

08-4810-cv

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

ROBERT L. SCHULZ,

Plaintiff-Appellant

-against-

1:08-CV-991 (Lead)

UNITED STATES FEDERAL RESERVE SYSTEM,
BEN S. BERNANKE, Chairman of the United States
Federal Reserve System, UNITED STATES
DEPARTMENT OF THE TREASURY, HENRY M.
PAULSON, JR., Secretary of the United States
Department of the Treasury, and the UNITED STATES

Defendants-Appellees

ROBERT L. SCHULZ,

Plaintiff

1:08-CV-1011 (Member)

-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-Appellees

BRIEF ON BEHALF OF APPELLANT

December 5, 2008

ROBERT L. SCHULZ
2458 Ridge Road
Queensbury, NY 12804

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Appellant Robert L. Schulz, states as follows:

RELIEF REQUESTED

With respect to the Lead Case (the “AIG” case), Appellant requests an Order:

- a) Preliminarily enjoining, prohibiting and restraining Defendants, and anyone acting on their behalf, including but not limited to its employees, agents and contractors from giving or lending any public money and public credit to A.I.G., and anyone acting on its behalf, including but not limited to its employees, agents, subsidiaries, partners and affiliates pending a determination of the underlying constitutional question and any appeal there from, and
- b) Granting any further relief that to the Court may seem just and proper.

With respect to the Member Case (the “\$700 Billion Bailout” case), Appellant requests an Order:

- a) Preliminarily enjoining, prohibiting and restraining Defendants, and anyone acting on their behalf, including but not limited to their employees, agents and contractors from using public, taxpayer funds to purchase or insure any financial assets from any private entity under Defendants’ so-called \$700 Billion bailout plan, pending a determination of the underlying constitutional question and any appeal there from, and
- b) Granting any further relief that to the Court may seem just and proper.

JURISDICTION

This Court’s jurisdiction is provided by 28 USC Section 1292. Interlocutory decisions

- (a) ... the courts of appeals shall have jurisdiction of appeals from:
 - (1) Interlocutory orders of the district courts of the United States ... granting, continuing, modifying, refusing or dissolving injunctions”

The Lead and Member cases arose under the Constitution of the United States of America. As argued before the lower Court, the District Court’s jurisdiction to declare the constitutionality of the challenged behavior is provided by 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....”

In addition, as argued in the District Court, the District Court's jurisdiction is also provided by 28 U.S.C. Sections 1331.

In addition, as argued in the District Court, the District Court's jurisdiction to entertain the Show Cause Orders for injunctive relief is provided by the District Court's rules L.R. 7.1(e) and (f).

Relevant to both cases because it is common knowledge that Defendants have been giving money to AIG from the \$700 billion bailout fund, Section 119(a)(2)(A) of the final Emergency Economic Stabilization Act of 2008 authorizes Injunctions for violations of the Constitution:

“INJUNCTION.- No injunction or other form of equitable relief shall be issued against the Secretary for actions pursuant to section 101, 102, 106, and 109, other than to remedy a violation of the Constitution.”

The Act directs Courts to expedite requests for Preliminary Injunctions. EESA, Section 119(a)(2)(C).

The Act directs Courts to expedite requests for Permanent Injunctions and wherever possible to consolidate trial on the merits with any hearing on a request for a preliminary injunction. EESA Section 119(a)(2)(C).

The Act provides for an automatic stay of any injunction for 3 days. EESA Section 119(a)(2)(D).

REQUIREMENTS OF RULE 8

With respect to the AIG case, on September 18, 2008, Plaintiff moved in the district court for a temporary restraining order and a preliminary injunction. On September 23, the motion for the TRO was denied on the (erroneous) ground that Plaintiff had not cited the District Court's jurisdiction. On September 26, 2008, the motion for a preliminary injunction was denied on the (erroneous) ground that Plaintiff had not cited the District Court's jurisdiction.

With respect to the \$700 Billion Bailout case, on September 24, 2008, Plaintiff moved in the district court for a temporary restraining order and a preliminary injunction. On September 26, the motion for the TRO was denied on the (erroneous) ground that Plaintiff had not cited the District Court's jurisdiction. On September 26, 2008, the motion for a preliminary injunction was denied on the (erroneous) ground that Plaintiff had not cited the District Court's jurisdiction.

FACTS AND PROCEDURAL HISTORY

The Lead case, filed September 18, 2008,¹ is a challenge to the giving or lending of public, taxpayer money or credit to a private company (American International Group – “A.I.G.”) for a definitively private purpose², **without a grant of authority from the People to do so**. Facts about the AIG case, besides those discussed in this part of Appellant's brief are included in the Record (A 29-44).

The Member case, filed September 24, 2008,³ is a challenge to the use of public, taxpayer money under the so-called \$700 Billion Bailout Plan (the Emergency Economic Stabilization Act – “EESA”),⁴ **without a grant of authority from the People to do so**, to purchase or insure assets belonging to private entities for definitively private purposes, that is, to remove bad debts (worthless or near worthless investments) from private balance sheets.⁵

¹ Two days after the public announcement of an agreement whereby the Treasury Department (without approval from Congress) would loan \$85 Billion to A.I.G. in exchange for 79.9% ownership of A.I.G.

² To help A.I.G. avoid Bankruptcy Court by giving it a chance to sell its assets in an orderly fashion, thereby helping its private trading partners, such as Goldman Sachs. Source: *New York Times* article dated September 28, 2008 titled, “Behind Insurer's Crisis, Blind Eye to a Web of Risk.”

³ Three days after the public release of a proposed law that would “authorize” the Treasury Department to use \$700 Billion to purchase private assets for decidedly private purposes.

⁴ On October 3, 2008, the Emergency Economic Stabilization Act was signed into law by President Bush. The Act passed the Senate on October 1 and by the House on October 3.

⁵ *New York Times* article dated September 29, 2008, titled, “Breakthrough Reached in Negotiations on Bailout.”

EESA, Section 101(a)(1) authorizes Defendants to “establish a troubled asset relief program (or ‘TARP’) to purchase, troubled assets from any financial institution ...” EESA, Section 3(9) defines troubled assets to mean:

- (A) residential or commercial mortgages and any securities, obligations, or other instruments
- (B) any other financial instrument that Secretary, after consultation with the Chairman of the Board of Governors of the Federal Reserve System, determines [to] purchase

As expected, the core feature of the final Act had not changed from that of the Emergency Economic Stabilization Act of 2008 (“EESA”) voted down by the House on Monday, September 29, which did not change from that of the original three page bill delivered to Congress on September 20, 2008 – that is, the final Act has authorized the Executive Branch’s Treasury Department to begin using \$700 Billion of public, taxpayer funds to purchase or insure any financial asset from any private entity, domestic or foreign (e.g., worthless and near worthless bad debts and investments).

“Upon request of a financial institution, the Secretary may guarantee the timely payment of principal of, and interest on, troubled assets in amounts not to exceed 100 percent of such payments.” EESA, Section 102(a)(3).

Effective upon the enactment of the Act (October 3, 2008), the Secretary is authorized to spend \$250 billion in public taxpayer funds to purchase the troubled assets of private financial institutions. If at any time the President submits to the Congress a written certification that the Secretary wants an additional \$100 billion, the Secretary’s authority to spend public, taxpayer funds to purchase the troubled assets of private financial institutions is increased to \$350 billion. The authorization is

increased to **\$700 billion** if, after the President certified the Secretary wanted another \$100 billion the President then submits a report to the Congress requesting authority to spend another \$350 billion and Congress does not deny the request. EESA Section 115 (a)-(c).

Concurrent with the filing of each of the two Complaints, Schulz filed and timely served a Show Cause Order to expedite the proceedings, and for a TRO and a Preliminary Injunction to stay the transfer of taxpayer funds from the public treasury unless and until the Defendants provided evidence of their authority, under the Constitution of the United States of America, (and/or appropriate statutes) to engage in such conduct.

With respect to the A.I.G. case, the District Court did not act on Schulz's emergency motion for five days, which allowed the Treasury and/or Federal Reserve to transfer \$61 Billion (of the initial \$85 Billion) of taxpayer-backed funds to A.I.G. On September 23, the Court issued a Text Only Order denying the motion for a TRO on the (erroneous) ground that Schulz had not cited the Court's jurisdiction.⁶ (A 6).

The District Court issued its Order without any response from the Defendants to the Complaint, much less a hearing. Other than a Notice of Appearance in the Lead Case, the Defendants in both the Lead and Member cases were not heard from.⁷

With respect to the \$700 Billion Bailout case, the District Court did not act on Schulz's emergency motion for two days. On September 26, the Court issued an Order denying the motion for a TRO and a Preliminary Injunction on the (erroneous) ground that Schulz had not cited the Court's jurisdiction.⁸ (A 7-10).

⁶ The first paragraph of the Complaint is titled Jurisdiction and Venue and properly cites the jurisdiction of the Court under Article III, section 2 of the Constitution as well as under 28 U.S.C. 1331.

⁷ Long after this appeal was filed, Defendants filed a motion to dismiss in District Court. Appellant here, will file a motion to strike in District Court for lack of jurisdiction.

⁸ Again, the first paragraph of the Complaint is titled Jurisdiction and Venue and properly cites the jurisdiction of the Court under Article III, section 2 of the Constitution as well as under 28 U.S.C. 1331.

In addition, the District Court's September 26 Order consolidated the two cases, on the ground that they "appeared to be related," and denied Schulz's motion for a Preliminary Injunction in the A.I.G. case. (A 7-10).⁹

On Tuesday, September 30, Schulz filed a Notice of Appeal from the District Court's Orders of September 23 and September 26, and an Emergency Motion at the Court of Appeals to expedite the proceedings and to stay the transfer of taxpayer funds from the public treasury under both programs unless and until the Defendants provided proof of their authority under the Constitution of the United States of America to engage in such conduct.

The Second Circuit did not act on Schulz's Emergency Motion for six days and did not notify Schulz of its decision for another four days. On October 6, without explanation and without any hearing or response from any of the Defendants, the Court of Appeals denied the emergency motion, which allowed Defendants to transfer more of the \$85 Billion to A.I.G. (and to entertain another request by A.I.G for an additional \$37.8 Billion beyond the initial \$85 Billion), and allowed Defendants to pursue the use of the \$700 billion bailout fund.¹⁰

The New York Times reported in an article dated November 11, 2008 titled, "A.I.G. Secures \$150 Billion Assistance Package" that A.I.G would be receiving an additional \$150 Billion "to get most tainted assets out of the company."

Schulz filed an application for emergency relief with the Supreme Court of the United States, requesting the same relief the Second Circuit had denied. On November 17, SCOTUS denied the application.

⁹. In the AIG case, the U.S. Treasury Department did NOT seek or obtain Congressional approval. In the \$700 Billion Bailout Case, the Executive Department did seek and did obtain Congressional approval.

¹⁰ Schulz, who is pro-se, learned of the Court's decision on Thursday, October 9 when he received an email from a friend who had noticed the decision was posted on the Docket Sheet. Schulz telephoned the case manager at the Court, who confirmed the decision, and agreed to fax a copy to Schulz. Schulz received the fax late afternoon October 10, 2008.

There has been a near blackout about events taking place pursuant to the AIG Agreement and the \$700 billion bailout.

Including the \$700 Billion, \$8 Trillion in taxpayer funds have recently been given or pledged to AIG and other private parties, without any public or congressional oversight. On November 26, 2008, the *New York Times* reported that Defendants had spent or committed \$3 Trillion on “Investments” (private stock, corporate debt and mortgages), \$3.1 Trillion on “Guarantees” (private corporate bonds, money market funds and deposit accounts), and \$1.7 Trillion on “Loans” (to private companies).

However, according to Bloomberg LP, Defendants are refusing to reveal how U.S. taxpayer funds are being spent. Source: *Bloomberg LP v. Board of Governors of the Federal Reserve System*, 08-cv-9595 (SDNY).

Additional facts about the \$700 Billion case are included in the Record (A 74-76).

ARGUMENT

A. THE DECISIONS BY THE DISTRICT COURT ARE CLEARLY IN ERROR

In both cases, the district court erroneously denied Plaintiff’s applications for a TRO and a Preliminary Injunction on the ground that Plaintiff had failed to cite the District Court’s jurisdiction.

In fact, in the AIG Case, Plaintiff correctly cited the District Court’s jurisdiction to determine the underlying constitutional question (A-11) and the application for injunctive relief (A-50).

In the \$700 Billion Bailout Case, Plaintiff correctly cited the District Court’s jurisdiction to determine the underlying constitutional question (A-65) and the application for injunctive relief (A-77).

“Subject matter of complaint which plainly sets forth a case arising under Federal Constitution is within federal judicial power defined in Article III, § 2, of Federal Constitution, and so within power

of Congress to assign to jurisdiction of District Courts.” Baker v Carr (1962) 369 US 186, 7 L Ed 2d 663, 82 S Ct 691.

The primary role of the judiciary is to exercise its jurisdiction to keep the other two branches in their constitutional places, regardless of the level of practical difficulty. “Existence of jurisdiction implied duty to exercise it, and that its exercise might be onerous did not militate against that implication.” Second Employers' Liability Cases (1912) 223 US 1, 56 L Ed 327, 32 S Ct 169.

28 USCS § 1331 provides District Courts with jurisdiction over motions for injunctive relief and power to review decisions and actions of federal agencies. Parkview Corp. v Department of Army, Corps of Engineers, etc. (1980, ED Wis) 490 F Supp 1278, 14 Env't Rep Cas 2115.

B. PLAINTIFF HAS A STRONG LIKELIHOOD OF SUCCESS ON THE MERITS

With respect to the AIG case, the Executive Department is not authorized, with or without the approval of Congress (Congress is not authorized to give approval), to *participate* in commerce by giving or lending public, taxpayer funds and credit to a private party for a definitively private purpose. This is true, regardless of any noble intent of the program. The Court’s attention is invited to the fact that, even if Congress had such power under Article I, Section 8 of the Constitution (which it does not have) the Executive Branch did not seek and has not obtained the approval of Congress for the required appropriation of funds for such an expenditure or to enter into the initial Agreement with AIG.

With respect to the \$700 Billion case, any act of Congress, such as EESA, that is repugnant to the Constitution is null and void. Marbury v Madison, 5 U.S. (1 Cranch) 139 (1803).

In addition, the Executive Department is not authorized by the Constitution, with or without the approval of Congress, to *participate* in commerce as a purchaser or insurer of real and personal property (mortgage related assets or otherwise) from private, for-profit entities for decidedly **private**

purposes. This is true, regardless of any noble intent or perceived public benefit of such program. Large sums of public, taxpayer funds are being used to purchase, insure, or otherwise indemnify the real and personal property, financial investments or contracts of private entities for decidedly **private** purposes.

Given the facts and circumstances of this case, particularly Plaintiff's irreparable harm and a balancing of the public interests and hardships, the lesser "serious questions" standard applies. Plaintiff has raised serious questions going to the merits to establish fair grounds for litigation.

The Constitution must be construed in its entirety.

There is no provision of the Constitution that permits or grants the Government of the United States of America the power to participate in commerce, i.e., to set prices and be a market player, by giving or lending public funds and credit to a private party - even if such transaction results in an exchange for warrants, financial interest, and/or control of the private party, especially if such transaction is for a decidedly, definitively, **private** purpose.

Under Article I, Section 8 of the Constitution of the United States of America, the People have given Congress the power, **"To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes,"**

Article I, Section 8 of the Constitution of the United States of America gives Congress the power to regulate commerce, not to *participate* in commerce as a giver or lender of public money and credit to private, for-profit entities.

The *First Amendment* to the Constitution of the United States of America reads in part, **"Congress shall make no law...abridging ... the Right of the People peaceably to Assemble and to Petition the Government for Redress of Grievances."**

This lawsuit is a Petition for Redress (remedy) of a Constitutional tort. No act of Congress can, in equity or in law, bar the judiciary from determining the merits of Plaintiff's complaint and granting the requested relief.

The *Fifth Amendment* to the Constitution of the United States of America reads in part, **"No person shall be deprived of ...liberty, or property, without due process of law...."**

The Constitution is the supreme law of the land. It governs any attempt by the Government to deprive Plaintiff of his money property. The Right not to have his money taken from him for illicit purposes is an unalienable Property Right of the Plaintiff. The unauthorized use of taxpayer funds infringes upon Plaintiff's individual, unalienable Right to Liberty and Property.

Plaintiff's Liberty and Property depend upon his vigilance and ability to defend against any act or threat by Defendants to diminish the value of his or her Right to retain his money property.

The *Ninth Amendment* reads, **"The enumeration in the Constitution of certain Rights shall not be construed to deny or disparage others retained by the People."**

Plaintiff claims and is exercising his natural Right to challenge Defendants' cooperative decision to deny Plaintiff his constitutional Right to constitutional governance carried out in decency and good order and to a Government that does not act without the consent of the governed, and to do so in federal Court.

The *Tenth Amendment* to the Constitution of the United States of America reads, **"The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the People."**

The power to give or lend A.I.G. or any other private entity public money and public credit is clearly reserved to the People, who have not expressly transferred that power to Defendants via the Constitution. The Agreement reached between Defendants and A.I.G. is a usurpation of the inherent

power and vital interests of the free People of the United States of America. Plaintiff's claims are aggravated further still by the potential of purchase or insuring of significant amounts of *foreign owned* impaired assets by the U.S. Treasury.

Plaintiff, as a citizen of the United States, is to enjoy the privilege and Right of knowing that no official of the United States is acting without constitutional authority.

The Supreme Court of the United States and the Founder's opinions are clear, no department of the Government can violate Fundamental Rights possessed by the People, not even Congress.

In *Carter v. Carter Coal Co.*, the Supreme Court said:

“And the Constitution itself is in every real sense a law-the lawmakers being the people themselves, in whom under our system all political power and sovereignty primarily resides, and through whom such power and sovereignty primarily speaks. It is by that law, and not otherwise, that the legislative, executive, and judicial agencies which it created exercise such political authority as they have been permitted to possess. The Constitution speaks for itself in terms so plain that to misunderstand their import is not rationally possible. 'We the People of the United States,' it says, 'do ordain and establish this Constitution.' Ordain and establish! These are definite words of enactment, and without more would stamp what follows with the dignity and character of law. The framers of the Constitution, however, were not content to let the matter rest here, but provided explicitly-'This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; ... shall be the supreme Law of the Land.' (Const. art. 6, cl. 2.) The supremacy of the Constitution as law is thus declared without qualification. That supremacy is absolute; the supremacy of a statute enacted by Congress is not absolute but conditioned upon its being made in pursuance of the Constitution. And a judicial tribunal, clothed by that instrument with complete judicial power, and, therefore, by the very nature of the power, required to ascertain and apply the law to the facts in every case or proceeding properly brought for adjudication, must apply the supreme law and reject the inferior statute whenever the two conflict. In the discharge of that duty, the opinion of the lawmakers that a statute passed by them is valid must be given great weight, *Adkins v. Children's Hospital*, [261 U.S. 525, 544](#), 43 S.Ct. 394, 24 A.L.R. 1238; but their opinion, or the court's opinion, that the statute will prove greatly or generally beneficial is wholly irrelevant to the inquiry. *Schechter Poultry Corp. v. United States*, [295 U.S. 495, 549](#), 550 S., 55 S.Ct. 837, 97 A.L.R. 947.” *Carter v. Carter Coal Co.*, [298 U.S. 238](#) (1936).

In *Miranda v Arizona*, the Supreme Court said:

“Where rights secured by the Constitution are involved, there can be no rule making or legislation which would abrogate them”. *Miranda v. Arizona*, 384 U.S. 436 (1966)

In Federalist 78, Hamilton wrote:

“There is no position which depends on clearer principles, than that every act of a delegated authority, contrary to the tenor of the commission under which it is exercised, is void. No legislative act, therefore, contrary to the Constitution, can be valid. To deny this, would be to affirm, that the deputy is greater than his principal; that the servant is above his master; that the representatives of the people are superior to the people themselves; that men acting by virtue of powers, may do not only what their powers do not authorize, but what they forbid.

“If it be said that the legislative body are themselves the constitutional judges of their own powers, and that the construction they put upon them is conclusive upon the other departments, it may be answered, that this cannot be the natural presumption, where it is not to be collected from any particular provisions in the Constitution. It is not otherwise to be supposed, that the Constitution could intend to enable the representatives of the people to substitute their WILL to that of their constituents. It is far more rational to suppose, that the courts were designed to be an intermediate body between the people and the legislature, in order, among other things, to keep the latter within the limits assigned to their authority. The interpretation of the laws is the proper and peculiar province of the courts. A constitution is, in fact, and must be regarded by the judges, as a fundamental law. It therefore belongs to them to ascertain its meaning, as well as the meaning of any particular act proceeding from the legislative body. If there should happen to be an irreconcilable variance between the two, that which has the superior obligation and validity ought, of course, to be preferred; or, in other words, the Constitution ought to be preferred to the statute, the intention of the people to the intention of their agents.

“Nor does this conclusion by any means suppose a superiority of the judicial to the legislative power. It only supposes that the power of the people is superior to both; and that where the will of the legislature, declared in its statutes, stands in opposition to that of the people, declared in the Constitution, the judges ought to be governed by the latter rather than the former. They ought to regulate their decisions by the fundamental laws, rather than by those which are not fundamental.” Hamilton, *Federalist No. 78*

Lacking any court ruling declaring the full contours of the meaning of the Petition Clause as it applies to ordinary natural citizens seeking Redress against their Government for constitutional torts, and taking into account the plain language of and the Framers’ intent behind the words of the Petition Clause, as well as the 791 years of history documenting the evolution of Liberty from Runnymede to Philadelphia, and the complete absence of any case law in opposition to Plaintiff’s interpretation of the Constitution, the ends of Justice and Liberty require that deference, and the presumption that those fundamental Rights exist as argued by Plaintiff must be secured for Plaintiff who, by this Petition, has claimed and is exercising those Rights.

The individual's Right, through the Petition Clause of the First Amendment, to hold any branch of the government accountable to the Constitution, is the "capstone" Right, the period at the end of the sentence on Liberty's evolution, for "law without it, is law without justice."

Let the Government and other Defendants come forth to present evidence of their Constitutional and statutory authority to engage in these transactions.

C. IRREPARABLE HARM

The loss of U.S. Constitutional freedoms, even for minimal periods of time, constitutes irreparable injury. Plaintiff has a fundamental Right to constitutional governance carried out in decency and good order. Plaintiff has a fundamental Right to a government that does not violate the Constitution. Plaintiff has a fundamental Right to hold the Government accountable to the Constitution. Impairment of *constitutional* Rights can undoubtedly constitute irreparable injury. *See Elrod v. Burns*, 427 U.S. 347, 373, 49 L. Ed. 2d 547, 96 S. Ct. 2673 (1976) (plurality opinion)." *Time Warner v. Bloomberg*, 118 F.3d 917, 924 (2d Cir. 1997).

Schulz has standing to bring suit, even before the conspiracy has resulted in economic or tangible injury, as may be the situation with a continuation of Defendants' exercise of (alleged) "authority" under EESA. *See LeBlanc-Sternberg v. Fletcher*, 67 F.3d 412 (2d Cir., 1995).

Schulz has demonstrated that the stay applied for will prevent the feared continued deprivation of fundamental rights, and that he is thus entitled to the relief requested. *See Bennett v. Lucier*, 2007 U.S. App. LEXIS 15937 (2d Cir., July 5, 2007).

Violations of U.S. Constitutional Rights are commonly considered irreparable injuries for the purposes of preliminary injunctions. *See Bery v. City of New York*, 97 F.3d 689, (2d Cir., 1996).

While Plaintiff's primary injury is due to Defendants' encroachment on the zone of interests protected by the Constitution, without the preliminary injunction Plaintiff, a federal taxpayer, will be also be irreparably injured by the addition of \$700 billion to the national, taxpayer-supported debt.

For instance, without the stay, Plaintiff, a purchaser of basic necessities, will be irreparably injured by a rise in prices, the result of the addition of \$85 and \$700 billion to the national debt and the corresponding devaluation of the dollar resulting from the collusion of the Federal Reserve and Treasury to create the funds for such transactions. It is common knowledge that the value of the dollar is inversely proportional to the amount of dollars in circulation and to the national debt, and that the amount of dollars in circulation is directly proportional to the cost of goods and services, including the necessities of food, clothing and shelter.

D. BALANCE OF HARDSHIPS AND PUBLIC INTERESTS TIPS DECIDEDLY IN PLAINTIFF'S FAVOR

There is absolutely no evidence before the Court that the injunctions applied for would actually cause any harm to the Defendants.

A balancing of the equities argues for the stay. Any suggestion of inconvenience or harm due to delay of the Defendant's use of public money and credit in aid of A.I.G., or in aid of other private undertakings under EESA, **has not been presented or raised by Defendants.**¹¹ Therefore, in the eyes of the Court, Defendants' harm is not a matter so great as to warrant a denial of Schulz's application for a stay. See *Barnes v E-Systems* (1991) 501 US 1301, 115 L Ed 2d 1087, 112 S Ct 1.

¹¹ The Court's attention is invited to two important facts: (1) Defendants did not seek or obtain the approval of Congress to enter into any agreement with AIG or appropriate public funds for such purpose, thus there is no public record of factual cause and effect, under oath or otherwise; and (2) Defendants did not conduct any public hearings on the proposed EESA legislation, nor does it appear there will be any opportunity for the People to provide any timely or meaningful input as implementing regulations are developed and adopted.

CONCLUSION

It is clear that the District Court erred in denying Plaintiff's motions for temporary and preliminary injunctive relief on the ground that Plaintiff had failed to cite the Court's jurisdiction.

In addition, it is clear that Plaintiff's constitutional interests are in fact being impaired. The loss of constitutional freedoms, for even minimal periods of time, unquestionably constitutes irreparable injury. See *New York Times Co. v. United States*, 403 U.S. 713 (1971).

Since such injury was both threatened and occurring at the time of Plaintiff's motions for injunctive relief, and since Plaintiff has sufficiently demonstrated a probability of success on the merits, the Court of Appeals might properly hold that the District Court abused its discretion in denying preliminary injunctive relief. See *Bantam Books, Inc. v. Sullivan*, 372 U.S. 58, 67 (1963).

The immediate harm to Plaintiff from the force of a denial of the injunctive relief is in fact far greater than any harm claimed by the Government if the injunctive relief is granted.

The harm to Plaintiff without injunctive relief is actual, imminent harm. Plaintiff is under steady threat of significant injury that is being compounded every day.

The public interests being defended by Plaintiff include the preservation, protection and enhancement of self-government, due process, popular sovereignty, accountability in government, the Right to Petition Government for a Redress of constitutional torts, and the Right to Constitutional governance carried out in decency and good order.

The Record aligns Schulz, if only provisionally, on the side of the public interest and constitutes added weight in favor of precautionary relief.

Since the decision below was entered in error and without a hearing, the ordinary deference to the district judge's findings of fact is less appropriate. *Aetna Cas. & Sur. Co. v. Hunt*, 486 F.2d 81, 84 (10th Cir. 1973); *Shumaker v. Groboski Industries, Inc.*, 352 F.2d 837, 840 (7th Cir. 1965).

Plaintiff has made a sufficiently strong showing that he is likely to prevail on the merits in light of the disparity of harm as between the Plaintiff and the Defendants and the location of the public interest. Since the issues are grave, of significant importance to Plaintiff's individual Rights and to the People's constitutional interest, and the balance of hardship substantially favors Plaintiff, the denial of the provisional relief in the district court should be reversed.

Plaintiff requests an order granting the motion for preliminary injunctive relief.

Respectfully submitted,

Dated: December 5, 2008

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