

**IN JUSTICE COURT
STATE OF MINNESOTA
COUNTY OF SCOTT
TOWNSHIP OF CREDIT RIVER**

Justice Martin V. Mahoney

First National Bank of Montgomery,
Plaintiff.

vs.

Jerome Daly,
Defendant.

JUDGMENT AND DECREE

The above-entitled action came on before the Court and a Jury of 12 on December 7, 1968 at 10:00 am. Plaintiff appeared by its President Lawrence V. Morgan and was represented by its Counsel R. Mellby. Defendant appeared on his own behalf.

A Jury of Talesmen were called, impaneled and sworn to try the issues in the Case. Lawrence V. Morgan was the only witness called for Plaintiff, and Defendant testified as the only witness in his own behalf.

Plaintiff brought this as a Common Law action for the recovery of the possession of Lot 19 Fairview Beach, Scott County, Minn. Plaintiff claimed title to the Real Property in question by foreclosure of a Note and Mortgage Deed dated May 8, 1964, which Plaintiff claimed was in default at the time foreclosure proceedings were started.

Defendant appeared and answered that the Plaintiff created the money and credit upon its own books by bookkeeping entry as the consideration for the Note and Mortgage of May 8, 1964 and alleged failure of the consideration for the Mortgage Deed and alleged that the Sheriff's sale passed no title to plaintiff.

The issues tried to the Jury were whether there was a lawful consideration and whether Defendant had waived his rights to complain about the consideration, having paid on the Note for almost 3 years.

Mr. Morgan admitted that all of the money or credit which was used as a consideration was created upon their books, that this was standard banking practice exercised by their bank in combination with the Federal Reserve Bank of Minneapolis, another private Bank, further that he knew of no United States Statute or Law that gave the Plaintiff the authority to do this. Plaintiff further claimed that Defendant by using the ledger book created credit and by paying on the Note and Mortgage waived any right to complain about the Consideration and that the Defendant was estopped from doing so.

At 12:15 on December 7, 1968 the Jury returned a unanimous verdict for the Defendant.

Now therefore, by virtue of the authority vested in pursuant to the Declaration of Independence, the Northwest Ordinance of 1787, the Constitution of United States and the Constitution and the laws of the State of Minnesota not inconsistent therewith ;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. That the Plaintiff is not entitled to recover the possession of Lot 19, Fairview Beach, Scott county, Minnesota according to the Plat thereof on file in the Register of Deeds office.
2. That because of failure of a lawful consideration the Note and Mortgage dated May 8, 1964 are null and void.
3. That the Sheriff's sale of the above-described premises held on June 26, 1967 is null and void, of no effect.
4. That the Plaintiff has no right title or interest in said premises or lien thereon as is above described.
5. That any provision in the Minnesota Constitution and any Minnesota Statute binding the jurisdiction of this Court is repugnant to the Constitution of the united States and to the Bill of Rights of the Minnesota Constitution and is null and void and that this Court has jurisdiction to render complete Justice in this Cause.
6. That the Defendant is awarded costs in the sum of \$75.00 and execution is hereby issued therefore.
7. A 10 day stay is granted.
8. The following memorandum and any supplementary memorandum made and filed by this Court in support of this Judgment is hereby made a part hereof by reference.

Dated: December 9, 1968

County, Minnesota
MEMORANDUM

BY THE COURT
MARTIN V. MAHONEY
Justice of the Peace, Credit River Township, Scott

The issues in this case were simple. There was no material dispute of the facts for the Jury to resolve.

Plaintiff admitted that it, in combination with the federal Reserve Bank of Minneapolis, which

are for all practical purposes, because of their interlocking activity and practices, and both being Banking Institutions Incorporated under the Laws of the United States, are in the Law to be treated as one and the same Bank, did create the entire \$14,000.00 in money or credit upon its own books by bookkeeping entry. That this was the Consideration used to support the Note dated May 8, 1964 and the Mortgage of the same date. The money and credit first came existence when they created it. Mr. Morgan admitted that no United States Law Statute existed which gave him the right to do this. A lawful consideration must exist and tendered to support the Note. See Anheuser-Busch Brewing Company v. Emma Mason, 44 Minn. 318, 46 N.W. 558. The Jury found that there was no consideration and I agree. Only God can create something of value out of nothing.

Even if Defendant could be charged with waiver or estoppel as a matter of Law this is no defense to the Plaintiff. The Law leaves wrongdoers where it finds them. See sections 50, 51 and 52 of Am Jur. 2nd "Actions" on page 584 – "no action will lie to recover on a claim based upon, or in any manner depending upon, a fraudulent, illegal, or immoral transaction or contract to which Plaintiff was a party."

Plaintiff's act of creating credit is not authorized by the Constitution and Laws of the United States, is unconstitutional and void, and is not a lawful consideration in the eyes of the Law to support any thing or upon which any lawful right can be built.

Nothing in the Constitution of the United States limits the jurisdiction of this Court, which is one of original Jurisdiction with right of trial by Jury guaranteed. This is a Common Law action. Minnesota cannot limit or impair the power of this Court to render Complete Justice between the Parties. Any provisions in the Constitution and laws of Minnesota which attempt to do so is repugnant to the Constitution of the United States and void. No question as to the Jurisdiction of this Court was raised by either party at the trial. Both parties were given complete liberty to submit any and all facts to the Jury, at least in so far as they saw fit.

No complaint was made by Plaintiff that Plaintiff did not receive a fair trial. From the admissions made by Mr. Morgan the path of duty was direct and clear for the Jury. Their Verdict could not reasonably been otherwise. Justice was rendered completely and without denial, promptly and without delay, freely and without purchase, conformable to the laws in this Court of December 7, 1968.

BY THE COURT

December 9, 1968 MARTIN V. MAHONEY
Justice of the Peace
Credit River Township
Scott County, Minnesota.

Note: It has never been doubted that a Note given on a Consideration which is prohibited by law is void. It has been determined, independent of Acts of Congress, that sailing under the license of an enemy is illegal. The emission of Bills of Credit upon the books of these private Corporations for the purpose of private gain is not warranted by the Constitution of the United

States and is unlawful. See: Craig v. Missouri, 4 Peters Reports 912. This Court can tread only that path which is marked out by duty. M.V.M.

FORWARD: The above Judgment was entered by the Court on December 9, 1968. The issue there was simple - Nothing is the law gave the Banks the right to create money on their books. The Bank filed a Notice of Appeal within 10 days. The Appeals statutes must be strictly followed, otherwise the District Court does not acquire Jurisdiction upon Appeal. To effect the Appeal the Bank had to deposit \$2.00 with the Clerk within 10 days for payment to the Justice of the Peace, when he made his return to the District Court. The Bank deposited two \$1.00 Federal Reserve Notes. The Justice refused the Notes and refused to allow the Appeal upon the grounds that the Notes were unlawful and void for any purpose. The Decision is addressed to the legality of these Notes and the Federal Reserve System. The Cases of Edwards v. Kearney and Craig vs. Missouri set out in the decision should be studied very carefully as they bear on the inviolability of Contracts.

**FEDERAL RESERVE NOTES
DECLARED UNCONSTITUTIONAL
NULL AND VOID BY THE COURT**

**Martin V. Mahoney Justice of the Peace
CREDIT RIVER TOWNSHIP SCOTT COUNTY, MINNESOTA**

On January 6, 1969 this Court filed a Notice of Refusal to Allow Appeal with the Clerk at the District Court, Hugo L. Hentges, for the County of Scott and the State of Minnesota, which is as follows:

NOTICE OF REFUSAL TO ALLOW APPEAL

TO: Hugo L. Hentges, Clerk of District Court, Plaintiff, First National Bank of Montgomery and Defendant Jerome Daly:

You will Please take Notice that the undersigned Justice of the Peace, Martin V. Mahoney, hereby, pursuant to law, refuses to allow the Appeal in the above entitled action, and refuses to make an entry of such allowance in the undersigned's Docket. The undersigned also refuses to file in the office of the clerk of the District Court in and for Scott County, Minnesota, a transcript of all the entries made in my Docket, together with all process and other papers relating to the action and filed with me as Justice of the Peace. The undersigned concludes and determines that **M.S.A. 532.38** was not complied with within 10 days after entry of Judgment in my Justice of the Peace Court Subdivision 4 thereof requires that \$2.00 shall be paid within 10 days to the Clerk of the District Court for the use of the Justice before whom the cause was tried. Two so-called "*One Dollar*" Federal Reserve Notes issued by the Federal Reserve Bank at San

Francisco L1278283C and Federal Reserve Bank of Minneapolis Serial No. 18041C697A were deposited with the Clerk of the District Court to be tendered to me.

These Federal Reserve Notes are not lawful money within the contemplation of the Constitution of the United States and are null and void. Further, the Notes on their face are not redeemable in Gold or Silver Coin nor is there a fund set aside anywhere for the redemption of said Notes.

However, this is a determination of a question of Law and Fact by the undersigned pursuant to the authority vested in me by the Constitution of the United States and the Constitution of the State of Minnesota. Plaintiff is entitled to be accorded full due process of Law before the Court in this present determination not to allow the Appeal.

If Plaintiff will file a brief on the Law and the Facts with this Court within 10 days, or if Plaintiff will file an application for a full and complete hearing before this Court on the determination, a prompt hearing will be set and if Plaintiff can satisfy this Court that said Notes are lawful money issued in pursuance of and under the authority of the Constitution of the United States of America the undersigned will stand ready and willing to reverse himself in this determination.

TAKE NOTICE AND GOVERN YOURSELVES ACCORDINGLY.

Dated: January 6, 1969

BY THE COURT

/s/ Martin V. Mahoney
MARTIN V. MAHONEY
JUSTICE OF THE PEACE
CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

Memorandum of Law:

I am bound by oath to support the Constitution of the United States and laws passed pursuant thereto and the Constitution and Laws of Minnesota not in conflict therewith. This is an important Case to both parties and involves issues, apparently, not previously decided before. It is also important to the public. The Clerk of the District Court is an officer of the Judicial Branch of the State of Minnesota. His act is the Act of the State. **U.S. Constitution, Article I, Section 10** provides "*No State Shall make any Thing but Gold and Silver Coin a Tender in Payment of Debts.*" The tender of the two Federal

Reserve Notes runs counter to the fundamental Law of the land, the Constitution of the United States of America. It appears on the face of it that the Notes are ineffectual for any purpose and that I am not justified in taking any steps toward the allowance of an Appeal in this case.

It is, however, the Order of this Court that the parties are entitled to a full hearing before this Court, and, if requested a full hearing will be granted.

Dated January 6, 1969

BY THE COURT:

/s/ Martin V. Mahoney
MARTIN V. MAHONEY
JUSTICE OF THE PEACE
CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

Minnesota Statutes Annotated 532.38 required that the Appellant, First National Bank of Montgomery deposit with the Clerk of the District Court within ten (10) days, Two (\$2.00) Dollars (lawful money of the United States) for payment to the Justice of the Peace before whom the cause was tried. This is one of the conditions for the allowance of an appeal.

Two One (\$1.00) Dollar Federal Reserve Notes were deposited with the Clerk of the District Court. One was issued by the Federal Reserve Bank of San Francisco, bearing Serial No. L12782836 and the other on deposit was issued by the Federal Reserve Bank of Minneapolis bearing Serial No. 180410697A.

This Court determined that said Notes on their face were contrary to **Article I, Section 10 of the Constitution of the United States** and also based upon the evidence deduced at the hearing on December 7, 1968, the Notes were without any lawful consideration and therefore were void; however, this Court indicated it would give the Plaintiff, First National Bank of Montgomery, a full and complete hearing with reference to this issue.

No hearing was requested by Plaintiff, First National Bank. This Court was ordered to show cause before the District Court. The Order to Show Cause is as follows:

**IN DISTRICT COURT STATE OF MINNESOTA COUNTY OF SCOTT
FIRST JUDICIAL DISTRICT**

**First National Bank
of Montgomery, Minnesota,
Plaintiff,
vs.
Jerome Daly,
Defendant.**

ORDER TO SHOW CAUSE

On reading the application for an Order attached hereto, and on Motion and Affidavit of Theodore R. Melby, Attorney for Plaintiff, due showing having been made that an exigency exists.

IT IS ORDERED, that Martin V. Mahoney, Justice of the Peace, Credit River Township, County of Scott, State of Minnesota, appear in person before the above Court at 10:00 a.m., Friday, January 17, 1969, at the Special Term of Court of Scott, State of Minnesota or as soon thereafter as counsel can be heard to show cause why he should not file in the office of the Clerk of District Court, First Judicial District, County of Scott, State of Minnesota, a transcript of all the entries made in his docket, together with all process and other papers relating to the above identified cause of action in his possession or the possession of any other Justice of the Peace of the State of Minnesota.

LET THIS ORDER APPLICATION FOR ORDER, AFFIDAVIT, all heretofore attached, be served on Martin V. Mahoney by leaving with him copies of the same and exhibiting this original ORDER with the signature of the Judge of District Court hereto, affixed, service to be made forthwith.

Dated at Shakopee, Minnesota this 8th day of January, 1969.

BY THE COURT /s/ Harold E. Flynn Judge of District Court, Therefore, upon Motion of Defendant Jerome Daly, this Court ordered a hearing before this Court on January 22, 1969 at 7:00 p.m.. The First National Bank of Montgomery made no appearance although service of the Motion and Order was served upon Ralph Hendrickson, its Cashier on January 20, 1969. No continuance was requested by Plaintiff or its Attorney. The Defendant appeared by and on behalf of himself. After waiting for one hour for the Bank or its representative to appear the Court received the testimony of Defendant bearing upon the issue of the validity of the Federal Reserve Notes. Now, Therefore based upon all the files, records and proceedings herein and the evidence offered, this Court makes the following Findings of Fact, Conclusions of Law, Judgment and Determination with reference to the allowance of an appeal.

FINDINGS OF FACT, CONCLUSIONS OF LAW, JUDGMENT AND DETERMINATION.

1. That the Federal Reserve Banking Corporation, is a United States Corporation with twelve (12) banks throughout the United States, including New York, Minneapolis and San Francisco. That the First National Bank of Montgomery is also a United States Corporation incorporated and existing under the laws of the United States and is a member of the Federal Reserve System, and more specifically, of the Federal Reserve Bank of Minneapolis.
2. That because of the interlocking control activities, transactions and practices, the Federal Reserve Banks and the National Banks are for all practical purposes, in the law, one and the same bank.
3. As is evidenced from the book: "*The Federal Reserve System; Its Purposes and Functions*,"; (1st Ed.) pages 74 to 78 and 177 and 180, put out by the Board of Governors of the Federal Reserve System, Washington, D.C., 1963, and from other evidence adduced herein, the said Federal Reserve Banks and National Banks create money and credit upon their books and exercise the ultimate prerogative of expanding and reducing the supply of money or credit in the United States. See especially page 75 of the Manual.

This creation of money or credit upon the Books of the Banks constitutes the creation of fiat money by bookkeeping entry.

Ninety per cent or more of the credit never leaves the books of the Banks as the Banks produce no specie as backing.

When the Federal Reserve Banks and National Banks acquire United States Bonds and Securities, State Bonds and Securities, State Subdivision Bonds and Securities, mortgages on private Real property and mortgages on private personal property, the said banks create the money and credit upon their books by bookkeeping entry. The first time that the money comes into existence is when they create it on their bank books by bookkeeping entry. The banks create it out of nothing. No substantial fund of gold or silver is back of it, or any fund at all.

The mechanics followed in the acquisition of United States Bonds are as follows: The Federal Reserve Bank places its name on a United States Bond and goes to its banking books and credits the United States Government for an equal amount of the face value of the bonds. The money or credit first comes into existence when they create it on the books of the bank. National Banks do the same except they must have One (\$1.00) Dollar in Credit on hand for every Four (\$4.00) Dollars they create.

The Federal Reserve Bank of Minneapolis obtains Federal Reserve Notes in denominations of One (\$1.00) Dollar, Five, Ten, Twenty, Fifty, One Hundred, Five Hundred, One Thousand, Ten Thousand, and One Hundred Thousand Dollars for the cost of the printing of each note, which is less than one cent. The Federal Reserve Bank must deposit with the Treasurer of the United States a like amount of Bonds for the

Notes it receives. The Bonds are without lawful consideration, as the Federal Reserve Bank created the money and credit upon their books by which they acquired the Bond. With their bookkeeping created credit, National Banks obtain these notes from the Federal Reserve banks.

The net effect of the entire transaction is that the Federal Reserve Bank and the National Banks obtain Federal Reserve Notes comparable to the ones they placed on file with the Clerk of District Court, and a specimen of which is above, for the cost of printing only. Title **31 U.S.C., Section 462 (392)** attempts to make Federal Reserve Notes a legal tender for all debts, public and private. See page 72. From 1913 down to date, the Federal Reserve Banks and the National Banks are privately owned. As of March 18, 1968, all gold backing is removed from the said Federal Reserve Notes. No gold or silver backs up these notes.

The Federal Reserve Notes in question in this case are unlawful and void upon the following grounds.

1. Said Notes are fiat money, not redeemable in gold or silver coin upon their face, not backed by gold or silver, and the notes are in want of some real or substantial fund being provided for their payment in redemption. There is no mode provided for enforcing the payment of the same. There is no mode provided for the enforcement of the payment of the Notes in anything of value.
2. The Notes are obviously not gold or silver coin.
3. The sole consideration paid for the One Dollar Federal Reserve Notes is in the neighborhood of nine-tenths of one cent, and therefore, there is no lawful consideration behind said Notes.
4. That said Federal Reserve Notes do not conform to **Title 12, United States Code, Sections 411 and 418. Title 31 USC, Section 462 (392)**, insofar as it attempts to make Federal Reserve Notes and circulating Notes of Federal Reserve Banks and National Banking Associations a legal tender for all debts, public and private, it is unconstitutional and void, being contrary to **Article I, Section 10, of the Constitution of the United States**, which prohibits any State from making anything but gold and silver coin a tender, or impairing the obligation of contracts.

Now, therefore, by virtue of the authority vested in me pursuant to the **Declaration of Independence**, the **Northwest Ordinance of 1787**, the **Constitution of the United States of America** and the **Constitution of the State of Minnesota**,

It is hereby **DETERMINED, ORDERED AND ADJUDGED**, that the Appeals Statutes of the State of Minnesota for Civil Appeals from the Court to the District Court is not complied with within 10 days after entry of Judgment. Therefore the Appeal is not allowed by this Court and my docket so shows.

Dated February 5, 1969

BY THE COURT

/s/ Martin V. Mahoney
MARTIN V. MAHONEY
JUSTICE OF THE PEACE
CREDIT RIVER TOWNSHIP
SCOTT COUNTY MINNESOTA

Memorandum of Law:

The division and separation of the three great powers of government, the Executive, the Legislative and the Judicial and the principle that these powers should be forever kept separate and distinct as of vital importance to the maintenance and establishment of a free government, without which this Republic cannot possibly survive.

The particular wording of the **Declaration of Independence** which set up an obsolete cut off with the British form of Government is contained in the first two paragraphs thereof.

Thereafter the Constitution was ordained and established as a law for the government by the People of the United States.

All legislative powers granted are vested in the Congress of the United States consisting of a House of Representatives and a Senate elected as representatives of all the people.

"Judicial Power" is defined in **Black's Law Dictionary** as the authority vested by Courts and Judges, as distinguished from the Executive and Legislative power.

"Cases and Controversies" is defined in **Blacks' Law Dictionary** - *"This term as used in the Constitution of the United States embraces claims or contentions of litigants brought before the Court for adjudication by regular proceedings for the protection of wrongs; and whenever the claim or contention of a party takes such a form that the Judicial Power is capable of acting upon it, it has become a case or controversy."* See **Interstate Commerce Commission vs. Brimson**, 154 U.S. 447, 14 Sup. Ct. 1125, 38 Law Ed. 1047; **Smith vs. Adams**, 130 U.S. 1679, 32 L.Ed.. 895.

Under our form of government every American, individually or by representation, is the high and supreme sovereign authority. The authority at each of the three departments of government is defined and established.

It is entirely fitting and proper to observe that in all instances between the states and the United States, and the people, there is no such thing as the idea of a compact between

the people on one side and the government on the other. The compact is that of the people with each other to produce and constitute a government.

To suppose that any government can be a party to a compact with the whole people, is supposing it to have an existence before it can have a right to exist.

The only instance in which a compact can take place between the people and those who exercise the government, is that the people shall pay them while they choose to employ them.

A Constitution is the property of the nation and more specifically of the individual, and not those who exercise the government. All the Constitutions of America are declared to be established in the authority of the people.

The authority of the Constitution is grounded upon the absolute, God-given free agency of each individual, and this is the basis of all powers granted, reserved or withheld in the authorization of every word, phrase, clause or paragraph of the Constitution. Any attempt by Congress, the President or the Courts to limit, change or enlarge even the most claimed insignificant provision is therefore ultra vires and void ab initio.

When considering the United States Constitution, one must absolutely and completely clear his mind of all British, monarchical, papal, clerical, continental, financial, or other alien influences or conceptions of government the rights of the individual and what is Constitutional.

Our Constitution stands absolute and alone.

It must be read in the light of all engagements entered into before its adoption including the Declaration of Independence and the privileges and immunities secured by Common Law confirmed by Magna Charta and other English Charters, excepting there from all clerical, papal and monarchical nonsense.

No one applying the Constitution to any situation has any business, right or duty to look in any direction for sovereignty but toward the people. Any attempt or inclination to do so is a violation of one's oath and continuing duty to uphold, maintain and support the Constitution of the United States of America.

See **Waring vs. Mayor of Savannah**, 60 Georgia, Page 93, where it is quoted as follows:

"In this State as well as in all republics, it is not the Legislature, however transcendent its powers, who are supreme - but the people - and to suppose that they may violate the fundamental law, is, as has been most eloquently expressed, to affirm that the deputy is greater than his principal; that the servant is above his master, that the representatives of the people are superior to the people themselves; that men acting by virtue of delegated power may do not only what their powers do not authorize, but what they forbid."

The law is made by the Legislature, but applied by the Courts.

See generally Mr. Justice Story's commentaries on the Constitution found in **Story on the Constitution, Vol. 1, Section 198** through **280** on the History of the Revolution and the Confederation, origin of the Confederation, analysis of the Articles of the Confederation and the Decline and Fall of the Confederation including the reasons for it, which in chief was a debasement of our money and currency by the banks, similar to what is taking place in the United States today.

For authority to support the proposition that an Act of Congress in violation of the Constitution confers no rights or privileges see **16 Am. Jur. 2d "Constitutional Law," Sections 177 thru 179**

Article I, Section 10 of the United States Constitution provides that no State shall make any Thing but gold and silver coin a legal tender in payment of debts.

The act of the Clerk of the District Court is the act of the State. The Clerk of the District Court is the agent of the Judicial Branch of the Government of the State of Minnesota. See **Briscoe et al vs. The Bank of the Commonwealth of Kentucky**, 11 Peters Reports at Page 319, "*A State can act only through its agents; and it would be absurd to say that any act was not done by a State which was done by its authorized agents.*"

For the Justice Fees the bank deposited with the Clerk of District Court the two Federal Reserve Notes. The Clerk tendered the Notes to me. My sworn duty compelled me to refuse the tender. This is contrary to the Constitution of the United States. The States have no power to make bank notes a legal tender. See **35 Amer. Jur. on Money, Section 13**. Only gold and silver coin is a lawful tender.

See also **36 Am. Jur. on Money, Section 9**. Bank Notes are a good tender on money unless specifically objected to. Their consent and usage is based upon the convertibility of such notes to coin at the pleasure of the holder upon presentation to the bank for redemption. When the inability of a bank to redeem its notes is openly avowed they instantly lose their character as money and their circulation as currency ceases.

There is also no lawful consideration for these notes to circulate as money. The banks actually obtained these notes for the cost of the printing. There is no lawful consideration for said Notes.

A lawful consideration must exist for these Notes to circulate as money. The banks actually obtained these notes for the cost of the printing. There is no lawful consideration for said Notes.

A lawful consideration must exist for a Note. See **17 Amer. Jur. 2d on Contracts, Section 85** and also **Sections 215, 216 and 217 of 11 Amer. Jur. 2nd on Bills and Notes**. As a matter of fact, the "*Notes*"; are not Notes at all as they contain no promise to pay.

The activity of the Federal Reserve Banks of Minneapolis, San Francisco and the First National Bank of Montgomery is contrary to public policy and the Constitution of the United States and constitutes an unlawful creation of money and credit is not warranted by the Constitution of the United States.

The Federal Reserve and National Banks exercise an exclusive monopoly and privilege of creating credit and issuing their Notes at the expense of the public, which does not receive a fair equivalent. This scheme is obliquely designed for the benefit of an idle monopoly to rob, blackmail and oppress the producers of wealth.

The **Federal Reserve Act** and the **National Bank Act** is in its operation and effect contrary to the whole letter and spirit of the Constitution of the United States, confers an unlawful and unnecessary power on private parties; holds all of our fellow citizens in dependence; is subversive to the rights and liberties of the people. It has defied the lawfully constituted Government of the United States. The **Federal Reserve and National Banking Acts** and **Sec. 462 (392) of Title 31, U.S.C.** are not necessary and proper for carrying into execution the legislative powers granted to Congress or any other powers vested in the Government of the United States, but, on the contrary, are subversive to the rights of the People in their rights to life, liberty and Property. The aforementioned acts of Congress are unconstitutional and void and I so hold.

The meaning of the Constitutional provision "*No State Shall make any Thing but Gold and Silver Coin a tender in payment of debts*" is direct, clear, unambiguous and without any qualification. This Court is without authority to interpolate any exception. My duty is simple to execute it, as written, and to pronounce the legal result. From an examination of the case of **Edwards v. Kearzev**, 96 U.S. 595, the Federal Reserve Notes (fiat money), which are attempted to be made a legal tender, are exactly what the authors of the Constitution of the United States intended to prohibit. No State can make these Notes a legal tender, are exactly what the authors of the Constitution of the United States intended to prohibit. No State can make these Notes a legal tender. Congress is incompetent to authorize a State to make the Notes a legal tender. For the effect of binding Constitutional provisions see **Cooke v. Iverson**, 108 M. 388 and **State v. Sutton**, 63 M. 147. This fraudulent **Federal Reserve System** and **National Banking System** has impaired the obligation of Contract, promoted disrespect for the Constitution and Law and has shaken society to its foundations.

The Court is at a loss, because of the non-appearance of Plaintiff to determine upon what legal theory Plaintiff could possibly claim that the Notes in question are a legal tender. If they have any validity it must come from the Constitution of the United States and laws passed pursuant thereto. Inquiry was made of Mr. Daly as to what laws these Notes could be possibly based upon to sustain their validity. To aid the Court he presented the following: **Section 411, 412, 417, 418, 420 of USC Title 12 and Title 31, USC Sec. 462 (392).**

On the one hand **Section 411** holds and states that the Notes are to be used for the purpose of making advances to Federal Reserve Banks through Federal Reserve

Agents and for no other purposes. Then **Title 31, Section 462 (392)** states: "*All Federal Reserve Notes and circulating Notes of Federal Reserve Banks and National Banking Associations heretofore or hereafter issued, shall be legal tender for all debts public and private.*"

The Constitution states, "*No State shall make any Thing but Gold and Silver Coin a legal tender in payment of debts.*" The above referred to enactments of Congress state that the Notes are a legal tender. There is a direct conflict between the Constitution and the Acts of Congress. If the Constitution is not controlling then Congress is above and has superior authority from the Constitution and the People who ordained and established it.

Title 31 USC, Section 462 (392) is in direct conflict with the Constitution insofar at least, that it attempts to make Federal Reserve Notes a Legal Tender, the Constitution is the Supreme Law of the Land. **Sec. 462 (392)** is not a law which is made in pursuance of the U.S. Constitution. It is unconstitutional and void and I so hold. Therefore, the two Federal Reserve Notes are null and void for any lawful purpose so far as this case is concerned and are not a valid deposit of \$2.00 with the Clerk of the District Court. I hold that the case has not been lawfully removed from the Court and jurisdiction thereof is still vested in the Court.

However; there is a second ground of invalidity of these Federal Reserve Notes previously discussed and that is the Notes are invalid because on no theory are they based upon a valid, adequate or lawful consideration.

At the hearing scheduled for January 22, 1969 at 7:00 p.m., Mr. Morgan, nor anyone else from or representing the Bank, attended to aid the Court in making a correct determination.

Mr. Morgan appeared at the trial on December 7, 1969 and appeared as a witness to be candid, open, direct, experienced and truthful. He testified to 20 years of experience with the Bank of America in Los Angeles, the Marquette National Bank of Minneapolis and the Plaintiff in this case. He seemed to be familiar with the operations of the Federal Reserve System. He freely admitted that his Bank created all of the money or credit upon its books with which it acquired the Note and Mortgage of May 8, 1964. The credit first came into existence when the Bank created it upon its books. Further he freely admitted that no United States Law gave the bank the authority to do this. There was obviously no lawful consideration for the Note. The Bank parted with absolutely nothing except a little ink. In this case the evidence was on January 22, 1969 that the Federal Reserve Banks obtain the Notes for the cost of the printing only. This seems to be confirmed by **Title 12 USC, Section 420**. The cost is about 9/10ths of a cent per Note, regardless of the amount of the Note. The Federal Reserve Banks create all of the Money and Credit upon their books by bookkeeping entry by which they acquire United States and State Securities. The collateral required to obtain the Notes is, by **Section 412, USC, Title 12**, a deposit of a like amount of Bonds, Bonds which the Banks acquired by creating money and credit by bookkeeping entry.

No rights can be acquired by fraud. The Federal Reserve Notes are acquired through the use of unconstitutional statutes and fraud.

The Common Law requires a lawful consideration for any Contract or Note. These Notes are void for failure of a lawful consideration at Common Law, entirely apart from any Constitutional Considerations upon this ground the Notes are ineffectual for any purpose. This seems to be the principal objection to paper fiat money and the cause of its depreciation and failure down through the ages. If allowed to continue Federal Reserve Notes will meet the same fate. From the evidence introduced on January 22, 1969, this Court finds that as of March 18, 1968 all Gold and Silver backing is removed from Federal Reserve Notes.

The law leaves wrongdoers where it finds them. See **1 Amer. Jur. 2nd on Actions, Sections 50, 51 and 52.**

This Court further observes that the jurisdiction of the Court is conferred by **Article 6, Sec. 1 of the Minnesota Constitution.** "*Sec. 1. The judicial power of the state is hereby vested in a Supreme Court, a District Court, a Probate Court and such other Courts, minor judicial officers and commissioners with jurisdiction inferior to the District Court as the legislative may establish.*" Pursuant thereto an Act of the legislature credited this Court.

Nothing on the Constitution or laws of the United States limits the jurisdiction of this Court. The Constitution of Minnesota does not limit the jurisdiction of this Court. It therefore has complete Jurisdiction to render justice in this cause in accordance with and agreeable to the Supreme Law of the Land. See **16 Am. Jur. 2d on Constitutional Law Sections 210 thru 222.**

"When a Court is created by Act of the Legislature the Judicial Power is conferred by the Constitution and not by the Act creating the Court. If its Jurisdiction is to be limited it must be limited by the Constitution." See **Minn, Const. "Bill of Rights"**; In any event the Banks has not raised any question as to the jurisdiction of this Court.

Slavery and all its incidents including Peonage, thralldom, and debt created by fraud is universally prohibited in the United States. This case represents but another refined form of Slavery by the Bankers. Their position is not supported by the Constitution of the United States. The People have spoken their will in terms which cannot be misunderstood. It is indispensable to the preservation of the Union and independence and liberties of the people that this Court adhere only to the mandates of the Constitution and administer it as written. I therefore hold the Notes in question void and not effectual for any purpose.

Dated: January 30, 1969

/s/ Martin V. Mahoney
MARTIN V. MAHONEY

JUSTICE OF THE PEACE
CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

NOTE:

The Defendant, (Attorney) Jerome Daley, shortly after the above Court declared the above decision, again brought the issue of the Federal Reserve Notes before the Courts. On Appeal to a Federal Court; the Federal Judicial Officers publicly ridiculed Mr. Daley for challenging the validity of the Notes of the Federal Reserve Bank and had Mr. Daley "*disbarred*"; from practicing law (**United States v. Jerome Daly**, 481 F.2d. 28). This "*act*" of our Federal Judicial Officers to "*disbar*" a fellow member of the "*Bar*" for questioning the validity of the monetary system of the United States raises the question as to who the Federal Judicial Officers are employed by? It is obvious that they are employed by the International Banking Cartels, **NOT THE PEOPLE OF THE UNITED STATES.**