

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK**

ROBERT L. SCHULZ,)

Plaintiff)

-against-)

UNITED STATES EXECUTIVE DEPARTMENT,)
GEORGE W. BUSH, President of the United States,)
HENRY M. PAULSON, JR., Secretary of the Treasury;)
UNITED STATES CONGRESS, NANCY PELOSI,)
Speaker of the House of Representatives, HARRY)
REID, Senate Majority Leader; UNITED STATES)
FEDERAL RESERVE SYSTEM, BEN S. BERNANKE,)
Chairman of the Board of the United States Federal)
Reserve System,)

Defendants)

VERIFIED COMPLAINT

No.

JURISDICTION AND VENUE

1. The claims arise under the Constitution of the United States of America. The controversy involves violations of the Constitution. The Court has subject matter jurisdiction under Article III, Section 2 of the Constitution, which reads in relevant part: “The judicial power shall extend to all cases, in law and equity, arising under this Constitution, the Laws of the United States...to Controversies between two or more States...between a State and citizens of another State ... between citizens of different States....” This court has jurisdiction also under 28 U.S.C. Sections 1331 and 1343(3).
2. This action is timely commenced.
3. The Plaintiff resides in this judicial district.

PARTIES

4. ROBERT L. SCHULZ is a citizen of the State of New York and the United States of America. His natural, individual, unalienable Rights, Liberties and Freedoms are protected by the Constitutions of the United States of America and the State of New York. He pays taxes to the United States. He pays taxes to New York State. He resides at 2458 Ridge Road, Queensbury, New York, 12804. He is over the age of eighteen. He is registered to vote in New York State.
5. UNITED STATES EXECUTIVE DEPARTMENT is the executive branch of the Government of the United States, created by and governed by the Constitution of the United States of America.
6. GEORGE W. BUSH, as the duly elected President of the United States, is the head of the Executive Department.
7. HENRY M. PAULSON, JR., who serves at the pleasure of the President of the United States, is the Secretary of the Treasury, a Department within the executive branch of the United States.
8. UNITED STATES CONGRESS, consisting of a Senate and a House of Representatives, is the legislative branch of the Government of the United States, created and governed by the Constitution of the United States of America.
9. NANCY PELOSI, as the Speaker, is the head of the House of Representatives.
10. HARRY S. REID, as the Senate Majority Leader, is the head of the Senate.
11. UNITED STATES FEDERAL RESERVE SYSTEM is a cartel of private banks chartered by the Congress of the United States as a Central Bank.
12. BEN S. BERNANKE is the Chairman of the Board of the Federal Reserve System.

FACTS

13. On Saturday, September 20, 2008, the Executive Department submitted to the Congress a proposed Act, which if passed by the Congress and signed into law by the President, would “authorize” the Secretary of the Treasury to (unconstitutionally) *participate* in commerce by spending \$700 billion of public, taxpayer funds to purchase an untold number of distressed private mortgage-related assets from unknown private parties. For a copy of the proposed legislation, see Schulz Declaration #1, Exhibit A.
14. The proposed purchases are for the decidedly *private* purpose of reversing and/or mitigating negative market outcomes that have directly resulted from the private investment and/or contractual activities of those private entities.
15. The Congress and the Executive Department are negotiating the final language, terms and conditions of the draft, addressing such issues as congressional oversight, private executive pay and bonuses, the purchase of assets in addition to mortgage related assets, adding private assets owned by foreign entities, the potential for government equity participation, providing additional relief for homeowners threatened with foreclosure, and the defining the method(s) for determining the private assets to be purchased and the price(s) to be paid.
16. However, the essential, operative legal framework defined in the draft legislation is not expected to change; that is, the Secretary of the Treasury will be authorized to *participate* in commerce by spending \$700 billion (more or less) of public, taxpayer funds to directly purchase the real and personal property of an untold number private parties for definitively private purposes and benefit.

17. The Executive and Legislative branches are expected to reach agreement and adopt the Act as early as Thursday, September 25, 2008.
18. In effect, the legislation would purport (without any Constitutional basis) to "authorize" the use of hundreds of billions of dollars of public, U.S. taxpayer funds to socialize (i.e., nationalize) the losses resulting from the "bad investments" of private entities by purchasing and removing overvalued or otherwise worthless real and personal property from the accounting balance sheets of those private, for-profit entities.

ARGUMENT

DEFENDANTS' USE OF PUBLIC, TAXPAYER FUNDS TO PARTICIPATE IN COMMERCE AS A BUYER AND SELLER OF PRIVATE ASSETS FOR DECIDEDLY PRIVATE PURPOSES IS *ULTRA VIRES* AND WITHOUT CONSTITUTIONAL AUTHORITY

19. The Executive Department is not authorized, with or without the (alleged) authority of Congress, to *participate* in commerce as a direct buyer and seller of private assets.
20. The Executive Department is not authorized, with or without the (alleged) authority of Congress, to engage in any activity that is definitively private, i.e., for *non-public* purposes.
21. The purchase and/or sale of the significantly distressed private assets involved in the proposed program, and under these particular facts and circumstances, constitute a definitively private, i.e., *non-public* purpose.
22. Congress lacks any Constitutional basis to grant the Executive any authority to *participate* in commerce or authorize the use of public funds for definitively private purposes, such as the transactions proposed by this legislation.

23. This is true, regardless of any noble intent of such program, or despite the fact it may be perceived by the public as a benefit to their general welfare.

CONCLUSION

24. Based on the above, plaintiff respectfully requests an order:

- a) Declaring Defendants' use of public, taxpayer funds to participate in commerce as a purchaser of real and personal property from private, for profit entities for definitively private purposes to be without constitutional authority, and
- b) Declaring any legislation passed by Congress and signed into law by the President that authorizes the Executive Department to participate in commerce as a purchaser and seller of private assets to be without constitutional authority, null and void, and
- c) For such other and further relief as to the Court may seem just and proper.

DATED: September 24, 2008

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