

## UCC - 1 Tips on BAILEE/BAILOR



Information about filing a UCC -1 and assigning a Bailor:

Here is a small lesson on Discharging Debt with a Promissory Note and Acceptance For Value.

When we issue commercial paper for example a promissory note, we want to register our interest. It is suggested to file in New York, Delaware or Maryland because foreign companies register in Delaware and Maryland into the commercial registry to do business within the United States. Not filing in one of these states may be why or part of why a UCC Financing Statement might be ignored ...it might not be done the right way. The Secured Party Creditor status is about making an entry into the commercial registry. So when we are putting a UCC-1 commercial lien in the international commercial registry this UCC-1 in the same registry as Bank Of America, PNC Bank., Wells Fargo etc and all the other international companies. Therefore, if you are going to be creating a liability then you want the record of your interest in the international registry.

When people hear UCC -1 many people think of commercial liens which is part of it, but technically the UCC-1 is a financing statement, so, every time you fund an account or you finance a transaction you should be making record of it. If your starting to discharge debts or your dealing with currency that is not Federal Reserve Notes because FRN's are already registered they all have their own serial number on them, their liens basically, but if your funding transactions with your private currency you may issue a financing statement.

Here is a scenario...you receive a presentment saying in a nutshell that "you owe this money or we're going to take your property". Whoever sent that to you, that is their claim, that's their account. An account and a claim are interchangeable,- someone says they are entitled to funding. So they presented their claim and as a secured party in a transaction we say ok, I'll accept (A4V) and fund this transaction by giving you the funding you need - I am going to complete your claim. So when you issue a promissory note you want to record your interest because you are the principle, you are the source of the funding, the originator of the funding, the funds belong to you - you are keeping track. You register because you are the principle and original issuer. That's the purpose of the UCC-1.

Here is an important highlight of the video. When filing the UCC-1, go to box 5 called *alternative designation if applicable* - check the Bailee Bailor box. Why check the Bailee Bailor box? Because we are tendering an instrument to a fiduciary (presuming we already appointed the moving party or the moving party's attorney as the fiduciary) this is a bailment. The tendering of the instrument to the fiduciary is a bailment – look up the term bailment , it is an express trust where the grantor/settler/Bailor gives specific property to the Trustee/Bailee for a specific purpose. In this instance we being the Bailor are giving a **promissory note** to the Fiduciary/Bailee (attorney whom you sent your fiduciary appointment letter to) and giving it to him for the purpose of discharging a debt. This is a safe way to do it because although in box number 1 his name is in the debtor box and it looks like we are making him a debtor and putting a lien on him that's not what we are doing – we are making him a Bailee because we established a trust when we gave him the funds to discharge the claim. You may have to add

more than one debtor (for example the Bank and the Bank's attorney, in 2 separate debtor boxes) Try to write their names the way it reads on their Social Security card if you can because you are setting them up for a commercial liability if they go into default.

If you know what records to request you might find it – use an Open Records Request and Freedom of Information law to get their information which is public information. Remember, you've registered a security to them, to their commercial vessel (the name on their Social Security card).

Example of Box 4 which covers the description of collateral:

[ORIGINAL ISSUE] NOTE 1234567 FOR FIFTY THOUSAND DOLLARS (\$50,000.00)

ASSIGNED TO THE FIDUCIARY/BAILEE, FOR SETOFF, SETTLEMENT, CLOSURE AND DISCHARGE OF ALL CLAIMS BY JOHN DOE ATTY ESQ. LLC & ABC BANK, N.A.  
ACCOUNT NUMBER 2749462920.

NOTE 1223445666 TENDERED BY REGISTERED MAIL # RA181818181IS VERIFIABLE AT [WWW.USPS.COM](http://WWW.USPS.COM).

More tips: Documents get recorded with the Secretary of State. When you record a UCC you can put several pieces of paper behind it. Send a copy package of your tender of payment (whatever form, *promissory note*, bond etc.), your Fiduciary Appointment letter, a copy of the Registered Mail number, Request Regarding Statement of Account letter, Notice of Tender for Setoff, Notice to Setoff Account etc.

After 10 days from the tender of payment to the Fiduciary continue your administrative process i.e. Notice of Fault and Opportunity to Cure, Notice of Fault in Dishonor. If you need to make any corrections to the UCC-1, use a UCC- 5 to correct your original financing statement.