



SO ORDERED.
SIGNED this 20th day of November, 2015

THIS ORDER HAS BEEN ENTERED ON THE DOCKET.
PLEASE SEE DOCKET FOR ENTRY DATE.

Shelley D. Rucker

Shelley D. Rucker
UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TENNESSEE
SOUTHERN DIVISION**

In re:)
)
RODNEY MAURICE HILL, SR.,) **No. 1:14-bk-15544-SDR**
SONYA ROCHE HILL) **Chapter 13**
)
)
Debtors.)

Memorandum and Order

Kara L. West, Chapter 13 trustee, filed a Motion for Sanctions on August 12, 2015 (Doc. No. 145), and set this matter for hearing on August 20, 2015. The debtors, Rodney Maurice Hill, Sr., and Sonya Roche Hill, were granted continuances of the hearing on this motion due to a death in Mr. Hill’s family. The matter was heard on September 3, 2015, along with a number of other matters which the debtors had filed. The debtors appeared *pro se* and counsel for the trustee appeared. Counsel for Mr. and Mrs. Otto Boehm, creditors in the case, also appeared. The

trustee's motion was also supported by an affidavit of her attorney, Cherie N. Knotts, stating that a safe harbor letter had been sent to the debtors on July 14, 2014, along with a copy of the trustee's motion for sanctions. (Doc. No. 146).

I. Background

A. Chapter 13 Proceeding and Agreed Order Confirming Changes to Plan

The debtors filed a voluntary Chapter 13 petition for bankruptcy on December 11, 2014. (Doc. No. 1). They were represented by counsel and proposed a plan to pay a total of \$1,550 a month to the trustee to pay creditors. (Doc. No. 2). The plan provided for specific payments to be made to two creditors who held the debtors' vehicles as collateral and to Mr. and Mrs. Boehm, who were the debtors' lessor pursuant to a real property lease.¹ Mr. Hill made his payments as a result of a wage order sent to his employer. Mrs. Hill made little or no contribution toward the plan payments and contends that she never agreed to make payments. Her understanding was that the entire plan payment was to come from Mr. Hill's wages. The debtors objected to the Boehms' claim (Doc. No. 33), and the Boehms objected to the debtors' plan (Doc. No. 30) and filed a motion for relief (Doc. No. 35). An evidentiary hearing was held on these matters on March 4, 2015. The plan was confirmed on March 18, 2015 (Doc. No. 67), and the motion for relief was denied as moot on March 24, 2015 (Doc. No. 69). The objection to the claim was resolved by an agreed order filed with this court on April 22, 2015. (Doc. No. 75). These agreements increased the debtors' monthly plan payments to approximately \$2,000 a

¹ The parties to the lease with an option to purchase for property located at 714 S. Seminole Drive, Chattanooga, Tennessee, are the debtors and Mr. and Mrs. Otto Boehm. A mistake was made on the proof of claim, and the creditor was shown as Otto Boehm and Junior's Building Materials, Inc. *See* Claims Register, Claim No. 9. At a previous hearing, the court ruled that Junior's Building Materials, Inc. was neither a creditor nor a party to the lease agreement and that, to the extent the company was a party to the claim, its interest in any distribution on the claim was disallowed. (Doc. No. 136). There has been substantial litigation between the debtors and the Boehms. (*See* Doc. Nos. 33, 35, 64, 65, 66, 69, 97, 129, and 135).

month, an amount which exceeded the entire amount of Mr. Hill's take home pay of \$1,860.56 a month and, therefore, required Mrs. Hill to contribute funds.

B. The Tender of the Bill of Exchange and the Show Cause Hearing

On March 4, 2015, contemporaneously with their negotiations to resolve the motion for relief and the objections to confirmation, the debtors sent documents, which they referred to as "bills of exchange," to the Chapter 13 trustee and the Boehms. The debtors claim that the documents they sent are negotiable instruments that entitle the trustee and the Boehms to draw on an account at the United States Treasury in the name of Mr. Hill and Mrs. Hill, or, in the alternative, that these bills of exchange are commercial paper which are equivalent to currency. The debtors contend that, as a result of sending these documents, their debts have been discharged.

The trustee's office acknowledges receiving a "Letter of Advice"/"Bill of Exchange" on or about March 4, 2015, which purported to offer, in satisfaction of the debtors' obligations under their Chapter 13 case, an instrument drawn on the debtors' "Personal Direct Treasury Trust," an account set up with the Department of Treasury. The trustee's office has a policy of accepting payment only in certain forms, such as certified funds, personal checks, third-party checks (in certain cases), money orders, and verified electronic funds transferred from a United States bank account pursuant to the trustee's ePay or ACH program. The debtors' bill of exchange was not one of these forms so the trustee's office declined the debtors' tender by silence.

The debtors filed *pro se* a "Motion to Show Cause" on May 12, 2015. (Doc. No. 77). The motion failed to contain the notice required for a hearing under E.D. Tenn. LBR 9013-1. The

debtors were still represented by counsel of record at this time, and under the local rules of this court, individuals who are represented by counsel may not appear. E.D. Tenn. LBR 9010-2(b)(1). On May 14, 2015, the debtors' counsel filed a motion to withdraw. (Doc. No. 81). The same day, the debtors withdrew their motion to show cause (Doc. No. 82) and filed a new motion to show cause (Doc. No. 84), alleging that the trustee and the Boehms had:

committed Breach of Contract reference: Item Tender for Discharge of Debt in violation of T.C.A. § 47-2-304 Price payable in money, goods, realty or otherwise, Public Law 73-10, HJR 192 of 1933 and Title 31 USC 3123, and 31 USC 5103. The International Bill of Exchange is a legal tender as a national bank note, or note of a National Banking Association, by legal and/or statutory definition (UCC 4-105, 12 CFR Sec. 229.2, 12 USC 1813). Issued under Authority of the United States Code 31 USC 392, 5103, which officially defines this as a statutory legal tender.

(Doc. No. 84). In the prayer for relief, the debtors asked the court to find that their debts were settled as a result of the tender which, according to their interpretation of the law, the Boehms and trustee were required to accept. *Id.* The motion was supported by a nineteen-page memorandum in which the debtors mixed commercial law provisions with international trade agreements and banking laws. In the memorandum, the debtors confused the public debt of the United States with the private debt of the debtors. They describe a theory under which, as a result of the United States leaving the gold standard in 1933, the debtors became the holders of obligations from the United States in exchange for their standing behind the full and faith and credit of the United States. According to the debtors' theory, these obligations from the United States may be represented by "bills of exchange," which are negotiable instruments that the debtors can tender as settlement of their debts. As further support, the debtors each filed an affidavit, in a question and answer format, that restated many of their arguments and also requested the production of documents related to "the issuance of a title of Nobility by the Federal or state governments," a "certified copy of the Respondents 'Delegation of Authority' as

designated by the Constitution or Public or state law,” “evidence of a ‘Security Interest’ in Claimants labor, compensation and property,” “evidence of a ‘Contract’ which bears Claimants bona fide signature,” and a “‘Determination of Liability,’ supported by facts and evidence.” (Doc. Nos. 84-1, at 11, and 84-2, at 11).

On June 9, 2015, the trustee and the Boehms filed responses to the show cause motion (Doc. Nos. 87 and 88), challenging the legal and factual basis of the debtors’ arguments. On June 11, 2015, the trustee also filed a motion to dismiss the case for failure to make payments and lack of feasibility. (Doc. No. 90).

The court granted the debtors’ counsel’s motion to withdraw on June 12, 2015. (Doc. No. 92). Following numerous calls and appearances at the clerk’s office by Mr. Hill, questioning why the debtors’ matter had not been set for hearing, the court set the matter for hearing on June 26, 2015. (Doc. No. 93). In that order setting the hearing, the court also directed the debtors to read and comply with the local rules for setting hearings. The debtors have not complied with the court’s order regarding notice and setting hearings with respect to any of the many papers that they have filed subsequently with the court.

Prior to the June 26 hearing, the debtors filed an “Entry by Special Appearance,” which included a certificate of service of a “Notice of Appearance” on the “bankruptcy clerk for the Hamilton County, Tennessee.” (Doc. No. 89). On June 18, 2015, the debtors filed a “Notification of Reservation of Rights,” which listed the debtors as plaintiffs and Mr. Boehm and the trustee as respondents. (Doc. No. 99). The notification purported to reserve all of the debtors’ rights with respect to Uniform Commercial Code § 1-308 and notified, presumably the respondents, that “all actions commenced against me may be in violation of USC Title 18>Part I>Chapter 13> § 242 Deprivation of rights under color of law.” *Id.* UCC § 1-308 involves

performance or acceptance under reservations of rights under a contract to which the Uniform Commercial Code is applicable. Section 242 of Title 18 relates to violations of the debtors' civil rights by official actions by parties acting under the color of law. The debtors' notification does not identify any contested matter or issue before the court to which such a reservation of rights could apply. The second citation is also confusing because no action against the debtors was pending in this court. The Boehms' motion for relief had been resolved. The debtors filed their bankruptcy case voluntarily, and they were the movants in the show cause motion. The court is left to guess that the debtors believed that they needed to file something more to preserve their rights other than the appeal rights already granted to them under the 28 U.S.C. § 158 and Bankruptcy Rules 8001 *et seq.*

On June 22, 2015, the debtors filed an assortment of documents. (Doc. No. 100). This collective filing, which the court will refer to as the "#100 package," contained no cover page indicating what pleading it related to or what relief the debtors sought. Given the fact that it was filed prior to the June 26 hearing on the show cause motion and given the similarity of some of the materials to those filed with the show cause motion, the court treated them as exhibits in support of that motion. The #100 package begins with a collection of documents. The first is titled "Bill of Exchange." *Id.* at 1. It references the debtors' bankruptcy case. *Id.* It is addressed to the attention of a law clerk for this court and explains what a bill of exchange is, repeating the phrase "Refusal is discharge" twice on the first page. *Id.* This is followed by an IRS Form 56 naming this judge the fiduciary trustee for the debtors, although the signature line for the fiduciary is signed by the debtors. *Id.* at 6-7. There is also a letter to this court authorizing the judge to "use my exemption for post settlement and closure of this case and account." *Id.* at 11. There is also a document entitled "Release of Personal Property from Escrow," which references

an account number that is the debtors' bankruptcy case number. *Id.* at 12. In this document, Mr. Hill represents that he is a "duly authorized representative of the United States government as a warranted contracting officer," and releases his vehicle from this alleged escrow account. *Id.* Mr. Hill lists the United States Bankruptcy Court as a financial institution, and both he and his wife signed the document. That document is followed by: (1) a Bid Bond form releasing a UCC-1 Financial Statement filed in Davidson County; (2) a "Release of Lien on Real Property" in which the debtors indicate that they have become a surety for the performance of an unnamed "U.S. Government Contract" and in which Mr. Hill releases the lien he allegedly imposed on his own property; and (3) a payment bond to the United States of America signed by Mr. Hill and Mr. Reginald Harvey. *Id.* at 13-16.

Next in the #100 package is what appears to be the debtors' memorandum in support of their show cause motion. It is entitled "Affidavit of Discharge and Legal Tender Acknowledgement" and it contains an analysis of why the debtors purportedly satisfied their debt obligations with a piece of paper called a bill of exchange. *Id.* at 17-21. It argues that the debtors have "no access to 'lawful constitutional money of exchange'" and "can only discharge fines, fees, debts and judgments 'dollar for dollar' via commercial paper or upon Affiant [i.e., the debtors'] exemption" and that "'currency' is merely a 'confidence' game predicated upon the people's faith or 'confidence' that these currencies/instruments can be exchanged/accepted for goods and services." *Id.* at 18. After stating in paragraph twenty-four of the Affidavit that "Affiant has nothing further to state at this time," the debtors continue for two additional paragraphs:

25. If this acquisitioning mechanism is denied for any reason, deny in Rodney Maurice Hill, Sr. and Sonya Roche Hill, EXECUTOR his right to draw upon his claim and interest in the Gold held by the Treasury of the United States of

American and his deficiency payment caused by the WAR AND EMERGENCY ACT (Executive ORDER(s) 2039 and 2040), under public policy (private law) of the 'New Deal' Cheap Food Policy (and others), then this act will be in direct violation of the Constitution for the united [*sic*] States of America, seventeen-hundred and eighty seven, because involuntary servitude has been abolished, and the undersigned, pursuant to his First Amendment Right, one of those Rights public servants are obligated to protect, to not be compelled to be a part of a corporation, church, communistic State or to make self-sacrifice to a false god.

26. This form of acquisition, secured by Accounts receivable (on Deposit with the Treasury) for non-payment by the United States Treasury, and for the purpose of discharging payment in like kind, debt-for debt, which is the only means by which Rodney Maurice Hill, SR. and Sonya Roche Hill EXECUTOR here has of discharging the debt placed on him by the United States (and 'its' subsidiaries). This letter and the IRS forms accompanying it constitute a discharge, should the need occur, under bankruptcy and insolvency, placed upon the undersigned by the before mentioned Executive Order(s) 2039 and 2040 of March 6, 1933 and March 9, 1933.

Id. at 20. The first section of the #100 package concludes with another "Notice of Reservation of Rights" and a certificate of service for this package of documents. *Id.* at 22-27.

As an attached exhibit, the #100 package also contains a copy of the case of *Waldron v. Delffs*, 988 S.W.2d 182 (Tenn. Ct. App. 1998), a case that discusses the requirements of a negotiable instrument under Tennessee commercial law. (Doc. No. 100-1.) There is no discussion in the #100 package about how *Waldron* is applicable to the debtors' bankruptcy or how the debtors' bill of exchange meets the requirements set out in *Waldron*.

The next exhibit is a memorandum entitled "Notice of Memorandum of Law - Points and Authorities in Support of International Bill of Exchange." (Docket No. 100-2). This eight-page memorandum contains a number of unattributed quotes related to instruments negotiated to the United States Treasury being obligations of the United States under 18 U.S.C. § 8. That code section relates to, among other things, checks drawn by or upon the authorized officers of the

United States or other representative of value issued under any Act of Congress. *Id.* at 1. The memo goes on to argue that the United States, by going off the gold standard in 1933, left its citizens with no way to pay their debts but through commercial instruments. The memo describes the full faith and credit of the United States as being:

the private assets and property . . . used to collateralize the obligations of the United States since 1933, as collectively and nationally constituting a legal class of persons being a “national bank” or “national banking association” with the right to issue such notes against The Obligation of THE UNITED STATES for equity interest recovery due and accrued to these Principals and Sureties of the United States backing the obligations of US currency and credit; as a means for the legal tender discharge of lawful debts in commerce as remedy due them in conjunction with US obligations to the discharge of that portion of the public debt, which is provided for in the present financial reorganization still in effect and ongoing since 1933.

Id. at 6. The court’s interpretation of this argument is that the debtors believe they are “a surety of the United States, as are all citizens,” *id.*, and that as such they may issue commercial instruments to pay their debts. From that premise, they argue that, because they have a right to issue commercial paper, they are a bank and that, like a bank, the commercial paper they issue should be recognized as a sort of currency for the payment of their debts. The debtors seek to have the court recognize that all citizens can issue these bills of exchange as a new kind of currency with which to satisfy their debts. The court has already addressed the total lack of success that such an argument has had in other courts in its opinions on the motion to show cause and the motion to reconsider. (Doc. Nos. 105 and 198). In summary, such an argument has been unsuccessful and attempts to use such homemade currency have been considered fraudulent. *See Bryant v. Wash. Mut. Bank*, 524 F. Supp. 2d 753, 758-61 (W.D. Va. 2007); *In re Barnes*, 2010 WL 3895463, at *5 (Bankr. E.D. Mo. 2010); *In re Harrison*, 390 B.R. 590, 594-95 (Bankr. N.D. Ohio 2008).

The #100 package concludes with a case brief summary of *Swift v. Tyson*, 41 U.S. 1 (1842). (Doc. No. 100-3). *Swift* involved a bill of exchange, but the court cannot find any other connection between that case and the issues raised by the debtors in their motions. The debtors did not disclose that the holding of *Swift* was overturned 77 years ago nor did they address whether that subsequent ruling impacted their position. *See Erie R. Co. v. Tompkins*, 58 S. Ct. 817, 818 (1938).

In addition to the #100 package, the debtors filed another document on June 22, 2015, a Treasury Direct Account Authorization. (Doc. No. 101). This document purports to open and authorize the activation of a Treasury Direct Account. The web address listed on the form leads to a website for accessing a trading account for U.S. securities. The debtors provided no evidence that they purchased or sold anything from this account after it was opened.

On June 26, 2015, the court held a hearing on the debtors' motion to show cause. At the hearing, the court asked Mr. Hill to identify one example in which someone had been able to obtain value from the United States Treasury after receiving a similar bill of exchange. He was unable to cite the court to a single instance. (Hearing, June 26, 2015, 3:19 - 3:20 p.m.). Mr. Hill put a witness on the stand, Reginald Harvey, who testified that he had personally used a bill of exchange to pay a debt to a bank, although he acknowledged that there was a federal case pending on the issue. (Hearing, June 26, 2015, 3:32 - 3:35 p.m.). Mr. Harvey then proceeded as a witness to make the same arguments that were contained in the debtors' pleadings.

After considering the pleadings, the testimony, and the debtors' arguments, the court found that the debtors' tender of a bill of exchange was not acceptable as payment for their debts owed to the Boehms or under their Chapter 13 plan. (Doc. No. 105). In giving its oral opinion, the court relied on the cases of *In re Harrison*, 390 B.R. 590, 594-95 (Bankr. N.D. Ohio 2008)

and *In re Cadillac DeLorean*, 262 B.R. 711, 718 (Bankr. N.D. Ohio 2001), which held that the debtors' theory was not valid and that there was no Treasury account on which a debtor could draw to satisfy a debt. The court found that the account had no value and that the bill of exchange was not legal tender. An order denying the relief the debtors requested was entered on June 30, 2015. (Doc. No. 105).

In their replies to the debtors' motion to show cause, the Chapter 13 trustee and the Boehms sought sanctions on the basis that there was no authority supporting the debtors' contentions. (Doc. Nos. 87 and 88). In its order denying the motion to show cause, the court also denied the requests for sanctions on the basis that the issue presented was one of first impression for this court and in recognition that the debtors were proceeding *pro se*. (Doc. No. 105).

C. The Motion to Reconsider

On July 8, 2015, the debtors timely filed a motion to reconsider to which they attached four exhibits. (Doc. No. 108). The first exhibit is a case headed "Negotiable instruments must say 'payable to order or to bearer.'" (Doc. No. 108-1). The attachment has no citation but the court was able to locate a citation to the case which is *U.S. Bank N.A. v. Phillips*, 852 N.E.2d 380 (Ill. App. Ct. 2006). *Phillips* involved a *pro se* individual who tried to satisfy a mortgage with a bill of exchange drawn on an obligation of the Secretary of the Treasury. The defendant in that case used many of the same citations related to the departure from the gold standard in 1933 as the debtors use in the present case. The ruling in *Phillips* is directly adverse to the debtors' position. The *Phillips* court in fact held that the bill of exchange was "nothing more than words strung together on a piece of paper which lack any cohesive meaning and convey nothing." *Id.* at 382. When this court asked Mr. Hill at the hearing on the motion to reconsider why the debtors

had included the *Phillips* case in their motion to reconsider, Mr. Hill was unable to explain how the case supported their position. (Hearing, September 3, 2015, 4:38-4:41 p.m., 4:51-4:54 p.m.).

The second exhibit to the motion to reconsider is a pleading and a transcript from another case which was offered to show that a bill of exchange had been recognized by another court as a defense to a mortgage. (Doc. No. 108-2). The case, *Bank One, N.A. as Trustee v. Robert E. Ward, et al.*, Case no. 2001, 31518 CICI in the Circuit Court of the 7th Judicial District, Volusia County, Florida, involved three individuals' opposition to a mortgage holder's attempts to foreclose on real property. The pleading attached to the Motion to Reconsider is a "Motion to Stay Order Denying Plaintiff's Motion for Summary Judgment with Prejudice, Order Granting Motion to Dismiss Complaint with Prejudice, Order Declaring Mortgage, Lis Pendens and Note Satisfied and Fully Discharged and Final Judgment for Defendants." The pleading was filed after the *Ward* court entered orders denying the bank's motion for summary judgment based on a hearing held on October 8, 2002. The transcript from the hearing was also attached as an exhibit to the Motion to Reconsider. (Doc. No. 108-2, at 9-17).

The debtor in *Ward* argued that she had tendered a bill of exchange in satisfaction of her debt and contended that she had sent instructions about how the bank could receive funds from the Treasury Department. The *Ward* debtor explained that, "[a]ccording to Florida Statute 672.304, price payable in money, goods, realty or otherwise, and I chose otherwise. It says the price can be made payable in money or otherwise, and I chose otherwise, which was the bill of exchange. And there is a large amount of case law supporting the facts that notes and bills of exchange are the same as money and checks, et cetera." (Docket No. 10-2, at 33-34).

In a supplemental response to the motion to reconsider, the Chapter 13 trustee provided the court with an article indicating that the Florida circuit court's ruling had been appealed and

overturned. (Doc. No. 167). Although the court has not been able to obtain a copy of that appellate opinion, the docket available on the webpage of the Circuit Court of Volusia County Florida, indicates that a notice of appeal was filed on January 7, 2003, appealing the orders entered on December 30, 2002.² (*See Ward*, Case no. 2001, 31518 CICI, Doc. Nos. 77, 78, 78.5, and 83). On October 24, 2003, the appellate court entered an order vacating the circuit court's final judgment and reinstating the mortgage and lien lis pendens. (*See id.* at Doc. No. 202). The defendant appealed on November 20, 2003 (Docket No. 214), and the appeal was withdrawn and dismissed on June 7, 2004. (Docket No. 232). A final judgment of foreclosure was granted on January 31, 2005 for \$98,239.49. (Docket No. 243). Contrary to the debtors' contentions, the bill of exchange used in *Ward* did not satisfy the debt owed to Bank One. Moreover, the debtors failed to provide this court with the complete history of the *Ward* case.

The third exhibit that the debtors included in their motion to reconsider was another copy of *Waldron v. Delffs*, 988 S.W.2d 182 (Tenn. Ct. App. 1998), a case that the debtors had already provided to the court in their #100 package filed before the hearing on their motion to show cause.

The debtors' fourth and fifth exhibits seemingly relate to their dispute with the lessor. (*See* Doc. Nos. 33, 35, 64, 65, 66, 69, 97, 129, and 135). Exhibit 4 is a memorandum with partial attributions regarding consideration in the context of contract law. (Doc. No. 108-4). Exhibit 5 is the lease between the Boehms and the debtors. (Doc. No. 108-5).

At the hearing on the motion to reconsider, Mr. Hill argued that the value of the debtors' tender was based on the consideration for the original lease between the debtors and the Boehms.

² This information was obtained from the Case Management System available from the Clerk of the Circuit Court of Volusia County, Florida, on its public website, <http://app02.clerk.org/menu/default.aspx> (last visited November 5, 2015).

(Hearing, September 3, 2015, 4:31-4:32 p.m.). The court confirmed with Mr. Hill that the debtors had received consideration from the Boehms in the form of their living in the residence, and he admitted that his obligation in exchange for that consideration was to pay for the use of the residence in money or something of value. (Hearing, September 3, 2015, 4:33 p.m.). With that admission, Mr. Hill returned to his argument that his right to use a bill of exchange to pay his debts was his constitutional right and that the bill of exchange had value. (Hearing, September 3, 2015, 4:34 p.m.).

D. Miscellaneous Pleadings

Between July 8, 2015, the date the debtors filed their motion to reconsider, and August 20, 2015, the date the motion was originally set for hearing, the debtors filed the following additional documents:

1. “Challenge to jurisdiction.” (Doc. No. 110).
2. “Affidavit in Support of Motion to Challenge Subject Matter and Personum Jurisdiction [*sic*].” (Doc. No. 111). This affidavit contains the allegation that the “United States Bankruptcy Court Eastern District of Tennessee lacks jurisdiction [*sic*] is a FOREIGN STATE.” *Id.* at 2 (capitalization in original).
3. “Notification of Reservation of Rights UCC 1-308.” (Doc. No. 114). This is the third reservation of rights filed with the court and it adds allegations including that the debtors are only citizens of the “independent sovereign nation/state/republic of Tennessee” and are not citizens “of the corporate State of Tennessee or the corporate United States.” *Id.* at 2.
4. A blank “IRS Form 56, Notice Concerning Fiduciary Relationship.” (Doc. No. 115).
5. “Entry by Special Appearance.” (Doc. No. 116).
6. “Notice of Constitutional Challenge to Statue [*sic*] and Motion to Intervene.” (Doc. No. 117). The notice seeks leave to challenge the constitutionality of a statute under Fed. R. Civ. P. 5.1, but cites no statute, only the debtors’ bankruptcy case.
7. “Affidavit of Truth Statement for Vacate & Void with Opportunity to Cure and Conculison [*sic*].” (Doc. No 118). The affidavit swears that the debtors are not

sovereign citizens and states that “[t]here is no document on the face of this court that holds the proof that Case No. 14-BK-15544, listed above, does me [*sic*] the required element of a crime.” *Id.*

8. “Request for Discovery.” (Doc. No. 119). This request is directed to “Junior’s Building Materials, Inc. and Ott Behm [*sic*]” as respondents but proceeds to quote sections from the Tennessee Code Annotated providing that a defendant may demand that the State provide certain information in criminal proceedings. *Id.* at 1. The request also demands that the State’s attorney produce a license to practice law in the state of Tennessee. *Id.* at 2. In paragraph 9, it seeks to have some unnamed party “Produce the ‘Foreign Agents Registration Statement’ required by the Prosecution and Acting Judge acting in this case.” *Id.* The request concludes with a request for information related to district court jurisdiction involving actions against foreign states (citing 28 U.S.C. § 1330). *Id.* at 3. When questioned at the hearing on the motion to reconsider, why the provision regarding actions against foreign states was relevant, Mr. Hill explained that when attorneys took their oath to be licensed attorneys they gave up their citizenship and became agents of a corporate entity, i.e., the United States, which he does not recognize as a country. (Hearing, September 3, 2015, 3:48-3:49 p.m., 4:22-4:24 p.m.).
9. “Judicial Notice Affidavit in Support of Motion to Challenge Subject Matter and Personum [*sic*] Jurisdiction.” (Doc. No. 120). This affidavit challenges jurisdiction on the basis that the bankruptcy court is a foreign state with no power to adjudicate the bankruptcy case. *Id.* The court notes that this case is a voluntary filing under Chapter 13 and that the debtors had a right to dismiss the case at any time. Despite being repeatedly asked by the court if he wanted to have the case dismissed, Mr. Hill continued to ask the court to hear his arguments and not dismiss the case.
10. “Challenge of Subject Matter Jurisdiction [*sic*]; Personam Jurisdiction and Notice of Violation of Due Process of Law by Way of Memorandum of Facts with Points of Authorities; Argument and Conclusion.” (Doc. No. 121). This filing is a nine-page brief reciting many of the same arguments stated in the affidavit filed at Doc. 120.
11. “Affidavit of Status as Secured Party and Creditor.” (Doc. No. 122). In this affidavit, the debtors declare that they have “supreme authoritative power of attorney, sole security interest, and [are] the holder in due course of a first right of claim over the Debtor, evidenced by a \$100,000,000,000.00 commercial lien.” *Id.* at 1. The debtors identify themselves as “TM Rodney Maurice Hill, Sr. ©, a legal entity for use in commerce #XXX-XXXXXX; Sonya Roche Hill ©, a legal entity for use in commerce #XXX XX XXXX.” *Id.* (The debtors included their social security numbers, which the court has redacted for privacy reasons. *See* 11 USC § 107. The debtors have repeatedly included their social security numbers in filings and refused the court’s suggestion that they remove these numbers in their filings. *See* Fed. R. Bankr. P. 9037.).

12. “Affidavit of Revocation and Rescission.” (Doc. No. 123). This affidavit relates to the debtors’ rejection of submission to the federal income tax and revokes any waiver they may have inadvertently made to their “inalienable right to contract, to acquire, to deal in, to sell, rent, and exchange properties of various kinds, real and personal, without requesting or exercising any privilege or franchise from government.” *Id.* at 2. Further, the debtors contend that they have learned that “these inalienable property rights also include [the] right to contract for the exchange of [their] labor-property for other properties such as wages salaries, and other earnings.” *Id.* The court can find no relevance of this declaration to the issues that were before the court.
13. A letter “Re: Presentment in the nature of a ‘Letter Rogatory.’” (Doc. No. 124). This letter, addressed to the bankruptcy judge, was filed by Mr. Hill as “a Belligerent Claimant proceeding in accordance with his natural right and standing as a Man upon the dry land,” and consists of sixteen pages of quotations and declarations regarding forfeiture statutes, the Bill of Rights, the Commercial Code, and criminal warrants. The court fails to see the relevancy of any of these arguments to the issue of the value of the bill of exchange.
14. Another copy of the “Affidavit of Status as a Secured Party and Creditor.” (Doc. No. 125). The debtors attached to this affidavit a “Constructive Notice of Conditional Acceptance,” requesting to “abate public proceedings” and specifically referencing a hearing scheduled for July 16, 2015. Pages appear to be missing from this notice.
15. “Affidavit of Specific Negative Averment.” (Doc. No. 126). This affidavit relates to the debtors’ argument that tender of payment results in a discharge under UCC § 3-603. The debtors “conditionally accept[ed]” the “[r]equest to appear dated: July 16th 2015,” from the clerk of the bankruptcy court. *Id.* at 2. The debtors also asked for an abatement of the proceedings, pending the outcome of a counterclaim which was supposedly attached. *Id.* The only document attached is a “Letter Rogatory” which references a “Detainer Warrant” dated December 3, 2014. *Id.* at 4. The document appears to confuse the bankruptcy proceeding with a state court proceeding for eviction that was pending before the bankruptcy case had been filed and which would presumably resume if the court granted the Boehms’ motion for relief from the automatic stay that was set to be heard on July 16, 2015. *Id.* at 5. The document again restated the debtors’ argument that their debt to the Boehms was being discharged and that there was therefore no controversy remaining before the court. *Id.*
16. “Oath of Office.” (Doc. No. 131). This is a copy of the oath of office taken by bankruptcy judges.

E. Notice of Appeal

The debtors filed a notice of appeal of the court’s ruling on the show cause motion on July 27, 2015, prior to the court’s hearing the motion to reconsider, they but did not pay the

filing fee. (Doc. No. 138). On August 4, 2015, the debtors filed an application to proceed *in forma pauperis*, which has not yet been ruled on. (Doc. No. 142).

F. The Boehms' Second Motion for Relief

In the midst of the filings made between July 8, 2015, and August 20, 2015, the court held a hearing on July 16, 2015, on the Boehms' second motion for relief. After reviewing Mr. Boehm's claim in detail, and hearing testimony on the lease agreement, the court took the matter under advisement. The court entered an order on July 27, 2015, lifting the stay. (Doc. No. 136). The debtors had continued to live in the house without paying rent and had continued to contend that the bill of exchange had satisfied their obligation. They could not and would not pay any more into their Chapter 13 plan above what could be paid from Mr. Hill's salary. As cause for relief, the court found that Mr. Hill's salary, even if used entirely for the plan, was not sufficient to make the payments required by the confirmed plan as modified by the April 22 agreed order. *Id.*

Following the court's ruling on the Boehms' motion for relief, the debtors filed more papers. On July 27, 2015, the debtors filed with the court a letter to the Boehms' attorney with a "Certified Promissory Note" drawn on the Department of Treasury payable to the bankruptcy court for \$22,296.33. (Doc. No. 139). The debtors also filed a "2015 IRS Form 1099-A (Acquisition or Abandonment of Secured Property)" listing the single family home they were leasing from the Boehms with a principal outstanding balance and fair market value of \$167,900. (Doc. No. 140).

On August 4, 2015, the debtors filed with the court another letter to the Boehms' attorney. (Doc. No. 143). This letter is identical to the previous letter (Doc. No. 139) with the addition of a memorandum entitled "Contract Clause" that discusses historical reasons for the

Contract Clause in the United States Constitution. The debtors also filed an IRS Form 3949-A, an “Information Referral” in which Mr. Hill reported Mr. Boehm for violating income tax laws under the headings “Organized Crime” and “Public/Political Corruption.” (Doc. No. 144).

G. Motion to Dismiss

Prior to the hearing on the motion to show cause, the Chapter 13 trustee filed on June 11, 2015, a motion to dismiss as to feasibility. The debtors had failed to make the payments required by their plan, and they needed to increase the payments to \$2,265 a month. (Doc. No. 90). This motion was set for hearing on July 16, 2015. It was continued to August 20, 2015, and again to September 3, 2015.

H. Second Motion for Sanctions and Hearing on the Motion to Reconsider and the Motion to Dismiss

The Trustee filed a second motion for sanctions on August 12, 2015, which is the motion pending before the court. (Doc. No. 145). The motion was set for hearing on August 20, 2015, along with the debtors’ motion to reconsider the court’s ruling on the bill of exchange. (Doc. No. 108). Following a continuance, the debtors filed a “Notice of Appeal and Statement of Election” (Doc. No. 151), a “Notice of Intent to Preserve an Interest” (Doc. No. 152), an “Affidavit of Adverse Claim” (Doc. No. 153), a “Discovery Motion Attorney to Reveal Foreign Agent Status” (Doc. No. 162), a “Verified Motion for Attorneys to Show Bona Fides and Authority” (Doc. No. 163), and an “Emergency Motion to Stay Writ and Possession” (Doc. No. 169). None of these pleadings contained the notice of hearing required by the local rules. The last document was simply a copy of a pleading filed in the General Sessions Court of Hamilton County, Case No. 13 GS 5826, seeking to stay a writ of possession filed by Junior’s Building Materials and Otto W. Boehm. It sought discovery requiring the attorney in the General Sessions case to reveal his or her foreign agent status. It did not seek any relief from this court. On August 26, 2015, the

court set Docket Numbers 162, 163, and 169 for hearing on August 27, 2015, the date to which the August 20, 2015 matters had been passed. Another extension was granted and all of the matters were reset for September 3, 2015.

On September 3, 2015, the court denied the motion challenging the court's jurisdiction on the basis that the debtors had voluntarily submitted themselves to the jurisdiction of the court by filing their Chapter 13 proceeding. The court denied the discovery motions seeking to require the attorneys for the Chapter 13 trustee and the Boehms to reveal their foreign agent statuses or show their bona fides. As to the first motion, the court found no authority contained in the debtors' request that would merit granting the request. As to the requirement for the attorneys to produce their licenses, the court took judicial notice of the admission procedures for admission to practice before the District Court of the Eastern District of Tennessee, which requires applicants to prove that they are admitted to practice law. *See* E.D. Tenn. LR 83.5 (a)(1). The court further took judicial notice that in order to be admitted to practice before the bankruptcy court, those requirements must have been met. *See* E.D. Tenn. LBR 2090-1. Finally the court noted that counsel for the Trustee and the Boehms were admitted to practice before the bankruptcy court.

As to the Emergency Motion to Stay Writ, the pleading sought no relief from this court. The debtors filed a Motion to Reconsider Emergency Writ and Possession Order on September 2, 2015, which was not set for hearing. (Doc. No. 186). There was no notice provision contained on the first page of the pleading. This pleading does request that the court reconsider the Emergency Motion [to] Stay Writ and Possession Order; however, the original motion to stay the writ was not directed to this court. This court did not issue a writ of possession and its July 27, 2015 order lifting the stay had become final. The body of the motion cites "Rule 7; injunction pending appeal." *Id.* at 1. There is no Bankruptcy Rule 7. This pleading does not initiate an

adversary proceeding so Fed. R. Bankr. P. 7007 is not applicable, nor does that rule apply in contested matters. *See* Fed. R. Bankr. P. 9014(c). The debtor also cites “Rule 62.8: Power of appellate court not limited.” (Doc. No. 186, at 1). Like “Rule 7,” there is no Bankruptcy or Federal Rule 62.8 applicable to this motion.³ *Id.*

The court has denied the motion to reconsider by separate order with an accompanying memorandum citing nationwide rejection of the argument that a bill of exchange, allegedly deriving its value from an account at the Department of Treasury held as a result of the United States’ leaving the gold standard in 1933, has value, and the unanimous rulings that such a bill of exchange may not be used to discharge debts. The court has not found a single case in which Mr. Hill’s theory has been adopted. Even the cases attached to his Motion to Reconsider decide the issue against his position. (Doc. No. 199). The court also granted the Chapter 13 trustee’s motion to dismiss on September 18, 2015. (Doc. No. 202).

II. Jurisdiction

This court retained jurisdiction in its dismissal order to address the issue of sanctions. (Doc. No. 202). *See In re Burgner*, 218 B.R. 413, 415 (Bankr. E.D. Tenn. 1998); 11 U.S.C. § 105(a); 28 U.S.C. §§ 157(b)(2)(A), 1334.

III. Analysis

The trustee alleges that Mr. and Mrs. Hill have violated Fed. R. Bankr. P. 9011. That rule requires that:

- (a) Every petition, pleading, written motion, and other paper, except a list, schedule, or statement, or amendments thereto shall be signed by at least one attorney of record in the attorney’s individual name. A party who is not represented by an attorney shall sign all papers....

³ If the debtors had filed an adversary proceeding seeking an injunction from this court in compliance with Fed. R. Bankr. P. 7001(7), and if the court had entered such an order after ruling on a dispositive motion or trial, then Fed. R. Bankr. P. 7062 would have been applicable. The debtors have no adversary proceeding pending in this court.

- (b) By presenting to the court (whether by signing, filing, submitting, or later advocating) a petition, pleading, written motion, or other paper, an attorney or unrepresented party is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances –
- 1) it is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation;
 - 2) the claims, defenses and other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law;
 - 3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and
 - 4) the denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on a lack of information or belief.

Fed. R. Bankr. P. 9011.

If the court determines that a violation of Rule 9011 has occurred, it may impose sanctions, but those sanctions should be “limited to what is sufficient to deter repetition of such conduct or comparable conduct by others similarly situated.” Fed. R. Bankr. P. 9011(c)(2). The sanctions may consist of “directives of a nonmonetary nature, an order to pay a penalty into court, or, if imposed on motion and warranted for effective deterrence, an order directing payment to the movant of some or all of the reasonable attorneys’ fees and other expenses incurred as a direct result of the violation.” *Id.*

The court concludes that the debtors have violated Rule 9011(b)(1)-(3) with their filings in this case. The claims in the documents filed by the debtors in their #100 package and in their filings following the motion to reconsider (Doc. Nos. 111-132, 139-140, 143-144, 152-154, 162-163, 169) are not warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law. *See id.* at (b)(2). Additionally, there is no factual basis for the debtors’ contention that they have a “Personal

Direct Treasury Trust” account worth over a billion dollars that was created for them when the United States declared bankruptcy. *See id.* at (b)(3). Finally, the court concludes that the debtors’ pleadings were made for an improper purpose, specifically to cause unnecessary delay. *See id.* at (b)(1).

The court has been hesitant to impose sanctions in this case because the Hills have been proceeding *pro se*. Mr. Hill’s appearances in court have been civil and respectful. He is not a trained attorney. He has struggled with the interpretation and applicability of statutes and case law. He clearly has spent a great deal of time studying the arguments made by others who have sought to find a way out of paying their debts or taxes. For debtors about to lose their home, these superficially erudite, albeit meritless, arguments seem to offer a miracle solution. The court allowed Mr. Hill the benefit of the doubt at the show cause hearing on June 26, 2015, and denied the requests for sanctions. (Doc. No. 105).

When the debtors responded to the Boehms’ second motion for relief, the court carefully heard their arguments and put Mr. Boehm to his burden of proof on the amount due. Mr. Hill initially offered to have the entire plan payment come from his salary. When it was determined that he did not earn enough to make the payment, he fell back on his theory that the debt had been discharged. Based on Mr. Hill’s statements at that hearing, the court believes that this entire bill of exchange argument has been an effort to delay the Boehms from evicting the debtors from their home. The debtors refuse to believe that they still owe as much as the Boehms claim after making payments for years. The reality of the debtors’ situation is that they cannot afford the plan which has been proposed to save their house because of years of defaults under the lease and the accrual of interest at a high contract rate and the addition of attorneys’ fees over that same period.

The motion to reconsider was the debtors' third bite at the apple on this issue. To be clear, the court does not find that the filing of a motion to reconsider is the violation warranting sanctions. What the court does find sanctionable is the misleading authority the debtors attached to the motion and the additional motions requesting declaration of foreign agent status and a showing of bona fides. At the first hearing, the court provided the debtors with the case law on which it based its opinion. The debtors filed a motion to reconsider and included case law which directly contradicted their position, including a case in which the holding they cited had been vacated or reargued and a case that the debtors had been unable to explain in the prior hearings. The debtors provided no new case law or evidence that would show the court that it had committed an error with respect to its interpretation of the law or the facts.

The court might even have granted the debtors some leeway if they had stopped there. However, the debtors, with their deluge of other pleadings making ever more outrageous and irrelevant claims, have led the court to conclude that their misinterpretation of the statutory and case law is more than just misguided reliance on internet postings and random statutory searches. It is an effort to harass the Chapter 13 trustee, delay the Boehms from exercising their rights, and overburden the court with filings that fail to comply with the applicable rules or provide sufficient information to even determine whether they are pleadings or exhibits. Although a court must "liberally construe" the pleadings of a pro se litigant, it is "not bound to ignore the law or facts in doing so." *In re Level Propane Gases, Inc.*, 2007 WL 1814904, at *1 (N.D. Ohio June 20, 2007) (citing *Haines v. Kerner*, 404 U.S. 519, 520, 92 S. Ct. 594, 30 L. Ed. 2d 652 (1972)).

IV. ORDER

For these reasons this court hereby grants the Trustee's motion for sanctions and imposes monetary sanctions in the amount of \$500.00, payable to the Chapter 13 trustee as compensation

for the attorneys' fees and expenses that have been incurred. At the hearing on the motion to reconsider, counsel for the trustee stated that she had substantially more time and expenses involved in the response to the motion to reconsider and in reviewing the additional documents filed after the filing of the motion to show cause, but admitted she had only asked for the \$500.00. The court will therefore allow only \$500.00 as sanctions payable to the Chapter 13 trustee.

The payment of these sanctions is complicated by the debtors' actions following dismissal of their Chapter 13 case for nonpayment. After the court dismissed the case on September 18, 2015, the debtors refiled a Chapter 7 case with the court on September 30, 2015. *In re Rodney and Sonya Hill*, Case no. 1:15-bk-14276-SDR. The automatic stay imposed by the filing of the new case does not prevent the court from entering sanctions against the debtor for violation of Rule 9011. *Leonard v. RDLG, LLC*, 529 B.R. 239, 246-47 (E.D. Tenn. Apr. 6, 2015) (appeal pending); *In re Leonard*, 2014 WL 1025823, at *7 (Bankr. E.D. Tenn. Mar. 14, 2014) (collecting cases finding that post-petition sanctions imposed for prepetition violations of federal rules are excepted from the automatic stay).

Based on the court's findings of fact, the court will award a judgment against Mr. and Mrs. Hill jointly and severally for \$500.00. The sum shall be paid to the Chapter 13 trustee in installments of \$100.00 a month beginning on January 1, 2016, and on the first day of each month thereafter.

Any other outstanding motions filed by the debtors in their Chapter 13 case not previously ruled on are hereby dismissed with prejudice.

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