MISCELLANEOUS

A "BILL OF EXCHANGE" IS NOT LEGAL TENDER AND CANNOT SATISFY PAYMENT OBLIGATIONS

Collins v. M&T Bank, 2025 U.S. Dist. LEXIS 101418 (W.D. Tex. 2025).
https://www.govinfo.gov/content/pkg/USCOURTS-txwd-5_24-cv-01074/pdf/USCOURTS-txwd-5_24-cv-01074-0.pdf

FACTS: Plaintiff ("Collins") filed suit against M&T Bank and Trustees Corp ("Defendants") seeking to enjoin the foreclosure sale of property located at 6706 Crest Pl, Live Oak, Texas 78233 ("the Property"). Collins claimed he attempted to satisfy his mortgage debt by submitting a "bill of exchange," which the Defendants rejected. He asserted that the "bill of exchange" was equivalent to legal tender and that Defendants were obligated to accept it as payment. Collins moved for summary judgment on his breach of contract and consumer protection claims, while Defendants moved to dismiss under Rule 12(b)(6) for failure to state a claim. Citing prior litigation where Collins had advanced the same theory, the court granted Defendants' motion and dismissed the claims with prejudice. Collins then filed a motion for reconsideration of the court's final judgment.

Instruments unilaterally created by private citizens, such as Collins's "bill of exchange," do not qualify as legal tender and cannot discharge debt obligations.

HOLDING: Denied.

REASONING: The court noted that Collins had repeatedly raised the same "bill of exchange" theory in other district cases, where it was consistently rejected. Referring to 31 U.S.C. § 5103, the court reiterated that only U.S. currency—such as Federal Reserve notes—is legal tender for debts. Instruments unilaterally created by private citizens, such as Collins's "bill of exchange," do not qualify as legal tender and cannot discharge debt obligations. Because Collins's claims were entirely based on this invalid theory, the court found no basis to reconsider its prior ruling and denied the motion for reconsideration.

STATE LAWS THAT REGULATE ACCOUNT FEES--GENERAL, SPECIFIC, OR OTHERWISE--HAVE NO APPLICATION TO FEDERAL CREDIT UNIONS

King v. Navy Fed. Credit Union, 2025 U.S. App. LEXIS 19332 (9th Cir. 2025).
https://law.justia.com/cases/federal/appellate-courts/ca9/24-1838/24-1838-2025-08-01.html

FACTS: Plaintiff-Appellant ("King") was a customer of Defendannt Navy Federal Credit Union ("NFCU"). King attempted to deposit a check into his account but the check was unable to be deposited. The failure was not his fault. Nevertheless, NFCU assessed him a $15 fee. King filed a suit arguing that this charge from NFCU violated the California's Unfair Competition Law ("UCL").

The district court held that state law claims regarding a federal credit union's failure to disclose certain fee practices or any perceived unfairness in the fee practices themselves are preempted. King appealed.

HOLDING: Affirmed.

REASONING: The panel affirmed dismissal of King's claim on preemption grounds, relying on the express language of 12 C.F.R. § 701.35(c), which states "State laws regulating [account fees] are not applicable to federal credit unions." The court reviewed the regulatory history and federal statutory framework and explained that Congress gave the National Credit Union Administration ("NCUA") exclusive authority to regulate federal credit unions, including setting account-related fees.

King argued that so long as federal law prohibits the fee charging practice, then the preemption clause vanishes, and state law claims may proceed. In rejecting King's arguments, the court held that § 701.35(c) preempt all state laws—general, specific or otherwise—that attempt to regulate fees that federal credit unions charge, including broad consumer protection statutes like the UCL. Specifically the court mentioned the preemption language in § 701.35(c) which provides points that (1) federal credit unions can charge fees consistent with federal law, and (2) state laws regulating fees do not apply to federal credit unions. Court explained that these two operates independently of whether a fee complies with federal law. The court ultimately reasoned that whether fees violate federal law is a distinct issue; federal preemption means state cannot regulate those fees regardless of whether a federal violation occurred.