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No. S91786
New Westminster Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

JOHN RUIZ DEMPSEY
ON BEHALF OF THE PEOPLE OF
CANADA

PLAINTIFF(S)

AND:

ENVISION CREDIT UNION
LAURENTIAN BANK OF CANADA
ROYAL BANK OF CANADA
CANADIAN IMPERIAL BANK OF COMMERCE
BANK OF MONTREAL
TD CANADA TRUST
CANADIAN PAYMENT ASSOCIATION
and others

DEFENDANT(S)

Brought Under The *Class Proceedings Act*
R.S.B.C. 1996 c. 50

STATEMENT OF CLAIM

THE PARTIES

1. The Plaintiff, John Ruiz Dempsey, is a criminologist and forensic litigation specialist whose address for service is 14639 – 81A Avenue, Surrey, B.C. V3S 9Y4.
2. The Plaintiff, the People of Canada, comprise of all peoples who are legal residents of Canada, whether Canadian Citizens, Landed Immigrants, with permanent or non-permanent visas who have been granted any type of loans whether secured or unsecured by any of the defendants.

3. The Defendant, Envision Credit Union ("Envision") is a credit union incorporated in the Province of British Columbia and its head office is listed as: 6470 – 201st Street, Langley, B.C. V2Y 2X4.
4. The Defendant, Laurentian Bank of Canada ("Laurentian Bank") is a chartered bank whose corporate headquarters is listed as: Laurentian Bank Tower, 1981 McGill College Avenue, Montreal, Quebec H3A 3K3 and carrying on business in British Columbia with a main branch at 800 West Pender, Vancouver, British Columbia V6C 2V6.
5. The Defendant, Royal Bank of Canada ("Royal Bank") is a chartered bank whose corporate headquarters is listed as: Royal Bank of Canada P.O. Box 1 Royal Bank Plaza Toronto, Ontario M5J 2J5; and carrying on business in British Columbia with a main branch at Royal Centre, 1025 W. Georgia St, Vancouver, B.C. V6E 3N9
6. The Defendant, Canadian Imperial Bank of Commerce ("CIBC"), is a chartered bank whose corporate headquarters is listed as: 20th Floor, 5650 Yonge St., Toronto Ont., and carrying on business in British Columbia with a main branch at Commerce Place, Suite 300 – 400 Burrard Street, Vancouver, B.C. V6C 3A6
7. The Defendant, Bank of Montreal ("BOM"), is a chartered bank whose corporate headquarters is listed as: 100 King Street West 1 First Canadian Pl., 21st Flr Toronto, ON M5X 1K7, and carrying on business in British Columbia with a main branch at 4502 West 10th Avenue Vancouver, BC V6R 2J1.
8. The Defendant, TD Canada Trust ("Canada Trust") is a charted bank, created after the merger between Toronto Dominion Bank and Canada Trust, and carrying on business in British Columbia with a main branch at TD Tower, 2500 – 700 West Georgia St., Vancouver, BC, V7Y 1A2.
9. The Defendant, Canadian Payment Association ("CPA") is a corporate body which lists itself as a "not-for-profit" association created in 1980 by an Act of Parliament. Its corporate address is listed as: 50 O'Connor Street, Suite 1212 Ottawa, Ontario K1P 6L2.

10. Other defendants yet to be named appears in the style of cause as "others." The names of the "other" defendants will be added by way of amendments as may be required.

NATURE OF THE CASE

11. At material times, the Plaintiff, John Ruiz Dempsey and the defendant, Envision Credit Union, formerly known as Delta Credit Union, a.k.a. First Heritage Delta Credit Union (hereinafter called "credit union" or bank), entered into a financing agreement, namely a construction loan agreement (the "loan agreement).

12. At material times, the Plaintiff, John Ruiz Dempsey and the defendant, Laurentian Bank of Canada, entered into a re-financing agreement, (the "re-financing loan" agreement).

13. At material times, the Plaintiff, John Ruiz Dempsey and the defendant, Royal Bank of Canada, entered into a financing agreement, namely a mortgage loan agreement (the "mortgage loan" agreement).

14. At material times, the Plaintiff, John Ruiz Dempsey and the defendant, Canadian Imperial Bank of Commerce (CIBC), entered into a financing agreement, namely a mortgage loan agreement (the "mortgage loan" agreement).

15. At material times, the Plaintiff, the People of Canada are natural persons yet to be named who have entered into various financing agreements such as personal loans, lines of credits, credit card loans, mortgages, et cetera.

16. In all the above transactions, the Plaintiff as the "borrower" agreed to <u>borrow</u>, and the defendant(s), the bank(s) agreed to <u>lend</u> money in the amount listed below:

17. The Defendant, Envision Credit Union agreed to "loan" the Plaintiff John Ruiz Dempsey, $356,000.00. The money was intended to be used in the construction of a single-family house located at 15647 – 83 Avenue, Surrey, B.C., having a legal description PID 023-616-253 Lot 8 Section 26 Township 2 New Westminster District Plan LMP30957 hereinafter called "Surrey property #3."

18. The Defendant, Laurentian Bank agreed to "loan" the Plaintiff, John Ruiz Dempsey, $260,000.00 to refinance the Plaintiff's property located at 10044 Fundy Drive, Richmond, B.C. having the description PID 004-219-091Lot 803,

Section 35, Block 4 North Range 7 West, New Westminster District Plan 56267 hereinafter called "the Richmond property."

19. The Defendant, Royal Bank agreed to "loan" the Plaintiff, John Ruiz Dempsey, $240,000.00 to finance the Plaintiff's property located at 15980 – 98 Avenue, Surrey, B.C. having the description PID: 018-185-428 Lot 12 Section 34 Block 5 North Range 1 West New Westminster District Plan LMP9438 hereinafter called "the Surrey property #1."

20. The Defendant, CIBC agreed to "loan" the Plaintiff, John Ruiz Dempsey, $240,000.00 to finance the Plaintiff's property located at 15990 – 98 Avenue, Surrey, B.C. having the description PID 018-185-436 Lot 13, Except: Part Dedicated Road on Plan LMP9439, Section 34, Block 5, North Range 1 West, New Westminster District Plan LMP9438 hereinafter called "the Surrey property #2."

21. The Defendant, Bank of Montreal agreed to "loan" the Plaintiff John Ruiz Dempsey some $10,000.00 in the form of credit card loan.

22. The Defendant Canada Trust agreed to "loan" the Plaintiff John Ruiz Dempsey a total of $23,000.00 in the form of credit card loans.

23. The full particulars of the properties and underlying loan and mortgage agreements are known to the defendants, and shall be referred to by the Plaintiff at the trial or hearing of this action.

24. The above-mentioned properties were appraised by duly licensed appraisal companies engaged by the defendant banks; and the banks agreed to lend money to the Plaintiff based on the loan-to-value methods accepted by the banks at material times.

25. To secure the loan agreements, the Plaintiff, John Ruiz Dempsey ("drawer"), signed promissory notes in varying amounts: the sum total of the notes was in the amount of $1.2 million, payable to the defendant(s) and broken down as follows: $356,000.00 to the credit union (Delta Credit Union, now re-named Envision Credit Union); $260,000.00 payable to the defendant Laurentian Bank; $240,000.00 payable to the defendant Royal Bank; $240,000.00 payable to the defendant Imperial Bank of Commerce.

26. In all the loan transactions mentioned above, the Plaintiff also agreed to "mortgage" the underlying properties as additional security as is common practice in these types of transactions.

27. The Plaintiff, John Ruiz Dempsey also signed other Promissory Note(s) payable to the defendant credit union in the amount of $10,000.00 as "security" for an overdraft line of credit in the same amount; and $5,000.00 payable to the defendant Royal Bank.

28. The defendant banks (as payee) accepted the Plaintiff' promissory notes and by virtue of the said notes, the banks collectively entered $1.2 million into the Plaintiff' accounts with these banks.

29. Envision Credit Union also credited the Plaintiff John Ruiz Dempsey's checking account with $10,000.00 overdraft line of credit.

30. Royal Bank also credited the Plaintiff John Ruiz Dempsey's account with a $5,000.00 personal line of credit.

31. In none of these transactions did the Plaintiff receive any real money that is legal tender in Canada from the any of the defendants as contemplated by the loan agreements.

32. At all material times, the defendant banks, and credit union(s), in concert with the defendant CPA, and others, without colour of right, and in violation of the Constitution of Canada, namely, the ***British North America Act, 1867*** and ***Canadian Constitution 1982***, and other Federal Acts of Parliament, namely The ***Bank Act***, ***Bank of Canada Act*** and the ***Canadian Payments Act***, these defendants created money out of nothing, and for the purpose of deceiving and defrauding the Plaintiff, used the "created" money or monies and fraudulently entered into the Plaintiff' accounts in varying amounts as "loans" charged to the Plaintiff equivalent to the promissory notes they received from him;

33. To "secure" these purported loans, these defendants, banks and credit unions fraudulently registered liens against the Plaintiff' properties notwithstanding the fact that no money or substance of any tangible value was loaned to the Plaintiff;

34. Illegal creation of money by these defendants, and all of them are *ultra vires* transactions that were unlawfully executed beyond their charter or corporate powers which renders all contracts and loan and mortgage agreements void and of no force and effect;

35. The defendant banks and credit unions and others, fraudulently, unlawfully and without colour of right created money out of thin air, and at no cost or risk to these defendants did fraudulently and unlawfully "loaned" these unlawfully created monies to the Plaintiff with interests;

36. The said interest charged by these defendants constitutes usury and contravenes the ***Criminal Code*** as they are based on nothing;

37. The "money" that was unlawfully created out of nothing by the defendant banks and credit unions was "processed" and cleared by the defendant CPA notwithstanding the fact that the defendant banks and credit unions are precluded by law from "creating" money;

38. The created money was cleared by the CPA notwithstanding the fact that these financial institutions did not have any money of their own to lend, nor sufficient funds or assets to lend to the Plaintiff pursuant to the underlying loan and mortgage agreements;

39. The CPA proceeded to "clear" the said transactions knowing fully well that the transactions are fraudulent in nature and a deliberate commission of civil and criminal wrong;

40. The CPA also "cleared" the said transactions even when the CPA themselves do not have any money of their own to lend, nor sufficient funds or assets to guarantee that the Plaintiff would receive the money from the defendant banks and credit unions pursuant to the underlying loan and mortgage agreements;

41. The said transactions constitutes money laundering in that the source of money, if money was indeed advanced by the defendants and deposited into the Plaintiff' accounts, could not be traced, nor could not be explained;

42. At all material times, these defendants and all of them have no legal standing to

lend any money to Plaintiff, because: 1) these banks and credit unions did not have the money to lend, and therefore they did not have any capacity to enter into a binding contract; 2) the defendants did not have any cash reserve, they are not legally permitted to lend their depositor's or member's money without expressed written authorization form the depositors, and: 3) the defendants had no tangible assets of their own to lend and all their "assets" are "paper assets" which are mainly in the form of "receivables" created by them out of "thin air," derived out of loans whereas the monies loaned out were also created out of thin air;

43. Other than bookkeeping and computer entries, no money or substance of any value was loaned by the defendants to the Plaintiff;

44. The Defendants did not bring any equity to any of the transaction entered into with the Plaintiff, and all the equities were provided by the Plaintiff;

45. At no time did the defendant banks, or any of them as the intended holder in due course make any presentment to the Plaintiff for payment of the amount of promissory note(s) pursuant to s.84.(1) of the *Bills of Exchange Act*;

46. By electing to sue and or foreclose on the properties pledged as collateral rather than to present the promissory note(s) to the Plaintiff for payment pursuant to s.84.(1) of the *Bills of Exchange Act*, the defendant banks and credit unions have forfeited every right they might have regarding the promissory note(s);

47. By foreclosing on the Plaintiff's properties, the defendants and all of them were unjustly enriched because they have already been pre-paid when they "cashed" the promissory note(s);

48. These defendants and all of them failed, neglected or refused to return the promissory notes received by them to the Plaintiff;

49. These defendants and all of them failed, neglected or refused to indemnify the Plaintiff for the promissory notes they received and converted for their own use;

50. By virtue of the promissory notes received by the defendant banks and credit unions, which they deposited and converted for their own use, it was the "lenders" who owed the Plaintiff money, not the other way around;

51. The defendant banks and credit unions anticipated the breach. Other than money that was created out of nothing, at no time did these defendants intended to loan any substance to the Plaintiff;

52. The illegal creation of money from nothing by the defendants, and all of them, constitutes illegal creation and passing of counterfeit money;

53. And because no value was ever imparted by the defendants to the Plaintiff, these defendants did not risk anything, nor lost anything and never would have lost anything under any circumstances and therefore no lien has been perfected according to law and equity against the Plaintiff;

54. The foreclosure proceedings carried out in bad faith by the defendant banks and credit unions were in every respect an unlawful act of conversion and unlawful seizure of property without due process of law which resulted in the unjust enrichment of these defendants;

NATURE OF THE CLASS ACTION

55. This is a proposed class action brought pursuant to the *Class Proceedings Ac*t, R.S.B.C. 1996, c.50 on behalf of persons who entered into a loan or mortgage agreements or contracts within or without British Columbia with the Defendant banks and credit unions. The class is intended to include all persons who are "borrowers" within the meaning of the *Bank Act*, the *Bank of Canada Act*, the *Canadian Payments Act* and the *Bills of Exchange Act*. Excluded from the proposed class are directors, officers and senior employees of the Defendants.

56. Although the main emphasis of the class action is to seek damages for the wrongs done unto a particular class whose properties have been unlawfully seized through foreclosure or "repossession", the class is also intended to include all persons who are now facing foreclosure or "repossession" of their properties, as well as those persons who could possibly face similar proceedings in the future.

57. The proposed class shall not be limited to the above criteria but shall include all other loan transactions, agreements, be it secured or unsecured such as personal loans and entered into by the Plaintiff and the defendants where the use of "created" private money was used as consideration;

58. As an alternative, the proposed class can be divided into several sub-classes based on the type of loan transactions, whether secured or unsecured such as mortgage, line of credit, personal loan, student loan, credit card loan, etc.;

59. The Plaintiff sues on his own behalf and on behalf of the People of Canada and others similarly affected, as members of the proposed Class, namely, all persons within or without British Columbia and Canada who have suffered foreclosure and seizure of real and personal property, and other type of legal action; are suffering the same and who will suffer as a result of having entered into a loan agreement between themselves and the defendants.

60. The members of the proposed Class number in at least millions. As a result, the Class is so numerous that joinder in a single action is impracticable. However, each Class member should be readily identifiable from information and records available to the defendants.

61. Individual members of the proposed Class do not have a significant interest in individually controlling the prosecution of separate actions, and individualized litigation would also present the potential for varying, inconsistent, or contrary judgments and would magnify the delay and expense to all parties to the court system resulting from multiple trials of the same factual issues. The cost to pursue individual action would effectively deny individuals access to the court.

62. There is a well-defined list of common questions of fact and law. These common factual and legal questions do not vary from one Class member to another, and may be determined without reference to the individual circumstances of Class members. These include, but are not limited to, the issues listed below:

63. The contracts entered into between the Plaintiff and the defendants were void or voidable and have no force and effect due to anticipated breach and for non-disclosure of material facts;

64. Creation of money out of nothing is *ultra vires* these defendants' charter or granted corporate power and therefore void *ab-initio*;

65. The defendants as lenders failed to disclose the material fact that they are not actually lending money or any substance to the borrower;

66. The defendants as lenders failed to disclose the material fact to the borrower that they are actually lending and trafficking "IOUs" and not money;

67. The defendants as lenders failed to disclose the material fact to the borrower that they are going to be charging interest (usury) based on nothing;

68. The defendants as lenders failed to disclose the material fact to the borrowers that they are going to "monetize" their promissory notes or loan applications and pay themselves with it by either depositing the said notes or negotiating the notes and use the proceeds to finance the loan;

69. The defendants as lenders failed to disclose the material fact to the borrowers that it was their signatures that validates the loan transaction which causes the borrower's own credit to be transformed into "credit money" in the form of electronic, digital or cheque book money which are then fraudulently misrepresented as money loaned to the borrower;

70. The defendants as lenders failed to disclose the material fact to the borrowers that they have hidden and undisclosed equities which came as a result of the constructive trust arising from the creation of monies which are then deposited into the defendants' accounts;

71. The defendants as lenders failed to disclose the material fact to the borrowers that these defendants never "advanced any credit" to the borrowers if at all, and that there is no such thing as "advancing credit" because credit cannot be loaned nor borrowed and therefore any credit that was used belonged to the borrowers based on and derived from their labour and ability to pay.

72. At the foreclosure and other similar legal proceedings where the defendants seized the Plaintiff' properties, the defendants may have committed fraud upon the court at these foreclosure proceedings by failing to disclose the truth, that no monies were advanced to the Plaintiff which made the underlying loan transaction and the mortgage agreements void from the start;

73. The contracts were void for lack or failure of legal consideration;

74. The contracts were unconscionable;

75. Fraudulent misrepresentation by all the Defendants;

76. The defendants never risked anything, nor lost anything and therefore have not been exposed to any risk to warrant the criminal and or usurious interests they charged and received from the Plaintiff;

77. The defendants never risked anything, nor lost anything and therefore have not been exposed to any risk to warrant the attachment of liens and the subsequent foreclosure of the underlying properties;

78. The foreclosure(s) carried out by the defendant(s) were an abuse of process, illegal and constitutes conversion and unlawful seizure of property; The defendants were unjustly enriched as result of the foreclosure(s) and subsequent sale of the Plaintiff's properties

79. The loan transactions have resulted in constructive trusts which made the Plaintiff and the Class members beneficiaries of the said trusts.

80. The defendants as fiduciaries are guilty of breach of trust or breach of fiduciary duties for non-disclosure and conversion of the Plaintiff's and the Class members' equities for their own use.

RELIEF SOUGHT

81. The Plaintiff claims on his own behalf, and on behalf of the proposed Class:

82. An order certifying this action as a class proceeding and appointing him representative plaintiff under the ***Class Proceedings Act***, R.S.B.C. 1996, c. 50;

83. A declaration that the loans and mortgage agreements made between the defendant banks and credit unions, the Plaintiff, and the proposed Class are unconscionable and therefore void for lack of consideration or for unlawful consideration and of no force and effect as against the proposed Class;

84. A declaration that the above-named defendants have not been exposed to any risk and therefore have no rights, titles or interests in the said properties or liens thereon as are above described;

85. A declaration that the foreclosure proceedings filed by all the above-named defendants and all subsequent court-ordered sales and vesting orders be and are declared null and void as against the Plaintiff, and the proposed Class;

86. A declaration that the foreclosure proceedings filed by all the above-named defendants and all subsequent court-ordered sales and vesting orders constitutes unlawful seizure contrary to the ***Charter*** and ***Bill of Rights***;

87. A declaration that any debts incurred against the Plaintiff and the proposed Class by the defendants be and are hereby discharged;

88. A declaration that the defendant, Canadian Payment Association, for all practical purposes, because of their interlocking activity and practices is in law to be treated as one and the same association with the defendant banks being members of the association, did create the entire amounts of "money" and credit upon its own book or computer database by bookkeeping entry;

89. A declaration that the defendant, Canadian Payment Association, are equally liable, both jointly and severally, along with the defendant banks and credit unions with regards to the illegal creation money and the passing and circulation of such monies unlawfully created by them;

90. A declaration that the money or credit created by the association out of nothing was the consideration used to finance the loans and mortgages relevant to this action;

91. A declaration that the acts of the defendants constitutes unlawful creation of money and such acts are *ultra vires* and not within these corporations' charter, nor are these corporations licensed by any competent authority to create money and therefore all monies created by the defendants be rendered void and of no value;

92. A declaration that constructive trusts were created between the defendants as constructive trustees with the Plaintiff and proposed Class as beneficiaries;

93. A declaration that all the defendants named in this action were unjustly enriched by and through their actions;

94. An Order that the defendant(s), jointly or severally return to the Plaintiff, John Ruiz Dempsey and all the proposed Class, the original promissory note(s), received and accepted by these defendant, in the amount of the loan value, plus interest by way of cash, draft, certified check or money order or other negotiable instrument commercially acceptable in Canada;

95. In the alternative, an Order that the defendant(s), either jointly or severally, indemnify the Plaintiff, John Ruiz Dempsey and the proposed Class, the equivalent or in lieu of the original promissory note(s), or the equities received and accepted by these defendant(s), in the amount of the loan value plus interest by way of cash, draft, certified check or money order or other negotiable instrument commercially acceptable in Canada;
96. An Order that the defendant(s), either jointly or severally, pay to the Plaintiff, John Ruiz Dempsey and the proposed Class, the beneficiaries of the constructive trusts, all monies held by them as fiduciaries forthwith;
97. An Order that the defendant(s), either jointly or severally, return to the Plaintiff, John Ruiz Dempsey and the proposed Class, all monies received by them as payment for "interest" and or other similar charges derived from the aforementioned "loans" where bank-created electronic, digital or cheque book monies were advanced by these defendants as consideration;
98. In the alternative, an Order that the defendant(s), either jointly or severally, pay to the Plaintiff, John Ruiz Dempsey and the proposed Class, the present value of the properties wrongfully foreclosed upon by them including all monies received by the defendant(s) as interest be returned to the Plaintiff and the proposed Class forthwith;
99. General damages;
100. Punitive damages;
101. Exemplary damages;
102. Special damages;
103. Costs pursuant to Section 37 of the ***Class Proceedings Act*** R.S.B.C.1996 c. 50;
104. Interests pursuant to the ***Court Order Interest Act,*** R.S.B.C. 1996 c 59;
105. Such further and other relief as this Honourable Court may deem just.

PLACE OF TRIAL: New Westminster, British Columbia.

Dated: April 13, 2005

"John Ruiz Dempsey"
Plaintiff