

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF
MISSOURI, WESTERN DIVISION

Riding v. Morgan Stanley & Co. LLC and David Holderbaum

No. 4:25-cv-00648-DGK (W.D. Mo. Dec. 10, 2025) · No. 4:25-cv-00648-DGK · Decided December 10, 2025

SUMMARY

The United States District Court for the Western District of Missouri sua sponte dismissed Alice Marie Riding’s claims against Morgan Stanley & Co. LLC and David Holderbaum for lack of subject-matter jurisdiction under Federal Rule of Civil Procedure 12(h)(3). The court held that the complaint’s theory, involving a birth certificate as a trust security and claims of beneficial ownership, was based on sovereign-citizen ideology and was patently frivolous, specious, and insubstantial. The court alternatively stated that dismissal would be warranted under Rules 12(b)(1) and 12(b)(6).

CASE DETAILS

COURT	United States District Court for the Western District of Missouri, Western Division
WRITING FOR THE COURT	Greg Kays
JURISDICTION	United States District Court for the Western District of Missouri, Western Division
DECIDED	December 10, 2025
DOCKET	4:25-cv-00648-DGK
DISPOSITION	dismissed
PROCEDURAL POSTURE	Plaintiff filed a pro se First Amended Verified Bill in Equity alleging breach of trust and fiduciary duty and seeking declaratory, injunctive, equitable, accounting, and restitutionary relief. Defendants moved to dismiss under Federal Rules of Civil Procedure 12(b)(1), 12(b)(4), and 12(b)(5), and 12(b)(6), or alternatively to compel arbitration. The court dismissed the action sua sponte under Rule 12(h)(3) for lack of subject-matter jurisdiction.
STANDARD OF REVIEW	The court independently considered whether it possessed subject-matter jurisdiction. It stated that wholly insubstantial, frivolous, essentially fictitious, or obviously meritless claims do not satisfy the jurisdictional threshold, and that subject-matter jurisdiction may be raised by the court on its own initiative at any stage of the litigation.

PRECEDENTIAL VALUE	Unknown; federal district court order
PARTIES	Alice Marie Riding v. Morgan Stanley & Co. LLC, David Holderbaum

TOPICS

subject matter jurisdiction motions to dismiss civil procedure trusts remedies

PRACTICE AREAS

Civil procedure Federal jurisdiction Trusts Commercial litigation Equitable remedies

QUESTIONS PRESENTED

1. Whether the court possessed subject-matter jurisdiction over claims based on Plaintiff's sovereign-citizen-style theory that her birth certificate created a trust or financial instrument entitling her to funds.
2. Whether the court could dismiss the action sua sponte under Federal Rule of Civil Procedure 12(h)(3) because the asserted jurisdictional basis was patently meritless, frivolous, specious, and insubstantial.
3. Whether, alternatively, the complaint should be dismissed under Rules 12(b)(1) and 12(b)(6).

HOLDINGS

1. A federal court lacks subject-matter jurisdiction over claims whose asserted jurisdictional basis is wholly insubstantial, frivolous, essentially fictitious, or patently meritless. Plaintiff's claims, based on the theory that her birth certificate was a trust security or financial instrument creating entitlement to Treasury funds, were patently meritless and insubstantial.
2. The court may raise subject-matter jurisdiction on its own initiative at any stage of the litigation and must dismiss when jurisdiction is absent. Rule 12(h)(3) therefore authorized sua sponte dismissal of Plaintiff's action.
3. Leave to amend was unnecessary because Plaintiff could not prevail on the alleged facts and any amendment would be futile.

KEY QUOTATIONS

"Without jurisdiction the court cannot proceed at all in any cause. Jurisdiction is power to declare the law, and when it ceases to exist, the only function remaining to the court is that of announcing the fact and dismissing the cause." (Standard of Review)

"It is well-established in the Eighth Circuit that arguments based on sovereign citizen ideology are inherently frivolous, and should be summarily dismissed as a waste of judicial resources." (Discussion § II)

"This sovereign citizen claim is "completely without merit" and "patently frivolous," so it "will be rejected without expending any more of this Court's resources on [its] discussion."" (Discussion § II)

FACTUAL BACKGROUND

Plaintiff submitted purported private trust documents and a birth certificate to Morgan Stanley, asserting that Defendants had accepted a special deposit trust and assumed fiduciary duties. After Plaintiff demanded that Defendants cure an alleged breach and return trust property, Morgan Stanley closed the account. Plaintiff characterized her birth certificate as a trust security or financial instrument, claimed beneficial ownership, and sought more than \$125 million in relief based on alleged trust and fiduciary obligations.

PROCEDURAL HISTORY

Riding filed the action on August 15, 2025, and filed a First Amended Verified Bill in Equity on August 28, 2025. Defendants moved to dismiss or compel arbitration. Without reaching all of Defendants' arguments, the district court dismissed the case sua sponte because the asserted jurisdictional theory was patently meritless, specious, and insubstantial; the court alternatively stated that dismissal would also be warranted under Rules 12(b)(1) and 12(b)(6).

DISPOSITION

dismissed

CASES CITED

- Steel Co. v. Citizens for a Better Env't, 523 U.S. 83, 94–95 (1998)
- Ex parte McCardle, 74 U.S. (7 Wall.) 506, 514 (1868)
- Shapiro v. McManus, 577 U.S. 39, 45–46 (2015)
- Hagans v. Lavine, 415 U.S. 528, 536–37 (1974)
- Biscanin v. Merrill Lynch & Co., 407 F.3d 905, 907 (8th Cir. 2005)
- Condor Corp. v. St. Paul, 912 F.2d 215, 219 (8th Cir. 1990)
- Arbaugh v. Y&H Corp., 546 U.S. 500, 506 (2006)
- Jordan-A ex rel. Crawford v. United States, No. 4:22-CV-783-CDP, 2022 WL 3576162, at *1 (E.D. Mo. Aug. 19, 2022)
- Little v. United States Dep't of Def., No. 4:21-CV-1309-JAR, 2022 WL 1302759, at *2 (E.D. Mo. May 2, 2022)
- Little Otters of Love, LLC v. Rosenberg, 724 F. App'x 498, 501 (8th Cir. 2018) (per curiam)
- Basey v. United States, No. 22-533C, 2022 WL 3590265, at *2 (Fed. Cl. Aug. 23, 2022)
- United States v. Hampton, 2025 U.S. Dist. LEXIS 151370, at *1 (E.D. Mo. July 17, 2025)
- United States v. Jagim, 978 F.2d 1032, 1036 (8th Cir. 1992)
- Leiter v. Kenney, No. 15-CV-2336-JNE/BRT, 2016 WL 7191544, at *2 (D. Minn. Oct. 27, 2016)
- Leiter v. Nickrenz, No. 15-CV-2336-JNE/BRT, 2016 WL 7191614 (D. Minn. Dec. 12, 2016)
- Volquez-El v. City of New York, No. 21-CV-1795-(DG/LB), 2022 WL 21842355, at *3 n. 5 (E.D.N.Y. Aug. 22, 2022)
- United States v. Gordon-Greenwood, No. CR 23-339(1) (DWF/DLM), 2025 WL 964900, at *2 (D. Minn. Mar. 31, 2025)

- Thompson v. Leach, No. 3:23-CV-5696-CMC, 2024 WL 243424, at *1 (D.S.C. Jan. 23, 2024)
- Courville v. McCormick, No. 6:24-CV-06088, 2025 WL 72163, at *1 n. 1 (W.D. Ark. Jan. 10, 2025)
- Trevino v. Florida, 687 F. App'x 861, 862 (11th Cir. 2017)
- Prella v. United States Mint, No. 24-CV-5291, 2024 WL 4898064, at *4 (E.D. Pa. Nov. 26, 2024)
- Mackey v. Bureau of Prisons, 2016 WL 3254037, at *1 (E.D. Cal. 2016)
- Potter v. United States, 161 Fed. Cl. 24, 28–29 (2022)
- Vaughn v. Gates, No. 4:21-CV-00503-JAR, 2021 WL 4318255, at *3 (E.D. Mo. Sept. 23, 2021)
- Nash v. Black, 781 F.2d 665, 668 (8th Cir. 1986)
- Hartsfield v. Nicholas, 511 F.3d 826, 833 (8th Cir. 2008)

OPINION

IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF MISSOURI WESTERN DIVISION ALICE MARIE RIDING,)) Plaintiff,)) v.) No. 4:25-cv-00648-DGK) MORGAN STANLEY & CO. LLC and DAVID HOLDERBAUM,)) Defendants.) COURT'S ORDER OF SUA SPONTE DISMISSAL This case arises from a dispute over a trust account pro se Plaintiff Alice Riding tried to open with Defendant Morgan Stanley & Co. ("Morgan Stanley").

Defendants Morgan Stanley and David Holderbaum ("Defendants") have filed a motion to dismiss or, alternatively, to compel arbitration. ECF No. 24. Defendants assert multiple grounds for dismissal: (1) lack of diversity jurisdiction under Federal Rule of Civil Procedure 12(b)(1); (2) Plaintiff's lack of Article III standing, which deprives the Court of subject-matter jurisdiction, under Rule 12(b)(1); (3) improper service under Rule 12(b)(4)–(5); and (4) failure to state a claim under Rule 12(b)(6).

Defendants argue that compelled arbitration is a proper alternative disposition because Plaintiff assented to arbitration when she entered into a Client Agreement with Morgan Stanley. For the reasons discussed below, this case, whose theory derives from "sovereign citizen" ideology, is DISMISSED by the Court sua sponte under Rule 12(h)(3) for lack of subject-matter jurisdiction because it is patently meritless, specious, and insubstantial.

Even if Plaintiff's claims were not so, the Court would alternatively dismiss for lack of subject-matter jurisdiction under Fed. R. Civ. P. 12(b)(1) and for failure to state a claim upon which relief can be granted under Fed. R. Civ. P. 12(b)(6) for the reasons stated in Defendants' motion to dismiss and supporting briefing. Standard of Review Whether the Court has subject-matter jurisdiction to decide the merits of a case is a threshold matter.

See *Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 94–95 (1998). "Without jurisdiction the court cannot proceed at all in any cause. Jurisdiction is power to declare the law, and when it

ceases to exist, the only function remaining to the court is that of announcing the fact and dismissing the cause.” *Ex parte McCardle*, 74 U.S. (7 Wall.) 506, 514 (1868).

While allegations of subject-matter jurisdiction need only meet a relatively low standard, “wholly insubstantial and frivolous claims,” claims that are “essentially fictitious,” and claims that are “obviously without merit” do not meet the standard. See *Shapiro v. McManus*, 577 U.S. 39, 45–46 (2015). It is well established that “federal courts are without power to entertain claims otherwise within their jurisdiction if they are so attenuated and unsubstantial as to be absolutely devoid of merit.” *Hagans v. Lavine*, 415 U.S. 528, 536–37 (1974) (citations omitted).

Thus, “[i]f the asserted basis for federal jurisdiction is patently meritless, then dismissal for lack of jurisdiction is appropriate.” *Biscanin v. Merrill Lynch & Co.*, 407 F.3d 905, 907 (8th Cir. 2005) (citations omitted); see also *Condor Corp. v. St. Paul*, 912 F.2d 215, 219 (8th Cir. 1990) (dismissing “specious and totally insubstantial” claim for lack of jurisdiction).

The question of subject-matter jurisdiction “may be raised... by a court on its own initiative[] at any stage in the litigation.” *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 506 (2006). If the Court finds that it lacks subject-matter jurisdiction, it must dismiss the case. Fed. R. Civ. P. 12(h)(3); see *Jordan-A ex rel. Crawford v. United States*, No. 4:22-CV-783-CDP, 2022 WL 3576162, at *1 (E.D. Mo. Aug. 19, 2022) (dismissing sovereign-citizen-style claim as “wholly insubstantial,” “frivolous,” and “essentially fictitious” under Fed. R. Civ. P. 12(h)(3)). In assessing its own jurisdiction, the Court has substantial authority and is “free to weigh the evidence and satisfy itself as to the existence of its power to hear the case.” *Little v. United States Dep’t of Def.*, No. 4:21-CV-1309-JAR, 2022 WL 1302759, at *2 (E.D.

Mo. May 2, 2022) (quoting *Little Otters of Love, LLC v. Rosenberg*, 724 F. App’x 498, 501 (8th Cir. 2018) (per curiam)). Background As alleged in Plaintiff’s “First Amended Verified Bill in Equity” (“the Complaint”), ECF No. 7, Plaintiff submitted “private trust documents” to Defendants on March 28, 2024, authorizing them to accept a “Special Deposit Trust” and assume fiduciary responsibility for it.

The parties agree that Defendants opened an account for Plaintiff to receive the trust property. Plaintiff then served Defendants with notice that they were in breach of their fiduciary duties to her and were given ten days “to cure, pursuant to equitable requirement.” Rather than respond, Defendants issued an account closure notice and “refus[ed] to redeliver the res or discharge fiduciary obligations.” Plaintiff made similar submissions to the Internal Revenue Service, but she avers the “trust” remains “unsettled.” On April 21, 2024, Plaintiff submitted a formal “Statement of Interest” to confirm that she is a “Beneficial Owner.” In particular, the “Statement of Interest” declares that Plaintiff “deposited Birth Certificate (Certificate of Security)... and delivered... to

Morgan Stanley & Co, LLC/Morgan Stanley Barney Smith LLC,” and that Morgan Stanley was in breach of its fiduciary duty.

In July 2025, Plaintiff publicly recorded her “Beneficial Ownership Declaration.” This action was filed on August 15, 2025, as a “Verified Bill in Equity.” ECF No. 1. Plaintiff filed a “First Amended Verified Bill in Equity,” ECF No. 7, on August 28, 2025. Plaintiff alleges breach of trust and fiduciary duty (Count I) and seeks as relief a declaration of beneficial ownership, injunction, constructive trust, accounting, and restitution in an amount exceeding \$125,000,000.¹ Discussion At first blush, the Complaint’s factual allegations are somewhat obscure and its precise legal foundations are difficult to discern.

Defendants have attempted to address the substance of the Complaint and bring generally sound arguments for dismissal in their suggestions in support of dismissal and reply, ECF Nos. 25, 30. But the Court need not address these arguments directly, because Plaintiff’s claims are based on “the discredited sovereign citizen theory,” *Basey v. United States*, No. 22-533C, 2022 WL 3590265, at *2 (Fed.

Cl. Aug. 23, 2022), and “[i]t is well-established in the Eighth Circuit that arguments based on sovereign citizen ideology are inherently frivolous, and should be summarily dismissed as a waste of judicial resources.” *United States v. Hampton*, 2025 U.S. Dist. LEXIS 151370, *1 (E.D. Mo. July 17, 2025) (citing *United States v. Jagim*, 978 F.2d 1032, 1036 (8th Cir.

1992)). I. Sovereign Citizen Ideology and Practices Generally speaking, proponents of “sovereign citizen” theory, believe that, prior to the passage of the Fourteenth Amendment, people were citizens only of their individual states. Following the passage of the Fourteenth Amendment, sovereign citizen plaintiffs believe that the government uses birth certificates and social security documents as contracts to trick individuals into becoming United States citizens.

The government then uses these birth certificates and social security documents as security for the national debt, and this security interest creates individual trust fund accounts that contain each person’s lifetime profits. ¹ Plaintiff asserts these forms of relief as Counts II, III, IV, and V. Because these are remedies and not causes of action, the Court treats the Complaint as alleging the claim given as Count I. *Basey*, 2022 WL 3590265, at *2 (citations omitted).

Many sovereign citizens “believe secret bank accounts exist at the United States (US) Department of the Treasury. These accounts can be accessed using Internal Revenue Service (IRS), Uni[form] Commercial Code (UCC), and fraudulent financial documents.”² “[L]aw enforcement personnel have observed Sovereign Citizens attempt to satisfy debts through the creation of a fiduciary relationship, primarily with government officials...

[U]sing the IRS Form 56 is an explicit attempt to harass, intimidate, and extort a government official.” *Leiter v. Kenney*, No. 15-CV-2336-JNE/BRT, 2016 WL 7191544, at *2 (D. Minn. Oct.

27, 2016), report and recommendation adopted as modified sub nom. *Leiter v. Nickrenz*, No. 15-CV- 2336-JNE/BRT, 2016 WL 7191614 (D. Minn. Dec. 12, 2016).

The Federal Bureau of Investigation has identified a number of practices that are characteristic of sovereign citizen activity. Among them are: addressing documentation to the Secretary of the Treasury or the Depository Trust Company; notarizing documents, even if not required; mailing all paperwork via registered mail; enclosing Zip codes in brackets; filing fraudulent financial documents charging their debt to the Department of the Treasury;³ and signing personal names with commas, colons, semicolons, or dashes between the first and last name.⁴ In addition to signing their names with extraneous punctuation, sovereign citizens 2 Federal Bureau of Investigation Domestic Terrorism Operations Unit, *Sovereign Citizens: An Introduction for Law Enforcement* 1 (Nov.

2010),

https://famguardian.org/Subjects/Freedom/Sovereignty/Sovereign_Citizens_Intro_For_LE.pdf (last visited Nov. 19, 2025). 3 See Federal Bureau of Investigation Domestic Terrorism Operations Unit, *Sovereign Citizens: An Introduction for Law Enforcement* 2–3 (Nov. 2010), https://famguardian.org/Subjects/Freedom/Sovereignty/Sovereign_Citizens_Intro_For_LE.pdf (last visited Nov.

19, 2025). 4 Federal Bureau of Investigation Counterterrorism Analysis Section, *Sovereign Citizens: A Growing Domestic Threat to Law Enforcement* (September 1, 2011), <https://leb.fbi.gov/articles/featured-articles/sovereign-citizens-a-growing-domestic-threat-to-law-enforcement>. sometimes add the phrases “all rights reserved” and “without recourse” on the signature lines of documents.⁵ When sovereign citizens litigate, they typically file with legal-sounding but ultimately baseless arguments.

See *Volquez-El v. City of New York*, No. 21-CV-1795-(DG/LB), 2022 WL 21842355, at *3 n. 5 (E.D.N.Y. Aug. 22, 2022) (citing Mellie Ligon, Comment, *The Sovereign Citizen Movement: A Comparative Analysis with Similar Foreign Movements and Takeaways for the United States Judicial System*, 35 EMORY INT’L L. REV. 297, 307 (2021)). Some include references to the Bible among their legal authorities.

Ligon, *The Sovereign Citizen Movement*, at 311 n. 97. They will also often refer to themselves as “beneficial owner,” *United States v. Gordon-Greenwood*, No. CR 23-339(1) (DWF/DLM), 2025 WL 964900, at *2 (D. Minn. Mar. 31, 2025), “private civilian,” *Thompson v. Leach*, No. 3:23-CV-5696-CMC, 2024 WL 243424, at *1 (D.S.C. Jan. 23, 2024), or “living,” “live,” or “flesh and blood” person, *Courvelle v. McCormick*, No. 6:24-CV-06088, 2025 WL 72163, at *1 n. 1 (W.D.

Ark. Jan. 10, 2025). II. Plaintiff’s claims are subject to dismissal as frivolous sovereign citizen claims. As noted above, “[i]t is well-established in the Eighth Circuit that arguments based on

sovereign citizen ideology are inherently frivolous, and should be summarily dismissed as a waste of judicial resources.” *United States v. Hampton*, 2025 U.S. Dist.

LEXIS 151370, *1 (E.D. Mo. July 17, 2025) (citing *United States v. Jagim*, 978 F.2d 1032, 1036 (8th Cir. 1992)). Other federal courts take the same approach. See, e.g., *Trevino v. Florida*, 687 F. App’x 861, 862 (11th Cir. 2017) (affirming district court’s sua sponte dismissal of sovereign citizen’s complaint as frivolous, without leave to amend); *Prelle v. United States Mint*, No. 24-CV-5291, 2024 WL 4898064, at *4 (E.D.

Pa. Nov. 26, 2024) (“The United States Court of Federal Claims 5 John Jacobson, Be careful notarizing documents related to “sovereign citizens,” *The National Notary Bulletin* (January 27, 2025), <https://www.nationalnotary.org/notary-bulletin/blog/2025/01/be-careful-notarizing-documents-related-to-sovereign-citizens>. and the United States Court of Appeals for the Federal Circuit routinely dismiss claims of sovereign citizens based on a contractual relationship created by birth certificates as fictitious.”); *Mackey v. Bureau of Prisons*, 2016 WL 3254037, *1 (E.D.

Cal. 2016) (“Courts across the country have uniformly rejected arguments based on the sovereign citizen ideology as frivolous, irrational, or unintelligible.”) (internal quotation marks and citation omitted). As far as the Court can tell, Plaintiff submitted her birth certificate, which she takes to be a “trust security,” to Morgan Stanley as a “financial instrument.” This “instrument” was “necessary” to recover the “\$125,000,000” “known value of the instrument,” which presumably refers to the amount of U.S. Government debt Plaintiff represents under sovereign citizen theory.

This appears to be a version of the “redemption theory,” whereby sovereign citizens claim birth certificates are contracts between themselves and the Government that entitle them to funds held by the U.S. Treasury in a “trust account.” See *Potter v. United States*, 161 Fed. Cl. 24, 28–29 (2022) Beyond this “redemption theory,” Plaintiff’s Complaint and briefing bear other characteristic marks of sovereign citizen ideology.

She refers to herself as “Beneficial Owner, Private Civilian Sui Juris,” ECF No. 7 at 1, and as “a living woman,” *id.* at ¶ 2. She indicates she is a “Citizen or Subject of a Foreign Country” on her Civil Cover Sheet. ECF No. 6-1 at 1. She labels her Missouri Certificate of Live Birth as “Exhibit E – Security (Certificate of Live Birth/Trust Security).” ECF No. 26 at 12.

She tried to create a fiduciary relationship with Defendants Morgan Stanley and David Holderbaum. ECF No. 7 at ¶¶ 11, 12. She also names then-Secretary of the Treasury Janet Yellen as “Fiduciary” on an IRS Form 56 and claims “GDP,... Reduction of the Public Debt” as the authority for the fiduciary relationship. ECF No. 26 at 16. She inserted hyphens and colons into her signature and put the phrase “All rights reserved without recourse” above the signature line on multiple documents.

See ECF No. 26 at 5, 7, 8, 9, 11, 15, 17. She enclosed the zip code of her address in brackets. ECF No. 7 at 5, 7. She refers to UCC definitions as legal authority in her Affidavit of Breach of Contract. ECF No. 26 at 6–7. She offers a hodge-podge of other “legal authority” and Scriptural quotations in her complaint and briefing, from Gibson’s SUITS IN CHANCERY, to the commentaries of Justice Story, THE RESTATEMENT (THIRD) OF TRUSTS, Eighth Circuit and Supreme Court opinions, and the Psalms, Proverbs, and Prophets.

See ECF No. 7 at ¶ 19–22, 29; id. at 6; ECF No. 26 at 1–3. This sovereign citizen claim is “completely without merit” and “patently frivolous,” so it “will be rejected without expending any more of this Court’s resources on [its] discussion.” Jagim, 978 F.2d at 1036. Though sua sponte dismissal is “disfavored because ‘the district court is cast in the role of a proponent for the defense, rather than an independent entity,’” Vaughn v. Gates, No. 4:21- CV-00503-JAR, 2021 WL 4318255, at *3 (E.D.

Mo. Sept. 23, 2021) (quoting Nash v. Black, 781 F.2d 665, 668 (8th Cir. 1986), it is “appropriate... where it is patently obvious that the plaintiff cannot prevail on alleged facts, and an opportunity to amend would be futile,” Hartsfield v. Nicholas, 511 F.3d 826, 833 (8th Cir. 2008) (citation omitted). Plaintiff’s sovereign-citizen-style claim is essentially fictitious.

She cannot prevail on the alleged facts, and any amendment would be futile. Conclusion For the reasons discussed above, this case is DISMISSED by the Court sua sponte under Fed. R. Civ. P. 12(h)(3) for lack of subject-matter jurisdiction because it is patently meritless, specious, and insubstantial. Even if Plaintiff’s claims were not so, the Court would dismiss for lack of subject-matter jurisdiction under Fed.

R. Civ. P. 12(b)(1) and for failure to state a claim upon which relief can be granted under Fed. R. Civ. P. 12(b)(6) for the reasons stated in Defendants’ motion to dismiss and supporting briefing. IT IS SO ORDERED. Date: December 10, 2025 /s/ Greg Kays GREG KAYS, JUDGE UNITED STATES DISTRICT COURT