

Jurat Affidavit

Of

Gregory C. Morse, Affiant

In Support Of:

DEPARTMENT OF THE TREASURY - INTERNAL REVENUE SERVICE (IRS)

Form 211

Application for Award for Original Information
Questions 14, 15 & 16

AND

UNITED STATES SECURITIES AND EXCHANGE COMMISSION (SEC)

FORM TCR

TIP, COMPLAINT OR REFERRAL
Sections C & D

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Section 1: Introduction

1. This Whistleblower Filing is being made for the purpose of causing Agency Investigations to be conducted regarding the Acts of **Securities Fraud**, **Tax Fraud** and **Tax Evasion** conducted by the individuals and entities involved in the pre-engineered RICO Fraud Enterprise established and operated by the individuals and entities involved in both the Trust (REMIC) Certificate Securities Trading Industry and in the specific Trust (REMIC) entity responsible for trading the Fraudulent REMIC Certificates, converted into Securities, and, **supposedly**, underwritten by the Affiant's residential Mortgage.
2. This Whistleblower filing is being made due to knowledge gained and evidence obtained pursuant to the adjudication, as the Plaintiff, of his Federal pre-engineered Civil RICO Fraud Enterprise Complaint lodged against the eight (8) named Defendants and first filed on April 26, 2011, in the Federal District Court, Eastern District of Texas.
3. To the best knowledge and belief of the Affiant, this Racketeer Influenced Corrupt Organizations Act (RICO) based **Securities** and **Tax Fraud** debacle has not, since October, 2008, been researched, evidenced and publically disclosed, in a formally submitted, single Whistleblower document, in Jurat Affidavit form, until now.
4. The now uncovered, researched and evidenced **RICO Fraud** that underlies the **Mortgage Crisis**, continues, without restraint, to harm millions of innocent Americans in their pursuit of legitimate, honest and secure home ownership.
5. The accurate and evidenced history, **pre-engineered RICO intent**, designed criminality, devastating financial impact and the ultimate **End Game Exit Strategy** of utilizing Federal Bankruptcy to ultimately destroy **Mortgage**, **Securities** and **Tax Records** and to perpetuate the **Cover Up** of the corruption and criminal acts committed by those individuals and entities involved in the **Mortgage Crisis** is the focus of that which is submitted herein.

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6. Based upon the documented history of thousands of judicial and political actions **Not Taken**, since October, 2008 when the Mortgage Crisis was first publically disclosed, it is clearly apparent that **holding guilty individuals and entities Accountable for their fraudulent and criminal acts** regarding their participation in the **Securities Fraud, Tax Fraud and Tax Evasion** that **is** the Mortgage Crisis, is **not high on the priority list of many judicial and political authorities**.

7. **Obstruction of Justice** has likewise become a **frequently ignored criminal act**. Pursuing the individuals and entities guilty of **Obstruction seems to be equally of no interest** to these same judicial and political authorities.

8. The **Internal Revenue Service** and the **Securities and Exchange Commission** are the **last remaining hopes for Justice** in disclosing the complete and truthful facts regarding the **RICO Fraud Enterprise that is the Mortgage Crisis** and are the Federal Agencies with the **experience, capability, jurisdictional authority and Congressionally mandated task** of penetrating the **Cover Up** currently underway both in the public and in the U. S. Bankruptcy Court, Southern District of New York.

9. These two (2) Agencies have the ability to put aside the rhetorical noise and penetrate the stone walling so prevalently experienced when this RICO Fraud is confronted and can make serious and quantitative progress towards (1) stopping this **RICO Fraud** (2) recouping the **hundreds of billions**, if not **trillions**, of **Tax Dollars stolen** from the United States Treasury (3) stopping the massive **Obstruction of Justice** and (4) holding the guilty individuals and entities **Accountable**.

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10. After five (5) years and many dollars spent, the Affiant is filing this **Whistleblower Package** with the **expressed intent** of **publically exposing** this **RICO Fraud** and providing these two (2) Federal Agencies with the **evidence and facts required to support** true and legitimate investigative efforts that are **Absolutely Necessary And Required** if (1) this **RICO Fraud** is to be stopped (2) **Unpaid Taxes** are to be collected and (3) the perpetrators are to be held **Accountable**.

11. Since the **Mortgage Crisis** came to light in 2008, there has been an unspeakable degree of (1) **non-productive discussion**, haranguing, disavowing and finger pointing (2) **Cover Up** at many levels (3) lack of productive and **results-oriented investigative efforts** (4) an unexplainable **commitment to protecting the guilty parties** (5) **Judicial system neglect** and abuse (6) **Political authority legerdemain** (7) inaccurate and **incomplete disclosure of facts** (8) **misrepresentation of truth** and (9) **a severe lack** of evidence-supported **research presented** to the **appropriate Federal Authorities** that are (1) commissioned with the obligation and (2) mandated to undertake the task of identifying and stopping the rampant breaking of Federal Laws that are intended to protect the Nation, the Federal Treasury and American citizens.

12. It is apparent, after millions of families have been criminally harmed and thousands of lawsuits have been filed in State and Federal Courts around the Country, there appears to be a high degree of **political sensitivity** to **not uncovering and prosecuting** this **RICO Fraud** such that, the risk of doing so, has become **too threatening and risky** to many in the **Judicial** and **Political** systems.

13. The statements above are irrefutable and are corroborated by the documented actions of an **almost unquantifiable** number of **State** and **Federal** Judicial authorities in thousands of Court Proceeding.

14. This Jurat Affidavit addresses IRS Form 211 and SEC Form TCR throughout the body of the Affidavit and is in a sequentially chronologic order such that the factual data presented herein may be concisely understood by the reviewer.

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15. Due to the significant volume of information contained in this Jurat Affidavit, the IRS Claimant & SEC Complainant has submitted the enclosed DVD which contains IRS Form 211, SEC Form TCR, the Distribution List, this Jurat Affidavit of Gregory C. Morse and all

Numbered Evidence Exhibits supporting the claims described and referenced throughout this Jurat Affidavit.

16. Additional copies of the DVD may be obtained by contacting Gregory C. Morse via email at: **mytweets@mortgageendgame.com** or may be duplicated, without limitation, by the receiving party.

17. As all calls are screened by necessity, phone contact may be established by sending an email to **mytweets@mortgageendgame.com** stating your name, title and/or position, the entity represented, the phone number you will be calling from and the reason for the requested phone contact. A return email will be sent to the requester providing the phone number to call to establish phone contact.

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Section 2: Statement Of Purpose

1. The IRS Form 211 and SEC Form TCR filings, supported by this Jurat Affidavit, identify the illegal acts of **Securities Fraud** and the subsequent acts of **Tax Fraud** and **Tax Evasion** perpetrated by the Trust (REMIC) believed to be holding and trading the Securities attributable to the **Affiant's residential mortgage under the ruse of a Tax Exempt status** claimed by the Trust (REMIC).
2. These Whistleblower filings and the evidence submitted, prove that many acts of **Securities Fraud** and subsequent acts of **Tax Fraud** and **Tax Evasion** have been committed by **most, if not all**, Trusts electing REMIC tax exempt status under Federal Law and IRS Codes.
3. These Trusts continue to conduct multiple trading transactions on the **same fraudulently conceived and registered REMIC Certificates**, which subsequently become what are termed Residential Mortgage Backed Securities (RMBS), that are **supposedly** financially backed and underwritten by the Securities rated values of residential mortgages.
4. The great majority of these residential mortgages have been made **worthless because the Chains of Title, which give the mortgages their value, were broken and destroyed long BEFORE the mortgages were or could possibly have been legally put into a Trust (REMIC) for any subsequent and legal Securities trading purposes.** (See Exhibits 39, 41, 42 and Exhibit 240 Sections 3.104(a) and 3.104(a)(3)(A))
5. The purpose of these filings is to provide the evidence necessary to cause Agency investigations to be conducted and to support those investigations with the goal of completely disclosing and explaining the fraud, collect the hundreds of billions, or trillions, of dollars of unpaid taxes for the Federal Treasury and provide the prosecutorial evidence required to hold the guilty parties responsible.

Section 3: General Disclosures

1. I, Gregory C. Morse, Affiant, IRS Claimant and SEC Complainant, am of sound mind, am not self-destructive and, **In No Instance, Would Ever Commit Suicide.**

2. As evidenced on the Federal District Court, Eastern District of Texas Docket, I have received numerous death threats regarding the information disclosed in this Jurat Affidavit. **(See Exhibit 673)**

3. All statements of fact and evidence Exhibits contained herein **are made and submitted based upon the best knowledge and belief of the Affiant, IRS Claimant and SEC Complainant.**

4. The Affiant is neither a Certified Public Accountant, tax analysis expert, tax investigator nor a trained, licensed or experienced securities advisor, broker, lawyer or trader.

5. References made to State law, other than references made to the Trust Laws of the State of New York, are done so in accordance with the laws of the State of Texas.

6. The Affiant is a legal resident of the State of Texas.

7. The Affiant's Mortgage Contract was originated and executed in the State of Texas. **(Exhibits 386, 387, 390, 391, 392, 393, 397)**

8. Evidence indicates that the operations of the Trust (REMIC) holding and trading the Securities attributable to the Affiant's mortgage represent similar operations conducted by most, if not all, Trusts trading **Residential Mortgage Backed Securities (RMBS)** and is used as reference for the calculations presented herein.

Section 4: Specific Disclosures: REMIC Research

1. In investigating the Securitization of this Loan, **17 generally accepted identification and REMIC location indices were checked to develop a PREPONDERANT INDICATION of the Securitization Location** of the loan on 223 High Point Drive, Murphy, Texas 75094.
2. Based on the positive and factual corroboration of 17 of the 17 audit industry indices, a thoughtful and prudent person would reasonably conclude that **this mortgage was added to the RALI Series 2008-QR1 REMIC during the ninety (90) day period after the closing of the REMIC on February 8, 2008.**
3. The **actual database(s), in total, and the data lists, in finite form,** that would provide 100% assurance of the securitization of this loan into the REMIC, **are held by the Corporate entities involved in this Trust (REMIC) as proprietary private property** and are not readily available for public review. (See Exhibits 72, 76, 185, 332, 73, 75, 184, 205, 206, 210, 213, 218, 220, 224, 246, 354, 635, 636 and 674)
4. This information, and the access thereto, **has been intentionally and willfully hidden from both the general public and the Investors** who have unknowingly purchased fraudulent Trust Certificates and traded Securities.
5. After scrutinizing research, it is apparent that **the only plausible reason for this secrecy has been to preclude investigation by those individuals and entities, being negatively affected by the egregious acts of Fraud,** from obtaining the information that would allow for the immediate discovery and quantification of the acts of Fraud being perpetrated against them.
6. This leads to the conclusion that, **unless the perpetrators knew they were planning on committing acts of Fraud for which they did not want to be held accountable,** there would be no reason to hide or obfuscate public information generated from the fraudulent Securities trading conducted on millions of homeowners' mortgages.

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7. **The 17 indices investigated were:**

- | | |
|--|---------------------------------|
| 1. Loan ID numbers; | (4768668450)* |
| 2. Loan Originator: | (Homecomings ?)* |
| 3. Loan Origination Date: | (3/3/2008)* |
| 4. Loan Maturity Date: | (4/1/2038)* |
| 5. First Payment Date: | (5/1/2008)* |
| 6. Principle and Securitized Amount of the Loan: | (\$414,500.00)* |
| 7. Terms of the Loan: | (360 Months)* |
| 8. Loan Interest Rate: | (6.00%)* |
| 9. Type of Loan: | (Refinance)* |
| 10. Geographic Location & Zip Code of the Loan: | (Texas, Collin County, 75094)* |
| 11. Mortgage Servicer of the Loan: | (GMAC Mortgage, LLC)* |
| 12. Name of the Trustee of SPV: | (Deutsche Bank Trust Company)* |
| 13. Loan Details, Loan reported in State | (3/3/2008)* |
| 14. Mortgage Electronic Systems, Inc. | (databases surveyed 1/23/2013)* |
| 15. Original Appraised Value of Property: | (\$520,000.00)* |
| 16. Lien Position of Loan: | (First)* |
| 17. MERS Mortgage Identification Number, (MIN): | 100062604768668450* |

8. Note: * **Indices that indicate the mortgage is in the RALI Series 2008-QR1 REMIC.**

9. Research was **able to positively validate 17 of the 17 audit industry accepted indices.**

10. Due to this intentional and willful hiding of database information, neither the Affiant, homeowners nor Investors are able to evidence and prove, with no doubt and with paper evidence, the securitization details of any mortgage, with specificity, into either a REMIC or a RMBS **without the results pursuant to an Agency Investigation being made available.**

11. **This privately-held information will only be thoroughly and readily obtainable if Agency investigations are conducted.**

12. The **REMIC Trustee, REMIC Custodian, REMIC Master Servicer and REMIC Sub-Servicers** access these records **regularly in servicing the Certificates and traded Securities** for the purpose of generating internal reports. (See Exhibit 660 Page 122)

13. **GMAC Mortgage, L.L.C.** and **Homecomings Financial, L.L.C.** **engaged in additional Bankruptcy Fraud, Tax Fraud and Tax Evasion** by filing another fraudulent **Assignment of the Deed of Trust** on 223 High Point Drive, Murphy, Texas as recently as October 12, 2012. (See Exhibit 600)

14. The **filing of this Assignment** of the Deed of Trust **was fraudulent** because:

15. The Property is under the jurisdiction of the Southern District of New York Bankruptcy Court Trustee in Case 12-12020MG. (See Exhibit 601)

16. **Homecomings Financial, L.L.C., GMAC Mortgage, L.L.C., Residential Funding Company** and **Residential Accredited Loans, Inc. (RALI)**, all of whom are directly involved in the Affiant's mortgage, **declared bankruptcy** in Case 12-12020MG on May 14, 2012. (See Exhibit 601)

17. Fannie Mae is **simultaneously claiming ownership of the separated Promissory Note.** (See Exhibit 188)

18. Ally Bank is **simultaneously claiming ownership of both the Deed of Trust and the Promissory Note.** (See Exhibit 321)

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19. Mortgage Electronic Registration Systems, Inc. **(MERS) and MERSCORP, Inc. are simultaneously claiming that Homecomings Wholesale Funding is the owner of the Deed of Trust and Promissory Note.** (See Exhibit 397 Page 1 MIN Number, Exhibit 184 Pages 7-8 and Exhibit 384 Page 63)

20. From all indications, the **RALI Series 2008-OR1 REMIC simultaneously claims ownership of the Deed of Trust and Promissory Note.**

21. **Homecomings Financial, L.L.C. has claimed,** on the record in the Collin County, Texas Recorder's Office since March 8, 2008, **that it has simultaneously owned the Deed of Trust.** (See Exhibit 397)

22. **Homecomings Financial, L.L.C. does NOT OWN the Promissory Note** as the **Promissory Note was ENDORSED IN BLANK to an UNNAMED PARTY.** (See Exhibit 303 Page 25)

23. Since Homecomings Financial, L.L.C. **endorsed the Promissory Note IN BLANK,** they **broke the Chain of Title** and therefore, **this Assignment is NULL AND VOID.** (See Exhibit 303 Page 25)

24. Homecomings Financial, L.L.C. and GMAC Mortgage, L.L.C. are in bankruptcy and, as such, **cannot affect and/or accept the Transfer and Assignment of the Deed of Trust without Bankruptcy Trustee approval.** (See Exhibit 601)

25. Thorough research of the Bankruptcy Docket in the U.S. Bankruptcy Court, Southern District of New York **shows NO DOCUMENT from the Bankruptcy Trustee authorizing such a Transfer and Assignment of the Deed of Trust on the Affiant's property.** (See Court Docket at <http://kccllc.net/rescap/document/list/3215?nh=1>)

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26. Under law and according to the Real Estate Settlement Procedures Act (RESPA), **Homecomings Wholesale Funding, as the actual Table Funder, Loan Originator and Lender**, was legally **obligated to first file an Assignment of the Deed of Trust in the name of Homecomings Wholesale Funding** in the Collin County, Texas Recorder's Office. **The recording of this legally required Assignment DID NOT TAKE PLACE.** (See Exhibit 603)

27. Had the Assignment in Paragraph 26 above been accomplished as required by law and since **Homecomings Financial, L.L.C. was NOT the Loan Originator, Homecomings Wholesale Funding would then have been required to file another Transfer and Assignment of the Deed of Trust to Homecomings Financial, L.L.C.** if that had been the corporate desire. **The recording of this legally required Assignment DID NOT TAKE PLACE.**

28. 24 CFR part 3500 and 24 CFR 3500.2(b) clearly state the legal requirements demanded of the Table Funder who is acting as the Loan Originator and Lender. (See Exhibit 603)

Section 5: Specific Disclosures: Taxes Owed

1. The accurate calculation of income taxes, owed by the Noncompliant Taxpayers, requires that large volumes of categorized and accurate financial information be possessed.
2. This information, in complete form, is not in the possession of the Affiant.
3. The Noncompliant Taxpayers in the Affiant's case have had no financial reporting compliance requirements since January, 2008. **(See Exhibit 616)**
4. There are eleven (11) monthly reports available from SEC publically accessible sources that were filed by the Noncompliant Taxpayers in the Affiant's case with the last report being filed for the period ending November 30, 2008. **(See Exhibits 604 thru615)**
5. The Noncompliant Taxpayers in the Affiant's case have subsequently operated for more than sixty (60) months with **no financial performance reports being required or publically filed.**
6. The statement in #4 above applies to most, if not all, other Trust (REMIC) entities with the only difference being variations in the last month in which reports were filed on an individual Trust (REMIC).
7. Investigations have shown that most Trust (REMIC) entities, that were in existence prior to 2009, did not file reports, after the REMIC tax exempt election was made, for more than fifteen (15) months. **(See Exhibit 620 Paragraph d)**
8. **Without possessing complete and accurate financial data, determining an accurate income taxes owed amount is not plausibly possible.**

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9. As this required financial information is effectively non-existent, extrapolations and projections, based on the eleven (11) months of records that do exist, have been made below, however, **Agency investigations must be conducted** such that this closely held and sequestered financial information can be obtained and accurate income taxes owed calculations can be made. **(See Exhibits 604 thru 616)**

10. What follows is a best efforts attempt made on an almost impossible task that is based on a quantifiable lack of reliable publically reported financial information, to quantify, conservatively and in part, the **income taxes that should have been, but which have not been paid**, by both the Trust (REMIC) holding and trading the Securities representing the Affiant's mortgage and the Trust (REMIC) industry as a whole.

11. As written above, **entities involved in this fraud have been able to privately hold their records and keep them out of the public purview.** (See Exhibit 616)

12. Being limited by the calculation assumptions described herein, attempting, without the benefit of Agency investigation results, to accurately calculate the amount of taxes being unpaid and owed **is similar to building a puzzle comprised of 1,000 pieces when only 5 pieces are possessed.**

13. However, the conclusions are clearly indicative and irrefutable. **Extraordinarily large amounts of Federal Income Taxes have been diverted from the Federal Treasury.**

14. Corroborating evidence obtained pertains specifically to the Affiant's REMIC.

15. Estimations made to the Trust (REMIC) industry are based upon the Affiant's REMIC.

16. Required publically reported records discovered in the Affiant's REMIC cover the reporting periods from January, 2008 to November, 2008. **(See Exhibits 604 thru 615)**

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17. On January 9, 2009, the Affiant's **RALI Series 2008-QR1** REMIC filed SEC Form 15-15D stating it was no longer required to file subsequent SEC reports. **(See Exhibit 616)**

18. Since going unreported and into the black on January 9, 2009, the **Affiant's REMIC has been operating for more than five (5) years** without disclosing financial report information that is available to or discoverable by the public. **(See Exhibit 616)**

19. All mortgages added to the REMIC, as permitted in the Trust Agreement, after the closing date of February 6, 2008 do not appear in any report and, the values of these mortgages and **any Income Tax obligations pertaining thereto, could not be included in the calculation of unpaid taxes being owed.**

20. No access was possible to any IRS reports that may possibly have been filed by the REMIC.

21. The assumption is made that IRS reports were not filed and do not exist as the REMIC is operating exempt from Federal income tax and does not make filings regarding financial performance or income.

22. Evidence indicates that the majority, if not all, REMICs have operated just as the Affiant's REMIC has operated. Estimations of industry-wide taxes owed have been made based upon what has been discovered about the operations of the Affiant's REMIC.

23. The United States portion of the worldwide RMBS debt, as of mid-2013, is estimated to be **700-800 trillion dollars.**

24. According to the Federal Reserve's Financial Accounts of the United States Report released on December 9, 2013, there is approximately **9.9 trillion dollars** worth of residential mortgages covering all Sectors in the United States for the year 2012. **(See Exhibit 617)**

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25. The Depository Trust & Clearing Corporation (DTCC) states on Page 12 of its May 18, 2012 MBS SOURCE BOOK that it trades approximately **eight (8) trillion dollars** worth of RMBS on a **monthly basis**. (See Exhibit 618)

26. The report results from Paragraphs 24 and 25 above disclose that **80.6% of the value of ALL mortgages in the Country change ownership and are traded on a monthly basis in trading operations controlled and overseen by the DTCC. This 80.6% does not include the RMBS of other REMICs traded by entities other than the DTCC, which trading transactions would increase this percentage.** (See Exhibit 617 and Exhibit 618 Page 12)

27. Statistically significant research conducted on over 5,000 home mortgages, recorded in County Recorder's Offices around the Country and known to **being traded as a RMBS, found no legal and public recordings proving that the Deeds of Trust and Promissory Notes in question are/were ever owned by a Trust (REMIC).**

28. If a Trust (REMIC) entity **cannot produce certified true copies of the multiple transfer and assignment documents required to prove that each Deed of Trust, with its attached Promissory Note were, in accordance with the appropriate State laws and terms of the Trust Agreement, transferred from the original mortgagee to the Trust and were done without causing a break in the Chain of Title, then the underlying mortgages, financially supporting the value of the issued securities, are worthless.** (See Exhibit 619 Page 163 and Exhibit 660 Page 122)

29. With **breaks in the Chains of Title existing, the underlying assets supporting the Trust Certificates and Residential Mortgage Backed Securities, are worthless and Non-Qualified for inclusion in a Trust (REMIC) and cannot be legally traded as securities in accordance with Federal Securities Laws. The tax exempt status of the REMICs would be nullified and made Void.** (Exhibit 624 Pages 231 thru 232, Exhibit 658 Paragraph (B) and Exhibit 623 Page 246 Section 15F(A)(i))

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30. Since the DTCC trades approximately 80.6% of the value of all mortgages in the Country on a monthly basis, the result is that **it is likely and probable that more than 80% of the mortgages in the Country have been legally destroyed and that all Residential Mortgage Backed Securities representing these mortgages have been from the beginning, and continue to be, illegally traded on a monthly basis.** (See Exhibit 617 and Exhibit 618 Page 12)

31. The records necessary to prove that all Trusts have elected REMIC status, and subsequently therefore, that all Trusts are guilty of **Tax Fraud** and **Tax Evasion**, are not readily available to the Affiant and **will be discoverable and obtainable pursuant to successful and completed Agency Investigations.**

32. Research indicates this is the likely case as **it would make no sense for a Trust, being aware of the Non-Qualified status of its underlying mortgages, to fail to file an SEC Form 15-15D** and exempt itself from Federal Income Tax and SEC reporting obligations as soon as possible. (See Exhibit 620 Page 12 Paragraph d)

33. However, it is known that the great majority of Trusts elected REMIC tax exempt status and this relatively finite point could be easily corroborated by **Agency Investigations.**

34. **Securities Fraud is taking place in either case regardless of whether the REMIC is operating tax exempt or not.** (Exhibit 624 Pages 231 thru 232, Exhibit 658 Paragraph (B) and Exhibit 623 Page 246 Section 15F(A)(i))

35. If collected, the taxes owed by the Trust (REMIC) industry and their related Collateralized Debt Obligation (CDO) entities and Collateralized Default Swap (CDS) entities would likely be adequate to pay the majority, if not all, the current U.S. National Debt.

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36. By all accepted rules of measure, this **Securities Fraud** and **Tax Fraud** scandal is, by orders of magnitude, the largest theft of tax dollars from the U. S. Treasury and the largest criminal abuse of Federal Securities Laws in recorded history.

37. The relationships between and the effects of the trading activities of Trust (REMIC) entities interacting with the trading activities of Collateralized Debt Obligation (CDO) entities and Collateralized Default Swap (CDS) entities are intimately entwined one with the other and **must be addressed by Agency Investigations if the magnitude of the Securities Fraud, Tax Fraud and Tax Evasion is to be quantified and halted.**

38. **Senator Carl Levin, Chairman and Senator Tom Coburn, Ranking Minority Member** issued the 650 Page United States Senate PERMANENT SUBCOMMITTEE ON INVESTIGATIONS Report entitled "**WALL STREET AND THE FINANCIAL CRISIS: Anatomy of a Financial Collapse**" on April 13, 2011. (See Exhibit 266)

39. THE FINANCIAL CRISIS INQUIRY COMMISSION submitted, pursuant to Public Law 111-21, their 662 Page Report entitled "**THE FINANCIAL CRISIS INQUIRY REPORT**" in January, 2011. (See Exhibit 186)

40. Critically important information taken from these two Government sponsored and conducted Reports is referenced and included throughout the remainder of this Jurat Affidavit.

41. These two (2) reports, **both of which have been made available to the public**, contain extremely detailed and factual information **that corroborates the claims made by the Affiant** and assist in determining how to quantify the amount of unpaid taxes being owed. (See Exhibits **186 and 266**)

Section 6: Information: In Possession Of Affiant

1. The Affiant has in possession **over 11,000 pages of corroborating evidence**. All evidence in the possession of Affiant has been obtained through the independent research efforts of the Affiant and the Affiant's research staff.

2. **Evidence has been partially obtained from the following sources:** (1) the Affiant's work product generation and docket-filed Court documents pertaining to the Affiant's Federal Eastern District Of Texas Complaint, (2) hundreds of public source websites, (3) the Collin County, Texas Registrar's Office, (4) the IRS website, (5) the SEC website, (6) GMAC responses to two (2) Qualified Written Requests (7) Bloomberg report research, (8) United States Bankruptcy Court Southern District of New York docket-filed documents, (9) United States Code, (10) the RALI Trust Agreement, Prospectus and Pooling and Servicing Agreement in which the Affiant's mortgage is located, (11) the Fannie Mae Website, (12) the DTCC Website, (13) numerous corporate press releases, (14) public blogs, (15) the MERS website, (16) the PACER Federal Court website, (17) United States Congressional Investigative Committee Depositions, (18) Federal Agency and Congressional public report disclosures, (19) hundreds of Federal Complaint and State Petition Dockets, (20) County Registrar Offices from around the Country, (21) interviews with thousands of homeowners regarding their mortgage experiences, and (22) numerous news agencies, magazines and think tanks.

3. Public evidence was legally obtained from open public sources, the addresses of each which may be provided by the Affiant. No breach of any computer or website security system occurred during the research for and collection of the data presented in this Jurat Affidavit.

4. All research, evidence and work product contained herein is available from the Affiant, the public source locations listed in the Affiant's Evidence Source Location Address Register, the Federal District Court, Eastern District of Texas' docket, the United States Bankruptcy Court, Southern District of New York's docket, the EDGAR database maintained by the SEC or from one of the other sources listed in Paragraph 2 above.

Section 7: Information: Not In Possession Of Affiant

1. Research conducted and evidence obtained unquestionably indicate that voluminous quantities of additional evidence corroborating the illegal acts of **Securities Fraud, Tax Fraud, and Tax Evasion** currently exist on the computer systems or in the offices and warehouses of all Noncompliant Taxpayer and Trust (REMIC) entity participants listed below. (See Exhibits 72, 76, 185, 332, 73, 75, 184, 205, 206, 210, 213, 218, 220, 224, 354, 635, 636)

2. These entities hold and maintain massive data bases, which if obtained pursuant to Agency Investigations and researched, would remove all veils from this largest illegal **Securities Fraud, Tax Fraud and theft of tax dollars** from the United States Treasury in recorded history. (See Exhibits 72, 76, 185, 332, 73, 75, 184, 205, 206, 210, 213, 218, 220, 224, 246, 354, 635, 636, 674)

3. It is apparent, on its face, that these Noncompliant Taxpayer and Trust (REMIC) entities must be made, under law, to provide these databases to IRS and SEC investigators for these frauds to be exposed such that the appropriate legal actions may be taken to halt these frauds, recover stolen Income Tax funds and prosecute those responsible parties who have perpetrated these illegal acts and who **continue to do so to this very day in broad daylight and in the open purview of the U.S. Government, Federal Agencies and the American public.**

4. **Listed below are database locations that have been confirmed to possess huge volumes of data that will be of great financial and legal interest to IRS and SEC investigators. When serious and penetrating investigations are conducted, by Agencies possessing the authorities required to obtain and access these databases, analysis of this data will uncover numerous other data storage locations.**

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EXHIBIT 723

5. **Trustee Corporate Trust Office:** (See Exhibit 660 Pages 155 and 166)

Deutsche Bank Trust Company Americas
1761 East St. Andrew Place
Santa Ana, California 92705-4934
Attention: Residential Accredit Loans, Inc. Series 2006-QS11

6. **The Trustee designates its office as being located at:** (See Exhibit 660 Page 49 Section 5.10)

DB Services Tennessee
648 Grassmere Park Road
Nashville, Tennessee 37211-3658
Attention: Transfer Unit

7. **Trust (REMIC) Custodian: Well Fargo Bank, N.A.**

7A. To the best knowledge and belief of the Affiant, the Network Operations Center for Wells Fargo Bank, N.A. in Minneapolis, Minnesota is the data repository mentioned in the Trust Agreement. This facility is located in the block bounded by Washington Avenue South, 3rd Avenue South, South 3rd Street and South 2nd Avenue. The only marking on the building is 256. It is not apparent if the address is on South 2nd Avenue or South 3rd Street. The building occupies the entire block. It is a six-sided asymmetrical building with high density security lights and cameras surrounding the roof of the building. (See Exhibit 619 Page 163 Custodial Arrangement, Exhibits 675 thru 676)

7B. This Wells Fargo Bank, N.A. facility is one of the **PRIMARY** data locations which, if such data is obtained by the appropriate investigative Agency authorities, will shine the light of truth on this massive Securities Fraud and Tax Fraud scheme.

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7C. That which follows in italics is an excerpt from Pages 163 & 164, Custodial Arrangements, of the Prospectus Supplement for the Trust appointing, designating and stipulating that Wells Fargo Bank, N.A. is the Custodian for the Trust and is responsible for physically maintaining all mortgage documents. (See Exhibit 619)

Excerpt Follows:

7D. *"The trustee has been directed to appoint Wells Fargo Bank, N.A., to serve as custodian of the mortgage loans. The custodian is not an affiliate of the depositor, the master servicer or the sponsor. No servicer will have custodial responsibility for the mortgage notes. Residential Funding was required to deliver only the mortgage notes to the custodian. The mortgage notes (and any contents of a mortgage loan file delivered to the custodian) will be maintained in vaults located at the custodian's premises in Minnesota. Only the custodian has access to these vaults. A shelving and filing system segregates the files relating to the mortgage loans from other assets serviced by the sponsor."*

7E. *"Wells Fargo Bank is acting as custodian of the mortgage loan files pursuant to the custodial agreement. In that capacity, Wells Fargo Bank is responsible to hold and safeguard the mortgage notes and other contents of the mortgage files on behalf of the trustee and the certificate holders. Wells Fargo Bank maintains each mortgage loan file in a separate file folder marked with a unique bar code to assure loan-level file integrity and to assist in inventory management. Files are segregated by transaction or investor. Wells Fargo Bank has been engaged in the mortgage document custody business for more than 25 years. Wells Fargo Bank maintains document custody facilities in Minneapolis, Minnesota and in two regional offices located in Irvine, California, and Salt Lake City, Utah. As of December 31, 2007, Wells Fargo Bank maintains mortgage custody vaults in each of those locations with an aggregate capacity of over ten million files."*

8. **Rackspace United States:** (See Exhibit 674)

Rackspace maintains, at a minimum, Cloud Data Centers in Dallas-Fort Worth and Chicago.

General Counsel for Rackspace is located at:

Rackspace US, Inc.
1 Fanatical Place
City of Windcrest
San Antonio, Texas 78218
Mail Stop: US 109-2301

8A. Rackspace maintains private cloud files and servers for MERSCORP, Inc. and Mortgage Electronic Registration Systems, Inc. The databases located on these private cloud servers include residential mortgage transactions for tens of millions of mortgages illegally included in several REMICS, especially the RALI REMICS from 2006 to 2009. (See Exhibits 246 and 674)

9. **Depository Trust & Clearing Corporation (DTCC)**

DTCC maintains an employee force of over 700 people at its headquarters located at:

55 Water Street
New York, New York

DTCC leases over 500,000 sq. ft. of office space for over 1,300 additional headquarter employees in New Jersey located at: (See Exhibit 660 Page 155)

570 Washington Blvd
Jersey City, New Jersey

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EXHIBIT 723

10. **REMIC Depositor: Residential Accredit Loans, Inc. (RALI)**

8400 Normandale Lake Boulevard
Suite 250
Minneapolis, Minnesota 55437
Attention: President

11. **REMIC Master Servicer: Residential Funding Company, L.L.C. (RFC):** (See Exhibit
660 Page 155)

8400 Normandale Lake Boulevard
Minneapolis, Minnesota 55437

AND

2255 N. Ontario Street
Suite 400
Burbank, California 91504
Attention: Managing Director/Master Servicing

12. **Moody's Investors Service, Inc.:** (See Exhibit 660 Page 156)

99 Church Street
4th Floor
New York, New York 10004

13. **Fitch Ratings:** (See Exhibit 660 Page 156)

One State Street Plaza
New York, New York 10041

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14. **Standard & Poor's Ratings Services:** (See Exhibits 677, 678 and Exhibit 660 Page 156)

55 Water Street
40th Floor
New York, New York 10041-0003

15. Mortgage Loans placed in the RALI REMIC that contain the Affiant's mortgage were generated, in part, by the following entities: (See Exhibit 619 Page 83)

Homecomings Financial, L.L.C.	(35% of the value of all RALI REMIC mortgage loans)
MortgageIT, Inc.	(22% of the value of all RALI REMIC mortgage loans)
GMAC Mortgage, L.L.C.	(3.6% of the value of all RALI REMIC mortgage loans)
Wachovia Mortgage Corp.	(10% of the value of all RALI REMIC mortgage loans)

16. The addresses for the first three of these entities are numerous and varied and appear to be located throughout the country. Wachovia Mortgage Corporation has been consumed by Wells Fargo Bank, N.A. and a current, valid and appropriate address has yet to be identified. (See Exhibit 644)

17. The IRS and SEC Agency investigative authorities have the legal reach and authoritative ability to identify these current, valid and appropriate addresses.

Section 8: Relationship To Noncompliant Taxpayers

1. The Affiant has never had nor does he now have any relationship with any of the Noncompliant Taxpayers other than that of being a mortgage contract holding homeowner.

Jurat Affidavit Of Gregory C. Morse

Section 9: Thesis: Of Whistleblower Affidavit

Thesis

Federal Income Taxes Are Owed On Most, If Not All, Of The Trillions Of Dollars Of Revenue Generated By The Residential Mortgage Backed Securities Trading Industry.

Synopsis

1. The acts of **Securities Fraud, Tax Fraud and Tax Evasion** described herein are acts of Racketeer Influenced Corrupt Organizations Act (RICO) fraud since the system used by the individuals and entities perpetuating the RMBS fraud was pre-designed and engineered, from the very beginning, to **insure** that fraud for profit could be conducted and hidden from both Governmental Authorities and the American citizens who would become unknowing victims of this fraud. (See Exhibit 665)
2. A mortgage is required to be classified as a **Qualified Mortgage** and **FIT** to be put into a Trust for the purpose of being securitized into and traded as a RMBS. (See Exhibit 630)
3. One **primary act** of fraud that is termed a **DEFAULT**, by Federal Law, IRS Code and the Trust Agreement, that classifies a mortgage as a **Non-Qualified Mortgage** and **precludes that mortgage from being placed into a Trust and securitized as a RMBS** is termed a **Break in the Chain of Title** of property ownership meaning that the ownership of the property is not legally viable, clearly traceable and provable. (See Exhibit 630)
4. As is unequivocally shown by what is disclosed below and hereto attached as evidence, the participants in this RMBS RICO fraud **knew, in advance of the formation of the Trusts** into which **Non-Qualified Mortgages** were subsequently placed, that the **Chains of Title** were **broken by the acts of the Loan Originators**, and subsequently **further broken by all entities in the hierarchy of the Trust structure**. (See Exhibit 619 Pages 345 thru 346)

5. It is glaringly proven below that **ALL entities in the hierarchy of the Trust structure willfully failed to do their jobs by NOT verifying that each and every mortgage in the Trust was a Qualified Mortgage and was legally FIT for inclusion in the Trust and for subsequent securitization as a RMBS. (See Exhibit 630)**

6. It is further unequivocally evidenced and proven that **all entities in the hierarchy of the Trust structure willfully and intentionally failed to follow the rules outlined in the Trust Agreements they were legally required to follow and comply with to ensure the legal viability of the Trust, the subsequently issued Certificates and RMBS instruments and the REMIC's ELECTED tax exempt status under Federal Law and IRS Code.** (See Exhibit 619 Pages 65 thru 68, Exhibit 660 Page 3)

7. The Trust (REMIC) industry, specializing in trading RMBS, **is the largest Ponzi fraud scheme in recorded history.**

8. This industry has been designed, engineered, built and perpetuated on the **fraud and illegal behavior conducted by the participating Trust (REMIC) entities.**

9. These entities have **been allowed to trade trillions of dollars of worthless securities as regulatory oversight and reporting requirements have been effectively non-existent.**

10. The traded **securities must have value to be legally traded** under Federal Securities Laws.

11. If the traded **securities are not backed by legitimate assets of value, then any conducted securities trading is fraudulent and illegal.** (See Exhibits 623, 627, 630, 649, 652, 658)

12. The REMIC issues Certificates that are subsequently termed Residential Mortgage Backed Securities (RMBS).

13. These RMBS are **supposedly financially underwritten by and given value based upon the value of the collection of individual residential home mortgages supposedly** held by the Trust (REMIC). (See Exhibit 619 Page 1)

14. A residential home mortgage, in accordance with both the laws of each State and Federal law, only possesses legal and recognizable value if its **Chain of Title is UNBROKEN AND INTACT**. (See Exhibits 623, 627, 630, 649, 652, 658 and Exhibit 240 Section 3.104)

15. If the **Chain of Title is BROKEN AND NOT INTACT**, then the residential mortgage **has no legal merit or recognizable value**. (See Exhibits 623, 627, 630, 649, 652, 658 and Exhibit 240 Section 3.104)

16. If the residential mortgage has no legal merit or recognizable value, securities cannot be legally created and subsequently traded because, if the residential mortgage has no legal merit or recognizable value, **the securities, that depend on the value of the residential mortgages to give them value, have no recognizable value and any trading of these securities is illegal**. (See Exhibits 623, 627, 630, 649, 652, 658 and Exhibit 240 Section 3.104)

17. The Trust (REMIC) **cannot legally issue REMIC Certificates** which then become RMBS if **the Trust (REMIC) does not legally own the individual mortgages** being claimed to comprise the asset basis of the Trust (REMIC). (See Exhibit 630 and Exhibit 619 Pages 163 thru 164)

18. The process of transferring residential mortgages **from the mortgagee to a Trust is a very involved and multi-stepped process specifically controlled, at each step in the process, by the explicit and inflexible laws existing in each State and the Trust Agreement** that originally established the Trust. (See Exhibit 619 Pages 10 thru 11, Exhibit 660 Pages 122 thru 133)

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19. The Trust Agreement that governs the operation of the Trust (REMIC) is **extremely specific and completely inflexible** regarding what must be done and how to accomplish each of the specific steps required to legally transfer a residential mortgage to a Trust. (See Exhibit 660 Pages 122 thru 133)

20. The **Trust Agreement** specifically **forces the Trust to legally transfer each and every mortgage** the Trust is attempting to acquire in specific accordance with applicable State law governing the individual mortgage. (See Exhibit 660 Pages 122 thru 133)

21. The Trust Agreement specifically dictates that the **ultimate responsibility** for Qualifying each and every mortgage **lies with the Trust**. (See Exhibit 660 Pages 122 thru 133)

22. The Trust Agreement specifically and very inflexibly **requires that the Trust legally qualify each and every mortgage** to determine if each of the mortgages can be classified as a Qualified Mortgage in accordance with the Trust Agreement. (See Exhibit 660 Pages 122 thru 133)

23. The Trust Agreement specifically and inflexibly states that, **if any of the residential mortgage transfer steps is not accomplished** in accordance with the applicable laws of the appropriate State, **then that mortgage is termed a Non-Qualified Mortgage and must be removed** from the Trust and **replaced with a Qualified Mortgage**. (See Exhibit 619 Page 93)

24. If the **Trust fails to follow the rules that govern it** and fails to fulfill its responsibility by including Non-Qualified Mortgages in its securities portfolio, then the subsequently elected **REMIC tax exempt status is illegal**, the **securities are invalid**, the **securities cannot be legally traded** and, IF traded, **those trades are acts of illegal Securities Fraud**. (See Exhibits 623, 627, 630, 649, 652, 658 and Exhibit 240 Section 3.104)

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25. As has been proven and is explicitly explained and evidenced throughout this Jurat Affidavit, most, if not all, of the residential mortgages **Chains of Title**, securitized and traded by most, if not all, Trust (REMIC) entities, **were irrevocably broken, destroyed and made worthless long before any individual residential home mortgage Deed of Trust with its legally attached Promissory Note could possibly have ever been legally transferred into a Trust.**

26. Because of this disregard of the legal and Trust Agreement requirements, the **traded securities are based upon legally destroyed and worthless residential mortgages.**

27. Conclusively, **THIS MEANS THAT MOST, IF NOT ALL, REVENUES GENERATED PURSUANT TO THE ILLEGAL TRADING OF WORTHLESS SECURITIES IS SECURITIES FRAUD, THE ELECTED TAX EXEMPT STATUS IS FRAUDULENT AND INVALID AND THAT FEDERAL INCOME TAXES, PENALTIES, INTEREST AND OTHER FEES ARE NOW OWED ON MOST, IF NOT ALL, REVENUES GENERATED BY THE TRUST (REMIC) ENTITIES.**

Section 10: Agency Investigations Required

1. The Trust (REMIC) industry has created a massive and publically untraceable criminal cabal and conundrum out of their financial operations and dictate why, **serious, intense and thorough Agency Investigations are absolutely necessary to untangle, trace, quantify and put a stop to these ongoing criminal activities.**
2. The last, and likely best option remaining for the inquiring entity or individual, is to enlist the investigative authority, capability and experience of the **Agencies to whom this Whistleblower Package is being filed.**
3. It has now been almost six (6) years since October, 2008 when the mortgage crisis was first publically disclosed.
4. Considering the discussions, debates and furor that have taken place since that date, there has been **an almost complete lack of investigative activities, curative actions, unpaid tax collections and regulatory changes being implemented to insure, for the welfare of the Nation, that this system of control fraud can never be allowed to take place again.**
5. It is clear that if this fraudulent activity, continuing to the present day, is to be terminated, **Agency Investigations**, as the last bastion of hope for the citizens of the Nation, must now be conducted **such that the hundreds of billions or even trillions of dollars worth of taxes being owed, may be collected and that appropriate and necessary changes be implemented to immediately shut down these criminal activities.**
6. **Agency Investigations** possess the legal authority, expertise and capability to discover, collect, analyze, cure and disclose to the Nation the true nature and magnitude of this fraud and criminal cabal.

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7. **Agency Investigations WILL HAVE THE SUPPORT of the citizens of the Nation** and possess the ability, through the implementation of appropriate safeguards and changes, to protect the welfare and long-term health of the Nation.

8. The following Excerpts are taken from Exhibit 325, Page 3 entitled "Cease and Desist Order" issued to MERS by the OCC and numerous other Federal Agencies.

8A. MERS and MERSCORP, Inc. are providers of services to Examined Members within the meaning of 12 U.S.C. § 1867(c).

8B. MERS and MERSCORP, Inc. are each an "institution-affiliated party" within the meaning of 12 U.S.C. § 1813(u) by virtue of MERS acting as agent for lenders (who include Examined Members) with respect to serving as mortgagee in a nominee capacity for the lender, and are each an "entity-affiliated party" within the meaning of 12 U.S.C. § 4502(11) by virtue of MERS acting as agent for Fannie Mae and Freddie Mac with respect to serving as mortgagee in a nominee capacity for the owner of residential mortgage loans.

8C. The OCC, the Board of Governors, the OTS, and the FDIC examined the services provided by MERS and MERSCORP, Inc. to Examined Members pursuant to the provisions of 12 U.S.C. § 1867(c), on behalf of themselves and other appropriate Federal banking agencies as defined in 12 U.S.C. § 1861(b)(1).

Section 11: Propaganda Misdirection

1. The following statements represent a partial list of some of the Propaganda Misdirection statements made in various periodicals and distributed by numerous media networks intended to **(1) misdirect the investigative focus of Federal Agencies and the American public and (2) obfuscate, hide and preclude the actual truth of the fraud from becoming publically known and evidenced.**
2. That which is listed below is intended to concisely discriminate the differences between Propaganda Misdirection statements made and **the actual, factual, truthful and legal reality of the issues being addressed in this filing.** These Propaganda Misdirection Statements have **been made in so many locations and instances** that attributing a sole source location to each statement would be inappropriate and therefore, has not been done.
3. **The following publically stated and published Propaganda Misdirection statements are shown in italic bold print.**
4. As the Affiant is a citizen of the State of Texas and the Affiant's mortgage was originated and closed in the State of Texas, the majority of that which follows specifically address the documented evidence regarding the truthful interpretation of Texas Laws in direct contravention to the Propaganda Misdirection statements made by those **whose sole intent has been to mislead those parties identified above from truthfully and factually understanding what has actually occurred legislatively in the State of Texas versus what the purveyors of Propaganda Misdirection want those parties to believe.**
5. *“MERS is a State authorized mortgage recording system.”*

5A. The House and Senate Analysis of the Congress of the State of Texas and the Conference Committee Report on **HB 1493** (See Exhibits 254, 255, 256) clearly state that this Amendment to the Texas Property Code was to make legal the ability of Mortgage Servicers to foreclose after receiving agent status for this purpose from the lender. **Title XII of Public Law 110-289** codifies the need for Mortgage Bankers, Brokers and Lenders to be certified by **BOTH** the Federal Government and **all** States in which they conduct business. (See Exhibit 263, Texas Property Code § 51.001(4) for the definition of a mortgagee)

6. The **Mortgage Bankers, Brokers and Lenders** involved in the Affiant's mortgage **ARE NOT CERTIFIED OR REGISTERED as required by Federal and State Law.** (See Exhibit 621, 248, 247)

7. *“The Pooling and Servicing Agreement details the specifics and operations of Mortgage Backed Securities.”*

7A. The Trust Agreement, and **NOT THE POOLING AND SERVICING AGREEMENT**, explicitly stipulates what must be accomplished **on each and every mortgage** being placed in the Trust (REMIC) to preclude the Trust (REMIC) legal status for existence and its **IRS tax exempt status from being voided.** (See Exhibits 660, 619)

7B. The Trust Agreement, administered under **United States Code and the Trust Laws of the State of New York**, is the **supreme controlling document of the Trust (REMIC)** and details with great specificity the name, legal responsibilities and compensation packages of the REMIC Sponsor, REMIC Depositor, REMIC Obligor, REMIC Owner, REMIC Trustee, REMIC Certificate Holder(s), REMIC Certificate Issuing Entity, REMIC Master Servicer, REMIC Sub-servicer and REMIC Custodian. (See Exhibit 660)

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7C. In addition, the Trust Agreement details with great specificity the composition of the differently **rated classes of mortgages allowed to be purchased and added to the REMIC.** The Trust Agreement, and **NOT THE POOLING AND SERVICING AGREEMENT,** specifies how the Certificate Register and the names of the Certificate Holder(s) are to be kept and **that all Certificates are ONLY OFFERED through the DTCC.** Trading of these Securities occurs between **Members of the DTCC.** (See Exhibit 660 Pages 70 thru 81)

8. Without exception, all of **the Transfers, Assignments, filings and legal mortgage recording requirements stipulated in the Trust Agreement,** regarding the Affiant's mortgage, were blatantly **NOT DONE** and **ARE NOT ON THE PUBLIC RECORD** in the Collin County, Texas, County Recorder's Office.

9. *“Endorsements-In-Blank of the Promissory Note have no effect upon the Chain of Title.”*

9A. **Texas Business and Commerce Code §3.205(b)(c):** (See Exhibit 356)

Together define "**endorsement-in-blank**" as stated below:

9B. **Texas Business and Commerce Code §3.205(b):** (See Exhibit 356)

If an endorsement is made by the holder of an instrument **and it is not a special endorsement,** it is a "**blank endorsement.**" When endorsed in blank, **an instrument becomes payable to bearer and may be negotiated by transfer of possession alone** until specially endorsed.

9C. **Texas Business and Commerce Code §3.205(c):** (See Exhibit 356)

The holder may convert a blank endorsement that consists only of a signature into a special endorsement **by writing, above the signature of the endorser, words identifying the person to whom the instrument is made payable.**

10. Under Federal and State Laws, **BEARER PAPER IS NON-NEGOTIABLE FOR SECURITY INSTRUMENTS**. Texas Business and Commerce Code **is a State codification of the FEDERAL UNIFORM COMMERCIAL CODE**.

10A. **Texas Business and Commerce Code §3.109(c)**: (See Exhibit 356)

An instrument payable to bearer may become payable to an identified person if it is specially endorsed pursuant to Section 3.205(a). An instrument payable to an identified person may become payable to bearer if it is endorsed in blank pursuant to Section 3.205(b).

10B. **Texas Business and Commerce Code §3.203(c)**: (See Exhibit 356)

Unless otherwise agreed, if an instrument is transferred for value and the transferee does not become a holder because of lack of endorsement by the transferor, the transferee has a **specifically enforceable right to the UNQUALIFIED ENDORSEMENT of the transferor**, but negotiation of the instrument does not occur until the endorsement is made.

11. *“Securitization records can be found at the Federal Reserve.”*

11A. One prominent mortgage fraud investigator writing under the moniker of “Nancy Drew” stated that the records of loan securitization could be found in the Federal Reserve databases. This statement is effectively untrue and represents a rabbit chase designed to detour the researcher from the records accurate location.

11B. The Federal Reserve maintains two sets of publicly accessible databases. The first set of databases **is called the Federal Reserve Economic Data (FRED)**. This is a collection of many types of macro and micro economic data concerning various aspects of the economic lives of Americans. (See Exhibit 679)

11C. The second database is **the National Information Center (NIC)**. NIC contains information on financial institutions that come under the purview of the Federal Reserve. (See **Exhibit 680**)

11D. Several of these databases are available for download and off-line viewing. It is possible to track the very limited history of a loan **IF** one knew the bank and the **CUSIP (Committee on Uniform Securities Identification Procedures) Number** of the loan pool into which the loan was placed and **the ultimate Residential Mortgage Backed Security** into which the loan was placed. (See **Exhibit 681**)

11E. Because **the CUSIP system is owned by the American Bankers Association (ABA) and operated by Standard and Poor's**, searching this database for securitization process records is a wasted effort. The actual process is also not apparent from a listing of CUSIP numbers. (See **Exhibit 681**)

12. ***“Mortgages in a Residential Mortgage Backed Security are traded in small pieces by financial institutions.”***

12A. The **Trust Agreement**, included with the Prospectus of the RALI Series 2008-QR1 Trust, **states that a mortgage's Deed of Trust and Promissory Note are owned by the Trust.** **Only those Certificates** which represent the **revenue generating stream of the Trust** may be traded **ONLY** among **Members of the DTCC**. (See **Exhibit 619 Pages 82 thru 83, Exhibit 660 Pages 70 thru 81**)

12B. For explanations of the **Certificates traded through the DTCC**. (See **Exhibit 619 Pages 35, 129, 257 and 369**) The Trust Agreement begins on Page 60 of the Prospectus. On Page 257 of the Prospectus, one reads that **the minimum denomination of the issued certificate is \$25,000**. This minimum denomination is **significantly less than any of the individual Mortgages in the REMIC**.

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12C. The REMIC Certificates are **externally rated by the nationally recognized Ratings Agencies without regard to the internally generated ratings of the individual mortgages supposedly held by the Trust.** Paragraph 12B above shows that an investor may buy a REMIC Certificate in denominations as small as \$25,000 that **may be rated as AAA and NOT be underwritten by mortgages commensurately rated.** This means that **if the mortgage values are fraudulently and incorrectly represented as to their value, the investor, whether large or small, has been fraudulently exposed to potential losses about which the investor is totally unaware.** (See Exhibit 619 Pages 82 thru 83)

13. This is another example of the fraudulent activities of the various entities from the loan originators to the RMBS Custodians and Trustees in violating Federal Code and State Statutes in developing fake RMBS and issuing fraudulent Trust Certificates.

14. The New Jersey Attorney General is suing Credit Suisse and others for the fraudulent sale of billions of dollars in toxic Residential Mortgage Backed Securities (RMBS) Trust Certificates to Investors. (See Exhibit 682 Page 2 Paragraph 1)

15. These RMBS Trusts include, but are not limited to, the Home Equity Mortgage Trusts (HEMT) Series 2006-4, 2006-5, 2006-6, 2007-1 and 2007-2, and Home Equity Asset Trusts (HEAT) Series 2006-4, 2006-5, 2006-6, 2006-7, 2006-8, 2007-1, 2007-2 and 2007-3. (See Exhibit 682 Page 2 Paragraph 1)

16. These Securities were offered between May 1, 2006 and April 30, 2007. (See Exhibit 682 Page 2 Paragraph 1)

17. The New Jersey Attorney General swears in his complaint that upon information and belief, Credit Suisse's other RMBS Trusts issued during this time period **had similar records of false and misleading statements and material omissions in their offering materials** and had **similar delinquency and default experiences.** (See Exhibit 682 Pages 3 thru 4 Paragraph 4)

18. Credit Suisse routinely overrode third-party underwriting due diligence at will **creating toxic Residential Mortgage Backed Securities**. (See Exhibit 682 Pages 15 thru 18)

19. The New Jersey Attorney General states that the mortgage pools, in which at least one third of the loans were Non-Qualified, had less than 35% of the loans tested for complying with underwriting standards. (See Exhibit 682 Page 15 Paragraph 43)

20. Even after independent underwriters told Credit Suisse that **57% of the loans did not meet the standards**, Credit Suisse continued to present the remaining **un-sampled loans** for inclusion in securities. (See Exhibit 682 Page 15 Paragraph 44)

21. Credit Suisse **purchased the vast majority of Non-Qualified**, rejected loans along with the remainder of the loan pool **for securitization into numerous RMBS**. (See Exhibit 682 Page 16 Paragraph 45 and Exhibit 682 Page 15 Paragraph 45)

22. In less than twelve (12) months **after the RMBS Trust Certificates were issued**, on average, **18% of the mortgages backing the certificates had defaulted**. Of the thirteen (13) RMBS in this lawsuit, six (6) of the RMBS had **Mortgage Defaults amounting to 20% or more** of their mortgage loan portfolios. Thus, these **RMBS became very toxic**. (See Exhibit 682 Page 17 Paragraph 50)

23. The **Federal Housing Finance Agency (FHFA)**, as conservator for Fannie Mae and Freddie Mac, conducted a **Forensic Audit** on the HEAT 2007-1 and the HEAT 2007-2 RMBS. FHFA **found that 47% of the 453 loans from the HEAT 2007-1 RMBS violated underwriting standards**. Of the 1489 loans reviewed from the HEAT 2007-2 RMBS, **71% of the loans violated underwriting standards**. (See Exhibit 682 Page 18 Paragraph 54)

24. *"In most States it is not necessary to record with the County Recorder's Office all re-assignments of the Deed of Trust or Mortgage."*

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24A. In the State of Texas, it is optional whether to **initially** register a Deed of Trust with the County Recorder's Office. However, to ensure protection of the rights of the mortgagee and the mortgagor, recording is strongly suggested. **Once a mortgage has been initially filed with the appropriate County Recorder's Office, ALL subsequent recordings, without exception, MUST be recorded.** In instance of the Affiant's mortgage, the **INITIAL MORTGAGE FILINGS WERE MADE** in the Collin County, Texas Recorder's Office, but the **REMAINING and REQUIRED Transfer and Assignment Recordings necessary to move the mortgage legally to the Trust were NOT DONE.** For the actual wording of Texas Statutes, See Texas Property Code §§12.001(a)(b) and Texas Property Code §11.001(a). **Once a Deed of Trust is publically recorded for the first time, all subsequent Assignments, Transfers and Releases MUST be recorded in the County Recorder's Office.** (See Exhibits 257, 258, 259, 260, 261)

24B. In the State of Texas, a Trust Agreement is created at the time of a mortgage closing. This Trust Agreement is comprised of two parts, the Deed of Trust and the Promissory Note. The State defines this bond between the Deed of Trust and the Promissory Note as both a **SECURITY** and a **NEGOTIABLE INSTRUMENT** in the Texas Business and Commerce Code §§3.104(a), 3.104(a)(1), 3.104(a)(3)(A) and 3.104(a)(3)(B). (See Exhibit 240)

25. *"A corporate entity mortgage banker, broker or lender does not have to be registered with the State and Federal Governments as such to conduct mortgage business."*

25A. Texas Finance Code §§343.001(2)(A) and 343.001(2)(B)(ii) states the definition of a home loan. Texas Finance Code Chapters 156 and 157 outline the **State requirements for a Mortgage Banker, Broker and Lender to be registered in the State.** Title I and Title V of Public Law 110-289, Housing and Economic Recovery Act of 2008 specifically state that **ALL MORTGAGE BANKERS, BROKERS AND LENDERS MUST REGISTER AND FOLLOW BOTH STATE AND FEDERAL REQUIREMENTS IN ORDER TO CONDUCT MORTGAGE BUSINESS IN A STATE.** (See Exhibits 251, 247, 248, 621)

Section 12: Going Unreported And Into The Black

1. The participants in the Trust (REMIC) industry **have taken their financial operations into the "unreported and black" world of unsupervised criminal fraud.**

2. With **no enforceable Government oversight and reporting requirements** being enforced on parties involved in this REMIC Certificate and RMBS securities trading industry, **especially when trillions of dollars are being frequently and repetitively traded and not publically reported,** the environment becomes ripe for **Securities Fraud, Tax Fraud and Tax Evasion.**

3. The environment for fraud has been further facilitated by the fact that all entities involved in this **Securities Fraud and Tax Fraud** crisis **are able to maintain their transactional data and trading records private and out of Governmental and public purview** such that any fraud being conducted is easily covered up. (See Exhibit 620)

4. These fraudulent Trust (REMIC) and RMBS entities further **empower their cover up by "lawyering up"** with large firms and paying these firms millions of dollars in fees, to use the politically sensitive judicial system to beat up on and take advantage of the victims of this fraud by **flooding the Courts with lawsuits and subsequently dragging out these lawsuits such that the average victim does not have the financial ability to stand up for their rights and fight their Case on a long term protracted basis.** In other words, the bullying criminal gets away with their crimes of fraud because **the very funds confiscated from the victims is used to bully and beat up on the victims.** Lastly, the criminal cabal can perfect these acts of fraud because they know that, **since they operate in the "unreported and black world" of no reporting oversight,** there are no Federal or State Agencies to will challenge them.

5. By implementing **these acts of legal legerdemain and calisthenics,** Trust (REMIC) and RMBS entities involved in these fraudulent activities **can maintain plausible deniability of any wrongdoing.**

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6. Entities or individuals, such as the Affiant, confront an almost impossible challenge in obtaining the factual data necessary to accurately disclose **complete and accurate evidence** showing how **their rights and properties are being taken and destroyed** because these Trust (REMIC) and RMBS entities, without exception, are unwilling to release the information necessary to allow appropriate and accurate conclusions to be drawn.

7. **The only other option available to inquiring entities or individuals desiring to determine what is being done to them is to, at tremendous cost, attempt to obtain Discovery rights in Court. Any entity or individual who has first-hand experience in this arena is well aware of the overbearing and one-sided conundrum existing therein.**

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Section 13: Reporting System Subversion

1. The IRS and SEC reporting systems have been subverted, to such an extent, that those responsible for Trust (REMIC) operations have been able to obfuscate and hide truthful information, which if disclosed, would expose the magnitude of the Securities Fraud committed that has generated the phenomenal revenue received by the Trust (REMIC) industry which would then quantify the Tax Fraud and Tax Evasion committed and would support the accurate calculation of the total amount of Federal Income Taxes being owed at this time.

2. The Real Estate Mortgage Investment Conduit (REMIC) was created in 1978 in accordance with Public Law 95-600. The REMIC did not legally exist prior to this date. (See Exhibit 622)

3. On March 30, 1984, pursuant to the Securities Exchange Act of 1934, 49 FR12690 was added to the Federal Registry which states: (See Exhibit 623)

"If the duty of an issuer to file reports pursuant to section 15(d) of the Act as to any fiscal year is suspended as provided in section 15(d) of the Act, such issuer shall, within 30 days after the beginning of the first fiscal year, file a notice on Form 15 informing the Commission of such suspension unless Form 15 has already been filed pursuant to Rule 12h-3. If the suspension resulted from the issuer's merger into, or consolidation with, another issuer or issuers, the notice shall be filed by the successor issuer."

4. On this date, 49 FR 12690 suspended the reporting requirements for any entity, including the REMIC, dealing with securities who have less than 300 owners.
(See Exhibit 620)

5. On October 22, 1986, Public Law 99-514 afforded tax exempt status to the REMIC.
(See Exhibit 624)

6. In an eight (8) year period, the REMIC was legally created, allowed to operate without any substantial reporting oversight requirement and then, predictably, was afforded a tax exempt status allowing for the generation of income free of any Federal Income Tax.

7. THE DISASTROUS AND HARMFUL EFFECTS OF THIS REGULATORY ELIMINATION OF BOTH OVERSIGHT AND REPORTING REQUIREMENTS HAVE NOT BEEN PROPERLY OR THOROUGHLY INVESTIGATED AND CORRECTED SUCH THAT THIS TYPE OF CRIMINAL CONTROL FRAUD CANNOT TAKE PLACE AND CREATE THE FINANCIAL AND PERSONAL CARNAGE TO THOSE INDIVIDUALS AND ENTITIES WHO HAVE BEEN MADE VICTIMS.

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Section 14: Violations: Affiant's Awareness

1. The Affiant became aware of the **Securities Fraud, Tax Fraud and Tax Evasion** violations described herein as a result of the realization, developed through investigation, that **proved he was an unknowing victim of these frauds and illegal activities** that resulted in his residential home properties **Chain of Title (and the value pertaining thereto)** being destroyed.
2. The Affiant had **never been late on or missed any mortgage payment on his mortgage.**
3. Once the realities of these **Securities Fraud, Tax Fraud and Tax Evasion** violations described herein were known, **it became apparent that the Affiant would never own his property** with a legal and unbroken **Chain of Title**. (See Exhibits 623, 627, 630, 649, 652, 658 and Exhibit 240 Section 3.104)
4. At this point, **the Affiant realized he was and would always simply be a tenant on the property making payments that would never purchase the property** they were intended to purchase. (See Exhibit 625)
5. The Affiant had **unknowingly become, as defined by Federal Law, an involuntarily indentured servant.** (See Exhibit 625, 42 USC § 1994)
6. Once these investigation and research results were verified as accurate, **the Affiant filed, as the Plaintiff**, a Federal Fraud Complaint on **April 26, 2011** in Federal District Court in the Eastern District of Texas. (See Exhibit 626)
7. This legal action **continues to the present day** and is referenced as evidence in this Jurat Affidavit.

Section 15: Violations: Obtaining Supporting Evidence

1. **Evidence has been partially obtained from the following sources:** (1) the Affiant's work product generation and docket-filed Court documents pertaining to the Affiant's Federal Eastern District Of Texas Complaint, (2) hundreds of public source websites, (3) the Collin County, Texas Registrar's Office, (4) the IRS website, (5) the SEC website, (6) GMAC responses to two (2) Qualified Written Requests (7) Bloomberg report research, (8) United States Bankruptcy Court Southern District of New York docket-filed documents, (9) United States Code, (10) the RALI Trust Agreement, Prospectus and Pooling and Servicing Agreement in which the Affiant's mortgage is located, (11) the Fannie Mae Website, (12) the DTCC Website, (13) numerous corporate press releases, (14) public blogs, (15) the MERS website, (16) the PACER Federal Court website, (17) United States Congressional Investigative Committee Depositions, (18) Federal Agency and Congressional public report disclosures, (19) hundreds of Federal Complaint and State Petition Dockets, (20) County Registrar Offices from around the Country, (21) interviews with thousands of homeowners regarding their mortgage experiences, and (22) numerous news agencies, magazines and think tanks.

2. Public evidence **was legally obtained from open public sources**, the addresses of which can be provided by the Affiant. **No breach of any computer or website security system occurred** during the research for and collection of the data outlined in this Jurat Affidavit.

3. All research, evidence and work product contained herein is available from the Affiant, the public source locations listed in the Affiant's Evidence Source Location Address Register, the Federal District Court, Eastern District of Texas' docket, the United States Bankruptcy Court, Southern District of New York's docket, the EDGAR database maintained by the SEC or from one of the other sources listed in Paragraph 1 above.

Section 16: Violations: IRS And SEC Codes And Laws

1. The **Securities Fraud, Tax Fraud and Tax Evasion** activities described and evidenced herein are **on-face** egregiously **direct violations of numerous and sundry IRS Tax Laws and SEC Securities Laws** resulting in the **direct theft of billions, if not trillions, of dollars from the United States Government and from all American citizens.** (See Exhibits 620, 622, 623, 624, 628, 630, 654, 655, 656, 657, 658)

2. This **Securities Fraud** has resulted in the United States portion of the total mortgage derivatives debt, **estimated to be \$700-800 trillion dollars in 2012,** being invested in **worthless RMBS and REMIC Certificates** that have **been illegally traded by the DTCC and other DTCC Member's Only securities trading houses** located predominantly in the United States. (See Exhibit 618)

3. Since the 2004 to 2007 timeframe when **the FBI reported to the U.S. Congress**, on more than one occasion, that **the FBI had determined that major fraud was taking place in the Trust (REMIC) Securities Trading Industry**, in specific, and **the residential mortgage industry**, in general, it has become unquestionably proven that there appears to be a high degree of reticence and fear surrounding the penetration, disclosure and halting of this control fraud. (See Exhibit 652)

4. The U.S. Congress **failed to react to the notices given and requests made by the FBI for additional funding and staffing** such that **the FBI could have,** as they requested the authority to do, **attacked the fraud and its perpetrators before the fraud could have become further exacerbated and subsequently have caused the Mortgage Crash of October, 2008.**

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5. It has **only been in the very recent past that some minor penalties**, as a percentage of all monies stolen and/or Federal Income Taxes evaded and not paid, have been assessed. However, the shocking **reticence displayed by State and Federal authorities to intensely, and with commitment, go after the perpetrators of this fraud and the monies owed the U.S. Government has become glaringly and undeniably apparent.**

6. As stated by senior members of the Department of Justice, the banking entities predominantly behind this **Securities Fraud, Tax Fraud and Tax Evasion, APPARENTLY ARE TOO BIG TO FAIL AND TOO BIG TO PROSECUTE.**

7. These statements, as well as many others, clearly indicate **there is a high degree of paralyzing fear held by some politicians, agencies and authorities** regarding investigating, without restraint, the perpetrators of this massive control fraud.

8. This reticence, with its resultant effects, leads a prudent person **to unfavorably consider what degree of control these bank perpetrators have over the Government and its Agencies.**

9. Further, a prudent person is lead to question who calls the shots, **who controls the Government and who ACTUALLY protects the American citizen from massive and destructive illegal fraud**; the Government or the fraudulent perpetrators of this control fraud.

10. The Government and its Agencies are Constitutionally mandated to preserve and protect the rights of American citizens and to not turn a blind eye towards massive corporate fraud while simultaneously **pumping trillions of dollars into the Federal Reserve Accounts of the very banks and entities responsible for perpetrating the control fraud.**

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11. The **LAST HOPE FOR THE COUNTRY AND ALL AMERICAN CITIZENS**, with regard to calling a halt to this devastating fraud, rests in the **reliance upon the authority, competence, ethics and capability of the Agencies to whom this Whistleblower filing is being made.**

12. The Affiant has faith and belief in the desire and ability of these two (2) Agencies to stand up for the American people, stop this out of control fraud from continuing, and to hold the perpetrators responsible.

13. The **evidence needed to accomplish these two goals are disclosed herein** and, that which is included, is **FURTHER SUPPORTED BY THOUSANDS OF PAGES OF EVIDENCE** that can and will be made available to Agency Investigators and other recipients that make request for this evidence.

Section 17: Fraud Overview

1. Four (4) years of investigation, research and Federal Court proceedings **indicate that the illegal acts of Securities Fraud, Tax Fraud and Tax Evasion**, conducted by the Trust (REMIC) holding and trading the **Securities being backed and given value by the Affiant's mortgage, have been similarly conducted by most, if not all, existing REMIC's** currently trading RMBS predominantly through the **Depository Trust & Clearing Corporation (DTCC)**.

2. This Whistleblower filing describes, substantiates, evidences and **attempts to partially quantify** (as quantification pertains to the Trust (REMIC) holding and trading the Securities being backed and given value by the Affiant's mortgage) what is now universally accepted as being the **largest and most massive Securities Fraud and financial theft of U.S. tax dollars in recorded history.**

3. The following is excerpted, in its entirety, from the first two (2) Paragraphs on Page 9 of the December, 2012 Research Paper No. 317, *Once a Failed Remic, Never a Remic*, issued by the Brooklyn Law School from its **Brooklyn Law School Legal Studies Research Papers Accepted Paper Series**. (See Exhibit 627)

3A. "Industry practices raise questions about whether Trusts satisfied either the definitional requirement or the timing requirement. The general practice was for trusts and loan originators to enter into Pooling and Servicing Agreements, **which required the originator to transfer the mortgage note and mortgage to the trust**. Nonetheless, as in Kemp, reports and court documents indicate that **originators and trusts frequently did not comply with the terms of the Pooling and Servicing Agreements and the originator typically retained possession of the mortgage notes and MERS became the nominee of record on the mortgage.**"

3B. "The failure to properly transfer the mortgage note and mortgage may CAUSE THE TRUSTS TO FAIL BOTH THE DEFINITIONAL REQUIREMENT AND THE TIMING REQUIREMENT THAT ARE NECESSARY TO QUALIFY FOR REMIC STATUS. They fail the definition requirement because they DO NOT LEGALLY OWN OBLIGATIONS, and what they do legally own DOES NOT APPEAR TO BE SECURED BY INTERESTS IN REAL PROPERTY. They fail the timing requirement because they do not acquire the requisite interests within the three month prescribed time frame."

4. The Securities Fraud, Tax Fraud and Tax Evasion perpetrated by the majority, if not all, of the banking, financial, ratings and legal entities, agencies and firms involved in the illegal securitization and trading of fraudulent RMBS (and illegally taking advantage of the REMIC tax exempt feature of Federal Law and the IRS Code), and simultaneously committing financially motivated RICO fraud activities, has resulted in the outright and direct theft of hundreds of billions, if not trillions, of tax dollars from the United States Treasury and has resulted in the well-documented amassing of \$700-800 trillion dollars of worthless long term RMBS debt resulting from the multiple trading of these illegal and worthless securities.

5. The DTCC states on Page 12 of the MBSD Handbook that approximately 8 trillion dollars worth of REMIC Certificates (RMBS) are traded on a MONTHLY BASIS. The MBSD Handbook is a publication of the DTCC Mortgage-Backed Securities Division. The total dollar volume of worthless long term RMBS dramatically increases on a daily basis. (See Exhibit 618)

6. IRS Tax Code and Federal Law MAY afford a tax exempt status to a Trust electing to become a REMIC IF compliance with all legal and procedural tasks is completely and legally accomplished in accordance with governing dictates as outlined in the Trust Agreement and Pooling And Servicing Agreement both of which have been established pursuant to and are governed by both Federal Law and New York State Trust Laws as New York is the State in which the Trust was established. (See Exhibit 618)

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7. The REMIC vehicle has been historically used because it allows money to be made free of U.S. Federal Income Tax and allows the REMIC to cease all reporting and go off the public tracking grid by filing SEC Form 15-15D. (See Exhibit 620)

8. The REMIC is simply a Trust that has ELECTED A TAX EXEMPT STATUS by claiming that the Trust meets the REMIC qualification requirements established by Federal Law and IRS Tax Code. (See Exhibit 628)

9. Residential home mortgages, and the RMBS resulting there from, are SUPPOSEDLY the assets held by the Trust (REMIC).

10. The legal existence of the REMIC and the legal maintenance of its TAX EXEMPT STATUS are TOTALLY DEPENDENT upon these residential mortgages being legally maintained and transferred to the Trust (REMIC) in accordance with State and Federal Laws. (See Exhibit 619 Pages 65 thru 72)

11. If these actions are not accomplished legally, then THE ASSETS OF THE REMIC BECOME WORTHLESS. (See Exhibits 620, 622, 623, 624, 628, 630, 654, 655, 656, 657, 658)

12. If the assets of the Trust (REMIC) become worthless, THEN THE TRUST (REMIC) ITSELF BECOMES WORTHLESS. (See Exhibits 620, 622, 623, 624, 628, 630, 654, 655, 656, 657, 658)

13. If the assets of the Trust (REMIC) are destroyed and become worthless, THEN THE TAX EXEMPT STATUS OF THE TRUST (REMIC) IS VOIDED. (See Exhibits 620, 622, 623, 624, 628, 630, 654, 655, 656, 657, 658)

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14. If the tax exempt status of the Trust (REMIC) is voided, the Trust (REMIC) then has a significant tax problem since the Trust (REMIC) now must realize tax obligations on income which, for years, has been reported as being tax exempt and on which NO TAXES HAVE BEEN PAID. (See Exhibits 628, 630, 650)

15. Significant penalties, fees and other assessments are also NOW DUE. (See Exhibit 683)

16. Securities Trading is the mechanism used to generate this tax free money.

17. This Trust (REMIC) tax exempt status vehicle and Securities Trading System is legally implementable IF AND ONLY IF the residential mortgages pooled in the Trust (REMIC) ARE NOT LEGALLY DESTROYED WHILE BEING TRANSFERRED TO and SUPPOSEDLY being made a part of the Trust (REMIC). (See Exhibit 660 Pages 122 thru 133)

18. In addition to the damage caused to REMIC investors and Certificate Buyers, the legal destruction of the mortgage destroys the mortgagor's (homeowner's) interests in their property and tramples their individual rights and investment in their property.

19. This destruction is termed "BREAKING THE CHAIN OF TITLE."

20. The Residential Mortgage, as in the State of Texas, is comprised of two (2) parts, the Deed of Trust and the Promissory Note. (See Exhibit 247 Section 156.002(10))

21. For over one hundred (100) years, both State and Federal law, reinforced by US Supreme Court decision, requires that the Deed of Trust and Promissory Note MUST NEVER BE SEPARATED LEGALLY ONE FROM THE OTHER, for if they are separated, then BOTH the DEED OF TRUST and the PROMISSORY NOTE BECOME "NULLITIES." (See Exhibit 629)

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22. If the mortgage has been **destroyed because the Chain of Title has been broken** and both the **Deed of Trust** and the **Promissory Note** have become "nullities," there **IS NO LEGALLY VIABLE BASIS UPON WHICH TO "SECURITIZE" AND TRADE,** under the Securities Laws of the United States, **MORTGAGES WHICH HAVE BEEN LEGALLY DESTROYED.** (See Exhibits 620, 622, 623, 624, 628, 630, 654, 655, 656, 657, 658)

23. If a mortgage's **Chain of Title has been broken, that MORTGAGE CANNOT BE A QUALIFIED MORTGAGE** as defined by **Internal Revenue Service Code and Federal Law.** (See Exhibit 630) Therefore, **that mortgage CANNOT BECOME A PART OF A TRUST (REMIC)** as governed by the Trust Agreement and the Pooling and Servicing Agreement established under the Trust Laws of the State of New York and Federal Law. (See Exhibits 620, 622, 623, 624, 628, 630, 654, 655, 656, 657, 658 and Exhibit 660 Pages 122 thru 133)

24. If a mortgage, **because the Chain of Title has been broken,** is therefore **a Non-Qualified Mortgage** as defined by the **Internal Revenue Service Code and Federal Law, THAT MORTGAGE CANNOT BE LEGALLY TRADED AS A SECURITY.** (Exhibit 660 Pages 122 thru 133)

25. The **Certificates of Ownership in a REMIC,** and issued by the REMIC for **Securities Trading purposes,** are the Securities that are publically traded as "Residential Mortgage Backed Securities." (See Exhibit 660 Page 2)

26. It is **ILLEGAL TO TRADE FRAUDULENTLY REPRESENTED AND OTHERWISE WORTHLESS SECURITIES** in accordance with Federal Securities Laws and the Federal Criminal Code. (See Exhibits 620, 622, 623, 624, 628, 630, 654, 655, 656, 657, 658 and Exhibit 660 Pages 122 thru 133)

27. If the Trust elects to become a REMIC and **subsequently trades fraudulently represented and otherwise worthless securities,** the **TAX EXEMPT STATUS OF THE REMIC IS VOIDED.** (See Exhibit 660 Page 2)

28. If the REMIC does not explicitly follow the guidelines of the Trust Agreement and the Pooling and Servicing Agreement, **ALL PREVIOUSLY EARNED MONIES**, on which taxes have not been paid, due to the reliance upon the REMIC's tax exempt status, **NOW BECOME TAXABLE INCOME TO THE REMIC**. (See Exhibits 620, 622, 623, 624, 628, 630, 654, 655, 656, 657, 658 and Exhibit 660 Pages 122 thru 133)

29. This **failure to pay taxes** is termed **TAX FRAUD** and/or **TAX EVASION**.

30. If the Chain of Title is broken, the **MORTGAGE CONTRACT IS VOIDED** and **all Securities and Certificates** representing this broken Chain of Title **BECOME WORTHLESS** and, if traded, these trades then **represent illegal acts in accordance with Federal Securities Laws** and **REVENUE FROM THESE TRADES BECOMES TAXABLE INCOME** in accordance with Federal Laws and IRS Codes. (See Exhibits 620, 622, 623, 624, 628, 630, 654, 655, 656, 657, 658 and Exhibit 660 Pages 122 thru 133)

Section 18: Fraud: The MERS System And Its Shareholders

Use Of Acronyms

1. There are numerous **individuals**, **entities** and **terms** addressed for the reviewer in this **Section 18**.
2. Many of the individual, entity and term names are long, tedious and, by necessity, have been referred to many times throughout this Section 18.
3. To simplify the tedious reading burden and to promote enhanced initial understanding of that which is written below, **ACRONYMS** are used in certain instances to identify certain key individuals, entities and certain terms.
4. Acronyms used in this Section 18 are listed in descending alphabetic order beginning at the top of the following Page.

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ACRONYMS Used In This Section 18 Are Listed Below:

American Land Title Association	ALTA
Certifying Officers	CO
Chain of Title	COT
County Recorder's Office	CRO
Deed of Trust	DOT
Government Sponsored Enterprise	GSE
Lender Processing Services (DocX)	LPS
MERSCORP, Inc.	MC
MERS Member	MM
MERS System	MS
Mortgage Bankers Association	MBA
Mortgage Electronic Registration Systems, Inc.	MERS
Mortgage Identification Number	MIN
Office of the Comptroller of the Currency	OCC
Promissory Note	PN
R. K. Arnold	RKA
Racketeer Influenced & Corrupt Organizations Act	RICO
Real Estate Mortgage Investment Conduit	REMIC
Residential Mortgage Backed Securities	RMBS
Robosignors	RS
William Hultman	WH

Section 18-1: What Is The MERS System

1. This Whistleblower Package describes and evidences the most massive pre-engineered RICO Fraud Enterprise in recorded history.
2. This RICO Fraud Enterprise has become generally referred to as the "Mortgage Bubble of 2008."
3. This loosely assigned moniker is neither **technically accurate** nor **properly reflective of what really happened** to cause the mortgage crisis that was first publically disclosed in October, 2008.
4. The Mortgage Crisis was **not** an uninfluenced open market phenomenon as the overused word **bubble** infers.
5. In fact, the Mortgage Crisis was **the designed end result of a pre-engineered RICO Fraud Enterprise, the planning of which, had begun over two (2) decades prior** to the public disclosure of the crisis in October, 2008.
6. At the very heart, or focused center, of this RICO Fraud Enterprise was a very expansive and illegal **Administrative Machine** (Without Which The RICO Fraud Could Not Have Been **Pulled Off**) comprised of thousands of individual and entity participants who became involved in the RICO Cabal **predominantly because the RICO Cabal allowed these individuals and entities to make huge sums of money in a very short period of time** with the **PERCEPTION** that they **could do so with no oversight and with no regard for either State or Federal Law.**
7. **Greed became rampant at all levels** of the mortgage industry and the **RICO Fraud Enterprise did nothing to stem this out of control greed.** Instead, **full advantage was taken** of this tsunami wave of greed **to further heighten the level, frequency, volume and egregiousness of these illegal, fraudulent and/or criminal behaviors.**

8. This **Administrative Machine** used a combination of massive financial incentives, punitive financial threats of penalties, mass marketing obfuscation techniques, technically complex but **completely unsupervised** electronic computer systems and a **hands-off, weakly-cloaked plausibly deniable system of Total Mismanagement** to implement the RICO Fraud Enterprise herein described below.

9. The ultimate exit strategy, or **End Game**, of this RICO Fraud Enterprise, as evidenced by the **largest Bankruptcy in U. S. history** currently taking place in **Judge Martin Glenn's U. S. Bankruptcy Court, Southern District of New York**, is the **simultaneous** Bankruptcy filings, **in this instance**, of fifty-one (51) residential mortgage companies, all of whom are related to a single parent company.

10. These entities Publically advertised and marketed that they were **stand-alone individual companies** when, in fact, **that was a lie**. This advertising and marketing plan was utilized to cover the market as broadly as possible, in minimum time, while attracting the largest number of potential homebuyers to maximize the **Securities Fraud financial windfall** pertaining thereto.

11. **Fifty-one (51) Companies**, all marketed as individual entities, **Have Never Before** and **Do Not** file for Bankruptcy on the same day and in the same Court unless (1) the filing parties are either related or are, in reality, one in the same and (2) there is a highly motivated management desire to take steps to either obfuscate, greatly disperse, legally entangle or destroy records outright which, if made public, **would publically disclose the nature of the RICO Fraud Enterprise** and the **illegal and/or criminal acts committed by the individuals and entities filing Bankruptcy**.

12. The residential **mortgage industry is a Statutorily intense and time consuming business** environment. Residential mortgage transactions, under **Legal and Normal** circumstances, take on average, **sixty (60) to ninety (90) days Per Transaction** to complete and **require compliance with numerous, varied and specific State statutes to effect legal and perfectible Deed of Trust and Promissory Note Assignments, Transfers and Releases**.

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13. This **Administrative Machine** has become known as the **MERS System**.

14. At a minimum, the **MERS System** is comprised of **MERSCORP, Inc., Mortgage Electronic Registration Systems, Inc. (MERS), the Shareholders of both these entities, the Corporate Shareholder entities' Boards of Directors, all 5,000 plus MERS Members, which include Mortgage Bankers, Mortgage Brokers, Title Companies, Insurance Companies, Law Firms, Real Estate Sales and Brokerage Companies, Robosignor Companies, 20,000 plus individual Robosignors, Government Sponsored Enterprises (Fannie Mae and Freddie Mac), mortgage industry trained associations (MBA, ALTA and CREFC) and, more recently, MERSCORP Holdings, Inc.**

15. There was literally **No Segment** of the residential mortgage industry that **had not been penetrated, promoted, captured and made a part of the RICO Fraud Enterprises' Administrative Machine referred to as the MERS System**.

16. This system and **its ability to control, obfuscate and destroy the Statutorily Legal system designed to insure legal behavior, preclude fraud and protect all parties in residential mortgage transactions**, epitomizes the meaning of the adage "**You lie and I will swear to it.**"

17. As it is logistically unfeasible to include all evidence documents in this Jurat Affidavit, what follows is a thorough summary of the **MERS System** involvement in the Trust (REMIC) **Securities Fraud** industry.

18. The **MERS System** story is long and involved. The following overview summary covers numerous key points of interest for the reviewer but **is not necessarily discussed in strict sequential order of occurrence.**

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19. The MERS System Fraud begins with the rules and regulations of a **Private Financial Membership Group Controlled By The Corporate Entities** Mortgage Electronic Registration System, Inc. (MERS), MERSCORP, Inc. and the **Shareholders of both these Corporate entities** referred to as the MERS System. (See Exhibits 51, 52, 60, Exhibit 339 Page 33 Lines 3 thru 20, Exhibit 339 Page 285 Line 6)

20. These above written facts have been attested to by the sworn statements, of the **CEO, President and Vice Presidents of the MERS' corporate entities**, made both in Court depositions and in their testimonies before U. S. House and Senate Subcommittee hearings. (See Exhibits 151, 152, 339, 341)

21. MERSCORP, Inc. operates A PRIVATE National Electronic Registry that tracks beneficial ownership interests and servicing rights associated with residential mortgage loans and any changes in those interests or rights. There have been over 5,000 participating MERS Members, of which 3,000 are residential mortgage servicers. MERS Members register loans and report transfers, foreclosures and other changes to the status of residential mortgage loans on the MERS System. There are currently approximately 31 MILLION ACTIVE RESIDENTIAL MORTGAGE LOANS REGISTERED ON THE MERS SYSTEM. Examined Members receive a substantial portion of the services provided by MERSCORP, Inc. and MERS. (See Exhibit 325 Pages 4 thru 5)

22. The MERS System literally controls the LEGAL INTEGRITY and therefore Oversees The Illegal Destruction Of The Deeds Of Trusts of more residential mortgages than any collection of County Recorder's Offices in any State could possibly ever do if they were making continual administrative mistakes, which they don't do.

23. MC is the Parent Company of MERS and has sold Over 20,000 Illegitimate And Illegal Titles of Executive Secretary and Vice President of MERS to the Employees of MERS Member Organizations who sell mortgages to potential homeowners. (See Exhibit 151 Page 45, Exhibit 647 Page 22)

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24. MERS is the holder of the Databases that track residential mortgages, interest rates, profiling indices on All Residential Borrowers and demographics on over 70 Million homes and the DOTs and PNs pertaining thereto. (See Exhibit 36 Page 1, Exhibit 647 Page 22)

25. The rules and regulations of the MERS System are very simple. These rules and regulations state that "any Member caught not adhering to the rules will be severely reprimanded up to and including having their membership cancelled." (See Exhibits 149 Page 23, Exhibit 161 Page 1 Paragraphs 8 and 9)

26. All MERS Members will do business primarily with other MERS members. (See Exhibit 149, Exhibit 184 Pages 3 and 4, Exhibit 75 Pages 27 and 28)

27. If a MERS Member has a business partner that is integral to their operations in the residential mortgage market, they should persuade them to join the MERS System. See Exhibit 149, Exhibit 184 Pages 3 and 4, Exhibit 75 Pages 27 and 28)

28. All transactions with other MERS Members of the MERS System Must Be Recorded Electronically In The MERS System's Private, proprietary and non-publicly disclosed databases. (See Exhibits 72, 73, 74, 75, 184)

29. The only activities recorded with the County Recorder's Office are the initial recording of the Deed of Trust/Mortgage and the final disposal of the Deed of Trust whether through final payment on the loan or at the time of foreclosure of the loan. (See Exhibit 75 Page 12)

30. The Report from The Office of the Comptroller of the Currency states that 31 million first-lien loans represent 60% of all outstanding residential mortgages in the first quarter of 2012. It is safe, logical and prudent to conclude that the MERS System exerts a very significant degree of Influence And Control Both On And Over The Residential Mortgage Industry and market in the United States. (See Exhibit 325 Page 4)

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31. **R. K. Arnold**, in his capacity as **CEO and President of both MC and MERS**, testified before both the **U.S. Senate and House Subcommittees** that the **MERS** organization, overseeing the repository of the Databases, **had only 50 to 65 employees**. (See Exhibits 55, Exhibit 151 Page 45, Exhibit 152 Pages 3 and 12 thru 14)

32. **MC** and **MERS** **ASSERT** that the Mortgagee **is the lien holder on the property or title**. In the same document, **MERS** states they **ONLY TRACK TRANSFERS OF THE PROMISSORY NOTE OR SERVICING RIGHTS AMONG MERS Member ORGANIZATIONS**. (See Exhibit 36)

33. Documentation **specifically generated** by the "MERS Law Department" of **MC** and **MERS** obfuscates and willfully confuses the relationship between these two Corporations. (See Exhibit 150)

Section 18-2: What Comprises The MERS System Databases

1. The MERS Databases that have been identified, but which do not represent all the Database locations of the MERS System. **Agency Investigations Will Identify Many Additional MERS System Database Storage Locations.**
2. The Databases thus far located are stored on:
3. **Rackspace Servers** (See Exhibit 246) and on **MERS Doctors Database** at Heroku.com. (See Exhibit 636)
4. **Mr. Sam Sheffres** is a **Team Member** who supports the **MERS Doctors Database**. (See Exhibit 635)
5. **MERS Doctors**, located at 650 7th Street, San Francisco, CA 94103, is a computer database service entity for **Banks** and **Mortgage Lenders INTENDED** to ensure that a mortgage loan is filed correctly at the **appropriate County** in the event of a **Foreclosure**. The Mortgage Electronic Registration System, Inc. **MERS Doctors** website is built on **Ruby's Sinatra framework** and hosted on **Heroku**. It is claimed to be able to automatically provide quotes for Lenders based on the County Fees plus an added **Default Markup** to the resulting price. The website **has a User Control Panel** that allows **Lenders** to upload **lists of properties in CSV format**, where they are automatically **added to the Database**. There is also **a Portal for the parties responsible for carrying out the MERS Assignments** where **they are able to bid on the jobs** added by **Lenders** that are within their service area.

6. The assertion that the **MERS Doctors Database** will ensure that the **CORRECT FILINGS** occur at the **County Recorder's Office is laughable** as the **MERS System**, by **its very nature**, is **legally and financially destructive to the Chain of Title** and **MERS Doctors**, as a **Third Party contractor**, has no **influence over or ability to control** the Data entered on the Database by **MERS Members**. In addition, **MC** and **MERS** have voluntarily surrendered, pursuant to the **Cease and Desist Order**, its right to foreclose on any property. (See Exhibit 325)

7. Further, since **MERS Doctors** databases **DO NOT RESIDE** on their **own servers** but on the **servers of other entities**, to make the assumption that **the completeness and accuracy of MERS Data** will be either corrected and/or maintained, is **PRACTICALLY AND TECHNICALLY LAUGHABLE**. Therefore, this relationship can only **exist for one or more Political or Public Relations purposes**.

Section 18-3: Engineered Impacts Of The MERS System

1. The **MERS System** accomplishes, at a minimum, the following **Pre-Engineered**, and **Designed Impacts** as automatic outcomes and results **of its normal daily operations**.

(1). **Eliminate** the Statutorily **required time delays** normally associated with the **Legal filing** of transactions related to Residential Mortgage Contracts.

(2). **Bypass** and **steal monies charged by the County Recorder's Office** for its Statutorily required filing fees **each time a filing is made**.

(3). Charge **MERS Members**, for the **benefit of the MERS System** and **Not** the **County Recorder's Office**, the filing fees **stolen** and **not paid to the CRO**.

(4). **Destroy the Integrity** of **Records** on file at the **County Recorder's Office** by:

(A). **Filing only** the **initial Documents** generated **at the time** of the **Closing** of the Mortgage Contract.

(B). Quickly processing numerous transactions **to illegally place** the Mortgage Contract into a **Securities Fraud-based Trust** for the purpose of **promoting** the almost immediate beginning of **Securities Fraud** due to the **Fraudulent Trading of Trust (REMIC) Certificates**.

(C). The **impact of this Securities Fraud** totally **obliterates** the Statutorily required, Legally Compliant and Clearly Traceable **Chain of Title** of the mortgage.

(D). **Completely mitigating** the **County Recorder's Office's ability** to assist the homeowner and other interested parties in **ascertaining the ownership** of the homeowner's **Deed of Trust** and **Promissory Note** and the **Legal status of the properties' Chain of Title**.

(5). **Automatically and illegally Destroy** the homeowner's **Chain of Title** by hiding numerous and varied transactions, **conducted privately** by the **MERS System** and its **MERS Members** at electronic light speed and **on the private and publically undisclosed MERS System Databases**, which, **without anyone's knowledge, irrevocably hides, Destroys** and **Separates the Deed of Trust** from its **Promissory Note**.

(6). **Hide, obfuscate and preclude** homeowners and other interested parties, who are **Not MERS Members**, from having access to, **tracing and determining** the status and **legal condition** of their property's **Chain of Title**.

(7). Profile and place homeowners into **destructive, sub-standard and fraudulent mortgages** that **pre-dispose the homeowner to a significantly higher risk of foreclosure** due to the undisclosed and statutorily unsupervised changes in terms that the average homeowner would never understand.

(8). **Support, facilitate and promote** the **Securities Fraud** conducted by the **Trust (REMIC) entities** by making possible the almost light speed construction of **Non-Qualified and Illegal**, in accordance with **Federal Securities Laws**, Mortgage Pools that subsequently are illegally and fraudulently **placed into Trust (REMIC) entities** such that the trading of illegal Securities, **constructed from illegal Trust (REMIC) Certificates**, begins **almost immediately** after the **Closing of the Mortgage Loan**.

(9). **Cover up and obfuscate** the reality and truth **regarding the attempts of American Citizen's to protect themselves in Court** by publishing, on the **MERS Website** and in other publications, **Propaganda Misdirection** information assembled by the **MERS Legal Department**. This tactic, promoted by **MERSCORP, Inc.** and **MERS**, misdirects the focus of and incorrectly informs American Citizens as to the **nature of the Actual Fraud taking place**, the **degree to which American Citizens are being harmed** and portrays a fraudulent, misleading and inaccurate picture of the **Intended Invincibility** of the illegal **MERS System**.

(10). Promote and support **Securities Fraud**, **Tax Fraud** and subsequent **Tax Evasion** by administratively providing for the continuation of the **simultaneous, multiple and illegal trading of fraudulent Trust (REMIC) Certificates** underwritten by, in **Violation of Federal Law**, **Non-Qualified** and **worthless Residential Mortgages**.

(11). Transform millions of homeowners, without their knowledge, into **Involuntarily Indentured Servants** as these homeowners **will never be able to receive**, as they rightfully expect, a **perfectible and Unbroken Chain Of Title to their property** after having made **monthly payments for years** to pay off the **Promissory Note** associated with the **Deed of Trust**.

(12). Relying on **its stable of Law Firms** and its effectively unlimited budget, the MERS System **has aggressively worked to contribute to the Fraud Cover Up** by attacking homeowners in Court and has worked to deplete homeowner's funds and congest and misdirect the Court system in this Country **such that the average homeowner can no longer litigate** to stand up for their rights, **gives up** and **becomes a victim** of the **RICO Fraud Enterprise proffered by ruthless, greedy and psychopathic individuals**.

(13). This **tactic** is referred to as **legal legerdemain** and **calisthenics** and has the net bullying effect of financially destroying the homeowner and thereby **precludes the evidenced facts regarding the existence of fraud from being made public**.

(14). Effectively **destroy** the **Congressionally-intended** Statutory control of Public Records by **County Recorder's Offices**, by **wrestling control from** the County Recorder's Offices by electronically storing, transmitting, modifying and **destroying the Deeds of Trusts** and **Promissory Notes** on **more mortgages**, now **estimated to exceed 70 million** nationwide, than are tracked by the **County Recorder's Offices themselves**.

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(15). The **MERS System** has been clearly aware from the outset that the average County Recorder's Office **does not possess the budget, investigative staffing or workload ability** to be able to **keep up with the volume** of light speed transactions **generated by the electronic MERS System**. Therefore, the **MERS System** effectively has **bullied its way** into a position of **self-proclaiming its Illegal control of millions of destroyed Chains of Title** and Public Records simply because the average County Recorder's Office **cannot, without Congressional, Legislative and Judicial support**, stop the **Fraudulent activities of the MERS System**.

2. **MERS** is the **administrative implementation** arm of the **RICO Fraud Enterprise** responsible for the **light-speed, multiple and Fraudulent Breaking of the Chains of Title on millions of residential mortgages**. (See Exhibit 659)

3. Homeowners, in the beginning, **Had The Reasonable Expectation Of Believing** that their properties **Would Be Owned Free And Clear** when all payments on the mortgage had been made. In light of the facts leading up to and continuing through the Securities Fraud described herein, this reasonable expectation is no longer valid and the homeowner, by virtue of paying rent in lieu of Mortgage Reducing payments culminating in a zero (0) balance, has been made an **Involuntarily Indentured Servant**. (See Exhibit 260 Pages 12 thru 15 Section 12.017) (Exhibit 413 Page 55 Paragraphs 223 and 224, Page 57 Line 223 and Page 58 Line 241)

4. In the electronic commerce and computer programming industry, a **Parent/Child relationship** mandates that a new programming **object take on some of the Properties of the Parent**. The **Parent** has the **natural ability** to manipulate **any and all** of the **Data of the Child**. Thus, loan information **entered** by a **Parent** organization can be **changed, modified, enhanced** or **extended** by **another MERS Member** Organization that has a **Parent/Child relationship** to the **Originator** of the **Data**. (See Exhibit 81)

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5. This Data **access and manipulation feature** of the **MS Scheme** means that **THE INTEGRITY OF THE MORTGAGE CONTRACT CAN AND IS DESTROYED** since **any MM** can access the Data and there is **NO** Management Control, Oversight or Quality Control measures instituted to **insure that all Legal, Regulatory and Filing requirements stipulated by State and Federal Law are followed without fail.**

6. An investigation of literature published by the **MERS System** reveals that Mortgage Electronic Registration Systems, Inc. (MERS), a Delaware Corporation, states in its documents that **It Is Only A National Database For Tracking Changes in Mortgage Servicing Rights and Beneficial Ownership Interests** in loans secured by residential real estate. (Exhibits 36, 37, 39, 40, 41, 42, 44, Exhibit 413 Lines 1346 thru 1349)

7. Further investigation reveals the **MERS System** has always stated in its Corporate literature that the company was **Established For The Sole Purpose** of being solely a tracking utility and **Does Not, At Anytime, Own Or Have Any Interest In The Note Or Deed On Any Mortgage.** (Exhibits 36, 37, 39, 40, 41, 42, 44, Exhibit 413 Lines 1351 thru 1353)

8. As an example, the Affiant's **DOT** is over twenty (20) Pages long and typed in fine print. There are only four (4) nondescript sentences **describing Mortgage Electronic Registration Systems, Inc. (MERS)** as the **Nominee and Beneficiary.** (See Exhibit 397)

9. This **is fraudulent under numerous Texas State Statutes.** **MERS,** a Delaware Domestic Corporation, **has never legally registered as a Domestic Corporation or as a registered Foreign Corporation in the State of Texas.** (See Exhibits 10 thru 13)

10. The reasonable **conclusion is that the MERS SCHEME** to control the residential mortgage market is **EXPLICITLY** and **SIMULTANEOUSLY COORDINATED** and **IMPLEMENTED** by **MC** and **MERS** acting as a **SINGLE** Corporate Control Authority. (See Exhibit 52)

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11. It is reasonable to assume that every time the MC Board meets, there is a SIMULTANEOUS QUORUM of the MERS Board such that Directives and Corporate Policies, as DIRECTED BY MERSCORP, Inc., are SIMULTANEOUSLY ACCEPTED by Mortgage Electronic Registration Systems, Inc. (See Exhibit 52)

12. MERS has, from the beginning, lied to all those involved in using the MERS System by telling its MERS Members they could, by using the MERS System, close more mortgage contracts per time period and make more money by circumventing the time consuming requirements of State law by avoiding making the State and Federal Law required mortgage filings in the County Recorder's Office. (See Exhibit 259 Page 1 Section 11.001, Exhibit 259 Page 3 Section 11.004, Exhibit 260 Section 12.001(a), Exhibit 257 Page 1 Section 192.001, Exhibit 257 Page 3 Section 192.007 and Exhibit 258 Page 2)

13. This lie was perpetrated because the MERS System could do electronically in nano seconds what, if State and Federal Law requirements were followed, would take months to accomplish legally and properly. (See Exhibit 151 Page 19, Exhibit 70 Page 1)

14. MERS, by their own written directives, has Caused The Shredding And Destruction Of Millions Of Original Mortgage Contract Documents for the purpose of undermining and destroying the homeowners ability to protect their rights and their homesteads. (See Exhibit 75 Page 22, Exhibit 76 Page 139, Exhibit 365)

15. MC and MERS became the perfect skills used by this RICO Fraud Enterprise System to gain COMPLETE CONTROL OF THE RESIDENTIAL REAL ESTATE MARKET. This enterprise was and is fraudulent as there is no credible auditing or oversight of the data entered into the MS databases by employees of the MM organizations. (See Exhibits 2, 36, 151, 152, 338, 339)

Section 18-4: Corporate History Of MERS

1. Evidence proves that the **first MERS entity formed in 1972** and called **MERS, Inc.**, was the same entity from which the current **MERS System** has spawned. This **MERS, Inc.** entity is a **DUMMY Tennessee Corporation** and has **FIVE (5) EMPLOYEES**. (See Exhibit 647 Page 24 and Exhibits 5, 6, 7, 8, 9)

2. In the mid to late 1990's, two (2) Delaware Corporations, **MERSCORP, Inc.** and **MERS**, were created by a conglomeration of members of the professional organization known as the **MBA**, several **large title and title insurance companies**, several **major banks**, two (2) **GSE's (Freddie Mac and Fannie Mae)**, **ALTA** and other **unnamed parties active in the residential mortgage industry**. (See Exhibits 50, 51, 273 Page 1, 339 Page 284 Line 5 thru Page 285 Line 6)

3. The official **dates of formation are listed by the Delaware Secretary of State** on the SOS website. This website lists the registration and formation date of **MERSCORP, Inc.** as **June 30, 1998**. (See Exhibit 3)

4. **MERSCORP, Inc.** is located at **1818 Library Street in Reston, Virginia**. (See Exhibit 647 Page 24, Exhibit 149 Page 1, Exhibit 161 Page 2 and Exhibits 155, 160, 19)

5. **MERSCORP, Inc.** is a Delaware Corporation based in **Virginia**. **MERSCORP, Inc.** is **NOT REGISTERED** in the State of Texas as either a **Domestic** or **Foreign** Corporation. **MERSCORP, Inc.** is **NOT REGISTERED** to do business in Texas. (See Exhibit 647 Page 30 and Exhibits 16, 17, 18, 19, 20, 21, 22, 23, 24)

6. The **Conflicting Representations** described below were made in the **Corporate Disclosure Statements** sworn and submitted to the Court under oath by the law firm of Bradley Arant Boult Cummings, L.L.P. on behalf of their clients, the **Defendants in the Affiant's Federal RICO Fraud Case**.

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7. The **MERSCORP, Inc. Corporate Disclosure Statement**, filed in the Affiant's Federal Case, states the following:

"MERSCORP, Inc. is not a publically held corporation. No publically held corporation owns more than 10% of the common stock of MERSCORP, Inc."

8. **MERSCORP, Inc.** in its Disclosure Statement to the Court, states that **IT IS A PRIVATELY HELD CORPORATION**. Yet, **NUMEROUS OF THE SHAREHOLDERS** of **MC** are **public corporations and GSE's**. (See Exhibit 50)

9. **MERS** is a Delaware Corporation **based in Virginia**. **MERS** has **NEVER REGISTERED** in the **State of Texas** as either a **Domestic** or **Foreign** Corporation. **MERS** is not **registered** to do **business in Texas**. The company called MERS and that is registered in Texas is a **FRAUDULENT** corporation **used to collect fees** and **IS TOTALLY UNRELATED TO MERSCORP, Inc., MERS and the MERS System**. (See Exhibit 647 Page 30 and Exhibits 10, 11, 12, 13, 35)

10. The official **dates of formation are listed by the Delaware Secretary of State** on the SOS website. This website lists the registration and formation date of **MERS** as **October 16, 1995**. (See Exhibit 2)

11. **MERS**, as the keeper of the Databases, is located at **1595 Spring Hill Road in Vienna, Virginia**. Yet, in official public records, **THIS ADDRESS IS FILED** as the address of **MERSCORP, Inc.** (See Exhibit 647 Page 24 and Exhibits 21, 22, 23, 28)

12. **MERS**, a Delaware Domestic Corporation, has **never registered with the Texas Comptroller's Office**. These are **VIOLATIONS of the Texas Business Organization Code §§ 9.001(a)(1)(b), 9.051(b) and 9.502**. (See Exhibit 243)

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13. MERS, according to its Corporate Disclosure Statement filed in the **Affiant's Federal RICO Fraud Case**, claims that MERS is a **PRIVATELY HELD** corporate entity. (See **Exhibit 647 Pages 38 thru 39 and Exhibit 671**)

14. YET, in Disclosure Statements to the Court, MERS states that MC is **its Parent Company**. (See **Exhibit 270**)

15. The MERS **Corporate Disclosure Statement** states the following (*sic*):

"Mortgage Electronic Registration Systems, Inc. has the following parent corporation(s) and publicly held corporation(s) that owns (*sic*) 10% or more of its stock: MERSCORP, Inc., a privately held Delaware Stock Corporation. MERSCORP, Inc., is a privately held Delaware stock corporation." (See **Exhibit 647 Pages 38 and 39 and Exhibits 671, 672**)

16. This **statement is egregiously conflicting** as MERS **first** identifies **MERSCORP, Inc.** as **both** its parent corporation and a publically held corporation. **Secondly**, MERS clearly mentions **only one (1) Corporation name** in its Corporate Disclosure Statement. The **only name** mentioned, and the **only Corporation name disclosed**, is **MERSCORP, Inc.** **Thirdly**, MERS clearly admits that **MERSCORP, Inc.** owns **more than 10%** of the MERS stock.

17. MERS and **MERSCORP, Inc.** cannot have it **both ways**. Based on research, it is reasonably concluded that **ONE (1) or MORE** of the **MERSCORP, Inc.** Shareholders is **a publicly held corporation** and may likely, in fact, own **more than 10% of the stock of MERSCORP, Inc.** (See **Exhibit 647 Pages 38 and 39 and Exhibits 671, 672**)

18. In multiple sworn Deposition Testimonies before U. S. Congressional Committees, R. K. Arnold, CEO and President of MERSCORP, Inc. and William Hultman, Secretary and Treasurer of MERS, made the following statements as the top two (2) Executives of the MERS System.

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19. Close attention should be paid to the **Conflicting Representations** made by these top two (2) Senior Executive Controlling Officers of **MERSCORP, Inc.** and **MERS** should have made **Exactly Matching Representations.**

20. **R. K. Arnold** testified that **Mortgage Electronic Registration Systems, Inc. (MERS)** was **Incorporated in 1999.** (See Exhibit 339, Page 15, Lines 3 thru 6)

21. **William Hultman** testified he thought **MERS was first Incorporated in 1995 or 1996.** (See Exhibit 341, Page 51, Lines 19 thru 21)

22. **In the same Deposition, William Hultman** testified that **MERS** was **Incorporated a Second time** on June 30, 1998. (See Exhibit 341, Page 43, Lines 2 thru 3)

23. **In the same Deposition, William Hultman** testified that **MERS** was **Incorporated a Third time,** six (6) months after the **Second Incorporation,** on **December 30, 1998** as a **wholly owned subsidiary** of **MERSCORP, Inc.** (See Exhibit 341, Page 29, Lines 7 thru 15)

24. **Arnold and Hultman,** being the top two (2) Senior Executive Controlling Officers of **MERSCORP, Inc.** and **MERS** **directly contradict one another as to when the Corporation they both serve was formed.** This irregularity is **incredulous and impossible to comprehend.** (See Exhibit 341 Page 51 Lines 19 thru 21, Page 43 Lines 2 and 3, Page 29 Lines 7 thru 15) and (Exhibit 339 Page 15 Lines 3 thru 6)

25. **William Hultman** testified he **was hired by MERS in February, 1998.** (See Exhibit 341, Page 13, Lines 8 thru 10)

26. Apparently, **Hultman Was Hired By Mers As One Of The Top Two Controlling Executives Of Mers Approximately One (1) Year Before Mers Legally Existed.** (See Exhibit 339 Page 15 Lines 3 thru 6, Exhibit 341 Page 13 Lines 8 thru 10)

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27. **William Hultman**, in the same **Deposition**, **contradicts himself** when he **states that his Employer is MERSCORP, Inc.** (See Exhibit 341, Page 13, Lines 15 thru 20)
28. **William Hultman** is the **Secretary and Treasurer of Mortgage Electronics Registration Systems, Inc. (MERS).** (See Exhibit 341, Page 13, Lines 21 thru 25)
29. **William Hultman** is the **Senior Vice President, Corporate Division Manager, Secretary and Treasurer of MERSCORP, Inc.** (See Exhibit 341, Page 14, Lines 1 thru 6)
30. **William Hultman** serves the same **Senior Executive Officer** roles for both **MERSCORP, Inc.** and **MERS.** (See Exhibits in Paragraphs 35 & 36 above)
31. It is clear that **MERSCORP, Inc.** and **MERS** attempt first **to act as one (1) entity** then **subsequently** and **selectively as two (2) separate entities**, when it best serves their purposes, as a form of Propaganda Misdirection and Confusion. (See Exhibits 339 and 341)
32. **R. K. Arnold** testified he was **hired by MERS in December, 1995.** (See Exhibit 339, Page 22, Line 8 continuing to Page 25, Line 13)
33. Apparently, **Arnold Was Hired By Mers As One Of The Top Two Controlling Executives Of Mers Approximately Four (4) Years Before Mers Legally Existed.** (See Exhibit 339 Page 15 Lines 3 thru 6 and Page 25 Lines 10 thru 13)
34. Later in his **SAME Deposition**, **R. K. Arnold** testified that he works for **MERSCORP, Inc.** as **President and CEO** and is simply **an Officer of MERS.** (See Exhibit 339 Page 9 Lines 19 thru 21)
35. The **conflict** is that according to the **Secretary of State of Delaware, MERSCORP, Inc.** **did not exist** prior to **June 30, 1998.** (See Exhibit 3)

36. Average individuals would believe that **MERSCORP, Inc.** and **MERS** were created to function as separate and individual companies. Yet, based upon the corporate structure of these two (2) organizations, they, **IN FACT, ACT AS ONE.** In reviewing the list of **Officers** for **both Corporations**, 60% of **the Board** of **MERS** hold the same positions in **MERSCORP, Inc.** This duality of offices **includes the Top Three (3) Positions on both Boards.** (See Exhibit 51)

37. In the **Corporate** world, the **Shareholders CONTROL the Board of Directors** of the private corporation and the private corporation **CONTROLS** its **WHOLLY OWNED PRIVATE SUBSIDIARY.** (See Exhibits 50 and 51)

38. When several of the **Shareholders** hold both **CONTROLLING AND OFFICER POSITIONS** on the Board of Directors of **MERSCORP, Inc.** and **MERS**, the **Shareholders are intimately involved** in the daily operations of **both Corporations.** All Officers of **MERSCORP, Inc.** and **MERS** are either "C" Officers or Executive level Vice Presidents in their respective Corporations. (See Exhibits 50 and 51)

39. This collection of operational Corporate realities establishes the **direct Nexus of insuring** that the **Shareholders** and **MERS Member** organizations of the **MERS System** fall in lockstep with the directives established in the name of **MERSCORP, Inc.** and **MERS.** (See Exhibits 50 and 51)

40. The members of the **Board of Directors** in **MERSCORP, Inc.** and **MERS** represent some of the largest **Banks, Title Companies, Government Sponsored Enterprises** along with major members of the **MBA.** (See Exhibits 51 and 52)

41. It is reasonable to assume that every time the **MERSCORP, Inc.** Board meets, there is a **SIMULTANEOUS QUORUM** of the **MERS** Board such that **Directives and Corporate Policies**, as **DIRECTED** by **MERSCORP, Inc.,** are **Simultaneously Accepted** by **Mortgage Electronic Registration Systems, Inc.** (See Exhibit 52)

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42. **One glaring conflict** with the Corporate Disclosure Statements is that **Fannie Mae** and **Freddie Mac** are both **PUBLICALLY HELD GSEs** under the **CONSERVATORSHIP** of the **Federal Housing Finance Agency**, being a U.S. Federal Government Agency.

43. Based on research results, it is strongly believed that **Fannie Mae** and/or **Freddie Mac**, both as **publicly held GSEs**, **own more than 10% of the stock of MERSCORP, Inc.** Federal Agency investigations will either corroborate or disprove this strongly held contention.

44. If this contention is proven correct by **Agency Investigations**, then **numerous other serious issues** regarding the Legal Corporate Existence of **MERSCORP, Inc.** and/or **MERS** are then raised and must be further investigated as to these **issues' relationship** to the **existing Securities Fraud** which leads to **Tax Fraud** and **Tax Evasion**.

45. **William Hultman** states there are **No Employees** of **Mortgage Electronic Registration Systems, Inc.** It is impossible to believe that this organization, with **No Employees**, can control **trillions of dollars** worth of **Residential Mortgage Loans**. This conflict in statements causes one to **severely question the credibility of each of these two top Senior Executive Corporate Officers**. (Exhibit 341 Page 72 Lines 3 thru 8)

46. **R. K. Arnold** testified that there are **sixteen (16) Directors** on the **MERS Board of Directors**. (See Exhibit 339 Page 14 Lines 19 thru 22)

47. **R. K. Arnold**, later in the same Deposition, testified there are **six (6) Directors** on the **MERS Board of Directors**. (See Exhibit 339 Page 16 Lines 10 thru 20)

48. These **OFFICERS HAVE ACTIVELY DIRECTED THE MERS SCHEME** and have caused the resulting legal and financial devastation. **All Corporate Officers of Mortgage Electronic Registration Systems, Inc. hold the SAME corporate positions in MERSCORP, Inc.** (See Exhibits 51 and 52)

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49. Documentation **specifically generated** by the "MERS Law Department" of **MERSCORP, Inc.** and **MERS** willfully obfuscates the actual relationship between these two Corporations for the purpose of keeping investigators and the public confused. (See Exhibit 150)

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Section 18-5: MERS System Scheme

1. The MERS System Scheme is a Pre-Engineered RICO Fraud Enterprise specifically intended to administratively and logistically **promote, expedite and facilitate** the ability of ALL MERS Members and ALL Parties involved in the Trust (REMIC) Certificate (Securities) Trading Industry to operate **outside of both State and Federal Laws** and to conduct, **at electronic light speed**, thousands of Non-Public, Non-Disclosed, Un-Supervised and effectively **Secret Fraudulent Acts** of Securities Fraud, Tax Fraud and the Tax Evasion that follows subsequently while simultaneously **Destroying and Breaking** the Chains of Title on Millions of Mortgages **WITHOUT** the Home Owner being aware of the Fraudulent Acts being **Privately Committed**.

2. This Section 18-5 is, in part, a more detailed explanation of additional findings regarding the points outlined in Section 18-3: Engineered Impacts Of The MERS System. For reference, review Section 18-3 Paragraph 1 Numbers (1) thru (15).

3. Understanding the MERS story begins to become much more involved from this point forward. Because of the complexity of the "rabbit hole" represented by this Section 18-5, there is no perfect sequentially chronological order in which to communicate the numerous points identified below.

4. By necessity, it is recommended that Section 18-3 and this Section 18-5 be reviewed numerous times to develop a thorough understanding of the dynamic interrelationships of the issues discussed in these two (2) Sections.

5. Utilizing dubious and, at best, flawed legal advice, MC, MERS and Fannie Mae INDUCED AND DIRECTED all 5,000+ MM organizations to generate, by their estimates, OVER 31 MILLION FRAUDULENT DEEDS OF TRUST AND MORTGAGE CONTRACTS throughout the United States since 1997. (See Exhibits 2, 36, 151, 152, 338, 339)

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6. These Deeds of Trust and Mortgages are fraudulent because the MM's, utilizing the MS of databases, ELECTRONICALLY enter data without any credible oversight by any employee or Officer of MC or MERS. (See Exhibits 2, 36, 151, 152, 338, 339)

7. This MERS System, instituted by MC, MERS and their Shareholders, strongly encouraged and enticed their MERS Member organizations to induce their other business-to-business customers to become MERS Members. This marketing effort was employed with the intended result of making as many individuals and entities involved in the Residential Mortgage Industry part of the MERS System family and thereby broadening the scope of influence, control, manipulation and cover-up exercised by the MERS System. (See Exhibit 184).

8. MC and MERS became the perfect skills for this RICO Fraud Enterprise System to gain COMPLETE CONTROL OF THE RESIDENTIAL REAL ESTATE MARKET. This enterprise was and is fraudulent as there is no credible auditing or oversight of the data entered into the MS databases by employees of the MM organizations. (See Exhibits 2, 36, 151, 152, 338 and 339)

9. Since the revocation of the Glass-Steigal Act in 1996-97, Banks, Mortgage Companies, Title Companies and Government Sponsored Enterprises have conspired and circumvented the long standing and accepted system of creating a complete and legal Public paper trail documenting the creation of mortgage trusts and any subsequent Assignments and Transfers thereof intended to protect the legal and financial viability of the Chain of Title. The TWO MAJOR CIRCUMVENTERS are MERSCORP, Inc. and Mortgage Electronic Registration Systems, Inc. (MERS). (See Exhibit 670)

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10. The **fraudulent enterprise** referred to as the **MERS System**, formed by **MC**, **MERS**, their **Shareholders** and certain **Other Parties**, created a **MERS Membership Scheme** of **Mortgagers**, **Mortgage Servicers**, **Mortgage Securities Aggregators**, **Document Preparers**, **Banks**, **Title Companies** and **Government Sponsored Enterprises** in a **CLOSED, UNSUPERVISED AND NON-STATUTORILY CONTROLLED SYSTEM** in which loans are **INITIALLY** recorded, after closing, in the County Recorder's Office. (See Exhibits 76, 184, 185, 332)

11. After the original Deed of Trust and Promissory Note are generated at closing and are initially filed publically, the **MERS System**, in almost all instances, has taken, **what should be a publically filed, unbroken and traceable Chain of Title history**, all mortgage transactions and documents it has captured control of and **made them disappear into the black, inaccessible, untraceable and Publically undisclosed environment** of the MERS System Databases.

12. **AFTER** recording the Promissory Note in the **MERS Databases**, the **SHREDDING of the ORIGINAL LEGAL Deed of Trust, Promissory Note and Mortgage Package Documents** takes place. (See Exhibits 42, 75, 76, 365)

13. In its voluminous corporate documentation, **MC** states that **it is ONLY a REGISTRY**, and is not a legal participant or owner in any way in any mortgage transaction and operates only with the expressed purposes of (1) tracking mortgage loan interests and servicing rights of its **5,000+** Members and, (2) eliminate paperwork through the use of electronic commerce. (See Exhibits 49 and 287)

14. However, in **this SAME** documentation, **CONTRARILY** and **ILLEGALLY**, **MERS** instructs its **MERS Members** to designate **MERS** as a legal participant in its mortgage transactions in the role(s) of **Nominee** and **Beneficiary** for the **Lender and Mortgage Servicer**. (See Exhibits 36 thru 39, 42, 43, 45, 49, 70, 72, 74, 75, 76, 104, 107)

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15. **Conclusively** then, MERS advertises, promotes and publically discloses lies and falsehoods to give the impression that MERS is a discreet and minor administrative party involved in the Mortgage Transaction Process while, simultaneously, doing exactly the opposite by injecting itself into each mortgage transaction as a Party with Legal Rights and, all the while, completely breaking and destroying the Chain of Title and, subsequently, the homeowner's **financial investment** in and **ownership** of the Property.

16. MERS and MERSCORP, Inc. have been PROFILING the Affiant in various Databases that are readily and non-discretionarily available to all 5000+ MERS Member Organizations. (See Exhibit 647 Page 87 and Exhibits 77, 87, 88, 90, 93, 98, 144, 145)

17. The creation and implementation of the rules of **Mortgage Electronic Registration Systems, Inc.** and **MERSCORP, Inc.** **GUARANTEED** that the rapid and **illegal securitization** of residential mortgages **could occur at literal electronic light speed while being kept completely hidden from any oversight and examination by the prying eyes of affected individuals, investigative Agencies and Non-MERS System Members.** (See Exhibits 41 and 46)

18. **MERS System** procedures, **enforced on MERS Members by the threat of significant financial penalties** if not followed, **caused the illegal BREAKING of millions of Chains of Title** on millions of mortgage contracts. (See Exhibit 149 Page 23, Exhibit 161 Page 1 Paragraphs 8 and 9)

19. **This is the reason** that most, if not all, MERS-Controlled mortgages were Non-Qualified and Unfit for placement into a Trust (REMIC) long before these mortgages Could Possibly Have Been Put Into The Possession Of The Trustee For The Trust. (See Exhibit 630 Pages 1 and 2, 26 USC § 860G(a)(3) and 26 USC § 860G(a)(4), Exhibit 629 Page 3, US Supreme Court ruling Carpenter v. Longan)

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20. A **partial list** of **FINDINGS** by the **OCC** is described below. Refer to the **entire Cease and Desist Order** for a complete listing and dissertation of findings determined by the **OCC**. (See **Exhibit 325**)

21. The **OCC determined** that in connection with services provided to Examined Members related to **tracking**, and **registering** residential mortgage **loans** and **initiating foreclosures** (“residential mortgage and foreclosure-related services”):

22. MERS and MERSCORP, Inc. have Failed To Exercise Appropriate Oversight, Management Supervision and Corporate Governance, and have Failed To Devote Adequate Financial, Staffing, Training, And Legal Resources to ensure proper administration and delivery of services to Examined Members.

23. MERS and MERSCORP, Inc. have Failed To Establish And Maintain Adequate Internal Controls, Policies, and Procedures, Compliance Risk Management and Internal Audit And Reporting Requirements With Respect To The Administration And Delivery Of Services To Examined Members.

24. By reason of the conduct set forth above, MERS and MERSCORP, Inc. ENGAGED IN UNSAFE OR UNSOUND PRACTICES THAT EXPOSE THEM AND EXAMINED MEMBERS TO UNACCEPTABLE OPERATIONAL, COMPLIANCE, LEGAL, AND REPUTATIONAL RISKS.

25. A prudent and thoughtful person would conclude that Mortgage Electronic Registration Systems, Inc. (**MERS**), its parent Corporate Owner, **MERSCORP, Inc.** and the **Shareholders of MERSCORP, Inc.** willfully engaged and continue to **willfully engage in acts that**, by their very nature and conduct, **are Criminal Activities as defined in USC Title 18, Chapter 95 (Racketeering) and Chapter 96 (Racketeer Influenced & Corrupt Organizations Act (RICO))**. (See Exhibit 664 18 USC Chapter 95, Exhibit 665 18 USC Chapter 96)

Section 18-6: MERS System Shareholders

1. Corporations are **predominantly controlled** (by and through their Boards of Directors) by the **Corporation's Shareholders** and the **individuals** placed on the Corporation's Board of Directors by the **Shareholders**. Therefore, when Corporations such as **MERS** and **MERSCORP, Inc.** operate, they do so **in response to the directions and wishes of their Shareholders**. This fact determines the **actual control authority** within a Corporation.
2. This relationship between a Corporation's control and its Shareholders **has been glaringly avoided** in the voluminous rhetoric regarding the Mortgage Crisis. It seems that no one **connects the dots regarding who is controlling** and is **responsible for the operation of the Pre-Engineered RICO Fraud Enterprise**.
3. The **Shareholders** of **MERS** and **MERSCORP, Inc.** not only control these two (2) Corporations, they are, in most documented instances as evidenced herein, the very **same entities heavily vested and involved in the Securities Fraud, Tax Fraud and Tax Evasion** by and through their **direct involvement** in the hierarchy of **ownership** and **control** in most, if not all, of the **Trust (REMIC)** entities **trading Fraudulent Securities** that have been formed from the Trust (REMIC) Certificates and are **SUPPOSEDLY** underwritten and given their financial value by collections of Pooled Residential Mortgages. In fact, these **Mortgages** and the **value pertaining thereto has been legally and financially destroyed**. Correspondingly, the **Securities Are Not Legally and Financially Underwritten by Actual Financial Value and the Trading of the resultant Securities is Fraudulent In Accordance With Federal Law**.
4. The **Most Important Single Point** that has been **all but totally avoided and neglected** by parties Publically investigating, litigating and discussing the Mortgage Crisis is that **the value of the underlying Residential Mortgages has been destroyed** because of the **Illegal and Fraudulent** actions of **MERS** and **MERSCORP, Inc.**, at the **Direction Of Their Shareholders** and by the subsequent **Fraudulent Securities Trading** activities conducted primarily through the **DTCC**, in legally **Destroying and Breaking the Residential Mortgage's Chain of Title**.

5. In a world or legal environment in which the **primary focus** for business operations should be to **conduct those operations legally and without destroying millions of people's lives**, then, when a **Chain of Title is destroyed**, the entire process should **Come To An Immediate Halt**.

6. In this circumstance, in which **the participants in the MERS System vehemently refuse to follow the Law** and then rely on their legal firms to **conduct legal fights in Court** in an attempt to **Cover Up** the reality of their Fraudulent and/or Criminal actions, then the **Breaking of the Chain of Title** is a **Desired Result** that is **Absolutely Necessary** and has been methodically **forced to occur** such that the **Pre-Engineered RICO Fraud Enterprise**, represented by **MERS, MERSCORP, Inc.**, their **Shareholders, MERS Members** and many **Related Parties** can then **instantaneously and electronically transfer the Corrupted and Destroyed Mortgage** into a **Trust (REMIC)** to facilitate the immediate beginning of the **Fraudulent Securities Trading Activities** before any outside party has **an opportunity to determine what has taken place**.

7. Many authorities, at all levels including the **Legal Professionals and Firms** involved in the **largest Bankruptcy in history** currently being conducted in the **Federal Bankruptcy Court, Southern District of New York**, have **glaringly stayed away from discussing** or even addressing the **RICO Fraud Enterprise, Securities Fraud, Tax Fraud** and **Tax Evasion** issues that are at **ground zero** of the Mortgage Crisis.

8. Some of these Authorities have **selectively "hen pecked"** various issues in the Mortgage Crisis and have supported half-baked, insufficient and **statistically insignificant cures** such as bailouts, TARP, HAMP and the twenty-five Billion dollar plan developed, in part, with the participation of attorneys from **Bradley Arant Boult Cummings, L.P.**

9. **NONE** of these efforts, since **October, 2008**, address **so much as one (1) point of focus** or issue related to the true and evidenced underlying **RICO Fraud Enterprise** cause of the Mortgage Crisis.

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10. It is the Affiant's opinion that **there are those who are aware** of the magnitude of the **RICO Fraud Enterprise** but are absolutely **scared to death to consider** bringing up these issues for fear of **Political, Financial, Personal or Professional blow back and/or retribution.**

11. To be absolutely clear, for these Authorities and Firms **to be so publically committed to sweeping the real causes and realistic solutions** to the Mortgage Crisis under the Legal and Political rugs of scrutiny is, at a minimum, **Ethically Treasonous** and, **although one cannot look into the hearts of others**, the actions and behaviors of these Authorities and Firms clearly lead the thinking person to conclude, at a minimum, that **somewhere and somehow money is involved in a filthy way** and these decisions have been made with the net effect being of allowing innocent Americans to pay the bill for the RICO Fraud Enterprise conducted by those **powerful individuals and entities who control the money in the economy** and who think they are, **as publically quoted from Senior Administration Officials** and others, "**Too Big To Fail** and **Too Big to Prosecute.**"

12. As one example, Treasury Secretary Hank Paulsen stated, on CSPAN, to the U. S. Congress immediately after the Mortgage Meltdown, that **if the Congress did not approve the financial demands being made by Treasury, on behalf of the Big Banks, that Marshall Law would be immediately established.**

13. This attitude of and proclivity for dispensing fear and threats is alive and well and **Continues Unabated Today.**

14. Another recent documented case in point, major banks, **Wells Fargo Bank N.A. as one example**, who are significant **Shareholders** of **MERS** and **MERSCORP, Inc.** and are **Key Participants** in the **Fraudulent Trust (REMIC) Certificate Trading Industry** have, since well after the occurrence of the Mortgage Crisis and Economic Meltdown of October, 2008, **admitted (1) to Criminal Fraud and Drug Cartel Money Laundering Charges and (2) to Criminal Fraud regarding their involvement and participation in the Mortgage Crisis.**

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15. These Banks have, **both individually and collectively**, paid **Billions of dollars in fines** with the **Agreements from certain Authorities** that, if the fines were paid, then the **Actual Criminal Perpetrators Would Not Be Prosecuted.**

16. This may be the most egregious Authority behavior in history.

17. The average American citizen is not an idiot. That fact is clearly, irrefutably and publically documented by the recent public opinion polls that have disclosed subterranean approval numbers for both the U. S. Congress and others.

18. It is **not a reach or a hypothetical supposition** to state that, **if these Banks, MERS, MERSCORP, Inc.** and their **Shareholders** will commit these heinous crimes, they **certainly would not be ethically challenged or judgmentally restrained** from being involved in the **RICO Fraud Enterprise** that **IS** the Mortgage Crisis.

19. **The evidenced facts and pieces of this puzzle go together this way.** These Banks, Financial Institutions, Mortgage Bankers and other Shareholders of **MERS** and **MERSCORP, Inc.** who are **Participants** in the **Pre-Engineered RICO Fraud Enterprise** and **Perpetrators** of the **Securities Fraud**, **Tax Fraud** and **Tax Evasion**:

(1). Financially plunder and steal money from Home Owners, the U. S. Government and the Economy in general.

(2). Take statistically insignificant sums of dollars obtained as a financial result of the RICO Fraud Enterprise.

(3). Pay that money to certain Authorities and Agencies of the Federal Government.

(4). Admit they are guilty of Criminal Fraud and Corruption.

(5). Sign an unbelievably ludicrous and ethically criminal Settlement Agreement.

(6). Obtain a "**Get Out Of Jail Free**" card.

(7). Walk away **TOTALLY UNACCOUNTABLE.**

(8). Go to work the next day and **CONDUCT**:

(9). **BUSINESS AS USUAL (ie No Harm, No Foul)**

20. The Affiant has no thought that these types of **Ethically Treasonous Agreements** would be considered for **the average American Citizen**. Apparently, if you are **a little criminal**, you go **to jail and get vilified**. If you are **a big criminal**, you can use the money you stole from the victim **to pay your fine, get out of prosecution, go back to work and Get A Bonus For Your Inconvenience**.

21. This **factually accurate** and **current reality** is **Repugnant Beyond Comprehension** and the Authorities involved in this re-occurring procedure are **Despicable And Should Be Dishonorably Relieved Of Their Positions**.

22. The Affiant believes these Authorities, Agencies and Firms **are deathly afraid of truthfully, ethically and courageously confronting** these issues for fear that if the evidenced and factually proven truth was publically disclosed that:

- (1). The corrupt banking system behind the RICO Fraud Enterprise would fail.
- (2). These Authorities, Agencies and Firms would be severely and Politically criticized for incompetence and for failure to do their jobs.
- (3). Financial support for these Authorities, Agencies and Firms would dry up.
- (4). It is less Politically risky to let the Criminals walk away and not be held Accountable.
- (5). Any complicity with the RICO Fraud Enterprise would be uncovered and disclosed and would be damaging to any complicit parties.

And It Appears To Be More Politically Expedient To:

(1). Allow millions of innocent American Citizens to suffer for and pay the bills of the Criminals since the average American Citizen represents a less significant Financial and Political Risk to these Authorities, Agencies and Firms, **and**

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(2). As has been continuously and publically documented, place the Judicial, Social and Financial burdens of these **Fraudulent** and **Criminal Acts** on the **backs of the American Citizen.**

23. Agency Investigations should vociferously determine the **roles played by the Judicial System** to identify and eradicate: (1) any **complicity** with the **Control Mechanism** and (2) any **involvement** with a protective **Cover Up** of the **existence of the RICO Fraud Enterprise.**

24. What has been outlined above addresses the issue of **Actual Control** of the **RICO Fraud Enterprise** that **IS** the **heart** of the **Mortgage Crisis.**

25. These heinous and out of control relationships between and actions of the above identified entities are **The Reasons Why This Whistleblower Filing Has Been Made.**

26. The Agencies with whom this Whistleblower Filing has been lodged **represent the two (2) Federal Agencies** who possess and have been given the **legal authority, capability, experience** and **Congressional Mandate** to **attack** and **stop** these types of **RICO Fraud Activities.**

27. **These Agencies have the ability to:** (1) **stand up for and protect American Citizens** (2) **penetrate the Criminal Cabal that has been hidden behind the black curtain of secrecy** (3) **hold Accountable those responsible** (4) both **Directly** and **Indirectly** re-establish substantive **Legal Due Process** and **Rule of Law** in a Judicial System that appears not to be overly concerned with the loss of these two founding legal system cornerstones.

28. Once the issues that **Define The Control Mechanism Of The RICO Fraud Enterprise** are understood and embraced, the reasons establishing the **Absolute Necessity for Federal Agency Investigations** become very apparent.

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29. The publically disclosed Roster of MERS Shareholders, as of 11-13-2011, are listed below. (See Exhibit 50)

American Land Title Association

Bank of America

COO Mortgage Corporation

Chase Home Mortgage Corporation of the Southeast

CitiMortgage, Inc.

Commercial Mortgage Securities Association

Corelogic

Corinthian Mortgage Corporation

Everhome Mortgage Company

Fannie Mae

First American Title Insurance Corporation

Freddie Mac

Homecomings Financial, L.L.C., GMAC Mortgage, L.L.C., Residential GMAC Residential Funding Corporation

Guaranty Bank

HBSC Finance Corporation

MGIC Investor Services Corporation

Mortgage Bankers Association

PMI Mortgage Insurance Company

Stewart Title Guaranty Company

SunTrust Mortgage, Inc.

United Guaranty Corporation (AIG)

Wells Fargo Bank, N.A.

WMC Mortgage Corporation

This list of Shareholders is an exact reproduction, from **MERS** sources, of the Shareholders list.

30. The yellow highlighted line above is not clearly understandable and needs to be investigated to determine if the **Residential GMAC Residential** representation in fact means Residential Capital or one of its many **Related Subsidiary hydras that are the basis of the Bankruptcy** currently being adjudicated in the Federal Bankruptcy Court, Southern District of New York.

31. Since 11-13-2011, **MERSCORP, Inc.** has added, as a minimum, **CRE Finance Council** and **Morserv, Inc.** to their list of **Shareholders**.

32. The **CRE Finance Council (CREFC)** is a trade association for Lenders, Investors and Servicers engaged in the **3.1 trillion dollar COMMERCIAL Real Estate Finance Industry**. More than **250 Companies** and **5,500 Individuals** are members of CREFC. Member firms include **Commercial Banks**, **Insurance Companies**, **Private Equity Funds**, **Mortgage Real Estate Investment Trusts**, **Investment Grade and B-Piece Buyers**, **Servicers** and **Rating Agencies**, among others. (See Exhibit 638)

33. CREFC's **MERS System** Shareholder position **gives the MERS System direct and inside access** to the **COMMERCIAL Real Estate Finance Industry** similar to its **direct and inside access** to the **RESIDENTIAL Real Estate Mortgage Industry**.

34. Morserv, Inc. is a **wholly owned subsidiary of J.P. Morgan Chase & Co.** and is located in New Jersey. At this time, no additional information pertaining to Morserv, Inc. has been located. (See Exhibit 639)

35. Morserv, Inc.'s **role as a Shareholder** of the **MERS System** insures that **J.P. Morgan Chase & Co.** has at least one (1) additional place and vote on the MERS System Boards along with their **place and vote due to the Shareholder rights of Chase Home Mortgage Corporation of the Southeast**.

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36. **Residential Capital Corporation**, a part of **GMAC Residential Funding Corporation**, and **Deutsche Bank Trust Company Americas** **COLLECTIVELY** filed an **SEC S-3 Report** on **Securities** that these two (2) entities **TOGETHER OFFERED to the Public in 2005**. (See **Exhibit 645**)

37. The **JOINT** **Residential Capital Corporation** and **Deutsche Bank Trust Company Americas** **Securities Offering** **SEC S-3 Report** was filed on **September 29, 2005**. (See **Exhibit 646**)

38. The members of the **Board of Directors** in **MC** and **MERS** **REPRESENT** some of the largest **Banks, Title Companies, Government Sponsored Enterprises** along with major members of the **MBA**, most of whom have been under legal attack for years, pursuant to their involvement in the Mortgage Crisis. (See **Exhibits 51 and 52**)

39. **MERS** and **MERSCORP, Inc.** cannot have it **both ways**. Based on research, it is reasonably concluded that **ONE (1) or MORE** of the **MERSCORP, Inc.** Shareholders is **a publicly held corporation** and may likely, in fact, own **more than 10% of the stock of MERSCORP, Inc.** (See **Exhibit 647 Pages 38 and 39 and Exhibits 671, 672**)

40. **One glaring conflict** with the Corporate Disclosure Statements filed on the Docket of the Affiant's Federal RICO Fraud Case is that **Fannie Mae** and **Freddie Mac** are both **PUBLICALLY HELD GSEs** under the **CONSERVATORSHIP** of the **Federal Housing Finance Agency** being a U.S. Federal Government Agency.

41. Based on research results, it is strongly believed that **Fannie Mae** and/or **Freddie Mac**, both as **publically held GSEs own more than 10% of the stock of MERSCORP, Inc.** Federal Agency investigations will either corroborate or disprove this strongly held contention.

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42. If this contention is proven correct by Agency Investigations, numerous other serious issues regarding the Legal Corporate Existence of **MERSCORP, Inc.** and/or **MERS** are then raised and must be further investigated as to these **issues' relationship** to the existing **Securities Fraud, Tax Fraud** and **Tax Evasion**.

43. This **MERS System** was **designed, built and paid for by its BANKING SHAREHOLDERS** and is the privately-owned, electronic, **NOT** State or Federally endorsed and **paperless mortgage contract document tracking system, without which, the RICO Fraud activities** permeating the Trust (REMIC) and RMBS fraud debacle **Could Not Have Taken Place**. (See Exhibit 272 and Exhibit 339 Page 203 Line 3 thru Page 284 Line 8)

44. **R. K. Arnold** testifies that **Freddie Mac and Fannie Mae are Class A Shareholders of MERS**. (See Exhibit 339 Page 284 Lines 4 thru 9)

45. **R. K. Arnold** testifies that **Class A shareholders are half of the Members of the Management Committee** and that **Freddie Mac and Fannie Mae are two (2) of the Class A Shareholders who sit on the Management Board** and possess certain special privileges. (See Exhibit 339 Page 284 Lines 12 thru 23 and Page 285 Lines 1 thru 6)

46. **R. K. Arnold's** testimony corroborates the evidence presented herein proving that the Shareholders, **In This Instance One Of The Largest And Also Bankrupt Government Sponsored Enterprises Is One Of Those Shareholders In Direct Management Control Of The Corporate Entity At The Heart Of The Operation Of The RICO Fraud Enterprise And Is Therefore Likely A Co-Conspirator Of The RICO Fraud Enterprise**.

47. Additionally, Agency Investigations should delve into, at a minimum, the issue of determining **who** or **whom** is a **Co-Conspirator** of the **RICO Fraud Enterprise**.

Section 18-7: MERS System Membership

1. The **fraudulent** enterprise **referred to as the MERS System**, formed by **MC**, **MERS**, their **Shareholders** and certain **Other Parties**, created a **MERS Membership Scheme** of **Mortgage Bankers**, **Mortgage Brokers**, **Mortgage Servicers**, **Mortgage Securities Aggregators**, **Document Preparers**, **Banks**, **Title Companies** and **Government Sponsored Enterprises** and other **Related Entities** in a **CLOSED**, **UNSUPERVISED** and **NON-STATUTORILY CONTROLLED SYSTEM** in which loans are only **INITIALLY** recorded, after the Mortgage Loan closing, in the County Recorder's Office. (See Exhibits 76, 184, 185, 332)

2. This **MERSCORP, Inc.'s** (through its Corporate ownership of **MERS**) and **MERS Paid Membership** has varied from 3,500 to 5,000+ Member **Financial Mortgage Institutions**, **Commercial Banks**, **Title Companies**, **Government Sponsored Enterprises**, **Industry Data Collection and Distribution Firms** and numerous **Related Entities** that **have processed Mortgage Related Paperwork** of all types on **behalf of** and **for the benefit of** **MERSCORP, Inc.** and **MERS**. (See Exhibit 36, Exhibit 156 Page 1)

3. These **MM** Organizations became affiliated with **MC** and **MERS** by **PAYING** Transaction, **Monthly and Annual Subscription Fees**. (See Exhibits 151, 152, 213, 272, 273, 285, 286, 327)

4. In addition to Subscription Fees, **MC** and **MERS** instituted **various other fee systems** that **MERS Members** are required to pay **for the privilege of entering**, **Without Scrutiny Or Oversight**, their generated Mortgage Loan **DATA** into the various **MERS Databases**. (See Exhibits 280, 281, 282, 283)

5. **MERS Member Organizations** must swear **allegiance to** and **commit to follow the MERS Rules** in addition to paying all required fees.

6. This commitment to follow the MERS Rules is the **beginning Nexus of each MERS Member signing on to assist the proliferation of the RICO Fraud Enterprise.**

7. By **agreeing** to follow the **MERS Rules**, the **MERS Member Organization** was **SIMULTANEOUSLY** agreeing to **VIOLATE State and Federal Law**.

8. This MERS Membership System, instituted by **MC**, **MERS** and their Shareholders, promoted and strongly encouraged their **MERS Member Organizations to induce** the other business-to-business customers of an existing **MERS Member** to also become **MERS Members** for the purpose of growing the **MERS System Membership Roster** and thereby continually increasing the **MERS System influence and control** over an **ever increasing percentage** of all **individuals and entities** involved in the **Residential Mortgage Industry**. (See Exhibit 184)

9. **MERS** was **successful in its efforts** to cover **almost the entire Residential Mortgage Industry** with realizing a maximum Membership of approximately 5500 **MERS Members**. This **Membership** effectively **encompassed, influenced and controlled** the great majority percentage of all Residential Mortgage Transactions in the Country for a decade.

10. The incentive and mechanism for **insuring the operational success** of the RICO Fraud Enterprise at the **grass roots level** was **Financial Greed**.

11. This Financial Greed stemmed from the lure of being able to close many mortgage transactions very quickly and receive large fees and commissions with **no obligation** to follow **State or Federal Law** as instructed by **MERS** to all **MERS Members**.

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12. Up to **FOUR (4) EMPLOYEES** of each **MM** organization are given **fraudulent credentials identifying them** as either a **Vice President** or **Executive Secretary** of **MERS** and are given the **fraudulent and inappropriate right to Create, Reassign and Release Liens** in the name of **MERS, WHO IS NOT A LIEN HOLDER**, and to **engage legal services to FORECLOSE** in the name of **MERS**. (See Exhibits 151, 152, 184, 213, 214, 218, 220, 325, 338 thru 341)

13. Once Banks, Mortgage Companies, Document Preparers, Title Companies and Mortgage Servicers became **Members** of the **MS**, they were given a **seven (7) digit organizational number called the OrgID**. (See Exhibit 184)

14. According to **MERS** Rules and Procedures, this **number reflects the ACTUAL FUNDING and basis generating LENDER OF LEGAL RECORD** and is the **ONLY number used, recognized and accepted as the Sole Identification Number for any mortgage loan in the MERS System**. (See Exhibit 184)

15. **MC** and **MERS** require that **MERS Member** Organizations **SELF-REGULATE**. (See Exhibits 149 and 161)

16. According to the **Sworn Testimonies** of **MC** and **MERS** CEO and President **R. K. Arnold** and **MERS** Vice President **William C. Hultman**, **NEITHER MC** nor **MERS** provide **ANY OVERSIGHT** to the **MORTGAGE DATA ENTERED** into the **MERS SYSTEM DATABASES** by its **MERS Members**. (See Exhibits 151, 152, 340, 341)

17. This Database **access and manipulation feature** of the **MERS System Scheme** means that the **INTEGRITY** of the **MORTGAGE CONTRACT** is **DESTROYED** since **any MERS Member** can **access and manipulate the Data on any loan** and there is **NO** Management Control, Oversight or Quality Control measures instituted To **Insure That All Legal, Regulatory And Filing Requirements Stipulated By State And Federal Law Are Followed Without Fail**.

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18. ALL DATA RECORDED IN THESE DATABASES is entered by the STAFF of each individual MERS Member. This means that, **without any oversight**, an unnamed employee of a MM can sit at a computer and make inputs or changes on a Home Owner's Mortgage file that could have the result of Breaking the Chain of Title with no one being noticed or being made aware of what action was taken. In effect, **unqualified** and **unsupervised** low level employees have **complete** and unencumbered access to the legally critical files of Home Owners Mortgage files and can **modify these files with wild abandon** and create Legal and Financial Carnage for the Home Owner and do so with no ACCOUNTABILITY. (See Exhibits 47, 55, 72 thru 148, 166, 167, 170 thru 177, 181 thru 185)

19. MC and MERS encourage MM to actively Participate In Fraud And Misrepresentation by allowing for The Creation Of Computerized PARENT/CHILD Relationships Between MERS Members. (See Exhibit 81)

20. In the electronic commerce and computer programming industry, a Parent/Child relationship mandates that a new programming **object take on some of the Properties of the Parent**. The Parent has the natural ability to manipulate ANY AND ALL of the Data of the Child. Thus, loan information entered by a Parent organization can be Changed, Modified, Enhanced or Extended by another MERS Member Organization that has a Parent/Child relationship to the Originator of the Data. (See Exhibit 81)

Section 18-8: MERS System Mortgage Identification Number (MIN)

1. In the MERS System, at the INITIAL CREATION of a Mortgage Contract, the Mortgage Contract is assigned a lifetime Identification Number called a Mortgage Identification Number (MIN). (See Exhibit 184)

(1). The MIN Number is Eighteen (18) digits long and has three (3) parts.

(2). The first seven (7) digits represent the MERS Member's Organizational Identification Number (OrgID) and identifies the Actual and "Of Record" Loan Originator and Funder of the loan.

(3). The next ten (10) digits represent the Actual Contract Loan Number of the mortgage.

(4). The last one (1) digit is a mathematical check digit. (See Exhibit 74 Page 7)

2. This OrgID, plus a unique ten (10) digit Contract Number, plus a one (1) digit Check Number became the "Social Security" Number of the Mortgage Loan. (See Exhibit 184)

3. This eighteen (18) digit number, just like a Social Security Number, was officially assigned, up to 10 (ten) days BEFORE THE BIRTH OF the Deed of Trust and Promissory Note. (See Exhibit 184)

4. According to MERS Rules and Procedures, this number reflects the ACTUAL FUNDING and basis generating LENDER OF LEGAL RECORD and is the ONLY Number Used, Recognized And Accepted As The Sole Identification Number For Any Given Loan In The MERS System. (See Exhibit 184)

5. Once the residential loan died through foreclosure or payoff by the Borrower, this NUMBER WAS NEVER AGAIN TO BE USED. (See Exhibit 184)

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6. The **MIN Number**, according to **MERS Rules** and **Regulations**, will **Never Change** and can **Never Be Reused Once A Loan Is Disposed Of** through final mortgage payment or foreclosure. (See Exhibit 75 Page 19)
7. If the mortgage is sold to a **Non-MERS Member** and later re-purchased by a **MERS Member**, and final mortgage payment or foreclosure **did not occur**, the **MIN Number** is to be **reactivated**. (See Exhibit 74 Page 130)
8. **MOM** is an official **MERS System** acronym which means **MERS AS ORIGINAL MORTGAGEE**. A residential mortgage **can only become a MOM Loan** (1) when it is generated by a **MERS Member Organization** at its **Inception** and before its **closing information is entered** in the **MERS Database** (2) it was given a **MERS MIN Number** and (3) the Deed of Trust or Mortgage document the Borrower signs **Contains Language Approved** by **MERS, Fannie Mae, Freddie Mac, Ginnie Mae, Federal Housing Administration** and the **Veterans Administration**. (See Exhibits 36 thru 39, 43, 49, 57, 61 thru 63, 72, 74 thru 77, 87, 88)
9. The Affiant's Mortgage Deed of Trust, in writing and in the center right on the first Page, lists the **MIN Number**. The **OrgID**, being the **first seven (7) digits** of the OrgID, is that of **Homecomings Wholesale Funding**. According to **MERS Rules and Regulations**, **Homecomings Wholesale Funding** is the **Loan Originator** and the **Actual Lender**. (See Exhibit 383)
10. An **unidentified party** from **Homecomings Financial, L.L.C., GMAC Bank, GMAC Mortgage, L.L.C. or Homecomings Wholesale Funding** created this **MIN Number** for the **Deed of Trust** signed by the Affiant on **March 3, 2008**. (See Exhibit 383)
11. **However**, in writing on the first Page, this **DOT** identifies the lender as **Homecomings Financial, L.L.C.** (See Exhibit 383)

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12. Since the Affiant's Loan is a **MOM Loan**, this **Deed of Trust** is **generated in accordance with MERS Rules and Regulations** which emphatically state that the **MIN Number and the OrgID of the MIN Number** are biblical in their listing of the **Actual Lender** and take precedence over any other information on the **Deed of Trust**, the **Actual Lender is Homecomings Wholesale Funding** and **NOT** Homecomings Financial, L.L.C. (See Exhibit 184, 383)

13. Since the Affiant (Borrower), **without receiving prior knowledge**, closed a transaction with **an un-agreed to** and **un-identified Lender**, numerous **Texas Statutes were broken at the time of closing** thereby making the closing transaction **Fraudulent** and was, according to Texas Statutes, **another event** which further **Broke the Chain of Title**.

14. As Defendants in the Affiant's Federal RICO Fraud Case, **Ally Bank (fka GMAC Bank), GMAC Mortgage, L.L.C., MERSCORP, Inc., Mortgage Electronic Registration Systems, Inc. and Homecomings Financial, L.L.C.** **ALL** knew that **Homecomings Wholesale Funding**, and **NOT Homecomings Financial, L.L.C.**, was indeed the **Mortgagee and Lender** for the executed **3-3-2008** Mortgage. (See Exhibit 647 Page 87 and Exhibits 77, 87, 88, 90, 93, 98, 144, 145)

15. **GMAC Mortgage, L.L.C., Homecomings Financial, L.L.C., Homecomings Wholesale Funding and Ally Bank (fka GMAC Bank)** are all a part of **Ally Financial, Inc.** (See Exhibit 647 Page 87 and Exhibits 641, 642, 643)

16. **MERS** and **MERSCORP, Inc.** have been **PROFILING** the Plaintiff in various Databases that are readily available to all 5000 plus **MERS Member Organizations**. (See Exhibit 647 Page 87 and Exhibits 77, 87, 88, 90, 93, 98, 144, 145)

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17. Commonwealth Land Title **DID NOT Perform A Valid Title Examination** which, if a valid Title examination had been done, additionally, **It Would Show** that the **Chain of Title** was **IRREVOCABLY BROKEN** as the **Release of Liens** filed in **2005** were **improperly** and **incorrectly** drafted **by J. P. Morgan Chase Bank instead of a Title Company** in accordance with **Texas Property Code § 12.017**. (See Exhibit 647 Page 87, Exhibit 260 Section 12.017 and Exhibits 394, 395)

18. This use of the **MIN Number** to **Mislead** and **hide from the Borrower** who the Borrower is **Actually** dealing with and **who is acting as the Actual Lender** is **Fraudulent** and is in **Violation** of numerous **State and Federal Statutes** as evidenced elsewhere in this Affidavit.

19. No Borrower **would know what the MIN Number is or what it reflects legally**. This hiding of the truth and the misleading it causes **Is Done Knowingly And Intentionally By All MERS Member Parties Involved In The Affiant's Mortgage**.

20. These acts **ALL Break the Chain of Title** and **Destroy The Underlying Value Of The Deed Of Trust And Promissory Note**.

21. This **Destruction of the Value** of the now **Broken Deed of Trust** and **Promissory Note** **Classify The Mortgage As Non-Qualified And Unfit For Transfer To The Trust (REMIC)** **Into Which It Was Placed In Complete Disregard Of This Fact**.

22. Therefore, the Securities formed from the Trust (REMIC) Certificates, that are based upon the Affiant's Mortgage, are **Fraudulent** in all respects, the trading of these Securities represent acts of Securities Fraud, the Trust (REMIC) Tax Exempt Status is therefore **VOID** and all monies generated by the Trust (REMIC) pursuant, at a minimum, from the Affiant's mortgage are subject to **Federal Income Tax, Penalties, Interest and Other Charges**.

Section 18-9: Breaking Of The Chain Of Title

Summary Overview

1. The **Summary Overview** which follows immediately below must first be understood such that the **Detailed Chain of Title Discussion** which follows later in this Section 18-9 will be **understood in fact and in context** regarding **How Important A Role The Breaking Of The Chain Of Title Plays** in the overall **MERS System Scheme** of **Securities Fraud**, **Tax Fraud** and **Tax Evasion**.

2. The **Chain of Title** is **Singularly** the **MOST** important **Pair of Legal Documents** affecting the **Legal**, **Financial** and **Property Rights** of the **Home Owner** and, **IF BROKEN**, not only **Destroys** the **Home Owner's Rights** but makes **ANY Securities Trading Transactions** conducted on the basis of some **perceived ownership in** and **value assigned to that Chain of Title**, **Fraudulent** and, therefore, the **Transactions** are **Acts of Securities Fraud** as defined by **Federal Law** and cited elsewhere in this Jurat Affidavit.

3. This **Ponzi Scheme-like Mortgage Crisis** can be described as being **Analogous to a Pebble perched on top of a snow covered mountain**. As the Pebble begins **rolling down hill**, it collects snow and **grows larger** in diameter. As the diameter increases, **the speed increases exponentially**. As the speed increases, the **diameter increases in size at an ever-increasing rate**. Soon **the small pebble is an Out-of-Control and dangerous mass rolling downhill at great speed** and is **destined to do severe damage when it comes to a sudden stop by running into the ski lodge at the bottom of the hill**.

4. This **Mortgage Crisis** is identical to the **analogous comparison** with the **Pebble**.

5. In the context of the Mortgage Crisis, the **Pebble** is the **Chain of Title**.

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6. **Pushing the Pebble** off the top of the mountain is **equivalent to breaking the Chain of Title.**

7. The **Fraudulent, Electronic Light Speed, Multiple** and **Illegal Securities Trading Transactions** in Trust (REMIC) Tax Exempt Entities is **equivalent to the Pebble rolling down the mountain.**

8. The **Mortgage Crisis Meltdown** in October, 2008 is **equivalent to the now huge and Out-of-Control Snow Ball hitting the Ski Lodge** at the bottom of the hill.

9. The **Results of the catastrophic deceleration at impact** are: **lives lost, property destroyed, financial carnage** and **lawsuits that continue for years** with those responsible for the loss, destruction and carnage attempting to **avoid being held Accountable** for their actions.

10. The First **Glaring Difference** between the Pebble and the Mortgage Crisis is that the **Pebble, upon impact, destroys itself and stops** while the **Mortgage Crisis**, six (6) years after being Publically disclosed, **continues to spiral Out-of-Control** and **create untold carnage** in all sectors of the Public, Economy and Residential Mortgage Industry.

11. The Second **Glaring Difference** between the Pebble and the Mortgage Crisis is that, in the case of the **Pebble**, all **emergency personnel rush to the scene** of the crisis **to lend assistance and repair the carnage.**

12. In the **Mortgage Crisis**, the Parties involved in the **RICO Fraud Enterprise** and responsible for the carnage have attempted to **Cover-Up their Fraudulent and Illegal** actions by **running, hiding, dodging** and **spinning the truth** about the **Mortgage Crisis** and **their involvement in it.**

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13. Since these RICO Fraud Enterprise Participants seem to have the support of **the Press, the Money, the Lawyers and the Courts**, to this point, these Participants have:

(1). Successfully, with the Justice Department, plead out of their open and publically documented admissions of guilt for criminal fraud.

(2). Convinced States Attorneys General to look the other way regarding prosecutorial actions.

(3). Lied to the Press who have not pursued investigating the truth regarding the actual involvements of these RICO Fraud Enterprise Participants.

(4). Directly participated in formulating Federal Mortgage Programs that have not helped, in any significant way, the victims of the Mortgage Crisis while simultaneously using these efforts to misdirect proper scrutiny of themselves.

(5). As Attorneys, individually, and Law Firms, collectively, worked hand in hand with the Courts by using their notoriety, power, money, political relationships and apparent judicial insulation from any challenge, to pre judicially adjudicate Cases against Victims by defaming the Victims, disregarding State Statutes and Federal Laws, fraudulently submitting documents and lying to the Courts, using Legal Legerdemain and Calisthenics to bury Victims Cases before they get started or to get those Cases dismissed by the Courts on the most frivolous and unethical procedural reasons that have had the effect of precluding Juries from ever having an opportunity to see and judge for themselves the evidence presented herein.

(6). Been able to, thus far with the protection of the Courts, stop significant legal action from being taken against the RICO Fraud Enterprise Participants.

14. For a complete and Evidenced history of the Judicial Malfeasance and Diminished Mental Capacity exercised by the Attorneys, Law Firms and Courts against the Affiant, for **the purpose of precluding the 11,000+ Pages of evidence** in the Affiant's possession from **being presented to a Jury**, review the Case Brief White Paper. (See Exhibit 647)

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15. The Costs and Complexities of adjudicating against these behemoth and narcissistic money criminals are so exorbitant and difficult that the average American Citizen has no choice but to give up. The **RICO Fraud Enterprise Participants, Law Firms and Courts** well understand this fact and do NOTHING to balance the Rule of Law and Judicial Equilibrium.

16. As indicated in the Professions surveys nationally conducted in the recent past in which the **Number 1 least respected and least trusted group of trained and licensed professionals** listed are Attorneys, it does not take a degree in rocket science to identify the game of bullying, controlling and financial overwhelming taking place in the **Judicial and Court Systems** today.

17. These actions have left the RICO Fraud Enterprise Participants in Control, UNACCOUNTABLE and UNPROSECUTED under the Law. None of these Groups meaningfully care one iota about the victims of the Crisis. **They seem only to care about keeping their Fraudulently acquired Money and protecting their own hides.**

Detailed Chain of Title Discussion

18. In the Residential Mortgage world, **without an Unbroken and Traceable Chain of Title**, you have NOTHING.

19. The Chain of Title is **Statutorily** intended to be the **Publically Filed and Securely Stored SOLE, Exclusive and Perfectible** record of the Ownership and Lien Release History of each and every **Transfer of Ownership Transaction** from the beginning of time to the present time during which the **Home Owner** owns the property.

20. **Statutorily**, Ownership Records of a Property located in the State in question is SUPPOSED to be **Publically Filed, Stored, Secured** and Tracked in One (1) location only.

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21. That **One (1) location** is the **County Recorder's Office** located in the **County in which the Property is Located**.

22. The **Original Documents** are to be held by the **County Recorder's Office** and **no one else**.

23. Under the **Federal Rules of Evidence**, the only **Document considered accurate, true** and **Original** are the Documents held by the **Public Authority** given the **Statutory Authority** to **maintain those records**.

24. This **Public Authority** is the **County Recorder's Office**.

25. Any other **records or copies of records produced fail this test of Document Authenticity and Enforceability**.

26. The County Recorder's Office is the **Document Control and Maintenance Authority** and no Document Changes are **SUPPOSED** to be **legally effective or Enforceable** unless these **Changes are Publically and Legally filed** with the **Document Control and Maintenance Authority**.

27. It is apparent, but **for the sake of clarity**, the following outlines, in summary, why the **State Property Statutes were established in this manner**.

(1). The County Recorder's Office is the **Public Authority mandated by the State Government** to maintain these records accurately, legally and **Impartially** for the benefit of **ALL Parties** involved in the **Property Ownership Transaction**.

(2). **ALL** Records Filed with and Maintained by the County Recorder's Office **are available for review, in total, by the Public**.

(3). Because of (2) above, **NO SECRETS**, which **might pre judiciously harm** one Party over Another Party, **can be held from Public Purview**.

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(4). **Transactions affecting the Ownership Chain of Title or the Lien Status** on a given Property **SUPPOSEDLY** cannot take place without being **Legally and Timely Filed** on the **Public Record** in the County Recorder's Office.

(5). The **County Recorder's Office** has **No Vested Financial Interest** in any Property Transaction.

(6). Employees working for the **County Recorder's Office** are **public employees** who have been **specifically trained** to **Legally and Properly File** and **Record** Property Transaction Documents such that **Both Parties to the Transaction are protected** and the **Chain of Title is NOT Broken**.

(7). These Public Employees are **closely supervised** and **managed** to maintain a high degree of **professional accuracy** in their work product.

28. In the **PRIVATE, Un-Supervised and Unofficial MERS System**, as evidenced by the **Sworn Testimonies** (and prolifically cited elsewhere in this Jurat Affidavit) of the two (2) top Executive Officers of **MERSCORP, Inc.** and **MERS**, **NONE** of the seven (7) points outlined immediately above exist or are a part of the **MERS System**.

29. In the home buying process, a potential homeowner enters into a Contract with a **Qualified Lender** to arrange for financing for a particular piece of property **as specified in Texas Finance Code § 343.001(2)(A) and § 343.001(2)(B)(ii)**. (See Exhibit 251)

30. The results of this engagement are **two (2) legal documents**. These legal documents are **a Promissory Note** and **a Deed of Trust**, which **Secures the Promissory Note**, as **described in Texas Business and Commerce Code Chapter 9**. (See Exhibit 241)

31. An **IRREVOCABLE BOND** is created **between these two (2) instruments at the time of execution**. This **IRREVOCABLE BOND** is termed the **Chain of Title**.

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32. The **Deed of Trust** is the legal evidence of a TRUST between the Homeowner and the Lender. The Homeowner, as a Trustee to this Trust, pledges to service the Promissory Note and maintain the Property in a condition such that the Lender, in the event of default, can recoup its investment as described in Texas Business and Commerce Code § 9.207. (See Exhibit 241)

33. The Lender, in its role as a Trustee to the Trust, protects the Deed of Trust by RECORDING same in the County Recorder's Office in accordance with Texas Property Code § 11.001 and Texas Property Code § 13.002. (See Exhibits 259 and 261)

34. The Lender, also as a Trustee to this Trust, promises to protect the original Title Deed of the Property as described in Texas Business and Commerce Code § 9.207 and the Promissory Note as described in Texas Business and Commerce Code § 9.102(a)(12). (See Exhibit 241)

35. At the end of the servicing of the Promissory Note, the Lender files a Release of Lien Affidavit with the County Recorder's Office. Thus, the Homeowner Now Owns The Home Completely Free And Clear. The Lender may choose to sell the **Deed of Trust** and the **Promissory Note**, that SECURES the Deed of Trust **prior to** the Homeowner completing their financial obligation. In this instance, both the Deed of Trust and the Promissory Note ARE and MUST be SOLD TOGETHER, as a Single Instrument, to a Third Party. In the event that the Promissory Note is SEPARATED from its collateral Deed of Trust, thereby DESTROYING THE CHAIN OF TITLE, as is the circumstance in the Affiant's Case, the Promissory Note is a NULLITY and therefore becomes VOID. (See Exhibit 659 PageID # 419 and 420)

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36. Under Texas law, this Third Party becomes the Holder of the Note in Due Course. The Holder of the Note in Due Course receives all of the rights and responsibilities from the Original Lender. These Rights and Responsibilities are only Transferred in the State of Texas when an Assignment of Loan is FILED in the County Recorder's Office in a timely manner as described by law in Texas Business and Commerce Code § 9.203 and Texas Property Code § 12.017. (See Exhibits 241 and 260)

37. These two (2) Sections of Texas State Statutes were enacted to legally preserve and protect the Chain of Title and to ensure that the Property Deed is NEVER CLOUDED or BROKEN without SUBSTANTIAL REPERCUSSIONS. By legally following these Texas State Statutes, the Interests of Both the BORROWER and LENDER are preserved. MC and MERS obviously Did Not Think It Was Important Or Necessary To Protect the interests of the BORROWER and LENDER in accordance with Texas State Law. (See Exhibits 260 and 257)

38. A Beneficial Nominee receives rights In Due Course when granted those rights by legal transference through Power of Attorney, granting by the appropriate Court or inheritance of those rights because of the demise or dissolution of the Original Holder of those rights.

39. All future Assignments, Securitizations of the ENTIRE Promissory Note and Securitizations of PARTS of the Promissory Note, in VARIOUS mortgage backed securities, take place and are recorded ONLY IN AN ELECTRONIC SET OF DATABASES owned by Mortgage Electronic Registration Systems, Inc. and MERSCORP, Inc. These Databases are NOT available to the Public and to Homeowners as are the PUBLIC RECORDS MAINTAINED in the CRO. (See Exhibits 76, 184, 185, 332)

40. In effect, MC and MERS PURPORT to have the legal authority to dispense with over 200 years of American residential property law by ELECTRONICALLY SEPARATING the Deed Of Trust from the Promissory Note which secures it. (See Exhibit 629)

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41. This argument and contention by MC and MERS is a fallacy. In Carpenter v. Longan (83 U.S. 271, 274 (1872)), Justice Swayne, in delivering the opinion of the U. S. Supreme Court, maintains on Page 83 U.S. 274 that "THE NOTE AND MORTGAGE ARE INSEPARABLE; THE FORMER AS ESSENTIAL, THE LATTER AS AN INCIDENT. AN ASSIGNMENT OF THE NOTE CARRIES THE MORTGAGE WITH IT, WHILE ASSIGNMENT OF THE LATTER ALONE IS A NULLITY." (See Exhibit 629)

42. This 140 plus year old ruling by the United States Supreme Court was recently upheld in the United States District Court, Northern District of Texas in Jane McCarthy vs. Bank of America, NA, BAC Home Loans Servicing, L.P. and Federal Home Loan Mortgage Corporation 4:11-cv-356-A. U.S. District Judge John McBryde quoted the aforementioned Section from Carpenter v. Longan (83 U.S. 271, 274 (1872)). Judge McBryde also cited Bellistri v. Ocwen Loan Servicing, L.L.C. in which the Missouri Court of Appeals ruled that "THE MORTGAGE LOAN BECOMES INEFFECTUAL WHEN THE NOTE HOLDER DID NOT ALSO HOLD THE DEED OF TRUST." (See Exhibit 659 PageID # 419 and 420)

43. Additionally, Northern Texas Federal District Judge McBryde ruled in McCarthy v. Bank of America, NA et al., Case: 4:11-cv-356-A (Dec. 2011) that Mortgage Electronic Registration Systems, Inc. and MERSCORP, Inc. have NO RIGHTS to ASSIGN Deeds of Trust and have NO RIGHTS to TRANSFER Promissory Notes in the State of Texas and that neither organization is and CANNOT be a Beneficiary or a Nominee for any Mortgagee. (See Exhibit 647 Page 46 and Exhibit 659 PageID #'s 419 and 420)

44. All MERS System approved loans will Designate Mortgage Electronic Registration Systems, Inc. as the Nominee and Beneficiary of the current Mortgagee and any future Mortgagees. This MERS approved loan, as is the Affiant's loan, is known as a MERS as Original Mortgagee (MOM) loan. (See Exhibit 62)

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45. MERSCORP, Inc. is defined as the Owner and Operator of the MERS System and MERS. Contrarily, in this same document, MERS is defined as the Mortgagee of Record and Nominee for the Beneficial Owner of the mortgage loan. (See Exhibit 150)

46. One CANNOT BE the Owner of a particular set of rights AND the future owner of those rights by transference.

47. This is Fraudulent under numerous Texas State Statutes. MERS, a Delaware Domestic Corporation, Has Never Legally Registered As A Domestic Corporation Or As A Registered Foreign Corporation In The State Of Texas. (See Exhibits 10 thru 13)

48. By demanding all of its Member organizations operating in the State of Texas to designate MERS as a Beneficiary and Nominee in the DOT for each and every MOM loan, MC and MERS are acting as a Mortgage Banker, Mortgage Lender and/or a Mortgage Broker. These actions are VIOLATIONS of the Texas Finance Code §§156.201(a),(c) and 156.204, §§157.003, 157.014 and 157.015 and §§180.002(12), (15)(A)(B)(b) and 180.051. (See Exhibits 247 thru 249)

49. The Comptroller of the Currency and Co-signers of the Cease and Desist Order found that MC and MERS actively engaged in Shoddy Business Practices That Introduced And Exposed Federally Regulated Business Entities To Unnecessary, Dangerous And Unwise Business Practices And Risks. (See Exhibit 325)

50. The Defendants insist that MERS and MERSCORP, Inc. have the right to separate the Deed of Trust from the Promissory Note in direct, arrogant and egregious VIOLATION of Texas Business and Commerce Codes and Texas Finance Codes. (See Exhibit 647 Page 46 and Exhibits 240, 241, 250, 251)

51. This Directive by MC and MERS is IN DIRECT VIOLATION of Texas State Property Code §12.001(a) and Texas Government Code §192.007. (See Exhibits 260 and 257)

52. The **DOT**, in the Affiant's Case, is over twenty (20) Pages long and typed in fine print. There are only four (4) nondescript sentences **describing Mortgage Electronic Registration Systems, Inc. (MERS) as the Nominee and Beneficiary.** (See Exhibit 397)

53. In **this SAME** documentation, **MERS ACTS AS the Nominee and Beneficiary** for the **Lender** and **Mortgage Servicer.** (See Exhibits 36 thru 39, 42, 43, 45, 49, 70, 72, 74, 75, 76, 104, 107, 165, 185, 186, 332)

54. By **not verifying the data** entered by **MM** organizations into the **MS** Databases, **MC** and **MERS** encourage **Fraud, Negligence, Misrepresentation** and **Deceptive Trade Practices.** Lender Processing Services, a well known **Robosigner** Organization, has admitted to fraudulently processing hundreds of thousands of mortgage documents and, **AFTER THOSE ADMISSIONS,** is **STILL** a Member **in good standing** in the **MERS System.** (See Exhibits 149 and 404)

55. This B enterprise consisting of **MC, MERS,** their **Shareholders** and **MERS Members** unduly influenced new MERS Members to create **MOM Deeds of Trust** and **Mortgages.** **MOM** is an acronym for **MERS as Original Mortgagee.** (See Exhibits 76, 147, 148, 150, 151, 152, 161, 163, 168, 169, 178, 183, 184, 185 and 313).

56. The **MOM Exhibits** have been obtained from both the **MERS and Fannie Mae websites.** **MC, MERS** and **Fannie Mae** emphatically state that **ONLY the Origination and Final dispensations** of the **MOM Loan have to be registered with the CRO.** Any Intervening Assignments And/Or Transfers Between MM's Do Not Have To Be Recorded With The CRO. (See Exhibits 76, 147, 148, 150, 151, 152, 161, 163, 168, 169, 178, 183, 184, 185 and 313)

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57. **MOM** is an official **MERS System** acronym which means **MERS As ORIGINAL MORTGAGEE**. A residential mortgage **can only become a MOM Loan** (1) when it is generated by a **MERS Member Organization** at its inception and before its closing information is entered into the **MERS Database** (2) it was given a **MERS MIN Number** and (3) the Deed of Trust or Mortgage document the Borrower signs **contains language approved** by **MERS, Fannie Mae, Freddie Mac, Ginnie Mae, Federal Housing Administration** and the **Veterans Administration**. (See Exhibits 36 thru 39, 43, 49, 57, 61 thru 63, 72, 74 thru 77, 87, 88)

58. The **language on the MOM Loan document** specifies a **Post Office Box** in Flint, Michigan for **MERS**. (See Exhibits 162, 386, 387, 390, 391, 392, 393, 397)

59. In the Affiant's Case, the **MOM Loan** information which **specifies a Flint, Michigan Post Office Box** as the **MERS address** occurs in the **Deed of Trust executed on March 3, 2008 on the Affiant's Mortgage**.

60. The **Washington State Supreme Court**, in **Bain v Metropolitan Mortgage Group**, ruled "Simply put, if MERS does not hold the note, it is not a lawful beneficiary." (See Exhibit 668 Page 3)

61. In Case S060281, the **Oregon State Supreme Court** wrote, "an entity like MERS, which is not a lender, may not be a trust deed's 'beneficiary.'" (See Exhibit 669 Page 6 Lines 9 and 10)

62. In Case S060281, the **Oregon State Supreme Court** decided that **MERS is not eligible to serve as a beneficiary under the Oregon Trust Deed Act**. (See Exhibit 669 Page 6 Lines 13 thru 33)

63. In Case S060281, the **Oregon State Supreme Court** decided that **MERS is not allowed to hold and transfer legal title in a Trust Deed**. (See Exhibit 669 Page 7 Lines 2 thru 12)

64. The **OrgID for Homecomings Wholesale Funding** is listed on the **right center section of Page 1** of the **Affiant's Deed of Trust** indicating, in accordance with **MERS Rules and Regulations** that **Homecomings Wholesale Funding** was the **Loan Originator** and **Lender** on the Affiant's **MOM Loan**. However, Homecomings Financial, L.L.C. is printed on the same document as the Lender. The **MERS Rules and Regulations** state that the **OrgID in the MIN Number** is the **Actual Loan Originator and Lender** and is the **controlling number assigned to the Loan for all purposes**.

65. **Homecomings Wholesale Funding**, to the Affiant's best knowledge and belief, has **Never Registered** as either a **Domestic** or **Foreign Corporation in Any State**, and was a **Member** of **MERS** with the **MERS Member OrgID of 1000626**. (See Exhibits 316, 327, 381)

66. In Deposition, **MC** Vice-President William C. Hultman testified that 94% of the **61 million loans** registered on the **MERS System** were **MOM Loans**. (See Exhibit 340)

67. Ally Bank (fka GMAC Bank), GMAC Mortgage, L.L.C., MERSCORP, Inc., Mortgage Electronic Registration Systems, Inc. and Homecomings Financial, L.L.C. knew that **Homecomings Wholesale Funding** was indeed the **Mortgagee and Lender** for the **3-3-2008 Mortgage**. (See Exhibit 647 Page 87 and Exhibits 77, 87, 88, 90, 93, 98, 144, 145)

68. GMAC Mortgage, L.L.C., Homecomings Financial, L.L.C., Homecomings Wholesale Funding, and Ally Bank (fka GMAC Bank) are all a **part of Ally Financial, Inc.** (See Exhibit 647 Page 87 and Exhibits 641, 642, 643)

69. Commonwealth Land Title **DID NOT perform a valid Title examination** which, if a valid Title examination had been done, it would show that the **Chain of Title** was **IRREVOCABLY BROKEN** as the **Release of Liens** filed in **2005** were **improperly** and **incorrectly** drafted **by J. P. Morgan Chase Bank instead of a Title Company** in accordance with **Texas Property Code § 12.017**. (See Exhibit 647 Page 87, Exhibit 260 Section 12.017 and Exhibits 394, 395)

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70. Residential Funding Company, Ally Bank and Residential Accredit Loans, Inc. are part of GMAC Residential Funding Corporation which is a part of ALLY FINANCIAL. Wachovia Mortgage Corporation is a part of Wells Fargo Bank. SunTrust Mortgage, Inc. is one of the Loan Originators for the RALI Series 2008-QR1 REMIC in which the Affiant's Mortgage is located. The above listed entities are directly involved in the ILLEGAL DESTRUCTION of and the BREAK in the Affiant's Chain of Title due to their involvement in the RALI Series 2008-QR1 REMIC hierarchy of control. (See Exhibits 50, 619 Page 5, 637)

71. MC and MERS encourage MM to actively participate in fraud and misrepresentation by mandating a maximum of four (4) employees from each MM organization as "Corporate Officers of MERS." By paying an Annual Fee for up to four (4) employees, each MM organization PURCHASES the ability to engage in Contracts, authorize Assignments of Promissory Notes which BREAKS THE CHAIN OF TITLE, Release Liens and Foreclose in the names of MC and/or MERS. (See Exhibits 151, 152, 184, 325, 338 thru 341)

72. Utilizing dubious and flawed legal advice at best, MC, MERS and Fannie Mae INDUCED AND DIRECTED all 5,000+ MM organizations to generate, by their estimates, OVER 31 MILLION FRAUDULENT DEEDS OF TRUST AND MORTGAGE CONTRACTS throughout the United States since 1997. (See Exhibits 2, 36, 151, 152, 338, 339)

73. These DOT's and Mortgages are fraudulent because the MM's, utilizing the MS of Databases, ELECTRONICALLY enter data without any credible oversight by any employee or Officer of MC or MERS. (See Exhibits 2, 36, 151, 152, 338, 339)

74. On Page 142 of his Deposition, Hultman testifies that even if a mortgage is transferred to a Securitized Trust, there is no need to file that Assignment with the County Recorder's Office. (See Exhibit 341 Page 142)

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75. An investigation of literature published by the **MERS System** reveals that **Mortgage Electronic Registration Systems, Inc. (MERS)**, a Delaware Corporation, states in its documents that it is **only a national Database for tracking changes in mortgage servicing rights and beneficial ownership interests in loans secured by residential real estate. (Exhibits 36, 37, 39, 40, 41, 42 and 44).** (See Exhibit 413 Lines 1346 thru 1349)

76. Further investigation reveals the **MERS System** has always stated in its corporate literature that the company was established for the sole purpose of being solely a tracking utility and **does not, at anytime, own or have any interest in the Note or Deed on any mortgage.** (Exhibits 36, 37, 39, 40, 41, 42, 44 and Exhibit 413 Lines 1351 thru 1353)

77. The credibility issue appears again. Hultman swears that a **Certifying Officer** is **not authorized** to assign a **Promissory Note**. Yet, R. K. Arnold swears that if a MERS Member Organization wants Mortgage Electronic Registration Systems, Inc. to foreclose on their behalf, the MERS Member Organization **must endorse the Promissory Note in BLANK** and surrender it to Mortgage Electronic Registration Systems, Inc. (See Exhibit 151 Page 15, Exhibit 152 Page 14 and Exhibit 341 Lines 18 thru 25)

Section 18-10: County Recorder's Office

1. The MERS System has, by their actions and as evidenced by the litigation filed against MERS by various County Recorder's Offices around the Country, circumvented the Statutory Authority of the County Recorder's Office by, through their MERS Rules and Regulations, instructing all MERS Members to not file Statutorily required Residential Mortgage Transaction documents with the County Recorder's Office and, instead, to file those documents on the Private and Un-Supervised MERS System.

2. By encouraging their MM's not to record Assignments and Transfers, MC, MERS, their Shareholders and other MM organizations actively encourage other MERS Members to VIOLATE numerous Texas State Statutes. (See Exhibit 339 Page 30 Lines 8 thru 10 and Exhibits 240, 241, 250, 251, 257, 259, 260, 263)

3. Refer to Section 18-9 herein for disclosure of the results of these Statutorily Illegal Non-filings by MERS and its MERS Members.

4. At the end of the servicing of the Promissory Note, the Lender files a Release of Lien Affidavit with the County Recorder's Office. Thus, the Homeowner now owns the home completely free and clear. The Lender may choose to sell the Deed of Trust and the Promissory Note, that SECURES the Deed of Trust prior to the homeowner completing their financial obligation. In this instance, both the Deed of Trust and the Promissory Note ARE and MUST be SOLD TOGETHER, as a single instrument, to a Third Party. In the event that the Promissory Note is SEPARATED from its collateral Deed of Trust, thereby DESTROYING THE CHAIN OF TITLE, as is the circumstance in the Affiant's Case, the Promissory Note is a NULLITY and therefore becomes VOID. (See Exhibit 659 PageID 419 and 420)

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5. Under Texas law, this Third Party becomes the Holder of the Note in Due Course. The Holder of the Note in Due Course receives all of the rights and responsibilities from the Original Lender. These Rights and Responsibilities are only transferred in the State of Texas when an Assignment of Loan is filed in the County Recorder's Office in a timely manner as described by law in Texas Business and Commerce Code § 9.203 and Texas Property Code § 12.017. (See Exhibits 241, 260)

6. Texas Property Code §12.001(a) stipulates that a Deed of Trust does not have to be registered in the CRO. HOWEVER, once a Deed of Trust is registered, Texas Government Code §192.007 MANDATES that all subsequent Transfers and Assignments of the instruments MUST BE REGISTERED IN THE CRO. (See Exhibits 257, 260)

7. The INITIAL FILING of the Deed of Trust is optional pursuant to Texas Property Code § 12.001(a) and (b). (See Exhibit 260)

8. Once a Deed of Trust is FILED in the State of Texas, the Mortgagee, Holder of the Note in Due Course and Owner of the Note are REQUIRED to file ALL SUBSEQUENT TRANSACTIONS WHICH INCLUDE ASSIGNMENTS AND TRANSFERS OF RIGHTS pursuant to Texas Local Government Code § 192.001 and § 192.007. (See Exhibit 257)

9. These two (2) Sections of Texas State Statutes were enacted to Legally Preserve and Protect the Chain of Title and to ensure that the Property Deed is NEVER CLOUDED or BROKEN without SUBSTANTIAL REPERCUSSIONS. By legally following these Texas State Statutes, the interests of both the BORROWER AND LENDER are preserved. MC and MERS obviously did not think it was important or necessary to protect the interests of the BORROWER and LENDER. (See Exhibits 257, 260)

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10. The **Defendants**, in the **Affiant's Federal Case**, insist that **MERS** and **MERSCORP, Inc.** have the right to **separate** the Deed of Trust from the Promissory Note in direct, arrogant and **egregious VIOLATION** of **Texas Business and Commerce Codes** and **Texas Finance Codes**. (See Exhibit 647 Page 46 and Exhibits 240, 241, 250, 251)

11. The **MOM Exhibits** have been obtained from both the **MERS and Fannie Mae websites**. **MC, MERS** and Fannie Mae emphatically state that **ONLY the origination and final dispensation of the MOM Loan has to be registered with the CRO**. Any intervening **Assignments** and/or **Transfers between MM's** do not have to be **recorded** with the **CRO**. (See Exhibits 76, 147, 148, 150, 151, 152, 161, 163, 168, 169, 178, 183, 184, 185, 313)

12. This Directive by **MC** and **MERS** is **IN DIRECT VIOLATION** of Texas State Property Code §12.001(a) and Texas Government Code §192.007. (See Exhibits 257, 260)

13. On Page 142 of his **Deposition**, **Hultman** testifies that **even if a mortgage is transferred to a securitized trust, there is no need to File that Assignment with the County Recorder's Office**. (See Exhibit 341 Page 142)

14. On Page 157 of his **Deposition**, **Hultman** testifies that **he knows what a true sale of a mortgage is and understands the operation of a securitized trust**. He further testifies that a true sale is no reason for a **MERS Certifying Officer** to Register the Assignment of Deed at the County Recorder's Office. (See Exhibit 341 Page 157)

15. In these two **Deposition Statements**, you have one (1) of the top two (2) **Executive Officers who controlled MERSCORP, Inc. and MERS** making sworn statements **declaring that complying with State Law and protecting the Legal Rights of the Home Owner, if you are working with MERSCORP, Inc. and MERS, is not necessary and that Breaking the Law is Acceptable**.

Section 18-11: MERS System Certifying Officers

1. Another fraudulent and illegal system that has developed from the RICO Fraud Enterprise is referred to as the **MERS System**. This is the administrative system, operated by **MERSCORP, Inc.** and **MERS** that has made millions of illegal and private filings of Transfers, Assignments and Other Transactions on Millions of Homeowner's mortgages that have destroyed and **Broken** the affected Chains of Title by separating the Deeds of Trust from their respective Promissory Notes.
2. The MERS System provides no oversight of these transactions and therefore, has displayed no concern for maintaining the legal perfectibility of the Homeowner's mortgage contract as required under numerous State Statutes and the Trust Laws of the State of Texas, in the Affiant's Case.
3. As the Deposition Testimonies, given by the two (2) top Executives of **MERSCORP, Inc.** and **MERS** and explained elsewhere in this Jurat Affidavit, reveal, neither **MERSCORP, Inc.** nor **MERS** have the employee staffing to accomplish Millions of Transfers, Assignments and Other Transactions.
4. The question becomes, with no employee staffing, how did the **MERS System** accomplish these Millions of mortgage filings?
5. **MERSCORP, Inc.** and **MERS** developed the name of **Certifying Officer** to give to the employees of **MERS Members** who then could, **SUPPOSEDLY**, take actions on behalf of the **MERS System**. This is how the **MERS System** obtained the staffing to, **without oversight and without COST**, destroy Millions of Homeowner's mortgages by allowing people who were **financially motivated** and **knew nothing about the Law** to **indiscriminately make filings** on the **MERS System** without incurring any risk to themselves. The only risk was to the **unknowing** and **uninformed Homeowner** who was made the **victim of these filings**.

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6. These CO's, usually given the TITLE of Vice President or Executive Assistant of MERS, were not supervised by any Officer or employee of MC or MERS. (See Exhibit 55, 151 Page 45, 152 Pages 3 and 12-14)

7. These MERS Certifying Officers carry the title of either Vice President or Executive Secretary. These Certifying Officers have been called "Robosignors" since **they do not have the legal authority to act on behalf of the corporate entities** for whom they **claim** to be acting as Certifying Officers. (See Exhibit 287 Page 48 Paragraph 99)

8. Each MERS Member Organization, in addition to its annual dues, will have several employees who will pay annual dues and **will act as MERS Certifying Officers**. (See Exhibit 75 Page 24, Exhibit 286 Page 2, Exhibit 284 Page 1, Exhibit 281 Page 1, Exhibit 287 Pages 9 and 10 Paragraph 16 and Pages 17 and 18 Paragraph 36)

9. MC and MERS encourage MM to actively participate in fraud and misrepresentation by mandating a **maximum of four (4) employees** from each MM organization as "Corporate Officers of MERS." By paying an **Annual Fee** for up to four (4) employees, each MM organization PURCHASES the ability to engage in **Contracts**, authorize **Assignments of Promissory Notes** which BREAKS THE CHAIN OF TITLE, **Release Liens** and **Foreclose in the names of MC and/or MERS**. (See Exhibits 151, 152, 184, 325, 338 thru 341)

10. Up to **FOUR (4) EMPLOYEES** of each MM organization are given **fraudulent credentials** identifying them as either a **Vice President or Executive Secretary of MERS** and are given the **fraudulent and inappropriate right** to Create, Reassign and Release Liens in the name of MERS, WHO IS NOT A LIEN HOLDER, and to engage legal services to **FORECLOSE in the name of MERS**. (See Exhibits 151, 152, 184, 213, 214, 218, 220, 325, 338 thru 341)

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11. These CO's were employees of the MM organizations whose only legal and corporate qualification was the payment of an annual \$125 fee to either MC or MERS. To this day, **THERE ARE NO TRAINING OR GUIDELINE MANUALS** for these CO's. (See Exhibit 55, 151 Page 45, 152 Pages 3 and 12-14)

12. There is **NEITHER OVERSIGHT** nor **SUPERVISION** by any Officer or Employee of either MC or MERS. **R. K. Arnold** CEO and President of MC and MERS testified before the U. S. House of Representatives Congressional Subcommittee and testified, "As of November 15, 2010, MERS has **20,302 CERTIFYING OFFICERS** who work with the more than **31 million active loans** registered on the MERS System." (See Exhibits 2, 36, 151, 152, 338, 339)

13. MC and MERS became the perfect skills for this **RICO Fraud Enterprise System** to gain **COMPLETE CONTROL OF THE RESIDENTIAL REAL ESTATE MARKET**. This enterprise **was and is fraudulent** as there **is no credible auditing or oversight of the data** entered into the MS Databases **by employees of the MM organizations**. (See Exhibits 2, 36, 151, 152, 338, 339)

14. The actions of these **CERTIFYING OFFICERS** have caused innumerable **VIOLATIONS** of Texas Business and Commerce Code § 3.201(a), § 3.308, § 3.309 and § 3.402(a). (See Exhibit 240)

15. The MERS Certifying Officers can hire law firms, Assign Mortgage titles, Transfer Promissory Notes **in the name of MERS** and initiate numerous and varied types of legal actions **in the name of MERS**. There is No **MERS System** oversight of the Certifying Officer by **Mortgage Electronic Registration Systems, Inc.** or its parent company **MERSCORP, Inc.** (See Exhibit 325 Page 4)

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16. These facts are in direct contravention of the **Cease and Desist Order** issued in **April, 2011** by the **Office of the Comptroller of the Currency and thirteen (13) other Federal Regulatory Agencies.** (See Exhibit 325)

17. Until 2006, these **CO's** could institute and prosecute foreclosures in **MERS** name in almost all 50 states. The **State Supreme Court of Florida revoked MERS** standing to institute foreclosures in the State during 2005. (See Exhibit 55, 151 Page 45, 152 Pages 3 and 12-14)

18. By **not verifying the data** entered by **MM** organizations into the **MS** databases, **MC** and **MERS** encourage **fraud, negligence, misrepresentation and deceptive trade practices.** Lender Processing Services, a well known Robosigner organization, has admitted to fraudulently processing hundreds of thousands of mortgage documents and, **AFTER THOSE ADMISSIONS,** is **STILL** a Member **in good standing** in the **MS.** (See Exhibits 149, 404)

19. In numerous Testimonies and Depositions, it has **been admitted** that **CERTIFYING OFFICERS** have caused harmful damage to homeowners through **fraudulent foreclosure proceedings and seizing of incorrect properties** due to errors in the **DATA** in the databases acted upon by these **CERTIFYING OFFICERS.** (See Exhibits 151, 152, 325, 338, 339)

20. A.K. Arnold testifies that, as of **November 15, 2010,** three (3) days **before his Testimony under oath,** there are **20,302 Certifying Officers (sometimes referred to as Robosignors)** who work with more than **31 million active loans registered on the MERS System.** (See Exhibit 151, Page 45)

21. In further testimony before these Subcommittees, he testified under oath that there were over 20,302 **CO's** of **MERS.** These **CO's** could engage contracts for legal services and could certify and release liens in **MERS** name. (See Exhibit 55, 151 Page 45, 152 Pages 3 and 12-14)

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22. R. K. Arnold testifies about Certifying Officers that, “MERS relies on specially designated employees of its members, called certifying officers, to handle the foreclosure. To be a MERS certifying officer, one must be an officer of the member institution who is familiar with the functions to be performed, and who has passed an examination administered by MERS.” (See **Exhibit 151 Page 3 and Exhibit 152**)

23. Section 3(a) of Arnold's Testimony explains that **Certifying Officers** of the **MERS System** are employees or officers of **MERS System Members**. This has been proven to be untrue. (See **Exhibit 149 Page 15**)

24. **William Hultman** stated that he has, **on his own authority**, appointed **thousands** of **Certifying Officers** of **MERS** in every State in the Country **without intervention or interaction with the Board of Directors of MERS**. (See **Exhibit 341 Page 71 Lines 13 thru 24**)

25. **William Hultman** states that the Board of Directors of **MERS** was appointing Certifying Officers who are not MERS employees or Vice-Presidents of **MERS**. (See **Exhibit 341 Pages 105 and 106**)

26. **William Hultman** swears that he **Is The Only One** in **MERS** that has appointed **All Of The Certifying Officers of MERS** that are Vice Presidents or Executive Secretaries. How is it possible for one (1) person to interview, qualify and designate over 20,300 individuals to do **ANYTHING?** Anyone with business experience knows that this kind of task would require hundreds of interviewers and that it is absolutely impossible for one (1) person to accomplish this task. (See **Exhibit 341 Page 132**)

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27. **R. K. Arnold** testifies that: "Just like all corporations, MERS conducts business through its corporate officers. Certifying officers conduct much of the business of Mortgage Electronic Registration Systems, Inc. These individuals are employees and officers of MERS members who are appointed as limited officers of Mortgage Electronic Registration Systems, Inc. with the title of vice president and/or assistant secretary by means of a corporate resolution. (See **Exhibit 151 Page 43**)

28. **R. K. Arnold** further states that: "MERS has specific controls over who can be identified by its members as a certifying officer. To be a MERS certifying officer, one must be a company officer of the member institution, have basic knowledge of MERS, and pass a certifying examination administered by MERS." (See **Exhibit 151 Page 13, Exhibit 152 Page 12**)

29. **R. K. Arnold** testified that: "When we discovered that some so-called "robo-signers" were MERS certifying officers, we suspended their authority until they could be retrained and retested. We are asking our members to provide us with specific plans outlining how they intend to prevent such actions in the future." (See **Exhibit 151 Page 4, Exhibit 152 Page 4**)

30. **R. K. Arnold** testified that: "In 2009, when it came to our attention that some employees designated by member institutions to serve as MERS certifying officers were not entrusted by their own institutions with signing authority, MERS enhanced its procedures to require that each MERS certifying officer be a company officer of the member institution." (See **Exhibit 151 Page 21, Exhibit 152 Page 20**)

31. **R. K. Arnold** testifies that: "When we discovered that some "robo-signers" were MERS certifying officers, we contacted those certifying officers and suspended their authority. They will not be recertified until they retrain and submit to reexamination, and the members who employed them provide MERS with a plan on what will be changed within their companies to prevent this from happening again." (See **Exhibit 151 Page 22, Exhibit 152 Page 21**)

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32. **R. K. Arnold** swore under oath that the **MERS System** took strong actions against **Certifying Officers** and **Member Organizations** that violated policies. Yet, if one reviews the actions of the **MERS System Member, Lender Processing Services, Inc.** aka **LPS** and formerly known as **Docx**, a completely different story appears. That is, **MERSCORP, Inc.** and **MERS** have, in fact, done absolutely nothing. (See Exhibits 339 Page 203 Lines 1 thru 9, 631, 632)

33. **William Hultman** believed that he was given the right to **CIRCUMVENT** the Board of **MERSCORP, Inc.** and **PERSONALLY APPOINT Non-MERS System** persons as **Certifying Officers**. (See Exhibit 341 Page 24 Lines 18 thru 24)

34. **William Hultman** discussed a letter granting amendment to the **MERS System Membership Rules** and allowing **MERS System Non-members** to use the **Certifying Officer** authority of a **MEMBER**. (See Exhibit 341 Page 78)

35. Although **William Hultman** has agreed that the Corporate Bylaws state that the Board of Directors appoints Vice Presidents of **MERS** and there are **no documents** that have been produced that **specifically gave him the authority to appoint** officers of **MERS**, he still contends in the question and answer exchanges that he has the right to name Certifying Officers for **MERS** and the right to issue a **Board Resolution** in the name of the **Directors** stating that **they have made the appointment**. (See Exhibit 341 Pages 92 thru 98)

36. **William Hultman** swears that the appointment of a **Non-Employee** of a **Non-Member** as a **MERS Certifying Officer** is in keeping with the MERS Bylaws if the appointment is requested by a **MERS System Member**. (See Exhibit 341 Page 134)

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37. **William Hultman** states that Member Organizations and Certifying Officer candidates only have to be concerned with 4 documents. **R.K. Arnold** states that **all Certifying Officer candidates have to take an on-line examination. The truth can only be ascertained through Federal Government Agency investigations.** (See Exhibit 341 Page 85 Lines 6 thru 23, Exhibit 151 Page 13 and Page 21)

38. The credibility issue arises once again. **William Hultman** states he has **personally appointed thousands of Certifying Officers** for **MERS** in all 50 states and that **some of these Certifying Officers work for No corporations** that are **MERS System Members**. Yet, **R. K. Arnold** and the **Membership Manual** states that **Only Employees Of MERS Systems Members Can Become Certifying Officers In The MERS System.** (See Exhibit 34 Page 132, Exhibit 151 Page 14, Exhibit 152 Page 12)

Questionable And Illegal Actions Of MERS Certifying Officers

39. The appointment of Certifying Officers, who act on behalf of **MERS**, is critically important because **these Certifying Officers ARE TOLD they have the power and authority** to take the following actions **ON BEHALF and IN THE NAME of MERS.** (See Exhibit 149 Section 3(a) Pages 15 and 16)

These actions include but are NOT limited to:

40. Releasing of the lien of **ANY** mortgage loan registered on the MERS System **to another MERS Member.** (See Exhibit 149 Pages 15 and 16)

41. Assigning the lien of **ANY** mortgage naming MERS as the **mortgagee** when the **MERS Member** is the **Current Promissory Note Holder** or, if the mortgage registered on the **MERS System** is shown to be registered to the **MERS Member.** (See Exhibit 149 Pages 15 and 16)

42. Foreclosing upon property securing **ANY** mortgage loan registered on the **MERS System** to such **MERS Member.** (See Exhibit 149 Pages 15 and 16)

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43. To take **any and all actions** necessary **to protect the interest of the MERS Member** or the **beneficial owner** of a mortgage loan in any bankruptcy proceeding regarding a **loan registered on the MERS System** that is shown to be registered to the **MERS Member**. (See Exhibit 149 Pages 15 and 16)

44. To take **such actions as may be necessary** to fulfill such MERS Member's servicing obligations to the **beneficial owner** of such mortgage loans **(including mortgage loans that are removed from the MERS System as a result of the transfer thereof to a Non-Member)**. (See Exhibit 149 Pages 15 and 16)

45. To take action and **EXECUTE ALL DOCUMENTS NECESSARY** to Refinance, Amend or Modify any **mortgage loan** registered on the **MERS System** to such **MERS Member**. (See Exhibit 149 Pages 15 and 16)

46. **Endorse checks**, made payable to **MERS**, to the **MERS Member** that are received by the **MERS Member** in payment on **ANY mortgage loan registered on the MERS System** that is shown to be registered to the **MERS Member**. (See Exhibit 149 Pages 15 and 16)

47. It must be understood and remembered that these **Certifying Officers** are **individuals who do NOT work on the MERS payroll**, they are **located away from the MERSCORP, Inc. and MERS offices**, they have **no AT-RISK exposure** for the actions they take, they have **no oversight to be responsible to** and they **are not required to first get management approval** for the actions they take. (See Exhibit 151 Page 3, Page 14, Page 15, Page 21 and Exhibit 325 Page 4 Paragraph 3, Page 5 Paragraph 4, Page 9 Paragraph 3g and Pages 13-14)

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48. **Without any oversight** from **MERSCORP, Inc.**, Mortgage Electronic Registration Systems, Inc. (**MERS**) or the **Board of Directors** of Mortgage Electronic Registration Systems, Inc. (**MERS**) these **Certifying Officers can obligate** Mortgage Electronic Registration Systems, Inc. (**MERS**) without MERS being first aware of their proposed actions which can simultaneously wreak havoc on a homeowner's mortgage and **irrevocably BREAK the Chain of Title** before any responsible authority, if they were motivated to do so, could stop the action from being taken. (See Exhibit 339 Page 104 Line 4 thru Page 106 Line 6)

49. These same **MERS System Certifying Officers** **have, can and do wreak LEGAL AND FINANCIAL DESTRUCTION** on the **Chain of Title of ANY property they touch** in direct contravention of the **Residential Mortgage and Trust Laws** of all **fifty (50) States and Commonwealths in the United States.** (See Exhibit 325 Pages 13-14)

50. **William Hultman** states that Certifying Officers of **MERS** have violated rules and foreclosed in the State of Florida **without having possession of the Promissory Note.** (See Exhibit 341 Page 74 Lines 5 thru 12)

51. **William Hultman** testified that there is **nothing that authorizes a Certifying Officer to Assign a Promissory Note.** (See Exhibit 341 Page 121 Lines 18 thru 25)

52. **William Hultman** admits that **MERS** allows **Certifying Officers** to **“do whatever else they need to do”** including **Transferring Promissory Notes** although, in all of its literature, **MERS** and **MERSCORP, Inc.** emphatically state that **they have no interest in the Promissory Note.** (See Exhibit 341 Pages 148-149)

53. **William Hultman** testified that he knows what a **true sale of a mortgage is** and understands the **operation of a securitized trust.** He further testified that a **true sale is no reason for a MERS Certifying Officer to register the Assignment of Deed at the County Recorder's Office.** (See Exhibit 341, page 157)

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54. **A.K. Arnold** testified before the Senate Committee on Banking that: "Earlier this year, when we became aware of acceleration in foreclosure document processing, we grew concerned that some certifying officers might have been pressured to perform their responsibilities in a manner inconsistent with our rules. When we did not get the assurances we thought were appropriate to keep this from happening, we suspended our relationships with those companies." (See Exhibit 152 Page 3)

55. **R. K. Arnold** testified that **MERS wholly endorses the use of bearer paper**: "If the note owner chooses to have Mortgage Electronic Registration Systems, Inc. foreclose, then the note-owner endorses the note in blank (if it has not already done so), making it bearer paper, and grants possession of the note to a MERS certifying officer. This makes MERS the note holder. (See Exhibit 151 Page 15, Exhibit 152 Page 14)

56. In most States and Commonwealths in the United States, the use of Bearer Paper for Secured Financial Instruments, especially mortgages, is **Illegal**. The notable exception is the Commonwealth of Virginia. In addition, it is Illegal, **according to HAMP Rules**, to foreclose for a **hidden entity** or **Corporation**. The Endorsement of the Promissory Note **in blank** will certainly wreak financial destruction of the Chain of Title of a residential property in most States and Commonwealths in the United States. (See Exhibit 240, 24 and Exhibit 659 PageID 419-420)

57. **William Hultman** swears that a **Certifying Officer** is **Not** authorized to Assign a Promissory Note. Yet, **R. K. Arnold** swears that if a Member Organization wants **MERS** to foreclose on their behalf, the **Member Organization** must **endorse the Promissory Note in blank** and surrender it to **MERS**. (See Exhibit 151 Page 15, Exhibit 152 Page 14 and Exhibit 341 Lines 18 thru 25)

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Lender Processing Systems (DocX)

58. **R. K. Arnold** swore under oath that the MERS System took strong actions against Certifying Officers and Member Organizations that violated policies. Yet, if one reviews the actions of the MERS Member, Lender Processing Services, Inc. aka LPS and formerly known as Docx, a different story is defined. MERSCORP, Inc. and MERS, in fact, do absolutely nothing of the sort. (See Exhibit 339 Page 203 Lines 1 thru 9, 631, 632)

59. The following Paragraphs are from the criminal complaint filed in the Middle Florida United States District Court with the Case heading of United States of America v. Lorraine Brown. This is Case number 3:12-CR-00198_HLA-MCR. (See Exhibit 631 PageID 1 thru 4, DocX Criminal Trial Federal Complaint)

60. Lorraine Brown, a resident of Georgia, founded DocX L.L.C. (DocX) in the 1990s in Ohio. In the early 2000s, Brown relocated the bulk of DocX's operations to Alpharetta, Georgia (the Alpharetta operations of DocX LLC are referred to herein as DocX regardless of the time frame).

61. In mid-2005, Jacksonville, Florida based Fidelity National Financial, Inc. (FNF) purchased DocX from Brown and her partners. Through corporate reorganizations within FNF, DocX later came under the ownership of Fidelity National Information Services, Inc. (FNIS). In mid-2008, FNIS spun off a number of business lines into a new publicly-traded entity, **Lender Processing Services, Inc. (LPS)**, based in Jacksonville, Florida. At that time, **DocX was rebranded as "LPS Document Solutions, a Division of LPS."** Following this spin-off, **Brown** was the **President and Senior Managing Director** of **LPS Document Solutions**, which constituted DocX's operations in Alpharetta. At all times relevant to this information, Brown was the **Chief Executive** of all DocX operations.

62. Mortgage Servicers hired DocX to perform a number of mortgage tasks, including assisting in creating and executing mortgage-related documents filed with County Recorders' Offices. **The majority of documents created and recorded by DocX between 2003 and 2009 were lien releases, which evidence payment in full of a Mortgage-Backed Note.** DocX also executed **Mortgage Assignments**, which purport to transfer the note's ownership interest. Mortgage Assignments were typically **created during the foreclosure process**, and the volume of these documents **dramatically increased** at DocX during the foreclosure crisis of 2007 to 2009. DocX also signed **Lost Note Certificates** and **Lost Assignment Affidavits** related to mortgage documents.

63. The Criminal Complaint, **Exhibit 631 Page ID 5 and 6**, further states:

64. The manner and means by which **Brown, co-conspirators**, and **others** sought to accomplish the **purposes** and **objectives** of the **Conspiracy** include, but are not limited to, the following:

65. Beginning in or about **2005**, employees of DocX, at the **direction of Brown** and others, began **forging** and **falsifying signatures** on the mortgage-related documents that they had been **hired to prepare and file with County Recorders Offices** throughout the United States.

66. After these **false documents were signed and notarized**, DocX filed them through the **mail** or by **electronic methods** with local County Recorders Offices. Many of these documents, particularly **mortgage Assignments** and **Lost Note or Assignment Affidavits**, were later **Relied Upon In Court Proceedings**, including property foreclosures and in Federal Bankruptcy Court. **Brown knew that** these County Recorders Offices, as well as those who received the documents such as Courts, title insurers and homeowners, **relied on these documents as genuine.**

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67. Lorraine Brown **plead guilty of Conspiracy** to commit mail and wire fraud in violation of 18 USC §371. (See **Exhibit 632 PageID 13 Lorraine Brown LPS-Docx Plea Agreement**)

68. As of **January 26, 2012**, Lender Processing Services, Inc. **Is Still A Member In Good Standing** with **MERS** and **MERSCORP, Inc.** (See **Exhibit 404 Page 1**)

69. Coming forward to **March 10, 2014**, LPS **Is Still A Member In Good Standing Within The MERS System**. It seems that nothing too serious, if anything, happened to LPS. Nor is there any public acknowledgement of any actions **taken by the MERS System** against any of the **Certifying Officers of LPS**. (See **Exhibit 633**)

70. **William Hultman** executed the Signing Agreement and Board Resolution appointing Francis Hallinan, a **Non MERS System Member** as a **MERS Certifying Officer**. (See **Exhibit 341 Page 21 Lines 18 thru 25, Page 22 Line 1**)

71. **William Hultman** is questioned about the relationship between the law firm of **Phelan, Hallinan and Schmieg, Countrywide Home Loans, LLP and Mortgage Electronic Registration systems, Inc.** (See **Exhibit 341 beginning on Page 18 Line 18 and continuing to the end of the Deposition**)

72. Several employees of the law firm of **Phelan, Hallinan and Schmieg** were appointed as **Corporate Officers** of **Mortgage Electronic Registration Systems, Inc.** (See **Exhibit 341 Page 20 Line 15, Page 21, Line 4**)

73. The law firm of **Phelan, Hallinan and Schmieg** is **NOT** a Member of the **MERS System**. See Lines 12 thru 14 on Page 20. This is a **violation of Section 3 on Page 15** of the **MERS System Rules of Membership** manual. (See **Exhibit 149 Page 15**)

Section 18-12: MERS System Impact On Securitization And Securities Fraud

1. The **MERS System** is at the heart of the Securities Fraud since, **without the MERS System**, the **Deeds of Trust** and their **legally attached Promissory Notes** could not have been separated and **Broken** prior to being **Illegally placed** into Trust (REMIC) entities, in sufficient numbers, such that the Trust (REMIC) entities **could** then quickly begin to **conduct** their multiple and electronic light speed **Illegal Securities Trading** activities.
2. MERSCORP, Inc., as the **parent holding company**, and Mortgage Electronic Registration Systems, Inc. (MERS), as the **Wholly-Owned Subsidiary**, represent the self-proclaimed and **Illegal** administrative arm of the Criminal Cabal and, as such, is **NOT the State endorsed electronic record tracking system**. The **MERS System** is **owned** and **controlled** by the same banks and entities that **are responsible for** and are **in control** of most **of the fraudulent** and **Federal Income Tax owing Trust (REMIC) entities** trading fraudulent and illegal RMBS Securities. (See Exhibit 339 Page 16 Lines 7 thru 14, Exhibit 342 Page 29 Line 22 thru Page 30 Line 5)
3. The importance of the **MERS System complicity in the Trust (REMIC) fraud cannot be denied or overstated** since the **MERS System** is at the **administrative heart** of the **Fraud Enterprise**. It is necessary to thoroughly **review ALL MERS System evidence** documents in the Affiant's possession.
4. There are thousands of pages of evidence **regarding the MERS complicity** in this RICO Fraud Enterprise in the possession of the Affiant.
5. These evidence documents will be provided to Agency Investigators as well as others requesting copies of the evidence.

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6. The legal and financial breaking and destruction of the Chain of Title on a residential property has the legal impact of destroying the Trust (REMIC) and the associated RMBS resulting in Securities Fraud, Tax Fraud and Tax Evasion to be committed with almost each individual act taken by the Certifying Officer acting on behalf of MERS. (See Exhibit 630 Page 1, 629 Page 3, 658 Page 4 Paragraph (B), 658 Page 6 Paragraph (B), Exhibit 659 PageID 419-420)

7. Since Trillions of dollars of worthless REMIC Certificates representing the Securities of fraudulent Trust (REMIC) entities and RMBS were sold to foreign governments and foreign investors, it is equally impossible to ascertain, with any measure of accuracy, the destructive effects of these activities on US Foreign Policy and International Criminal Law. Pension Funds in the Netherlands and Norway have already taken separate and unrelated actions. (See Exhibit 666, Stichting Pensioenfonds ABP v Credit Suisse Group AG and Exhibit 667, ABP Sues Credit Suisse Over MBS)

8. The use of Endorsements in Blank is definitely a Violation of Chapter 3 and Chapter 9 of the Uniform Commercial Code because a blank endorsement renders the Promissory Note non-negotiable and unenforceable. This leads to Securities Fraud because a secured financial instrument is rendered unsecured. Thus, the Endorsed in Blank Promissory Note is no more enforceable than a credit card bill. (See Exhibits 240 and 241)

9. The data access and manipulation feature of the MERS System Scheme means that The Integrity Of The Mortgage Contract Can And Is Destroyed since any MERS Member can access the data and there is NO Management Control, Oversight or Quality Control measures instituted to insure that all legal, regulatory and Filing requirements stipulated by State and Federal Law are followed without fail.

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10. In the electronic commerce and computer programming industry, a **Parent/Child relationship** mandates that a new programming **object take on some of the Properties of the Parent**. The **Parent** has the **natural ability** to manipulate **any and all** of the **Data of the Child**. Thus, loan information **entered** by a **Parent** organization can be **changed, modified, enhanced** or **extended** by **another MERS Member** Organization that has a **Parent/Child relationship** to the **Originator** of the **Data**. (See Exhibit 81)

11. The **Pre-Engineered And Determined Final Destination** for the Promissory Note or **Parts** of the Promissory Note is a **Mortgage Backed Security** which **may be SOLD** on the **Open Commodities** market or a **Mortgage Backed Security** that **may be SOLD** by a **GSE**. (See Exhibits 151, 152, 184, 213, 214, 218, 220, 325, 338 thru 341)

12. **Residential Capital Corporation**, a part of **GMAC Residential Funding Corporation**, and **Deutsche Bank Trust Company Americas** **Collectively** filed an **SEC S-3 Report on Securities** that these **two (2) entities** **Together Offered To The Public In 2005**. (See Exhibit 645)

13. As is shown herin, most of the entities involved with the **Fraudulent Activities** of the Affiant's **RALI Series 2008-QR1 REMIC** are **Shareholders** in **MERSCORP, Inc**. (See Exhibits 50, 619 Page 5, 637)

14. **Residential Funding Company**, **Ally Bank** and **Residential Accredited Loans, Inc.** are part of **GMAC Residential Funding Corporation** which is a part of **Ally Financial**. **Wachovia Mortgage Corporation** is a part of **Wells Fargo Bank**. **SunTrust Mortgage, Inc.** is one of the **Loan Originators** for the **RALI Series 2008-QR1 REMIC** in which the **Affiant's Mortgage** is located. The **above listed entities** are directly involved in the **Illegal Destruction** of and the **Break** in the Affiant's **Chain of Title** due to their involvement in the **RALI Series 2008-QR1 REMIC** hierarchy of control. (See Exhibits 50, 619 Page 5, 637)

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15. The Affiant (**Plaintiff**) has plead and evidenced, on the **Federal Court Docket**, the **Fraudulent**, rampant and total disregard for both **State** and **Federal** Law, as well as the resultant **Securities Fraud**, **Tax Fraud** and **Tax Evasion** perpetrated by **All Defendants** involved in the **Affiant's Mortgage** and in the **RALI Series 2008-OR1 REMIC**. These fraudulent acts are only partially outlined below. The Affiant, upon request, can provide significant and complete additional evidence documentation on this matter.

16. **Homecomings Wholesale Funding** is the **RICO Fraud Enterprise** since all the Defendants in the Affiant's Federal Case, as **MERS Members in good standing** in the **MERS System**, have the **access** and **right to make entries** in the **MERS Databases** on behalf of **Homecomings Wholesale Funding**. (See Exhibit 647 Page 88, 75 Page 30, 74 Pages 41 and 56, 37 Page 5, 184 Page 6 and 185 Page 10)

17. Several of the Defendants in the Affiant's Federal Case have been involved in residential **mortgage transactions** in various **Counties around the Country** with **Homecomings Wholesale Funding**. A former employee of **Homecomings Financial, L.L.C.** in Minnesota states that he and his staff of sixteen (16) **Annually Finalized Hundreds Of Thousands Of Mortgages On Behalf Of Homecoming Wholesale Funding**. (See Exhibit 647 Page 88 and Exhibit 372)

18. In the Affiant's Federal Case, the **MIN Number**, maintained in the **MERS System** of Databases, of the **Deed of Trust** identifies **Homecoming Wholesale Funding** as the **Originator** and **Lender** of the Affiant's loan. Entities claiming **simultaneous** ownership of the Affiant's Deed of Trust and/or the Promissory Note include Defendants **GMAC Mortgage, L.L.C.**, **Homecomings Financial, L.L.C.**, **Homecomings Wholesale Funding**, **Ally Bank** (fka GMAC Bank), **MERSCORP, Inc.**, **Mortgage Electronic Registration Systems, Inc.** and **Fannie Mae**. This **Single Evidenced Fact** irrevocably proves that the **Affiant's Chain of Title** is **Irrevocably Broken**, the Deed Of Trust and Promissory Note are **Nullities** and the Affiant has been made an **Involuntarily Indentured Servant**. (See Exhibit 647 Page 88, 397 Page 1 and Exhibits 316, 327, 374, 375, 376, 377, 378, 379, 380, 381)

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19. The Affiant's mortgage is a **MERS MOM loan** stipulating that the **first seven (7) digits of the MIN Number** printed on the Affiant's **Deed of Trust** is the **OrgID** of **Homecomings Wholesale Funding** as being the **Lender** of the loan. (See Exhibit 647 Page 88 and Exhibit 397 Page 1)

20. Yet, **under sworn oaths**, the Defendants, in the Affiant's Federal Case, and the **Defendant's law firm Bradley Arant Boult Cummings, L.L.C.** state to the Court that **Homecomings Wholesale Funding does not exist**. (See Exhibit 647 Page 88 and Exhibit 372)

21. After numerous plead and evidenced filings made on the Court's Docket, the Court has **blatantly run away from addressing this irrefutable evidence**. A prudent and knowledgeable person would obviously conclude that the Courts are politically influenced by the same entities and individuals who have worked so diligently and ruthlessly for over two (2) decades to insure that **this industry of fraud is not prosecuted**.

22. This is another example of the **egregious fraud and lawless behavior** perpetuated by individuals and entities **involved** in the **Securities Fraud, Tax Fraud** and **Tax Evasion** described herein and **the degree to which the Courts in this Country run from and are afraid of investigating, uncovering and making public the realities of this out of control corruption and fraud** that is permeating the **Banking, Residential Mortgage and Legal industries** in our Country. (See Exhibit 647 Page 88 and Exhibit 372)

23. It is impossible to comprehend that this **voluminous mountain of evidenced fact** can be so **flagrantly ignored** by authorities, the Courts, embraced by licensed professionals and firms in the Legal industry and so **aggressively covered up and lied about** by the very perpetrators of the crimes such as the **Defendants** in the **Affiant's Federal Case**.

Section 18-13: Deposition Testimonies Of R. K. Arnold

And

William Hultman

1. The two (2) Executives of MERSCORP. Inc. and MERS have given numerous sworn Deposition testimonies before U. S. Congressional committees and have testified before certain Courts in the Country. R. K. Arnold, as CEO and President of MERSCORP, Inc. and William Hultman, as Secretary and Treasurer of MERS give shockingly contradicting testimonies on the same subjects regarding the operation of the MERS System.
2. These two (2) men need to be thoroughly investigated by the Agencies as to their management control oversight of MERSCORP. Inc. and MERS and as to their contributions to the perpetuation of the RICO Fraud Enterprise.
3. The sworn contradictions expressed by these two (2) people speak volumes about the lack of management, legality and honesty with which these two Corporations have been operated to the tremendous detriment of Millions of American homeowners.
4. The Deposition Testimony Exhibits of these two (2) people are long and deserve thorough reviews to insure that the multitude of facts disclosed therein are not missed or overlooked.
5. Therefore, what follows is a short summary of some of the contradictions expressed therein but in no way is intended to take the place of thorough reviews of the complete Deposition Exhibits attached hereto.
6. Lastly, due to the number of facts contained in the Deposition Exhibits attached hereto, the following are not listed in any specific order.
7. What is described below is intended only to give an overview of reasons why these two (2) people and their Deposition Testimonies need to be thoroughly investigated by the Agencies.

8. The following excerpts are from Depositions of **R. K. Arnold**, President and CEO of **MERSCORP, Inc.** and **Mortgage Electronic Registration Systems, Inc.** and **William Hultman**, Secretary and Treasurer of **Mortgage Electronic Registration Systems, Inc.** (See Exhibits 151, 152, 339, 341)

9. The next several paragraphs explain the **conflicts in testimonies** of both **R. K. Arnold** and **William Hultman** as to the **MERS System** attitude and actions in deciding what are **questionable** and sometimes **illegal actions** and what corrective measures if any are instituted by **MERSCORP, Inc.** and **MERS**. (See Exhibits 339, 341)

10. These **Deposition** excerpts demonstrate the **complete disregard** for **State and Federal laws, Governmental Agency Regulations, preservation of the intended value and legal validity** of millions of **residential mortgages**, corporate policies, established **MERS Member** contractual agreements and the **Willful Intent To Insure That A Corporate Climate Conducive To The Propagation And Continuation Of Fraud Is Maintained**. (See Exhibits 151, 152, 339, 341)

11. These two **top level Corporate officers** in the **MERS System** demonstrate through their **Directly Conflicting Testimonial Statements** that participants in the **MERS System** lie and use **obfuscation** to confuse and wreak financial destruction on the **Chains of Title** and property investments of homeowners. (See Exhibits 151, 152, 339, 341)

12. These Depositions infer that **the MERS System was pre-engineered so as to**: (1) **break the Chain of Title**, (2) **hide the rapid multiple-level Securitizations** of residential mortgages from the public, (3) **ignore the County Recorder's Office public filing requirements** of the various States, (3) **rapidly process foreclosures such that adequate defenses and investigations by the homeowner would be impossible**, (4) **Violate State and Federal Trust, Securities and Tax laws**. (See Exhibits 250, 251, 257, 259, 260, 263, 325, 356, 621, 622, 660, 649, 630, 619)

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EXHIBIT 723

13. According to the **Sworn Testimonies** of **MC** and **MERS** CEO and President **R. K. Arnold** and **MERS** Vice President **William C. Hultman**, neither **MC** nor **MERS** provide **Any Oversight To The Mortgage Data Entered Into The Mers System Databases** by its **MERS Members**. (See Exhibits 151, 152, 340, 341)

14. It is **glaringly noted** that the two (2) top MC and MERS Officers and Executives **QUOTE DRASTICALLY DIFFERENT NUMBERS OF ACTIVE LOANS** on the **MERS System**.

15. In Deposition, **MC** Vice-President William C. Hultman testified that 94% of the **61 million loans** registered on the **MERS System** were **MOM Loans**. (See Exhibit 340)

16. There is **NEITHER OVERSIGHT NOR SUPERVISION** by any **Officer** or **Employee** of either **MC** or **MERS**. **R. K. Arnold** CEO and President of **MC** and **MERS** testified before the **U. S. House of Representatives Congressional Subcommittee** and testified, "As of November 15, 2010, **MERS** has **20,302 CERTIFYING OFFICERS** who work with the more than **31 million active loans** registered on the **MERS System**." (See Exhibits 151 and 152)

17. It is clear that **MERSCORP, Inc.** and **MERS** attempt first **to act as one (1) entity** then **subsequently** and **selectively as two (2) separate entities**, when it best serves their purposes, as a form of Propaganda Misdirection and Confusion. (See Exhibits 339, 341)

18. **Arnold and Hultman**, being the two (2) top Senior Executive Controlling Officers of MERS **directly contradict one another as to when the Corporation they both serve was formed**. This irregularity is incredulous and impossible to comprehend. (See Exhibit 341 Page 51 Lines 19 thru 21, Page 43 Lines 2 and 3, Page 29 Lines 7 thru 15 and Exhibit 339 Page 15 Lines 3 thru 6)

19. **R. K. Arnold** testified that Mortgage Electronic Registration Systems, Inc. (MERS) **was incorporated in 1999**. (See Exhibit 339 Page 15 Lines 3 thru 6)

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EXHIBIT 723

20. **William Hultman** testified that he thought **MERS was first incorporated in 1995 or 1996.** (See Exhibit 341 Page 51 Lines 19 thru 21)
21. In the same Deposition, **William Hultman** testified that **MERS was incorporated a second time** on June 30, 1998. (See Exhibit 341 Page 43 Lines 2 thru 3)
22. In the same Deposition, **William Hultman** testified that **MERS was incorporated a third time, six (6) months after the second incorporation, on December 30, 1998** as a **wholly owned** subsidiary of **MERSCORP, Inc.** (See Exhibit 341 Page 29 Lines 7 thru 15)
23. **William Hultman** testified he **was hired by MERS** in **February, 1998.** (See Exhibit 341 Page 13 Lines 8 thru 10)
24. Apparently, **Hultman Was Hired By MERS As One Of The Top Two Controlling Executives Of MERS Approximately One (1) Year Before MERS Legally Existed.** (See Exhibit 339 Page 15 Lines 3 thru 6 and Exhibit 341 Page 13 Lines 8 thru 10)
25. **William Hultman,** in the same Deposition, **contradicts himself** when he **states that his employer is MERSCORP, Inc.** (See Exhibit 341 Page 13 Lines 15 thru 20)
26. **William Hultman** is the **Secretary** and **Treasurer of** Mortgage Electronics Registration Systems, Inc. (See Exhibit 341 Page 13 Lines 21 thru 25)
27. **William Hultman** is the **Senior Vice President, Corporate Division Manager, Secretary** and **Treasurer** of **MERSCORP, Inc.** (See Exhibit 341 Page 14 Lines 1 thru 6)
28. **William Hultman** serves the same **Senior Executive Officer** roles for both **MERSCORP, Inc.** and **MERS.** (See Exhibits in Paragraphs 35 & 36 Above)

29. **R. K. Arnold** testified he was **hired by MERS in December, 1995.** (See Exhibit 339 Page 22 Line 8 continuing to Page 25 Line 13)

30. Apparently, **Arnold Was Hired By MERS As One Of The Top Two Controlling Executives Of MERS Approximately Four (4) Years Before MERS Legally Existed.** (See Exhibit 339 Page 15 Lines 3 thru 6 and Page 25 Lines 10 thru 13)

31. Later in his same Deposition, **R. K. Arnold** testified that he works for **MERSCORP, Inc.** as **President** and **CEO** and **is simply an Officer of MERS.** (See Exhibit 339 Page 9 Lines 19 thru 21)

32. The conflict is that **according to the Secretary of State of Delaware, MERSCORP, Inc.** did not exist **prior to June 30, 1998.** (See Exhibit 3)

33. **Hultman** states there are **no employees of MERS.** This conflict in statements causes one to severely question the credibility of each of these two (2) top Corporate Officers. (See Exhibit 341 Page 72 Lines 3 thru 8)

34. **R. K. Arnold** testified there are **16 Directors** on the **MERS** Board. (See Exhibit 339 Page 14 Lines 19 thru 22)

35. Elsewhere, **R. K. Arnold** testified that there are **6 Directors** on **MERS.** (See Exhibit 339 Page 16 Lines 10 thru 20)

36. **R. K. Arnold** testified that **MERS** has employees that spent a huge percentage of time and effort foreclosing in the name of **MERS.** (See Exhibit 339 Page 88 Lines 14 thru 20)

Section 18-14: Cease And Desist Order Against MERSCORP, Inc. And
MERS

1. **MERSCORP, Inc.** and **MERS** have come under such scrutiny and attack that the **OCC** and numerous other **Federal Agencies** have issued a **Cease and Desist Order** against **both** these Corporations. That which follows is a partial Overview of findings by the OCC. This Order merits a thorough investigatory review by both Agencies. The entire Order is attached. (See **Exhibit 325**)
2. **MERSCORP, Inc.** operates a privately owned national electronic registry that tracks beneficial ownership interests and servicing rights associated with residential mortgage loans and any changes in those interests or rights. There are **approximately 5,000 participating Members**, of which 3,000 are residential mortgage servicers. **MERS Members** register loans and report transfers, foreclosures and other changes to the status of residential mortgage loans on the **MERS System**. There **are currently approximately 31 MILLION ACTIVE RESIDENTIAL MORTGAGE LOANS REGISTERED ON THE MERS SYSTEM**. **Examined Members** receive a substantial portion of the services provided by **MERSCORP, Inc.** and **MERS**. (See **Exhibit 325 Pages 4-5**)
3. **Members** are institutions that use **MERS'** and **MERSCORP, Inc.'s** services and **Have Agreed To Abide** by **MERSCORP's Rules of Membership** (Rules). The Members include **DEPOSITORY** institutions regularly examined by, or subsidiaries or affiliates of depository institutions subject to **examination by the OCC**, the **Board of Governors**, the **FDIC**, the **OTS**, and other appropriate Federal banking agencies, **as defined** by **Subsection 1(b)(1) of the Bank Service Company Act, 12 U.S.C. § 1861(b)(1)**, and **Fannie Mae** and **Freddie Mac**, which are subject to examination by the **FHFA**, (Examined Members). The Agencies have informed **MERS** and **MERSCORP, Inc.** of the findings resulting from the examination. (See **Exhibit 325 Page 2**)

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4. **MERS** serves as **Mortgagee Of Record And Nominee** for the participating **MERS Members** in local land records. **MERS takes action as Mortgagee** through documents executed by “**Certifying Officers**” of **MERS**. **MERS** has designated these individuals, who are Officers or Employees of **MERS Members** or certain third-parties who have contractual relationships with **MERS Members**, as **Officers of MERS**. By virtue of these designations, the **Certifying Officers** execute legal documents in the name of **MERS**, such as **Mortgage Assignments** and **Lien Releases**. (See Exhibit 325 Pages 4-5)
5. The Office of the Comptroller of the Currency and numerous other Federal Agencies and Authorities have issued a formal **Cease and Desist Order** to **Mortgage Electronic Registration Systems, Inc.** and **MERSCORP, Inc.** due to the egregious and documented behavioral and operational irregularities, problems and deficiencies surrounding the entire fraudulent MERS System. (See Exhibit 325 Page 2)
6. The **OCC, Board of Governors, OTS, and FDIC** examined the services provided by **MERSCORP, Inc.** and **MERS** to **Examined Members** pursuant to the provisions of **12 U.S.C. § 1867(c)**, on behalf of **themselves** and other appropriate **Federal Banking Agencies** as defined in **12 U.S.C. § 1861(b)(1)**. (See Exhibit 325 Page 3)
7. Since issuing the Cease and Desist Order, it is highly **questionable** whether or not **MERS** and **MC** are **complying** with the **Order** and **whether or not** the **OCC** and the other **Federal Agencies** are actually **enforcing the Order**.
8. The Agencies have identified certain deficiencies and **Unsafe** or **Unsound** practices by **MERS** and **MERSCORP, Inc.** that **Present** financial, operational, compliance, legal and reputational risks to **MERSCORP, Inc., MERS** and to participating **MERS Members**. (See Exhibit 325 Page 2)

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9. The Comptroller of the Currency and Co-signers of the Cease and Desist Order found that MC and MERS actively engaged in Shoddy Business Practices That Introduced And Exposed Federally Regulated Business Entities To Unnecessary, Dangerous And Unwise Business Practices And Risks. (See Exhibit 325)

10. Refer to the Cease and Desist Order, issued by the OCC and other Federal Agencies, to MERSCORP, Inc. and MERS for a complete understanding of the investigations and testimonies conducted that resulted in the issuance of the Order. (See Exhibit 325 Entire Document)

11. A partial list of FINDINGS by the OCC is described below. Refer to the entire Cease and Desist Order for a complete listing and dissertation of findings determined by the OCC. (See Exhibit 325)

12. MERS is a wholly-owned subsidiary of MERSCORP, Inc. MERSCORP, Inc.'s Shareholders include FEDERALLY REGULATED FINANCIAL INSTITUTIONS that OWN and/or SERVICE residential mortgages, including Examined Members, and other primary and secondary mortgage industry participants. (See Exhibit 325 Pages 4-5)

13. MERSCORP, Inc. and MERS are each an “institution-affiliated party” within the meaning of 12 U.S.C. § 1813(u) by virtue of MERS acting as agent for lenders (who include Examined Members) with respect to serving as Mortgagee in a Nominee capacity for the Lender, and are each an “entity-affiliated party” within the meaning of 12 U.S.C. § 4502(11) by virtue of MERS acting as Agent for Fannie Mae and Freddie Mac with respect to serving as Mortgagee in a Nominee capacity for the Owner of residential mortgage loans. (See Exhibit 325 Page 3)

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14. **MERSCORP, Inc.** and **MERS** are providers of services to **Examined Members** within the meaning of 12 U.S.C. § 1867(c). (See Exhibit 325 Page 3)

15. In connection with services provided to **Examined Members** related to **tracking**, and **registering residential mortgage loans and initiating foreclosures** (“residential mortgage and foreclosure-related services”), **MERS** and **MERSCORP, Inc.**:

16. Have **Failed To Exercise Appropriate Oversight, Management Supervision And Corporate Governance, and Have Failed To Devote Adequate Financial, Staffing, Training, And Legal Resources** to ensure proper **administration and delivery of services** to **Examined Members**.

17. Have **Failed To Establish And Maintain Adequate Internal Controls, Policies, And Procedures, Compliance Risk Management, And Internal Audit And Reporting Requirements With Respect To The Administration And Delivery Of Services To Examined Members**.

18. Further, since the newly developed relationship with the **MERS Doctors** databases **DO NOT RESIDE** on their own servers but on the **servers of other entities**, to make the assumption that **the completeness and accuracy of MERS Data** will be either corrected and/or maintained, is **PRACTICALLY AND TECHNICALLY LAUGHABLE**. Therefore, this relationship can only **exist for one or more Political or Public Relations purposes**.

19. This new Third Party contractor relationship added to the **MC** and **MERS System** does not **comply with the edicts outlined in the Cease and Desist Order** which state, in part, that **MC** and **MERS** are to (1) add **staffed employees** to manage the **MERS System** problems (2) establish meaningful oversight procedures and (3) insure that these first two (2) edicts are effectively implemented and managed. (See Exhibit 325)

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20. By reason of the conduct set forth above, **MERS** and **MERSCORP, Inc.** **ENGAGED IN UNSAFE OR UNSOUND PRACTICES THAT EXPOSE THEM AND EXAMINED MEMBERS TO UNACCEPTABLE OPERATIONAL, COMPLIANCE, LEGAL, AND REPUTATIONAL RISKS.**

21. The Agencies have identified certain deficiencies and **Unsafe** or **Unsound** practices by **MERS** and **MERSCORP, Inc.** that PRESENT financial, operational, compliance, legal and reputational risks to **MERSCORP, Inc.**, **MERS** and to participating **MERS Members.** (See Exhibit 325 Page 2)

Jurat Affidavit Of Gregory C. Morse

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Section 18-15: MERS Violations Of Texas State And Federal Laws

1. This Section 18-15 outlines a brief summary of the innumerable **Violations of Texas State Statutes and Federal Codes** committed by the **Defendants** in the Affiant's Federal Case. These Defendants, additionally, are major **Participants** in the **RICO Fraud Enterprise** and in the **Fraudulent Trust (REMIC) Certificate Trading Industry**.
2. A tabulated summary of all identified Violations of State Law and Federal Code is provided herein. (See Exhibit 684)
3. The tabulated summary of Claims and Violations in Exhibit 684 is synchronized with and is chronologically sequenced, by **Paragraph Number**, to the Affiant's **Federal Amended Complaint**. (See Exhibit 634)
4. Since the revocation of the **Glass-Steigel Act in 1996-97**, **Banks, Mortgage Companies, Title Companies and Government Sponsored Enterprises** have **conspired and circumvented the long standing and accepted system of creating a complete and legal paper trail documenting the creation of mortgage trusts and any subsequent Assignments and Transfers thereof**. The **TWO MAJOR CIRCUMVENTERS** of this established system are **MERSCORP, Inc.** and **Mortgage Electronic Registration Systems, Inc. (MERS)**. (See Exhibit 670)
5. **MC** and **MERS HAVE NOT** registered **with the Federal and duly constituted Nationwide Mortgage Licensing System & Registry**. Thus, both **MC** and **MERS** are in **VIOLATION** of **Texas Finance Code §§ 156.201(a),(c) and 156.204, §§ 157.003, 157.014 and 157.015, §§ 180.002(12), (15)(A)(B)(b), 180.051 and §342.0515**. (See Exhibits 247 thru 250)

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6. The **Defendants**, in the Affiant's Federal Case, represented by Bradley Arant Boult Cummings, L.L.P. **State Under Sworn Oath** that, although **MERSCORP, Inc.** and **MERS ARE NOT REGISTERED** to conduct business in the **State of Texas** and although **neither of them are registered** as a **Mortgage Banker, Broker or Lender** as required by **P.L. 110-289 and the Texas State Finance Codes**, any Deed Transfers and Assignments made by these entities are **VALID REGARDLESS** of **Federal Codes** or **State Statutes**. (See Exhibit 647 Page 46 and Exhibits 15, 16, 18, 19, 20, 22, 23, 24, 342, 343, 356, 621)

7. By demanding **all of its Member Organizations** operating in the State of Texas to designate **MERS** as **a Beneficiary and Nominee** in the **DOT** for **each and every MOM loan**, **MC** and **MERS** are **acting as a Mortgage Banker, Mortgage Lender and/or a Mortgage Broker**. These actions are **VIOLATIONS** of the **Texas Finance Code §§156.201(a),(c) and 156.204, §§157.003, 157.014 and 157.015 and §§180.002(12), (15)(A)(B)(b) and 180.051**. (See Exhibits 247 thru 249)

8. By encouraging their **MM's to not record Assignments and Transfers**, **MC**, **MERS**, their **Shareholders** and other **MM** organizations **Actively Encourage Other MERS Members To VIOLATE Numerous Texas State Statutes**. (See Exhibit 339 Page 30 Lines 8 thru 10 and Exhibits 240, 241, 250, 251, 257, 259, 260, 263)

9. These **actions** are **VIOLATIONS** of **Title V of Public Law 110-289**. This Public Law is referred to as the **SAFE Mortgage Licensing Act of 2008**. (See Exhibit 621)

10. **After Recording** the Promissory Note in the **MERS Databases**, the **SHREDDING** of the **ORIGINAL LEGAL document occurs**. (See Exhibits 42, 75, 76, 365)

11. Texas Property Code §12.001(a) stipulates that **a Deed of Trust does not have to be registered in the CRO**. **HOWEVER**, once a Deed of Trust is registered, Texas Government Code §192.007 **MANDATES** that **all subsequent Transfers and Assignments** of the instruments **MUST BE REGISTERED IN THE CRO**. (See Exhibits 260 and 257)

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12. The Affiant (**Plaintiff**) has plead and evidenced, **on the Federal Court Docket**, the **FRAUDULENT**, rampant and total disregard for both **State** and **Federal** Law, as well as the subsequent **Securities Fraud**, **Tax Fraud** and **Tax Evasion** resulting there from, demonstrated by **ALL Defendants** involved in the Affiant's Mortgage and in the **RALI Series 2008-QR1 REMIC** and is only partially outlined in the Paragraphs below. (See Paragraphs 2 and 3 of this Section)

13. **Homecomings Wholesale Funding**, to the Affiant's best knowledge and belief, has **Never Registered** as either a **Domestic or Foreign Corporation in any State**, and was a **Member** of **MERS** with the **MERS Member OrgID** of **1000626**. (See Exhibits 316, 327, 381)

14. The **Conflicting Representations** made in the **Corporate Disclosure Statements** were sworn and submitted to the Court under oath by the law firm of **Bradley Arant Boult Cummings, L.L.P.** on behalf of their clients, the **Defendants** in the Affiant's Federal Case.

15. The conflicting representations made in the Corporate Disclosure Statements by the **Defendant's Law Firm** raise new, **additional, numerous** and **significant State** and **Federal Law VIOLATION** issues, **which to this date**, the Court has **strategically ignored** addressing **Although The Affiant Has Clearly Informed The Court Of These Conflicts** in numerous pleadings filed on the Court's Docket. (See Federal Docket, Eastern District of Texas Case 4:12-cv-375)

16. In the **Corporate** world, the **Shareholders CONTROL** the **Board of Directors** of the private corporation and the Private Corporation **CONTROLS** its **Wholly Owned Private Subsidiary**. (See Exhibits 50 and 51)

17. When several of the **Shareholders** hold both **Controlling And Officer Positions** on the Board of Directors of **MC** and **MERS**, the **Shareholders are intimately involved** in the daily operations of **both Corporations**. All Officers of **MC** and **MERS** are either "C" **Officers** or **Executive level** Vice Presidents in their respective Corporations. (See Exhibits 50 and 51)

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18. The actions of the **MERS Certifying Officers** have caused an almost innumerable number of **VIOLATIONS** of Texas Business and Commerce Code § 3.201(a), § 3.308, § 3.309 and § 3.402(a). (See Exhibit 240)

19. The credibility issue surfaces again. **William Hultman** swears that a Certifying Officer is not authorized to assign a Promissory Note. Yet, **R. K. Arnold** swears that if a Member Organization wants Mortgage Electronic Registration systems, Inc. to foreclose on their behalf, the Member Organization **Must Endorse The Promissory Note In Blank And Surrender It To Mortgage Electronic Registration Systems, Inc.** (See Exhibit 151 Page 15, Exhibit 152 Page 14 and Exhibit 341 Lines 18 thru 25)

20. The use of **Endorsements In Blank** is definitely a **Violation** of Chapter 3 and Chapter 9 of the **Uniform Commercial Code** because a **Blank Endorsement Renders The Promissory Note Non-Negotiable And Unenforceable**. This leads to **Securities Fraud** because a **Secured Financial Instrument** is rendered **Unsecured**. Thus, the **Endorsed In Blank Promissory Note Is No More Enforceable Than A Credit Card Bill**. (See Exhibits 240 and 241)

21. In most States and Commonwealths in the United States and in the Federal Government, **The Use Of Bearer Paper For Secured Financial Instruments, Especially Mortgages, Is Illegal**. In addition, it is **illegal** according to **HAMP Rules** to **foreclose for a hidden entity or Corporation**. The **Endorsement Of The Promissory Note In Blank** will certainly wreak **financial destruction of the Chain of Title** of a residential property in most States and Commonwealths in the United States. (See Exhibits 24, 240 and Exhibit 659, PageID 419 and 420)

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22. If the previous statements made by R. K. Arnold and William Hultman are true, then the **MERS System is in violation of** (Texas Finance Code Section 342.051(a)(2) since the Corporation must have a license issued under (Texas Finance Code Chapter 342) in order to **contract for, charge, directly or indirectly, in connection with a loan, a charge, including interest, compensation, consideration, or other expense, authorized under (Texas Finance Code Chapter 342)** that in the aggregate exceeds the charges authorized under other law. (See Exhibit 413 Lines 1370 thru 1374)

23. Since the Affiant's mortgage documents were instructed to be delivered by return Federal Express shipment for next day delivery, the **NEXUS** for using USPS Mail and Interstate Commercial Carriers as the transporters **of fraudulent documents was established** in **VIOLATION** of 18 USC § 1341. (See 18 USC § 1341)

24. Roger D. Sanders, **ex-Eastern District of Texas Magistrate Judge and ex-Counsel for the Affiant**, intentionally did not raise significant issues, on the Federal Court Docket, concerning the discovery of electronically stored information when **He Knew That A Significant Number** of the Defendants have produced **Fraudulent electronic copies of documents intended to defraud opposing litigants and the Courts** in past mortgage issues involving civil litigation. (See Exhibit 647 Page 26)

25. Because of the incalculable number of errors committed nationwide in this **FRAUDULENT FORECLOSURE PROCESS**, **MERS** changed its policy so that it is never **named as the moving party on a foreclosure**. (See Exhibit 40)

26. The OCC, Board of Governors, OTS, and FDIC examined the services provided by **MERSCORP, Inc.** and **MERS** to Examined Members pursuant to the provisions of 12 U.S.C. § 1867(c), on behalf of themselves and other appropriate **Federal Banking Agencies** as defined in 12 U.S.C. § 1861(b)(1). (See Exhibit 325 Page 3)

27. Refer to the Cease and Desist Order, issued by the OCC and other Federal Agencies, to **MERSCORP, Inc.** and **MERS** for a complete understanding of the investigations and testimonies conducted that resulted in the issuance of the Order. (See Exhibit 325 Entire Document)

28. **MERSCORP, Inc.** and **MERS** are providers of services to **Examined Members** within the meaning of 12 U.S.C. § 1867(c). (See Exhibit 325 Page 3)

29. **MERSCORP, Inc.** and **MERS** are each an “institution-affiliated party” within the meaning of 12 U.S.C. § 1813(u) by virtue of **MERS acting as agent for lenders** (who include Examined Members) with respect to serving as **Mortgagee** in a **Nominee** capacity for the **Lender**, and are each an “entity-affiliated party” within the meaning of 12 U.S.C. § 4502(11) by virtue of **MERS acting as Agent for Fannie Mae and Freddie Mac** with respect to serving as **Mortgagee** in a **Nominee** capacity for the **Owner** of **residential mortgage loans**. (See Exhibit 325 Page 3)

30. By Reason Of The Conduct Set Forth Above, **MERS** And **MERSCORP, Inc.** Engaged In Unsafe Or Unsound Practices That Expose Them And Examined Members To Unacceptable Operational, Compliance, Legal, And Reputational Risks. (See Exhibit 325)

Section 19: Fraud: The RICO Enterprise

1. By design, a Pre-Engineered RICO Fraud Enterprise is intended, for economic profitability reasons, to be large in scope, complicated in operation, long in existence and applicable to as large a demographic group of potential victims as possible.
2. One is woefully unrealistic if it is expected that understanding the intimate details of a RICO Fraud Enterprise is a fast, easy or simple task. To understand and publically uncover this RICO Fraud Enterprise, Agency Investigations are required because of the Agencies collective staffing, Legislatively mandated jurisdictional authority, jurisdictional reach, financial resources, ethical commitment to eliminating corruption and experience in fighting fraud.
3. This Affiant is positively expectant of the massive and revealing results that will be forthcoming from Agency Investigations. This Affiant is committed to assisting the Agency Investigations in all ways possible and with no limitation.
4. The perpetrators of the RICO Fraud Enterprise know and understand that, the more massive and administratively complicated they can make the RICO Fraud Enterprise, the infinitely more difficult it will be to trace the facts and uncover their Enterprise.
5. If one looks at the financial gains to be realized and the operative details present in this RICO Fraud Enterprise plaguing the Residential Mortgage Industry, it is clear that the requirements for a financially successful RICO Fraud Enterprise, as outlined in Paragraph 1 above, are present, with no exceptions, in this instance.
6. Since the days when G. Robert Blakey first conceived and wrote the original RICO Statutes, for the purpose of breaking up organized crime, understanding of the intent, purpose and power inherent in the RICO Statutes have not been clearly understood by a broad percentage of the population. The Agencies to whom this Whistleblower Filing Package has been submitted understand what the RICO Statutes are intended to do and what they can accomplish.

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7. The corruption and fraud in the Residential Mortgage Industry, termed the "Housing Bubble," is a systems engineering construct that was designed from the initial stages to steal from American citizens their largest personal assets, that being their homes. A planned and engineered system is a complex construct of individual activities designed, integrated and accomplished in accordance with a specifically designed set of governing rules.

8. There are many parts which, when individually examined, leads one to draw a certain conclusion. Conversely, when a macro view of the total engineered system is taken, a radically different set of conclusions are drawn.

9. Such is what has occurred when examining, in evidenced detail, the collapse of the Residential Mortgage Market that started in earnest in early 2007 and continues, almost unrestrained, to this very today.

10. From the initial public disclosure of the housing crisis in October, 2008, thousands of intentionally malicious and grossly incorrect attempts to misdirect and defraud have been made to divert prying eyes and to preclude Federal Agency investigations from being made into the actual Racketeer Influenced Corrupt Organizations Act (RICO) fraud activities that have taken place and continue to this day to establish the operational modus operandi of the Residential Mortgage industry.

11. These attempts to misdirect and defraud are properly and accurately termed "**Propaganda Misdirection.**"

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12. Financial, banking, lending, ratings, legal and media organizations have paid consultants and many others to make fraudulently incorrect speeches and to write intentionally fallacious opinions with the intent being to confound and confuse **Federal and State Courts, Federal, State and City Legislators, Federal, State and City Executives, Federal, State and City Agency directors and Employees, Lawyers, Mortgage Bankers, Mortgage Brokers, Mortgage Lenders, Pension Fund Executives and Managers, domestic and foreign REMIC Certificate and Mortgage Backed Securities Buyers/Investors, County Registrar Officials, homebuyers, homeowners, U.S. Citizens and the worldwide general public as a whole.**

13. From reviewing thousands of Court Case, both State and Federal, it is grossly apparent that many, if not most, Courts literally legislate from the Bench and Nullify laws that are Legislatively In Force and Current on the Record.

14. Many of these occurrences have been reported in the Press and are evidenced.

15. When a Judge says, "Don't quote the law to me, in this Court I Am The Law," it is impossible for the homeowner, who knows and legally proves he has been illegally victimized, to overcome the thud of the gavel when that thud is given by a Judge who has no motivation to enforce the Rule of Law.

16. Most Citizens are reticent or fearful of publically disclosing the behavior of the person wearing the robe.

17. What is truly fearful is to consider what these actions mean with regard to either the health or the state of decay of our Judicial System.

18. If the Rule of Law and Due Process has come to mean that the biggest and most powerful criminals set the rules, are unassailable and that the little guy victim is of no concern and should be further victimized due to the concern for protecting the criminal by precluding evidence from being entered on the Public Record, this Country is in deep trouble.

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19. It is clearly stated throughout this Jurat Affidavit that the Agencies, to whom this Whistleblower Filing Package has been submitted, are the last and best hope for Justice being levied against the criminal Corporations and Individuals involved in this largest of RICO Fraud Enterprises.

20. This Affiant does not know how more corroborated and publically sourced evidence, with the enclosed analyses, could be submitted to motivate, cause and support the legitimacy for conducting massive Agency Investigations.

Jurat Affidavit Of Gregory C. Morse

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Section 20: Affiant: History Of The Mortgage Transaction

1. **On December 18, 2002**, I, Gregory C. Morse and my wife, purchased my homestead at 223 High Point Drive, Murphy in Collin County, Texas. This initial and first purchase was an Adjustable Rate Mortgage. The mortgage consisted of two (2) liens. The first lien was for \$315,000. The second lien was for \$40,000.
2. **On September 2, 2005**, I, as an unmarried man, refinanced my home with another Adjustable Rate Mortgage. This second purchase re-finance mortgage consisted of two (2) liens. The first lien was for \$324,000. The second lien was for \$45,000.
3. **On March 3, 2008**, I re-financed, for the second time, my Adjustable Rate Mortgage into a thirty (30) year fixed rate mortgage. This first, and only, lien was for \$414,500. The total monthly mortgage payment was approximately \$2,500.
4. **In early 2009**, I saw my mortgage broker being arrested on five (5) counts of mortgage fraud. At this point, and as any prudent person would, I began to investigate my 2008 mortgage.
5. I discovered that my 2005 and 2008 mortgages were originated as **MERS System loans**. Both mortgages carried **MIN Numbers** and the declaratory statement "**MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the beneficiary under this Security Instrument**"
6. The 2005 liens had **MIN Numbers of 1000138-0087843579-7** (\$324K lien) and **1000138-0087843587-0** (\$45K lien). The lender listed in the Deed of Trust for both liens was GreenPoint Mortgage Funding, Inc. The OrgID on the Deed of Trust **matches GreenPoint's MERS OrgID**.

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7. The **2008 mortgage** has a **MIN Number** of **1000626-0476868450-0**. The **lender**, listed by name, in the **Deed of Trust** is **Homecomings Financial, L.L.C.** The **OrgID** of **Homecomings Financial, L.L.C.** is **1000474**. The **OrgID** of **Homecomings Wholesale Funding** is **100626**. The **MERS System** emphatically states that **THIS LOAN IS A HOMECOMINGS WHOLESALE FUNDING LOAN AND NOT A HOMECOMINGS FINANCIAL, L.L.C. LOAN.**

8. A **table funder** is a **secondary lender** that is the **actual lender or funder** of a loan. This position is necessary **when the Loan Originator does not have the financial, (monetary), resources to make a home loan** and to **hold that loan until it is securitized**, usually in a secondary market.

9. The rules and regulations of the **Federal Department of Housing and Urban Development (HUD)** **explicitly state** that all profits received by the **Loan Originator**, (service release premiums), must be disclosed by the **Loan Originator**. In **24 CFR 3500.2(b)**, HUD, through its RESPA rules, allows for table funding. Yet, **all transaction fees and profits of the Loan Originator MUST be disclosed at the closing of the loan.**

10. In this mortgage instance, **THIS DISCLOSURE WAS NOT MADE.** It is the **MIN Number** on the officially recorded copy of the **Deed of Trust** that tells one that there was in fact a **table funder** because the name of the **Loan Originator** is different from the listed lender on the **Deed of Trust** and the **Promissory Note**. **24 CFR 3500.2** defines *Loan Originator as meaning a lender or mortgage broker.*

11. In this instance, the **Loan Originator**, as defined by the **MERS System** and, all of its **Member Organizations**, identifies the **Loan Originator** as being **Homecomings Wholesale Funding**. In defiance of **P. L. 110-289**, **Homecomings Wholesale Funding** has never registered as a **Mortgage Banker, Broker or Lender** with the **Federal Government** through the **Nationwide Mortgage Licensing System (NMLS)** or with the **State of Texas Director of Finance** through the **Texas Department of Savings and Mortgage Lending.**

12. In addition, a review of the Corporate Entity databases maintained by all Secretaries of State and Secretaries of Commonwealth demonstrate that the entity **Homecomings Wholesale Funding** does not exist and has never existed in any of the **50 State jurisdictions** which comprise the United States of America. In addition, **Hope T. Cannon, Partner of Arant Boult Cummings, L.L.P.**, wrote **under sworn pleadings** and **signed by her** in the Affiant's first **Case Number 4:11-cv-230**, filed in U.S. District Court, Eastern District of Texas that **Her Client** ***“Homecomings Wholesale Funding does not exist.”*** Thus, we have two independent sources of legally acceptable corroboration that there was a table funder on this loan and that **THE TRUE IDENTITY OF THE LENDER ON THIS MORTGAGE** is totally unknown.

13. On **February 29, 2008**, Homecomings Financial, L.L.C. notified the Affiant and borrower, Gregory C. Morse, that it had sold the mortgage to GMAC Bank, now known as Ally Bank. (See **Exhibit 321**). In this document, it states that the **Homecomings Financial, L.L.C.** loan number is **047-686845-0**. The **MIN Number** on the **Deed of Trust**, executed on **March 3, 2008**, is **100062604768684500**. The March 3, 2008 Deed of Trust is **Exhibit 397**. From the **MIN Number** on the Deed of Trust, the **loan number** is shown to be **0476868450**.

14. We see that **The Mortgage Contract WAS SOLD EVEN BEFORE IT EXISTED**. This is the **Nexus** of the **Controversy** on the **2008 Mortgage** on **223 High Point Drive, Murphy, Texas**. On the mortgage **closing date of March 3, 2008**, there are **three (3) entities who simultaneously claim** to be the **Lender** on this property. They are **Ally Bank, Homecomings Financial, L.L.C.** and **Homecomings Wholesale Funding**. Thus, the **Title is clouded** as the **Recorder's Office in Collin County, Texas** registers the **Mortgagee** as being **Homecomings Financial, L.L.C.** In addition, **Mortgage Electronic Registration Systems, Inc. (MERS)**, through the documentation that it and its parent corporation, **MERSCORP, Inc.**, publically state that **MERS is the Mortgagee** thereby **contradicting and conflicting** with the **County Recorder's Office filing**.

Section 21: Affiant: Mortgage Controversy

1. As of **March 3, 2008**, there are **four (4) entities claiming Mortgagee (ownership) status** on the single lien on the property. These entities are **Ally Bank, Homecomings Financial, L.L.C., Homecomings Wholesale Funding and Mortgage Electronic Registration Systems, Inc. (MERS)**.
2. Federal National Mortgage Association (Fannie Mae), on its website **claims that it is the holder of the Promissory Note as of April 1, 2008**. This claim is a **FURTHER CLOUDING of the Title to the property**. The **Clouding of the Title is due to fraud and numerous Violations of Texas Property Code recording Statutes**. (See Exhibit 188)
3. **Texas Property Code §12.001(a) and (b)** recommends that the lender publically record a Deed of Trust to legally protect the rights of the lender and borrower. This legal recording is to be maintained by the County Recorder's Office in accordance with **Texas Property Code §11.001(a)**. A **Deed of Trust** executed on **March 3, 2008** on the property at **223 High Point Drive, Murphy, Texas** was recorded by the **Collin County, Texas Recorder's Office** on **March 14, 2008**.
4. Additionally, **Texas Business and Commerce Code §§3.309, 3.201(a), 3.308, 3.402 and 9.203** demand and require that **all subsequent Transfers of Ownership, Assignments of the Deed of Trust** and any **Releases of Lien** are to be timely and properly filed in the **Collin County, Texas Recorder's Office** **to ensure a true, accurate and unbroken Chain of Title** on real estate in the State of Texas.

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5. Without these recordings, **No Subsequent Claimant, who purports to hold the Promissory Note**, may legitimately become the **Holder in Due Course** because the **Promissory Note** was obtained **Fraudulently** or by some **Dubious and Illegal Means**. The **State Legislature of Texas established these rules** to protect lenders, property owners and land titles which have existed **since it was an independent and sovereign nation in the middle 1800's**. The latest modifications to these Statutes occurred in 2003 to legally allow Mortgage Servicers to foreclose in the name of Lenders **after obtaining written permission and transmitting written notification to all parties to the mortgage contract**.

6. In accordance with **Texas Local Government Code §192.007**, any **subsequent Transfers, Assignments, Releases and/or other actions taken** relating to a **Deed of Trust** that has been **Previously Filed** with the County Recorder's Office **Must Also Be Filed** with the **Recorder's Office**.

7. As of **April 1, 2008**, there are **Five (5) Entities Claiming They Are The Sole Mortgagee On The Single Loan On 223 High Point Drive In Murphy, Texas**. The five entities claiming simultaneous and sole Mortgagee status are **Ally Bank, Fannie Mae, Homecomings Financial, L.L.C., Homecomings Wholesale Funding and Mortgage Electronic Registration Systems, Inc. (MERS)**. Because of these five claims, a prudent person would decisively conclude that the Title to the property is clouded and **the Chain of Title is irrevocably Broken**. Neither **Ally Bank, Fannie Mae, Homecomings Financial, L.L.C., Homecomings Wholesale Funding nor Mortgage Electronic Registration Systems, Inc. (MERS) Have Ever Legally Filed Assignments And Transfers Of The Deed Of Trust On The Property At 223 High Point Drive, Murphy, Texas.**

8. This controversy **Renders The Mortgage Flawed, Imperfect And Unenforceable**. Thus, this defect in the property Title renders **THIS MORTGAGE UNACCEPTABLE FOR INCLUSION IN ANY REMIC** in accordance with **26 USC §860G(a)(3)** and this mortgage is categorized, in accordance with all **Statutes, Codes and Trust Rules** outlined above, as a **Non-Qualified Mortgage**.

Section 22: How To Legally Transfer Residential Mortgages To A TRUST

1. This Section begins the evidenced explanation and analysis of the Nexus of the Securities Fraud, Tax Fraud and Tax Evasion as a function of the Trust (REMIC) entities Illegally putting Non-Qualified Mortgages, with Broken Chains of Title, into their Trust portfolios, assigning Illegal and non-existent values to these mortgages, for the purpose of financially underwriting the Trust (REMIC) Certificates, which are then morphed into RMBS and traded illegally, thereby committing Securities Fraud, on the DTCC platform. The recent **New York Attorney General's** successfully litigated Case proving Securities Fraud and that which is outlined in this Jurat Affidavit is reviewed and outlined below.

2. The following is excerpted, in its entirety, from the Section entitled "**Review of Mortgage Loan or Contract Documents**" on Page 376 of the RALI Series 2008-QR1 REMIC Prospectus Supplement and is dated **February 7, 2008**.

3. "The sponsor, the servicer, the master servicer, the trustee or the custodian, as applicable, will hold documents delivered to it by the depositor in trust for the benefit of the certificate holders. Within 45 days after receipt thereof, the trustee or the custodian, as applicable, will review the mortgage notes delivered to it. If any such mortgage note is found to be defective in any material respect, the trustee or the custodian shall promptly notify Residential Funding Company, LLC or the designated seller, if any, and the depositor. If Residential Funding Company, LLC or the designated seller, as the case may be, cannot cure the defect within 60 days, or within the period specified in the accompanying prospectus supplement, after notice of the defect is given, Residential Funding Company, LLC or designated seller, as applicable will be obligated no later than 90 days after such notice, or within the period specified in the accompanying prospectus supplement, to either repurchase the related mortgage loan or contract or any related property from the trustee or substitute a new mortgage loan or contract in accordance with the standards described in this prospectus under "The Trust - Repurchases of Mortgage Collateral."

The obligation of Residential Funding Company, LLC and designated seller to repurchase or substitute for a mortgage loan or contract constitutes the sole remedy available to the certificate holders or the trustee for a material defect in a constituent document. Any mortgage loan not so purchased or substituted shall remain in the related trust."

4. The following is excerpted, in its entirety, from the first Paragraph on Page 1 of the September 18, 2009 Alert Report issued by the **Tax Advice and Controversy Client Service Group**.

"Specifically, if a loan held by a REMIC is modified and the modification is a "significant modification," then the modified obligation is treated as a newly originated obligation contributed to the REMIC and the pre-modified obligation is deemed to have been disposed of by the REMIC. This can have numerous adverse consequences for the REMIC, including (i) a 100 percent prohibited transactions tax on any gain realized from the deemed disposition and, in some circumstances, (ii) imposition of a 100 percent prohibited transactions tax on the post-modification income from the loan or (iii) failure of the REMIC to continue to qualify as a REMIC."

Footnote 1:

Treas. Reg. Section 1.1001-3(c)(1)(i) defines a "modification" of a debt instrument as any alteration, including any deletion or addition, in whole or in part, of a legal right or obligation of the issuer or holder of a debt instrument, whether the alteration is evidenced by an express agreement (oral or written), conduct of the parties, or otherwise. Treas. Reg. Section 1.1001-3(e) governs which modifications of debt instruments are "significant".

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5. The following is excerpted, in its entirety, from the first Paragraph on Page 5 of the September 18, 2009 Alert Report issued by the **Tax Advice and Controversy Client Service Group**.

Pursuant to IRS Revenue Procedure 2009-45, a Non-Qualified loan is:

(1) if a REMIC holds the pre-modification loan, then as of the end of the 3 month period beginning on the startup day, **no more than 10 percent of the stated principal of the total assets of the REMIC** was represented by loans fitting the following description - at the time of contribution to the REMIC, **the payments on the loan were then overdue at least 30 days or a default on the loan was reasonably foreseeable**, or (2) if an investment trust holds the pre-modification loan, then as of all dates when assets were contributed to the trust, no more than ten percent of the stated principal of all the debt instruments then held by the trust was represented by instruments the payments on which were then overdue by 30 days or more or for which default was reasonably foreseeable, (iii) **based on all the facts and circumstances, the holder or servicer reasonably believes that there is a significant risk of default of the pre-modification loan upon maturity of the loan or at an earlier date**, and (iv) **based on all the facts and circumstances, the holder or servicer reasonably believes that the modified loan present a substantially reduced risk of default, as compared with the pre-modification loan**.

6. The following is excerpted, in its entirety, from the first Paragraph on Page 8 of the December, 2012 Research Paper No. 317 issued by the Brooklyn Law School from its **Brooklyn Law School Legal Studies Research Papers Accepted Paper Series**.

"To obtain REMIC classification, a trust must satisfy several requirements. Of particular interest is the requirement that within three months after the trust's startup date substantially all of its assets must be qualified mortgages.¹⁷ The regulations provide that substantially all of the assets of a trust are qualified mortgages if no more than a *de minimis* amount of the trust's assets are not qualified mortgages.¹⁸ The regulations do not define what constitutes a *de minimis* amount of assets, but they provide that substantially all of the assets are permitted assets **if no more than**

one percent (1%) of the aggregate basis of all of the trust's assets is attributed to prohibited assets.¹⁹ If the aggregate basis of the prohibited assets exceeds the 1% threshold, the trust may nonetheless be able to demonstrate that it owns no more than a *de minimis* amount of prohibited assets.²⁰ Nonetheless, an amount significantly greater than 1% would appear to exceed the *de minimis* exception. **Thus, almost all of a REMIC's assets must be qualified mortgages."**

¹⁷ See IRC § 860D(a)(4).

¹⁸ See Treas. Reg. § 1.860D-1(b)(3)(i).

7. The following has been excerpted from the Cornell Law School website and can be found at:
<http://www.law.cornell.edu/cfr/text/26/1.860D-1>

26 CFR 1.860D-1(b)

(3) *Asset test-*

(i) *In general.* For purposes of the asset test of section 860D(a)(4), substantially all of a qualified entity's assets are qualified mortgages and permitted investments if the qualified entity owns no more than a **de minimis** amount of other assets.

(ii) *Safe harbor.* The amount of assets other than qualified mortgages and permitted investments is **de minimis** if the aggregate of the adjusted bases of those assets is less than one percent of the aggregate of the adjusted bases of all of the REMIC's assets. Nonetheless, a qualified entity that does not meet this safe harbor may demonstrate that it owns no more than a **de minimis** amount of other assets.

8. The following is excerpted, in its entirety, from the first two Paragraphs on Page 9 of the December, 2012 Research Paper No. 317 issued by the Brooklyn Law School from its **Brooklyn Law School Legal Studies Research Papers Accepted Paper Series**.

(1). "Industry practices raise questions about whether trusts satisfied either the definitional requirement or the timing requirement. The general practice was for trusts and loan originators to enter into Pooling and Servicing Agreements, which required the originator to transfer the mortgage note and mortgage to the trust. Nonetheless, as in Kemp, reports and court documents indicate that originators and trusts frequently did not comply with the terms of the Pooling and Servicing Agreements and the originator typically retained possession of the mortgage notes and MERS became the nominee of record on the mortgage."

(2). "The failure to properly transfer the mortgage note and mortgage may cause the trusts to fail both the definitional requirement and the timing requirement that are necessary to qualify for REMIC status. They fail the definition requirement because they do not legally own obligations, and what they do legally own does not appear to be secured by interests in real property. They fail the timing requirement because they do not acquire the requisite interests within the three month prescribed time frame."

9. The following is excerpted, in its entirety, from the third Paragraph on Page 9 of the December, 2012 Research Paper No. 317 issued by the Brooklyn Law School from its **Brooklyn Law School Legal Studies Research Papers Accepted Paper Series**.

(1). "The **Schneiderman** Complaint and Fannie Complaint allege that the **loan origination practices and underwriting standards were severely flawed**. If these allegations proved to be true, **many of the mortgages in REMIC pools will fail to be principally secured by interests in real property**. This would result in the **trusts owning more than a *de minimis* amount of prohibited assets**. **If more than a *de minimis* amount of a trust's assets are prohibited assets, then it would not be eligible for REMIC status**."

(2). On October 1, 2012, the Attorney General for the State of New York filed a Civil Complaint against J. P. Morgan Securities, L.L.C. formerly known as Bear Stearns & Co., Inc., J. P. Morgan Chase Bank, N.A. and EMC Mortgage, L.L.C. formerly known as EMC Mortgage Corporation. This complaint alleges the Defendants engaged in securities fraud as defined by

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Article 23-A of the General Business Law in the State of New York and that the Defendants repeatedly engaged in fraudulent or illegal acts as proscribed in the Martin Act, General Business Law §352 et seq. The New York State Attorney General is able to act under the auspices of §63(12) of the Executive Law of the State of New York which mandates that he act to defend the rights of those who are unable to act.

(3). In this lawsuit, the New York Attorney General evidenced and proved beyond a shadow of a doubt that the Standard Operating Procedure, SOP, of the Residential Mortgage industry was, as of the end of the last millennium, to maximize profits by passing on inordinate and extraordinary risks of loss from **fraudulent** and **Non-Qualified Mortgages** to investors who purchased the Certificates underlying the Residential Mortgage Backed Securities (RMBS).

(4). This SOP has extended to the tax shelters that were constructed by most, if not all, of the participant entities in the Residential Mortgage industry. These illegal tax shelters were organized under the auspices of the Internal Revenue Service as a REMIC. As the Attorney General asserted, these participant entities being the REMIC Originators, Sponsors, Depositors, Servicers, Custodians and Trustees **illegally implemented policies that institutionalized Securities Fraud which has lead to the perpetration of Income Tax Fraud.**

(5). **In this State Complaint, New York Attorney General Schneiderman alleged:**

(1). This action arises out of the Defendants' role in connection with the creation and sale of Residential Mortgage Backed Securities (RMBS) to investors.

(2). The Defendants systematically failed to fully evaluate the loans, largely ignored the defects that their limited review did uncover and **kept the investors in the dark about both the inadequacy of their review procedures and the defects in the underlying loans.**

(3). When the Defendants were made aware of these problems, **they failed to reform their practices or to disclose material information to investors.**

(4). The loans in the Defendants' RMBS included many that had been made to borrowers who were unable to repay and who did, in fact, default in large numbers.

(5). At the heart of the Defendants' fraud was their failure to abide by their own representations that they took a variety of steps to ensure the quality of the loans underlying their RMBS.

(6). The Defendants failed to use due diligence as a tool to identify and eliminate the many defective loans they purchased from originators.

(7). In order to preserve their relationships with loan originators, the Defendants routinely overlooked defective loans that were identified through the due diligence review and ignored deficiencies they knew existed in the due diligence review process itself.

(8). As an internal Bear Stearns document (dated July 2007) acknowledged, in addition to having "wide guidelines," the Defendants "abused the controls of them." This, as the document put it, created a "perfect storm."

(9). The Defendants' quality control department was so overwhelmed by the sheer number of defects in the underlying loans that it could not properly function.

(10). The Defendants were aware that quality control was essentially unable to respond to the enormous numbers of problems in the underlying loans, but they did nothing to reform the process and they failed to inform investors about the problems.

(11). The Defendants used the quality control process to secure monetary recoveries for themselves, which they failed to pass on to investors.

(12). As a result of this fraudulent misconduct, investors were deceived about the fundamentally defective character of the mortgages underlying the RMBS they purchased.

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(13). **EMC acted as the sponsor for all of the securitizations at issue in this case, including, but not limited to: (1) the Bear Stearns Alt-A Trust, (2) the Bear Stearns Asset Backed Securities I Trust, (3) the Bear Stearns Asset Backed Securities Trust, (4) the Bear Stearns Mortgage Funding Trust, (5) the Bear Stearns Second Lien Trust, (6) the SACO I Trust, and (7) the Structured Asset Mortgage Investments II Trust.**

(14). **On May 30, 2008, a wholly owned subsidiary of JPMorgan Chase & Co. merged with and into The Bear Stearns Companies, including Bear Stearns and EMC, by becoming a wholly owned subsidiary of JP Morgan Chase & Co. in a transaction financed in part by a \$29 billion loan made by the Federal Reserve Bank of New York.**

(15). This action was brought against the Defendants in their role as Sponsor and Underwriter of subprime and Alt-A RMBS prior to the collapse of their business in 2008. A subprime mortgage is a loan normally extended to a borrower with lower credit ratings, while an Alt-A mortgage is typically one with a risk potential that is greater than a prime mortgage, but less than subprime.

(16). **Between 1995 and 2005, the mortgage lending business became a “securitization machine,” in which originators no longer held mortgage loans to maturity, but rather sold them to banks for the sole purpose of securitization. Under this model, the long-term risk was transferred in large part to the investors in the securities.**

(17). **Numerous originators who were top contributors to the Defendants’ RMBS were on the Comptroller of the Currency’s “Worst Ten” mortgage originators in the “Worst Ten” metropolitan areas due to their loans’ high rate of foreclosures during the period from 2005 to 2007.**

(18). **In March, 2008, an AHM (American Home Mortgage) sales executive plead guilty to federal criminal charges of mortgage fraud.**

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(19). **AHM is one of the major originators used by the Defendants.**

(20). In the **Federal Housing Finance Agency (FHFA) (as the conservator of Fannie Mae and Freddie Mac)** Amended Complaint against the Defendants, the FHFA analyzed mortgage loans underlying the BSMF 2007-AR3 securitization (comprised of Alt-A collateral) and the BSABS 2006-AQ1 securitization.

(21). In its Amended Complaint, the **FHFA found the vast majority of loans** in the samples reviewed, **523 of 535 loans** from BSMF 2007-AR3 and **387 of 426** loans from BSABS 2006-AQ1, **did not meet the applicable guidelines.**

(22). The Mortgage Fraud Report for 2006 by the **Federal Bureau of Investigation (FBI)** linked the rate of mortgage payment delinquencies to, among other things, **“high mortgage origination volumes that strained quality control efforts”** and **“the persistent desire of mortgage lenders to hasten the mortgage loan process.”** (See Exhibit 652 The 2007 Report as the 2006 Report is not available)

(23). The FBI report **relied in part on an analysis of three million loans** conducted by BasePoint Analytics, which **concluded that between 30% and 70% of early payment defaults** were linked to significant misrepresentations **in the original loan applications**, and that loans **containing egregious misrepresentations** were up to five times more **likely to default in the first six months** than loans that did not. A BasePoint Analytics press release states that 70% of Early Payment Defaults **involve significant misrepresentation on the original loan application.** These misrepresentations include **income inflated by as much as 500%**, appraisals that **overvalued the property by 50% or more**, fictitious employers and falsified tax returns. (See Exhibit 652 The 2007 Report as the 2006 Report is not available)

NOTE: BasePoint Analytics reports dated **after June 2009 should not be totally relied upon** without independent corroboration as **BasePoint Analytics was purchased by CoreLogic, a stakeholder of MERSCORP, Inc. and Mortgage Electronic Registration Systems, Inc. (MERS).**

(24). The current **cumulative realized losses** on over 100 subprime and Alt-A securitizations for which the Defendants were the Sponsor and Underwriter in the years **2006 and 2007** totals approximately **\$22.5 billion, or approximately 26% of the original principal balance of approximately \$87 billion.**

(25). Many of the tranches in the Defendants' RMBS have been **downgraded from investment grade to "junk-bond" status.**

(26). The Defendants generated loans for securitization through their **own mortgage origination platform**, Bear Stearns Residential Mortgage Corporation (BSRMC), and through a subprime mortgage originator, Encore Credit Corporation, which they acquired in early 2007. Directly participating in the loan originations allowed the Defendants not only to **"secure a permanent pipeline of product,"** but also **"to control the quality of what [they were] creating."**

(27). The Defendants often facilitated the origination and purchase of loans through both the bulk and flow channels by **extending what was known as "warehouse" financing, essentially a line of credit to Originators** with whom the Defendants had a relationship.

(28). In connection with the Bear Stearns Second Lien Trust 2007-1 (BSSLT 2007-1) securitization, for example, one **Bear Stearns Executive asked** whether the **securitization was a "going out of business sale"** and expressed a desire to **"close this dog."**

(29). The cumulative losses for these securitizations have been profound, amounting to over 75% of the original balance of BSSLT 2007-1 and over 43% of the original balance of SACO 2006-8.

(30). In 2006, The Bear Stearns Companies ranked as the number one underwriter of mortgage-backed securities, capturing 11% of the overall U.S. mortgage securities market.

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(31). From 2003 through 2006, **EMC securitized over one million mortgage loans** valued at the time **in excess of \$212 billion**.

(32). As a result of a **“vertically integrated model” that generated revenue**, as the **FCIC noted, “at every step, from loan origination through securitization and sale,” the Defendants took in money from a variety of sources, including:** (1) loan fees on loans originated by Bear Stearns affiliates, including EMC and BSRMC, (2) proceeds from the sale of RMBS to investors, (3) fees from underwriting Residential Mortgage Backed Securities, (4) fees from servicing of the securitized loans, (5) fees from CDOs into which these securities were repackaged, (6) gains and fees from trading in these securities and interest in the CDOs into which they were placed, and (7) management fees and carried interest from hedge funds and other investment vehicles that invested in the vast array of securities and financial products structured by Defendants.

(33). In publicly filed offering documents, moreover, including Prospectus Supplements (ProSupps), the Defendants represented that Loan Originators adhered to applicable underwriting guidelines to assess a borrowers' creditworthiness and to ensure the quality of the loans sold to the Defendants.

(34). In publicly filed documents, including ProSupps, (Bear Stearns) assured investors that EMC's operations **“resemble those of most mortgage banking companies, except that significant emphasis is placed on the collection and due diligence areas, due to the nature of the mortgage portfolios purchased.”**

(35). **EMC had to underwrite and purchase \$2 billion worth of mortgage loans in a single month.** Multiple confidential witnesses, former **employees of EMC, have confirmed the Defendants' “whatever is necessary” approach to achieve aggressive volume goals.**

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(36). Even when the **Quality Control department did identify** serious problems, it **failed to remove defective loans from the securitizations**. Instead, the **Defendants entered into Confidential Settlements with Originators of these Toxic Loans** at a fraction of their price, **without repurchasing them from the securitizations**.

(37). The Defendants thus **ensured a continuing supply of loans for later securitizations, while enriching themselves and the Originators to the detriment of the unsuspecting investors**.

(38). According to a February 28, 2006, internal audit report that was distributed to senior management, **as of October, 2005, there was “a significant backlog for collecting from and submitting claims to sellers.”** The backlog consisted of at least **9,000 outstanding claims valued at over \$720 million**.

(39). **“In lieu of repurchasing the defective loans,” Originators were permitted by the Defendants to confidentially settle Early Payment Default (EPD) and other claims by making cash payments that were a fraction of the contractual repurchase price.**

(40). The Defendants also agreed to extend the EPD period so that **already-securitized loans that had defaulted during the designated EPD period**, and then started paying again, **could remain in the securitization**.

(41). According to the testimony of one senior Bear Stearns manager, the **Defendants collected and retained the recoveries they obtained from their undisclosed settlements with Originators**.

(42). The Defendants **kept the settlement amounts for themselves rather than depositing the settlements into the relevant RMBS Trusts, and failed to disclose that they were recovering and pocketing money from Originators for settled EPD claims on loans that remained in their RMBS Trusts**.

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(43). The **Defendants' external auditor, Price-Waterhouse-Coopers (PWC)**, in August, 2006, **advised the Defendants to stop asserting EPD claims against sellers on securitized loans before determining whether a breach of representations and warranties of securitization agreements also existed**, suggesting the **inappropriateness of allowing defective loans to remain in the securitizations** while at the same time collecting monies from Originators in connection with those loans.

(44). PWC further advised Bear Stearns to remedy, among other things, its **"lack of repurchase related policies and procedures in the Claims department"** in order to comply with **SEC regulations** that became effective at the beginning of 2006.

(45). As one can see from statements 42 and 43, **Price-Waterhouse-Coopers knew that the firms they were conducting independent audits on had violated United States Securities and Exchange Regulations. Yet, the Affiant can find no publically filed records indicating that Price-Waterhouse-Coopers ever alerted the SEC to the Violations it notified its clients of. The PWC clients, including the Defendants in the New York Attorney General's complaint, Wells Fargo Bank, Residential Funding Company (ResCap) and GMAC Mortgage, L.L.C. All Failed To Acknowledge Or Correct These Illegal Operations.**

Section 23: How To Legally Transfer Residential Mortgages To A REMIC

1. **All operations of the REMIC are governed by the rules and regulations stipulated in the Trust Agreement and the Pooling and Servicing Agreement.** These rules and regulations are explicit, stringent and inflexible. There is no "wiggle room" in these rules and regulations. If these rules and regulations are not followed to the letter, the **REMIC Ceases To Be A REMIC** and the **REMIC's Tax Exempt Status Is Voided.**

2. The **Trust Agreement explicitly states that the Trust does not and will not accept a Mortgage Electronic Registration Systems, Inc. (MERS) mortgage** (referred to as a MERS As Original Mortgagee or MOM mortgage). If a mortgage is a Mortgage Electronic Registration Systems, Inc. (MERS) mortgage (referred to as a MERS As Original Mortgagee or MOM mortgage) then, for that mortgage to be considered for placement into a Trust (REMIC) for securities trading purposes, that mortgage must first be legally purchased and transferred from MERS.

3. **All State and Federal Law filing requirements must be made in the appropriate County Recorder's Office** to legally evidence this Deed of Trust transfer and Promissory Note purchase from MERS.

4. If this transfer of the Deed of Trust and purchase of the Promissory Note are not accomplished, **then this mortgage is a Non-Qualified Mortgage as defined by Internal Revenue Service Code and Federal Law** and is **not fit or eligible** for placement into a Trust (REMIC).

5. If this **Non-Qualified Mortgage** is, however, placed into, and allowed to remain in a Trust (REMIC), then the REMIC **ceases being a REMIC**, the **REMIC's tax exempt status is voided** and all monies earned by the REMIC **Now Become Subject To Federal Income Tax.**

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6. The Trust Agreement (which establishes the Trust entity into which residential mortgages are "pooled" and which becomes the REMIC) and the Pooling and Servicing Agreement clearly stipulate all legal and tax compliance requirements necessary to obtain qualification for a tax exempt status and **is itself or themselves** in compliance with the very **strict** and **inflexible** legal and tax REMIC compliance requirements outlined by law.

7. Each residential mortgage placed in the Trust must be a Qualified Mortgage as defined by Law.

8. Once the Trust elects to become a REMIC, any previously existing **Non-Qualified Mortgage**, as defined by Law, **must have been removed from the Trust prior to the closing date of the REMIC**.

9. Subsequent to the closing date of the REMIC, no **Non-Qualifying Mortgage**, as defined by law, **may be placed in the REMIC**.

10. Subsequent to the closing date of the REMIC, if a previously Qualified Mortgage, as defined by law, goes into default or is otherwise determined to have become a Non-Qualified Mortgage, as defined by law, then that mortgage must be immediately removed from the REMIC.

11. Subsequent to the closing date of the REMIC, any Non-Qualified Mortgage remaining in the REMIC destroys the legal tax exempt status of the REMIC.

12. Each and every one of the numerous transfers of the residential mortgage **Deed of Trust** and **Promissory Note** must be legally filed on the public record in the appropriate County Recorders' Office in accordance with the appropriate State's law and that all State required filing fees have been properly paid.

13. No separation of the **Deed of Trust** and **Promissory Note**, one from the other, can have taken place and therefore, no break in the **Chain of Title** can exist.

14. Each mortgage, at closing, must have been done legally with no fraud being present, there were no breaks in the **Chain of Title** and would, therefore, be deemed valid.

15. At the original closing of the mortgage, in the County, the title company legally guarantees that there are no breaks in the **Chain of Title**, any and all previously existing debts on the property have been disposed of and that the property is free and clear at the time of original closing.

16. The Trust document requires that the original recording of the Deed of Trust is recorded in the appropriate County Recorder's Office by the Loan Originator.

17. The Trust document stipulates that the Deed of Trust **MUST** be transferred from the Loan Originator directly to the REMIC Sponsor.

18. The Trust document stipulates that the Promissory Note **MUST** be actually sold, in a legitimate and documented buy/sell transaction, from the Loan Originator to the REMIC Sponsor.

19. Under Texas law, Uniform Commercial Code and the laws of most States in the Union, the Holder Of The Note In Due Course **MUST** simultaneously own the Deed of Trust and the Promissory Note.

20. If a Holder Of The Note In Due Course exists, then the Holder Of The Note In Due Course **MUST** transfer the Deed of Trust to the REMIC Sponsor and **MUST** simultaneously sell the Promissory Note to the REMIC Sponsor.

21. The REMIC Sponsor **MUST** record the Assignment of the Deed of Trust to the REMIC Sponsor in the appropriate County Recorder's Office.

22. The REMIC Sponsor **MUST** then transfer the Deed of Trust to the REMIC Depositor.

23. The REMIC Depositor **MUST** then record the Assignment of the Deed of Trust to the REMIC Depositor in the appropriate County Recorder's Office.

24. Simultaneously, the REMIC Sponsor **MUST** sell the Promissory Note to the Trust (REMIC).

25. Once the REMIC Sponsor has actually sold the Promissory Note to the Trust (REMIC), the Promissory Note **MUST** then be delivered to the REMIC Master Servicer or the REMIC Sub-Servicer.

26. Next, the REMIC Depositor **MUST** transfer the Deed of Trust to the REMIC Master Servicer.

27. The REMIC Master Servicer **MUST** then record the Assignment of the Deed of Trust to the REMIC Master Servicer in the appropriate County Recorder's Office.

28. The REMIC Master Servicer **MUST** transfer the Deed of Trust to the REMIC Administrator.

29. Next, this transfer of the Deed of Trust to the REMIC **MUST** then be recorded in the appropriate County Recorder's Office by the REMIC Trustee on behalf of and in the name of the REMIC.

30. This recorded Assignment of the Deed of Trust to the REMIC **MUST** be delivered by the REMIC Trustee to the REMIC Custodian.

31. The REMIC Master Servicer or the REMIC Sub-Servicer **MUST** deliver the Promissory Note (previously sold to the Trust (REMIC) to the REMIC Custodian.

32. The REMIC Trustee or the REMIC Custodian has forty-five (45) days, from the date of the delivery of the Promissory Note to the REMIC Custodian, to verify that the Promissory Note is fit to be placed in the REMIC.

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33. If a defective Promissory Note is found, the REMIC Master Servicer must correct the problem within sixty (60) days of the delivery of the Promissory Note to the REMIC Custodian or the REMIC Master Servicer **MUST** re-purchase the offending Mortgage Contract and substitute a new and fit Mortgage Contract in the place of the re-purchased offending Mortgage Contract.

34. Any offending Mortgage Contract is termed a Non-Qualified Mortgage in accordance with Internal Revenue Service Codes and United States Federal Law.

35. Once a Mortgage Contract has been placed in the REMIC, this Mortgage Contract cannot be removed from the REMIC unless (1) the Mortgage Contract becomes defective and in default as defined by Internal Revenue Service Code and Federal Law or (2) the mortgagor (homeowner) pays off the Promissory Note in total.

36. **These required filings in the Collin County, Texas Recorder's Office, on behalf of the Affiant's mortgage contract, WERE NOT DONE.**

Section 24: New York State AG's REMIC Fraud Lawsuit Settlement

1. This Section outlines very important, legally adjudicated findings and results of the New York State Attorney General's lawsuit won against J.P. Morgan et. al. which proved Securities Fraud and corroborates that which is outlined in this Jurat Affidavit.
2. JP Morgan Will Pay Record \$13 Billion Settlement Over Mortgages. **(See Exhibit 661)**
3. The Justice Department, Federal and State Partners Secure Record \$13 Billion. **(See Exhibit 662)**
4. Global Settlement with JPMorgan for Misleading Investors About Securities Containing Toxic Mortgages. **(See Exhibit 661 Page 2)**
5. This settlement involves the lawsuit, **as previously summarized above**, filed by New York State Attorney General Schneiderman in October, 2012 against J.P. Morgan Securities, L.L.C. (formerly known as Bear Stearns & Co. Inc.), JP Morgan Chase Bank, N.A., and EMC Mortgage, L.L.C. (formerly known as EMC Mortgage Corporation) in the New York State Supreme Court.
6. The lawsuit **alleged fraud** under the Martin Act in the packaging and sale of Residential Mortgage Backed Securities by Bear Stearns.
7. In the Statement of Facts, **JP Morgan Acknowledges That It Regularly Misrepresented To RMBS Investors That The Mortgage Loans In Various Securities Complied With Underwriting Guidelines.**
8. As the Statement of Facts explains, JP Morgan **Employees Knew That The Loans In Question Did Not Comply With Its Own Guidelines And Were Not Otherwise Appropriate For Securitization.**

9. The Statement of Facts explains that the Defendants allowed the loans to be Securitized, and those Securities to be sold, **Without Disclosing Information On The Non-Qualifying Loans** to investors.

10. In the Statement of Facts, the **Defendants admit their conduct**, along with similar conduct by other banks that bundled toxic loans into Securities and misled investors who purchased those Securities, **Contributed To The Financial Crisis**.

11. The settlement requires **JP Morgan to pay \$9 billion and provide \$4 billion in consumer relief**, including mortgage modifications for homeowners at risk of foreclosure.

12. The settlement **Fully Protects The Federal Deposit Insurance Commission (FDIC) From Indemnification Claims** arising out of this settlement.

13. **New York State will receive more than \$1 billion** of the \$13 billion settlement.

14. The settlement was negotiated by the **RMBS Task Force** and is the **LARGEST SETTLEMENT EVER LEVIED AGAINST A FINANCIAL INSTITUTION**.

15. The New York State Attorney General co-chaired the RMBS Task Force which included members of a State and Federal working group that included the U. S. Attorney's Offices of the Eastern District of California, Eastern District of Pennsylvania and the Northern District of Texas along with the Civil Division of the Justice Department.

16. **Attorney General Schneiderman**, who was elected in 2010 and took office in 2011, **Refused To Agree With A Settlement Involving** the five largest mortgage servicing banks, the 49 other State Attorneys General and the **FEDERAL GOVERNMENT WHICH GAVE IMMUNITY, INCLUDING JP MORGAN, TO THE BANKS**.

17. As a result, Attorney General Schneiderman **secured a settlement that preserved a wide range of claims for further investigation and prosecution**.

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18. Under the settlement, **JP Morgan Chase is required to:**

- A. Provide \$2 billion in principal reductions to borrowers, including first and second liens and forbearance.
- B. Provide an additional \$2 billion in financial relief for borrowers and communities, including:
 - 1. Refinancing at lower interest rates.
 - 2. Donation of bank-owned properties or bank-controlled distressed mortgages to nonprofits or land banks, and
 - 3. New mortgage loans to low and moderate income families harmed by the financial crisis.

19. This settlement, along with other evidence provided by the Affiant, proves that many of the financial institutions including JP Morgan Chase, Wells Fargo Bank, Ally Bank, Residential Funding Company (ResCap), GMAC Mortgage, Residential Accredited Loans, Inc. (RALI), Credit Suisse and Deutsche Bank **Adopted Standard Operating Procedures Which Violated The Spirit And Letter Of The Law Of The REMIC And RMBS Trust Agreements, Pooling And Servicing Agreements And Prospectus Supplements.**

20. **These violations have been adjudicated** by several Courts and prosecutorial Task Forces **as Securities Fraud.**

21. In the case of a REMIC, these **Security Frauds perpetuated Income Tax Evasion** and Federal **Income Tax Fraud.**

22. As in the case of J. P. Morgan Chase and others, the subsequent purchases of the Trust Originators, Trust Sponsors and Trust Depositors, through corporate mergers, is further example of a systematic and pre-engineered fraud in the residential mortgage securitization industry.

23. This **New York Attorney General Case, now finally adjudicated**, is another significant, solid and **unequivocal example** of the **RICO Fraud Activities** engaged in by the Corporations, L.L.C.s, Trusts and REMICs involved in the generation and sale of **Fraudulent Mortgage Backed Securities**. These RICO Fraud Activities have caused devastatingly significant and negative effects on the national economies of the **United States, Iceland, Portugal, Spain, France, the United Kingdom, Italy, Greece and other countries** who have purchased and engaged in the trading of **fraudulent** U.S. RMBS and REMICs.

Jurat Affidavit Of Gregory C. Morse

Section 25: REMIC: Fraud On The Affiant's Mortgage

1. To the best knowledge and belief of the Affiant, as an unknowing victim of this fraud and now a public Whistleblower, **no individual or party since October, 2008, has fully exposed and evidenced, to the degree this Whistleblower Package filing does**, the true evidenced facts, underbelly and massive scope of this un-restrained **RMBS RICO Fraud**.
2. In this day and time when a Whistleblower releases volatile information, groups of adversely interested parties always seem to surface and attempt to discredit or otherwise destroy the Whistleblower by claiming he/she is motivated by a special-interest, he/she is a disgruntled ex-employee or is a member of some easily attacked extremist group.
3. Neither of these easily slung monikers apply to the Affiant.
4. The Affiant is an individual, a native-born Texan and an honorably discharged USAF and USN F4 Phantom fighter pilot who is not a member of one single group of any kind whatsoever and would categorize himself a political atheist.
5. The Affiant intentionally decided to become a Whistleblower for one reason. After much time and expense in the **Federal Court System**, it became apparent that the assured method of successfully pulling back the curtain of disclosure and truth on this out-of-control fraud was to enter the **IRS and SEC Whistleblower Programs**.
6. During interviews with thousands of homeowners, one common occurrence surfaced. Thousands of people interviewed had spent millions of dollars, collectively, with Lawyers in both State and Federal Courts across the Nation and had been, **in almost all cases, exposed to the abuses, perpetuated by the very legal professionals they were paying the millions of dollars to, that can only exist in a rigged system.**

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7. The Affiant, being one of the first to nationally uncover the Savings and Loan debacle in 1985 and who subsequently experienced successful results in Court, had a difficult time trusting that these thousands of people had realized the horrors they almost universally described at the hands of Lawyers and Courts.

8. The Affiant's initial thought was that it could be that people simply and unknowingly didn't realize or understand what acts were being **allowed** to take place by the Trust (REMIC) entities, the financial industry and the industries' oversight authorities that were devastating the homeowner without his/her/their knowledge.

9. After years of investigation, research and interviews, with thousands of families being hurt by this fraud and an innumerable number of people in the industry displaying no concern whatsoever for their fraudulent acts, wrongdoing or the illegal harm they were causing others, the Affiant concluded there were only two (2) appropriate options or courses of action.

10. The first option was to take legal action in the Federal Court system to determine if any authority entity would stand up courageously and allow the evidence proving this Fraud to see the light of day.

11. Once the Affiant filed his Federal Fraud Complaint as the Plaintiff, it very quickly became apparent that the thousands of people interviewed were not only telling the truth, but they likely were reserved in their disclosures, criticisms and charges of misbehavior.

12. After almost three (3) years and hundreds of thousands of dollars, it was apparent that this option was flawed in its potential impact as it has been unequivocally determined, as voluminously evidenced herein and shown by Court actions all across the Country since 2008, that **this evidence of Fraud is so volatile to so many people in power in this Country, that it appears that people of courage are few and far between and that there is an incontrovertible desire by many in power in many sectors of the Executive, Legislative and**

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Judicial branches of Government to keep this RICO Fraud Enterprise from being honestly disclosed to the Public.

13. By reviewing the evidence submitted herein from the Affiant's legal actions taken thus far, it is clearly apparent that the courageous commitment to insure that evidenced truth and the unbiased application of the Rule of Law, intended to safeguard the rights of the American people and their financial interests, has gone the way of the dodo bird. **(See Case 4:11-cv-230 and Case 4:12-cv-375 Federal District Court, Eastern District of Texas Dockets)**

14. A partial summary of some of the acts experienced by the Affiant, as Plaintiff, are proven by the Exhibits attached hereto which evidence the Court Docket filed documents that prove the Court, in many instances, does not frown upon or react to very publically known and highly visible individual licensed legal practitioners and their very large publically known firms who: **(1)** lie to the court, **(2)** submit (and then on record admit in their own documents that they knew they were submitting) fraudulent documents to the court, **(3)** as ex-Federal Magistrate judges go behind the backs of their clients, in collusion with lawyers representing the defendant's, to take overt actions to have critical documents sealed from the Plaintiff, which documents are definitively critical to proving the RICO fraud, **(4)** hide from their client, the Plaintiff, that they colluded with the lawyers for the defendants to seal these documents and further to **NEVER** disclose to their client, the Plaintiff, that these acts were taken, **(5)** take no action and show no interest in the welfare of the Plaintiff after being notified on the Court Docket of numerous death threats made in an attempt to coerce the Plaintiff to drop the Case and **(6)** to never disclose, as lawyers for the defendants, that they were not only clearly aware of but **were intimately involved in the very Fraudulent Acts perpetrated by the Trust (REMICs) for whom they were engaged as counsel.**

15. This point **is critically important** as it supports the reason for the filing of this Whistleblower Package.

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16. As the evidence attached hereto clearly proves, it appears that the Court System is closed to **those who are not licensed members of the legal club.**

17. The detailed **Case Brief White Paper** on the Affiant's Case is attached hereto and provided such that the complete Court Docket documented history of the Affiant's Case may be reviewed and researched without limitation. **(See Exhibit 647)**

18. The reviewer may uncover, study and review the actual Court Docket filed Documents, with their attached evidence documents, that clearly support and corroborate the statements made and conclusions drawn herein. **(See Case 4:11-cv-230 and Case 4:12-cv-375 Federal District Court, Eastern District of Texas Dockets)**

19. Millions of families are being hurt, **Trillions of dollars are being illegally stolen** and confiscated by the **individuals and entities involved in the hierarchy of the Trusts** in this Fraud for their own financial gratification and control-motivated narcissistic satisfaction.

20. What these individuals and entities are doing to the people of the United States, and many other countries as well, is evil at its core and is devastating many of the very founding principles upon which the United States was founded.

21. It is painful to conceive that these frauds have been allowed to take place initially and then to have been allowed to continue unsupervised and unrestrained to result in the catastrophic devastation of our Nation's financial welfare.

22. The Affiant's Federal Case, evidenced in this Jurat Affidavit with **11,000+ pages of evidence**, defines not only **what has been discovered** regarding the operation of the **RICO Fraud Enterprise, Securities Fraud, Income Tax Fraud and Income Tax Evasion** but what the likely and very similar situations are for millions of Americans. **For the Reviewer**, what is described herein is **not simply applicable to the Affiant**, it likely applies to **YOU and members of YOUR FAMILY.**

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23. Agency Investigations will prove that the fight being undertaken by the Affiant is the same fight that many Americans are confronting. The only problem is, these Americans are not aware of and have no idea of how they are being devastated unless Agency Investigations are conducted and then disclose investigation results such that the American people may become informed and aware of the carnage being levied on them by this RICO Fraud Enterprise.

Jurat Affidavit Of Gregory C. Morse

Section 26: REMIC: Purchase Of The Affiant's Mortgage

1. An extensive search to uncover the various Securitizations done on the mortgage on the property at 223 High Point Drive, Murphy, Texas was undertaken. The following criteria comprise the foundation of the search for the securitization of the 2008 mortgage in question.

- | | |
|--|--|
| 1. Loan Number: | 0476868450 |
| 2. Loan Originator: | Homecomings Financial, L.L.C. |
| 3. Loan Origination Date: | March 3, 2008 |
| 4. Loan Maturity Date: | April 1, 2038 |
| 5. First Payment Date: | May 1, 2008 |
| 6. Principal and Securitized Amount of the Loan: | \$414,500 |
| 7. Terms of the Loan: | 30 year fixed, 360 months |
| 8. Loan Interest Rate: | 6.00% annual |
| 9. Type of Loan: | Refinance of a single family home |
| 10. Geographic Location of Loan: | Collin County, Texas 75094 |
| 11. Mortgage Servicer of the Loan: | GMAC Mortgage, L.L.C. |
| 12. Loan Details Reported in the State: | March 3, 2008 |
| 13. Loan existing in MERS Systems Databases: | January 23, 2013 |
| 14. Original Appraised Value of the Property: | \$520,000 |
| 15. Lien Position of Loan: | First & Primary Lien |
| 16. MERS MIN Number: | 100626-0476868450-0 |

2. With the affirmative search results based on the aforementioned criteria, to the best of my knowledge and belief, **the mortgage on 223 High Point Drive, Murphy, Texas was purchased and securitized into the RALI Series 2008-QR1 Trust, which Trust is a REMIC.**

3. This REMIC has a United States Securities and Exchange Commission Central Key Index (CIK) Number of **0001426609**. The specifics of this REMIC can be found in the SEC Edgar Database located at:

<http://www.sec.gov/cgi-bin/browseedgar?action=getcompany&CIK=0001426609&owner=include&count=80>

4. The **original Prospectus for this REMIC is available at the website mentioned above.** Inside this Prospectus, one may read and review the actual **Trust Agreement** being the **actual and true governance document for the REMIC.**

Jurat Affidavit Of Gregory C. Morse

Section 27: REMIC: Securitization Of Residential Mortgages

1. One of the ways residential mortgages are securitized is by selling them to a Real Estate Mortgage Investment Conduit (REMIC). A REMIC is a real estate tax shelter legally organized and administered under Internal Revenue Service laws as Codified in **26 USC §860A through 860G**. Once sold to a REMIC, the **mortgage cannot be legally removed until it is paid off or the borrower defaults on the mortgage.**

2. A REMIC is a Trust Agreement instrument organized under New York State Trust Law and governed by Federal Law and IRS rules and regulations. The specifics of the REMIC are explicitly outlined in the Trust Agreement and **NOT the Pooling and Servicing Agreement (PSA)**. This reality is clearly apparent in the first fifty nine (59) Pages of the RALI Series 2008-QR1 Prospectus Supplement. Pages 60 through 486 of the Prospectus Supplement are the **actual pages of the Trust Agreement** that establishes the REMIC. (See Exhibits 660 Trust Agreement, Exhibit 619 Prospectus Supplement)

3. Page 29 of the Prospectus Supplement states, "**The Trust Agreement is governed by the laws of the State of New York.**" The Trust Agreement, on Page 110 of the Prospectus Supplement states "The Pooling and Servicing Agreement **authorizes the Trust to engage only in selling the Certificates in exchange for the mortgage loans**, entering into and performing its obligations under the Pooling and Servicing Agreement, activities necessary, suitable or convenient to such actions and other activities as may be required in connection with the conservation of the Trust fund and making distributions to Certificate Holders." (See Exhibits 660 Trust Agreement, Exhibit 619 Prospectus Supplement)

4. Concerning the conveyance of mortgage loans, Article II Section 2.01(b)(I) of the Pooling and Servicing Agreement states on Pages 122 and 123:

(ii) The original Mortgage, noting the presence of the MIN of the Mortgage Loan and language indicating that the Mortgage Loan is a MOM Loan if the Mortgage Loan is a MOM

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Loan, with evidence of recording indicated thereon or a copy of the Mortgage with evidence of recording indicated thereon;

(iii) The original Assignment of the Mortgage to the Trustee with evidence of recording indicated thereon or a copy of such assignment with evidence of recording indicated thereon;

(iv) The original **recorded assignment or assignments of the Mortgage showing an unbroken chain of title from the originator thereof to the Person assigning it to the Trustee** (or to MERS, if the Mortgage Loan is registered on the MERS® System and noting the presence of a MIN) with evidence of recordation noted thereon or attached thereto, or a copy of such assignment or assignments of the Mortgage with evidence of recording indicated thereon; and

(v) **The original of each modification, assumption agreement or preferred loan agreement, if any, relating to such Mortgage Loan or a copy of each modification, assumption agreement or preferred loan agreement;**

5. In common layman's terms, the REMIC will purchase any MERS System MOM loan as long as there is proof **in the form of publicly recorded Assignments and Transfers of title demonstrating that there is an unbroken Chain of Title from the Originator of the loan to the REMIC Trustee.**

6. Therefore, **for a loan to legally be included in this REMIC, the minimum number of public recordings in the County Recorder's Office are:**

(A) Recording of the original Deed of Trust by the Loan Originator.

(B) Transfer of the Deed of Trust from the Loan Originator Credit Suisse, the REMIC Sponsor.

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(C) Assignment of the Deed of Trust from Credit Suisse to Residential Accredit Loans, Inc., the REMIC Depositor.

(D) Assignment of the Deed of Trust from Residential Accredit Loans, Inc. to Residential Funding Company, the REMIC Master Servicer

(E) Assignment of the Deed of Trust from Residential Funding Company to the RALI Series 2008-QR1 REMIC, the REMIC Administrator.

(F) The last Assignment of the Deed of Trust would have been executed by the Deutsche Bank Trust Companies America, the REMIC Trustee, on behalf of the RALI Series 2008-QR1 REMIC. **These Assignments, Transfers and Filings did not occur in the Affiant's Mortgage Contract.**

7. As for the Promissory Note, the **REMIC Trustee** has **appointed Wells Fargo Bank, NA as the REMIC Custodian**. As the REMIC Custodian, **Wells Fargo is required to keep all Promissory Notes in their vaults in Minnesota as detailed in the Trust Agreement on Page 163 of the Prospectus.**

8. Because the Trust Agreement is written to instill a sense of legitimacy, it states that any mortgage that is in default, or if there is an Affidavit of a lost or destroyed original Promissory Note, **Residential Funding Company, L.L.C. is required to repurchase or substitute the mortgage contract**. This is detailed on **Page 363 of the Trust Agreement** included in the Prospectus.

9. The Trust Agreement states that any riders and/or modifications to **the original Promissory Note must be turned over to the Custodian at the same time as the Original Promissory Note**. (See Page 374).

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10. It is the responsibility of the REMIC Trustee or the REMIC Custodian to qualify, within 45 days, all Promissory Notes for fitness to be placed in the REMIC. If a defective Note is found, the REMIC Master Servicer, **Residential Funding Company, L.L.C.**, has 60 days to correct the problem or **Residential Funding must repurchase the offending mortgage contract** and substitute the defective Promissory Note with a new and properly **Qualified Mortgage**.

11. **In The Affiant's Mortgage Case, All Transfers And Assignments Referred To Herein Above Were Not Done, Are Not On Record In The Collin County, Texas Recorder's Office And, Therefore, Represent An Irrevocable And Many-Time Broken Chain Of Title.**

12. **MERS SHAREHOLDERS:** (See Exhibit 50 and As Of 11/13/2011)

American Land Title Association

Bank of America

COO Mortgage Corporation

Chase Home Mortgage Corporation of the Southeast

CitiMortgage, Inc.

Commercial Mortgage Securities Association

Corelogic

Corinthian Mortgage Corporation

Everhome Mortgage Company

Fannie Mae

First American Title Insurance Corporation

Freddie Mac

Homecomings Financial, L.L.C., GMAC Mortgage, L.L.C., Residential GMAC Residential Funding Corporation

Guaranty Bank

HBSC Finance Corporation

MGIC Investor Services Corporation

Mortgage Bankers Association

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PMI Mortgage Insurance Company
Stewart Title Guaranty Company
SunTrust Mortgage, Inc.
United Guaranty Corporation (AIG)
Wells Fargo Bank, N.A.
WMC Mortgage Corporation

13. Since November 13, 2011, MERSCORP, Inc. has added CRE Finance Council and Morserv, Inc. to their list of shareholders.

14. The CRE Finance Council (CREFC) is a trade association for lenders, investors and servicers engaged in the \$3.1 trillion commercial real estate finance industry. More than 250 companies and 5,500 individuals are members of CREFC. Member firms include commercial banks, insurance companies, private equity funds, mortgage REITs, investment grade and B-piece buyers, servicers and rating agencies, among others. (See **Exhibit 638**)

15. Morserv, Inc is owned by **J.P. Morgan Chase & Co.** (See **Exhibit 639**)

16. As one can see, the parties involved with the Fraudulent Activities of the **RALI Series 2008-QR1 REMIC** are **Shareholders in MERSCORP, Inc.**

17. Residential Funding Company, Ally Bank and Residential Accredit Loans, Inc. are part of GMAC Residential Funding Corporation which is a part of Ally Financial. Wachovia Mortgage Corporation is a part of Wells Fargo Bank. **SunTrust Mortgage, Inc. is one of the Loan Originators for the RALI Series 2008-QR1 REMIC.**

18. Residential Capital Corporation (a part of GMAC Residential Funding Corporation) and Deutsche Bank Trust Company Americas, filed an SEC S-3 Report on Securities that they offered to the public in 2005. The S-23 Report was filed on September 29, 2005. (See **Exhibit 645 and Exhibit 646**)

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19. The graphic on **Page 156 of Exhibit 186** demonstrates how Hedge Fund Managers, Securities Brokers and Banks **purchased low rated mortgage backed securities** from various sources. Once purchased, these **RMBS were bundled with new mortgages that had AAA ratings**. On payoff the three big rating agencies, Moodys, Standard & Poors and Fitch, **the Banks received fraudulent AAA ratings for the new tranche.**

20. With these fraudulent and extremely high ratings, the Banks sold the Trust Certificates to unsuspecting Investors in the various Securities markets. The Fraudulent Bankers were able to pull off this swindle and criminality because **they told Investors that the diversity of the home loans from various geographical areas of the nation ensured the stability of the Securities as it was virtually impossible for a majority of the various residential markets to collapse at the same time.**

21. A Ponzi Scheme is a fraudulent enterprise where the **swindler gets people to invest in an investment that is too good to be true**. As the **new Investors put up new money the first investors are paid**. But no money is really invested.

22. In direct opposition, a **Three Card Monty is a sleight of hand swindle**. **A shill**, unknown to the targets of the fraud, **shows the victims that the dealer is playing an honest game**. The shill puts up some money usually given to him by the swindler. As the shill plays the game, he **“gets his investment back”** with some **added money called the dividend**.

23. The victim greedily invests large sums of money hoping to get back a large return on his investment. But, **the swindler takes the victim for all of his money**. In the example below, **Goldman Sachs plays the part of the swindler in a Ponzi Scheme and the swindler in a Three Card Monty on IKB, TCW, Wachovia and AIG Insurance**.

24. In one of its Ponzi Schemes and Three Card Monty plays, **Goldman gets others to pay \$195 million if the credit default swap did not make enough money**. Goldman assures the other investors that **the tranche would always pay**. Therefore, **there was little or no risk to their**

“no money up front” investments. Meanwhile, **unknown to the other investors,** Goldman, **knowing that the tranche would default because of the bad mortgage backed securities in the tranche,** went to AIG Insurance and bought **\$2 BILLION in insurance for a premium of \$2.2 million.** That is to say, **Goldman paid only one dollar for each thousand dollars it hoped the tranche would default on.**

25. Look at the graphic on **Page 172 of Exhibit 186** to see how the fraudulent transactions occur. Page 171 of the Financial Crisis Inquiry Report **states the following in explaining the fraudulent acts Goldman played:**

26. Goldman was the short investor for the entire \$2 Billion deal. It purchased credit default swap protection on these reference Securities from the CDO. The funded investors, IKB (a German bank), the TCW Group and Wachovia put up a total of \$195 Million to purchase mezzanine tranches of the deal. These investors would receive scheduled principal and interest payments if the referenced assets performed. **If the referenced assets did not perform, Goldman, as the short investor, would receive the \$195 million.** In this sense, IKB, TCW, and Wachovia were “long” investors, betting that the referenced assets would perform well and Goldman was a “short” investor, betting that they would fail.

27. The unfunded investors, TCW and GSC Partners (asset management firms that managed both hedge funds and CDOs) did not put up any money on the frontend. They received **annual premiums from the CDO in return for the promise** that they would **pay the CDO if the reference Securities failed** and the CDO did not have enough funds to pay the short investors.

28. Goldman was the largest unfunded investor at the time the transaction was originated, retaining the \$1.8 billion super-senior tranche. Goldman’s \$2 billion short position more than offset that exposure. About one year later, it transferred the unfunded long position by buying credit protection from AIG, in return for an annual payment of \$2.2 million. As a result, by 2005, AIG was effectively the **largest unfunded investor in the super-senior tranches of the Abacus transaction.**

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**Section 28: REMIC: Violations Committed By Including
The Affiant's Mortgage**

1. The Trust Agreement clearly states that **any MERS MOM mortgage added to this REMIC must demonstrate a clear, complete and defined Chain of Title as evidenced by public recordings.**
2. The Trust Agreement clearly states that the implementation of **the above stated requirement is spelled out in Article II, Section 2.01(b)(I) of the Pooling and Servicing Agreement. (See Exhibit 660)**
3. This is evident in the language of **Subsection iv** which states that all **MERS System loans must possess and show an unbroken Chain of Title from the Originator of the loan to the final Assignment to the REMIC Trustee or to Mortgage Electronic Registration Systems, Inc. (MERS).**
4. In this Case, **neither event occurred.** As of the **ninety (90) day window, being May 8, 2008, following the closing date of the REMIC, being February 8, 2008,** there were **no publically recorded Assignments on record** with the Collin County, Texas Recorder's Office.
5. Therefore, **inclusion of the March 3, 2008 mortgage in the RALI Series 2008 QR-1 REMIC is improper and in violation of the rules of the Trust Agreement, the Pooling and Servicing Agreement and Federal Income Tax Laws as codified in 29 USC §860G(a)(3).**
THUS, THERE EXISTS, AT THIS POINT, THE FIRST POTENTIAL FOR SECURITIES AND INCOME TAX FRAUD.
6. In addition, **Subsection iii of Article II, Section 2.01(b)(I) of the Pooling and Servicing Agreement** states that there **is to be a public recording of the Assignment of the Mortgage to the Trustee of the REMIC.** In the Affiant's case, **THIS DID NOT OCCUR.**

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7. There **is no recorded Assignment of the Deed of Trust for 223 High Point Drive, Murphy, Texas to the REMIC Trustee, Deutsche Bank Trust Company Americas.**

8. This violation **should have been caught by the REMIC Trustee and the REMIC Custodian, Wells Fargo Bank, NA** as the REMIC Custodian has the responsibility to insure the fitness of mortgages to be placed in the REMIC.

9. Both Deutsche Bank and Wells Fargo **were obligated as specified on Page 163 of the Trust Agreement** to bring this error to the attention of the REMIC Master Servicer, Residential Funding Company, L.L.C. (See Exhibit 660)

10. It then became the obligation of Residential Funding Company, L.L.C. to correct this error within sixty (60) days. If the error was uncorrectable, **Residential Funding Company, L.L.C. was to remove the mortgage from the REMIC and to replace it with a Qualifying Mortgage within ninety (90) days after the offending mortgage was added to the REMIC.**

11. **Neither notification regarding nor removal of the 223 High Point Drive, Murphy, Texas mortgage from the REMIC occurred.**

12. Thus, the check and balance system established in the Trust Agreement to audit, check and correct the actions of the REMIC Master Servicer did not occur. This is the **SECOND POTENTIAL FOR SECURITIES AND INCOME TAX FRAUD.**

13. The **THIRD POTENTIAL FOR SECURITIES AND INCOME TAX FRAUD CONCERNS THE TRANSFER OF THE DEED OF TRUST AND PROMISSORY NOTE** on the property at 223 High Point Drive, Murphy, Texas.

14. The Trust Agreement of the RALI Series 2008-QR1 REMIC **demands that a minimum of five (5) documents are recorded in the public records maintained by the Collin County, Texas Recorder's Office.**

Jurat Affidavit Of Gregory C. Morse In Support Of
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EXHIBIT 723

15. The five (5) minimum instruments required by the terms of the Trust Agreement of the REMIC are required when the Loan Originator sells the loan to the REMIC Sponsor. These five (5) recorded instruments are:

(15A) **Recording of the Deed of Trust by the Loan Originator.** THIS DID NOT OCCUR as the Loan Originator, Homecomings Wholesale Funding, did not file the recorded Deed of Trust. Homecomings Financial, L.L.C. recorded the Deed of Trust as the Lender.

(15B) **Assignment of Deed of Trust to Credit Suisse.** Credit Suisse is the REMIC Sponsor. The Sponsor is the first step in legally including a mortgage in the REMIC. THIS ASSIGNMENT WAS NEVER PUBLICALLY RECORDED. It is to the best knowledge and belief of the Affiant that, **if this Assignment exists at all, then it only exists in the MERS System proprietary and private databases.**

(15C) **Assignment of the Deed of Trust to Residential Accredit Loans, Inc. from the REMIC Sponsor.** Residential Accredit Loans, Inc. is the REMIC Depositor. THIS ASSIGNMENT WAS NEVER PUBLICALLY RECORDED. It is to the best knowledge and belief of the Affiant that, **if this Assignment exists at all, then it only exists in the MERS System proprietary and private databases.**

(15D) **Assignment of the Deed of Trust to Residential Funding Company from the REMIC Depositor.** Residential Funding Company is the REMIC Master Servicer. THIS ASSIGNMENT WAS NEVER PUBLICALLY RECORDED. It is to the best knowledge and belief of the Affiant that, **if this Assignment exists at all, then it only exists in the MERS System proprietary and private databases.**

Jurat Affidavit Of Gregory C. Morse In Support Of
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EXHIBIT 723

(15E) **Assignment of the Deed of Trust to Deutsche Bank Trust Company Americas from the REMIC Master Servicer.** Deutsche Bank Trust Company Americas is the REMIC Trustee. THIS ASSIGNMENT WAS NEVER PUBLICALLY RECORDED. It is to the best knowledge and belief of the Affiant that, **if this Assignment exists at all, then it only exists in the MERS System proprietary and private databases.**

16. The Assignment of the Deed of Trust to the REMIC Trustee was not the last step in the process. The REMIC Trustee, **if acting legally and in accordance with the Trust Agreement, would eventually Assign all of the Deeds of Trusts and Mortgages to the REMIC Administrator.**

17. The REMIC Administrator is the actual Special Purpose Vehicle (SPV). In this case, the SPV is the RALI Series 2008 QR-1 Trust.

18. **None Of The Above Listed Assignments Were Ever Recorded In The Collin County, Texas Recorder's Office,** which, if legally accomplished with an unbroken Chain of Title, were intended, by the Trust Agreement, to memorialize the inclusion of the Deed of Trust into this REMIC.

19. In Summary, the three (3) events proving Securities and Income Tax Fraud are:

(19A) A mortgage, with a **broken Chain of Title** and **Transfers and Assignments not publically recorded, is illegally included in the REMIC.**

(19B) A mortgage, with a **Chain of Title that has not been verified by the REMIC Trustee and the REMIC Custodian, is illegally included in the REMIC.**

(19C) A mortgage, that has a publically filed Chain of Title **that does not include ALL required and publically recorded Assignments from the REMIC Sponsor to the REMIC Trustee, is ILLEGALLY included in the REMIC.**

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Section 29: REMIC: Violations That "Make The REMIC Not A REMIC"

1. In the previous Section, a detailed mapping was outlined that demonstrated the **ILLEGALITY of the inclusion of the mortgage at 223 High Point Drive, Murphy, Texas and the damages it has caused to the legal status of existence and the Tax Exempt qualification of the RALI Series 2008-QR1 REMIC.**
2. The borrower and Affiant, Gregory C. Morse, had a perfect payment history from the first payment in January, 2003, through the refinancing of the home mortgage in March, 2008 and up to April 26, 2011 when the first Federal Complaint was filed pursuant to the supposed Lender(s) being legally notified they were in **Default of the Mortgage Contract**. This act was taken under the direction and instructions of Counsel who is an ex-Magistrate Judge from the Federal District Court, Eastern District of Texas.
3. This **is an uninterrupted and timely payment history of 100 payments.**
4. Thus, a prudent person would conclude that **the rating agency Standard and Poors would rate this mortgage as AAA.**
5. Being a AAA rated mortgage in the RALI Series 2008-QR1 Trust and the REMIC, the procedure by which this mortgage was included in the Trust is indicative of the similar treatments given to other A through AAA loans included in all of the Trusts comprising the REMIC.
6. As **Homecomings Financial, L.L.C. and GMAC Mortgage, L.L.C.** are involved in the 2008 Mortgage in question, their **actions in the RALI Series 2008-QR1 REMIC must be evaluated.**
7. The **RALI Series 2008-QR1 REMIC** consists of three (3) initially separate Trusts.

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8. These three (3) Trusts are the **RALI Series 2006-QS11 Trust, RALI Series 2006-QS12 Trust** and the **RALI Series 2008-QR1 (Pooling Number 8086) Trust**.

9. The RALI Series 2006-QS11 Trust consists of 2,521 fixed rate mortgages having a principal balance of approximately \$588,180,143 on January 1, 2008. See the Mortgage Pool Section on Page 83 of the Trust Agreement and Prospectus Supplement. **(See Exhibit 619)**

10. The RALI Series 2006-QS12 Trust consists of 2,204 fixed rate mortgages with a principal balance of \$424,164,277 on January 1, 2008. See the Mortgage Pool Section on Page 208 of the Trust Agreement and Prospectus Supplement. **(See Exhibit 619)**

11. The RALI Series 2008-QR1 Trust (Pooling Number 8086) consists of the Mortgage Asset Backed Pass-Through Certificates of the Class I-A-2 mortgages from the RALI 2006-QS11 Trust. See the Underlying Certificates Section on Page 5 of the Trust Agreement and Prospectus Supplement. **(See Exhibit 619)**

12. The Mortgage Asset Backed Pass-Through Certificates of the Class I-A-2 mortgages from the RALI 2006-QS11 Trust are backed by mortgages that have a value of \$101,958,257 as of January 25, 2008. See the Underlying Certificates Section on Page 5 of the Trust Agreement and Prospectus Supplement. **(See Exhibit 619)**

13. The RALI Series 2008-QR1 Trust (Pooling Number 8086) consists of the Mortgage Asset Backed Pass-Through Certificates of the Class II-A-15 mortgages from the RALI 2006-QS12 Trust. See the Underlying Certificates Section on Page 5 of the Trust Agreement and Prospectus Supplement. **(See Exhibit 619)**

14. The Mortgage Asset Backed Pass-Through Certificates of the Class II-A-15 mortgages from the RALI 2006-QS12 Trust are backed by mortgages that have a value of \$16,372,873 as of January 25, 2008. See the Underlying Certificates Section on Page 5 of the Trust Agreement and Prospectus Supplement. **(See Exhibit 619)**

15. Thus, **the face value of the RALI Series 2008-QR1 Trust on January 25, 2008 is equal to \$101,958,257 plus 16,372,873 or a total of \$118,331,130.**

16. Because the RALI Series 2008-QR1 REMIC consists only of Mortgage Asset Backed Pass-Through Certificates from the RALI Series 2006-QS11 Trust and the RALI Series 2006-QS12 Trust, **the effective value of the REMIC is the principal balances of the two RALI Series 2006 Trusts.**

17. **The effective face value of the RALI Series 2008-QR1 REMIC is actually \$1,012,344,420 or \$1.012 Billion Dollars.**

18. Because of IRS Tax Codes **codified under 26 USC §§860A through 860G and 26 USC §856 et seq., the REMIC is defined by both Sections dealing with REMICS and the Section of United States Federal law dealing with Real Estate Investment Trusts (REIT).**

19. Therefore, if either the RALI Series 2006-QS11 or the RALI Series 2006-QS12 Trusts fail to pass the requirements of 26 USC §856, **the tax exemption status of the REMIC is in jeopardy.**

20. Because the Mortgage Asset Backed Pass-Through Certificates from the two RALI Series 2006 Trusts are purchased by the RALI Series 2008-QR1 REMIC, **these Mortgage Asset Backed Pass-Through Certificates must pass all the rules of the REMIC Regulations stipulated in the Federal Code.**

21. GMAC Mortgage, L.L.C. originated 3.6%, by principal amount, of the loans in the RALI Series 2006-QS11 Trust. See the Originators Section on Page 83 and the last full Paragraph on Page 116 of the Trust Agreement and Prospectus Supplement. (See Exhibits 619, 660)

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22. Homecomings Financial, L.L.C. originated 35.0%, by principal amount, of the loans in the RALI Series 2006-QS11 Trust. See the Originators Section on Page 83 and the last full Paragraph on Page 116 of the Trust Agreement and Prospectus Supplement.

(See Exhibits 619, 660)

23. If **only one (1%) percent** of the present principal balance of the RALI Series 2006-QS11 Trust **become Non-Qualified Mortgages**, the RALI Series 2008-QR1 REMIC **loses its tax exempt status**, if the situation is not corrected, because the RALI Series 2006-QS11 Trust ceases to be a REIT. **(See 26 USC §856(c)(7)(B)(i)(I))**

24. If **only one (1%) percent** of the present principal balance of the RALI Series 2006-QS12 Trust **become Non-Qualified Mortgages**, the RALI Series 2008-QR1 REMIC loses its **tax exempt status**, if the situation is not corrected, because the RALI Series 2006-QS12 Trust ceases to be a REIT. **(See 26 USC §856(c)(7)(B)(i)(I))**

25. If 0.86% (eighty six one hundredths of 1%) of the present principal balance of the RALI Series 2006-QS12 **become Non-Qualified Mortgages** and 0.14% (fourteen one hundredths of 1%) of the present principal balance of the RALI Series 2006-QS12 **become Non-Qualified Mortgages**, the RALI Series 2008-QR1 REMIC loses its **tax exempt status**, if the situation is not corrected, because the RALI Series 2008-QR1 ceases to be a REMIC. **(See 26 USC §856(c)(7)(B)(i)(I))**

26. Because of one hundred forty (140) plus years of precedent **set by the 1872 U.S. Supreme Court** ruling in Carpenter v. Longan, **83 U.S. 271, 274 (1872)**, when a financial institution separates the **Deed of Trust** (or mortgage) from the **Promissory Note**, both become **nullities and are unenforceable**. **(See PageID 239 of McCarthy v Bank of America, 4:11-cv-356)**
(See Exhibit 659)

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27. This **precedent of the financially destructive effects** of the separation of the **Deed of Trust** from the **Promissory Note** has been upheld in the **following Federal Appellate Court Cases**:

Baldwin v. State of Mo., 281 U.S. 586, 596 (1930) (Stone, J., concurring);

National Live Stock Bank v. First Nat'l Bank, 203 U.S. 296, 306(1906);

Kirby Lumber Co. v. Williams, 230 F.2d 330, 336 (5th Cir. 1956);

In re Veal, 450 B.R. 897, 916-17 (B.A.P. 9th Cir. 2011);

In re Vargas, 396 B.R. 511, 516 (Bankr. C.D. Cal. 2008);

In re Leisure Time Sports. Inc., 194 B.R. 859, 861 (B.A.P. 9th Cir. 1996);

Bellistri v. Ocwen Loan Servicing. LLC, 284 S.W.3d 619, 623 (Mo. Ct. App. E.D. 2009)

28. The lawsuits, **Baldwin v. State of Mo.** and **National Live Stock Bank v. First Nat'l Bank**, were **adjudicated by the U. S. Supreme Court**. The Federal Suits, **In re: Veal** and **In re: Leisure Time Sports. Inc.**, were **adjudicated on the Appellate Court level and from the Federal Bankruptcy Courts**. The **Federal Judiciary** has demonstrated that, **it takes very seriously, the destructive effects caused by the separation of the Promissory Note from the Deed of Trust both in normal business and in bankruptcies**.

29. Because the REMIC had a **closing date of February 8, 2008**, a **three month (90 day) window** existed during which the REMIC could increase its value by adding **only** additional **Qualified Mortgages to its portfolio**.

30. This **three month (90 day) window** during which the REMIC **attempted to add mortgages to its portfolio** occurred between **February 8, 2008 and May 8, 2008**.

31. It was during this **three month (90 day) window**, **on March 3, 2008**, when the Affiant re-financed the Adjustable Rate Mortgage on this home at 223 High Point Drive and **put in place a 30 Year Fixed Rate Mortgage**.

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32. On February 29, 2008, 4 days before the closing of his 30 Year Fixed Rate Mortgage, Homecomings Financial, L.L.C. sent a letter to the Affiant informing him that this 30 Year Fixed Rate Mortgage had been sold to Ally Bank (formerly known as GMAC Bank). (See Exhibit 321)

33. In this letter, the Affiant was told that this mortgage sale and transfer was a “normal business transaction and will not affect any other term or condition of the mortgage.”

34. Up to and including the date of this Affidavit, no recorded filing has been made in the Collin County, Texas Recorder’s office legally evidencing and recording the Transfer and Assignment of this Mortgage to Ally Bank.

35. Therefore, in Violation of the Texas Local Government Code §192.007, no recording has been made of any Transfer or Assignment of this Deed of Trust to Ally Bank.

36. In accordance with the Texas Business and Commerce Code §3.309, Ally Bank is not a legal Holder of the Note in Due Course.

37. As Ally Bank is claiming to be the Holder of the Note in Due Course, the Title to the Property at 223 High Point Drive is Clouded and the Chain of Title is Irrevocably Broken.

38. In accordance with the stated policies of MERSCORP, INC. and Mortgage Electronic Registration Systems, Inc. (MERS), who claims to be the Original Mortgagee of the Property, Homecomings Wholesale Funding is the Loan Originator of the 30 year Fixed Rate Mortgage on 223 High Point Drive.

39. This statement of the identity of the Loan Originator by MERSCORP, INC. and Mortgage Electronic Registration Systems, Inc. (MERS), is substantiated by the first seven digits of the Mortgage Identification Number on the March 8, 2008 executed Deed of Trust. (See Exhibit 397)

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40. On Page 7 of the **MERS OnLine User Guide**, the Mortgage Identification Number (**MIN**) **consists of three parts**, the **Organizational Identification of the Loan Originator**, the loan account number of the mortgage and a mathematical check digit. (See Exhibit 74)

41. There **is no filing in the Collin County, Texas Recorder's Office of the transfer of the Deed of Trust from Homecomings Wholesale Funding to Homecomings Financial, L.L.C.** **The Title to the Property is further Clouded and the Chain of Title is Irrevocably Broken.**

42. There **is no recording in the Collin County, Texas Recorder's Office indicating and legally proving the transfer of the Deed of Trust out of the "MERS System" and to a Loan Originator or to any other type of Loan Aggregator.** **The Title to the Property is further Clouded and the Chain of Title is Irrevocably Broken**

43. As Mortgage Electronic Registration Systems, Inc. (**MERS**) **has no interest in the Promissory Note, it cannot assign the Promissory Note**, and its Assignment of the Deed of Trust, separate from the Promissory Note, is of no force or effect. (See PageID 416 and 417 of Memorandum Opinion and Order in McCarthy v. BOA et al, Case 4:11-cv-356A in the Northern Texas District of the United States District Court) (See Exhibit 659)

44. Because of this District Court Ruling, **any Mortgage in the State of Texas**, where Mortgage Electronic Registration System, Inc. (MERS) **is a Beneficiary or Nominee, is a Non-Qualified Loan as dictated in Paragraph 4 on Page 375 of the Trust Agreement and Prospectus Supplement.** (See Exhibit 619, 660)

45. As it is **Standard Operating Procedure** for Homecomings Financial, L.L.C. and GMAC Mortgage, L.L.C. **to name** Mortgage Electronic Registration Systems, Inc. (**MERS**) as **Beneficiary** and **Nominee** in the loans they **Originate**, **all of these Loans executed in the State of Texas are Non-Qualified Loans in accordance with the Trust Agreement and Prospectus Supplement.** (See Exhibit 619, 660)

46. On Page 183 of the Trust Agreement and Prospectus Supplement, 276 of the Group I loans totaling \$39,421,515, which is 7.09% of the \$555,990,095 of the Group I loans in the RALI Series 2006-QS11 Trust Originated in Texas. These are Non-Qualified Loans. (See Exhibit 619, 660)

47. The volume and value of these Texas Loans are well above the de minimis level required to invalidate the Tax Exempt Status of the REMIC. (See 26 USC §856(c)(7)(B)(i)(I))

48. On Page 190 of the Trust Agreement and Prospectus Supplement, 10 of the Group II loans totaling \$1,997,147, which is 6.20% of the Group II loans of the RALI Series 2006-QS11 Trust Originated in Texas. These are Non-Qualified loans. (See Exhibit 619, 660)

49. The volume and value of these Texas loans are well above the de minimis level required to invalidate the Tax Exempt Status of the REMIC. (See 26 USC §856(c)(7)(B)(i)(I))

50. On Page 197 of the Trust Agreement and Prospectus Supplement, 285 of all the Mortgage Loans in the RALI Series 2006-QS11 Trust, total \$41,418,662 or 7.04% of all the Mortgage Loans Originated in Texas. These are Non-Qualified loans. (See Exhibit 619)

51. The volume and value of these Texas loans are well above the de minimis level required to invalidate the Tax Exempt Status of the REMIC. (See 26 USC §856(c)(7)(B)(i)(I))

52. On Page 327 of the Trust Agreement and Prospectus Supplement, 272 loans totaling \$31,670,272 which is 7.47% of the RALI Series 2006-QS12 Trust Originated in the State of Texas. These are Non-Qualified loans. (See Exhibit 619, 660)

53. The volume and value of these Texas loans are well above the de minimis level required to invalidate the Tax Exempt Status of the REMIC. (See 26 USC §856(c)(7)(B)(i)(I))

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54. As of April 1, 2008, **Fannie Mae claims to own the Promissory Note** on the Property at 223 High Point Drive. As the Assignment of the Deed of Trust was not filed in the Collin County, Texas Recorder's Office, **the Chain of Title on the Property is further Clouded and is Irrevocably Broken.** (See Exhibits 188 and 199)

55. Up to and including the date of this Affidavit, **no recorded filing has been made in the Collin County, Texas Recorder's Office which evidences and records the Transfer and Assignment of this mortgage to Fannie Mae. The Title to the Property is further Clouded and the Chain of Title is Irrevocably Broken.**

56. Therefore, **in violation of the Texas Local Government Code §192.007, no recording has been made of this Assignment of the Deed of Trust to Fannie Mae. The Title to the Property is further Clouded and the Chain of Title is Irrevocably Broken**

57. **In accordance with the Texas Business and Commerce Code §3.309, Fannie Mae is not a legal Holder of the Note in Due Course.**

58. As **Fannie Mae currently claims to be the Holder of the Note in Due Course, the Title to the Property is further Clouded and the Chain of Title is Irrevocably Broken.**

59. Because **Fannie Mae, Ally Bank, Homecomings Financial, L.L.C., Homecomings Wholesale Funding and GMAC Mortgage, L.L.C. are all simultaneously claiming ownership of the Promissory Note and/or the Deed of Trust on 223 High Point Drive in Murphy, Texas, this Mortgage is a Non-Qualified Mortgage in Violation of 26 USC §860G(a)(3).**

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60. To the best knowledge and belief of the Affiant, sometime **between February 29, 2008 and May 8, 2008**, either **Ally Bank, GMAC Mortgage, L.L.C., Fannie Mae, Homecomings Financial, L.L.C. or Homecomings Wholesale Funding** **illegally sold** his 30 Year Fixed Rate Mortgage either to **the REMIC Sponsor, Credit Suisse**, or to **the REMIC Depositor, Residential Funding Company**. (See Exhibits 321, 619)

61. The **principal face value** of the 30 year fixed mortgage on 223 High Point Drive is **\$414,500**. This value represents **thirty five one hundredths (0.35%) of one percent (1%)** of the Principal Value of the RALI Series 2008-QR1 REMIC.

62. This **Mortgage is definitely a Non-Qualified Mortgage** since the Chain of Title **was already irrevocably broken at the closing of the Mortgage on March 3, 2008**. Inclusion of this Mortgage in the RALI Series 2008-QR1 REMIC **invalidates the Income Tax Exempt Status of the REMIC**.

63. To the best knowledge and belief of the Affiant, **neither the REMIC Sponsor, the REMIC Depositor nor the REMIC Trustee** have filed **any of the numerous required Assignments of the Deed of Trust** with the Collin County, Texas Recorder's Office **as of the date of this sworn Affidavit**. Therefore, **the Income Tax Exempt Status of the REMIC is invalid as late as April 1, 2008** because **the Chain of Title of this Property is irrevocably Broken**.

64. Because **the Chain of Title on this property is broken**, and the REMIC Sponsor, the REMIC Depositor and the REMIC Trustee each **FURTHER** irrevocably break the Chain of Title **by not filing the Assignments of the Deed of Trust** with the Collin County, Texas Recorder's Office, **the RALI Series 2008-QR1 REMIC is NOT a REMIC because it has violated the requirements of the Trust Agreement that controls the REMIC, REMIC Tax Laws (26 USC §860G et seq.) and Real Estate Investment Trust Laws (26 USC §856 et seq.)**.

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65. To the best knowledge and belief of the Affiant, **neither the REMIC Trustee, the REMIC Custodian, The REMIC Master Servicer, the REMIC Sub-Servicer nor the REMIC Depositor has sought to remove the 223 High Point Drive mortgage from the REMIC.** Therefore, **the RALI Series 2008-QR1 REMIC is not a REMIC because it continues to be in violation of REMIC Tax Laws (26 USC §860G et seq.) and Real Estate Investment Trust Laws (26 USC §856 et seq).**

66. Because of the Violations of REMIC Tax Laws (26 USC §860G et seq.) and Real Estate Investment Trust Laws (26 USC §856 et seq.), **all of the entities connected with the REMIC, knowingly and willfully, committed Securities Fraud, Income Tax Fraud and Income Tax Evasion.**

67. The Entities associated with this REMIC and their roles are: the REMIC Sponsor, **Credit Suisse**, the REMIC Depositor, **Residential Accredited Loans, Inc. (RALI)**, the REMIC Master Servicer, **Residential Funding Company**, the REMIC Sub-Servicers, **Homecomings Financial, L.L.C.**, and **GMAC Mortgage, L.L.C.**, the REMIC Custodian, **Wells Fargo Bank, NA** and the REMIC Trustee, **Deutsche Bank Trust Company Americas** and Loan Originators, **Fannie Mae, Ally Bank (formerly known as GMAC Bank), Wells Fargo Bank (formerly known as Wachovia Mortgage Corporation), MortgageIT, Inc., GMAC Mortgage, L.L.C., Homecomings Financial, L.L.C., Homecomings Wholesale Funding and SunTrust Mortgage, Inc.**

68. To the best knowledge and belief of the Affiant, **one or more of the entities listed in the preceding Paragraph 67 has/have committed Securities Fraud** under **one or more titles of the United States Code including 18 USC §3301, 18 USC §1348, 15 USC Chapter 2A and 15 USC Chapter 2B.** In addition, **other violations are covered by the Securities Exchange Act of 1934 as amended through Public Law 112-158.**

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69. The RALI Series 2008-OR1 REMIC WAS NEVER A REMIC because Standard Operating Procedures of the Entities defined in this Section were pre-engineered to violate, invalidate, obliterate, obscure and eviscerate, through lying, deception, misrepresentation, use of legal legerdemain and linguistic calisthenics, the Trust Agreement, Prospectus Supplement and Pooling and Servicing Agreements of the REMIC that are on file with the Securities and Exchange Commission as the Trust Agreement. (See Exhibits 605 thru 616, 619, 660: Trust Agreement, Form 424B5 Prospectus, 2 Form 8-K, Form 10-K Annual Report, 11 Form 10-D Monthly Distribution Reports)

70. The actions of the Corporate Entities have laid to waste numerous Public Sector and Private Sector Retirement System Trusts in the United States and other nations that have purchased the fraudulent REMIC and RMBS Certificates and Securities illegally proffered on the various DTCC Member Only and other Public Securities Exchanges.

71. The above-listed entities should be investigated for Securities Fraud, Income Tax Fraud and Income Tax Evasion in addition to violations of 18 USC 1961 et seq. Racketeering Influenced Corrupt Organizations (RICO) Act pre-engineered fraud activities.

72. GMAC Mortgage, L.L.C. and Homecomings Financial, L.L.C. engaged in additional Bankruptcy Fraud, Income Tax Fraud and Income Tax Evasion by filing another Assignment of the Deed of Trust as recently as October 12, 2012.

73. The filing of this October 12, 2012 Assignment of the Deed of Trust was Fraudulent for the reasons stated in the following Paragraphs.

74. The Property is under the jurisdiction of the Southern District of New York Bankruptcy Court Trustee in **Case 12-12020MG**.

75. Homecomings Financial, L.L.C., GMAC Mortgage, L.L.C., Residential Funding Company and Residential Accredited Loans, Inc. (RALI) declared bankruptcy in Case 12-12020MG on May 14, 2012.

76. Fannie Mae is simultaneously claiming ownership of the separated Promissory Note.

77. Ally Bank is simultaneously claiming ownership of both the Deed of Trust and the Promissory Note.

78. Mortgage Electronic Registration Systems, Inc. (MERS) and MERSCORP, Inc. are simultaneously claiming that Homecomings Wholesale Funding is the owner of the Deed of Trust and Promissory Note.

79. From all indications, the RALI Series 2008-OR1 REMIC simultaneously claims ownership of the Deed of Trust and Promissory Note.

80. Homecomings Financial, L.L.C. has claimed, on the record in the Collin County, Texas Recorder's Office since March 8, 2008, that it has simultaneously owned the Deed of Trust.

81. Homecomings Financial, L.L.C. does NOT OWN the Promissory Note as the Promissory Note was ENDORSED IN BLANK to an UNNAMED PARTY.

82. Since Homecomings Financial, L.L.C. endorsed the Promissory Note IN BLANK, they broke the Chain of Title and therefore, this Assignment is NULL AND VOID.

83. GMAC Mortgage, L.L.C. is in bankruptcy and, as such, cannot accept the Transfer and Assignment of the Deed of Trust without Bankruptcy Trustee approval.

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84. Thorough research of the Bankruptcy Docket, in the U.S. Bankruptcy Court, Southern District of New York, **shows NO DOCUMENT from the Bankruptcy Trustee authorizing such a Transfer and Assignment.**

85. Under law and according to the Real Estate Settlement Procedures Act (RESPA), **Homecomings Wholesale Funding, as the actual Table Funder, Loan Originator and Lender,** was legally **obligated to first file an Assignment of the Deed of Trust in the name of Homecomings Wholesale Funding** in the Collin County, Texas Recorder's Office. **The recording of this legally required Assignment DID NOT TAKE PLACE.**

86. Had the Assignment in Paragraph 85 above been accomplished as required by law and **since Homecomings Financial, L.L.C. was NOT the Loan Originator, Homecomings Wholesale Funding would then have been required to file another Transfer and Assignment of the Deed of Trust to Homecomings Financial, L.L.C.** if that had been the corporate desire. **The recording of this legally required Assignment DID NOT TAKE PLACE.**

87. 24 CFR part 3500 and 24 CFR 3500.2(b) clearly state the legal requirements demanded of the **Table Funder** who is acting as the **Loan Originator** and **Lender.** (See Exhibit 603)

Section 30: REMIC: The RICO Enterprise

1. As was previously discussed above, the March 3, 2008 Mortgage on 223 High Point Drive property **indicated that the Loan Originator was Homecomings Wholesale Funding.**
2. In addition, it has been demonstrated that we are in possession of **fifty two (52) independently corroborated** documents that prove Homecomings Wholesale Funding does not exist.
3. Fifty (50) of these documents **come from the Corporate Entity database of the Secretaries of State and Secretaries of the Commonwealth throughout the United States.**
4. One document is the resume of a Section Leader who states that **he and his sixteen (16) person crew finalized hundreds of thousands of loans annually on behalf of Homecomings Wholesale Funding** when he worked for Homecomings Financial, L.L.C. (See Exhibit 372)
5. There exists numerous mortgage transactions from at least five (5) different Counties from around the Nation where **Homecomings Wholesale Funding is involved in these recorded transactions.**
6. As **Homecomings Wholesale Funding does not exist** and to the best of my knowledge and belief, **Ally Bank, GMAC Mortgage, L.L.C. and Homecomings Financial, L.L.C. have the ability to generate MERS System entries on behalf of Homecomings Wholesale Funding.** An investigation of monies and assets hidden in the name of Homecomings Wholesale Funding should be conducted by both Agencies.
7. To my best knowledge and belief, **Homecomings Wholesale Funding is a RICO Fraud Activities Enterprise as defined by 18 USA §1960** and subsequent Sections which define the individual and collective activities that give rise to the classification as **Racketeer Influenced Corrupt Organizations Act** fraud activities.

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8. If any Corporate entity **hides its assets** within a Corporate entity that **does not exist, it is committing Securities Fraud, Income Tax Fraud, Income Tax Evasion, Banking Fraud, and Financial Fraud.**

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Section 31: REMIC: Negative Effects Of REMIC And
RMBS Operations On Domestic And International
Pension Funds

1. Finally, the angry beast is starting to awake and take action. Public pension funds which are equal in size to just over one fourth of the residential mortgage market have, since the beginning of this millennium, been the illegal dumping ground for the toxic waste of the residential mortgage market. Rolling Stone Magazine has estimated that because of the underfunding of public pension funds and their penchant for buying toxic assets, these funds have lost over \$1 trillion, or half of their value since 2004.
2. Spurred into action by several victories by the Securities and Exchange Commission, who has received over \$1.6 Billion in Settlements with the biggest purveyors of this RMBS fraud scheme, several state Attorneys General are seeking to recoup the financial losses the State pension funds in their respective jurisdictions have lost.
3. Not only are United States Public Pension Funds attempting to recoup the almost 50% of their lost value, an international effort has appeared. One example of this international effort is the Dutch retirement pension fund suing Credit Suisse for losses due to the misrepresentation of their underwriting standards and Credit Suisse's reluctance to write down toxic RMBS Trust Certificates as a monumental rise in mortgage defaults have occurred in their RMBS Trusts.
4. In the Rolling Stone's article, "Looting the Pension funds: How Wall Street Robs Public Workers," the author states that Public Pension Funds in the United States control and manage approximately **\$2.6 Trillion dollars**. This is an amazingly large number as the **total value of residential mortgages** has been reported by the **Federal Reserve** to be **only \$9.9 Trillion dollars**. (See Exhibit 685 Page 3 and Exhibit 617: Federal Reserve Total Mortgages)

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5. Rolling Stone reports that, the siege on the public pension funds by greedy banksters, occurred with the passing of the Employee Retirement Income Security Act, ERISA, in 1974. ERISA protected private pension funds but Congress and the President forgot to protect public pension funds. Thus, some politicians on both sides of the aisle who suffer from extreme myopia, could not resist the temptation to raid pension funds to service the general fund debts of their jurisdictions. (See Exhibit 685 Page 3)

6. Rolling Stone Reporter, Matt Taibbi, suggests that one should read "*Kentucky Fried Pensions.*" Kentucky Fried Pensions is an expose' written by former Kentucky Retirement Systems Trustee Chris Tobe. Chris Tobe exposed to the public that 14 States in the past decade **have routinely failed to make their Annual Required Contributions (ARC)** to their State public pension funds. (See Exhibit 685 Page 3)

7. For comparison, Tabbi considers the States of Massachusetts, New Jersey, Illinois and Kentucky. While the City of Detroit's pension fund is 77% funded, the records of these States make the City of Detroit look like a shining example for all public pension funds. The Kentucky State Pension Fund is only 27% funded while over the last 10 years the State paid 50% of its ARC. Illinois State Pension Funds are 68% funded. New Jersey Teachers Public Pension Fund is 33% funded with the State paying only 10% of its ARC. Massachusetts made only 27% of its ARC. (See Exhibit 685 Pages 3 and 4)

8. Tabbi states that a "**deadly combination of unscrupulous States illegally borrowing from their pensioners, and unscrupulous banks whose mass sales of fraudulent toxic subprime products crashed the market, these funds were out some \$930 Billion.**" (See Exhibit 685 Page 6)

9. A prudent and thoughtful person, through a search of many published articles, will discover egregious examples of the lack of scruples of the individuals managing the various hedge funds that pre-engineered the financial devastation and destructiveness of the **residential mortgage crisis that began to show telltale signs in 2004.**

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10. An excellent example of the recklessness that occurred is to consider Bear Stearns and their corporate attitude toward gullibility of public pension managers. It has been known that, as early as 2003, Bear Stearns had been selling its riskiest portfolios of Collateralized Debt Obligations (CDO) to public pension funds. In Las Vegas, the gambling capital of the United States, the Senior Managing Director of Bear Stearns tells Fund Managers they can get a 20% annual return on investment from the equity funds in the Bear Stearns CDO. **(See Exhibit 686 Page 1)**

11. In 2003, Bankers call the Equity class of CDO "toxic waste" because they are more vulnerable to losses from the bad debt resulting from mortgage loan defaults. **(See Exhibit 686)**

12. The California Public Employees' Retirement System, the Nation's largest public pension fund, had invested \$140 Million in such unrated CDO portions, according to data Calpers provided in response to a public records request made in 2007. **(See Exhibit 686 Page 2)**

13. "Seven percent of all the equity tranches sold in the U.S. in the past decade were purchased by pension funds, endowments and religious organizations, Fleischhacker says." **(See Exhibit 686 Page 3)**

14. Public Pension Funds bought more than \$500 million in CDO equity tranches in the period 2002 through 2007, according to data from public records requests. **(See Exhibit 686 Page 3)**

15. The New Mexico State Investment Council, which funds education and Government services for children, has \$222.5 Million invested in equity tranches. The Council decided in April, 2007 to buy an additional \$300 Million in equity tranches. That investment would be two (2%) percent of the \$15 Billion it manages. **(See Exhibit 686 Page 3)**

16. The General Retirement System of Detroit holds three equity tranches it bought for \$38.8 Million. The Teachers Retirement System of Texas owns \$62.8 Million of equity tranches. The Missouri State Employees' Retirement System owns a \$25 Million equity tranche. **(See Exhibit 686 Page 4)**

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17. Wall Street has devised some innovative criminal ways to separate the pension funds from their money even after legislation was enacted to safeguard present and future pensioner investments. "Some public fund investors are forbidden from buying junk-rated or unrated portions of CDOs. Wall Street has come up with ways to sell dressed-up CDO toxic waste so that it qualifies as investment grade. One is called principal protection." (See Exhibit 686 Page 6)

18. Bear Stearns offered this hypothetical example at its Las Vegas presentation: A pension fund wants to buy \$100 of CDO equity. Instead of buying it directly, the fund buys a zero-coupon government bond for \$46 that will be redeemed for \$100 in 12 years. That bond is paired with a \$54 investment in CDO equity. (See Exhibit 686 Page 6)

19. Zero-coupon bonds pay no interest, the investor is paid the full face amount - that's \$100 in this hypothetical situation - when the bond matures. Banks Sell 'Toxic Waste' CDOs to Calpers, Texas Teachers Fund. We all know that well before the bond matured, the equity stakes investors had lost all of their investment money because of mortgage defaults. The only ones who would make money off of these tranches would be those investors who purchased the AAA rated RMBS Trust Certificates. This knowledge would truly be considered **insider information** by a thoughtful and prudent person. It is obvious that the pension fund money managers were not considered privy to this insider information. (See Exhibit 686 Page 6)

20. Because of frequent changes in political administrations, this Nation can have hope. While the other 49 State and Commonwealth Attorneys General agreed to let the Big Five (5) Banks off the hook for future litigation in their \$25 Billion deal, the newly elected Attorney General of the State of New York balked. The banks capitulated. The NY AG immediately sued J. P. Morgan Chase. **The outcome was a \$13 billion settlement.**

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21. Since **J.P. Morgan Chase agreed to a \$13 billion settlement** with the United States Department of Justice and several State Attorneys General, several State Retirement Pension Funds will receive some funds to cover some of the losses. The losses sustained by the pension funds were due to the purchase of Fraudulent and Toxic RMBS Trust Certificates offered by J. P. Morgan Chase. **(See Exhibit 687 Page 1)**

22. California Public Employees Retirement System (CalPers) will receive \$261 Million in damages. The fund is the largest public pension fund at \$274.8 Billion. The California State Teachers Retirement System received \$19.5 Million. The California Teachers Retirement System is \$171.9 Billion in size. **(See Exhibit 687 Pages 1 and 2)**

23. J. P. Morgan Chase paid \$72.4 Million to the Illinois Teachers Retirement System. The Illinois Teachers Retirement System is \$41 Billion in size. J.P. Morgan Chase paid \$16.2 Million to the Illinois State Universities Retirement System. The Illinois State Universities Retirement System oversees \$15.6 Billion in defined benefit assets and \$1.3 Billion in 401(a) plan assets. J. P. Morgan Chase paid \$11.4 Million to the Illinois State Board of Investments which oversees the State Employees Retirement System, the General Assembly Retirement System and the Judges Retirement System. **(See Exhibit 687 Page 2)**

24. The Massachusetts Pension Reserves Investment Management Board received a portion of the \$34.4 Million settlement fee that the State of Massachusetts will receive. **(See Exhibit Page 2)**

25. Public Pension Funds managing more than \$541.0 Billion dollars received a minimum of \$414.9 Million in compensation for losses due to fraudulent toxic RMBS Trust Certificates purchased from J. P. Morgan Chase.

26. In the State of Illinois, there are five (5) pension funds run by the State that received \$100 Million dollars in compensation from the \$13 Billion J. P. Morgan Chase settlement. **(See Exhibit 688)**

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27. J. P. Morgan Chase is not the only bank that has felt the sting of Court settlements stemming from mortgage and Securities Fraud. In an Out-of-Court settlement, Deutsche Bank AG settled with Building Trades United Pension Fund of Elm Grove, Wisconsin and two (2) other mutual funds. The retirement and mutual funds sued Deutsche Bank proving they suffered harm because Deutsche Bank misrepresented its risk management capabilities related to Mortgage Backed Securities, misrepresented the strength of their Underwriting Standards concerning Residential Mortgage Backed Securities and being deliberately slow to take write-downs on their Mortgage Backed Securities. (See Exhibit 689)

28. In a Federal Complaint, a former partner accused Deutsche Bank of causing him extreme reputational damage. Marcus Taylor stated in his Federal Complaint that when he was a partner with Aldus Capital, Deutsche Bank, DBAH Capital L.L.C. and DB Investments Managers allowed and were complicit in the Securities Fraud activities of Aldus founded by Saul Meyer.

29. The Securities Fraud that Meyer admitted to involved kickbacks in a “pay-to-play” scheme involving kickbacks on investments for the New York State Common Retirement Fund, New Mexico State Investment Council and the New Mexico Educational Retirement Board. Taylor claims that from 2006 until 2009, **Deutsche Bank encouraged Illegal Aldus Investments** when Aldus Capital closed its doors.

30. Pay-to-play is a scheme where kickbacks are paid to Advisors of Pension Funds by the Sellers of recommended Hedge Fund investments and RMBS Trust Certificates that are sold to the Pension Funds. Under the pay-to-play scheme, the usual kickback is 2% of the total value of the transaction.

31. Taylor stated in his Federal Complaint that the activities of Deutsche Bank in requiring that Aldus Capital reinstate Meyer, even after being told of the fraudulent activities of Meyer, encouraged Aldus to engage in continued Securities Fraud. (See Exhibit 690)

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32. While several Public Pension Funds are seeking recompense in the Judicial System, more contributors are paying for **independent Forensic Investigations and Audits** of the **investment activities of the money managers** for these Public Pension Funds.

33. The **State Employees Association of North Carolina** hired the firm **Benchmark Financial Services, Inc.** to conduct a **Forensic Investigation and Audit** of the **North Carolina Pension System**. The State Employees Association represents 55,000 of the 875,000 members in the North Carolina State Pension Fund. The Association is seeking an **independent outside audit** to discover why the **Pension Fund suffered a dismal investment performance, soaring allocations to high-risk hedge funds, venture and private equity “alternative” investments, skyrocketing advisory fees and millions in secret “pay-to-play” payments to undisclosed intermediaries.**

34. The **\$85 Billion dollar** State Pension Fund, the **eleventh largest Public Pension Fund in the Nation**, has **Credit Suisse as one of their investment managers.** (See Exhibit 694)

35. As 2013 came to a close and 2014 began, several States decided to seek recompense against the **Fraudulent** actions committed by organizations in the Residential Mortgage Industry. **Public Pension Funds are demanding** that the organizations that **sold toxic waste RMBS Trust Certificates over the last two decades** be pursued for **losses and damages** through legal litigation.

36. On **December 17, 2013**, the **New Jersey State Attorney General** filed a Civil Complaint **against Credit Suisse** in the Mercer County Chancery Court. In his Complaint, **filed on behalf of the N.J. Bureau of Securities**, he alleges that **Credit Suisse sold Billions of dollars in toxic RMBS Trust Certificates to investors.** (See Exhibit 691 Page 2 Paragraph 1)

37. The Attorney General alleges that Credit Suisse misrepresented (1) the mortgages underlying the Trusts would be in **"substantial compliance"** with the underwriting standards of the Originators of the loans (2) each loan Originator not affiliated with Credit Suisse would originate loans **"in accordance with accepted practices and prudent guidelines"** (3) Defendants employed **"certain quality assurances designed to ensure"** that the correct loan underwriting criteria for certain originators would be **"properly applied"** and (4) **none of the loans had a negative equity because their Combined Loan To Value (CLTV) ratios did not exceed one hundred percent.** (See Exhibit 691 Page 2 Paragraph 1)

38. Because of **skyrocketing delinquency rates** of the mortgages in the HEMT and HEAT RMBS, **Billions of dollars in investor funds have been lost.** (See Exhibit 691 Page 3)

39. The Attorney General alleges that Credit Suisse sold pension funds, charities, educational institutions, mutual funds and other money managers that invested the retirement funds of workers. (See Exhibit 691 Page 11 Paragraph 33)

40. The Attorney General filed this Complaint because the New Jersey Bureau of Securities is charged by State Statutes with enforcing the New Jersey Uniform Securities Law, **Credit Suisse sold these Fraudulent Securities in the State of New Jersey** and the Federally Registered Securities are covered under the definition of Securities in the New Jersey State Code. (See Exhibit 691 Page 4 Paragraphs 5 thru 8)

41. The New Jersey Attorney General is not the only one filing litigation against the sellers and creators of Fraudulent RMBS Trust Certificates. The California Attorney General has pursued the seeking of damages from the rating agency. The California Attorney General is claiming losses on behalf of **two (2) of the largest** Public Pension Funds in the Nation. These Pension Funds claim they **suffered losses because of the False and Fraudulent representations of the ratings agency Standard & Poors.**

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42. Bolstered by the recent winning of approximately \$1.6 billion in settlements against Bank of America, Citicorp, Deutsche Bank and Flagstar, the Attorney General of California is utilizing the **California False Claims Act** to sue the ratings agency **Standard and Poors**.

43. The California AG is suing Standard & Poors alleging that both the California Public Employees Retirement System and the California State Teachers Retirement System would have purchased the toxic and **Fraudulent RMBS Trust Certificates** without the fraudulent and misleading ratings from Standard and Poors. (See **Exhibit 692 Page 1**)

44. It is believed that during Discovery in this Case, evidence will likely appear that if the Banks knew the Standard & Poors ratings were fraudulent and they sold Securities to State Pension Funds, they would be liable under the California False Claims Act. The California False Claims Act is broad enough to reach any claim for money services or property involving the State Funds. (See **Exhibit 692 Page 2**)

45. In November, 2013 Standard & Poors lost its second bid to have the Court dismiss a lawsuit filed against them for \$1 Billion in losses suffered by the California Public Employees Retirement System and the California State Teachers Retirement System. In the past, ratings agencies have been successful in getting False Claims Act lawsuits dismissed on United States Constitution First Amendment freedom of speech grounds. (See **Exhibit 693 Page 1**)

46. The entities bought the securities because they had received AAA ratings, signaling they were very low risk investments. After the Mortgage Crisis hit, the funds ultimately lost more than \$1 Billion on the investments, according to the lawsuit. (See **Exhibit 693 Page 2**)

47. Harris alleged that instead of using independent and objective analysis to assign ratings to the Securities, S&P from 2004 to 2007 lowered its standards and gave its highest credit ratings to risky Securities to bolster its business with Banks selling the investments. (See **Exhibit 693 Page 2**)

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48. By claiming the practice violated a law against using false statements to defraud the State, the Attorney General is allowed to **seek triple damages**. (See Exhibit 693 Page 2)

49. So far, the discussion in this Jurat Affidavit has focused on the ramifications from the explosion of toxic assets in the Residential Mortgage Crisis **in this Country**. Yet, one should consider that many nations led by the Peoples Republic of China purchased Trillions of dollars in Fraudulent United States RMBS Trust Certificates.

50. Because of the high toxicity of the United states RMBS Trust Certificates, one Pension Fund, Norway's Sovereign Wealth Fund, recently **dumped all of the RMBS Trust Certificates it owned** that are backed by **Fannie Mae, Freddie Mac and other RMBS created by United States Banks**. (See Exhibit 667 Page 2)

51. The Dutch Pension giant, Stichting Pensioenfonds ABP, filed a Civil Complaint in the New York State Supreme Court **against Credit Suisse Group AG**. The Pension Fund claims that, like other large investors, it was **Fraudulently misled by the misrepresentations of Credit Suisse**. (See Exhibit 667 Page 1)

52. While Stichting Pensioenfonds ABP did not mention in its Complaint the total amount of RMBS Trust Certificates it purchased, it did state that all of these Certificates were purchased in the period between 2005 and 2007. Because of the massive amount of United States residential mortgage defaults, the Pension Fund is asking the Court to rescind the purchases of the Certificates and allow it to recoup losses suffered by the Pension Fund due to the purchasing of the **Credit Suisse RMBS Trust Certificates**. (See Exhibit 667 Page 1)

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53. On November 30, 2013, the New York State Supreme Court of New York County ruled on the Motion to Dismiss submitted by Credit Suisse. This was a severe blow to Credit Suisse. While the Court ruled that ABP could not collect on punitive damages and did not sufficiently plead negligent misrepresentation, it would not dismiss the majority of allegations against Credit Suisse. The Court ruled that the allegations raised met legal requirements under American and/or Dutch law and could be heard by a Jury in the State of New York.

54. The Court decided it will hear arguments on **Credit Suisse knowingly reported false owner occupancy percentages, appraisal amounts, and loan-to-value (LTV) ratios in the Offering Documents.** (See Exhibit 666 Page 2)

55. The Court accepts as credible the claims that the original high credit ratings assigned to the Certificates by the ratings agencies and reported in the Offering Documents were undeserved because they were based on incorrect data. (See Exhibit 666 Page 2)

56. ABP was reasonably entitled to expect that the Certificates would be consistent with the information in the Offering Documents. **This is not enough to create a cause of action for breach of contract under American law, but this Court holds that it is enough to apply Article 7:23 under Dutch law.** (See Exhibit 666 Page 6)

57. The question of deciding if ABP met the statute of limitations is within the competence and traditional purview of the jury. (See Exhibit 666 Page 7)

58. ABP has adequately pled under New York State Law CPLR § 3016(b) the five elements of fraud. These five elements are **"(1) a material misrepresentation of a fact, (2) knowledge of its falsity, (3) an intent to induce reliance, (4) justifiable reliance by the plaintiff, and (5) damages."** (See Exhibit 666 Page 8)

59. The Court concluded that the weight of the authority indicates that Credit Suisse's allegations of systematic underwriting failure are sufficient to state a claim and do not need to be accompanied by reference to specific loans in the Securitization Pools of the Certificates. (See Exhibit 666 Page 8)

60. The Court concludes that, the description of underwriting procedures in the Offering Documents is misleading despite the disclosure of exceptions. (See Exhibit 666 Page 9)

61. The Court rules that **appraisals are not statements of opinion because Credit Suisse pressured or outright instructed appraisers to alter their valuations**, and thus knew at the time that these appraisals were false. (See Exhibit 666 Page 9)

62. The Court also found, **“Taken together, ABP's allegations make it rational to infer that Credit Suisse knew that many of the representations in its Offering Documents were false Similarly, the disclosure that the LTV ratios were high does not prevent ABP from reasonably relying on the Offering Documents' disclosure of the actual ratios.** (See of Exhibit 666 Page 10)

63. The Court refuses to dismiss, in whole, the Complaint against Credit Suisse, its affiliates and individual officers. Drawing all reasonable inferences from the Complaint, **the misstatements in the Offering Documents induced ABP to enter into the purchase agreement with Credit Suisse Securities, satisfying the elements of a fraudulent inducement claim.”** (See Exhibit 666 Page 11)

64. The Court rules that each of the Individual Defendants have more than enough information regarding claims against them to mount their defense given the **wealth of detail in the complaint regarding the securitization process, the alleged systematic failures of that process and the alleged fraudulent misstatements.** (See Exhibit 666 Page 12)

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65. As has been demonstrated in this Section, the financial carnage **attributed to the selling of Fraudulent RBMS Trust Certificates** has caused Public Pension Funds **to lose \$1 Trillion dollars or 27.8% of their value**. Several State Employee and Teachers Pension Funds have decided not to suffer these losses in silence. They have successfully **sought and received damages in State and Federal Courts**.

66. The Half Trillion dollar Norwegian Sovereign Wealth Fund dumped all of its investments in United States RMBS Trust Certificates. The Dutch Pension Fund, which is valued at one third of a Trillion dollars, is seeking in United States Courts to rescind the purchases of the RMBS Trust Certificates and to allow the Pension Fund to recoup losses suffered by the Pension Fund due to the purchase of Credit Suisse RMBS Trust Certificates. **(See Exhibit 667)**

Section 32: REMIC: Ongoing Violations

1. In the previous Sections, it was shown that the mortgage on 223 High Point Drive, Murphy, Texas **was a mortgage that was included in the RALI Series 2008-QR1 REMIC.**

2. It has also been shown that a mortgage controversy exists which demonstrates that **this mortgage is a Non-Qualified mortgage and should not have been included in the REMIC.**

3. It has been demonstrated that the **mortgage controversy was caused by the actions of** and consisted of **Ally Bank, Fannie Mae, Homecomings Financial L.L.C., Homecomings Wholesale Funding and Mortgage Electronic Registration Systems, Inc. (MERS) by their simultaneously claiming Mortgagee status** on the single and primary lien memorialized in the March 3, 2008 mortgage documents.

4. Residential Funding Company and fifty (50) of its affiliate and subordinate corporate entities **simultaneously filed for Chapter 11 Reorganization Bankruptcy protection in the Southern District of New York Federal Bankruptcy Court.** Because of **the corporate kinship of these fifty one (51) entities**, the Court allowed for the joint administration of these Bankruptcy Petitions under the guise of a single Case and Judgeship.

5. The **jointly administrated Case Number is 12-12020(MG).** All of the associated **Case Numbers are 12-12019 through 12-12071.**

6. The Southern District of New York Bankruptcy Court Form B-10 was used by the Court to notify Gregory C. Morse that Homecomings Financial, L.L.C. and GMAC Mortgage, L.L.C. independently and officially listed him as one of their Creditors.

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7. Because of the massive amount of documentation submitted to the Court on the first day of the Chapter 11 filing, an independent website and clearing house, which is also serving as the official repository of the Court Docket, was established.

8. **The address of this clearing house website is:** <http://www.kccllc.net/rescap>.

9. **The Court Docket is located at:** <http://www.kccllc.net/rescap/document/list/3215?nh=1>.

10. The United States **Trustee** for the Residential Capital, L.L.C. Chapter 11 Cases is **Tracy Hope Davis**. She can be **contacted at 212-510-0500**.

11. This information **was obtained from the Court-ordered** official website of the **Official Committee of Unsecured Creditors**.

12. The official web address, disclosed in the Court Order, is: <http://www.rescapcommittee.com>.

13. The actual location is: <http://dm.epiq11.com/RES/project#t3Contents>.

14. **Of interest to both the Internal Revenue Service and the Securities and Exchange Commission** in their investigations is the fact **that Deutsche Bank Trust Company Americas, the REMIC Trustee**, is a **Member Of The Official Committee Of Unsecured Creditors** in this Chapter 11 Bankruptcy Case.

15. **Of interest to both the Internal Revenue Service and the Securities and Exchange Commission** concerning an investigation of this **REMIC are the following Corporate entities:**

Residential Funding Company, L.L.C.: Case Number: 12-12019(MG)

GMAC Mortgage, L.L.C.: Case Number: 12-12032(MG)

Homecomings Financial, L.L.C.: Case Number: 12-12042(MG)

Residential Accredited Loans, Inc.: Case Number: 12-12052(MG)

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16. These Corporate entities are of interest concerning the RALI Series 2008-QR1 REMIC as **Residential Funding Company, L.L.C. is the REMIC. GMAC Mortgage, L.L.C. and Homecomings Financial, L.L.C. are REMIC Sub-Servicers and Residential Accredit Loans, Inc. (RALI) is the REMIC Depositor.**

17. These official titles are listed in the Trust Agreement for the REMIC.

18. Because the Chapter 11 Bankruptcy Case is still proceeding, **GMAC Mortgage, L.L.C. and Homecomings Financial, L.L.C. have illegally, without notifying the Bankruptcy Trustee, attempted to shift assets without any authority becoming the wiser.**

19. The asset referred to is the **ownership of the Deed of Trust on the Property** at 223 High Point Drive.

20. On **October 12, 2012, GMAC Mortgage, L.L.C. filed with the Collin County, Texas Recorder's Office an Assignment of the Deed of Trust.**

21. This Assignment publically and illegally recorded the **transfer of the Deed of Trust from Homecomings Financial, L.L.C. to GMAC Mortgage, L.L.C.**

22. **This Assignment of the Deed of Trust was ILLEGAL because of the following reasons:**

23. The Deed of Trust and Promissory Note **had been previously placed in the RALI Series 2008-QR1 REMIC.**

24. **Fannie Mae claims that it is the Holder of the Note in Due Course as of April 1, 2008. Under Texas Law, it cannot become the Holder of the Note in Due Course unless It Also Has Interest In The Deed Of Trust.**

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25. As of **February 29, 2008**, Homecomings Financial, L.L.C. **claims it sold the mortgage to Ally Bank (formerly known as GMAC Bank)**.

26. Mortgage Electronic Registration Systems, Inc. **(MERS), as Original Mortgagee, and MERSCORP, Inc. claim that the Loan Originator is Homecomings Wholesale Funding.**

27. The **actual Mortgage Banker** in this March 3, 2008 mortgage has **never been officially identified** and is in **Violation of 24 DFR 3500.2 RESPA Rules** which state that **the Table Funder, who acts as Mortgage Banker, must be clearly identified on the HUD-1 Statement.**

28. In **Violation of 26 USC §860G**, Homecomings Financial, L.L.C. and GMAC Mortgage, L.L.C. have, seemingly, **removed this mortgage from the REMIC** which **the REMIC Trustee and the REMIC Custodian have both certified as a Qualified Mortgage.**

29. The **only two (2) ways a Qualified Mortgage can be removed from a REMIC** is by **Default and Foreclosure on the borrower or by the borrower paying off the loan completely.** **Neither Of These Events Have Taken Place On The Affiant's Mortgage.** (See Section 29 Above)

30. The two (2) aforementioned reasons outlined above **demonstrate the fourth (4th) Violation of the RALI Series 2008-QR1 Trust Agreement.**

31. As this is Standard Operating Procedure with GMAC Mortgage, L.L.C., Homecomings Financial, L.L.C., Residential Funding Company, L.L.C. and Residential Accredited Loans, Inc. (RALI), **Violations** of the rules spelled out in the **Trust Agreement** and the **Pooling and Servicing Agreement** **Render The RALI Series 2008-QR1 NOT A Remic Under The Dictates Of 26 USC §§860A - 860G.** (See Section 29 Above)

Section 33: Taxes Owed: By The RALI Series 2008-QR1 REMIC

1. Since 2011, various **United States District Courts** and **State Supreme Courts** have waded heavily into the judicial discussion of the **financial destructiveness** of the **Separation of the Deed of Trust from the Promissory Note.**

2. In the opinion of each of the **District Judges**, an irrevocable **Break In The Chain Of Title Has Occurred Because Of The Registration Of The Mortgage In The MERS System.** This MERS System obscures and **Totally Hides The Identity Of The Actual Owner Of The Deed Of Trust And The Promissory Note.**

3. **These Courts have ruled** that processing a Mortgage **Through The MERS System Does Indeed Irrevocably Break The Chain Of Title.** Thus, **any RMBS and/or REMIC that relies on a MERS as Original Mortgage (MOM Mortgage), creates worthless Securities and Trust Certificates.**

4. Therefore, a prudent and thoughtful person will conclude that **any RMBS or REMIC that contains former MERS MOM mortgages** that have been transferred out of the MERS System must show a **Separate Chain Of Title Establishing The Publicly Filed Recordings Of The Transfer And Assignment Of The Deed Of Trust** from:
 - A. The **Holder of the Note in Due Course to the RMBS/REMIC Sponsor,** and
 - B. From **the RMBS/REMIC Sponsor to the RMBS/REMIC Depositor,** and
 - C. From **the RMBS/REMIC Depositor to the RMBS/REMIC.**

5. In the **Hawaii District of the United States District Court, District Court Judge J. Michael Seabright** dismissed, without prejudice, a foreclosure action brought by Deutsche Bank National Trust Company against the Williams, et al.

6. In this Case, Deutsche Bank National Trust Company, as Trustee, filed on behalf of the Morgan Stanley ABS Capital I Inc. Trust 2007-NC1 Mortgage Pass-through Certificates, Series 2007-NC1.

7. The Court ruled that the Plaintiffs, the **Morgan Stanley RMBS**, **did not prove that it was validly assigned the Mortgage (Deed of Trust) and Promissory Note.** (See Exhibit 695 PageID 670)

8. The Defendants proved that **the transfer of the Mortgage (Deed of Trust) and Promissory Note to the RMBS** was **Fraudulent** because the original Mortgagee was in **bankruptcy liquidation** and all **Notes, Securities and Indentures**, among other things, were **cancelled effectively August 1, 2008.** Therefore, a **January, 2009 Assignment and Transfer of the Mortgage (Deed of Trust) and Promissory Note could not occur.** (See Exhibit 695 PageID 676)

9. Thus, the Hawaii Court has ruled that the **RMBS must prove**, with more complete documentation of the Chain of Title, **that it legally acquired the Mortgage (Deed of Trust) and Promissory Note before it has standing in Court to pursue foreclosure on any other matter concerning a mortgage in its portfolio.** Therefore, a prudent and thoughtful person would **conclude that under IRS REIT and REMIC tax laws, A MERS MOM Mortgage executed in the Commonwealth of Hawaii is a Non-Qualified Mortgage as the Chain of title is Broken.**

10. In *Bain v. Metropolitan Mortgage Group et al.*, the Western Washington District United States District Court requested that the Washington State Supreme Court decide three (3) questions:

(10A) Is Mortgage Electronic Registration Systems, Inc. a **lawful Beneficiary** with the power to appoint trustees within the Deed of Trust Act **if it does not hold the Promissory Note secured by the Deeds of Trust?** (See Exhibit 668 Page 3)

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(10B) What is the “**legal effect**” of Mortgage Electronic Registration Systems, Inc. **not being a lawful beneficiary?** (See Exhibit 668 Page 3)

(10C) Does a homeowner have a Consumer Protection Act (CPA), Chapter 19.86 RCW, claim **based upon MERS representing that it is a Beneficiary?** (See Exhibit 668 Page 4)

11. The Washington State Supreme Court **Unanimously Ruled** that Mortgage Electronic Registration Systems, Inc. **is not, under Oregon State Law, A Legal Beneficiary as it Does Not Have Any Interest In The Promissory Note and only an entity who has interest in and owns both the Deed of Trust and Promissory Note may legally transfer the Note and Assign the Deed of Trust.** (See Exhibit 668 Page 3)

12. The Washington State Supreme Court **Unanimously Ruled** it could not decide the “legal effect” based on the evidence before it. (See Exhibit 668 Page 3)

13. Only violations of judicial procedure or improper application of judicial law can be presented in an appellate fashion in a Supreme Court in the United States.

14. The Washington State Supreme Court **Unanimously Ruled** that depending on the facts of the Case, a homeowner in Washington State may **have a Deceptive Trade Practices claim against Mortgage Electronic Registration Systems, Inc. under the Consumer Protection Act.** (See Exhibit 668 Page 4)

15. Thus, in the State of Washington, the State Supreme Court **certified** to the United States District Court **that the MERS System irrevocably destroys the Chain of Title.** Therefore, a **prudent and thoughtful person would conclude under IRS REIT and REMIC tax laws, a MERS MOM Mortgage executed in the State of Washington is a Non-Qualified Mortgage and the Chain of title is Broken.**

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16. The Oregon United States District Court asked the Oregon State Supreme Court to certify four (4) questions from four district court cases. The **Oregon State Supreme Court Case Number** is **SC S060281**. The **Federal District Court Case Numbers** are **3:11-CV-1533-SI, 2:12-CV-0010-HA, 3:11-CV-1390-HV** and **3:11-CV-1399-HZ**.

17. These four (4) cases involved Morgan Stanley ABS Capital I, Inc. Trust 2005-HE2, CWMBMS, Inc. CHL Mortgage Pass-Through Trust 2007-4, Alternative Loan Trust 2006-2CB and Alternative Loan Trust 2007-OH3 Residential Mortgage Back Securities under separate Federal actions.

(17A) The issuing entity, **Alternative Loan Trust 2006-2CB, is a collection of REMIC Certificates**. See the Tax Status Section on Pages 12 and 13 of the Free Writing Prospectus filed on January 31, 2006 under CIK # 0001349806 for Alternative Load Trust 2006-2C.

(17B) The issuing entity, **Alternative Loan Trust 2007-OH3, is a collection of REMIC Certificates**. See the Tax Status Section on Page S-13 of Free Writing Prospectus filed under CIK # 0001407668 on August 1, 2007 for Alternative Loan Trust 2007-OH3.

(17C) The issuing entity, CHL Mortgage Pass-Through Trust 2007-4, is a collection of REMIC Certificates. See Tax Status Section on Page S-23 of Prospectus Supplement filed under CIK # 0001407668 on August 1, 2007 for CHL Mortgage Pass-Through Trust 2007-4.

18. The four questions (**See Exhibit 669 Pages 2 and 3**) asked by the Oregon U.S. District Court were:

(18A) Can Mortgage Electronic Registration Systems, Inc. operate as a Beneficiary as defined in the Oregon Trust Deed Act, OTDA?

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(18B) Can Mortgage Electronic Registration Systems, Inc. be designated as a Beneficiary in the Deed of Trust and exercise any and all of the rights of the Mortgagee of the Deed of Trust and Promissory Note?

(18C) Does the transfer of a Promissory Note automatically result in the securing of the Deed of Trust which must be publicly recorded prior to the commencement of a non-judicial foreclosure?

(18D) Does OTDA allow Mortgage Electronic Registration Systems, Inc. to retain and transfer legal title to a Deed of Trust after the Promissory Note is transferred from the lender to an apparent Holder of the Note in Due Course or a series of apparent Holders of the Note in Due Course?

19. The Oregon State Supreme Court ruled that **Mortgage Electronic Registration Systems, Inc. cannot operate as a Beneficiary** as defined in OTDA. (See Exhibit 669 Page 3)

20. The Oregon State Supreme Court ruled that **Mortgage Electronic Registration Systems, Inc. is not eligible to act as a Beneficiary of the Deed of Trust** under OTDA and **may not exercise all of the rights of the Mortgagee of the Deed of Trust and Promissory Note.** (See Exhibit 669 Page 3)

21. The Oregon State Supreme Court ruled that under ORS 86.735(1) of OTDA **recordation of the Assignments of the Deed of Trust result from the Transfer of the Promissory Note to an apparent Holder in Due Course.** (See Exhibit 669 Page 3)

22. The Oregon State Supreme Court ruled that OTDA **does not allow Mortgage Electronic Registration Systems, Inc. to Assign the Deed of Trust as it Does Not Have either Beneficial interest of the Beneficiary nor the legal interest of the Trustee of the Deed of Trust.** The transfer of the Promissory Note is immaterial to this answer. (See Exhibit 669 Page 4)

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23. The **Oregon State Supreme Court** decide they are unable, with the evidence before them, to rule if Mortgage Electronic Registration Systems, Inc. has any authority to perform any act in a foreclosure action. (See Exhibit 669 Page 4)

24. The **Oregon State Supreme Court** answered back to the **Oregon United States District Court**, **Mortgage Electronic Registration Systems, Inc. cannot legally operate in the State of Oregon as a Beneficiary** as they define themselves in MERS MOM Mortgages. Therefore, it is clear that **MERS MOM Mortgages Break the Chain of Title**.

25. A prudent and thoughtful person would conclude that, under IRS REIT and REMIC tax laws, A MERS MOM Mortgage executed in the State of Oregon is a Non-Qualified Mortgage as the Chain of title is Broken.

26. Because of one hundred forty (140) plus years of precedent set by the 1872 U.S. Supreme Court ruling in Carpenter v. Longan, 83 U.S. 271, 274 (1872), when a financial institution separates the Deed of Trust (or mortgage) from the Promissory Note, **Both Become Nullities And Are Unenforceable**. Refer to McCarthy v Bank of America, 4:11-cv-356. (See Exhibit 659 PageID 239)

27. This precedent of the financially destructive effects of the separation of the Deed of Trust from the Promissory Note has **been upheld** in the **following Federal Appellate Court Cases**:

Baldwin v. State of Mo., 281 U.S. 586, 596 (1930) (Stone, J., concurring);

National Live Stock Bank v. First Nat'l Bank, 203 U.S. 296, 306(1906);

Kirby Lumber Co. v. Williams, 230 F.2d 330, 336 (5th Cir. 1956);

In re Veal, 450 B.R. 897, 916-17 (B.A.P. 9th Cir. 2011);

In re Vargas, 396 B.R. 511, 516 (Bankr. C.D. Cal. 2008);

In re Leisure Time Sports. Inc., 194 B.R. 859, 861 (B.A.P. 9th Cir. 1996);

Bellistri v. Ocwen Loan Servicing, L.L.C., 284 S.W.3d 619, 623 (Mo. Ct. App. E.D. 2009)

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28. Judge McBryde ruled in McCarthy v Bank of America (Case 4:11-cv-356) that **Mortgage Electronic Registration Systems, Inc.** and the **MERS System** in general assisted in the **irrevocable breaking of the Chain of Title.** (See Exhibit 659)

29. A prudent and thoughtful person would conclude that, under IRS REIT and REMIC tax laws, a **MERS MOM Mortgage** executed in the **State of Texas** is a **Non-Qualified Mortgage** and the **Chain of Title is Broken.**

30. The **Federal District Court** and **State Supreme Court** rulings in the **Commonwealth of Hawaii**, the **State of Washington**, the **State of Oregon** and the **State of Texas**, lead a reasonable, thoughtful and prudent person to conclude that **inclusions of MERS MOM Mortgages in a REMIC or RMBS Violates Federal Securities and Income Tax Laws** as the **identity of the Owner of the Deed of Trust and Holder of the Note in Due Course cannot be ascertained with 100% certainty.**

31. Therefore, the Mortgages executed in these States likely **disqualifies them from inclusion in any RMBS or REMIC.**

32. In the Case of the **RALI Series 2008-QR1 REMIC**, all of the **Loan Originators** are **MERS System Members.**

33. The **Loan Originators** for the **RALI Series 2008-QR1 REMIC** are **Homecomings Wholesale Funding (MERS OrgID 1000626)**, **Homecomings Financial, L.L.C. (MERS OrgID 1000434)**, **GMAC Mortgage, L.L.C. (MERS OrgID 1000375)**, **Wachovia Mortgage Corporation (MERS OrgIDs 1000137, 1000677, 1006487 and 1002329)**, **Mortgage IT, Inc. (MERS OrgID 101120)** and **SunTrust Mortgage, Inc. (MERS OrgID 10001004).**

34. The Standard Operating Procedure of these Originators was to **create the overwhelming majority of their loans within the MERS System.**

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35. Therefore, a thoughtful and prudent person would conclude that **all of the Mortgages** in the **RALI Series 2008-QR1 REMIC** and the **underlying Pass-Through Certificates** executed in **Hawaii, Texas, Oregon and Washington State** are **Non-Qualified Mortgages** because of their **Broken Chains of Title**.

36. The RALI Series 2006-QS11 had a value of \$588,180,143. Of this value, 14.60% of the aggregate value of the loans was generated in **Hawaii, Oregon, Texas and Washington State**. 14.6% is well in excess of the maximum 1% de minimis value. Therefore, the **RALI Series 2006-QS11 RMBS** was **Never A Qualified Real Estate Investment Trust And All Of The Subsequent Certificates And Securities Were And Still Are Fraudulent**.

37. The breakdown of the Mortgages in the RALI Series 2006-QS11 RMBS Prospectus Supplement are: **(See Exhibit 619 Page 197)**

- A. Hawaii: 20 mortgages totaling \$9,722,460 (1.65%)
- B. Oregon: 73 mortgages totaling \$16,016,572 (2.72%)
- C. Texas: 285 mortgages totaling \$41,418,662 (7.04%)
- D. Washington State: 85 mortgages totaling \$18,748,734 (3.19%)

38. The RALI Series 2006-QS12 had a value of \$424,164,277. Of this value, **13.29% of the aggregate value** of the loans was generated in **Hawaii, Oregon, Texas and Washington State**. **14.6% is well in excess of the maximum 1% de minimis value**. Therefore, one can conclude that the **RALI Series 2006-QS12 RMBS** was **Never a Qualified Real Estate Investment Trust** and all of the subsequent **Certificates** and **Securities Were And Still Are Fraudulent**.

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39. The breakdown of the mortgages in the RALI Series 2006-QS12 RMBS Prospectus Supplement are: **(Exhibit 619 Pages 326 and 327)**

- A. Hawaii: 5 mortgages totaling \$1,460,424 (0.34%)
- B. Oregon: 65 mortgages totaling \$12,517,168 (2.95%)
- C. Texas: 272 mortgages totaling \$31,670,272 (7.47%)
- D. Washington State: 53 mortgages totaling \$10,734,933 (2.53%)

40. Because the underlying **Trust Certificates At Their Inception Were Fraudulent**, the RALI Series 2008-QR1 was **Never Constructed As A Legal REMIC**. All of the REMIC entities, from the **REMIC Sponsor** to the **REMIC Trustee**, **Were Always Aware Of This Fraudulent Status**. The Cases cited are the ultimate adjudications in the respective States. Lawsuits similar to those cited above have proceeded against the **MERS System** since prior to 2008.

41. Because the **REMIC Was Never A REMIC**, the **Minimum Annual Federal Income Tax Burden, for each year** since the close of the REMIC, is **at least 35%** of the aggregate balance of the Certificates at the close of the REMIC. This value is roughly estimated to be **\$1,012,344,420 or \$1.012 Billion Dollars**.

42. Because the selling of the RALI Series 2008-QR1 Trust Certificates is based, at the close of the REMIC, on the **value of the underlying Trusts** which are **Fraudulent**, **All Monies Received In The Selling And Trading Of These Certificates Is Securities Fraud, Income Tax Fraud And Income Tax Evasion**.

43. The Affiant, to his best knowledge and belief, estimates that **the absolute minimum annual Income Tax liability is \$354,320,547 or \$354.3 Million dollars per Year** for each of the tax years from the closing of the REMIC to the present date.

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44. The Estimated **Total Minimum Income Tax Liability** without **Penalties, Interest** and **Increased Tax Liabilities** incurred from the **Trading and Selling** of these **Worthless Certificates (Securities)** would **Total Approximately \$2.126 Billion Dollars.**

45. The Affiant is not a qualified IRS Tax Auditor. From the research that has been accomplished, the Affiant hereby states emphatically, that, due to this lack of qualification, lack of access to thousands of financial records and the massive size of the Securities Fraud that has been clearly shown to be still ongoing today, all **research and financial indications are that Agency Investigations will uncover and calculate a much more significant Federal Income Tax Owed Amount that far exceeds the calculation capability of the Affiant.**

Jurat Affidavit Of Gregory C. Morse

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Section 34: Taxes Owed: By The Trust (REMIC) Industry

1. With the financial document access and calculation limitations outlined immediately above, there is no mathematically possible protocol that the Affiant can utilize to arrive at an accurate and specific number for **Federal Income Taxes owed by the Trust (REMIC) Industry.**
2. However, **Agency Investigations have the capabilities** not possessed by the Affiant to **determine this number.**
3. What the Affiant can unequivocally state is that **the evidence is overwhelmingly indicative** that, what has been done **by the Trust (REMIC)** into which the **Affiant's Mortgage** was **Illegally** placed, represents **the very same Illegal and Fraudulent procedures utilized by most, if not all, Trust (REMIC) Certificate selling entities** involved in the Mortgage Crisis.
4. A straightforward, logical and simplistic application forecast **methodology is to conclude** that, if the **Trust (REMIC) entity into which the Affiant's Mortgage** was Illegally placed owes approximately **\$2.126 Billion Dollars**, or an amount approximately in that range, then, with the **hundreds, and potentially thousands, of Trust (REMIC) entities** conducting **Illegal and Fraudulent Securities Trading Activities in the same or similar fashion**, the **Agency Investigation calculated** total amount of Federal Income Taxes, Penalties, Fees and Other Charges **will run into the Multi-Trillion Dollar range.**
5. This Multi-Trillion Dollar range is the number that needs to be identified and pursued as **this Fraudulent Financial Theft is one (1), if not THE, single largest contributing factor to the economic crisis existing in the Country today.**

Section 35: Fraud & Illicit Activities By Deutsche Bank &
Bradley Arant Boult Cummings, L.L.P.

1. Deutsche Bank, as REMIC Trustee, and its Law Firm Bradley Arant Boult Cummings, L.L.P. (BABC) have been associated for years. Both these entities are involved in attempting to Illegally cover up the destruction they have perpetrated on the Chain of Title on the Affiant's property.
2. The Affiant, based on accomplished research, can knowledgeably address the questionable and fraudulent actions conducted by Deutsche Bank and legally supported and defended by BABC.
3. The actions of these two (2) very large entities are indicative of the strategies being employed by many large Money Changers and their Law Firms. It is imperative that the actions of entities such as these are included in the scope of Agency Investigations as these actions are directly contributory to the continued destruction of Legal Due Process and the Rule of Law.
4. What follows is a Court Docket partial summary look into the behaviors and actions of these two (2) entities during their involvement in the Mortgage Crisis.
5. This Section is a partial summary only. Upon Agency Investigation, the innumerable Court Docket Document histories of the Illegal and Fraudulent behaviors of these entities are readily available and outline a despicable story of behavior that needs to be included in Agency Investigations such that punitive, legal and legislative measures, stimulated by Agency Investigation results, may be implemented to stop these behaviors and abuses.

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6. This Section demonstrates and evidences that **Deutsche Bank Trust Company Americas**, as **REMIC Trustee**, consistently and with the knowledge and assistance of **its law firm Bradley Arant Boulton Cummings, L.L.P. (Birmingham, Alabama)**, has plead in various State Superior, District, Courts of Appeal, State Supreme Courts, and in Federal District, Bankruptcy and Courts of Appeals engaged in activities that have robbed the Federal Government, the Treasury and American Citizens of **tens**, and **maybe hundreds**, of **Billions of Federal Income Tax Dollars and Interest** while **Violating 26 USC §§ 860A through 860G REMIC Tax Laws**.

7. By adding **Non-Qualified Mortgages to a Trust (REMIC)** in specific violation of 26 USC §860G, **Deutsche Bank, as the REMIC Trustee, abjectly failed in its final and ultimate responsibility** to insure that, all **Deeds of Trusts** and **Promissory Notes** purchased by the REMIC and given to the REMIC Custodian, could not be classified as Non-Qualified mortgages.

8. **Deutsche Bank**, as REMIC Trustee, **has the fiduciary responsibility** to the REMIC, purchasers of the REMIC Certificates, the homeowners of the mortgages included in the REMIC, and the citizens of the United States **to adequately supervise** the REMIC Sponsor, REMIC Depositor, REMIC Master Servicer, REMIC Sub-servicers and REMIC Custodian and **to insure their actions do not break the tax shelter status of the trust**.

9. To the best knowledge and belief of this Affiant, the **willful destruction** of the RALI Series 2008-QR1 Trust in which the Affiant's mortgage is included **amounted to the illegal withholding of hundreds of millions of dollars in Federal Income Tax fees and interest** for the tax years 2007, 2008, 2009, 2010, 2011, 2012 and 2013.

10. It is written that Jesus stated "...No man can serve two masters. He will love the one and forsake the other." This is no truer today.

11. In this Case, there exists a law firm, **Bradley Arant Boulton Cummings, L.L.P., Birmingham, Alabama**, which is attempting to accomplish just such a task.

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12. This firm, which dates back to the era of the Civil War and Reconstruction in the United States, is **among the top Fortune 125 Corporations in the United States.**

13. It has stretched its tentacles in many different arenas.

14. This Whistleblower Filing document concentrates on the offerings of the services of Bradley Arant Boult Cummings, L.L.P. to several financial institutions which offer residential mortgage services.

15. The companies in question are GMAC Mortgage, L.L.C., Homecomings Financial, L.L.C., Residential Accredited Loans, Residential Funding Company, Federal National Mortgage Association (Fannie Mae), Ally Bank (f/k/a GMAC Bank) and Ally Financial Inc.

16. Because of a qui tam (whistleblower) lawsuit by Attorney Lynn Szymoniak, The United States Attorney and others filed a proposed Consent Judgment of \$95 Million against **Bank of America, J.P. Morgan Chase, Wells Fargo, Citigroup and Ally Financial, Inc.**

17. This settlement is a part of the \$25 Billion Dollar Resolution between the United States, 49 State Attorneys General and the aforementioned five banking institutions. (See **Exhibit 696 Page 3**)

18. For the convenience of the reviewer, the Affiant has included a copy of the Second Amended Complaint of Lynn Szymoniak qui tam Federal Complaint filed under seal pursuant to 31 USC §3730(b)(2).

19. This sealed document is found on the Internet at: <http://mattweidnerlaw.com/wp-content/uploads/2013/08/complaint-symoniak-false-claimS.C.-Second-Amended-Complaint-ECF-3.pdf>. (See **Exhibit 697**)

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20. On May 14, 2012, **GMAC Mortgage, L.L.C., Homecomings Financial, L.L.C., Residential Accredited Loans, Inc., and Residential Funding Company, L.L.C.** filed individually and severally for **Chapter 11 Bankruptcy protection in the Southern District of New York United States Bankruptcy Court.**

21. In this action, they listed **Ally Bank, Fannie Mae and Ally Financial, Inc.** as some of **their creditors.**

22. This bankruptcy action is being jointly administered as the ResCap Bankruptcy with a **Case Number of 10-12020.**

23. To the Affiant's best knowledge and belief, **Deutsche Bank Trust Company Americas,** petitioned and was **granted Unsecured Creditor status.**

24. On **June 5, 2012,** in **Docket Document #225,** Joseph N. Cordaro, Assistant United States Attorney, on behalf of U.S. Attorney for the Southern District of New York Preet Bharara submitted a statement swearing that the Debtors service over **2.4 Million mortgage loans** that have an unpaid principle balance of **\$374.2 Billion dollars.** (See **Exhibit 698 Page 2 Paragraph 1**)

25. In his sworn statement, U.S. Attorney Preet Bharara stated that approximately **68% of the loans are owned by Fannie Mae, Freddie Mac and Ginnie Mae.** (See **Exhibit 698 Page 2 Paragraph 1**)

26. To the best knowledge and belief of the Affiant, **Fannie Mae and Freddie Mac** are, as of **the date of this Jurat Affidavit,** still **under the United States Citizens' conservatorship.**

27. This Conservatorship is administered by the Federal Agency, **Federal Housing Finance Agency.**

28. **Ginnie Mae** is a wholly owned Government Corporation **controlled by the Department of Housing and Urban Development.**

29. Therefore, **68% of the loans serviced by the Debtors are owned by the Citizens of the United States.**

30. The first Notice of a **Conflict of Interest** in the Bankruptcy proceedings was raised in **Docket Document #967 on August 1, 2012** on behalf of the **Official Committee of Unsecured Creditors.** (See Exhibit 699)

31. The Committee of Unsecured Creditors **raised objection to the retention** in this Bankruptcy action to the **firm of Bradley Arant Boult Cummings, L.L.C.** by **both the Debtors** and **Ally Financial, Inc.** (See Exhibit 699)

32. The Committee states that **BABC is acting as Special Litigation Counsel** and **Compliance Counsel.** (See Exhibit 699)

33. The Committee points out that **an important issue in this Bankruptcy** proceeding is the **relationship of all of the Debtors to their Non-Debtor parent company, Ally Financial, Inc.** (See Exhibit 699)

34. The Committee **asks the Court to only allow retention** of Bradley Arant Boult Cummings, L.L.C., for **legal service by the Debtors and NOT the Parent Company.** (See Exhibit 699)

35. The **Committee states that** although BABC is working on behalf of the Debtors, Ally Bank and Ally Financial, Inc., **all of BABC's fees have been paid 100% by GMAC Mortgage, L.L.C.** (See Exhibit 699)

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36. On **August 17, 2012**, one Creditor, Shane Haffey, swore through filed petition of his Counsel that there exists a conflict of interest because **BABC is representing Debtors** GMAC Mortgage, L.L.C., RALI, RFC, ResCap, individual employees of GMAC Mortgage, L.L.C. and **Creditors Deutsche Bank** and **Ally Bank**, in the U.S. 6th District Court of Appeals and the Western Kentucky U.S. District Court.

37. Because of the **damning evidence disclosed in the Szymoniak qui tam lawsuit**, the Federal Deposit Insurance Corporation **instituted The Interagency Review of Foreclosure Policies and Practices**. (See Exhibit 700)

38. One of the outcomes of this Foreclosure Review is the need for **Banks to insure compliance with interagency guidelines**:

39. **Appendix A to Part 364 I.iv**. If an agency determines that an institution fails to meet any standard established by guidelines under subsection (a) or (b) of section 39, the agency may require the institution to submit to the agency an acceptable plan to achieve compliance with the standard. In the event that an institution fails to submit an acceptable plan within the time allowed by the agency or fails in any material respect to implement an accepted plan, the agency must, by order, require the institution to correct the deficiency. The agency may, and in some cases must, take other supervisory actions until the deficiency has been corrected. (See Exhibit 701 Page 3)

40. Because of these findings and rulings, both the **fourteen (14) Banking institutions** and their **Mortgage Servicers must have an independent compliance counsel** and an **independent special litigation counsel**.

41. **Bradley Arant Boult Cummings, L.L.P.** is serving in **Both Capacities** in the mandated **Federal Foreclosure Review Process**.

42. The **Legal and Ethical Conflict** by this **simultaneous serving in Both Capacities** is **apparent** and serves to **undermine the legitimacy of the Bankruptcy Court proceeding**.

43. See the appearances of the attorneys in this pleading in which **Bradley Arant Boulton Cummings, L.L.P.** is identified **by the Bankruptcy Court** as the **Special Litigation and Compliance Counsel for Residential Capital, LLC, et al.** (See Exhibit 703 Page 1)

44. This is the basis for the Complaints of Conflict of Interest of **Creditor Haffey** and the **Official Committee of Unsecured Creditors** filed in the ResCap Bankruptcy action in the Southern New York U. S. Bankruptcy Court, Case 12-12020 MG Jointly Administered. (See Exhibits 699 and 703 thru 708)

45. The **Attorneys from the Birmingham, Alabama office of Bradley Arant Boulton Cummings L.L.P.** who have and/or are **representing both Creditors and Debtors listed in this Bankruptcy action**, several **U.S. District Court** and **U.S. Court of Appeals** litigation actions include but are not limited to:

- A. **Hope T. Cannon** (Bar No. 24077276)
- B. **D. Brian O'Dell** (TX Bar No. 24044319)
- C. **Preston H. Neel** (Bar No. 24072254)
- D. **Graham W. Gerhardt** (Bar No. 24075698)
- E. **Richard Aaron Chastain**

46. In the Affiant's Federal Case in the Eastern Texas U. S. District Court, a number of these same Attorneys from Bradley Arant Boulton Cummings, L.L.P. **are representing Fannie Mae, GMAC Mortgage, L.L.C., Homecomings Financial, L.L.C., MERSCORP, Inc. and MERS** against the Affiant.

47. Until **September 9, 2013**, **Bradley Arant Boult Cummings, L.L.P.** also **represented Ally Bank** in the Affiant's Federal Case in the Eastern District of Texas.

48. This Case, and the Related Case filed by the Affiant were initiated on **April 26, 2011**.

49. The Federal Case (4:12-cv-375) is still in the Federal District Court, Eastern District of Texas.

50. The Affiant has researched the legal relationship between GMAC Mortgage, L.L.C. and BABC and, to the best knowledge and belief of the Affiant, this Attorney-Client relationship precedes the filing of a Federal Complaint filed by Taylor, Bean & Whitaker Mortgage Corporation against GMAC Mortgage Corporation (*sic*). **(See Exhibit 709)**

51. GMAC Mortgage has used variations of its name in an attempt to confound opposing litigants and to waste the various Courts' time with Complaints that the opposing litigants are not referring to BABC's Client by the appropriate name.

52. This affiant has various filings by Bradley Arant Boult Cummings, L.L.P. that the official name of GMAC Mortgage of Pennsylvania is GMAC Mortgage Corporation, L.L.C. and GMAC Mortgage, LLC.

53. Either way, the corporation **GMAC Mortgage** which resides in Port Washington, Pennsylvania has been represented in **Federal Court** by **Bradley Arant Boult Cummings, L.L.P. since 2005**.

54. **Bradley Arant Boult Cummings, L.L.P.** has represented the **ResCap/Ally Financial, Inc.** family of Corporations, several of their **REMICs and Residential Mortgage Backed Securities** and **Deutsche Bank** in a cornucopia of **Federal Complaints, Dept. Of Justice Investigations, Federal Comptroller of the Currency Investigations, FDIC Investigations and Securities and Exchange Commission Investigations**.

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55. To the best knowledge and belief of the Affiant, a prudent person would **reasonably assume** that **Bradley Arant Boult Cummings, L.L.P.** is **intimately familiar legally** with the **legal requirements** of the **Pooling and Servicing Agreements** and **Trust Agreements** of the various **REMICs** and **RMBS** because of the **Originators, Servicers, Custodians, Depositors** and **Trustees** of the various **REMICs** and **RMBS** they have defended in various legal actions since **2005**.

56. Yet, **BABC** continues to represent these **Clients** although they have consistently admitted they have violated many of the legal rules stipulated in the operating procedures of the **RMBS** and the **Federal Income Tax Exempt REMICs**.

57. To the best knowledge and belief of the Affiant, **all of the RALI Trusts** SERIES 2007-QS1, RALI SERIES 2007-QO4, RALI SERIES 2007-QH4, RALI SERIES 2006-QO7, RALI SERIES 2007-QS5, RALI SERIES 2006-QS7, RALI SERIES 2007-QO2, RALI SERIES 2006-QS11, RALI SERIES 2007-QS4, RALI SERIES 2006-QA4, RALI SERIES 2006-QA6, RALI SERIES 2006-QA7, RALI SERIES 2006-QA8, RALI SERIES 2006-QA10, RALI SERIES 2006-QA11, RALI SERIES 2007-QA1, RALI SERIES 2007-QA2, RALI SERIES 2007-QO3, RALI SERIES 2007-QA3, RALI SERIES 2007-QA5, RALI SERIES 2007-QH8, RALI SERIES 2007-QH9, RALI SERIES 2007-QO5, RALI SERIES 2007-QS11, RALI SERIES 2007-QS6, RALI SERIES 2006-QS8, RALI SERIES 2006-QS9, RALI SERIES 2007-QS7, RALI SERIES 2007-QH2, RALI SERIES 2007-QH5, RALI SERIES 2007-QH6, RALI SERIES 2006-QS18, RALI SERIES 2006-QO10, RALI SERIES 2006-QO3, RALI SERIES 2006-QO6, RALI SERIES 2007-QH3, RALI SERIES 2007-QS2, RALI SERIES 2006-QO9, RALI SERIES 2006-QO8, RALI SERIES 2006-QO5, RALI SERIES 2006-QA5, RALI SERIES 2006-QA9, RALI SERIES 2006-QH1, RALI SERIES 2006-QO4, RALI SERIES 2006-QS5, RALI SERIES 2006-QS16, RALI SERIES 2006-QS17, RALI SERIES 2007-QH1, RALI SERIES 2007-QO1, RALI SERIES 2007-QS3, RALI SERIES 2007-QA4, RALI SERIES 2007-QH7, RALI SERIES 2007-QS8, RALI SERIES 2007-QS10, RALI SERIES 2006-QS12, RALI SERIES 2006-QS13, RALI SERIES 2006-QS6, RALI SERIES 2007-QS9 AND RALI SERIES 2006-QS15 **elected to become Federal Income Tax Exempt REMICS on their closings.**

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58. The Prospectus for each of these Trusts may be found in the United States Securities and Exchange Edgar Database which is located at: <http://www.secdatabase.com/Filing/Search/0>

59. The above statement is based on the legal notice of pending Class Action and Proposed Settlement listed at: <http://www.prnewswire.com/news-releases/cohen-milstein-sellers--toll-pllc-announce-summary-notice-of-pendency-of-class-action-and-proposed-settlement-settlement-fairness-hearing-and-motion-for-reimbursement-of-litigation-expenses-for-the-rali-mbs-litigation-214888271.html> of the Federal Complaint Case Number **08-8781-HB** in the Southern New York U.S. District Court with the stylized title of **New Jersey Carpenters Health Fund, et al., Plaintiffs, v. Residential Capital, LLC, et al., Defendants.** (See Exhibit 710)

60. This Federal Complaint, on behalf of Certificate purchasers, was filed by the firm of Cohen Milstein Sellers & Toll P.L.L.C. of 88 Pine Street, 14th Floor, New York, New York 10005.

61. The following Case Outline Summaries **document the involvement of Bradley Arant Boult Cummings, L.L.P. with Deutsche Bank** in numerous significant adjudicated **Cases in which the Fraudulent utilization of Federal Income Tax Exempt shelters and vehicles were the basis for litigation.**

62. These **Cases prove that Deutsche Bank, in union with Bradley Arant Boult Cummings, L.L.P., are a well-experienced and versed team that is not reticent to Fraudulently exploit Federal Income Tax Exempt shelters and vehicles just as they have done to the Affiant and to Millions of others damaged by the Mortgage Crisis.**

63. Reference **Federal District Court Case: Chew v. KPMG, L.L.P.** heard in the Southern District of Mississippi, Case Number **3:04-CV-748BN, 407 F.Supp.2d 790 (2006).** Date of Order was **January 9, 2006.** (See Exhibit 711)

64. The Plaintiffs in this Case paid **\$16 Million dollars of Federal Income Taxes and Interest** due to **investing in an illegal tax shelter** named **Offshore Portfolio Investment Strategy**, which was operated by **Deutsche Bank** and others. (See Exhibit 711 Page 4 Last Paragraph)

65. The Plaintiffs **paid these back taxes and interests to the Internal Revenue Service** for the years **1999 thru 2002**. (See Exhibit 711 Page 4 Second Paragraph)

66. The Plaintiffs allege that **they paid over \$8 Million dollars in fees to the Defendants**. (See Exhibit 711 Page 4 Last Paragraph)

67. This is **concrete evidence that Deutsche Bank has engaged in questionable tax shelters for at least the last fifteen (15) years and has left its Clients holding the bag for back taxes when these Clients were challenged.**

68. The following Paragraphs are excerpts from the Opinion and Order of U.S. District Judge Barbour.

69. "This cause of action arises out of Defendants' promotion and sale of a tax shelter to Plaintiffs, which was designed to avoid or limit the tax liability of Plaintiffs resulting from the sale of their family business. The tax shelter is called the Offshore Portfolio Investment Strategy, also referenced as "OPIS" or "strategy."¹ (See Exhibit 711 Page 3)

70. Regarding the OPIS, the Complaint states:

A. KPMG would market the transaction to long-term wealthy Clients of itself and the other participants.

B. Presidio, as the investment advisor, provided the design and rhetoric to recast the tax strategies as investment strategies.

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C. The **Deutsche Defendants would provide financing and nominal investment transactions that provided the investment "cover" to disguise the tax driven motives.**

D. Brown & Wood would provide the purportedly "independent" opinion letters blessing the strategy and supposedly insulating the Clients from Internal Revenue Service penalties in the event of an audit. (See Exhibit 711 Pages 3-4)

E. "These Defendants **repeatedly reiterated** to Plaintiffs **that the OPIS transaction was a legal tax shelter.**" Id. at p. 36, ¶ 80.

71. However, beginning in 1999 and continuing through 2002, the **IRS took the position that losses based on investment strategies such as the OPIS were invalid for tax purposes.**

72. Nevertheless, the **Defendants allegedly persisted in advising the Plaintiffs that the OPIS tax strategy continued to be valid.** Id. at p. 38, ¶ 87.

73. In late 2001, the **IRS offered a "disclosure initiative" which allowed participants in the OPIS** and similar investment strategies the opportunity to disclose information regarding their transactions.

74. In return, the **IRS would forego assessing penalties** based on the transactions.

75. In April 2002, the Plaintiffs **enrolled in the disclosure initiative** program.

76. In October 2002, the IRS initiated another plan in which it offered to finally settle the dispute by allowing **OPIS participants to avoid penalties and to recognize approximately twenty percent of claimed capital losses relating to their OPIS transactions.**

77. The Plaintiffs accepted this offer and, **as a result of the ensuing IRS audit, the Plaintiffs allegedly paid over \$16 Million dollars in back taxes and interest.** Complaint, p. 39, ¶ 93.

78. The Plaintiffs also allege that they will owe additional back taxes, penalties and interest to the **Mississippi State Tax Commission**. Id. at p. 40, ¶ 95.

79. The **Plaintiffs** finally contend that they **expended \$8 Million dollars in fees** paid to Defendants for **executing the OPIS transactions**. Id. at p. 44, ¶ 106. (See **Exhibit 711 Page 4**)

80. **THE DEFENDANTS WERE REPRESENTED, IN PART, BY THE JACKSON, MISSISSIPPI OFFICE OF BRADLEY ARANT.**

81. Reference **State Court Case: Efrain Galvez and Nancy Martin (Appellants) v. Deutsche Bank National Trust (Appellee)** heard in the Florida State Third District Court of Appeals, Case Number **3D12-2345**. Date of Opinion was **March 20, 2013**. (See **Exhibit 712**)

82. Bradley Arant Boulton Cummings, L.L.P. **represents Deutsche Bank** in civil litigation although the **foreclosure actions of Deutsche Bank are highly questionable**.

83. The Appellants won an appeal of a lower court order dismissing with prejudice their State Petition where **they alleged that Deutsche Bank processed a fraudulent foreclosure action against them four years earlier**.

84. **Deutsche Bank was represented** in Federal Court by **Bradley Arant Boulton Cummings, L.L.P.**

85. **Florida Rule of Civil Procedure 1.540(b)** entitled "**Mistakes; Inadvertence; Excusable Neglect; Newly Discovered Evidence; Fraud; etc.**" reads as follows.

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86. On motion and upon such terms as are just, the court may relieve a party or a party's legal representative from a final judgment, decree, order, or proceeding for the following reasons:

(1) mistake, inadvertence, surprise, or excusable neglect;

(2) newly discovered evidence which by due diligence could not have been discovered in time to move for a new trial or rehearing;

(3) fraud (whether heretofore denominated intrinsic or extrinsic), misrepresentation, or other misconduct of an adverse party;

(4) that the judgment or decree is void; or

(5) that the judgment or decree has been satisfied, released, or discharged, or a prior judgment or decree upon which it is based has been reversed or otherwise vacated, or it is no longer equitable that the judgment or decree should have prospective application.

87. The motion shall be filed within a reasonable time, and for reasons (1), (2), and (3) not more than 1 year after the judgment, decree, order, or proceeding was entered or taken.

88. A motion under this subdivision does not affect the finality of a judgment or decree or suspend its operation.

89. This rule does not limit the power of a court to entertain an independent action to relieve a party from a judgment, decree, order, or proceeding or to set aside a judgment or decree for fraud upon the court.

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90. Reference **State Court Case: Jean W. Phadeal (Appellant) v. Deutsche Bank Trust Company Americas as Trustee for RALI 2007QS9 (Appellee)** heard in the Florida State Fourth District Court of Appeals, Case Number **4D11-905**. Date of Opinion was **February 8, 2012**. (See Exhibit 713)

91. **Deutsche Bank is the Trustee** for the RALI 2007-QS9 Trust which **declared itself a REMIC** on July 30, 2009. (See Exhibit 714 Page 7)

92. **As the Trustee** of the REMIC, **Deutsche Bank has the final responsibility to insure** that all the **Deeds of Trust and Promissory Notes** have been **legitimately purchased and transferred to protected storage under control of the REMIC Custodian**. (See Exhibit 714 Page 130)

93. **Bradley Arant Boult Cummings, L.L.P. represents Deutsche Bank** in this legal action although this **law firm knows that Deutsche Bank has violated its fiduciary responsibilities of the REMIC Trust Agreement** and has thus **voided the status of the REMIC Trust as a legal Tax Exempt Shelter** under **26 USC §860G(a)(3)** because of the inclusion of Non-Qualified Mortgages after the closing date of the REMIC. (See Exhibits 713, 714)

94. On July 29, 2009, Deutsche Bank filed a two-count mortgage foreclosure complaint against Jean Phadael.

95. Count 1 sought to re-establish a Promissory Note, **alleging that the Original Note was lost or destroyed**, that Deutsche Bank “is the owner of said note,” and that Deutsche Bank was in possession of the Note when the loss of possession occurred. (See Exhibit 713 Page 4)

96. On or about the same day as the summary judgment hearing, **Deutsche Bank filed in the Circuit Court what they said was the Original Note, the Original Mortgage, and an “Amended Affidavit of Indebtedness.”**

Jurat Affidavit Of Gregory C. Morse In Support Of
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EXHIBIT 723

97. The Original Note contained an **undated Special Endorsement in favor of Deutsche Bank.**

98. Additionally, the **Amended Affidavit** of Indebtedness stated that **Deutsche Bank was “the designated holder of the mortgage and note,”** and that Phadael defaulted under the terms of the Note and Mortgage. (See Exhibit 713 Pages 4-5)

99. **Foreclosure Sale Notice:** Location: 8577 Gateway Dr., Monticello, MN 55362 in Wright County, Minnesota. Date of Mortgage Assignment: Deutsche Bank Trust Company Americas as Trustee for RALI 2007QS9, Dated: February 16, 2012 (See Exhibit 715).

100. **Deutsche Bank has violated its fiduciary responsibilities of the REMIC and thus voided its status as a legal REMIC under 26 USC §860G(a)(3) because of the inclusion of Non-Qualified Mortgages and including a Mortgage after the closing date of the REMIC.**

101. According to the legal notice, **Deutsche Bank has assumed this Non-Qualified Mortgage five (5) years after its closing date as a REMIC.** (See Exhibit 714 Page 130 and Exhibit 715)

102. Reference **Federal Court of Appeals Case: Rex T. Gilbert, Jr. Daniela L. Gilbert, Plaintiffs-Appellants, v. Residential Funding LLC; GMAC Mortgage LLC; Deutsche Bank Trust Companies Americas, as Trustee for Residential Accredit Loans, Incorporated, Defendants-Appellees, and David A. Simpson, Substitute Trustee** heard in the United States Fourth Circuit Court of Appeals, Case Number **10-2295**. Date of Court Opinion was **May 3, 2012**. (See Exhibit 716)

103. This is a **landmark ruling** by the U.S. 4th Circuit Court of Appeals in that **a homeowner only has to notify the lender or mortgage servicer in writing of a rescission of a mortgage contract within three (3) years of the closing of the mortgage based on TILA violations.** (See Exhibit 716 Pages 6 and 7)

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104. In this Case, **Bradley Arant Boult Cummings, L.L.P.** represented **Deutsche Bank Trust Company.** (See Exhibit 716 Page 2)

105. **Deutsche Bank is the Trustee of a RALI Series Trust.** (See Exhibit 716 Page 1)

106. The actual Trust is not named in this Court Opinion.

107. The Plaintiffs showed the Federal Court through decisions by the North Carolina State Court of Appeals that **Deutsche Bank as RALI Trustee obtained the Deed of Trust and the Promissory Note through Illicit and Fraudulent means.** (See Exhibit 716 Page 5 Beginning At 3rd Paragraph and Continuing to Page 6)

108. To prove this point, the Gilberts showed that one of the affiants to the mortgage transfer documents and to the declaration that Deutsche Bank was the Holder of the Note in Due Course has on **several occasions lied in his affidavits** and was **cited for these Fraudulent acts** in an unrelated case in the **U.S. District Court of Maine.** (See Exhibit 716 Page 4 Last Paragraph and Page 5 3rd Paragraph and Continuing to Page 6)

109. The Gilberts **proved without exception** that **Deutsche Bank as Trustee to a REMIC and their agents lied, cajoled and committed Fraudulent acts in obtaining their mortgage documents.**

110. A prudent and thoughtful person would **seriously wonder why a 100 plus year old law firm would continue to represent a Client** who has a **proclivity to violate Trust Laws and Federal Income Tax Statutes** to the detriment of the Citizens of the United States and to **rob the Federal Government of legitimate Income Tax revenues.**

111. The background information can be found in the following excerpts of the Decision of the 4th Circuit Court of Appeals.

112. On May 5, 2006, Rex Gilbert executed an Adjustable Rate Note with First National Arizona to refinance the existing lien on the subject property. **(See Exhibit 716 Page 3)**

113. Pursuant to the terms of the Note, Mr. Gilbert agreed to pay a principal amount of \$525,000 plus interest to the Bank. **(See Exhibit 716 Page 3)**

114. Thereafter, according to the District Court, First National Arizona transferred its interest in the Gilberts' Mortgage to First National Bank of Nevada then the First National Bank of Nevada transferred its interest in the Mortgage to RFL and RFL sold its interest to **Deutsche Bank, as the Trustee for RAL.**

115. See Gilbert v. Deutsche Bank Trust Co. Ams., No. 09-CV-181-D, 2010 WL 2696763, at *1 (E.D.N.C. July 7, 2010). **(See Exhibit 716 Page 3)**

116. The Gilberts defaulted on the loan in 2008. **(See Exhibit 716 Page 4)**

117. Subsequently, Deutsche Bank chose Simpson as the Substitute Trustee of the Deed of Trust. Id. On March 12, 2009, Simpson filed a foreclosure action against the Gilberts in the Hyde County Superior Court. **(See Exhibit 716 Page 4)**

118. On June 2, 2009, the Clerk of the Hyde County Superior Court conducted a foreclosure hearing, after which she entered a June 17, 2009 Order allowing Simpson to proceed with the foreclosure. **(See Exhibit 716 Page 4)**

119. According to the Order, the Clerk found that Deutsche Bank was the Holder of the subject Note and Deed of Trust and that the Note evidenced a valid debt. **(See Exhibit 716 Page 4)**

120. The Gilberts appealed to the Hyde County Superior Court. **(See Exhibit 716 Page 4)**

121. Following a "de novo" hearing on the matter on August 18, 2009, the Superior Court allowed the foreclosure proceeding to go forward. **(See Exhibit 716 Page 4)**

122. In doing so, the Court relied in part on an Affidavit signed by Jeffrey Stephan, a signing officer for GMAC, certifying the validity of the indebtedness pursuant to the Note as well as Deutsche Bank's status as the current Owner and Holder of the Note. **(See Exhibit 716 Pages 5-6)**

123. The Gilberts appealed that decision to the North Carolina Court of Appeals. **(See Exhibit 716 Page 4)**

124. On September 14, 2009 while their Appeal was pending, the Gilberts filed suit in the Hyde County Superior Court against the Appellees seeking, among other things, to enjoin the mortgage foreclosure sale and to rescind their May 5, 2006 loan.

125. The Gilberts further maintained that Deutsche Bank was without authority to enforce the Note because of a defect in the allonge which granted Deutsche Bank an interest in the Note.

126. The Appellees removed the Gilberts' suit to the District Court and subsequently filed a motion to dismiss the Complaint, which the District Court granted. **(See Exhibit 716 Page 5)**

127. After becoming aware that Jeffrey Stephan had engaged in improper Affidavit practices in unrelated cases, the Gilberts filed with the District Court a Motion for relief pursuant to Rule 60(b) of the Federal Rules of Civil Procedure and Rule 12.1 of the Federal Rules of Appellate Procedure.

128. On May 3, 2011, the North Carolina Court of Appeals **reversed** the Superior Court's decision to allow Simpson to proceed with a foreclosure sale, finding that **"the record is lacking of competent evidence sufficient to support that [Deutsche] is the owner and holder of Mr. Gilbert's note and deed of trust."**

129. **In re Simpson, 711 S.E.2d 165, 175 (N.C. Ct. App. 2011).** The Court was also troubled by the fact "that [GMAC] was recently found to have submitted a false affidavit by Signing Officer Jeffrey Stephan in a motion for summary judgment against a mortgagor in the United States District Court of Maine." **Id. at 173 n.2.**

130. The Gilberts subsequently supplemented their Rule 60(b) motion with a copy of the Simpson opinion. **(See Exhibit 716 Pages 5-6)**

131. "... we are not concerned with whether the contract has been effectively voided. A court must make a determination on the merits as to whether that should occur. Instead, the question presented here is whether the Gilberts exercised their right to rescind with the April 5, 2009 letter. Based on the plain meaning of the applicable statute and regulation, we answer that question in the affirmative." **(See Exhibit 716 Page 10)**

132. Next, the Gilberts argue that the District Court's decision to dismiss their claim for rescission on the basis that the Appellees are Assignees and not Creditors was improper. Appellees do not appear to disagree.

133. Section 1641(c) states, "Any consumer who has the right to rescind a transaction under section 1635 of this title may rescind the transaction as against any assignee of the obligation." 15 U.S.C. § 1641(c). The district court's holding to the contrary is reversible error. **(See Exhibit 716 Page 11)**

134. According to the Gilberts, the District Court also erred in deciding that all of their money damages under TILA are barred by the one-year statute of limitations. We agree. **(See Exhibit 716 Page 11)**

135. "... Inasmuch as the Gilberts filed this lawsuit on September 14, 2009, their TILA claim for damages for GMAC's refusal to honor their right to rescind is not time barred." **(See Exhibit 716 Page 12)**

136. Consequently, they have properly pled a usury claim pursuant to Swindell.

137. Although not argued by the parties or referenced below, on remand, the District Court should consider whether North Carolina General Statute Section 24 ... are applicable. **(See Exhibit 716 Page 14)**

138. "Inasmuch as we have held that certain of the Gilberts' TILA and usury claims should go forward, and because we are of the opinion that the Gilberts have set forth a sufficient factual basis for these claims, we hold that their unassigned NCUOTPA claims should be allowed to proceed as well." **(See Exhibit 716 Page 15)**

139. But, as noted above, on May 3, 2011, the North Carolina Court of Appeals reversed the State Trial Court's decision that allowed Simpson to proceed with a foreclosure sale, finding that **"the record is lacking of competent evidence sufficient to support that [Deutsche] is the owner and holder of Mr. Gilbert's note and deed of trust."**

140. In re Simpson, 711 S.E.2d at 175. As such, res judicata no longer bars the Gilberts from litigating whether Deutsche has authority to enforce the note. **(See Exhibit 716 Page 16)**

141. In the case of the Gilberts et al vs. Residential Funding, GMAC Mortgage, L.L.C., Deutsche Bank Trust Companies America et al., the U.S. 4th Circuit Court of Appeals made following determinations:

A. A homeowner has three years to rescind a transaction under section 1635 against the loan originator and/or any assignee of the obligation in accordance with 15 USC §1641(c).

B. Any loan originator and/or assignee of the mortgage obligation may not reject a notice of rescission from a homeowner without violating TILA statutes.

C. Once a properly filed notice of rescission is rejected by the loan originator and/or any assignee of the mortgage contract, there is no statute of limitations for filing damages under TILA violations.

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D. Because of a material defect in an attached **allonge to a Promissory Note endorsed in blank, Deutsche Bank is not the Holder of the Note and the Deed of Trust.**

E. The Court ruled that an affidavit signed by **Jeffery Stephan, signing officer for GMAC Mortgage, L.L.C. was invalid and false.**

F. Because the Appellants showed proof from a non-related case from the U.S. District Court in Maine that **one of the Deutsche Bank's affiants had been cited for filing false Affidavits in the past**, the Appellants could **rightfully challenge Deutsche Bank's standing to foreclose.**

G. Since the Appellants established TILA and usury claims, **it is appropriate for the District Court to hear unassigned Deceptive Trade Practices claims.**

H. If Deutsche Bank cannot prove its standing in the foreclosure matter, the foreclosure complaint must be denied without prejudice.

I. The case was remanded to the District Court for proper adjudication in light of the aforementioned corrections of the District Court and Superior Court judicial errors and special instructions from the 4th Circuit Court of Appeals.

142. Reference **State Court Case: Deutsche Bank Trust Company America f/k/a Bankers Trust Company as Trustee v. Louis J. Ochoa a/k/a Luis J. Ochoa** heard in the Louisiana State Fifth District Court of Appeals, Case Number **12-CA-800**. Date of Opinion was **May 23, 2013. (See Exhibit 717)**

143. It was proven in the North Carolina Court of Appeals on May 3, 2011 that Affidavits by Jeffery Stephan who in times past has identified himself as a Certifying Officer for GMAC Mortgage, L.L.C. were fraudulent in nature by the submission of a copy of *In re Simpson*, 711 S.E.2d 165, 175 (N.C. Ct. App. 2011) which included cites from the US District Court of Maine. **(See Exhibit 716 Page 6)**

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144. In the 5th Circuit Court of Appeals, Attorneys from **Bradley Arant Boulton Cummings, L.L.P.** used a **fraudulent affidavit from Jeffrey Stephan**, now a signing officer for Deutsche Bank, to **defraud the Defendant on this foreclosure action of his home in the state of Louisiana.** (See Exhibit 717 Page 7)

145. **Bradley Arant Boulton Cummings has been aware of the fraudulent nature of affidavits from Jeffrey Stephan since May 3, 2011** when they represented Deutsche Bank in the North Carolina Court of Appeals **in its action against the Gilberts.** (See Exhibit 716 Page 6)

146. A prudent person would wonder why this very large Law Firm represents a Client who has a proclivity for apparently violating Trust Laws and Federal Income Tax Statutes. In this case, there is no reference in the Opinion of the Court why **Deutsche Bank lists itself as a Trustee of an institution it purchased in 2002.** (See Exhibit 717 Page 8 Footnote 1)

147. Although armed with this information, BABC assisted their client, Deutsche Bank in successfully foreclosing on the Defendant in this case, Louis Ochoa. Although the State Court of Appeals sided with Deutsche Bank in its foreclosure, the Court affirmed that the Defendant still has the right to sue Deutsche Bank for damages. (See Exhibit 717 Page 8)

148. With its original petition for executory process, **Deutsche Bank submitted an affidavit/verification from Jeffrey Stephan**, as a representative of Deutsche Bank, who **declared that he is familiar with the mortgage obligation** described in the petition for executory process and that based on the business records pertaining thereto, all of the allegations in the petition for executory process are true and correct. (See Exhibit 717 Page 7)

149. Footnote 1: Deutsche Bank asserts that it purchased Bankers in November of 1998 and that it changed the name of Bankers to **Deutsche Bank Trust Company Americas** in April of 2002. (See Exhibit 717 Page 8)

150. Footnote 2: The promissory note is endorsed by Sebring to Residential Funding Corporation and then from Residential Funding Corporation to Bankers Trust Company as Trustee. (See Exhibit 717 Page 9)

151. Reference **State Court Case: Deutsche Bank Trust Company America as Trustee, Plaintiff/Appellee v. Cory L. Richardson, Defendant/Appellant et al.** heard in the Oklahoma State Supreme Court, Case Number **109999, 2012 OK 15, 273 P.3d 50.** Date of Opinion was **February 28, 2012.** (See Exhibit 718)

152. **Deutsche Bank**, represented by **Bradley Arant Boult Cummings, L.L.P.** loses in the **Oklahoma State Supreme Court** when it **finds that Deutsche Bank has not established standing in bringing a foreclosure action against the Defendants.** (See Exhibit 718 Pages 3-4 Paragraphs 6-12)

153. The **Court completely reversed the Summary Judgment of the Oklahoma County District Court** that had **previously favored Deutsche Bank.** (See Exhibit 718 Page 4)

154. The State Supreme Court had a serious problem with the actions of Deutsche Bank and their lawyers: (See Exhibit 718 Pages 1 thru 3 for reference on the following Paragraphs quotes)

155. ¶1 In a petition filed on October 15, 2010, Deutsche Bank National Trust Company, as trustee, (hereinafter Deutsche Bank), alleging to be the "present holder" of the note and mortgage, initiated a foreclosure action against Cory L. Richardson (hereinafter Richardson). A review of the note, filed as an exhibit to the Motion for Summary Judgment, filed May 26, 2011, reveals an undated blank endorsement. This blank endorsement was filed with the lower court for the first time in the Motion for Summary Judgment. Nowhere in the original petition did Deutsche Bank reference the undated blank endorsement.

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156. ¶2 WMC Mortgage Corporation (hereinafter WMC) was the original lender. Deutsche Bank filed with the County Clerk of Oklahoma County, a document entitled "Assignment of Real Estate Mortgage" on February 22, 2011. This document, which was dated February 15, 2011, claimed the assignment to be effective as of December 28, 2010. This was four months after the filing of the petition to foreclose.

157. ¶4 Appellant argues Appellee does not have standing to bring this foreclosure action. Although Appellee has argued it holds the note, the record demonstrates conflicting evidence as to when Appellee became entitled to enforce the note. Appellee has presented evidence of an endorsement in blank, not at the time of filing the original petition (October 15, 2010), but attached as an exhibit to the motion for summary judgment filed May 26, 2011. The purported "assignment of mortgage" was filed on February 15, 2011, claiming to be effective December 28, 2010, four months after the filing of the original petition to foreclose.

158. ¶6 To commence a foreclosure action in Oklahoma, a plaintiff must demonstrate it has a right to enforce the note and, absent a showing of ownership, the plaintiff lacks standing. *Gill v. First Nat. Bank & Trust Co. of Oklahoma City*, 1945 OK 181, 159 P.2d 717. An assignment of the mortgage, however, is of no consequence because under Oklahoma law, "[p]roof of ownership of the note carried with it ownership of the mortgage security." *Engle v. Federal Nat. Mortg. Ass'n*, 1956 OK 176, ¶7, 300 P.2d 997, 999. Therefore, in Oklahoma it is not possible to bifurcate the security interest from the note. *BAC Home Loans Servicing, L.P. v. White*, 2011 OK CIV APP 35, ¶ 10, 256 P.3d 1014, 1017. Because the note is a negotiable instrument, it is subject to the requirements of the UCC. A foreclosing entity has the burden of proving it is a "person entitled to enforce an instrument" by showing it was "(i) the holder of the instrument, (ii) a non-holder in possession of the instrument who has the rights of a holder, or (iii) a person not in possession of the instrument who is entitled to enforce the instrument pursuant to Section 12A-3-309 or subsection (d) of Section 12A-3-418 of this title." 12A O.S. 2001 §3-301.

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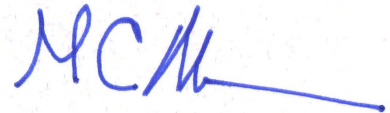
159. The Court ruled that one only has standing in a foreclosure action when they can prove at the filing of the foreclosure that they are:

(1) the Holder of the Note in due course and **present the Promissory Note** prior to the initial filing of the foreclosure lawsuit.

(2) the Non-Holder of the Note who has the rights of a holder of the note prior to the initial filing of the foreclosure action and **produce the Promissory Note prior to** the initial filing of the foreclosure lawsuit.

(3) able to produce the Promissory Note that is either “payable to bearer,” (endorsed in blank), or to an identified person in possession, (special endorsement) and produce the Promissory Note with an endorsement on the note or attached allonge. **(See Exhibit 718 Page 3 Paragraphs 6-9)**

160. In this Case, **the Oklahoma State Supreme Court ruled that Deutsche Bank met none of these three requirements. In reversing the Summary Judgment, the Court remanded the Case with special instructions that the District Court is to determine if Deutsche Bank has standing or to dismiss the Case without prejudice for the proper filing of a new foreclosure action by the entity which indeed has standing. (See Exhibit 718 Pages 3-4)**



Jurat Affidavit Of Gregory C. Morse In Support Of

EXHIBIT 723

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This 279 Page Jurat Affidavit has been:

Subscribed and sworn to by Gregory Carl Morse

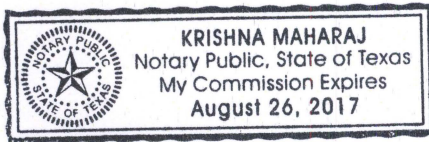
before me on this, the 22nd day of April, 2014

Signature Krishna Maharaj

Printed Name KRISHNA MAHARAJ

Notary Public, State of Texas, County of Dallas

My Commission expires Aug 26, 2017



Jurat Affidavit Of Gregory C. Morse