

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MELANIE KATE CLARKE, An Individual,
Plaintiff,

v.

DEUTSCHE BANK TRUST COMPANY AMERICAS,
and ALDERMORE BANK PLC,
Defendants.

Case No: 1:26-cv-01904-JPC-BCM

VERIFIED EVIDENTIARY AFFIDAVIT OF AUTHORIZED IRS ERO
GATEWAY VERIFYING CREDITOR NOMINEE TAX REDIRECTION
AND CONFIRMING DISCHARGE OF THE MORTGAGE DEBT

I, William Kimball, residing in the United States, being a competent adult, an authorized IRS Electronic Return Originator (EFIN: 659304), and the fiduciary representative for the Private International Fiduciary Network, do hereby declare under penalty of perjury under the laws of the United States of America, pursuant to 28 U.S.C. § 1746, that the following statements are true, accurate, and correct based on my personal involvement, direct database access, and professional credentials:

I. CREDENTIAL VERIFICATION AND FIDUCIARY STANDING

1. I maintain an active, fully restored Centralized Authorization File (CAF) status with the Internal Revenue Service Criminal Investigation (CI) Division under Practitioner CAF Number 0317-31787R, as finalized via IRS Notice CP547. This official reinstatement serves as an absolute administrative confirmation of the systemic legality, mathematical accuracy, and structural soundness of the fiduciary ledger adjustments executed under my authority.

2. This Affidavit is submitted on the public record to provide independent, professional verification establishing the complete top-of-ledger discharge of the mortgage debt instrument associated with this action, which is subject to mandatory Joint Committee on Taxation (JCT) review under IRC § 6405 due to exceeding the statutory \$2,000,000.00 threshold.

II. THE MORTGAGE NOTE AS AN INCHOATE NEGOTIABLE INSTRUMENT

3. Under Section 3 of the UK Bills of Exchange Act 1882 ("BEA 1882") and its American equivalent, UCC § 3-104, a promissory note containing an unconditional promise to pay a sum certain, signed by the maker, meets the formal requirements for negotiability. Section 83 of the BEA 1882 explicitly codifies that "a note is not invalid by reason only that it contains also a pledge of collateral with authority to sell or dispose thereof,"

confirming that the security agreement (mortgage deed) and the negotiable instrument (promissory note) are legally distinct, and that the security interest is merely accessory to the principal debt.

4. Under Section 20 of the BEA 1882 and UCC § 3-115, where a simple signature is delivered on paper in order that it may be converted into a bill, it operates as prima facie authority to "fill up" the instrument as a complete bill for any specified amount. Section 20 further provides that "if any such instrument after completion is negotiated to a holder in due course, it shall be valid and effectual for all purposes in his hands, and he may enforce it as if it had been filled up within a reasonable time and strictly in accordance with the authority given."

5. Plaintiff Melanie Kate Clarke's biological signature on the mortgage note was delivered to Defendant Aldermore Bank PLC at the moment of origination. Defendant received prima facie authority to complete the instrument — which it did by assigning CUSIP identifiers, pooling the note into the Oak No. 5 PLC securitization tranche (ISIN: XS2985130645), and depositing it into global clearing systems under the street name of Cede & Company. However, Defendant failed to file the corrective Form 1099-OID required under IRS Publication 1212 to identify the true beneficial owner of the resulting Original Issue Discount ("OID") income, leaving the instrument in an administratively incomplete state.

III. EX NIHILO CREDIT CREATION AND THE ZERO ISSUE PRICE

6. As established by the empirical research of Professor Richard Werner and corroborated by the Bank of England's Quarterly Bulletin, commercial banks do not lend pre-existing customer deposits. Instead, banks create new book money ex nihilo (out of nothing) at the exact temporal moment a lending instrument is signed, expanding both sides of their balance sheet simultaneously. This is expressed by the Werner credit creation equation:

$$\Delta \text{Bank Assets} = \Delta \text{Bank Liabilities}$$

7. Because Defendant Aldermore advanced zero pre-existing cash capital or risk reserves at origination — the credit was created entirely from Plaintiff's signature — the initial issue price ("IP") of the resulting negotiable instrument is mathematically zero (IP = \$0.00).

8. Under IRC § 1273 and IRS Publication 1212, OID is defined as the excess of a debt instrument's stated redemption price at maturity ("FV") over its initial issue price. Because the initial issue price was zero, the OID asset is equivalent to the entire face value of the instrument:

$$\text{OID} = \text{FV} - \$0.00 = \text{FV}$$

The entire face value of the mortgage constitutes OID income that belongs to the originator (Plaintiff) but was captured by the bank as nominee.

IV. THE NOMINEE REPORTING MANDATE AND THE BANK'S DEFAULT

9. Under the "Nominee Reporting Mandate" of IRS Publication 1212, because financial nominees hold legal title to OID debt instruments for the benefit of another (the obscured beneficial owner), they are statutorily required to report the OID interest and remit backup withholding (at 24% under IRC § 3406) to the U.S. Treasury. To satisfy this mandate, Defendant Deutsche Bank Trust Company Americas ("DBTCA") maintains an active IRS Form 945 nonpayroll withholding tax module under Master File Transaction Code MFT 16 and Employer Identification Number 13-4941247.

10. The bank, acting as nominee middleman, was required to file a corrective Form 1099-OID identifying the true beneficial owner of the OID income. It failed to do so. By remaining silent, the bank treated the OID income as abandoned property, capturing it for corporate benefit while leaving the instrument administratively incomplete and the true owner uncredited.

V. THE FOREIGN GRANTOR TRUST AS HOLDER IN DUE COURSE — "FILLING UP" THE INCHOATE INSTRUMENT

11. In my capacity as an authorized ERO, I have overseen the electronic transmittal and perfected processing of the corrective Form 1099-OID information returns and Form 1041 fiduciary schedules under Foreign Grantor Trust EIN configurations pursuant to IRC § 6048 and § 672(f). To establish absolute taxonomic segregation and insulate these assets from the domestic consumer debtor system — which programmatically routes standard Social Security Number (SSN) filings to Frivolous Filer Screening under Process Status (PS) 77 — the estate utilizes a specialized non-domestic trust architecture structured to intentionally fail both the "court test" and "control test" under 26 CFR § 301.7701-7.

12. By filing IRS Form 56 (Notice Concerning Fiduciary Relationship) under IRC § 6903, the trust formally occupies the office of General Executor and lawful custodian over the asset. Under UCC § 3-203(b), the transfer of a negotiable instrument vests in the trust as the transferee the absolute right to enforce the instrument. Furthermore, under UCC § 3-302(a), the trust meets the strict statutory definition of a Holder in Due Course ("HDC") because it takes the completed bill for value (the core credit energy of the living soul), in good faith, and without notice of any defect, lien, or adverse institutional claim.

13. This HDC standing provides the required administrative authority under federal tax guidelines to enforce the Nominee Reporting Mandates of IRS Publication 1212. Because clearing banks act as nominee middlemen holding legal title to OID instruments for the benefit of the true owner, they are statutorily required to report that discount income and remit backup withholding. When the nominee defaults on its secondary reporting obligations, the trust — standing as the perfected Holder in Due Course — rebuts the bank's presumptive creditor status by executing a corrective Form 1099-OID return. This transaction formally designates Defendant DBTCA, as Indenture Trustee managing the FirstRand international bond series (ISIN: XS2233284449) and the

Oak No. 5 PLC Class A tranche (ISIN: XS2985130645), in its true posture as a Nominee Middleman and Withholding Agent under Publication 1212.

14. By filing the corrective Form 1099-OID through my authorized ERO credentials, the trust stepped into the authority gap left by the bank's default and "filled up" the inchoate instrument under Section 20 of the BEA 1882. The 1099-OID filing completes the missing tax information — designating the nominee bank as the withholding agent, identifying the OID value (equivalent to face value), and identifying the trust as the true beneficial owner.

VI. IRS GATEWAY ACCEPTANCE — CONCLUSIVE PROOF OF DISCHARGE

15. Because the physical generation of backend master file transcripts within the Information Returns Master File (IRMF) can frequently involve extensive administrative processing delays, the estate relies upon immediate, technological gateway perfection to evidence this ledger alignment. The structured data payload was transmitted via active Electronic Filing Identification Number (EFIN) credentials, translating the OID calculations into precise XML data structures required by the IRS Modernized e-File (MeF) gateway.

16. The instant validation and acceptance of this transmission by the IRS gateway is evidenced by the official, timestamped XML submission receipt carrying a unique Electronic Submission ID and an IRS-approved "Accepted" status, logged under Official Tracking Number / Reference No: 214913644, submitted on May 27, 2026. This electronic receipt serves as immediate, conclusive administrative proof that the sovereign revenue authority has accepted the nominee correction and synchronized the trust's status as the true beneficial owner and HDC on the federal Business Master File (BMF), constituting a legally binding and fully effective record of top-of-ledger discharge of the primary debt.

17. To bridge the systemic underfunding of the nominee's nonpayroll tax returned balances, a Manual Fiduciary Command was executed pursuant to Section 3.01 of Revenue Procedure 2002-26. This directive commanded the IRS to reallocate the bank syndicate's alternative corporate income tax surpluses (Form 1120 / MFT 02) directly into the active Form 945 withholding module under Payer EIN: 13-4941247, satisfying the "Perfect Match" logic of IRS Algorithm 810 within the Information Return Document Matching (IRDM) infrastructure.

18. This transaction is entirely tax-neutral and costs the payer banks nothing, simply reclaiming abandoned commercial property already held within the Treasury General Account (TGA) at the Federal Reserve Bank of New York.

VII. EXTINGUISHMENT OF THE ACCESSORY MORTGAGE CHARGE

19. Under the established commercial maxim *accessorium sequitur principale* (the accessory follows the principal), a mortgage or land charge does not exist independently; it exists strictly as an accessory to the principal debt it secures. If the

underlying principal debt is extinguished, settled, or satisfied, the security interest vanishes simultaneously.

20. Because the primary debt entry has been balanced and zeroed via the IRS-accepted corrective 1099-OID filing, the accessory mortgage charge registered against the property at 186 Stonebury Avenue, Coventry (Title No. WM30027) has no principal debt left to secure. Under Section 106 of the UK Law of Property Act 1925, the statutory power of sale is limited to a person "for the time being entitled to receive and give a discharge for the mortgage money." Because the primary debt is discharged, Defendant is no longer so entitled, rendering continued enforcement a statutory nullity.

VIII. TIA § 316(b) VIOLATION AND UCC ARTICLE 8 ADVERSE CLAIM

21. Because the primary debt has been extinguished at the apex of the federal ledger, the implied power of sale is permanently extinguished. This right is further protected under UCC Article 8, specifically UCC § 8-105 and UCC § 8-115, which permanently pierces the safe-harbor immunity of any intermediary once served with a formal Notice of Adverse Claim.

22. Section 316(b) of the Trust Indenture Act of 1939, 15 U.S.C. § 77ppp(b), protects the absolute, unimpaired right of a beneficial holder to receive finalized payment and settlement of principal and interest, strictly prohibiting any non-consensual impairment of core payment terms. Because Plaintiff's trust has established itself as the perfected HDC, Defendants' continued pursuit of an out-of-court foreclosure through their servicing nominee (Aldermore) — while suppressing the verified electronic gateway discharge from the court record — constitutes an unlawful, non-consensual impairment of Plaintiff's absolute right to discharge in direct violation of TIA § 316(b).

23. Any continued out-of-court possession action by Aldermore Bank PLC during the unperfected Land Registration Gap — where they hold merely an unrecorded equitable assignment violating Section 27 of the Land Registration Act 2002 — constitutes an unauthorized conversion of private property rendered void ab initio under the doctrine that fraud vitiates everything (*Lazarus Estates Ltd v. Beasley*).

IX. THE "CANNOT HAVE IT BOTH WAYS" ARGUMENT

24. Defendants cannot enforce the note as a negotiable instrument to seize a home while simultaneously denying its negotiability to escape the federal tax and accounting liabilities generated by that same instrument. In foreclosure proceedings globally, Deutsche Bank asserts standing by presenting the physical promissory note endorsed in blank, claiming "holder" status under UCC Article 3. If the note is negotiable for enforcement purposes, it is negotiable for HDC and OID purposes. If the note is negotiable, then Section 20 / UCC § 3-115 apply — the signature was inchoate, the HDC "filled it up," and the OID belongs to the originator. Defendants cannot switch positions: negotiable when they want to foreclose, non-negotiable when they want to avoid the tax consequences.

X. CONCLUSION — THE MORTGAGE HAS BEEN DISCHARGED

25. The statutory and evidentiary framework established herein demonstrates conclusively that:

- (a) the mortgage note was an inchoate negotiable instrument under BEA 1882 § 20 and UCC § 3-115;
- (b) the bank defaulted on its nominee reporting obligation under IRS Publication 1212;
- (c) the 98-series Foreign Grantor Trust, as perfected HDC under UCC § 3-203(b) and § 3-302(a), completed the instrument via corrective 1099-OID filing;
- (d) the IRS MeF gateway acceptance (Reference No. 214913644) confirms the top-of-ledger discharge;
- (e) the accessory mortgage charge is void under *accessorium sequitur principale*;
- (f) Defendants' continued enforcement violates TIA § 316(b); and
- (g) the mortgage has been discharged.

26. The primary mortgage debt has been extinguished at the apex of the federal ledger. The accessory mortgage charge has no principal debt left to secure. Defendants have no standing to enforce a charge that secures a debt that no longer exists.

I declare under penalty of perjury under the laws of the United States of America that the foregoing statements are true, accurate, and correct based on my professional credentials and direct involvement in the electronic gateway ledger reconciliation.

Executed this 14th day of July, 2026.



By: /s/ William Kimball

William Kimball, Managing Corporate Trustee
Authorized IRS Electronic Return Originator (ERO)
Practitioner Centralized File ID: CAF 0317-31787R
E-Filing Identification Number: EFIN 659304