

Chapman Sidebar

Updates from Chapman's Litigation, Bankruptcy and Restructuring Group

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Illinois Takes on Paper Terrorism and the Sovereign Citizen

The recent Chicago federal criminal trial of Cherron Phillips, a.k.a. "River Tali El Bey" has shed some public light on the "sovereign citizen" movement and their insidious practice of "paper terrorism" of filing false liens against public officials, judges, police officers, corporations and banks. Ms. Phillips was convicted of ten counts of retaliation for filing billions of dollars in false liens against public officials. While her trial has been widely reported in Illinois, the underlying issue of paper terrorism is unfortunately not new, and government bodies, banks, and public interest groups have been grappling with this issue for many years. Last year, the Illinois Appellate Court and the Illinois State Legislature started to fight back against these tactics.

"Paper terrorism," as dubbed by the FBI, is the practice of filing false liens on property in an effort to bury the victim in an administrative avalanche of inconvenience. One case of paper terrorism in Minnesota involved \$250 billion in liens—all false—against anyone who had ever been involved with a foreclosure on a couple's house. At first glance, the practice of filing these false liens might seem more nuisance than harassment. However, those well-versed in the tactic have refined the practice into a sophisticated and damaging intimidation and harassment technique. As long as these liens remain in place, the victim cannot borrow. Victims' credit scores plunge, erasing years and years of hard-earned credit.

As the law stands today, anyone can file a lien under the Uniform Commercial Code. The process is straightforward, and, at this point, does not include robust mechanisms to verify the authenticity of the underlying obligation or even the authenticity of the lien itself. Paper terrorism takes advantage of this statutory scheme by bombarding the victim with lien after lien after lien. The process of removing these liens takes longer than the process of filing them and demands the victim's time and attention. Because the practice requires so little effort from the paper terrorist, and such a huge effort from the victim, the cycle can continue *ad nauseam*. For every lien a victim manages to remove, two more appear. Not only that, but the paper terrorist might also begin "liening" the clerks, administrators, and police officers who aided in the removal of the original false liens.

The people most closely associated with paper terrorism are members of what is called the "sovereign citizen" movement. These anti-government radicals refuse to acknowledge the legitimacy of the United States government or state governments. Because of this "lack of legitimacy," sovereign citizens claim they need not obey U.S. law, and issue fake license plates, file completely unintelligible court documents

designed to access secret U.S. Treasury funds, and are fixated on separating their "real selves" from the "straw man" over which the U.S. government claims authority. On rare occasions, radical Sovereign Citizens will turn to violence, murdering civilians and police officers in the name of their "freedom." However, the most common tactic used to assert their "real" rights is paper terrorism. It typically works like this: a person borrows money from a bank to buy a house; that borrower defaults on his or her mortgage, and the bank files a foreclosure action; in response, the borrower claims that because the U.S. government is illegitimate, money has no value, so he or she owes nothing; the borrower then sends lengthy, bogus "protest" documents to the bank; when the bank fails to dismiss the foreclosure action, the borrower files fake liens against bank officers, the foreclosure judge, and the court clerk.

However, states are fighting back against the sovereign citizens and their paper terrorist tactics. In Illinois, Justice Mathias W. Delort of the Appellate Court penned a lengthy decision excoriating paper terrorism and the tactics of the sovereign citizens. In *Parkway Bank and Trust Company v. Korzen*, Justice Delort wrote that paper terrorism was "not only counterproductive, but detrimental to the efficient and fair administration of justice." The fifty-three-page opinion laid out in painstaking detail the tactics of the sovereign citizens movement in an effort to draw attention to the growing problem.

The Illinois state legislature responded to Justice Delort's call to action by passing 55 ILCS 5/3-5010.5, which provides both a mechanism by which court recorders can refuse to file fraudulent documents, and an avenue through which a person against whom a fraudulent lien was filed can remove the lien. In addition, on January 1, 2014, the crime of unlawful clouding

of title was upgraded from a Class A misdemeanor to a Class 4 felony for cases exceeding \$10,000 in value.

The problem of paper terrorism is unlikely to disappear, but hopefully with new awareness brought on by Ms. Phillips' conviction, along with the recent laws enacted by the Illinois General Assembly, victims of such tactics now have tools to combat the problem.

For More Information

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