

## 9 THE BILL OF EXCHANGE

In this process, you will actually create the Bill of Exchange. The “bill” which was presented to you, is now “exchanged” by you to “pay” the account and send back to them. There are many writings, essays and schools of thought on the bill of exchange process. Below are two commentaries to consider.

Bills of Exchange are an instruction to the payee to use their financial institution to facilitate your authorization to use your exemption to discharge a public debt. This is a setoff and adjustment - not a draw on the treasury. There are no funds to transfer in an exchange involving an exemption. It is a setoff and an adjustment to adjust the open public account using your exemption from having to pay for anything when there is no “specie” (*coined money, gold and silver*) in circulation outside the box. What could the man (who is outside the US box) possibly use to pay a debt? There is nothing outside the box to do that. That is why the strawman is so convenient. The strawman can use FRN's inside the box to pay the tax on not paying for the items. Great idea -- right????

### EXCHANGE CONTRACTS – AN UNOFFICIAL BRIEF

Provisions for exchange contracts based on priority tax exemptions are scattered throughout various legislative acts, joint resolutions and executive orders in 1933 and in the Congressional Record based on HJR-192, confirmed by the U.S. Supreme Court in 1939 – Guarantee Trust of New York v. Henwood, et al (FN3) and codified in Public Law 73-10.

However, the exchange process must only be used as an “Accepted For Value” response. A written claim must be received. Only then can the Secured Party respond. Mr. Paul O’Neill recently made it clear to a Senator from Arkansas that when he is aware of and receives Bills of Exchange, he holds them, thus honoring them.

Private sector claims can be discharged using a negotiable instrument such as the Bill of Exchange, etc. and must be processed through a local financial institution that holds or has access to a Treasury Tax and Loan account. The TTL account is administered and controlled by the Technical Support Division of the IRS. This is a change under re-organization wherein these accounts were formerly administered by the Special Procedure Function Division of the IRS. All of these actions take time and must be based on written claims.

Furthermore, as near as I have been able to ascertain, all public debts are discharged with a simple ledger entry and computer transfer for credit and debit through the IRS Technical Support Division. However, certain individuals at the Department of the Treasury persist in misrouting many of the documents presented to the Secretary of the Treasury by labeling them as Treasury Securities (which they are not) sending them to the Bureau of Public Debt instead of to the UCC Contract Trust Department of the IRS.

Private sector debts are discharged through a slightly more involved process requiring Claimant’s bank to process the negotiable instrument through to the Secretary of the Treasury, the Federal Window, that officially became a bank at 1500 Pennsylvania Ave. NW in Washington, D.C. in 2001. Under Commercial Banking Codes the bank that processes the negotiable instrument through its TTL Department is required to issue a credit to the account and place a hold on the credit for a designated number of days, then Release the Order for credit to the designated account. Many bankers claim they are not familiar with the Bill of Exchange even though the details regarding it have been published in Witkin – Negotiable Instruments, Vol. III for well over 80 years and is considered to be the banking industry standard. Many banks hesitate to process this class of negotiable instrument. However, Federal Banking Regulations and a growing number of court decisions (*stare decisis*) make it clear that the banks

must accept and process these negotiable instruments. The IRS has indicated that regulations now require each Bill of Exchange presented into the private sector must also be attached to a 1099 OID that requires notification to the IRS of the transaction.

Major changes took place in the operation of the Federal Reserve beginning January 1, 2001. All public windows were closed at all Federal Reserve Banks. Only member banks of the Federal Reserve can do business with them. With one exception all Federal Reserve Banks no longer process non-electronic negotiable instruments. Pass-thru negotiable instruments such as the Bill of Exchange must be processed through a local financial institution sent directly to the Secretary of the Treasury via Certified Mail. All other non-cash commercial paper is now handled through the Depository Trust Corporation.

The Department of the Treasury Bank (DTB), the Federal Reserve and many local banks acknowledge the lawful Bill of Exchange. However, these documents directed to the Secretary of the Treasury must be presented through a financial institution, signed by them (bonded) as the agent for direct presentment. Upon honor of the document by the Secretary of the Treasury, the bank is authorized to release the hold and credit the Claimant's account. According to banking regulations, Within- Negotiable Instruments - and an increasing number of court decisions the Bill of Exchange is to be treated the same as a check except it must be sent directly to the Secretary via Certified Mail. Complete routing instructions must be included (Letter of Advice) in order for the Bill of Exchange to be processed and honored. Each Bill of Exchange set of documents is to be attached to an IRS 1099 OID form. Each set of document must be delivered via Certified mail to the Secretary. Only the Secretary of the Treasury has the authority and jurisdiction to honor or dishonor these negotiable instruments. Some government agents attempt to usurp that authority and many such documents have been misdirected to the Bureau of Public Debt. Many banks attempt to reject these instruments even though the regulations and the courts direct them to process them as instructed.

We do not, at this time, advocate the use of a 1099 OID. Until one fully understands the import of sending and filing such a document, please do NOT use one.

As you go through this process, not only keep in mind what "money" really is, but also remember the Fair Debt Collections Practice Act (which applies to the strawman) and the UCC. Arizona Revised Statute (look it up in your state)

47-3603 reads: Tender of payment:

- A. If tender of payment of an obligation to pay an instrument is made to a person entitled to enforce the instrument, the effect of tender is governed by principles of law applicable to tender of payment under a simple contract.
- B. If tender of payment of an obligation to pay an instrument is made to a person entitled to enforce the instrument and the tender is refused, there is discharge, to the extent of the amount of the tender, of the obligation of an indorser or accommodation party having a right of recourse with respect to the obligation to which the tender relates.
- C. If tender of payment of an amount due on an instrument is made to a person entitled to enforce the instrument, the obligation of the obligor to pay interest after the due date on the amount tendered is discharged. If presentment is required with respect to an instrument and the obligor is able and ready to pay on the due date at every place of payment stated in the instrument, the obligor is deemed to have made tender of payment on the due date to the person entitled to enforce the instrument.

There is some disagreement as to the exact meaning of "B" above. One interpretation is that you are tendering payment and they are accepting by acquiescence or refusing it, therefore, the

debt is discharged. BoE's vary a little in their language, depending on the writer. Another interpretation might be that only the right of recourse is conferred. Depending on which is truly the correct interpretation, a BoE will resolve the matter if done properly. As we learn more about bonds of discharge, it may be the easiest way to settle the account, but will have to be accompanied with instructions. Always be sure of the course you chose to follow. Either way, all contain the value, the date, and your signature.

Remember, in this process you are offering to let them negotiate the BoE or Bond AFTER they have proven their claims, so please ensure you have specified in your conditional acceptance that they can only negotiate AFTER their production of the verified documents you have requested.

In some instances, you will not fill in the value in words and numbers because you cannot equate what the value is. In that instance, you will include instructions for them to fill in the value and notify you of the amount, *after* they have proven their claims and provided their proof. Yours may be an overlay you photocopy onto their bill. It must NOT be contained in a box, and is best if it is printed in red and signed by you in blue ink. It might look like this:

**Accepted for Value  
Exempt from Levy**

I accept this Presentment for value or performance, including all related indorsements, front and back, for immediate release of the proceeds, products, accounts and fixtures, according to the Uniform Commercial Code 10-104 and UCC 1-104, as it has been adopted in this State, and House Joint Resolution 192, June 5, 1933,

Value \$ \_\_\_\_\_ Date \_\_\_\_\_

Employer Identification # \_\_\_\_\_

\_\_\_\_\_  
(your signature)

Or

Accepted for assessed value and returned in  
exchange for closure and settlement of this  
accounting.

Date \_\_\_\_\_, 2003

Employer Identification #

\_\_\_\_\_  
(your signature)