TREATISE –
Introduction to Law Merchant

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America – National or Federal?
Each state, in ratifying the Constitution, is considered a sovereign body, independent of all others, and only to be bound by its own voluntary act. In this relation, the new Constitution will, if established, be a federal and not a national Constitution. The Federalist, No. 39, James Madison

In Search of Liberty
Liberty, sir, is the primary object, …the battles of the Revolution were fought, not to make 'a great and mighty empire', but 'for liberty'. Patrick Henry

What Does Accepted for Value Mean?
Agree with thine adversary quickly, while thou art in the way with him; lest at any time the adversary deliver thee to the judge, and the judge deliver thee to the officer, and thou be cast into prison. Verily I say unto thee, Thou shalt by no means come out thence, till thou hast paid the uttermost farthing. Matthew 5:25-26

Booklets

1 ***When There is No Money*** FREE
For thus saith the Lord, Ye have sold yourselves for nothing, and ye shall be redeemed without money. Isaiah 52:3

2 ***Liberty*** FREE
Now the Lord is that Spirit: and where the Spirit of the Lord is, there is Liberty.
II Corinthians 3:17

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Emphasis is added throughout this writing by underlining.
Quoted passages are bolded.

Stand fast, therefore, in the liberty with which Christ hath made us free, and be not entangled again with the yoke of bondage.

Galatians 5:1

The law merchant is, in fact, "an independent parallel system of law; like equity or admiralty. … The king's courts administered not local custom, nor even the custom of the realm, but rules applied in commercial causes in all countries.

… The Negotiable Instruments Law, however, expressly adopts the law merchant, not the rules of the common law, as to matters not covered therein, and this court is required to take judicial notice thereof.

Bank of Conway v. Stary, 200 N.W. 505 (1924)

TREATISE –
Introduction to Law Merchant

To be free with liberty, and not becoming someone's slave by not being subject to the will of another, requires knowledge and understanding of the methods of deception.

But who looks into the perfect law, the law of liberty, and perseveres, being no hearer that forgets but a doer that acts, he shall be blessed in his doing. James 1:25

be not ye the servants of men. I Corinthians 7:23

Stand fast, therefore, in the liberty with which Christ hath made us free, and be not entangled again with the yoke of bondage.

Galatians 5:1

The following addresses to the merchants, as the great or notorious men of the earth and the deceptions involved in the commercial system of Babylon or elsewhere.

[9]And the kings of the earth, who have committed fornication and lived deliciously with her, shall bewail her, and lament for her, when they shall see the smoke of her burning,

[10]Standing afar off for the fear of her torment, saying, Alas, alas that great city Babylon, that mighty city! for in one hour is thy judgment come.

[11]And the merchants of the earth shall weep and mourn over her; for no man buyeth their merchandise any more: … [including] [13] slaves, and souls of men.

[14]And the fruits that thy soul lusted after are departed from thee, and all things which were dainty and goodly are departed from thee, and thou shalt find them no more at all.

[15]The merchants of these things, which were made rich by her, shall stand afar off for the fear of her torment, weeping and wailing,

…23 for thy merchants were the great men of the earth; for by thy sorceries were all nations deceived. Revelations 18:9-23

1. INTRODUCTION

Not only does the Bible address liberty and the importance of avoiding slavery in all its aspects, but America's early statesmen advised and warned the American people to remain free, proclaim liberty throughout the land, and not to become servants or slaves of others. You might think it would be relatively easy to remain free and

out of the yoke of bondage. If you are unaware of the various cunning and deceptive methods used by certain associations or merchants of the earth, it may surprise you how sophisticated is the practice of deception.

While the Bible served as the foundation of the common law of the American people initially, today the rules and customs of merchants known as the law merchant reigns supreme. This writing will look at some of the history and practices of the global merchants.

How can foreigners use the principals of the law merchant to create statutes, regulations and codes, thereby becoming the major source of "law and justice"? The reason many believe that America has a real problem with its current form of law and the manner in which courts operate is because the law merchant is designed for purposes of revenue and control, creating various degrees of chaos; it is not for purposes of harmony, peace, honor, and moral qualities.

If one wanted to reap the fruits of the energy of a people, or obtain legal or equitable title to other natural resources within a country, how would one go about implementing such a plan? If you can get a security interest, which could lead to a valid title, on the nation's of the world, you could in effect control national governments, their citizens and their property, as well as other national assets or resources.

If you chose some valuable resources that you would like to own or control within a particular country, rather than military conquest, you could make a loan to the head of State for a project that would be deemed beneficial to the people. Constructing oil wells, building a dam for the production of electricity, a canal, or other similar project would suffice. This is not to say that getting a nation involved in a war is still the biggest debt creator for which a country may seek the major financial lenders. The object is to get the president or appropriate public official(s) to agree to borrow money. Of course, those State officials who assist in getting a loan accomplished will be the recipients of financial rewards. An important element in the plan is assuring the country will be unable to repay the loan. Whatever resources within the country are used as collateral or surety for the original loan would then be under the control of the creditor. The creditor would acquire a security interest in a few, and possible all of the revenue producing resources, as well as other things of value within the control of the debtor national government.

Other elements that need to be considered in this plan are that the country would need to be organized as a nation with a national government which is deemed to be the sovereign head. This would be beneficial since a national government has authority over all the persons and property within the nation. Also, the subjects or citizens of a national government could be considered taxpayers, which represents another source of revenue for repayment of the loan and as collateral or surety in the event the national government defaults on

its obligation. Just like other collateral, the creditor of the national government would have a security interest in the subjects or citizens of the national government. Upon default, either through bankruptcy, insolvency or otherwise, the merchant lender or construction company could control legislation, executive and judicial or administrative acts or actions with respect to all persons and property of the debtor government, and continue to receive revenue from all sources with respect to such persons and property. In essence, the citizenry (subjects) and valuable resources of a nation could be under the control of merchants who hold a security interest or have obtained whatever rights and title the debtor government possessed.

Maybe you think this is an unbelievable scenario? John Perkins is a man who worked for the major merchants of the earth. He wrote a book recently entitled *Confessions of an Economic Hitman* wherein he describes his work as illustrated above in the scenario for getting a country into debt and controlling its resources because it will be unable to repay the loan. If the country's president refuses the loan arrangement, it is then necessary to replace the president or other person who becomes an obstacle to the fulfillment of the plan, by whatever means necessary.

If you understand modern banking practices, fractional reserve banking and paper currencies, you realize the creditor banking merchants may not have actually used their money in making a loan to the head of State of some nation. Depositing and marketing the

promissory note or other evidence of indebtedness would make that commercial instrument the source of the funding of the loan. That is to say, it is possible a paper that appears to be evidence of indebtedness is also, at the same time, an asset to create funds in the international markets.

To summarize this scheme, one could say that after obtaining ownership, control, or a security interest in the resources of a nation, the merchant bankers or contractors could obtain a status or position superior to the debtor government of a nation. In this position, they control and regulate the activities within the nation, like a shadow government or invisible government, providing written legislation for the existing legislative bodies to adopt or enact on their behalf. This legislation would be based upon the lex mercatoria or law merchant. One might say, the great merchants are developing Babylon-like cities and nations around the globe.

2. DEFINING LEX MERCATORIA and LAW MERCHANT

The law merchant is often described as the body of rules applied to commercial transactions derived from the practices of international merchants and traders. However, the scenario depicted above and other historical writings show that the customs or rules of the merchants is likely to be integrated into the general law or

jurisprudence of the debtor nation or as the result of their influence, financial or otherwise.

LAW, MERCHANT. **A system of customs acknowledged and taken notice of by all commercial nations; and those customs constitute a part of the general law of the land; and being a part of that law their existence cannot be proved by witnesses, but the judges are bound to take notice of them ex officio.**

Bouvier, *A Dictionary of Law*, 1856

Law merchant, **a body of rules for regulating the relations of merchants engaged in international trade. It was founded upon the customs of merchants, which were sometimes embodied in written rules such as the Laws of Oleron, a code of maritime law published in the twelfth century. Law merchant originated in western Europe during the Middle Ages, and was subsequently recognized by the principal commercial nations. Although it was at first administered by separate tribunals in the principal trading cities, it eventually became part of the domestic law of the countries in which it flourished, including the United States. Law merchant was the basis of the modern system of admiralty law and the laws of negotiable paper and of sales. See Maritime Law.**

The American Peoples Encyclopedia,
Grolier Incorporated, 1968, vol. 11. P. 296

The law merchant went from being principles and rules applied to international merchants and traders to being incorporated into the

general laws of a country. Its effect, the law merchant (merchants being the great men of the earth), took control of admiralty law and the common law of England, which was then adopted into the laws of the States, and the United States.

commercial law, **the laws that govern business transactions… Formal documents and other evidences of regularized trade practices were known in Egypt and Babylonia. In many parts of the ancient world foreign merchants, through treaty arrangements or other agreements, were allowed to regulate their affairs and adjudicate their own disputes without interference from local authorities. They tended to settle in special sections of commercial cities where they might follow their own religions, laws, and customs. Roman law incorporated features of the already developed commercial law, which, however, was no longer handled separately in special courts but was treated simply as part of the whole legal system.**

The barbarian invasions of Europe caused such social disruption that it was not until late in the Middle Ages that long-range commerce again became possible in Europe and merchants were once more able to determine the rules and regulations under which they could safely operate. In the cities of N Italy and S France the merchant class frequently dominated the state and could enact the needed rules as legislation. In other parts of Europe associations of merchants bought protection from powerful lords or kings *[the State] who granted them safe

conduct and permitted them to conduct fairs and to establish regulations and methods of enforcement (see Hanseatic League). Both classes of merchants established special courts where summary judgment was granted with little regard for the technicalities of procedure and doctrine in the regular courts, and without the necessity for lawyers.

The term "law merchant" was applied to the substantive principles that eventually emerged from this quasi-judicial activity.

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Law merchant. **…consisting of certain principles of equity and usages of trade which general convenience and a common sense of justice have established to regulate the dealings of merchants and mariners in all the commercial countries of the civilized world. … The basis of the jurisprudence regulating bills of exchange and promissory notes, particularly the negotiability of such instruments, and the rights and liabilities of persons becoming parties to the instrument.**

… The lex mercatoria was not, like the common law, the custom of a place or territory; it was the recognized custom of merchants and traders… The merchant class and the controversies of its members arising out of commercial transactions, were not subject to the common law. During the sixteenth century the admiralty court declared the principles of the law merchant. Later, the

common law judges encroached upon the field of admiralty over commercial transactions. Thus, the law merchant gradually became a part of the legal system of England.

Ballentine's Law Dictionary, 3rd ed. (1969)

First, it should be said that the rules of commercial law or law merchants are not the problem. It is the deceptions and illusions, the trickery, that cause enormous problems and disharmony wherever the great merchants apply their trade.

In the foregoing, we find that principles of the law merchant go back to Babylon. The major merchants desired to be exempt from the laws of a country or place wherein they might conduct business. They sought to have their rules and remedies handled in special courts. The procedure of these special courts would later become integrated into the regular courts making the regular courts irregular. The regular judicial courts might be given a new name but most people would be unaware of the change. The merchants could establish their own rules and regulations, which eventually might become a part of the general laws of the country and be enacted by the legislature that would benefit the merchants. The merchants might make payments to political officials in exchange for the passage of legislation and for protection of their trade or other benefits. While we have seen it reported that the law merchant, rather than be separate and special, become a part of a legal system, it may

also be appropriate to say today that the law merchant became the legal system.

We shall later see the deceptions involve banking and lending, and obtaining security or beneficial interest in assets through the illusion of being a creditor. In the following quote, the author gives the term Lex Mercatoria a broader definition than Merchant Law.

The Lex Mercatoria would seem to be in part based on Roman law, in part maritime custom, in part the law of the Medieval European fairs, and to a great extent upon the last.

Here we have coupled together Roman Law [the State is God], maritime law [international law of war and commerce] and Merchant Law which is the present-day law of national and international banking.

… the law of negotiable instruments, with a few exceptions, is founded entirely upon the customs of merchants [known today as the Uniform Commercial Code].

> *A Student's Course on Legal History* by Helen West Bradlee of the Suffolk Bar, Boston 1929, *History of the Law Merchant* [certain clarifications by a commentator retained in brackets]

From *Handbook of Roman Law*, by Max Radin, LL.B, PH.D., professor of law, University of California, West Publishing Co., 1927, we find the three categories listed under *law merchant* are (1) negotiable instruments, (2) bankruptcy, and (3) insurance.

Another way of looking at those categories would be that the law merchant deals with creditors and debtors, with liability, with security or things of value that can be used as collateral by debtors for the security of a creditor, and with protection from financial loss.

In the *American Peoples Encyclopedia*, Grolier Incorporated, 1968, we find, "**Commercial law embraces principal and agent, bills and notes, insurance, carriers, surety and guaranty, and other titles… For origins of commercial law, see Law Merchant**.

3. LAW MERCHANT, COMMERCIAL LAW, SUBSTANTIVE LAW, MARITIME LAW, ADMIRALTY LAW, ADMINISTRATIVE LAW, and POSITIVE LAW

The terms listed in the heading above have a common meaning and these terms are often interchangeable with one another. These terms are generally associated with an unnatural order of things. The *TREATISE – The Natural Order of Things* explains that the natural order begins with God or Creator, who created men, who form a state for their benefit, followed by a constitution to establish and limit the activities of a government. In the unnatural order the government claims to be the State and is deemed to be the supreme entity with sovereign powers. We saw in an earlier quote a reference to Roman law as meaning the State is God. There cannot be two Gods; therefore, all references to God must be removed from the public

places. This is the environment desired by the great merchants. A national, sovereign, political, central government with citizen-subjects (quasi slaves) owing fidelity and obedience to the national will.

In the *TREATISE – The Negative Side of Positive Law*, we see *Black's Law Dictionary*, 4th edition, says positive law "**is enforced by a sovereign political authority**". It is distinguished from "**the principles of morality and the so-called laws of honor**". All laws that are "**authoritatively imposed**" may be "**described as positive laws**".

From *Black's Law Dictionary*, 7th edition, we find positive law is "**a system of law promulgated and implemented within a particular political community by political superiors, as distinct from moral law or law existing in an ideal community or in some nonpolitical community**."

The terms *political community* and *body politic and corporate* are important terms in understanding the overall picture of the unnatural order, but that topic will not be fully explored in this treatise.

Commercial law. **A phrase used to designate <u>the whole body of substantive jurisprudence</u> (e.g. Uniform Commercial Code, Truth in Lending Act) applicable to the rights, intercourse, and relations of persons engaged in commerce, trade, or mercantile pursuits**. **See U.C.C.** *Black's Law Dictionary*, 6th Edition

…"law merchant", taken as meaning substantive law.

Aslanian v Dostumian, 54 NE 845 (1899)

Substantive law, **the positive law of duties and rights.**

Cochran's Law Lexicon, 1924

…related to the substantive social policy embodied in an act of positive law.

Bevins v. Six Unknown Fed. Narcotics Agents,
403 U.S. 388, 404 (1971)

The current legal system, evolving from the civil war era, is composed of substantive law and procedural law. Substantive law concerns duties, rights, and obligations and includes criminal law, Procedural law provides the methods used to enforce those substantive duties, rights, and obligations including convicting a person of a crime. This is all under the commercial law or law merchant.

We see how law merchant, commercial law, substantive law and positive law are not only related to one another, but are practically synonymous terms. The one thing I am reminded of when seeing the term positive law, is that it is said to be the only type of law that can support slavery. Positive law is a concept that someone or some body has such a degree of power that he may act in a manner contrary to the laws of nature and nature's God. Positive law comes from a sovereign political power. I do not believe such a concept exists in

law, but perhaps in a religious or spiritual connotation as to defy the word or will of God.

That slavery is a relation founded in force, not in right, existing, where it does, by force of positive law, and not recognized as founded in natural right, is intimated by the definition of slavery in the civil law.

Commonwealth v Aves, 35 Mass. 193, 214-5 (1836)

[T]hat slavery is contrary to the principles of natural right and to the great law of love; that it [slavery] is founded on injustice and fraud, and can be supported only by the provisions of positive law are positions, which it is not necessary here to prove. … the very idea of slavery implies, that the slave is one who is in subjection to the will of another.

Ch. J. Williams, *Jackson v Bulloch*, 12 Conn. 38, 40 (1857)

Earlier quotes said that substantive law is the positive law of rights and duties, and substantive law is commercial law. All crimes are commercial, but that statement does not give you sufficient information to understand its relevancy. The law merchant or commercial law deals much with creditors and debtors, but a major invention of the merchants was securities or having security interest in things to which they do not possess nor own. Another important invention of the merchants was imprisonment for debtors, which is why a community or nation of subjects or quasi slaves is important.

Rather than say all crimes are commercial, the picture would be more clear if we said – "All crimes pertain to slaves." If we understood that all crimes involve those who have a commercial obligation to another, and according to general law merchant theory, the property of a debtor and the body of a debtor is security for his debt, then you might see the slave relationship. Before you get to the concept that "the body of a debtor is security for his debt" (which is why prisons are overflowing), you need the potential debtor to be a slave with respect to the superior political authority even though this same individual appears to be free with respect to all others and may even be unaware he has a slave relationship. I need to direct you to the *TREATISE – A Society of Slaves and Freedmen* for a more comprehensive discussion on this topic.

Slaves are commercial property or commercial persons. The law merchant is designed to operate in a society of quasi slaves known as *freedmen,* or in the English feudal system known as *villeins*. For the merchants to reap wealth from their securities, the national resources must be out in the market place producing more and more wealth and applying for more loans. Revenue can then be extracted from fees, taxes, licenses, permits, registrations, inflation. Recessions, monetary cycles, statute penalties, insurance, and bonds can be implemented to cover down time while the producers are incarcerated. The producers must be laden with payments on loans, when no actual loans occurred in the merchant-controlled banking system, etc.

The principles or rules of law merchant are generally known by the proceedings of medieval fairs conducted by the great merchants. Interestingly, these fairs in England were conducted in places where the inhabitants were villeins. Villeins owe obligations to a master in a slave relationship, but appear to be free to all others. I refer to villeins as quasi slaves, and "quasi slave" is a term used in *Black's* 7th edition in defining *mancipation*. To free a slave is called manumission; the emancipation of a slave is merely a transfer, conveyance, or purchase. The emancipated slave was designated as a United States citizen that was subject to the superior political power of the government of the United States in it national (sovereign) character. The emancipated slave just took on a new master. The U.S. citizen has the characteristics of a villein, i.e. a quasi slave that appears to be free but is still a slave to that superior political authority from which it receives substantive duties, rights, and obligations that are enforced according to adjective or procedural law. The quasi slave is likewise subject to the political or special courts functioning under the so-called "political branch" of a national government. Congress called them *freedmen,* which is the same as villein or quasi slave.

A foundational element for the operation of the law merchant, substantive law, positive law, administrative law, etc. is SLAVERY, but deception is important because the law must not appear to be based upon slavery. With that in mind, while the great merchants operate behind the scene with their security interest and control over

the national resources, it must appear that the ordinary de jure system of the country is continuing, even though changes are occurring. The government becomes trustees for the great merchants overseeing or administering the assets or affairs of the security holders. This is known as administrative law operated in large part by a level of trustees known as administrative agencies.

For some time, the sheer amount of law - the substantive rules that regulate private conduct and direct the operation of government - made by the agencies has far outnumbered the lawmaking engaged in by Congress through the traditional process... `rule' is an agency statement `designed to implement, interpret, or prescribe law or policy.' When agencies are authorized to prescribe law through substantive rulemaking, the administrator's regulation is not only due deference, but is accorded `legislative effect…. and grant rights to and impose obligations on the public. In sum, they have the force of law." See INS v. CHADHA, 462 U.S. 919, 984 (1983).

Bowsher v. Synar, 478 U.S. 714, 752 (1986)

The constitutional independence of the administrative tribunal presupposes that it will perform the function of completing unfinished law.

The rise of administrative bodies probably has been the most significant legal trend of the last century and perhaps more values today are affected by their decisions than by those of all the

courts, review of administrative decisions apart. …

Administrative agencies have been called quasi-legislative, quasi-executive or quasi-judicial, as the occasion required, in order to validate their functions within the separation-of-powers scheme of the Constitution. The mere retreat to the qualifying "quasi" is implicit with confession that all recognized classifications have broken down…

Fed. Trade Comm'n v. Ruberoid Co., 343 U.S. 470, 487 (1952)

Do you get the impression that someone has taken control of the regular de jure government, and an outside force is at work placing people in positions as heads of administrative agencies that are creating legislation and regulations through "substantive rulemaking" (commercial law-merchant law), and who "grant rights to and impose obligations on the public"? Also, the true constitutional judicial power courts have little to do in this system. They merely review substantive law or procedural law concerning these law merchant administrative affairs on the rare occasions that the judicial power is actually used.

The Administrative Procedure Act, 5 U.S.C. 551(4), provides that a "rule" is an agency statement "designed to implement, interpret, or prescribe law or policy." When agencies are authorized to prescribe law through substantive rulemaking, the administrator's regulation is not only due deference, but is accorded "legislative effect."

Ins v. Chadha, 462 U.S. 919, 984 (1983)

Administrative law. **The law governing the organization and operation of the executive branch of government (including independent agencies) and the relations of the executive with the legislature, the judiciary, and the public. Administrative law [includes] the statutes endowing agencies with powers and establishing rules of substantive law relating to those powers;** …

Black's Law Dictionary, 7th ed.

The Legislature could not, by adopting the Code of Criminal Procedure, change the substantive law of the state because no such authority was conferred by the Constitution. In the Rodosta Case we pointed out the difference between "substantive" and "procedural" law, and said that, "as relates to crimes, substantive law is that which declares what acts are crimes and prescribes the punishment for committing them. Procedural law is that which provides or regulates the steps by which one who violates a criminal statute is punished." …A statute relating to criminal procedure is a law, but not substantive law. The term "law" includes "substantive law" and "adjective law" or the law of procedure. Substantive law, speaking broadly, is that which creates duties, rights, and obligations. It orders and permits and forbids and announces rewards and punishments. As relates to crimes and offenses, it declares what acts are crimes and prescribes the punishment for committing them. Adjective or procedural law is that which provides a method of enforcing and protecting such duties, rights and obligations as are created by substantive laws. As relates to criminal prosecutions, procedural

law includes within its meaning whatever is embraced by the three technical terms "pleading", "evidence", and "practice".

State v. Elmore, 155 So. 896, 897-8 (1934)

In those words, do you see the statements as addressing free people, or do they sound like a system of commands and prohibitions for slaves? Do free people knowingly authorize a servant legislative body to "adopt" a code that will grants them their rights and creates obligations? This is the law merchant and how the merchants control nations.

4. FOUNDATION FOR LAW MERCHANT PRINCIPLES

In the last section we found a number of commercial terms that all work together regarding an environment where the people appear to be subservient to a political superior or corporate sovereign acting as a government, and we have seen how it is possible for the great merchants of the earth to obtain control of a nation. For the great merchants to work their magic in controlling as much of the earth as possible, they need to create the proper conditions. It is like leveling the ground so the foundation can be built. It would seem all aspects of the de jure American system have changed, but all these items will not be addressed here. One thing that is obvious is the great merchants prefer democracy, rather than a true republic where the

highest authority remains with the people. The point is, however, to make it appear as though nothing has changed.

If voting changed anything, they'd make it illegal.

Emma Goldman

It is enough that the people know there was an election. The people who cast the votes decide nothing. The people who count the votes decide everything. Joseph Stalin

A free America... means just this: individual freedom for all, rich or poor, or else this system of government we call democracy is only an expedient to enslave man to the machine and make him like it. Frank Lloyd Wright

5. SECURITY INTEREST, COURT OF EQUITY

The following case will provide a microcosm scenario of how creditors can control a government by having a security interest, but yet they are outside the government, and possibly above the government directing its legislative and executive acts. As shown in the following case, courts of equity are the principle tribunals for the merchants.

The City of Parkersburg in the following quote, which had issued bonds to bring in money to benefit manufacturing, had certain property deeded to it as security for the bonds.

The bill alleges that the deed of trust to the city was executed for the purpose of securing the holders of the bonds and coupons, and they are the parties beneficially interested in the same, and the city is a trustee of all the property mentioned in the deed, for the holders of the bonds; that the city was bound to care for the property and protect the title to it for the benefit of the cestuis que trust, and especially as it had induced them to purchase the bonds, as well in reliance on the deed as on the credit of the city; that the city was, as trustee, bound to interpose to prevent the sale of the chattels … that the owners of the bonds are entitled to the interposition of a court of equity for the care and protection of the property, and to a decree for the sale of such of it as remains upon the premises mentioned in the deed to the city, and for the sale of the real estate…

City of Parkersburg v. Brown, 106 U.S. 487, 496, 497 (1883)

If we replace the word *city* with the word *government*, we can more easily see how this scenario can apply to many more situations, like a State or a Nation. The monetary system operated by the Federal Reserve as well as Federal Reserve Notes are based upon debt including bonds or other securities. What is the collateral? What is backing the debt instruments and digits used as money? It must be

freedmen, quasi slave U.S. citizens and their property. There will be remarks on this later.

In the simple example above, a deed of trust on real estate is the security for the bondholders. When bonds for raising revenue are issued by a government, the government becomes a trustee for the bondholder or creditor. The bondholder is a cestui que trust meaning a fiction has a beneficial or security interest in whatever is backing the bonds. In the example above, the security was a deed of trust to real estate, **and** it says "on the credit of the city", which means other items of value the city has an interest in or sources of revenue may also be used to satisfy a claim by the bondholder. The bondholder can make demands on the government, perhaps write legislation for the legislature to adopt, respecting the care for the collateral property and for protecting the title to the property. In the case above, some movable items were being taken from the structure on the land represented by the deed of trust. A bondholder, as a cestui que trust, believing the items being removed were a part of his security or collateral, went to a court of equity to enforce his moral and equitable right. Technically, the bondholder is not the owner of the real estate, does not have legal title, and does not have possession (the bond is a "chose in action"), but the city has a moral obligation to the cestui que trust bondholder as explained above. The rights and remedies of bondholder were not within the jurisdiction of a court of law, but a court of equity can deal with beneficial interests, securities, and

collateral regarding equitable rights and equitable remedies. It is possible that courts of equity are an invention of the great merchants.

This case was in 1883; the City of Parkersburg was a corporation; and the inhabitants could be viewed from a legal perspective as freedmen, villeins, quasi slaves, a.k.a. U.S. citizens, and as such subservient to the corporation (city). As actual or potential taxpayers of the corporation, the bondholder could view them as potential sources of revenue for the debt, depending upon the local laws in existence at the time and the terms of the agreement regarding the bonds.

That the legislature may lawfully authorize municipal corporations to subscribe to the capital stock of railroad companies and that such authority may be given to the corporate authorities, or it may be made to depend upon the assent of a majority of the incorporators. … the authority may rightfully extend to the issuing of corporate bonds for the payment of the subscription, the interest and principal of which, if necessary, to be paid by taxes assessed upon the persons and property of the taxable citizens of the corporation, whose faith is pledged for the redemption of the bonds thus issued.

Sharpless v. Mayor of Philadelphia, 20 Pa. 147, 187 (1853)

Does the municipal corporation fit into the plan of republican forms of government? No, but they fit the needs of the law merchant and

sovereign rulers. The corporate authorities of the municipal corporation may issue bonds to raise money to pay for the subscription of the capital stock of the railroad company, and then assess the "persons and property" of the taxable citizens of the corporation (which the people still refer to as a city or government), so the corporate authorities can receive the necessary revenue, or they may put it to a vote (democracy) where a majority can also place taxes on all the taxable citizens of the corporation. How can your neighbor agree to put a debt on you or your land without your consent? Of course, that is the type of question a true free man would ask, not a quasi slave.

A municipal corporation is a *body politic and corporate* with socialistic and communistic foundations. This is the corporate system the great merchants need so they can apply their trade regarding banking, loans, national debt, substantive or commercial duties and rights, obtaining beneficial interest in persons and property of such corporations, developing a slavish citizenry, developing prisons, creating revenue, and controlling nations. Also in the *Sharpless* case, we find the following remarks.

There is nothing more easy than to imagine a thousand tyrannical things which the legislature may do, if its members forget all their duties; disregard utterly the obligations they owe to their constituents, and recklessly determine to trample upon right and justice. But to take away the power from the legislature

because they may abuse it, and give to the judges the right of controlling it, would not be advancing a single step, since judges can be imagined to be as corrupt and as wicked as legislators. …

In Norris v. Clymer, 2 Barr 285, Chief Justice Gibson, with characteristic directness of expression, declares that the constitution allows to the legislature every power which is does not prohibit." ... that the law then in question was valid, because there was no syllable in the constitution to forbid it; and that if a law, unjust in its operation, and nevertheless not forbidden by the constitution, should be enacted, the remedy lay, not in an appeal to the judiciary, but to the people, who must apply the corrective themselves, since they had not intrusted the power to us.

Sharpless v. Mayor of Philadelphia,
20 Pa. 147, 162-164 (1853)

Constitutions were written to provide limited government – limited to only delegated authority. If you advance the idea that constitutions only restrict governments, that is to say, a government may do practically anything unless the words in a constitution say it cannot, then you have lost a major component of republican forms of government designed to safeguard the liberty of the people and to keep government off the backs of the people. If government is unleashed from the chain that hold it in check, and the liberty of the people will suffer.

6. LAW MERCHANT, ADMIRALTY and COMMON LAW

The following is included merely to point out that the law merchant took over admiralty law and common law. That way you can still say admiralty or common law and not call the law by its true name, law merchant.

Law merchant was the basis of the modern system of admiralty law and the laws of negotiable paper and of sales.

The American Peoples Encyclopedia, Grolier Incorporated, 1968, vol. 11. P. 296 "Law Merchant"

…the substantive law "inherent in the admiralty and maritime jurisdiction," Crowell v. Benson, 285 U.S. 22, 55, … The sovereign power which determines the rules of substantive law governing maritime claims …

Romero v. International Term. Co., 358 U.S. 354 (1959)

The merchant class, and disputes among its members arising out of commercial transactions, were not subject to the common law. This practice grew out of the necessities of commerce and trade. Merchants traveled from fair to fair and from place to place, but in all places the same rules of law were administered and enforced in commercial litigation.

Later, the admiralty courts widened its jurisdiction to embrace mercantile causes.

Bank of Conway v. Stary, 200 N.W. 505 (1924)

In *American Jurisprudence* (Am Jur) 2d, Admiralty, in sections 94 and 96, we find that international law basically is the law merchant. Section 94 also says that "[**a**]**lthough these rules [of the law merchant] may, in some instances, seem strange to those who are versed in the principles of common law, the principles of the law merchant have been accepted in the English common law for many generations."** (See Miller v Miller, (Ky) 296 SW2d 684) With respect to state courts acting as courts of admiralty, the following from Am Jur 2d says: "**Where a state court has concurrent jurisdiction with an admiralty court under this "saving to suitors" clause, and the action is brought in the state court, the substantive law to be applied is that which would have been applicable had the action been brought in the admiralty court; but the state law applies in procedural matters.**"

While a state court may not technically be an admiralty court, it may act in the nature of an admiralty court with respect to substantive (commercial) duties and rights. The state quasi admiralty court would apply its state adjective law merchant rules of procedure.

A number of years ago, it struck me as odd to find that the states adopted the English common law, since the national English system was deemed quite distinct from that established here in the American states. When you realize how the law merchant was put into the English common law, it is easier to see it could also be a clever means

for bringing the law merchant into the jurisprudence of the American states.

7. IMPRISONMENT and SECURITY INTEREST

Years ago, I remember reading that the concept of imprisonment was developed by creditor merchants for the purpose of having the debtor pay the money owed, or that a relative or friend would satisfy the outstanding debt in order to have the debtor released and returned to his liberty. In the last scenario, the imprisoned debtor could make his arrangements for repayment to the relative or friend, who acted in the nature of a surety for the principle debtor, but this way the merchant was paid.

A debtor should pay his debts; however, something we have not addressed yet is how deceptive the operation of lending has become. Often, when the great merchants are involved, there is only paper circulating. The mechanism of "creating money" in a paper economy is where the real magic of the great merchants comes into play. The exchequer is an example of an accounting system for the great merchants of England, and likewise here with the Federal Reserve system. What appears to be a lender or one claiming to be a creditor holding a security interest, may not have actually loaned anything nor had a decrease in his own assets. There is only the appearance of a creditor and debtor relationship; therefore, the merchants' apparent

security interests are actually illusions; the debts are illusions. This causes enormous chaos and turmoil where this deceptive practice is used.

The following are historical records providing details of the use of imprisonment.

Both the terms, bankrupt and insolvent, are familiar in the law of England… In the earliest times, neither bankruptcy nor insolvency were subjects of English jurisprudence. Of the general code of the primordial common law, they formed no part, for the plain reason, that anciently, imprisonment for debt, which is now the main proof of bankruptcy, and consummation of insolvency, was unknown to the common law. It was even against Magna Charta. Burgess on Insolvency 5; Co. Litt. 290 b. The nature of the population of England in feudal times, develops the cause. The different counties of England were held by great lords; the greater part of the population were their villeins; commerce hardly existed; contracts were unfrequent. The principal contracts that existed were with the lords and their bailiffs, the leviers of their fines and amercements, receivers of their rents and money, and disbursers of their revenues.

The statute of Acton Burnel, 11 Edw. I., gave the first remedy to foreign merchants, by imprisonment, in 1283. The statute 13 Edw. I., c. 2, gave the same remedy against servants, bailiffs, chamberlains, and all manner of receivers. Burgess 24, 27. These instances show how imprisonment for debt first commenced, how

few were at first included, and accounts for the non-existence of legal insolvency. The statute of 19 Hen. VII., c. 9, which gave like process in actions of the case and debt, as in trespass, is the true basis of the right, or wrong, of general imprisonment. This statute, and the usurpations of the various courts, produced their natural effects. They filled the jails of England with prisoners for debt. *Sturges v. Crowninshield*, 17 U.S. 122, 140-1 (1819)

The year 1283 was in the time period of the merchant fairs that were conducted by the foreign merchants. We have seen before that the foreign merchants had money and influence, and were willing to pay those who aided their business. The laws concerning insolvency and bankruptcy were intended to alleviate the burden of the people caused by the imprisonment statutes provided by Parliament for the foreign merchants. There were many people, unnaturally labeled *villeins* as quasi slaves, who appeared to be debtors, but that is not necessarily true.

Thus, while the ordinances of Elizabeth and James, and the various statutes, down to the present times, were passed, expressly on the subject of insolvency, for the benefit of all poor prisoners confined for debt, including all classes in society, the parliament was, at the same time, passing statutes of bankruptcy, maturing and accumulating that peculiar code, confined as it was to merchants and traders only.

Sturges v. Crowninshield, 17 U.S. 122, 143 (1819)

The Jews brought [to England] a refined system of commercial law: their own form of commerce and a system of rules to facilitate and govern it. Those rules made their way into the developing structure of English law.

Several elements of historical Jewish legal practice have been integrated into the English legal System. Notable among these is the written credit agreement-- shetar, or starr, as it appears in English documents. The basis of the shetar, or "Jewish Gage," was a lien on all property (including realty) that has been traced as a source of the modem mortgage. Under Jewish law, the shetar permitted a creditor to proceed against all the goods and land of the defaulting debtor.

…Although the Jews, as aliens, could not hold land in fee simple, they could take security interests of substantial money value. That Jews were permitted to hold security interests in land they did not occupy expanded interests in land beyond the traditional tenancies. The separation of possessory interest from interest in fee contributed to the decline of the rigid feudal land tenure structure.

At the same time, the strength of the feudal system's inherent resistance to this widespread innovation abated. By 1250, scutage had completely replaced feudal services: tenant obligations had been reduced to money payments. And as the identity of the principals in the landlord-tenant relationship became less critical, a change in the feudal rules restricting alienability of interests in land became possible.

One catalyst for this change may have been the litigation surrounding debt obligations to Jews secured by debtors' property. The Jews in Norman England had a specified legal status . They alone could lend money at interest. They were owned by the King, and their property was his property. The King suffered their presence only so long as they served his interests –primarily as a source of liquid capita1.

Because moneylending by Christians was infrequent, English law had not established its own forms of security. The Jews operated within the framework of their own legal practice, which was based on Talmudic law developed over centuries of study. But the peculiar status of the Jews as the Crown's de facto investment bankers encouraged the King to direct his courts to enforce the credit agreements made by Jews under their alien practice . This nourished the growth of Jewish law in a way that blurred the absolutes of feudal land tenure. Previously inalienable rights in land gave way to economic necessities, and the English ultimately adopted the Jewish practices.

> *The Shetar's Effect on English Law -- A Law of the Jews Becomes the Law of the Land*, The Georgetown Law Journal, Vol. 71:1179, written by Judith A. Shapiro (1983)

What was the device or instrument that was a new innovation into the laws England? It was a commercial document showing a security interest in property. It did not give the holder ownership or rights of possession. What was the instrument used as evidence to put villeins in debtors prison? It was a security instrument appearing to show the

defendant to be a debtor. Another word associated with security interest is *pledge.* Imprisonment for debt was not known in England, until the foreign merchants arrived. What was the foundational cause that would allow for debtors to be put in prison? It was the nature of the population of England – which was, villeins, i.e. quasi slaves. The merchants needed the political authority to pass legislation and usurp the courts, because they had the supposed superiority over the population of villeins.

Shortly after the Statutes of Merchants was passed, the Jews were forced to leave England. The presumption is, there were others who desired to take their place and run the law merchant business themselves.

8. MERCHANTS CREATE MONEY FROM DEBT

This will be a very short explanation of a very complex issue. Money of intrinsic value, as gold or silver, which is mined, coined or weighed, and used in the exchange of goods or service increases as more gold and silver is put into circulation. If there is no money of intrinsic value, how does paper "money" come into circulation? How does it increase? A promise to pay is the substitute for real lawful dollars. You may be creating "money", but you believe you are agreeing to be a debtor.

At the time the government of the United States was taking gold out of circulation, Congress was discussing the issue of money. Below is a Congressional discussion on the banking emergency relief act of 1933.

If the Republican Party had released itself from the clutches of Wall Street and expanded the currency immediately after the stock-market crash in 1929 or within a year after the crash, our people would have been saved from this awful money panic. Our President will doubtless ask amendments to this new law when conditions are more normal and when it is better understood. Under the new law the money is issued to the banks in return for Government obligations, bills of exchange, drafts, notes, trade acceptances, and banker's acceptances. The money will be worth 100 cents on the dollar, because it is backed by the credit of the Nation. It will represent a mortgage on all the homes and other property of all the people in the Nation.

Congressional Record, House, Mr. Patman, March 9, 1933, p. 83

We see above that when banks give the Federal Reserve Regional Banks (I believe, not the U.S. treasury) Government obligations, bills of exchange, drafts, notes, trade acceptances, and banker's acceptances, the banks receive "money". This is new "money", meaning paper or computer digits. When the bank receives a promissory note from you and passes it on to the Federal Reserve, the bank receives the value, dollar for dollar, in paper Federal Reserve

Notes or digits into its account. If you give the bank a $100,000 promissory note, there will then be $100,000 more in the total banking system. You just created money.

The following are two examples of trade acceptances, which I believe includes the slip you sign when you use a credit card.

A trade acceptance is a draft or bill of exchange, drawn by the seller on the purchaser of goods sold, and accepted by such purchaser, and its purpose is to make the book account liquid and permit the seller to raise money on it before it is due under the terms of sale.

Legal Discount Corporation v. Martin Hardware Co., 91 P.2d 1010, 1012 (Wash)

A trade acceptance is a draft drawn by the seller of goods upon the buyer for the purchase price of such goods, which draft has been accepted by the buyer. A trade acceptance properly drawn is negotiable paper and its use results in advantages to both buyer and seller. It is however properly used to represent current merchandise transactions only, and is in this respect distinguished from a promissory note which may be given for a past-due account, borrowed money or for any other consideration. Trade acceptances are bills of exchange "arising out of actual commercial transactions" which federal reserve banks may discount under section 2 of article 13 of the Federal Reserve Act,

12 U.S.C.A. 343, and which they may purchase in the open market under Section 1 of Article 14, 12 U.S.C.A. 353.

State Trading Corporation v. Jordan, 22 A.2d 30, 34 (Penn)

Now you may think you are a debtor when you sign a paper evidencing a debt, but actually you just provided the other party with an asset that can be sold or delivered for the benefit of the holder.

9. STATUTE MERCHANT, STATUTE STAPLE

It was the concept of a security interest in another's possessions that was innovative and devastating in its results. Under the common law, possession was everything, or, as they say, nine-tenths of the law. The law merchant is saying possession means very little if someone has a piece of paper presenting a claim in the nature of a security interest. Some of the English statutes referenced in the quotes above became known as statute merchant and statute staple. Concerning imprisonment, the following is footnote 46 from *The Shetar's Effect on English Law.*

46. M. ELON, RESTRAINTS OF THE PERSON AS A MEANS IN THE COLLECTION OF DEBTS IN JEWISH LAW (1961) (precis of doctoral dissertation) (Jewish tradition had no personal imprisonment for debt, reasoning that if a debtor's home could not be entered, even less could the debtor be taken; in the 13th

century, Jewish scholars began to debate and approve imprisonment for evasive debtors, but only in carefully prescribed conditions).

Unlike Jewish law, English law specifically envisioned such imprisonment. See, Statute of Merchants, 1285, 13 Edw., Smt. 3 (establishing imprisonment of the body of a defaulting debtor); Statute of Avon Burnell, 1283, 11 Edw. (if debtor's goods insufficient to satisfy debt, debtor imprisoned pending repayment, but creditor responsible for assuring bread and water sufficient to sustain life of imprisoned debtor, who must further reimburse creditor upon release) .

173. See Statute of Merchants, 1285, 13 Edw., Stat. 3 (upon creditors presentation of debt instrument to Mayor, debtor arrested and imprisoned; if he has not paid within three months, he is enabled to sell his lands or chattels to satisfy the debt; if he still has not paid in another three months, a reasonable portion of his lands and chattels are delivered to the creditor to hold as security against ultimate repayment or until the debt is satisfied out of their proceeds). See also A.W.B. SIMPSON, supra note 119, at 127-28 (same).

The difficulty in rationalizing how debtors could be put in prison stems from Deuteronomy 24, which suggests that giving a pledge does not allow for diminishing the life of the debtor and not interfering with his body, since only an object is pledged.

[6]No man shall take the nether or the upper millstone to pledge: for he taketh a man's life to pledge.

[7]If a man be found stealing any of his brethren of the children of Israel, and maketh merchandise of him, or selleth him; then that thief shall die; and thou shalt put evil away from among you.

… [10]When thou dost lend thy brother any thing, thou shalt not go into his house to fetch his pledge.

[11]Thou shalt stand abroad, and the man to whom thou dost lend shall bring out the pledge abroad unto thee.

[12]And if the man be poor, thou shalt not sleep with his pledge:

[13]In any case thou shalt deliver him the pledge again when the sun goeth down, that he may sleep in his own raiment, and bless thee: and it shall be righteousness unto thee before the LORD thy God. Deuteronomy 24

The statute-merchant and statute-staple were, in themselves, securities. If you acknowledge a debt is due, your mere acknowledgement can be converted into "money" in an accounting system like the Exchequer of England or Federal Reserve.

Statute also sometimes means <u>a kind of bond</u> or obligation of record, being an abbreviation for "statute merchant" or "statute staple. *Black's* 4th ed "Statute"

Statute-merchant. **In English law. <u>A security for a debt</u> acknowledged to be due, entered into before the chief magistrate**

of some trading town, pursuant to the statute 13 Edw. I. *De Mercatori-bus*, by which not only the body of the debtor might be imprisoned, and his goods seized in satisfaction of the debt, but also his lands might be delivered to the creditor till out of the rents and profits of them the debt be satisfied. *Black's* 4th ed.

Statute merchant. Hist. 1. One of two 13th century statutes establishing procedures to better secure and recover debts by, among other things, providing for a commercial bond that, if not timely paid, resulted in swift execution on the land, goods, and body of the debtor. 13 Edw. , ch. 6 (1283); 15 Edw., ch. 6 (1285). These statutes were repealed in 1863. 2. The commercial bond so established. Cf. STATUTE STAPLE.

"It is not a little remarkable that our common law knew no process whereby a man could pledge his body or liberty for payment of a debt … Under Edward I, the tide turned. In the interest of commerce a new form of security, the so-called 'statute merchant', was invented, which gave the creditor power to demand the seizure and imprisonment of his debtor's body." 2 Frederick Pollack & Frederic W. Maitland, The History of English Law Before the Time of Edward I (2nd ed. 1899)

Black's Law Dictionary, 7th ed. (1999)

Statute staple. **Hist. 1. A 1353 statute establishing procedures for settling disputes among merchants who traded in staple towns. The statute helped merchants receive swift judgments for**

debt. 2. A bond for commercial debt. A statute staple gave the lender a possessory right in the land of a debtor who failed to repay a loan.

"A popular form of security after 1285 … was the … 'statute staple' – whereby the borrower could by means of a registered contract charge his land and goods without giving up possession; if he failed to pay, the lender became a tenant of the land until satisfied. …it later became a common practice under the common-law forms of mortgage likewise to allow the mortgagor to remain in possession as a tenant at will or at sufferance of the mortgagee." J.H. Baker, An Introduction to English Legal History 354 (3rd ed. 1990) *Black's Law Dictionary*, 7th ed. (1999)

Commercial bonds are being created by the commercial statutes. Bonds, like all other evidences of debt and promises to pay, are valuable in the current international marketplace. It comes down to the fact that, when dealing with the institutions of the great merchants, you really can not be a debtor because there is no money, and they are not loaning anything they had when you walked in the front door. What they loan is what you create, but if you merely acknowledge the existence of the debt, your acknowledgement is sufficient to create paper to use as "money".

10. MEDIEVAL EUROPEAN FAIRS OF THE MERCHANTS

Earlier we saw: "**The Lex Mercatoria would seem to be in part based on Roman law, in part maritime custom, in part the law of the Medieval European fairs, and to a great extent upon the last**." The following are some observations concerning Medieval European fairs, and how "courts" created for the fairs operated with respect to the "great merchants". The following quotes are found in *The Law Merchant and the Fair Court of St. Ives*, 1270-1324, by Stephen Edward Sachs, 2002. Notice that the political officials will receive benefits from the merchant's fair and the courts of the merchants. It is also interesting to observe that the accused could bring his law by oath, or ask for an inquest like a jury, which could go out to gather evidence to aid the accused.

The abbot is the head or superior of a monastery and possibly the top official of the vill.

The fines and amercements paid in the fair court went to the abbot's treasury, and the watchmen and constables as well as the jurors of presentment were unfree men who owed services to the abbot as their lord. The abbot's men were responsible for collecting payments to the court, for distraining absent defendants by seizing their goods, and for conducting unlucky defendants to jail. … Furthermore, St. Ives was not a free town,

but a vill whose residents were largely of villein status and who owed tenurial obligations. The abbot therefore had direct, personal jurisdiction over the many residents of St. Ives who appear in the court rolls, and they came before the fair court as before the court of their lord.

The merchants' decision-making role is emphasized by the parties themselves in *Graffham v. Pope* (1291), in which Alan of Berkhamstead intervened to claim as his own a horse that had been attached for a debt. …he craves may be inquired, unless he may be admitted to his law by the award of the merchants." …the fact that Alan had sought relief "by the award of the merchants" indicates that the merchants attendant at court were seen as the decision-makers. Later in the same session, a dispute arose …to prove a breach of contract were an inquest or a wager of law, a formal oath of innocence sworn by the defendant and a specified number of compurgators. … These are only a few of the many cases at St. Ives in which a party appealed to "the merchants" for a favorable decision.

A number of examples in the proceedings of the fair courts show the parties looked to the merchants for a decision, or that a party may choose to prove his case or his innocence by asking for an inquest, or that he may be admitted to his law or wager of law. An *inquest* is said to be a jury or some similar body to go out and investigate the matter, and *his law* is said to be an oath, and *wager of law* is said to be a

formal oath of innocence sworn by the defendant along with compurgators.

COMPURGATOR. **Formerly, when a person was accused of a crime, or sued in a civil action, he might purge himself upon oath of the accusation made against him, whenever the proof was not the most clear and positive; and if upon his oath he declared himself innocent, he was absolved. …In order to give a greater weight to the oath of the accused, the law was again altered so as to require that the accused should appear before the judge with a certain number of his neighbors, relations or friends, who should swear that they believed the accused had sworn truly. This new species of witnesses were called compurgators … By the English law, when a party was sued in debt or simple contract, detinue, and perhaps some other forms of action, the defendant might wage his law, by producing eleven compurgators who would swear they believed him on his oath, by which he discharged himself from the action in certain cases.**

A Dictionary of Law, Bouvier, 1856

Sometimes the defendant asked for a jury "of the whole court" and the records indicate this meant an assembly of the suitors rather than a single judge. A famous writer on matters of law, F.W. Maitland, has also reported that a steward may preside over a court but the suitors were the judges. The steward or sheriff controlled the procedure, issued mandates, and pronounced the sentence. Villeins could be

suitors and would therefore be in a position to "do justice upon their lord," even though they owed him services and were considered his slaves. "**These individuals of servile status, who would be classified as villeins … were judged in the fair of St. Ives under the same rules as great merchants; they could still call themselves "merchants" and even seek judgments according to the law merchant**."

11. SUMMARY

What this treatise is showing is that the law merchant, which is developed by the merchants, is what is governing much of or possibly the entire current legal and political system of the United States.

It should also be stated that the legal and political system deal with legal persons as corporate characters using a name similar to the man's name. Some refer to the legal person corporate name as the strawman. This name also represents a villein or quasi slave status. There are procedures and processes to use when you understand the difference between you and that in-the-box name. Also, if one can discharge or setoff obligations that may be recorded in the strawman's name, or otherwise control any securities on file in the name of the strawman, you might greatly reduce the law merchant system's charges or demands upon that name.

The following information comes from one of the good guys who worked to understand the workings of this altered legal system. Howard Freeman had a conversation with a District Court Judge who said that prior to 1938, the courts were dealing with Public Law; since 1938 they go by Public Policy Statutes. The cases dealing with public law do not apply to public policy. The Erie case determined the man struck by a board sticking out from a railroad car could not sue for damages because he had no contract with the railroad. He certainly had a case according to the common law, but, evidently not according to the commercial law, including negotiable instruments law. [I am going to insert here that sources show Erie RR was in the hands of a receiver due to financial problems; therefore, only the equity side of the court could determine matters concerning Erie RR. Also relevant is the possibility that the government of the United States was in bankruptcy or insolvency at the tile of the Erie RR case.] Before The Erie RR case, the court in *Swift v Tyson* (1840) had mad decisions according to the common law of the state. So after 1938 there were to be no more decisions based on the common law at the federal level. Also relevant at this time was the blending of law and equity.

The courts became Merchant Law courts and not common law courts. This whole change seems to stem from the bankruptcy or insolvency of the United States, which was stated by another judge Mr. Freeman conversed with. In 1938, all the higher judges, top attorneys and U.S. attorneys were called to a secret meeting.

According to Howard's conversation with a judge outside the court, the judge was told by certain government officials the following.

"America is a bankrupt nation – it is owned completely by its creditors. The creditors own the Congress, they own the Executive, they own the Judiciary and they own all the state governments.

"Take silent judicial notice of this fact, but never reveal it openly. Your court is operating in an Admiralty jurisdiction – call it anything you want, but do not call it Admiralty."

The judge stated he would not say more, he probably said too much already.

The following court addressed the law merchant. This will serve as a good summary and bring in other facts not covered previously, so we can better understand how this commercial system operates.

As administered by the king's courts, the rules of the law merchant nevertheless remained a body of law which were applied to particular classes of transaction rather than to a particular class of men. The law merchant thus gradually became a part of the legal system of England. … It is true that the process was necessarily marked by mutual adaptation and substantial modification of both systems; that is, the law merchant and the common law. It is nevertheless inaccurate to say that the law merchant lost its identity entirely and became wholly assimilated

with the common law when its administration was assumed by the king's court. Though its principles were adopted into the common law by Lord Mansfield, the law merchant still remained a body of rules applicable to a certain class of transactions and international in character. [When we speak of the law of negotiable instruments, we are referring to the law merchant, not the common law.] The law merchant, in so far as its fundamental principles are concerned, remained essentially a separate system of law. … The law merchant is, in fact, "an independent parallel system of law; like equity or admiralty. … The king's courts administered not local custom, nor even the custom of the realm, but rules applied in commercial causes in all countries.

It should also be noted that interference by the courts in behalf of the surety as against the creditor for the purpose of accelerating the movements of the latter, or of compelling him to take action for the protection of the surety's interest, is of equitable origin. Later, the rules of equity were recognized and given effect at law. Their origin and development, however, were entirely distinct and separate from the rules of the law merchant. …

Our Legislature has distinctly recognized the common law as applicable in certain cases in the absence of statute. … The Negotiable Instruments Law, however, expressly adopts the law merchant, not the rules of the common law, as to matters not covered therein, and this court is required to take judicial notice thereof. [cite Civil Law code] … the law merchant has a history

and had a development distinct and essentially different from that of the common law, and of the further fact that, although ultimately the administration of the rules of the law merchant was assumed by the king's courts, its fundamental principles remained substantially intact.

… it was the intention of the framers of the Negotiable Instruments Law to define the status of the accommodation indorser without reference to the rights of the surety at common law by given him the right to indicate on the instrument, in appropriate words, if he desired to be bound in the capacity of and entitled to the rights and privileges of a surety at common law or under the statutes of the jurisdiction governing the contract between the parties.

… This court has held, on at least two different occasions, that the relations between a bank and a depositor "is that of debtor and creditor merely"; that the bank is not a custodian of a deposit, but a debtor to the depositor in the amount thereof.

… The same Legislature which enacted the Uniform Negotiable Instruments Law also provided for the codification of all the laws of this state and the publication thereof as the "Revised Codes of 1899" under the general supervision of the secretary of state. *

… It is a matter of common knowledge that the Negotiable Instruments Act was drafted for the purpose of codifying the law upon the subject of negotiable instruments and making it uniform throughout the country through adoption by the Legislatures of

the several states and by the Congress of the United States.

Bank of Conway v. Stary, 200 N.W. 505 (1924)

Some people think the Federal Reserve Banks are U.S. government institutions. They are not government institutions. They are private credit monopolies which prey upon the people of the United States for the benefit of themselves and their foreign and domestic swindlers, and the rich and predatory lenders.

Chairman Louis T. McFadden, House Banking and Currency Committee, before the House of Representatives, June 10, 1932, 75 Congressional Record, see pages 12595-12603

By Byron Beers

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