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NYT: In Paper War, Flood of Liens Is the Weapon

MINNEAPOLIS — One of the first inklings Sheriff Richard Stanek had that something was wrong came with a call from the mortgage company handling his refinancing.

“It must be a mistake,” he said, when the loan officer told him that someone had placed liens totaling more than \$25 million on his house and on other properties he owned.

But as Sheriff Stanek soon learned, the liens, legal claims on property to secure the payment of a debt, were just the earliest salvos in a war of paper, waged by a couple who had lost their home to foreclosure in 2009 — a tactic that, with the spread of an anti-government ideology known as the “sovereign citizen” movement, is being employed more frequently as a way to retaliate against perceived injustices.

Over the next three years, the couple, Thomas and Lisa Eilertson, filed more than \$250 billion in liens, demands for compensatory damages and other claims against more than a dozen people, including the sheriff, county attorneys, the Hennepin County registrar of titles and other court officials.

“It affects your credit rating, it affected my wife, it affected my children,” Sheriff Stanek said of the liens. “We spent countless hours trying to undo it.”

Cases involving sovereign citizens are surfacing increasingly here in Minnesota and in other states, posing a challenge to law enforcement officers and court officials, who often become aware of the movement — a loose network of groups and individuals who do not recognize the authority of federal, state or municipal government — only when they become targets. Although the filing of liens for outrageous sums or other seemingly frivolous claims might appear laughable, dealing with them can be nightmarish, so much so that the F.B.I. has labeled the strategy “paper terrorism.” A lien can be filed by anyone under the Uniform Commercial Code.

Occasionally, people who identify with the movement have erupted into violence. In Las Vegas this week, the police said that an undercover sting operation stopped a plot to torture and kill police officers in order to bring attention to the movement. Two people were arrested. In 2010, two police officers in Arkansas were killed while conducting a traffic stop with a father and son involved in the movement.

Mostly, though, sovereign citizens choose paper as their weapon. In Gadsden, Ala., three people were arrested in July for filing liens against victims including the local district attorney and Treasury Secretary Jacob J. Lew. And in Illinois this month, a woman who, like most sovereign citizens, chose to represent herself in court, confounded a federal judge by asking him to rule on a flurry of unintelligible motions.

“I hesitate to rank your statements in order of just how bizarre they are,” the judge told the woman, who was facing charges of filing billions of dollars in false liens.

"The convergence of the evidence strongly suggests a movement that is flourishing," said Mark Pitcavage, the director of investigative research for the Anti-Defamation League. "It is present in every single state in the country."

The sovereign citizen movement traces its roots to white extremist groups like the Posse Comitatus of the 1970s, and the militia movement. Terry L. Nichols, the Oklahoma City bombing conspirator, counted himself a sovereign citizen. But in recent years it has drawn from a much wider demographic, including blacks, members of Moorish sects and young Occupy protesters, said Detective Moe Greenberg of the Baltimore County Police Department, who has written about the movement.

The ideology seems to attract con artists, the financially desperate and people who are fed up with bureaucracy, Mr. Pitcavage said, adding, "But we've seen airline pilots, we've seen federal law enforcement officers, we've seen city councilmen and millionaires get involved with this movement."

Sovereign citizens believe that in the 1800s, the federal government was gradually subverted and replaced by an illegitimate government. They create their own driver's licenses and include their thumbprints on documents to distinguish their flesh and blood person from a "straw man" persona that they say has been created by the false government. When writing their names, they often add punctuation marks like colons or hyphens.

Adherents to the movement have been involved in a host of debt evasion schemes and mortgage and tax frauds. Two were convicted in Cleveland recently for collecting \$8 million in fraudulent tax refunds from the I.R.S. And in March, Tim Turner, the leader of one large group, the Republic for the United States of America, was sentenced in Alabama to 18 years in federal prison. (His group does not capitalize the first letter in United.)

Sovereign citizens who file creditor claims are helped by the fact that in most states, the secretary of state must accept any lien that is filed without judging its validity.

The National Association of Secretaries of State released a report in April on sovereign citizens, urging state officials to find ways to expedite the removal of liens and increase penalties for fraudulent filings. More than a dozen states have enacted laws giving state filing offices more discretion in accepting liens, and an increasing number of states have passed or are considering legislation to toughen the penalties for bogus filings.

The Eilertsons, who were charged with 47 counts of fraudulent filing and sentenced in June to 23 months in prison, were prosecuted under a Minnesota law that makes it a felony to file fraudulent documents to retaliate against officials. John Ristad, an assistant Ramsey County attorney who handled the case, said he believed the Eilertsons were the first offenders to be prosecuted under the law. "It got me angry," he said, "because at the end of the day, these two are bullies who think they can get their way by filing paper."

The liens were filed against houses, vehicles and even mineral rights. In an affidavit, the Hennepin County examiner of titles said that in a conversation with the Eilertsons about their foreclosure, one of them told her, "We're gonna have to lien ya." The examiner later found that a lien for more than \$5.1 million had been placed on her property.

If the purpose was to instill trepidation, it worked. Several county and state officials said in interviews that they worried that they might once again find themselves in the crosshairs. One state employee said it was scarier to engage with offenders who used sovereign citizen tactics than with murderers, given the prospect of facing lawsuits or fouled credit ratings.

Like many who identify with the ideology, the Eilertsons learned the techniques of document filing online from one of many sovereign citizen “gurus” who offer instruction or seminars around the country.

In hours of recorded conversation found by the authorities on their computer, the Eilertsons consulted with a man identified on the recordings as Paul Kappel, learning what he called “death by a thousand paper cuts.”

Mr. Eilertson, interviewed at the state prison in Bayport, Minn., denied being anti-government or belonging to any movement. But he was familiar with the names of some figures associated with sovereign citizen teachings, including an activist named David Wynn Miller, who Mr. Eilertson said was “ahead of his time.” (Mr. Miller writes his name as David-Wynn: Miller.)

Mr. Eilertson, who had no previous criminal record, said his actions were an effort to fight back against corrupt banks that had handed off the couple’s mortgage time after time and whose top executives never faced consequences for their actions.

“It seemed like we were being attacked every day,” he said. “We needed some way to stop the foreclosure.

“We tried to do our part with as much information as we had available,” he said, though he conceded that “it kind of got out of control eventually.”