

# ***THE MONEY LAUNDERING ENFORCEMENT SCAM***



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# 1 Purpose

This document will explain how statutes preventing money laundering are being misrepresented and abused to accomplish all the following illegal acts:

1. Compel use of Social Security Numbers in criminal violation of 42 U.S.C. §408(a)(8).
2. Illegally and unconstitutionally convert PRIVATE property deposited with financial institutions to PUBLIC property.
3. Illegally and unconstitutionally expand federal jurisdiction beyond federal territory in violation of the Separation of Powers Doctrine.
4. Institute identity theft against people domiciled in constitutional states of the Union whereby their identity is illegally kidnapped and transported against their will and often without their knowledge to the District of Columbia, which Mark Twain called the District of Criminals.
5. Institute false and/or fraudulent government propaganda and disinformation that protects and expands the above illegal abuses.

Illegal use or application of money laundering and reporting statutes is the MAIN tool used by a corrupted covetous government to illegally terrorize, politically persecute, and “selectively enforce” against freedom minded Americans all over the country. An understanding of how this illegal and even CRIMINAL “selective enforcement” is instituted is crucial if you wish to survive such illegal persecution. Below are some of the present and past groups affected by such illegal enforcement:

1. The National Commodity and Barter association was shut down.
2. Bitcoin sites were forced to obtain a Money Services Business (MSB) License and report against people who were NOT subject to reporting.
3. E-Gold, Samuel Jackson, was raided by the FBI, IRS, and Department of Treasury and threatened with criminal prosecution for money laundering if he did not file KNOWINGLY false federal transaction reports against nonresident parties who were not subject to them.
4. People dealing in cash to LAWFULLY avoid banks that force them to misrepresenting their status as statutory “U.S. persons” for the PRIVILEGE of opening an account are frequently and ILLEGALLY prosecuted for money laundering and tax evasion.

Like so many other areas where there is government corruption, the government and financial institution crimes described in this document result not from the laws as written, but how they are MIS-interpreted, MIS-represented, and illegally enforced against those NOT demonstrably or factually subject to them. That mis-interpretation and mis-enforcement originates primarily from covetousness of politicians for YOUR money, and from the vain and self-serving lust for power exhibited by these people, as described by U.S. Supreme Court Judge Antonin Scalia in the following video:

*Interview with Supreme Court Justice Scalia about His Book Reading Law*, Exhibit #11.006  
<http://sedm.org/Exhibits/ExhibitIndex.htm>

For further exhaustive evidence on how words of art are systematically abused as a way to STEAL jurisdiction that courts in fact do not have and to commit criminal identity theft against state citizens in the process, see:

1. *Legal Deception, Propaganda, and Fraud*, Form #05.014  
FORMS PAGE: <http://sedm.org/Forms/FormIndex.htm>  
DIRECT LINK: <http://sedm.org/Forms/05-MemLaw/LegalDecPropFraud.pdf>
2. *Government Identity Theft*, Form #05.046  
FORMS PAGE: <http://sedm.org/Forms/FormIndex.htm>  
DIRECT LINK: <http://sedm.org/Forms/05-MemLaw/GovernmentIdentityTheft.pdf>
3. *Foundations of Freedom, Video 4: Willful Government Deception and Propaganda*, Form #12.021  
FORMS PAGE: <http://sedm.org/Forms/FormIndex.htm>  
DIRECT LINK: [https://www.youtube.com/watch?v=hPWMfa\\_oD-w](https://www.youtube.com/watch?v=hPWMfa_oD-w)

## 2 Money Background

### 2.1 Authorities on “deceit in commerce” and “just weights and measures”

This section describes authorities for just weights, measures, and trade from various authoritative sources. The Bible says that the love of money, not money itself, is the root of ALL evil.

*"The love of [your] money is the root of all [government] evil."  
[1 Tim. 6:10, Bible, NKJV]*

The Bible also concludes that dishonest commerce was the reason that Satan himself was cast out of God's presence. Satan is therefore the root of all evil because he loved money:

*"By the abundance of your [Satan's] trading [commerce]  
You became filled with violence within,  
And you sinned;  
Therefore I cast you as a profane thing  
Out of the mountain of God;  
And I destroyed you, O covering cherub,  
From the midst of the fiery stones.  
[Eze. 28:16, Bible, NKJV]*

Ayn Rand put it best, when she said in her book [\*Atlas Shrugged\*](#) about the subject of money, and the [requirement for consent](#), honesty, and integrity by government in any and every endeavor:

*"[Money is the barometer of a society's virtue](#). When you see that trading [or religious ministry, for that matter] is done, not by consent, but by [government] compulsion [or regulation]--when you see that in order to produce, you need to obtain permission from men [in the [IRS](#)] who produce nothing--when you see that money is flowing to those who deal, not in goods, but in [political] favors--when you see that men get richer by graft and by pull [["extortion under the color of law"](#)] than by work, and your laws don't protect you against them [the government], but protect them [the government] against you--when you see corruption being rewarded [by a [corrupted federal judiciary](#)] and honesty [and hard work, and personal responsibility] becoming a self-sacrifice--[you may know that your society is doomed!](#)]. Money is so noble a medium that it does not compete with guns and it does not make terms with brutality. It will not permit a country to survive as half-property, half-loot.*

*"Whenever destroyers [the [IRS](#), the [Federal Reserve](#), and the [Dept of Justice](#)] appear among men, they start by destroying money, for money is men's protection and the base of a moral existence. Destroyers [in the Federal Reserve] seize gold and leave to its owners a counterfeit pile of [fiat] paper. This kills all objective standards and delivers men into the arbitrary power of an arbitrary setter of values [[a corrupted government](#), in this case]. Gold was [and continues to be] an objective value, an equivalent of wealth produced. Paper is a mortgage on wealth that does not exist, backed by a gun aimed [by a tyrant judge with a [conflict of interest](#)] at those who are expected to produce it. Paper [Federal Reserve Notes] is a check drawn by legal looters upon an account which is not theirs: upon the virtue of the victims. Watch for the day when it becomes, marked: 'Account overdrawn.'*

*"When you have made evil [government looting through constructive fraud, obfuscation and complication of the tax laws, and through socialist/humanist tax system [that rewards and subsidizes laziness, irresponsibility, and government dependency and punishes and taxes success](#)] the means of survival, do not expect men to remain good. Do not expect them to stay moral and lose their lives for the purpose of becoming the fodder of the immoral [government parasites]. Do not expect them to produce, when production is punished and [government] looting rewarded. Do not ask, 'Who is destroying the world?' You are [by doing NOTHING to correct the corruption or by accepting ANY of the stolen loot in the form of a government handout/bribe]."  
[[Atlas Shrugged](#), Ayn Rand, p. 387]*

By making the above statement, Ms. Rand is emphasizing that there is no more important area where government honesty and integrity is necessary than in the way government handles money and [commerce](#). A government that mishandles or covets money and steals it is a bad government that is intent on destroying, not protecting the society that it is constitutionally tasked with protecting.

*"The king [or public servant] establishes the land by [justice](#); but he who receives bribes [or stolen LOOT] overthrows it."  
[[Prov. 29:4](#), Bible, NKJV]*

*"Getting treasures [stolen loot] by a lying tongue  
Is the fleeting fantasy of those who seek death.  
The violence of the wicked will destroy them,*

1 Because they refuse to do justice."  
2 [[Prov. 21:6-7](#), Bible, NKJV]

3 **God says in the Bible that deceit in commerce, and by implication taxation as well, is a hateful abomination to the Lord.**  
4 What God hates, we are also supposed to hate as Christians, and notice the thing that is being hated is not a person, but an  
5 evil and unlawful behavior that violates [God's laws](#) and/or [man's laws](#). Below is an explanation of precisely why God hates  
6 deceit in commerce so vehemently and why ultimately, those who openly and willfully practice it are going to HELL, based  
7 on commentary relating to the [Prov. 11:1](#), [10:10](#), [20:23](#) found in the Bible:

8 "As religion towards God is a branch of universal righteousness (he is not an honest man that is not devout), so  
9 righteousness towards men is a branch of true religion, for he is not a godly man that is not honest, nor can he  
10 expect that his devotion should be accepted; for,

11 1. Nothing is more offensive to God than deceit in commerce. A false balance is here put for all manner of  
12 unjust and fraudulent practices [of our public dis-servants] in dealing with any person [within the public],  
13 which are all an abomination to the Lord, and render those abominable [hated] to him that allow themselves  
14 in the use of such accursed arts of thriving. It is an affront to justice, which God is the patron of, as well as a  
15 wrong to our neighbour, whom God is the protector of. Men [in the IRS and the Congress] make light of such  
16 frauds, and think there is no sin in that which there is money to be got by, and, while it passes undiscovered,  
17 they cannot blame themselves for it; a blot is no blot till it is hit, Hos. 12:7, 8. But they are not the less an  
18 abomination to God, who will be the avenger of those that are defrauded by their brethren.

19 2. Nothing is more pleasing to God than fair and honest dealing, nor more necessary to make us and our  
20 devotions acceptable to him: A just weight is his delight. He himself goes by a just weight, and holds the scale  
21 of judgment with an even hand, and therefore is pleased with those that are herein followers of him.

22 A [false] balance, [whether it be in the federal courtroom or at the IRS or in the marketplace,] cheats, under  
23 pretence of doing right most exactly, and therefore is the greater abomination to God."  
24 [*Matthew Henry's Commentary on the Whole Bible; Henry, M., 1996, c1991, under Prov. 11:1*]

25 Daniel Webster, an early statesman of America, also had the following to say about a monetary system that is not based on  
26 substance, when he said:

27 *It would be to our everlasting reproach, it would be placing us below the general level of the intelligence of*  
28 *civilized states, to admit that we cannot contrive means to enjoy the benefits of bank circulation, and of avoiding,*  
29 *at the same time, its dangers. Indeed, Sir, no contrivance is necessary. It is contrivance and the love of*  
30 *contrivance, that spoil all. We are destroying ourselves by a remedy which no evil called for. We are ruining*  
31 *perfect health by nostrums and quackery. We have lived hitherto under a well constructed, practical, and*  
32 *beneficial system; a system not surpassed by any in the world; and it seems to me to be presuming largely indeed,*  
33 *on the credulity and self denial of the people, to rush with such sudden and impetuous haste into new schemes*  
34 *and new theories, to overturn and annihilate all that we have so long found useful.*

35 *Our system has hitherto been one in which paper has been circulating on the strength of a specie basis; that is to*  
36 *say, when every bank-note was convertible into specie at the will of the holder. This has been our guard against*  
37 *excess. While banks are bound to redeem their bills by paying gold and silver on demand, and are at all times*  
38 *able to do this, the currency is safe and convenient. Such a currency is not paper money, in its odious sense. It is*  
39 *not like the Continental paper of Revolutionary times; it is not like the worthless bills of banks which have*  
40 *suspended specie payments. On the contrary, it is the representative of gold and silver, and convertible into gold*  
41 *and silver on demand, and therefore answers the purposes of gold and silver; and so long as its credit is in this*  
42 *way sustained, it is the cheapest, the best, and the most convenient circulating medium. **I have already endeavored***  
43 *to warn the country against irredeemable paper; against the paper of banks which do not pay specie for their*  
44 *own notes; against that miserable, abominable, and fraudulent policy, which attempts to give value to any*  
45 *paper, of any bank, one single moment longer than such paper is redeemable on demand in gold and silver. **I***  
46 *wish most solemnly and earnestly to repeat that warning.* I see danger of that state of things ahead. I see  
47 *imminent danger that a portion of the State banks will stop specie payments. The late measure of the Secretary,*  
48 *and the infatuation with which it seems to be supported, tend directly and strongly to that result. Under pretence,*  
49 *then, of a design to return to a currency which shall be all specie, we are likely to have a currency in which there*  
50 *shall be no specie at all. We are in danger of being overwhelmed with irredeemable paper, mere paper,*  
51 *representing not gold nor silver; no, Sir, representing nothing but broken promises, bad faith, bankrupt*  
52 *corporations, cheated creditors, and ruined people. This, I fear, Sir, may be the consequence, already alarmingly*  
53 *near, of this attempt, unwise if it be real, and grossly fraudulent if it be only pretended, of establishing an*  
54 *exclusively hard-money currency.*

55 *But, Sir, if this shock could be avoided, and if we could reach the object of an exclusive metallic circulation, we*  
56 *should find in that very success serious and insurmountable inconveniences. We require neither irredeemable*  
57 *paper, nor yet exclusively hard money. We require a mixed system. We require specie, and we require, too, good*  
58 *bank paper, founded on specie, representing specie, and convertible into specie on demand. We require, in short,*

1 just such a currency as we have long enjoyed, and the advantages of which we seem now, with unaccountable  
2 rashness, about to throw away.  
3 [A Redeemable Paper Currency, Speech by Daniel Webster, Feb. 22, 1834;  
4 SOURCE: [http://famguardian.org/Subjects/MoneyBanking/Money/ARedeemablePaperCurrency-18340222-](http://famguardian.org/Subjects/MoneyBanking/Money/ARedeemablePaperCurrency-18340222-DanielWebster.pdf)  
5 [DanielWebster.pdf](http://famguardian.org/Subjects/MoneyBanking/Money/ARedeemablePaperCurrency-18340222-DanielWebster.pdf)]

## 6 **2.2 What is “Money”?**

7 The legal definition of money found in Black’s Law Dictionary reads as follows:

8 *Money. In usual and ordinary acceptance it means coins and paper currency used as circulating medium*

9 *of exchange, and **does not embrace notes, bonds, evidences of debt, or other personal or real estate.** Lane v.*  
10 *Railey, 280 Ky. 319, 133 S.W.2d. 74, 79, 81. See also Currency; Current money; Flat money; Legal tender; Near*  
11 *money; Scrip; Wampum.*

12 *A medium of exchange authorized or adopted by a domestic or foreign government as a part of its currency.*  
13 *U.C.C. 1-201(24).*

14 *Public money. Revenue received from federal, state, and local governments from taxes, fees, fines, etc. See*  
15 *Revenue.*  
16 [*Black’s Law Dictionary, Fifth Edition, 1979, ISBN 0-8299-2045-5, pp. 906-907*]

17 Money is defined in the United States Constitution as follows:

18 *United States Constitution*  
19 *Article 1, Section 10, Clause 1*

20 ***No State shall** enter into any Treaty, Alliance, or Confederation; grant Letters of Marque and Reprisal; coin*  
21 *Money; emit Bills of Credit; make any Thing but gold and silver Coin as Tender in Payment of Debts; **pass any***  
22 *Bill of Attainder, ex post facto Law, **Law impairing the Obligation of Contracts,** or grant any Title of Nobility.”*

23 The power of Congress to coin money is found in Article 1, Section 8, Clause 5 of the U.S. Constitution:

24 *U.S. Constitution*  
25 *Article 1, Section 8, Clause 5*

26 *The Congress shall have Power To . . .*

27 *To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures*

28 The first definition of money appeared in the United States of America Money Act, April 2, 1792, 1 Stat. 246.

29 The current authority for the U.S. mint to produce coins is found in 31 U.S.C. §5112.

30 The most complete and authoritative study of constitutional money ever published is found in the following document:

*Pieces of Eight*, Second Revision, Edwin Viera; ISBN-10-0967175917, 2002  
<https://www.amazon.com/Pieces-Eight-Disabilities-Constitution-Foundation/dp/0967175917/>

## 31 **2.3 Money as debt**

32 The Constitution authorizes Congress to borrow money:

33 *United States Constitution*  
34 *Article 1, Section 8, Clause 2*

35 *The Congress shall have Power. . .*

36 *To borrow Money on the credit of the United States;*

1 The U.S. Supreme Court confirmed in the Legal Tender Cases that obligations of the United States may also become  
2 “money”, when it held the following.

3 *Congress, as the legislature of a sovereign nation, being expressly empowered by the constitution ‘to lay and*  
4 *collect taxes, to pay the debts and provide for the common defense and general welfare of the United States,’ and*  
5 *‘to borrow money on the credit of the United States,’ and ‘to coin money and regulate the value thereof and of*  
6 *foreign coin;’ and being clearly authorized, as incidental to the exercise of those great powers, to emit bills of*  
7 *credit to charter national banks, and \*450 to provide a national currency for the whole people, in the form of*  
8 *coin, treasury notes, and national bank bills; and the power to make the notes of the government a legal tender*  
9 *in payment of private debts being one of the powers belonging to sovereignty in other civilized nations, and not*  
10 *expressly withheld from congress by the constitution; we are irresistibly impelled to the conclusion that the*  
11 *impressing upon the treasury notes of the United States the quality of being a legal tender in payment of private*  
12 *debts is an appropriate means, conducive and plainly adapted to the execution of the undoubted powers of*  
13 *congress, consistent with the letter and spirit of the constitution, and therefore within the meaning of that*  
14 *instrument, ‘necessary and proper for carrying into execution the powers vested by this constitution in the*  
15 *government of the United States.’*  
16 *[Legal Tender Cases, 110 U.S. 421, 449-450 (1884)]*

17 The trouble with our present debt-based currency system is that when the U.S. government issues obligations such as Federal  
18 Reserve Notes, these notes become “money” and the government is no longer operating in a “public”, but rather a “private”  
19 capacity. This was confirmed by the U.S. Supreme Court when it said:

20 *“What, then, is meant by the doctrine that contracts are made with reference to the taxing power resident in the*  
21 *State, and in subordination to it? Is it meant that when a person lends money to a State, or to a municipal division*  
22 *of the State having the power of taxation, there is in the contract a tacit reservation of a right in the debtor to*  
23 *raise contributions out of the money promised to be paid before payment? That cannot be, because if it could,*  
24 *the contract (in the language of Alexander Hamilton) would ‘involve two contradictory things: an obligation*  
25 *to do, and a right not to do; an obligation to pay a certain sum, and a right to retain it in the shape of a tax. It*  
26 *is against the rules, both of law and of reason, to admit by implication in the construction of a contract a*  
27 *principle which goes in destruction of it.’ The truth is, States and cities,*  
28 *when they borrow money and contract to repay it*  
29 *with interest, are not acting as sovereignties. They come*  
30 *down to the level of ordinary individuals. Their contracts have the same meaning as that of similar contracts*  
31 *between private persons. Hence, instead of there being in the undertaking of a State or city to pay, a reservation*  
32 *of a sovereign right to withhold payment, the contract should be regarded as an assurance that such a right*  
33 *will not be exercised. A promise to pay, with a reserved right to deny or change*  
34 *the effect of the promise, is an absurdity.”*

35 *Is, then, property, which consists in the promise of a State, or of a municipality of a State, beyond the reach of*  
36 *taxation? We do not affirm that it is. A State may undoubtedly tax any of its creditors within its jurisdiction for*  
37 *the debt due to him, and regulate the amount of the tax by the rate of interest the debt bears, if its promise be left*  
38 *unchanged. A tax thus laid impairs no obligation assumed. It leaves the contract untouched. But until payment of*  
39 *the debt or interest has been made, as stipulated, we think no act of State sovereignty can work an exoneration*  
40 *from what has been promised to the [446] creditor; namely, payment to him, without a violation of the*  
41 *Constitution. ‘The true rule of every case of property founded on contract with the government is this: It must*  
42 *first be reduced into possession, and then it will become subject, in common with other similar property, to the*  
43 *right of the government to raise contributions upon it. It may be said that the government may fulfil this*  
44 *principle by paying the interest with one hand, and taking back the amount of the tax with the other. But to*  
45 *this the answer is, that, to comply truly with the rule, the tax must be upon all the money of the community,*  
46 *not upon the particular portion of it which is paid to the public creditors, and it ought besides to be so regulated*  
47 *as not to include a lien of the tax upon the fund. The creditor should be no otherwise acted upon than as every*  
48 *other possessor of money; and, consequently, the money he receives from the public **can then only***  
49 ***be a fit subject of taxation when it is entirely separated’ (from the***  
50 ***contract), ‘and thrown undistinguished into the common mass.’** 3*  
51 *Hamilton, Works, 514 et seq. Thus only can contracts with the State be allowed to have the same meaning as*  
52 *all other similar contracts have.*  
53 *[Murray v. City of Charleston, 96 U.S. 432 (1877)]*

54 By simply printing more Federal Reserve Notes, then, the government is effectively borrowing from those people who hold  
55 money *already* in circulation by increasing the supply of money and diluting the corresponding value of existing money. In  
56 other words, when the U.S. Government prints more and more money, as it must do as it keeps borrowing more and more

1 money from the privately owned Federal Reserve Banks, it essentially is debasing the currency that is in circulation by  
2 inflating the money supply. The U.S. Government steals the wealth of the American People by creating inflation so that in  
3 real terms, money in circulation today, is worth less (it buys less) than the same amount of money in circulation ten years  
4 ago.

5 In that sense, there is at least an implied contract to repay those it has borrowed value against, which means that in relation  
6 to all those holding “cash” at the time that the supply of money was increased by issuing more, then the government is acting  
7 in a *private* and not *public* capacity and a mere private creditor with a fiduciary duty to repay the money. Here are some  
8 court opinions on this subject, in fact:

9 *“A claim against the United States is a right to demand money from the United States. <sup>1</sup> Such claims are sometimes*  
10 *spoken of as gratuitous in that they cannot be enforced by suit without statutory consent. <sup>2</sup> **The general rule of***  
11 ***non-liability of the United States does not mean that a citizen cannot be protected against the wrongful***  
12 ***governmental acts that affect the citizen or his or her property.** <sup>3</sup> **If, for example, money or property of an***  
13 ***innocent person goes into the federal treasury by fraud to which a government agent was a party, the United***  
14 ***States cannot [lawfully] hold the money or property against the claim of the injured party.** <sup>4</sup>”*  
15 *[American Jurisprudence 2d, United States, §45 (1999)]*

16  
17 *“When the Government has illegally received money which is the property of an innocent citizen and when this*  
18 *money has gone into the Treasury of the United States, there arises an implied contract on the part of the*  
19 *Government to make restitution to the rightful owner under the Tucker Act and this court has jurisdiction to*  
20 *entertain the suit.*  
21 *[90 Ct.Cl. at 613, 31 F.Supp. at 769.](#)”*  
22 *[Gordon v. U. S., 227 Ct.Cl. 328, 649 F.2d. 837 (Ct.Cl., 1981)]*  
23

24 *California Civil Code*  
25 *Section 2224*

26 *“One who gains a thing by fraud, accident, mistake, undue influence, the violation of a trust, or other wrongful*  
27 *act, is, unless he or she has some other and better right thereto, an involuntary trustee of the thing gained, for the*  
28 *benefit of the person who would otherwise have had it.”*

29  
30 *“The United States, we have held, cannot, as against the claim of an innocent party, hold his money which has*  
31 *gone into its treasury by means of the fraud of its agent. While here the money was taken through mistake*  
32 *without element of fraud, the unjust retention is immoral and amounts in law to a fraud of the taxpayer's rights.*  
33 *What was said in the State Bank Case applies with equal force to this situation. ‘An action will lie whenever*  
34 *the defendant has received money which is the property of the plaintiff, and which the defendant is obligated*  
35 *by natural justice and equity to refund. The form of the indebtedness or the mode in which it was incurred is*  
36 *immaterial.”*  
37 *[Bull v. United States, 295 U.S. 247, 261, 55 S.Ct. 695, 700, 79 L.Ed. 1421]*

38 The Legal Tender Cases holding earlier occurred at a time when promissory notes issued by the government that were the  
39 subject of the case were *still* redeemable in gold or silver. Redeemability ended officially by Executive fiat in 1971 through  
40 President Nixon’s Presidential Proclamation 4074. Since the enactment of the Federal Reserve Act in 1913, the U.S. Supreme  
41 Court has very deliberately and systematically never since ruled on or heard any cases that would address any of the following  
42 important questions. We allege that if the Supreme Court had accepted their Constitutional duty to address the following

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<sup>1</sup> United States ex rel. Angarica v. Bayard, 127 U.S. 251, 32 L.Ed. 159, 8 S.Ct. 1156, 4 A.F.T.R. 4628 (holding that a claim against the Secretary of State for money awarded under a treaty is a claim against the United States); Hobbs v. McLean, 117 U.S. 567, 29 L.Ed. 940, 6 S.Ct. 870; Manning v. Leighton, 65 Vt. 84, 26 A. 258, motion dismd 66 Vt. 56, 28 A. 630 and (disapproved on other grounds by Button’s Estate v. Anderson, 112 Vt 531, 28 A2d 404, 143 ALR 195).

<sup>2</sup> Blagge v. Balch, 162 U.S. 439, 40 L.Ed. 1032, 16 S.Ct. 853.

<sup>3</sup> Wilson v. Shaw, 204 U.S. 24, 51 L.Ed. 351, 27 S.Ct. 233.

<sup>4</sup> Bull v. United States, 295 US 247, 79 L Ed 1421, 55 S Ct 695, 35-1 USTC ¶ 9346, 15 AFTR 1069; United States v. State Bank, 96 US 30, 96 Otto 30, 24 L Ed 647.

1 questions since the Federal Reserve Act was enacted in 1913, the Federal Reserve would have been declared unconstitutional  
2 long ago:

- 3 1. In what way does an end to redeemability of obligations of the United States in gold and silver change the holding in the  
4 Legal Tender Cases, 110 U.S. 421, 449-450 (1884)? Redeemability ended by Executive Fiat with Presidential  
5 Proclamation 4074 in 1971. A contrived and continuing state of national emergency is the only justification for the  
6 Presidential Proclamation and the stoppage of redeemability.
- 7 2. How can a state of contrived national emergency lawfully be maintained as a justification to suspend redeemability? The  
8 U.S. Supreme Court has ruled previously that NO NATIONAL EMERGENCY justifies a suspension of the Constitution.

9 *Emergency does not create power. Emergency does not increase granted power or remove or diminish the*  
10 *restrictions imposed upon power granted or reserved. The Constitution was adopted in a period of grave*  
11 *emergency. Its grants of power to the federal government and its limitations of the power of the States were*  
12 *determined in the light of emergency, and they are not altered by emergency. What power was thus granted and*  
13 *what limitations were thus imposed are questions [290 U.S. 398, 426] which have always been, and always will*  
14 *be, the subject of close examination under our constitutional system.*

15 *While emergency does not create power, emergency may furnish the occasion for the exercise of power. 'Although*  
16 *an emergency may not call into life a power which has never lived, nevertheless emergency may afford a reason*  
17 *for the exertion of a living power already enjoyed.' Wilson v. New, 243 U.S. 332, 348, 37 S.Ct. 298, 302, L.R.A.*  
18 *1917E, 938, Ann.Cas. 1918A, 1024.*  
19 *[Home Bldg. & Loan Ass'n v. Blaisdell, 290 U.S. 398 (1934)]*

- 20 3. Can Congress lawfully substitute its power to mint money under Constitution Article 1, Section 8, Clause 5 with its  
21 power to borrow money in Article 1, Section 8, Clause 2? We allege that they can't, nor can they lawfully end or delegate  
22 an end to redeemability under 12 U.S.C. §95b without engaging in abuse of their authority over money to effect THEFT  
23 on a grand scale.
- 24 4. Can Congress lawfully delegate its exclusive authority to mint money under Constitution Article 1, Section 8, Clause 5  
25 to a private, for profit consortium of banks as it did with the Federal Reserve Act in 1913? If they can't, why isn't the  
26 Federal Reserve declared by the U.S. Supreme Court to be unconstitutional?
- 27 5. Because Federal Reserve Notes are obligations/debt of the United States, is the government operating in a *private* rather  
28 than *public* capacity towards all those who are adversely affected when these notes were printed without any backing?  
29 Is there an implied waiver of sovereign immunity by the government towards all those who are adversely affected?

30 *"A claim against the United States is a right to demand money from the United States.<sup>5</sup> Such claims are sometimes*  
31 *spoken of as gratuitous in that they cannot be enforced by suit without statutory consent.<sup>6</sup> **The general rule of***  
32 ***non-liability of the United States does not mean that a citizen cannot be protected against the wrongful***  
33 ***governmental acts that affect the citizen or his or her property.<sup>7</sup> If, for example, money or property of an***  
34 ***innocent person goes into the federal treasury by fraud to which a government agent was a party, the United***  
35 ***States cannot [lawfully] hold the money or property against the claim of the injured party.<sup>8</sup>"***  
36 *[American Jurisprudence 2d, United States, §45 (1999)]*  
37

38 *"When the Government has illegally received money which is the property of an innocent citizen and when this*  
39 *money has gone into the Treasury of the United States, there arises an implied contract on the part of the*  
40 *Government to make restitution to the rightful owner under the Tucker Act and this court has jurisdiction to*  
41 *entertain the suit.*  
42 *90 Ct.Cl. at 613, 31 F.Supp. at 769."*  
43 *[Gordon v. U. S., 227 Ct.Cl. 328, 649 F.2d. 837 (Ct.Cl., 1981)]*  
44

45 *California Civil Code*  
46 *Section 2224*

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<sup>5</sup> United States ex rel. Angarica v. Bayard, 127 U.S. 251, 32 L.Ed. 159, 8 S.Ct. 1156, 4 A.F.T.R. 4628 (holding that a claim against the Secretary of State for money awarded under a treaty is a claim against the United States); Hobbs v. McLean, 117 U.S. 567, 29 L.Ed. 940, 6 S.Ct. 870; Manning v. Leighton, 65 Vt. 84, 26 A. 258, motion dismd 66 Vt. 56, 28 A. 630 and (disapproved on other grounds by Button's Estate v. Anderson, 112 Vt. 531, 28 A.2d. 404, 143 A.L.R. 195).

<sup>6</sup> Blagge v. Balch, 162 U.S. 439, 40 L.Ed. 1032, 16 S.Ct. 853.

<sup>7</sup> Wilson v. Shaw, 204 U.S. 24, 51 L.Ed. 351, 27 S.Ct. 233.

<sup>8</sup> Bull v. United States, 295 U.S. 247, 79 L.Ed. 1421, 55 S.Ct. 695, 35-1 U.S.T.C. ¶9346, 15 AFTR 1069; United States v. State Bank, 96 U.S. 30, 96 Otto 30, 24 L.Ed. 647.

1 “One who gains a thing by fraud, accident, mistake, undue influence, the violation of a trust, or other wrongful  
2 act, is, unless he or she has some other and better right thereto, an involuntary trustee of the thing gained, for the  
3 benefit of the person who would otherwise have had it.”  
4

5 “The United States, we have held, cannot, as against the claim of an innocent party, hold his money which has  
6 gone into its treasury by means of the fraud of its agent. While here the money was taken through mistake  
7 without element of fraud, the unjust retention is immoral and amounts in law to a fraud of the taxpayer’s rights.  
8 What was said in the State Bank Case applies with equal force to this situation. ‘An action will lie whenever  
9 the defendant has received money which is the property of the plaintiff, and which the defendant is obligated  
10 by natural justice and equity to refund. The form of the indebtedness or the mode in which it was incurred is  
11 immaterial.’”

12 [[Bull v. United States, 295 U.S. 247, 261, 55 S.Ct. 695, 700, 79 L.Ed. 1421](#)]

13 6. Which of the following describes newly issued obligations of the U.S. such as Federal Reserve Notes that are not  
14 redeemable in anything of substance?

15 6.1. A “tax”?

16 6.2. Theft?

17 As more notes are produced, the real, inflation-adjusted value of existing notes is decreased, thereby facilitating either  
18 TAXATION or THEFT from those who already hold Federal Reserve Notes. The only one who benefits by printing  
19 more money and causing inflation, is the U.S. Government because their fixed debt obligations are repaid with Federal  
20 reserve Notes whose purchasing power is less than when the currency-debt obligations were issued.

21 A number of documentaries and books have been written about the scandal created by the willful and treasonous refusal of  
22 federal courts to address the above questions and all the evil consequences that result. Below is a sampling of a few that we  
23 have found so far:

- 24 1. [Debt Virus](#), Jacques Jaikaran, 1992, Library of Congress #91-70030. Excellent. This book caused such a stir that the  
25 government went after the author and now he is in jail on trumped up charges.  
26 [http://www.amazon.com/exec/obidos/ASIN/0944435351/qid=1025446637/sr=8-1/ref=sr\\_8\\_1/103-6377460-6400628](http://www.amazon.com/exec/obidos/ASIN/0944435351/qid=1025446637/sr=8-1/ref=sr_8_1/103-6377460-6400628)
- 27 2. [Web of Debt](#), Ellen Hodgson Brown.  
28 <http://www.webofdebt.com/>
- 29 3. [Money Masters Video Documentary](#), Form #11.511, Bill Stills. Video documentary on the Federal Reserve and  
30 corruption of our money system.  
31 <http://www.themoneymasters.com/>
- 32 4. [The Creature from Jekyll Island](#), Form #11.508, Ed Griffin. Documentary about the history of the formation of the  
33 Federal Reserve.  
34 <http://realityzone.stores.yahoo.net/>
- 35 5. [Secrets of the Federal Reserve](#), Form #11.510, Eustace Mullins, 1991. Free book about the Federal Reserve.  
36 <http://famguardian.org/PublishedAuthors/Indiv/MullinsEustice/SecretsOfFedReserve/TOC.htm>

37 The purpose of having a substance backed currency redeemable in specie (substance) is to regulate and limit the quantity of  
38 government debt to ensure a stable, closed system of spending and taxing. Here is the way one monetary expert describes it:

39 “...Gold has the same role to play in the monetary system as the fly-wheel regulator does in an engine, the brake  
40 does in a train, and circuit-breakers do in an electrical network. Gold is the regulator of the quantity of debt in  
41 the economy that can be safely created and carried. It is also safeguarding quality by rejecting toxic debt before  
42 it can start metastasis. Debt-based currency utterly lacks safeguards limiting quantity and vouching for quality  
43 of debt. Debt-based currency is an invitation to disaster, that of the toppling of the Tower of Babel. Its effects are  
44 far from being instantaneous. There is a threshold and there is a critical mass involved. We have long since  
45 crossed that threshold and passed that critical mass. By no rational calculus can the outstanding debt be expected  
46 to be repaid without inflationary or deflationary adventures, even if further increase were stopped dead in its  
47 track. The discussion of the present financial crisis by academia and media avoids all reference to this fact. Under  
48 the gold standard a fast-breeder of debt was unthinkable, and debt was retired in an orderly manner.”

49 [[“The Gold Standard Strikes Back.....With A 36-Year Lag”](#), Professor Antal Fekete essay]

50 The redeemability of money in substance was officially ended in 1971. Using Professor Fekete’s metaphors, with the  
51 regulator of debt now disabled, the brakes discarded, and the circuit breakers removed, it is now understandable, as the last  
52 and final act of our financial drama plays out, why we now find ourselves buried beneath unbearable and unpayable quantities  
53 of toxic debt.

1 Removing gold from the international monetary system in 1971 allowed the U.S. to then begin issuing U.S. dollars in  
2 increasingly excessive amounts as the U.S. was no longer constrained by gold to maintain any semblance of fiscal restraint  
3 or discipline.

4 While consequences may be delayed they cannot be avoided. It's been 38 years since the U.S. removed gold and silver from  
5 the international monetary system. As a consequence, the debt-based system now implemented world-wide is beginning to  
6 collapse. Someday, it will collapse completely.

7 The current economic crisis is now moving quickly towards resolution. How and when it will end is as uncertain as that it  
8 will. Systemic death is never easy and the banker's paper money, like the fatal virus it is, is now everywhere. Its end will  
9 not be easy.

10 Severe climate change, food shortages, and the possibility of a pandemic are taking their place beside the ever-present  
11 possibility of military conflict. The collapse of the financial system will not be the only crisis that confronts humanity in the  
12 near future. Don't be left holding worthless paper when the music stops at the cake walk! Don't be like the seven foolish  
13 virgins spoken of in Matt. 25:1-13 (of the Bible) who had no oil for their lamp when the bridegroom called. The oil spoken  
14 of in that parable is GOLD.

## 15 **2.4 Why We Don't Have Lawful "Money"**

16 The power to coin money described earlier in section 2.2 is not the origin of the authority for printing Federal Reserve Notes.  
17 Those notes are printed under the authority of Article 1, Section 8, Clause 2 of the U.S. Constitution:

18 *U.S. Constitution*  
19 *Article 1, Section 8, Clause 2*

20 *The Congress shall have Power . .*

21 *To borrow Money on the credit of the United States;*

22 In section one of H.J.R. 192 there is a single very important sentence, which states:

23 *"Any such provision contained in any law authorizing obligations to be issued by or under the authority of the*  
24 *United States, is hereby repealed, ---"*

25 This is important because under Section 16 of the Federal Reserve Act, the "Federal reserve notes" issued under that section  
26 were expressly said to be obligations of the United States. Then, in June of 1933 the authority to issue those Section 16  
27 Federal reserve notes was repealed. Result? ALL Federal reserve or Reserve notes are without authority of law! Thus, we  
28 have a colorable currency to go with colorable law, but the whole system is based on FRAUD and unlawful.

29 The "money" you think you carry around in your pocket isn't money at all, but a debt instrument or obligation borrowed from  
30 a PRIVATE banking consortium deceptively called the "Federal Reserve" pursuant to Article 1, Section 8, Clause 2 of the  
31 United States Constitution. You will note that the top of each bill says "Federal Reserve **Note**". The "Federal Reserve", in  
32 fact, is about as "federal" as "Federal Express". Here is how Black's Law Dictionary, Sixth Edition defines "money" on page  
33 1005:

34 ***Money:** In usual and ordinary acceptation it means coins and paper currency used as circulating medium of*  
35 *exchange, and **does not embrace notes,** bonds, evidences of debt, or other personal or real*  
36 *estate. Lane v. Railey, 280 Ky. 319, 133 S.W.2d. 74, 79, 81.*  
37 *[Black's Law Dictionary, Sixth Edition, p. 1005]*

38 Here is what enacted law says about this subject in [12 U.S.C. §411](#):

39 [TITLE 12 > CHAPTER 3 > SUBCHAPTER XII > Sec. 411.](#)  
40 [Sec. 411. - Issuance to reserve banks; nature of obligation; redemption](#)

41 *Federal reserve notes, to be issued at the discretion of the Board of Governors of the Federal Reserve System for*  
42 *the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set*

1                   forth and for no other purpose, are authorized. **The said notes shall be obligations**  
2                   **of the United States** and shall be receivable by all national and member banks and Federal reserve  
3                   banks and for all taxes, customs, and other public dues. **They shall be redeemed in**  
4                   **lawful money on demand at the Treasury Department of the**  
5                   **United States, in the city of Washington, District of Columbia,**  
6                   **or at any Federal Reserve bank**

7                   You can search the entire U.S. Code as we have and NOWHERE will you find any place where “Federal Reserve Notes” are  
8                   defined or identified as “dollars” as used in the Constitution. Therefore, you cannot lawfully conclude that they are  
9                   equivalent. A Congressman wrote the Federal Reserve Board and they wrote back to admit that there is NO DEFINITION  
10                  for what a “dollar” is! See the amazing truth for yourself at the link below:

Ogilvie Letter, Exhibit #06.001  
<http://sedm.org/Exhibits/ExhibitIndex.htm>

11                  "Federal Reserve Notes" are in many respects similar to the "United States Notes"; they are both paper; they are both "Notes",  
12                  and they both circulate on the credit of the United States. ...

13                                "United States notes are engagements to pay dollars and the dollars intended were the coined dollars of the  
14                                United States."  
15                                [Bank of New York v. N.Y. County, 7 Wall. (U.S.) 26]

16                                "Their name imports obligation, everyone of them expresses upon its face an engagement of the nation to pay to  
17                                the bearer a certain sum, the dollar note is an engagement to pay a dollar, and the dollar intended is the coined  
18                                dollar of the United States, a certain quantity in weight and fineness of gold or silver ... no other dollars had  
19                                before been recognized by the legislature of the national government as lawful money."  
20                                [Bank of New York, supra., at 30]

21                  The Supreme court held that the issue of "United States Notes," was not an attempt by Congress to make “dollars”, but an  
22                  attempt to **borrow** “dollars” and to repay that debt.

23                  But wait a minute! The law says that obligations of the U.S. government are not taxable in 31 U.S.C. §3124!

24                                TITLE 31 > SUBTITLE III > CHAPTER 31 > SUBCHAPTER II > Sec. 3124.  
25                                Sec. 3124. - Exemption from taxation

26                                (a) Stocks and obligations of the United States Government are exempt from taxation by a State or political  
27                                subdivision of a State. The exemption applies to each form of taxation that would require the obligation, the  
28                                interest on the obligation, or both, to be considered in computing a tax, except -

29                                (1) a nondiscriminatory franchise tax or another nonproperty tax instead of a franchise tax, imposed on a  
30                                corporation; and

31                                (2) an estate or inheritance tax.

32                                (b) The tax status of interest on obligations and dividends, earnings, or other income from evidences of ownership  
33                                issued by the Government or an agency and the tax treatment of gain and loss from the disposition of those  
34                                obligations and evidences of ownership is decided under the Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.).  
35                                An obligation that the Federal Housing Administration had agreed, under a contract made before March 1, 1941,  
36                                to issue at a future date, has the tax exemption privileges provided by the authorizing law at the time of the  
37                                contract. This subsection does not apply to obligations and evidences of ownership issued by the District of  
38                                Columbia, a territory or possession of the United States, or a department, agency, instrumentality, or political  
39                                subdivision of the District, territory, or possession

40                  Therefore, your Federal Reserve Notes (FRN's) are not taxable by federal State governments, because they aren't really  
41                  lawful money, but debt obligations, or the equivalent of corporate government bonds! For more interesting reading, we refer  
42                  you to the Legal Tender Cases, Juilliard v. Greenman, [110 U.S. 421](#) (1884).

1                   “Under the power to borrow money on the credit of the United States, and to issue circulating notes for the money  
2 borrowed, [Congress’] power to define the quality and force of those notes as currency is as broad as the like  
3 power over a metallic currency under the power to coin money and to regulate the value thereof. Under the two  
4 powers, taken together, Congress is authorized to establish a national currency, either in coin or in paper, and  
5 to make that currency lawful money for all purposes, as regards the national government or private individuals.  
6 . . . (Emphasis added)”

7 Here is what one federal court said when one American claimed his FRN’s were not lawful money and that they were exempt  
8 from taxation by a state. It’s all B.S., of course:

9                   “Congress has delegated the power to establish this national currency which is lawful money to the Federal  
10 Reserve System. 12 U.S.C. §411. Congress has made the Federal Reserve note the measure of value in our  
11 monetary system, 12 U.S.C. § 412 (1968),<sup>41</sup> and has defined Federal Reserve notes as legal tender for taxes, 31  
12 U.S.C. §392 (1965). Taxpayers’ attempt to devalue the Federal Reserve notes they received as income is,  
13 therefore, not lawful under the laws of the United States.”  
14 [[Mathes v. Commissioner of Internal Revenue, 576 F.2d. 70 \(1978\)](#)]

15 Obviously, Mr. Mathes didn’t explain his case properly. If he had stuck to the statutory definition of a “dollar” and demanded  
16 that a statute be produced describing WHICH of the two “dollars” they are talking about, the court would have been powerless,  
17 because “there ain’t no friggin statute”, as confirmed by correspondence from the Federal Reserve Board itself! Judges can’t  
18 make up definitions that don’t exist in order to enforce laws against persons or things not specified in law. Their practicing  
19 religion and establishing a religion in violation of the First Amendment to do so. What they are doing is religion because  
20 they are espousing a belief that makes them superior, and that belief cannot or is not substantiated by any admissible evidence.  
21 Furthermore, Mr. Mathes probably didn’t use the following as an excuse for why his earnings are not subject to withholding  
22 and are not “wages” as legally defined. The following provision requires that earnings of an “employee” as legally defined  
23 are not “wages” if the employee is not engaged in a “trade or business” and the “employee’s” remuneration was paid in any  
24 medium OTHER than “cash”:

25                   [United States Code](#)  
26                   [TITLE 26 - INTERNAL REVENUE CODE](#)  
27                   [SUBTITLE C - EMPLOYMENT TAXES](#)  
28                   [CHAPTER 24 - COLLECTION OF INCOME TAX AT SOURCE ON WAGES](#)  
29                   [Section 3401. Definitions](#)

30                   (a) Wages

31                   For purposes of this chapter, the term “wages” means all remuneration (other than fees paid to a public official)  
32 for services performed by an employee for his employer, including **the cash value of all remuneration** (including  
33 benefits) paid in any medium other than cash; **except that such term shall not include remuneration paid -**

34                   **(11) for services not in the course of the employer’s trade or business [public office in the U.S. government],**  
35                   **to the extent paid in any medium other than cash; or**

36 During the time that H.J.R. 192 supposedly was “law”, Americans had no resort to the common law remedies which had been  
37 available whenever there had been a breach of a contract (obligation) which required a payment in a particular kind of coin  
38 or currency (or, maybe, commodity). The “law” pursuant to H.J.R. 192 set aside or “suspended” the common law in regard  
39 to payments of contracts in money, or as it might be said in another way, H.J.R. 192 was very much a banker’s delight because  
40 it effectuated a suspension of redemption of all of the outstanding circulating notes as well as a newly created “legal” ability  
41 to “negotiate” checks and other money denominated securities without having to pay out lawful money, meaning gold or  
42 silver coins. Instead the Banks could discharge their fiduciary duty by offering, that is “tendering” anything that was legal  
43 tender at that time. (All of the above will be found in H.J.R. 192, Section 1.

44 As a point of emphasis here, H.J.R. 192 found at 48 Stat. 112-113 did not by express terms repeal any of the pre-existing  
45 common law remedies. At the most, all it did was indirectly suspend any ability to use the common law remedies for a while.

46 The while, as it turns out, lasted from 1933 to 1982, or almost 50 years. But upon the repeal of H.J.R. 192 all of the older  
47 common law remedies became available for use again and the Banks could not “legally” evade their fiduciary duty to pay in  
48 lawful money. But they do and have continued to avoid their duty it seems simply because no one has demanded that a Bank  
49 should pay in dollars of lawful money and has stood firm in refusing to accept those Federal Reserve notes when tendered.

1 You can refuse them now that H.J.R. 192 has been repealed and when you do the Bank is put into a very difficult spot.  
2 Lawfully, a Bank must pay in lawful money dollars and it is very likely that the Bank simply does not have any, or maybe  
3 not enough to transact your check. That tells you that the Bank is insolvent, A.K.A. bankrupt.

4 There is today a parity relationship between FRn's and the lawful money silver dollars which is about 10 to 1 and moving  
5 upward to 12 to 1 because of fluctuation in the market. Under the 10:1 parity a single or 1 "dollar" Federal Reserve note is  
6 actually worth only ten cents in silver coin lawful money. Go to a coin store and buy one silver dollar coin using FRn's.  
7 You'll learn about parity values.

## 8 **2.5 You can't "launder" money if there IS no "money"**

9 Based on the preceding discussion, it ought to be obvious to the reader that if there is no "money" as legally defined, then  
10 there can be no such thing as "money laundering". To even call it that is FRAUD.

## 11 **3 Money Laundering Background**

12 **Money laundering** is the process of changing large amounts of money that have been gained through illegitimate means.  
13 Money evidently gained through crime is "dirty" money, and money that has been "laundered" to appear as if it came from a  
14 legitimate source is "clean" money. Money can be laundered by many methods, which vary in complexity and sophistication.

15 Different countries may or may not treat [tax evasion](#) or payments in breach of [international sanctions](#) as money laundering.  
16 Some jurisdictions differentiate these for definition purposes, and others do not. Some jurisdictions define money laundering  
17 as obfuscating sources of money, either intentionally or by merely using financial systems or services that do not identify or  
18 track sources or destinations.

19 Other jurisdictions define money laundering to include money from activity that *would have been* a crime in that jurisdiction,  
20 even if it was legal where the actual conduct occurred. For example, under British law, spending proceeds from a [bull fight](#)  
21 in Spain constitutes money laundering because the bull fight would have been illegal if it had been conducted in the United  
22 Kingdom.<sup>9</sup> This broad brush of applying money laundering to incidental, extraterritorial or simply privacy-seeking behaviors  
23 has led some to label it financial [thoughtcrime](#).<sup>10</sup>

24 Many regulatory and governmental authorities issue estimates each year for the amount of money laundered, either worldwide  
25 or within their national economy. In 1996, the [International Monetary Fund \(I.M.F.\)](#) estimated that two to five percent of the  
26 worldwide global economy involved laundered money. The [Financial Action Task Force on Money Laundering](#) (F.A.T.F.),  
27 an intergovernmental body set up to combat money laundering, stated, "Overall, it is absolutely impossible to produce a  
28 reliable estimate of the amount of money laundered and therefore the F.A.T.F. does not publish any figures in this regard."<sup>11</sup>  
29 Academic commentators have likewise been unable to estimate the volume of money with any degree of assurance.<sup>12</sup> Various  
30 estimates of the scale of global money laundering are sometimes repeated often enough to make some people regard them as  
31 factual—but no researcher has overcome the inherent difficulty of measuring an actively concealed practice.

32 Regardless of the difficulty in measurement, the amount of money laundered each year is in the [billions](#) (US dollars) and  
33 poses a significant policy concern for governments.<sup>13</sup> As a result, governments and international bodies have undertaken  
34 efforts to deter, prevent, and apprehend money launderers. Financial institutions have likewise undertaken efforts to prevent  
35 and detect transactions involving dirty money, both as a result of government requirements and to avoid the reputational risk  
36 involved. Issues relating to money laundering have existed as long as there have been [large scale criminal enterprises](#). Modern  
37 anti-money laundering laws have developed along with the so-called modern [War on Drugs](#).<sup>14</sup> In more recent times anti-  
38 money laundering legislation is seen as adjunct to the financial crime of [terrorist financing](#) in that both crimes usually involve

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<sup>9</sup> Proceeds of Crime Act 2002, section 340(2)(b) –definition of "criminal conduct".

<sup>10</sup> [Money Laundering Is Financial Thoughtcrime](#).

<sup>11</sup> Financial Action Task Force. "[Money Laundering FAQ](#)". Retrieved 2 March 2011.

<sup>12</sup> Reuter, Peter (2004). [Chasing Dirty Money](#). Peterson. ISBN 978-0-88132-370-2.

<sup>13</sup> Reuter, Peter (2004). [Chasing Dirty Money](#). Peterson. ISBN 978-0-88132-370-2.

<sup>14</sup> For example, under UK law the first offences created for money laundering both related to the proceeds from the sale of illegal narcotics under the Criminal Justice Act 1988 and then later under the Drug Trafficking Act 1994.

1 the transmission of funds through the financial system (although money laundering relates to where the money has come  
2 from, and terrorist financing relating to where the money is going to).

### 3 **3.1 Money Laundering Methods**

4 Money laundering is commonly defined as occurring in three steps: the first step involves introducing cash into the financial  
5 system by some means ("placement"); the second involves carrying out complex financial transactions to camouflage the  
6 illegal source ("layering"); and the final step entails acquiring wealth generated from the transactions of the illicit funds  
7 ("integration"). Some of these steps may be omitted, depending on the circumstances; for example, non-cash proceeds that  
8 are already in the financial system would have no need for placement.<sup>15</sup>

9 Money laundering takes several different forms, although most methods can be categorized into one of a few types. These  
10 include "bank methods, smurfing [also known as structuring], currency exchanges, and double-invoicing".<sup>16</sup>

- 11 1. **Structuring**: Often known as *smurfing*, this is a method of placement whereby cash is broken into smaller deposits of  
12 money, used to defeat suspicion of money laundering and to avoid anti-money laundering reporting requirements. A  
13 sub-component of this is to use smaller amounts of cash to purchase bearer instruments, such as money orders, and  
14 then ultimately deposit those, again in small amounts.<sup>17</sup>
- 15 2. **Bulk cash smuggling**: This involves physically smuggling cash to another jurisdiction and depositing it in a financial  
16 institution, such as an **offshore bank**, with greater **bank secrecy** or less rigorous money laundering enforcement.<sup>18</sup>
- 17 3. **Cash-intensive businesses**: In this method, a business typically involved in receiving cash uses its accounts to deposit  
18 both legitimate and criminally derived cash, claiming all of it as legitimate earnings. Service businesses are best suited  
19 to this method, as such businesses have no variable costs, and it is hard to detect discrepancies between revenues and  
20 costs. Examples are parking buildings, strip clubs, **tanning beds**, and casinos.
- 21 4. **Trade-based laundering**: This involves under- or overvaluing **invoices** to disguise the movement of money.<sup>19</sup>
- 22 5. **Shell companies and trusts**: Trusts and shell companies disguise the true owner of money. Trusts and corporate  
23 vehicles, depending on the jurisdiction, need not disclose their true, beneficial, owner.<sup>20</sup>
- 24 6. **Round-tripping**: Here, money is deposited in a **controlled foreign corporation** offshore, preferably in a **tax haven** where  
25 minimal records are kept, and then shipped back as a **foreign direct investment**, exempt from taxation. A variant on this  
26 is to transfer money to a law firm or similar organization as funds on account of fees, then to cancel the retainer and,  
27 when the money is remitted, represent the sums received from the lawyers as a legacy under a will or proceeds of  
28 litigation.
- 29 7. **Bank capture**: In this case, money launderers or criminals buy a controlling interest in a bank, preferably in a  
30 jurisdiction with weak money laundering controls, and then move money through the bank without scrutiny.
- 31 8. **Casinos**: In this method, an individual walks into a casino with cash and buys chips, plays for a while, and then cashes  
32 in the chips, taking payment in a check. The money launderer then deposits the check into a bank account, claiming it  
33 as gambling winnings.<sup>21</sup>
- 34 9. **Real estate**: Someone purchases real estate with illegal proceeds and then sells the property. To outsiders, the proceeds  
35 from the sale look like legitimate income. Alternatively, the price of the property is manipulated: the seller agrees to a  
36 contract that underrepresents the value of the property, and receives criminal proceeds to make up the difference.<sup>22</sup>
- 37 10. **Black salaries**: A company may have unregistered employees without a written contract and pay them cash salaries.  
38 Black cash might be used to pay them.<sup>23</sup>
- 39 11. **Tax amnesties**: For example, those that legalize unreported assets in tax havens and cash<sup>24</sup>

<sup>15</sup> Reuter, Peter (2004). *Chasing Dirty Money*. Peterson. ISBN 978-0-88132-370-2.

<sup>16</sup> Lawrence M. Salinger, *Encyclopedia of white-collar & corporate crime: A – I, Volume 1*, page 78, ISBN 0-7619-3004-3, 2005.

<sup>17</sup> National Drug Intelligence Center (August 2011). "National Drug Threat Assessment". p. 40. Retrieved 20 September 2011.

<sup>18</sup> *National Money Laundering Threat Assessment*". December 2005. p. 33. Retrieved 3 March 2011.

<sup>19</sup> Baker, Raymond (2005). *Capitalism's Achilles Heel*. Wiley.

<sup>20</sup> Financial Action Task Force. "Global Money Laundering and Terrorist Financing Threat Assessment". Retrieved 3 March 2011.

<sup>21</sup> "National Money Laundering Threat Assessment". December 2005. p. 33. Retrieved 3 March 2011.

<sup>22</sup> Financial Action Task Force. "Global Money Laundering and Terrorist Financing Threat Assessment". Retrieved 3 March 2011.

<sup>23</sup> "Underground Economy Issues. Ontario Construction Secretariat".

<sup>24</sup> "Tax amnesties turn HMRC into 'biggest money-laundering operation in history'". Retrieved 14 June 2013.

1 12. Fictional loans

## 2 **3.2 Money Laundering Enforcement**

3 Anti-money laundering (AML) is a term mainly used in the financial and legal industries to describe the legal controls that  
4 require [financial institutions](#) and other regulated entities to prevent, detect, and report money laundering activities. Anti-  
5 money laundering guidelines came into prominence globally as a result of the formation of the [Financial Action Task Force](#)  
6 (F.A.T.F.) and the promulgation of an international framework of anti-money laundering standards.<sup>25</sup> These standards began  
7 to have more relevance in 2000 and 2001, after F.A.T.F. began a process to publicly identify countries that were deficient in  
8 their anti-money laundering laws and international cooperation, a process colloquially known as "[name and shame](#)".<sup>26</sup>

9 An effective AML program requires a jurisdiction to have criminalized money laundering, given the relevant regulators and  
10 police the powers and tools to investigate; be able to share information with other countries as appropriate; and require  
11 financial institutions to identify their customers, establish risk-based controls, keep records, and report suspicious activities.<sup>27</sup>

### 12 **3.2.1 Criminalizing money laundering**

13 The elements of the crime of money laundering are set forth in the [United Nations Convention Against Illicit Traffic in](#)  
14 [Narcotic Drugs and Psychotropic Substances](#) and [Convention against Transnational Organized Crime](#). It is defined as  
15 knowingly engaging in a financial transaction with the proceeds of a crime for the purpose of concealing or disguising the  
16 illicit origin of the property from governments.

### 17 **3.2.2 The role of financial institutions**

18 Today, most financial institutions globally, and many non-financial institutions, are required to identify and report  
19 transactions of a suspicious nature to the financial intelligence unit in the respective country. For example, a bank must verify  
20 a customer's identity and, if necessary, monitor transactions for suspicious activity. This is often termed as "know your  
21 customer". *This means knowing the identity of the customer and understanding the kinds of transactions in which the customer*  
22 *is likely to engage. By knowing one's customers, financial institutions can often identify unusual or suspicious behavior,*  
23 *termed anomalies, which may be an indication of money laundering.*<sup>28</sup>

24 Bank employees, such as tellers and customer account representatives, are trained in anti-money laundering and are instructed  
25 to report activities that they deem suspicious. Additionally, [anti-money laundering software](#) filters customer data, classifies  
26 it according to level of suspicion, and inspects it for anomalies. Such anomalies include any sudden and substantial increase  
27 in funds, a large withdrawal, or moving money to a bank secrecy jurisdiction. Smaller transactions that meet certain criteria  
28 may also be flagged as suspicious. For example, structuring can lead to flagged transactions. The software also flags names  
29 on government "blacklists" and transactions that involve countries hostile to the host nation. Once the software has mined  
30 data and flagged suspect transactions, it alerts bank management, who must then determine whether to file a report with the  
31 government.

### 32 **3.2.3 Value of enforcement costs and associated privacy concerns**

33 The financial services industry has become more vocal about the rising costs of anti-money laundering regulation and the  
34 limited benefits that they claim it brings.<sup>29</sup> One commentator wrote that "[w]ithout facts, [anti-money laundering] legislation  
35 has been driven on rhetoric, driving by ill-guided activism responding to the need to be "seen to be doing something" rather  
36 than by an objective understanding of its effects on predicate crime. The social panic approach is justified by the language

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<sup>25</sup> Financial Action Task Force. "[About the F.A.T.F.](#)". Retrieved 20 September 2011.

<sup>26</sup> Financial Action Task Force. "[About the Non-Cooperative Countries and Territories \(NCCT\) Initiative](#)". Retrieved 20 September 2011.; [The Global Anti-Money Laundering Regime: A Short Overview](#), by Richard Horowitz, *Cayman Islands Journal*, 6 January 2010

<sup>27</sup> Financial Action Task Force. "[Money Laundering FAQ](#)". Retrieved 20 September 2011.

<sup>28</sup> Roth, John, et al. (20 August 2004). "[Monograph on Terrorist Financing](#)". National Commission on Terrorist Attacks Upon the United States. pp. 54–56. Retrieved 20 September 2011.

<sup>29</sup> Ball, Deborah, et al., (22 March 2011). "[U.S. Banks Oppose Tighter Money Rules](#)". *Wall Street Journal*. Retrieved 19 September 2011.

1 used—we talk of the battle against terrorism or the war on drugs".<sup>30</sup> *The Economist* magazine has become increasingly vocal  
2 in its criticism of such regulation, particularly with reference to countering terrorist financing, referring to it as a "costly  
3 failure", although it concedes that other efforts (like reducing identity and credit card fraud) may still be effective at combating  
4 money laundering.<sup>31</sup>

5 However, there is no precise measurement of the costs of regulation balanced against the harms associated with money  
6 laundering,<sup>32</sup> and given the evaluation problems involved in assessing such an issue, it is unlikely that the effectiveness of  
7 terror finance and money laundering laws could be determined with any degree of accuracy.<sup>33</sup> *The Economist* estimated the  
8 annual costs of anti-money laundering efforts in Europe and North America at US\$5 billion in 2003, an increase from US\$700  
9 million in 2000.<sup>34</sup> Government-linked economists have noted the significant negative effects of money laundering on  
10 economic development, including undermining domestic capital formation, depressing growth, and diverting capital away  
11 from development.<sup>35</sup> Because of the intrinsic uncertainties of the amount of money laundered, changes in the amount of  
12 money laundered, and the cost of anti-money laundering systems, it is almost impossible to tell which anti-money laundering  
13 systems work and which are more or less cost effective.

14 Data privacy has also been raised as a concern. A European Union (EU) working party, for example, has announced a list of  
15 44 recommendations to better harmonize, and if necessary scale down, the money laundering laws of EU member states to  
16 comply with fundamental privacy rights.<sup>36</sup> In the United States, groups such as the American Civil Liberties Union have  
17 expressed concern that money laundering rules require banks to report on their own customers, essentially conscripting private  
18 businesses "into agents of the surveillance state".<sup>37</sup>

19 In any event, many countries are obligated by various international instruments and standards, such as the [United Nations](#)  
20 [Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances](#), the [Convention against Transnational](#)  
21 [Organized Crime](#), the [United Nations Convention against Corruption](#), and the recommendations of the F.A.T.F. to enact and  
22 enforce money laundering laws in an effort to stop narcotics trafficking, international organized crime, and corruption. Other  
23 countries, such as Mexico, that face significant crime problems believe that anti-money laundering controls could help curb  
24 the underlying crime issue.<sup>38</sup>

### 25 **3.2.4 Organizations working against money laundering**

26 Formed in 1989 by the [G7](#) countries, the F.A.T.F. is an intergovernmental body whose purpose is to develop and promote an  
27 international response to combat money laundering. The F.A.T.F. Secretariat is housed at the headquarters of the [Organization](#)  
28 [for Economic Cooperation and Development \(O.E.C.D.\)](#) in Paris. In October 2001, F.A.T.F. expanded its mission to include  
29 combating the financing of terrorism. F.A.T.F. is a policy-making body that brings together legal, financial, and law  
30 enforcement experts to achieve national legislation and regulatory AML and CFT reforms. Currently its membership consists  
31 of 34 countries and territories and two regional organizations. In addition, F.A.T.F. works in collaboration with a number of  
32 international bodies and organizations. These entities have observer status with F.A.T.F., which does not entitle them to vote,  
33 but permits them full participation in plenary sessions and working groups.<sup>39</sup>

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<sup>30</sup> *Money Laundering Bulletin*, Issue 154, June 2008, Dr Jackie Harvey (Newcastle Business School)

<sup>31</sup> [The Lost Trail](#). *The Economist*. 20 October 2005. Retrieved 19 September 2011.

<sup>32</sup> Levi, Michael and William Gilmore (2002). "Terrorist Finance, Money Laundering and the Ris of Mutual Evaluation: A New Paradigm for Crime Control?". *European Journal of Law Reform* 4 (2): 337–364.

<sup>33</sup> Levi, Michael (May 2010). "Combating the Financing of Terrorism: A History and Assessment of the Control of "Threat Finance"". *British Journal of Criminology* 50 (4): 650–669.

<sup>34</sup> ["Coming clean"](#). *The Economist*. 14 October 2004.

<sup>35</sup> Bartlett, Brent (May 2002). ["The Negative Effects of Money Laundering on Economic Development"](#). Asian Development Bank. Retrieved 19 September 2011.

<sup>36</sup> The IT Law Community. ["Data Protection, Money Laundering and Terrorism"](#). Retrieved 23 October 2011.

<sup>37</sup> American Civil Liberties Union. ["The Surveillance Industrial Complex"](#). Retrieved 23 October 2011.

<sup>38</sup> Booth, William (26 August 2010). ["Mexico targets money laundering with plan to limit cash transactions"](#). *Washington Post*. Retrieved 19 September 2011.

<sup>39</sup> Financial Action Task Force. ["Member Country and Observers FAQ"](#).

1 F.A.T.F. has developed 40 recommendations on money laundering and 9 special recommendations regarding terrorist  
2 financing. F.A.T.F. assesses each member country against these recommendations in published reports. Countries seen as not  
3 being sufficiently compliant with such recommendations are subjected to financial sanctions.<sup>40</sup>

4 F.A.T.F.'s three primary functions with regard to money laundering are:

- 5 1. Monitoring members' progress in implementing anti-money laundering measures.
- 6 2. Reviewing and reporting on laundering trends, techniques, and countermeasures.
- 7 3. Promoting the adoption and implementation of F.A.T.F. anti-money laundering standards globally.

8 The F.A.T.F. currently comprises 34 member jurisdictions and 2 regional organizations, representing most major financial  
9 centers in all parts of the globe:

- 10 • Argentina
- 11 • Australia
- 12 • Austria
- 13 • Belgium
- 14 • Brazil
- 15 • Canada
- 16 • China
- 17 • Denmark
- 18 • European Commission
- 19 • Finland
- 20 • France
- 21 • Germany
- 22 • Greece
- 23 • Gulf Co-operation Council
- 24 • Hong Kong
- 25 • Iceland
- 26 • India
- 27 • Ireland
- 28 • Italy
- 29 • Japan
- 30 • Kingdom of the Netherlands
- 31 • Luxembourg
- 32 • Mexico
- 33 • New Zealand
- 34 • Norway
- 35 • Portugal
- 36 • Republic of Korea
- 37 • Russian Federation
- 38 • Singapore
- 39 • South Africa
- 40 • Spain
- 41 • Sweden
- 42 • Switzerland
- 43 • Turkey
- 44 • United Kingdom
- 45 • United States

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<sup>40</sup> Financial Action Task Force. "Mission". Retrieved 1 March 2011.

1 The [United Nations Office on Drugs and Crime](#) maintains the *International Money Laundering Information Network*, a  
2 website that provides information and software for anti–money laundering data collection and analysis.<sup>41</sup> The [World Bank](#)  
3 has a website that provides policy advice and best practices to governments and the private sector on anti–money laundering  
4 issues.<sup>42</sup>

## 5 **4 Bank Secrecy Act Requirements**

6 The **Bank Secrecy Act of 1970** (or **BSA**, or otherwise known as the **Currency and Foreign Transactions Reporting Act**)  
7 requires [financial institutions](#) in the [United States](#) to assist U.S. [government agencies](#) to detect and prevent [money laundering](#).  
8 Specifically, the act requires financial institutions to keep records of cash purchases of [negotiable instruments](#), and file reports  
9 of cash purchases of these negotiable instruments of more than \$10,000 (daily aggregate amount), and to report suspicious  
10 activity that might signify money laundering, [tax evasion](#), or other criminal activities. Many banks will no longer sell  
11 negotiable instruments when they are purchased with cash, requiring the purchase to be withdrawn from an account at that  
12 institution.

13 The B.S.A. was originally passed by the [Congress of the United States](#) in 1970, and amended several times since then,  
14 including provisions in [title III](#) of the [USA PATRIOT Act](#). (See 31 [U.S.C.](#) §§5311–5330 and 31 [C.F.R.](#) Chapter X.) The  
15 B.S.A. is sometimes referred to as an "[anti-money laundering](#)" law ("AML") or jointly as "BSA/AML".<sup>43</sup>

### 16 **4.1 Types of reports**

17 The B.S.A. regulations require all financial institutions to submit five types of reports to the government. The following is  
18 not an exhaustive list of reports to be filed. The FBAR has an [individual filing requirement](#), as detailed below.

- 19 1. **[FinCEN Form 112 \(formerly Form 104\) Currency Transaction Report \(CTR\)](#)**: A CTR must be filed for each  
20 deposit, withdrawal, exchange of currency, or other payment or transfer, by, through or to a financial institution,  
21 which involves a transaction in currency of more than \$10,000. Multiple currency transactions must be treated as a  
22 single transaction if the financial institution has knowledge that: (a) they are conducted by or on behalf of the same  
23 person; and, (b) they result in cash received or disbursed by the financial institution of more than \$10,000.<sup>44</sup>
- 24 2. **[FinCEN Form 105 Report of International Transportation of Currency or Monetary Instruments \(CMIR\)](#)**:  
25 Each person (including a bank) who physically transports, mails or ships, or causes to be physically transported,  
26 mailed, shipped or received, currency, traveler's checks, and certain other monetary instruments in an aggregate  
27 amount exceeding \$10,000 into or out of the United States must file a CMIR.<sup>45</sup>
- 28 3. **[Department of the Treasury Form 90-22.1 Report of Foreign Bank and Financial Accounts \(FBAR\)](#)**: Each  
29 person (including a bank) subject to the jurisdiction of the United States having an interest in, signature or other  
30 authority over, one or more bank, securities, or other financial accounts in a foreign country must file an FBAR if  
31 the aggregate value of such accounts at any point in a calendar year exceeds \$10,000.<sup>46</sup> A recent District Court  
32 case in the 10th Circuit has significantly expanded the definition of "interest in" and "other Authority".<sup>47</sup>
- 33 4. **[Treasury Department Form 90-22.47 and OCC Form 8010-9, 8010-1 Suspicious Activity Report \(SAR\)](#)**:  
34 Banks must file a SAR for any suspicious transaction relevant to a possible violation of law or regulation.<sup>48</sup>
- 35 5. **[FinCEN Form 110 Designation of Exempt Person](#)**: Banks must file this form to designate an exempt customer  
36 for the purpose of CTR reporting under the BSA.<sup>49</sup>

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<sup>41</sup> [International Money Laundering Information Network](#). Retrieved on 21 October 2011.

<sup>42</sup> [World Bank Financial Market Integrity](#). Amlcft.org. Retrieved on 21 October 2011.

<sup>43</sup> [http://www.fincen.gov/statutes\\_regs/bsa/](http://www.fincen.gov/statutes_regs/bsa/)

<sup>44</sup> 31 C.F.R. §1010.311 (formerly 31 C.F.R. §103.22)

<sup>45</sup> 31 U.S.C.A. §5316(a).

<sup>46</sup> 31 C.F.R. §1010.350

<sup>47</sup> Anthony E. Parent. "[The Hidden Side to the McBride FBAR Judgment](#)". Retrieved 2012-12-11.

<sup>48</sup> 31 C.F.R. §1020.320 (formerly 31 C.F.R. §103.21); 12 C.F.R. §12.11

<sup>49</sup> 31 C.F.R. §1010.330(d)(1)(i).

1 It also requires any business receiving one or more related cash payments totaling \$10,000 or more to file IRS/FinCEN Form  
2 8300.<sup>50</sup>

## 3 **4.2 Affected transactions**

### 4 **4.2.1 Currency Transaction Report (C.T.R.)**

5 The CTR must report cash transactions in excess of \$10,000 during the same business day. The amount over \$10,000 can be  
6 either in one transaction or a combination of cash transactions. It is filed with the [Internal Revenue Service](#).

7 Reports are limited ONLY to “trade or business” activities, which means “the functions of a public office” per 26 U.S.C.  
8 §7701(a)(26).

9 [26 U.S.C. §7701\(a\)\(26\)](#)

10 *“The term ‘trade or business’ [includes](#) the performance of the functions of a [public office](#).”*

11 The “trade or business” they are talking about in Title 31 is exactly the same one that appears in the Internal Revenue Code,  
12 folks!

13 [31 CFR § 1010.330 - Reports relating to currency in excess of \\$10,000 received in a trade or business.](#)

14 *§ 1010.330 Reports relating to currency in excess of \$10,000 received in a trade or business.*

15 *(c) Meaning of terms. The following definitions apply for purposes of this section--*

16 *(11) **Trade or business.** The term trade or business has the same meaning as under [section 162 of title 26](#), United  
17 States Code.*

18 Below is how we inform third parties that we are NOT subject to “currency transaction reporting” whether they are financial  
19 institutions or nonfinancial institutions, derived from Form #06.014, Section 3:

20 *Privacy Agreement, Form #06.014*

21 *Section 3: Constraints on Financial Transaction Reporting*

22 *All financial transaction reporting under Title 31 of the U.S. Code has as a prerequisite that the target of the report is engaged in a*  
23 *“[trade or business](#)”, which is defined in [26 U.S.C. §7701\(a\)\(26\)](#) and 31 C.F.R. §1010.330 as “the functions of a public office” within*  
24 *the U.S. government. The recipient of this form is hereby notified that I, the Submitter of this form, am not engaged in the “trade or*  
25 *business” franchise and therefore cannot lawfully become the proper subject of any of the following types of transaction reporting:*

- 26 1. *IRS Form 8300: Currency Transaction Report*
- 27 2. *Treasury Form 8300: Currency Transaction Report*
- 28 3. *FINCEN Form 101: Suspicious Activity Report by the Securities and Futures Industries*
- 29 4. *FINCEN Form 102: Suspicious Activity Report by Casinos and Card Clubs*
- 30 5. *FINCEN Form 103: Currency Transaction Report by Casinos*
- 31 6. *FINCEN Form 104: Currency Transaction Report*
- 32 7. *FINCEN Form 105: Report of International Transportation of Currency or Monetary Instruments*
- 33 8. *FINCEN Form 109: Suspicious Activity Report by Money Services Business*
- 34 9. *Treasury Form TD F 90-22.47 - Suspicious Activity Report by Depository Institutions*
- 35 10. *Treasury Form TD F 90-22.1: Report of Foreign Bank and Financial Accounts*

36 *Those not engaged in a “[trade or business](#)” are expressly exempted from all of the above reports, per [31 U.S.C. §5331\(a\)](#) and 31*  
37 *C.F.R. §1010.330(d)(2):*

38 [31 C.F.R. §1010.330\(d\)\(2\) General](#)

39 *(2) Receipt of currency not in the course of the recipient's trade or business.*

40 ***The receipt of currency in excess of \$10,000 by a person other than in the course of the person's trade or***  
41 ***business is not reportable under 31 U.S.C. 5331.***  
42  
43

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<sup>50</sup> [“Publication 1544 \(Rev. September 2012\). Reporting Cash Payments of Over \\$10,000”](#). IRS. 2012-09-21. Retrieved 2013-06-28.

1 [TITLE 31 > SUBTITLE IV > CHAPTER 53 > SUBCHAPTER II > § 5331](#)  
2 [§ 5331. Reports relating to coins and currency received in nonfinancial trade or business](#)

3  
4 (a) Coin and Currency Receipts of More Than \$10,000.—Any person—  
5 (1) who is engaged in a trade or business; and  
6 (2) who, in the course of such trade or business, receives more than \$10,000 in coins or currency in 1  
7 transaction (or 2 or more related transactions),  
8 shall file a report described in subsection (b) with respect to such transaction (or related transactions) with the  
9 Financial Crimes Enforcement Network at such time and in such manner as . . .

10 The above limitation also applies in the case of “financial institutions” found in [31 U.S.C. §5313](#), because the definition of “nonfinancial  
11 trade or business” implies that “financial institutions” ALSO must be engaged in a “trade or business” to have such reporting  
12 requirement:

13 [31 U.S. Code § 5312 – Definitions and application](#)

14 (a) In this subchapter—

15 (4) Nonfinancial trade or business.—

16 The term “nonfinancial trade or business” means **any trade or business other than a financial institution** that  
17 is subject to the reporting requirements of section 5313 and regulations prescribed under such section.

18 Anything NOT subject to reporting is, therefore EXCLUSIVELY private and beyond the control of or disclosure to the government. This  
19 is confirmed by the holding in [California Bankers Assoc. v. Schulz, 416 U.S. 21 \(1974\)](#).

20 “ In its complaint filed in the District Court, plaintiff Security National Bank asserted that it was an “insured”  
21 national bank; to the extent that Congress has acted to require records on the part of banks insured by the  
22 Federal Deposit Insurance Corporation, or of financial institutions insured under the National Housing Act,  
23 Congress is simply imposing a condition on the spending of public funds. See, e. g., [Steward Machine Co. v.](#)  
24 [Davis, 301 U. S. 548 \(1937\)](#); [Helvering v. Davis, 301 U. S. 619 \(1937\)](#). Since there was no allegation in the  
25 **complaints filed in the District Court, and since it is not contended here that any bank plaintiff is not covered**  
26 **by FDIC or Housing Act insurance, it is unnecessary to consider what questions would arise had Congress**  
27 **relied solely upon its power over interstate commerce to impose the recordkeeping requirements.** The cost  
28 burdens imposed on the banks by the recordkeeping requirements are far from unreasonable, and we hold that  
29 such burdens do not deny the banks due process of law.”  
30 [[California Bankers Assoc. v. Schulz, 416 U.S. 21 \(1974\)](#)]

31 The above “financial institution” must ALSO be acting as an agent of the national government and therefore a PUBLIC capacity before  
32 it can be regulated or controlled or obligated in any way by Congress. To suggest otherwise is to sanction or condone violations of the  
33 Thirteenth Amendment and THEFT of PRIVATE property and services by the national government in the process of imposing such  
34 duties or services by law. See [31 C.F.R. §202.2\(a\)\(1\)](#). Even when acting as said agents, they may only do so in the context of handling  
35 GOVERNMENT money from people who are NOT protected by the Constitution BECAUSE they are either physically on federal  
36 territory, abroad. Otherwise, reporting would be a violation of their Fourth Amendment right of privacy violated by an agent of the  
37 government who is in fact the financial institution itself.

38 Even in the case of “financial institutions” described in [31 U.S.C. §5313](#), to be reportable, the transaction must occur within the  
39 geographical “United States” defined in [31 U.S.C. §103](#), [31 U.S.C. §5112\(t\)\(1\)\(C\)](#), and the [Federal Deposit Insurance Act, 64 Stat.](#)  
40 [873](#), Section 3(a)(3) as federal territory not part of any Constitutional state of the Union. Neither the Submitter NOR the Recipient in  
41 this case are physically located within federal territory in the context of any and all business relations they might be engaged in.  
42 Furthermore, the Submitter is protected by the Fourth Amendment to the United States Constitution, which means that the Recipient  
43 acting as an agent of the government and reporting agent may NOT violate his/her privacy by making ANY reports. These assertions  
44 are also supported by the following facts:

- 45 1. The U.S. Supreme Court has declared that Congress has no jurisdiction over anything but its own agents in states of the  
46 Union with regard to its own legislation. Neither Recipient nor Submitter are acting or may act as agents, officers, or public  
47 officers of the national government in the context of any of their interactions. It is a CRIME to act or even CLAIM to act in  
48 such a capacity for those who are NOT so lawfully doing per [18 U.S.C. §912](#):

49 **“It is true, that the person who accepts an office may be supposed to enter into a compact to be answerable to**  
50 **the government, which he serves, for any violation of his duty; and, having taken the oath of office, he would**  
51 **unquestionably be liable, in such case, to a prosecution for perjury in the Federal Courts.**

52 [[United States v. Worrall, 2 U.S. 384 \(1798\)](#)]

53 SOURCE: [http://scholar.google.com/scholar\\_case?case=3339893669697439168](http://scholar.google.com/scholar_case?case=3339893669697439168)]

54 “It is no longer open to question that **the general government, unlike the states, Hammer v. Dagenhart, 247**  
55 **U.S. 251, 275**, 38 S.Ct. 529, 3 A.L.R. 649, Ann.Cas.1918E 724, **possesses no inherent power in respect of the**  
56 **internal affairs of the states; and emphatically not with regard to legislation.**“

57 [[Carter v. Carter Coal Co., 298 U.S. 238](#), 56 S.Ct. 855 (1936)]

- 1 2. Even if the Recipient PRESUMES or CLAIMS that it is acting as an agent of the national government, it is STILL bound by  
2 the Fourth Amendment prohibition against violations of privacy from disclosing any information about the Submitter to any  
3 government. Congress cannot through legislation claim or execute violations of the Constitution in places where it applies  
4 such as the Constitutional states of the Union, which are OUTSIDE of its legislative jurisdiction for anything other than the  
5 conduct of its own officers and agents.

6 "Under basic rules of construction, statutory laws enacted by legislative bodies cannot impair rights given  
7 under a constitution. 194 B.R. at 925."  
8 [In re Young, 235 B.R. 666 (Bankr.M.D.Fla., 1999)]

- 9 3. [31 U.S.C. §5313](#) imposes the duty to report upon "domestic financial institutions".  
10 4. [31 U.S.C. §5312\(b\)\(1\)](#) defines "domestic financial agency" and "domestic financial institution" as one that is in the  
11 geographical "United States".  
12 5. NOWHERE in Title 31 of the U.S. Code is the geographical "United States" EVER expressly defined to include areas under  
13 the exclusive jurisdiction of Constitutional states of the Union and/or protected by the Constitution. The Constitution does  
14 NOT, on the other hand, apply on federal territory where [31 U.S.C. §5313](#) exclusively applies. See Downes v. Bidwell, 182  
15 U.S. 244 (1901).  
16 6. The term "State" is defined in [4 U.S.C. §110\(d\)](#) to mean federal territories by default for ALL federal statutes.  
17 7. Per the rules of statutory construction, the Recipient may NOT PRESUME that anything not expressly identified such as  
18 Constitutional States of the Union, are included in the geographical definition of "United States" in Title 31:

19 "*Expressio unius est exclusio alterius. A maxim of statutory interpretation meaning that the expression of*  
20 *one thing is the exclusion of another. Burgin v. Forbes, 293 Ky. 456, 169 S.W.2d. 321, 325; Newblock v.*  
21 *Bowles, 170 Okl. 487, 40 P.2d. 1097, 1100. Mention of one thing implies exclusion of another. When*  
22 *certain persons or things are specified in a law, contract, or will, an intention to exclude all others from its*  
23 *operation may be inferred. Under this maxim, if statute specifies one exception to a general rule or assumes to*  
24 *specify the effects of a certain provision, other exceptions or effects are excluded."*  
25 [Black's Law Dictionary, Sixth Edition, p. 581]

26 "*When a statute includes an explicit definition, we must follow that definition, even if it varies from that*  
27 *term's ordinary meaning. Meese v. Keene, 481 U.S. 465, 484-485 (1987) ("It is axiomatic that the statutory*  
28 *definition of the term excludes unstated meanings of that term"); Colautti v. Franklin, 439 U.S. at 392-393, n.*  
29 *10 ("As a rule, "a definition which declares what a term "means" . . . excludes any meaning that is not*  
30 *stated"); Western Union Telegraph Co. v. Lenroot, 323 U.S. 490, 502 (1945); Fox v. Standard Oil Co. of N.J.,*  
31 *294 U.S. 87, 95-96 (1935) (Cardozo, J.); see also 2A N. Singer, Sutherland on Statutes and Statutory*  
32 *Construction § 47.07, p. 152, and n. 10 (5th ed. 1992) (collecting cases). That is to say, the statute, read "as a*  
33 *whole," post at 998 [530 U.S. 943] (THOMAS, J., dissenting), leads the reader to a definition. That definition*  
34 *does not include the Attorney General's restriction — "the child up to the head." Its words, "substantial*  
35 *portion," indicate the contrary."*  
36 [Stenberg v. Carhart, 530 U.S. 914 (2000)]

- 37 8. Judges are NOT legislators and therefore CANNOT add to the statutory definitions expressly provided. It is therefore a  
38 violation of the separation of powers and a usurpation for you to try to quote any judge or ruling that attempts to expand  
39 upon the statutory definitions provided. Don't therefore even TRY to quote a court case to support the expansion of the  
40 meaning of "United States" in response to this submission.

41 If the Recipient believes that they are a "domestic financial institution" as defined above and that they are in the statutory "United  
42 States", they have the burden of proving so with court admissible evidence signed under penalty of perjury submitted to the Submitter  
43 within ten days of receipt of this document. If they do not provide said legally admissible evidence, then they agree to be estopped  
44 thereafter from submitting such evidence or disputing the definition of "United States" described here in any litigation that may happen  
45 after that date between the two parties.

46 If Recipient of this form believes that the Submitter is engaged in a "trade or business", he or she is demanded to rebut the following  
47 resources proving that the Submitter is not IN WRITING within 10 days of receipt of this document or forever be estopped from later  
48 challenging this fact.

- 49 1. Demand for Verified Evidence of "Trade or Business" Activity: Currency Transaction Report (CTR), Form #04.008  
50 <http://sedm.org/Forms/FormIndex.htm>  
51 2. The "Trade or Business" Scam, Form #05.001  
52 <http://sedm.org/Forms/FormIndex.htm>

53 If Recipient of this form does not rebut the above in writing within the timeframe allotted and files any of the forms indicated above  
54 against the Submitter without rebutting the above information, this form constitutes their consent to a contract:

- 55 1. To correct all prior reports filed against Submitter because they are FALSE, FRAUDULENT, and constitute criminal identity  
56 theft as described in Government Identity Theft, Form #05.046; [https://sedm.org/Forms/05-](https://sedm.org/Forms/05-MemLaw/GovernmentIdentityTheft.pdf)  
57 [MemLaw/GovernmentIdentityTheft.pdf](https://sedm.org/Forms/05-MemLaw/GovernmentIdentityTheft.pdf).  
58 2. To pay Submitter a penalty of the entire amount reported to the Submitter of this form within 30 days.  
59 3. To pay Submitter all legal fees needed to recover the penalty owed.

60 [Privacy Agreement, Form #06.014; SOURCE: <https://sedm.org/Forms/FormIndex.htm>]

## 4.2.2 Monetary Instrument Log (M.I.L.)

The MIL must indicate cash purchases of monetary instruments, such as [money orders](#), [cashier's checks](#) and [traveler's checks](#), in value totaling \$3,000 to \$10,000, inclusive. This form is required to be kept on record at the financial institution, and produced at the request of examiners or audit to verify compliance. A financial institution must maintain a Monetary Instrument Log for five years.

## 4.2.3 Suspicious Activity Report (S.A.R.)

The Suspicious Activity Report (S.A.R.) must report any cash transaction where the customer seems to be trying to avoid B.S.A. reporting requirements by not filing CTR or MIL, for example. A SAR must also be filed if the customer's actions suggest that he is laundering money or otherwise violating federal criminal laws and committing wire transfer fraud, check fraud or mysterious disappearances. The bank should not let the customer know that a SAR is being filed. These reports are filed with the [Financial Crimes Enforcement Network](#) ("FinCEN").

## 4.3 Sanctions

There are heavy penalties for individuals and institutions that fail to file CTRs, MILs, or SARs. There are also penalties for a bank which discloses to its client that it has filed a SAR about the client. Penalties include heavy [fines](#) and prison sentences.

## 4.4 How the BSA affects Americans

CTRs include the individual's [bank account](#) number, name, address, and [social security number](#). The Social Security Number is only provided if the subject HAS one. If the subject of the report does NOT have one, it is a crime to compel them to obtain one in violation of 42 U.S.C. §408(a)(8). For details, see:

1. Section 6 later.
2. [Why It is Illegal for Me to Request or Use a Taxpayer Identification Number](#), Form #04.205  
<http://sedm.org/Forms/FormIndex.htm>

SAR reports, required when transactions indicate behavior designed to elude CTRs (or many other types of suspicious activities), include somewhat more detailed information and usually include investigation efforts on the part of the financial institution to assess the validity or nature of the transactions. A single CTR filed for a client's account is usually of no concern to the authorities, while multiple CTRs from varying institutions or a SAR suggest that activity may be suspicious. A financial institution is not allowed to inform a business or consumer that a SAR is being filed, and all the reports mandated by the B.S.A. are exempt from disclosure under the [Freedom of Information Act](#) (F.O.I.A.).

Businesses that deal primarily in cash, such as bars and restaurants, can be exempted from having their deposits and withdrawals reported on CTRs, although this exemption is rarely granted. Instead, most banks have computer systems which retain information on CTRs and allow duplicate CTRs to be created seamlessly.

## 4.5 Individual filing requirement

Statutory "U.S. citizens" per 8 U.S.C. §1401, meaning public officers within the national government and not state citizens, must file the FBAR if they have a financial interest in, or authority over, foreign bank accounts that have an aggregate value of \$10,000 at any point in a year.<sup>51</sup> Additionally, they must report the accounts on Schedule B of the IRS [Form 1040](#) tax form. The FBAR should be filed separately with the U.S. Treasury by June 30 of each year.

For exhaustive details on why those domiciled within a constitutional state are NOT STATUTORY "U.S. citizens", see:

[Why You are a "national", "state national", and Constitutional but not Statutory Citizen](#), Form #05.006  
<http://sedm.org/Forms/FormIndex.htm>

<sup>51</sup> [FAQs Regarding Report of Foreign Bank and Financial Accounts \(FBAR\) – Filing Requirements](#); IRS Publication 4261

## 4.6 Additional information

An entire industry has developed around providing software to analyze transactions in an attempt to identify transactions or patterns of transactions called structuring, which requires SAR filing. Financial institutions are subject to penalties for failing to properly file CTRs and SARs, such as heavy fines and regulatory restrictions, including charter revocation.

These software applications effectively monitor customer transactions on a daily basis, and using a customer's past transactions and account profile, provide a "whole picture" of the customer to the bank management. Transaction monitoring can include cash deposits and withdrawals, wire transfers and Automated Clearing House (A.C.H.) activity. In the banking industry, these applications are known as "BSA software" or "anti-money laundering software".

## 4.7 Notable cases

In 1998, the Supreme Court ruled in United States v. Bajakajian that the government may not confiscate any money from an individual for failure to report it on a CMIR, as such punishment would be "grossly disproportional to the gravity of [the] offense" and thus unconstitutional under the Excessive Fines clause of the Eighth Amendment.

In 2011 the Observer reported that Wachovia, at one time a major US bank, was implicated in laundering money for Mexican drug lords, through its lax laundering controls, a violation of the Bank Secrecy Act. It moved money in and out of *casas de cambio* without proper due diligence.<sup>52</sup>

## 5 Patriot Act Requirements

The **USA PATRIOT Act of 2001** is an Act of Congress that was signed into law by President George W. Bush on October 26, 2001. The title of the act is a ten-letter acronym (USA PATRIOT) that stands for Uniting (and) Strengthening America (by) Providing Appropriate Tools Required (to) Intercept (and) Obstruct Terrorism Act of 2001.<sup>53</sup> It is commonly referred to as the **Patriot Act**.

On May 26, 2011, President Barack Obama signed the PATRIOT Sunsets Extension Act of 2011,<sup>54</sup> a four-year extension of three key provisions in the USA PATRIOT Act:<sup>55</sup> roving wiretaps, searches of business records (the "library records provision"), and conducting surveillance of "lone wolves"—individuals suspected of terrorist-related activities not linked to terrorist groups.<sup>56</sup>

### 5.1 Details

From broad concern felt among Americans from both the September 11 attacks and the 2001 anthrax attacks, Congress rushed to pass legislation to strengthen security controls. On October 23, 2001, Republican Rep. Jim Sensenbrenner introduced H.R. 3162 incorporating provisions from a previously sponsored House bill and a Senate bill also introduced earlier in the month.<sup>57</sup> The next day on October 24, 2001, the Act passed the House 357 to 66,<sup>58</sup> with Democrats comprising the overwhelming portion of dissent. The following day, on October 25, 2001, the Act passed the Senate by 98 to 1.<sup>59</sup>

Opponents of the law have criticized its authorization of indefinite detentions of immigrants; the permission given law enforcement officers to search a home or business without the owner's or the occupant's consent or knowledge; the expanded use of National Security Letters, which allows the Federal Bureau of Investigation (F.B.I.) to search telephone, e-mail, and

<sup>52</sup> Vulliamy, Ed (2011-04-02). "How a big US bank laundered billions from Mexico's murderous drug gangs". The Observer. Retrieved 2013-06-28.

<sup>53</sup> Public Law Pub.L. 107-56.

<sup>54</sup> <http://www.govtrack.us/congress/bills/112/s990#overview>.

<sup>55</sup> May 27, 2011 "Obama Signs Last-Minute Patriot Act Extension". Fox News. Retrieved May 27, 2011.

<sup>56</sup> Mascaro, Lisa (May 27, 2011). "Congress votes in time to extend key Patriot Act provisions". Los Angeles Times. Retrieved 2011-05-27.

<sup>57</sup> "Bill Summary & Status 107th Congress (2001 - 2002)H.R.3162 Major Congressional Actions", thomas.loc.gov Retrieved 2012-08-11.

<sup>58</sup> "FINAL VOTE RESULTS FOR ROLL CALL 398", clerk.house.gov. Oct 24, 2001. Retrieved 2012-08-11.

<sup>59</sup> "U.S. Senate Roll Call Votes 107th Congress - 1st Session", www.senate.gov. Oct 25, 2001. Retrieved 2012-08-11.

1 financial records without a court order; and the expanded access of law enforcement agencies to business records, including  
2 library and financial records. Since its passage, several legal challenges have been brought against the act, and Federal courts  
3 have ruled that a number of provisions are unconstitutional.

4 Many provisions of the act were to [sunset](#) beginning December 31, 2005, approximately 4 years after its passage. In the  
5 months preceding the sunset date, supporters of the act pushed to make its sunset provisions permanent, while critics  
6 sought to revise various sections to enhance civil liberty protections. In July 2005, the U.S. Senate passed a reauthorization  
7 bill with substantial changes to several sections of the act, while the House reauthorization bill kept most of the act's original  
8 language. The two bills were then reconciled in a conference committee that was criticized by Senators from both the  
9 Republican and Democratic parties for ignoring civil liberty concerns.<sup>60</sup>

10 The bill, which removed most of the changes from the Senate version, passed Congress on March 2, 2006, and was signed  
11 into law by President George W. Bush on March 9 and 10, 2006.

## 12 **5.2 Background**

13 The PATRIOT Act<sup>61</sup> has made a number of changes to [U.S. law](#). Key acts changed were the [Foreign Intelligence Surveillance](#)  
14 [Act of 1978](#) (FISA), the [Electronic Communications Privacy Act of 1986](#) (ECPA), the [Money Laundering Control Act of 1986](#)  
15 and [Bank Secrecy Act](#) (BSA), as well as the [Immigration and Nationality Act](#). The Act itself came about after the [September](#)  
16 [11th attacks](#) on New York City and the Pentagon. After these attacks, Congress immediately started work on several proposed  
17 antiterrorist bills, before the [Justice Department](#) finally drafted a bill called the *Anti-Terrorism Act of 2001*. This was  
18 introduced to the House as the *Provide Appropriate Tools Required to Intercept and Obstruct Terrorism (PATRIOT) Act of*  
19 *2001*, and was later passed by the House as the *Uniting and Strengthening America (USA) Act* (H.R. 2975) on October 12.<sup>62</sup>  
20 It was then introduced into the Senate as the *USA Act* (S. 1510)<sup>63</sup> where a number of amendments were proposed by Senator  
21 [Russ Feingold](#),<sup>64</sup> all of which were passed. The final bill, the *USA PATRIOT Act* was introduced into the House on October  
22 23 and incorporated H.R. 2975, S. 1510 and many of the provisions of H.R. 3004 (the *Financial Anti-Terrorism Act*).<sup>65</sup> It was  
23 vehemently opposed by only one Senator, [Russ Feingold](#), who was the only Senator to vote against the bill. Senator [Patrick](#)  
24 [Leahy](#) also expressed some concerns.<sup>66</sup> However, many parts were seen as necessary by both detractors and supporters.<sup>67</sup> The  
25 final Act included a number of sunsets which were to expire on December 15, 2005.

26 Due to its controversial nature, a number of bills - none of which were passed - were proposed to amend the USA PATRIOT  
27 Act. These included the *Protecting the Rights of Individuals Act*,<sup>68</sup> the *Benjamin Franklin True Patriot Act*,<sup>69</sup> and the *Security*  
28 *and Freedom Ensured Act* (SAFE).<sup>70</sup> In late January 2003, the founder of the [Center for Public Integrity](#), Charles Lewis,  
29 published a leaked draft copy of an Administration proposal titled the [Domestic Security Enhancement Act of 2003](#).<sup>71</sup> This  
30 highly controversial document was quickly dubbed "PATRIOT II" or "Son of PATRIOT" by the media and organizations

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<sup>60</sup> ["Safe Act Co-Sponsors say PATRIOT Act Conference Report Unacceptable"](#), Washington Times, November 5, 2005.

<sup>61</sup> [Full Text of Enrolled Bill H.R. 3162](#), GovTrack.us

<sup>62</sup> [H.R. 2975, THOMAS](#).

<sup>63</sup> [S. 1510, THOMAS](#).

<sup>64</sup> 2001 [Congressional Record](#), Vol. 147, Page [S11020](#) (October 25, 2001); 2001 [Congressional Record](#), Vol. 147, Page [S11021](#) (October 25, 2001); 2001  
[Congressional Record](#), Vol. 147, Page [S11022](#) (October 25, 2001); [H.R. 3162, THOMAS](#).

<sup>65</sup> [H.R. 3162](#).

<sup>66</sup> 2001 [Congressional Record](#), Vol. 147, Page [S10991](#) (October 25, 2001).

<sup>67</sup> ["Trust me' just doesn't fly"](#). *USA Today*. April 12, 2005. Retrieved July 11, 2008. "The conspiracies indictment disclosed Tuesday of three men already  
awaiting trial in England is a reminder that terrorism is a real threat, and most of the law is non-controversial."; Steranko, Anastasia (September 19, 2003).  
["PATRIOT Act inspires discussion of civil liberties"](#). The Pitt News. Retrieved July 11, 2008.; Haigh, Anna (February 13, 2004). ["Debate around Patriot](#)  
[Act increases"](#). *News* (The Daily Pennsylvanian). Retrieved July 11, 2008.

<sup>68</sup> [OMAS, S.1552](#).

<sup>69</sup> [H.R. 3171, THOMAS](#).

<sup>70</sup> [S.1709, THOMAS](#).

<sup>71</sup> [PBS](#) (February 7, 2007), [Now with Bill Moyers](#), transcript.

1 such as the [Electronic Frontier Foundation](#).<sup>72</sup> The draft, which was circulated to 10 divisions of the Department of Justice,<sup>73</sup>  
2 proposed to make further extensive modifications to extend the USA PATRIOT Act.<sup>74</sup> It was widely condemned, although  
3 the Department of Justice claimed that it was only a draft and contained no further proposals.<sup>75</sup>

### 4 **5.3 Title III: Anti-money-laundering to prevent terrorism**

5 Title III of the Act, titled "International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001," is intended  
6 to facilitate the prevention, detection and prosecution of international [money laundering](#) and the financing of [terrorism](#). It  
7 primarily amends portions of the [Money Laundering Control Act of 1986](#) (MLCA) and the [Bank Secrecy Act of 1970](#) (BSA).  
8 It was divided into three subtitles, with the first dealing primarily with strengthening banking rules against money laundering,  
9 especially on the international stage. The second attempts to improve communication between law enforcement agencies and  
10 financial institutions, as well as expanding record keeping and reporting requirements. The third subtitle deals with currency  
11 smuggling and counterfeiting, including quadrupling the maximum penalty for counterfeiting foreign currency.

12 The first subtitle tightened the record keeping requirements for financial institutions, making them record the aggregate  
13 amounts of transactions processed from areas of the world where money laundering is a concern to the U.S. government. It  
14 also made institutions put into place reasonable steps to identify [beneficial owners](#) of bank accounts and those who are  
15 authorized to use or route funds through [payable-through accounts](#).<sup>76</sup> The U.S. Treasury was charged with formulating  
16 regulations intended to foster information sharing between financial institutions to prevent money-laundering.<sup>77</sup> Along with  
17 expanding record keeping requirements it put new regulations into place to make it easier for authorities to identify money  
18 laundering activities and to make it harder for money launderers to mask their identities.<sup>78</sup> If money laundering was  
19 uncovered, the subtitle legislated for the [forfeiture of assets](#) of those suspected of doing the money laundering.<sup>79</sup> In an effort  
20 to encourage institutions to take steps that would reduce money laundering, the Treasury was given authority to block mergers  
21 of [bank holding companies](#) and [banks](#) with other banks and bank holding companies that had a bad history of preventing  
22 money laundering. Similarly, mergers between insured depository institutions and non-insured depository institutions that  
23 have a bad track record in combating money-laundering could be blocked.<sup>80</sup>

24 Restrictions were placed on accounts of foreign banks. It prohibited [shell banks](#) that are not an affiliate of a bank that has a  
25 physical presence in the U.S. or that are not subject to supervision by a banking authority in a non-U.S. country. It also  
26 prohibits or restricts the use of certain accounts held at financial institutions.<sup>81</sup> Financial institutions must now undertake  
27 steps to identify the owners of any privately owned bank outside the U.S. who have a [correspondent account](#) with them, along  
28 with the interests of each of the owners in the bank. It is expected that additional scrutiny will be applied by the U.S. institution  
29 to such banks to make sure they are not engaging in money laundering. Banks must identify all the nominal and beneficial  
30 owners of any private bank account opened and maintained in the U.S. by non-U.S. citizens. There is also an expectation that  
31 they must undertake enhanced scrutiny of the account if it is owned by, or is being maintained on behalf of, any senior  
32 [political figure](#) where there is reasonable suspicion of [corruption](#).<sup>82</sup> Any deposits made from within the U.S. into foreign  
33 banks are now deemed to have been deposited into any [interbank account](#) the foreign bank may have in the U.S. Thus any  
34 [restraining order](#), seizure warrant or [arrest warrant](#) may be made against the funds in the interbank account held at a U.S.  
35 financial institution, up to the amount deposited in the account at the foreign bank.<sup>83</sup> Restrictions were placed on the use of  
36 internal bank [concentration accounts](#) because such accounts do not provide an effective [audit trail](#) for transactions, and this

<sup>72</sup> [EFF Analysis of "Patriot II," Provisions of the Domestic Security Enhancement Act of 2003](#), [Electronic Frontier Foundation](#). Retrieved August 30, 2007.

<sup>73</sup> ["Control Sheet of the "Domestic Security Enhancement Act of 2003""](#) (PDF). Archived from [the original](#) on July 7, 2007.. Retrieved August 30, 2007.

<sup>74</sup> [Singel, Ryan](#) (March 12, 2003). ["A Chilly Response to 'Patriot II'"](#). *Politics : Law* ([Wired News](#)). Retrieved July 11, 2008.

<sup>75</sup> [United States Department of Justice](#) (February 7, 2007), [Statement of Barbara Comstock, Director of Public Affairs](#).

<sup>76</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 311.

<sup>77</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 314.

<sup>78</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 317.

<sup>79</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 312, 313, 319 & 325.

<sup>80</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 327.

<sup>81</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 313.

<sup>82</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 312.

<sup>83</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 319.

1 may be used to facilitate money laundering. Financial institutions are prohibited from allowing clients to specifically direct  
2 them to move funds into, out of, or through a concentration account, and they are also prohibited from informing their clients  
3 about the existence of such accounts. Financial institutions are not allowed to provide any information to clients that may  
4 identify such internal accounts.<sup>84</sup> Financial institutions are required to document and follow methods of identifying where the  
5 funds are for each customer in a concentration account that co-mingles funds belonging to one or more customers.

6 The definition of money laundering was expanded to include making a financial transaction in the U.S. in order to commit a  
7 violent crime;<sup>85</sup> the bribery of public officials and fraudulent dealing with public funds; the smuggling or illegal export of  
8 controlled munition<sup>86</sup> and the importation or bringing in of any firearm or ammunition not authorized by the U.S. Attorney  
9 General<sup>87</sup> and the smuggling of any item controlled under the Export Administration Regulations.<sup>88</sup> It also includes any  
10 offense where the U.S. would be obligated under a [mutual treaty](#) with a foreign nation to [extradite](#) a person, or where the U.S.  
11 would need to submit a case against a person for prosecution because of the treaty; the import of falsely classified goods;<sup>89</sup>  
12 [computer crime](#);<sup>90</sup> and any [felony](#) violation of the [Foreign Agents Registration Act of 1938](#).<sup>91</sup> It also allows the forfeiture of  
13 any property within the jurisdiction of the United States that was gained as the result of an offense against a foreign nation  
14 that involves the manufacture, importation, sale, or distribution of a controlled substance.<sup>92</sup> Foreign nations may now seek to  
15 have a forfeiture or judgment notification enforced by a district court of the United States.<sup>93</sup> This is done through new  
16 legislation that specifies how the U.S. government may apply for a restraining order<sup>94</sup> to preserve the availability of property  
17 which is subject to a foreign forfeiture or confiscation judgment.<sup>95</sup> In taking into consideration such an application, emphasis  
18 is placed on the ability of a foreign court to follow [due process](#).<sup>96</sup> The Act also requires the Secretary of Treasury to take all  
19 reasonable steps to encourage foreign governments make it a requirement to include the name of the originator in [wire transfer](#)  
20 instructions sent to the United States and other countries, with the information to remain with the transfer from its origination  
21 until the point of disbursement.<sup>97</sup> The Secretary was also ordered to encourage international cooperation in investigations of  
22 money laundering, [financial crimes](#), and the finances of terrorist groups.<sup>98</sup>

23 The Act also introduced criminal penalties for corrupt officialdom. An official or employee of the government who acts  
24 corruptly—as well as the person who induces the corrupt act—in the carrying out of their official duties will be fined by an  
25 amount that is not more than three times the monetary equivalent of the bribe in question. Alternatively they may be  
26 imprisoned for not more than 15 years, or they may be fined and imprisoned. Penalties apply to financial institutions who do  
27 not comply with an order to terminate any corresponding accounts within 10 days of being so ordered by the Attorney General  
28 or the Secretary of Treasury. The financial institution can be fined [\\$US10,000](#) for each day the account remains open after  
29 the 10 day limit has expired.<sup>99</sup>

30 The second annotation made a number of modifications to the B.S.A. in an attempt to make it harder for money launderers  
31 to operate and easier for law enforcement and regulatory agencies to police money laundering operations. One amendment

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<sup>84</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 325.

<sup>85</sup> Amendment made to [18 U.S.C. §1956\(c\)\(7\)\(B\)\(ii\)](#)—for some reason an extra parenthesis was inserted into [18 U.S.C. §1956\(c\)\(7\)\(B\)\(iii\)](#), according to [Cornell University](#), this was probably mistakenly added by law makers

<sup>86</sup> Illegal export of controlled munitions is defined in the United States Munitions List, which is part of the [Arms Export Control Act \(22 U.S.C. §2778\)](#).

<sup>87</sup> See [18 U.S.C. §922\(i\)](#) and [18 U.S.C. §925\(d\)](#).

<sup>88</sup> Defined in 15 [C.F.R.](#) 730–774; USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 315.

<sup>89</sup> Defined in [18 U.S.C. §541](#).

<sup>90</sup> Defined in [18 U.S.C. §1030](#).

<sup>91</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 315.

<sup>92</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 320. Amended [18 U.S.C. § 981\(A\)\(1\)\(B\)](#).

<sup>93</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 323. Amended [28 U.S.C. §2467](#).

<sup>94</sup> Pursuant to [18 U.S.C. §983\(j\)](#).

<sup>95</sup> [28 U.S.C. §2467\(d\)\(3\)\(A\)](#).

<sup>96</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 323. Amended [28 U.S.C. §2467](#).

<sup>97</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 328.

<sup>98</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 330.

<sup>99</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle A, Sec. 319.

1 made to the B.S.A. was to allow the designated officer or agency who receives [suspicious activity reports](#) to notify U.S.  
2 intelligence agencies.<sup>100</sup> A number of amendments were made to address issues related to record keeping and financial  
3 reporting. One measure was a new requirement that anyone who does business file a report for any coin and foreign currency  
4 receipts that are over US\$10,000 and made it illegal to structure transactions in a manner that evades the BSA's reporting  
5 requirements.<sup>101</sup> To make it easier for authorities to regulate and investigate anti-money laundering operations Money  
6 Services Businesses (M.S.B.s)—those who operate [informal value transfer systems](#) outside of the mainstream financial  
7 system—were included in the definition of a financial institution.<sup>102</sup> The B.S.A. was amended to make it mandatory to report  
8 suspicious transactions and an attempt was made to make such reporting easier for financial institutions.<sup>103</sup> [FinCEN](#) was made  
9 a [bureau](#) of the [United States Department of Treasury](#)<sup>104</sup> and the creation of a secure [network](#) to be used by financial  
10 institutions to report suspicious transactions and to provide alerts of relevant suspicious activities was ordered.<sup>105</sup> Along with  
11 these reporting requirements, a considerable number of provisions relate to the prevention and prosecution of money-  
12 laundering.<sup>106</sup> Financial institutions were ordered to establish anti-money laundering programs and the B.S.A. was amended  
13 to better define anti-money laundering strategy.<sup>107</sup> Also increased were civil and criminal penalties for money laundering and  
14 the introduction of penalties for violations of [geographic targeting orders](#) and certain record-keeping requirements.<sup>108</sup> A  
15 number of other amendments to the B.S.A. were made through subtitle B, including granting the [Board of Governors of the  
16 Federal Reserve System](#) power to authorize personnel to act as law enforcement officers to protect the premises, grounds,  
17 property and personnel of any U.S. National reserve bank and allowing the Board to delegate this authority to U.S. Federal  
18 reserve bank.<sup>109</sup> Another measure instructed United States Executive Directors of international financial institutions to use  
19 their voice and vote to support any country that has taken action to support the U.S.'s War on Terrorism. Executive Directors  
20 are now required to provide ongoing auditing of disbursements made from their institutions to ensure that no funds are paid  
21 to persons who commit, threaten to commit, or support terrorism.<sup>110</sup>

22 The third subtitle deals with currency crimes. Largely because of the effectiveness of the BSA, money launderers had been  
23 avoiding traditional financial institutions to launder money and were using cash-based businesses to avoid them. A new effort  
24 was made to stop the laundering of money through bulk currency movements, mainly focusing on the confiscation of criminal  
25 proceeds and the increase in penalties for money laundering. Congress found that a criminal offense of merely evading the  
26 reporting of money transfers was insufficient and decided that it would be better if the smuggling of the bulk currency itself  
27 was the offense. Therefore, the B.S.A. was amended to make it a criminal offense to evade currency reporting by concealing  
28 more than US\$10,000 on any person or through any luggage, merchandise or other container that moves into or out of the  
29 U.S. The penalty for such an offense is up to 5 years imprisonment and the forfeiture of any property up to the amount that  
30 was being smuggled.<sup>111</sup> It also made the civil and criminal penalty violations of currency reporting cases<sup>112</sup> be the forfeiture  
31 of all a defendant's property that was involved in the offense, and any property traceable to the defendant.<sup>113</sup> The Act prohibits  
32 and penalizes those who run unlicensed money transmitting businesses.<sup>114</sup> In 2005, this provision of the USA PATRIOT Act  
33 was used to prosecute Yehuda Abraham for helping to arrange money transfers for British arms dealer Hermant Lakhani,  
34 who was arrested in August 2003 after being caught in a government sting. Lakhani had tried to sell a missile to an FBI agent

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<sup>100</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle B, Sec. 356.

<sup>101</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle B, Sec. 365.

<sup>102</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle B, Sec. 359.

<sup>103</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle B, Sec. 352, 354 & 365.

<sup>104</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle B, Sec. 361.

<sup>105</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle B, Sec. 362.

<sup>106</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle B, Sec. 352.

<sup>107</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle B, Sec. 354.

<sup>108</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle B, Sec. 353.

<sup>109</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle B, Sec. 364.

<sup>110</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle B, Sec. 360.

<sup>111</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle C, Sec. 371.

<sup>112</sup> So defined in [31 U.S.C. §5313](#), [31 U.S.C. §5316](#) and [31 U.S.C. §5324](#).

<sup>113</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle C, Sec. 372. Amended [31 U.S.C. §5317\(c\)](#).

<sup>114</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle C, Sec. 371. Amended [18 U.S.C. §1960](#).

1 posing as a [Somali](#) militant.<sup>115</sup> The definition of counterfeiting was expanded to encompass analog, digital or electronic image  
2 reproductions, and it was made an offense to own such a reproduction device. Penalties were increased to 20 years  
3 imprisonment.<sup>116</sup> Money laundering "unlawful activities" was expanded to include the [provision of material support or](#)  
4 [resources to designated foreign terrorist organizations](#).<sup>117</sup> The Act specifies that anyone who commits or conspires to  
5 undertake a fraudulent activity [outside the jurisdiction](#) of the United States, and which would be an offense in the U.S., will  
6 be prosecuted under [18 U.S.C. §1029](#), which deals with fraud and related activity in connection with access devices.<sup>118</sup>

## 7 **6 Federal Transaction Reporting SCAM**

8 When you attempt to execute a financial transaction at your local bank, you will likely at some point or another encounter a  
9 situation where you will be told that your bank is required by federal law to report your transaction to the federal government  
10 because it exceeds \$3,000 in value. The bank will tell you that this is a requirement imposed by the Bank Secrecy Act (BSA).  
11 This article will clearly show that the Bank Secrecy Act, like the Internal Revenue Code, only applies on federal property and  
12 inside the federal zone and only to those engaged in a "trade or business" which in all cases is synonymous ONLY with a  
13 public office. This article will give you facts and cites to provide to your bank to refute their erroneous claim that the federal  
14 government has a right within the sovereign 50 states to invade your privacy and require you to be a witness against yourself  
15 (in violation of the Fifth Amendment) by reporting your financial transactions to the federal government.

16 [Article 1, Section 8](#) of the U.S. Constitution gives the federal government two specific powers relating to money. The  
17 Congress shall have the Power...:

- 18 • [Article 1, Section 8, Clause 5](#): To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard  
19 of Weights and Measures;
- 20 • [Article 1, Section 8, Clause 2](#): To borrow Money on the credit of the United States;

21 The statutes which derive from the above powers related to transaction reporting by financial institutions are summarized  
22 below. You will note that these reporting requirements exceed the powers granted explicitly in the constitution to the U.S.  
23 government and are therefore questionable in their delegated authority from the beginning:

- 24 • [Title 31 Money and Finance, Chapter 35, Subchapter II: Records and Reports on Monetary Instruments and](#)  
25 [Transactions](#)
- 26 • [31 U.S.C. Sec. 5313. - Reports on domestic coins and currency transactions](#)
- 27 • [31 U.S.C. Sec. 5314. - Records and reports on foreign financial agency transactions](#)
- 28 • [31 U.S.C. Sec. 5315. - Reports on foreign currency transactions](#)
- 29 • [31 U.S.C. Sec. 5325. - Identification required to purchase certain monetary instruments](#)
- 30 • [31 U.S.C. Sec. 5326. - Records of certain domestic coin and currency transactions](#)

31 With all of the above in mind, now let's examine the [jurisdiction of the federal courts](#) to enforce these laws within a  
32 constitutional state of the Union. 40 U.S.C. §§3111 and 3112 are the method by which the federal government acquires  
33 legislative jurisdiction over specific land that is NOT federal territory or which is ceded to it. Until such jurisdiction is  
34 accepted IN WRITING, it is presumed to NOT exist. Earlier versions of these two sections stated the truth plainly on this  
35 subject as follows but later versions were obfuscated to conceal this reality.

36 [TITLE 40 > CHAPTER 3 > Sec. 255.](#)

37 *Sec. 255. - Approval of title prior to Federal land purchases; payment of title expenses; application to Tennessee*  
38 *Valley Authority; Federal jurisdiction over acquisitions*

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<sup>115</sup> ["The Patriot Act: Justice Department Claims Success". National Public Radio.](#) July 20, 2005.

<sup>116</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle C, Sec. 374. Amended [18 U.S.C. §1960](#).

<sup>117</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle C, Sec. 376. Amended [18 U.S.C. §1956\(c\)\(7\)\(D\)](#).

<sup>118</sup> USA PATRIOT Act (U.S. [H.R.](#) 3162, Public Law 107-56), Title III, Subtitle C, Sec. 377.

1 Unless the Attorney General gives prior written approval of the sufficiency of the title to land for the purpose for  
2 which the property is being acquired by the United States, public money may not be expended for the purchase  
3 of the land or any interest therein.

4 The Attorney General may delegate his responsibility under this section to other departments and agencies,  
5 subject to his general supervision and in accordance with regulations promulgated by him.

6 Any Federal department or agency which has been delegated the responsibility to approve land titles under this  
7 section may request the Attorney General to render his opinion as to the validity of the title to any real property  
8 or interest therein, or may request the advice or assistance of the Attorney General in connection with  
9 determinations as to the sufficiency of titles.

10 Except where otherwise authorized by law or provided by contract, the expenses of procuring certificates of titles  
11 or other evidences of title as the Attorney General may require may be paid out of the appropriations for the  
12 acquisition of land or out of the appropriations made for the contingencies of the acquiring department or agency.

13 The foregoing provisions of this section shall not be construed to affect in any manner any existing provisions of  
14 law which are applicable to the acquisition of lands or interests in land by the Tennessee Valley Authority.

15 Notwithstanding any other provision of law, the obtaining of exclusive jurisdiction in the United States over lands  
16 or interests therein which have been or shall hereafter be acquired by it shall not be required; but the head or  
17 other authorized officer of any department or independent establishment or agency of the Government may, in  
18 such cases and at such times as he may deem desirable, accept or secure from the State in which any lands or  
19 interests therein under his immediate jurisdiction, custody, or control are situated, consent to or cession of such  
20 jurisdiction, exclusive or partial, not theretofore obtained, over any such lands or interests as he may deem  
21 desirable and indicate acceptance of such jurisdiction on behalf of the United States by filing a notice of such  
22 acceptance with the Governor of such State or in such other manner as may be prescribed by the laws of the State  
23 where such lands are situated. **Unless and until the United States has accepted jurisdiction over lands hereafter**  
24 **to be acquired as aforesaid, it shall be conclusively presumed that no such jurisdiction has been accepted**

25 Now if we look at the definition of "State" within the context of the [jurisdiction of the federal courts](#), we find the following  
26 in [28 U.S.C. §1332\(d\)](#):

27 [TITLE 28 > PART IV > CHAPTER 85 > Sec. 1332.](#)  
28 [Sec. 1332. - Diversity of citizenship; amount in controversy; costs](#)

29 (a) The district courts shall have original jurisdiction of all civil actions where the matter in controversy exceeds  
30 the sum or value of \$75,000, exclusive of interest and costs, and is between -

31 (1) citizens of different States;

32 (2) citizens of a State and citizens or subjects of a foreign state;

33 (3) citizens of different States and in which citizens or subjects of a foreign state are additional parties; and

34 (4) a foreign state, defined in section [1603\(a\)](#) of this title, as plaintiff and citizens of a State or of different States.

35 For the purposes of this section, section 1335, and section 1441, an alien admitted to the United States for  
36 permanent residence shall be deemed a citizen of the State in which such alien is domiciled.

37 (b) Except when express provision therefor is otherwise made in a statute of the United States, where the plaintiff  
38 who files the case originally in the Federal courts is finally adjudged to be entitled to recover less than the sum  
39 or value of \$75,000, computed without regard to any setoff or counterclaim to which the defendant may be  
40 adjudged to be entitled, and exclusive of interest and costs, the district court may deny costs to the plaintiff and,  
41 in addition, may impose costs on the plaintiff.

42 (c) For the purposes of this section and section [1441](#) of this title -

43 (1) a corporation shall be deemed to be a citizen of any State by which it has been incorporated and of the State  
44 where it has its principal place of business, except that in any direct action against the insurer of a policy or  
45 contract of liability insurance, whether incorporated or unincorporated, to which action the insured is not joined  
46 as a party-defendant, such insurer shall be deemed a citizen of the State of which the insured is a citizen, as well  
47 as of any State by which the insurer has been incorporated and of the State where it has its principal place of  
48 business; and

1 (2) the legal representative of the estate of a decedent shall be deemed to be a citizen only of the same State as  
2 the decedent, and the legal representative of an infant or incompetent shall be deemed to be a citizen only of the  
3 same State as the infant or incompetent.

4 (d) The word "States", as used in this section, includes the Territories, the District of Columbia, and the  
5 Commonwealth of Puerto Rico

6 Note in the above that the sovereign 50 states of the union of states are not "States" as defined above, they are "foreign states".  
7 Let's examine this "foreign state" concept further. What follows is a definition of the term "foreign state" right out of Title  
8 28, which is the title that regulates the authority of the Judiciary. We have boldface underlined the portion of the cite that  
9 shows that sovereign states of the union of states are "foreign states":

10 TITLE 28 > PART IV > CHAPTER 97 > Sec. 1603.  
11 Sec. 1603. - Definitions

12 *For purposes of this chapter -*

13 (a) A "foreign state", except as used in section 1608 of this title, includes a political subdivision of a foreign  
14 state or an agency or instrumentality of a foreign state as defined in subsection (b).

15 (b) An "agency or instrumentality of a foreign state" means any entity -

16 (1) *which is a separate legal person, corporate or otherwise, and*

17 (2) *which is an organ of a foreign state or political subdivision thereof, or a majority of whose shares or other*  
18 *ownership interest is owned by a foreign state or political subdivision thereof, and*

19 (3) which is neither a citizen of a State of the United States as defined in section 1332 (c) and (d) of this title,  
20 nor created under the laws of any third country.

21 (c) The "United States" includes all territory and waters, continental or insular, subject to the jurisdiction of  
22 the United States.

23 The federal courts therefore have no jurisdiction inside of "foreign states" defined above, which means in the 50 states and  
24 outside the federal zone, unless the parties on both sides of the dispute meet the jurisdictional requirements of 28 U.S.C.  
25 §1332. These conclusions are consistent with Article 1, Section 8, Clause 17 of the Constitution, which gives exclusive  
26 legislative jurisdiction to the federal government only within the District of Columbia and areas within the "foreign states",  
27 that is the 50 states, specifically ceded by the respective state government to the federal government.

28 Once we understand the jurisdictional limitations of the federal government, then we can examine all federal legislation it  
29 passes with the assumption that it only applies within this limited jurisdiction, unless a contrary intent is clearly  
30 communicated:

31 *"A canon of construction which teaches that of Congress, unless a contrary intent appears, is meant to apply*  
32 *only within the territorial jurisdiction of the United States.*"  
33 *[U.S. v. Spelar, 338 U.S. 217 at 222 (1949)]*

34 If all that isn't enough for you, consider that there are only two types of currency transactions that are reportable under Title  
35 31 of the United States Code and both involve STATUTORY "persons" engaged in a STATUTORY "trade or business" in  
36 the STATUTORY "United States" (government). The STATUTORY term "trade or business" as used in Title 31 of the U.S.  
37 Code has exactly the same meaning as that used in the Internal Revenue Code (IRC):

38 31 CFR §1010.330 - Reports relating to currency in excess of \$10,000 received in a trade or business.  
39 § 1010.330 Reports relating to currency in excess of \$10,000 received in a trade or business.

40 (c) *Meaning of terms. The following definitions apply for purposes of this section--*

41 (11) Trade or business. *The term trade or business has the same meaning as under section 162 of title 26, United*  
42 *States Code.*

43 The Internal Revenue Code, 26 U.S.C. §162 then defines "trade or business" by building on the definition found in 26 U.S.C.  
44 §7701(a)(26), which is only the "functions of a public office":

1 [26 U.S.C. §7701\(a\)\(26\)](#)

2 "The term 'trade or business' [includes](#) the performance of the functions of a [public office](#)."

3 Below are the only two types of currency transactions that require reporting under Title 31 of the U.S. Code:

- 4 1. Transactions involving a person engaged in a "[trade or business](#)". See [31 C.F.R. §1010.330\(d\)\(2\)](#). Which says:

5 [31 C.F.R. §1010.330\(d\)\(2\) General](#)

6 *(2) Receipt of currency not in the course of the recipient's trade or business. The receipt of currency in excess*  
7 *of \$10,000 by a person other than in the course of the person's trade or business is not reportable under 31*  
8 *U.S.C. 5331.*

- 9 2. Transactions involving a person engaged in a "non-financial [trade or business](#)". These transactions are a subset of  
10 those involving a "[trade or business](#)" above. See [31 U.S.C. §5331](#) below for the only types of reportable "nonfinancial  
11 trade or business" activity. Notice that financial activity not associated with a "trade or business" is not included:

12 [TITLE 31 > SUBTITLE IV > CHAPTER 53 > SUBCHAPTER II > § 5331](#)  
13 [§ 5331. Reports relating to coins and currency received in nonfinancial trade or business](#)

14 *(a) Coin and Currency Receipts of More Than \$10,000.—Any person—*  
15 *(1) who is engaged in a trade or business; and*  
16 *(2) who, in the course of such trade or business, receives more than \$10,000 in coins or currency in 1*  
17 *transaction (or 2 or more related transactions),*  
18 *shall file a report described in subsection (b) with respect to such transaction (or related transactions) with the*  
19 *Financial Crimes Enforcement Network at such time and in such manner as the Secretary may, by regulation,*  
20 *prescribe.*

21 Both of the above have as a prerequisite a "trade or business". The term "nonfinancial trade or business" is based on the term  
22 "trade or business" defined earlier as follows:

23 [TITLE 31 > SUBTITLE IV > CHAPTER 53 > SUBCHAPTER II > § 5312](#)  
24 [§ 5312. Definitions and application](#)

25 *(4) Nonfinancial trade or business.—* The term "nonfinancial [trade or business](#)" means any [trade or business](#)  
26 other than a financial institution that is subject to the reporting requirements of section [5313](#) and regulations  
27 prescribed under such section.

28 Consequently, the only people who any financial institutions WITHIN the [federal zone](#) must make any kind of currency  
29 report for is an elected or appointed officer of the United States Government, which is what a "public office" is. Financial  
30 institutions not within the federal zone need not make any currency transaction reports at all, even if they are dealing with  
31 elected or appointed officers of the United States government!

32 As a result of the analysis above, if you are conducting a transaction that your financial institution thinks needs to be reported,  
33 please demand proof from them that you are engaged in a "trade or business" FIRST, and show them the definition of "trade  
34 or business" before they answer the question. As a matter of fact, show them this article and ask them to rebut it!

35 If you would like to learn more about the VERY LIMITED jurisdiction of federal courts within constitutional states of the  
36 Union, see:

- 37 1. [Federal Jurisdiction](#), Form #05.018  
38 <http://sedm.org/Forms/FormIndex.htm>  
39 2. [Federal Enforcement Authority within States of the Union](#), Form #05.032  
40 <http://sedm.org/Forms/FormIndex.htm>  
41 3. [Challenging Federal Jurisdiction](#), Form #12.010  
42 <http://sedm.org/Forms/FormIndex.htm>  
43 4. [Authorities on Jurisdiction of Federal Courts](#), Family Guardian Fellowship  
44 <http://famguardian.org/Subjects/LawAndGovt/ChallJurisdiction/AuthoritiesArticle/AuthOnJurisdiction.htm>

## 7 Know Your Customer (KYC) Programs

It is important to understand the Know Your Customer (KYC) rules for financial institutions. Anyone who has attempted to open a bank or credit card account has been confronted by these rules. A failure by an institution to know or comply with these rules has caused large scale indictments and takedowns of big companies, and especially in the context of cryptocurrency mining or transmission.

### 7.1 Introduction

Know Your Customer (KYC) is a crucial set of guidelines within the financial industry designed to protect banks and financial services from fraud and money laundering. It ensures that organizations verify customers' identities according to regulations and compliance requirements. Here are some key points about KYC:

1. **Definition:** KYC involves processes that establish the customer's identity and assess the suitability and risks of maintaining a business relationship with them. It also helps financial institutions better understand their customers and offer relevant services and investment opportunities<sup>119</sup>.
2. **Compliance Requirements:** To be KYC compliant, policies typically include:
  - 2.1. Customer Acceptance
  - 2.2. Customer Identification
  - 2.3. Transaction Monitoring
  - 2.4. Risk Management.
3. **Importance:** Approximately 2% to 5% of the GDP is laundered money each year. Compliance with KYC regulations helps combat fraud, money laundering, and financing of terrorist operations by verifying the legitimacy of customers accessing financial services<sup>120</sup>.
4. **Legal authorities:**
  - 4.1. USA Patriot Act, Section 326, Pub. L. 107-56, Oct. 26, 2001, 115 Stat. 272, 18 U.S.C. §1 notes.  
[https://www.law.cornell.edu/topn/usa\\_patriot\\_act](https://www.law.cornell.edu/topn/usa_patriot_act)
  - 4.2. 12 U.S.C. §1829b: This section pertains to the retention of records by insured depository institutions.
  - 4.3. 12 U.S.C. §§1951-1960: These sections cover various aspects, including congressional findings and declaration of purpose, reports on ownership and control, recordkeeping and procedures, injunctions, civil penalties, and more.
  - 4.4. 31 U.S.C. §§5311-5314, 5316-5336: These sections address topics such as declaration of purpose, definitions and application, reports on domestic coins and currency transactions, records and reports on foreign financial agency transactions, reports on exporting and importing monetary instruments, search and forfeiture of monetary instruments, compliance, exemptions, and summons authority, and more.
  - 4.5. Bank Secrecy Act, also called the Currency and Foreign Transaction Reporting Act of 1970. Establishes Customer Due Diligence (CCD) rules.
  - 4.6. 12 C.F.R. §21.11 and 12 C.F.R. §21.21: Office of the Comptroller of the Currency (OCC) implementing regulations for national banks, federal savings associations, and federal branches and agencies of foreign banks.  
<https://www.occ.treas.gov/topics/supervision-and-examination/bsa/bsa-related-regulations/index-bsa-and-related-regulations.html>
  - 4.7. FinCEN.gov page on the Bank Secrecy Act:  
<https://www.fincen.gov/resources/statutes-and-regulations/bank-secrecy-act>

Now, let's explore some specific regulations governing KYC. In the United States, data usage and storage under KYC are governed by several protective regulations, including:

1. *Electronic Funds Transfer Act, Regulation E.*  
<https://www.consumerfinance.gov/rules-policy/regulations/1005/>
2. *The Office of Foreign Assets Control (OFAC) regulations*  
<https://ofac.treasury.gov/>
3. *The National Automated Clearing House Association (NACHA) Operating Rules.*  
<https://www.nacha.org/newrules>

<sup>119</sup> KYC (Know Your Customer) Definition, Guidelines & Regulations, Okta, <https://www.okta.com/identity-101/kyc/>.

<sup>120</sup> KYC (Know Your Customer) Definition, Guidelines & Regulations, Okta, <https://www.okta.com/identity-101/kyc/>.

Remember that KYC is especially important in today's digital banking landscape, where customer onboarding often occurs online and remotely. Financial institutions must adhere to these regulations to maintain trust and security in their operations.

## **7.2 Know Your Customer Requirements**

The Financial Industry Regulatory Authority (FINRA) Rule 2090 states that financial institutions must use reasonable diligence to identify and retain the identity of every customer and every person acting on behalf of those customers.<sup>121</sup> In enforcing this rule these organizations are expected to collect all information essential to knowing their customers. Information deemed necessary for enforcing Know Your Customer Requirements include the Customer Identification Program (CIP), Customer Due Diligence (CDD), and Enhanced Due Diligence (EDD).<sup>122</sup>

## **7.3 Customer Identification Program (CIP)**

[USA Patriot Act](#) Section 326 requires banks and other financial institutions to have a [Customer Identification Program](#) (CIP). These requirements are also found in 31 C.F.R. §1010.220<sup>123</sup>. These Know Your Customer (KYC) regulations mandate that banks collect specific information to verify the identity of their customers. Here are the key requirements:

1. **Name:** Banks must obtain the customer's full legal name.
2. **Date of Birth:** For individual customers, the bank needs to record their date of birth.
3. **Address:** The customer's residential or business street address is required.
4. **Identification Number:** Banks must collect an identification number, which can be a government-issued ID (such as a passport or driver's license) or another unique identifier.

The above requirements are found in 31 C.F.R. §1020.220(a):

§ 1020.220 **Customer** identification program requirements for banks.

(a) **Customer Identification Program: minimum requirements—**

(1) In general.

*A bank required to have an anti-money laundering compliance program under the regulations implementing 31 U.S.C. 5318(h), 12 U.S.C. 1818(s), or 12 U.S.C. 1786(q)(1) must implement a written Customer Identification Program (CIP) appropriate for the bank's size and type of business that, at a minimum, includes each of the requirements of paragraphs (a)(1) through (5) of this section. The CIP must be a part of the anti-money laundering compliance program.*

(2) **Identity verification procedures.**

*The CIP must include risk-based procedures for verifying the identity of each customer to the extent reasonable and practicable. The procedures must enable the bank to form a reasonable belief that it knows the true identity of each customer. These procedures must be based on the bank's assessment of the relevant risks, including those presented by the various types of accounts maintained by the bank, the various methods of opening accounts provided by the bank, the various types of identifying information available, and the bank's size, location, and customer base. At a minimum, these procedures must contain the elements described in this paragraph (a)(2).*

(i) **Customer information required—**

(A) In general.

*The CIP must contain procedures for opening an account that specify the identifying information that will be obtained from each customer. Except as permitted by paragraphs (a)(2)(i)(B) and (C) of this section, the bank must obtain, at a minimum, the following information from the customer prior to opening an account:*

<sup>121</sup> "2090. Know Your Customer | FINRA.org". [www.finra.org](http://www.finra.org). Retrieved 2024-02-03; <https://www.finra.org/rules-guidance/rulebooks/finra-rules/2090>

<sup>122</sup> "Know Your Client (KYC): What It Means, Compliance Requirements", *Investopedia*. Retrieved 2024-02-03; <https://www.investopedia.com/terms/k/knowyourclient.asp>.

<sup>123</sup> See: <https://www.law.cornell.edu/cfr/text/31/1020.220>

1 (1) Name;

2 (2) Date of birth, for an individual;

3 (3) Address, which shall be:

4 (i) For an individual, a residential or business street address;

5 (ii) For an individual who does not have a residential or business street address, an Army Post Office  
6 (APO) or Fleet Post Office (FPO) box number, or the residential or business street address of next of kin  
7 or of another contact individual; or

8 (iii) For a person other than an individual (such as a corporation, partnership, or trust), a principal  
9 place of business, local office, or other physical location; and

10 (4) Identification number, which shall be:

11 (i) For a U.S. person, a taxpayer identification number; or

12 (ii) For a non-U.S. person, one or more of the following: A taxpayer identification number; passport  
13 number and country of issuance; alien identification card number; or number and country of issuance  
14 of any other government-issued document evidencing nationality or residence and bearing a  
15 photograph or similar safeguard.

16 NOTE TO PARAGRAPH (A)(2)(I)(A)(4)(II):

17 When opening an *account* for a foreign business or enterprise that does not have an identification number, the  
18 bank must request alternative government-issued documentation certifying the existence of the business or  
19 enterprise.

20 (B) **Exception for persons applying for a taxpayer identification number.** Instead of obtaining a taxpayer  
21 identification number from a *customer* prior to opening the *account*, the CIP may include procedures for opening  
22 an *account* for a *customer* that has applied for, but has not received, a taxpayer identification number. In this  
23 case, the CIP must include procedures to confirm that the application was filed before the *customer* opens the  
24 *account* and to obtain the taxpayer identification number within a reasonable period of time after the *account* is  
25 opened.

26 (C) **Credit card accounts.** In connection with a *customer* who opens a credit card *account*, a bank may obtain  
27 the identifying information about a *customer* required under paragraph (a)(2)(i)(A) by acquiring it from a third-  
28 party source prior to extending credit to the *customer*.

29 (ii) **Customer verification.** The CIP must contain procedures for verifying the identity of the *customer*, using  
30 information obtained in accordance with paragraph (a)(2)(i) of this section, within a reasonable time after the  
31 *account* is opened. The procedures must describe when the bank will use documents, non-documentary methods,  
32 or a combination of both methods as described in this paragraph (a)(2)(ii).

33 (A) **Verification through documents.** For a bank relying on documents, the CIP must contain procedures that  
34 set forth the documents that the bank will use. These documents may include:

35 (1) For an individual, unexpired government-issued identification evidencing nationality or residence  
36 and bearing a photograph or similar safeguard, such as a driver's license or passport; and

37 (2) For a person other than an individual (such as a corporation, partnership, or trust), documents  
38 showing the existence of the entity, such as certified articles of incorporation, a government-issued  
39 business license, a partnership agreement, or trust instrument.

40 (B) **Verification through non-documentary methods.** For a bank relying on non-documentary methods, the  
41 CIP must contain procedures that describe the non-documentary methods the bank will use.

42 (1) These methods may include contacting a *customer*; independently verifying the *customer's* identity  
43 through the comparison of information provided by the *customer* with information obtained from a  
44 consumer reporting agency, public database, or other source; checking references with other financial  
45 institutions; and obtaining a financial statement.

46 (2) The bank's non-documentary procedures must address situations where an individual is unable to  
47 present an unexpired government-issued identification document that bears a photograph or similar

1                   safeguard; the bank is not familiar with the documents presented; the *account* is opened without  
2                   obtaining documents; the *customer* opens the *account* without appearing in person at the bank; and  
3                   where the bank is otherwise presented with circumstances that increase the risk that the bank will be  
4                   unable to verify the true identity of a *customer* through documents.

5                   (C) **Additional verification for certain customers.** *The CIP must address situations where, based on the bank's*  
6                   *risk assessment of a new account opened by a customer that is not an individual, the bank will obtain information*  
7                   *about individuals with authority or control over such account, including signatories, in order to verify the*  
8                   *customer's identity. This verification method applies only when the bank cannot verify the customer's true identity*  
9                   *using the verification methods described in paragraphs (a)(2)(ii)(A) and (B) of this section.*

10                   (iii) **Lack of verification.** *The CIP must include procedures for responding to circumstances in which the bank*  
11                   *cannot form a reasonable belief that it knows the true identity of a customer. These procedures should describe:*

12                   (A) *When the bank should not open an account;*

13                   (B) *The terms under which a customer may use an account while the bank attempts to verify the customer's*  
14                   *identity;*

15                   (C) *When the bank should close an account, after attempts to verify a customer's identity have failed; and*

16                   (D) *When the bank should file a Suspicious Activity Report in accordance with applicable law and regulation.*

17                   The procedures for verifying this information should be **risk-based** and reasonable. Banks assess relevant risks,  
18                   considering factors like account types, methods of account opening, available identifying information, the bank's size,  
19                   location, and customer base<sup>124</sup>. In summary, KYC ensures that banks know their customers well enough to prevent fraud,  
20                   money laundering, and other illicit activities.

### 21                   **7.3.1    Identification Number**

22                   Because all Compliant SEDM Member must be nonresident aliens, the specific KYC identification requirements are found  
23                   in 31 C.F.R. §1020.220(a)(2)(i)(A) above. With respect to IDENTIFYING numbers, the requirement for nonresident aliens  
24                   is:

25                   [31 C.F.R. §1020.220\(a\)\(2\)\(i\)\(A\)\(4\)\(ii\)](#)

26                   (4) *Identification number, which shall be:*

27                   (i) *For a U.S. person, a taxpayer identification number; or*

28                   (ii) *For a non-U.S. person, one or more of the following:*

29                   [1] *A taxpayer identification number;*

30                   [2] *passport number and country of issuance;*

31                   [3] *alien identification card number;*

32                   [4] *or number and country of issuance of any other government-issued document evidencing nationality*  
33                   *or residence and bearing a photograph or similar safeguard.*

34                   NOTE TO PARAGRAPH (A)(2)(I)(A)(4)(II):

35                   When opening an *account* for a foreign business or enterprise that does not have an identification number, the  
36                   bank must request alternative government-issued documentation certifying the existence of the business or  
37                   enterprise.

38                   [SOURCE: <https://www.law.cornell.edu/cfr/text/31/1020.220>]

<sup>124</sup> See: <https://www.fdic.gov/news/financial-institution-letters/2021/fil21012b.pdf>

1 Note that financial institutions are NOT required by the above to collect a Social Security Number, but ONLY an  
2 “identification number” as described above. Even the 1040NR tax return doesn’t call the number on the form a Social  
3 Security Number, but “Your identifying number” consistent with the above.<sup>125</sup> If they therefore insist on collecting a Social  
4 Security Number, and especially one that you are NOT eligible for and have notified the government you are ineligible for,  
5 it would be FRAUD to give them a STATUTORY Social Security Number.

6 Further, nonresident aliens not engaged in a STATUTORY “trade or business” under 26 U.S.C. §7701(a)(26) are  
7 SPECIFICALLY exempted from the need to provide EITHER a Taxpayer Identification Number or a Social Security number  
8 by the following authorities:

- 9 1. 26 C.F.R. §301.6109-1(b)(2).
- 10 2. 31 C.F.R. §1020.410(b)(3)(x).
- 11 3. 31 C.F.R. §306.10 and Part II.

12 If you would like a form documenting this exemption, we encourage you to use the following form off our website:

[W-8SUB, Form #04.231](https://sedm.org/Forms/04-Tax/2-Withholding/W-8SUB.pdf)  
<https://sedm.org/Forms/04-Tax/2-Withholding/W-8SUB.pdf>

13 If financial institutions balk at treating an American National born anywhere in the COUNTRY “United States” as a  
14 nonresident alien, you can refer them to the following FREE exhaustive proof on our website, all of which is also referenced  
15 in the above form W-8SUB Frequently Asked Questions:

- 16 1. *Nonresident Alien Position Course*, Form #12.045  
17 <https://sedm.org/LibertyU/NRA.pdf>
- 18 2. *Proof that American Nationals are Nonresident Aliens*, Form #09.081  
19 <https://sedm.org/Forms/09-Procs/ProofAnNRA.pdf>
- 20 3. *Rebutted False Arguments about the Nonresident Alien Position When Used by American Nationals*, Form #08.031  
21 <https://sedm.org/Forms/08-PolicyDocs/RebArgNRA.pdf>

### 22 **7.3.2 Address**

23 As far as an address, the regulation at 31 C.F.R. §1020.220(a)(2)(i)(A)(3) requires:

24 (3) *Address, which shall be:*

25 (i) *For an individual, a residential or business street address;*

26 (ii) *For an individual who does not have a residential or business street address, an Army Post Office*  
27 *(APO) or Fleet Post Office (FPO) box number, or the residential or business street address of next of kin*  
28 *or of another contact individual; or*

29 (iii) *For a person other than an individual (such as a corporation, partnership, or trust), a principal*  
30 *place of business, local office, or other physical location; and*

31 Conspicuously absent from the above is either of the following:

- 32 1. A DOMICILE, which is usually equated only with NATIONALS.
- 33 2. A Permanent Address, which is usually equated only with ALIENS.

34 In spite of the above, financial institutions may UNLAWFULLY insist on even stricter criteria, such as the following:

35 *Dear sir,*

36 *We're in the process of reviewing your account, and we wanted to provide an update. Our system has detected an*  
37 *unsupported address type.*

<sup>125</sup> See: <https://www.irs.gov/pub/irs-pdf/f1040nr.pdf>

1 As part of our identity verification requirements, we're unable to accept a non-residential or non-permanent  
2 address. These include PO Boxes, UPS or FedEx drops, and other temporary residences.

3 Please log in to your account and visit [https://\\_\\_\\_\\_\\_/signup/billing-address](https://_____/signup/billing-address) to update your  
4 account with a permanent residential address.

5 In addition, due to changes in our compliance obligations, we've had to add SSNs to our list of required  
6 information necessary to use our service. Please log in to your account and visit [https://\\_\\_\\_\\_\\_](https://_____).

7 If you have any questions about this, please reach out, and we'll be happy to answer!

8 Best,

9 Support

## 10 **7.4 Customer Due Diligence**

11 The [Bank Secrecy Act](#), the common name for the [Currency and Foreign Transaction Reporting Act](#) of 1970 and its  
12 amendments and other statutes<sup>126</sup> established the Customer Due Diligence (CDD) rule as part of their efforts to improve  
13 financial transparency and deter money laundering. The CDD Rule enhances CDD requirements for "U.S. banks, mutual  
14 funds, brokers or dealers in securities, futures commission merchants, and introducing brokers in commodities. " The CDD  
15 rule requires that financial institutions identify and verify the identity of customers associated with open accounts. The CDD  
16 Rule has four core requirements:<sup>127</sup>

- 17 1. Identify and verify the identity of customers.
- 18 2. Identify and verify the identity of the beneficial owners of companies opening accounts.
- 19 3. understand the nature and purpose of customer relationships to develop customer risk profiles.
- 20 4. conduct ongoing monitoring to identify and report suspicious transactions, and on a risk basis, to maintain and update  
21 customer information.

22 Beneficial owner information is required for any individual who owns 25 percent or more of a legal entity and an individual  
23 who controls the legal entity.

## 24 **7.5 Enhanced Due Diligence**

25 Enhanced Due Diligence is required when initial identity checks have been completed and high-risk factors have been  
26 identified for an individual or a business. When these requirements have been met "enhanced" or additional due diligence  
27 above and beyond CDD is conducted which identifies the following information:<sup>128</sup>

- 28 • Source of wealth and funds check
- 29 • Additional identity research
- 30 • Risk identification and assessment

## 31 **7.6 Know Your Customer's Customer (KYCC)**

32 KYCC or Know Your Customer's Customer is a process that identifies a customer's customer activities and nature. This  
33 includes the identification of the customer's customers and assessing the risk levels associated with their activities.<sup>129</sup>

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<sup>126</sup> "The Bank Secrecy Act". *fincen.gov*. Retrieved February 3, 2024; <https://www.fincen.gov/resources/statutes-and-regulations/bank-secrecy-act>.

<sup>127</sup> "Information on Complying with the Customer Due Diligence (CDD) Final Rule". *fincin.gov*. February 3, 2024. Retrieved February 3, 2024; <https://www.fincen.gov/resources/statutes-and-regulations/cdd-final-rule>.

<sup>128</sup> "What is Enhanced Due Diligence (EDD)?" *Dow Jones Professional*. Retrieved 2024-02-03; <https://www.dowjones.com/professional/risk/glossary/du-diligence/enhanced-due-diligence/>.

<sup>129</sup> PYMNTS (2018-01-03). "Businesses Can't Just KYC, They Must Also KYCC". *PYMNTS.com*. Retrieved 2019-04-24; <https://www.pymnts.com/news/security-and-risk/2018/trulioo-kyc-due-diligence/>.

1 KYCC is a derivative of the standard KYC process that arose because of the growing risk of fraud obscured by second-tier  
2 business relationships (e.g. a customer's supplier).<sup>161</sup>

### 3 **7.7 Know Your Business (KYB)**

4 Know Your Business or simply KYB is an extension of KYC laws implemented to reduce money laundering. KYB is a set  
5 of practices to verify a business. It includes verification of registration credentials, location, the UBOs ([Ultimate Beneficial  
6 Owners](#)) of that business, etc. Also, the business is screened against blacklists and grey lists to check if it was involved in any  
7 sort of criminal activity such as [money laundering](#), [terrorist financing](#), [corruption](#), etc. KYB is significant in identifying fake  
8 business entities and shell companies. It is crucial for efficient KYC and [AML](#) compliance.

9 According to the European Union's 5th AML directive,<sup>130</sup> KYB is required for the following AML-regulated entities:

- 10 1. [Credit institutions](#).
- 11 2. [Estate agents](#).
- 12 3. External accountants.
- 13 4. [Financial institutions](#).
- 14 5. Gambling services.
- 15 6. [Notaries](#).
- 16 7. Services auditors.
- 17 8. [Tax advisors](#).
- 18 9. Trusts.
- 19 10. Investment firms.

### 20 **7.8 Electronic know your customer (eKYC)**

21 Electronic know your customer (eKYC) involves the use of internet or digital means of identity  
22 verification.<sup>131</sup> [https://en.wikipedia.org/wiki/Know\\_your\\_customer\\_-\\_cite\\_note-8](https://en.wikipedia.org/wiki/Know_your_customer_-_cite_note-8) This may involve checking information  
23 provided is valid by using systems to validate ID and proof of address documents or by checking information against  
24 government databases such as the official passport database of a country.<sup>132</sup>

### 25 **7.9 National Automated Clearing House Association (NACHA) Operating Rules**

#### 26 **7.9.1 U.S. Regulations on ACH Payment Data**

27 Both an ACH debit and ACH credit must move online through the ACH network. Therefore, U.S. regulations around the  
28 protection of ACH payment data requires that cybersecurity measures are followed to ensure personal data is accurately  
29 protected and that the information is properly and securely stored.

30 Therefore, for the security of ACH payment data and all electronic payments ledgers, U.S. financial institutions must rely on  
31 [encryption](#), [authentication](#), and [authorization](#) order to ensure compliance with U.S. regulations and customer privacy laws.

32 The KYC processes to store sensitive banking information include the following:

- 33 1. Store data on Payment Card Industry Data Security Standard (PCI DSS) approved [hardware](#) and [software](#), typically on  
34 hardware on-site first
- 35 2. KYC data should be sent as an encrypted copy and securely uploaded over a cryptographic HTTPS protocol

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<sup>130</sup> ["Directive \(EU\) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation \(EU\) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC \(Text with EEA relevance\)".](#) *data.europa.eu*. Jun 5, 2015. Retrieved Oct 21, 2022; <http://data.europa.eu/eli/dir/2015/849/oj/eng>.

<sup>131</sup> HIRAOKA, DAIKI; HOTTA, AKAFUMI. ["Japan's Toppan beefs up ID security with Taiwan developer purchase"](#). *asia.nikkei.com*. Retrieved 31 December 2020; <https://asia.nikkei.com/Business/Business-deals/Japan-s-Toppan-beefs-up-ID-security-with-Taiwan-developer-purchase>.

<sup>132</sup> ["Stolen and Lost Travel Documents database"](#). *www.interpol.int*. Retrieved 2023-09-15; <https://www.interpol.int/How-we-work/Databases/SLTD-database-travel-and-identity-documents>.

- 1 3. Sensitive data copies are stored in a secure cloud; many banks used Amazon A3 for secure storage
- 2 4. Create privileged accounts with restricted access via multi factor authentication (MFA)
- 3 5. If using any outside parties, only use service providers who undergo extensive testing and is marked as a PCI DSS
- 4 Validated Entity
- 5 6. Do not store card security number or electronic track data
- 6 7. Encrypt the electronic storage of all credit card account information and cardholder data
- 7 8. Encrypt phone recordings containing credit card account information

8 You can take the appropriate [self-assessment questionnaire](#) to see if your storage of payment data is PCI DSS compliant. To  
9 stay PCI DSS compliant, you'll also need to complete the Attestation of Compliance (AOC) form and maintain yearly PCI  
10 compliance with the [Quality Security Assessor](#) (QSA) and [Approved Scanning Vendor](#) (ASV).

### 11 **7.9.2 How to Ensure KYC Compliance for ACH Payments**

12 KYC procedure requires that banks inform the customer of the regulations and the use of their personal data, seek and verify  
13 customer identification, assess the risk management of having a business relationship with that client, and continue  
14 monitoring transactions over the ACH Network, among others. It also requires that the bank follows the regulations set out  
15 by NACHA, Regulation E of the Electronic Funds Transfer Act, the Office of Foreign Assets Control (OFAC) of the US  
16 government, and the GPRA and CCPA.

17 Banks maintain KYC compliance typically through regular assessments (either with NACHA or OFAC) as well as through  
18 regular personal re-assessments. With regular re-assessment, the bank is decreasing its chance of financial risk and it can  
19 afford being flagged by any of the regulating bodies.

20 In order to process an ACH transfer, the bank must provide proof that the personal data is securely stored, that any sharing  
21 of the data online is encrypted and securely transferred, and that data processing is protected.

### 22 **7.9.3 U.S. Know Your Customer (KYC) Regulations and ACH Payments**

23 An ACH payment is an automated payment that moves through the ACH network to get from one bank account to another.  
24 ACH payments can be sent as an ACH debit, recurring payment, direct deposit, and much more.

25 Even as a TPPP or online financial institution entity, it is important to maintain KYC regulations in order to [accept ACH](#)  
26 [transactions](#). Other forms of sending an ACH payment, such as sending virtual currency in the form of the blockchain, also  
27 require that KYC laws are followed.

28 Usually, if your business provides ACH processing as a valid payment method then you may be operating through a TPPP  
29 that is approved to send an ACH transaction or you have your own ACH payment API. An ACH API can accept ACH  
30 payments, set recurring payments, and receive ACH transactions and it processes the electronic payment data securely.

31 Since the online transfer of funds involves the sharing of personal data over the internet, banks, TPPPS, and financial entities  
32 must maintain proper regulations around data protection in order to protect customer data and limit risky financial maneuvers.  
33 Be sure to review the [privacy policy](#) of any financial institution that you work with.

## 34 **7.10 Laws by country**

- 35 1. [Australia](#): The [Australian Transaction Reports and Analysis Centre](#) (AUSTRAC), established in 1989, monitors  
36 financial transactions in Australia,<sup>133134</sup> and sets client identification requirements.
- 37 2. [Canada](#): The [Financial Transactions and Reports Analysis Centre of Canada](#) (FINTRAC), established in 2000, is  
38 Canada's financial intelligence unit. It updated its regulations in June 2016 regarding acceptable methods to

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<sup>133</sup> "Search results". [www.legislation.gov.au](http://www.legislation.gov.au); <https://www.legislation.gov.au/Details/C2016C007701>.

<sup>134</sup> "Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1)". [www.legislation.gov.au](http://www.legislation.gov.au);  
<https://www.legislation.gov.au/Details/F2016C01046>.

determine the identity of individual clients to ensure compliance with AML and KYC regulations. A pending lawsuit is active in Canada challenging the constitutionality of the new legislation.<sup>135</sup>

3. [India](#): The [Reserve Bank of India](#) introduced KYC guidelines<sup>136</sup> for banks in 2002.
4. [Italy](#): The [Banca d'Italia](#) exercises regulation power for the financial industry, in 2007 set KYC requirements for financial institutions that operate on Italian territory.<sup>137</sup> [https://en.wikipedia.org/wiki/Know\\_your\\_customer\\_-\\_cite\\_note-14](https://en.wikipedia.org/wiki/Know_your_customer_-_cite_note-14)
5. [Japan](#): Act on identification of customers by financial institutions 2003<sup>138</sup>
6. [Mexico](#): The "Federal Law for Prevention and Identification of Operations with Resources from Illicit Origin", promulgated in 2012 with president Felipe Calderon's administration and came into force in 2013 with the president Enrique Peña Nieto administration.<sup>139</sup>
7. [Namibia](#): Financial Intelligence Act, 2012 (Act No. 13 of 2012) published as Government Notice 299 in Gazette 5096 of 14 December 2012.<sup>140</sup>
8. [New Zealand](#): Updated KYC laws were enacted in late 2009 and entered into force in 2010. KYC is mandatory for all registered banks and financial institutions (the latter has an extremely wide meaning).<sup>141</sup>
9. [South Korea](#): Act on Reporting and Use of Certain Financial Transaction Information regulates due diligence in the country.<sup>142</sup> [https://en.wikipedia.org/wiki/Know\\_your\\_customer\\_-\\_cite\\_note-19](https://en.wikipedia.org/wiki/Know_your_customer_-_cite_note-19)
10. [United Kingdom](#): The Money Laundering Regulations 2017<sup>143</sup> are the underlying rules that govern KYC in the UK. Many UK businesses use the guidance provided by the [European Joint Money Laundering Steering Group](#) along with the Financial Conduct Authority's 'Financial Crime: A guide for firms' as an aid to compliance.<sup>144</sup>

## 7.11 Further information

1. [Customer Identification Program, FFIEC BSA/AML Examination Manual](#), FDIC <https://www.fdic.gov/news/financial-institution-letters/2021/fil21012b.pdf>

## 8 Authorities on Compelled or Mandatory Use of SSNs/TINs

The following subsections will provide authorities on the compelled use of Social Security Numbers and Taxpayer Identification Numbers. For further details on this subject, see:

[About SSNs and TINs on Government Forms and Correspondence](http://sedm.org/Forms/FormIndex.htm), Form #05.012  
<http://sedm.org/Forms/FormIndex.htm>

<sup>135</sup> "Canadian citizens' challenge to FATCA enforcement will be further appealed | STEP". [www.step.org](http://www.step.org); <https://www.step.org/industry-news/canadian-citizens-challenge-fatca-enforcement-will-be-further-appealed>.

<sup>136</sup> "Know Your Customer (KYC) Guidelines - Anti-Money Laundering Standards". Archived from [the original](#) on 2012-08-01; <https://archive.today/20120801052416/http://www.directorateofenforcement.gov.in/KYC11.html>.

<sup>137</sup> d'Italia, Banca. "Banca d'Italia - Provvedimento recante disposizioni attuative in materia di adeguata verifica della clientela". [www.bancaditalia.it](http://www.bancaditalia.it); <https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/disposizioni/provv-110413/index.html>.

<sup>138</sup> "金融機関等による顧客等の本人確認等に関する法律". [www.shugiin.go.jp](http://www.shugiin.go.jp); [https://www.shugiin.go.jp/internet/itdb\\_housei.nsf/html/housei/15420020426032.htm](https://www.shugiin.go.jp/internet/itdb_housei.nsf/html/housei/15420020426032.htm).

<sup>139</sup> "LEY FEDERAL PARA LA PREVENCIÓN E IDENTIFICACIÓN DE OPERACIONES CON RECURSOS DE PROCEDENCIA ILÍCITA" (PDF). [www.diputados.gob.mx](http://www.diputados.gob.mx) (in Spanish). Archived from [the original](#) (PDF) on March 21, 2021. Retrieved Oct 21, 2022; [https://web.archive.org/web/20210321022442/http://www.diputados.gob.mx/LeyesBiblio/pdf/LFPORPI\\_090318.pdf](https://web.archive.org/web/20210321022442/http://www.diputados.gob.mx/LeyesBiblio/pdf/LFPORPI_090318.pdf).

<sup>140</sup> "Financial Intelligence Act 2012" (PDF). [www.fic.na](http://www.fic.na). Retrieved Oct 21, 2022; <https://www.fic.na/uploads/Acts/Financial%20Intelligence%20Act/Financial%20Intelligence%20Act%2013%20of%202012.pdf>.

<sup>141</sup> "Anti-Money Laundering and Countering Financing of Terrorism Act 2009 No 35 (as at 11 May 2021), Public Act Contents – New Zealand Legislation". [legislation.govt.nz](http://legislation.govt.nz); <https://legislation.govt.nz/act/public/2009/0035/latest/DLM2140720.html>.

<sup>142</sup> <http://moleg.go.kr/english/korLawEng?pstSeq=57338&pageIndex=12>

<sup>143</sup> "Money Laundering Regulations 2017". [www.gov.uk](http://www.gov.uk). 15 March 2017. Retrieved Oct 21, 2022; <https://www.gov.uk/government/consultations/money-laundering-regulations-2017>.

<sup>144</sup> Gill, M. (2004-07-01). "Preventing Money Laundering or Obstructing Business?: Financial Companies' Perspectives on 'Know Your Customer' Procedures". *British Journal of Criminology*. **44** (4): 582–594. doi:10.1093/bjc/azh019. ISSN 0007-0955; <https://dx.doi.org/10.1093/bjc/azh019>.

## 8.1 Compelled use forbidden by Privacy Act

The Privacy Act forbids compelled use of SSNs. Those demanding numbers must disclose BOTH whether the disclosure is MANDATORY or VOLUNTARY, and the statute that makes it mandatory IN YOUR CASE and based on YOUR SPECIFIC STATUS:

*Disclosure of Social Security Number*

Section 7 of [Pub. L. 93-579](#) provided that:

*"(a)(1) It shall be unlawful for any Federal, State or local government agency to deny to any individual any right, benefit, or privilege provided by law because of such individual's refusal to disclose his social security account number. "*

*(2) the [The] provisions of paragraph (1) of this subsection shall not apply with respect to— "*

*(A) any disclosure which is required by Federal statute, or "*

*(B) the disclosure of a social security number to any Federal, State, or local agency maintaining a system of records in existence and operating before January 1, 1975, if such disclosure was required under statute or regulation adopted prior to such date to verify the identity of an individual. "*

*(b) Any Federal, State, or local government agency which requests an individual to disclose his social security account number shall inform that individual whether that disclosure is mandatory or voluntary, by what statutory or other authority such number is solicited, and what uses will be made of it."*

*[SOURCE: 5 U.S.C. §552a Legislative Notes,*  
[http://www.law.cornell.edu/uscode/html/uscode05/usc\\_sec\\_05\\_00000552---a000-notes.html](http://www.law.cornell.edu/uscode/html/uscode05/usc_sec_05_00000552---a000-notes.html)

## 8.2 Burden of Proof on Those Compelling Use

5 U.S.C. §552a Legislative Notes and Section 7(b) of the Privacy Act, Pub.L. 93-579 provide that those demanding government identifying numbers MUST meet the following burden of proof:

***(b) Any Federal, State, or local government agency which requests an individual to disclose his social security account number shall inform that individual whether that disclosure is mandatory or voluntary, by what statutory or other authority such number is solicited, and what uses will be made of it."***

*[SOURCE: 5 U.S.C. §552a Legislative Notes and Section 7(b) of the Privacy Act, Pub.L. 93-579,*  
[http://www.law.cornell.edu/uscode/html/uscode05/usc\\_sec\\_05\\_00000552---a000-notes.html](http://www.law.cornell.edu/uscode/html/uscode05/usc_sec_05_00000552---a000-notes.html)

Implicit in the above requirement is that:

1. You must be a statutory “taxpayer” subject to the provision of the I.R.C. cited. If you are NOT a statutory “taxpayer” per 26 U.S.C. §7701(a)(14), then no provision of the I.R.C. applies to you, including 26 U.S.C. §§6039 or 6039E.

*“Revenue Laws relate to taxpayers [officers, employees, and elected officials of the Federal Government] and not to non-taxpayers [American Citizens/American Nationals not subject to the exclusive jurisdiction of the Federal Government]. The latter are without their scope. No procedures are prescribed for non-taxpayers and no attempt is made to annul any of their Rights or Remedies in due course of law. With them[non-taxpayers] Congress does not assume to deal and they are neither of the subject nor of the object of federal revenue laws.”*  
*[Economy Plumbing & Heating v. U.S., 470 F2d. 585 (1972)]*

2. You must have the statutory STATUS associated with the requirement. For instance, 26 C.F.R. §301.6109-1 describes only statutory “U.S. persons” per 26 U.S.C. §7701(a)(30) and “nonresident alien individuals” engaged in the “trade or business” franchise. If you are neither a “U.S. person” nor a “nonresident alien individual”, then this provision also does not mandate disclosure of any number. Example: A “nonresident alien” NON-individual.
3. The clerk accepting the form cannot lawfully represent you or make legal determinations about your status. They must accept whatever you tell them you are on the government form and not challenge or question it. If they do, they are:
  - 3.1. Practicing law on your behalf without your consent.
  - 3.2. Unlawfully exceeding their delegated authority.

3.3. Committing the crime of tampering with a federal witness per 18 U.S.C. §1512, and especially if they threaten you if you do not accept the status they insist on.

### 8.3 Penalties for compelled use

5 U.S.C. §552a(g)(4) provides for a penalty of a minimum of \$1,000 for compelled use of Social Security Numbers:

*5 U.S.C. §552a(g)(4)*

*(4) In any suit brought under the provisions of subsection (g)(1)(C ) or (D) of this section in which the court determines that the agency acted in a manner which was intentional or willful, the United States shall be liable to the individual in an amount equal to the sum of—*

*(A) actual damages sustained by the individual as a result of the refusal or failure, but **in no case shall a person entitled to recovery receive less than the sum of \$1,000;** and*

*(B) the costs of the action together with reasonable attorney fees as determined by the court."*

*[SOURCE: [http://www.law.cornell.edu/uscode/html/uscode05/usc\\_sec\\_05\\_00000552---a000-.html](http://www.law.cornell.edu/uscode/html/uscode05/usc_sec_05_00000552---a000-.html)]*

For additional information, read Doe v. Chao, 540 U.S. 614 (2004):

[http://en.wikipedia.org/wiki/Doe\\_v.\\_Chao](http://en.wikipedia.org/wiki/Doe_v._Chao)

### 8.4 When is it mandatory under the I.R.C. to provide government issued numbers?

26 C.F.R. §301.6109-1(b) is the only provision of law which expressly requires the use of Taxpayer Identification Numbers. It says on the requirement to use such numbers the following:

[26 C.F.R. §301.6109-1\(b\)](#)

*(b) Requirement to furnish one's own number—*

*(1) U.S. persons.*

*Every U.S. person who makes under this title a return, statement, or other document must furnish its own taxpayer identifying number as required by the forms and the accompanying instructions.*

*(2) Foreign persons.*

*The provisions of paragraph (b)(1) of this section regarding the furnishing of one's own number shall apply to the following foreign persons--*

*(i) A foreign person that has income effectively connected with the conduct of a U.S. trade or business at any time during the taxable year;*

*(ii) A foreign person that has a U.S. office or place of business or a U.S. fiscal or paying agent at any time during the taxable year;*

*(iii) A nonresident alien treated as a resident under section 6013(g) or (h);*

*(iv) A foreign person that makes a return of tax (including income, estate, and gift tax returns), an amended return, or a refund claim under this title but excluding information returns, statements, or documents;*

*(v) A foreign person that makes an election under Sec. 301.7701-3(c);*

*(vi) A foreign person that furnishes a withholding certificate described in Sec. 1.1441-1(e)(2) or (3) of this chapter or Sec. 1.1441-5(c)(2)(iv) or (3)(iii) of this chapter to the extent required under Sec. 1.1441-1(e)(4)(vii) of this chapter;*

*(vii) A foreign person whose taxpayer identifying number is required to be furnished on any return, statement, or other document as required by the income tax regulations under section 897 or 1445. This paragraph (b)(2)(vii) applies as of November 3, 2003; and*

*(viii) A foreign person that furnishes a withholding certificate described in Sec. 1.1446-1(c)(2) or (3) of this chapter or whose taxpayer identification number is required to be furnished on any return, statement, or other document as required by the income tax regulations under section 1446. This paragraph (b)(2)(viii) shall apply to partnership taxable years beginning after May 18, 2005, or such earlier time as the regulations under Sec. 1.1446-1 through 1.1446-5 of this chapter apply by reason of an election under Sec. 1.1446-7 of this chapter.*

1 Notice the word “its”. This should clue you into the fact that the tax code doesn’t apply to flesh and blood people, who are  
2 called “natural persons” in regulations like that above. If they had meant to refer to such a natural person, the word “its”  
3 would have said “his” or “her”. Consequently, the only type of “person”, they can be referring to is a privileged corporation  
4 or an officer representing said corporation, as was pointed out at the beginning of chapter 5 of the [Great IRS Hoax, Form](#)  
5 [#11.302](#) . Also keep in your mind that the above regulation implements a code that is not positive law and therefore imposes  
6 no obligation upon anyone who does not consent to be bound by it by occupying a public office or position of employment  
7 within the U.S. government. The "[U.S. person](#)" identified above is defined below to mean a person born in or "[resident](#)"  
8 only within the District of Columbia, as follows.. Note that "[United States](#)" is defined in [26 U.S.C. §7701](#)(a)(9) and (a)(10)  
9 to mean ONLY the District of Columbia:

10 [TITLE 26 > Subtitle F > CHAPTER 79 > Sec. 7701.](#)  
11 [Sec. 7701. - Definitions](#)

12  
13 (a)(30) [United States person](#)

14 The term "United States person" means -

15  
16 (A) a [corporate] [citizen](#) or [resident](#) [alien] of the [federal] United States,

17 (B) a domestic partnership,

18 (C) a domestic [corporation](#),

19 (D) any estate (other than a foreign estate, within the meaning of paragraph (31)), and

20 (E) any trust if -

21 (i) a court within the United States is able to exercise primary supervision over the administration of the trust,

22 and

23 (ii) one or more United States persons have the authority to control all substantial decisions of the trust.

24 All government identifying numbers may only lawfully be issued to persons participating in government franchises. They  
25 act as the equivalent of license numbers for those engaging in franchises. The following IRS publications plainly admit when  
26 government issued numbers are mandatory, and all of them relate to those obtaining or qualifying for some government  
27 benefit or privilege. These cites are VERY important because once you can prove the things for which TINs are positively  
28 required, then all other uses are VOLUNTARY and not mandatory. Simply show them the list below and if your  
29 circumstances are not in it, then demand that they show a statute documenting an affirmative requirement to provide an  
30 identifying number:

31 1. [IRS Publication 519, Year 2005, p. 23:](#)

32 **Identification Number**

33 *A taxpayer identification number must be furnished on returns, statements, and other tax related documents. For*  
34 *an individual, this is a social security number (SSN). If you do not have and are not eligible to get an SSN, you*  
35 *must apply for an individual taxpayer identification number (ITIN). An employer identification number (EIN) is*  
36 *required if you are engaged in a trade or business as a sole proprietor and have employees or a qualified*  
37 *retirement plan.*

38 *You must furnish a taxpayer identification number if you are:*

- 39 • *An alien who has income effectively connected with the conduct of a U.S. trade or business at any time*  
40 *during the year.*
- 41 • *An alien who has a U.S. office or place of business at any time during the year.*
- 42 • *A nonresident alien spouse treated as a resident, as discussed in chapter 1, or*
- 43 • *Any other alien who files a tax return, an amended return, or a refund claim (but not information returns).*

44 *Social Security Number (SSN). Generally, you can get an SSN if you have been lawfully admitted to the United*  
45 *States for permanent residence or under other immigration categories that authorize U.S. employment.*

46 [. . .]

47 **Individual taxpayer identification number (ITIN).** *If you do not have and are not eligible to get an SSN, you*  
48 *must apply for an ITIN. For details on how to do so, see Form W-7 and its instructions. It usually takes about*  
49 *4-6 weeks to get an ITIN. If you already have an ITIN, enter it whenever an SSN is required on your tax return.*

50 *An ITIN is for tax use only. It does not entitle you to social security benefits or change your employment or*  
51 *immigration status under U.S. law.*

1 In addition to those aliens who are required to furnish a taxpayer identification number and are not eligible for  
2 an SSN, a Form W-7 should be filed for:

- 3 • Alien individuals who are claimed as dependents and are not eligible for an SSN, and
- 4 • Alien spouses who are claimed as exemptions and are not eligible for an SSN.

5 **Employer identification number (EIN).** An individual may use an SSN (or ITIN) for individual taxes and an EIN  
6 for business taxes. To apply for an EIN, file Form SS-4. Application for Employer Identification Number, with  
7 the IRS.

- 8 2. IRS Form 1040NR Instructions, Year 2007, p. 9. You can't avail yourself of the "benefits" of the franchise without  
9 providing your franchisee license number.

10 Line 7c, Column (2)

11 You must enter each dependent's identifying number (SSN, ITIN, or adoption taxpayer identification number  
12 (ATIN)). If you do not enter the **correct identifying number**, at the time we process your return we may **disallow**  
13 **the exemption claimed** (such as the child tax credit) based on the dependent.

- 14 3. IRS Form 1042s Instructions, Year 2006, p. 14. What all of the circumstances below have in common is that they involve  
15 a "benefit" that is usually financial or tangible to the recipient, and therefore require a franchisee license number called  
16 a Taxpayer Identification Number:

17 Box 14, Recipient's U.S. Taxpayer Identification Number (TIN)

18 **You must obtain a U.S. taxpayer identification number (TIN) for:**

- 19 • Any recipient whose income is effectively connected with the conduct of a trade or business in the United  
20 States.  
21 *Note.* For these recipients, exemption code 01 should be entered in box 6.
- 22 • Any foreign person claiming a reduced rate of, or exemption from, tax under a tax treaty between a foreign  
23 country and the United States, unless the income is an unexpected payment (as described in Regulations  
24 section 1.1441-6(g)) or consists of dividends and interest from stocks and debt obligations that are actively  
25 traded; dividends from any redeemable security issued by an investment company registered under the  
26 Investment Company Act of 1940 (mutual fund); dividends, interest, or royalties from units of beneficial  
27 interest in a unit investment trust that are (or were, upon issuance) publicly offered and are registered with  
28 the Securities and Exchange Commission under the Securities Act of 1933; and amounts paid with respect  
29 to loans of any of the above securities.
- 30 • Any nonresident alien individual claiming exemption from tax under section 871(f) for certain annuities  
31 received under qualified plans.
- 32 • A foreign organization claiming an exemption from tax solely because of its status as a tax-exempt  
33 organization under section 501(c ) or as a private foundation.
- 34 • Any QI.
- 35 • Any WP or WT.
- 36 • Any nonresident alien individual claiming exemption from withholding on compensation for independent  
37 personal services [services connected with a "trade or business"].
- 38 • Any foreign grantor trust with five or fewer grantors.
- 39 • Any branch of a foreign bank or foreign insurance company that is treated as a U.S. person.

40 If a foreign person provides a TIN on a Form W-8, but is not required to do so, the withholding agent must include  
41 the TIN on Form 1042-S.

42 We have taken the time to further investigate the last item above and put it in tabular form for your reading pleasure:

1 **Table 1: I.R.C. Statutory "Benefits"**

#	Name	Code section	Notes
1	Effectively connected with the "trade or business" franchise	26 U.S.C. §7701(a)(26) 26 U.S.C. §871(b) 26 U.S.C. §1	
2	Foreign person claiming reduced rate of, exemption from, tax under treaty	26 U.S.C. §894 26 U.S.C. §6114 26 U.S.C. §6712 26 U.S.C. §1(h)(11)(C)(i)(II)	
3	Nonresident alien claiming exemption for annuities received under qualified plans	26 U.S.C. §871(f)	
4	Foreign organization claiming an exemption from tax solely because of its status as a tax exempt organization	26 U.S.C. §501(c)	
5	Qualified Intermediary (QI)	26 C.F.R. §1.1441-1(e)(5): Generally 26 C.F.R. §1.1441-1(e)(5)(ii): Definition	Pursuant to 26 C.F.R. §1.1441-1(c)(14), one cannot be "qualified" without being a "U.S. person", meaning a person with a legal domicile on federal territory in the "United States" (District of Columbia).
6	Withholding Foreign Partnership (WP) or Withholding Foreign Trust (WT)	26 C.F.R. §1.1441-5(c)	A withholding foreign partnership (WP) is any foreign partnership that has entered into a WP withholding agreement with the IRS and is acting in that capacity. A withholding foreign trust (WT) is a foreign simple or grantor trust that has entered into a WT withholding agreement with the IRS and is acting in that capacity. A WP or WT may act in that capacity only for payments of amounts subject to NRA withholding that are distributed to, or included in the distributive share of, its direct partners, beneficiaries, or owners. A WP or WT acting in that capacity must assume NRA withholding responsibility for these amounts. You may treat a WP or WT as a payee if it has provided you with documentation (discussed later) that represents that it is acting as a WP or WT for such amounts. You cannot be a WP or a WT without an EIN. A WP or WT must provide you with a Form W-8IMY that certifies that the WP or WT is acting in that capacity and a written statement identifying the amounts for which it is so acting. The statement is not required to contain withholding rate pool information or any information relating to the identity of a direct partner, beneficiary, or owner. The Form W-8IMY must contain the WP-EIN or WT-EIN. See: <a href="http://www.irs.gov/businesses/small/international/article/0,,id=127923,00.html">http://www.irs.gov/businesses/small/international/article/0,,id=127923,00.html</a>

#	Name	Code section	Notes
7	Nonresident claiming exemption for independent personal services	26 C.F.R. §1.1441-4(b)(4): Withholding 26 C.F.R. §1.1461-1(c)(2)(i): Reporting 26 C.F.R. §1.1441-6(g)(1): TIN requirement	Claimed using IRS Form 8233. The term “personal services” is defined as work performed in connection with a “trade or business” pursuant to 26 C.F.R. §1.469-9(b)(4) and 26 C.F.R. §1.1441-4. 26 U.S.C. §864(b)(1)(A) excludes services performed for foreign employers, meaning employers other than the U.S. government. See: <a href="http://www.irs.gov/businesses/small/international/article/0,,id=106259,00.html">http://www.irs.gov/businesses/small/international/article/0,,id=106259,00.html</a>
8	Foreign grantor trust with five or fewer grantors	26 U.S.C. §§671 to 679 26 C.F.R. §1.1441-5(e): Generally 26 C.F.R. §1.1441-1(c)(26): Definition	A foreign grantor trust is a foreign trust but only to the extent all or a portion of the income [meaning “trade or business” earnings or payments from the U.S. government pursuant to 26 U.S.C. §871 and 26 U.S.C. §643(b)] of the trust is treated as owned by the grantor or another person under sections 671 through 679.
9	Any branch of a foreign bank or foreign insurance company that is treated as a “U.S. person”	26 U.S.C. §7701(a)(30)	All “U.S. persons” have a domicile in the “United States”, meaning the District of Columbia. Choice of domicile is voluntary and therefore this status is voluntary. All “U.S. persons” and “individuals” are government agents, instrumentalities, employees, or officers.

1

To summarize all of the requirements pertaining to the mandatory use of identifying numbers from all the publications above:

1. Only “individuals” are required to obtain identifying numbers. “Individuals” are defined in 5 U.S.C. §552a(a)(2) as “citizens” and “residents” of the “United States”, meaning persons with a legal domicile on federal territory and not within the exclusive jurisdiction of any state of the Union. This is also consistent with the requirements of 20 C.F.R. §422.104, which limits issuance of SSNs to “citizens” and “residents” of the “United States”, meaning federal territory of the “federal zone”.
2. “citizens” are nowhere expressly required to obtain an identifying number. Only “aliens” are required to obtain a number, which are foreign nationals born in a foreign country. They are only required to obtain identifying numbers when domiciled on federal territory and outside the exclusive jurisdiction of a state of the Union. The reason they can be required to obtain such a number is because all aliens are “privileged” while they are visiting federal territory. This is confirmed by the following authorities, which prove that “aliens” with a domicile in a country are “privileged”:

*“Residents, as distinguished from citizens, are aliens who are permitted to take up a permanent abode [domicile] in the country. Being bound to the society by reason of their [intention of] dwelling in it, they are subject to its laws so long as they remain there, and, being protected by it, they must defend it, although they do not enjoy all the rights of citizenship. They have only certain privileges which the law, or custom, gives them. Permanent residents are those who have been given the right of perpetual residence. They are a sort of citizen of a less privileged character, and are subject to the society without enjoying all its advantages. Their children succeed to their status; for the right of perpetual residence given them by the State passes to their children.”*  
*[The Law of Nations, p. 87, E. De Vattel, Volume Three, 1758, Carnegie Institution of Washington; emphasis added.]*

3. If you are participating in a federal benefit or franchise, then you must provide a number. These benefits are identified or IRS Form 1042s instructions and include:
  - 3.1. A “trade or business”, which is defined in 26 U.S.C. §7701(a)(26) as “the functions of a public office”.
  - 3.2. Reduced rate or exemption from tax arising from a tax treaty with a foreign country.
  - 3.3. Exemptions such as child write-offs.
  - 3.4. Any nonresident alien individual claiming exemption from tax under section 871(f) for certain annuities received under qualified plans.
  - 3.5. A foreign organization claiming an exemption from tax solely because of its status as a tax-exempt organization under section 501(c ) or as a private foundation.
  - 3.6. Any QI.
  - 3.7. Any WP or WT.
  - 3.8. Any nonresident alien individual claiming exemption from withholding on compensation for independent personal services [services connected with a “trade or business”].
  - 3.9. Any foreign grantor trust with five or fewer grantors.
  - 3.10. Any branch of a foreign bank or foreign insurance company that is treated as a “U.S. person” under 26 U.S.C. §7701(a)(30).
4. There is no authority within the I.R.C. to CREATE a “public office” by filling out any form. You must be elected into the office by a lawful vote and you can’t “elect” yourself into office by simply filling out a form. You must ALREADY be a “public officer” within the U.S. government in order to have a tax liability that can be reduced by any of the above so-called “benefits”. 4 U.S.C. §72 says that all “public offices” must be exercised in the District of Columbia and not elsewhere except as expressly provided in an act of Congress. There is no act of Congress which expressly authorizes “public offices” within any state of the Union, and therefore it is ILLEGAL to participate in the “trade or business” franchise as a person domiciled within the exclusive jurisdiction of a state of the Union. Consequently, anyone domiciled within a state of the Union cannot be a party to any of the above “benefits” and is being deceived and defrauded if they think they either have a liability or need to reduce the liability by participating in any of the above franchises.

*For thus says the LORD:  
“You have sold yourselves for nothing,  
and you shall be redeemed without money.”*  
*[Isaiah 52:3, Bible, NKJV]*

*“Thus, Congress having power to regulate commerce with foreign nations, and among the several States, and with the Indian tribes, may, without doubt, provide for **granting** coasting **licenses**, licenses to pilots, licenses to trade with the Indians, and any other **licenses** necessary or proper for the exercise of that great and extensive power; and the same observation is applicable to every other power of Congress, to the exercise of which the granting of licenses may be incident. All such licenses confer authority, and give rights to the licensee.*

1 But very different considerations apply to the **internal commerce** or **domestic trade** of the States. Over this  
2 commerce and trade Congress has **no power of regulation nor any direct control**. This power belongs **exclusively**  
3 to the States. **No interference by Congress with the business of citizens transacted within a State is warranted**  
4 **by the Constitution, except such as is strictly incidental to the exercise of powers clearly granted to the**  
5 **legislature**. The power to authorize a business within a State is plainly repugnant to the exclusive power of the  
6 State over the same subject. It is true that the power of Congress to tax is a very extensive power. It is given in  
7 the Constitution, with only one exception and only two qualifications. Congress cannot tax exports, and it must  
8 impose direct taxes by the rule of apportionment, and indirect taxes by the rule of uniformity. Thus limited, and  
9 thus only, it reaches every subject, and may be exercised at discretion. But, it reaches only existing subjects.

10 **Congress cannot authorize [e.g. LICENSE using a Social Security**  
11 **Number] a trade or business within a State in order to tax it.**"

12 [*License Tax Cases, 72 U.S. 462, 18 L.Ed. 497, 5 Wall. 462, 2 A.F.T.R. 2224 (1866)* ]

13 5. If you aren't an "alien" and meet any one of the following requirements, then you aren't required to obtain or use a  
14 government issued identifying number

15 5.1. Do not participate government franchises.

16 5.2. Terminated participation in all federal franchises

17 5.3. Were not qualified at the time you signed up because not domiciled on federal territory.

18 No government institution, financial institution, or employer may therefore lawfully compel the use of Social Security  
19 Numbers against those who meet the above criteria. If an employer financial institution attempts to compel use of the  
20 SSN, the victim has not only a standing under the above statute, but also can sue the institution for involuntary servitude  
21 under the Thirteenth Amendment. The reason is that this would constitute the equivalent of involuntary servitude in  
22 violation of the Thirteenth Amendment, because it would essentially amount to compelling a person to act as a federal  
23 "employee", as we showed earlier. The following statute makes it a CRIME to compel the use of Social Security numbers  
24 against those who meet the above criteria:

25 *TITLE 42 - THE PUBLIC HEALTH AND WELFARE*

26 *CHAPTER 7 - SOCIAL SECURITY*

27 *SUBCHAPTER II - FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS*

28 [\*Sec. 408. Penalties\*](#)

29 *(a) In general*

30 **Whoever -...**

31 **(8) discloses, uses, or compels the disclosure of the social security number of any person in violation of the**  
32 **laws of the United States; shall be guilty of a felony and upon conviction thereof shall be fined under title 18**  
33 **or imprisoned for not more than five years, or both.**

34 6. Use of a government number constitutes prima facie evidence that you are acting in a representative capacity as an officer  
35 of the government. The reason this must be so is because the government cannot pay "benefits" to private human beings,  
36 so you must become their agent and officer acting in an official capacity to make the transaction lawful:

37 **To lay, with one hand, the power of the government on the property of the citizen, and with the other to bestow**  
38 **it upon favored individuals to aid private enterprises and build up private fortunes, is none the less a robbery**  
39 **because it is done under the forms of law and is called taxation. This is not legislation. It is a decree under**  
40 **legislative forms.**

41 **Nor is it taxation. 'A tax,' says Webster's Dictionary, 'is a rate or sum of money assessed on the person or**  
42 **property of a citizen by government for the use of the nation or State.' 'Taxes are burdens or charges imposed**  
43 **by the Legislature upon persons or property to raise money for public purposes.'** Cooley, *Const. Lim.*, 479.

44 *Coulter, J., in Northern Liberties v. St. John's Church, 13 Pa. St., 104 says, very forcibly, 'I think the common*  
45 *mind has everywhere taken in the understanding that **taxes are a public imposition, levied by authority of the***  
46 *government for the purposes of carrying on the government in all its machinery and operations—that they are*  
47 *imposed for a public purpose.' See, also Pray v. Northern Liberties, 31 Pa.St., 69; Matter of Mayor of N.Y., 11*  
48 *Johns., 77; Camden v. Allen, 2 Dutch., 398; Sharpless v. Mayor, supra; Hanson v. Vernon, 27 Ia., 47; Whiting v.*  
49 *Fond du Lac, supra."*

50 [[\*Loan Association v. Topeka, 20 Wall. 655 \(1874\)\*](#)]

52 "A tax, in the general understanding of the term and as used in the constitution, signifies an exaction for the  
53 support of the government. The word has never thought to connote the expropriation of money from one group  
54 for the benefit of another."

55 [[\*U.S. v. Butler, 297 U.S. 1 \(1936\)\*](#)]

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"In *Calder v. Bull*, which was here in 1798, **Mr. Justice Chase said, that there were acts which the Federal and State legislatures could not do without exceeding their authority, and among them he mentioned a law which punished a citizen for an innocent act; a law that destroyed or impaired the lawful private [labor] contracts [and labor compensation, e.g. earnings from employment through compelled W-4 withholding] of citizens; a law that made a man judge in his own case; and a law that took the property from A [the worker], and gave it to B [the government or another citizen, such as through social welfare programs]. 'It is against all reason and justice,' he added, 'for a people to intrust a legislature with such powers, and therefore it cannot be presumed that they have done it. They may command what is right and prohibit what is wrong; but they cannot change innocence into guilt, or punish innocence as a crime, or violate the right of an antecedent lawful private [employment] contract [by compelling W-4 withholding, for instance], or the right of private property. To maintain that a Federal or State legislature possesses such powers [of THEFT!] if they had not been expressly restrained, would, in my opinion, be a political heresy altogether inadmissible in all free republican governments.'** 3 Dall. 388."  
[*Sinking Fund Cases*, 99 U.S. 700 (1878) ]

- 16 7. You are not required to associate the number with any of your private property. Compelling you to do so violates the  
17 Fifth Amendment takings clause. You and only you determine what subset of your private property you wish to  
18 associate with and donate to a "public use" and a "public purpose" by associating it with government property in the  
19 form of the government owned number.  
20 8. Associating a government number with your private property, such as your financial accounts, real estate, etc. makes the  
21 property into the equivalent of "private property donated to a public use to procure the benefits of a government  
22 franchise". If associating your property with a number does not render a government benefit, then it is a BAD idea to  
23 basically give away your private property without any compensation. The government just loves people to do this, but  
24 they can't require them to donate their private property to a public use.

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"Men are endowed by their Creator with certain unalienable rights, -life, liberty, and the pursuit of happiness;" and to 'secure,' not grant or create, these rights, governments are instituted. **That property [or income] which a man has honestly acquired he retains full control of, subject to these limitations: First, that he shall not use it to his neighbor's injury, and that does not mean that he must use it for his neighbor's benefit [e.g. SOCIAL SECURITY, Medicare, and every other public "benefit"]; second, that if he devotes it to a public use, he gives to the public a right to control that use; and third, that whenever the public needs require, the public may take it upon payment of due compensation.**"  
[*Budd v. People of State of New York*, 143 U.S. 517 (1892)]

## 34 **9 Criminal consequences of Money Laundering**

### 35 **9.1 Structuring, 31 U.S.C. §5324**

36 Structuring is the act of conducting financial transactions in such a way as to avoid reporting requirements mandated by  
37 law. 31 U.S.C. §5324 makes such acts a crime:

38 [31 U.S.C. § 5324 - Structuring transactions to evade reporting requirement prohibited](#)

39 (a) **Domestic Coin and Currency Transactions Involving Financial Institutions.**— No person shall, for the  
40 purpose of evading the reporting requirements of section 5313 (a) or 5325 or any regulation prescribed under  
41 any such section, the reporting or recordkeeping requirements imposed by any order issued under section 5326,  
42 or the recordkeeping requirements imposed by any regulation prescribed under section 21 of the Federal Deposit  
43 Insurance Act or section 123 of Public Law 91–508—

44 (1) cause or attempt to cause a domestic financial institution to fail to file a report required under section 5313  
45 (a) or 5325 or any regulation prescribed under any such section, to file a report or to maintain a record required  
46 by an order issued under section 5326, or to maintain a record required pursuant to any regulation prescribed  
47 under section 21 of the Federal Deposit Insurance Act or section 123 of Public Law 91–508;

48 (2) cause or attempt to cause a domestic financial institution to file a report required under section 5313 (a) or  
49 5325 or any regulation prescribed under any such section, to file a report or to maintain a record required  
50 by an order issued under section 5326, or to maintain a record required pursuant to any regulation prescribed  
51 under section 5326, or to maintain a record required pursuant to any regulation prescribed under section 21 of  
52 the Federal Deposit Insurance Act or section 123 of Public Law 91–508, that contains a material omission or  
53 misstatement of fact; or

(3) structure or assist in structuring, or attempt to structure or assist in structuring, any transaction with one or more domestic financial institutions.

[SOURCE: <http://www.law.cornell.edu/uscode/text/31/5324>]

When a corrupted government wishes to “selectively enforce” against a freedom minded American, this criminal provision is frequently employed. It was employed, for instance, in the case of Ed and Elaine Brown, who were criminally prosecuted for structuring. The couple lived in New Hampshire and she was a dentist. They paid for their house with postal money orders, which is where the jurisdiction to prosecute came from. The front of the money order says “Valid only within the United States”, and the “United States” they were talking about was federal territory not within any state.

The corrupted government was able to successfully prosecute Ed because he wasn’t familiar with the factual requirements associated with the mandatory filing of Currency Transaction Reports (C.T.R.’s). These reports can lawfully be produced ONLY when the party subject to them is lawfully engaged in a statutory “trade or business”. Here is the requirement to report, found in 31 CFR §1010.330.

[31 CFR § 1010.330 - Reports relating to currency in excess of \\$10,000 received in a trade or business.](#)

§ 1010.330 Reports relating to currency in excess of \$10,000 received in a trade or business.

(a) Reporting requirement -

(1) Reportable transactions -

(i) **In general.** Any person (solely for purposes of [section 5331](#) of title 31, United States Code and this section, “person” shall have the same meaning as under [26 U.S.C. 7701\(a\)\(1\)](#)) who, in the course of a trade or business in which such person is engaged, receives currency in excess of \$10,000 in 1 transaction (or 2 or more related transactions) shall, except as otherwise provided, make a report of information with respect to the receipt of currency. This section does not apply to amounts received in a transaction reported under [31 U.S.C. 5313](#) and § 1010.311, § 1010.313, § 1020.315, § 1021.311 or [§ 1021.313](#) of this chapter.

(ii) **Certain financial transactions.** [Section 6050I](#) of title 26 of the United States Code requires persons to report information about financial transactions to the IRS, and [31 U.S.C. 5331](#) requires persons to report the same information to the Financial Crimes Enforcement Network. This information shall be reported on the same form as prescribed by the [Secretary](#).

(2) **Currency received for the account of another.** Currency in excess of \$10,000 received by a person for the account of another must be reported under this section. Thus, for example, a person who collects delinquent accounts receivable for an automobile dealer must report with respect to the receipt of currency in excess of \$10,000 from the collection of a particular account even though the proceeds of the collection are credited to the account of the automobile dealer (i.e., where the rights to the proceeds from the account are retained by the automobile dealer and the collection is made on a fee-for-service basis).

(3) **Currency received by agents -**

(i) **General rule.** Except as provided in [paragraph \(a\)\(3\)\(ii\)](#) of this section, a person who in the course of a trade or business acts as an agent (or in some other similar capacity) and receives currency in excess of \$10,000 from a principal must report the receipt of currency under this section.

(ii) **Exception.** An agent who receives currency from a principal and uses all of the currency within 15 days in a currency transaction (the “second currency transaction”) which is reportable under [section 5312](#) of title 31, or [31 U.S.C. 5331](#) and this section, and who discloses the name, address, and TIN of the principal to the recipient in the second currency transaction need not report the initial receipt of currency under this section. An agent will be deemed to have met the disclosure requirements of this paragraph (a)(3)(ii) if the agent discloses only the name of the principal and the agent knows that the recipient has the principal’s address and taxpayer identification number.

(iii) **Example.** The following example illustrates the application of the rules in paragraphs (a)(3)(i) and (ii) of this section:

EXAMPLE.

B, the principal, gives D, an attorney, \$75,000 in currency to purchase real property on behalf of B. Within 15 days D purchases real property for currency from E, a real estate developer, and discloses

1 to E, B's name, address, and taxpayer identification number. Because the transaction qualifies for the  
2 exception provided in [paragraph \(a\)\(3\)\(ii\)](#) of this section, D need not report with respect to the initial  
3 receipt of currency under this section. The exception does not apply, however, if D pays E by means  
4 other than currency, or effects the purchase more than 15 days following receipt of the currency from  
5 B, or fails to disclose B's name, address, and taxpayer identification number (assuming D does not  
6 know that E already has B's address and taxpayer identification number), or purchases the property  
7 from a person whose sale of the property is not in the course of that person's trade or business. In any  
8 such case, D is required to report the receipt of currency from B under this section.

9 [SOURCE: <https://www.law.cornell.edu/cfr/text/31/1010.330>, Downloaded 10/10/2019]

10 The term “trade or business” is then defined as “the functions of a public office” in 26 U.S.C. §7701(a)(26).

11 [26 U.S.C. §7701\(a\)\(26\)](#)

12 “The term ‘trade or business’ [includes](#) [is limited to] the performance of the functions of a [public office](#).”

13 If the subject of such a reports is NOT lawfully engaged in an elected or appointed public office, then is impossible to commit  
14 this crime. Ed Brown didn’t know this and never rebutted whether he was engaged in a “trade or business”, and therefore  
15 was PRESUMED to be. This lead him to effectively be accountable for all the liabilities of a public office that he in fact did  
16 NOT lawfully occupy, one of which was the money laundering reporting statutes. Learn the law so you aren’t unlawfully  
17 victimized by government thieves, people.

18 *“My [God's] people are destroyed [and enslaved] for lack of knowledge [and the lack of education that*  
19 *produces it].”*  
20 [[Hosea 4:6](#), Bible, NKJV]

## 21 **9.2 Laundering of Monetary Instruments, 18 U.S.C. §1956**

22 One of the most famous tactics a corrupted government uses to selectively enforce against freedom fighters is to  
23 “selectively enforce” the money laundering criminal statutes. The enforcement of such statutes begins usually with the  
24 filing of a usually FALSE Suspicious Activity Report (S.A.R.) or Currency Transaction Report (C.T.R.) against a “person  
25 of interest”. As we said in the previous section, CTR’s and SARs can ONLY be filed against those lawfully engaged in an  
26 elected or appointed public office. If the subject of the report is NOT lawfully engaged in a public office, then:

- 27 1. The CTR or SAR is false and fraudulent.
- 28 2. The target of the false report is being made to criminally impersonate a public officer in violation of 18 U.S.C. §912,  
29 often without their consent or knowledge.
- 30 3. The submitter of the false or fraudulent report can and MUST be prosecuted. Among the crimes committed by  
31 submitting a false CTR or SAR report include:
  - 32 3.1. 18 U.S.C. §912: Impersonating a public officer.
  - 33 3.2. 18 U.S.C. §1001: Statements and entries generally.
  - 34 3.3. 18 U.S.C. §1005: Bank entries, reports, and transactions. Makes it a crime punishable by 30 years in prison and  
35 a \$1,000,000 fine to falsify any bank report.
- 36 4. Since the reports were false and the product of criminal activity on the part of the submitter, then they are  
37 INADMISSIBLE as evidence in a criminal prosecution for money laundering or structuring because they violate the  
38 U.S. Supreme Court’s Fruit of a Poisonous Tree Doctrine. See *Wong Sun v. United States*, 371 U.S. 471, 83 S.Ct.  
39 407, 9 L.Ed.2d. 441 (1963); *Silverthorne Lumber Co. v. United States*, 251 U.S. 385, 40 S.Ct. 182, 64 L.Ed. 319  
40 (1920).

## 41 **10 How financial institutions misrepresent and illegally administer money laundering statutes**

42 If you would like a form you can use with financial institutions in order to STOP them from illegally enforcing money  
43 laundering statutes against you, see:

[Why It Is Illegal for You to Enforce Money Laundering Statutes in My Specific Case](https://sedm.org/Forms/06-AvoidingFranch/MonLaundEnfIllegal.pdf), Form #06.46  
<https://sedm.org/Forms/06-AvoidingFranch/MonLaundEnfIllegal.pdf>

1 **10.1 Saying that federal law require an SSN or TIN in order to open an account or**  
2 **COMPELLING the use or disclosure of SSNs or TINs**

3 No federal law MANDATES the use or disclosure of an SSN or TIN for those who are NOT engaged in the “public office”  
4 or “trade or business” franchise. People domiciled in a constitutional state all fit in this category. Only if they have a lawful  
5 election or appointment to public office do they in fact become statutory “persons” or “individuals” subject to federal civil  
6 law. Otherwise, they are nonresident NON-PERSONS and NON-INDIVIDUALS beyond federal jurisdiction. For  
7 exhaustive proof on this subject, see:

*Why Statutory Civil Law is Law for Government and Not Private Persons*, Form #05.037  
<http://sedm.org/Forms/FormIndex.htm>

8 We discuss why the use of SSNs and TINS can only be compelled earlier in section 6. If you would like a form you can  
9 present to financial institutions proving that it is ILLEGAL to use an SSN or TIN, see:

*Why It is Illegal for Me to Request or Use a Taxpayer Identification Number*, Form #04.205  
<https://sedm.org/Forms/04-Tax/2-Withholding/WhyTINIllegal.pdf>

10 **10.2 FALSE CTRs and SARs**

11 Currency Transaction Reports (C.T.R.’s) may ONLY be lawfully filed against those lawfully engaged in the “public officer”  
12 and “trade or business” franchise. This is confirmed by 31 C.F.R. §1010.330.

13 [31 CFR § 1010.330 - Reports relating to currency in excess of \\$10,000 received in a trade or business.](#)

14 § 1010.330 Reports relating to currency in excess of \$10,000 received in a trade or business.

15 (a) Reporting requirement -

16 (1) Reportable transactions -

17 (i) **In general.** Any person (solely for purposes of [section 5331](#) of title 31, United States Code and this  
18 section, “person” shall have the same meaning as under [26 U.S.C. 7701\(a\)\(1\)](#)) who, in the course of  
19 a trade or business in which such person is engaged, receives currency in excess of \$10,000 in 1  
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22 in a transaction reported under [31 U.S.C. 5313](#) and § 1010.311, § 1010.313, § 1020.315, § 1021.311  
23 or [§ 1021.313](#) of this chapter.

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29 account of another must be reported under this section. Thus, for example, a person who collects delinquent  
30 accounts receivable for an automobile dealer must report with respect to the receipt of currency in excess of  
31 \$10,000 from the collection of a particular account even though the proceeds of the collection are credited to the  
32 account of the automobile dealer (i.e., where the rights to the proceeds from the account are retained by the  
33 automobile dealer and the collection is made on a fee-for-service basis).

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36 of a trade or business acts as an agent (or in some other similar capacity) and receives currency in  
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39 15 days in a currency transaction (the “second currency transaction”) which is reportable under  
40 section 5312 of title 31, or [31 U.S.C. 5331](#) and this section, and who discloses the name, address, and  
41 TIN of the principal to the recipient in the second currency transaction need not report the initial  
42 receipt of currency under this section. An agent will be deemed to have met the disclosure

requirements of this paragraph (a)(3)(ii) if the agent discloses only the name of the principal and the agent knows that the recipient has the principal's address and taxpayer identification number.

(iii) **Example.** The following example illustrates the application of the rules in paragraphs (a)(3)(i) and (ii) of this section:

*EXAMPLE.*

*B, the principal, gives D, an attorney, \$75,000 in currency to purchase real property on behalf of B. Within 15 days D purchases real property for currency from E, a real estate developer, and discloses to E, B's name, address, and taxpayer identification number. Because the transaction qualifies for the exception provided in paragraph (a)(3)(ii) of this section, D need not report with respect to the initial receipt of currency under this section. The exception does not apply, however, if D pays E by means other than currency, or effects the purchase more than 15 days following receipt of the currency from B, or fails to disclose B's name, address, and taxpayer identification number (assuming D does not know that E already has B's address and taxpayer identification number), or purchases the property from a person whose sale of the property is not in the course of that person's trade or business. In any such case, D is required to report the receipt of currency from B under this section.*

[SOURCE: <https://www.law.cornell.edu/cfr/text/31/1010.330>, Downloaded 10/10/2019]

The term “trade or business” is then defined as “the functions of a public office” in 26 U.S.C. §7701(a)(26).

[26 U.S.C. §7701\(a\)\(26\)](#)

“The term 'trade or business' includes [is limited to] the performance of the functions of a public office.”

If the subject of such a reports is NOT lawfully engaged in an elected or appointed public office, then is impossible to commit this crime.

### **10.3 How financial institutions protect their illegal and unconstitutional implementation of money laundering statutes**

Financial institutions are often aware that they are engaging in criminal activity by doing any of the following:

1. Filing CTRs and SARs against those not subject to such reporting because the subject of the report is not lawfully engaged in a public office.
2. Mandating the obtaining or furnishing of government identifying numbers by those who are not subject to federal law.

They know that they are engaging criminal activity by doing the above. To defend themselves against being prosecuted for the crimes resulting from the above abuses, these criminal institutions willfully engage in the following defensive tactics, which we call “risk management”:

1. They will tell you that “federal law requires you to provide a Social Security Number” even though there is NO SUCH LAW.
2. When you ask them to produce the statute AND implementing regulation documenting the requirement, the front line clerk can't and won't produce it, which indirectly means they are LYING to you about the requirement.
3. If you go up the food chain and contact the supervisor above the clerk and ask them to provide the statute and regulation MANDATING the disclosure of an SSN or TIN to open an account, they may ultimately admit that the requirement is a POLICY requirement of the company and NOT a requirement of any law itself. Only the honest ones will do this. The dishonest ones will continue denial.
4. After they evade the disclosure, you can then:
  - 4.1. Ask to for the phone number, mailing address, and email address of the corporate counsel who CAN provide the statute and regulation mandating the use of the Social Security Number. . . .OR
  - 4.2. Ask them to put the person on the phone and record the conversation.
5. The clerk almost always will respond to such requests by saying that:
  - 5.1. They know the contact information of the attorney but are not allowed to give it to you.
  - 5.2. They can call the corporate counsel but can't put them on the phone with you.
6. Ultimately, the only thing the clerk will provide is not even a mailing address, but a generic email address without even a name of the corporate counsel. This corporate counsel then:

- 1 6.1. Will most of the time ignore the request, because it's too risky to even admit that the company is committing a
- 2 crime to either file the false reports or force the use of SSNs/TINs.
- 3 6.2. If they respond, they will respond anonymously with no specific information and no return contact information,
- 4 so that they can protect their anonymity and accountability for making false statements on the subject.
- 5 7. Out of frustration from executing the above "administrative run-around" or what we call "legal peek-a-boo", the only
- 6 option left is usually to send an email to a generic address that ultimately will never be answered because the answer
- 7 would:
- 8 7.1. Expose criminal activity on the part of the corporate counsel and the company.
- 9 7.2. Cause the corporate counsel to have to surrender his/her "plausible deniability".
- 10 7.3. Make every action of the company in violation of the laws you informed them about into an act of WILLFUL
- 11 FRAUD.

12 The above is why we say there is more crime committed at financial institutions than any of the customers could every

13 possibly engage in. Remember the following about such DESPICABLE and CRIMINAL tactics by financial institutions:

14 *"Silence can only be equated with fraud where there is a legal or moral duty to speak or where an inquiry left*

15 *unanswered would be intentionally misleading."*

16 *[U.S. v. Prudden, 424 F.2d. 1021 (5<sup>th</sup> Cir. 1970)]*

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18 *"Silence can be equated with fraud where there is a legal or moral duty to speak, or where an inquiry left*

19 *unanswered would be intentionally misleading. . . We cannot condone this shocking behavior by the IRS. Our*

20 *revenue system is based on the good faith of the taxpayer and the taxpayers should be able to expect the same*

21 *from the government in its enforcement and collection activities."*

22 *[U.S. v. Tweel, 550 F.2d. 297, 299 (5<sup>th</sup> Cir. 1977)]*

23 The "moral duty to speak" indicated above is established by the following facts:

- 24 1. Financial institutions are agents of the national government. See [31 C.F.R. §202.2](#).
- 25 2. Financial institutions indirectly admit to BEING officers and therefore agents of the national government BY:
- 26 2.1. Acting as statutory "withholding agents" per 26 U.S.C. §7701(a)(16), financial institutions cannot escape the
- 27 duties of being officers of the national government subject to ALL the laws of the national government in
- 28 connection with their duties.
- 29 2.2. Claiming that federal law requires them to do ANYTHING, since such law can and does regulate only PUBLIC
- 30 conduct of PUBLIC officers. Federal civil statutory law can and does regulate ONLY such officers. See:
- 31 

<p><i>Why Statutory Civil Law is Law for Government and Not Private Persons</i>, Form #05.037</p> <p><a href="http://sedm.org/Forms/FormIndex.htm">http://sedm.org/Forms/FormIndex.htm</a></p>
--
- 32 3. As agents of the national government, financial institutions and their employees have a fiduciary duty toward the
- 33 public to protect PRIVATE property. The FIRST step in that protection is to prevent any portion of it or the rights
- 34 associated with it from being converted into PUBLIC property or a PUBLIC office without the EXPRESS and
- informed and UNCOERCED consent of the original owner:

35 *"As expressed otherwise, the powers delegated to a public officer are held in trust for the people and are to be*

36 *exercised in behalf of the government or of all citizens who may need the intervention of the officer. <sup>145</sup>*

37 ***Furthermore, the view has been expressed that all public officers, within whatever branch and whatever level***

38 ***of government, and whatever be their private vocations, are trustees of the people, and accordingly labor under***

39 ***every disability and prohibition imposed by law upon trustees relative to the making of personal financial gain***

40 ***from a discharge of their trusts. <sup>146</sup> That is, a public officer occupies a fiduciary relationship to the political***

41 ***entity on whose behalf he or she serves. <sup>147</sup> and owes a fiduciary duty to the public. <sup>148</sup> It has been said that***

<sup>145</sup> State ex rel. Nagle v. Sullivan, 98 Mont. 425, 40 P.2d. 995, 99 A.L.R. 321; Jersey City v. Hague, 18 N.J. 584, 115 A.2d. 8.

<sup>146</sup> Georgia Dep't of Human Resources v. Sistrunk, 249 Ga. 543, 291 S.E.2d. 524. A public official is held in public trust. Madlener v. Finley (1st Dist), 161 Ill.App.3d. 796, 113 Ill.Dec. 712, 515 N.E.2d. 697, app gr 117 Ill.Dec. 226, 520 N.E.2d. 387 and revd on other grounds 128 Ill.2d. 147, 131 Ill.Dec. 145, 538 N.E.2d. 520.

<sup>147</sup> Chicago Park Dist. v. Kenroy, Inc., 78 Ill.2d. 555, 37 Ill.Dec. 291, 402 N.E.2d. 181, appeal after remand (1st Dist) 107 Ill.App.3d. 222, 63 Ill.Dec. 134, 437 N.E.2d. 783.

<sup>148</sup> United States v. Holzer (CA7 Ill) 816 F.2d. 304 and vacated, remanded on other grounds 484 U.S. 807, 98 L.Ed.2d. 18, 108 S Ct 53, on remand (CA7 Ill) 840 F.2d. 1343, cert den 486 U.S. 1035, 100 L.Ed.2d. 608, 108 S Ct 2022 and (criticized on other grounds by United States v. Osser (CA3 Pa) 864 F.2d. 1056) and (superseded by statute on other grounds as stated in United States v. Little (CA5 Miss) 889 F.2d. 1367) and (among conflicting authorities on other grounds noted in United States v. Boylan (CA1 Mass), 898 F.2d. 230, 29 Fed Rules Evid Serv 1223).

1 *the fiduciary responsibilities of a public officer cannot be less than those of a private individual.*<sup>149</sup>  
2 *Furthermore, it has been stated that any enterprise undertaken by the public official which tends to weaken public*  
3 *confidence and undermine the sense of security for individual rights is against public policy.*<sup>150</sup>  
4 [63C American Jurisprudence 2d, Public Officers and Employees, §247 (1999)]

- 5 4. The fiduciary duty of financial institutions establishes the highest possible moral and legal duty to prevent crimes from  
6 being committed, including those documented herein.

7 ***Fiduciary duty.** A duty to act for someone else's benefit, while subordinating one's personal interests to that of*  
8 *the other person. It is the highest standard of duty implied by law (e.g. trustee, guardian).*  
9 [Black's Law Dictionary, Sixth Edition, p. 625]

#### 10 **10.4 Responding to the cancellation of an account because of money laundering enforcement**

11 On many occasions, and especially those involving large sums of money, financial institutions may put a lock on your account  
12 and the funds in it because of suspicion that you are engaged in illegal activities. They will then notify you during the lock  
13 of your funds that you must call them to remove the lock. Then they will ask many probing questions that are technically  
14 NONE OF THEIR BUSINESS, and literally force you to incriminate yourself and generate court admissible evidence that  
15 can be abused to prosecute you before they will give you your money back. Below is how one member astutely responded  
16 to such tactics, to give you an idea how you might respond. In the case cited, the account was closed after the interview  
17 because the member answered SOME questions but not those which might compromise their privacy, even though they  
18 clearly were doing nothing wrong. The email was sent after the interview and notice that the account was closed and funds  
19 would be returned.

20 *Dear sir,*

21 *Thanks for the update. I shall ensure that my funds are returned in full in the future.*

22 *However, this leaves me entirely uncertain about how I might better satisfy either your requirements or the*  
23 *requirements of applicable and fully disclosed (by you) law in regard to how to interface with you and other*  
24 *members of your industry without in essence being "cancelled" and discriminated against as you have done with*  
25 *me.*

26 *As a person schooled in the law and who teaches it professionally to others, I have every intention of complying*  
27 *with applicable law provided you explain exactly what your legal requirements are and how to satisfy them*  
28 *without sacrificing any constitutional right or personal privacy in the process.*

29 *As a business entity, your main job is customer service, and I am the customer. Customer service rendered to me*  
30 *is literally impossible if the people I am interfacing with in your legal department hypocritically operate*  
31 *anonymously through a chat program talking with a phone representative acting as a proxy, in the dark, and*  
32 *refuse to disclose their names or allow me to talk directly to them, and thus avoid personal responsibility for*  
33 *learning and acknowledging the limitations of law on their authority and how they are satisfying those limitations*  
34 *and thus protect and serve the customer. A communist, by the way, is legally defined as exactly that: Someone*  
35 *in government who refuses to acknowledge the limitations imposed by the constitution and laws upon their*  
36 *behavior:*

37 <https://www.law.cornell.edu/uscode/text/50/841>

38 *Ironically, your inquiry into me seems to have been designed to work the OPPOSITE: make me into a government*  
39 *slave with no privacy, while making you entirely free and unaccountable to me or the law for your work product*  
40 *that would undermine my rights as a customer. This makes you the customer, not me. Hardly good business*  
41 *practice.*

42 *In the absence of much more detailed specifications of the legal reasons and motivations and evidence behind*  
43 *this administrative action, precisely who made the decision the appearance is created on your part that:*

44 *1. You know you are violating the law and the rights of your customers.*

---

<sup>149</sup> Chicago ex rel. Cohen v. Keane, 64 Ill.2d. 559, 2 Ill.Dec. 285, 357 N.E.2d. 452, later proceeding (1st Dist) 105 Ill.App.3d. 298, 61 Ill.Dec. 172, 434 N.E.2d. 325.

<sup>150</sup> Indiana State Ethics Comm'n v. Nelson (Ind App) 656 N.E.2d. 1172, reh gr (Ind App) 659 N.E.2d. 260, reh den (Jan 24, 1996) and transfer den (May 28, 1996).

1 2. If you talked with me directly, then I would be able to inform you of this and beyond that a mens rea would be  
2 established to prove criminal intent.

3 3. You seek to evade legal responsibility for violating the law by protecting your anonymity while hypocritically  
4 destroying mine.

5 4. Customers are not allowed to have privacy or to interface directly with a representative in the legal department  
6 who is accountable and fully identified. Thus, they are mere vassals rather than equals.

7 5. Your website says you protect customer privacy and property rights but this is therefore clearly a lie and false  
8 advertising. You only protect yourself and to hell with customers.

9 I recognize the regulatory environment you are in, and the need to protect the assets of customers thorough  
10 identification process to prevent fraud and I support that, so long as my information doesn't end up in a public  
11 or third party database outside your company in doing so.

12 But the way you treated me is no way to expand a customer base or build a better reputation for your business.  
13 You are behaving more liked masked bandit mafia than a business based on this experience. I was interrogated  
14 and presumed a criminal until I proved I wasn't. I didn't like that, so I flipped it around on you so you would  
15 know how it feels and use it to improve your customer services instead of holding my property hostage and forcing  
16 me to destroy my property rights and privacy before you would give it back. That's what mafias do.

17 You didn't send me a customer service questionnaire because I was never a customer with you. I was a victim.  
18 No need to pretend otherwise.

19 So, I close this communication with the following discovery questions in order that I may improve my "customer  
20 service" to you and people in your industry.

21 1. What specific statutes and regulations were you intending to implement in our interactions.

22 2. Which specific statutes, regulations, or cases were not satisfied based on our interactions.

23 3. Why did you decide to close the account?

24 4. Specifically who, by full name, made this decision, and what is their email and phone and work address?

25 5. How might you suggest that I satisfy your requirements in the future and yet not sacrifice my privacy or adopt  
26 any civil statutory status (citizen, resident, person, etc) in the process which might impose involuntary servitude  
27 upon me?

28 In the absence of a response, a failure to deny constitutes an admission of everything in this correspondence  
29 pursuant to Federal Rule of Civil Procedure 8(b)(6).

30 [https://www.law.cornell.edu/rules/frcp/rule\\_8](https://www.law.cornell.edu/rules/frcp/rule_8)

31 I have been a fan of your website and your research for over 20 years. This was my first interaction as a potential  
32 customer. If you wonder why your business isn't growing faster than it could, look in the mirror and examine  
33 how you treated me.

34 Sincerely,

35 John Doe

36 To prevent the filing of Suspicious Activity Reports by financial institutions like that above, we STRONGLY recommend  
37 the following form being attached to your account application and referenced in the "Permanent Address" fields of the online  
38 web interface:

[Permanent Address Notice for Online Use, Form #04.230](https://sedm.org/of/04.230.pdf)  
<https://sedm.org/of/04.230.pdf>

1 **11 Responding to questions from financial institutions relating to money laundering**  
2 **enforcement**

3 **11.1 Our Know Your Customer (KYC) rules require that you provide your Social Security**  
4 **Number (SSN)**

5 **QUESTION 1:**

6 Since 20\_\_, our bank partners have required us to verify the SSN of any new user onboarding to our platform along with  
7 other standard Know Your Customer (KYC) information. In order to satisfy our compliance requirements, we must also  
8 verify this information for any user who hasn't previously provided it. We have to follow certain guidelines and regulations  
9 in order to provide a financial service, including verifying the identity of any user who signs up for a \_\_\_\_\_ Account.

10 Since you already have an account, your account remains paused and locked until you supply this information.

11 This requirement isn't driven by anything specific to your account but an across-the-board policy to ensure we keep up with  
12 financial industry best practices. We fully encrypt and safeguard all information. You can read more about our security  
13 protocols at [https://\\_\\_\\_\\_\\_](https://_____).

14 Your privacy matters to us, just as it always has. I hope this helps ease any concerns you might have. Let me know if you  
15 have any additional questions and I'll answer them as best I can.

16 **ANSWER 1:**

17 The following form is attached to cover the legal issues associated with your concerns and my response:

*Know Your Customer (KYC) Disclosure and Legal Notice and Demand to Obey the Law*, Form #09.084  
<https://sedm.org/Forms/09-Procs/KYCDisclosure.pdf>

18 My account has been paused because I didn't provide an ssn and its past \_\_\_\_\_(date).

19 1. I am unable to provide an SSN because I:

20 1.1 Don't have one.

21 1.2 Can't lawfully have one.

22 2. The law does not require a nonresident alien like me to have or use an SSN. See:

23 2.1. 31 C.F.R. §1020.410(b)(3)(x).

24 2.2. 26 C.F.R. §301.6109-1(b)(2).

25 2.2 Form W-8SUB, <https://sedm.org/Forms/04-Tax/2-Withholding/W-8SUB.pdf>.

26 3. It is a misdemeanor to compel the use of statutory Social Security Numbers where the law does not EXPRESSLY require  
27 their use or where those subject to compulsion do not consent. 42 U.S.C. §408(a)(8).

28 4. It is a crime to supply a false STATUTORY SSN. Thus, you must provide a way to comply without providing a  
29 STATUTORY SSN or by supplying a private number that is not a STATUTORY SSN as described in 26 U.S.C. §6109.

30 Until I understand how to comply without violating the law, my privacy, and signing up for a program I have STRONG moral  
31 objections to, you leave me in limbo and subject me to involuntary economic sanctions. Please therefore describe:

32 1. How I can complete the verification process without an STATUTORY SSN as a nonresident alien.

1 2. By what SPECIFIC legal authority you request an SSN in the case of a nonresident alien not engaged in a "trade or  
2 business" such as myself and described in 26 C.F.R. §301.6109-1(b) and 31 C.F.R. §1020.410(b)(3)(x).. Please provide:

3 2.1 All relevant statutes.

4 2.2 All relevant regulations.

5 2.3 Why you think I am subject to either 2.1 and 2.2 above as a nonresident alien not domiciled or physically present in the  
6 "United States" as defined in 26 U.S.C. §7701(a)(9) and (a)(10).

7 2.4 Whether this is merely a policy decision or a LEGAL decision based on lawful authority.

8 2.5 How you can make policy that is clearly in conflict with law as indicated above.

9 3. Whether in the absence of an SSN I can provide a NON-STATUTORY private number in its place.

10 4. Why being an American National who is a nonresident alien not engaged in a trade or business who makes no elections is  
11 illegal or incompatible with your policies even though it is entirely lawful.

12 <https://sedm.org/Forms/09-Procs/ProofAnNRA.pdf>

13 5. Why the Customer Identification Program of the bank that is connected to my account is insufficient to satisfy the  
14 BSA/AML requirements in this case:

15 <https://bsaaml.ffiec.gov>

16 6. How I can unpause my account without providing a Social Security Number that I am clearly ineligible for. See:

17 <https://sedm.org/Forms/06-AvoidingFranch/SSNotEligible.pdf>

18 <https://sedm.org/Forms/04-Tax/2-Withholding/WhyTINIIllegal.pdf>

19 Let me be clear that I don't care what "best industry practices" or your policy are. I only care in this case about satisfying the  
20 minimum least intrusive requirements of the law as described here. Making a business out of destroying people's privacy  
21 and doing so in the name of company policy without any DEMONSTRATED lawful authority is not something that I can  
22 cooperate with. And calling yourself "privacy.com" makes it even worse. I won't do business with those who insist on doing  
23 so.

24 This is also not a request for legal advice. This is a demand that you follow the minimum requirements of the law, protect  
25 my privacy, and not make a policy that compels me to VIOLATE the law and works a purpose opposite of your name as a  
26 company.

27 Please do NOT respond with an anonymous email with no contact information or no persons name or no phone number of  
28 someone I can speak personally with about this. Whoever it is at your company that is making this invasive policy ought to  
29 be willing to take personal legal responsibility for it. The BSA/AML requirements apply both ways. I need to know YOU  
30 as a "customer" as well.

31 Sincerely,

32 John Doe

33 **11.2 Please provide a government ID containing a birthdate and your U.S. residential address**

34 **QUESTION 1:**

35 Thanks for writing in!

1 In order to satisfy our compliance requirements, we must collect the SSN of any user who hasn't previously provided it. We  
2 understand that not all users have this.

3 Alternatively, please provide an unexpired government-issued document (Driver's license, Passport, etc.) containing your  
4 Name and Date of Birth. Please follow this link to complete this step: [https://\\_\\_\\_\\_\\_](https://_____).

5 Follow the instructions as detailed on the page.

6 We'll also need to verify your permanent US residential address. Please reply to this email with a copy of a utility bill dated  
7 within the last 30 days, displaying the date, along with your name and address.

8 Since \_\_\_\_\_, our bank partners have required us to verify the SSN of any new user onboarding to our platform along with  
9 other standard Know Your Customer (KYC) information. In order to satisfy our compliance requirements, we must also  
10 verify this information for any user who hasn't previously provided it. We have to follow certain guidelines and regulations  
11 in order to provide a financial service, including verifying the identity of any user who signs up for a Privacy Account.

12 This requirement isn't driven by anything specific to your account but an across-the-board policy to ensure we keep up with  
13 financial industry best practices. We fully encrypt and safeguard all information. You can read more about our security  
14 protocols at [https://\\_\\_\\_\\_\\_](https://_____).

15 Your privacy matters to us, just as it always has. I hope this helps ease any concerns you might have. Let me know if you  
16 have any additional questions and I'll answer them as best I can.

17 Once both of these steps have been completed, we can continue reviewing your account!

18 Best

19 **ANSWER 1:**

20 Dear sir,

21 Thank you for responding promptly. I will promptly respond to your request for information after you have clarified several  
22 questions I have about your account verification program listed below.

23 Like you, I too have a Know Your Customer (KYC) policy since you are MY customer when you handle my private  
24 information and could potentially abuse it for commercial or civil enforcement purposes without my consent. Please therefore  
25 provide your:

- 26 1. Government-issued document (Driver's license, Passport, etc.) containing your Name and Date of Birth.
- 27 2. Your U.S. residential address where you consent to service of legal process if you misuse my private information either  
28 for your own economic benefit or in cooperation with any civil enforcement purpose.
- 29 3. Your phone number and email address.

30 Like your policies, I guarantee that the above information will be kept in encrypted form and will not be used for anything  
31 other than protecting myself from authorized commercial use of my personal information. Be advised that any commercial  
32 or civil enforcement use of my personal information is subject to the following limitations upon your use:

33 *Injury Defense Franchise and Agreement*, Form #06.027

34 <https://sedm.org/Forms/06-AvoidingFranch/InjuryDefenseFranchise.pdf>

35 DISCLAIMER: Any information provided by me to you MAY NOT be interpreted in any civil statutory context. Only in  
36 their private and non-statutory common law context. Any attempt to interpret words or phrases I use to describe myself or

1 my circumstances, if they are interpreted in a civil statutory context, shall constitute an unauthorized commercial use of my  
2 personally identifiable information for private gain subject to terms of the above contract and agreement.

3 I am also happy to comply as you request for identification and a U.S. residential address provided that you disclose the  
4 following information:

5 1. How a homeless person and a transient foreigner who does not own anything such as myself or pay rent or utilities and  
6 who has a religious objection to having a LEGAL domicile or "permanent residence" can satisfy your requirement for a "U.S.  
7 residential address" . My only means of communication is the internet at this time. See:

8 <https://sedm.org/Forms/02-Affidavits/AffCitDomTax.pdf>

9 2. Who and precisely under what circumstances the information I provide will be disclosed to third parties. This is because  
10 the link you provided does not address these issues:

11 2.1. For criminal enforcement ONLY upon service of a warrant only?

12 2.2. Upon service of an IRS administrative summons unsigned by a judge?

13 2.3. In connection with any civil dispute between parties other than you and me or involving any government.

14 3. By what SPECIFIC legal authority you request the information requested in the case of a nonresident alien not engaged in  
15 a "trade or business" and who makes no "elections" such as myself and described in 26 C.F.R. §301.6109-1(b) and 31 C.F.R.  
16 §1020.410(b)(3)(x). Please provide:

17 3.1. All relevant statutes.

18 3.2. All relevant regulations.

19 3.3. Why you think I am subject to either 3.1 and 3.2 above as a nonresident alien not domiciled or physically present in the  
20 "United States" as defined in 26 U.S.C. §7701(a)(9) and (a)(10).

21 3.4. A copy of the complete agreement you have with financial institutions and governments relating to information disclosed  
22 by you to them and under what circumstances.

23 3.5 A copy of your internal company policies regarding use and disclosure of information about me.

24 3.5 Whether this is merely a policy decision or a LEGAL decision based on lawful authority.

25 3.6 How you can make policy that is either not expressly required by law or clearly in conflict with law as indicated above  
26 and to the detriment of the privacy of your users.

27 4. Which "U.S." you mean in the phrase "U.S. residential address". Pick only one:

28 4.1. The one in 26 U.S.C. §7701(a)(9) and (a)(10) and 26 C.F.R. §301.7701-7(b) subject to the exclusive jurisdiction of the  
29 national government. OR

30 4.2. The exclusive jurisdiction of states of the Union not subject to the authority of the national government and therefore  
31 legislatively foreign.

32 Let me be clear that I don't care what "best industry practices" or your policy are. I only care in this case about satisfying the  
33 minimum least intrusive requirements of the law as described here. Making a business out of destroying people's privacy  
34 and doing so in the name of company policy without any DEMONSTRATED lawful authority is not something that I can  
35 cooperate with. And calling yourself " \_\_\_\_\_ " makes it even worse. I won't do business with those who insist on doing  
36 so.

1 This is also not a request for legal advise. This is a demand that you follow the minimum requirements of the law, protect  
 2 my privacy, and not make a policy that compels me to VIOLATE the law and works a purpose opposite of your name as a  
 3 company.

4 Please do NOT respond with an anonymous email with no contact information or no persons name or no phone number of  
 5 someone I can speak personally with about this. Whoever it is at your company that is making this invasive policy ought to  
 6 be willing to take personal legal responsibility for it. The BSA/AML requirements apply both ways. I need to know YOU  
 7 as a "customer" as well.

8 Thank you kindly for your prompt attention to this matter.

9 Sincerely,

10 John Doe

11 **12 Defenses and Remedies against financial institutions for illegally representing or enforcing**  
 12 **money laundering statutes**

13 If you are, in fact, not a public officer in the government or franchisee and someone else has compelled you, often without  
 14 your knowledge and definitely without your consent, to involuntarily accept the duties of the public officer straw man, the  
 15 laws listed in this section may be helpful in achieving a legal remedy against the person or organization that is the source of  
 16 the duress. These laws are categorized by the jurisdiction they apply to.

17 The table below lists what is called a "Dual office prohibition". This means that you cannot simultaneously be a public  
 18 officer in the federal government and a public officer in the state government at the same time. Anyone who participates in  
 19 any federal franchise or office and also in state franchises or offices fits this description.

20 **Table 2: Statutory remedies for those compelled to act as public officers and straw man**

<i>Jurisdiction</i>	<i>Legal Cite Type</i>	<i>Title</i>	<i>Legal Cite</i>
Alabama	Constitution	Dual Office Prohibition	Article III, Section 25; Article IV, Sect. 22; Art. V, Sect. 10; Article VI, Section 12
Alabama	Statute	Crime: Impersonating Public Officer	C.O.A. §13A-10-10
Alabama	Statute	Crime: Identity Theft	C.O.A. Title 13A, Article 10
Alaska	Constitution	Dual Office Prohibition	Const. Sections 2.5, 3.6, 4.8
Alaska	Statute	Crime: Identity Theft	A.S. §11.46.160
Alaska	Statute	Crime: Impersonating Public Officer	A.S. §11.56.830
Arizona	Constitution	Dual Office Prohibition	Const. Article 4, Part 2, Section 4; Const. Article 6, Section 28
Arizona	Statute	Crime: Identity Theft	A.R.S. §13-2006
Arizona	Statute	Crime: Impersonating Public Officer	A.R.S. §13-2406
Arkansas	Constitution	Dual Office Prohibition	Const. Article 3, Section 10; Const. Article 5, Section 7; Article 5, Section 10; Art. 80, Sect. 14
Arkansas	Statute	Crime: Impersonating Public Officer	A.S.C. §5-37-208
California	Constitution	Dual Office Prohibition	Const. Article 5, Section 2 (governor); Const. Article 5, Section 14; Article 7, Section 7
California	Statute	Crime: Identity Theft	Penal Code §484.1
Colorado	Constitution	Dual Office Prohibition	Const. Article V, Section 8 (internal)

<b>Jurisdiction</b>	<b>Legal Cite Type</b>	<b>Title</b>	<b>Legal Cite</b>
Connecticut	Constitution	Dual Office Prohibition	Const. Article 1, Section 11 (internal)
Connecticut	Statute	Crime: Identity Theft	C.G.S.A. § 53a-129a to 53a-129c
Delaware	Constitution	Dual Office Prohibition	Const. Article 1, Section 19
Delaware	Statute	Crime: Identity Theft	D.C. Title 11, Section 854
Delaware	Statute	Crime: Impersonating Public Officer	D.C. Title 11, Section 907(3)
District of Columbia	Constitution	Dual Office Prohibition	Const. of D.C., Article IV, Sect. 4(B) (judges); Art. III, Sect. 4(D) (governor)
District of Columbia	Statute	Crime: Impersonating Public Officer	D.C. Code §22-1404
Florida	Constitution	Dual Office Prohibition	Const. Article II, Section 5
Florida	Statute	Crime: Impersonating Public Officer	F.S. Title XLVI, Section 817.02
Georgia	Constitution	Dual Office Prohibition	Const. Article I, Section II, Para. III; Const. Article III, Section II, Para. IV(b)
Georgia	Statute	Crime: Impersonating Public Officer	O.C.G.A. §16-10-23
Hawaii	Constitution	Dual Office Prohibition	Const. Article III, Section 8 (internal)
Hawaii	Statute	Crime: Impersonating Public Officer	H.R.S. §710-1016
Idaho	Constitution	Dual Office Prohibition	Const. Article V, Section 7 (judges)
Idaho	Statute	Crime: Impersonating Public Officer	I.S. §18-3001
Illinois	Constitution	Dual Office Prohibition	Const. Article IV, Section 2(e) (legislative)
Illinois	Statute	Crime: Impersonating Public Officer	720 ILCS 5/17-2
Indiana	Constitution	Dual Office Prohibition	Const. Article 2, Section 9; Const. Article 4, Section 30 (legislative)
Indiana	Statute	Crime: Impersonating Public Officer	I.C. §25-30-1-18
Iowa	Constitution	Dual Office Prohibition	Const. Article III, Section 22 (legislature); Const. Article IV, Section 14 (governor)
Iowa	Statute	Crime: Impersonating Public Officer	I.C. Title XVI, Section 718.2
Kansas	Constitution	Dual Office Prohibition	Const. Article 3, Section 13 (judges)
Kansas	Statute	Crime: Impersonating Public Officer	K.R.S. §21-3825
Kentucky	Statute	Crime: Impersonating Public Officer	K.R.S. §434.570
Kentucky	Statute	Crime: Identity Theft	K.R.S. §514.60; K.R.S. §532.034
Kentucky	Statute	Dual Office Prohibition	K.R.S. §61.080
Louisiana	Constitution	Dual Office Prohibition	Const. Article II, Section 2 (internal); Const. Article IV, Section 2 (executive)
Louisiana	Statute	Crime: Impersonating Public Officer	R.S. §14:112

<b>Jurisdiction</b>	<b>Legal Cite Type</b>	<b>Title</b>	<b>Legal Cite</b>
Maine	Constitution	Dual Office Prohibition	Const. Article III, Section 2 (internal)
Maine	Statute	Crime: Impersonating Public Officer	17-A M.R.S. Section 457
Maryland	Constitution	Dual Office Prohibition	Const. Declaration of Rights, Article 33 (judges); Const. Const. Declaration of Rights, Article 35 (officers)
Maryland	Statute	Crime: Impersonating Public Officer	Statutes §8-301
Massachusetts	Constitution	Dual Office Prohibition	Const. Chapter VI, Article 2
Massachusetts	Statute	Crime: Impersonating Public Officer	G.L.M. Chapter 268, Section 33
Michigan	Constitution	Dual Office Prohibition	Const. Article IV, Section 8
Michigan	Statute	Crime: Impersonating Public Officer	Mich. Penal Code, Chapter XXXV, Section 750.217c
Minnesota	Constitution	Dual Office Prohibition	Const. Article IV, Section 5
Minnesota	Statute	Crime: Impersonating Public Officer	M.S. §609.475
Mississippi	Statute	Crime: Impersonating Public Officer	M.C. §97-7-43
Missouri	Constitution	Dual Office Prohibition	Const. Article VII, Section 9
Missouri	Statute	Crime: Impersonating Public Officer	M.R.S. §570.223
Missouri	Statute	Crime: Identity Theft	M.R.S. §570.223
Montana	Constitution	Dual Office Prohibition	Const. Article III, Section 1; Const. Article V, Section 9 (office); Article VII, Section 9 (judges)
Montana	Statute	Crime: Impersonating Public Officer	M.C.A. §45-7-209
Nebraska	Constitution	Dual Office Prohibition	Const. Article III-9
Nebraska	Statute	Crime: Impersonating Public Officer	N.R.S. §28-636
Nebraska	Statute	Crime: Identity Theft	N.R.S. §28-639
Nevada	Constitution	Dual Office Prohibition	Const. Article 4, Section 9 (officers)
Nevada	Statute	Crime: Impersonating Public Officer	N.R.S. §197.120
New Hampshire	Constitution	Dual Office Prohibition	Const. Art. 94-95
New Hampshire	Statute	Crime: Identity Theft	N.H.R.S. §359-I:2
New Jersey	Constitution	Dual Office Prohibition	Const. Article III, Section 1; Const. Article IV, Section V, Sections 3-4; Const. Article V, Section I, Section 3
New Jersey	Statute	Crime: Impersonating Public Officer	N.J.S.A. §2C:28-8
New Mexico	Constitution	Dual Office Prohibition	Const. Article IV, Section 3 (senators); Const. Article VI, Section 19 (judge)
New Mexico	Statute	Crime: Identity Theft	N.M.S.A. §30-16-21.1
New York	Constitution	Dual Office Prohibition	Const. Article III, Section 7 (legislature); Const. Article VI, Section 20(b)(1)

<b>Jurisdiction</b>	<b>Legal Cite Type</b>	<b>Title</b>	<b>Legal Cite</b>
New York	Statute	Crime: Identity Theft	General Business Law 380-S; Penal Law 190.78
New York	Statute	Crime: Impersonating Public Officer	Penal Law §190.23
North Carolina	Constitution	Dual Office Prohibition	Const. Article VI, Section 9
North Carolina	Statute	Crime: Impersonating Public Officer	N.C.G.S. §14-277
North Dakota	Statute	Crime: Impersonating Public Officer	N.D.C.C. §12.1-13-04
Ohio	Constitution	Dual Office Prohibition	Const. Article 2, Section 04 (legislature); Const. Article 4, Section 06, Para. (B)
Ohio	Statute	Crime: Impersonating Public Officer	
Oklahoma	Constitution	Dual Office Prohibition	Const. Article II, Section 12; Const. Article V, Section 18 (legislature)
Oklahoma	Statute	Crime: Impersonating Public Officer	O.S. Title 21, Section 1533
Oklahoma	Statute	Crime: Identity Theft	O.S. Title 21, Section 1533.1
Oregon	Constitution	Dual Office Prohibition	Const. Article II, Section 10
Oregon	Statute	Crime: Impersonating Public Officer	O.R.S. §162.365
Oregon	Statute	Crime: Identity Theft	O.R.S. §165.803
Pennsylvania	Constitution	Dual Office Prohibition	Const. Article V, Section 17 (judges)
Pennsylvania	Statute	Crime: Identity Theft	18 Pa.C.A. §4120
Rhode Island	Constitution	Dual Office Prohibition	Const. Article III, Section 6
Rhode Island	Statute	Crime: Impersonating Public Officer	G.L.R.I. §11-14-1
South Carolina	Constitution	Dual Office Prohibition	Const. Article 1, Section 8(internal); Const. Article VI, Section 3 (officers)
South Carolina	Statute	Crime: Impersonating Public Officer	S.C.C.O.L. § 16-13-290
South Dakota	Constitution	Dual Office Prohibition	Const. Article 3, Section 3
South Dakota	Statute	Crime: Impersonating Public Officer	S.D.C.L. §22-40-16
South Dakota	Statute	Crime: Identity Theft	S.D.C.L. §22-40-8
Tennessee	Constitution	Dual Office Prohibition	Const. Article II, Section 2 (internal); Const. Article II, Section 26 (officers)
Tennessee	Statute	Crime: Impersonating Public Officer	T.C. §39-16-301
Texas	Constitution	Dual Office Prohibition	Const. Article 2, Section 1 (internal); Const. Article 3, Section 18 (legislature); Const. Article 4, Section 6 (executive)
Texas	Statute	Crime: Impersonating Public Officer	Penal Code, Section 37.11
Texas	Statute	Crime: Identity Theft	T.S. §32.51
United States	Statute	Crime: Impersonating Public Officer	18 U.S.C. §912

<i>Jurisdiction</i>	<i>Legal Cite Type</i>	<i>Title</i>	<i>Legal Cite</i>
Utah	Constitution	Dual Office Prohibition	Const. Article V, Section 1 (internal); Const. Article VIII, Section 10 (judges)
Utah	Statute	Crime: Impersonating Public Officer	U.C. §76-8-512
Vermont	Constitution	Dual Office Prohibition	Const. Chapter II, Section 54
Vermont	Statute	Crime: Impersonating Public Officer	13 V.S.A. §3002
Virginia	Constitution	Dual Office Prohibition	Const. Article IV, Section 4 (legislature); Const. Article V, Section 4 (governor)
Virginia	Statute	Crime: Identity Theft	C.O.V. §18.2-186.3
Washington	Constitution	Dual Office Prohibition	Const. Article II, Section 14 (legislature); Const. Article IV, Section 15 (judges)
Washington	Statute	Crime: Impersonating Public Officer	R.C.W. §18.71.190
West Virginia	Constitution	Dual Office Prohibition	Const. Article 6, Section 16 (senators); Const. Article 7, Section 4 (executive); Const. Article 8, Section 7 (judges)
West Virginia	Statute	Crime: Impersonating Public Officer	W.V.C. §61-5-27a(e)
Wisconsin	Constitution	Dual Office Prohibition	Const. Article IV, Section 13
Wisconsin	Statute	Crime: Identity Theft	W.S. §943.201
Wyoming	Constitution	Dual Office Prohibition	Const. Section 97-3-008 (legislature); Const. Section 97-5-027 (judges)
Wyoming	Statute	Crime: Identity Theft	W.S. §6-3-901
Wyoming	Statute	Crime: Impersonating Public Officer	W.S. §6-5-307

1 If you would like to research further the laws and remedies available in the specific jurisdiction you are in, we highly  
2 recommend the following free tool on our website:

- 3 1. [SEDM Jurisdictions Database](http://sedm.org/Litigation/LitIndex.htm), Litigation Tool #09.003
- 4 <http://sedm.org/Litigation/LitIndex.htm>
- 5 2. [SEDM Jurisdictions Database Online](http://sedm.org/Litigation/LitIndex.htm), Litigation Tool #09.004
- 6 <http://sedm.org/Litigation/LitIndex.htm>

7 The above tool is also available at the top row under the menu on our Litigation Tools page at the link below:

8 <http://sedm.org/Litigation/LitIndex.htm>

### 9 **13 Conclusions and summary**

10 We will now succinctly summarize everything that we have learned in this short memorandum of law in order to emphasize  
11 the important points:

- 12 1. There is nothing inherently wrong with preventing illegal activities by preventing the flow of money that subsidize them.
- 13 2. It is a CRIME to file a Currency Transaction Report (C.T.R.) against those not lawfully engaged in the “public office”  
14 or “trade or business” franchise. The crimes committed include:  
15 2.1. 18 U.S.C. §912: Impersonating a public officer.  
16 2.2. 18 U.S.C. §1001: Statements and entries generally.

2.3. 18 U.S.C. §1005: Bank entries, reports, and transactions. Makes it a crime punishable by 30 years in prison and a \$1,000,000 fine to falsify any bank report.

3. When financial institutions ask for an SSN or TIN in order to open an account, they are asking TWO questions:

3.1. Are you a public officer on official business?

3.2. If so, what is your DE FACTO LICENSE NUMBER to act in that capacity?

If you provide any number at all, then you answered YES to the first of the above two questions.

4. By compelling account holders to use or disclose a government identifying numbers, financial institutions indirectly are:

4.1. Acting as federal employment recruiters.

4.2. Committing identity theft, by connecting you with a status that you cannot unilaterally consent to have.

4.3. Causing you to criminally impersonate a public officer in violation of 18 U.S.C. §912.

4.4. Making you into the equivalent of a “Kelly Girl” working for Uncle and on loan to the financial institution.

4.5. Making you into a compelled agent of the national government:

*“All the powers of the government [including ALL of its civil enforcement powers against the public] must be carried into operation by individual agency, either through the medium of public officers, or contracts made with [private] individuals.”*

*[Osborn v. Bank of U.S., 22 U.S. 738 (1824)]*

5. It is your DUTY as an informed American to:

5.1. Educate all financial institutions about the content of this pamphlet.

5.2. Educate your loved ones about the content of this pamphlet.

5.3. Ensure that your business associates and especially financially institutions comply scrupulously with the law by NOT:

5.3.1. Compelling the use of government identifying number.

5.3.2. Filing CTR’s or SAR’s against those such as yourself who are NOT lawfully engaged in a public office in the government.

## 14 Resources for further study and rebuttal

A number of additional resources are available for those who wish to further investigate the contents of the pamphlet:

### 1. Laws

1.1. Bank Secrecy Act (B.S.A.)

1.1.1. 31 U.S.C. Chapter 53, Subchapter II: Records and Reports on Monetary Instruments Transactions

<http://www.law.cornell.edu/uscode/text/31/subtitle-IV/chapter-53/subchapter-II>

1.1.2. Wikipedia: Bank Secrecy Act (B.S.A.)

[http://en.wikipedia.org/wiki/Bank\\_Secrecy\\_Act](http://en.wikipedia.org/wiki/Bank_Secrecy_Act)

1.1.3. Wikipedia: Currency Transaction Report (C.T.R.)

[http://en.wikipedia.org/wiki/Currency\\_transaction\\_report](http://en.wikipedia.org/wiki/Currency_transaction_report)

1.1.4. Wikipedia: Suspicious Activity Report (S.A.R.)

[http://en.wikipedia.org/wiki/Suspicious\\_Activity\\_Report](http://en.wikipedia.org/wiki/Suspicious_Activity_Report)

1.1.5. Wikipedia: Patriot Act

[http://en.wikipedia.org/wiki/USA\\_Patriot\\_Act](http://en.wikipedia.org/wiki/USA_Patriot_Act)

1.2. 31 C.F.R. Part 1010, Subpart C: Reports Required to Be Made-Treasury

<https://www.law.cornell.edu/cfr/text/31/part-1010/subpart-C>

1.3. Federal Reserve Act, 38 Stat. 251-275, 690-691, Dec. 22, 1913.

<http://famguardian.org/TaxFreedom/Authorities/FedLaw/FedReserveAct-38Stat251-275,690-691.pdf>

### 2. Government Research

2.1. Legal Tender Status, United States Dept. of Treasury Website.

<http://www.ustreas.gov/education/faq/currency/legal-tender.shtml>

2.2. A Primer on Money, Form #11.501, U.S. Government Printing Office, 1964, 141 pages.

<http://famguardian.org/Subjects/MoneyBanking/Money/patman-primer-on-money.pdf>

2.3. 169 Questions and Answers About Money, Form #11.502, U.S. Government Printing Office, 1964. Supplement to A Primer on Money.

<http://famguardian.org/Publications/169Q&AOnMoney/money.htm>

2.4. Fincen: Money Services Business Page-website sponsored by Dept of Treasury to provide information about currency transaction reporting

[http://www.fincen.gov/financial\\_institutions/msb/](http://www.fincen.gov/financial_institutions/msb/)

- 2.5. FINCEN forms, FINCEN-types of information that financial institutions and casinos send to big brother  
[http://www.fincen.gov/reg\\_bsaforms.html](http://www.fincen.gov/reg_bsaforms.html)
- 2.6. FinTrac Canada -Canadian tracking of financial transactions  
<http://www.fintrac-canafe.gc.ca/intro-eng.asp>
- 2.7. Bank Secrecy Act Requirements: A Quick Reference Guide for Money Service Businesses  
[http://famguardian.org/Subjects/MoneyBanking/Commerce/bsa\\_quickrefguide.pdf](http://famguardian.org/Subjects/MoneyBanking/Commerce/bsa_quickrefguide.pdf)
- 2.8. Reporting Suspicious Activity: A Quick Reference Guide for Money Service Businesses, FINCEN  
[http://famguardian.org/Subjects/MoneyBanking/Commerce/msbsar\\_quickrefguide.pdf](http://famguardian.org/Subjects/MoneyBanking/Commerce/msbsar_quickrefguide.pdf)
- 2.9. Money Laundering Prevention: A Money Services Business Guide, FINCEN  
[http://famguardian.org/Subjects/MoneyBanking/Commerce/msb\\_prevention\\_guide.pdf](http://famguardian.org/Subjects/MoneyBanking/Commerce/msb_prevention_guide.pdf)
- 2.10. SEC Release No. 34-47752, File No. S7-25-02-Customer Identification Programs for Broker Dealers (OFFSITE LINK)  
<http://www.sec.gov/rules/final/34-47752.htm>
- 2.11. Feasibility of Cross-Border Electronic Funds Transfer Reporting System -FINCEN report to Congress  
[http://www.fincen.gov/cross\\_border/index.html](http://www.fincen.gov/cross_border/index.html)

### 3. **SEDM Research**

- 3.1. Why It Is Illegal for You to Enforce Money Laundering Statutes in My Specific Case, Form #06.46  
<https://sedm.org/Forms/06-AvoidingFranch/MonLaundEnfIllegal.pdf>
- 3.2. Demand for Verified Evidence of "Trade or Business" Activity-Currency Transaction Report (C.T.R.), Form #04.008-form to give financial institutions that are illegally preparing Currency Transaction Reports (C.T.R.'s) for cash withdrawals of \$10,000 or more  
<http://sedm.org/Forms/04-Tax/CorrErrInfoRtns/DmdVerEvOfTradeOrBusiness-CTR.pdf>
- 3.3. Legal Deception, Propaganda, and Fraud, Form #05.014  
<http://sedm.org/Forms/FormIndex.htm>
- 3.4. Government Identity Theft, Form #05.046  
<http://sedm.org/Forms/FormIndex.htm>
- 3.5. The Money Scam, Form #05.041- detailed research proving there is no lawful money and therefore no "currency" to report  
<http://sedm.org/Forms/FormIndex.htm>

### 4. **Family Guardian Research**

- 4.1. Federal Transaction Reporting Requirements, Family Guardian Fellowship-what you have to tell the feds about your transactions, which is NOTHING in most cases  
<http://famguardian.org/Subjects/MoneyBanking/IdentityTheft/FedTransReptnRequirements.htm>
- 4.2. Money, Banking, and Credit Page-Family Guardian Website. See section 5 in particular on Money.  
<http://famguardian.org/Subjects/MoneyBanking/MoneyBanking.htm>
- 4.3. Modern Money Mechanics, Form #11.509, Federal Reserve Bank of Chicago- how banks create money  
<http://famguardian.org/Subjects/MoneyBanking/Money/ModernMoneyMechanics/mmm2.htm>
- 4.4. The Coming Battle, M.W. Walbert, 1899. The history of our banking system.  
<http://famguardian.org/Publications/TheComingBattle/cbtabc.htm>
- 4.5. Money and the Federal Reserve System: Myth and Reality, Congressional Research Service Report #96-672E, July 31, 1996.  
<http://famguardian.org/Subjects/MoneyBanking/FederalReserve/FRS-myth.htm>
- 4.6. Secrets of the Federal Reserve, Form #11.510, Eustace Mullins, 1991.  
<http://famguardian.org/PublishedAuthors/Indiv/MullinsEustice/SecretsOfFedReserve/TOC.htm>
- 4.7. The Great Cookie Jar, Form #11.505, Dr. Edward Popp, 1978. A scholarly study of money.
- 4.8. Money, Bona Fide or Non-Bona Fide, Form #11.506, Dr. Edward Popp, 1970. Book which exposes the scam of our present money system.
- 4.9. Debunking Federal Reserve Conspiracy Theories, Edward Flaherty.  
<http://famguardian.org/Subjects/MoneyBanking/FederalReserve/FRconspire/FRconspire.htm>
- 4.10. Money Brief -Larry Becraft, Constitutional attorney  
<http://famguardian.org/Subjects/MoneyBanking/Money/MONEYbrief.htm>
- 4.11. Federal Reserve Notes are Not Legal Tender, Family Guardian Fellowship  
<http://famguardian.org/Subjects/MoneyBanking/Money/federal-reserve-notes-not-legal-tender.pdf>

### 5. **Third Party Research**

- 5.1. American Currency Exhibit -Federal Reserve Board, San Francisco  
<http://www.frbsf.org/currency/index.html>

- 1 5.2. *Pieces of Eight*, Second Revision, Edwin Viera; ISBN-10-0967175917, 2002. The most comprehensive study of  
 2 constitutional money ever done. Mr. Viera has a PhD in law.  
 3 <https://www.amazon.com/Pieces-Eight-Disabilities-Constitution-Foundation/dp/0967175917/>  
 4 5.3. *Federal Reserve Website*  
 5 <http://www.federalreserve.gov/>  
 6 5.4. *Money Masters Video Documentary*, Form #11.511, Bill Stills. Video documentary on the corruption of our  
 7 money system.  
 8 <http://www.themoneymasters.com/>  
 9 5.5. *The Creature from Jekyll Island*, Form #11.508, Ed Griffin. Documentary about the history of the formation of  
 10 the Federal Reserve.  
 11 <http://realityzone.stores.yahoo.net/>  
 12 5.6. *The Theory of Money and Credit*, Form #11.503, Ludwig Von Mises, 1912.  
 13 <http://www.econlib.org/library/Mises/msTContents.html>

## 14 **15 Questions that Readers, Grand Jurors, and Petit Jurors Should be Asking the Government**

15 These questions are provided for readers, Grand Jurors, and Petit Jurors to present to the government or anyone else who  
 16 would challenge the facts and law appearing in this pamphlet, most of whom work for the government or stand to gain  
 17 financially from perpetuating the fraud. If you find yourself in receipt of this pamphlet, you are demanded to answer the  
 18 questions within 10 days. Pursuant to [Federal Rule of Civil Procedure 8\(b\)\(6\)](#), failure to deny within 10 days constitutes an  
 19 admission to each question. Pursuant to [26 U.S.C. §6065](#), all of your answers must be signed under penalty of perjury. We  
 20 are not interested in agency policy, but only sources of reasonable belief identified in the pamphlet below:

*Reasonable Belief About Income Tax Liability*, Form #05.007  
<http://sedm.org/Forms/FormIndex.htm>

21 Your answers will become evidence in future litigation, should that be necessary in order to protect the rights of the person  
 22 against whom you are attempting to unlawfully enforce federal law.

### 23 **15.1 Questions about compelled use of Social Security Numbers and Taxpayer Identification** 24 **Numbers**

- 25 1. Admit that the Social Security Card and number are property of the national government.

26 *Title 20: Employees' Benefits*  
 27 [PART 422—ORGANIZATION AND PROCEDURES](#)  
 28 [Subpart B—General Procedures](#)  
 29 [§ 422.103 Social security numbers.](#)

30 *(d) Social security number cards. A person who is assigned a social security number will receive a social*  
 31 *security number card from SSA within a reasonable time after the number has been assigned. (See §422.104*  
 32 *regarding the assignment of social security number cards to aliens.) **Social security number cards are the***  
 33 ***property of SSA and must be returned upon request.***

34  
 35 **Figure 1: Back of Social Security Card**

This card is the official verification of your Social Security number. Please sign it right away. Keep it in a safe place.

Improper use of this card or number by anyone is punishable by fine, imprisonment or both.

This card belongs to the Social Security Administration and you must return it if we ask for it.

If you find a card that isn't yours, please return it to:

Social Security Administration  
P.O. Box 33008, Baltimore, MD 21290-3008

For any other Social Security business/information, contact your local Social Security office. If you write to the above address for any business other than returning a found card, it will take longer for us to answer your letter.

Social Security Administration  
Form SSA-3000 (6-99)

D94868217

1  
2 YOUR ANSWER (circle one): Admit/Deny

3 2. Admit that it is a crime for a PRIVATE party to use public property for personal gain. See 18 U.S.C. §654.

4 YOUR ANSWER (circle one): Admit/Deny

5 3. Admit that a PRIVATE person possessing or using PUBLIC property in connection with an otherwise PRIVATE  
6 transaction or PRIVATE financial instrument is presumed to be a public officer on official business.

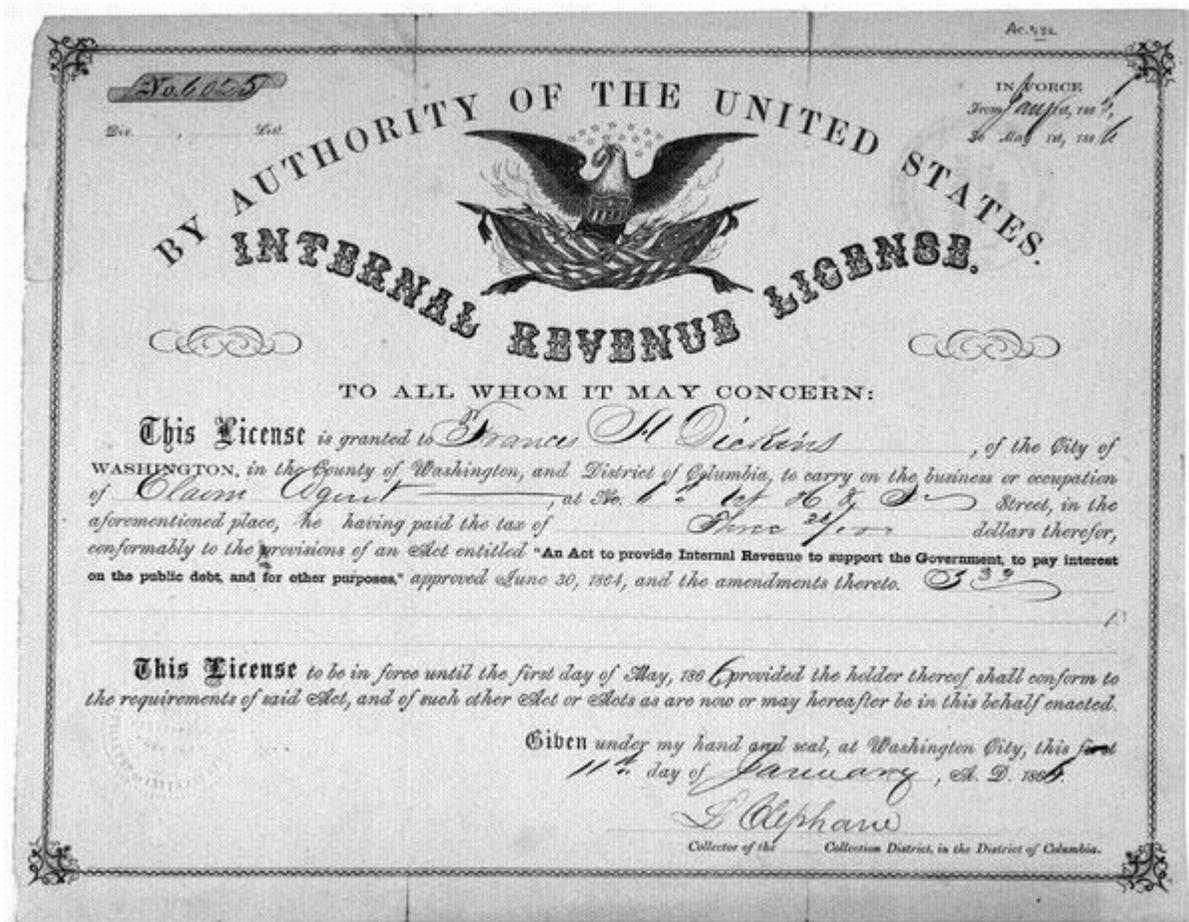
7 YOUR ANSWER (circle one): Admit/Deny

8 4. Admit that one cannot unilaterally "elect" themselves into public office by simply filling out a government form, even  
9 if they consent to do so.

10 YOUR ANSWER (circle one): Admit/Deny

11 5. Admit that an SSA Form SS-5 CREATES no new public offices, but merely provides a way for those ALREADY serving  
12 in public office to procure a DE FACTO LICENSE number to do so.

13 **Figure 2: Internal Revenue License**



1  
2 YOUR ANSWER (circle one): Admit/Deny

3 6. Admit that it is a crime per 42 U.S.C. §408(a)(8) to compel the use of Social Security Numbers.

4 TITLE 42 - THE PUBLIC HEALTH AND WELFARE  
5 CHAPTER 7 - SOCIAL SECURITY  
6 SUBCHAPTER II - FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS  
7 [Sec. 408. Penalties](#)

8  
9 In general

10 Whoever -...

11 (8) discloses, uses, or compels the disclosure of the social security number of any person in violation of the  
12 laws of the United States; shall be guilty of a felony and upon conviction thereof shall be fined under title 18  
13 or imprisoned for not more than five years, or both.

14 YOUR ANSWER (circle one): Admit/Deny

15 7. Admit that there is no provision within any federal law mandating the use of Social Security Numbers for those who are  
16 not subject to federal law and therefore not “persons” or “individuals” under said law.

17 YOUR ANSWER (circle one): Admit/Deny

18 8. Admit that those domiciled outside of the statutory “United States” (meaning federal territory), such as those domiciled  
19 in a constitutional state and who are not representing the national government as a public officer are not subject to federal  
20 civil law per Federal Rule of Civil Procedure 17(b).

21 [IV. PARTIES](#) > Rule 17.

22 (b) Capacity to Sue or be Sued.

Capacity to sue or be sued is determined as follows:

(1) for an individual who is not acting in a representative capacity, by the law of the individual's domicile;

**(2) for a corporation for the officers or "public officers" of the corporation, by the law under which it was organized; and**

(3) for all other parties, by the law of the state where the court is located, except that:

(A) a partnership or other unincorporated association with no such capacity under that state's law may sue or be sued in its common name to enforce a substantive right existing under the United States Constitution or laws; and

(B) [28 U.S.C. §§754](#) and [959\(a\)](#) govern the capacity of a receiver appointed by a United States court to sue or be sued in a United States court.

YOUR ANSWER (circle one): Admit/Deny

9. Admit that even for those who are "persons" under federal law because domiciled on federal territory, there is no provision mandating the use or disclosure of Social Security Numbers or Taxpayer Identification Numbers in connection with any financial transaction, service, or account opened at a financial institution or Money Service Business.

YOUR ANSWER (circle one): Admit/Deny

10. Admit that the following statement is FALSE when made to a state citizen domiciled outside the statutory "United States" (meaning federal territory):

*"Federal law requires you to have and disclose a Social Security Number in order to do business with us."*

YOUR ANSWER (circle one): Admit/Deny

## 15.2 **Questions about filing of CTRs and SARs**

1. Admit that Currency Transaction Reports (C.T.R.'s) may ONLY be submitted against those lawfully engaged in a "trade or business".

[31 CFR § 1010.330 - Reports relating to currency in excess of \\$10,000 received in a trade or business.](#)

[§ 1010.330 Reports relating to currency in excess of \\$10,000 received in a trade or business.](#)

(a) Reporting requirement -

(1) Reportable transactions -

(i) **In general.** Any person (solely for purposes of [section 5331](#) of title 31, United States Code and this section, "person" shall have the same meaning as under [26 U.S.C. 7701\(a\)\(1\)](#)) who, in the course of a trade or business in which such person is engaged, receives currency in excess of \$10,000 in 1 transaction (or 2 or more related transactions) shall, except as otherwise provided, make a report of information with respect to the receipt of currency. This section does not apply to amounts received in a transaction reported under [31 U.S.C. 5313](#) and § 1010.311, § 1010.313, § 1020.315, § 1021.311 or [§ 1021.313](#) of this chapter.

(ii) **Certain financial transactions.** [Section 6050I](#) of title 26 of the United States Code requires persons to report information about financial transactions to the IRS, and [31 U.S.C. 5331](#) requires persons to report the same information to the Financial Crimes Enforcement Network. This information shall be reported on the same form as prescribed by the [Secretary](#).

(2) **Currency received for the account of another.** Currency in excess of \$10,000 received by a person for the account of another must be reported under this section. Thus, for example, a person who collects delinquent accounts receivable for an automobile dealer must report with respect to the receipt of currency in excess of \$10,000 from the collection of a particular account even though the proceeds of the collection are credited to the account of the automobile dealer (i.e., where the rights to the proceeds from the account are retained by the automobile dealer and the collection is made on a fee-for-service basis).

(3) Currency received by agents -

(i) **General rule.** Except as provided in [paragraph \(a\)\(3\)\(ii\)](#) of this section, a person who in the course of a trade or business acts as an agent (or in some other similar capacity) and receives currency in excess of \$10,000 from a principal must report the receipt of currency under this section.

1 (ii) **Exception.** An agent who receives currency from a principal and uses all of the currency within  
2 15 days in a currency transaction (the “second currency transaction”) which is reportable under  
3 section 5312 of title 31, or [31 U.S.C. 5331](#) and this section, and who discloses the name, address, and  
4 TIN of the principal to the recipient in the second currency transaction need not report the initial  
5 receipt of currency under this section. An agent will be deemed to have met the disclosure  
6 requirements of this paragraph (a)(3)(ii) if the agent discloses only the name of the principal and the  
7 agent knows that the recipient has the principal’s address and taxpayer identification number.

8 (iii) **Example.** The following example illustrates the application of the rules in paragraphs (a)(3)(i)  
9 and (ii) of this section:

10 **EXAMPLE.**

11 B, the principal, gives D, an attorney, \$75,000 in currency to purchase real property on behalf of B.  
12 Within 15 days D purchases real property for currency from E, a real estate developer, and discloses  
13 to E, B’s name, address, and taxpayer identification number. Because the transaction qualifies for the  
14 exception provided in [paragraph \(a\)\(3\)\(ii\)](#) of this section, D need not report with respect to the initial  
15 receipt of currency under this section. The exception does not apply, however, if D pays E by means  
16 other than currency, or effects the purchase more than 15 days following receipt of the currency from  
17 B, or fails to disclose B’s name, address, and taxpayer identification number (assuming D does not  
18 know that E already has B’s address and taxpayer identification number), or purchases the property  
19 from a person whose sale of the property is not in the course of that person’s trade or business. In any  
20 such case, D is required to report the receipt of currency from B under this section.

21 [SOURCE: <https://www.law.cornell.edu/cfr/text/31/1010.330>, Downloaded 10/10/2019]

22 YOUR ANSWER (circle one): Admit/Deny

- 23 2. Admit that a “trade or business” is defined in 26 U.S.C §7701(a)(26) as “the functions of a public office”.

24 [26 U.S.C. §7701\(a\)\(26\)](#)

25 “The term ‘trade or business’ [includes](#) [is limited to] the performance of the functions of a [public office](#).”

26 YOUR ANSWER (circle one): Admit/Deny

- 27 3. Admit that the rules of statutory construction FORBID adding anything to the above definition of “trade or business”.

28 **“When a statute includes an explicit definition, we must follow that definition, even if it varies from that term’s**  
29 **ordinary meaning.** *Meese v. Keene*, 481 U.S. 465, 484-485 (1987) (“It is axiomatic that the statutory definition  
30 of the term excludes unstated meanings of that term”); *Colautti v. Franklin*, 439 U.S. at 392-393, n. 10 (“As a  
31 rule, `a definition which declares what a term “means” . . . excludes any meaning that is not stated(“); *Western*  
32 *Union Telegraph Co. v. Lenroot*, 323 U.S. 490, 502 (1945); *Fox v. Standard Oil Co. of N.J.*, 294 U.S. 87, 95-96  
33 (1935) (Cardozo, J.); see also 2A N. Singer, *Sutherland on Statutes and Statutory Construction* § 47.07, p. 152,  
34 and n. 10 (5th ed. 1992) (collecting cases). **That is to say, the statute, read “as a whole,” post at 998 [530 U.S.**  
35 **943] (THOMAS, J., dissenting), leads the reader to a definition.** That definition does not include the Attorney  
36 General’s restriction -- “the child up to the head.” Its words, “substantial portion,” indicate the contrary.”  
37 [[Stenberg v. Carhart](#), 530 U.S. 914 (2000)]

38 **“Expressio unius est exclusio alterius.** A maxim of statutory interpretation meaning that **the expression of one**  
39 **thing is the exclusion of another.** *Burgin v. Forbes*, 293 Ky. 456, 169 S.W.2d. 321, 325; *Newblock v. Bowles*,  
40 170 Okl. 487, 40 P.2d. 1097, 1100. Mention of one thing implies exclusion of another. **When certain persons or**  
41 **things are specified in a law, contract, or will, an intention to exclude all others from its operation may be**  
42 **inferred.** Under this maxim, if statute specifies one exception to a general rule or assumes to specify the effects  
43 of a certain provision, other exceptions or effects are excluded.”

44 [Black’s Law Dictionary, Sixth Edition, p. 581]

45 YOUR ANSWER (circle one): Admit/Deny

- 46 4. Admit that one cannot lawfully execute “the functions of a public office” without in fact and in deed BEING a “public  
47 officer”.

48 YOUR ANSWER (circle one): Admit/Deny

1 5. Admit that a Currency Transaction Report (C.T.R.) filed against those NOT lawfully engaged in a “public office” is a  
2 FALSE report because it misrepresents the civil STATUS of the person it describes.

3 YOUR ANSWER (circle one): Admit/Deny

4 6. Admit that it is a federal crime to file a false Currency Transaction Report (C.T.R.).

5 YOUR ANSWER (circle one): Admit/Deny

6 7. Admit that following crimes occur when a Currency Transaction Report (C.T.R.) is filed against those NOT lawfully  
7 engaged in a public office.

8 7.1 18 U.S.C. §912: Impersonating a public officer.

9 7.2 18 U.S.C. §1001: Statements and entries generally.

10 7.3 18 U.S.C. §1005: Bank entries, reports, and transactions. Makes it a crime punishable by 30 years in prison and a  
11 \$1,000,000 fine to falsify any bank report.

12 YOUR ANSWER (circle one): Admit/Deny

13 8. Admit that a wrongfully submitted CTR filed against those not lawfully engaged in a public office may not be used as  
14 evidence in a criminal prosecution because it violates the U.S. Supreme Courts “Fruit of a Poisonous Tree Doctrine”  
15 described in Wong Sun v. United States , 371 U.S. 471, 83 S.Ct. 407, 9 L.Ed.2d. 441 (1963); Silverthorne Lumber Co.  
16 v. United States , 251 U.S. 385, 40 S.Ct. 182, 64 L.Ed. 319 (1920).

17 YOUR ANSWER (circle one): Admit/Deny

18 9. Admit that all those who OBEY or ENFORCE any federal law are in fact agents of the government.

19 *“A private person cannot make constitutions or laws, nor can he with authority construe them, nor can he*  
20 *administer or execute them.”*

21 *[United States v. Harris, 106 U.S. 629, 1 S.Ct. 601, 27 L.Ed. 290 (1883)]*

22 *“All the powers of the government [including ALL of its civil enforcement powers against the public] must be*  
23 *carried into operation by individual agency, either through the medium of public officers, or contracts made*  
24 *with [private] individuals.”*

25 *[Osborn v. Bank of U.S., 22 U.S. 738 (1824)]*

26 *“The reason why States are “bodies politic and corporate” is simple: just as a corporation is an entity that can*  
27 *act only through its agents, “[t]he State is a political corporate body, can act only through agents, and can*  
28 *command only by laws.” Poindexter v. Greenhow, supra, 114 U.S., at 288, 5 S.Ct. at 912-913. See also Black’s*  
29 *Law Dictionary 159 (5th ed. 1979) (“[B]ody politic or corporate”: “A social compact by which the whole people*  
30 *covenants with each citizen, and each citizen with the whole people, that all shall be governed by certain laws for*  
31 *the common good”). As a “body politic and corporate,” a State falls squarely within the Dictionary Act’s*  
32 *definition of a “person.”*

33 *[Will v. Michigan Dept. of State Police, 491 U.S. 58, 109 S.Ct. 2304 (U.S.Mich., 1989)]*

34 *“The government thus lays a tax, through the [GOVERNMENT] instrumentality [PUBLIC OFFICE] of the*  
35 *company [a FEDERAL and not STATE corporation], upon the income of a non-resident alien over whom it*  
36 *cannot justly exercise any control, nor upon whom it can justly lay any burden.”*

37 *[United States v. Erie R. Co., 106 U.S. 327 (1882)]*

38 YOUR ANSWER (circle one): Admit/Deny

39 10. Admit that involuntary servitude in violation of the Thirteenth Amendment has occurred when anyone is compelled,  
40 against their will, to become an officer or agent of the government, or to obey any federal civil law without demonstrated  
41 evidence of their consent to be SUBJECT to such law.

42 ***Peonage.** A condition of servitude (prohibited by the 13th Amendment) compelling persons to perform labor in*  
43 *order to pay off a debt.*

44 *[Black’s Law Dictionary, Sixth Edition, p. 1135]*

1 “That it does not conflict with the Thirteenth Amendment, which abolished slavery and involuntary servitude,  
2 except as a punishment for crime, is too clear for argument. Slavery implies involuntary servitude—a state of  
3 bondage; the ownership of mankind as a chattel, **or at least the control of the labor and services of one man for**  
4 **the benefit of another, and the absence of a legal right to the disposal of his own person, property, and services**  
5 **[in their entirety].** This amendment was said in the Slaughter House Cases, 16 Wall. 36, to have been intended  
6 primarily to abolish slavery, as it had been previously known in this country, and that it equally forbade Mexican  
7 peonage or the Chinese coolie trade, when they amounted to slavery or involuntary servitude and that the use of  
8 the word ‘servitude’ was intended to prohibit the use of all forms of involuntary slavery, of whatever class or  
9 name.”  
10 [Plessy v. Ferguson, 163 U.S. 537, 542 (1896)]

11 YOUR ANSWER (circle one): Admit/Deny

### 12 15.3 Questions about lawful “money”

13 1. Admit that lawful money, as used in the Constitution, includes ONLY gold and silver.

14 *United States Constitution*  
15 *Article I, Section 10, Clause 1*

16 ***No State shall*** enter into any Treaty, Alliance, or Confederation; grant Letters of Marque and Reprisal; coin  
17 Money; emit Bills of Credit; make any Thing but gold and silver Coin as Tender in Payment of Debts; ***pass any***  
18 ***Bill of Attainder, ex post facto Law, Law impairing the Obligation of Contracts,*** or grant any Title of Nobility.”

19 YOUR ANSWER (circle one): Admit/Deny

20 2. Admit that the legal definition of “money” excludes “notes”:

21 ***Money:*** *In usual and ordinary acceptance it means coins and paper currency used as circulating medium of*  
22 *exchange, and **does not embrace notes,** bonds, evidences of debt, or other personal or real*  
23 *estate. Lane v. Railey, 280 Ky. 319, 133 S.W.2d. 74, 79, 81.*  
24 *[Black’s Law Dictionary, Sixth Edition, p. 1005]*

25 YOUR ANSWER (circle one): Admit/Deny

26 3. Admit that the word “note” and “obligation” are synonymous.

27 YOUR ANSWER (circle one): Admit/Deny

28 4. Admit that Federal Reserve Notes are obligations of the U.S. government and are the same “notes” described in the legal  
29 definition of money in Black’s Law Dictionary Sixth Edition, p. 1005.

30 [TITLE 12 > CHAPTER 3 > SUBCHAPTER XII > Sec. 411.](#)  
31 [Sec. 411. - Issuance to reserve banks; nature of obligation; redemption](#)

32 *Federal reserve notes, to be issued at the discretion of the Board of Governors of the Federal Reserve System for*  
33 *the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set*  
34 *forth and for no other purpose, are authorized. **The said notes shall be obligations***  
35 ***of the United States*** and shall be receivable by all national and member banks and Federal reserve  
36 banks and for all taxes, customs, and other public dues. ***They shall be redeemed in***  
37 ***lawful money on demand at the Treasury Department of the***  
38 ***United States, in the city of Washington, District of Columbia,***  
39 ***or at any Federal Reserve bank***

40 YOUR ANSWER (circle one): Admit/Deny

41 5. Admit that based on 12 U.S.C. §411 in the previous question, the term “Federal Reserve Notes” and the term “lawful  
42 money” are NOT synonymous, or else the statute would be redundant and unnecessary.

1 YOUR ANSWER (circle one): Admit/Deny

- 2 6. Admit that redeemability of Federal Reserve Notes in “lawful money” is what makes them money as legally defined in  
3 Black’s Law Dictionary.

4 YOUR ANSWER (circle one): Admit/Deny

- 5 7. Admit that redeemability of Federal Reserve Notes ended officially in 1971 with Presidential Proclamation 4074.

6 YOUR ANSWER (circle one): Admit/Deny

- 7 8. Admit that Presidential Proclamation 4074 was issued under the authority of 12 U.S.C. §95a and 12 U.S.C. §95b, which  
8 delegates lawmaking powers to the President ONLY in the case of national emergencies.

9 YOUR ANSWER (circle one): Admit/Deny

- 10 9. Admit that Presidential Proclamation 4074 is still in force, and therefore a state of national emergency is the ONLY  
11 justification for continuing to suspend redeemability of Federal Reserve Notes in gold or silver.

12 YOUR ANSWER (circle one): Admit/Deny

- 13 10. Admit that NO national emergency justifies suspending any provision of the United States Constitution or creating any  
14 new power within the national government.

15 **“Emergency does not create power. Emergency does not increase granted power or remove or diminish the**  
16 **restrictions imposed upon power granted or reserved.** *The Constitution was adopted in a period of grave*  
17 *emergency. Its grants of power to the federal government and its limitations of the power of the States were*  
18 *determined in the light of emergency, and they are not altered by emergency. What power was thus granted and*  
19 *what limitations were thus imposed are questions [290 U.S. 398, 426] which have always been, and always will*  
20 *be, the subject of close examination under our constitutional system.*

21 *“While emergency does not create power, emergency may furnish the occasion for the exercise of power.*  
22 *‘Although an emergency may not call into life a power which has never lived, nevertheless emergency may afford*  
23 *a reason for the exertion of a living power already enjoyed.’ Wilson v. New, [243 U.S. 332, 348](#), 37 S.Ct. 298,*  
24 *302, L.R.A. 1917E, 938, Ann.Cas. 1918A, 1024.*  
25 *[Home Bldg. & Loan Ass’n v. Blaisdell, [290 U.S. 398](#) (1934)]*

26  
27 **“No emergency justifies the violation of any of the provisions of the United States Constitution.** *An emergency,*  
28 *however, while it cannot create power, increase granted power, or remove or diminish the restrictions imposed*  
29 *upon the power granted or reserved, may allow the exercise of power already in existence, but not exercised*  
30 *except during an emergency.<sup>151</sup>*

31 *The circumstances in which the executive branch may exercise extraordinary powers under the Constitution are*  
32 *very narrow.<sup>152</sup> The danger must be immediate and impending, or the necessity urgent for the public service,*  
33 *such as will not admit of delay, and where the action of the civil authority would be too late in providing the*  
34 *means which the occasion calls for.<sup>153</sup> For example, there is no basis in the Constitution for the seizure of steel*

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<sup>151</sup> Veix v. Sixth Ward Building & Loan Ass’n of Newark, 310 U.S. 32, 60 S. Ct. 792, 84 L. Ed. 1061 (1940); Home Bldg. & Loan Ass’n v. Blaisdell, 290 U.S. 398, 54 S. Ct. 231, 78 L. Ed. 413, 88 A.L.R. 1481 (1934).

The Constitution was adopted in a period of grave emergency and its grants of power to the Federal Government and its limitations of the power of the states were determined in the light of emergency, and are not altered by emergency. First Trust Co. of Lincoln v. Smith, 134 Neb. 84, 277 N.W. 762 (1938).

<sup>152</sup> Halperin v. Kissinger, 606 F.2d. 1192 (D.C. Cir. 1979), cert. granted, 446 U.S. 951, 100 S. Ct. 2915, 64 L. Ed. 2d 807 (1980) and aff’d in part, cert. dismissed in part, 452 U.S. 713, 101 S. Ct. 3132, 69 L. Ed. 2d 367 (1981), reh’g denied, 453 U.S. 928, 102 S. Ct. 892, 69 L. Ed. 2d 1024 (1981) and on remand to, 542 F. Supp. 829 (D.D.C. 1982) and on remand to, 578 F. Supp. 231 (D.D.C. 1984), aff’d in part, remanded in part, 807 F.2d. 180 (D.C. Cir. 1986), on remand to, 723 F. Supp. 1535 (D.D.C. 1989), related reference, 1991 WL 120167 (D.D.C. 1991), remanded, 1992 WL 394503 (D.C. Cir. 1992).

<sup>153</sup> Mitchell v. Harmony, 54 U.S. 115, 13 How. 115, 14 L. Ed. 75 (1851).

1 mills during a wartime labor dispute, despite the President's claim that the war effort would be crippled if the  
2 mills were shut down.<sup>154</sup>  
3 [16 American Jurisprudence 2d, Constitutional Law, §52 (1999)]

4 YOUR ANSWER (circle one): Admit/Deny

5 11. Admit that the authority to mint money is derived from Constitution Article 1, Section 8, Clause 5.

6 U.S. Constitution

7 Article 1, Section 8, Clause 5

8 The Congress shall have Power To . . .

9 To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures

10 YOUR ANSWER (circle one): Admit/Deny

11 12. Admit that no power granted to the government by the Constitution may be delegated either to a branch of government  
12 not authorized to exercise it or to a private company or corporation without violating the Constitution and the separation  
13 of powers doctrine.

14 The police power includes all measures for the protection of the life, the health, the property, and the welfare of  
15 the inhabitants, and for the promotion of good order and the public morals. It covers the suppression of nuisances,  
16 whether injurious to the public health, like unwholesome trades, or to the public morals, like gambling-houses  
17 and lottery tickets. Slaughter-House Cases, 16 Wall. 36, 62, 87; Fertilizing Co. v. Hyde Park, [97 U.S. 659](#) ;  
18 Phalen v. Virginia, 8 How. 163, 168; Stone v. Mississippi, [101 U.S. 814](#) . This power, being essential to the  
19 maintenance of the authority of local government, and to the safety and welfare of the people, is inalienable. As  
20 was said by Chief Justice WAITE, referring to earlier decisions to the same effect: 'No legislature can bargain  
21 away the public health or the public morals. The people themselves cannot do it, much less their servants. The  
22 supervision of both these subjects of governmental power is continuing in its nature, and they are to be dealt with  
23 as the special exigencies of the moment may require. Government is organized with a view to their preservation,  
24 and cannot divest itself of the power to provide for them. For this purpose the largest legislative discretion is  
25 allowed, and the discretion cannot be parted with any more than the power itself.' Stone v. Mississippi, [101 U.S.](#)  
26 [814](#) , 819. See, also, Butchers' Union, etc., Co. v. Crescent City, etc., Co., [111 U.S. 746, 753](#) , 4 S.Sup.Ct.Rep.  
27 652; New Orleans Gas Co. v. Louisiana Light Co., [115 U.S. 650, 672](#) , 6 S.Sup.Ct.Rep. 252; New Orleans v.  
28 Houston, [119 U.S. 265, 275](#) , 7 S.Sup.Ct.Rep. 198."  
29 [Leisy v. Hardin, [135 U.S. 100](#) (1890)]

30  
31 "Whatever differences of opinion,' said the court, [in the case of Beer Co. v. Massachusetts, [97 U.S. 28](#) ] 'may  
32 exist as to the extent and boundaries of the police power, and however difficult it may be to render a satisfactory  
33 definition of it, there seems to be no doubt that it does extend to the protection of the lives, health, and property  
34 of the citizens, and to the preservation of good order and public morals. **The legislature cannot by any contract**  
35 **divest itself of the power to provide for these objects. They belong emphatically to that class of objects which**  
36 **demand the application of the maxim, salus populi suprema lex, and they are to be attained and provided for**  
37 **by such appropriate means as the legislative discretion may devise. That discretion can no more be bargained**  
38 **away than the power itself.'**

39 ...

40 "In the still more recent case of Stone v. Mississippi, [101 U.S. 814](#) , the whole subject is reviewed in the opinion  
41 delivered [[111 U.S. 746, 753](#)] by the chief justice. That also was a case of a chartered lottery, whose charter was  
42 repealed by a constitution of the state subsequently adopted. It came here for relief, relying on the clause of the  
43 federal constitution against impairing the obligation of contracts. The question is therefore presented, (says the  
44 opinion,) whether, in view of these facts, the legislature of a state can, by the charter of a lottery company, defeat  
45 the will of the people authoritatively expressed, in relation to the further continuance of such business in their  
46 midst. We think it cannot. **No legislature can bargain away the public health or the public morals. The people**  
47 **themselves cannot do it, much less their servants. The supervision of both these subjects of governmental power**  
48 **is continuing in its nature, and they are to be dealt with as the special exigencies of the moment may require.**  
49 **Government is organized with a view to their preservation, and cannot divest itself of the power to provide for**  
50 **them. For this purpose the legislative discretion is allowed, and the discretion cannot be parted with any more**  
51 **than the power itself.'** "

<sup>154</sup> Youngstown Sheet & Tube Co. v. Sawyer, 343 U.S. 579, 72 S. Ct. 863, 96 L. Ed. 1153, 47 Ohio Op. 430, 47 Ohio Op. 460, 62 Ohio L. Abs. 417, 62 Ohio L. Abs. 473, 26 A.L.R.2d 1378 (1952).

YOUR ANSWER (circle one): Admit/Deny

- 13. Admit that a just monetary system that is compliant with the Constitution directly impacts and affects the public health, safety, and morals.

YOUR ANSWER (circle one): Admit/Deny

- 14. Admit that the Federal Reserve is a private corporation and is not more federal than Federal Express.

See:

1. The Creature from Jekyll Island, G. Edward Griffin, Form #11.508  
<http://sedm.org/Forms/FormIndex.htm>

2. Secrets of the Federal Reserve, Form #11.510, Eustace Mullins, 1991  
<http://sedm.org/Forms/FormIndex.htm>

YOUR ANSWER (circle one): Admit/Deny

- 15. Admit that the authority to borrow is derived from Constitution Article 1, Section 8, Clause 2.

*United States Constitution*

*Article 1, Section 8, Clause 2*

*The Congress shall have Power. . .*

*To borrow Money on the credit of the United States;*

YOUR ANSWER (circle one): Admit/Deny

- 16. Admit that Federal Reserve Notes are not signed by the LENDER and that the two signatures appearing on the note are the BORROWER and not the LENDER.

YOUR ANSWER (circle one): Admit/Deny

- 17. Admit that you cannot lend money to yourself, and therefore the federal reserve HAD to be a private third party corporation rather than part of the government.

*One may not do an act to himself.*

*Nemo potest sibi devere. No one can owe to himself. See Confusion of Rights.*

*Nemo agit in seipsum. No man acts against himself; Jenk. Cent. 40; therefore no man can be a judge in his own cause.*

[Bouvier's Law Dictionary, 1914;

SOURCE: <http://famguardian.org/Publications/BouvierMaximsOfLaw/BouviersMaxims.htm>]

**"You shall not charge interest to your brother for yourself who is also a "brother"[-interest on money or food or anything that is lent out at interest."**  
[Deut. 23:19, Bible, NKJV ]

**"To a foreigner you may charge interest, but to your brother you shall not charge interest, that the Lord your God may bless you in all to which you set your hand in the land which you are entering to possess."**  
[Deut. 23:20, Bible, NKJV]

YOUR ANSWER (circle one): Admit/Deny

- 1 18. Admit that so long as Federal Reserve Notes are not redeemable in gold and silver, the national government has:  
2 18.1 Replaced its power to mint money with its power to borrow money and . . .  
3 18.2 Granted to the Federal Reserve, a private corporation, the exclusive right to essentially mint money by creating it  
4 out of nothing and . . .  
5 18.3 Delegated a public function to a private corporation in violation of the Constitution and the Separation of Powers  
6 doctrine.

7 YOUR ANSWER (circle one): Admit/Deny

- 8 19. Admit that the original United States of America Money Act of 1792, 1 Stat. 246-251 is still in full force and effect and  
9 has NEVER been repealed.

10 YOUR ANSWER (circle one): Admit/Deny

- 11 20. Admit that section 11 of the original United States of America Money Act of 1792, 1 Stat. 246-251 requires that the  
12 weight of precious metal in a lawful money coin must be proportional to its face value:

13 *United States of America Money Act, 1792*  
14 *1 Stat. 246-251*

15 *Section 11. And be it further enacted, That the proportional value of gold and silver in all coins which shall by*  
16 *law be current as money within the United States, shall be fifteen to one, according to quantity in weight, of pure*  
17 *gold or pure silver; that is to say, every fifteen pounds weight of pure silver shall be of equal value in all payments,*  
18 *with one pound weight of pure gold, and so in proportion as to any greater or less quantities of the respective*  
19 *metals.*

20 YOUR ANSWER (circle one): Admit/Deny

- 21 21. Admit that unjust weights and measures are an abomination to God in the Bible.

22 *"Dishonest scales are an abomination to the LORD,*  
23 *But a just weight is His delight."*  
24 *[Prov. 11:1, Bible, NKJV]*

25 *"Diverse weights and diverse measures,*  
26 ***They are both alike, an abomination to the LORD.***  
27 *[Prov. 20:10, Bible, NKJV]*

28  
29 *"As religion towards God is a branch of universal righteousness (he is not an honest man that is not devout), so*  
30 ***righteousness towards men is a branch of true religion, for he is not a godly man that is not honest,*** *nor can he*  
31 *expect that his devotion should be accepted; for,*

32 ***1. Nothing is more offensive to God than deceit in commerce. A false balance is here put for all manner of***  
33 ***unjust and fraudulent practices [of our public dis-servants] in dealing with any person [within the public],***  
34 ***which are all an abomination to the Lord, and render those abominable [hated] to him that allow themselves***  
35 ***in the use of such accursed arts of thriving. It is an affront to justice, which God is the patron of, as well as a***  
36 ***wrong to our neighbour, whom God is the protector of. Men [in the IRS and the Congress] make light of such***  
37 ***frauds, and think there is no sin in that which there is money to be got by, and, while it passes undiscovered,***  
38 ***they cannot blame themselves for it; a blot is no blot till it is hit, Hos. 12:7, 8. But they are not the less an***  
39 ***abomination to God, who will be the avenger of those that are defrauded by their brethren.***

40 ***2. Nothing is more pleasing to God than fair and honest dealing, nor more necessary to make us and our***  
41 ***devotions acceptable to him: A just weight is his delight.*** *He himself goes by a just weight, and holds the scale*  
42 *of judgment with an even hand, and therefore is pleased with those that are herein followers of him.*

43 ***A [false] balance, [whether it be in the federal courtroom or at the IRS or in the marketplace,] cheats, under***  
44 ***pretence of doing right most exactly, and therefore is the greater abomination to God."***

45 *[Matthew Henry's Commentary on the Whole Bible; Henry, M., 1996, c1991, under Prov. 11:1]*

46 YOUR ANSWER (circle one): Admit/Deny

1 22. Admit that unjust weights and measures include issuing money that is not directly and uniformly proportional to the  
2 amount of precious metal contained in the coin.

3 YOUR ANSWER (circle one): Admit/Deny

- 4 23. Admit that:  
5 23.1A ¼ ounce American Eagle gold coin has a face value of ten dollars. . . and  
6 23.2A one ounce American Eagle has a face value of \$50...and  
7 23.3The amount of precious metal contained in these two coins is NOT proportional to the weight.

8 Table 3: Non-proportionality of American Eagle Gold Coins

#	American Eagle Gold Coin Size	Face value	Value of gold in face value dollars per ounce
1	1 ounce	\$50	\$50
2	½ ounce	\$25	\$50
3	¼ ounce	\$10	\$40

9 See also: U.S. Mint Website: <http://www.usmint.gov/>

10 YOUR ANSWER (circle one): Admit/Deny

11 24. Admit that American Eagle Coins issued by the U.S. Mint are an abomination to the Lord because they implement an  
12 unjust weight and measure not making the amount of precious metal in the coin proportional to the face value.

13 YOUR ANSWER (circle one): Admit/Deny

14 25. Admit that the following phrase found on currently issued Federal Reserve Notes does NOT appear in any statute in Title  
15 12 of the U.S. Code or in any statute from the Statutes At Large currently in force:

16 *"THIS NOTE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE"*

17 YOUR ANSWER (circle one): Admit/Deny

18 26. Admit that the last statute that *did* expressly use the above language was found in H.J.R. 192, 48 Stat. 112-113, which  
19 was repealed when Title 31 was codified into positive law in 1982 with Public Law 97-258, 96 Stat. 1068.

20 YOUR ANSWER (circle one): Admit/Deny

21 27. Admit that the only authority statute currently in force that identifies the legal tender status of current Federal Reserve  
22 Notes is 12 U.S.C. §411, which says on this subject:

23 *12 U.S.C. §411*

24 *The said notes shall be obligations of the United States and **shall be receivable by all national and member banks***  
25 *and Federal reserve banks and for all taxes, customs, and other public dues.*

26 28. Admit that the language of 12 U.S.C. §411 says NOTHING about "private debts" and that the ability to regulate  
27 PRIVATE conduct is "repugnant to the Constitution" as held by the U.S. Supreme Court.

28 *"The power to "legislate generally upon [PRIVATE]" life, liberty, and property, as opposed to the "power to*  
29 *provide modes of redress" against offensive state action, was "repugnant" to the Constitution. Id., at 15. See also*  
30 *United States v. Reese, 92 U.S. 214, 218 (1876); United States v. Harris, 106 U.S. 629, 639 (1883); James v.*  
31 *Bowman, 190 U.S. 127, 139 (1903). Although the specific holdings of these early cases might have been*  
32 *superseded or modified, see, e.g., Heart of Atlanta Motel, Inc. v. United States, 379 U.S. 241 (1964); United*  
33 *States v. Guest, 383 U.S. 745 (1966), their treatment of Congress' §5 power as corrective or preventive, not*  
34 *definitional, has not been questioned."*  
35 *[City of Boerne v. Florez, Archbishop of San Antonio, 521 U.S. 507 (1997)]*

1 YOUR ANSWER (circle one): Admit/Deny

2 29. Admit that Federal Reserve Notes are legislatively mandated for “public” conduct and NOT private conduct, and  
3 therefore are only for use internal to the U.S. government by instrumentalities and officers of the government.

4 *“The states are prohibited from emitting bills of credit; **but congress, which is neither expressly authorized nor***  
5 ***expressly forbidden to do so, has, as we have already seen, been held to have the power of emitting bills of***  
6 ***credit, and of making every provision for their circulation as currency, short of giving them the quality of legal***  
7 ***tender for private debts, even by those who have denied its authority to give them this quality.”***  
8 *[Legal Tender Cases, 110 U.S. 421, 447 (1884)]*

9 YOUR ANSWER (circle one): Admit/Deny

10 30. Admit that there are THREE distinct and different types of Federal Reserve Notes found in U.S. law historically:  
11 30.1 “Federal reserve note” (Frn): These are the notes currently issued and in circulation. Mentioned in the current 12  
12 U.S.C. §411 and in the original Federal Reserve Act, 38 Stat. 251, Chap. 6, Section 16. These notes are not “legal  
13 tender” for private purposes and may ONLY be used internally within the Federal Reserve System and not for  
14 private uses.  
15 30.2 “Federal Reserve note” (FRn): Mentioned in H.J.R. 192, which has been repealed by Public Law 97-258, 96 Stat.  
16 1068. These notes were made legal tender by H.J.R. 192, but this act has been repealed and therefore may not  
17 lawfully be issued.  
18 30.3 “Federal Reserve Note” (FRN): This name nowhere appears in any enactment of Congress. Notes currently issued  
19 bear this inscription.

20 YOUR ANSWER (circle one): Admit/Deny

21 31. Admit that using different legal terms to describe a thing imply a DIFFERENT thing:

22 *“Talis non est eadem, nam nullum simile est idem.*  
23 *What is like is not the same, for nothing similar is the same. 4 Co. 18.”*  
24 *[Bouvier’s Law Dictionary, 1914;*  
25 *SOURCE: <http://famguardian.org/Publications/BouvierMaximsOfLaw/BouviersMaxims.htm> ]*

26 YOUR ANSWER (circle one): Admit/Deny

27 32. Admit that without lawful “money” as legally defined, there can be no such thing as “money laundering”.

28 YOUR ANSWER (circle one): Admit/Deny

29 **15.4 Affirmation**

30 I declare under penalty of perjury as required under [26 U.S.C. §6065](#) that the answers provided by me to the foregoing  
31 questions are true, correct, and complete to the best of my knowledge and ability, so help me God. I also declare that these  
32 answers are completely consistent with each other and with my understanding of both the Constitution of the United States,  
33 Internal Revenue Code, Treasury Regulations, the Internal Revenue Manual, and the rulings of the Supreme Court but not  
34 necessarily lower federal courts.

35 Name (print): \_\_\_\_\_

36 Signature: \_\_\_\_\_

37 Date: \_\_\_\_\_

38 Witness name (print): \_\_\_\_\_

39 Witness Signature: \_\_\_\_\_

40 Witness Date: \_\_\_\_\_