Hi Robert

Securitization 1
Jean Keating Transcript - not for re-sale
"Securitization is Illegal", 30pg, by Michael Magugu, CPA, www.ssrn.com/abstract=hh3300 - It is only illegal for private corporations.

Securitization: The process of homogenizing financial instruments into fungible securities, so that they are sellable on the securities market.

When you sign a mortgage note it comes under UCC Article 3. After securitization, it comes under Article 8. Under US law securitization is illegal because it is fraudulent. Instruments such as loans, credit cards and receivables, are securitized. Enron was involved in securitization and someone brought charges against them. But almost all large corporations are doing it as usual business. However, the banking system and the government are also doing it.

Jean Keating brought a RICO suit against a bank, but it was thrown out. But he would have done better now that he knows more about it.

It is all accounting, whether it is banking, civil or criminal court. I submitted the FASB regulations - FAS125 securitization accounting, FAS140 Offsetting of financial assets and liabilities, FAS133 derivatives on hedge accounts, FAS5, FAS95. These are the resource materials for understanding this process. The note is not under a negotiable instrument any more, it is a security. All the banks follow these standards. They set up GAAP, generally accepted accounting principles. The banks are mandated by Title 12 USC to follow GAAP and GAAS. They have a local FASB and an international IFASB. They also cover derivatives. FAS 140 relates to UCC 3-305, 306. If you want to instruct them on how to do offsets, you have to refer them to FAS 133. If you don't know the accounting regulations, you can't give them the proper instructions for settling and closing. What you really want is recoupment.

Recoupment - (1) The recovery or regaining of expenses Applying the setoff so you can get back what you gave and what you are entitled to. (2) The withholding for the equitable part or all of something that is due. This is all equitable action in admiralty style instruments.

Blacks:
IOU - a memorandum acknowledging a debt. See also a due bill.
DUE BILL - See IOU
SIGHT DRAFT - A draft that is due on the bearers demand; or on proper presentment to the drawer. Also termed a demand draft. A draft is an unconditional order signed by one person, the drawer directing another person, the drawee, to pay a certain sum of money on demand or at a definite time to a person, the payee, or to bearer.

This is colorable. Who is holding the debt? A due bill is like a sight draft. They are not saying from which perspective it is a debt, from theirs or yours. The party receiving the IOU is the debtor, because the IOU is an asset. It is an instrument, and you are the originator.

You have monetized their system with your signature. An IOU is an asset instrument, not a liability instrument. This is one of the places where you have your perspective changed.

Under the constitution, the government was not given authority to create money. It is a power reserved by the people. Article I, section 10 restricted the states from making gold coins. So the corporate government has to rely on the deception of people to create money. So the way money is created is to have people sign an IOU, or promissory note. It is not a debt instrument to the one who created it; it is actually an asset. The creator can pass it on for someone else to use. It is negotiable unless it includes terms and conditions as part of a contract. The property belongs to the creator, and the holder is merely using it and any proceeds that come from it should be restored to the creator.

That is the power we have if we realize we have the authority to do this. The intent is to understand the regulations and to see how they are trying to deceive us to believe we are the debtor and the slave and they are the creditor at all times. This is not true.

We are looking for recoupment. Once we, the creator of the promissory note have signed it and others are using it, recoupment means we want our property back or have the account set off. Recoupment in practice is a counterclaim in a civil procedure. That is how one does a recoupment. We did a counterclaim on the grounds that; with the county, you can do a setoff. You can use the financial liability of the accounting ledger to offset the financial asset if you have the right to do that. But you have the right to do that if you are the creditor on the liability side and the bank or lending institution is the debtor on the liability side.

There is a duality here. The bank is the creditor on the receivable side or their asset side that is the receivable. You are the creditor on the liability side or the accounts payable. You can use your accounts payable as an offset or counterclaim to the financial asset side that is the receivable. The bank or the court is using the receivable side of the accounting ledger. That is what they are charging you with. On the receivable side, you have to pay the debt, because that is where the charge is coming from since they are claiming to be the creditor like a bank collecting the mortgage. The mortgage side of the bank ledger is the banks asset and their receivable. But on the liability side, because they sold our gold...

We have the actual gold contract where they did this. This is not my opinion, we have eleven $50 million gold bonds sold from the DeBeers Diamond Company. They sold America's gold under contract to the Bank of China. This is not my opinion. The U.S. did not go bankrupt in 1933. What they did was sell all the gold under a gold contract to the Chinese government. So the U.S. had to give us an account payable as a cash receipt. FAS 95 tells us that when they do a credit to a transactional account, which is a liability account, on which we are the creditor, they give a cash receipt to the customer and a cash payment to the bank, because it is cash proceeds. In intermediate accounting, when you give them a promissory note.
I gave a promissory note to a publisher for $1700. They accepted it because I gave them the proper accounting instructions. I did another one to another publisher for over $3000. They accepted initially, and then hired a collection attorney in one of the biggest collection agencies in the state of Ohio. They didn't send the note back because a payment tendered and refused is discharged. Also, any form of viable payment must be accepted. Almost anyone that you send a note to is going to be making a mistake if they send it back.

There is someone here that sent a transaction to the IRS on a closed checking account. He got the cancelled check back from the IRS. They said the check is no good because it is a closed account. But the transactional marks on the back of the check say otherwise.

If it is a note put into a bank, it is a cash receipt to the depositor and a cash payment to the Bank. So when the bank processed that closed check, the IRS got a cash receipt and the bank got cash payment. Then the IRS sent it back, so it is evidence that the transaction is accepted, but then colorably and publicly claim it is no good.

The publisher accepted the note and hired an attorney. I sent them a letter and they dropped the matter since they know that I know what the accounting is. Under FAS 140, you get your setoff. When you make a deposit, it is a cash receipt, a cash proceed. Everything becomes a cash proceed in commercial law under Article 9. They show it as a cash proceed. They give you a credit to your account that is actually a cash receipt to you the customer or the borrower. Then they do a cash payment to the bank. The bank they sell the note. They do a HELOC, home equity line of credit, and sell it to warehouse lending institution. This is the same as a credit card. Even on a mortgage loan...

A HELOC is different than warehouse lending. I got this from their mortgage department. They take the proceeds from the promissory note and pay off the warehouse lender. So the debt on the real estate is extinguished from the books (is that why they call it closing). They are required to file an FR 2046. This is a balance sheet. Under 12 USC 248 and 347 they are required to file a balance sheet. They are required on a quarterly or weekly basis. They file these balance sheets with the Federal Reserve Board. I talked to the head of the FRB. They file a balance sheet with the board. The balance sheet shows the assets and liabilities that they use in the accounting. The liabilities would be your promissory note. It is a liability because it is an asset to you.

Securitization is the process of transferring all the liabilities off the balance sheet. They can do this because you never ask for them. They have everybody conned into believing we are debtors instead of creditors and do not know to ask for our assets. We never ask for recoupment. So why carry the payables on the books if they have been abandoned. Why not write them off and sell them for more cash.

The government has such complicated books it is impossible to figure out what is going on.
If you give a bank a promissory note, they are required to give you a cash receipt. They owe you that money under a recoupment or asset. If you take the receipt back, they should give you some money. They call it an offset in accounting, but in the UCC it is called a recoupment. Unless you do ask or do a defense in recoupment under UCC 3-305, and a claim under 3-306, you have a possessory and property claim against the cash proceeds under the liability side of the ledger. UCC 3-306, there cannot be a holder in due course on a promissory note after they deposit it. They do an off balance sheet entry. This means they take your note after they sell it, instead of showing it on their balance sheet, they move over to some other entities balance sheet. It is no longer on the banks books. This is called off balance sheet bookkeeping. The head of the FASB said that I was correct. They are not showing the liability side of the ledger or the accounts payable because it has been moved over to someone else's balance sheet.

The IRS does the same thing when you tender them a negotiable instrument. They accept it and never return it. But don't adjust the account. They pretend like nothing happened. They move them off the books that the collection agent is looking at. He is only looking at the accounts receivable ledger.
You tender a note to the bank to stop a foreclosure, and they ignore it. The agent at the bank claims she never got any payment. The agent only sees the receivable side of the books. He is being honest. It is up to us to make a claim for them to look at their other set of books. You have to learn how the system works so you can explain it to them. We need to know how to get them to produce the missing documents. They are only going to produce the documents that support their claim. The American and English litigation system is adversarial. They only have to present the evidence that supports their claim.

When a strawman is charged with speeding, he is given a charging instrument. It is the same as a claim by the bank that shows that someone has failed to make mortgage payment. It is a commercial entry from a corporation showing that there is a liability on your part that is an account receivable and they are in the capacity of a creditor and making you appear in the capacity as a debtor. So the clerk has an accounting charge against the strawman but you are operating the account. It is your responsibility to bring in recoupment in behalf of the real party of interest which is you because you are the ultimate creditor if you raise that claim against the liability side of the account.

People have a right to travel. So they have the right of recoupment to offset any charges against the strawman in an attempt to restrict the right of travel of living people. Civil and criminal court procedure operates the same as the bank.

What is the substantive principal involved in this that allows them to avoid fraud? The government does everything correctly. They never make a mistake. The government is involved in securitization that appears to be a fraud. There is immunity for people who understand the procedure. Only the unlearned are fooled into voluntarily entering into fraudulent contracts. It does not work if you get frustrated and angry at the fraudulent results of your own ignorance.

When you sign a promissory note to create the mortgage with a bank to buy your house, at closing, they have already sold your note to the warehousing institution. The warehousing institution brought money into the bank when they bought the note. At closing, they take the money and closes out the account on one side. The bank forgot to tell you that you don't have a liability on their receivable side any more.
Why do they keep taking your money? They have become the servicer for the account; they are not paying principal and interest. The payments are profit to the holder of the note. This is not stealing if we knew how to make a claim for recoupment. They are using the note to expand the money supply.

Under Title 12 USC 1813(L)(1) when you deposit a promissory note, it becomes a cash item. It becomes the equivalent of cash because I have a cash receipt. I talked to Walker Todd, one the heads of the Cleveland FRB. He has been a government witness in court cases regarding BOE. He said that I am correct that we are the creditor on the payables side of the ledger. The bank owes you the money. No one is bringing up recoupment as a defense. You waive the defense and they go to collection on the receivables.

Under civil rule 13, you fail to bring a mandatory counterclaim, which is based on the same transaction. Under the rules you have waived it because you were ignorant of the rules of procedure.

I just filed a motion in a court case. I took portions of Statement 95 incorporated it into a memorandum. These reports are filed on OMB forms in which the public has a right to disclosure under the privacy act. If they shift the assets off the books, they have to report to the FRB where it went, so you can follow it. In the memorandum, it shows that they are mandated to give a cash receipt on any deposit. It is a demand deposit account. They are required to show it on their books, but they are not doing that. They are doing an offset entry. This is not going to trial because we are going to subpoena the auditor. Auditors keep track of where the assets went. These are special auditors.

We have asked for all this information in discovery under civil rule 36 if they don't answer, they have admitted them. This is so powerful in this foreclosure that the banks attorney is saying that discovery and records from auditors do not constitute admissions. Ha! Are you telling the court that the banks records kept in the due course of business are not admissions? They are hurting.

So in our motion for summary judgment I put in admissions that they admitted by non-response. So now we have them in a dilemma. The other side is scrambling. They have come out with an affidavit of a lost note or destroyed instrument. Under UCC 3-309 you have to show four elements to claim a lost instrument: 1) you were in possession at the time it was lost; ' 2) you have the right of enforcement of the note; 3) you have to show that the obligor on the note is indemnified by you against and future claims; 4) the loss was not due to a transfer.

They are trying to maintain the allusion that they are still holding your paperwork because you are still paying them. The allusion is that there is a debt that is due.

I've got the S3 registration statement. That is the form the bank filed that they sold the note that is a transfer. The attorney lied when he put in a claim that the instrument was lost.
We have the 424(b)(5) prospectus. The bank we are dealing with is Bank One that is owned by JP Morgan and Chase. They sold it in 1997 right after they got our loan they sold it. They are doing a HELOC. Most banks do warehouse lending. As soon as they get the note, they borrow the money from a warehouse lender. They bank does not give you the money or credit. They get it from a warehouse lender. Then they pay off the warehouse lender with the note that they sell to them. Then they make derivatives out of this note by a bookkeeping entry.

The balance sheet, a 2046, 2049, and 2099, have OMB numbers on them that are subject to disclosure under the privacy act, Title 5 USC 552(b)(4). They have to give it to you if you ask for it. At closing and settlement, the reason they actually call it closing is because they pay off the loan in its entirety. The debt is actually extinguished.

Patriots say they didn't lend any money. But that doesn't rebut the receivable. There is no money. But we loaned them the note. So we started the process, so we have to help resolved the problem.

They do the accounting appropriately, but there is two sets of books. But if you don't ask to see the books, it is your problem. This is also what they are doing in the courtroom. The clerk has the receivable side for the corporation and the judge has the payables. The judge is holding accounts payable under HJR 192 for all the people that come before him if he has the SSN. The judge is not required to be a witness or bring pleadings to the court. He is a referee. The receivables are the charges against the strawman. The party aware of the payables is not the same party handling the receivables. People don't bring in an offsetting claim under the rules of procedure.

The judge does not have to do the setoff unless you raise the issue or defense. We have the right to waive it. So the judge is the priest receiving the sacrifice for the corporation.
Securitization 2
Levy on Paycheck
Employer filed Form 1096 to pay Corp income tax with employee's salary and using accounts payable Direct Treasury Account.
Use Form 1099-OID, corrected box checked, Form 1096 and 1040, for refund.
Keating's letter to bill collector law firm

HERE IS THE LETTER (Modify it to make it your own!!!)

Dear Mr. Doe,
I am writing regarding your recent letter in regard to your client XYZ CORP, being the alleged creditor in the amount of $1100. Your alleged client has waived their status as a creditor when they accepted my tender of payment under UCC §§3-409(a)&(b) and UCC §3-604(a). They did not adjust their accounting ledger to reflect settlement and closure of the accounts receivable side of the accounting ledger.

By way of review, I sent the woman in the credit department of the creditor, a negotiable instrument on April 24th in the form of a commercial note draft, as an order to pay under UCC 3-104(e). This may be treated either as a promise to pay or an order to pay. Since she has not returned the instrument to me she has obviously chosen the latter; an order to pay. Under §3-104(f) of the UCC a draft is the equivalent of a check and may be securitized or monetized by direct deposit in a commercial checking, time, thrift or savings account under Title 12 of the United States code, Section 1813(L)(1) and when deposited it becomes the equivalent of money as outlined under Section 1813(L)(1).

The collection manager from the credit department of the creditor did, however, send me a letter saying that she did not accept promissory notes. She is, however, precluded by public policy HJR-192 and Title 31 of the United States Code Section 5118(d)(2), and the Fair Debt Practices Act, aka, Consumer Protection Act at 15 USC §1601 and §1693 from demanding payment in any specific coin or currency of the United States, even though she has not done so. Section (d)(2) of Title 31 USC §1518 states that an obligation governed by gold coin is discharged on payment dollar for dollar, by United States coin or currency that is a legal tender at the time of payment. The narrow view that money is limited to legal tender is rejected under Section 1-201(24) of the UCC. It is not limited to United States dollars. See official comments under section 3-104 of the UCC under the definition of money.

The woman at the creditor has failed to perform her duty as fiduciary trustee of the account. I have done a Notorial protest against her and the account for non-acceptance and payment under sections 3-501 and 3-505(a)(b) of the UCC, which creates the evidence or presumption of a dishonor. She is knowingly or unknowingly become the debtor and myself the creditor by operation of commercial and administrative law. Also worthy of note, if she is going to treat the note as a liability instrument, she has to present it to me for payment, make me chargeable under 3-501 of the UCC, which she has also failed to do. To the extent that she is in dishonor for non-acceptance and non payment by Notorial protest on the administrative side, ... there has been a discharge of the debt in its entirety under the Fair Debt Collection Practices Act within the 30 day time frame as mandated by law.

I have been teaching and studying commercial banking law and intermediate and advanced accounting for 36 years. I have a degree in Commercial Banking law, four years in undergraduate study at USC and four years at Hastings School of Law in San Francisco. This is for your edification and exhortation.
Since I am reasonably sure that we can come to a peaceful resolution of this matter, as your client does not understand commercial banking law, and the IASB, the FASB and GAAP principles as they apply to commercial banking. I do a lot of trading and purchasing in commodities and securities exchange market where the use of a revocable standby letters of credit, documentary drafts, international bills of exchange, or promissory notes are used exclusively under the UNICITRAL convention.

Your client is not applying the correct accounting entries under GAAP. She is treating the account as a trade receivable through securitization as an off balance sheet financing technique. Since she has accepted the instrument that I have tendered, I have a claim or possessionary right in the instrument and its proceeds under 3-306 of the UCC. Any defense and any claim in recoupment under section 3-305 of the UCC, which I shall exercise at my option, if she does not credit my account. The 1099-OID will identify who the principal is from, which capital and interest were taken, and who the recipient or who the payer of the funds are, and who is holding the account in escrow and unadjusted.

Since I am solution oriented, and want to show good faith, there are two ways of resolving this matter. Since you client has already accepted my tender of payment and has not returned it, you can instruct her to credit my account for the sum said in full for settlement and closure. Or, instruct her to return the original instrument to me, unendorsed, and I will make an alternative form of payment. Otherwise, I will consider this matter settled and closed.

END OF LETTER