

**IN THE CIRCUIT COURT FOR THE STATE OF OREGON
COUNTY OF WASHINGTON**

CHARLES B. STEWART,)
In Propria Persona,)
JOHN DOES (1_100), and)
JANE DOES (1_100))
)
Plaintiffs,)
)
v.)
)
INDEPENDENCE ONE MORTGAGE CORPORATION,)
AMERICAN RESIDENTIAL MORTGAGE CORPORATION,)
JOHN DOES (1 - 100), and)
JANE DOES (1 - 100).)
)
Defendants.) Case No. <u>C930629CV</u>

COMPLAINT AT LAW
FOR ACTION TO QUIET TITLE AND DAMAGES

1: ALL PARTIES TAKE NOTICE that the Plaintiffs, Charles B. Stewart, and John and Jane Does, in their own proper persons, commence this Complaint at Law and Action to Quiet Title; and respectfully DEMAND Trial by Jury of this action upon all issues in this case which are cognizable as Common Law issues and alleged by this Plaintiff and not admitted by the Defendants.

2: TAKE FURTHER NOTICE that no presumptions are to be taken for any purposes against this Plaintiff, and that this Plaintiff respectfully DEMANDS at all times, Due Process of the Law, and Equal Protection of the Laws; respectfully DEMANDING all of these rights at all times and at no time waving any of them for any reason.

3: JURISDICTION: Jurisdiction is invoked pursuant to the 7th Amendment to and Article 1 Section 10 of the United States Constitution; and Article 7 Section 9 and Article 11 Section 1 of the Oregon State Constitution; ORS 105.605; the Oregon and Federal statutes and laws governing Contracts and Corporations, and Oregon's and Federal versions of the Uniform Commercial Code.

4. THE PARTIES: The Plaintiffs's in this action are citizens of the State of Oregon, whose names are Charles B. Stewart, and John and Jane Does. Charles Stewart maintains a mailing address at 39275 Hood St. # D, Sandy Oregon 97055. Charles Stewart is the successor in interest to this property by way of assignment of one Quitclaim Deed issued from Richard and Adrianne McWilliams. A copy of this Quitclaim Deed is attached as Exhibit "A". The John and Jane Does addresses are unknown at this time. Charles Stewart is proceeding in Propria Persona, and respectfully requests that less stringent standards be applied in my case than the formal allegations and pleadings drafted by lawyers. The fact that non_professionals are not to be held to the same requirements as lawyers has been recognised by the U.S. Supreme Court in the case of Haines v. Kerner, 404 U.S. 519, 30 L.Ed.2d 652 (1972):

"* * * the allegations of the pro se complaint, * * * we hold to less stringent standards than formal pleadings drafted by lawyers, * * *".

This Plaintiff will sincerely attempt to preform as well as professionals, but will indeed be appreciative of the court's allowances here if and when he falls short.

5: The Defendant's are Corporations believed to be organized under the laws of the States of Michigan, California and of the United States and are Independence One Mortgage Corporation with their main office having a mailing address of PO Box 5076 Southfield Michigan 48086-0576, and American Residential Mortgage Corporation with their main office having a mailing address of PO Box 85448, San Diego, California 92186-5448.

6: The Defendants are hereinafter referred to as IOMC and ARMC respectively. Defendant IOMC claims an adverse estate or interest in the here in questioned property for the purposes of complying with the Quiet Title

requirements of ORS 105.605 Defendant ARMC is a necessary party for the determination of this claim. The present legal council for Defendant IOMC is Kelly D. Sutherland of the Lawfirm of Sapiro and Kriesman, 522 SW 5th Avenue Suite 825, Portland Oregon 97204. Their phone # is 241-0772.

7: John and Jane Does are Plaintiffs and Defendants who are unknown to Plaintiff Stewart at this time, but who may be added appropriately to the complaint as they become known.

8. PROPERTY IN QUESTION: Lot 77, Dakota Hills No. 1, in the City of Tualatin, County of Washington and State of Oregon. (Commonly known as: 21592 SW Dakota Circle, Tualatin, Oregon 97206)

9. FACTUAL HISTORICAL BACKGROUND: On or about the 3rd of December 1990, Richard and Adrinne McWilliams, husband and wife, contracted with Defendant ARMC for a loan of money in the amount of One Hundred Thousand and Seven Hundred Dollars (\$100,700.00).

10: The contract that Richard and Adrienne McWilliams signed for this loan was accompanied by actions of either direct verbal affirmation or omission by Defendant ARMC which lead the McWilliams to believe that ARMC was gaining only an interest rate return of 10% upon the Federal Reserve Notes that ARMC was therein to part with.

11: During the time-period surrounding the 3rd of December 1990, **Defendants ARMC were functioning under reserve requirements that their Negotiable Instruments be stood behind by ARMC, with ARMC being ready to present Federal Reserve Notes to the public only up to approximately 1/8th or 13% of their outstanding debts, here-in-after referred to as their Fractional Reserve Requirements.**

12: During this time-period, it was common and strategically beneficial for ARMC to leverage their required reserves of Federal Reserve Notes as much as they could, and right down to only their actual reserve requirement level, in order that they might gain the maximum amount of profits possible from the Federal Reserve Notes they were required to hold.

13. On or about the 3rd of December 1990, Richard and Adrinne McWilliams agreed to repay to ARMC the loan issued to them by repaying with money equally as precious and at par value to ARMC as Federal Reserve Notes.

14: As a result of this contract, the money which Richard and Adrienne McWilliams were to be required to repay the loan in, would be to the McWilliams equally as precious and at par value with Federal Reserve Notes.

15: During this time period, the negotiable instruments which ARMC lent to the McWilliams were not as valuable to ARMC as Federal Reserve Notes.

16: During this time period the negotiable instruments which ARMC lent to the McWilliams were only of equal or less value to ARMC than ARMC's required reserves of Federal Reserve Notes.

17: Either by direct verbal affirmation or by omission Defendant ARMC lead the McWilliams to believe that they were being loaned money that was to ARMC equally as precious and functioning at par value with Federal Reserve Notes.

18: On or about the 3rd of December 1993, Richard and Adrinne McWilliams received from ARMC to themselves or had disbursed on their behalf or to third parties approximately \$100,700.00 in the form of Negotiable Instruments.

19: The Negotiable Instruments that were issued and put into circulation in the marketplace, on account of the McWilliams indebtedness, were eventually circulated back to Defendant ARMC by some party or parties, who were asking for some kind economic value from AMRC.

20. When the Fractionally Reserved Negotiable Instruments issued to the McWilliams came circulating back to Defendant ARMC for payment, Defendant ARMC paid out less than 13%, or approximately \$12,587.50, in cash or the direct equivalent thereon; as related to the face value of those Fractionally Reserved Negotiable Instruments in the form of Federal Reserve Notes.

21: When this loan was issued, ARMC's officers in their corporate capacity were not standing ready to immediately redeem the entire 100% face value of this Negotiable Instrument together with the other debts that they had in circulation at that time.

22: During the time in question, ARMC's corporate executives were not standing ready to redeem their Negotiable Instruments by paying out Federal Reserve Notes in any amount greater than their Fractional Reserve Requirements.

23: During the time in question, ARMC's executives knew that if they had an unexpectedly high demand for Federal Reserve Notes from those people making presentment of ARMC's debts, that they could quite quickly go to the Federal Reserve Bank's discount window and secure an un-leveraged loan of the extra amount of Federal Reserve Notes they would need to cover their debts.

24. **The payments this Plaintiff's predecessors in interest have made since the date of the loan in question has more than completely paid off the true amount of Federal Reserve Notes that Defendant ARMC actually parted with due to this loan.**

25: Any lawful interest agreed to upon for the true amount of Federal Reserve Notes actually parted with was also paid off.

26: ARMC's officers in their corporate capacity intended to receive a greater sum or value by a multiple of a minimum of eight times that contracted for upon the use of the principle amount of Federal Reserve Notes placed in hazard. This was also an amount of interest that is in excess of that generally recognized as being usurious.

27. As a result of the agreement for the loan of \$100,700.00, a paper document was issued intending to obligate the McWilliam's or their successors in interest such as this Plaintiff, to repay the full loan with amounts money of which, to the McWilliams or their successor in interest such as this plaintiff, was equally as precious and functioning at par value with Federal Reserve Notes.

28. The Promissory Note did not specify weather it was to be repaid with money denominated in Federal Reserve Notes or Negotiable Instruments.

29. Further, as a result of the agreement for a loan, there was also a paper document in the nature of a Deed of Trust issued which placed in trust all rights relating to the title of the in questioned property which Trustees are capable of holding by way of paper title. This Deed of Trust intended to secure to ARMC the repayment of the indebtedness evidenced by the McWilliams Promissory Note.
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30. IOMC was subsequently assigned both the Promissory Note and the Deed of Trust issued to ARMC by the McWilliams.

31. As a result of the assignment of the Deed of Trust and Promissory Note, IOMC presently claims an interest or estate adverse to that of this plaintiff in the property in question.

32: Defendant ARMC can not document that they actually parted with the full amount of \$100,700.00 in Federal Reserve Notes as a direct result of this loan.

33: Defendant ARMC can not document that they actually parted with any amount more than \$12,587.50 in Federal Reserve Notes as a direct result of this loan.

34: Defendant ARMC can not document that they actually parted with any amount of Federal Reserve Notes as a direct result of this loan.

35: Defendant ARMC can not document the actual interest rate that they gained upon the actual amount of Federal Reserve Notes actually parted with as a direct result of this loan.

36: Defendant ARMC gained an amount of interest on the amount of Federal Reserve Notes actually parted with as a direct result of this loan in excess of 10%.

37. Defendant ARMC gained an amount of interest on the amount of Federal Reserve Notes actually parted with as a direct result of this loan in excess of 80%.

38. The interest or estate claimed by IOMC is invalid because the Promissory Note and Deed of Trust which relies on the Promissory Note are both unlawful.

39. **GENERAL CAUSES OF ACTION-DAMAGES:** The Complaint at Law for Damages is based upon the fact that this Plaintiff was Damaged through being refused the ability to pay off the back payments on the obligation encumbering this property through the use of a Legal Tender Negotiable Instrument essentially identical to the one used by the Defendant-Creditors to encumber the property. The amount of the Plaintiff's Negotiable Instrument was \$20,000.00. As the Defendant-Creditors have refused to accept this Legal Tender Negotiable Instrument in payment of the back payments, Plaintiff is not able to circulate this Legal Tender instrument as he desires in the marketplace, and is stuck with it, and out the \$20,000.00 valuable consideration he negotiated for the instrument. Defendant Creditors have an obligation to accept like Legal Tender Negotiable Instruments as they use to encumber debtors properties in payment of the debts formed by the use of these instruments as a condition of their entering into the marketplace within this economic jurisdiction. So long as the Defendant-Creditors continue to refuse to accept this Plaintiff's \$20,000.00 Negotiable Instrument as payment of the past obligations the Defendant-Creditors are continuing to cause Damage to this Plaintiff in the amount of \$20,000.00.

QUIET TITLE ACTION AND SPECIFIC VIOLATIONS OF LAW

40. **OVERVIEW:** The averments of the preceding paragraphs are restated here by reference. This Demandant Charles Bruce, Stewart is the Demandant in possession of the property referred to herein. Defendant claims an adverse estate in the property referred to herein. This action is brought for the purpose of determining the claim. The claim of IOMC is invalid because it is based upon a Deed of Trust which is presently lawfully void because the Promissory Note that it was issued to secure is lawfully invalid. The particular grounds showing that both the Promissory Note and as a result the Deed of Trust are presently lawfully invalid are presented in the following claims.

41. **FAILURE OF CONSIDERATION.** The averments of the proceeding paragraphs are restated by reference herein. As a result of the practices described in the Factual Historical section above, the Lenders ARMC did fail to lend any valuable consideration. The lenders lent a promise to pay the substance of value which is known as Legal Tender by issuing their promise to pay that said Legal tender by issuing their Negotiable Instruments. Any Legal Tender that Defendant ARMC did actually part with as a result of the Negotiable Instruments later being presented to them was a secondary and unrelated transaction.

42. ARMC did not pay the value to the parties that they agreed to lend the money to. What ARMC gave the parties that they agreed to pay the value to were promises to pay value in the form of Negotiable Instruments. These Negotiable Instruments in and of themselves contained no value but were merely promised to pay all value at a later date. As no value was parted with at the formation and completion of the loan agreement contract, the contracts evidenced by the Defendants Promissory Note and Deed of Trust are invalid and as such Title should be Quieted in this Plaintiff.

43. **BREACH OF CONTRACT, FIRST COUNT.** The averments of the previous paragraphs are restated here by reference. The Defendant ARMC contracted with this Plaintiff's predecessors in interest to loan them Legal Tender "Dollars" of U.S. currency. The contracting parties contracted that the loan would be repaid in Legal Tender "Dollars". The contracting parties did not enter into a contract to be lent or to repay in Negotiable Instruments. The Defendant ARMC failed to lend this Plaintiff's predecessors in interest Legal Tender "Dollars" as lawfully defined by the US Congress in the form of US Silver Coin.

44. The U.S. Congress, in deciding what was to be Legal Tender for this country, by act on April 2nd, of 1792, defined the term "Dollar" to mean specifically a coin issued by the U.S. Government containing 371 4/16 grains of pure silver. There is no lawful authority for referring to any form of paper currency as Legal Tender "Dollars". As the Defendant ARMC has failed to lend Legal Tender within the Lawful definition of the term, the contractual agreement between these parties was breached by Defendant ARMC, and the resultant Promissory Note and the Deed of Trust upon which it is founded are lawfully invalid. Thus, Defendant IOMC has no lawful claim to the property in question, and Title should be Quieted in this Plaintiff.

45. **BREECH OF CONTRACT, SECOND COUNT.** The averments of the proceeding paragraphs are restated herein by reference. By common acceptance, and the Federal Reserve Corporation's own decree, Federal Reserve Notes and other US Currency have come to be known as Legal Tender "Dollars". The Defendant ARMC entered into a contract to lend Legal Tender "Dollars" to this Plaintiff's predecessors in interest. The contracting parties entered into a contract to be lent Legal Tender "Dollars". The contracting parties entered into a contract to repay Legal Tender "Dollars". The contracting parties did not enter into a contract to be lent or to repay Negotiable Instruments.

46. The Defendant's did not loan any Legal Tender "Dollars" to this Plaintiff's predecessors in interest, as the term "Dollars" has commonly come to be known and used. As a result, the Defendants have not loaned the "Dollars" intended and specified in the contract as defined by common definition. As a result, the terms of the contractual agreement between these parties was breached by Defendant ARMC, and the resultant Promissory Note and the Deed of Trust upon which it is founded are lawfully invalid. Thus, Defendant IOMC has no lawful claim to the property in question, and Title should be Quieted in this Plaintiff.

47: **ULTRA VARIES, COUNT ONE.** The proceeding paragraphs are restated by reference herein. The Defendant ARMC exceeded the express provisions of it's Corporate Charter in that it engaged in the activity of loaning a substance other than Legal Tender "Dollars" of the United States. The Negotiable Instruments which it issued in granting the loan here in question are not Legal Tender "Dollars" of the United States. Defendant ARMC is authorized by it's charter to loan Legal Tender "Dollars" of the United States only. There is no authority in existence which authorizes Defendant ARMC to loan the Negotiable Instruments as it did in this case. As the terms of the corporate charter were exceeded by ARMC's Corporate officers in making this loan, it is a lawfully invalid loan. As such, the Promissory Note and the Deed of Trust held by IOMC are invalid and Title should be Quieted in this Plaintiff.

48. **ULTRA VARIES, COUNT TWO.** The proceeding paragraphs are restated by reference herein. The Defendant ARMC exceeded the express provisions of it's Corporate Charter in that it engaged in the activity of creating money when it issued the Negotiable Instruments it issued in granting the loan here in question. Defendant ARMC is authorized by it's charter to lend Legal Tender "Dollars" as money, and not to create their own money as they do in issuing their Negotiable Instruments at the time of making a loan. There is no authority in existence which authorizes ARMC to create the Negotiable Instruments which it issues and charges interest on. As this activity is beyond the scope of ARMC's charter, the terms of the corporate charter were exceeded by ARMC's Corporate officers in making this loan and thus it is a lawfully invalid loan. As such, the Promissory Note and the Deed of Trust held by IOMC are invalid and Title should be Quieted in this Plaintiff.

49 **ULTRA VARIES, COUNT THREE.** The proceeding paragraphs are restated by reference herein. The Defendant ARMC exceeded the express provisions of it's Corporate Charter in that it engaged in the activity of charging interest on the Negotiable Instruments which it issued in granting the loan here in question. Defendant ARMC is authorized by it's charter to charge lawful interest when making a loan on Legal Tender "Dollars" of the United States. There is no authority in existence which authorizes Defendant ARMC to charge interest on the Negotiable Instruments which it issues. As the terms of the corporate charter were exceeded by ARMC's Corporate officers in making this loan, it is a lawfully invalid loan. As such, the Promissory Note and the Deed of Trust held by IOMC are invalid and Title should be Quieted in this Plaintiff.

50. **INDEFINITENESS** The averments of the preceding paragraphs are restated here by reference. As a result of the failure of ARMC to specify the essential term of whether they would loan in Legal Tender "Dollars" or Negotiable Instruments and whether they would demand payment in Legal Tender "Dollars" or Negotiable Instruments, the Defendants created a contract which was indefinite to the point that a Court of Law will not be able to determine which type of funds was either agreed to be loaned or to be repaid. As a result the contract is indefinite within the term as defined by law. As such the Promissory Note and Deed of Trust issued based upon this contracted loan and the cloud that it generated over this Plaintiff's property should be held unenforceable.

51. **UNCONSCIONABILITY.** The averments of the preceding paragraphs are restated here by reference. As a result of the Fractional Reserve banking practices and the loan of Negotiable Instruments by ARMC, and their officers, the actual amount of Federal Reserve Notes commonly considered "Legal Tender" that were parted with

was only 1/8th or 12% of interest rate upon the Legal Tender "Dollars" parted with was at least 8 times greater than the amount agreed to in the original Trust Deed Contract. This is a violation of State and Federal provisions against unconscionable actions, U.C.C. sections 2_302, and others.

52: Further, the parties to the contract occupied substantially unequal bargaining positions in that ARMC has access to the ability to circulate its Negotiable Instruments as money within the community and State. By this activity ARMC has the ability to circulate as money the Negotiable Instruments which it issues. This gives ARMC the ability to circulate between 8 and 33 times the amount of money in comparison to the amount that this Plaintiff and his predecessors in interest are capable of circulating. As the Negotiable Instruments of this Plaintiff's predecessors in interest are not capable of being circulated as money, they are in a substantially unequal bargaining position, and they were thus unfairly influenced to enter into the contract. As a result this is an unconscionable contract and the cloud it is generating over this Plaintiff's property should be held invalid.

53. **USURY.** The averments of the preceding paragraphs are restated here by reference. In the alternative that the Promissory Note the present Deed of Trust is designed to secure can be held to lawfully require a repayment in Legal Tender, then any good faith estimate accounting for that actual amount of Legal Tender Federal Reserve Notes that were actually parted with will reveal that ARMC actually gained a Usurious amount of interest. Through the use of their fractional reserve banking system, ARMC probably parted with a sum of Legal Tender Federal Reserve Notes amounting to less than 1/8th of the face value of the Negotiable Instruments that they issued to encumber the property in question. This means that the actual interest rate upon the accurate amount of Legal Tender Federal Reserve Notes loaned was a minimum of 8 times greater than the amount agreed to in the original Trust Deed Contract.

54. This is a violation of Common Law and Statutory prohibitions against usury throughout the vast majority of the laws of this nation. As a result of this Usury, the obligations true, smaller but hidden principal has been paid off, and all economic interest on the true principal that Defendant IOMC has in the property in question has also been repaid. As a result the interest that the Defendant IOMC continues to claim through the Deed of Trust is no longer lawfully existent.

55. **Attempted Collection of an Unlawful Debt in Violation of Principles of Law enshrined within 18 USC 1961, 1962, and 1964.** The averments of the preceding paragraphs are restated herein by reference. Defendants ARMC and IOMC have received income from collection of the un-lawful debt encumbering this Plaintiff's property. They have participated in and/or used the proceeds of such income in the operation of an enterprise which engages in activities which affect interstate and foreign commerce in violation of the principles of Common-Law enshrined within 18 U.S.C. 1961, 1962, and 1964. As such the adverse estate or interest which IOMC claims should be held invalid, and title should be quieted in this Plaintiff.

56. **Fraud** The averments of the preceding paragraphs are restated here by reference. As a result of the failure of Defendant(s) to specify the essential terms of weather they would loan in Legal Tender "Dollars" or Negotiable Instruments or demand payment in Legal Tender "Dollars" or Negotiable Instruments, they committed a fraud upon this Plaintiff's predecessors in interest, which allowed them to take fraudulent advantage of this Plaintiff's predecessors in interest and other simple honest working Oregonians. As such the Deed of Trust and the Promissory Note issued to ARMC and IOMC should be declared invalid, and Title should be Quieted in this Plaintiff.

57: **Circulating Paper Money:** Article 11 Section 1, of the Oregon State Constitution specifically prohibits banking institutions such as the defendants from circulating their paper money in efforts to create debts such as the one encumbering this plaintiff's property. As such, the note and trust deed encumbering this plaintiff's property are invalid, and title should be quieted in this plaintiff.

58. **Illegality by Monopoly, Conspiracy, & Racketeering.** The averments of the preceding paragraphs are restated here by reference. ARMC, and IOMC, and their officers, and other Banking, Financial, Political, and/or Real Estate Institutions, (unknown at this time) have all knowingly or unknowingly conspired against the working class population of the good County of Washington and State of Oregon to submerge them in a mountain of perpetual and unpayable debt. The Federal Reserve Banking corporation which the defendants are franchise agents of have demonstrated a historical and documentable track record of purposefully expanding and contracting the money supply at timed intervals so as to purposefully dispossess economically vulnerable Oregonians and Americans from their property. This Plaintiff, his predecessor in interest, and all of the good people of Washington County, the State of Oregon, and the United States are the pointed targets of a conspiracy by the Defendants and

others to reduce them to a class of obedient and broken slaves in a society with substantially less constitutional rights in a mirror image likeness to that of Nazi Germany or the previous Soviet Union.

59. The Defendants and their officers are active causes of and participants in the present increase in the foreclosure rate in this state. This Plaintiff does not know weather the individual officers are knowledgeable or not of their criminality, but they have caused detriment and damage to this Plaintiff, his predecessors in interest, and every homeowner in this state by the manner in which they entered into this and the majority of their other lending contracts.

RELIEF REQUESTED

60. WHEREFORE, Because of the validity of the previously described In-Justice and Lawlessness of the Defendants, Plaintiffs's Demand that this Court:

61. Require the Defendant to answer this complaint, admitting and denying with particularity each and every allegation herein;

62. That all issues of a nature Triable by Jury herein dispute be Tried before and by a full Jury as at Common-Law within the Nisi-Prius Civil Jurisdiction with the verdict to be binding upon this Court as Constitutionally Required by "Due Course of Law".

63. That this Court issue an Order Quieting Title in favor of this Plaintiff and/or declaring the Deed of Trust and Note Contracts on the property involved herein be declared Null and Void because the original Trust Deed and Note Contracts were Un-Lawful.

64. For compensatory damages in the amount of \$20,000.00 for the payment of the promissory note on the back payments so far tendered to the defendants.

65. For compensatory damages to be determined, for time spent in legal research and composition of this action comparable to standard Attorneys allowances, from each and every Defendant on all counts.

66. For Punitive Damages to be determined to send a message that such practices are repugnant to the people of Washington County and the State of Oregon.

67. That this Court rule that the practice of Fractional Reserve Banking when used to secure usurious interest rates demandable in legal tender is Un-Lawful when so done.

68. That this Court rule that it is a breach of contract to engage in the practice of contracting to loan dollars and then to loan Negotiable Instruments as an attempted fulfillment of that obligation.

69. That this Court issue Declaratory Judgement that it is a proper interpretation of the doctrine of Equal Protection of the Laws that all who loan negotiable instruments or other instruments of credit in this state be compelled to accept negotiable instruments issued by the People of this state in satisfaction of these debts so contracted.

Respectfully Submitted,

Charles Bruce, Stewart; Sui Juris,
Date: June 25 1993
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Sandy, Oregon State Republic
(503)-668-5091