

2010 03 23 Money Banking and Trust with Christian Walters

This is a partial transcript of the call that pertains to retiring debts using special deposits under NTT. (Comments in [] are the transcriber's and/or additions to reference materials by Christian Walters.)

1:40:30 John - What would be the scenario for getting a car to go places? CW I think the best scenario is to **get the debt established first in the normal ways**. Then if you've got some debt, you can get rid of the debt through trusts. It's really making a payment through **merging the titles under trusts**. If you take that offer for the debt that they are giving you and on the front side of that you are going to put a non-negotiable money order. You are going to make it look like a check. You are going to put the date on there and you are going to put *Pay to the Order Of:* and according to that [Nevada] Revised Codes Statutes [N.R.S.] 107.020 where the judge said in that bankruptcy case that the signature [maker of the note] is really the Trustor, or the Grantor, and the Payee is the Beneficiary. There is a lot that can be gleaned from that case. That is really what you are going to be using to prove - that is your evidence, or record, or a title, to prove who the Grantor, the Beneficiary, and the Trustee are.

Chris - Which case was that again? CW That is that [Nevada] bankruptcy case BK-S-07-16226-LBR [for Joshua and Stephanie Mitchell, dated August 19, 2008]. The judge actually said in the footnote, I think it was footnote 31 [on page 8] where it said in there under Revised Codes Statutes Nevada, annotated, under 107.020, and that has to be comported in all 50 States somewhere in their Statutes somewhere. The judge said that the Trustor, or the Grantor, was the signer on the note and the Payee is the Beneficiary.

[It can be found either here http://privateaudio.homestead.com/Joshua_Mitchell_07-16226_Opinion.pdf or here <http://www.nvb.uscourts.gov/Opinions/Riegle/07-16226%20Opinion.pdf>]

Under Nevada law a negotiable promissory note²⁸ is enforceable by: (1) the holder²⁹ of the note, or (2) a nonholder in possession of the note who has the rights of a holder.³⁰ Thus if MERS is not the holder of the note, then to enforce it MERS must be a transferee in possession who is entitled to the rights of a holder or have authority under state law to act for the holder. Simply being a beneficiary or having an assignment of a deed of trust is not enough to be entitled to foreclose on a deed of trust. For there to be a valid assignment for purposes of foreclosure both the note and the deed of trust must be assigned. A mortgage loan consists of a promissory note and a security instrument, typically a mortgage or a deed of trust.³¹ **When the note is split from the deed of trust, "the note becomes, as a practical matter, unsecured."** RESTATEMENT (THIRD) OF PROPERTY (MORTGAGES) § 5.4 cmt. a (1997). A person holding only **a note** lacks the power to foreclose because it lacks the security, and a person holding only **a deed of trust** suffers no default because only the holder of the note is entitled to payment on it. *See* RESTATEMENT (THIRD) OF PROPERTY (MORTGAGES) § 5.4 cmt. e (1997). "Where the mortgagee has 'transferred' only the mortgage, the transaction is a nullity and his 'assignee,' having received no interest in the underlying debt or obligation, has **a worthless piece of paper.**" 4 RICHARD R. POWELL, POWELL ON REAL PROPERTY, § 37.27[2] (2000).

²⁸The court assumes, without deciding, that the **notes** in question **are negotiable instruments**. If they aren't, then custom and practice will treat them as if they are. For example, under N.R.S. § 104.9012(tt), Nevada's Article 9, an "instrument" is defined as a negotiable instrument, "or any other writing that evidences a right to the payment of a monetary obligation . . . and is of a type that in ordinary course of business is transferred by delivery with any necessary endorsement or assignment." "Instruments" are thus defined somewhat broadly according to ordinary business practices.

²⁹A "holder" is the person in possession of a negotiable instrument that is payable either to a bearer or to an identified person who has possession. N.R.S. § 104.1201(u)

³⁰N.R.S. § 104.3301. A negotiable promissory is also enforceable under N.R.S. § 104.3301(c) by a nonholder of a note that has been stolen, destroyed, or paid by mistake. There has been no allegation in this case making this provision relevant here.

³¹Nevada recognizes that parties may secure the performance of an obligation or the payment of a debt by means of a deed of trust. N.R.S. § 107.020. **The maker of the note is the trustor and the payee is the beneficiary.**

1:42:40 Chris - What set of laws is that, trusts or is it equity? I think he was coming out of trust law because he was identifying that that note, that mortgage note, the Payee was usually the bank, that we made out. We usually signed the note so we are the Grantor/Trustee because that is what it said for that bankruptcy case. This is going to set up your evidence to prove that it is a trust. My thinking is I can use that to my advantage. Instead of putting the *Pay to the Order Of:* line, or the Payee line, as being the Beneficiary, being the bank... How many of you have taken a check on your checking account and made it out to yourself, you endorsed it on the back and you signed it on the front? In other words, you were all 3 parties on it. Then you took it to the bank and cashed it. **Why aren't we doing that?**

Chris - Christian, I've got a cross-reference for all 50 States for that particular code. I'm going to put this on the Skype window for everybody. This is a cross-reference into the Statute for each of the States. CW That's great because that's really your proof in your local state where to go pull this out. I think if you looked under the annotated version you would probably find a whole lot more information in explanation. [see http://www.lawcheck.net/Library1/_books/realestate/qanda/mort deed.htm. The following are examples from there.]

ARIZONA

In Arizona, a mortgage or deed of trust **creates a lien and not a transfer of real estate**. Arizona Code 33-701.

CALIFORNIA

In California, a mortgage and deed of trust are both used. California CC 2911, 2920 through 2955.5.

LOUISIANA

In Louisiana, a mortgage or deed of trust **creates a lien and is not a transfer of title**. **Louisiana CC 3278**.

PRIOR LOUISIANA CIVIL CODE ARTICLES ON MORTGAGE

NOTE. These articles were **repealed** during the revision of the law of mortgages. 1991 La. Act No. 652 repealed articles 3278-3298, article 3411, and articles 3299-3310. 1992 La. Act No. 1132 repealed articles 3311-3370 and articles 3397-3411. Articles 3371 through 3385.1 and 3386 through 3396 were redesignated as part of the Civil Code ancillaries in La. Rev. Stat. Title 9. For detail, see the Acts themselves.

BOOK III, OF THE DIFFERENT MODES OF ACQUIRING THE OWNERSHIP OF THINGS.

TITLE XXII. OF MORTGAGES.

CHAPTER 1. GENERAL PROVISIONS.

Art. 3278.

Mortgage is a right granted to the creditor over the property of the debtor for the security of his debt, and gives him the power of having the property seized and sold in default of payment.

FLORIDA

In Florida, a mortgage or deed of trust **creates a lien on the real estate**. Florida Code 697.01 onward.

TEXAS

In Texas, a mortgage or deed of trust **creates a lien and does not transfer title**. Texas Prop. Code 12.009, 13.001.

1:44:05 Now we're back to the check issue. When you sign it as all 3 parties on that what you didn't realize is that you turned that into a security instrument. If I make myself Payee on an offer somebody gives me, sign it on the signatory line as Grantor and Trustee, and I also turn it over on the back and endorse it the same way that they endorse these mortgage notes, now what happens? Let's go over how they endorse the back on these notes. Anybody familiar with how they do that? If you look at your mortgage note some of them will have an endorsement already there by the banks, where the bank has signed it and endorsed it on the back or on the allonge somewhere, on the bottom. It says they **endorse it with Without Recourse**. Then the next line is the **Pay To:**, and they leave it blank. The next line is they sign it and the next line they identify who they are signing it for and their office. They usually sign it **By CFO or CEO**, their signature, and they identify the **Lender** say being, ABC Lender Company. They leave the Pay To line blank so that puts it into a **bearer instrument** form.

Now we talked about before on the definition to the Bank Officer's Handbook of Commercial Banking Law, under §19.02, and again let me turn to that. We are talking about CDs, Certificates of Deposit under subsection "d" [page 19-12].

[d] **Certificates of Deposit.** Certificates of deposit (CDs) are instruments issued by the bank specifying that a certain sum of money has been deposited. These certificates may be either negotiable or nonnegotiable. When nonnegotiable, the bank simply contracts to return the amount to the depositor plus any contracted-for interest. If the certificate is negotiable, the bank agrees to pay the depositor or any person whom the depositor shall order, or the bearer of the certificate. When the CD is a negotiable CD, the debt of the bank is to the legal *holder* [the bearer] of the certificate and not to the original depositor.

What we are doing by negotiating the back side, endorsing it this way Without Recourse and the Pay To, leaving it blank, you are turning it into a security instrument, which is really a *certificate* and it is in bearer form. Whoever is the holder of the certificate is who the bank is liable to, not the depositor. So this is going to be making a payment under trusts. Why aren't we taking some of these offers that people are shoving at us for the obligation of debt for debtor-creditor ... why aren't we putting on the top of the front like at a 45 deg. angle, just like you would have the information on a check, marking it nonnegotiable, make you the Payee, putting your name on there, you sign it as Grantor and then on the back of it you sign it Without Recourse and the Pay To leave blank, and you sign it By Trustee and your signature, and For *Strawman* Account plus your Social Security Number without the dashes? Shane - You mean like a remittance on a statement? CW Yeah.

Now on the front you do the same thing. Where the routing numbers go you put your Strawman name plus the Social Security number without the dashes. This is going to set up the evidence of the title of the record to prove who the Grantor, the Beneficiary, and the Trustee are by a colorable promissory note or money order, but really it is all under trusts, so this turns their offer, the debt title, into an asset title and by special deposit under trusts. It's also seen as a colorable public security instrument after endorsement. Now you make out the Certificate of Deposit and also create the two titles of the records claiming and the two titles of the records merging the titles as a special deposit/trust deposit, which really is going to become your trust receipt - remember that is a record of a payment, and return to the offeror. Then make copies of what you did and send these copies, these title records, which are really a deed to what act you did, to Rios at Treasury, on the private side of the Treasury/IRS.

1:49:30 If I made a payment to Best Buy, because I walked in there and bought a television set for \$3000 and I wrote them a check and Best Buy never cashed the check, does that negate the fact that I made the payment and the thing is paid? No! What do I care what Best Buy does with that check, or if they do nothing with it? If they don't negotiate it that's not my problem. In the same respect, if I send it to the person who sent me the offer for this bill, this debt, turn that instrument back in - return it to them as a special deposit with this form on the front that looks like a check and do the endorsement on the back as a special deposit, what do I care what they do with it if they never negotiate it? But now I send my copies of what I did to the record keeper, the IRS/Treasury, on the private side, and if they [the offeror] don't ledger it properly I tell the IRS to go see them and ask what they did with the check. In the meantime what do I care, it's paid? I made the payment under special deposit. I merged two titles.

Chris - Could you elaborate just a little more on one particular aspect of converting the debt instrument into an asset to do this process? Could you go over that one more time? CW The offer that they give to me from the offeror is the debt title. I am going to turn it into res [trust property], so it is just a thing. After I put my markings on it and turn it into a special deposit and returned it back to them the thing that I put on there turned it into an asset title. So, it represents, that piece of paper that I returned to them, is both simultaneously the asset title and also the debt title. I've already merged the titles. Now I create the two records [UCC-1 and a Notice in the county] claiming that as trust res assets. I create again two more records on a UCC-3 and in the county, proving that I transferred, or merged, the titles. I made a special deposit and then I either made a payment or, if that was treating it as the trust, I would have terminated that trust.

Shane - That sounds great because it does closely the mirroring of that Accepted For Value process, but it's not. Here is the part ... it reminds me of something Winston said a long time ago, using the Bill of

Exchange - he was operating on Accepted For Value back then, too. On a practical level, and I didn't get the whole thing of what you were saying, but the general idea ... is there maybe someplace where we can just bypass the vendor and send them a notification and send this directly to - because this is private, it is trust, the government or whoever is the Trustee is going to be making that payment and ledgering that account? It's useless to send this stuff to the vendor. CW Yes, but I still have to send it to the vendor [the original - just like a check] and a copy to the record keeper, who is going to be the IRS. The same as the check I wrote to Best Buy, it makes no difference what Best Buy did with my check. It makes no difference what my return back of my special deposit to this offeror - I don't care what they do with it. Shane - Does it make more sense to just send them a notification of that? CW No, **I have to send them the original instrument.** Chris - You are looking for them to execute it in lieu of the government doing it for them. CW Yes. Shane - Wouldn't it be more practical because we've been through all of this stuff with Accepted For Value and it makes more sense to say you are going to do it on their behalf and say that you are going to forward it? CW I am doing it on their behalf. I'm sending notification to the record keeper. He is going to do the adjustment. He is going to go back to them probably and get the check, the special deposit. They are going to knock on their door and say, "What did you do with that special deposit? We want it."

1:54:49 Jeff - I am thinking that when we do this procedure we are putting out say \$100 in funds to settle the debt and after we do it 10 times we are broke. CW Yeah, you could look at it that way. Jeff - That is the same thing that we did with Accepted For Value is that we never really got anything out of it because we were putting out money, what we call money, to settle the debt, but we don't get anything out of it. CW If we are creating more debt how could debt settle a debt? Jeff - Exactly. Even doing it this way I think that we should just go ahead and concentrate on terminating those trusts. CW - Yeah, because the negative liability side, or the liability or debt title, it's corresponding value what ever it is, which is just a res, is going to be the title to the asset. Jeff - You don't discuss very much about how the bank deals with Mrs. Rios. Couldn't we just do special deposits, especially what Miriam was talking about with her liens, into our private bank? CW Here we are trying to take a public debt instrument, a negotiable instrument, and trying to cross it over into the private. Jeff - I'm converting it into an asset. CW Yeah, I don't think it is going to work that way. I think you have to treat it as a title and merge the two titles and then it goes to zero.

Shane - Who in the end is making the payment? CW The merger of the title was the payment. Taking the offer they gave me and returning it as a special deposit merged the titles. That was the payment. Shane - Is there some agency that is going to be ... when they get a copy of the statement and the remittance with the account information? CW That is what I would send to Rios on the private side of the Treasury and Treasury is synonymous with the IRS. She is going to send it on to the proper department, which is probably going to get to the real private side of the IRS. Shane - Eventually it comes back and they leger that account and zero it out, right? CW Yes. Chris - Do you believe Christian that they are more willing to do it under this trust res in combining this more so than the Acceptance For Value? Do you think this is going to be more successful for us? CW Yes, because number one, did you negotiate this at all? [That would make it illegal.] No. If you did, who are the three parties on the instrument? I am all three parties. I am signer as Grantor, I am Payee as Beneficiary, and I'm the one who endorsed it. It's the bearer form, it's the certificate of the deposit that is according to the public side seeable as a security instrument in bearer form that looks colorable enough to them that they know what to do with it on their end. But, it is synonymously also a special trust deposit, which is **a trust receipt**, and that is **a record of a payment**. It's a record of the payment. Send your record on to the ledgers, the accountants, so they can correct the books. That is the IRS. It is already paid. You just need the ledgering. Shane - That is so close to what Winston was trying to do. That is like going full circle. He is getting into trusts now, big time. CW Everybody is getting into trusts because of me.

Chris - In regards to the International Law on Trusts that I just dug up and gave everybody [<http://www.hklii.org/hk/legis/en/ord/76.txt>], that is your enforcement power that supersedes the United States on enforcement, right? CW What is the enforcement power? Chris - The trust law that I sent out to

everybody on the International Hague Convention. Isn't that going to be the enforcement power that from outside the United States system that they have to behave because they are following a One World Order type of government laws? CW I think it is more on the lines of equity, where equity is. The power of the trust is in equity. Shane - Is there any issue with being the Trustee and the Beneficiary when you do that to a remittance? CW I don't believe so, because how many of us have taken a check and made it out to ourselves and endorsed it on the back and we sign the front? We went to the bank and we cashed it. If we would have taken that check we could have given it to somebody else and that was really payment because whatever it was made out for was what it was worth. It's already endorsed and all they have to do is apply it. Shane - Can you say that is a form of the merging aspect there, too? CW Yes, if it was put on an offer and title. Put your asset title on it. Now you've got the debt title and the asset title on the same instrument and create the record that you merged it. Shane - Is this a self-contained process or does it still involve doing any of the UCC-1 and 3 stuff? CW Yes, you also have to create those two records of the claiming of what you did. You put the UCC-1 and in the county and then create the two records necessary to prove that you merged it, which is the UCC-3 and the county again.

You have to sign it *Without Recourse* and you have to put *Pay To* and leave it blank because it's got to be in bearer form. Then you have to sign *By Trustee* and your signature. Then below that you have to put *For* and then the *Strawman* name in caps plus the Social Security number without the dashes. So that is for the trust. You are signing as Trustee for the trust. On the front you have to have the corresponding account numbers, which is the *Strawman* in all caps and the Social Security number without the dashes again. That is signifying the account of the trust again. Shane - You think there is any requirement to say Exempt From Levy? CW No. Levy is on debtor-creditor side.

Have you got an example of that check you're suggesting? CW Yes, I do. Are you on Skype? I'll send it to somebody and they can pass it on. Chris, are you going to be on later tonight? Chris - Yes. CW I'm not on Skype right now, but if I do I may crash what I've got going on right now. Give me your Skype number.

2:06:25 CW - I just have across the top it's a **Nonnegotiable Money Order** number **001**. I put the **Date** off to the left and under that is the **Pay To the Order Of:** and then where the Payee is, that is the Beneficiary, and that is where I put, as an example, **Your Name** in. On this one I didn't put a **Dollar line** on there, but I can put that in there later. Below that on the left is the **Strawman account**, your all caps name, plus the **SS#** without the dashes. On the right is the signature line and that is where I would sign and that is the **Grantor/Trustee**, because the Grantor is acting as Trustee there. Chris - You don't want me to put that on the newsletter do you? CW No, if somebody gets a hold of this they will be all... Chris - Yeah, I won't put that in there then. I'll just pass it among the members. CW It's for everybody's review, let's put it that way. Then on the back side it's signed *Without Recourse*. Next line is *Pay To* and leave that blank. The next line is *By Trustee* and the signature line where you sign. Below that is *For Strawman* and the SS#, again without the dashes.

Chris - Can you put that on a purchase contract? CW Yeah, but you would have to know more about trusts before I would try this and say go out there and buy something with it. In the blocks I have here in the *Description* I have in the Nevada Revised Statute 107.020 and I gave the case number [BK-S-07-16226-LBR] said that the signature is the Trustor/Grantor and the Payee is the Beneficiary. That is evidence and the evidence is really the title/records to prove who the Grantor/Beneficiary/Trustee are by the colorable promissory note or money order, but really it is all a trust. So, this turns their offer, the debt title, into an asset title, a special deposit under trust, also seen as a colorable public security instrument after endorsement. You make out a certificate of deposit, also create the two title/records claiming and the two titles/records merging the titles as a special deposit/trust deposit as payment. In other words, it's merged titles, and return to the offeror. Then send copies of what your titles/records, the deed, to what your act, to Rios at the private side of the Treasury/IRS.

Shane - So that is almost a self-actualizing set of documents? CW Yeah. It comes in the creation of the records, the two records proving everything that you did, two records to prove that I claimed it to be mine and two records to prove that I merged it. Chris - The two titles would be UCC-1 and the two merging would be the UCC-3, is that correct? CW Yes, the merging is on a 3 and the claiming is on a 1 and each one has a county correspondence Notice with it. Don't confuse that UCC-1 being like what that other party was talking about last week, that they were having problems recording the UCCs in the county. We don't record UCCs in the county. That is why they were having problems, they don't get recorded in the county. You make up a separate Notice that goes into the county. Chris - Where does the first notice go? CW The notice is nothing more than a record. Chris - No, where does the UCC-1 go? CW I'm just keeping it in case I need it to prove that it is mine. Chris - So it's not going to the Secretary of State? CW The copies would be. The copies would go to the ... Chris - Keeping the originals would be the rule of forms and a copy would go to the Secretary of State, the UCC-1 and then just a Notice of that UCC-1 is recorded in the county? CW I am going to do a UCC-1 claiming this is mine, a filing. I'm thinking I can do it online. You are thinking you are going to send the UCC-1 to the State, yes. That is one notice. Pull it out - a certified copy. Chris - How do you pull that out. CW Request a certified copy, say you pay the \$10 to get a certified copy. Chris - Now you make a Notice to the county with a certified copy attached? CW No, no, no! Do not record anything from the UCC into the county. They won't let you. Chris - No, a separate notice? CW Yes, do a separate Notice. Put on the top Notice and then "This is constructive actual notice that ..." the document like I read last night or the night before. Chris - Yes, RA blah blah blah...CW Yeah, claiming and if any further information is needed contact me at the below address. Record that into the county and pull that back out certified. Keep that. Now you have two records. You have a UCC-1 certified copy and you have a county recording certified. There are your two records you claimed it was yours. Do the same thing for the UCC-3 and do it in the county. You keep the originals there. Never give the originals away. Chris - Are the originals for in-chambers? CW Yes. Now you can make copies of all of that stuff and send that to Rios. Chris - Do I have to? CW Yes, they are your accountants. You have to complete the process.

2:13:40 Jeff - I found out today from the Federal District Court in Seattle, but my local one is in Tacoma, that I can open up a Miscellaneous file there for \$39 and I can put in as many papers as I want and I can pull out a certified copy for \$9. CW That is good. It is saving you some money then. As long as you are creating a public record. Chris - What state is that in? CW Washington. Floyd - In California this morning I did the same thing. I had a notary put in a proof of filing attached to each document. First was the birth certificate expression and the second was a transfer when I became of age. I put them in as two separate documents, each one with an attached notary proof of filing. I had the same experience in California - \$39. Chris - What is the web address for that? How do you find that party. Jason - Just find your local Federal Court. CW It would be the same in all states. Jason - There is one in every state. Daniel - By the way, it did not require a cover letter, but what I put in there is Notice of Trust as the first document on the heading and then I listed it. If you had anyplace to post it to I could send it to you to use as a template. Chris - If you send it to lawlearners.net or on Skype to handysummers. I'll make sure everybody gets a copy of it.

2:16:35 Terry - Can you tell me if anyone has attempted this and/or succeeded? CW No, nobody has tried it yet. It's fresh off the press. Terry - That's what I thought. Thank you, I appreciate you explaining it. Chris - In other words, you are going to be the guinea pig. Terry - I'm going to start working on it tomorrow. Chris - Christian, can you send me that check. Everyone is asking on the Skype window. CW I'll have it after the close of this show. I have a recording going right now and if I bring up Skype it could crash the recording.