

Pig in a Poke

(Or is it?)

SO, WHERE DO WE BEGIN?

Let us start with “I really don’t understand this”. Be honest with yourself. If you did, I would have seen headlines by now.

Let’s look at [who][what][where][when][how]

[**who**] – Mortgage Bankers Association and its cronies.

[**what**] – Faulty Security Instruments

[**where**] – Just about everywhere [public land records][judicial systems][stock market]

[**when**] – Beginning of design and creation of electronic promissory note registry [eNote] Registry.

[**how**] – Utilizing Transferable records [payment intangibles] as lawful [tangible] real property records

[Not necessarily in that order]

CAN’T SAY ENOUGH ABOUT THIS ONE

I mentioned this many times that James McGuire explained this stuff years back in “Have A Note”. That document is full of education. There are also many other documents and charts providing educational information in regards to this MERS/GSE scheme. Actually James goes deeper than that. So, there is nothing new with my information, this is just my attempt to help others better understand what most appear not to.

MORAL OF THE STORY

Ever heard of the phrase “Pig in a Poke”? It dates back to the middle ages. Maybe it will help you better understand what the banks have done and are continuing to do. This “pig in a poke” scheme utilized a “pig” and a “bag” which purportedly contained the pig. However, clever buyers failed to look in the bag to see if it really was a live pig. Instead, the clever buyer found out after the purchase, that there was no pig, only a cat. Pigs were a source of meat to eat. The cat was not. Hence “Buyer Beware”.

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As for the banks and their associates, I think the phrase “Cat in a Bag” used in other particular countries fits this Intangible scheme more suitably because now the “Cat is out of the Bag”.

Take the pig in a poke scenario, and replace the [word] pig with a [tangible] Real Property mortgage, replace the [word] bag with MERS and replace the [word] cat with a Transferable Record [eNote]. Investors can see the eNote assuming it is a [tangible] real property mortgage, and just like the clever buyer, they too invested in a pig in a poke. The cat in the bag reveals that it is not a pig. The [transferable record][cat] reveals that it is not the [tangible promissory note obligation][pig]. The real property mortgage like the pig was something of value, where the eNote[transferable record] like the cat was not worth value as like the pig was. Hence “Buyer Beware”.

THE eGAME

CRAFTING THE WORD

Ever hear of the phrase “*word crafting*”? You have realized the banks lawyers, attorneys etc, whom are looked upon as artists in a sense, have honed their skills and have a tool chest full of ways to craft words to fit their needs in the “mortgage scheme”. Mark Twain once wrote; “*The difference between the almost right word & the right word is really a large matter -- it's the difference between the lightning bug and the lightning.*” The banks “word crafters” and their “almost right” words have deceived many.

THE CONCEPT [Money via Wall Street Secondary Market]

It starts with an evil mind to create design and implement an illusionary scheme that would involve many deceptions. When the can spills over, only then will you know how many and whom these worms are.

The National eNote Registry is a compliance vehicle to satisfy certain requirements imposed by the Uniform Electronic Transactions Act (UETA) and the federal Electronic Signatures in Global and National Commerce Act (E-SIGN) so that the owner of an eNote (the

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Controller) would have legal rights similar to those that a “Holder in Due Course” has with a paper negotiable promissory note. – *National eNote registry Requirements, 2003.*

Did the “*legal rights similar*” part confuse you? “*so that the owner of an eNote (the Controller) would have legal rights similar to those that a “Holder in Due Course” has with a paper negotiable promissory note.*”

If you are only looking at the tangible world, you don’t see anything. If you realize there is a [tangible] world and an [intangible] world, you probably understand that the [Controller] of the [eNote] has similar legal rights as if the [eNote] were a [tangible] paper negotiable promissory note. This does not mean the “Controller”[servicer] is a “*Holder in Due Course*” of a [tangible] paper promissory note. The eNote has only similar characteristics. Since skills of word crafting are in action here, the clever representative of the “Lender” can bravely state or claim “*So and so is the holder of the Note*”. Sure they can say that. What is not being asked is “*What Note is so and so the holder of? Is so and so the holder of a tangible promissory Note or the holder of an Intangible Electronic Promissory Note?*”

With an intent to deceive whomever believes in these “payment intangibles”, these evil minds created a crime largest in U.S. history. Only time will tell. What is worse is the possibility of many people working in the corporate American government may be caught up in it also. Duh? What is even worse than that is so many unsuspecting pension plans and 401k’s are invested in these [payment intangibles][transferable records] as [investments].

TOO BIG TO FAIL?

To begin with, it is probably a general consensus that that banks failed to keep up with the tangible mortgage paperwork. Especially the tangible stuff which makes up the secured obligation and also the collateral to secure that obligation which the courts and the banks say the “mortgage follows the note” for a debt to be considered secured.

What seems to be the clog in the wheel as I see it is that most people only understand or possibly assume an understanding of a [tangible] mortgage [pig], but do not realize that an [intangible] mortgage is being used instead Hence a [Pig in a Poke][Cat in a Bag]. It appears that since the banks have slid under the radar since 2000 or even prior with a “thing” they call an

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eMortgage, which is an electronic mortgage [cat] that is not the same as a tangible paper mortgage obligation [pig].

THE REAL DEAL [Real Property]

A real property mortgage starts with a [tangible] paper promissory Note [in writing] and collateral, probably a security instrument [paper mortgage][in writing]. There are (2) two party's involved, a [borrower] and a [lender]. Both instruments together are purported to be a secured indebtedness. Prior to expiration of temporary perfection, the security instrument would be recorded in the county where the real property is located to continue perfection of that secured indebtedness. In Texas, this satisfies §192.001, Tex. Loc. Govt. Code requirement. Look at your state code if in different state. Each state has laws that govern real property. Any need to look at the UCC? Nope.

So, now you have the [borrower] and the [lender]. Also known as [obligor] and [obligee]. Also known as [debtor] and [creditor]. Also known as [grantor] and [grantee]. So many words for supposedly the same entities? Why? But what about [account debtor]? Did you realize there was an account debtor involved?

Through trickery another party somehow got involved to provide an additional illusion. A Bankruptcy Remote called MERS [Mortgage Electronic Registration Systems, Inc.] Could you possibly call it “Mutilated Every Recordation System”? It did a good job at it.

In *Carpenter v. Longan*, the U.S. Supreme court made it clear in stating the “*mortgage follows the note*”. The Texas Supreme Court again repeated this statement back in the 1930's in *West v. First Baptist Church of Taft*. Back then it was paper. Electronic mortgages were not around back then.

AN ILLUSION [The Transferable record called an eMortgage]

So why MERS? Electronic mortgages are eMortgages as the mortgage bankers association [mba] calls them. But the big problem with these eMortgages is that they are electronic. The way the [mba] has allowed its banks to apply ESIGN and UETA are absurd. Illegal at the most. Securities fraud too if you understand. Let me explain.

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IN THE BEGINNING [TANGIBLE mortgage loan]

The [originating lender] supposedly loans a [potential homeowner] money to purchase real property [paper mortgage loan]. The [potential homeowner][grantor] provides collateral in the form of title to real property that is conveyed to the [grantee] [potential homeowner] from the [seller][grantor] of the real property. Then the [grantor] [potential homeowner] conveys the real property to the [originating lender][grantee]. The [originating lender][grantee] provides title to real property to [trustee] until obligation extinguished. This was all accomplished with tangible paperwork involved. This should still be true today.

IN THE BEGINNING, PART II [INTANGIBLE mortgage loan]

Take the above scenario and add an electronic twist to it.

When the [potential homeowner] originally and [tangibly] signed the paper promissory note or a contract with the [originating lender] to start the purported loan process, the [originating lender] scoured its electronic cloud [network] to locate a [warehouse lender] [could be another entity] that the [originating lender] as a [borrower] can obtain a line-of-credit. In turn the [originating lender][borrower] would pledge the [potential homeowner][borrower][grantor] [tangible] mortgage loan as a security to the [warehouse lender][lender] from the [originating lender][borrower] payment stream. The [payment stream] is monies that the [potential homeowner][borrower] would be paying to the [originating lender][lender].

For the [originating lender][borrower] eMortgage [eNote] to be considered acceptable to a government sponsored entity [GSE], specific guidelines must be met. One of the requirements is to use an electronic registration system for tracking eNotes. MERS is mentioned in GSE eMortgage implementation guideline books as the registration system to use.

All of this activity so far is accomplished prior to the [potential homeowner][borrower] closing on the [tangible] [paper mortgage loan]. Without the knowledge of hypothecation, the [potential homeowner][borrower] unknowingly signed a [tangible] security instrument that unbeknownst to the [potential homeowner][grantor] also included a third party that only functions in the [electronic transactions] world. In fact it only tracks [eNotes] called [transferable records]. The mba clearly described the “National eNote Registry”[NeR] back in 2003 that stated

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this eRegistry does not track [tangible] paper promissory Notes. So why use MERS for paper mortgages? The “Pig in a Poke” eMortgage illusion.

PREMEDITATED ENOTE [intangible mortgage loan]

Once the [originating lender][lender] holds a [potential homeowner][borrower] signature, the [originating lender][lender] as a premeditated act, determines a Mortgage Identification Number [MIN] to apply the [potential homeowner][borrower] paper mortgage loan to give the illusion to [everyone] that the [tangible] [paper mortgage] is registered and being tracked in a “book entry system” called MERS orchestrated by members of this NeR.

Upon agreement between the [originating lender][borrower] and the [warehouse lender][lender] and in consideration for GSE requirements for eMortgages [eNotes], these NeR entities register these premeditated MINS [eNotes] in the NeR, and through the agreement such as a MERS Warehouse Lender/Electronic Tracking Agreement, the [originating lender][borrower] will service such MINS in the NeR. This MIN [eNote] is then purchased and sold by investors either by the [eNote] or a partial interest in the [eNote].

In essence what you just read explains the loan process [eNote] an [account debtor][originating lender][borrower] created between itself and the [creditor][warehouse lender][lender][other Ner entity] in an intangible goods and services environment. This is not a [tangible] real property environment.

There is a very big difference. Real property is not governed by the Uniform Commercial Code [UCC]. Neither is real property governed by ESIGN and UETA.

Transferable records are personal property [payment intangibles] and not real property. Transferable records that are allegedly secured by real property are [payment intangibles] and governed by the UCC. Goods and Services are governed by the UCC. Hence the problem.

If the “Lenders” had followed the law, it might not be too bad, but the “Lenders” didn’t follow the laws. Instead the “Lenders” followed their lust for “greed”.

ACCOUNT DEBTOR [intangible mortgage loan]

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So what is a MERS member who registers and sells its [eNotes] called? They are called an Account Debtor according to UCC § 9-102. *Definitions And Index Of Definitions*

(3) "Account debtor" means a person obligated on an account, chattel paper, or general intangible. The term does not include persons obligated to pay a negotiable instrument, even if the instrument constitutes part of chattel paper.

If the MIN[eNote] information is viewed from something like a MERS Milestone;



The image shows a screenshot of MERS registration information. It includes the following text: "Registration" followed by "11/03/2004", then "1001310 American Mortgage Network, LLC" and "Batch". To the right, it says "MIN Status: Active (Registered) Servicer: 1001310 American Mortgage Network, LLC".

In the image above, the [account debtor] American Mortgage Network, Inc is the party obligated on the MIN [eNote] which is held in an account [Org ID] registered on MERS eRegistry, which is by definition a [general intangible].

(42) "General intangible" means any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The term includes payment intangibles and software. - UCC § 9-102. *Definitions*

(61) "Payment intangible" means a general intangible under which the account debtor's principal obligation is a monetary obligation. UCC § 9-102. *Definitions*

From this example image above which reflects that American Mortgage Network, LLC registered an [eMortgage][eNote][payment intangible] in the MERS eRegistration System with a registration date of November 3, 2004. This example is proof of the [transferable record][eNote][payment intangible][electronic record].

The example would also show that American Mortgage Network, LLC would be considered the [account debtor] of the [payment intangible]. More on this later in the document.

Proof of this [payment intangible] scheme is clearly written in any security instrument involving MERS or a GSE. Public land records historically provides prime facie proof of the chain of title. Any [entity] involved in a lawful negotiation of the [potential

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homeowner][borrower][grantor] [tangible] paper mortgage loan note, from originator to each subsequent purchaser would be identified in public land records via constructive notice to reflect a lawfully perfected chain of title.

What you do see in public land records is something the banks and the courts say can't happen, bifurcation. Separation of the [tangible] note and [tangible] deed of trust [security instrument]. So, how did it happen. Answer is easy, simple ignorance. And it shows. Else this would have already been brought to light way before now.

IT TOOK TIME TO MAKE THIS WORK

How did it work you ask? It took some time to put this scheme in place, it didn't just happen recently. The elevator version goes like this;

HYPOTHECATION [Pledging something they don't have]

The "Lenders" decided to create a security instrument that was designed to give an illusion that the security instrument was a contract according to law <where ever>. What the security instrument actually accomplished was that it helped these "Lenders" in some demented state of mind, devise a way to confuse everyone with a combination of tangible and intangible, paper and electronic with a twist of law manipulation, making it the perfect "poke".

This MERS/GSE security instrument simply allows the unsuspecting [potential homeowner][borrower][grantor] to unknowingly [tangibly] indenture the [tangible] security instrument and thus agreeing by ignorance with the [originating lender][lender] to separate the [tangible] security instrument from the [tangible] paper promissory note the [potential homeowner][borrower] indentured.

Through trickery, the [originating lender][lender] led the [potential homeowner][borrower] to believe that the [tangible] mortgage would be registered with MERS. This is not true. What the [originating lender][lender] did was make scanned copies of the original [tangible] [mortgage] in an deceptive manner and [Offer] an identical MIN [eNote] [transferable record] electronically to investors in the secondary "payment intangible" market by claiming a value to the eNote.

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There are severe problems with this MERS/GSE “*eMortgage follows the eNote*” scheme. There is no eMortgage to follow the eNote. The “Lenders” themselves destroyed the [tangible] mortgage simply by “word crafting” within the four corners of the security instrument contract. Check it out for yourselves. It has been explained with many articles and charts along with where to find those sources to support it. What more could you ask for?

HOW IT WORKED

What happened in the eMortgage world is this. The [originating lender][lender] registered a MIN [eNote] with the MERS eRegistry. This MIN [eNote] is an electronic promissory note that is an intangible electronic record, called a transferable record. This [eNote] [MIN] is supposed to be governed by ESIGN and UETA. The illusion to this [eNote] is the misrepresentation that it is a [potential homeowner][borrower] tangible obligation when it is not. It is information retrieved from scanned copies of the once [potential homeowner][borrower] tangible paper instruments now attached to an [eNote] [MIN].

Let us look at the [eNote] transferable record that MERS members rely upon.

First the “Scope” of the law. [Texas Business and Commerce Code]; [See also 15 USC 7003]

Sec. 322.003. SCOPE. (a) Except as otherwise provided in Subsection (b), this chapter applies to electronic records and electronic signatures relating to a transaction.

(b) This chapter does not apply to a transaction to the extent it is governed by:

(1) a law governing the creation and execution of wills, codicils, or testamentary trusts; or

(2) the Uniform Commercial Code, other than Sections 1.107 and 1.206 and Chapters 2 and 2A.

(c) This chapter applies to an electronic record or electronic signature otherwise excluded from the application of this chapter under Subsection (b) when used for a transaction subject to a law other than those specified in Subsection (b).

(d) A transaction subject to this chapter is also subject to other applicable substantive law.

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Section §322.03 does not apply to a transaction governed by the Uniform Commercial Code [UCC] because there is no real property securing it. So are transferable records out when it comes to the UCC? Don't worry, real property is not governed by the UCC either.

Sec. 322.016. **TRANSFERABLE RECORDS.** (a) In this section, "transferable record" means an electronic record that:

(1) would be a note under Chapter 3, or a document under Chapter 7, if the electronic record were in writing; and

(2) the issuer of the electronic record expressly has agreed is a transferable record.

(b) A person has control of a transferable record if a system employed for evidencing the transfer of interests in the transferable record reliably establishes that person as the person to which the transferable record was issued or transferred.

Is this what confuses you? Is it that the "Lenders" point more to (a)(1) claiming the [eNote] was the [potential homeowner][borrower] obligation? It is not. Section 322.03(a) contains "and". (a)(1) "and" (a)(2) "the issuer of the electronic record expressly has agreed is a transferable record". So, the [eNote] is actually an [intangible debt obligation] created by the "registrar" of the [eNote] and not the [potential homeowner][borrower] tangible note obligation. This is a separate [electronic] obligation and not a [tangible] paper mortgage obligation.

The [eNote] is the only electronic record registered in the MERS eRegistry. MERS members use the MERS [eRegistry] to track the [eNote]. MERS does not track [tangible] paper promissory notes. So who tracks a [tangible] paper promissory note? They didn't.

REALIZING IT NOW?

By now you are realizing that the [originating lender][lender][borrower] is an "account debtor" of the [eNote] according to the [UCC]. The [subsequent purchaser] of the [eNote] only receives the value the [eNote] is worth. But the [Enote] has no value. The only value reflected for the [eNote] is whatever value that was keyed in at the time of the creation of the [eNote].

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Besides that, the “Lenders” stripped the monetary value from the [tangible] promissory note and somehow created the same value in an eNote. Can’t do that. Not lawfully anyway.

THE “MORTGAGE SERVICER” IS A SERVICER OF AN ENOTE MORTGAGE

The [originating lender][lender] basically claims that it is the holder of the [original mortgage loan]. Through this claim, the [originating lender][lender] registers an [eMortgage] in the MERS eRegistry. The [originating lender][lender] sells the [eNote] to a [subsequent purchaser] [change of servicer notice]. The [subsequent purchaser][change of servicer notice] then sells the [eNote] to another [subsequent purchaser] [change of servicer notice] whom through the cycle of trading stocks continues the process. Until some [determined] time, the [subsequent purchaser] of the eNote somehow determines a default. Next step foreclosure.

If you read “Alvie Explains It”, I mentioned our original loan started out with American Mortgage Network, Inc. dba AMNET Mortgage as purportedly the Originating Lender. Then a month past and I received a notice from Wells Fargo Home Mortgage [WFHM] that it was the “mortgage servicer” of my alleged loan. I also noticed the loan number had changed. That mystery is now solved. The original loan number was the [tangible mortgage loan] and the new number provided by [WFHM] reflected the [eNote] [subsequent purchase] and not the negotiation of the [tangible mortgage loan] as I was led to believe that [WFHM] was [servicing].

So we find that when the alleged [mortgage servicer] changes, the eNote was transferred to another MERS eMember although nothing is reflected in public land records. Why should it? It has nothing to do with the [tangible][paper promissory note]. It is only an electronic transaction with an [eNote]. For a negotiation of the [tangible mortgage loan], the Note would be indorsed and per governing laws, an [assignment of mortgage] would be reflected in public land records to provide constructive notice of a new secured creditor change. But that did not happen.

THE DEAD / ZOMBIE FILE

ASSIGNMENTS? [Movement of the eNote or “Electronic negotiation of the eNote”]

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Transfer of Flow
TOS/TOB Servicing
Rights

12/09/2004

[1001310](#) American Mortgage Network, LLC

MIN Status: Active
(Registered)
New Servicer: 1000113 Wells
Fargo Home Mortgage a
Division of Wells Fargo Bank
NA

A MERS Milestone provides the proof of an “actual notice” MERS members refer to. Through MERS eDelivery, and according to the above MERS Milestone, the [eNote] was transferred to Wells Fargo Home Mortgage [electronic eNote transfer from one investor to another investor]. But this [eNote] is not the [tangible] paper promissory Note [tangibly] indentured by the [potential homeowner][borrower]. MERS does not track a paper promissory note. MERS only tracks eNotes. Wells Fargo Home Mortgage never recorded its lien continuation in public land records. So who tracks the paper?

PUBLIC LAND RECORDS [Messed with almost Every Record in the System]

What did happen in public land records was some “Vice President” or “Assistant Secretary” allegedly claiming to be a MERS officer records something typically called “Assignment of Note and Deed of Trust” in public land records. This was and is still a distraction to lure many into the “Robo-Signer” scandal? It is a cover up. Why waste time on it. There are bigger fish to fry. This colorable [recordation] is only an illusion because the fraudulent “Assignment of Note and Deed of Trust” which is an electronic record has nothing to do with the [potential homeowner][borrower][grantor] tangible mortgage loan. This “Assignment of Note and Deed of Trust” is proof that there was an electronic transfer [electronic negotiation of the eNote] in the MERS eRegistry, but it does not prove neither negotiation of the [tangible promissory note] or the transfer of the tangible [security instrument]. Because neither of the contracts can legally or lawfully exist now. The design of the tangible [security instrument] removed all legality to such contract even before it was recorded in public land records. Then the value was stripped from the [tangible] promissory note and that [tangible] value was somehow placed into the eNote. How can that legally happen? It can’t according to laws of negotiation.

THE FORECLOSURE

Here lies the confusion to the MERS/GSE scheme. MERS members have made a serious mistake when it comes to defaults. As it is clear that MERS members conduct business with

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eNotes and not tangible paper promissory Notes. More “Lenders” claiming title to a security instrument that was defeated before it was ever recorded into public land records. More than that, “Lenders” are using the “Account Debtor” Obligation to confiscate the real property of owners whom lawfully own it [potential homeowner][borrower][grantor]. The security instrument, called a Deed of Trust in Texas, is not anything the “Lender” can lawfully use for enforcement. These “Lenders” will actually have a time trying to collect upon a tangible promissory Note when it is shown that the “Lender” actually stripped the value from that tangible note and claimed it in a transferable record. There is no value to a Note if the amount was taken away.

What should have happened when the “default” was declared was that the current “Controller” should have foreclosed upon the Account Debtor. In the example above, it would be AMNET. The eNote [intangible obligation] was not created by the [potential homeowner][borrower], it was created by a MERS member who became the account debtor responsible for a payment stream that does not lawfully exist anymore. Actually it didn’t before.

THE END

It is amazing how a [potential homeowner] can become an unsuspecting victim at the beginning and can later become a “deadbeat” in the eyes of the court and of the people. Its amusing to hear people whom have very little knowledge of this scheme then pass judgment upon these unsuspecting victims of the largest crime in U.S. history. What is even more amusing is the fact that these “typical” people do not even realize they are involved in this also. They pay taxes. The banks get the last laugh.

Again, all you need to do is read the articles and charts created by James McGuire. He did all the leg work so you don’t have to. All you need to do is go and verify what’s already been verified. A challenge was put to the world a few years back about this “mishap” and it has not been proven wrong anywhere yet.

“O daughter of Babylon, doomed to be destroyed, blessed shall he be who repays you with what you have done to us!”

Peace be with you,