

Using Your Exemption

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Introduction

The Exemption essay discussed the concept of having an exemption from having to “pay” for anything because there is no money of substance with which to “pay”. The exemption can also be thought of as an accounting of what the government owes us for everything they have taken from our parents and us without giving valuable consideration in return. That essay did not, however, discuss how to use or access the exemption. This essay will discuss how one might be able to use the exemption to discharge debt. The implications of discovering how to use the exemption would be staggering. It would mean the ability to get out from under the debt that is crushing so many people.

You could say that the current economic system has been set up for our benefit, to repay us as the beneficiaries of the trust (The Exemption essay introduced the concept of the trust). Our goal is to determine how to effectively use this system without destroying it.

There have been many kinds of instruments (i.e., checks on closed bank accounts, banker's acceptance and sight drafts) that people have tried to use to access the exemption. Many of these have not been successful, and some have even gone to jail because of their use. That's not to say that the instruments are morally wrong. It is quite possible that the people who went to jail just didn't know what they were doing. I suspect that the reason these instruments got people in trouble is because they attempted to use some aspect of the private Federal Reserve system, such as bank routing numbers or account numbers. Those kinds of instruments will not be discussed further here since so many negative stories have been heard about them.

We will focus our discussion on two kinds of instruments: bills of exchange (BOEs) and bonds. When referring to these as a group, they will be called “instruments”.

There Is No Money

Before we get into the main topic, I want to say a bit about money. I take the position that there is no “money” or at least no money of substance in our current economic system. You may disagree with this position and there is certainly room for debate. But, for the sake of clarity, I will elaborate why I feel my position is has some merit.

One definition of money is a “medium of exchange”. If you want to use this definition, then I would have to say that there is money in our economic system. We certainly do exchange money or Federal Reserve Notes (FRNs) to get the goods and services that we need. But this definition begins to reveal the problem with what we call “money”.

The word “exchange” means a situation in which equal value is given between two parties. If there is money of substance, then an exchange can take place. By “money of substance”, I mean something that has intrinsic value of its own, such as gold and silver.

Let me illustrate this concept of an exchange. Let’s say it is 1900 and you own a clothing store. You are selling men’s suits for \$20. If someone were to give you a \$20 gold piece for a suit, an exchange would have taken place. Both the suit and gold have intrinsic value so both parties received equal value.

Now, let’s update the story to modern times. You have a clothing store and are selling a suit for \$300. Someone comes in and give you \$300 in FRNs. A FRN is a note. But what is a note?

[Note. An instrument containing an express and absolute promise of signer \(i.e. maker\) to pay to a specified person or order, or bearer, a definite sum of money at a specified time... \[Black’s Law Dictionary 5th Edition\]](#)

So, a note is a promise to pay at some future date. It is a debt instrument. An FRN is a pledge on the part of the government to pay a debt. This means that every FRN in circulation is actually a liability of the federal government. It might appear to be an asset to the one holding it, but it just means the government will pay off the debt some day when there is substance. FRNs are backed by the “full faith and credit” of the UNITED STATES. But where is the government going to get assets to pay off all these liabilities? The government is an artificial entity that has no source of wealth on it its own. The only source the government has is “We the People”. The natural resources of the earth are the source all wealth. But, without people, natural resources have no value. Gold, silver, oil, coal, platinum, diamonds, timber, livestock, and crops are all products of the earth. None of these have any value until people put their ideas and labor into converting the raw materials into something of greater value. So, in one sense, FRNs are only as good as the willingness of the businesses and people to accept them.

Now back to the clothing store illustration. Did the storeowner get anything of intrinsic value when he received the \$300 in FRNs? No! The FRN is just paper with no intrusive value. The owner got a promise for payment at some point in the future by the government. No one can determine when the promise of payment might be fulfilled. Since the FRN is a debt instrument, the debt for the purchase of the suit was not paid. You can’t pay a debt with a debt; can you? I don’t think so. All you can do with an FRN is discharge a debt.

While we are talking about money, we also need to discuss the concept of credit. Credit is the ability of a person to borrow “money” or obtain goods on time based upon the perception that the debt will be repaid in the future. All people possess the potential of virtually unlimited credit because all people have the potential to pay back a virtually unlimited amount of debt. A man, through his own labor, might be able to make a sizable fortune by panning for or mining gold or any other business venture. In the same way, an inventive man’s ideas might create a vast fortune. Rather than laboring for gold, a man might invent machines and processes that could mine vast quantities of gold from the earth.

If the labor or ideas of people can create a vast amount of wealth, then it could reasonably be said that people have unlimited amount of credit. This unlimited credit does not apply to just special people. It applies to everyone. No one can predict who might be the next person to come up with a idea, invention, song, book, theory or whatever that might make a huge fortune.

This concept of unlimited credit does not hold true for artificial entities, like corporations and governments. Artificial entities are not alive and cannot produce one product or idea except through the efforts of people. If a banker is willing to give a corporation a large amount of credit, it is only because the banker is convinced that the corporation has organized their people in such a way that they can create the amount of wealth necessary to repay the debt. In fact, one could say that artificial entities can only create debt. It takes no creative power to create debt. It does, however, take creative power to repay debt.

When a company issues a person credit, is the company really risking any of its own resources to give the credit? Research has led me to the conclusion that the answer is no! A careful study of *Modern Money Mechanics*, a publication of the Federal Reserve Bank of Chicago, makes it clear that banks don’t have any money of their own to lend and are forbidden from lending their depositors’ “money” when they issue you credit. What they do is exchange (an even swap of value) your promise to pay for credit in an account, FRNs, that you can use to buy goods and services. Since there was an even exchange, you don’t owe them anything. They got the note, (your promise to pay) as an asset and you got FRNs in an account that you could spend. Since they didn’t loan you anything in the first place, the idea of calling them a creditor seems misleading. So when we use the term “creditor” in this essay, we will put it in quotes to remind you that they didn’t loan you anything other than your own credit. We, the living souls, are the real ultimate creditors because it is only through our labor and ideas that any wealth is created. What we have always called “creditors” in the past are really just fictional organizations (“persons” created by the government) to whom we issue some of our own credit.

So, to summarize the points that have been made here, the only kind of “money” in our economic system is credit or promises to pay. When you use a credit card, you are using credit which is a promise to pay. When you write a check, you are promising that your bank will honor it and transfer credits from your account to the account of the party to whom you wrote the check. When you give FRNs for goods and services, you are giving a promise to pay made by the federal government. So, all we really have is a promise to pay. There is no lawful money of substance in our economy.

Setoff

Since all we have is promises to pay, that means you can never actually pay for anything. The word “pay” implies an exchange of equal value. Since there is no substance backing up our FRNs, you can’t pay for anything. All you can do is discharge the debt.

If it is true that we can’t pay for anything, then how can a BoE or bond discharge a debt? It is done with setoffs.

setoff. ... 2. A debtor’s right to reduce the amount of a debt by any sum the creditor owes the debtor; the counterbalancing sum owed by the creditor. ... Set-off signifies the subtraction or taking away of one demand from another opposite or cross demand, so as to distinguish the smaller demand and reduce the greater by the amount of the less... [Black’s Law Dictionary, 7th Edition]

When we issue one of the instruments we are discussing, bookkeeping entries should be made to reduce the amount of money owed to our “creditor”. Let’s use an example to clarify this “ledgering”. Let’s say that Bill obtained a \$100,000 loan from Corey, and Corey got \$1,000 loan from Adam. The three balance sheets shown below reflect the initial situation.

Adam		Bill		Corey	
Asset	Liability	Asset	Liability	Asset	Liability
1,000 receivable from Corey	1,000 paid Corey cash	100,000 cash from Corey	100,000 owe Corey	100,000 receivable from Bill	100,000 paid Bill cash
				1,000 cash	1,000 owe Adam

Now, let’s say that Corey wants to discharge his debt to Adam by using a draft. A draft is a three-party instrument where party A (drawer), asks party B (drawee) to pay party C (payee). So, in our example, Corey (drawer) is going to issue a \$1,000 draft where Bill (drawee) is instructed to pay \$1,000 to Adam (payee). In essence, the draft would cause setoff transactions in the balance sheet of Adam, Bill and Corey. No real “money” needs to trade hands to accomplish the discharge of the debt. The balance sheets below show the result for each person.

Adam		Bill		Corey	
Asset	Liability	Asset	Liability	Asset	Liability
0	0	99,000 cash	99,000 owe Corey	99,000 receivable from Bill	99,000 paid Bill cash

Now, let’s change the names of the players. Let’s say that Adam is one of your “creditors”, Bill is the federal government, and Corey is you. The amount of debt owed by the federal government is very large because of your exemption. The same concept applies with this new scenario. The government and your creditor could do setoff transactions to remove your debt. The actual mechanism would be somewhat more complicated because the creditor’s bank would get involved, but the principles and ledgering entries are the same.

When we use a BoE or a bond, we are asking the government to discharge our debt for us out of the “money” that they owe us (exemption). The payee for these transactions would be the

Secretary of the Treasury, who is also the trustee for the U.S. bankruptcy. As such, he is responsible for distributing all funds, just like any other trustee in a bankruptcy proceeding. So, we ask him to be our banker and discharge our debts for us. This is what HJR 192 of June 5, 1933 says the government will do: The government will discharge our debts “dollar for dollar”.

Other than FRNs, most of “money” that flows in our economy is just bookkeeping entries or digits in various computers. When debts are discharged, no real money flows. The only thing that happens is that bookkeeping entries are made on various computer systems. When you write a check to a merchant, eventually the merchant’s checking account will be credited with the amount of the check, and your checking account will be debited with the same amount. When you use a debit card, the same thing happens. The only thing that is different is that no check is written; it’s all done electronically.

Debts That Can Be Discharged

Now we’ll describe what kinds of debts can be discharged with these instruments. BoEs and bonds can only be used to discharge public debts - not private debts. But what is public debt and what is a private debt? I define private debt as debt between two living souls (man to man, man to woman, etc) and public as debt to any legal fiction or any entity created by or authorized by the government. This means the “public” would include any government entity (municipal corporation), any corporation (S Corp or C Corp), limited liability company or partnership, statutory trust, partnerships or DBA (doing business as). All “public” entities have made application and received permission to exist.

In order to discharge a public debt, there would have to be a charging instrument or a bill itemizing the debt. The charging instrument would show how much was owed and to whom it was owed. The charging instrument could be a regular monthly bill or it could be a pay-off statement. You can only discharge the amount found on the charging instrument, nothing more. That means you can’t write an instrument for \$2000 when only \$1000 was owed and expect to get a refund of \$1000 in cash. This also means that you can’t do a charitable donation with one of these instruments since there is no debt owed and no charging instrument. If you want to give to charity, it will have to be by some means such as using a credit card or taking a cash advance on a credit card or getting them to bill you for a pledge.

At this point, it appears that the easiest and most successful type of public debt to discharge is unsecured debt. This would include any debt in which the “creditor” or claimant (the one making the claim you owe them money) does not have any collateral. Perhaps the best example of this kind of debt would be credit card debt.

You can use your exemption to discharge the debts of others. There is nothing to prevent you from paying a bill for someone using your check or credit card. So the same rules apply to using your exemption to discharge the public debt of another man, woman or a charitable organization. However, I would suggest that you not attempt to discharge the debt of others. The reason I take this position is that the person whose debt you are discharging probably does not have the knowledge to handle any difficulties that may arise from your actions, so they will then have to rely on you to fix the problem. There are some things you simply cannot do for someone else.

They will just have to do it themselves. So, I believe it is better to not even attempt to discharge the debts of others.

Some have wondered if there is a mechanism to simply “withdraw” all the “money” the government owes you. At this point, I do not believe that such a mechanism exists. The reason is that, according to HJR 192 of June 5, 1933, the government will discharge the debts “dollar for dollar”. HJR 192 doesn’t say anything about “withdrawing” funds. I also believe it would be ill advised for people to “withdraw” all their funds even if it were possible. When you discharge a debt with your exemption, you actually remove money from circulation because the debt is a liability that is offset by the asset of your exemption. So, if everyone were able to “withdraw” their full exemption at one time, there would be no FRN’s left in circulation. All of the economic collapses in our nation’s history, prior to 1920, can be directly traced to a shortage in the amount of money in circulation. If everyone were to “withdraw” their “money”, it would lead to massive economic upheaval and chaos in our society.

Debts That Cannot Be Discharged

Private debt, between two living souls, cannot be discharged using these instruments and it is ill-advised to attempt to use these instruments on debt secured by collateral. The best example of this kind of debt is a car loan. If you were to discharge a car loan using these instruments, the “creditor” would probably eventually have the car repossessed. Even though it would technically be stealing the car, if you were to call the police about the theft of the car, they would likely say it is a civil matter. This is just a way of saying they aren’t going to get involved.

Direct purchases also cannot be made with these instruments. You cannot just walk into a store and offer an instrument to obtain what you want. HJR 192 just says debts will be discharged dollar for dollar; it doesn’t say anything about buying goods. Many people have tried to use one of these instruments to buy expensive items like cars and houses, and many have heard the stories about those people being arrested and going to prison. This does not mean that it is impossible to use these instruments to buy items or that the instruments are not valid. It may mean that the people who tried to use them in this way didn’t know what they were doing and therefore got themselves in trouble. So at this point, I would simply suggest that you not try to use these instruments to buy products. For now, it would appear to be a better strategy to charge items on a credit card and then discharge the credit card with an instrument.

Some Words of Caution

It is recommend that if you want to try to utilize these instruments, go slowly. Try using these instruments on debt that you already have and may be having trouble paying off. You won’t have much to lose by trying these techniques on existing, unsecured debt.

It is also suggested that you not issue very many of these instruments within a short period of time. Again, take it slowly. Learn what you are doing. Try issuing just one of two and see how the “creditors” respond. Dealing with creditor who may not like your instrument (more on this later) can be very time consuming and emotionally draining. I have heard of people, who were in serious financial trouble, who issued a dozen instruments within a few weeks and quickly

became overwhelmed just dealing with paperwork of all the creditors. Even if you are in very serious financial trouble, go slowly and tread softly.

It would definitely be a bad policy to go out and create a lot of new debt or attempt to buy everything you ever wanted using these techniques. Prove the concept to as workable for yourself first. It would be a real tragedy to create a lot of new debt that you might not be able to “pay” (or discharge) if you can’t make the concepts work. This is also a philosophical issue that stems from my belief system. There is a fine distinction between what you want and what you need. The human heart or spirit (depending upon the terms you use) can be very deceptive. We can easily convince ourselves that we need a 6,000 square foot house when the needs of our family could easily be met by a 2,000 square foot house. Examine your motives when you want to use these instruments. I believe it is all right to get the things you need to survive; but, when you start trying to get all the things you simply want, you can damage to your own spiritual well-being.

The Right Mind Set

Many people have successfully used these instrument to discharge debts, but that doesn’t mean that you will be able to achieve the same results. The outcome you achieve depends largely upon you. In order for any remedy to work, you need more than information, you need understanding, which only you can provide. It is not enough to merely use the information. You must understand what you are doing and why you are doing it. You must provide the understanding, determination, persistence and courage to apply the information correctly. In other words, you must have the personal character necessary to make any solution work. You must “own” (internalize) the knowledge and be able to effectively use and apply it to be truly successful.

So, how can you develop your own understanding and character? Only you can answer that question. Each person must follow their own path to develop understanding and character. I would propose you undertake this journey with a long-term commitment to honesty, truth, integrity and justice. These are matters of the heart and/or spirit. The heart can easily be deceived by selfish desires. So, I recommend that you use something other than your own wishes as the plumb line by which you judge your heart. I propose that you use the Bible for this purpose (although you may be more comfortable with some other standard). I would also advocate that you find others with a similar belief system whom you give permission to ask the tough, probing questions about your motives and intent, to help guard you against self-deception. You must guard against a desire for quick personal advantage or getting something for nothing.

If you use the information provided here (and in greater detail elsewhere) and you lose in a given situation, this will not mean the war is over or that your efforts went unrewarded. The failed attempt may well be part of your journey toward the understanding and character that you will require to eventually win the war and gain greater personal freedom. Personal freedom is well worth fighting for, so be determined and not give up at the first setback or unexpected result.

Bill of Exchange

Now we will turn our attention to the bill of exchange. You might be wondering where people got the idea of using a bill of exchange. The idea came from a Federal Reserve publication.

Modern monetary systems have a fiat base – literally money by decree – with depository institutions, acting as fiduciaries, creating obligations against themselves with the fiat base acting in part as reserves. The decree appears on the currency notes: “This note is legal tender for all debts, public and private.” While no individual could refuse to accept such money for debt repayment, exchange contracts could easily be composed to thwart its use in everyday commerce. However, a forceful explanation as to why money is accepted is that the federal government requires it as payment for tax liabilities. Anticipation of the need to clear this debt creates a demand for the pure fiat dollar. [“Money, Credit and Velocity,” Review, May, 1982, Vol. 64. No. 5, Federal Reserve Bank of St. Louis, p. 25]

The Federal Reserve is saying that the people could easily replace the use of Federal Reserve Notes in daily life by using exchange contracts. This is very interesting idea. It means that we can use exchange contracts to discharge our debts. So what is an exchange contract? The legal dictionaries do not give a definition for “exchange contract.” So, let’s see what the words mean individually.

Contract. An agreement between two or more persons which creates an obligation to do or not to do a particular thing. Its essential are competent parties, subject matter, a legal consideration, mutuality of agreement, and mutuality of obligation. ... [Black’s Law Dictionary 5th Edition]

Exchange. To barter; to swap. To part with, give or transfer for an equivalent... [Black’s Law Dictionary 5th Edition]

exchange. ... 2. The payment of a debt using a bill of exchange or credit rather than money... [Black’s Law Dictionary 7th Edition]

Taking these two words together, it seems reasonable to conclude that an “exchange contract” is a contract in which equivalent value is transferred between two parties under the terms of a contract. *Black’s* 7th edition also indicates that an exchange can include a bill of exchange. So, what is a bill of exchange?

Bill of exchange. A three party instrument in which first party draws an order for the payment of a sum certain on a second party for payment to a third party at a definite future time. Same as “draft” under U.C.C. A check is a demand bill of exchange. See also Advance bill; Banker’s acceptance; Blank bill; Clean bill; Draft; Time bill. [Black’s Law Dictionary 5th Edition]

So a bill of exchange is also called a draft, but what is a draft?

Draft. A written order by the first party, called the drawer, instructing a second party, called the drawee (such as a bank), to pay a third party, call the payee. An order to pay a sum certain in money, signed by a drawer, payable on demand or at a definite time, and to order or bearer. ... An unconditional order drawn by a drawer on drawee to the order of the payee; same as a bill of exchange. U.C.C. § 3-104. See also Check; Documentary draft; Redraft; Sight draft; Trade acceptance. [Black’s Law Dictionary 5th Edition]

So, a bill of exchange is the same as a draft and a check is a demand bill of exchange. We are all familiar with a check, which is just a special form of a bill of exchange. It appears to be possible to use a bill of exchange to access what the government owes us: our exemption.

Before you can issue a BoE, there are several steps that should be completed. These include: copyrighting your straw man name as a trade name/trademark, signing a security agreement between you and your straw man, filing a UCC-1 with both your birth state and your state of residence, and establishing an account with Secretary of the Treasury. Each of these pieces is critical and they must be done in a specific order.

It appears that the straw man was created by the government. Therefore, based upon the principle that someone who creates an entity owns the entity, the government owns the straw man. It is not clear exactly what kind of entity the straw man is. Some have suggested that it is a trust while others say it is a corporation sole (a corporation of one). For our purposes, it does not matter. What does matter is that we must take control of the straw man, both its name and its finances and assets. We can take control without taking ownership.

By copyrighting your straw man's name as a trade name/trademark, you will take control of the use of the straw man's name, but not the entity. A common law copyright is the type of copyright we use for this purpose. You have the right to copyright the straw man's name because it was created from your true name, which is your full birth name printed in with upper and lower case characters, e.g. John Quincy Public. The names that you would copyright would include all spelling variations of your true name except the true name itself, e.g. JOHN QUINCY PUBLIC; john quincy public; JOHN Q. PUBLIC; John Q. Public; JOHN Q PUBLIC; John Q Public; JOHN PUBLIC; John Public; J. Q. PUBLIC; J. Q. Public; J Q PUBLIC; J Q Public; PUBLIC, JOHN QUINCY; Public, John Quincy; PUBLIC, JOHN Q.; Public, John Q.; PUBLIC, JOHN Q; Public, John Q. The true name itself can't be copyrighted. The copyright notice is either recorded with a county recorder in your state or published in a newspaper once a week for four weeks. The copyright name has to be established before you can file the UCC-1 because the filing is done using the copyrighted name as the debtor on the UCC-1.

Corporations and the government can only deal with legal fictions. So, all contracts and official records are in the straw man's name. Title to all property, bank accounts, stock accounts, licenses and permits, and everything else is all held in the straw man's name. Once the straw man's name has been copyrighted, you can create a security agreement. The security agreement is a contract between you, the living soul, and the straw man. This contract pledges everything that the straw man now owns or will ever own to you. This is reasonable because, without you, the living soul, the straw man would own nothing.

After the security agreement has been executed, you can file a UCC-1. In order for a UCC-1 filing to be legal, there must be an agreement between the parties. The security agreement is the contractual evidence upon which the UCC-1 filing is based. The UCC-1 filing is a public record of a lien that exists upon all the assets of the straw man to secure the debt the straw man owes you for your labor. The priority of this lien is based upon "first in time is first in line". This means the first lien filed has priority over all subsequent liens. Anyone who has a lien with lower priority can't get paid until the first priority lien holder is satisfied. Since you, the living soul, have a lien on everything the straw man will ever own, this effectively means that anyone else who files a lien after yours will never get paid. So, the UCC-1 can be a very powerful defense against all who would attack the finances of the straw man, including but not limited to IRS liens.

A UCC-1 should first be filed in the your birth state (if you were born in another country, it would be where you were naturalized) because that is where the straw man was created. Your birth certificate was recorded with the county recorder and, within 14 days, then sent to the State Department and monetized. A UCC-1 should also be filed in the state where you reside, if different from your birth state, and any state in which the straw man owns real property. The UCC-1 lists the copyrighted name as the debtor and the living soul's name as the secured party.

This allows you to differentiate between the straw man and the living soul. If the state where you file the UCC-1 thinks the debtor and the secured party are the same person or entity, the state will refuse to file the UCC-1. Some states are extremely difficult to file UCC-1's in. If that is the case, you may record within your UCC Region.

Once the UCC-1 is filed in the birth state, you can establish a personal UCC Contract Trust Account with the Secretary of the Treasury. This is accomplished by sending the Secretary a cover letter, an initial BoE, a copy of the UCC-1 from your birth state and other documents. The Secretary will send these documents to the UCC Department of the IRS. If all of these documents are properly prepared, the IRS UCC Department will establish the UCC Contract Trust Account; however, you will not receive any notification whether your documents were correct or even if the UCC Contract Trust Account is set up and operational. So, you must know what is required and take it upon yourself to correctly follow each step and have every detail perfected. The Secretary and the IRS won't help you. Only after the UCC Contract Trust Account has been established can you successfully issue BoEs. If you issue a BoE before the account is established, the Secretary will dishonor and refuse to do the ledgering for your BoE.

Obviously, there is a tremendous amount of detailed information about how to accomplish all of these steps that has not been covered here. All this detail and exactly how to prepare and issue a BoE is beyond the scope of this essay. But I would strongly advise that you not attempt to perform all of these steps without some help by someone who knows what they are doing. There is simply too much that can go wrong.

At this point, you are no doubt wondering what a BoE looks like. The next page contains a sample. Notice that there are several sections of text in **green ink**. These are variables that must be customized. When sending a BOE, the original charging instrument that has been accepted for value (A4V) must be included and it must be sent by certified mail. A copy of the entire package must also be sent to the Secretary of the Treasury so he will know that you have authorized the BoE.

The BoE package to the creditor must have attached the original presentment (bill) with an accepted for value wording written on it and signed. There are many variations of the A4V wording, but here is the wording that I recommend:

Non-Negotiable Non-Transferable Charge Back Office Holder - Secretary of
the Treasury I accept for value all related endorsements in accordance with
UCC 3-419, HJR 192 and Public Law 73-10. Charge my Private UCC
Contract Trust Account Employer Identification # <ein> for the registration
fees and command the memory of account #<ein> to charge the same to
the Debtor's Order, or your Order. Employer Identification # <ein> –
Bond # <bond-num> – Pre-Paid – Preferred Stock – Priority
Exempt from Levy – Posted: Certified Account
Invoice # _____ Date _____

\$<discharge-amt>

\$<discharge-amt>

BONDED BILL OF EXCHANGE ORDER
Bill of Acceptance – Time Draft - #<BOE-num>

NOT A SECURITY – NOT FOR DISCHARGE OF PUBLIC DEBT

<true-name>, Secured Party—Drawer
c/o <mail-street>
<mail-city-st-zip>

Date: <current-date>

To: Secretary of the Treasury, Department of the Treasury Bank – ABA Ledger #000000518

No later than 15 days after receipt, please Credit the account for <account-name> at <creditor-name>

<discharge-amt-text> ----- \$<discharge-amt>

Personal Treasury UCC Contract Trust Account # <ucc-contract-num>

The obligation of the Drawee (acceptor), Secretary of the Treasury, through the bailee (authorized agent) of Claimant’s financial institution, TTL Department, hereof arises out of the want of consideration for the pledge and by the redemption of the pledge under Public Resolution HJR-192, Public Law 73-10 and *Guaranty Trust Co. of NY v. Henwood et al*, 307 U.S. 247 (FN3), represented by the attached claim Accepted for Value and bearing the account number # <creditor-acct-num>.

This claim document Order complies with UCC 3-104, the terms of the original contract, hereby surrendered as said pledge is redeemed (discharged) by the drawer through the attached document by acceptance for value and exempted from levy. Federal regulations require Claimant’s financial institution to accept this bill, sign and present directly via Certified or Registered mail, Return Receipt to the Secretary of the Treasury — Department of the Treasury on Drawer’s UCC Contract Trust Account. Unless the original Negotiable Instrument is dishonored in writing within 15 days of receipt by the Secretary of the Treasury Claimant’s financial institution is to release the credit on hold to the payee (Claimant) within the time stipulated by Regulation “Z”, Truth in Lending Act or on the date designated, whichever is later. The amount of this accepted draft is to be ledgered by Claimant’s financial institution, TTL Department, to the designated account for the discharge of this claim (Regulation Z).

Bond # <bond-num>

These are Certified Funds.

NOTICE: The law relating to principal and agent applies.

by _____
Bailee’s signature (authorized bank TTL agent) w/o prejudice

Accepted at _____ (city), _____ (state) on _____ (date)

Document Copies filed with the DTB

Drawer, Secured Party-Creditor; Without Recourse

To be processed as a check – Do not present for collection

\$<discharge-amt> Bonded Negotiable Instrument - Void Where Prohibited By Law.

\$<discharge-amt>

There are rumors and reports that the FBI and/or the Secret Service are harassing those who use BoEs. There are also rumors that say the Federal Reserve or the Department of the Treasury is telling banks not honor BoEs. This would obviously affect to the ability of the “creditor” to process the BoE and thereby get “paid”. It is very difficult to substantiate these stories and to find out the details of what happened in each case. It is quite possible that the people who used the BoEs in these cases did something wrong in the process of establishing the UCC Contract Trust Account or made some other error. It is also possible that the stories are disinformation put out by “creditors” to discourage people from using the BoEs. In either case, you should carefully consider what you are doing before using BoEs.

At his point in time, I would recommend the use of bonds rather than BoEs. This is based upon complexity of the steps required before a BoE can be issued and the disturbing stories about BoE usage.

Bonds

If you look up “bond” in *Black’s*, you will find many definitions and many kinds of bonds. You are probably familiar with bonds such as government bonds, corporate bonds, junk bonds, municipal bonds, bail bonds, U.S. savings bonds and treasury bonds. The one thing all bonds have in common is that a bond is also a “promise to pay”. In this sense, a bond is very similar to a note. The kind of bond that will be discussed here does not have a maturity date or interest. Bonds are usually backed up by something like a mortgage on property. The bond that we will be discussing is backed by your exemption.

Since the bond is nothing more than a promise to pay, it should be a very safe instrument to use. There shouldn’t be any of the confusion that has resulted when other kinds of instruments have been used. Typical responses to other instruments include:

- It is a fraudulent instrument. – Anyone can make a promise to pay. If the bond is fraudulent then so is every note that anyone ever signed.
- It is using the banking system. – Many of the other instruments that have been issued in an attempt to access the exemption have used the banking system numbers such as a bank routing number or an account number. The private Federal Reserve System controls everything in the banking system. We don’t have any authority to use their system without their permission. The bond doesn’t use anything from the banking system.
- You can’t just create money out of thin air. – The government has licensed the banking cartel, called the Federal Reserve Systems, to create money out of thin air. They don’t think anyone else has the right to do this. But the money they create is on the liability or debt side of the ledger. The bond is on the asset side of the ledge because it is backed by real assets (all of the property they are holding for us in trust). Many of the instruments that people have tried to use are on the on the liability side, and this could be the reason they have cause trouble.

One of the reasons that the bond seems to be such a powerful concept is because a great deal of what goes on in this country is backed up by bonds. Government bonds (U.S. savings bonds, treasury bonds) are the instruments that back Federal Reserve Notes. A bond is issued against the birth certificates of every child born in America. All elected officials are bonded when they

take office. Judges and court cases are bonded. If a person wanted to get out of jail while they await trial, they obtain a bail bond. Corporations raise money by selling bonds. The federal government raises money by selling bonds. Cities and counties raise money for roads, schools, and other projects by selling municipal bonds. Bonds are very pervasive in our society.

Researchers in the freedom movement were looking for an instrument that could be used to discharge debts without incurring the risk that is associated with other kinds of instruments. They were thinking about the idea of a bond and were looking for a template for a bond that anyone could use. They found what they were looking for in Mississippi statutes. In fact, they found two different versions.

Mississippi Code of 1972 as amended in §11-33-65 contains a form of bond to discharge debt that is not due.

I, (Your Name), principal, as surety, is held and bound to pay (Example THE STATE OF GEORGIA) the sum of ____ dollars, unless the said (Example Defendant YOUR NAME) shall satisfy any judgment which may be recovered against him by the said (Example Plaintiff, THE STATE OF GEORGIA) in his attachment suit against the said (Example Defendant YOUR NAME) for ____ dollars, returnable before the circuit court of ____ County, (State) on the ____ day of (Month) A. D. 200__.

By me, (Your Name), a man holder in due course, principal.

Mississippi Code of 1972 as amended in §11-33-61 contains another form of bond to discharge debt that is due.

We, ____ principal, and ____ and ____ sureties, are held and bound to pay ____ the sum of ____ dollars, unless ____ shall well and truly pay ____ the sum demanded by him as plaintiff is his attachment suit for a debt not due, the sum of ____, dollars, on or before the ____ day of ____, A. D. ____, and pay the costs of said suit, which is pending in the circuit court of ____ County, Mississippi. This the ____ day of ____, A. D. 200__.

The bond is not for payment or discharge of a debt for the straw man. We, as living souls, created by the Creator, are sovereign. We have unlimited authority over ourselves and the things we create. As sovereigns, we are using the bond to tell a “creditor” that the living soul is not the straw man or the security for the straw man. One party can’t be held accountable for the debt of another without his permission, just like one man can’t be held accountable for the crimes of another. The bond is telling the “creditor” that, if they can provide proof of a lawful contract or debt that the living soul is responsible for, then they can use the credit of the living soul to discharge the debt and settle the account. Said another way, the bond is an offer to contract with the “creditor” to discharge the straw man’s debt if the creditor can’t get the payment from the straw man. After the living soul has tendered the bond, any further attempt the “creditor” makes to get you to “pay” is double jeopardy.

Bonds have been used to successfully to discharge all kinds of debts:

- IRS – Bonds have been used to discharge federal income taxes, penalties and interest. IRS Publication 1450 clearly states that the IRS accepts bonds to discharge tax debts. See <http://www.irs.ustreas.gov/prod/cover.html> for the publication.
- State income taxes
- Property taxes – Bonds have been used to discharge these taxes when they were due and even in cases where the property was about to be repossessed for back taxes.
- Traffic tickets, and fines
- Citations by various municipal “code enforcers”
- Mortgages on homes
- Credit card debt
- Getting back property that has been seized by the government
- Discharge debt from a bankruptcy
- Discharge debt from a court case that you lost

There are fewer pre-requisites before a bond can be issued than a BoE and it takes much less time to set up what is required. Just like preparing to issue a BoE, you should copyright the straw man’s name. This will make it clear that you and the straw man are two separate legal entities. But, unlike the BoE, there is no requirement to establish a security agreement, file a UCC-1 or establish a UCC Contract Trust Account. I do suggest that you prepare and record a notice of competency which says that you are competent to handle your own affairs.

A concept that is closely related to the bond is that of a voucher. A voucher is 10% of the value of the bond that may be required to activate the bond. For example, if a person requests a bail bond to get out of jail, they pay the bail bondsman 10% of the face value of the bond. This 10% is the voucher. If someone wants to argue (further negotiate the contract) about the bond you issue to them, you tell them to send you the voucher. In many cases, they will back off.

When you issue the bond, don’t tell the creditor how to process the bond. At first, this may seem strange. But if you give a creditor a check, money order or FRNs, you don’t tell them how to process these forms of “payment”: It is the “creditor’s” responsibility to know what to do with the bond. They have a wide variety of options including, but not limited to, applying it against their taxes due the government, exchange it with other corporations, hold it as an asset, and hypothecate it.

When a “creditor” receives a bond, they only have two choices. The first choice is to keep the bond, thereby accepting it. If they accept it, the debt is discharged. The second choice is to dishonor the bond and send it back to you. This action would place them in commercial dishonor (more on this later). If a “creditor” were to send the bond back, write this following across the face of their presentment, “Thank you for your dishonor. I accept your dishonor and I’m returning it to you for closure in this matter”. Then send the presentment back to them.

Every bond must have a charging instrument: a bill or payoff statement. When you send the bond, you always send the original charging instrument back to the “creditor”. Write across the face of the charging instrument in red, blue or any color other than black, something similar to the following:

“Accepted for value and returned to you for discharge,
closure and settlement by attached registered bond # _____”.

By: _____ Date: _____

Then you sign it after “By”, with your regular signature, and write the date you signed it. The bond number that goes in the blank space is the number from a registered mail sticker that is used to mail the bond to the “creditor”. The bond is always sent to the “creditor” via U.S. registered mail with return receipt requested. Many court cases have ruled that sending funds via registered mail makes the funds a registered security.

At the same time you send the original bond to the “creditor”, send a copy to the Secretary of the Treasury to show that you are authorizing the bond. If the bond is relating to real property, you might also want to send a copy of the Sheriff of your county so that, if someone wants to seize the property for non-payment, the Sheriff will have notified that the debt has been discharged. These bond copies are stamped “COPY” because there can only be one original bond. The bond copies should also have a copy of the charging instrument attached. It is a good idea to send the bond copies using certified mail with return receipt requested.

It is a good idea to send the bond and the bond copies by having someone else mail packets for you. This person can then fill out a certificate of service for each packet. The certificate of service says they mailed the packet for you and lists their name, the contents of the packet, the method each packet was mailed, the date it was mailed, the party to whom it was mailed, and the name and address of the person who mailed the packet. The packet itself doesn’t have to contain a certificate of service. You just need the certificate of service for your records. The certificate provides you with a third party witness to the contents of the envelope. You can use this a proof should the “creditor” ever dispute the fact that they were paid. The certificate of service shows what was in the envelope and the return receipt proves that they received the packet.

I also suggest that you send them a copy of the copyright of the straw man’s name. The copyright should be a self-executing contract which says that, if anyone continues to use your copyrighted material after they have been given notice of the copyright, they owe you a sum certain for each unauthorized use of your copyrighted material. This may discourage them from harassing you after you discharge the debt. How to collect on this copyright violation is the subject of a separate essay.

The next page shows a sample bond with a number of variables to customize in **green**.

BOND

Registered Mail <reg-mail#-bond-num>

Registered Promise to Pay to the Order of:

AGENT

<claimant-name>

<claimant-street>

<claimant-city-st-zip>

EQUALITY UNDER THE LAW IS PARAMOUNT AND MANDATORY BY LAW. I, <true-name>, a Titled Sovereign do hereby declare:

There appearing no bond, contract or title of record entered by claimant to initiate the matter alleged by <claimant-name> regarding claim number <account-number>;

I, issue this bond to discharge all debt in the matter of claim number <account-number> dischargeable to <claimant-name> as mandated by public policy through the Bureau of Public Debt. In that no lawful money of account exists in circulation and in consideration thereof, I have suffered dishonor by <claimant-name> regarding the matter of alleged creditor's claim number <account-number>.

I, <true-name>, principal, as surety, am held and bound to pay <claimant-name> the sum of \$<discharge-amt>, unless the alleged debtor <account-name>© shall satisfy any debt which may be recovered against it by the alleged creditor <claimant-name> for the attachment of alleged debtor <account-name>© for the sum certain \$<discharge-amt>, returnable to <claimant-name>, <claimant-street>, <claimant-city-st-zip> on <due-date>. I, <true-name>, underwrite with my private exemption any and all obligations of performance/loss/costs sustained by <claimant-name>.

Done this ___ day of _____, 200__ in the county of <res-county>, <res-sate> by me <true-name>, a Titled Sovereign, owner, principal, surety, the <gender>.

debtor's signature: <account-name> copyrighted fiction

By: _____
<true-name>

ORDER

Negotiate this discharge item through the back office for settlement via the pass through account at the treasury window under public policy for discharge of debts in accordance HJR 192 June 5, 1933; 73rd Congress, 1st Session and all associated policies. Charge exempt account number <ssn>.

This ___ day of _____, 200__. Owner _____

seal:

Attachment(s):Acceptance (Presentment from AGENT)

People always want to know if bonds “work”. To answer this question, we first have to define the term “work”. What most people are really asking is the debt settled and does the “creditor” go away and leave them alone. The answer, in most cases, will probably be no. But I would suggest that this is the wrong question.

The more appropriate question to ask relates to the legitimacy of the instrument. It is not appropriate to evaluate the legitimacy of an instrument based upon the reaction of those receiving it. Just because the one receiving the bond is full of greed and an insatiable appetite for more “money” doesn’t mean that what the bond didn’t “work” or is illegitimate. The answer to the question about the legitimacy of the bond is a resounding “yes”, the bond is legitimate! The bond is nothing more than a promise to pay. That’s all anyone of us has to use as “money” in our current system. The bond is just as legitimate a form for a promise to pay as any other form that anyone else can give.

So, now that we have settled the question of the legitimacy of the bond, let’s go discuss to issue of how creditor might respond.

How Creditors Might Respond

The first thing I should say is that I don’t know of a single instance in which anyone has been arrested or gone to prison for issuing a properly executed BoE or bond to discharge a debt. But I must also say that, in many cases, “creditors” either pretend or may in fact not know what a BoE or bond is. It is not your job to educate them. Even if the “creditor” knows what the instrument is, they may not like receiving it or even ignore it.

The reason most “creditors” won’t like your instrument is because they have been accustomed to receiving a lot of interest and principal payments on “loans” they made to you when, in reality, they loaned you your own credit. Said another way, they have pretended to “loan” us money, then ask us to pay back the principal with interest when, in fact, they loaned us nothing from their own assets and had no risk. When we use the instrument to discharge the purported debt, we cut off the supply of all the profits that they think they deserve.

If you are going to have any trouble with “creditors” accepting your instrument, the first and most important issue you must resolve in your own mind is “Did my instrument really discharge the debt?” When you can answer this in the affirmative, then you will have taken a major step. I would also suggest that the answer should be “yes”. Let’s use an example to illustrate this point.

Let’s say you owed someone \$100 and that you sent them a \$100 FRN to discharge the debt. Let’s also say that you had a certificate of service and a return receipt so you know they received your “money” but then they acted as if the debt was still owed. In this case, was the debt discharged? Of course, the answer is yes! The only question remaining in your mind should be, “Are these instruments valid?” You should not use these kinds of instruments until you are comfortable that they are valid.

Many “creditors” will pretend they didn’t receive the instrument, will not process it or will act dishonorably. These “creditors” will do all kinds of things to get you to “pay” again or re-contract with them. They may say, “we only accept U.S. funds or U.S. currency”. You must be resolute in your own mind that the debt has already been paid. Every attempt on the “creditor’s” part to get you to “pay” again is the action of a third-party trying to extract more credit from you. I say they are third parties because the original contract or debt has already been satisfied and is no longer parties to the contract with you because the contract has been fulfilled. If a complete stranger came up to you demanding money and you knew that you had never entered a contract with them, you would know that they had no legitimate claim against you. You will have to treat the “creditors” in the same way when they want you to “pay” after you have given them a valid instrument.

At this stage in the use of these instruments, it is hard to predict exactly how every “creditor” will respond. You need to be prepared for the possibility that they will act as if you never “paid” them. If you are discharging credit card debt, they may close or cancel the account, turn your account over to a collection agency, and put negative information on your credit report. This does not mean that your instrument was invalid, illegal or fraudulent. It just means the “creditor” doesn’t like it.

How To Deal With Uncooperative Creditors

If the creditor doesn’t like your instrument, it is quite possible that the “creditor” will continue to send you presentments that reflect that the instrument was never posted to your account. This is a matter of ongoing research and for one or more additional essays. But we can give you some ideas about how you might respond.

First, you must respond to each and every presentment you receive. If you are convinced that your instrument was good, then the debt has been discharged. This means that every communication from the “creditor” is an attempt to re-contract with you. If you don’t respond, you are, by your silence, agreeing that you still owe a debt. There is a basic principle of commerce that says if you argue with them or you are silent (don’t respond to a presentment) then you are in dishonor. If you are in dishonor, then you are automatically the loser in the dispute. If the dispute goes to court, arbitration or some other administrative process, you will lose. So, whatever you do, you must remain in honor.

There are only two ways to remain in honor: accept their presentment, or conditionally accept their presentment. Let’s talk about an acceptance strategy first.

A full acceptance would be to accept their presentment without any conditions. Then treat your acceptance of their new presentment as a new contract to which you are going to add your own terms. On the face of any presentment they send you after you have discharged the debt, write in red, blue or any color other than black, something similar to the following:

Accept and returned for closure, discharge and settlement of this accounting.
See attached copy of Registered Bond # _____. You are using my

exemption. Send me the voucher immediately. Equality under the law is paramount and mandatory. I am competent to handle my affairs. If you think you are representing me in this matter, you and your heirs/assigns/agents are hereby declared to be incompetent and are fired.

Without prejudice and without recourse.

Date _____ By _____

Here is an explanation of each phrase in the responses:

- “Accept” – By accepting the presentment, you remove any controversy and remain in honor. This also has the effect of making you the holder in due course of their presentment. You are creating a contract and you can add your own conditions to it. So, the rest of the text is the conditions that you are adding.
- “and returned for closure, discharge and settlement of this accounting” – You are ordering them to settle the matter. This means they should deduct the amount of the instrument from your balance.
- “See attached copy of Registered Bond # _____” – You are reminding them that you have already discharged the debt with a bond. If you used a BoE, then obviously this phrase would have to be adjusted.
- “You are using my exemption” – Your exemption is what is standing behind the BoE or bond and what makes the instrument good.
- “Send me the voucher immediately” – If they want to argue or discuss the matter further, they will need to send a voucher. The voucher would be a check for 10% of the value of the bond. They won’t do this, but it is a way to “mess with them” if they want to “mess with you”. This phrase would only apply if you issued a bond.
- “Equality under the law is paramount and mandatory” – You are reminding them that whatever they demand of you, you can demand of them. You are also stating that they must treat you and your instrument equitably.
- “I am competent to handle my affairs” – They are assuming that you are not competent to handle your own affairs, so you are documenting that you are competent.
- “If you think you are representing me in this matter, you and your heirs/assigns/agents are hereby declared to be incompetent and are fired” – They may be presuming that they can represent you and make legal determinations on your behalf so you are telling them that you are granting them no such authority.
- “Without prejudice” – This phrase comes from UCC 1-207 and means you are reserving all of your law rights in the contract.
- “without recourse” – This phrase comes from UCC 3-414(e) and 3-415(b) and means, if the recipient dishonors the “contract” (the presentment they sent you with your additions), then you, as the endorser, are not liable to “pay”.
- By signing your regular signature after “By”, you are signing as the living soul rather than as an accommodation party.

The creditor may send you a bill that doesn't show a reduction in the account balance after you discharged the debt. If this occurs, send them a Notice of Error. The letter can be based upon the Truth In Lending Act, found at Title 15 USC §§ 1601 – 1667e (there are parallel regulations in the Code of Federal Regulations for Title 12 Part 226 §§ 226.1-226.16). **Section 1666 specifically deals with “Correcting Billing Errors”**. Under this section, you have the right to give the “creditor” a notice of error within 60 days after the “creditor” sends the presentment, which contains an error. Subsection (b) lists seven reasons that you can send a notice of error, including the fact that they did not properly reflect your “payment”. **The letter should contain your name, account number, a statement that you believe there is a billing error, the amount of the billing error, and the reason you believe there is a billing error.** You can ask the “creditor” to provide copies of documentary evidence of your indebtedness, and you can also ask for an accounting. The creditor has 30 days to respond to your billing error.

It is possible that the “creditor” will not provide an adequate or a responsive answer to you Notice of Error. In such cases, the “creditor” may continue to send you presentments. This can become quite a nuisance. If this happens, you can change your strategy from full acceptance to a conditional acceptance. You would start the process by sending the “creditor” a Conditional Acceptance and Negative Averment or Affidavit. The Conditional Acceptance is a letter in which you state that you will accept the “creditor’s” claim if they can prove the claim. The points in this letter are stated in the positive. For example, you could demand that they provide “documentation validating Respondent’s presumption that the bond that was tendered as payment was an invalid instrument and incapable of discharging the debt”. The Negative Averment or Affidavit states all of the demands you made for documentation in the Conditional Acceptance portion in have not been met. For example, you could say “Affiant has not seen or been presented with any documentation verifying that the bond is an invalid instrument and incapable of discharge the debt, and believes that no such verified documentation exists”. In commerce, an un rebutted affidavit stands as the truth of the matter. The only valid way for the creditor to respond to your affidavit is to send an affidavit of their own in which they respond to each point you have made. So, be sure to ask for evidentiary-quality, verified documentation of things that you know the “creditor” can’t produce or that will prove your position. The typical Conditional Acceptance will contain eight to twelve of these points.

If the “creditor” does not respond in affidavit form within 21 days after you mailed the Conditional Acceptance/Negative Averment, you will want to begin a Notarial Protest. **Notarial Protest is an administrative process** in which you a notary acts as a third party witness to the “Creditor’s” dishonor (lack of response). To begin this process, you will give a notary an affidavit describing the events with the “creditor” up to this point. You will prepare three sets of documents which the notary will mail out at 11 day intervals: a Notice of Dishonor, a Second Notice of Dishonor or a Notice of Protest, and a Certificate of Certificate of Non-Response and Dishonor or Breach. If the “creditor” never responds to any of the notary’s notices, the notary will issue a Certificate of Non-Response and Dishonor or Breach against the “creditor” and provide you with an original. This certificate can be used to help clear any negative information the creditor puts on your

credit report because it provides proof through a third party witness that the creditor has not validated the debt.

I have heard about another process that can follow behind the Notarial Protest that will give you a remedy through a court. This process is called a Judicial Review and will be the subject of another essay.

It is possible that the “creditor” has added negative information on your creditor report. There are two approaches to removing this bad information. One is to do it yourself by writing letters to the credit reporting agencies. The other approach is to hire a credit repair agency that specializes in credit repair. I suggest the second approach because there is much to know about credit repair, it can be a very time consuming process, and most agencies have an attorney on staff and the credit reporting companies seem to respond to letters from attorneys more readily than from individuals.

Conclusion

I hope this essay has assisted you in learning about the use of BoEs and bonds as possible means of accessing your exemption and discharging debt. It was meant as an introduction to this topic. It has not been my intent to tell you everything you will need to know to actually issue these instruments. There is simply too much information to convey in essay format. Do not attempt to issue these instruments using the information provided herein because far too many of the crucial details were not addressed. If you decide that you want to pursue the use of these instruments to discharge debts, I strongly advise that you seek the assistance of someone who has personal experience utilizing these instruments. One potential source for this information is the “Remedies” section of Truth Sets Us Free web site, www.truthsetsusfree.com.