UNITED STATES Bankruptcy Court
For Eastern District of Texas
Plano Division

DENALORE LEE CANNON &

ROSE ANN HOOPER CANNON, PLAINTIFFS

VS.

TEXAS INDEPENDENT BANK, Defendants

Case No. 96-41-347-DRS

Adversary Proceeding No. A-96-4 147-DRS

Plaintiff's Memorandum of Law
ON CREDIT LOANS AND VOID CONTRACTS

To the Honorable Judge of Said Court:

This Memorandum with authorities, law and cases in support, will establish the following facts: 1) Defendant and privately owned banks are making loans of credit with the intended purpose of "creating" credit as "money;" 2) other financial institutions and individuals may "launder" bank credit that they receive directly or indirectly from privately owned banks; 3) this collective activity is unconstitutional, unlawful, in violation of common law, U. S. Code and the principles of equity; 4) such activity and underlying contracts have long been held void by State Courts, Federal Courts and the U. S. Supreme Court.

This Memorandum will show through authorities and established common law that credit "money creation" by privately owned bank corporations is not really "money creation" at all, but the trade specialty and artful illusion of law merchants who use old-time trade secrets of the Goldsmiths to entrap the borrower and unjustly enrich the lender through usury and other unlawful techniques. Issues based on law and the principles of equity, which are within the jurisdiction of this Court, will be addressed.

HISTORY OF MONEY AND BANKING

THE GOLDSMITHS

In his book, *Money and Banking* (8th Edition, 1984), Professor David R. Kamerschen writes on pages 56-63: "The first bankers in the modern sense were the goldsmiths, who frequently accepted bullion and coins for storage . . . One result was that the goldsmiths temporarily could lend part of the gold left with them . . . These loans of their customers' gold were soon replaced by a revolutionary technique . . . When people brought in gold, the goldsmith gave them notes promising to pay that amount of gold on demand. The

notes, first made payable to the order of the individual, were later changed to bearer obligations. In the previous form, a note payable to the order of Perry Reeves would be paid to no one else unless Reeves had first endorsed the note . . . But notes were soon being used in an unforeseen way. The note holders found that, when they wanted to buy something, they could use the note itself in payment more conveniently and let the other person go after the gold, which the person rarely did . . . The specie, then tendered to remain in the goldsmiths' vaults . . . The goldsmiths began to realize that they might profit handsomely by issuing somewhat more notes than the amount of specie they held.

"These additional notes would cost the goldsmiths nothing except the negligible cost of printing them, yet the notes provided the goldsmiths with funds to lend at interest . . . And they were to find that the profitability of their lending operations would exceed the profit from their original trade. The goldsmiths became bankers as their interest in manufacture of gold items to sell was replaced by their concern with credit policies and lending activities.

"They discovered early that, although an unlimited note issue would be unwise, they could issue notes up to several times the amount of specie they held. The key to the whole operation lay in the public's willingness to leave gold and silver in the bank's vaults and use the bank's notes. This discovery is the basis of modern banking."

On page 74, Professor Kamerschen further explains the evolution of the credit system: "Later the goldsmiths learned a more efficient way to put their credit money into circulation. They lent by issuing additional notes rather than by paying out in gold, in exchange for the interest bearing note received from their customer (in effect, the loan contract), they gave their own non-interest bearing note. Each was actually borrowing from the other . . . The advantage of the later procedure of lending notes rather than gold was that . . . more notes could be issued if the gold remained in the vaults . . . Thus, through the principle of bank note issuance banks learned to create money in the form of their own liability."

Another publication that explains modern banking as learned from the Goldsmiths is *Modern Money Mechanics* (5th edition 1992), published by the Federal Reserve Bank of Chicago, that states beginning on page 3: "It started with the goldsmiths . . ." At one time, bankers were merely middlemen. They made a profit by accepting gold and coins brought to them for safekeeping and lending the gold and coins to borrowers. But the goldsmiths soon found that the receipts they issued to depositors were being used as a means of payment. "Then bankers discovered that they could make loans merely by giving borrowers their promises to pay, or bank notes . . . In this way, banks began to create money . . . Demand deposits are the modern counterpart of bank notes. . . It was a small step from printing notes to making book entries to the credit of borrowers that the borrowers, in turn, could 'spend' by writing checks, thereby printing their own money."

MODERN MONEY AND BANKING

HOW BANKS CREATE MONEY

In the modern sense, banks create money by creating "demand deposits." Demand deposits are merely "book entries" that reflect how much lawful money the bank owes its customers. Thus, all deposits are called demand deposits and are the bank's liabilities. The bank's assets are the vault cash plus all the "IOUs" or promissory notes that borrowers sign when they borrow either money or credit. When a bank lends its cash (legal money), it loans its assets, but when a bank lends credit, it lends its liabilities. The lending of credit is, therefore, the exact opposite of the lending of cash (legal money).

At this point, we need to define the meaning of certain words like "lawful money," "legal tender," "other money" and "dollars."

The terms "Money" and "Tender" had their origins in Article I, Sec. 8 and Article I, Sec. 10 of the Constitution of the United States. Title 12 U.S.C. 152 refers to "gold and silver coin as lawful money of the united States" and was repealed in 1994. The term "legal tender" was originally cited in 31 U.S.C.A. 392 and is now re-codified in 31 U.S.C.A. 5103 that states: "united States coins and currency . . . are legal tender for all debts, public charges, taxes, and dues." The common denominator in both "lawful money" and "legal tender money" is that both are issued by the United States Government.

With Bankers, however, we find that there are two forms of money – one is government-issued and the other is issued by privately owned banks such as Defendant, Texas Independent Bank. As we have already discussed government-issued forms of money, we need to look at privately-issued forms of money.

All privately issued forms of money today are based upon the liabilities of the issuer. There are three common terms used to describe this privately created money. They are "credit," "demand deposits" and "checkbook money." In the Fifth edition of *Black's Law Dictionary,* p.331, under the term "Credit," the term "Bank credit" is described as: "Money bank owes or will lend individual or person." It is clear from this definition that "Bank credit" which is the "money bank owes" is the bank's liability. The term "checkbook money" is described in the book *I Bet You Thought*, published by the privately owned Federal Reserve Bank of New York, as follows: "Commercial banks create checkbook money whenever they grant a loan, simply by adding deposit dollars to accounts on their books to exchange for the borrower's IOU . . ."

The word "deposit" and "demand deposit" both mean the same thing in bank terminology and refer to the bank's liabilities. For example, the Chicago Federal Reserve's book, *Modern Money Mechanics* says: "Deposits are merely book entries . . . Banks can build up deposits by increasing loans . . . Demand deposits are the modern counterpart of bank notes. It was a small step from printing notes to making book entries to the credit of borrowers which the borrowers, in turn, could 'spend' by writing checks." Thus, it is demonstrated in *Modern Money Mechanics* how, under the practice of fractional reserve banking, a deposit of $5,000 in cash could result in a loan of credit/checkbook money/demand deposits of $100,000 if reserve ratios set by the Federal Reserve are 5% (instead of 10%).

In a practical application, here is how it works. If a bank has ten people who each deposit $5,000 (totaling $50,000) in cash (legal money) and the bank's reserve ratio is 5%, then the bank will lend twenty times this amount, or $1,000,000 in "credit" money. What the bank has actually done, however, is to write a check or loan its credit with the intended purpose of circulating credit as "money." Banks know that if all the people, who receive a check or credit loan, were to come to the bank and demand cash, the bank would have to close its doors because it doesn't have the cash to bank up its check or loan. The bank's check or loan will, however, pass as money as long as people have confidence in the illusion and don't demand cash. Panics are created when people line up at the bank and demand cash (legal money), causing banks to fold as history records in several time periods.

The process of passing checks or credit as money is done quite simply. A deposit of $5,000 in cash by one person results in a loan of $100,000 to another person at 5% reserves. The person receiving the check or loan of credit for $100,000 usually deposits it in the same bank or another bank in the Federal Reserve system. The check or loan is sent to the bookkeeping department of the lending bank where a book entry of $100,000 is credited to the borrower's account. The lending bank's check that created the borrower's loan is then stamped "Paid" when the account of the borrower is credited a "dollar" amount. The borrower may then "spend" these book entries (demand deposits) by writing checks to others, who in turn deposit their checks and have book entries transferred to their account from the borrower's checking account.

However, two highly questionable and unlawful acts have now occurred. The first was when the bank wrote the check or made the loan with insufficient funds to back them up. The second is when the bank stamps its own NSF check "paid" or posts a loan by merely crediting the borrower's account with book entries the bank calls "dollars." Ironically, the check or loan seems good and passes as money – unless an emergency occurs via demands for cash – or a Court challenge – and the artful illusion bubble bursts.

DIFFERENT KINDS OF MONEY

The book *I Bet You Thought*, published by the Federal Reserve Bank of New York says:

"Money is any generally accepted medium of exchange, not simply coin and currency. **Money doesn't have to be intrinsically valuable, be issued by a government or be in any special form."** [Emphasis added.] Thus, we see that privately issued forms of money only require public confidence in order to pass as money. Counterfeit money also passes as money as long as nobody discovers it is counterfeit. Likewise, "bad" checks and "credit" loans pass as money as long as no one finds out they are unlawful. Yet, once the fraud is discovered, the value of such "bank money," like bad checks, ceases to exist. There are, therefore, two kinds of money – government-issued legal money and privately-issued unlawful money.

DIFFERENT KINDS OF DOLLARS

The dollar once represented something intrinsically valuable made from gold or silver. For example, in 1792 Congress defined the silver dollar as a silver coin containing 371.25 grains of pure silver. The legal dollar is now known as "United States coins and currency." However, the Banker's dollar has become a unit of measure of a different kind of money. Therefore, with Bankers there is a "dollar" of coins and a "dollar" of cash (legal money), a "dollar" of debt, a "dollar" of credit, a "dollar" of checkbook money or a "dollar" of checks. When one refers to a dollar spent or a dollar loaned, he should now indicate what kind of "dollar" he is talking about, since Bankers have created so many different kinds.

A dollar of bank "credit money" is the exact opposite of a dollar of "legal money." The former is a liability while the latter is an asset. Thus, it can be seen from the earlier statement quoted from *I Bet You Thought,* that money can be privately issued as: "Money doesn't have to . . . be issued by a government or be in any special form." It should be carefully noted that banks that issue and lend privately created money, demand to be paid with government issued money. However, payment in like kind under natural equity would seem to indicate that a debt created by a loan of privately created money can be paid with other privately created money, without regard for "any special form" as there are no statutory laws to dictate how either private citizens or banks may create money.

BY WHAT AUTHORITY??

By what authority do state and national banks, as privately owned corporations, create money by lending their credit – or more simply put, by writing and passing "bad" checks and "credit" loans as "money"? Nowhere can a law be found that gives banks the authority to create money by lending their liabilities.

Therefore, the next question is: If banks are creating money by passing bad checks and lending their credit, where is their authority to do so? From their literature, banks claim these techniques were learned from the trade secrets of the Goldsmiths. It is evident, however, that money creation by private banks is not the result of powers conferred upon them by government, but rather the artful use of long held "trade secrets." Thus, unlawful money creation is not being done by banks as corporations, but unlawfully by bankers.

Article I, Section 10, para. 1 of the Constitution of the United States specifically states that no state shall . . . **coin money, emit bills of credit, make any Thing but gold and silver coin a Tender in Payment of Debts,** pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligations of Contracts . . ." [Emphasis added.] The states that grant the Charters of state banks also prohibit the emitting of bills of credit by not granting such authority in bank charters.

It is obvious that "We the people" never delegated to Congress, state government, or agencies of the state, the power to create and issue money in the form of checks, credit, or other "bills of credits." The Federal Government today does not authorize banks to emit, write, create, issue and pass checks and credit as money, but banks do, and get away with

it. Banks assign their privately created money more misleading names, like "credit," "demand deposits," or "checkbook money." However, the true nature of "credit money" and "checks" does not change regardless of the deceptive terminology used to describe them. Such money in common use by privately owned banks is illegal under Article I, Sec. 10, para. 1 of the Constitution of the United States as well as unlawful under the laws of the United States.

VOID "ULTRA VIRES" CONTRACTS

Black's Law Dictionary defines the Latin term "extra vires" to mean beyond powers. *Black's Law Dictionary* explains the term "ultra vires" embraces "[a]n act performed without any authority to act on subject. *Haslund v. City of Seattle,* 86 Wash.2d 607, 547 P.2d 1221, 1230. Acts beyond the scope of the powers of a corporation, as defined by its charter or laws of state of incorporation. *State ex rel. v. Holston Trust Col,* 168 Tenn. 546, 79 S.W.2d 1012, 1016. The term has a broad application and includes not only acts prohibited by the charter, but acts which are in excess of powers granted and not prohibited, and generally applied either when a corporation has no power whatever to do an act, or when the corporation has the power, but exercises it irregularly. *People ex rel. Barrett v. Bank of Peoria,* 295 Ill.App. 543, 15 N.E.2d 333, 335. Act is ultra vires when corporation is without authority to perform it under any circumstances or for any purpose. By doctrine of ultra vires a contract made by a corporation beyond the scope of its corporate powers is unlawful. *Community Federal Sav. & Loan Ass'n of Independence, Mo. v. Fields, C.C.A., Mo.,* 128 F.2d 705, 708." *Black's* 6th Edition, p. 1522.

The courts have long held that when a corporation executes a contract beyond the scope of its charter or granted corporate powers, the contract is void or "ultra vires". See infra, *Pullman v. Central Transp. Co.,* 139 U.S. 62, 11 S.Ct. 478, 35 L.Ed. 55.

THE QUESTION OF LAWFUL CONSIDERATION

The issue of whether the lender, who writes and passes a "bad" check or makes a "credit" loan, has a claim for relief against the borrower is easy to answer, providing the lender can prove that he gave a lawful consideration based upon lawful acts, but did the lender give a lawful consideration? To give a lawful consideration, the lender must prove that he gave the borrower lawful money such as coins or currency. Failing that, he can have no claim for relief in a court at law against the borrower as the lender's actions were Ultra vires or void from the beginning of the transaction.

It can be argued that "bad" checks or "credit" loans, that pass as money, are valuable, but so are counterfeit coins and currency that pass as money. It seems unconscionable that a bank would ask homeowners to put up a homestead as collateral for a "credit loan" that the bank created out of thin air. Would a court of law or equity allow a counterfeiter to foreclose against a person's home because the borrower was late in payments on an unlawful loan? If the court were to do so, it would be contrary to all principles of law.

The question of valuable consideration does not depend on any value imparted by the lender, but by false confidence instilled in the "bad" check or "credit" loan by the lender. In a court at law or equity, the lender has no claim for relief. The argument that the lender has a claim for relief because the borrower received property for the lender's "bad" check or "credit" loan, is not valid unless the lender can prove that he gave lawful value. The claim for relief lies with the seller, who may be holding the "bad" check or "credit" loan, against the lender or the borrower, or both.

BORROWER RELIEF

Since we have established that the lender of unlawful or counterfeit money has no claim for relief under a void contract, the last question is, does the borrower have a claim for relief against the lender?

First, if it is established that the borrower has made no payments to the lender, then the borrower has no claim for relief against the lender for money damages, but the borrower has a claim for relief to void the debt he owes the lender for notes or obligations unlawfully created by an Ultra vires contract for lending "credit" money.

The borrower, the Courts have long held, has a claim for relief against the lender to have the note, security agreement, or mortgage note the borrower signed, declared null and void. The borrower may also have claims for relief for breach of contract by the lender for not lending "lawful money" and for usury for charging an interest rate several times greater than the amount agreed to in the contract for any lawful money actually risked by the lender. For example, if on a $100,000 loan it can be established that the lender actually risked only $5,000 (5% Federal Reserve ratio) with a current interest rate of 10%, the lender has then loaned $95,000 of "credit" and $5,000 of "lawful money" while charging 10% interest ($10,000) on the entire $100,000. The true interest rate on the $5,000 of "lawful money" actually risked by the lender is 200%, which violates Usury laws. If no "lawful money" was loaned, then the interest rate is an infinite percentage. Such techniques, the bankers say, were learned from the trade secrets of the Goldsmiths.

The Courts say that such contracts with borrowers are wholly void from the beginning of the transaction because banks are not granted powers to enter into such contracts by either state or national charters.

ADDITIONAL BORROWER RELIEF

In District Court, the borrower may have additional claims for relief under "Civil RICO" Federal Racketeering laws (Title 18 U.S.C. 1964) as the lender may have established a "pattern of racketeering activity" by using the U.S. Mail more than twice to collect an unlawful debt and the lender may be in violation of Title 18 U.S.C. 1341, 1343, 1961 and 1962. The borrower may have other claims for relief if he can prove there was or is a conspiracy to deprive him of property without due process of law under Title 42 U.S.C. 1983 (Constitutional injury), 1985 (Conspiracy) and 1986 ("Knowledge" and "Neglect to Prevent" a U.S. Constitutional Wrong). Under Title 18 U.S.C.A. 241 (Conspiracy),

violators "shall be fined not more than $10,000 or imprisoned not more than ten (10) years or both."

CASE CITES IN SUPPORT

ULTRA VIRES CONTRACTS

1. "A contract is ultra vires being unlawful and void, not because it is in itself immoral, but because the corporation, by the law of its creation, is incapable of making it. The courts, while refusing to maintain any action upon the unlawful contract, have always striven to do justice between the parties, so far as could be done consistently with adherence to law, by permitting property or money, parted with on the faith of the unlawful contract, to be recovered back, or compensation to be made for it. In such case, however, the action is not maintained upon the unlawful contract, nor according to its terms; but on an implied contract of the defendant to return, or failing to do that, to make compensation for, property or money which it has no right to retain. To maintain such an action is not to affirm, but to disaffirm the unlawful contract." *Pullman v. Central Transp. Co.*, 139 U.S. 62, 11 S.Ct. 478, 35 L.Ed. 55

2. "When a contract is once declared ultra vires, the fact that it is executed does not validate it, nor can it be ratified, so as to make it the basis of suit or action, nor does the doctrine of estoppel apply." *F&PR v. Richmond*, 133 SE 898; 151 Va. 195.

3. "A national bank . . . cannot lend its credit to another by becoming surety, indorser or guarantor for him, such an act is ultra vires . . ." *Merchants Bank v. Baird,* 160 F 642.

LOAN OF CREDIT

4. "In the federal courts, it is well established that a national bank has not power to lend its credit to another by becoming surety, endorser, or guarantor for him." *Farmers and Miners Bank v. Bluefield Nat'l Bank,* 11 F.2d 83, 271 U.S. 669.
5. "A national bank has no power to lend its credit to any person or corporation." *Bowen v. Needles Nat. Bank*, 94 F. 925; 36 CCA 553, certiorari denied In 20 S.Ct. 1024, 176 US 682, 44 L.Ed 637.

6. "Mr. Justice Marshall said: 'The doctrine of ultra vires is a most powerful weapon to keep private corporations within their legitimate spheres and to punish them for violations of their corporate charters, and it probably is not invoked too often . . .'" *Zinc Carbonate Co. v. First National Bank,* 103 Wis. 125, 79 NW 229, *American Express Co. v. Citizens State Bank*, 194 NW 430.

7. "A bank may not lend its credit to another, even though such a transaction turns out to have been of benefit to the bank, and in support of this a list of cases might be cited, which would look like a catalog of ships." *Norton Grocery Co. v. Peoples Nat. Bank*, 144 SE 505, 151 Va 195.

8. “It has been settled beyond controversy that a national bank, under federal law being limited in its powers and capacity, cannot lend its credit by guaranteeing the debts of another. All such contracts entered into by its officers are ultra vires. . .” *Howard & Foster Co. v. Citizens Nat’l Bank of Union*, 133 SC 202, 130 SE 759 (1926).

9. “. . . checks, drafts, money orders and bank notes are not lawful money of the United States . . .” *State v. Neilon,* 73 Pac. 324, 43 Ore. 168.

10. “Neither, as included in its powers, nor incidental to them, is it a part of a bank’s business to lend its credit. If a bank could lend its credit as well as its money, it might, if it received compensation and was careful to put its name only to solid paper, make a great deal more than any lawful interest on its money would amount to. If not careful, the power would be the mother of panics . . . Indeed, lending credit is the exact opposite of lending money which is the real business of a bank, for while the latter creates a liability in favor of the bank, the former gives rise to a liability of the bank to another.” 1 Morse, *Banks and Banking,* 5th Ed. Sec. 65; Magee, *Banks and Banking,* 3rd Ed. Sec. 248.” *American Express Co. v. Citizens State Bank,* 194 NW 429.

11. “It is not within those statutory powers for a national bank, even though solvent, to lend its credit to another in any of the various ways in which that might be done.” *Federal Intermediate Credit Bank v. L. Herrison,* 33 F.2d 841, 842 (1929).

12. “There is no doubt but what the law is that a national bank cannot lend its credit or become an accommodation endorser.” *National Bank of Commerce v. Atkinson,* 56 F. 471.

13. “A bank can lend its money, but not its credit.” *First Nat’l Bank of Tallapoosa v. Monroe,* 135 Ga 614, 69 F. 1124, 32 LRA (NS) 550.

14. “. . . the bank is allowed to lend money upon personal security, but it must be money that it loans, not its credit.” *Sellgman v. Charlottesville Nat. Bank,* 3 Hughes 647, Fed. Case No. 12, 642, 1039.

LOANS OF MONEY

15. “A loan may be defined as the delivery by one party to, and the receipt by another party of, a sum of money upon an agreement express or implied, to repay the sum with or without interest.” *Parsons v. Fox,*179 Ga 605, 176 SE 644. Also see Kirkland *v. Bailey,* 155 SE 2d 701, and *United States v. Neifert White Co.,* 247 Fed.Supp. 878, 879.

“The word ‘money’ in its usual and ordinary acceptation means gold, silver, or paper money used as a circulating medium of exchange. . .” e.v. *Railey* 280 Ky 319, 133 SW2d 75.

PROMISE TO PAY NOT EQUIVALENT TO PAYMENT

16. “A promise to pay cannot, by argument, however ingenious, be made the equivalent of actual payment . . .” *Christensen v. Beebe,* 91 P 133, 32 Utah 406.

17. “A check is merely an order on a bank to pay money.” *Young v. Hembree,* 73 P2d 393.

HOLDER IN DUE COURSE

18. “A bank is not the holder in due course upon merely crediting the depositor’s account.” *Bankers Trust v. Nagler,* 229 NYS2d 142, 143.

FRAUD AND MISREPRESENTATION

19. “Any false representation of material facts made with knowledge of falsity and with intent that it shall be acted on by another in entering into contract, and which is so acted upon, constitutes ‘fraud,’ and entitles party deceived to avoid contract or recover damages.” *Barnsdall Refining Corp. v. Bimarn Wood Oil Co.,* 92 F.2d S17.

20. “Any conduct capable of being turned into a statement of fact is representation. There is no distinction between misrepresentations effected by words and misrepresentations effected by other acts.” *Leonard v. Springer,* 197 Ill 532, 64 NE 301.

21. “It is not necessary for recision of a contract that the party making the misrepresentation should have known that it was false, but recovery is allowed even though misrepresentation is innocently made, because it would be unjust to allow one who made false representations even innocently to retain the fruits of a bargain induced by such representations.” *Whipp v. Iverson,* 43 Wis.2d 166.

CONSIDERATION

22. “If any part of the consideration for a promise be illegal, or if there are several considerations for an unseverable promise, one of which is illegal, the promise, whether written or oral, is wholly void, as it is impossible to say what part or which one of the considerations induced the promise.” *Menominee River Co. v. Augustus Spies L&C Co.,* 147 Wis 559, 572; 132 NW 1122.

“The contract is void if it is only in part connected with the illegal transaction and the promise single or entire.” *Guardian Agency v. Guardian Mut. Savings Bank,* 227 Wis. 550, 279 NW 83.

RICO

23. In a Debtor’s RICO action against its creditor, alleging that the creditor had collected an unlawful debt, an interest rate (where all loan charges were added together) that exceeded, in the language of the RICO Statute, “twice the enforceable rate,” the Court found no reason to impose a requirement that the Plaintiff show that the Defendant had

been convicted of collecting an unlawful debt, running a "loan sharking" operation. The debt included the fact that exaction of a usurious interest rate rendered the debt unlawful and that is all that is necessary to support the Civil RICO action. *Durante Bros. & Sons, Inc. v. Flushing Nat. Bank,* 755 F.2d 239, cert. denied, 473 US 906 (1985).

24. The Supreme Court found that the Plaintiff in a civil RICO action need establish only a criminal "violation" and not a criminal conviction. Further, the Court held that the Defendant need only have caused harm to the Plaintiff by the commission of a predicate offense in such a way as to constitute a "pattern of Racketeering activity." That is, the Plaintiff need not demonstrate that the Defendant is an organized crime figure, a mobster in the popular sense, or that the Plaintiff has suffered some type of special Racketeering injury; all that the Plaintiff must show is what the Statute specifically requires. The RICO Statute and the civil remedies for its violation are to be liberally construed to effect the Congressional purpose as broadly formulated in the statute. *Sedima, SPRL v. Imrex Co.,* 473 US 479 (1985)

FEDERAL RESERVE BANK

25. "Each Federal Reserve bank is a separate corporation owned by commercial banks in its region . . ." *Lewis v. United States,* 680 F.2d 1239 (1982).

Respectfully submitted,