) created and issued by State created persons, enfranchised as private banks.

### Chapter 2, Part 2(c) The Sixteenth Amendment

A quick look at the Statutes at Large of the United States of America from March 1911, to March 1913, Volume XXXVII will prove to you that the 16th Amendment is PRIVATE LAW not public law.

"The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration."  
Sixteenth Amendment

By circulating private money in exchange for property; the SOURCE derived is from private money. The owner of the private notes now has a vested interest in the property purchased with his CREDIT.

Is the collection of a tax from [by] privately chartered banks, which have charged and concealed excessive interest (induced) from customers... "whatever source..." unconstitutional, illegal or unlawful, other than clearly an immoral (unconstitutional) grant of privilege (Title of Nobility)?

It has been "Deduced", from the above information, that roundabout or indirectly Congress can collect a tax (on "income" from the use of the "chose in action" (FRNs)) from chartered banks, banking associations etc., indirectly or even directly (Veazie Bank v. Fenno).

The 16th Amendment to the constitution was supposedly adopted in 1913. It is supposedly substantive constitutional law, but was it even necessary? The "circuit" "roundabout" avoids the requirements of apportionment and enumeration for a direct tax. Unless the phrase "...from whatever source derived..." is the switch which closed the circuit to spark the incorporation of the private non- governmental Federal Reserve.

This "source" (chose in action) the object (chose transitory) of the premium (taken in return) for the use of private (chose) currency is the key to understanding.

The facts, assumptions, definitions, and supposition shows (so far discussed) that the subject "income tax" is a roundabout, indirect, and circuitry (transitory) of action." Two or more actions are necessary in order to affect the rights between the parties concerned in the (transition) transaction.

In matters involving commercial papers the prior common law merchant governs and defenses should be mentioned in the UCC, now adopted by all the states of the Union. The private international law administered by the state and federal courts today is a sort of admiralty/maritime jurisdiction called (common law of contracts) or civil law. Every "person" is presumed to be using commercial paper, there is hardly anything else to use (see private law). There are so many defenses to this scheme in the UCC that I can't list them all here due to lack of space.

IN summary, "Income" includes income in the form of commercial paper. The subject "income tax" maybe in compliance with the prohibitions of the Constitution. Said "tax" being indirectly (voluntarily -

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by failure to object -or exercise administrative remedies) assessed and taken on the chose (source) in action. The "tax" could be an Excise on the use privilege, conversion of paper of no value into some "thing" of intrinsic value, and that difference is the measure of "income". The Fraud vitiates unless you bring it up as a defense. Defenses are waived unless specifically plead.

### Chapter Three — Introduction to The Law Merchant

Where commercial paper is concerned, GOVERNMENTS ARE BOUND BY THE SAME LAW YOU ARE AND MUST PAY THEIR NOTES.

Remember President NIXON closed the gold window on the world. Telling the whole world that America would no longer redeem its notes. That's the same thing Roosevelt told the People in 1933 with HJR 192, what did the world expect? FRNs now FLOATS in value on the world scene. While Americans set blithely by with little concern.

If other countries want to redeem these notes, they must let the American people redeem them (take it out of the hides of the People (well, who else is there?) by carrying these notes back to America and exchanging them for our property. All the Federal Reserve will do is give them another Note, Exchange DOLLAR for DOLLAR, HJR 192. The Japanese, Arabs, India, and others are buying an enormous amount of property in America in order to redeem the notes.

They call it balance of payment. Maybe Uncle can tax them out of it some way. However, under the Law Merchant (law of Nature) someone must PAY someday. Remember the Law Merchant is harsh but it merely enforces mutual voluntary full knowing contracts.

The essential part of HJR 192 follows:

Resolved by the Senate and House of representatives of the United States of America in congress assembled, That [a] every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in an amount in money of the United States measured thereby, is declared to be against public policy, and no such provision shall be contained in or made with respect to any obligation hereafter incurred. Every obligation, heretofore or hereafter incurred, whether or not any such provision contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts. (underlining and footnote added)

"Federal Reserve Notes are obligating (debts) of the United States 12 USCS 411 and shall be receivable by all national and member banks and Federal Reserve Banks and for all taxes, customs and other public dues. They shall be redeemed in lawful money on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or at any Federal Reserve Bank."

Now look at 12 USCS 153: ... the terms "lawful money" and "'lawful money of the United States" shall be construed to mean gold or silver coin of the United States; .... " this is current law.

Except that later Congress passed 31 USC 51-18D saying they wouldn't redeem Federal Reserve Notes. That looks like fraud under UCC 3-305.

## Chapter 3, Part I

The Law Merchant is The Controlling Law

Is the Income Tax being collected in accord with Title 26 the Internal Revenue Code?

In as much as the old Internal Revenue Code was written when you could pay the tax, it no longer applies and has now been transferred to the last section of the Uniform Commercial Code. Taxes can not be paid but only discharged with the government's own debt (FRNs) in equity (admiralty/maritime) (see 10-40 repealer act).

The following confirms that the Law Merchant (UCC) governs.

"in any case not provided for in this Act the rules of the Law Merchant shall govern." Treasury I.R. Manual Legal Ref. Gd., 8(21)4,p. 58(10)0-200, Sec. 11 etc. Also, "in any case not provided for in this Act the rules of the Law Merchant shall govern." Negotiable Instruments Act 196.

Note: The Law Merchant is the same as UCC or State UCC except for codification.

Also, taken from the old Uniform Sales Act, sec. 73; UCC, Sec. 1-103. Supplementary general principles of law applicable. Unless displaced by the particular provisions of this act, the principles of law and equity including the law merchant and the law relative to the capacity to contract, principal and agent, estoppel, fraud, misrepresentation, duress, coercion, mistake, bankruptcy, or other validating or invalidating cause shall supplement its provisions. (emphases added, note: these are defenses)

Also see your State's business and Commercial Code.

"(1) MERCHANT means a person who deals in goods of the kind or otherwise by his occupation holds himself out as having knowledge or skill peculiar to the practices or goods involved in the transaction or to whom such knowledge or skill may be attributed by his employment of an agent or broker or other, intermediary who holds himself out as having such knowledge or skill." 28 USC FRCP, Rule 902 (9). (emphases added)

In other words all persons are statutory-code law merchants, dealers in negotiable instruments.

Any person, natural or fictitious (e.g. corporate) who employs or commissions an agent or bank or other "intermediary", or is employed thereby, and moves (circulates) chose (things) in action (chose transitory) is defined statutorily to be a merchant. "The law merchant is harsh...but it merely enforces mutual agreements". Swanson v. Fuline, 248 F Supp 364 —and always has been, but merely binds individuals and associations to their intentional, full knowing, voluntary agreements ...

Have you intentionally, knowingly, and voluntarily entered into the negotiable instruments law with full knowledge. If not, See UCC 3-305, and 306.

Under the law merchant the Judge determines the law and the jury hears the facts but the judge does not have to abide by the decision of the jury. Fines, penalties, damages etc. are discharged with negotiable instruments. Only six man and woman juries in misdemeanors and twelve in felones and serious civil cases but only 10 of the 12 jurors are needed to render a verdict. Under the common law it takes all 12 to find a verdict of guilty. A common law jury hears the law and the facts.

LAW OF NATIONS DIVIDES INTO TWO AREAS

**Law Merchant – By John:Knox & Jean:Keating**

See Bouvier's Law Dict. 1870 Ed., Vol. 1, p 739)

ROMAN	CHRISTIAN
JUS GENTIUM PUBLICUM	JUS INTER GENTES
JUS GENTIUM PRIVATUM	
Mercantile Law Uniform Commercial Code Lex mercatoria (Law Merchant) Note: Jus Gentium can be traced directly to the Roman Civil Laws. Corporate system. The general body of Commercial usages in matters relative to commerce. Bouvier's.	The Law(s) recognized and adhered to by Christian nations GOD'S LAWS ARE RECOGNIZED HERE and is to be clearly distinguished from Roman commercial Laws. Roots of Jus Inter Gentes are found in The Old Testament, The Ten Commandments, and the Laws of Moses. The Pentateuch spread by the tribes of Israel TRUE CHURCHES ESTABLISHED. PUBLIC/INTERNATIONAL POLICY THROUGH HUMAN CONSENT/REASON

POSITIVE LAWS: Law actually ordained or established by Human Sanctions. Bouviers L.D.Vol.II,348 (1870 Ed.)

1. Universal Voluntary Law.
2. Customary Law --- TACIT/IMPLIED CONSENT
3. Conventional Law

**Example:**

If certain nations agree that human sacrifice is acceptable, THAT IS POSITIVE LAW OF THE LAW OF NATIONS. It would fall under Jus Gentium Privatum. (PRIVATE LAW) See Abortion.

In this civil law jurisdiction (law of nations) the government judges have final say on every statute passed, and can make their own law.

The juries (the people) cannot hear the law, only the facts. Contrary to the present circumstance, Justice Chase of the Supreme Court was impeached for not allowing the jury to hear the Law. (See congressional record on his impeachment.) The impeachment trial failed by only one vote in Congress but we were under common law then. (By the way, the man tried was hung.)

**Example:**

It sort of works like this, the legislature passes a statute under the "civil law" (Roman Law).

"Everyone must eat a banana at 3 P.M. each day except Sunday".

Two days later at 3 P.M., you are standing on a street corner and a policeman spies you not eating a banana. You are given a ticket, "failed to eat a banana". The complaint will be entitled The State of (-deception-[California]) v. defendant, NOT The People of the State of (- state of the Union-[California]). This is a suit under the corporate side of the state under private contract. In court the question comes before the 6 man & woman (advisory) jury (the judge can ignore the jury decision).

"Did you or did you not eat a banana at 3 P.M.?"

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Don't bother trying to put that it is a bad law or that you have constitutional rights before the jury. As a law merchant, the only question you can bring up is:

"Did you or didn't you eat a banana?"

Then some bur-a-rat doesn't like the way the law on bananas is being administrated and brings a suit before a federal judge. The federal court orders the STATE to provide bananas to everyone at 3 P.M. every day at taxpayers' (sic) expense.

- 1- Only one witness is necessary under this civil law, two are required under the common law. (That's why, years ago, you always had two policemen in cars)
- 2- The judge gives the jury the law. "Do you find from the preponderance of the evidence, etc..."

The jury goes out, cannot look at anything but the law as given by the judge, and finds you guilty of not eating a banana.

### Chapter 3, Part I(a) — Prior Statutory Law

The prior Negotiable Instrument Law and the Uniform Sales Act are prior statutory law combined within the statutory code UCC.

3. Title 12 sec 421, [a]mended be it enacted... sec. 2a -... all right title and interest and every claim of the Federal Reserve Board and every Reserve Bank and every Federal Reserve Agent in and to any and all gold bullion and gold coin shall pass to and are hereby vested in the United States and in thereof CREDIT IN EQUIVALENT amounts in dollars [FRNs] are hereby established in the Treasury in the accounts authorized-under the 16th paragraph of sect. 16 of the Federal Reserve Act as heretofore and by this act amended. USC, Title 12, Section 467... 467.. GOLD RESERVE ACT 1934

There you have it. All rights, title, and interest in federal Reserve Notes AND GOLD belong to the U.S. Government which means the Treasury owns Federal Reserve NOTES including the ones in your bank account. [electronic book keeping entries]

4 . In 1977 President Ford declared the ECONOMIC EMERGENCY OVER by Public Law 95-147 but stated they would not pay their debts except DOLLAR FOR DOLLAR denominated NOTES. Now codified in Title 31, § 5118. The NOTE only says it is a DOLLAR BUT IT IS NOT A DOLLAR. I can say I'm a DUCK but I'll leave that up to you.

The above Title 12 §411 now codified and amended as Title 31, 5118 D with this addition:

"The United States government may not pay out gold coin. A person lawfully holding U.S. coins and currency may present the coins and currencies to the Secretary of Treasury for EXCHANGE dollar for dollar for other U.S. coins and currencies other than gold and silver coins that may be lawfully held. The Secretary shall make the exchange under regulations by the secretary."

Para. 5 & 6: ... notes presented for redemption at the treasury of the United States shall be paid out of the redemption fund and returned to the Federal Reserve Bank to which they were originally issued and thereupon such Federal Reserve Banks shall upon demand of the Secretary of Treasury reimburse such redemption fund in lawful money ." (Note, lawful money = gold/silver). See Title 22 USCS 152.

Here then is the prima facie evidence that congress never did intend to redeem its notes. FRAUD ETC.

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Legal questions come to bear. See Prologue, page 4 (supra) for these questions.

We will digress to gain an understanding of the evolution of the prior common law merchant to its present status as a body of private commercial statutes, now codified in all States almost identical to the UCC with the Numbering system, slightly changed.

Since HJR 192 killed the English common law the Federal common law is the same as the state common law. The states and federal governments adopted the law merchant codes. The states enacted the law merchant as state law since about 1936.

Court actions today are by "code" pleading in a federal common law jurisdiction because the Law Merchant, through the use of negotiable instruments displaced a great part of the English/American Christian concept of the Common Law.

It would not have been so upsetting if Uncle Sam had come right out with the truth "if you use FRNs you will be attached to the Law Merchant and will have to discharge a duty premium for their use and you will be subject to "contract" under international law".

Instead this information has been hidden [Fraud] from the people by control of the educational system [also the mass media and churches] and the Law.

State Bar laws allow no one, except a licensed attorney, to practice law, give advice, or do anything concerning the law. Such activities are a misdemeanor punishable by fine or imprisonment.

The Law Merchant is a system of customs or rules [procedures] relative to bills of exchange, partnerships, and other mercantile matters. The "lex mercatoria", or "law merchant" has been ingrafted into and made a part of the common law.

All counties in your state have been incorporated, since 1940 and all county courts are courts of admiralty/maritime ruled by the corporate board of directors called county commissioners in my state. (For proof, go down to your courthouse and check the county deed. You will most likely find it not recorded until after 1938).

This incorporation is what happened to the great Roman city states (governments within governments) described by the eminent Judge Taney in Dred Scott v. Sanford, 60 US (19) How at 404, p.477, 478, 479.

These corporate adventures have ruled India in corporate form from that time to this. In contradistinction to independence, India is now ruled by the pound "NOTE" and America by the Federal Reserve NOTE through admiralty/maritime jurisdiction (negotiable instruments).

### Chapter 3, Part I(b) — Uniformity

The negotiable instruments law was adopted at the Geneva Conference in 1990. Hence, one of its names is the Hague law or Geneva law. Although the law of negotiability has a common origin, 'lex mercatoria', it has assumed a peculiar variety of forms in different countries.

The principal systems are classified in different groups as French, German, Anglo- American, and an intermediate of French and German.

Speaking of German, one of the Planks of the German Socialist Party supporting Hitler was #19:

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"We demand that Roman law, which serves a materialist ordering of the world, be replaced by German common law."

This turned the mercantile interest against the Germans. Hence, anyone advocating a return to the Biblical common law is termed a Nazi by those desiring to dis-credit (no more credit) those desiring a return to the real common law. See Revelations 26 concerning merchants.

Conflicts are an annoyance to the business world regarding the free circulation and interpretation of negotiable paper. Uniformity of law is desirable to settle disputes. Therefore the Uniform Commercial Code, (UCC) was adopted by the several States of the Union. In 1895 there were 27 States which had acted upon a suggestion of uniformity. After much huffing and puffing, New York finally adopted the Negotiable Instruments Law in 1897. Now all the States (except Louisiana, which was formed under Roman Civil Law) have adopted their codified versions of the Uniform Commercial Code.

Even where the UCC has been adopted the common law (of England) is still important in determining controversies on negotiable instruments. Courts may presume that the code restates the rule of the common law merchant as it existed before codification when language is unclear.

NIL 196 states that cases not provided for in the Act are governed by the unwritten law previously existing. See also BLD 5th ed. p. 1205-1206 Savings to Suitors Clause. "Independent of any positive regulations, the unequal industry and virtues of men must necessarily create unequal rights. But it is said that all men are equal because they have equal right to justice, or to the possession of their rights." Chitty's Blackstone, vol. 1, Book 1, page 319.

Note, one must be aggressive to keep rights against government, and can't be complacent. What is freedom worth to you? You can go back to Egypt under Pharaoh and tromp straw in the mud for bricks if that's your bag.

### Chapter 3, Part I(c) — Historical Perspective

America has wrestled with the intrusion of Commercial Law from the beginning. It was a major cause of the Revolutionary War. The following Declaration of Rights was written in Congress, at Philadelphia, October 24, 1774.

Whereas, since the close of the last war, the British Parliament, claiming a power of right to bind the people of America, by statute, in all cases whatsoever, hath in some acts expressly imposed taxes on them and in others, under various pretenses, but in fact for the purpose of raising a revenue, hath imposed rates and duties payable in these colonies established a board of commissioners, with unconstitutional powers and extended the jurisdiction of COURTS OF ADMIRALTY, not only for collecting the said duties, but for the TRIAL OF CAUSES merely arising within the body of a county. (emphases added)

A method of commercial accounting emanates from the time of Nimrod of Babylon and has been recently confirmed archaeologically by clay tablets used for credit accounting records. Genesis 10:8-12

During Nimrod's time silver coin (shekel) was used as "legal tender" and is mentioned because Abraham needed a grave site for his wife Sarah. Abraham is first person mentioned as being a (eber) Hebrew.

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The clay tablet served as Negotiable instruments and allowed transport between merchants, tribes, and nations. This provided some protection from thief, piracy, and natural disasters. At fixed times these traders would settle accounts with hard currency.

Historically the earliest maritime laws, having to do with shipping and the risks involved in transporting merchandise by sea are those of the island of Rhodes, an island on the north in the Mediterranean Sea.

The laws were formulated by the people of the island of Rhodes, who, by their commercial prosperity and the superiority of their navies, had acquired the sovereignty of the seas. The date is very uncertain, but it is supposed to be 900 B.C. Nothing of them is yet extant (existing) except the article on jettison (of cargo to save the ship) which is preserved in the Roman collection or Pandects (Dig. 24, 2: 3 Kent., Comm. 232, 233 "Lex Rhodia de Jactu".)

The customs of merchants evolved and the instruments became paper. The law of merchants was introduced in England where the common law jurisdiction (grudgingly) recognized the principles of moral sin which can emanate from the use of paper instruments.

In 1666 an English court in the case of *Woodard v. Rowe*, 2 Keb. 105, 132 declared: "The law of merchants is the law of the land, and the custom is good enough generally for any man without naming him merchant." (see *stranger*, [law of the land] BLD) (underlining added)

The same principles apply today, as nations and traders settle their accounts in gold and silver. In America the citizen have been deprived of a method of settling (paying) their accounts. Therefore the credit instruments remain outstanding. In 1968 President Nixon NOTICED the world America would no longer honor its paper by closing the gold window. This is an open Declaration of War, see law merchant.

The paper now floats in the open market of the world's commerce. This creates commercial gambling in American credit instruments. The situation is now critical, see Blackstone's Commentaries.

In pleading then, to avoid admitting they were merchants, parties to an action called themselves Gentlemen to deprive the merchant court of jurisdiction.

Blackstone speaks of Letters or Bills of Exchange as having been brought into general use by the Jews and Lombards. When banished for their usury from France and England to easily draw their effects into the countries they had chosen to reside in.

Such letters (Bill of Exchange) were introduced prior to A.D. 1236 into the Mogul empire in China.

Lord Holt refused, however, to allow promissory notes the privileges of negotiability and it was not until the Statute of Anne (1704) that the full doctrine of negotiability became a part of English law. This statute is the first great landmark in the Anglo-American law of bills and notes, the most important section follows:

"Whereas, it hath been held that notes in writing signed by the party who makes the same, whereby such party promises to pay unto any other person, or his order, any sum therein mentioned are not assignable or (i) endorsable over, within the custom of merchants, to any other person; and that the person to whom the sum of money mentioned in such note is payable, cannot maintain any action by the custom of merchants, against the person who first made and signed the same; and that any person to whom such note shall be assigned, indorsed or made payable could not within the said custom of

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merchants, maintain any action (sue) upon such note against the person who first drew and signed the same; therefore, to the intent to encourage trade and commerce, which will be much advanced if such notes shall have the same effect as inland bills of exchange, and shall be negotiated in like manner; that all notes in writing whereby any person shall promise to pay to any other person, his order or unto bearer a sum of money mentioned in such note, shall be taken and construed to be due and payable to any such person to whom the same is made payable, and also every such note shall be assignable or endorsable over in the same manner as inland bills of exchange are, or may be, according to the custom of merchants; and that the person to whom such sum of money is or shall be by such note made payable, shall and may maintain an action for the same as he might do upon an inland bill of exchange, made or drawn according to the custom of merchants; and that any person to whom such note is endorsed, or assigned, or the money therein mentioned ordered to be paid by indorsement thereon, shall and may maintain his action for such sum of money, either against the person who signed the same, in like manner as in cases of inland bills of exchange."

### Chapter 3, Part I(d) — Defenses

Several defenses are mentioned in UCC 1-103, supra. Arbitrarily the author chose "estoppel" for discussion. Fraud, misrepresentation, duress, coercion, mistake etc. could just as well have been used.

It is not known at this time how to provide an adequate defense to this Babylonian system. The maker of the draft (FRNs) has made it very difficult to redeem these notes (see UCC 3-501) compelling everyone into International Law without choice.

Estoppel occurs when, a man's own act or acceptance stops or closes his mouth to allege or plead the truth."

**Estop:** "To stop, bar, or impede; to prevent; to preclude."

If your actions show you voluntarily used the notes "shut up."

"The doctrine of liability by Ratification in tort cases is abundantly established. Indeed this seems to have been the earliest form of it..." The Effect of Ratification as Between the Principle and the other Party by Floyd Mechen, in 4 Michigan Law Review 169 @ 270 (1905)

Basically what the above says is that if you don't object timely and strongly about the unlawful actions of others, to your agent, or others, or you participate in their actions (or remain silent) you are, or may become liable for the actions of those who act in your name (fiduciary) or whose actions you ratify. Ratification (silence) of unlawful actions waives a claim for remedy.

The Bible addresses this issue.

4 Then whosoever heareth the sound of the trumpet, and taketh not warning, if the sword come, and take him away, his blood shall be upon his own head.

5 He heard the sound of the trumpet, and took not warning; his blood shall be upon him. But he that taketh warning shall deliver his soul.

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6 But if the watchman see the sword come, and blow not the trumpet, and the people be not warned; if the sword come, and take any person from among them, his is taken away in his iniquity; but his blood will require at the watchman's hand. Ezekiel, 33

As we look further in BLD there are many extensive definitions, variations and categories of the meaning of estoppel, too extensive to quote herein.

A persons conduct may preclude assertion of a right which otherwise may have existed, or the allegation or denial of a right or fact may be prevented because of prior actions, (Actions speak louder than thoughts [words].)

A change of conduct setting up an estoppel may defensively give actual and constructive, notice of knowledge of the truth to the party to be estopped. Give them strong Notice of your objection to the use and circulation of their worthless paper.

What is interesting about this, is that an estoppel may arise if a person changes conduct and thereby gives NOTICE of his knowledge of the truth to the PENAL EXCHANGE BROKER/IRS Inc.

The result may preclude the other party from proceeding because the said income tax is really in the nature of a duty premium paid for circulation (use) of private currency.

The "tax" is privately assessed, supposedly voluntarily. Payment (sic) is made to the U.S. Treasury by its private corporate enfranchised exchange broker/IRS Inc. Information is given by private unsworn oath under penalties of perjury, see privateer(ing).

It may be essential in order to set up a legal estoppel to raise an issue of law to avoid the otherwise excessive interest for the use of a private currency where Congress by private (ex. order) statutes has managed to suspend issuing a public currency for use in the market place.

The state is also a party to the FRAUD, see Art.1,§10,¶1. Also, judges have a financial interest in the outcome of the case because they are paid by the system in FRNs. The Judges are stockholders in these debt instruments. [Don't forget the judges salary depends upon the success of this system.] Good reason for recusal, see below.

Failure to inform a party to an agreement, could be mis-information, fraud (withholding information is a form of fraud), duress, violation of principal and agent. etc. (see UCC 1-103).

Did you volunteer? Did you blow the trumpet? Now consider the word "voluntary". Since there are no longer any large, denominations of public currency left in the market place, its either use the private currency (negotiable instruments) and pay the use fee or cease and desist.

Transactions with the small Treasury coin is not very feasible, nor is discontinuing the use of the private negotiable instruments very convenient. Do you call that voluntary? Well the courts do.

In summary the currency of the United States has been methodically privatized. The come-in "tax" is in the nature of a "duty premium" for the "circulation-use" of the private chose in action. The premium is paid (sic) to the private Federal Reserve system in the name of the United states. The authority lies in the District of Columbia under the Commerce clause of the Constitution. This provides a "long arm jurisdiction" through the [commerce clause] insurable interest in the collateral (surety) by the compelled social Security insurance (sic) program.

## Chapter 3, Part I(e) — Offensive Action

It is presumed all 'persons' (including government corporations and employees) are 'merchants' under the states Uniform Commercial (now combined Negotiable Instruments Act & Uniform Sales Act).

Each state has adopted the UCC as state statutory law, numbered different but otherwise the same as UCC of the District of Columbia.

Other statutes and Federal Rules attach criminal sanctions, penalties, prosecution, and imprisonment for [refusal to pay-discharge] non-extinguishment of a (over due) "contract debt", justifying interest and penalties for a specie of debt on simple contract.

A debt of 'vapor' credit employing bills and notes perpetuating a claim in perpetuity, 'pro tanto' (for as much as may be) requiring one or more "actions" ( Action means suit, NIL 196) for the adjustment of 'THINGS'.

FRNs are debt instruments of obligations issued by one person (U.S. Gov. - Fed. Res.) collateralized by another person (you) in respect to your person and property. Participation is compelled (under force of arms by U.S. Marshals and by statutory edict) to your deterioration, loss, and injury, (damage) without recourse of an alternative use of a medium of exchange for your labor, services, and production of marketable "goods" for which you can be PAID.

The damage by the interest and claims imposed for the forced use of FRNs, denotes (prima facie evidence) that YOU have NEVER been PAID. In all instances the law merchant governs in discharge of debt.

1. In 1933 President Roosevelt declared an ECONOMIC EMERGENCY and had all gold bullion, gold coin declared unlawful for Americans to own, HJR 192. June 5th, 1933. Public law of Jan. 24, 1934, 73rd Congress, Sess. II. Then the country was flooded with public works projects financed with credit instruments NOTES declared to be obligations (debts) of the U.S. at 12 USC, 411, and redeemable at fed Res Banks or by the Secretary of Treasury in lawful money. 12 USC Section 152 declares lawful money to be gold and silver.

2. In 1934 the above Act was codified as Title 12, USCS 411, 412, 152, current law.

[Note: This article does not establish a usable "offensive" theory. We are studying (using) "Accepted For Value...". as a defensive-offensive procedure.]

## Chapter Four — Income Tax Return Form 1040

Added comment: The underlying topic is contracts (offers and acceptance, etc.). The U.S. Government has made treaties or agreements as the fiduciary. The question is how do these agreements apply to the Citizen and how is each individual involved? The "tax code" and applicable regulations etc. is the evidence (notice) of the contract as it applies to the individual Ninth Amendment Citizen. The UCC provides the rules involving these contracts. This is the question the IRS must answer:

"Do I John Doe, a Ninth Amendment Citizen living and earning all funds in a Tenth Amendment State, have a 'duty' to sign a confession of debt 'return'?" If so on what authority is the reasoned determination reaching the conclusion based?

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UCC 1-201(43): "Unauthorized" signature means one made without actual, implied, or apparent authority and includes a forgery.

Caveat, The methods discussed in this topic have not been successful. Any failure to perform is considered in commercial dishonour, i.e. lack of good faith.

**Good faith.** commercial law. Honesty in fact in the conduct or transaction concerned. U.C.C. § 1-201(19). In the case of a merchant, honesty in fact and the observance of reasonable commercial standards of fair dealing in the trade. U.C.C. § 2-103(1)(b). BLD-5

The procedure, "Acceptance For Value ..." is being used because a person in commercial dishonour (refused to pay-discharge a debt) is left without remedy.

UCC 1-201(44): "Value". Except as otherwise provided with respect to negotiable instruments and bank collections (Sections 3-303, 4-210 and 4-211) a person gives "value" for rights if he acquires them.

- (a) in return for a binding commitment to extend credit or for the extension of immediately available credit whether or not drawn upon and whether or not a chargeback is provided for in the event of difficulties in collection; or
- b) as security for or in total or partial satisfaction of a pre-existing claim; or
- (c) by accepting delivery pursuant to a pre-existing contract for purchase; or
- (d) generally, in return for any consideration sufficient to support a simple contract.

Are we considered to have an obligation because of the agreements (treaties etc.) of our fiduciary (the U.S. Government)?

**Obligation.** ... An undertaking to perform. That which constitutes a legal or moral duty and which renders a person liable to coercion and punishment for neglecting it; ...BLD-5 — end of comment —

The "Return" requires a signature under penalties of perjury. Such a signature is an oath, 26 USC §6065. Also see §6014 concerning computations by the Secretary, and §6011 concerning return or statement.

UCC 3-401(a): " A person is not liable on an instrument unless (i) the person signed the instrument, or (ii) the person is represented by an agent or representative who signed the instrument and the signature is binding on the represented person under Section 3-402. (emphases added)

(b) A signature may be made (i) manually or by means of a device or machine, and (ii) 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."

Can a person be forced to sign (take) an oath? The Bible gives an admonitions concerning oaths and usury.

"But above all things, my brethren, swear not, neither by heaven neither by earth, NEITHER BY ANY OTHER OATH: BUT LET YOUR yea be yea; and your nay, nay; lest ye fall into condemnation." James 5:12. (emphases added)

"Thou shalt not lend upon usury to thy brother; usury of money; usury of victuals, usury of anything that is lent upon usury. Unto a stranger thou mayest lend upon usury; but unto thy brother thou shalt not lend upon usury; that the Lord thy God (YAHWEH) bless thee in all that thou settest thine hand to do in the land whither thou goest to possess it." Deuteronomy 23:19. (emphases added)

## Chapter 4, Part I – Unconscionable Contract

In this section we are considering the Bill (Return) and the nature of the notices involved.

UCC 2-302: Unconscionable Contract or Clause.

(1) If the court as a matter of law finds the contract or any clause of the contract to have been unconscionable at the time it was made the court may refuse to enforce the contract, or it may enforce the remainder of the contract without the unconscionable clause, or it may so limit the application of any unconscionable clause as to avoid any unconscionable result.

(2) When it is claimed or appears to the court that the contract or any clause thereof may be unconscionable the parties shall be afforded a reasonable opportunity to present evidence as to its commercial setting, purpose and effect to aid the court in making the determination.

Article 1 of the UCC gives generally applicable principles and provisions. UCC 1-201: General Definitions.

(25) A person has "notice" of a fact when

(a) he has actual knowledge of it; or

(b) he has received a notice or notification of it; or

(c) from all the facts and circumstances known to him at the time in question he has reason to know that it exists.

A person "knows" or has "knowledge" of a fact when he has actual knowledge of it. "Discover" or "learn" or a word or phrase of similar import refers to knowledge rather than to reason to know. the time and circumstances under which a notice of notification may cease to be effective are not determined by this Act.

UCC 201(27): Notice, knowledge or a notice or notification received by an organization is effective for a particular transaction from the time when it is brought to the attention of the individual conducting that transaction, and in any event from the time when it would have been brought to his attention if the organization had exercised due diligence. An organization exercises due diligence if it maintains reasonable routines for communicating significant information to the person conducting the transaction and there is reasonable compliance with the routines. Due diligence does not require an individual action for the organization to communicate information unless such communication is part of his regular duties or unless he has reason to know of the transaction and that the transaction would be materially affected by the information.

(38) "Send" in connection with any writing or notice means to deposit in the mail or deliver for transmission by any other usual means of communication with postage or cost of transmission provided for and properly addressed and in the case of an instrument to an address specified thereon or otherwise agreed, or if there be none to any address reasonable under the circumstances. The receipt of

any writing or notice with the time at which it would have arrived if properly sent has the effect of a proper sending.

UCC 1-201 (25)(27)(38)

When an instrument is not signed upon presentment for acceptance, Notice of Dishonor and Protest establishes the presumption of validity of the claim (by the drawee/IRS).

UCC § 3-505: Evidence of Dishonor.

(a) The following are admissible as evidence and create a presumption of dishonor and of any notice of dishonor stated:

- (1) a document regular in form as provided in subsection (b) which purports to be a protest;
- (2) a purported stamp or writing of the drawee, payor bank or presenting bank on or accompanying the instrument stating that acceptance or payment has been refused unless reasons for the refusal are stated and the reasons are not consistent with dishonor; (emphases added)
- (3) a book or record of the drawee, payor bank, or collecting bank, kept in the usual course of business which shows dishonor, even if there is no evidence of who made the entry. (See subsection (b) and Official Comment 1995 Official Text) [This is a powerful tool in the hands of the IRS no testimony is possible.]

"The validity of the public debt of the United States .... shall not be questioned." 14th Amendment §4

Without the authority of a signature, the document (1040 Bill) will be labeled FRIVOLOUS by the exchange broker/IRS. Without a signature the "Bill" is not transferable because it is non-negotiable to the creditor (Federal Reserve Inc., agent for the U.S.). The 1040 Return (Bill) is for the benefit of the sureties' (principal/U.S.). When the "1040" is unsigned it will be consider NOT FILED.

Filing ought to be by certified mail such that the Broker/IRS is given constructive NOTICE ( See UCC 1-201 (27) & (38) of the dilemma and the Conflict of Law that has arisen.

The Conflict of Law (UCC 9-103(3)(b)) is Private International Law (part of the English Common Law) and thus is in force in jurisdictions which (like our American states) derive their unwritten law from that system (private law) now codified as UCC. NOTICE to the drawer [or drawee?] is sufficient to establish Dissent with the IRS Inc. (Broker). Additional notice by certified mail should be made, for the record, prior to any attempted enforcement by the IRS by the chosen referee of need (US district court) (UCC 4-503, 28 USC 2410 & 1340).

## Chapter 4, Part I(a) — Confessed Judgement "1040"

This topic is additional information given by Floyd A. Wright of Grass Valley. It is not known where Floyd got this information. The question here "is the 1040 a confession" and if so, can a person be required to sign it? Part of this information was provided by Ed Schell. Title 26, Chapter 61, §§ 6001-6115 states the provisions for "Returns".

In the California case Isbell v. County of Sonoma, 21 Cal 3d 61: 145 Cal Rptr 368, 577 P 2d 188 ([S] No. 23604 Apr. 24,1978) the court discusses confessed judgments. Such a judgment is called a "cognovit

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judgment", Black's Law Dictionary, 5th Ed. page 236. These judgments are greatly restricted in many states. A "1040" tax would appear to be such a judgment.

The Isbell case involved excessive welfare payments. The trial court entered a declaratory judgment holding that a confession of judgment obtained in conformity with the statutory procedure did not violate due process, and consequently that the judgments rendered to the county against plaintiffs were valid.

The Supreme court reversed determining, that in cases not involving consumer transactions, the statutory procedure is unconstitutional as violating due process standards of the Fourteenth Amendment, and determining further that plaintiffs' confessed judgments were void. A judgment based solely upon an executed confession is constitutionally defective because that confession is insufficient to demonstrate that the debtor has voluntarily, knowingly, and intelligently waived his due process rights. Isbell v. County of Sonoma, 21 Cal 3d 61: 145 Cal Rptr 368, 577 P 2d 188 ([S] No. 23604 Apr. 24,1978)

"New York Court of Appeals described confessed judgments as 'the loosest way of binding a man's property that ever was devised in any civilized country.'" "The striking feature of the confession of judgment at common law lies in its authorization for entry of final judgment against a debtor without notice, hearing, or opportunity to defend. As we explained in *Hulland v. State Bar* (1972) 8 Cal.3d 440, 449 ... "a confession of judgment ... puts at the disposal of the creditor the most drastic of enforcement proceedings. [It] forecloses the presentation of any possible defense or controversy for judicial resolution; to the contrary it is a personal admission of debt obligation upon which the court places its primatur." The New York Court of Appeals described confessed judgments as " 'the loosest way of binding a man's property that ever was devised in any civilized country.' " (*Atlas Credit Corporation v. Ezrine* (1969) 25 N.Y.2d 219 [303 N.Y.S.2d 382. 250 N.E.2d 474, 478], quoting *Alderman v. Diamet* (1828) 7 N.J.L. 197, 198.)

State law determines property rights.

Disposition of title to property and right to property are exclusively a matter of state law. ... It is for the welfare of every community that the law should favor the citizen in all reasonable measures for the preservation of his estate against losses of his estate which might result from his misfortunes or his faults. ... To divest ownership, without personal notice and without direct compensation, is the instance in which a constitutional government approaches most nearly to an unrestrained tyranny. *McCampbell v. Dinuzzo*, 50 Misc. 2d 437; Cite as 270 N.Y.S.2d 685 (1966).

and,

[f]ile forwarded to agent as basis for her decision bore little resemblance to complete and reliable record created and tested by adversarial process in trial or formal agency hearing. 5 U.S.C.A. 554-557; 42 U.S.C.A. Sec.1983; U.S.C.A. Cont. Amends 1,4-6,8-10. ... [f]or levy to be statutorily authorized ten-day notice of intent to levy must have issued and taxpayer must be liable for tax. 26 U.S.C.A. Sec. 6331(a). ... [t]he taxpayer must be liable for the tax ... tax liability is a condition precedent to the demand. Merely demanding payment, even repeatedly, does not cause liability. ... For the conditions precedent of liability to be met, there must be a lawful assessment, either a voluntary one by the taxpayer or one procedurally proper by the IRS. *Flora v. U.S.* ... [t]hat this country's laws are just and that government

agents must conform to them, a matter of importance to him as an immigrant who has lived under totalitarian regimes in Eastern Europe. *Bothke v. Fluor Engineers*, 713 F.2d 1405 (9th Cir. 1983).

## Chapter 4, Part I(b) — Quasi-Bills of Exchange v. Penal Bill

What commercial category does a "1040 Return" fit? What rules govern this commercial "instrument"? Statutory Rules provide sanctions for not filing a self assessment Bill. [when required] The defense for willful failure to file are of limited scope against prosecution in any subsequent enforcement action.

The 1040 (self assessment) Bill is a foreign acceptance — (non-negotiable "Item", UCC 4- 401(1)(g)) such as a documentary draft (UCC 4-501).

By its nature, it presupposes three (3) parties. A Bill of exchange (e.g. "check") expressly includes an order to pay on demand or to order, but this bill (1040) in question is a sight draft or after sight draft of bearer/IRS.

The Return (being foreign) requires presentment (UCC 3-501), Notice of Dishonor, and Protest by the drawee/broker IRS Inc. upon dissent. This explains the many Notices prior to [collection/enforcement] (discharge) by the exchange broker IRS.

Can a person be required to sign a 1040 penal bill [see cognovit] or a document of any kind as drawer of a quasi-bill of exchange under threat of criminal prosecution? The common law does not so mandate.

Is this private law? If so, who must "voluntarily" sign under the penalties of perJURY (ie. per-jury?), under statutory threat of criminal prosecution?

Nothing is mentioned about this conditional penal clause being part of the text of a Bill of Exchange, draft or check, and this clause is not used (conspicuously, UCC 1-201) on the face of a Return. The threat of criminal prosecution (clause) then must distinguish our Quasi Bill of Exchange from some other type of instrument, which is in the nature of a Penal Bill. PENAL BILL: An instrument formerly in use, by which a party bound himself to pay a certain sum, or sums, of money, or to do certain acts, or in default thereof, to pay a certain specified sum by way of penalty; thence termed a penal sum. These instruments have been superseded by the use of a bond in a penal sum with conditions.

(See UCC 4-501, Documentary Draft.) (emphases added)

Sounds like it?

**PENAL BOND:** A promise to pay a named sum of money, the penalty, with a condition underwritten that, if a stipulated collateral thing, other than the payment of money, be done or forborne, the obligation shall be void. (See Penal clause.) (Authors note; This doesn't sound like it.)

**OBLIGATION:** The binding power of a vow, promise, oath, or contract or of law, civil, political, or moral independent of a promise; that which constitutes legal or moral duty, and which renders a person liable to coercion and punishment for neglecting it. (from Webster/BLD) (emphases added)

This appears to be an attempt to describe a non-negotiable document with a penal clause in the nature of a quasi bill of Exchange.

**EXCHANGE BROKER:** "One who negotiates bills of exchange drawn on foreign countries or on other places in the same country; one who makes and concludes bargains for others in matters of money or merchandise. (See absolute, contractual, and Bondsman.)

These bills are used as evidence in an enforcement action, the originals are never returned to the drawer (maker). Turning now to the Federal Rules of Evidence.

**Self-Authentication.** Extrinsic evidence of authenticity as a condition precedent to admissibility is not required with respect to the following:

(9) Commercial paper and related documents. Commercial paper, signatures thereon, and documents relating thereto to the extent provided for by general commercial law.

FRCP Rule 902(9) (emphases added)

Advisory Para. (9). Issues of the authenticity of commercial paper in federal courts will usually arise in diversity cases, [cases involving two states, remember the U.S. is a foreign state] will involve an element of a cause of action or defense, and with respect to presumptions and burden of proof will be controlled by *Erie R.R. Co. v. Thompkins*, (overturned *Swift*, *supra.*), 304 U.S. 64, etc. .... In these situations, resort to the useful provisions of the Uniform Commercial Code is provided for. While the phrasing is in terms of "general commercial law", in order to avoid the potential complication inherent in borrowing local statutes, today one would have difficulty in determining the general commercial law without referring to the Code. Pertinent Code provisions are Sections 1-201, 3-307, and 3-510, dealing with third party documents, signatures on negotiable instruments, protests, and statements of dishonor. (See: UCC 3-805, 4-104, 4-501, and 9-302 (1F) (3A) at the end of this discourse. (emphases and comments added)

The Common Law-Merchant then (prior to NIL and UCC) will be the substantive body of law which will have to determine the rights of persons as to whether or not they must sign anything under threat of statutory prosecution (duress) see 1-103.

The Common Law-Merchant would also determine whether rights such as those not enumerated in the Constitution in the 9th Article of the Bill of Rights, are unalienable. The enumeration in the Constitution, of certain rights shall not be construed to deny or disparage others retained by the people. Ninth Amendment of the U.S. Constitution "Delivery" with respect to instruments, documents of title, chattel paper or securities means voluntary transfer of possession. UCC 1-201 (14)

## Chapter 4, Part I(c) — Unsworn Oath

Remember: BONA FIDES EXIGIT UT QUOD CONVENT FIAT: Good faith demands that what is agreed upon shall be done.

See: 1040 Bill, oath at the bottom over the signature lines (Private oath). Is it conspicuous?

Title 28 USC 1746 provides the form for an "unsworn oath".

Unsworn declarations under penalty of perjury. Whenever, under any law of the United States or under any rule, regulation, order, or requirement made pursuant to law, any matter is required or permitted to be supported, evidenced, established, certificate, statement, oath, or affidavit, in writing of the person making the same (other than a deposition, or an oath of office, or an oath required to be taken before a

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specified official other than a notary public), such matter may with like force and effect, be supported, evidenced, established, or proven by the unsworn declaration, certificate, verification, or statement, in writing of such person which is subscribed by him, as true under penalty of perjury, and dated, in substantially the following form:

(1) If executed without the United states "I declare (or certify, verify, or state) under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on (date).

(Signature)".

(2) If executed within the United States, its territories, possessions, or commonwealths: "I declare (or certify, verify, or state) under penalty of perjury that the foregoing is true and correct. Executed on (date).

(Signature)". (emphases added)

26 USC 6061-65 does not identify (unless elsewhere provided) who must [has a duty- obligation to] sign under threat, to draw up a Penal Bill to meet the statutory requirement of filing.

The filer must consider the underlying threat when signing the Penal bill (or not signing) under threat (coercion). Coercion might be one element of a failure to file criminal defense.

An allegation of Coercion challenges the validity of a contract [However there may be an underlying fiduciary contract, i.e. by the U.S. Government, that must be considered.]

The intent-consent of the signatory (person who signed) establishes an agreement and (the intent) validates the penal clause similar to the promise in a promissory note with sanctions attaching (See Penal Bill, Penal Bond supra). UCC 3-401: "No person is liable on an instrument unless his signature appears thereon." [UCC 3-402, or the signature of a representative.]

When refusing to sign an agreement, a simple phrase, such as NOT SIGNED UNDER THREAT (or NOT SIGNING) (UCC 3-115 (1) & (2) & 1-207) could establish (preserve) the issue.

UCC 1-207: "A party who with explicit reservation of rights performs or promises performance or assents to performance in a manner demanded or offered by the other party does not thereby prejudice the rights reserved. Such words as 'without prejudice', 'under duress' or the like are sufficient."

The above sections would best explain to the Exchange Broker (IRS) very clearly the reason for not signing, and that the drawer (you) is (are) in compliance with statutes [if any] that mandate filing the bill. [This procedure has not been generally successful. Refusing to sign will be treated as a "commercial dishonour".]

### Chapter 4, Part I(d) — Dissent - Commercial Dishonour

The DISSENT (UCC 3-507) of the drawer (said taxpayer) is expressed by not signing for, nor picking up (to be returned to sender after two notices from the postal service Inc.) certified letters and notices etc. under this implied threat which then transmits the dissent back to the broker, repeating the question, "Who must sign under threat of statutory criminal prosecution under the penalty of perjury".

Emphasizing a Conflict of Law to be pleaded later as defendant in the private international court before

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the "referee in case of need" (UCC 4-503) by objection (e.g. demurrer), raising the issue of law posed in this prior dissent Plea/1040 exhibited therewith. (See: 28 USC 1746, 2105, 2410, 1335 & 18 USC 1621-22.)

"The requirement of the statute of frauds section of this Article (2-201) must be satisfied if the contract as modified is within its provisions." (UCC 2-209).

"A signed agreement which excludes modification or rescission except by a signed writing cannot be otherwise modified or rescinded, but except as between merchants such requirement on a form, supplied by the merchant must be separately signed by the other party." (2-209(2))

This then shows the reason for the many forms and notices received from the Exchange Broker (IRS) such as NOTICE OF PENALTY CHARGE etc. in which they request you tear off the bottom and return it with your signature.

It is a Notice of Dishonor (UCC 3-507) certificate FORM 6801. IT IS SERVED BY MAIL (UCC 3-507) and immediate response thereto should be accomplished without signature. It redoubtably [terrible, fear inspiring] seeks information and exhorts a sell off by a petition to the "Referee in case of need" (UCC 4-503) for 3rd party (UCC 9-301,) et seq. & 311 'voluntary' etc.) 28 USC 2401 — action on enforcement pro tanto (for as much as may be) UCC 3-416 [Sorry, no Sale.] See: FRCP 902 at end of this discourse.

The very nature of the documentary redoubtable penal bill is best defined as 'conspicuous'. A term is conspicuous when it is so written that a reasonable person against whom it is to operate ought to have noticed it.

A printed heading in capital is 'conspicuous'...(1-201(10)). 1040 at top of the form is conspicuous. "... Whenever a term or clause is conspicuous or not is for decision by the court."

Your filing of the 1040 bill is a "No Sale Bill of Goods" filed contemporaneously as NOTICE.

At the bottom of the 1040 Penal Bill the Unsworn private "penal" oath is rather "conspicuous" indeed, see 4-401 (1)(f).

There is no "unconditional" order to pay on demand or to order on its face. The order to pay on demand is only "implied" "after sight" to holder-bearer & payee, presupposing three parties, see USC 1396-97.

UCC 2-302: Unconscionable Contract or Cause.

(1) If the court as a matter of law finds the contract or any clause of the contract have been unconscionable at the time it was made, the court may refuse to enforce the contract, or it may enforce the remainder of the contract without the unconscionable clause, or it may so limit the application of any unconscionable clause as to avoid any unconscionable result unconscionable contracts.

Doesn't say how unconscionable they have to be. Probably murder under contract would be.

Bastards [Depends on who is murdered and why?]

## Chapter 4, Part I(d) — Social Security Insurance

There is only one other thing to make the picture complete. That is INSURANCE. All insurance comes under Admiralty/maritime jurisdiction. (See *De Levio v. Boyd*.) When you buy a policy of insurance, the company insuring you has an insurable interest in you for future delivery of the "goods".

Remember: FRNs are indorsed on the back by the United States of America. The United States becomes the holder of the check (guaranteed by the endorsement) in exchange for its credit instruments (FRNs). The corporate U.S.A. has an insurable interest in the indorser because the U.S.A. has an outstanding credit obligation, hence social security insurance may be compelled.

## Chapter 4, Part I(e) — Surety/Guaranty

The UCC [modern day law merchant] speaks of the "Surety" and/or the "Guarantor" in UCC 1-201(40). " 'Surety' includes guarantor." By definition:

"One who undertakes to pay money or to do any other act in event that his principal fails."

"One who makes a guaranty."

Has the U.S. been guaranteeing your debts with FRNs?

UCC 3-401: Signature. (1) No person is liable on an instrument unless his signature appears thereon (2) A signature is made by use of any name, including any trade or assumed name, upon an instrument, or by any word or mark used in lieu of a written signature.

Look on a FRN to see if there is a seal on it.

In relation to our subject matter generally, another first regarding "charters" and insurance is of interest;

"When Queen Elizabeth granted to certain merchants London (1558) a charter that gave them a roving commission to trade in the East Indies, she could not foresee the immense developments that were to rise from that adventurous commerce between the east and west..." The statute reads as follows:

"The court of policies of insurance, pursuant to the 43 Eliz. c. 12 which recites the immemorial usage of policies of assurance, by means thereof it cometh to pass, upon the loss or perishing of any ship, there followeth rather easily upon them that adventure not, than upon them that adventure not, than upon those that do adventure: whereby all merchants, especially those of the younger sort, are allured to venture more willingly and more freely: and that heretofore such assurers had used to state so justly and precisely upon their credits, as few or no controversies had arisen thereupon; and if any had frowned, the same had from time to time been ended and ordered by certain grave and discreet merchants appointed by the lord mayor of the city of London: as men by reason of their experience fittest to understand and speedily decide those causes'." Merchant Judges

THUS, entered the Joint maritime venture with limited liability in the payment of debt which is today abbreviated "insurance".

"My judgement accordingly is, that policies of insurance are within (though not exclusively within) the admiralty and maritime jurisdiction of the United States. I therefore OVERRULE the plea to the

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jurisdiction, and assign the respondent to answer peremptorily upon the merits. *De Lovio v. Boit et al* 2 Gall 398 (1815) (emphases added)

Have you signed up for the Federal Insurance Contribution Act? (FICA) Did the government tell you that you were giving up valuable constitutional rights and signing under admiralty /maritime jurisdiction or that you joined a maritime venture for profit in which you would share in the loss sustained by the entire venture? For a complete discussion (leading case) of "general average contribution" in maritime adventures see *Star of Hope* (1870), 9 Wall. 203, 76 US 203, at page 228, 19 L.Ed]

After the passage of HJR 192, the master had to take care of his slaves (people without property are serfs under the common law). Most slave holders take care of their property, maybe not very well but they must care for the American people.

Congress established an insurance program, called Social Security, Federal Insurance Contributory Act (FDIC), and became the underwriter of the so-called insurance.

We, the people (sovereigns), "voluntarily" signed up (with MORE than a bit of coercion). Now, the National Federal Government has an insurable interest in every American in conjunction with each State who by compact joined as underwriter. The U.S. could not have done it without the states' assistance. The U.S. also needed a NUMBER in order to keep up with how many in- come each person acquired during the year, quarter, etc.

These governmental Merchants must now protect the people and their property as surety for the "National Debt". Each person liable must be able to contribute a "fair share" to "pay" the national debt. For this purpose Public Law Policy statutes are passed, such as motor vehicle codes and seat belts laws, mandatory auto insurance, Medicare, etc., etc.

This so-called Social Security Insurance sounded good to our fathers in 1936 after the contrived depression, as it was sold as an Old Age Pension Program. We are only now realizing and beginning to reap the consequences.

As the governmental Federal Reserve deflated their MONEY (inflation) problems arose, husbands and wives both have to work, children have gone wild, and everyone is living on a cliffs edge barely making it from pay day to pay day. This results in more and more laws to protect the contributors.

For an explanation of this concept, contributions, see *S.C. Loveland Co. Inc. v. United States of America*, 207 F. Supp. 450 (1c.162). There are many cases that say the same thing, I just picked this one. Also see *Star of Hope* (1870), 9 Wall. 203, 76 U.S. 203 at page 228, the leading case on the subject of contributing to the welfare of all in the maritime adventure for limited liability for payment of debts.

This program (SSI) also helps keep your mouth shut or you may loose your bennies (works on greed). If government wasn't stealing from you with FRNs, you wouldn't need the insurance anyway and if you made mistakes along the way, Family (common law) is responsible for your old age; old age homes to the contrary. Oh well, let George do it.

## Chapter 4, Part I(f) — The Plea

Not signing the Return constitutes a Plea (cause of action of action against the non-signing party, "willful failure to file").

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This establishes and poses an issue of law, or rather a conflict of law, which precipitates a barrage of NOTICES of frivolous filing certified letters etc.

The Broker (IRS) circumvents this dissent barrier, by soliciting a waiver for submission to its principal (Federal Reserve). Presentment and Notice of Dishonor & Protest of process avoids the issue "who must sign under threat".

Remember the IR code has very little to do with what is going on today [disagree with this position] because that code requires payment of taxes and the Uniform Commercial Code requires discharge in equity for a contract (you endorse the backs of your checks over to the bank for notes) signed the contract.

The drawer/filer may be tempted into petitioning into the Federal (International referee in case of need) court for refund, redress for supposed relief and if he moves so, may alter his defense posture to that of petitioner/plaintiff bearing burden of proof and thereby submitting to the referee's quasi-judicial authority in the Administrative International court of limited jurisdiction which could be fatal, merely by waiver of right to justice. There is no need to accept any form of enticement, which would degrade this defense.

The question for certiorari [bill of particulars?] upon dissent becomes, "who must sign a redoubtable penal bill under threat of criminal prosecution to meet the statutory requirement of filing it"?

A 1040, filed contemporaneously without signature but with statement SIGNED UNDER THREAT of statutory rules, sanctions punishment, and/or penalties to my positive rights to justice; etc. establishes a Plea.

The plea could also serve as a plea to enter in a quasi-criminal hearing prior to arraignment because it was filed when mailed certified;

it is a NOTICE (UCC 201)

it is Dissent!,

it is a "plea"! (See Rule 2 FRCP)

A Plea in Abatement (changed to a motion to dismiss) is dilatory (delaying) pleading, serving merely to respond (denying jurisdiction) and in this instance functions to inform the broker/IRS Inc. of an affirmative dissent, and in a subsequent hearing, with the "referee of need" this issue of law (common inalienable rights) must be confronted or a legal estoppel will arise against one.

In common law pleading, prior dilatory pleas were employed to establish foundational defenses and narrow the issue of law to inform the adversary in pursuit, of defendant's position.

Today a person comes under "lex mercatoria" (law merchant) (UCC) when he/she/it negotiates an instrument (item) upon signing or tenders a private "chase in action" in payment of debt. In the case of use of discharge with FRNs, it's a debt which cannot be extinguished and which in law and effect gives the user Limited Liability for the Payment of Debt.

Continuing with not signing.

UCC 3-304 (6): To be effective, notice must be received at such time and in such manner as to give a reasonable opportunity to act.

Your "sending" certified mail, return receipt is NOTICE. Consideration might be given to "sending" to Attorney General by certified mail, return receipt as evidential of the date of filing with copies retained for future mailing to the Exchange Broker (transferrer) upon receipt of notice(s) of protest and dishonor from the exchange broker. UCC 3-507 [2]

## Chapter 4, Part II — Constitutional Convention

On August 18th [year?] Charles Pinckney introduced a series of resolutions and had them referred to the committee of Detail, among which was a clause directing the committee to prepare a clause "for restraining the legislature of the United States from establishing a perpetual revenue". And on the same day Mason said a few words about "the necessity of preventing the danger of perpetual revenue, which must, of necessity, subvert the liberty of any country"....The proviso was agreed to nem. con. (all agreed) The committee on Style reported this clause in the same form in which it had been referred to them as follows: "To raise and support armies, but no appropriation of money to that use shall be for a longer term than two years." Federal Statutes Annotated, Volume 8, page 158.

## Appendix of Selected Sections UCC

The enumeration of the sections have been changed in the 1995 Code. These section identifications may not be the same as the present Code. Comments and underlining have been added.

UCC 1-201(3) : "Agreement" means a bargain of the parties in fact as found in their language or by implications from other circumstances including course of dealing or usage of trade or course of performance (your actions or silence) provided in this Act. (Sec. 1-205 & 2-208). Whether an agreement has legal consequences is determined by the provisions of this Act, if applicable; otherwise by the law of contracts (Sec. 1-103 above).

UCC 1-201(10): "Conspicuous": A term or clause is conspicuous when it is so written that a reasonable person against whom it is to operate ought to have noticed it. A printed heading in capitals (as: Non-Negotiable Bill of Lading) is conspicuous. Language in the body of a form is "conspicuous" if it is in larger or other contrasting type or color. But in a telegram any stated term is "conspicuous". Whether a term or clause is "conspicuous" or not is for decision by the court.

(11) "Contracts" means the total legal obligation which results from the parties agreement as affected by this Act and any other applicable rules of law. (Compare "Agreement".)

UCC 1-201(14): "Delivery" with respect to instruments, documents of title, chattel paper or securities means voluntary transfer of possession.

Note: See Sec. 76 of prior Uniform Sales Act) repealed by Article 10, Section 40 of the repealer Act, repealing the former NIL, Uniform Sales Act, etc. HENCE 1040 form as conspicuous giving notice of the repeal of the former law.

UCC 1-201(17): "Fungible" with respect to goods or securities means goods or securities of which any unit is by nature or usage of trade, the equivalent of any other like unit. Goods which are fungible shall be deemed fungible (\$) for the purpose of this Act to the extent that under a particular agreement or

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document, unlike units are treated as equivalents. Note: FRNs are like oranges when used to exchange on a unit basis.

UCC 1-201(25): A person has "notice" of a fact when (a) he has actual knowledge of it; or (b) he has received a notice or notification of it; or (c) from all facts and circumstances known to him at the time in question he has reason to know that it exists. A person "knows" or has "knowledge" of a fact when he has knowledge of it. "Discover" or "learn" or a word or phrase of similar import refers to knowledge rather than to reason to know.

The time and circumstances under which a notice or notification may cease to be effective are not determined by this Act.

(26) A person "notifies" or "gives notice" or notification to another by taking such steps as may be reasonably required to inform the other in ordinary course whether or not such other actually comes to know of it.

Note: You got it even if you didn't get it.

A person "receives" a notice or notification when (a) it comes to his attention; (b) it is duly delivered at the place of business through which the CONTRACT was made or at any other place held out by him as a place for receipt of such communications....etc.

(28) "ORGANIZATION" INCLUDES CORPORATION, GOVERNMENT OR GOVERNMENTAL SUBDIVISION OR AGENCY, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest, or any other legal or commercial entity. (This is the same definition of person in the I.R. code) Note: Where in the constitutional contract does it say States can be a law merchant, or that husband and wife (joint interest, community property) are law merchants? Are you beginning to see how the law was turned upside down? (emphases added)

(30) "Person includes an individual or an organization." Note: Same as IR code. Note: At any rate, all one foreign country has to do is come to America and form a corporation and, presto, they are a citizen with all rights of a de facto united States citizen under the 14th amendment. Then, they send the U.S. notes over, exchange them with Citizens for property and we have redeemed these ungodly pieces of paper to our detriment. It has been estimated that it will take three Americas to redeem all the notes out there.

(31) "Presumption" or "presumed" means that the trier of fact ("referee in case of need" UCC 4-503) must find the existence of the fact presumed unless and until evidence is introduced which would support a finding of its non-existence. Boy get out alive here.

Note: This sounds like Admiralty/maritime. (Marshall Mercantilism). (See who is law merchant at 2-104 UCC.)

(38) "SEND" in connection with any writing or notice means to deposit in the mail or deliver for transmission by any other usual means of communication. The receipt of any writing or notice within the time at which it would have arrived if properly sent has the effect of a proper sending. Note: In other words, if it was sent you got it and had NOTICE regardless of whether you actually received it or not. This is seen most often in the certificate of service at the bottom of a motion etc. in today's courts.

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UCC 2-105(1): "Goods" means all things (including specially manufactured goods) which are movable at the time of identification to the CONTRACT FOR SALE other than the money IN WHICH THE PRICE is to be paid, etc.

(2) Goods must be existing and identified (e.g. serial number, etc.) before any interest can pass. Goods which are not existing and identified are "future goods" (cf. insurance for example or bank credit not immediately received like a credit card or the mere fact that you signed the bank account card (the bank is immediately liable and has an insurable interest in you) setting up a checking account even though you didn't use it. See Article 2 UCC) (When you sign the bank. account card, you become a stockholder in the bank, taxes become due upon the come-in.) Note: Remember notes and insurance are THINGS.

UCC 2-201: Formal Requirements: Statute of Frauds. (1) Except as otherwise provided in this section, a contract for the sale of goods for the price of \$500 or more is not enforceable by way of action or defense unless there is some writing sufficient to indicate that a contract for sale has been made between the parties and signed by the party against whom enforcement is sought or by his authorized agent or broker. A writing is not sufficient, because it omits or incorrectly states a TERM AGREED upon but the contract is not enforceable under this paragraph beyond the quality of goods shown in such writing.

Note: representative may include IRS Inc. (agent) Cf. banker, personal representative, Congress, Senate, President, Judge, etc.

(2) Between merchants if within a reasonable time (cf. 30 days usually, sometimes 10) a writing in confirmation (cf. cert. letter) of the contract and ... sufficient against the sender is received and the party receiving it has reason to know its contents,

it satisfies the requirements of subsection (1) against such party UNLESS written Notice of objection (Dissent) to its contents is given within 10 days does not satisfy the requirements of subsection (1) but which is valid in other respects is enforceable.... etc. (Comments added: study the entire text).

UCC 1-202: Prima Facie Evidence by third party Documents. A document in due form purporting to be a bill of lading, policy or certificate of insurance, official weigher's or inspector's certificate, consular invoice, or any document authorized or required by the contract to be issued by a third party shall be PRIMA FACIE evidence of its own authenticity and genuineness and of the facts stated in the document of the third party.

UCC 2-206: Offer and Acceptance in formation of Contract.

(1) Unless otherwise unambiguously indicated by the language or circumstances.

(a) an offer to make a contract shall be construed as inviting acceptance in any manner and by any medium reasonable in the circumstances;

(b) an order or other offer to buy goods for prompt or current shipment shall be construed as inviting acceptance either by a prompt promise to ship or by the prompt or current shipment of conforming or non-conforming goods, but such a shipment of non-conforming goods does not constitute an acceptance if the seller seasonably notifies the buyer that the shipment is offered only as an accommodation to the buyer.

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UCC 3-301: Rights of Holder: The holder of an instrument whether or not he is the owner may transfer or negotiate it and, except as otherwise provided in Sec. 3-603 on payment or satisfaction, discharge or enforce payment in his own name.

Note: You can steal a demand note (and other things) under UCC and it's yours as holder. Under merchant law if you hold it, it's yours.

UCC 3-304(5): The filing or recording of a document does not of itself constitute notice within the provisions of this Article to a person who would otherwise be a holder in due course.

(6) To be effective notice must be received at such time and in such manner as to give a reasonable opportunity to act on it.

Note: So file all the notices you desire in your county records office, it doesn't count in this jurisdiction, sorry. See NOTICE.

UCC 3-110(1): An instrument is payable to order when by its terms it is payable to the order or assigns of any person therein specified with reasonable certainty, or to him or his order, or when it is conspicuously designated on its face.

UCC 3-115(1): When a paper whose contents at the time of signing show that it is intended to become an instrument is signed while still incomplete in any necessary respect, it cannot be enforced until completed, but when it is completed in accordance with authority given it is effective as completed.

Note: Out goes the 5th amendment.

(2) If the completion is unauthorized, the rules as to material alteration apply (Sec. 3-407), even though the paper was not delivered by the maker or drawer; but the burden of establishing that any completion is unauthorized is on the party so asserting.

UCC 3-119(2): A separate agreement does not affect the negotiability of an instrument.

UCC 3-305: To the extent that a holder is a 'holder in due course' he takes the instrument free from ...

(2) All defenses of any party to the instrument with whom the holder has not dealt except...

(b) such other incapacity, or duress, or illegality of the transaction, as renders the obligation of the party a nullity; and

(c) such misrepresentation as has induced the party to sign the instrument with neither knowledge nor reasonable opportunity to obtain knowledge of its character or its essential terms; and...

UCC 3-410 (1): Acceptance is the drawee's signed engagement to honor the draft as presented. It must be written on the draft, and may consist of his signature alone. It becomes operative when completed by delivery or notification.

The drawer will be hounded with a flood of the Postal Service Inc. PS form[s] 3839A, those little yellow and green return receipt cards for certified mail) (otherwise said "yellowies") or Notices of Certified Letter to be signed for and picked up. One, very likely, should not pick them up because of the implied

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threat. They will be from the zip area of your I.R. Service Inc. Center. Signing for and picking up such letters alters the drawer s defenses as being notified. "It becomes operative when completed by delivery or notification." (UCC 3-410[1]), supra. (Title 28 USC Fed. Rule 4) and will render the Plea ineffective and waiver substantive Constitutional common law due process. It is known that the said agent may send a personal letter to entice the victim into signing for and picking up such service letters. In this instance, one should not sign for nor pick up or let his children or family members or neighbors sign or pick up such service of process letters under implied threat of statutory criminal prosecution.

UCC 3-415: Contract of Accommodation Party: An accommodation party is one who signs the instrument in any capacity for the purpose of lending his name to another party to it. [This section may be 3-419 under the 1995 Code.]

Accommodation Paper: A bill, draft or NOTE made or drawn, accepted or endorsed by one person for another without consideration to enable the other to raise money or credit. UCC 3-805: Instruments not payable to Order or to Bearer.

This Article applies to any instrument whose terms do not preclude transfer and which is otherwise negotiable within this Article but which is not payable to order or to bearer, except that there can be no holder in due course of such an instrument.

Note. You must endorse it, and present it, e.g. check, note, etc. in order to be a holder and receive PAYMENT.

Note: We don't have a problem with checks we receive. It's misunderstanding of governmental NOTES that have us confused.

UCC 9-102(l): Except as otherwise provided in section 9-103 on multiple state transactions and in section 9-104 on excluded transactions, this article applies so far as concerns any personal property and fixtures within the jurisdiction of this state (a) to any transactions (regardless of form) which intend to create a security interest in personal property or fixtures including goods, documents, general intangibles, chattel paper, accounts or contract rights; and also (b) to sale of accounts, contract rights or chattel paper.

Note: In other words the IRS can lien your personal property for alleged taxes.

Concerning Liens UCC 9-103(1)(a): Documents, instrument and ordinary goods. This subsection applies to documents and instruments and to goods other than those covered by a certificate of title described in subsection (2), mobile goods described in subsection (3), and minerals described in subsection (5).

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FROM: RH - Feb. 19, 2010