

The information provided here is for informational and educational purposes and current as of the date of publication. The information is not a substitute for legal advice and does not necessarily reflect the opinion or policy position of the Municipal Association of South Carolina. Consult your attorney for advice concerning specific situations.

Sovereign Citizen Use of Documents to Further Fraudulent Schemes:

Reference Guide

The following is a list of documents some sovereign citizens misuse or fraudulently create to further criminal schemes. Some sovereign citizens send these forms to public and private recipients to declare they are not subject to US law, attempt to eliminate their mortgages and other debts, or harass and intimidate perceived enemies.

Because sovereign citizen schemes tend to change, this list is not exhaustive. There may also be different fraudulent uses for these documents. Misuse of these documents may not be indicative of fraudulent activity. There may be a wholly innocent explanation for conduct that appears suspicious, so law enforcement should consider other indicators of criminal activity before responding.

DEFINITIONS

* *Sovereign citizens* are US citizens who reject their citizenship status and claim they are not subject to government authority. Some may use this self-appointed status to justify threats, violence, theft, or fraud.

* *Strawman* refers to a “secret” US Department of the Treasury bank account sovereign citizens claim can be accessed by filing various financial documents.

IRS FORMS

Document	Legitimate Purpose	Misuse or Fraudulent Use
IRS Form 56	Filed to provide the IRS notice that an individual has created, terminated, or changed a fiduciary relationship.	Used to provide notice of a change in a fiduciary relationship between an individual and a US District Court and sever the relationship between sovereign citizen and "strawman." Sometimes used to designate the US Department of Treasury Secretary as a fiduciary.
IRS Form 706	Filed by an executor/executrix or trustee on behalf of a decedent subject to the estate tax, which applies only to estates worth high dollar values.	Used in an attempt to access a fictitious line of credit worth millions of dollars, on the theory that the "strawman" is an estate going through probate and the sovereign citizen is the estate's executor.
IRS Form 709	Filed when an individual gives a gift exceeding \$13,000 to another person, or a gift exceeding \$26,000 to a couple.	Used in an attempt to access a fictitious line of credit worth millions of dollars, on the theory that the "strawman" is an estate going through probate and the sovereign citizen is the estate's executor.
IRS Form 1040NR	Filed by nonresident aliens engaged in trade or business to report income received during a particular tax year.	Used in an attempt to declare that an individual is sovereign and therefore not subject to US law.
IRS Form 1040-V	"Payment Voucher" to help the IRS process filers' payments more accurately and efficiently.	Used as an illegitimate "payment" for tax bills or other legitimate debts. May include the phrase "Pay to the US Treasury" and may also be sent to the attention of the Treasury Secretary.
IRS Form 1041	Filed by the fiduciary of a domestic decedent's estate, trust, or bankruptcy estate to report income, deductions, losses, and other relevant tax items of the estate or trust.	Used to illegitimately reduce federal tax liability by claiming a deduction in the exact amount of income reported on the individual's W-2 form, then claiming a refund for the full amount withheld.
IRS Form 1096	Filed to summarize totals for various IRS forms (e.g., 1098s, 1099s, 5498s) filer is mailing to the IRS.	After filing multiple fictitious tax returns with the IRS, used to display an inaccurate total that the government withheld from the individual.
IRS Form 1099-A	Filed when all or a portion of a commercial loan is forgiven by the lender (e.g., forgiven or foreclosed).	Used to illegitimately "set-off" (or attempt to discharge) debts.
IRS Form 1099-B	Filed by brokers or barter exchanges to report proceeds from transactions to both their clients and the IRS, or when a broker knows or has reason to know that a company in which a client owns stock has changed control or capital structure.	Used to illegitimately "set-off" (or attempt to discharge) debts using a fictitious line of credit referred to as a "strawman" account.
IRS Form 1099-C	Cancellation of debt form filed with IRS Form 1096. Used when a federal agency or creditor has canceled or forgiven a debt because of an identifiable event.	Used to fraudulently "set-off" debt.
IRS Form 1099-OID	Filed when an individual purchases a bond or note for less than face value.	Used to illegitimately "set-off" (or attempt to discharge) debts using a fictitious line of credit referred to as a "strawman" account. Also used in bankruptcy court filings, and may include the phrase "Pay to the US Treasury."
IRS Form 3949A	Filed if an individual suspects a business or other entity has not reported income as required or is otherwise in violation of the tax code.	Used to fraudulently report that someone (e.g., a judge or law enforcement officer) has violated the tax code.

continued on next page

IRS FORMS

Document	Legitimate Purpose	Misuse or Fraudulent Use
IRS Form 4029	Filed by members of recognized religious groups to apply for exemptions from Social Security and Medicare taxes because the group conscientiously opposes accepting the benefits of public or private medical insurance.	Possibly used to illegitimately avoid paying Social Security and Medicare taxes.
IRS Form 4361	Filed by ministers, members of religious orders who have not taken vows of poverty, or Christian Science practitioners to apply for an exemption from self-employment tax.	Possibly used to illegitimately avoid paying Social Security taxes.
IRS Form 4598	Used by the IRS to resolve issues in the event a taxpayer's W-2, 1098, or 1099 forms are incorrect, lost, or never received.	Used to fraudulently report that the filer has not received appropriate tax documents from their employer in an effort to illegally avoid paying taxes.
IRS Form 8300	Filed by individuals or businesses who, in the course of trade or business, receive more than \$10,000 cash in a transaction or related transactions.	Used to fraudulently report that a perceived enemy (e.g., judge or law enforcement officer) has completed a cash transaction of more than \$10,000, with the intent that filing the form will trigger an IRS investigation or audit.
IRS Form SS-4	Application for Employer Identification Number. Is assigned to employers, sole proprietors, and entities for tax filing and reporting purposes.	Used to obtain an Employer Identification Number to use on fraudulent paperwork to obtain property or monetary benefits.
IRS Form W-8BEN	Filed to establish that an individual who has received certain types of income is not a US person and may claim a reduced rate of, or exemption from, withholding.	Used to establish "foreign" status when individuals declare they are sovereign and no longer US citizens.

UNIFORM COMMERCIAL CODE (UCC) FILINGS, LIENS & OTHER CLAIMS

LIENS

Affidavit of Obligation Commercial Lien	Allows an individual involved in a commercial transaction (e.g., a real estate broker) to place a lien on another party's asset to secure payment in the event of default.	Used to challenge the validity of a loan and renounce the borrower's obligation to repay a debt.
Claim of Lien (see also "Notice of Intent to Lien")	In some states, a document that must be recorded and served in order to perfect a lien against an individual or entity who has defaulted on an obligation or has otherwise failed to pay within the terms of an agreement.	Used to challenge the validity of a loan and renounce the borrower's obligation to repay a debt.
Maritime Lien	Documents a claim against maritime property (e.g., a boat or other vessel) in the event of nonpayment for services rendered or injuries caused by the property.	Used to claim damages, interest, penalties, and fees against public and private entities.
Notice of Intent to Lien (see also "Claim of Lien")	In some states, a document that must be recorded and served by a creditor in order to perfect a lien against an individual or entity who has defaulted on an obligation or has otherwise failed to pay within the terms of an agreement.	Used to provide notice that a sovereign citizen will file a lien against a financial institution or other entity if "further proceedings" (usually in reference to a debt collection or court proceeding) are pursued by the institution.

continued on next page

UNIFORM COMMERCIAL CODE (UCC) FILINGS, LIENS & OTHER CLAIMS

Document	Legitimate Purpose	Misuse or Fraudulent Use
UCC-1/UCC Financing Statement	Filed to provide public notice of a security interest in collateral, and is part of the process of perfecting a secured interest to establish priority in event of default or bankruptcy.	Used to take possession of the sovereign citizen's "strawman" or prevent others from using an individual's name without permission.
BONDS		
Bonded Promissory Note	A negotiable instrument where one party promises to pay a sum of money to another party in the future. (Note: This is a definition for "promissory note." The term "bonded" may be archaic and is used predominantly by sovereign citizens.)	Used as "payment" from "strawman accounts" for legitimate debts incurred, and often resembles legitimate bonds issued by financial institutions.
Indemnity Bond	A promise to reimburse another party for any loss suffered due to the promisor's conduct or the conduct of a third party.	Used, often in conjunction with "Hold Harmless Agreements," to discharge legitimate debts by illegitimately transferring them to public officials.
Peace Bond	Court order in which a person who has threatened or harmed an individual agrees to stop the behavior.	Used to settle debts and place liens on government officials who wronged an individual.
Surety Bond	Bond to protect recipient against loss in case the terms of a contract are not filled.	Used to offset debts or public charges against an individual.
OTHER SECURED INTERESTS		
Release of Lien	Filed in relation to government contracts, where the government no longer requires a lien on a contractor's real property to ensure further performance of the contract.	Used in an attempt to illegitimately alter or discharge an individual's assets as part of a debt elimination scheme, often referencing pending criminal or civil court case file numbers involving the filer and requesting that any liens against the individual should be released.
Release of Personal Property from Escrow (GSA Optional Form 91)	Filed in relation to government contracts, where the government no longer requires a lien on a contractor's personal property to ensure further performance of the contract.	Used to illegitimately purchase goods, often referencing a fictitious contract that directs a financing company to bill the sovereign citizen's US Treasury account.
<u>DOCUMENTS RELATING TO REAL PROPERTY</u>		
Adverse Possession Affidavit or Memorandum	In some states adverse possession of real property (without benefit of title) may be acquired after continuous, overt occupation of real property over a variable period of several years.	Used in attempts to fraudulently transfer real property.
Affidavit of Death	Used to document death and assist in the transfer of property, particularly jointly-owned property, after a death.	Used as part of an adverse possession claim against real property; may be referred to as an Affidavit of Death Universal.
Allodial Title	An outdated type of title that indicates the owner holds property by "ancient right" with no obligations to the feudal lord or king. Allodial title is not used in the United States.	Used in an attempt to immunize property from seizure in the event of non-payment of taxes or court judgment.

continued on next page

DOCUMENTS RELATING TO REAL PROPERTY

Document	Legitimate Purpose	Misuse or Fraudulent Use
Grant Deed	Deed in which grantor conveys two express promises: that the grantor has not sold the property and that the property is not encumbered. Typically used in California.	Used to convey property by a grant deed to a third party sovereign citizen as a means to avoid foreclosure.
Bargain & Sale Deed	A deed that conveys property to a buyer for valuable consideration but that lacks any guarantee from the seller about the validity of the title.	Used, often in conjunction with quitclaims and other documents, to deed property to a trust in an effort to illegitimately avoid foreclosure; may be referred to as a Grant, Bargain, & Sale Deed.
Land Patent	Legal documents that the federal government used to transfer ownership of public lands to private individuals.	Used in attempt to avoid encumbrances, such as mortgages and property taxes.
Notice of Default & Election to Sell Under Deed of Trust	In some states, a deed of trust functions as a mortgage. The trustee (lender) must record this document to begin non-judicial foreclosure, then wait a prescribed time period before foreclosing on the property. During this time, the borrower can cure default by making back payments.	Sometimes sold to desperate homeowners as part of a for-profit foreclosure rescue scheme that claims to eliminate mortgages.
Notice /Declaration of Homestead	Filed to take advantage of state homestead exemptions, allowing certain property to be exempt from forced sale to recover a judgment.	Used to illegitimately reject "any and all claims or liens" against an individual's residence.
Notice of Right to Cancel	Related to your right to cancellation of a mortgage within three business days of issuance of the loan.	Declares the mortgage has been obtained through fraud and should be canceled.
Quitclaim Deed	A deed intended to pass any title, interest, or claim grantor may have in real property, but without promising valid title.	Used, often in conjunction with other fraudulent documents, in an attempt to transfer a property to a third party. Copies are often then sent to the bank that holds the mortgage in an attempt to cancel the mortgage.
Rescission of Trustee's Deed (Upon Sale)	In some states, if a foreclosure has begun on a trustee's deed, this document is required in the event the foreclosure is invalid and restores the condition of the property's title to status quo before the trustee's deed upon sale was recorded.	Often fraudulently signed, sent or hand delivered to financial institutions to illegitimately stop a foreclosure proceeding.
Warranty Deed	Deed in which the grantor promises clear title and containing express covenants concerning the quality of title the deed conveys.	Used, often in conjunction with other fraudulent documents, in an attempt to transfer a property to a third party. Copies are often then sent to the bank that holds the mortgage in an attempt to cancel the mortgage.

continued on next page

MISFILINGS OR FICTITIOUS FILINGS CONCERNING LEGAL PROCESSES

Document	Legitimate Purpose	Misuse or Fraudulent Use
Affidavit of Recording	Filed as proof that a party recorded a document (e.g., articles of incorporation) with the appropriate clerk of court or governmental body.	Typically part of a package in which an individual declares they are sovereign and exempt from government regulation.
Arrest Warrant	Court order on behalf of a state or federal prosecutor's complaint commanding a law enforcement officer to arrest a person and bring him or her before a magistrate.	Directive to law enforcement officers to arrest an individual; often issued by an illegitimate "common law" court.
Bonds	Sovereign citizens claim criminal charges are "commercial," and therefore file various "bonds" during a criminal proceeding. These include: arrest bonds, recognizance bonds, and other bonds filed on government forms such as the SF-24, SF-25, SF-25A, SF-273, SF-274, and SF-275.	Sovereign citizens illegitimately use a variety of government forms during the course of criminal proceedings. These are often filed using General Services Administration (GSA) forms ordinarily used in government contracting transactions.
Felony Complaint	In some states, the charging documents for any felony.	Often filed against judges or law enforcement officers by illegitimate "common law" courts.
Hold Harmless Agreement	A contract where one party assumes the liability inherent in the situation, relieving the other party of responsibility (common in leases and easements).	Claims the "flesh-and-blood" person (sovereign citizen) is not responsible for the liabilities of his or her "strawman." Used to avoid debt, criminal charges, liens, etc., levied against the "strawman."
Legal Notice & Demand	A method to provide notice that an individual is deficient on a payment or in default.	A "contract" between a sovereign citizen and the state government, providing notice to all state "agents" that they are liable for violating a sovereign citizen's rights.
Letter Rogatory (Letter of Request)	Formal request from a domestic court to a foreign court asking that the foreign court take some legal action within its jurisdiction; commonly used to take testimony from a person in the foreign court's jurisdiction or serve process within the foreign court's jurisdiction.	Used as part of a package of documents, typically sent to judges or clerks of court declaring an individual's sovereignty or accusing the judge or other court official of wrongdoing.
Motion to Dismiss	Motion requesting a complaint be dismissed because it does not state a sufficient claim for which the law can remedy (jurisdictional defects, improper venue, etc.).	Used for a variety of purposes, including attempts to eliminate legitimate debt and, in connection with a legal proceeding, request that a court official be removed due to some wrongdoing.
Notice of Removal	Provides notice that a party in pending litigation has moved to transfer the case from one court to another (e.g., from state to federal court).	Documents a claim that a sovereign citizen is a "citizen" of a foreign government. Demands state civil or criminal proceedings should be removed to federal court.
Official Form 10 (Proof of Claim)	Filed in a bankruptcy proceeding by a creditor asserting a claim against the party who has declared bankruptcy.	Used to declare the United States bankrupt, and that all monetary claims against the United States should be transferred to a fraudulent bank account owned by the sovereign citizen.
Power of Attorney	Written instrument where a principal appoints an agent who is authorized to perform specific acts on the principal's behalf.	Used, often in conjunction with a UCC-1 financing statement, to access a sovereign citizen's "strawman" account. Sometimes used in mortgage elimination schemes.
True Bill Indictment	Issued when a grand jury finds sufficient evidence to warrant a criminal charge against a defendant.	Used to demand arrest of an individual whom the sovereign citizen perceives has wronged him or her. Sometimes presented as evidence in foreclosure proceedings.

continued on next page

MISFILINGS OR FICTITIOUS FILINGS CONCERNING LEGAL PROCESSES

Document	Legitimate Purpose	Misuse or Fraudulent Use
Writ of Attachment	Commonly used by a plaintiff in a civil action as a contingent lien on a defendant's property for use if the plaintiff wins a judgment.	Used in foreclosure rescue or debt elimination schemes. Also, after an individual fails to respond to a series of sovereign citizen mailings, used to attach liens to that individual's real and personal property.
Writ of Execution	Court order directing a US Marshal to enforce a monetary judgment.	Used to illegitimately direct US Marshals to seize the property of a perceived enemy.
Writ of Mandamus	Issued by a superior court to compel a lower court or government officer to perform duties correctly.	Used to fine law enforcement and public officials, inform them of their dereliction of duties, and make demands on their position.

MISCELLANEOUS DOCUMENTS

Apostille	Standard certificate that authenticates documents for use in foreign countries.	Used fraudulently to certify document content.
International Bill of Exchange	Direct a sum of money be paid to an individual or group, primarily used in international trade.	Used as illegitimate bank drafts or checks to pay legitimate debts.
Notice of Final Determination	Ruling letter that an organization is not 501(c)(3) exempt, cannot receive charitable contributions, and is not a private foundation.	Used to inform financial institutions that they owe a debt to a sovereign citizen.
Trust Agreement	Allows parties to transfer assets between trusts.	Used as part of debt elimination or foreclosure rescue schemes.

DOCUMENTS WITH NO LEGITIMATE PURPOSE

Function of Document	Name of Document
Demand for Payment	Amended Final Contractual Notice of Demand and Settlement for Closing of the Escrow Accounting; Evidence of Life; Complaint of Breach of Trust/Notice of Complaint
Debt Elimination	Birth Bond; Bond for Discharge of Debt; Indemnity Bond; International Bonded Promissory Note; Private Registered Setoff Bond; Warranty Deed for Location
Intimidation	Affidavit of (or for) Truth; Notice of Fault; Notice of Dishonor and Opportunity to Cure; Courtesy Notice; Important Notice from the Trustee; International Commercial Claim
Declaration of Sovereignty	Court-Ordered Common Law Name Correction; International Law Nationality Affidavit; Proclamation of Standing and Nationality; Notice of International Diplomatic Status; Final Order; Notice Caveat Notice; Writ Per Curiam Divina

The federal government has successfully prosecuted sovereign citizen criminals and extremists under the following statutes:

Statute	Description	Maximum Penalty
18 U.S.C. § 485	Counterfeit coins or bars	15 years + fine
18 U.S.C. § 486	Uttering gold or silver coins	5 years + fine
18 U.S.C. § 513	Counterfeit securities	10 years + fine
18 U.S.C. § 514	Fictitious financial obligations	25 years
18 U.S.C. § 713	Use of likeness of the great seal of the United States	6 months + fine
18 U.S.C. § 876	Mailing threatening communications	20 years + fine
18 U.S.C. § 922	Unlawful Possession	See 18 U.S.C. § 924
18 U.S.C. § 1017	Use of a government seal	5 years + fine
18 U.S.C. § 1341	Mail fraud	20-30 years + \$1,000,000
18 U.S.C. § 1343	Wire Fraud	20-30 years + \$1,000,000
18 U.S.C. § 1344	Bank fraud	30 years + \$1,000,000
18 U.S.C. § 1521	Retaliation against a Federal judge or Federal law enforcement officer	10 years + fine
26 U.S.C. § 5861	National Firearms Act violations	10 years + \$10,000
26 U.S.C. § 7201	Attempt to evade or defeat tax	5 years + \$100,000
26 U.S.C. § 7202	Willful failure to collect or pay tax	5 years + \$10,000
26 U.S.C. § 7206	Filing false tax returns	3 years + \$100,000

February 2014

Report information regarding sovereign citizen criminal activity to local police or the FBI at www.fbi.gov/contact-us.