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Attn:

RE: LEGAL OPINION LETTER ON THE VALIDITY OF COMMON LAW COMMERCIAL LIEN
DEFAULT JUDGMENT BASED ON UCC-4 PRIVATE SECURITY AGREEMENT
"TRUE BILL" AGAINST FORD MOTOR CREDIT COMPANY

To Whom It Concerns:

I have been retained to render a legal opinion regarding the lawfulness of a Commercial Lien Default Judgment on a UCC-4 Private Security Agreement "True Bill" issued by the California Common Law Court (pursuant to UCCA Section 1105) in Cause Number 96-1010AM on March 22, 1997.

After careful analysis, research, and review of the legal facts and evidence surrounding the merits of the lien in question, I conclude that the lien is valid and has been perfected under existing law. The UCC-1 lien-holder, and any subsequent UCC-3 assignees, are entitled to rely on the lien, (and any drafts drawn on the lien), against Ford Motor Credit Company. It is legally irrelevant that Ford to date has ignored the instant Common Law Judgment and the Commercial Judgment Lien. I cannot find any existing law or cases under which an appeal by Ford of the commercial lien default judgment issued by the Common Law Court could prevail, and as such the lien is perfected and valid. (See the 7th Amendment to Constitution of the United States of America).

The basis for my legal conclusion is founded upon the Uniform Commercial Code (UCC) which confers the same legal right to use commercial liens to individual sovereigns, as it does to the Internal Revenue Service, or FDIC insured banks, or private corporate entities which utilize liens to collect legally due moneys. Legal support for this proposition is found in Bank of Augusta v. Earle, [13 pet (US) 519], wherein the court ruled: "A private individual has as much privilege as banks, and the Public Office Money Certificates are just as good as bank checks or the federal reserve notes." This case has never been overruled to date, although it has been resoundingly ignored and circumvented in practice to the detriment of individual citizen's Constitutional rights.

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It is important to realize that the Public Office Money Certificates, (POMC's), referred to in the Bank of Augusta case (*supra*), were essentially conditional promissory notes backed by commercial liens. This type of lien has been used for many years, and is found in the Third Volume of Johnson's Universal Illustrated Cyclopaedia, by F.A.P. Barnard and Arnold Guyot, 1876, pages 3 & 4. Here it mentions that the nature of liens can be either "Common law origin: the others may be easily traced to doctrines and rules of the Roman law". Liens may also be "created by express agreements...their nature and extent must depend entirely upon the stipulations which the parties see fit to enter into, and therefore subject to no general rules".

Moreover, Section 4 AmJur2d under Classification of Liens, states that the liens generally recognized are "common law liens, equitable liens, and statutory liens". Section 64 states "...There is authority for the view that common law liens are 'enforceable' in the courts of equity...jurisdiction to enforce liens is concurrent at law and in equity...In any event, it is clear that a court of equity having acquired jurisdiction for other purposes, may order sale of property to satisfy a common law lien."

In the instant case against Ford, the lien in question is not only a commercial lien, but it has proceeded through the court of the lienholder's choice, (Common Law Court), and now has become a commercial common law judgment lien. The lien arises out of a default judgment, and exists as a properly recognized financial instrument in accordance with statutes found in 30AmJur2dSec.670. Moreover, it is the creditor's choice as to the jurisdiction in which to try the facts. Usually, the procedure is done in an Admiralty court such as a Federal court or State Superior or District court. But, in this case the venue and exclusive jurisdiction of the Common Law Court was the basis for this lien as recorded by a UCC-1 filing, and the certified documentary draft (UCC-3). The fundamental issue then becomes not whether the lien is legal, but from which jurisdiction does it emanate from.

The instant UCC-4 "True Bill" originates in the common law jurisdiction. The Federal (Admiralty) statutes do not apply, nor do the banking regulations that look to the Uniform Commercial Code for their venue and jurisdiction. This does not mean the "True Bill" is unlawful or invalid. To the contrary, it only means that it is outside of the Admiralty jurisdiction described above. The "True Bill" specifically states it is drawn on the UCC 1-103:6, so as not to abrogate the common law. In other words, the common law is the superior jurisdiction in regards to banking authority, and according to UCC 1-102:37. Inferior jurisdictions always have an appeal process; but there is no

constitutional provision for appeal in the Common Law Court forum. (See the 7th Amendment to the Constitution of the United States of America).

The Uniform Commercial Code (UCC) was created to enhance the Common Law for commercial actions. Some of the more pertinent UCC sections having legal ramifications on the instant lien against Ford Motor Credit Company include, but are not limited to the following:

1. UCC 1-103:39 & 40 states a lien requires two parties known as a debtor and a creditor. Clearly, this is the relationship which is extant in the instant situation.
2. The lien debt security instrument (UCC-4 "True Bill") is a contract (UCC 3-101:11 & 12, and Section 8102:6), a negotiable instrument (UCC 8-105:4; 8-106:8; 8-107; & 8-317), and an investment security (UCC 8-102 & 5-103). Moreover, as shown supra, the "True Bill" has been treated as such instruments and security throughout its extensive and time honored commercial legal history.
3. A certified documentary draft (UCC-3) when drawn upon the collateral of the "True Bill" (UCC-4) is the instrument which may be converted or traded for other securities or "cash" or its equivalent.
4. The UCC provisions, as the universally accepted national law of commerce, should be upheld by any court as valid and enforceable provisions under law. The repossession and resale of collateral by the creditor in accordance with the terms of the security instrument (UCC-4 "True Bill"), does not deprive the debtor (Ford) of due process. (UCC 1-101:6).

Additional caselaw supporting the validity of the instant Commercial Judgment Lien is found in the Southwest Reporter, (November 5, 1995), wherein the facts reveal the same type of lien was perfected against a corporation in a Common Law Court. Subsequently, the lien debtor objected and filed an action in the 14th Judicial District, Dallas, Texas for a motion to set aside the common law default judgment and for injunctive relief. The decision of the presiding judge who rendered the verdict declared 'Res Judicata' applied as to the findings of the Common Law Court. In other words, the subject matter before the court had already been decided in common law, and that further action upon the issue was permanently and legally barred.

The legal significance of this case cannot be overstated. It provides a very recent District Court precedent which unambiguously recognizes that the Common Law Court was superior to the 14th Judicial District court, and appeal of the Common Law Court judgment was not a viable alternative for the corporate debtor to pursue. Therefore, the common law commercial judgment lien (based upon a UCC-4 "True Bill") was legally perfected and enforceable by law.

The debtor (Ford) has little legal recourse against the instant creditor and her assignees, since at common law the debtor has no right of appeal. Debtor is legally at the mercy of the creditor who has chosen to perfect her lien in a Common Law Court forum.

Perhaps, the only plausible argument debtor could promulgate is that it did not agree to the debt by executing the "confession" personally. However, careful legal scrutiny reveals that this defense to the debt holds no merit. The law is plain that when a contract specifically states that if the debtor fails to sign the instrument and remains silent, (thereby defaulting), that the instrument can legally be signed by an accommodation party by lending his name to another party, (UCC 3-415 and 9-part 5). 'Nihil dicit', meaning signed by accommodation through acquiescence, (silent agreement by the debtor), was in fact placed in the agreement, and the debtor knew, or should have known, that remaining silent and not responding in a timely manner legally allows the creditor to sign for the debtor(s). This same rule of law is use by the Internal Revenue Service (IRS) which allows them to "file" a Tax Return for you and sign it for you if you fail to respond in a timely manner to their demand.

Under normal circumstances when a draft and/or lien is perfected and properly executed and filed, the ensuing judgment is entitled to be satisfied. The creditor reasonably expects the debtor and the appropriate financial institutions to acquiesce since it is the law that prevails and not public policy. The creditor and/or her assignees are lawfully entitled to collect the debtor's (Ford's) obligation pursuant to the perfected UCC-4 "True Bill" common law judgment lien.

In 10 AmJur2d: Banks Sec.361, Power of Banks to Receive "Special Deposits", the bank at its option may choose to accept drafts as a "special deposit", and give the creditor a "safekeeping receipt". It further states: "The power of a national bank to receive special deposits has been thoroughly well established as an incidental power of such bank. This conclusion has been reached by the courts both

independently of specific statutory provisions and by construing and implying the power from provisions of the National Bank Act which indicates and assumes that such power exists. The incidental power of state banking corporations to receive special deposits for safekeeping has also been upheld. It has been held that the receiving of special deposits is now a fully accepted part of the banking business."

Moreover, Section 365 also states: "Generally speaking, special deposits involve either deposits made for safekeeping by the bank or deposits made for some special application or disposition. If a negotiable instrument is deposited with a bank for safekeeping, the deposit must be considered a special one." Section 366 further elaborates: "Where money is merely left with a bank under an arrangement that it is to be used by the bank for some special purpose, the deposit is a 'special deposit'." Thus, deposits of funds for a special purpose, such as transmitting such funds to another at a distant place, paying bonds, furnishing collateral security, etc., all have the attributes of Special Deposits, and are generally construed as such deposits.

It has been conclusively proven that the instant lien and any drafts drawn upon it, have "intrinsic value", which is based upon the assets of the debtor(s) which banks require. Here, the debtor FORD MOTOR COMPANY has hundreds of millions of dollars worth of assets domestically and internationally. The intrinsic value of the instant creditor's UCC-4 "True Bill" underlying the Commercial Default Judgment Lien cannot be disputed even by the most ardent skeptic.

Banks in America have been hesitant to deposit the common law liens because of the power behind the "National Bank", more commonly known as the "Federal Reserve Bank." Why? Quite simply the Federal Reserve Bank currently has a monopoly on U.S. "money", and it does not desire to risk alternate financial instruments such as "True Bills" to undermine the value of the Federal Reserve Bank notes (e.g. U.S. Dollars). This is the reason that American Banks, (especially those who are insured by the Federal Deposit Insurance Corporation, "FDIC"), are reluctant to allow "special deposits" of UCC-4 True Bills and/or liens.

Such conduct by American banks does not diminish the "intrinsic value" of the instant common law judgment lien. To the contrary, it could be successfully argued that since the Federal Reserve Bank creates money "out of thin air", (since Dollars/Federal Reserve Notes are no longer backed by precious metals as it once was under the Gold Standard), with nothing to back it up other than the "good faith and credit" of the United States government. Contrast the Federal Reserve Notes (FRNs) with the "intrinsic value" of the drafts backed by the instant perfected commercial lien against debtor FORD MOTOR COMPANY with its substantial asset base as one of the worlds' leading manufacturers of automobiles. Perhaps it is a rhetorical question, but which financial instrument truly has more "intrinsic value"?

Additional insight into the above problem is derived by reviewing history when on March 9, 1933 the United States government declared "Bankruptcy". This bankruptcy was a direct result of the Federal Reserve Act of December 23, 1913, in which the delegated authority of Congress to be responsible for the nation's currency was illicitly, and unconstitutionally surrendered to the private Federal Reserve Corporation. In place of real, lawful money (e.g. backed by precious metals) as legal tender, the Federal Reserve issued private commercial paper drawn on the "good faith and credit" of the United States. This meant that FRNs would be based upon bookkeeping entries of no substance or reality, on which compound interest was charged and to be repaid in labor and substance. The U.S. Treasury paid ever-escalating interest in gold and was eventually depleted with a higher debt than ever before in U.S. history. Hence, the U.S. government was forced to declare bankruptcy in 1933, which not coincidentally occurred in the midst of the "Great Depression".

It is axiomatic that when a government becomes bankrupt it loses it's sovereignty. President Roosevelt's Executive Orders 6073, 6102, 6111, & 6260 (Senate Report 93-549, pp.187-594) under "Trading With The Enemy Act" of 1917, codified at 12 USC 95a; House Joint Resolution 192 of June 5, 1933 supports this proposition. Moreover, caselaw further confirmed this common sense principle in Perry v. U.S. (1935), 294 U.S. 330-381, 79 Led 912, and 31 USC 5112m 5119.

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In the Perry case, the Supreme Court stated that House Joint Resolution 192 signified that "the United States had repudiated, dishonored, and disavowed it's own notes and obligations", i.e. declared bankruptcy. Therefore, it can be posited that the U.S. government was legally dissolved as a viable governmental structure ever since declaring bankruptcy. Legally, as a bankrupt insolvent entity, the "United States" has no standing to sue at law or equity or bring any civil or criminal action against anyone even though they have done so under the "color of law" ever since the seminal Perry case was handed down in 1935. The federal government in essence has become trustees administering the bankruptcy laws for the creditors, to wit the Federal Reserve Corporation.

The U.S. Federal Government has had to reorganize the bankrupt government on numerous occasions since 1933. The Report of the Special Committee on the National Emergency United States Senate, Report number 93-549 of the 93rd Congress published November 19, 1973 is replete with information revealing the sorrowful economic condition of the federal union. Looking to the Congressional Record of March 17, 1993, page 1303H, Congressman James Traficant, representative of Ohio, said: "Mr. Speaker, we are here now in Chapter 11 [Bankruptcy]. Members of Congress are official trustees presiding over the greatest reorganization of any bankrupt entity in world history, the U.S. government."

Bearing the above information in mind, that is why there must be a legal distinction between a "federal State" as in "the State of California", and a "sovereign State" of the union of states as in the "California Republic State". The issue of "sovereignty" is critical to establishing the validity of the instant lien. Whereas the U.S. Federal Government recognizes the issue of State sovereignty; it claims to have usurped that authority from the people they serve.

Here in California, where the instant lien in question was issued, it is clear where the sovereignty lies. The California Government Code, Section 54950 explicitly reads: "The people of the state do not yield their sovereignty to the agencies which serve them. The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know. The people insist on remaining informed so that they may retain control over the instruments they have created."

Sections 100 and 11120 of the California Government Code also clearly delineate the people as being sovereign, with the latter section being almost identical in wording. The California State Constitution makes an unambiguous declaration that government was instituted by the people for the security and protection of the rights of the people. Government was not authorized to destroy the rights of the people by statute. In fact, it is the people's right to correct government when the government errs in executing its fiduciary duties to the people who empower it.

Analogously, the United States sovereignty lies totally and explicitly in the people themselves, not the government. The fundamental concept of 'sovereignty of the people' is supported by a myriad of U.S. Court cases, Presidential pronouncements, and Congressional books. Indeed, all three branches of the Federal Government: (1) Executive/President; (2) Legislative/Congress; and (3) Judicial/Supreme Court branch have uniformly supported the sovereign right of the people to control their government, not vice-versa. Some of the most celebrated hallmark U.S. caselaw on this issue includes, but is not limited to, the following:

"In the United States, sovereignty resides in the people who act through the organs established by the Constitution." Chisom v. Georgia, 2 Dall 419, 471; Yick Yo Hopkins, 118 US 356, 370.

"Strictly speaking, in our republican form of government, the absolute sovereignty of the nation is in the people of the nation; and the residuary sovereignty of each state, NOT GRANTED to any of its public functionaries, is in the people of the state." 2 Dall 471; Bovier's Law Dictionary, (1870).

"What is a constitution? It is the form of government delineated by the mighty hand of the people, in which certain first principles of fundamental laws are established." Van Horne v. Dorrance, 2 Dall 304.

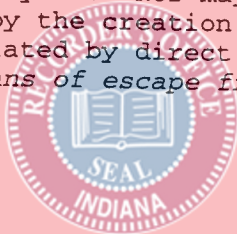
"The Congress cannot revoke the sovereign power of the people to override their will as thus declared." Perry v. U.S., (1935), 294 US 330, 353.

"The theory of the American political system is that the *ultimate sovereignty is in the people*, from whom all legitimate authority springs, and the people collectively, acting through the medium of constitutions create such governmental agencies, endow them with such powers, and subject them to such limitations as in their wisdom will best promote the common good." First Trust Co. v. Smith, 277 SW 762.

"A constitution is designated as a supreme enactment, a fundamental act of legislation by the people of the state. A constitution is legislation *direct from the people acting in their sovereign capacity*, while a statute is legislation from their representatives, subject to limitations prescribed by the superior authority." Ellingham v. Dye, 321 US 250; Sage v. New York, 47 NE 1096.

It is noteworthy in the latter two above cites, that the respective courts held that the legislation of the peoples' representatives are always subject to the limitations prescribed by a superior authority. That authority is the U.S. Constitution which created a Government "by the people, for the people, and of the people".

The "peoples' sovereignty" point is made abundantly clear in the instant creditor's forum state on page 401 of the California Jurisprudence 3d, Volume 13, saying: "It has been pointed out that the Declaration of Rights differs from the great English charters in that it is not an assurance to the individual from a sovereign *but is a command and a limitation of power on state officials by the people who created the formal government*... These sections imply possible oppression and are designed to enable the victim to assert his right, *even as against the government*." Moreover, on page 412 (section 229), it states: "Constitutional rights may not be infringed simply because the majority of the people choose that they be. Nor may a constitutional prohibition be transgressed indirectly by the creation of a statutory presumption any more than it can be violated by direct enactment: *the power to create presumptions is a means of escape from constitutional restriction*."



I apologize for this esoteric digression into the historical background of the "sovereignty of the people" doctrine in the United States; but it was imperative to explain the intellectual underpinnings for my legal opinion supporting the validity of the instant UCC-4 "True Bill" lien at issue. Specifically, the above reasons clarify why the instant creditor declared being a "sovereign person", and therefore a free citizen of the "Country of California" or "California Republic State". This is formal common law nomenclature, and does not have any adverse effect on the legitimacy of the commercial judgment lien issued by the Common Law Court of Riverside County, California on March 22, 1997.

Many people do not understand the legal difference between the federalized State of California, and the common law "California Republic" state. This misunderstanding has created a great deal of confusion within the U.S. media and court system. However, this unfortunate situation does not diminish the legal fact that the instant Common Law commercial judgment lien is a non-appealable lien which has been perfected according to law, (See, *supra*, UCC Sections, applicable caselaw, and the 7th Amendment to the U.S. Constitution).

In conclusion, my opinion after analyzing the aforementioned legal and historical data, is that the instant UCC-4 "True Bill" lien, and any drafts backed by the lien, are legally valid. While this opinion based upon research by myself and many others may not be popular among the mainstream legal community, it is difficult not to follow the compelling logic which supports the lien's validity. In any case, it certainly would be prudent for any foreign banking institution, (not hampered by the dubious self-serving edicts of the U.S. Federal Reserve Bank), to have the instant common law commercial judgment lien against Ford Motor Company in its portfolio, since it is backed with substantial tangible assets.

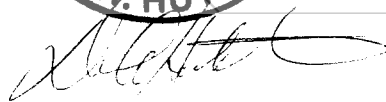
Respectfully Submitted,



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SEAL
Notary Public, County of Lake
My Commission Expires January 31, 2008