Libor out of London via Reuters[1]

Reuters reported that a class of homeowners (Tangible Obligors) filed suit against 12 of the world's major banks.

Such filing could also be seen as an admission by the Tangible Obligors that a Tangible Note existed and the banks were the real party in interest to the Tangible Note. What a misconception.

This writer will look deeper into the caveats of events and hopefully apply understanding. First of all, I have not read the suit, and the article title suggests that the suit was filed based on an applying improper LIBOR rate to the repayment of a Tangible Note. The application of attaching the LIBOR rate to the Tangible Note affects the value that the Tangible Obligor is obligated to pay.

Adjustable Rate Notes

Nothing is illegal or unlawful in creating and utilizing Adjustable Rate Notes. But such application does have a moral implication attached and could have been used for an alternate reason, profitability. First thing in making money via fees is one must have a source to derive these payment fees from. In a New York Times article written by Jessica Silver-Greenburg published on October titled "A.C.L.U. to Sue Morgan Stanley Over Mortgage Loans"[2] it identifies one of many pools of victims.

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[1] http://www.reuters.com/article/2012/10/15/banking-libor-lawsuit-idUSL5E8LF03F20121015
[2] http://www.nytimes.com/2012/10/15/business/aclu-to-sue-morgan-stanley-over-mortgage-loans.html?src=rechp&_r=0&gwh=6FF55E4F964669A34E9103AE1574B27E

Where the learned (Tangible Obligee) suckered the unlearned homeowner (Tangible Obligor) into a chasm of deceit could only be seen as the strong preying on the weak.

Why the massive move to securitize Adjustable Rate Note(s), in many of the instances it is not the Adjustable Rate Note (Tangible Note) that was securitized, applying UCC Article 9, it was the Intangible Obligation (Payment Stream) which derived its money flow from the Tangible Obligation that was offered up to investors.

Those that created this Intangible offering obtain fees in the creation of the Securitized Investment Vehicle, whereas the fees are commonly valued upon the full value of the Tangible Obligation, which includes in rise in the payment stream to the application of LIBOR. News media around the world has been reporting on the scandal surrounding the lowering of the LIBOR rate, but another scandal is below the radar, if LIBOR went down for the banks, why did the LIBOR based Tangible Obligations increase the payment rate for the Tangible Obligors?

Under the Uniform Commercial Code Article 3, where one is found to have committed a fraudulent act that affects the instrument (Tangible Note), rights as Holder in Due Course to enforce the terms of the instrument (Tangible Note) are forfeited. It’s the law, but you think any innocent sophisticated investor would relish the thought they bought millions/billions in worthless crap, about the same as the unlearned flushing a thousand dollars down the toilet.

No matter how deep and nasty it gets, so long as lawyers exist, the lawyers will be the go to so that all legal method and means come to bear. Here, it is not the sophisticated investor that uses the power of money to obtain legal assistance to overwhelm the unlearned Tangible Obligor as the sophisticated investor (owner of the Intangible Obligation) had no idea laws were being violated or them themselves were being violated. It is the intermediaries (Sellers, Depositors, Underwriters, commonly identified as that of a bank(s)) that created the investment vehicles in applying the principles found in the Banks Manifesto that control the intangible money flow to their legal people to defeat the unlearned Tangible Obligor and the sophisticated investor who purchased an Intangible Obligation.

In reviewing many trust documents governing the creation of a Security Trust Investment Vehicle, it is readable apparent that the sophisticated investor bought an Intangible Obligation where the security for the Intangible Obligation was the payment stream or a Credit Default Swap (creation of intangible money) by all applicable law. Where an Investment Vehicle is created by virtue of creating the intermediaries to create the Investment Vehicle, such intermediary upon creation of the Investment Vehicle ceases to exist and commonly notice is filed with the Security Exchange Commission (SEC) to memorialize such extinction. As the intermediaries no longer legal exist and where a Tangible Note resides indorsed "In Blank" with the original Obligee, there is a legal impossibility to properly execute negotiation of the Tangible Note in combination with a perfected chain of title to an interest in the real property to any subsequent purchaser of the Intangible Obligation to become a real party in interest to the Tangible Obligation.

Whereas the sophisticated investor has not committed an illegal act, its predecessor in committing a fraudulent act under the principles of *Nemo Dat* cannot legally assign greater enforcement rights of the Tangible Note to a sophisticated investor or its agent (Trustee of the Trust.)

NIMS INSURANCE AND LIBOR

Net Interest Margin, in short and applying to a Tangible, the payment stream if it exceeds the amount required by the Investment Vehicle, the excess is payable to the holder of the NIMS policy. In example, if a tranche in an investment only offers a 8% interest return and if the LIBOR rate is 10%, then 2% of the payment stream is payable to the NIMS holder. As NIMS first appeared in the 1990's, one would suspect this to be a part of the long term plan of the banks. The writer will leave it up to others to address if the NIMS accounts receivables are in themselves offered up as another Investment Vehicle for purchase by sophisticated investor.

From a mechanical engineering stand point, when makeup water or not enough water is available to the boiler, hot water failure is imminent; one could only then get a cold shower. In relating the tangible financial market place to a hot water steam system, the tangible market can never supply the tangible needs to support the grossly inflated intangible market.

Old saying, "pay me now or pay me *more* later", the governments of the world can ill afford paying now much less paying more in the future. It would be in the best interest of humanity to let the crap fall into the toilet and flush evil away and start anew. But the game of kick the can applies as few would relish (not pickle, even though that is where the world is) paying the price for anothers crime, plus it shuts out the revolving door employment hopes.