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WHAT IS A BANK?

The Economics of Banking is Counterfeiting.

The actual process of money creation takes place primarily in Banks-Bankers discovered that they could make loans, merely by giving their promises to pay, or Banknotes, to borrowers. In this way Banks begin to create Money.

All Money is borrowed into existence; it does not exist until someone borrows it. This is Debt based Money; hence it is not Real Money, since Real Money is based on Substance, Gold and Silver.

If Money is borrowed into existence, then where is the Interest? There is isn't any.

Transaction Deposits are the modern counterpart of Banknotes. It was a small step from printing Banknotes, to making Book Entries, Crediting Deposits of borrowers, which the borrowers, in turn could spend by writing Cheques, thereby (Printing) their own Money.

BANKING INVOLVEMENTS

TRADING BANK

(BNZ, ASB, NATIONAL; ect).

BORROWER

CONTRACT (CREDIT, MORTGAGE, CREDIT CARD,
CHEQUE ACCOUNT; ect).

TRANSACTION DEPOSIT

WORLD MERCHANT BANKS (IMF, WORLD BANK, BIZ
BANK; ect).

BANK ACCOUNT

JOHN DOE ;
(Signed by BANK REPRESENTATIVE).
BENEFITS and PRIVILEGES.

CONTRACTS WHAT? WHY? & HOW?

ESSENTIAL ELEMENTS OF A CONTRACT.

Parties capable of Contract.
Their Consent.
Lawful object; and,
A sufficient cause or consideration.

WHO MAY CONTRACT.

All persons are capable of Contracting, except minors, persons of unsound mind, and persons deprived of civil rights.

ESSENTIALS OF CONSENT.

The consent of the parties to Contract must be:
Free;
Mutual; and,
Communicated by each other to each other.

An apparent consent is not real or free when obtained through;
Duress;
Menace;
Fraud;
Undue influence; or
Mistake

WHEN IS A CONTRACT WHOLLY VOID?

Where a Contract has but a single object and such object is unlawful, whether in whole or in part, or wholly impossible of performance, or so vaguely expressed as to be wholly unascertainable, the entire Contract is void.

EFFECTS OF ITS ILLEGALITY

If any part of single consideration for one or more objects, or of several considerations for a single object, is unlawful, the entire Contract is void.

Express Contract: An Express Contract is one, the Terms of which are stated in words.

Implied Contract: An Implied Contract is one, the Existence and Terms of which are manifested by Conduct.

CONTRACTS AND HOW TO BE INTERPRETED.

A Contract must be so interpreted as to give effect to the mutual intention of the parties as existed at the time of contracting, so far as the same is ascertainable and lawful.

IMPOSSIBLE OR UNLAWFUL CONDITIONS VOID.

A condition in Contract, the fulfilment of which is impossible or unlawful, within the meaning of the article on the object of Contracts, or which is repugnant to the nature of the interest created by the Contract is Void.

CERTAIN CONTRACTS ARE UNLAWFUL

All Contracts which have for their object, directly or indirectly, to exempt anyone from responsibility for his own Fraud, or wilful injury to the person or property of another, or violation of law whether wilful or negligent, are against the policy of the Law.

FRAUDULENT DECEIT

One, who wilfully deceives another with intent to induce him to alter his position to his injury or risk, is liable for any damage which he thereby suffers.

BANK DEBT (Credit Card etc.)

Request the Bank to provide:

Validation of the debt (the actual accounting)

Verification of their claim against you (a sworn affidavit or even just a signed invoice)

A copy of the Contract binding both parties.

On receipt of documents write and say you would be happy to pay any financial obligation you may lawfully owe.

The Banks can't validate the debt because they never sustained a loss.

They cannot verify any claim against you because you are not the NAME they are billing.

They cannot produce a Contract because one does not exist. What exists is an unenforceable unilateral Contract.

What Banks refer to as 'your Contract with us' is not a valid bilateral agreement since four requirements of a lawful binding Contract were not met on the Credit Card 'Application' namely:

Full Disclosure (we are not told we are creating the Credit with our Signature)

Equal consideration (they bring nothing to the table hence they have nothing to lose)

Lawful Terms and Conditions (they are based on fraud)

Signatures of the Parties (Corporations cannot sign because they cannot contract they are legal fictions)

Banks do not qualify you in order not to lose money, they qualify you in order not to lose money, and they qualify you in order to gain money. They cannot lose anything they

never lent. Bank Books are balanced since they are electronically credited by the "other" Bank (there is only one Bank) A cheque with your signature on it balances everything. (Your signature their FAT \$\$\$) Your debt is your signature and your Credit is the Cash (balanced). It is all just book keeping entries.

With your signature banks will lend funds, earning them, depending on the rate of interest (at least nine times that amount).

This is called (Fractional Banking) and their not appraising of this is called Bank Fraud. If informed that you have not paid your loan this is called Double Billing also Fraudulent.

Collection Agencies have no standing in law because they are interlopers and never contracted with the entity they claim owns them. Hence they are powerless to collect because of 'deficiencies'.

MANUFACTURING PROCESS OF A BANK

Banks create the medium of exchange

Making a pen/ink entry or type written entry on a card or in a book.

Each and every time a bank makes a loan or purchases securities, New bank credit is created new deposits-brand new money.

Broadly speaking, all new money comes out of a Bank in the form of loans.

As all loans are debits, then under the present system all money is debt.

Government find money in three ways.

- Taxation
- Borrowing the savings of the people
- Or they might find it by action which is allied with an expensive monetary policy that is borrowing which creates additional money in the process.

A Banker can purchase a Government bond of \$1000 and giving the Government a deposit of \$1000.

What the Government receives is a credit entry in the Bankers book showing the Banker as a creditor to the Government to the extent of \$1000.

And in law all that the Bank has to hold in the way of cash to issue.

That deposit liability is 5%.

Ninety five per cent of all volume of business is done with what is called exchange of Bank deposits- (that is simply book keeping entries in banks against which people write cheques.

ANZ BANKING GROUP 1979

- Liabilities** Mean liabilities, debts, charges, duties, and obligations of every description (whether present or future, actual or contingent, and whether payable in New Zealand or elsewhere):
- Security** Means a mortgage or sub mortgage (whether legal or equitable), charge, debenture, instrument by way of security, bill of exchange, promissory note, guarantee, lien, pledge, or other means of securing the payment of a debt, whether present or future, or the discharge of an obligation or liability, whether actual or contingent:
- land includes** Messuages, tenements, and Hereditaments, corporeal and incorporeal, of every kind and description, and every estate or interest therein, together with all paths, passages, ways, waters, watercourses, liberties, easements, and privileges thereunto appertaining, plantations, gardens, mines, minerals, and quarries, and all trees and timber thereon or there under lying or being, unless specially excepted:

Act to bind the Crown and other persons

This Act shall bind the Crown and every person (including any body politic or corporate) whose rights are affected by any provisions of this Act.

Books and documents to remain evidence

- (1) Any book or other document which, if this Act had not been passed, would have been evidence in respect of any matter for or against an existing owner shall, on and after the appointed day, be admitted in evidence in respect of the same matter for or against the new owner.
- (2) In this section document has the same meaning as in section 25A (5) of the Evidence Act 1908.

Evidence Act 1908

29 Copy of Act of Parliament, Imperial legislation, and regulations printed as prescribed to be evidence

- (1) Every copy of any Act of Parliament or of any Imperial enactment or any Imperial subordinate legislation (as defined in section 2 of the Imperial Laws Application Act 1988), being a copy purporting to be printed or published (whether before or after the commencement of this section) under the authority of the New Zealand Government shall, unless the contrary is [shown], be deemed—
 - (a) To be a correct copy of that Act of Parliament, enactment, or legislation; and
 - (b) To have been so printed or published.

- (2) Every copy of any Imperial enactment or Imperial subordinate legislation (as so defined), being a copy purporting to be printed (whether before or after the commencement of this section) by the Queen's or King's Printer or under the superintendence or authority of Her Majesty's Stationery Office in the United Kingdom, shall, unless the contrary is [shown], be deemed—
 - (a) To be a correct copy of that enactment or legislation; and
 - (b) To have been so printed.
- (3) Every copy of any regulations (as defined in section 28A (2) of this Act) purporting to be printed whether before or after the commencement of this section under the authority of the New Zealand Government shall, unless the contrary is [shown], be deemed—
 - (a) To be a correct copy of those regulations; and
 - (b) To have been so printed or published; and
 - (c) To be evidence that the regulations were notified in the Gazette on the date printed on that copy as the date of their notification in the Gazette.]

[[29A Copy of reprint of Act, Imperial legislation, or regulations to be evidence

- (1) This section applies to any copy of a reprint of any legislation, where that copy purports to be printed or published (whether before or after the commencement of this section) under the authority of the New Zealand Government.
- (2) Unless the contrary is shown, every copy of a reprint to which this section applies is to be taken—
 - (a) To be a copy of a reprint that correctly states, as at the date at which it is stated to be reprinted, the law enacted or made by the legislation reprinted and by the amendments (if any) to that legislation;

- (b) To have been printed or published under the authority of the New Zealand Government.
[(2A) to avoid any doubt, the presumption contained in subsection (2) applies to a copy of a reprint in which changes authorised by section 17C of the Acts and Regulations Publication Act 1989 have been made.]
- (3) The presumption contained in subsection (2) may be rebutted by the production of the official volume in which the relevant legislation or any amendment to that legislation, as the case requires, is contained.
- (4) Subsection (3) does not limit any other means of rebutting the presumption contained in subsection (2).
- (5) In this section, unless the context otherwise requires,—
 - (a) The terms Imperial enactment and Imperial subordinate legislation have the meaning given to them by section 2 of the Imperial Laws Application Act 1988:
 - (b) The term legislation means any Act, Imperial enactment, Imperial subordinate legislation, or regulations:
 - (c) The term official volume means any volume containing copies of legislation that are deemed, by any provision of section 29, to be correct copies of that legislation.]]

35 Royal Proclamations, orders of the Privy Council, etc. Prima facie evidence of any Royal Proclamation, Order of [Her Majesty's] Privy Council, order, regulation, dispatch, or any other instrument heretofore or hereafter made or issued by [Her Majesty], or by [Her Majesty's] Privy Council, or by or under the authority of any of [Her Majesty's] Secretaries of State, or any Department of [Her Majesty's] Government in the United Kingdom, may be given in all Courts and in all legal proceedings by the production of a copy of the New Zealand Gazette purporting to contain a reprint of such

Proclamation, Order of the Privy Council, order, regulation, dispatch, or other instrument, [or by the production of a copy of such Proclamation, Order of the Privy Council, order, regulation, dispatch, or other instrument purporting to be printed by the Government Printer].

- 37 Manner of proving acts of State, etc., of any country
- (1) All Proclamations, treaties, and other acts of State [of any country], and all judgments, decrees, orders, and other judicial proceedings of any Court of justice [in any country], and all affidavits, pleadings, and other legal documents filed or deposited in any such Court, may be proved in any Court in New Zealand or before any person acting judicially, either by examined copies or by copies authenticated in manner following, that is to say:
 - (a) If the document sought to be proved be a Proclamation, treaty, or other act of State, the copy must be sealed with the seal of the [country] to which the original document belongs; and
 - (b) If the document sought to be proved be a judgment, decree, order, or other judicial proceeding of any [] Court, or an affidavit, pleading, or other legal document filed or deposited in any [] Court, the copy must be sealed with the seal of the Court to which the original document belongs, or, in the event of such Court having no seal, must be signed by one of the Judges of the said Court, who shall attach to his signature a statement in writing on the said copy that the Court whereof he is a Judge has no seal.
 - (2) Any copy purporting to be sealed or signed as in this section respectively directed shall be admitted in evidence in every case where the original document could have been so admitted, without any proof of the

seal where a seal is necessary, or of the signature, or of the truth of the statement attached thereto, where such signature and statement are necessary, or of the judicial character of the person appearing to have made such signature and statement.

38 Proclamations, etc., receivable, although not proved by sealed copies

Proclamations, international treaties, Orders in Council, and Gazettes of any country, although not proved in the manner provided by the last preceding section, may nevertheless be received in evidence in any Court and by any person acting judicially if such Court or person considers the same to be authentic.

Public document—

- (a) Includes any of the following documents:
 - (i) a document emanating from an authority or from an official connected with the Courts or tribunals of a State, including a document emanating from a public prosecutor, a clerk of a court, or a process server (“huissier de justice”); and
 - (ii) An administrative document (other than an administrative document dealing directly with commercial or customs operations); and
 - (iii) A notarial act; and
 - (iv) An official certificate which is placed on a document signed by a person in the person's private capacity (for example, an official certificate recording the registration of a document or the fact that the document was in existence on a certain date, or an official or notarial authentication of a signature); but

- (b) Does not include a document executed by a diplomatic or consular agent.]

46 Gazette notice to be evidence of act of State

Where by any Act the Governor-General, or the Governor-General in Council, or a responsible Minister of the Crown in New Zealand, being a member of the Executive Council, [or any other person], is authorised or empowered to do, exercise, or perform any act, power, function, or duty, any Gazette purporting to contain a notice of the doing, exercise, or performance of any such act, power, function, or duty shall be prima facie evidence that the same was lawfully done, exercised, or performed.

47B Proof of entries in banking records of banks

- (1) Subject to this section, a copy of any entry in the banking records of a bank is admissible as prima facie evidence of such entry and of the matters, transactions, and accounts recorded in those records.
- (2) No such copy shall be received in evidence under this section unless it is proved—
 - (a) That the record was, at the time of the making of the entry, one of the ordinary banking records of the bank; and
 - (b) That the entry was made in the usual and ordinary course of banking business; and
 - (c) That the record is in the custody or control of the bank; and
 - (d) Where the record is of information that is not in written form and is recorded or stored by means of a computer or other electronic device or by other means, that the copy has been produced in the usual and ordinary course of producing such copies and is an accurate extract from the information so recorded or stored; and

- (e) Where the record is of information recorded or stored in written form, that the copy has been compared with the original entry or with a copy made in accordance with section 156A(4) of the Reserve Bank of New Zealand Act 1989, as the case may be, and is correct.
- (3) A certificate purporting to be signed by an officer of the bank that the requirements of subsection (2) of this section have been complied with is prima facie evidence that those requirements have been complied with.]

The Reserve Bank of NZ Act 1989:

156A Retention of documents by banks

- (1) For the purposes of this section, bank means—
 - (a) A registered bank:
 - (b) The Reserve Bank of New Zealand:
 - (c) Any other person carrying on in New Zealand the business of banking.
- (2) Subject to this section, every bank—
 - (a) Shall retain, until the expiration of the period specified in subsection (3)(a) of this section, every cheque or bank draft that is drawn on that bank and that is presented to it for payment; and may thereafter destroy it:
 - (b) Shall retain, until the expiration of the period specified in subsection (3) (a) of this section, every bill of exchange or promissory note that is made payable at that bank and that is presented to it for payment; and may thereafter destroy it:
 - (c) Shall retain, until the expiration of the period specified in subsection (3) (b) of this section, every voucher used in connection with account

transactions at a bank or branch of a bank (including every deposit or withdrawal slip); and may thereafter destroy it.

- (3) For the purposes of subsection (2) of this section,—
 - (a) The period applicable in respect of a document to which paragraph (a) or paragraph (b) of that subsection applies shall be,—
 - (i) In the case of a document payable on demand, the period of 7 years beginning with the date of the document; and
 - (ii) In the case of any other document, the period of 7 years beginning with the due date of the document; and
 - (b) The period applicable in respect of a voucher to which paragraph (c) of that subsection applies, shall be the period of 7 years beginning with the date of the transaction to which the voucher relates.
- (4) It is sufficient compliance with the duty to retain imposed by subsection (2) of this section if—
 - (a) A copy of the document has been made by the bank on microfilm, microfiche, tape, disc, electronic or photographic storage media, or other means; and
The copy is able to be reproduced there from in a form that can be produced in evidence under section 47B of the Evidence Act 1908; and
 - (c) The copy is retained by the bank for the same period as the document is required to be retained pursuant to that subsection.
- (5) It is sufficient compliance with the duty to retain imposed by subsection (2) of this section, in the case of a cheque that has been presented for payment in accordance with section 7D(1)(b)(iii) of the Cheques Act 1960, if—

- (a) The paying bank arranges, in accordance with the rules of an inter-bank clearing system (within the meaning of section 7A of that Act), for the retention, on behalf of the paying bank, of the cheque or a copy of it in accordance with subsection (4) of this section; and
 - (b) The paying bank is entitled to obtain possession of the cheque or the copy; and
 - (c) The cheque or copy is retained on behalf of the paying bank for the period specified in subsection (3) (a) of this section.
- (6) No document shall be destroyed pursuant to this section at any time after a demand for the delivery of the document has been made to the bank by the person entitled to it.
- (7) A copy of a document made pursuant to this section is admissible in evidence in legal proceedings to the same extent as the document of which it is a copy would have been admissible.
- (8) This section applies to cheques, drafts, bills, and promissory notes received by a bank and vouchers in the possession of a bank either before or after the coming into operation of this section.]

[156J Penalties for offences

- (1) A person who commits an offence under any of the provisions listed in subsection (2) is liable, on summary conviction,—
- (a) in the case of an individual, to imprisonment for a term not exceeding 3 months or to a fine not exceeding \$50,000; and
 - (b) In the case of a body corporate, to a fine not exceeding \$500,000.

- (2) The provisions are—
- (a) Section 156D (which relates to failing to supply information relating to a payment system):
 - (b) Section 156F (which relates to failing to comply with a requirement for an audit):
 - (c) Section 156G (which relates to disclosure of information supplied in accordance with section 156C):
 - (d) Section 156H (which relates to further disclosure of information).

Bank note or note means any negotiable instrument used or circulated, or intended for use or circulation, as currency:

[Clearing house means a person that provides clearing or settlement services for a payment system]

[Payment system—

- (a) Means a system or arrangement for—
 - (i) The clearing or settlement of payment obligations; or
 - (ii) The processing of payment instructions; and
 - (b) includes any instruments, rules, and procedures that relate to the matters referred to in paragraph (a)] Security has the same meaning as in section 2 of the Securities Act 1978: 2D Meaning of “security”
- (1) In this Act, unless the context otherwise requires, the term security means any interest or right to participate in any capital, assets, earnings, royalties, or other property of any person; and includes—
- (a) An equity security; and
 - (b) A debt security; and
 - (c) A unit in a unit trust; and
 - (d) An interest in a superannuation scheme; and
 - (e) A life insurance policy; and

- (f) Any interest or right that is declared by regulations to be a security for the purposes of this Act; and
 - (g) Any renewal or variation of the terms or conditions of any such interest or right;—
But does not include any such interest or right (other than a security referred to in paragraph (f) of this subsection) that is declared by regulations not to be a security for the purposes of this Act.
- (2) Where the terms of a security require or allow the subscriber to pay separate amounts of money at different times, each such payment shall, for the purposes of this Act, be treated as payment for the same security as each other payment.]

[2B Meaning of “due enquiry”

- (1) For the purposes of this Act, a person who is required to make due enquiry about a matter does not fail to do so if—
- (a) He or she receives information or advice about the matter from another person whom he or she believes on reasonable grounds is reliable and competent; and
 - (b) The information or advice received—
 - (i) Is of the same kind and standard as that which it would be reasonable to expect to be supplied in the ordinary course of management of businesses of the same kind to persons in the same kind of position; and
 - (ii) Does not state or indicate that further information, advice, or investigation is or may be required; and
 - (c) He or she has no reason to believe that the information or advice is or may be incorrect.

- (2) Nothing in subsection (1) of this section limits the ways in which a person may make due enquiry about a matter.]

[receive, in relation to a document, information, or other matter, includes receive by any form of electronic or other means of communication in a manner that enables the recipient to readily store the document, information, or other matter in a permanent form and, with or without the aid of any equipment, to retrieve and read it:]

[[issuer means,—

- (a) In relation to an equity security or a debt security, or to an advertisement, investment statement, prospectus, or registered prospectus that relates to an equity security or a debt security, or to a trust deed that relates to a debt security, the person on whose behalf any money paid in consideration of the allotment of the security is received:
- (b) In relation to a participatory security, or to an advertisement, investment statement, prospectus, or registered prospectus, or to a deed of participation that relates to a participatory security, the manager:
- (c) In relation to an interest in a contributory mortgage offered by a contributory mortgage broker, or to an advertisement that relates to such an interest, the contributory mortgage broker:
- (d) In relation to a unit in a unit trust, or to an advertisement, investment statement, prospectus, or registered prospectus that relates to such a unit, the manager:
- (e) In relation to a life insurance policy, or to an advertisement, investment statement, prospectus,

or registered prospectus that relates to a life insurance policy, the life insurance company that is liable under the policy:

- (f) In relation to an interest in a superannuation scheme, or to an advertisement, investment statement, prospectus, or registered prospectus that relates to such an interest, the superannuation trustee of the scheme:]]

3 Interpretation of provisions relating to false or misleading information

For the purposes of this Act, a reference to information or data that is false or misleading includes a reference to information or data that is false or misleading by reason of—

- (a) The form or context in which it is published or supplied; or
- (b) The omission of any other information that is material in the form and context in which it is published or supplied.

- (3) Without limiting any other provision of this Act, the Bank shall have the rights, powers, and privileges of a natural person.

25 Issue of Currency by Bank

- (1) The Bank shall have the sole right to issue bank notes and coins in New Zealand.
- (2) The Bank shall determine the denominations, form, design, content, weight, and composition of its bank notes and coins.
- (3) Every bank note issued by the Bank before the commencement of this Act, and every coin issued by the Minister under the Decimal Currency Act 1964 or under the Coinage Act 1933 by virtue of the Decimal

Currency Act 1964, which is legal tender at the commencement of this Act shall be deemed for all purposes to have been made or issued under this Act.

27 Legal tender

- (1) Every bank note issued, or deemed to be issued, under this Act shall be a legal tender for the amount expressed in the note.
- (2) A tender of payment of money, to the extent that it is made in coins issued, or deemed to be issued, under this Act, shall be a legal tender,—
 - (a) In the case of coins of a denomination of \$10 or more, for the payment of any amount:
 - (b) In the case of coins of a denomination of \$1 or more but less than \$10, for the payment of any amount not exceeding \$100:
 - (c) In the case of coins of the denomination of 5 cents or more, but less than \$1, for the payment of an amount not exceeding \$5:
 - (d) In the case of any coins of the denomination of less than 5 cents, for the payment of an amount not exceeding 20 cents.
- (3) The references to coins and bank notes in subsections (1) and (2) of this section do not include references to coins and bank notes that have been called in.\

35 Securities registry services

- (1) The Bank may provide securities registry services for any person including services in connection with—
 - (a) The issue, registration, exchange, transfer, or replacement of securities:
 - (b) The calling and acceptance of tenders for securities:
 - (c) The making or receiving of payment in respect of any security.

- (2) Securities registry services may be provided for such remuneration, and on such terms and conditions, as may be agreed by the Bank and the person for whom they are provided.

Financial institution means any person including a body of persons whether incorporated or not, who carries on the business of borrowing and lending money, or providing financial services, or both, and without limiting the generality of the foregoing includes—

- (a) a life insurance company, being a company as defined in section 2 of the Life Insurance Act 1908; and includes any branch, division, or office of that company; and
- (b) A building society as defined in section 2 of the Building Societies Act 1965; and
- (c) A registered bank; and
- (d) a specified person or class of persons (including a body or bodies of persons, whether incorporated or not) engaged in the business of borrowing and lending money, or providing financial services, or both, who is or are declared by the Governor-General, by Order in Council, to be a financial institution or institutions for the purposes of this Act

[66H limits on further disclosure of information or documents published or disclosed under section 66G

- (1) A person to whom any information or documents are published or disclosed under section 66G must not publish, disclose, or use that information or those documents unless the publication, disclosure, or use is,—
 - (a) In the case of a publication or disclosure under section 66G (2) (a), in accordance with the terms

and conditions of the consent referred to in that paragraph:

- (b) In the case of a publication or disclosure under section 66G (2) (c),—
 - (i) For the purposes of, or in connection with, the exercise of powers conferred by this Part; and
 - (ii) In accordance with any conditions that the Bank may have imposed:
 - (c) In the case of a publication or disclosure under section 66G (2) (f),—
 - (i) Authorised by the Bank and in accordance with any conditions that the Bank may have imposed; or
 - (ii) Necessary or desirable for the performance of any function or exercise of any power conferred by any enactment.
- (2) A person commits an offence if the person contravenes this section.
- (3) the penalty for an offence against this section is set out in section 66M.]

90 Civil liability

Subject to section 91 of this Act, the following persons are liable to pay compensation to any person who sustains a loss by reason of subscribing for any debt security issued by a registered bank in reliance on false or misleading information contained in a disclosure statement, namely,—

- (a) the registered bank; and
- (b) Every person holding office as a director of the registered bank at the time of the publication of the disclosure statement; and
- (c) The New Zealand chief executive officer of an overseas incorporated registered bank at the time of the publication of the disclosure statement.

WHAT TO KNOW ABOUT BNZ

Did you know:

- 1) That the BNZ did not and could not loan you real hard cash money?
- 2) That by the laws of New Zealand, the bank cannot use someone else 'Savings/ Deposits' funds to give to you for financing your Mortgage?
- 3) That the documents you signed created the money for the loan and that the BNZ did have nothing to give prior you signing the mortgage documents?
- 4) That the BNZ securitised your mortgage contract in the bond market with many other contracts?
- 5) That the BNZ securitised 1.62 Billion New Dollars of your and other customer's assets this year without telling you or anyone else?
- 6) That BNZ uses AXA to securities and sell you mortgage contracts into the Bond market?
- 7) That BNZ earns a separate income and other benefits from selling your mortgage documents and not giving you one dollar of these profits?
- 8) That your documents/promissory note are your assets and the BNZ makes you believe it is theirs and calls it a loan?
- 9) That the so called 'loan' is no loan, but an exchange: your asset against a credit facility?
- 10) That after having paid off all instalments, you have a right to get your asset back, which created the loan facility?
- 11) That and much more. Please read on.

BANK SECRET 1

(A) What the Bank does not tell you:

1. The whole truth is NOT revealed to the borrower.
2. The bank or other lending institution does NOT disclose to you that your promissory note is actually an asset to the bank - which they deposit and then securitize in the Bond Market.
3. The bank does not let you know that a promissory note is actually a "negotiable instrument" under the Uniform Commercial Code, and that it will be deposited to fund your loan.
4. Nor do you learn that the bank has a liability to you of approximately the amount of the loan. (The bank owes you by their own bookkeeping entries!)
5. The bank does NOT tell you that you factually provided the actual cash value for your own loan!
6. The banker says; repay the loan because the bank lent you money.

(B) Simply ask yourself this one question:

1. Should the one who funded the loan be repaid the money?
2. Whether they answer YES or NO, the bank must forgive the loan and zero out the debt.
3. That is the one question that they do not want to answer because the borrower funded the loan as proven by the bank's own bookkeeping entries.
4. Thus, the bank only appears to be lending you anything.
5. That's right: banks and lending institutions only appear to lend money.

(C) The "money creation" process is hard to see when it's right there in our face:

Money is created on a local level through the banks and other lending institutions.

1. The value is first provided to the bank;
2. The bank deposits the asset, and
3. The asset you provided is used as the value to fund the "loan" to you.

(D) So how does the bank loan actually work?

1. You want a loan for your home.
2. The bank advertises that they loan money.
3. You "apply" for a "loan."
4. They put you through the ringer and make you glad and relieved that you were able to be approved for a loan. (You know, like they are doing you a really big favour.)
5. They have you sign a promissory note.

And here's the part you're never supposed to know

1. Since your promissory note can be sold for money, it's an asset.
2. The bank deposits the asset into an account for approximately the amount of the note.

3. The bank cuts you a check from the deposit you never knew about (or transfers the money to those who should be receiving it).

And you think you owe money back on a loan, when in fact all that was made was an exchange.

(E) Now Lets Look at That:

"If the promissory note is an asset, what funded the bank's ownership of the note?"

Answer: They still don't really own it.

They made an exchange - Your promissory note (asset to the bank) was exchanged for approximately the amount of the loan.

1. You gave the bank an asset worth i.e. \$100,000 and the bank returned \$100,000 to you.
2. As an honest, ethical person who believes that all loans should be repaid, do you agree that the bank should repay your loan to them? After all, they deposited your promissory note.
3. Your promissory note is an asset that they exchanged for a check.
4. Where's the loan? Factually, there isn't one. And since all lenders should be repaid, shouldn't the bank repay your loan to them? If so, you wouldn't have the "debt" and would live better.

When you deposit money in your checking account, does the bank now owe you that money when you want it? Yes.

The bank has a new asset, the \$100 you deposited into your checking account. The bank also has a new matching liability that says the bank owes you \$100.
Assets = Liabilities.

The bookkeeping entries are nearly identical for a deposit into your checking account and for a new loan. By lending, The banks now have more assets and liabilities. If you were to lend me \$500, your "pool of money" would be smaller.

When a bank "loans" money, their "pool of money" increases.

(F) Quick Summary behind How a Bank Loan Works:

Money is created today by "lending," so all money today is born as "debt money."

The person who wants a loan must provide to the bank something that he or she doesn't know is valuable, called a promissory note. The promissory note is a bank asset, and that asset is deposited into a demand deposit type of account.

The asset deposited is what provides the bank the value to be able to "lend" to you and others.

The bank exchanges value for value, just like the Reserve Bank of New Zealand and our Government, then lies about it and calls it a loan. You and millions of others believe you have a debt.

This has the similar economic effect of counterfeiting, swindling and stealing.

Is it more difficult to create money with "creative bookkeeping," by depositing your promissory note and not telling you?

Or is it more difficult to mine the gold and silver to mint the money?

Mining is difficult and expensive. Bookkeeping entries cost virtually nothing.

Take a look at the definition of "Bank" in the 4th Edition of Black's Law Dictionary:

"An institution, of great value in the commercial world, empowered to receive deposits of money, to make loans, And to issue its promissory notes (designed to circulate as money, and commonly called 'bank notes' or 'bank-bills,') Or to perform any one or more of these functions."

If a promissory note is designed to circulate as money, like money it can be deposited into a checking account, can't it?

You bet. That was never disclosed in the bank loan agreement, was it? No.

See, if gold and silver coin were the money, the current banking system could not exist. Our founding fathers knew that.

Since the promissory note is a negotiable instrument, per the Uniform Commercial Code, at what point did the bank "own" the promissory note? A note is an IOU. It says "I owe you \$X, which is to be repaid on this or that date, or through payments."

Did you give the bank permission to turn your "promise to pay" into money?

Probably not.

By the bank altering the note and turning it into a negotiable instrument, they changed the cost and the risk to you and them.

Before they deposit the note into a checking account, you thought the agreement was that they were going to loan you money.

They were the ones at risk. It's your duty to pay them.

When the bank deposited the note, the entire cost of the loan was funded by you, and you're now supposed to pay them?

That's not what you agreed to, is it? Because of this banking system, you are in "debt" with "money" that you provided the value for.

BANK SECRET 2

The Great Banking Deception
[Author Unknown]

Have you been cheated?

In order for any contract to be valid, there must be 'full disclosure', 'good faith', 'valuable consideration', and 'clean hands'. Here is what the banks advertise: "Come to our bank. We have money to loan you". Is this really what happens?

Did you really get a loan when you contracted to borrow money from the bank to pay for your home? Or was it just an exchange (your note for cash), but the bank called it a loan? Or did two loans occur?

When you entered into a loan contract with a bank, you signed a note or contract promising to pay the bank back, and you agreed to provide collateral that the bank could seize if you did not repay the loan. This contract supposedly qualified you to receive the bank's money. But did the bank provide 'full disclosure' of all of the terms of this agreement? Read the following and decide for yourself if the bank was acting in 'good faith', that you received 'valuable consideration', and that your 'signature' on that agreement is valid.

Bankers want you to believe that depositors deposit money at banks, banks lend the money to borrowers and the borrowers repay the money and the money is returned to the depositors who funded the loan. If you think this is how New Zealand banking works, you have been lied to and deceived.

The fact is the economics of today's banking system is similar to stealing, counterfeiting and swindling and that is why the bankers cannot explain the loan details or answer specific questions. Bankers are terrified that the details might be exposed in public court.

The banker's own publications admit and the bank's bookkeeping entries prove that when the banks lend money, the bankers create new money with the economics similar to counterfeiting.

If a counterfeiter counterfeits money and lends it to you, do you have any moral or legal obligation to repay the loan?
NO.

The law says counterfeiting is illegal and that you do not have to repay the counterfeiter.

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

Bankers are too smart to counterfeit cash and go to jail. They are money masters and use another method to create new money with the economics similar to counterfeiting without going to jail. The secret involves two kinds of money. Legal tender- cash- money and non legal tender-money like checks and credit cards. The banks own publication claims that money does not have to be issued by the government or be in any special form. According to the bank's manual, money is anything that can be sold for cash and that the banks accept as money.

The loan agreement you sign is sold to investors wanting interest. If you do not pay the interest, they foreclose and collect the money. The loan agreement can be sold for cash and the bankers use the loan like non-legal tender money. If you exchange \$100 of cash for a \$100 check the bankers acted like a moneychanger and lent you none of the bank's money. If the bank uses your \$100,000 loan agreement like money to fund a check like cash funds a check, the banker acted like a moneychanger without the bank using or risking one cent of their money to purchase your loan agreement.

The banker got your loan agreement for free, which has the economics similar to stealing. The banker created \$100,000 of new money, which has the economics similar to counterfeiting. Would you agree to have the banker steal your \$100,000 loan agreement and use it to create \$100,000 of new money and return the value of the stolen property to you as a loan? Did you agree to be swindled?

The banker knows you would never knowingly be this stupid and that is why he cannot disclose the whole truth in court. The bookkeeping entries prove that the borrower's loan agreement funded the loan to the borrower. The bookkeeping entries prove that the banker merely acted like a moneychanger exchanging one kind of currency for another kind of currency and charging you as if there were a loan. If you funded the loan to yourself, why are you paying the banker back the principle and interest?

Bankers understand the difference between money and wealth. Money buys things. If you could counterfeit money, you could buy the whole world and control Congress. Wealth is anything that you can sell. You can sell real estate, cars, gold, silver and people sell their 40 hours a week for a payroll check. Yes, labour produces wealth. Labour produces gas for your car, food to eat and homes, cars and roads. The banker knows that if everyone stopped working, stayed home and counterfeited money, everyone would starve to death, and no one would have gas for their cars or food to eat. When bankers create new money and lend it to you, you must work for the banker for free to repay the loan or he forecloses and gets your home for free.

The money creator gets more of your wealth for free using a suit and tie than a gunman does pointing a gun to your head.

The banker says; repay the loan because the bank lent you money. We simply ask one question: Should the one who funded the loan be repaid the money? Whether they answer YES or NO, the bank must forgive the loan and zero out the debt. That is the one question that they do not want to answer because the borrower funded the loan as proven by the bank's own bookkeeping entries.

We are not calling the bankers criminals. We are showing you how intelligent, creative and genius the bankers are in developing this secret.

One of the biggest bankers in America told us that the banker's money controls who is elected into Congress, the President and judges. He even boasted how the Banker's loan money and advertising money controls all major media to keep it a secret. He explained how lawyers, judges, CPAs, politicians profit from the bankers by keeping this system going and keeping it secret. You lose and they benefit by understanding this secret.

Henry Ford: (Founder of Ford Motor Company) "It is well enough that the people of this nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning".

This secret banking allows bankers to create economic booms and busts, makes the stock market go up and down as they increase and decrease the money supply. You lose in investments as those who understand the secret transfer your investment money into their pocket. You lose, they win.

FORM vs. SUBSTANCE

Before the lawyer can sue for foreclosure, he must show that the defending party (you) breached the agreement. The lawyer needs a witness to give testimony that there is an agreement and that the agreement has been breached.

If Rich (as an example) testifies in court that there was a loan when he knew that there was only an exchange of

equal value, Rich would be giving false testimony and would be called a false witness.

In a normal court foreclosure, the lender does not come to court to give testimony. The bank lawyer uses the alleged promissory note with the alleged borrower's signature as the witness in court to claim that there is an agreement, that there was a loan, that the lender fulfilled his agreement, and that the alleged borrower did not fulfil the agreement to repay the money. Instead of the lawyer using Rich to give oral testimony, the lawyer used the promissory note as the witness as the evidence to sue the alleged borrower.

There is a legal concept of form vs. substance. The form is the promissory note, which says that the lender lent money to the alleged borrower. The substance is the money trail - the bookkeeping entries. The substance shows that there were two loans exchanged - equal value for equal value. The borrower was required to repay his loan to the bank plus interest, but the bank never repaid the debt it owes to you. IOU was exchanged for IOU. The two newly created IOUs cancel each other.

The Substance - the true transaction - shows that the borrower was the lender to the bank. Then the bank repaid the loan from the borrower to the bank. The form - the alleged bank loan agreement - shows the opposite.

Example: You sign a paper that says you were lent \$10,000, but no one lent you one cent to obtain the promissory note. A thief stole \$10,000 worth of diamonds and returned the cash to you as a loan. The form says that there was a loan; your signature also says that there was a loan. The true transaction, though, proves that there was no loan. The

substance-money trail and the bookkeeping entries-proves that someone took something of value worth \$10,000 from you, exchanged it for a different asset of equal value and returned your \$10,000 to you as a loan that you now have to pay off with interest. The lawyer sues you, claiming that your signature proves that you received the loan. You hire an expert witness to prove that there was no loan, that the substance of the transaction was an exchange, and that you were charged as if it were a loan.

Economically speaking, what is the difference if a stranger received your \$10,000 worth of diamonds for free, or if he got a \$10,000 lien on your property for free, or if he received \$10,000 of your future payroll checks for free? The substance of the transaction is the transferral of \$10,000 of property from you to the stranger for free. The transfer of wealth is precisely how bankers obtain liens on the nation's homes, cars, farms, and businesses for free. If a robber were to use a gun to transfer your wealth, you would place him in prison. If a banker does the same thing by using "form," a lawyer, a judge, and a sheriff, you think it is legal.

Does the lawyer use the promissory note just like a witness to give false testimony in court, claiming that the lender lent money, cash or cash equivalent to the alleged borrower? The lawyer could be disbarred for bringing fraud into the court. The substance was an exchange of value for value. If the form and the substance disagree, one must rely on the substance over the form because substance always wins over form.

Example: You give Rich \$100 for five boxes of toys. Rich says, "Here are the five boxes. Sign this paper that says you received the boxes." You sign. Rich refuses to hand over the

five boxes and claims that the form - the paper you just signed - says that you received the boxes. You would tell the judge that you acted in good faith by signing because you were told that you would receive the five boxes standing in front of you. After you had signed, Rich refused to let you have the boxes. The form - the paper-says that you received the boxes, but the substance - the true transaction-clearly shows you never received what you had bargained for. If the lawyer uses the form (paper) in court to claim that you received the boxes when, in fact, he knew that you had never received them, the lawyer brought fraud on the court to sue you. The form - the paper - would be a false witness against you.

Is the promissory note used as a false witness? The promissory note has the borrower's signature agreeing that the lender lent the borrower money.

The lawyer wants only the form - the promissory note with your signature- as a witness in court. You want the true substance - the true transaction - and the whole truth and nothing but the truth. Some lawyer's object to allowing the bookkeeping entries entered into court as evidence. The lawyer must rely on the form and stop the substance.

Extortion occurs when the court does not allow information into court for one's defense.

Few people disagree that the one who provided the original funds to fund the bank loan check should be repaid the money. Few argue that we should have equal protection and full disclosure. The lender concealed the true substance in the agreement.

If a banker received \$10,000 of capital from Joe and deposits the funds into a checking account, should the bank return the \$10,000 to Joe? If all bankers agree that the answer is "yes," then all bank loans in America should be cancelled tomorrow.

If the bank received \$10,000 from Joe and lent the same \$10,000 to Joe, should the bank return the \$10,000 to Joe? The foreclosure lawyer must argue that the bank should not return the \$10,000 to Joe. Joe believed that the alleged borrower should repay the lender, and the lender should repay the one who funded the bank loan check. The foreclosure lawyer must argue that the parties agreed to the terms and the one who funded the loan should never be repaid the money. How could the judge rule in favour of the bank, claiming that the one who funded the loan should never be repaid the money?

Want proof that this is real? Ask yourself the following questions:

1. Were you told that there is no law that allows the BNZ to lend their own money from their own assets, or from other depositors? Did the bank tell you where the money for the loan was coming from?
2. Were you told that the contract you signed (your promissory note) was going to be converted into a 'negotiable instrument' by the bank and become an asset on the bank's accounting books? Did the bank tell you that your signature on that note made it 'money', according to the Uniform Commercial Code (UCC), sections 1-201(24) and 3-104 and that your promissory note was to be sold into the Bond market to earn

generation fee income for the Bank including other benefits?

3. Were you told that your promissory note (money) would be taken, recorded as an asset of the bank, and be sold by the bank for cash - without 'valuable consideration' given to obtain your note? Did the bank give you a deposit slip as a receipt for the money you gave them, just as the bank would normally provide when you make a deposit to the bank?

4. Were you told that the bank would create an account at the bank that would contain this money that you gave them?

5. Were you told that a check from this account would be issued with your signature, and that this account would be the source of the funds behind the check that was given to you as a "loan"?

If you answered "No" to any of these questions, YOU HAVE BEEN CHEATED! How does that make you feel?

It is now up to you to demand your deposit back and to challenge the validity of your "signature" on any alleged bank "loan" agreement or check. Since the banks and other lending institutions cannot allow "full disclosure" of your "loan" agreement and cannot answer your challenges about it, their silence is your key, along with important steps that we can show you step-by-step, to get your deposit back and "payoff" their alleged "loan" to you.

Tuesday, 09 April 2002
By Grant Hill

SECURITISATION

Securitization is a financing technique that allows Banks to separate credit origination and funding activities. The Bank creates a pool of financial assets, such as mortgage loans, and then sells these assets to a specially created investment vehicle that issues bonds backed by those financial assets. These are asset-backed securities.

The Reserve Bank of New Zealand - Securitisation
Reserve Bank Bulletin, Vol 60 No. 1, 1997 – p.18-21 by
Margaret Griffin

- (1) “The first stage of the process” is the selection of a homogeneous pool of loans, e.g., credit card receivables or residential mortgages. It is essential that the pool contains a large number of loans and that the loans are as similar to each other as possible. Banks can securitize their own loans, or they may securitize

- loans purchased from a third party, in which case the third party would be the originator rather than the bank;
- (2) “Sale to a special purpose vehicle”
The pool of loans is sold to a special purpose vehicle which is usually either a trust or a company;
 - (3) “Issuing of securities”
The special purpose vehicle (SPV – i.e. a Superannuation Fund, Bank, Trust, or other Company) issues securities to fund the purchase of the loans from the bank. The securities are structured so that interest and principal payments are supported by cash flows from the underlying pool of loans.” This means that the Mortgagor finances a securitization process of his asset that he is not aware of;
 - (4) “Servicing of loans”
Someone will be appointed to service the loans in return for a fee. This involves administration of the loans including the collection of interest and principal payments from the borrowers and the instigation of action to realize security where necessary. In most cases the bank which originated the loans will carry out the servicing role. This means that the customer’s relationship with the originating bank remains undisturbed and customers will be unaware that their loans have been securitised;
 - (5) “Freeing up of capital and improvement in return on capital”
Securitisation removes assets from the originating bank’s balance sheet so it frees up capital for other uses. It should also improve the return on capital as the bank will continue to earn fee income on the securitised assets;

- (6) “Generation of fee income” - By securitising its assets but retaining responsibility for servicing them, a bank can earn fee income.”

Mortgage funds to suit all investor profiles

Offering two mortgage funds structured to meet different investor needs and marginal tax rates were the primary reason behind the launch of the BNZ Mortgage Distribution Fund.

The fund is promoted side-by-side with the existing BNZ Mortgage Investment Fund.

Regardless of an investor's objective, whether it is to earn extra income or save for a specific goal, or whether their marginal tax rate is 19.5%, 33% or 39%, one of the BNZ mortgage funds will ideally meet their requirements.

This is unique in New Zealand as other fund managers promoting mortgage funds do not cater for the full range of mortgage fund investors' needs.

The new BNZ Mortgage Distribution Fund is a group investment fund and distributes income on a quarterly basis. This structure is ideal for investors seeking competitive income from their investment. It is also ideal for investors on a marginal tax rate of 19.5% as income distributions are taxed at their marginal tax rate - much the same as a bank term deposit.

Many retirees fit into both these categories. For investors saving for a specific goal who are on a tax rate of 19.5% they can reinvest the quarterly income to buy more units thereby increasing the value of their investment.

The BNZ Mortgage Investment Fund is a unit trust and as such income is taxed at 33% within the fund. The fund accumulates all income and returns are reflected by daily increases in the unit price.

This structure is ideal for investors who are on a marginal tax rate of 33% or 39% and are saving or investing for a specific goal.

Because the fund does not distribute income, investors on a 39% rate tax enjoy a 6% tax cushion on returns.

The following shows the decision making process investors should go through when deciding between the two funds.

Investors can enjoy higher returns without too much additional risk. As the BNZ Mortgage Investment Fund now obtains its exposure to mortgages by buying units in the BNZ Mortgage Distribution Fund, this effectively means only one pool of mortgage assets is managed.

Diversification is a key method of minimising risk and this is achieved by approximately 1,300 individual mortgages making up the assets.

Very strict lending and credit criteria are applied to all mortgage lending and the focus is primarily on lending to the lower risk residential mortgage sector.

New Zealanders are inherently risk adverse by nature with \$47 billion invested in term deposit and cash investments.

Mortgage funds are an ideal alternative for a large number of these investors and with only \$2.5 billion currently invested

in mortgage funds the current strong inflows into this sector look set to continue.

Securitisation

The Banking Group has not securitised any of its own assets. The Banking Group has arranged the securitisation of certain customers assets and provides banking services to customers securitisation vehicles. The Bank services unrelated securitisation arrangements and second's staff to entities which market and service securitisation activities. It provides interest rate derivatives to securitisation arrangements and leases premises to an unrelated securitisation vehicle. All transactions have taken place on arms length terms and conditions.

The Banking Groups involvement in securitisation activities are subject to internal credit, compliance and legal approval processes to ensure that any difficulties arising from the securitisation activities do not impact adversely on the Banking Group, beyond that which is normal for arms length commercial relationships.

As at 30 June 2006, securitisation schemes in which the Banking Group has been involved to the extent detailed above amounted to \$1,622 million (30 June 2005: \$581 million; 30 September 2005: \$577 million).

Directors Statement

The Directors of Bank of New Zealand state that each Director of the Bank believes, after due enquiry, that:

1. as at the date on which the Short Form Disclosure Statement is signed:

- a) The Short Form Disclosure Statement contains all the Information that is required by the Registered Bank Disclosure Statement (Off-Quarter New Zealand Incorporated Registered Banks) Order 2005; and
 - b) The Short Form Disclosure Statement is not false or misleading; and
2. During the nine months ended 30 June 2006:
- a) The Bank has complied with its Conditions of Registration applicable during that period;
 - b) Credit exposures to connected persons (refer to note 22 on page 23) were not contrary to the interests of the Banking Group; and
 - c) The Bank had systems in place to monitor and control adequately the Banking Groups material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other business risks, and that those systems were being properly applied.

This Short Form Disclosure Statement is dated at Auckland
This 10th day of August 2006 and signed by Messrs.
McDonald and Thodey as Directors and as
responsible persons on behalf of all the other Directors.

T K McDonald
Chairman

P L Thodey
Managing Director

**DIRECTORS FACE THREE YEARS JAIL TERM FOR
FALSE INFORMATION**

Lying behind these disclosure requirements is an internal governance discipline whereby directors of banks must attest to the accuracy of the information in the quarterly disclosure statements, to the fact that their banks have satisfactory risk management policies and to the fact that these are being properly applied.

Directors potentially face serious criminal and civil penalties (including a three year jail term, fines and personal liability for depositors' losses) where a disclosure statement is found to be false or misleading.

These requirements are aimed at ensuring that information about the risks which may arise from banks' involvement in securitisation are made available to customers and potential customers, and that the risks associated with the management of complex activities like securitisation get the attention of those best equipped to do that job - namely directors and management.

More detail on the specific disclosures that are required to be made can be found in the Registered Bank Disclosure Orders in Council which were issued in the New Zealand Gazette in November 1995.

IMPORTANT:

- 1) According to the Reserve Bank, the BNZ has a statutory duty to inform their home mortgage customers that their promissory notes/assets have been securitised! Clearly the BNZ failed to do that.
- 2) Also the word 'certain' customer's assets in the General short Form Disclosure Statement is very misleading, because it does not identify who is affected by the

action of the BNZ having securitized their assets. The penalty for misleading is 3 years jail for the directors of BNZ.

Customer Charter - BNZ

Our commitment to you

At Bank of New Zealand, we do all we can to help you fulfil your financial aspirations.

We are committed to providing you with quality financial products and services that meet your needs.

Excellent customer relationships are the result of working together as a team to deliver great outcomes for you, the customer, by:

- Actively listening to your views
- developing trust through open and simple communication
- ensuring ease and efficiency when you deal with us
- delivering on our promises

Principles and Behaviours

Our core beliefs and values are based on the following principles:

We will be open and honest

We take ownership and hold ourselves accountable (for all of our actions)

We treat everyone with fairness and respect

We tell it like it is (no spin)

We speak up and we are open to other points of view

We take ownership and hold ourselves accountable (for all of our actions)

We acknowledge our mistakes and if we get it wrong, we will put it right

We all take responsibility for the way that customers experience the organisation

We consider the economic, social and environmental impacts of all our decisions

IMPORTANT:

BNZ Customer Charter signed by Peter Thodey (MD) including the NAB Charter is both misleading and deceptive in their promises and commitments "we will fully disclose all terms and conditions what the benefits are for you, and clearly state our obligations to you"

The BNZ is taking pecuniary advantage of their trusting customers.

12. According to the Federal Reserve Bank of New York, money is anything that has value that banks and people accept as money; money does not have to be issued by the government. For example, David H. Friedman, I BET YOU THOUGHT. . . . 9, Federal Reserve Bank of New York (4th ed. 1984)(apparently already introduced into this case), explains that banks create new money by depositing IOUs, promissory notes, offset by bank liabilities called checking account balances. Page 5 says, "Money doesn't have to be intrinsically valuable, be issued by government, or be in any special form. . . "
13. The publication, Anne Marie L. Gonczy, MODERN MONEY MECHANICS 7-33, Federal Reserve Bank of Chicago (rev. ed. June 1992)(apparently already

introduced into this case), contains standard bookkeeping entries demonstrating that money ordinarily is recorded as a bank asset, while a bank liability is evidence of money that a bank owes. The bookkeeping entries tend to prove that banks accept cash, checks, drafts, and promissory notes/credit agreements (assets) as money deposited to create credit or cheque book money that are bank liabilities, which shows that, absent any right of setoff, banks owe money to persons who deposit money.. Cash (money of exchange) is money, and credit or promissory notes (money of account) become money when banks deposit promissory notes with the intent of treating them like deposits of cash. See, 12 U.S.C. Section 1813 (l)(1) (definition of "deposit" under Federal Deposit Insurance Act). The Plaintiff acts in the capacity of a lending or banking institution, and the newly issued credit or money is similar or equivalent to a promissory note, which may be treated as a deposit of money when received by the lending bank.. Federal Reserve Bank of Dallas publication MONEY AND BANKING, page 11, explains that when banks grant loans, they create new money. The new money is created because a new "loan becomes a deposit, just like a pay check does." MODERN MONEY MECHANICS, page 6, says, "What they [banks] do when they make loans is to accept promissory notes in exchange for credits to the borrowers' transaction accounts." The next sentence on the same page explains that the banks' assets and liabilities increase by the amount of the loans.

COMMENTARY AND SUMMARY OF ARGUMENT

14. Plaintiff apparently accepted the Defendants' Note and credit application (money of account) in exchange for its

own credit (also money of account) and deposited that credit into an account with the Defendants' names on the account, as well as apparently issuing its own credit for \$95,905.16 to Michigan National Bank for the account of the Defendants. One reasonably might argue that the Plaintiff recorded the Note or credit application as a loan (money of account) from the Defendants to the Plaintiff and that the Plaintiff then became the borrower of an equivalent amount of money of account from the Defendants.

15. The Plaintiff in fact never lent any of its own pre-existing money, credit, or assets as consideration to purchase the Note or credit agreement from the Defendants. (Robertson Notes: I add that when the bank does the forgoing, then in that event, there is an utter failure of consideration for the "loan contract".) When the Plaintiff deposited the Defendants' \$400,000 of newly issued credit into an account, the Plaintiff created from \$360,000 to \$400,000 of new money (the nominal principal amount less up to ten percent or \$40,000 of reserves that the Federal Reserve would require against a demand deposit of this size). The Plaintiff received \$400,000 of credit or money of account from the Defendants as an asset. GAAP ordinarily would require that the Plaintiff record a liability account, crediting the Defendants' deposit account, showing that the Plaintiff owes \$400,000 of money to the Defendants, just as if the Defendants were to deposit cash or a payroll check into their account.
16. The following appears to be a disputed fact in this case about which I have insufficient information on which to form a conclusion: I infer that it is alleged that Plaintiff refused to lend the Defendants Plaintiff's own money or

assets and recorded a \$400,000 loan from the Defendants to the Plaintiff, which arguably was a \$400,000 deposit of money of account by the Defendants, and then when the Plaintiff repaid the Defendants by paying its own credit (money of account) in the amount of \$400,000 to third-party sellers of goods and services for the account of Defendants, the Defendants were repaid their loan to Plaintiff, and the transaction was complete.

17. I do not have sufficient knowledge of the facts in this case to form a conclusion on the following disputed points: None of the following material facts are disclosed in the credit application or Note or were advertised by Plaintiff to prove that the Defendants are the true lenders and the Plaintiff is the true borrower. The Plaintiff is trying to use the credit application form or the Note to persuade and deceive the Defendants into believing that the opposite occurred and that the Defendants were the borrower and not the lender. The following point is undisputed: The Defendants' loan of their credit to Plaintiff, when issued and paid from their deposit or credit account at Plaintiff, became money in the Federal Reserve System (subject to a reduction of up to ten percent for reserve requirements) as the newly issued credit was paid pursuant to written orders, including checks and wire transfers, to sellers of goods and services for the account of Defendants.

CONCLUSION

18. Based on the foregoing, Plaintiff is using the Defendant's Note for its own purposes, and it remains to be proven whether Plaintiff has incurred any financial loss or actual damages (I do not have sufficient

information to form a conclusion on this point). In any case, the inclusion of the "lawful money" language in the repayment clause of the Note is confusing at best and in fact may be misleading in the context described above.

AFFIRMATION

19. I hereby affirm that I prepared and have read this Affidavit and that I believe the foregoing statements in this Affidavit to be true. I hereby further affirm that the basis of these beliefs is either my own direct knowledge of the legal principles and historical facts involved and with respect to which I hold myself out as an expert or statements made or documents provided to me by third parties whose veracity I reasonably assumed.

Further the Affiant sayeth naught.
At Chagrin Falls, Ohio

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

3. Banks are required to adhere to Generally Accepted Accounting Principles (GAAP). GAAP follows an accounting convention that lies at the heart of the double-entry bookkeeping system called the Matching Principle. This principle works as follows: When a bank accepts bullion, coin, currency, checks, drafts, promissory notes, or any other similar instruments (hereinafter "instruments") from customers and deposits or records the instruments as assets, it must record

offsetting liabilities that match the assets that it accepted from customers. The liabilities represent the amounts that the bank owes the customers, funds accepted from customers. In a fractional reserve banking system like the United States banking system, most of the funds advanced to borrowers (assets of the banks) are created by the banks themselves and are not merely transferred from one set of depositors to another set of borrowers.

RELEVANCE OF SUBTLE DISTINCTIONS ABOUT TYPES OF MONEY

4. From my study of historical and economic writings on the subject, I conclude that a common misconception about the nature of money unfortunately has been perpetuated in the U.S. monetary and banking systems, especially since the 1930s. In classical economic theory, once economic exchange has moved beyond the barter stage, there are two types of money: money of exchange and money of account.. For nearly 300 years in both Europe and the United States, confusion about the distinctiveness of these two concepts has led to persistent attempts to treat money of account as the equivalent of money of exchange. In reality, especially in a fractional reserve banking system, a comparatively small amount of money of exchange (e.g., gold, silver, and official currency notes) may support a vastly larger quantity of business transactions denominated in money of account. The sum of these transactions is the sum of credit extensions in the economy. With the exception of customary stores of value like gold and silver, the monetary base of the economy largely consists of credit instruments. Against this background, I conclude that the Note, despite some language about

"lawful money" explained below, clearly contemplates both disbursement of funds and eventual repayment or settlement in money of account (that is, money of exchange would be welcome but is not required to repay or settle the Note). The factual basis of this conclusion is the reference in the Disbursement Request and Authorization to repayment of \$95,905.16 to Michigan National Bank from the proceeds of the Note. That was an exchange of the credit of Bank One (Plaintiff) for credit apparently and previously extended to Defendants by Michigan National Bank. Also, there is no reason to believe that Plaintiff would refuse a substitution of the credit of another bank or banker as complete payment of the Defendants' repayment obligation under the Note. This is a case about exchanges of money of account (credit), not about exchanges of money of exchange (lawful money or even legal tender).

5. Ironically, the Note explicitly refers to repayment in "lawful money of the United States of America" (see "Promise to Pay" clause). Traditionally and legally, Congress defines the phrase "lawful money" for the United States. Lawful money was the form of money of exchange that the federal government (or any state) could be required by statute to receive in payment of taxes or other debts. Traditionally, as defined by Congress, lawful money only included gold, silver, and currency notes redeemable for gold or silver on demand. In a banking law context, lawful money was only those forms of money of exchange (the forms just mentioned, plus U.S. bonds and notes redeemable for gold) that constituted the reserves of a national bank prior to 1913 (date of creation of the Federal Reserve Banks). See, Lawful Money, Webster's New

International Dictionary (2d ed. 1950). In light of these facts, I conclude that Plaintiff and Defendants exchanged reciprocal credits involving money of account and not money of exchange; no lawful money was or probably ever would be disbursed by either side in the covered transactions. This conclusion also is consistent with the bookkeeping entries that underlie the loan account in dispute in the present case. Moreover, it is puzzling why Plaintiff would retain the archaic language, "lawful money of the United States of America," in its otherwise modern-seeming Note. It is possible that this language is merely a legacy from the pre-1933 era. Modern credit agreements might include repayment language such as, "The repayment obligation under this agreement shall continue until payment is received in fully and finally collected funds," which avoids the entire question of "In what form of money or credit is the repayment obligation due?"

6. Legal tender, a related concept but one that is economically inferior to lawful money because it allows payment in instruments that cannot be redeemed for gold or silver on demand, has been the form of money of exchange commonly used in the United States since 1933, when domestic private gold transactions were suspended (until 1974).. Basically, legal tender is whatever the government says that it is. The most common form of legal tender today is Federal Reserve notes, which by law cannot be redeemed for gold since 1934 or, since 1964, for silver. See, 31 U.S.C. Sections 5103, 5118 (b), and 5119 (a).

Note: I question the statement that fed reserve notes cannot be redeemed for silver since 1964. It was Johnson who declared on 15 Marcy 1967 that after 15 June 1967 that Fed

Res Notes would not be exchanged for silver and the practice did stop on 15 June 1967 – not 1964. I believe this to be error in the text of the author's affidavit.

7. Legal tender under the Uniform Commercial Code (U.C.C.), Section 1-201 (24) (Official Comment), is a concept that sometimes surfaces in cases of this nature. The referenced Official Comment notes that the definition of money is not limited to legal tender under the U.C.C. Money is defined in Section 1-201 (24) as "a medium of exchange authorized or adopted by a domestic or foreign government and includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more nations." The relevant Official Comment states that "The test adopted is that of sanction of government, whether by authorization before issue or adoption afterward, which recognizes the circulating medium as a part of the official currency of that government. The narrow view that money is limited to legal tender is rejected." Thus, I conclude that the U.C.C. tends to validate the classical theoretical view of money.

HOW BANKS BEGAN TO LEND THEIR OWN CREDIT INSTEAD OF REAL MONEY

8. In my opinion, the best sources of information on the origins and use of credit as money are in Alfred Marshall, MONEY, CREDIT & COMMERCE 249-251 (1929) and Charles P. Kindleberger, A FINANCIAL HISTORY OF WESTERN EUROPE 50-53 (1984). A synthesis of these sources, as applied to the facts of the present case, is as follows: As commercial banks and discount houses (private bankers) became

established in parts of Europe (especially Great Britain) and North America, by the mid-nineteenth century they commonly made loans to borrowers by extending their own credit to the borrowers or, at the borrowers' direction, to third parties. The typical form of such extensions of credit was drafts or bills of exchange drawn upon themselves (claims on the credit of the drawees)

instead of disbursements of bullion, coin, or other forms of money. In transactions with third parties, these drafts and bills came to serve most of the ordinary functions of money. The third parties had to determine for themselves whether such "credit money" had value and, if so, how much. The Federal Reserve Act of 1913 was drafted with this model of the commercial economy in mind and provided at least two mechanisms (the discount window and the open-market trading desk) by which certain types of bankers' credits could be exchanged for Federal Reserve credits, which in turn could be withdrawn in lawful money. Credit at the Federal Reserve eventually became the principal form of monetary reserves of the commercial banking system, especially after the suspension of domestic transactions in gold in 1933. Thus, credit money is not alien to the current official monetary system; it is just rarely used as a device for the creation of Federal Reserve credit that, in turn, in the form of either Federal Reserve notes or banks' deposits at Federal Reserve Banks, functions as money in the current monetary system. In fact, a means by which the Federal Reserve expands the money supply, loosely defined, is to set banks' reserve requirements (currently, usually ten percent of demand liabilities) at levels that would encourage banks to extend new credit to borrowers on their own books that third parties would have to present to the same banks for redemption, thus leading to an expansion of bank-created credit money. In the modern economy, many non-bank

providers of credit also extend book credit to their customers without previously setting aside an equivalent amount of monetary reserves (credit card line of credit access checks issued by non-banks are a good example of this type of credit), which also causes an expansion of the aggregate quantity of credit money. The discussion of money taken from Federal Reserve and other modern sources in paragraphs 11 et seq. is consistent with the account of the origins of the use of bank credit as money in this paragraph.

ADVANCES OF BANK CREDIT AS THE EQUIVALENT OF MONEY

Plaintiff apparently asserts that the Defendants signed a promise to pay, such as a note(s) or credit application (collectively, the "Note"), in exchange for the Plaintiff's advance of funds, credit, or some type of money to or on behalf of Defendant. However, the bookkeeping entries required by application of GAAP and the Federal Reserve's own writings should trigger close scrutiny of Plaintiff's apparent assertions that it lent its funds, credit, or money to or on behalf of Defendants, thereby causing them to owe the Plaintiff \$400,000. According to the bookkeeping entries shown or otherwise described to me and application of GAAP, the Defendants allegedly were to tender some form of money ("lawful money of the United States of America" is the type of money explicitly called for in the Note), securities or other capital equivalent to money, funds, credit, or something else of value in exchange (money of exchange, loosely defined), collectively referred to herein as "money," to repay what the Plaintiff claims was the money lent to the Defendants. It is not an unreasonable argument to state that Plaintiff apparently changed the economic substance of the transaction from that contemplated in the credit application form, agreement, note(s), or other similar instrument(s) that

the Defendants executed, thereby changing the costs and risks to the Defendants. At most, the Plaintiff extended its own credit (money of account), but the Defendants were required to repay in money (money of exchange, and lawful money at that), which creates at least the inference of inequality of obligations on the two sides of the transaction (money, including lawful money, is to be exchanged for bank credit).

MODERN AUTHORITIES ON MONEY

11. To understand what occurred between Plaintiff and Defendants concerning the alleged loan of money or, more accurately, credit, it is helpful to review a modern Federal Reserve description of a bank's lending process. See, David H. Friedman, *MONEY AND BANKING* (4th ed. 1984) (apparently already introduced into this case): "The commercial bank lending process is similar to that of a thrift in that the receipt of cash from depositors increases both its assets and its deposit liabilities, which enables it to make additional loans and investments. . . . When a commercial bank makes a business loan, it accepts as an asset the borrower's debt obligation (the promise to repay) and creates a liability on its books in the form of a demand deposit in the amount of the loan." (Consumer loans are funded similarly.) Therefore, the bank's original bookkeeping entry should show an increase in the amount of the asset credited on the asset side of its books and a corresponding increase equal to the value of the asset on the liability side of its books. This would show that the bank received the customer's signed promise to repay as an asset, thus monetizing the customer's signature and creating on its books a liability in the form of a demand deposit or other demand liability of the bank. The bank then usually would hold this demand deposit in a transaction account on behalf

of the customer. Instead of the bank lending its money or other assets to the customer, as the customer reasonably might believe from the face of the Note, the bank created funds for the customer's transaction account without the customer's permission, authorization, or knowledge and delivered the credit on its own books representing those funds to the customer, meanwhile alleging that the bank lent the customer money. If Plaintiff's response to this line of argument is to the effect that it acknowledges that it lent credit or issued credit instead of money, one might refer to Thomas P. Fitch, BARRON'S BUSINESS GUIDE DICTIONARY OF BANKING TERMS, "Credit banking," 3. "Bookkeeping entry representing a deposit of funds into an account." But Plaintiff's loan agreement apparently avoids claiming that the bank actually lent the Defendants money. They apparently state in the agreement that the Defendants are obligated to repay Plaintiff principal and interest for the "Valuable consideration (money) the bank gave the customer (borrower)." The loan agreement and Note apparently still delete any reference to the bank's receipt of actual cash value from the Defendants and exchange of that receipt for actual cash value that the Plaintiff banker returned.

12. According to the Federal Reserve Bank of New York, money is anything that has value that banks and people accept as money; money does not have to be issued by the government. For example, David H. Friedman, I BET YOU THOUGHT. . . . 9, Federal Reserve Bank of New York (4th ed. 1984) (apparently already introduced into this case), explains that banks create new money by depositing IOUs, promissory notes, offset by bank liabilities called checking account balances. Page 5 says, "Money doesn't have to be intrinsically valuable, be issued by government, or be in any special form. . . ."

13. The publication, Anne Marie L. Gonczy, MODERN MONEY MECHANICS 7-33, Federal Reserve Bank of Chicago (rev. ed. June 1992) (apparently already introduced into this case), contains standard bookkeeping entries demonstrating that money ordinarily is recorded as a bank asset, while a bank liability is evidence of money that a bank owes. The bookkeeping entries tend to prove that banks accept cash, checks, drafts, and promissory notes/credit agreements (assets) as money deposited to create credit or checkbook money that are bank liabilities, which shows that, absent any right of setoff, banks owe money to persons who deposit money.. Cash (money of exchange) is money, and credit or promissory notes (money of account) become money when banks deposit promissory notes with the intent of treating them like deposits of cash. See, 12 U.S.C. Section 1813 (l)(1) (definition of "deposit" under Federal Deposit Insurance Act). The Plaintiff acts in the capacity of a lending or banking institution, and the newly issued credit or money is similar or equivalent to a promissory note, which may be treated as a deposit of money when received by the lending bank.. Federal Reserve Bank of Dallas publication MONEY AND BANKING, page 11, explains that when banks grant loans, they create new money. The new money is created because a new "loan becomes a deposit, just like a paycheck does." MODERN MONEY MECHANICS, page 6, says, "What they [banks] do when they make loans is to accept promissory notes in exchange for credits to the borrowers' transaction accounts." The next sentence on the same page explains that the banks' assets and liabilities increase by the amount of the loans.

COMMENTARY AND SUMMARY OF ARGUMENT

14. Plaintiff apparently accepted the Defendants' Note and credit application (money of account) in exchange for its own credit (also money of account) and deposited that credit into an account with the Defendants' names on the account, as well as apparently issuing its own credit for \$95,905.16 to Michigan National Bank for the account of the Defendants. One reasonably might argue that the Plaintiff recorded the Note or credit application as a loan (money of account) from the Defendants to the Plaintiff and that the Plaintiff then became the borrower of an equivalent amount of money of account from the Defendants.

15. The Plaintiff in fact never lent any of its own pre-existing money, credit, or assets as consideration to purchase the Note or credit agreement from the Defendants. (Robertson Notes: I add that when the bank does the forgoing, then in that event, there is an utter failure of consideration for the "loan contract".) When the Plaintiff deposited the Defendants' \$400,000 of newly issued credit into an account, the Plaintiff created from \$360,000 to \$400,000 of new money (the nominal principal amount less up to ten percent or \$40,000 of reserves that the Federal Reserve would require against a demand deposit of this size). The Plaintiff received \$400,000 of credit or money of account from the Defendants as an asset. GAAP ordinarily would require that the Plaintiff record a liability account, crediting the Defendants' deposit account, showing that the Plaintiff owes \$400,000 of money to the Defendants, just as if the Defendants were to deposit cash or a payroll check into their account.

16. The following appears to be a disputed fact in this case about which I have insufficient information on which to form a conclusion: I infer that it is alleged that Plaintiff refused to lend the Defendants Plaintiff's own money or assets and

recorded a \$400,000 loan from the Defendants to the Plaintiff, which arguably was a \$400,000 deposit of money of account by the Defendants, and then when the Plaintiff repaid the Defendants by paying its own credit (money of account) in the amount of \$400,000 to third-party sellers of goods and services for the account of Defendants, the Defendants were repaid their loan to Plaintiff, and the transaction was complete.

17. I do not have sufficient knowledge of the facts in this case to form a conclusion on the following disputed points: None of the following material facts are disclosed in the credit application or Note or were advertised by Plaintiff to prove that the Defendants are the true lenders and the Plaintiff is the true borrower. The Plaintiff is trying to use the credit application form or the Note to persuade and deceive the Defendants into believing that the opposite occurred and that the Defendants were the borrower and not the lender. The following point is undisputed: The Defendants' loan of their credit to Plaintiff, when issued and paid from their deposit or credit account at Plaintiff, became money in the Federal Reserve System (subject to a reduction of up to ten percent for reserve requirements) as the newly issued credit was paid pursuant to written orders, including checks and wire transfers, to sellers of goods and services for the account of Defendants.

CONCLUSION

18. Based on the foregoing, Plaintiff is using the Defendant's Note for its own purposes, and it remains to be proven whether Plaintiff has incurred any financial loss or actual damages (I do not have sufficient information to form a conclusion on this point). In any case, the inclusion of the "lawful money" language in the repayment clause of the

Let us, therefore, turn our attention to the actual process by which the magicians create the illusion of modern money. First we shall stand back for a general view to see the overall action.

Then we shall move in closer and examine each component in detail.

The Mandrake Mechanism: An Overview

The entire function of this machine is to convert debt into money. It's just that simple. First, the Fed takes all the government bonds which the public does not buy and writes a check to Congress in exchange for them. (It acquires other debt obligations as well, but government bonds comprise most of its inventory.) There is no money to back up this check. These fiat dollars are created on the spot for that purpose. By calling those bonds "reserves," the Fed then uses them as the base for creating nine (9) additional dollars for every dollar created for the bonds themselves. The money created for the bonds is spent by the government, whereas the money created on top of those bonds is the source of all the bank loans made to the nation's businesses and individuals. The result of this process is the same as creating money on a printing press, but the illusion is based on an accounting trick rather than a printing trick.

The bottom line is that Congress and the banking cartel have entered into a partnership in which the cartel has the privilege of collecting interest on money which it creates out of nothing, a perpetual override on every American dollar that exists in the world.

* Beneficiary – One who benefits from the act of another. As it relates to trust beneficiaries, includes a person who has any present or future interest, ... includes any person entitled to enforce the trust.

* Grantor Trust – A trust in which the grantor transfers or conveys property in trust ...

* Deed of Trust – An instrument in use in some states, taking the place and serving the uses of a mortgage, by which the legal title to real property is placed in one or more trustees, to secure the repayment of a sum of money or to perform other conditions. Though differing in form from mortgage, it is essentially a security.

In most states, when you close on a house at the title company, one of the documents that you sign is a Deed of Trust. We will describe what happens with these documents.

You will notice that the Settlor is John, who is a real man. But the person whose name is on the Deed of Trust is JOHN (John's name in all upper case letters) who is a straw man or a legal fiction. John's legal fiction, JOHN, was created when his birth certificate was issued by the state in which we was born. Evidence of straw man can be seen everywhere. Look on your driver's license, your checks, anything you get from any government agency. None of these entities can deal with John, the man. They all have to deal with JOHN, the straw man. Look on your personal checks at the signature. Most will have "MP" at the end of the signature line. If you were to look at the signature line under high magnification, you would see that it's not a solid line but rather it is micro-print which says "AUTHORIZED REPRESENTATIVE" over and over again. John is JOHN's authorized agent. JOHN can't sign any papers since he has no hands. So John signs for JOHN.

The agent for the closing on the property is the title company and the mortgage company is the beneficiary of the Deed of Trust. The bank is the beneficiary so they can receive the payment on the loan. However, this is a scam. When John signs a promissory note, he creates money (see the Modern Money Mechanics article). This publication says "What they [the bank or mortgage company] do when they make loans is to accept promissory notes [the one signed by John] in exchange for credits to the borrowers' transaction accounts." This means that the mortgage company accepts John's promissory note and then loan's JOHN credit in the same amount. The word "exchange" above means "To barter or swap. To part with, give or transfer for an equivalent. ... Act of giving or taking one thing for another." The mortgage company, which is really a bank, doesn't loan any of its own money or the money of it's depositors. Signing a note for \$100,000 creates \$100,000. This money is put in an account and a check is written to the seller of the house (BOB, another straw man). At this point, the house is paid for in full. The money was created by John when he signed the note. The bank didn't provide any consideration or substance in this exchange. Yet most people believe they should pay on the note for 15 to 30 years. What we are really doing is paying a lease on the house. The next two steps will show how this happens.

The Deed of Trust causes a Grantor Trust to be created. We know this is true because the Deed of Trust contains the word "grantor" which means an implied Grantor Trust is created. JOHN is the Grantor which means he grants or gives the house into the trust. The mortgage company is still the beneficiary. This Grantor Trust conveys the property from the owner, JOHN (remember he paid for the property in full) to a trust where the bank gets the benefit of the trust. The benefit will be your payments.

The third thing that is created, by implication, is a lease agreement. JOHN is the tenant, and the mortgage company is the beneficiary, they are receiving the payments. So JOHN has been converted from the owner to a tenant. If you are angry at this point, you have a right to be. You have been converted from an owner to a tenant.

If you breach the Deed of Trust, then the Deed of Trust dies. So a will is needed. JOHN becomes the one who creates the will, the Testor. The mortgage company assigns a substitute trustee to conduct a foreclosure. The mortgage company is the heir of JOHN's estate so they benefit from the property even though JOHN owned it.

From Bouvier's 1856

ASSESSORS, civil law. So called from the word *adsidere*, which Signifies to be seated with the judge. They were lawyers who were appointed to assist, by their advice, the Roman magistrates, who were generally ignorant of law. being mere military men. Dig. lib. 1, t. 22; Code, lib. 1, t. 51.

2. In our law an assessor is one who has been legally appointed to value and appraise property, generally. with a view of laying a tax on it.

[So a "native assessor" would be the one who actually understood the law and advises the ignorant judge!]

ASSETS. The property in the hands of an heir, executor, administrator or trustee, which is legally or equitably chargeable with the obligations, which such heir, executor, administrator or other trustee, is, as such, required to discharge, is called assets. The term is derived from the

French word assez, enough; that is, the heir or trustee has enough property. But the property is still called assets, although there may not be enough to discharge all the obligations; and the heir, executor, &c., is chargeable in distribution as far as such property extends.

2. Assets are sometimes divided by all the old writers, into assets enter mains and assets per descent; considered as to their mode of distribution, they are legal or equitable; as to the property from which they arise, they are real or personal.

3. Assets enter main, or assets in hand, is such property as at once comes to the executor or other trustee, for the purpose of satisfying claims against him as such. Termes de la Ley.

4. Assets per descent, is that portion of the ancestor's estate which descends to the heir, and which is sufficient to charge him, as far as it goes, with the specialty debts of his ancestor. 2 Williams on Ex. 1011.

5. Legal assets, are such as constitute the fund for the payment of debts according to their legal priority.

6. Equitable assets, are such as can be reached only by the aid of a court of equity, and are to be divided,, pari passu, among all the creditors; as when a debtor has made his property subject to his debts generally, which, without his act would not have been so subject. 1 Madd. Ch. 586; 2 Fonbl. 40 1, et seq.; Willis on Trust, 118.

7. Real assets, are such as descend to the heir, as in estate in fee simple.

8. Personal assets, are such goods and chattels to which the

executor or administrator is entitled.

9. In commerce, by assets is understood all the stock in trade, cash, and all available property belonging to a merchant or company. Vide, generally, Williams on Exec. Index, h. t.; Toll. on Exec. Index, h. t.; 2 Bl. Com. 510, 511; 3 Vin. Ab. 141; 11 Vin. Ab. 239; 1 Vern. 94; 3 Ves. Jr. 117; Gordon's Law of Decedents, Index, h. t.; Ram on Assets.

[So if you (not being a merchant or company in commerce) have any ASSETS, they are in your possession ONLY for the purpose of paying debts. They do not belong to you. Are you surprised?]

ASSEVERATION. The proof which a man gives of the truth of what he says, by appealing to his conscience as a witness. It differs from an oath in this, that by the latter he appeals to God as a witness of the truth of what he says, and invokes him as the avenger of falsehood and perfidy, to punish him if he speak not the truth. Vide Affirmation; Oath; and Merl. Quest. de Droit, mot Serment.

[This appears to be the most Scriptural method of giving evidence, superior to a Statutory Declaration and an Affidavit. But can it be applied in NZ?]

28 USC § 1746. Unsworn declarations under penalty of perjury

Wherever, under any law of the United States or under any rule, regulation, order, or requirement made pursuant to law, any matter is required or permitted to be supported, evidenced, established, or proved by the sworn declaration, verification, certificate, statement, oath, or affidavit, in writing of the person making the same (other than a deposition, or

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

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

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

[Compare the above with the NZ Summary Proceedings Act 1957:]

163 Statement of defendant who is unrepresented

(1) The defendant shall not be entitled to make an unsworn statement of fact at the preliminary hearing.

"the right of the defendant to make an unsworn statement" was removed from section 60 of the same Act in 1973

[This is probably why the judge ignores anything you say at the preliminary hearing if it is not convenient to his objectives. You have presented no "facts" as you were not sworn in.]

Te Ture Whenua Maori Act 1993 (Maori Land Act 1993)

69 Evidence in proceedings

(1) **The Court** may act on any testimony, sworn or unsworn, and may receive as evidence any statement, document,

information, or matter that, in the opinion of the Court, may assist it to deal effectively with the matters before it, whether the same would, apart from this section, be legally admissible in evidence or not.

Court means, as the case may require, the Maori Land Court or the Maori Appellate Court or both:

[So the only NZ courts that can hear an unsworn statement are the Maori Land Court and the Maori Appellate Court. And the Maori Appellate Court is one step below the Privy Council]

Oath and Declarations Act 1957

28 Declarations instead of oaths in certain cases

(1) Where in any case not provided for by this Act or included within the savings provisions in section 29 of this Act any person would by virtue of any law now in force be required to take any oath on or as a condition of his accepting any employment or office, or being admitted to any rights or privileges, a declaration shall be substituted for that oath in such form as the person who would have administered the oath thinks fit, but so that the declaration shall be to the like effect in all respects as the oath for which it is substituted.

(2) The making of any such declaration shall in all respects have the same effect as the taking of the oath for which the same is substituted would have had if this Act had not been passed.

[So since an Asseveration is not provided for in this Act, as long as we follow the "law" of asseverations in effect before 1957, it is apparently still in effect! Now we have to find out what that law is and how it works]

