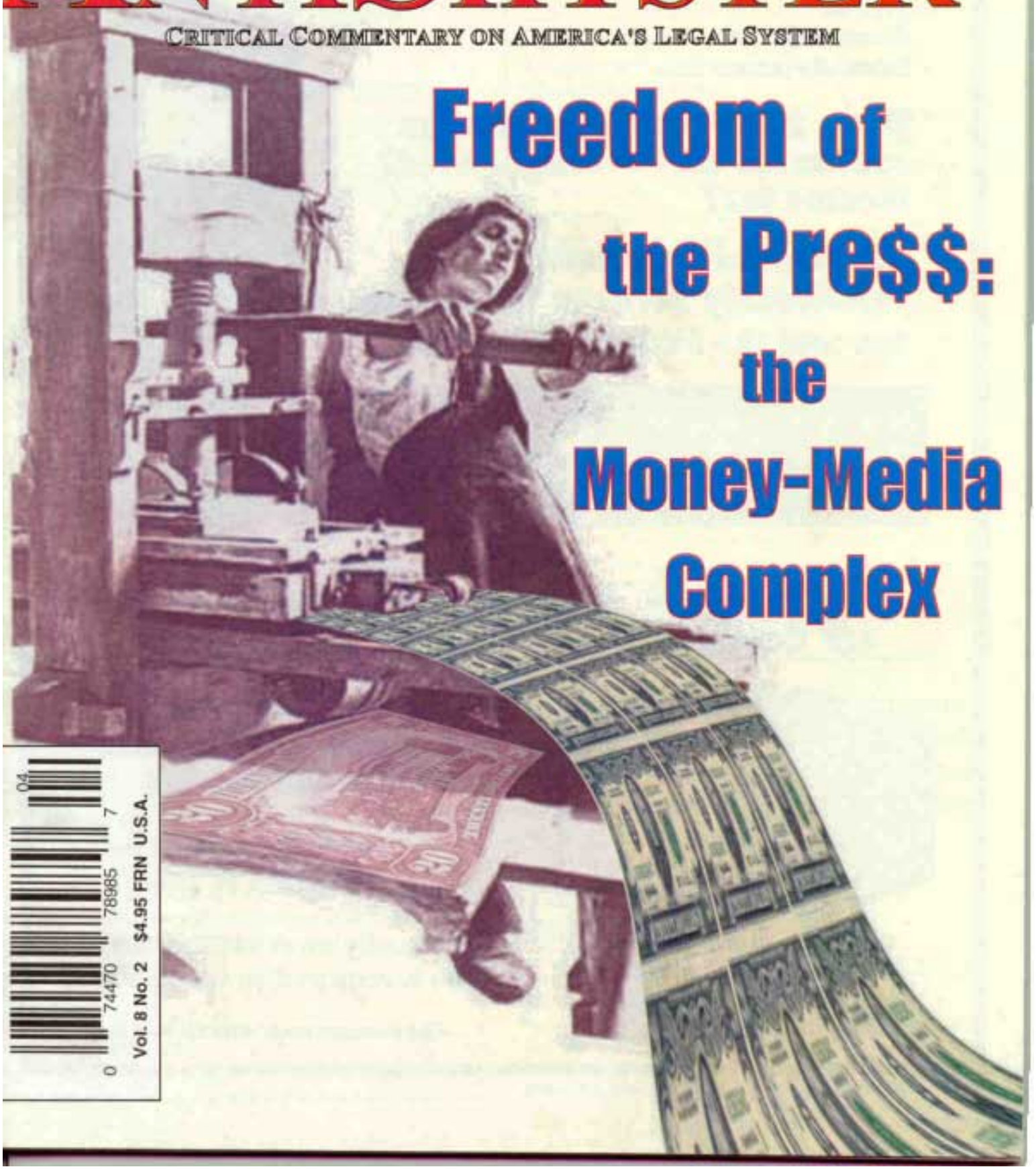
The "Y2K" Dis-Order p. 57

# AntiShyster

Critical Commentary on America's Legal System



## Freedom of the Pre$$: the Money-Media Complex

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# AntiShyster
## News Magazine
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Creator, Editor & Publisher
Alfred Norman Adask, TTEE



"'. . . it does not require a majority to prevail, but rather an irate, tireless minority keen to set brush fires in people's minds." – **Samuel Adams**

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*Black's Law Dictionary* defines "shyster" as "one who carries on any business, especially a legal business, in a dishonest way. An unscrupulous practitioner who disgraces his profession by doing mean work, and resorts to sharp practice to do it." *Webster's Ninth New Collegiate Dictionary* defines "shyster" as "one who is professionally unscrupulous esp. in the practice of law or politics." For the purposes of this publication, a "shyster" is a dishonest attorney or politician, i.e., one who lies. An *"AntiShyster",* therefore, is a person, an institution, or in this case, a news magazine that stands in sharp opposition to lies and to professional liars, especially in the arenas of law and politics.

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# Money-Media Complex

*by Alfred Adask*

We're constantly reminded that this is the "Information Age". Nations and corporations compete in life-or-death struggles to gather, possess, record, use, conceal, spin and sell information, because (as you know) information is *power*!

Maybe so, but I have my doubts. I agree that knowledge of *truth* is power, but the waterfall of information that soaks me each day is not comprised exclusively of truth. We watch the Evening News and wonder if "Information Age" leaves us better informed or better deceived.

I listen to the TV News every night and find the various opinions and information fascinating, but within hours I can't remember what those opinions were. Can you remember last night's news? I can't. So is this the Age of Information? Of Gossip? Or a second Age of Babel?

Today, thanks primarily to the telephone, radio, TV, Internet and other forms of electronic communication, each of us has access to quantities of information that were inconceivable just ten or twenty years ago. Today, the average janitor has access to more information than the average university professor in 1950. So is this the Information Age? No. It's the *Opinion* Age.

What seems to have increased in the Information Age is not truth, but *opinion*. There's an old joke that opinions are like an unsavory human orifice: everybody's got one. Little did they know – today, everybody's got scores of opinions – we've got as many opinions as hairs on our heads. Joe Brown thinks this, Jane Smith thinks that, and Alfred Adask thinks something else. Not everyone's become a commentator, columnist, or publisher, but within another four or five years, we just might.

Today's political struggle is not to find information – it's as ubiquitous as coat hangers – but to control and restrict the distribution (communication) of information. Did Bill Clinton really "inhale" when he tried marijuana (once) decades ago? Does he cheat on his wife with White House interns young enough to be his daughter? Of course. The information is not only available, it's widely *published* and communicated.

But while we titter over Bill's peccadillos, how many Americans know that, as Governor of Arkansas, Bill Clinton was allegedly involved in massive drug smuggling through the Mena, Arkansas airport and perhaps several homicides? Frankly, I don't care if Bill inhaled in college or Monica inhaled in the White House. What I want to know is whether Bill's primary party affiliation is with the Democrats or organized crime, whether he helped kill Vince Foster, and if he's committed treason with Red China for political campaign contributions.

The mainstream media's answers to my questions aren't denial – it's silence. They don't deny the most serious allegations concerning Bill Clinton, they ignore 'em. In the "Information Age," the mainstream media doesn't deny facts, they deny questions. They don't deny truth, they drown it in a torrent of "nightly news" that leads Americans to forget that the quantity of our information is no substitute for its quality (truth).

In denying my questions, the media denies me, isolates me. I rage in the night but (judging by the mainstream media) I make no sound. Since I depend on the mainstream news for my sense of "community," my mute isolation makes me doubt my perceptions and question my sanity. Seemingly unable to succeed in "publishing" (raising public awareness) that the President may be a psychotic irresistibly drawn to organized crime, lust, murder and treason – I finally concede maybe I'm the one who's nuts.

Guess which headline the mainstream media is more likely to run: "Clinton's a Psycho!" or "Adask's a Nut!"? But who cares if *I'm* nuts? What difference does it make if some eccentric roofer publishes opinions that might reach 40,000 or 50,000 people? In a population of 265 million, my audience seems insignificant.

Yet, if the President of the United States is psychotic, it seems to me that all Americans share an interest in not only keeping him away from knives and pointy scissors, but also from the buttons that launch nuclear missiles, international trade negotiations and domestic health care plans. Perhaps President Clinton's just another overambitious politician with too little ethics and too much ego. However, Bill's persistent pattern of behavior over several decades suggests his tendency to "do wrong" may be *compulsive*. And that's why a responsible mainstream media should conduct a thorough, public investigation of Clinton's behavior. A lot

of lives could depend on whether Bill's motivated by a big ego or a big psychosis.

Does the mainstream media conduct that investigation? No. Why not? Because the underlying questions and allegations are too absurd to consider? Or because a thorough investigation of Clinton would precipitate investigations of the people around him in Washington (and not only among Democrats or Republicans, but also members of organized crime, Red Chinese spies, and wealthy political campaign contributors)? In the final analysis, is Clinton misunderstood, correctly understood but an aberration, or the tip of an iceberg?

I'd bet Clinton's the tip of an iceberg of politicians, bureaucrats, special interests and bankers who are at least unethical, probably criminal, possibly psychotic, and remotely, satanic. To deeply expose Clinton could expose an entire system that's built on little more than smoke, mirrors and barely disguised corruption.

We can debate whether government in general and Clinton in particular are corrupt. But one thing is sure: If either entity were "massively" corrupt, that corruption could not survive (let alone prosper) unless the mainstream media were controlled to restrict the publication of the damning evidence.

Conversely, if there were evidence that the mainstream media routinely refuses to report news that government finds damning, we'd have to conclude that not only is the media controlled, but government must be corrupt. After all, why would an honest government that cherished the First Amendment allow the media to be controlled?

Government corruption (if any) goes hand in hand with media control (if any). They are two sides of the same coin. One could not exist without the other. To find either proves the other's existence.

I have no doubt that the mainstream media is at least influenced and possibly controlled to deprive us of truth concerning our apparent leaders. Why? Because this System is built on *belief* (public misinformation and "political correctness") rather than objective truth and substance. Because this System can't stand without "public confidence". Insofar as our System depends on our confidence/ belief, this system is somewhat like a secular religion.

But what, exactly, might we be worshipping?

I'm not quite sure. But I can tell you this: Over the years, I've seen one sure way to get yourself jailed – mess with the *money* system. You can conspire to kill the President or blow up New York's World Trade Center and maybe the government will come for you and maybe not (they may even send some people to help you). In the end, Presidents (and skyscrapers) are as disposable as light bulbs; if Clinton flickers, they'll pop him out and screw Al Gore in. If Gore burns out, no big deal, they'll just screw another dim bulb into the Oval Orifice. So any threat to harm a President is likely to be regarded by folks at the top as almost comical ("Ohh, *nooo!* Not the *President!*").

But if you create your own "comptroller warrants," open your own bank, or issue some sort of money that offers a real alternative to Federal Reserve Notes – the only question is how many years you're gonna get in the slammer. Mess with the money system, and you *will* be arrested, indicted, convicted, and sentenced.

Oh, you'll get a trial, of course. The judge will appear attentive as your lawyer presents your defense. But the appearance of "due process" will be window dressing to conceal an absolute certainty recognized long before they kicked in your door – you're going bye-bye.

I've seen this process take place several times, and judging by the system's *virulent* attack against anyone who offers an alternative to the existing money system, there's no doubt that money is our System's "third rail" – touch it and die. Judging by government's determination to protect the money system at all costs, I am convinced that money is our System's "heart of darkness."

Those who doubt my opinion might want to search all available sources in this "Information Age" for concise, comprehensible information on money in general and our money system in particular. It's almost impossible to find.

In fact, Baron Rothschild declared, "Not one man in 1,000 understands money." Even though money is as essential as oxygen to our economic survival, I'd bet that today, the number of people who fully understand the concept of money is even lower. Today, the average American understands more about DNA, genetics, and cloning sheep embryo's than he does about the "money" in his pocket. Here, in the Information Age, I'd bet the number of Americans who truly understand money – and therefore economics, politics, and social structure – could be less than 5,000.

Can that degree of public ignorance concerning a topic as fundamental to our survival as money be accidental? Not a chance. Therefore, this issue of the *AntiShyster* will begin to explore money/ media complex. ■

# The Story of Money

*by Barrie Konicov*

*Here's a fairly simple introduction to the concept we currently call "money". This article expresses a fairly common litany of complaints against our modern money system. The essence of these complaints is based on the facts that: 1) American money is still legally defined as a tangible, physical mass of gold or silver; 2) the power to coin real money or print paper money is a grant of unparalleled political power; American money was originally "made" by common people (not by government or bankers) who mined gold or silver from the ground (it was merely "coined", certified as to weight and purity by the U.S. Mint); and 3) modern American paper currency has no tangible value and yet "costs" the American people a great deal in terms of real, tangible wealth. Our money system is not only fundamentally unfair, it's fundamentally dangerous.*

Reflect for a moment on the nature of money, wealth and prosperity. The more time you reflect on these subjects, the more varied and abstract your thoughts will be. If you consider our modern "money" for long, you'll see that its value is determined by *you*, with every transaction that you enter. Moreover, the value of our "money" is magnified by the number of zeros on the bill, and paradoxically, a zero is nothing.

What we call "money" is not true money and the only value it has is the value you and I give it. The pieces of paper you and I pass around are Federal Reserve Notes. They look like money to us because we've been told that they are money and they spend like money, but they are not real money. Instead, they are instruments used to enslave us. Unless we collectively wake up to the reality of money and our government, we are in for a huge upheaval.

Money is meant to be a medium of exchanging value for value. But the creation of money is in the hands of individuals who control us by the use of debt. There is a way out of the debt system for all Souls willing to take control of their lives and to stand up for themselves. But before we can solve the problem, we must first understand how paper began to circulate as money:

Imagine living in England around 1660, when the only money is gold or silver coins minted and put into circulation by the king. When the king is short of gold or silver and in need of something, he adulterates the money by diluting the gold with copper. The adulterated coins are the same size as the original coins, but contain less gold. If his subjects refuse to accept these adulterated coins, no matter. The king merely has his court rule that the money is worth whatever he says it is worth. After all, he is the king.

Imagine you've worked hard and saved some money (coins). Where will you put that money for safe keeping? In most communities there is a goldsmith who has a large iron box where he keeps his gold and silver. You ask the goldsmith to keep your gold and silver in his safe. He agrees and you pay him a fee for his service. As proof he has your gold and silver, he gives you a receipt.

The next time you want to buy something, rather than first getting your gold coins from the goldsmith and then buying whatever you want, you use your gold receipt. It's quicker and easier. As long as the seller can go to the goldsmith and redeem the certificate for gold, everything works fine. This is how paper receipts for coins began to circulate as if they were money.

Now, place yourself in the position of the goldsmith. How long would it take you to figure out that very few people ever come at the same time to redeem their gold certificates? Maybe one day, like the king who adulterated his coins, you find yourself short of gold and silver. Could you say No to temptation, or would you tell yourself, "I'll issue a gold receipt without any gold to back it up because, after all, who will check up on me? Besides, I'll have the gold in a few days to make it right."

You quickly learn that spending your own gold receipts causes certain unsettling questions to be asked. As people realize there are dozens of *your* gold receipts in circulation, they begin to wonder how a simple goldsmith

came to own so much money. You come up with a new plan that gives you something for nothing but doesn't make it too noticeable. Your plan is simple: instead of giving a receipt for gold deposited, you *loan* gold receipts to individuals who've made no gold deposit in return for interest on the receipts. As long as you don't get too greedy, you can get "something" (interest) for "nothing" (the borrowed paper receipt for un-deposited gold). Soon you and other goldsmith/bankers are lending four times as many paper receipts as you have gold deposits.

This process of the goldsmith/bankers got a boost when the king of England needed a great deal of money to fight a war. The king turned to William Paterson and his friends who pooled their resources and came up with £72,000 in gold and silver. But instead of lending the gold and silver directly to the king, they formed a bank and printed paper receipts equal to almost seventeen times as much as their gold and silver reserves. They lent the king £1.2 million at 8.33% annual interest. Through this "fractional reserve banking," their yearly interest was £100,000 on their original £72,000 in gold and silver – that didn't even leave their bank! Although their 8.33% interest seemed reasonable when calculated on £1.2 million in *paper* money receipts, the true interest (calculated on the original £72,000 in gold and silver) was almost 140%! If the king understood, he didn't care; he had a war to fight. After all, he would simply raise the taxes on his subjects to pay the interest (in real money; gold and silver coins).

Paterson and his friends were protected. He had the foresight to lend his paper receipts to the government. Since these receipts were needed to fight a war, the king couldn't allow them to fail. He declared them "legal tender". These receipts were now regarded as the *same* as the gold which they merely *represented*. A new "golden rule" came into being: Those that have the gold, *rule!*

Since paper money first began circulating, the situation has changed little. When the federal government wants more money it borrows it from, and through, the private banking system, the Federal Reserve. The owners of the Federal Reserve are in no need of gold or silver to back up their loans to the government. Their money is "legal tender". Unlike Paterson's time, there is no gold or silver in the system. The bankers are still receiving something for nothing. And you, as a subject, give the bankers one-third of your productive efforts when you pay federal and social security taxes.

Most everyone knows that our currency once had gold and silver backing. Some people believe the gold and silver may still be there. But most people don't have a clue that a very few rich individuals control of this country through their private ownership of the Federal Reserve Banks.

To understand what is happening with our money today, we need to refer to Article 1, Section 8 in the US Constitution:

"The Congress shall have Power to coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures." It is important to understand that the, "power to coin money," is just that, *coin*, not "print". Because if you have the power to "print" money, you end up with paper money that is worthless – just as worthless as the English goldsmith/bankers' *receipts* for money.

To ensure that no one but Congress had control of this country's money, the Founding Fathers also added Article 1, Section 10 which reads: "No State shall . . . coin Money; emit Bills of Credit; make any Thing but gold and silver coin a Tender in Payment of Debts." With these two articles, the Founding Fathers felt they had ensured the stability of the country's money supply.

In 1792, Congress passed the first Coinage Act which set the Standard Unit of Value and the ratio of gold to silver. A dollar was defined as 24.8 grains pure 9/10 fine gold or 371.25 grains .999 fine of silver.

Several times in our country's history Congress enacted laws that violated the Constitutional provisions governing money. The last time Congress unlawfully turned over their responsibility to manage the country's money supply was with the enactment of the Federal Reserve Act in 1913. For a period of time, the Federal Reserve will-

ingly exchanged gold and silver for paper certificates on demand. But, as the depression of 1929 deepened, Congress passed a law making it unlawful to own gold, and the banks stopped redeeming paper money with gold in 1933. All that remained to support our money was silver but that was removed by presidential order in 1968.

Today there is no gold or silver backing up our money - only the "full faith and credit" of the United States government. The federal government has pledged you and your ability to earn money as collateral to the international bankers for over $4 trillion in loans. This is a great deal for the bankers. The bankers put up nothing, and you, as a slave, turn over to the bankers one-third of your income to pay your "fair share" of the federal income tax. Your income tax does not pay for the running of the federal government. It pays the interest on the national debt; a debt that was created as a mere bookkeeping entry.

### Local Bank Fraud

The fraud of the bankers does not stop with the owners of the Federal Reserve. It continues through our system and includes every bank, every savings and loan and every credit card company. The fraud reaches into every one of your banking transactions. All of them, without exception, extend the control of the bankers over our lives.

Consider this scenario. You want to purchase a used car. You arrange with Bank A for a loan and fill out the papers. The banker gives you a check made out to the car dealer for $5,000. You give the check to the car dealer. The dealer transfers the car to you and deposits the $5,000 check into his Bank B. It happens all the time.

Now, let's take a deeper look at the transaction. Did any money (gold or silver) leave Bank A? No. The money never left Bank A because the banker didn't give you any. He gave you bank *credit*. But the courts have ruled that "A check is not *money*. " *School Dist. v. U.S. Nat'l Bank*, 211 P2d 723; instead, "A check is an *order* on a bank to pay money." *Young v. Hembree*, 73 P2d 393. The courts have further ruled that "National banks may lend their *money* but not their *credit*." *Horton Grocery Co. v. Peoples National Bank (1928), 144 S.E. 501, 151 Va. 195*, because, unlike the Federal Reserve banks, local banks are not allowed, by law, to create money. But they do it all the time.



### What is Bank Credit?

Bank credit may be the biggest fraud going. It is the creation of bills of credit by private corporations for their private gain. This is one of the most important issues we face because 95% of our nation's "money" supply consists of "nothing" but bank credit.

While Federal Reserve notes at least retain the physical reality of virtually worthless paper, bank credit is completely intangible. The closest you will ever get to actually seeing, touching, or weighing "bank credit" is to look at your checkbook or credit card. Essentially, bank credit is nothing more that the *creation of numbers* which are added to your checking account in a bank's bookkeeping department. When you write a check, numbers called "dollars" are transferred from your checking account to someone else's checking account. But no real dollars (grains or grams of gold or silver) ever change hands. No real dollars are even involved. All that ever changes is our *belief* that your wealth is diminished when the bank deducts "5,000" from your account, and my wealth is increased when I deposit the "5,000" into my account. Because these deductions and deposits are not tangible, nothing has actually changed except our opinions and beliefs concerning our relative wealth. You believe you are diminished by "5,000", I believe I am increased by "5,000" – but in fact, we are both still broke since your "5,000" and mine represent nothing tangible.

Bank credit is created when a banker hands you a check after you take out a loan. This check is not "money" (gold or silver); it is merely the bank's *promise* to pay money to the payee on the check. The basis for the fraud charge is that the bank has written a check against funds (real money) which do not exist. Through an elaborate communication system, Bank A deducts "5,000" from your account, Bank B deposits "5,000" to my account, and use

these identical deduction/deposits to eliminate any need to actually trade real money. This seems like an efficient system, until you recognize that the bankers issuing these check/promises are demanding *tangible* collateral (land, property) to secure their intangible loans and your productive effort to repay the interest on borrowing their non-existent "money". Bankers receive something tangible for nothing more than a promise. Would you rather have a steak dinner, or a promise of a steak dinner? We give bankers our steaks in return for their promises to take us to dinners that never happen. As we trade our steaks for their promises, many of us have gone bankrupt and surrendered our tangible homes for their intangible promises.

### Fractional Banking

When the car dealer deposits your check into his account, bank B then has access to 5,000 more dollars that it loan to others. However, modern banking regulations allow banks to loan up to *nine times* as much "money" as is deposited. Therefore, based on my deposit of "5,000", bank B can now lend an additional $45,000 to other bank customers and charge each of then 10% interest. Much like Patterson used £72,000 in real money in the 1600s to generate an annual interest rate of 140%, today's banks loan the same "money" nine times at 10% per loan to generate a collective 90% interest rate on the original deposit. Moreover, unlike Patterson, modern bankers use no real gold or silver money deposits whatsoever. All bank credit is created out of thin air and "public confidence". Now you can understand why I said "*you* the determine value of money." Your *belief*, and only your belief, sustains the value of our intangible "money".

According to Barbara Marciniak, in her 1992 book, *Bringers of the Dawn*:

"You believe that you live in the land of the free and the home of the brave, yet you live in the most controlled experimental society on the planet." [2]

When I first read that statement I didn't believe it. Today, I do.

"Because everyone is so frightened of giving up the system in the United States, they are going to be forced to give it up. The system is corrupt. It does not work, it does not honor life, and it does not honor the Creator. That is the bottom line . . . you can bet it is going to fall, and fall big-time."

"The material realm is one area that everyone relates to. Life in the United States translates into how much money you have in your pocket and how much money the government wants out of what you have in your pocket. Taxes will be the issue that will create both the greatest amount of havoc in the United States and the greatest amount of unification, because you all have taxes in common. You may not worship the same God, but you all pay taxes." [4]

But another issue that is even greater, less understood, and potentially more unifying is *money* – a story and a concept all free men must study and understand.

[1] The Federal Reserve Bank of New York offers *The Story of Banks*, an illustrated booklet that explores the creation of money, credit, bank loans and more. For free copies, call 212-720-6134.

[2, 3, 4] *Bringers of the Dawn* by Barbara marciniak, Bear & Company, Santa Fe New Mexico.

[*] Some material in this article was excerpted from *The Paper Aristocracy*, by Howard S. Katz. Out of print. ■

# How Gold Was Money & Could Be Again

*by Richard H. Timberlake*

*Dr. Timberlake is Professor of Economics Emeritus at the University of Georgia, Athens. This article was originally published in 1995, and offers some nice insights into the history of government's monetary meddling and a fairly standard plea for a return to gold-based money.*

*Dr. Timberlake even mentions the relationship between war and credit – which I believe is "Siamese". That is, I'm sure the aggressive warfare of the 20th Century would be impossible without massive credit. Conversely, I'm confident that without war, modern credit would be largely unevolved and Master Cards would be as rare as unicorns. I'm sure war depends on credit, but more importantly, I suspect credit (and the modern banking system) depends on war.*

*Dr. Timberlake also offers some nice statistics for 1934, when our government seized (stole) all the gold owned by the American people. I find that seizure fascinating in light of the current moral outrage aimed at Swiss banks which effectively "seized" gold from Jews persecuted by the Nazi's during the early 1940s There's only about ten years between the American and Swiss seizures. If it's now time to insist Swiss bankers restore gold seized in 1944 to European Jews, it seems reasonable to suppose it's ten years past time to insist our government restore gold seized in 1934 to American Jews – and Gentiles. While Swiss bankers may have taken advantage of foreign Jews, our own government flat out robbed its own citizens. Which seizure should inspire the greater outrage?*

*However, as much as I like Dr. Timberlake's article, I am almost shocked to read that Dr. Timberlake (a Professor Emeritus of Economics) seems to see no intrinsic difference between real money (gold or silver coins) and paper Federal Reserve Notes (FRNs). As I read his article, his advocacy for gold seems as superficial as some high school homosexual's advocacy for lavender band uniforms ("Tsk, the color just does* wonders *for my eyes!").*

*Of course, I'm a former roofer, and Dr. Timberlake is – ahh – a Ph.D. in Economics. That means he be smart and I be dumb (so I'm told). So my notions on money are probably absurd. Nevertheless, I remain confident that (as first explored in "Divide and Conquer"; AntiShyster Vol. 7 No. 4) the primary difference between "gold" and "paper" money is not the material used in their construction, but their legal* quality. *That is, while gold coins can be used to exchange both* legal *and equitable titles to property, our current "legal tender" Federal Reserve Notes can only transfer equitable title. I believe the political significance of the quality of our money is huge. Nevertheless, Dr. Timberlake be smart, and I be dumb.*

*Still, I'm also perturbed that while Dr. Timberlake uses the terms "tender" (Const., Art. 1, Sect. 10) , "full legal tender" (Civil War "greenbacks"), and "legal tender" (modern FRNs), he doesn't seem to see any significant distinction between them. I believe understanding the difference between these terms is crucial to understanding our modern money predicament.*

*"Tender" does not mean "money". It means a voluntary* offer *which may be voluntarily accepted or rejected.*

*"Legal tender" means a* representation *of money that, by law, must be accepted as if it were real money. There is nothing voluntary about using "legal tender".*

*Some of the difference between "tender" and "legal tender" can be seen in the hypothetical payment of a $20 bill. If I like, I can voluntarily "tender" (offer) a $20 gold coin as payment for the bill; my creditor can voluntarily accept or reject that gold coin as payment. Or, I can give the creditor a*

*$20 FRN which he must accept whether he likes it or not. The reason the $20 FRN is "legal tender" is because it's fundamentally worthless and only a fool would accept a $20 paper FRN instead of a $20 gold coin. By legislating FRNs are "legal tender," Congress mandated that all Americans must be fools. "Legal tender" implies a legal disability.*

*Dr. Timberlake also mentions "full legal tender" and "legal tender" in the same sentence. What's the difference? "Full legal tender" must be* legally *equivalent to real money (gold); however, (partial) "legal tender" must be somehow deficient. Two kinds of "legal tender": "full" (which is explicit) and "partial" (which is unstated but implied).*

*I suspect the primary difference between "full" and (partial) "legal tender" is the money substitute's ability to exchange legal title to property. "Full legal tender" conveys both legal and equitable title to property; "legal tender" only conveys equitable title. The distinction between these terms may be as significant as the difference between driving your own car and driving your dad's. In the first instance, you are nigh unto a man, in the second, still a boy. Or so this former roofer supposes.*

*I have to admit I'm troubled by Dr. Timberlake's article. If his education is complete, then the intellectual omissions I suspect in his article are nonexistent, and my opinions on money must be fundamentally absurd. That would constitute a serious blow to my ego. Well, that's to be expected. After all, he's a Ph.D., and I'm a former roofer.*

*On the other hand, I'm just as troubled by the possibility (no matter how remote) that my notions on money are fundamentally correct and if so, Dr. Timberlake doesn't seem to have a clue. How could a Professor Emeritus of Economics not understand something as fundamental as the "qualitative" differences between gold and paper money, and between "tender", "full legal tender," and "legal tender"? I mean, if a Professor Emeritus of Economics doesn't understand money, who does?*



## Gold and Silver: Constitutional Money

Students, scholars, and some curious people who occasionally stray into the text of the U.S. Constitution are properly puzzled by contradictions between that document's "plain language" and some of the things they see around them in the world today. One such thing is the paper money and checks everyone uses to make ordinary transactions. The Constitution stipulates that, "No State shall . . . coin money, . . . or make anything but gold and silver coin a tender in payment of debts . . ." (Article I, section 10). Yet on every unit of paper money the U.S. Government asserts without apology: "This note is legal tender for all debts public and private." By what political alchemy has gold and silver become paper?

Not only is the paper money "legal tender" (meaning that it must be accepted as payment for any debt), but the gold and silver specified in the Constitution are nowhere to be seen. Gold and silver coins appear rarely, but only as collectible artifacts, not as money.

This seeming contradiction between the fundamental monetary law of the Constitution and real life conditions might suggest that gold and silver had somehow disappeared from the face of the earth in the 200 plus years since the Framers included that simple clause. However, such is not the case. The world's governments own more than 35,000 tons of gold as bullion and coin, and private persons own another (estimated) 50,000 tons. Silver is even more plentiful. Its current market price, reflecting its abundance, is only about one-eightieth the price of gold.)

The absence of gold *money* correlates with the accumulation of gold hoards in the possession of *government* central banks and treasuries. If it's there, it obviously can't be out in markets transacting business, or in banks serving as a base for bank-issued notes and checks.

It was not always this way. Until our Civil War, local banks routinely held gold and silver as redemption reserves for their outstanding notes and deposits while the federal government held just enough to expedite its minting op-

erations. Congress had the constitutional power to "coin money," but that power did not presuppose that it *keep* any stock of gold and silver beyond the inventory requirements of its mints. Indeed, even though Congress had the power it was not required to coin money at all. Private mints flourished until the Civil War, often minting coins of slightly greater gold content than government mints.

### Money after the Civil War

However, the Civil War changed fundamentally both the monetary system and governmental management of money. Congress authorized two new paper moneys, U.S. Notes, or "greenbacks," which were declared full legal tender, and national bank notes that were legal tender for debts due to or from the federal government. For all practical purposes, both these issues of paper money were obligations that the U.S. Treasury had to redeem in gold on demand after 1879. In addition, starting about 1875, silver money at the specified mint price began to decline in real value due to the burgeoning supplies of silver from the American West. As a result, silver was a viable currency only because it was redeemable in Treasury gold. Therefore, in the 1880s and 1890s, gold held for monetary purposes became concentrated in the U.S. Treasury – whereas 50 years earlier, several thousand commercial banks had held the gold to meet the demands of their local depositors and note holders.

The laws that authorized the three major fiat currencies changed the character of the gold standard from a widely dispersed gold standard, kept operational by thousands of local banks, to a "collectivist" gold standard operating from Washington and New York. Almost all the pressure for redemption of paper currency was transmitted to the U.S. Treasury. During the Panic of 1893, for example, the Treasury allowed its gold reserve to decline by 51 percent from $259 million (average for 1892) to $126 million (average for 1895).[2]

The Federal Reserve Act that Congress passed in late 1913 continued to aggravate the centralization of gold. The Treasury still held gold as a reserve against its paper currencies outstanding, and the twelve new Federal Reserve Banks received the gold deposits of their "member" banks in return for a bookkeeping reserve asset labeled "Reserve Bank credit." Presumably, the member banks could get these deposits converted into gold whenever they needed it - much as an ordinary householder or businessman could write a check against his deposit at a commercial bank to get cash.

The events of World War I witnessed an extraordinary gold flow into the United States to pay for war materials and services. By 1922 total gold in the U.S. Treasury, including the amount held for the Federal Reserve Banks, was $2.1 billion, or 3,188 tons. Treasury gold fluctuated somewhat during the 1920s but, by 1929, was at $3.3 billion or 4,956 tons.

### New Deal Gold Policy

As the Great Contraction began in 1929, the Treasury and Fed *increased* their hoards of gold – as though stockpiling gold in government vaults would serve as some kind of magical panacea to reverse the Depression's disastrous contraction of money, bank credit, and employment. By 1931, Treasury gold was $3,696 million – over 5,500 tons, while commercial banks were failing by the thousands for want of gold reserves.

The compulsion of the U.S. Treasury and Federal Reserve Banks to hoard gold between 1929 and 1933 was in sharp contrast to Treasury policy between 1892 and 1896. In the earlier period, the Treasury felt duty-bound to redeem its paper currencies with gold but thereby lost over 50 percent of its gold reserves. All through the 1929-1933 period, except for a brief interval in the middle of 1932, the Treasury and Fed added to their gold holdings while the banking system collapsed as its gold reserves disappeared. The net change in Treasury gold holdings was a minuscule decline of 1.8 percent.[3]

Given the gold flow into the United States at this time, the commercial banks would have had significantly greater reserves for redemption purposes and credit expansion *if the Treasury and Federal Reserve had not ex-*

*isted*! Rather than an "engine of inflation," the Federal Reserve System at this time was an absorber of gold and an "engine of contraction." Between 1929 and 1933, it allowed the economy's monetary stock of hand-to-hand currency and bank deposits to decline from $26.2 billion to $19.2 billion, or by 27 percent.[4]

Instead of relieving the depressed monetary and credit conditions of 1933 by getting the gold out of the hands of the Treasury and Federal Reserve Banks and into commercial banks and households, New Deal monetary legislation only made matters worse. Congress and the Roosevelt Administration passed several acts in 1933-1934 that added more gold to the government's holdings and simultaneously induced the surviving banks to be even more squeamish about extending new credit. On May 12, 1933, Congress passed the Thomas Amendment to the Agricultural Adjustment Act which gave the President power to raise the dollar value of gold by 60 percent. Then on June 5th, three weeks later, Congress passed the Act Abrogating the Gold Clause, which repudiated all gold clauses in all contracts public and private, including the bonds issued by the government itself to help finance World War I.

Next came the expropriation of privately held gold. By the Gold Reserve Act of January 30, 1934, President Roosevelt called into the U.S. Treasury all domestically owned gold and paid for it at the official mint price of $20.67 per ounce. Then, by the fiat power of proclamation given to him in the Gold Reserve Act, he raised the mint price of gold by 59 percent to $35 per ounce. Since the government now owned all of the gold, none of the "profit" from the gold price increase went to private households, to banks, or to business firms where it was desperately needed. Rather it enriched the already bloated hoard of gold in the U.S. Treasury. Treasury gold jumped in value from $4 billion in *January* 1934 $7.4 billion in *February* 1934![5]

The political uncertainty in Europe, in addition to the enhanced price of gold in the United States, caused significant exports of gold to the United States in the 1930s. By 1941, Treasury gold had reached $23 billion which, even at the new price, amounted to over 20,000 tons! At the same time, the Act of 1934 prohibited private persons and businesses from owning gold or to using gold for monetary purposes. And certainly, the Treasury gold was not their gold.

## Gold Policy after World War II

In fact, the gold had become nothing more than a balance sheet adornment for the Treasury Department and the Federal Reserve Banks. Government spokesmen dishonestly claimed that the Treasury's hoard of gold "backed" Federal Reserve Banks' notes and reserves. But what does "backed" mean if no one is allowed to own or use the gold? It meant that the U.S. Government, through its Federal Reserve Banks, could issue almost as much paper money as it pleased. The government had unlimited credit.

Paradoxically, foreigners (unlike U.S. citizens) could legally claim the U.S. Treasury's gold through their central banks and treasuries. Consequently, in accordance with balance of payments adjustments in the 1950s and 1960s, more than half of the Treasury's gold stock was *exported* to other countries. This continued outflow prompted President Nixon to discontinue even the pretense of a gold standard. On August 15, 1971, he barred any further gold redemptions to foreigners who held dollar claims. The price of gold then became an object of world market forces, but the U.S. Treasury holding since 1971 has remained almost constant at around 260 million ounces or 8.125 tons.[6]

## Gold Should Be Separated from Government

What should be done with all this gold – the 8,000-plus tons the U.S. Treasury holds as well as the other 27,000 tons that other governments sequester? It seems obvious from the history of the relationship between gold and the state, that the more gold there is in the hands of governments, the less surely the gold serves as money. Therefore, the only way to restore gold and silver as media of exchange is to get

the metals out of the possession and control of governments.

Certainly, gold has no current monetary or fiscal function for its government owners. It generates no revenue of any sort. It has no effect whatsoever on central bank monetary policies nor on the credit volume of the private banking system. In its present status as a government-owned "surplus" commodity, it is the "barbarous relic" that John Maynard Keynes characterized it in 1923. It may serve in the minds of Treasury bureaucrats as "psychological starch" for public confidence in government, but its former role as a viable money is completely absent.[7]

The gold cannot be forced into a monetary role. No government, including especially the U.S. Government, is going to reestablish a gold standard by specifying the gold content of gold coins and declaring them legal tender. Treasury spokesmen would claim that it would be impossible to estimate the gold value of the current Federal Reserve dollar. They would argue that the indeterminacy of gold's monetary value was a good excuse for doing nothing. So the gold would lie there, a useless heap, similar in its non-function to other surplus commodities the government has stockpiled.

Even if the Treasury went through the formality of giving dollars a fixed gold value, it would insist on keeping the gold in the Treasury's vaults in order to "back" the existing monetary aggregates that would now be "based" on gold. Central bank policies would continue to operate much as they do today. Rather, they would now have an undeserved aura of respectability behind which Treasury and Federal Reserve managers could conduct business as usual.

Therefore, sound money advocates should not waste their resources lobbying for a gold *standard* which, by definition, would include the state as overseer and manager of a gold currency, specifier of gold's price in dollars, custodian of gold, and continuing manipulator of a central bank-issued paper money.

No. The only way to ensure that gold becomes a viable money is to first separate gold from the state, and the state from the operation of a gold money. Indeed, the "separation of gold and state" might begin as an economizing measure – a form of privatization. Here are all those thousands of tons of gold lying idle and useless. Give them back to the people from whom the gold was unconstitutionally snatched in 1934.

### Redistributing Treasury Gold

The Treasury Department collects and disburses money for the federal government through the IRS. In a taxable year, say 1999, the IRS would note the total number of dependents on the various income tax forms (1040, 1040A, and 1040 E-Z) and then issue one one-ounce gold certificate for each listed dependent to the heads of households who filed the returns.

The stored gold is in the form of ingots each of which weighs 400 troy ounces (27 plus pounds), and is worth somewhat more than $15,000 at the current market price of gold. The Treasury would offer to exchange (sell) these bars in the open market for the appropriate number of gold certificates to any private firm or individual tendering them in the proper quantities. It would leave the actual disposition of the gold completely in the hands of private wholesalers and brokers.

In order to get the gold bars from the Treasury, a wholesaler would have to collect enough gold certificates to make his effort worthwhile. Very quickly, the gold market would establish a dollar price for the gold certificates. The price would be slightly less than the spot gold price currently posted in markets because the wholesaler-distributor would have to get some return for his services, which would include shipping, handling, storing, and packaging the gold.

Taxpayers who received the gold certificates would be elated. After all these decades of paying taxes, they would finally get something in return. True, it would be far less than they had paid in, but at least the gesture would reflect a disposition on the part of a grateful government to reward its supporters by returning some real wealth that the government cannot use and that cost it nothing in the first place.

The new gold owners – virtually all of us would next ponder what to do with their windfalls. Some would deposit their gold certificates in banks as gold demand accounts until they were more certain of its value and utility to them. Because many people might want this option, banks would cater to their wishes by offering gold-deposit accounts distinct from conventional checking accounts. The banks would use the gold certificates to claim the gold bars from the U.S. Treasury, and the gold would then become a true reserve backing the gold demand deposits.

Industrial users would also want gold to make art objects as well as other gold items. And some amount of the gold would probably be used in medical technology and the physical sciences.

Finally, some certificate holders might want to exchange their certificates for gold coins that would be something like the half-eagles, eagles, and double eagles of the pre-1914 era. (The

double eagle was a "twenty-dollar gold piece" and contained slightly less than one ounce of gold.) To satisfy the demand for coins, private coinsmiths would buy bunches of one-ounce certificates from the taxpayers who had received them and exchange them at Treasury offices for ingots. The coinage specialists would then produce coins in convenient denominations and sell them to their numismatic clients.

### How the People's Gold Would Become Money

The gold redistribution would find everyone a winner. True, the U.S. Treasury would lose the gold. But since Treasury executives realized no travail in collecting the gold, and since the gold currently has no fiscal or monetary function to the government or any other use, parting with the gold should cause no more concern than clearing out obsolete records and other trash. In fact, its departure would markedly reduce the administrative costs of Treasury operations.

The now-privatized gold that had become the basis for special bank administered checking accounts would develop monetary functions. Gold depositors who wished to transact in this medium would have checkbooks appropriately identified with gold logos, and would write checks to anyone who would accept title to the designated quantity of gold as payment for a debt. Gold reserve banks would clear gold balances with each other based on their daily or weekly debits and credits. They would perforce redeem deposits on demand in gold for any gold depositor who so wished. Eventually, borrowers might base their loans on gold, whereupon the gold would complete its restoration as a viable money.

Gold would not become *the* monetary standard. It would continue to have a dollar price in the world's gold market but it would not have a mint price specified by Congress. No government department or bureau would own gold. Federal Reserve notes (as currency) and Federal Reserve Bank reserve-deposit accounts (for commercial banks) would still be the only "legal tender" (in spite of the Constitution) and available as they are now for those who want conventional fiat paper money. The gold would simply be an alternative money for people who chose to use it for transactions and contracts.

### Gold Money as a Check on Federal Reserve Policies

A final interesting feature of the privatized gold would be the effect of its market price in paper dollars on present-day Federal Reserve policy. Some responsible Federal Reserve officials on the policy-making Federal Open Market Committee (FOMC) are currently trying to implement a policy of long-term price level stability (zero inflation). However, they are constantly badgered by monetary "activists" in Congress and the Administration who want to retain a short-run inflationary "cure" for unemployment and economic slumps. If the privatized gold became fairly widely used as money side-by-side with Federal Reserve fiat money, the price of gold in Federal Reserve dollars would tend to be an instant check on inflation – much more so than it is today. When the market price of gold rose, everyone would know that the Fed was inflating – that the real value of the paper dollar was falling – and would substitute private gold money for Federal Reserve money. Therefore, the market price of gold would be a constant check on too much monetary activism by the FOMC and would contribute significantly to the Fed's desired policy of price level stability.

To achieve a gold-based money, the gold must be held ubiquitously so that *individuals* can endow the gold with monetary properties and monetary functions. But to have this effect, the gold must be in everyone's possession so that everyone "can get the idea." For the last 60 years, the Treasury has hoarded thousands of tons of gold, and has only disbursed it to foreign central banks and governments; and for the last 20-plus years the gold has been a largely inert mass of no use to anyone. Even Treasury officials are largely ignorant of its physical details. Suppose, however, that an astute politician promised to return the gold to the people as a means of economizing on the inventory of "surplus" government commodities. Can anyone imagine that such a plank in a political platform would be unpopular? "No, no," the candidate would declaim, "I am not buying votes with gold. I would not stoop to that. I simply want to economize government operations and, at the same time, return a useful commodity to the public so that people can use it as money if they wish to do so."

Yes, Mr. Candidate, you would have my vote.

[1] Lewis Lehrman, Ron Paul, *The Case For Gold*, Washington: The Cato Institute, 1982, pp. 160-161.

[2] Richard H. Timberlake, *Monetary Policy in the United States*, Chicago: University of Chicago Press, pp. 158-159.

[3] *Ibid.*, pp. 280-281.

[4] Milton Friedman and Anna J. Schwartz, A *Monetary History of the United States, 1867-1960*, National Bureau of Economic Research, Princeton: Princeton University Press 1963, pp. 712-713.

[5] Timberlake, *ibid.* Also, Horace White, *Money and Banking*, rev. and encl. by Charles Tippets and Lewis Froman, New York: Ginn & Co., 1935, pp. 696-721.

[6] Paul & Lehrman, *The Case for Gold*, pp. 159-161.

[7] Treasury officials and other government spokesmen often speak reverently about the "country's gold reserves." This reference is at least 66 2/3 percent inaccurate. The gold does not belong to the "country"; it belongs to the federal government. And the gold is not a "reserve" for anything. It is an inert stockpile of precious metal. I do not doubt, however, that it is truly gold, and that it exists. Nevertheless, I would like a little more on-the-spot confirmation of this presumption.

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# Greater Fools & FRNs

*by Alfred Adask*

*Virtually everyone agrees the stock market is hugely overvalued. Nevertheless, the push to buy more stock continues and is justified by the theory of "greater fools". That is, just because I'm fool enough to pay $100 for stock that's objectively worth only $50 doesn't necessarily mean I'll suffer a loss. So long as I can find a "greater fool" (someone willing to pay me $150 for that $50 stock), I might even get rich.*

*In fact, so long as the Bull Market rages, some argue that the real fools are those who don't buy the overpriced stock. Others, however, see the stock market and its "greater fool" as a legalized Ponzi scheme. But, whether we know it or not, all of us play the "greater fool" game. For proof, look in your wallet. Find any Federal Reserve Notes? If so, your life also depends on greater fools.*

The difference between legal title (ownership) and equitable title (possession) may seem esoteric, but it's vital. Consider your car. Do you own it? Even if you have a "Certificate of Title," the answer is No. You have *equitable* title to your car, but the state has *legal* title and therefore *owns* and can absolutely control the vehicle. If you owned your car (had *legal* title), you wouldn't have to license, register, or insure it unless you did so voluntarily. However, because the state owns legal title to "your" car, it can *force* you to license, register, insure, and maintain (fix tail lights, etc.) the vehicle. Further, since you are only entitled to possess and use the car, if you fail to meet the state/owner's rules, you can be ticketed, jailed, or compelled to forfeit the vehicle.

Think not? Check your state's current law against "grand theft auto". Here in Texas, there's no such crime. Instead, if I take your car, I'll be charged with "unauthorized use of a motor vehicle". Why? Because I can't steal a car from someone who doesn't legally *own* (have *legal* title to) that car. You merely have the *equitable* title and therefore *equitable* right of possession/use of "your" car – not *legal* title and ownership (real control). Taking "your" car is no more theft than an eight-year old boy "taking" his ten-year old sister's bicycle. Since neither child actually "owns" the bike, no theft took place. You can't be robbed of that which you don't *own*.

And how do you *own* something? By *paying* for it with *lawful* money (gold & silver). It's legally impossible to re*pay* a loan with modern *debt*-based currency like Federal Reserve Notes (FRNs). You can you "pay" a debt with a debt. So given that our FRNs and associated forms of "money" are all *loaned* into existence, they are all "*debt*-based" (*promises* to pay) and can't truly "pay" for anything. As a result, it appears that we can't own (buy legal title to) any property purchased with FRNs. Sound crazy? It is.

## Will you pay – or merely promise?

FRNs are somewhat like IOUs. Suppose I want to sell ten acres of raggedy Texas farmland that I "own" for $100,000. Suppose no one wants to buy my land, except my friend Rick Smith who not only lacks gold or silver, but doesn't even have enough FRNs to purchase my land. But since I'm motivated to sell the ten acres, I agree to accept Rick's $100,000 IOU (promise to pay) for the land. Anyone who knows Rick understands that 1) the probability that he'll ever actually re*pay* that $100,000 IOU is close to zero; and 2) I was a fool to accept Rick's $100,000 IOU in the first place.

Nevertheless, just because I was a fool to accept a worthless $100,000 IOU in return for real property (my ten acres), doesn't mean all is lost. Suppose I find an even greater fool (someone who doesn't even know Rick) and persuade him to believe Rick is good for the money and therefore accept Rick's IOU as "payment" for the $100,000 home he wants to sell in Indiana. Now I've got a $100,000 home, and a new sucker has Rick's $100,000 IOU.

The new sucker finds a greater fool who's willing to swap a dry cleaning business in California for Rick's IOU. And then the guy in California swaps Rick's IOU to some Hawaiian for a planeload of pineapples. As you can see, the process works just fine so long as everyone can find a greater fool willing to accept Rick's IOU.

However, there are some problems. First, Rick never actually *paid* for my ten acres of farmland. All he did was "*promise* to pay" (create a debt) by writing "IOU $100,000" and signing his name to a scrap of brown grocery bag paper. His total "cost" for purchasing my ten acres was a scrap of paper, some ink, and whatever effort it required to write a few words. In es-

sence, he "bought" my land for nothing.

If you think that's bad, just wait til Rick realizes he can use his Bic to write even more IOUs to other fools. Pretty soon, Rick has a new Ferrari, a mansion, a bevy of big-chested blonds, and he's running for U.S. Senator. He's fixin' to "buy" the whole state despite the fact that he hasn't done an honest day's work ever since he learned how to write his name, a number, and "IOU" on scraps of paper and use 'em as "money".

Obviously, there is something fundamentally unjust about empowering anyone (be it Rick Smith or Alan Greenspan) to purchase real property with pieces of worthless paper (be they IOUs or FRNs). While everyone else has to work to create assets to exchange for their food and shelter, the person who prints the paper currency (debt-instruments) need do nothing but occasionally sign his name. Should we be surprised if a person empowered to print *promises* (debts) rather than coin money (gold and silver ) eventually comes to "own" the whole earth? Any fool can tell you it's a lot easier to make promises (print paper money) than it is to mine gold.

But let's go back to Rick's original $100,000 IOU (which was successively traded for Texas farmland, an Indiana home, a California business, and finally a load of Hawaiian pineapples). Suppose the Hawaiian who winds up with Rick's IOU can't find a greater fool. Even if he discounts the IOU and offers to trade it for just $50,000 no other Hawaiian is dumb enough to take an IOU from some Texas Howlie.

So the Hawaiian comes to Texas and presents the $100,000 IOU to Rick and asks for the money. Rick doesn't have it. After he blackens Rick's eyes, the Hawaiian returns home and demands the Californian return the pineapples he "purchased" with the worthless $100,000 IOU. The Californian returns the pineapples and then demands his dry cleaning business back from the Hoosier who in turn demands his house back from me, forcing me to demand my raggedy ten acres back from Rick.

Since Rick ultimately refused to *pay* the $100,000 promised on his IOU, that IOU was worthless from the moment it was written. As a result, all subsequent transactions using that IOU were ultimately invalidated, and each piece of property (farmland, house, business, pineapples) eventually returned to its "rightful" owner.

This illustrates an important point: a debt can't be *paid* by another debt (a "*promise* to pay") – it can only be *paid* by the exchange of substance for substance, like for like, legal title for legal title. Rick's IOU could not *buy* legal title to my ten acres; it only *purchased* the *use* of the ten acres based on a *promise* ("IOU") to some day actually *pay* $100,000 (gold or silver) for that land.

Likewise, because I used Rick's IOU to purchase the Indiana home, I never really owned it, I merely got to *use* it based on a "*promise* to pay" (Rick's IOU) until somebody actually redeemed the $100,000 IOU for real money. Same goes for the guys in Indian, California, and Hawaii. None of us ever *exchanged* legal titles to real property (real land for real money; real money for real house, etc.). Instead, all we did was *transfer* the *use* (not ownership) of the various properties from one fool to another based on nothing more tangible than a *promise* to pay (IOU). Rick got to use the land, I got to use the house, the other guys got to use the dry cleaning business and then pineapples. Although we were all pleased with our deals, none of us actually *owned* our "new" properties. That's why, ultimately, we all lost those properties.

Same thing is true with Federal Reserve Notes (FRNs). Because they are *debt*-instruments (*promises* to pay, not payment) they were *loaned* into circulation and remain the property of the bank that made the initial loan until the loan is re*paid* in *lawful* money (gold or silver coin). As debt-instruments, FRNs can be used to transfer use (equitable title) of property from one person to another (just like Rick's IOU), but they can't convey/ exchange that property's legal title. As a result, it appears that we merely *possess* (but do not own) everything we've *purchased* (not bought) with FRNs, checks, or credit cards. Our

"money" makes us poor and reduces us to the status of eternal sharecroppers.

### Government-granted privileges

However, our government bestowed a special privilege on the Federal Reserve System: they legislated FRNs to be "legal tender". Although the FRN has no more intrinsic value than Rick's IOU, thanks to the "legal tender" law, we never have to worry about finding a "greater fool" when we accept a worthless FRN.

See, every fool who accepted Rick's IOU had to gamble on whether he could find an even greater fool who'd also accept that IOU. (It's kind alike playing Old Maid.) But if he ran into a guy like the Hawaiian who couldn't find a greater fool (and therefore demanded Rick actually pay $100,000) the whole chain of transfers would collapse.

But with FRNs we needn't worry about some smart Hawaiian refusing to accept our worthless pieces of paper. Because each FRN carries the legal notice "THIS NOTE IS LEGAL TENDER FOR ALL DEBTS PUBLIC AND PRIVATE," the Hawaiians *must* accept them – whether they want 'em or not. And so must you and I. The legal tender law has effectively created an endless supply of "greater fools." And we be d'ose fools – by law.

Think about it. By passing "legal tender" laws, our government has forced us to accept the status of "greater fool" – i.e., we *must* accept worthless pieces of paper in return for our tangible property. And if you think you're not a "greater fool" than the guy you got the FRN from, consider that, thanks to inflation, a FRN worth $1 in 1933 is worth less than five cents, today. On average, FRNs are losing about 1.5% of their value each year.

From a generational point of view, my grandfather traded a silver dollar for a $1 paper FRN in 1933, gave that FRN to my dad when it was worth $0.50 in 1965, who passed it off on to me in 1998 when it was only worth about $0.05. My grandfather was a fool to accept the $1 FRN in 1933, and my father was a greater fool to accept the $0.50 FRN in 1965, and I was an even greater fool to accept that same FRN in 1998 when it was worth just $0.05.

But am I embarrassed to be my family's greatest fool? Nah. Heck, I've got my own kids coming up, and by the time I pass my $0.05 FRN to them, it'll be worth only a fraction of a cent! Hah! They'll be even *greater fools* than me! And thanks to the legal tender laws, so will your kids, your grandchildren, etc. Quite a legacy, hmm?

Unfortunately, the "greater fool" theory is ultimately a Ponzi scheme. That is, since each successive fool must be an increasingly "greater" fool, the magnitude of the foolishness eventually grows to a point where even public school graduates recognize the madness and refuse to play. Once we run out of "greater" fools (as we must), the system must collapse.

### My people perish . . . .

It's hardly surprising that when Congress passed the legal tender laws and made legal fools of us all, we also became educational fools. That is, so long as FRNs are "legal tender" and must be accepted, why should anyone study or understand money? What difference does it make if you understand gold or concepts like "legal title" and I don't? So long as I have FRNs in my pocket, you must do business with me, and I can be as smugly dumb as I want. So long as legal tender laws stand, I don' need t' know nuttin' bout money 'cept how t' count it. In a sense, the legal tender laws not only guarantee an *endless* supply of greater fools (which is impossible), they also guarantee "my people will *not* perish for lack of knowledge." That's also a dangerous and historically impossible guarantee. We've been taught to bet our lives on our ignorance. Thanks to public education and welfare, ignorance still seems pretty blissful. But wait.

With debt-based FRNs, you can't "pay" your debts (read the notice on a FRN; it says nothing about "paying" your debts). Instead, FRNs can only "discharge" your debts – much like a Bankruptcy Court "discharges" the debts of a bankrupt person. "Discharged" debts aren't truly paid so much as "cancelled". In a sense, every time you "use" FRNs to "discharge"

(not pay) your debts, you concede you are bankrupt and figuratively file for the government's protection from your creditors. What is that "protection"? By labeling FRNs as "legal tender," the government forces your creditors to accept intrinsically worthless debt-instruments to "discharge" legitimate debts.

As a result of the government's protection, even though you don't have any silver or gold coins (lawful money) and are therefore legally bankrupt, you can still participate in our economic system (purchase cars and homes) by "discharging" (not "paying") your debts with worthless FRNs (which your creditors are legally obligated to accept). Thanks to FRNs and legal tender laws, even though you're broke, you can live like a rich man.

This apparent idiocy continues because Article I, Section 10 of the Constitution declares in part that States shall not "make any Thing but gold or silver Coin *Tender* in *Pay*ment of Debts." A "tender" is not a "legal tender". A "tender" is an *offer* to *pay* a debt that a creditor may freely choose to accept or reject. However, a "*legal* tender" is much different from "tender" in that it is *mandatory* and may not be refused. For example, I can "tender" (offer) Rick's intrinsically worthless $100,000 IOU to purchase a house in Indiana; the current "owner" is free accept or reject my offer. But if I offer "legal tender" FRNs (which are just as worthless as Rick's IOU) for his house, he has no choice but to accept them.

But most importantly, debt-based "legal tender" can "purchase" equitable title (use, possession) to a property – but can't "buy" legal title (ownership and control). So long as FRNs are "legal tender" and don't *pay* but merely "discharge" our debts, they don't violate the Constitution's prohibition against "paying" debts with any "tender" other than gold or silver coins.

## Quantity vs. quality

Not one man in a thousand would believe it, but the *quality* of your money is more important than the quantity. If your money is debt-based FRNs, it constitutes a *loan* and legal title to whatever you think you're "buying" actually belongs to the entity that *loaned* the debt-based FRNs into circulation (the Federal Reserve System). You only "purchase" equitable title to property with FRNs until the loan is repaid in lawful money.

Since there is virtually no *lawful* money in circulation, it appears that you can't truly re-*pay* your debt to the bank (Federal Reserve System) that issued the credit (FRN). Since you can't *pay* your debts, you can't have legal title to "your" property. *Legal title to "your" property remains with the institution that loaned the FRNs into circulation – the Federal Reserve System.*

As a result, government (acting as an agent for the Federal Reserve System) can ticket you for failing to mow "your" lawn or jail you for driving "your" car without insurance. Why? Because they're not really "your" lawn or "your" car – they're the Federal Reserve's. You merely get to "use" those properties much like mortgagees "use" (but don't own) their homes. Thanks to FRNs and legal tender laws, it appears that the state/ Federal Reserve may "own" virtually all the property you believe is "yours".

Without legal title, you have no legal rights to that property, you have no standing in law or access to courts of law (which are intended to determine *legal* rights). You have only equitable rights and access to courts of equity wherein you have no legal rights and the judge can slap you around however he likes. No matter how much money you have, all this flows from the *quality* of your money.

Remember the old saying about "A fool and his money"? Today, thanks to the legal tender laws, that saying should be updated to "A fool and his law (or perhaps a fool and his legal rights) are soon parted." Are we fools? Yes. We are "statutory fools" – fools-in-law. Why? Because our own government betrayed our trust and passed legal tender laws which force us to be "greater fools" who merrily accept worthless paper as if it were lawful money. By playing the fool, we've lost most of our legal rights and our access to courts of law. Like Esau, we've traded our inheritance for bowls of pottage. ■

# Title Wars

## *by Hon. E.R. Ridgely, (Dem. Kansas)*

*This is not a sound-bite, it's a looong article. It may be a little confusing and difficult to follow since it's based on conjecture concerning money and legal title to property that I first explored in "Divide & Conquer" (AntiShyster Vol. 7, No. 4) and "In Law or Equity" (Vol. 8, No. 1). If you have those articles, it might be helpful to review them before you read this one.*

*Hopefully, this article will offer some insight into the nature of money. With a better understanding of money, you may be better able to earn, save and invest. However, the amazing thing about money is that it's significance goes far beyond mere bank balances and statements of net worth.*

*For example, virtually everyone has heard the Biblical warning that the "love of money is the root of all evil." (1 Tim. 6:10) The verse has become a cliche'. But do we really understand? The verse implies that money is an* extraordinarily important *subject – more important than Republicans, Democrats, world peace, nuclear war or even Monica Lewinsky. Money is so important that those who don't understand it – and worse, those who love it – may be energizing the root cause for evil.*

*(Ooooo, "Evil," hmm? Yawn)*

*But the Bible also warns that "No one can serve two masters. . . . You cannot serve both God and Money." (Math. 6:24) Again – yeah,yeah – we've heard that one, too. But do we really understand? If we don't understand money, how can we know if we serve it? And if we unknowingly serve money, does that somehow compromise us spiritually? Financially? Politically?*

*When asked if paying taxes was lawful, Jesus asked to see "the coin used for paying the tax." The coin bore the likeness and name of Caesar. Jesus then answered, "Give to Caesar what is Caesar's, and to God what is God's." What does that mean? Could it mean that we must pay taxes (tribute, rent) to the entity that* owns *the money or property in question? If so, who owns the Federal Reserve Notes in your wallet?*

*I realize that Biblical references are politically incorrect, but it's not only necessary to give the Devil his due – we must also give Yahweh his due. Even athiests should consider the Bible's ancient wisdom: We can be taxed or even enslaved by simply using certain forms of money.*

*Of course, the idea that mere use of "money" can enslave us seems bizarre. However, even the Founding Fathers seem to have sensed the vital significance of money. Today, some folks criticize the Constitution for being "too commercial". Perhaps – but I suspect the commercial focus was based on the Founders' understanding that the* quality *of our money was ultimately more important than the Constitution, itself.*

*As you'll read, while all men may be created equal, all "money" is not. Lawful money (gold coins, for example) conveys legal and equitable titles to property, but "legal tender" (Federal Reserve Notes) only conveys equitable title. One kind of money conveys mere possession of property; the other real ownership. If that distinction seems obscure, it may nevertheless be extraordinary.*

*Without lawful money (gold or silver coins) you can't exchange legal title to property. Without legal title, you have no legal rights relative to that property, no standing in law or access to courts of law. Without lawful money, you are a bankrupt, a servant and ultimately a slave to the bankers who loan the credit ("legal tender" and debt-instruments) we need to survive.*

*I am increasingly convinced that at least 80% of all the political problems that infuriate constitutionalists and patriots can be traced to our current "debt-based" money system. Likewise, at least 80% of our political problems could be solved by simply reinstating a lawful system of money. The problem is that not one man in 10,000 has a clue to money's nature or significance. Hopefully, this (and future) articles on money will begin to blunt a bit of that ignorance. Even mine. Especially mine.*

I recently discovered a speech by Representative E. R. Ridgely (Democrat, Kansas) to the U.S. House of Representatives on May 31, 1900. I stumbled on Rep. Ridgely's speech in a 1,113-page book entitled "Bills and Debates in Congress Relating to Trusts," published by the Government Printing Office in 1903 (Senate Document 147 of the 57th Congress). I found his speech remarkable since it seemed to clearly conveys some fundamental but surprising insights into economics of

the real world (as opposed to the classroom).

To understand Rep. Ridgely's speech, it's important to understand his political era. In the late 1800s, the "robber barons" were concentrating their money into trusts and "combinations" of sufficient financial power to establish monopolies, manipulate prices, nullify free market competition, corrupt the media, dominate State and National legislatures and even threaten the constitutional structure of our Republic.

The problem posed by this concentration of wealth was perceived in 1865 (just after the Civil War) when President Lincoln warned:

"I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. As a result of the war, corporations have been enthroned, and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign upon the prejudices of the people until all the wealth is aggregated into a few hands and the Republic is destroyed. I feel at this moment more anxiety for the safety of the country than ever before, even in the midst of war." *("Bills and Debates," page 817, supra)*

In 1900, Rep. Ridgely agreed and advocated the public ownership of factories, railroads, etc. – Communism. But he did so because he believed that trusts and combinations of private wealth had reduced the average worker's wages by *half* due to the "tribute" the workers paid in the form of higher prices imposed by trust monopolies. His leftist remedy for a 50% confiscation in 1900 was naïve, but today, our government (local, state, and national) imposes a collective tax burden of 55% (just over half) on the average worker's income. Instead of being systematically impoverished by "robber barons" of Rep. Ridgely's era – today, we are systematically impoverished by our own government. Has anything really changed?

The following quotes are from Rep. Ridgely. The italicized and/or underlined text within Rep. Ridgely's quotes indicated my added emphasis. The text surrounding Rep. Ridgely's quotes is my commentary.

Rep. Ridgely begins:

### *Centralization vs. Distribution*

"It is an indisputable fact that no person can actually produce more than a fraction of a million dollars in value during a lifetime. Then it must follow that if anyone is permitted to be the lawful owner of property amounting to millions of dollars in value, such owner has appropriated the *title* to the products of another's labor *without giving an equivalent in value therefor*." [Emph. add.]

Inflation has increased the magnitude of legitimate lifetime production to several million dollars. Nevertheless, Ridgely remains generally correct that all great fortunes are based great exploitation. For me (or Bill Gates) to accumulate a billion dollars, a lot of people have to be hugely overcharged and/or underpaid.

More importantly, Ridgely understood that the essence of exploitation was extortion of "legal title" to products or properties produced and owned by others.

What's a "legal title"? Consider a hypothetical farmer who owns and lives on a 1,000 acre farm. He owns – and therefore absolutely controls – the farm because he has legal title to it. Because he also has equitable title to the farm, he has the equitable right to use, possess, live on and work that farm. When a single individual has both legal and equitable title to a property, he is said to have complete or perfect title.

But the titles need not be united. For example, the farmer could rent his farm to you. If he did, he would retain legal title to the property (he'd still own the farm), but you would have equitable title to use, possess and live on the farm. Bear in mind that your equitable title is *conditional* on paying the rent and inferior to legal title. If you get behind in the rent, the farmer with legal title has the right and power to evict you. The threat of eviction (or otherwise reclaiming the property) gives the owner (the person with legal title) direct control

over the property and *indirect control over the person holding equitable title* since owners can usually deprive the renters of use of the property.

The importance of legal title is seen in *Bouvier's Law Dictionary* (1856), which declares our rights are based on our titles. This implies that without *legal* title to a particular property, we have no *legal* rights to that property, no standing in law, and therefore no access to courts of *law* (whose job is to determine *legal* rights) with regard to that property. Without *legal* title, we are reduced to appearing in courts of equity wherein we have no legal rights and the judge is bound to rule only according to his conscience – not law. Without the protection of law (which restricts both litigants and judges), the potential for abuse by a judge in a court of equity is significant.

### The distribution of titles

"The great problem of temporal comfort . . . that confronts every being upon earth can be successfully solved by two acts, namely, the *production* and *distribution* of the things necessary to human life and comfort. These two acts are simple in their statement, but far-reaching and complex when we attempt to put them into successful operation over a great and extensive country like ours, the greatness of which makes possible extended human comforts and happiness *if* we correctly solve the problem of production and distribution." [Emph. add.]

Ahh, economics reduced to its essentials: production and distribution. How obvious: first produce something; then determine who gets to have it.

"In the matter of *production* alone we are making wonderful progress in every department. We have outstripped the world in quantity, quality, and variety; but in the second act – that of distribution – our system is an absolute failure. Instead of distributing the *titles* to our products, it eternally centralizes them, until less than 10 per cent of our people own 90 per cent of all the values created by the present and all preceding generations. We find undeniable proof of this lamentable congestion of wealth, not only in the centralized ownership of all products of labor, but we also find by the census of 1890 . . . this alarming revelation of the centralized ownership of real estate . . . . [O]f all the families occupying [possessing] homes less than 37 per cent *claim* to be home owners, leaving 63 per cent home renters, while . . . 28 per cent of these homes were *mortgaged*, leaving but a trifle over 15 per cent of the families occupying homes *actually owning* the same." [Emph. add.]

Although 37% of Americans claimed to "own" their homes in 1890, most of those homes were mortgaged, so only 15% were true "owners". So long as their homes were mortgaged (purchased with bank credit rather than paid for with *lawful* money like gold or silver), the legal title, right of ownership and real control of their homes remained with the bank that provided the credit. Until the original loan was repaid in full in *lawful* money to the bank, the people living in those houses were entitled to use and possess the property, but they did not have legal title to "their" homes and therefore did not "own" them. Once the loan was repaid in lawful money (gold or silver), the buyer received both legal and equitable title to the home and became a true owner.

Rep. Ridgely continues with an profound insight that was apparently common knowledge in 1900, but is so forgotten today that it becomes a profound insight:

"The *first* act in distribution of property is to change the *titles* from the one having too much of an article to the one that has not enough. Money is the best instrument of account ever devised by man to exchange *titles* to property."

Today, we think of our "money" (actually credit/promises and debt-instruments) as a merely a means to purchase (transfer) property. It never even crosses or minds that it is more important to *own* (have legal title) to a property than it is to merely possess (have equitable title to) that property. The reason we don't understand the link

between legal title and real money (gold/ silver coins) is because our modern "money" (credit/promises and debt-instruments) is legally incapable of implementing the *exchange of legal title* to property. By habit we've simply forgotten real significance of money.

Rep. Ridgely's description of money as an instrument to exchange titles emphasizes the fundamental purpose of real money (gold & silver coins) is not merely transfer *possession* of property, but to *exchange legal title* and, as consequence of that exchange, *legal rights, standing in law,* and *access to courts of law.*

I suspect Rep. Ridgely's comment may offer the most important insight this magazine's ever published. It's so important, you should read it again:

"The *first* act in distribution of property is to change the *titles* from the one having too much of an article to the one that has not enough. Money is the best instrument of account ever devised by man to exchange *titles* to property." [Emph. add.]

I believe that once you study and fully comprehend the meaning and implications in those two sentences, you will begin to truly understand our political and judicial system. Until then, you'll continue to be shorn like sheep.

### Nothing new under the sun

The same legal/economic principles apply today as in 1890: Legal title (and therefore ownership, real control and legal right) to that which you purchase with *credit* belongs to the institution that provided the credit until you re*pay* the loan. But by law, we can only "pay" our debts with lawful money (gold and silver). But since we now have a "debt-based" monetary system, virtually all of our currency (Federal Reserve Notes, checks, credit cards) are debt-based and can "discharge" debts, but not legally "pay" them. As a result, we can use our modern currency to "purchase" equitable title (possession) to everything but we can't "buy" legal title (ownership and control) to anything.

If Rep. Ridgely was shocked that only 15% of Americans actually owned their homes in 1890, what would he say today when virtually *no* American actually "owns" legal title to any property. And without legal title, it appears that we have no legal rights, no access to courts of law, and at best enjoy the perpetual status of "beneficiary" (which is a politically correct way of saying "nigger"). Ohh, you may be blonde, blue-eyed, well-dressed, live in a mansion drive a Rolls Royce, and be the local Klan's Imperial Dragon – but without legal title to property, the banks and government regard you as just another "house nigger" who owns nothing, has no legal rights and no standing in law.

Debts can only be *paid* with lawful money (gold or silver coin or its legal equivalent). I.e., legal title cannot be secured except by *pay*ment in full with lawful money. Until you actually *pay* your debts (for your house, car, clothes or computers) with lawful money, you have merely "discharged" those debts with the credit and debt-instruments we currently call "money". Until you actually *pay* your debts in lawful money, you can't legally *own* whatever property you purchased with your FRNs. You may get to use that property, but you don't own it and therefore, "they" can take (re*possess*) your property from you anytime "they" want.

Because you have no lawful money, it is impossible for you to legally *pay* your debts or re*pay* your loans, impossible to secure legal title to "your" property, and impossible to become a true *owner*.

Paper money marked "*full* legal tender" conveys both legal and equitable title to property and is legally as "good as gold" or lawful money. However, "legal tender" merely convey equitable title. Today's FNRs may be "legal tender," but they are not lawful money nor are they "*full* legal tender" In fact, there is virtually no lawful money or "*full* legal tender" in circulation. Therefore, you can't pay your debts, you can't own your property, and you are legally bankrupt. The political and judicial implications are huge.

### Real Cause of Our Trouble

"Mr. Speaker, with this alarming condition before us is it any wonder that the great mass of our people are crying out for deliverance from the

burdens imposed by a system which has robbed them of their homes and the products of their labor?"

". . . . The real cause of our trouble is this: We assume that all capital used in production and distribution must draw unto itself some per cent of increase. We force this payment of increase out of the products of human labor and the *absorption of land title* by various methods known by the familiar names of interest, rents, profits, gain, etc." [Emph. add.]

In other words, the interest on the bank loans that help produce and distribute products is ultimately paid 1) from the *wages* of workers who actually produce the products and 2) by "absorbing" the *legal titles to land* that were previously owned (primarily) by the workers.

How do banks "absorb" legal titles to land? Through *credit.* By loaning "money" (actually, *credit* which is merely a *promise* to pay) to landowners foolish enough to risk legal title to their tangible land for a loan of intangible credit. Sooner or later, the borrower fails to re*pay* his loan and the legal title to his land is "absorbed" into the banking system. Today, once a legal title is "absorbed" from public access, it may never return.

". . . [O]fficial statistics reveal the fact that 10 per cent of our people [the rich], who own substantially all of the capital and instruments used in production and distribution, are taking from the other 90 per cent at the place of production over *half* of all newly created values; or, to state more clearly, the total earnings, or wages, of the 90 per cent army [of laborers] will not buy one-half of the property their labor creates, reckoned at wholesale values . . . ."

Ridgely offers a profound insight: In 1900, the rich 10% of America only paid the 90% who labor to produce our wealth about *half* the value of their productive efforts. In other words, if a common man produced $400 worth of wholesale product during a week's work, he was only paid $200 on Friday.

Well, what's wrong with that? The businessmen and bankers are entitled to make a profit, aren't they? A year ago, I would've said, "absolutely"– today, I'm not so sure. In the balance of Rep. Ridgely's speech, he implies the concept of "profit" and "interest" have become a kind of hustle – devices not intended to reward the owners of capital so much as exploit the laborers – and with dire consequences for our entire nation, rich and poor alike.

As you'll read, these dire consequences revolve around a simple fact: If our economic system pays its common laborers only half the wholesale value of what they produce, then those workers can only buy/ consume half of what they produce. As a result, if this nation produces 1,000 Fords but American laborers can only afford to buy 500, who will buy the other 500 Fords? In fact, Henry Ford applied Rep. Ridgely's theory in 1914 when he doubled his laborer's pay from $2.50 a day (General Motor's rate) to $5.00 a day. Ford reportedly reasoned if workers don't get sufficient income, they can't buy the Model T's they produce. Ford saw the symbiotic relationship that producers and consumers have in each other's well-being.

Nevertheless, in 1900, the rich and powerful used trusts and corporations to exploit the common people by taking roughly half of the legal title to their productive efforts. Sounds awful, right? But today, local, state, and national government takes about 55% of every dollar earned. Plus, the interest paid to banks on loans used to produce and distribute products probably amounts to another 10% of our gross national product. Which means, today, government and bankers combine to take roughly *two-thirds* of the legal title to products produced by common people (and that's assuming we were paid in lawful money rather than debt-based instruments in the first place). As a result, American laborers can only afford to purchase and consume about *one-third* of what they've produced. So how can business sell the other two-thirds?

Ridgely continues:

"This system not only robs the producers of over half the values they create, but it brings disaster and failure upon the 10 per cent fellows [the rich] who are getting the titles to the other half of our production. . . . [A]dmitting the total wages paid to the laborers will buy back *half* of the newly created values, these 10 per cent fellows find their real trouble . . . is to find customers able to buy the *other half* of their goods."

I.e., even the superrich are ultimately destroyed by the institutionalized exploitation of common workers since, by depriving workers of full legal title to their productive efforts, they render their workers unable to buy the cars they produced. When companies profit by exploiting their workers, they destroy their own markets.

"Every nation has an enormous surplus of products left over after its people have purchased to the last dollar of their wages. Hence our manufacturers are crying for a market, urging increased exportations, which can only be possible . . . by exchanging our surplus productions for the surplus of other nations. Returning home with these, we find our people no better able to buy the goods [imported] than they were those [exported]. Hence the 10 per cent fellows [the rich] are still in trouble, and we find them crying out 'overproduction'."

When workers are only paid half of what they earn, they can only afford to buy half of what they produce. Since there is no domestic market for the "extra" 500 cars, Ford will export 'em overseas and trade 'em for 500 "extra" boats built in Panama. But when they get the 500 boats back to America, our laborers (who've been robbed of half the legal title to their productive efforts and therefore can't afford to buy the cars they produced), still won't be able to buy the boats produced by the Panamanians (who were also robbed of legal title to their productive efforts by Panamanian employers and government).

So how can we export successfully? One way is by installing a hand-picked dictator in Panama (or Peru, Indonesia or China) who will exploit his people so thoroughly that they will work like slaves for pennies a day, so they can produce boats with such a tiny price tag that the less impoverished Americans can afford to buy 'em. This may be the "real world" economic force behind the Colonialism of the 14th to 20th centuries.

In other words, if the common people who produce products weren't systematically exploited and robbed of legal title to much of their productive efforts by their own government/ system, they'd have enough money to buy almost all the products they produced and fully enjoy the fruits of their own labor – with little need for exports, imports, and captive foreign colonies.

If so, any strong political impulse to export products indicates the local population is being heavily exploited by its employers and/or government. Look at post-WWII Japan; it was an economic export monster, envied and feared by much of the world. But Japanese workers lived in tiny cubicles, paid exorbitant prices for food, and routinely worked such long, intense hours they died on their jobs. Then consider Great Britain's colonial empire of the 16th to 20th century – again, the foundation for British "empire" might be based on exploitation of the *British* people (they could not own legal title to property) by the *British* crown and ruling class (their "system"). Similarly, if Ridgely's right, America's former status as the world's leading exporter may be neither accident nor evidence of good fortune so much as the logical consequence of exploitation of American workers through high taxes, interest, and corporate profits.

Ridgely also helps explain the need for NAFTA, GATT and the WTO. "International free trade" is necessary precisely because our government takes 55% of the average American's income and thereby leaves us unable to afford the fruits of *our own* labor. In order to maintain the fiction that we enjoy an admirable life-style, our government/ corporate/ banking "system" essentially steals products from other countries and sells them to us at dirt cheap prices. In a sense, Americans accept being enslaved so long as our "massa" provides us with an even lower class of slaves to serve us. So long as government lets illegal Mexicans in to mow my lawn for $5, I don't feel the pinch of losing over half the value of my productive efforts to the system's government and bankers.

Of course, if the working people of any of our colonies (say Nicaragua or Guatemala) get "uppity" and decide to stop paying so much extortion money

to their local dictators (our enforcers), we simply send more money, weapons and/or military personnel to shore up "our" dictator's power. Which may explain why our government insisted on maintaining the dictatorial powers of Somoza and other central American dictators from 1950s to 1990s. Perhaps our "system" needed to overtly enslave foreign people in order to conceal the surreptitious enslavement of Americans.

Likewise, this "real world" economic theory also suggests the underlying reason for our "national interests" in Kuwait, Korea, Viet Nam, Panama, Bosnia, Ethiopia, and Peru. If Ridgely's right, we not only engaged in numerous foreign wars, we risked a *nuclear world war* in order to sustain the current "system's" need to exploit (take legal title from) Americans.

### *Extreme rhetoric?*

At first glance, the implications of Ridgely's speech seem almost comically communistic. Yeah, yeah – the evil capitalists (and don't forget their "running dogs") exploit the masses, etc. Today, that kind of anticapitalist rhetoric seems absurd. But, in fact, Ridgely's observations apply equally to communists, socialists, democracies, fascists and capitalists. (The only pure form of government that might be inherently immune to this problem is a constitutional Republic.)

Consider the former Soviet Union: By definition, communism is a political system where legal title to all property is owned by the state and individual citizens have no legal titles or legal rights. Ridgely implies the complete forfeiture of legal title to one's productive efforts should 1) leave the communists abjectly impoverished; 2) destroy any pretence of a consumer market for goods within communist countries; and 3) force the communist government to expand aggressively through war or political intrigue to enslave more and more foreign markets in order to keep the domestic communists (slaves) in line.

Did the people of the Soviet Union live in abject poverty? Yes. Was there a meaningful consumer market in the Soviet Union? No. Did the USSR engage in an incessant effort to "expand" toward "world domination"? Yes. Ridgely's theory seems to work.

Moreover, Ridgely's notions may be predictive. Did the Soviet Union's empire collapse under the weight of too many slaves and not enough legal title? Seems so. Can we predict the same fate for other nations that deny their people legal title to their property and productive efforts? Probably. And if so, what can we predict for the U.S. that takes virtually all legal title and two-thirds of all equitable title to Americans' property and productive efforts?

If Rep. Ridgely's right, should we be surprised if our government engages in desperate efforts (even foreign wars) to compel foreign nations to buy our exports? Should we be surprised if people in those foreign client-nations hate us? To the extent that's happening, Ridgely seems to have a point.

Nevertheless, Ridgely's ideas still seem unbelievable since he implies the simple solution to colonialism, international trade and endless foreign wars is to implement a small, non-exploiting government and a banking system that can only loan real money, not imaginary credit.

Think about it. We've got virtually everything we need right here in the U.S.A. If the government/ banking "system" stopped exploiting us and let us retain legal title to our property and productive efforts, at the end of every work week, I'd have enough lawful money (which can exchange legal title) left over to afford to buy (not "purchase") all of your products, and you'd have enough lawful money left over to buy (not purchase) all of mine. We could keep working the same number of hours we do now, and our standard of living might at least double. Our children wouldn't have to fight in foreign jungles and deserts, and when we vacationed abroad we might be welcomed rather than despised.

But faced with the opportunity to reduce government and banking burden on American people, our "system" instead choose to push exports and increase our burden. Why?

Ridgely hints at the answer: "absorbing" legal title to land. I.e., legal titles to land are the real "chips" in the international poker game of wealth, empire, and power.

### *Prepare to be assimilated*

The rich, "next resort to shutting down their mills, mines, and factories to stop overproduction; but this, like the exportation, is also a flat failure, because by shutting down their productive plants they cut off the wages of the people; hence they destroy their [domestic] market simultaneously with the reduction of products."

For example, suppose Ford (faced with an "extra" 500 unsalable cars out of every 1,000 car production run) decided to simply cut their production in half. Instead of producing 1,000 cars and selling only 500, they'll produce just 500 cars, sell 'em all and have no cars left over. Nice theory, but so long as the system takes 50% of the workers' legal title to their productive efforts, the workers who produce 500 cars will still be able to purchase only half of their productive effort (250 cars). I.e., so long as the "system" extorts half the productive earnings of common laborers, there will still be an "extra" 250 cars that can't be sold.

The solution to "over-production" is not to cut production, but to cut exploitation (reduce taxes and increase wages) of workers. Has this reduce-taxes-to-stimulate-the-economy idea ever worked? Absolutely. President Kennedy did it with such great success in the 1960s that even government revenues were "paradoxically" increased when taxes were reduced. Despite this empirical proof, politicians of both major political parties have since shunned the idea of any real tax cuts for average Americans. Why?

"Thus these 10 per cent fellows [the rich] are involved in serious financial trouble. In their efforts to get out they are forming trusts. The 90 per cent fellows [workers] having legislated against this, the next and present effort of the 10 per cent fellows is to merge their entire capital and property into a few gigantic corporations. But when this is all accomplished they will still be unable to successfully continue this worn-out system of gathering tribute to capital for its use. It has only been possible to operate this system in the past by steadily *absorbing the* [legal] *titles to all of the world's real estate*, which has been the mighty *values added* to the people's earnings, which added value has alone made it possible for the people to buy the products of their own labor under this system. [Emph. add.]

If government and bankers take two-thirds of what a man earns, once he's broke, he can't purchase domestic or imported products. Broke is broke. So how can the system continue to operate?

Credit. Once the "system" has taken two-thirds of what we earn and left us broke, the only way we can continue to consume the fruits of our own production is through credit. And what is collateral for our credit? Legal title to our land. Ridgely explains:

"This land value was originally a gift to the people from nature; hence their purchase power has been their earnings (wages) plus their *credit* (a *lien* on their *land*). The two combined have enabled the people to purchase the products of their own labor, but this has only been possible by passing the [legal] titles of their lands over to the 10 per cent fellows [the rich]. As proof of this we need only to cite the fact that the great centers of capital in the older nations, as well as in our own country, have ever been absorbing real-estate titles and driving an army of homeless people westward to seek lands. This process has gone on until it has finally belted the earth."

I'd say the gift of land was from YHWH rather than nature, but nevertheless, Rep. Ridgely makes the fundamental point that all wealth is either derived from *wages* for productive work or from *credit* that's ultimately based on liens on legal title to land. If the idea that all credit is ultimately based on liens on legal title to land seems farfetched, bear in mind that the Congressional Record states that "after 1933, all money would be based upon mortgages [liens] on the property [homes and land] of the people."

And why do we need credit? Because the "system" has taken all of the legal title to our productive efforts and two-thirds of our equitable title, and thereby left us too impoverished to actually *buy* the products we produce. Thus, our modern credit is not a tribute to our wealth or personal productive capacity. If it were, how can we explain the fact that America is the biggest debtor nation in the world? We aren't *credit-worthy* because we're rich, we're *credit-dependent* because we've been systematically impoverished and credit is all we have left to compensate for our lack of lawful money and poverty.

However, those of you who think credit is some kind of miracle that empowers average Americans to still enjoy the good life might want to consider a deeper point of view. Properly viewed, credit doesn't empower you and me, it *drugs* us into indifference. We're being robbed, but we don't mind so long as our Master Cards still work. (But once the robbery is complete and all of our legal title is gone, why will the "system" continue to give us credit?

Benevolence? Or because we're still armed? And if we're disarmed, why not give that credit to the Red Chinese or the Indonesians?)

In any case, if there were no credit to "conceal" the robbery, we would probably revolt or the government/ bankers that rob us would have to voluntarily end or minimize the robbery. In other words, credit doesn't compensate for the theft of our property, it conceals that theft and empowers the thieves to rob us under the guise of a "prosperous economy".

Ridgely's insight is amazing: The driving force behind colonization of North and South America and our own westward expansion to California etc., has been an ancient battle between common people and bankers to own *legal title to land*. Common people risk their lives to secure legal title to frontier land, and then foolishly surrender it (like Esau) to the bankers in return for the bowl of imaginary pottage called "credit".

Then the next generation of landless commoners risks moving further West to again secure legal title to frontier land. Bankers follow and hand out loans (and credit cards) like apples in the Garden of Eden (provided the loans are secured by the collateral of legal title to our Garden). The cycle continues as the commoners borrow, gamble, lose their land and move further West in pursuit of more frontier (free) land.

But what happens when folks finally run out of frontier?

Ridgely's point was this: the only real stakes in the poker game of life are *legal titles to land* (*real* estate, get it?) – all else is temporary or fictional, but not "real".

Of course, in 1900, legal title could be lost to bankers (or whoever) but could also be regained if one accumulated enough lawful money to buy it back. Today, however, because our debt-based FRNs can't convey legal title, once legal title to land is forfeit to the Federal Reserve/ government, that legal title can't be redeemed with FRNs and brought back to private ownership. Without lawful money (gold or silver carrying intrinsic legal title), the Federal Reserve System functions like a financial "black hole"; once legal title falls into that void, it may never reappear.

The fundamental fraud and deception in our banking system may be this: We put up superior legal title to our tangible property as collateral for our loans, but the banks only loans us a paper "legal tender" carrying the inferior equitable title. This violates a supreme court maxim of "like unto like". That is, you can purchase equitable title to property with currency that carries equitable title; you can buy legal title to property with money that carries intrinsic legal title but – surprise, surprise! – you can't "buy" *legal* title to anything with FRNs since those Notes are debt-based currency. FRNs aren't assets, they're mere "promises to pay" and no one can pay for something with a *promise* to pay – not even the Federal Reserve.

Apparently, today's coalition of governments and international bankers (the New World Order) has absorbed virtually all the legal titles to America's real estate and probably all the legal titles to land in Western Europe, Australia, Africa, South and Central America, and the former Soviet Union.

Only the governments of various Asian nations may still own legal title to their land. Is this why we've been trying to "build foreign relations" with Japan, South Korea, Indonesia and China over the past few decades? Because there are virtually no legal titles left to "absorb" in the West?

If Rep. Ridgely is right and the financial system can only survive by "absorbing the titles to all of the world's real estate," once there are no legal titles left to "absorb", what will hold this international, debt-based financial system together? Could it be that once legal title to all the land is "absorbed" (as has nearly happened), the only legal titles left to claim would be to the workers themselves? Does our government currently claim legal title to our lives and productive efforts as "human resources"? Pretty much. And when all our lives and productive efforts have been lost to liens, what will be left to use as collateral for credit? Our souls?

### *No Relief From Asia*

"We are now looking with longing eyes across the Pacific to the Asiatic shores, where the world's civilization first established this system of paying tribute to capital, and what do we find there? Ten to twenty times as many people per acre as we have here, with their wealth and land titles centralized to a greater extent than anywhere else upon earth, while their great army of laborers are reduced to the condition of serfs, starving by millions, their wages, when employed at all, being but a very few pennies per day. Yet some foolishly believe that we can take our machinery over there, employ these serf laborers at 10 to 20 cents per day, and grow rich by throwing their products into the *world's* markets, which they say is the only outlet for the 'surplus production' of *our* laborers. If anyone believes our mad rush to Asia will bring relief to our congested civilization, he is doomed to serious and bitter disappointment."

Rep Ridgely implies that there's no hope for selling surplus American products (based on exploitation of American workers) to the Chinese (who are even *more* exploited and therefore *less* able to buy our surplus products than we are). Therefore, why try to improve economic relations with China if common Chinese people can't afford to buy our surpluses? Answer: Because the Chinese *government* (by virtue of exploiting the Chinese people) is able to afford imported American products.

OK, but what shall we export to the Red Chinese government? Hershey Bars? Coca Cola? Ford Escorts? Maybe, but not in sufficient quantity to make an economic impact on the USA. Instead, we will have to turn our "surplus" productive capacity (based on institutionalized exploitation of American labor) to making products that the Chinese *government* (not the Chinese people) wants to buy. And what would any exploitive government want to buy with the wealth extorted from their own people if not weapons and surveillance technology necessary to control its own people?

Ridgely's speech helps explain today's enormous international trade in arms. Insofar as the world's population is increasingly enslaved, only their exploiting governments have money to spend on imports. But they don't want more TV sets; they want more weapons to control their slaves. If so, it follows that an international arms race would be primarily caused by governments exploiting their own people rather than any legitimate threat from foreign countries.

So now, American production can shift from making Fords for common Americans or common Chinese (who both can't afford to buy them) to making F-16s for foreign governments. Is this happening? Yes. The only difference between Rep. Ridgely's era and our own is that the "robber barons" of the 1890s have been replaced by "robber-governments" and "robber-banks" of today.

Perhaps the most unpleasant implication in Ridgely's speech is that, since governments are the only remaining markets able to consume even part of the excess production of other exploited people, governments around the world (including our own) are emerging as the open masters (not servants) of their exploited people. If so, we are watching the re-emergence of a new class of royalty, a New World Order of feudal monarchies wherein the "imperial" U.S. government has more in common with the oppressive governments of Red China and King George IV than it does with the American people. Ridgely implies our government should be more interested in oppressing Americans than in freeing them to own legal title to their productive efforts. Does this description resemble current American political realities? Yes.

"Mr. Speaker, we can not force this old system much further. Already we hear the cry of overproduction again in our land, with our factories and mills shutting down and a nervous unrest in the camp of our capitalists as well as among our great army of laborers; and yet they call these prosperous times."

Are we shutting down our mills and factories in 1998? Not exactly, but we are exporting our factories (and jobs) to foreign countries where workers are even more exploited than they are here (ask Nike). . . . Our stock market soars and President Clinton claims these are the most "prosperous" times since the 1960s (the more apt comparison is to the 1920s), but there is an

uncercurrent of "nervous unrest" in this country. Do we expect a "serious disaster just ahead"? If so, Rep. Ridgely's century-old speech is still remarkably appropriate.

"Let us abolish our present system of bank issues and loaning of money and instead issue all money direct by the Government, a *full* legal tender, regardless of the material used in its coinage, create and issue a sufficient volume to effect *all* exchanges of *titles* to property upon a *cash basis*, put this money into circulation by paying it out in settlement of all governmental expenses, and abolish forever all interest-bearing bonds and all forms of *private debts* [credit]. This will free labor from all tribute to capital in the form of money and make it possible to exchange and distribute *titles* to *all* property *without the creation of debts*. . . . There should be enough money to displace all use of credits and avoid all borrowing of money by the citizen." [Emph. add.]

That's a pretty radical idea. First, create a new money media – it could be gold, silver or even paper, just so long as each monetary unit contained "*full*" legal tender. That is, each new coin or bill would carry intrinsic equitable and legal titles. As a result, we could buy legal title to property (even with paper money) so long as the paper was not a *debt*-instrument and therefore able to convey legal title. Our money's material composition (gold, silver or paper) is insignificant compared to our money's *quality* – i.e., can it convey *legal* title to property or just equitable?

Second, have the government (not the banks) inject enough cash into society to render all credit transactions unnecessary, and allow the exchange of *all* titles (legal and equitable, to cars, land, and labor) for "*full* legal tender" cash only (gold, silver, or the legal equivalent). If this system were enacted, the price of all products would decline sharply since they'd carry no intrinsic interest costs and people could buy only after they'd earned and then saved enough money to *pay* — not merely whenever they felt an impulse to *purchase* (possess) something with *credit* (a promise rather than a tangible asset). Similarly, instead of hustling to get a good credit rating (an "image"), people would change their behavior to focus on real earning rather than imaginary credit. However, credit might still be available to purchase (not buy) equitable title to property, provided that every credit transaction clearly noticed the purchaser that he was only getting equitable title (not legal) and therefore only equitable rights to use (not own or control) the property involved.

### A revolution in your pocket

I doubt that one man in a thousand could even dream that by simply changing our money system, we might cause revolutionary changes in our political system, individual rights, and economic wealth. But Rep. Ridgely understood the revolutionary implications in such monetary change.

By allowing any institution – be it capitalist, communist, government or bank – to exploit its workers by paying them less than they earn and, worse, depriving them of *legal title* to the product of their efforts, a nation sets forces in motion which, left unchecked, can cause recessions, depressions, political oppression and even another "Dark Age" for all civilization.

On the other hand, by simply restoring a "*full* legal tender" currency (one that can implement the exchange of *both* equitable *and legal* titles), we might restore legal rights, standing in law, and access to courts of law to common Americans. The value of that restoration would be incalculable.

*For some time, I've thought of myself as a "constitutionalist" (one who studies the Constitution for fundamental political understanding). However, I'm beginning to see that studying money may be more important than studying the Constitution. I can't find a term in modern dictionaries to designate a student of "money" (that absence doesn't surprise me), so for now I'll use "Monetarist" to designate a "student of money".*

*The Bible warns we'll perish from a lack of knowledge. If so, the sin in taking fruit from the Tree of Knowledge might not be that Eve took a bite, but that she stopped eating when she got to "sex" and didn't eat every apple on the tree. Money is one of that Tree's biggest, juiciest apples. Best start munchin'. An apple a day just might keep the bankers away.*

# IMF Colonizes Korea

## (and Indonesia, Japan, Russia, etc. etc.)

*by Alfred Adask*

*Here's an article that you'll never find in the mainstream press. Not because it's so radical or politically incorrect, but because parts of it quote an agreement between the International Monetary Fund (IMF) and South Korea and are boring. In fact, in places, reading this article is like trying to chew through a bale of hay.*

*And so, no sensible editor would publish it. Most readers simply won't read it, won't enjoy it. Not enough "action". It's bad for bidness.*

*Maybe so, but there's content, insight, and implication in this article that strike me as uncommonly valuable. This article outlines a war, surrender, and capture of an entire nation. Ohh, this article won't read like a script for a Rambo movie, full of bullets, bombs, and special effects. But this is the real thing. This is a real war fought according to ancient principles outlined around 300 B.C. by the Chinese warrior-king Sun Tzu in his book, "The Art of War."*

*According to Sun Tzu, the highest form of warfare is that which overcomes your enemy without ever resorting to real violence. In other words, any fool can win wars with firepower, but only a genius can win without firing a shot.*

*Well, so far as I can tell, the IMF defeated Korea in a battle that was so "artful" that not only was no shot fired, but most of Korea and all the world doesn't even realize a war was fought. Read closely, the 46-page document outlining the agreement between the IMF and South Korea is a peace treaty containing the terms of Korea's surrender to a grand master of the highest form of war.*

*All of which may be interesting, but why should Americans care whether Korea was defeated in a bloodless war? Because perhaps America was similarly defeated in a similar bloodless battle in 1933.*

The International Monetary Fund (IMF) has recently been in the news for its repeated attempts to stave off financial chaos in Indonesia, Korea, Japan and Russia by injecting capital into those unstable economies. Generally speaking, the IMF is viewed as an organization that "gives away" money to nations that are "developing" or recently destabilized by their own financial mismanagement.

According to the *Wall Street Journal* (4/23/98), U.S. taxpayers currently provide $35 billion to the IMF, the largest share of the IMF's bankroll. In doing so, "[T]he U.S. ends up subsidizing the IMF's growing practice of making large loans at low interest rates to very risky economies – such as Russia, Thailand or Indonesia. The IMF in turn loans that money to client countries at a rate currently averaging about 4.7% – far below what risky economies . . . would otherwise pay in the marketplace to borrow funds. . . . [W]ere the U.S. to lend these funds directly in world markets, instead of channeling them through the IMF, the U.S. would either make a lot more money in interest, or take a lot less risk."

Presumably, the IMF's benign purposes justify the financial burden placed on the American people. That is, by providing our money to help stabilize countries like Russia and Japan with irresistibly cheap loans, we preserve the foreign markets and manufacturers necessary to maintain our own standard of living.

But others disagree. To receive IMF loans, "client countries" must accept a measure of IMF "advice" (actually, control) on how to run and improve their faltering economies. In March, 1998, former Presidential candidate Steve Forbes wrote, "The advice offered

by the IMF and the Clinton-Gore Administration to troubled Asian economies has made things worse, not better. . . . Why should hard-working middle-class Americans subsidize destructive institutions and bail out sophisticated, multinational investors and speculators? Why should middle class taxpayers subsidize deadly prescriptions that are hurting others and will eventually hurt themselves?"

As quoted by economist James L. Green, the *Economist* magazine "alleges that the IMF is likely to cause more problems than it solves. The *Economist* also notes that global bankers are first-in-line to make loans in developing economies at hefty interest rates, and first-in-line to force bankruptcy when those loans fall into arrears. They only need await the IMF bailout. Then they line up to buy assets at dirt-cheap prices. . . . Bargain basement buyouts of financial companies, retail and international firms and manufacturing corporation are everywhere on the block. For the most part, the buyers are American multinational corporations."

Other sources agree that the IMF is privatizing the gains derived from its loans, and socializing the losses. In other words, if the IMF loans money to a struggling nation, the primary beneficiaries of those loans will be multinational corporations who buy the nation's properties at dirt-cheap prices. However, if the struggling nation falls into bankruptcy despite the IMF loan, who gets stuck paying for the loss? The common taxpayers who provided the money in the first place.

Even those who receive the benefit of the IMF's generosity don't always regard the IMF as some sort of wise, benign charity. According to the November 7, 1997 *Wall Street Journal*, "The son of Indonesia's President Suharto takes his countries woes personally: He sees the IMF bailout of his country, in part, as "an attempt to sully our family name in order to indirectly topple my father." That sort of ungrateful carping about receiving cheap loans seems ludicrous, even paranoid. However, Suharto's son is not alone in his accusations. Other nations (like the U.S.A.) who seem to be endlessly contributing the money the IMF donates, also view the IMF as something vaguely sinister and conspiratorial. The truth can be glimpsed in the IMF's own documents.

In 1997, like several other of the "Asian Tigers," South Korea very nearly slipped into complete financial collapse. To avert that national bankruptcy, the IMF offered to provide South Korea with a $55 billion loan "package". However, that loan was not welfare. Instead, it was premised on Korea's acceptance of various new rules and some shocking political and economic concessions.

As a practical matter, South Korea's economic survival was guaranteed – provided that South Korea agreed to surrender its economic and political sovereignty to the IMF. The IMF agreement caused considerable dissent among Korean's concerned with losing their nation's sovereignty. But eventually, faced with the alternative of national bankruptcy, the agreement was accepted, the loan received, the economy sustained, and sovereignty sacrificed.

Although the proposed 46-page IMF agreement was marked "STRICTLY CONFIDENTIAL" and "NOT FOR PUBLIC USE," the Korean newspaper *Chosun* published a photocopy of the document on the Internet (http://www.chosun.com/ feature/imfscan/report1.htm). Reading that document provides another lesson on how "real world" economics actually works. There are no graphs or mathematical models. The IMF "arrangement" is not an exercise in intellect – it's pure extortion. Like the Marlon Brando character in the movie *Godfather*, the IMF made South Korea an offer it could not refuse.

The IMF document is too long to reproduce in its entirety, so I'll just pull sections out of context and append my comments. Although this December 3, 1997 document is only the proposal – not the final agreement – I doubt that there's much difference between the two, unless the final agreement includes even greater surrender of South Korean sovereignty. While many readers may view the plight of South Korea without compassion, it is reasonable to assume that the IMF enforces similar rules and extracts similar political and economic concessions over any nation it touches – including our own.

**Page 2**. "The Korean authorities have requested a 36-month stand-by arrangement with the Fund [the IMF]."

Point: Officially, the IMF didn't offer to help; Korea "requested" the IMF's assistance. That is, Korea (seemingly) "voluntarily applied" for the IMF protection. That being so, it's very hard to blame the protector for any subsequent problems. After all, much like a mom-and-pop grocery store whose windows keep on breaking, Korea *asked* for IMF protection and therefore "eliminated" the IMF as a suspect for breaking the windows.

**Page 3**. Background. Generally speaking, the IMF applauds Korea's recent economic performance, but notes that since the beginning of 1997, "an unprecedented number of *highly leveraged* conglomerates have moved into bankruptcy," due in part to "a weakening in profitability associated with the cyclical downturn." These bankruptcies "severely weakened the financial *system* . . . cut the value of the banks' *equity* and further reduced their net worth. . . . The weak state of the banking sector has led to successive downgrades of Korean financial institutions by international credit rating agencies and a *sharp tightening* in the availability of external finance."

I suspect the IMF's "background" explanation contains a fundamental lie. The IMF implies that the troublesome conglomerates were first, 1) "highly leveraged" (they had access to more *credit* than their actual economic performance warranted); then 2) afflicted by a "cyclical downturn"; which later 3) precipitated the conglomerates' bankruptcies; and finally 4) caused a "sharp tightening in availability of external [foreign] finance [credit]" to the entire nation of Korea.

Sounds reasonable, but who ultimately provided the excess credit to the unworthy conglomerates? I'd bet it was the *international* (not Korean) banking community. And why did the Korean conglomerates fail to anticipate the economy's "*cyclical* downturn"? If it were an *unexpected* downturn, the conglomerates might be caught off guard, but a "cyclical" downturn implies the presence of a broadly recognized and predictable business cycle that all major conglomerates and banks should routinely anticipate and guard against.

But, somehow, those dumb ol' Korean conglomerates, officials, and banks didn't anticipate the "cyclical downturn" and prudently restrict their use of credit. Instead, the downturn hit, the conglomerates went bankrupt, the entire Korean banking system trembled – which caused the international bankers to "sharply tighten" credit to Korea and almost precipitate a national collapse – which caused Korean officials to "request" the benefit of IMF protection.

This scenario sounds a lot like standard sales techniques by drug dealers. First, you give the young girls free drugs to get them addicted. Then, you cut off the supply. Finally, you virtually force the girls to support their addiction with prostitution. And of course, you blame the girls for being sluts, high school dropouts, etc. (but you never blame the pimps). I suspect the international banks loaned Korea more credit than it could handle, and then "sharply tightened" the supply of credit to force Korea to "request" a job as an IMF whore.

As you'll see, if that weren't true, why would the IMF impose financial and political restrictions that virtually destroy Korea's claims of sovereignty? When you see the terms imposed by the IMF "arrangement," it's obvious that the IMF is not "here to help you".

**Page 4.** "The [Korean] authorities' policy response [to the conglomerates' bankruptcy] was piecemeal and failed to *calm* markets. . . . [and] did little to restore market *confidence*." [emph. add.] Here's the first of fourteen references to the IMF document's dominant theme: The need to maintain *public confidence* in the market and financial *system*.

Why is confidence so vital? Because all modern banking is 1) based on the imaginary concept called "credit" (actually, debt); 2) thanks to fractional reserve banking, there are at least ten "credit" dollars in circulation for every "paper" dollar that's deposited – and there are NO *real* dollars (gold, silver, or substance) to back up any of it. That is, the whole "system" depends on "confidence" because it's all based on the average man's "belief" that the "dollars" in his wallet and bank account are *real*. No amount of talking or reasoning is likely to convince the average man that his dollars (and the money system, and the government that supports it) aren't "real". However, in

the event of a serious financial collapse, circumstances could quickly prove his "dollars" are imaginary when he tried to extract his money from the bank and found out it was not only missing, but it never even existed. Therefore, a financial collapse would be so revealing that it must be avoided at all costs.

**Page 5** ". . . market *sentiment* had turned overwhelmingly negative." Again, evidence of the emotional and belief-based nature of the market (people). "This process led to a sharp depletion of reserves." I.e., the banks were being forced into reality where their credit-money did not exist.

To "save" Korea, IMF objectives included:

- ". . . building the *conditions* for an early return of confidence . . ." Note that the IMF is not merely building confidence, it's building "conditions" (structural changes in the Korean political and economic system) that instill public confidence. That sounds nice, but "structural changes" in an economy or political system can be fairly described as "revolutionary".
- ". . . a strong macroeconomic framework designed to continue the orderly adjustment in the external current account;" I.e., guarantee to repay the international bankers (dealers) who improperly loaned Korea so much credit in the first place.
- "A comprehensive strategy to restructure and recapitalize the financial sector." Sounds nice, but it means the Korean banking system will submit to a reorganization including new (foreign) control. How else can the nearly bankrupt Korean banks "recapitalize" except by borrowing *foreign* "money"? Once the Korean banks become borrowers, they become servants to (controlled by) the foreign lenders.

**Page 6** Korea's "day-to-day conduct of monetary policy . . . will be implemented in close consultation with the [IMF] staff." (Read, IMF will control Korean monetary policy.)

". . . [I]ncreases in mineral oil taxes and excises yielding about ½ percent of GDP [must] come into effect. Additional measures would focus on reducing current expenditures [government benefits], raising current revenues [taxes] by broadening the tax bases [taxing more people and products] rather than increasing tax rates . . . ." However, as a "contingency measure," the Korean government could raise "indirect tax rates and excise tax . . . by up to 30 percent."

Translation: Korea will simultaneously increase the average Korean's taxes and reduce his government support forcing common Koreans to pay for the excess, incompetence or conspiracy of Korea's conglomerates, government, and bankers. The conglomerates, government officials, and Korean bankers may have volunteered to become the IMF's call girls, but the common people were involuntarily drafted into the ranks of IMF streetwalkers.

**Page 8** Financial Sector Restructuring – the heart of the IMF's "arrangement". Remember the old Rothschild quote, "Give me control of the nation's money and I care not who controls the government"? Well, by "restructuring" Korea's "financial sector," the IMF takes virtual control of Korea's money. The IMF restructuring strategy "comprises three broad elements:

1) A "clear and firm exit policy" which "seeks to ensure the rapid resolution of troubled financial institutions in a manner than minimizes systemic distress and avoids moral hazard. . . . [M]erchant banks that are unable to submit *appropriate* restructuring plans within 30 days will have their licenses revoked. . . . [T]his policy will include mergers and acquisitions by domestic or *foreign* institutions. The supervisory authorities [IMF] will review such mergers and acquisitions to *ensure* that the new groupings are *economically viable*. This process will entail losses to [Korean] shareholders."

In other words, any bank that doesn't toe the IMF line will be terminated within 30 days. Financially troubled institutions and banks may be acquired by *foreigners*. No proposed merger between one or more Korean institutions or banks will be allowed without the IMF's approval. Korean stockholders will lose money – get used to it.

2) To provide "strong market and supervisory discipline," the Korean authorities "will request *urgent* passage of a bill to set up an agency that will *consolidate* the supervisory functions presently distributed among various agencies. The legislation will give the agency operational *independence* and adequate resources – in line with [the IMF's] Core Principles for Effective Banking Supervision – thereby freeing it from *outside* interference."

Because circumstances are "urgent," there's no time to waste on debate or consideration. Korea must quickly pass laws to create a *central, independent* bank supervisory agency that is free from "outside" interference of the Korean people or government and subject only to the IMF. I.e., Korea must surrender control of their entire monetary system to a new central agency that sounds virtually identical to America's Federal Reserve System.

3) "[T]o promote competition and efficiency in the financial sector, the authorities will allow *foreigners* to establish bank subsidiaries and brokerage houses . . . ."

Thanks to the IMF, Korea's previous policy prohibiting foreign banks will be abandoned. Now foreign banks can feed off the Korean people. Korea has just been colonized.

**Page 10** Capital Account Liberalization. "The government has announced that the ceiling on aggregate *foreigners* ownership of listed Korean shares would be increased from 26 percent to . . . 55 percent . . . . The ceiling on individual *foreign* ownership will be increased from 7 percent to 50 percent. . . . [and] eliminate restrictions on *foreign* borrowing by corporations."

A single foreigner can now own up to 50% of a Korean corporation; two or more foreigners can collectively own up to 55% (controlling interest). Korean corporations, which could previously borrow only from Korean banks, will now be allowed to borrow (and become servant to) foreign banks. Korea can now be owned, operated and controlled by non-Koreans.

**Page 11** Labor Market and Other Structural Reforms: "To facilitate the ability of the Korean labor market to respond to changing economic conditions, labor market flexibility will be enhanced by easing dismissal restriction . . . ." Translation: It will be easier to fire common Koreans. Labor market "flexibility" is just another way of saying, "Sayonara, suckers!"

**Page 14** Staff Appraisal: "The bold actions already undertaken by the government, and expeditious implementation of the government's [actually, the IMF's] announced policy package should provide a solid basis for the early return of *confidence*. Sustaining a strong macroeconomic stance is essential for restoring *calm* to markets and providing the *stable financial conditions* to support much needed *structural reforms*."

Translation: The IMF can't "colonize" Korea (i.e., implement "needed structural reforms") unless the country seems sufficiently stable for ordinary Koreans to remain "calm". In other words, "structural reforms" can't take place if "blood is running in the streets". This implies that economic colonization is a fine art: first, create a very serious threat of national bankruptcy (but prevent that bankruptcy less unpredictable populist forces seize control in the chaos), and then, under the guise of "saving" a nation, restore enough calm where the public will sit still while their nation is "restructured" into an economic colony. (I can't read the Korea-IMF document without thinking of what happened to the U.S.A. after the "Great depression" of 1929 and the "New Deal" of 1933. Was that when our government sold our money, banking, and sovereignty for a "political and financial restructuring"?)

"It will also be *critical* for the major political leaders, who have pledged their support for the policy package, to *garner public support* for the program." This is the only point in the IMF document where the word "critical" is used. Again, the "critical" need for "public support" is just another way of reiterating the need for public "confidence".

**Page 15** The IMF "policy package" also mandates elimination of "government intervention in lending decisions or subsidies and tax privileges to bail out individual corporations."

Apparently, prior to Korea's 1997 crash, the Korean government routinely bailed out favored (big) Korean corporations which slipped into financial difficulty. The IMF says this kind of government favoritism is wrong and must be stopped. Hear, hear!

But. What will happen when the spoiled, wealthy Korean corporations can't get the money they need to survive from the Korean government? They'll go to the Korean banking system which, for all practical purposes, is now owned and operated by the IMF. And I'll guarantee the IMF will give the necessary money to favored corporations – provided those corporations sing the IMF's party line.

Point: By disrupting previous financial alliances between Korean corporations and the Korean government, the IMF has diminished the government's power, and subtly created an incentive for those Korean corporations to ally themselves with the IMF. Under the IMF's beneficence, what had previously been "nationalistic" Korean corporations will probably evolve into

"multinational" (IMF) corporations with loyalty to no government or people – except the IMF.

**Page 16** "The present broad reform and liberalization program . . . represents a strong beginning, but its strict and sustained implementation will be key to building the financial and corporate sectors that are needed for Korea to meet the challenges of *globalization*."

Apparently, the IMF's real objective is not to "help" Korea remain Korean or sovereign, but to "help" Korea to become "globalized", colonized, and "osterized" into the undifferentiated mass of "useless eaters" who will one day populate the New World Order. ("Better living through banking," hmm?)

**Page 31** "To support these objectives and policies the International Monetary Fund *grants* this stand-by arrangement in accordance with the following provisions:

" For a period of three years . . . Korea will have the right to make *purchases* from the Fund in an amount equivalent to SDR (Special Drawing Right) 15,500 million . . . ." If Korea violates any of the terms of the IMF policy, "Korea will not make purchases under this stand-by arrangement."

In other words, if Korea doesn't play nice, the IMF will withhold the credit needed to keep Koreans from hanging their government officials.

The cowardly Korean government sold Korea to the IMF for a bowl of pottage. Korea is literally buying *nothing* from the IMF except an *illusion* of (false) confidence to be instilled among the Korean people. In return for this magnificent illusion, Korea surrendered its sovereignty and banking system (money).

In essence, the Korean government 1) exploited its own people; 2) feared their people would discover the exploitation and lynch the government; and therefore, 3) sold Korea to the highest bidder (the IMF) to conceal the exploitation and save their skins. Korea's rich and powerful were afraid they'd be held accountable for their financial misdeeds, and rather than face the music, they sold their country for 15,500 million of the IMF's Special Drawing Rights. (How much is that in pieces of silver?)

**Page 38** "[T]he *contagion effects* of developments in Southeast Asia contributed to the current crisis . . . ." The economic problems simultaneously faced by Indonesia and Japan helped create a panic (failure in *confidence*) in the Asian economy in general and Korea in particular. Point: Because this fractional reserve, credit-based financial system is (unknown to the public) built on nothing more substantial than promises, it is extraordinarily fragile and vulnerable to a loss of public confidence since that loss is contagious. If anyone dares to report the Emperor is nude, the entire population will suddenly admit seeing the Emperor's tinkler. At which point, the crowd will start howling for the heads of the guys who charged taxpayers exorbitant fees to drape their favorite Emperor in nonexistent clothing . . . and the game is up.

When I read the IMF "policy package" closely, I can't help but feel a measure of remorse – not only for Korea, but also for every other nation seduced by the IMF and it's patrons, the international banks and multinational corporations. We've all been hustled. Every American surrenders over $100 in taxes to the IMF and gets little in return. The foreign nations who receive the IMF loans must surrender their economic wealth and political sovereignty.

And most fantastic of all, we are all being impoverished through the use of "loans" of nonexistent "money". You and I work long hours – we surrender our *lives* – to be paid in the pottage of intrinsically worthless paper and electronic "money". Korea and other IMF beneficiaries surrender their political sovereignty and economic wealth to borrow the intrinsically worthless pottage we worked to "earn". Only a handful of bankers and multinational corporations benefit from this financial con-game.



And what is a "con-game"? It's a "confidence game." A racket designed to extort wealth and property from the producers and lawful owners for the benefit of a nonproductive criminal element. And what word appears fourteen times in the IMF-Korean document? "*Confidence*."

Public *confidence* must be maintained in the financial system. At all costs. At any cost. *Confidence* must be maintained. Why? Because the monetary system is a *con*-game. Lose the *con*fidence, and the system collapses and falls back into the hands of producers rather than parasites.

Once you start studying the money system, the implications are so fantastic, you may tend to doubt the evidence and your own sanity before you'll believe your eyes. And yet, if you're willing to see, the evidence is undeniable. Our entire financial system is a con-game. And worse, no "game" at all. We are being systematically impoverished and virtually enslaved by the people who control the monetary system. I am both convinced

this is true and also almost unable to believe it. After all, how could such a massive fraud continue without the average American having a clue?

How, indeed?

In fact, it couldn't – unless the mainstream media were truly *controlled* by the monetary system to prevent any broad discussion of the issue.

*Controlled* media? Sounds paranoid, doesn't it?

However, I've understood for several years that I couldn't be in business of publishing this small magazine unless the mainstream media refused to publish the kind of information I find intriguing and valuable. In other words, if the mainstream media reported "my" stories, there would never have been an opportunity for me to survive as a publisher. Therefore, the implications of my own eight years of publishing convince me that the mainstream media is somehow "influenced" (perhaps by a kind of gentlemen's agreement or liberal class values) to avoid publishing certain stories and information.

But until I began to understand the money system, I did not believe the mainstream media was *controlled*. The money system is a fraud from top to bottom and totally dependant on confidence and belief. Modern money is not a substance, it's a faith, a religion, a cult and the heart of darkness behind the world's ills that could not exist unless the mainstream media refused to expose the fraud.

It's one thing to perish for lack of knowledge if we are too lazy to study or too stupid to learn. It is quite another to perish because the teachers we trust and the system they represent could not survive our understanding. To the extent our debt-based monetary system depends on public confidence, public ignorance must be institutionalized public policy. That policy could not exist without the active support of mainstream media.

Who killed President Kennedy? What really happened to Flight 007 or Vince Foster? Who was really responsible for Ruby Ridge, Waco, and the World Trade Center and Oklahoma City bombings?

These are all intriguing and important questions. But the secrets they imply pale into insignificance beside the secrets you touch every time you open your wallet. Those green pieces of paper, the plastic cards and the handwritten checks we use to "buy" our groceries and new cars contain the biggest secrets in our mortal life: fraud, extortion, loss of rights and law and sovereignty. It's all there, right in our pockets, hidden (as Poe would say) "in plain sight". And for the most part, we don't understand, we don't even suspect. The implications are so enormous, we are virtually unable to believe.

If secrets of such magnitude do exist in this "information age," they could not be sustained without media control. Likewise, the public "confidence" on which a debt-based money system depends could not be maintained without media control. If our money system is as fraudulent and sinister as many believe, those secrets could not persist by accident. The inference is unavoidable: at least among the top positions of editors and corporate administrators, the mainstream media *must* be controlled.

# Comprehensive Annual Financial Reports

*by Walter J. Burien, Jr.*

*As editor of the AntiShyster, I've seen so many "unbelievable" stories over the last eight years, that I've become jaded, cynical and worldly. There are no surprises left for me. I'm sure I've seen it all. I've thought so for several years. And generally speaking, about every two or three months, life proves me absolutely wrong by showing me another story so awesome that I'm left (almost) speechless. This article introduces another one of those stories so awesome that it's right off the Richter Scale.*

*Walter Burien Jr. worked as a Wall St. commodity trader for fifteen years, but now resides in Arizona. According to Mr. Burien, every state, county, and major metropolitan city is keeping two sets of books. One set (the "Budget") is commonly available and tracks each governmental entity's costs and tax revenue. The Budget is the financial record that's seen by the public and used by politicians to justify new governmental services and higher taxes.*

*However, there is a second set of books (called the Comprehensive Annual Financial Report, or CAFR) which is virtually unknown to the public but contains the real record of total governmental income. According to Mr. Burien, although the Budget gives an accurate account of government* costs, *only the CAFR gives an accurate account of government's* income.

*For example, while a particular state Budget might report receiving $20 billion in taxes (just barely enough to sustain its $20 billion costs) – the CAFR might reveal the state's real income is in the neighborhood of $60 billion – three times as much as reported on the Budget. If these allegations are accurate, the particular state could stop charging all the taxes we are familiar with, and not only survive, but either double the amount of reported government services or give every citizen a huge tax rebate.*

*The implications are mind-boggling. They'd mean our world is so different from what we are led to believe, so much more corrupt than even I suspect, that we are left with three choices, either, 1) government agrees to end the deception and stop overtaxing us; 2) the American people agree to accept their status as slaves; or 3) both sides refuse to agree and precipitate a shooting revolution. The issue is that big.*

*But. Are Mr. Burien's allegations correct? How could any governmental entity dare to routinely overcharge its citizens by 200%, underreport its income by 2/3rds, and knowingly press for higher taxes based on an inaccurate Budget? Worse, how could such a fraudulent system become widespread among all states, counties, big cities, and even the Federal Government? When you stop to think about it, Mr. Burien's allegations are too fantastic to be credible.*

*Nevertheless, I talked to Mr. Burien by phone for several hours and found him to be articulate, knowledgeable, and apparently sincere. I asked a retired professor of economics to interview Mr. Burien and evaluate his allegations. The professor's assessment? Burien is probably correct. I steered an Alaskan M.D. (who is also a dedicated constitutionalist researcher) to Mr. Burien. The Doctor subsequently found evidence supporting Mr. Burien's claims: The state of Alaska and the city of Anchorage both use Budget/ CAFR accounting systems that conceal a "breathtaking" difference in reported revenue. Another researcher in Wyoming claims that a comparison of his state's Budget and CAFR also support Mr. Burien's arguments. In every case, there are two sets of books and the income reported on the Budget is millions or billions of dollars less than is reported on the CAFR.*

*Does this support prove Mr. Burien's extraordinary allegations? No. But they lend enough credence to publish his allegations to a broader audience who will do more research to confirm, refute or refine those allegations.*

*What follows is an amalgam of statements or implications raised by Mr. Burien on our telephone conversation, Tom Valentine's radio interview, Mr. Burien's Email, and an article on Mr. Burien written by "Betsy Ross".*

Mr. Burien reports first discovering the CAFR report in New Jersey in 1989, when he helped start a New Jersey tax protest group called "Hands Across New Jersey". While involved with that group, Mr. Burien read in the state's Annual Budget that the total cost of all public services was $17 billion and the "net available" (the money on hand to pay bills) was $24.6 billion. But then he asked first question the IRS asks in any audit: "What are the *gross receipts*?" He added figures from various sources and came up with about $44 billion and began to wonder how the state could have a $17 billion in costs, $24.6 billion in cash on hand, and $44 billion annual income. The numbers didn't add up, so he began to dig deeper.

Because his father had been Personnel Manager for the State Treasury for eight years, Mr. Burien understood how to get around in the various government departments. The state Director of the Budget was on vacation, so Mr. Burien called one of his lowest-level assistants and said, "I'm working on a report for Richard [the vacationing Budget Director] and I need all the figures on the autonomous agency accounts, interest accounts, investments accounts." The assistant said, "Ohh, you want the Comprehensive Annual Financial Report." This was the first time Burien had heard of CAFR but he said, "Yes" and the assistant mailed it.

The Comprehensive Annual Financial Report (CAFR) showed New Jersey had liquid investment funds (cash) of $188 billion; common stocks worth $70 billion; $10 billion due from loans to public and private corporations; and $14 billion in insurance company equity participation. The little state of New Jersey, which admitted to less than $25 billion in annual income on its Budget, reported almost $300 billion in cash, stocks, loans, and insurance equity on its CAFR. According to Mr. Burien, "On that day, I learned the definition of syndicated organized crime."

The scam worked something like this: Anything that was a *cost* or *expense* for public services (the traditional side of the Annual Service Budget, such as the Department of Transportation, health and welfare, etc.) was reported on the Budget where public taxes paid 100% of the bill for those services. That was $17 billion.

However, any governmental agency that was a *profit center* (the Port Authority for New Jersey, the New Jersey Turnpike, an investment account, etc.) that generated non-tax revenue was "restricted by statute" from being reported in the Annual Budget. Why? Because the state legislature passed laws to prevent reporting the income from profit centers on the Budget. Instead, income from these profit centers was disclosed only on the CAFR.

But that disclosure was not immediately apparent. For example, when Mr. Burien looked for New Jersey's 1989 "gross cash receipts" in the CAFR, he found the figure buried on page 174, under the "Waste Water Treatment Trust Fund." It showed the amount of the *total cash receipts* for 1989 from all 69 autonomous state agencies and departments was almost *$87 billion*. In other words, New Jersey was charging $87 billion to provide $17 billion in public services. New Jersey citizens were paying $5 for every $1 in services they received, and the state was pocketing the other $4 as "profit".

The CAFR also reported the state owned $32 billion in common stocks – but this figure was footnoted. The footnote revealed that the stocks were valued according to their *original* purchase price, not *current* market value. In other words, if the state bought a stock in 1968 at $1.25 a share and it's worth $3,000 a share now, they still report it on the CAFR as worth $1.25 a share. Burien determined that the true market value for the "$32 billion" in stocks reported on the New Jersey CAFR was actually about $70 billion.

### *To believe or not to believe . . .*

Mr. Burien's claims concerning New Jersey are incredible and also dated. Whether New Jersey kept two sets of books in 1989 is an intriguing but not particularly compelling question. After all, the allegations are almost ten years old, and relatively few of us live in New Jersey. As a result, Mr. Burien's allegations might be dis-

missed as largely irrelevant.

But Mr. Burien goes further – he claims the dual system of books was not unique to New Jersey, but also common among *all* fifty states. Moreover, he claims the dual accounting system was not only used ten years ago, but is still being used *today*.

For example: "In 1987 Arizona's annual Service Budget reported $2.8 billion in revenues but the state's 1987 CAFR reported total cash receipts of $3.1 billion – a mere $300 million difference."

"However, in 1997, Arizona reported an Annual Service Budget of $5.5 billion while the State's CAFR (printed by the Auditor Generals Office) showed Total Gross Cash Receipts of *$17 billion*. That's a difference of over *$11 billion*. In just ten years, Arizona had caught up to New Jersey in that both states' Annual Budgets reported less than one-third of the actual gross income seen in the states' CAFRs."

"CAFR reports indicate that the composite totals for all government (Federal, state, county and city) ownership of publicly traded stock exceeds $32 TRILLION (*53%* of the total ownership of all listed stocks), $8 TRILLION in insurance company equity (should we be surprised by high priced mandatory auto insurance or unaffordable health care?), and $5 TRILLION in Bond Surety Escrow Accounts for *future* liability of existing or potential debt.

Governments use Bond Surety Escrow Accounts to evade that pesky little rule that government should not operate at a "profit". That is, government should not impose more taxes than it actually uses to run the government. By designating tax revenue that exceeds operating costs as "Bond Surety Escrow" for *future* liability, government avoids calling excess revenue a "profit" and is thereby enabled to continue enriching itself at public expense.

### *Ask not for whom the road tolls*

To illustrate the potential for abusing "future liability payments", consider the New Jersey's plan in the 1950s to build the New Jersey State Turnpike and Garden State Parkway Authorities. The state asked voters to approve a $7.5 billion bond to construct the turnpikes. The state explained that these turnpikes would be operated as toll roads by the bondholders until the $7.5 billion bond was paid off – but the bondholders could not operate the toll roads at a profit. Once the bonds were repaid, the turnpikes would revert back into the state's Annual Budget as a normal cost/revenue item. The public voted Yes.

Over the following years, the state sometimes alleged that the toll revenue from operating those turnpikes failed to cover their operating expenses, and so additional bonds were passed to fund the turnpikes. As a result, in 1990, the total bond liability still owed for the turnpike had grown to $14.5 billion. But guess how much was in the Bond Surety Escrow Accounts? *$38 billion!* Enough to repay the original $7.5 billion bonds almost four times.

How could that happen? Say the toll road made a $400 million profit for the year and the scheduled payment on the $7.5 billion bond was $100 million. The state made the $100 million bond payment but kept the extra $300 million in a Bond Surety Escrow Account for "future liability payments." Although they kept the $300 million, they did not declare it as an *asset* but wrote it off as a line-item *payment*. In other years, even though they made a profit, they'd allege that they lost money and therefore floated more billions in bonds.

The bottom line is that New Jersey is collecting hundreds of billions of virtually unreported dollars from all the autonomous agencies. The motivating factor is not public welfare, but control of those billions.

Mr. Burien not only alleges that the dual accounting system exemplified by CAFR is used by all fifty states, but also by all counties, cities, and the Federal Government itself. If Mr. Burien's allegations are correct, they comprise the most damning indictment of big government yet seen. In sum, Mr. Burien implies that our government is in fact a *criminal enterprise* bent on oppressing Americans by extorting several times as much tax revenue as it spends on public services and using the majority of those extorted revenues to enrich, empower and enlarge government at public expense.

## *First thing we do is kill all the reporters?*

According to Mr. Burien, although the public is absolutely ignorant concerning CAFR, the primary cause for that ignorance is not the politicians but the mainstream media. When Mr. Burien first discovered the CAFR reports in New Jersey in 1989, he went on radio 101.5 FM in a live, 45-minute interview. Two days later, that radio station was threatened with losing their broadcasting license and was almost shut down. CAFR had become another example of "third-rail journalism" – any reporter or media outlet that touched the issue would be silenced or driven from journalism. As a result, there's been a *total* mainstream press blackout on disclosing CAFR reports.

Later, Burien learned that the New Jersey official in charge of discrediting his CAFR discoveries was a former reporter who'd been appointed Assistant State Treasurer – even though he had no formal financial background. Burien investigated his background and learned that as a reporter he made $35,000 per year. But as Assistant State Treasurer he made $65,000 a year – plus a carte blanche expense account of *$125,000*. (Joonoleesm ha' bean berry berry goot to me, hmm?)

Burien claims this was not an aberration: "I knew there was a state data search department which tied all agencies and departments together. I called that department and asked for a data search on all key-level directorships and supervisory positions for all budgetary or autonomous agencies, and they came up with some 3,500 names from several administrations. Almost *1,800* of these Directors were *former editors or reporters*." It's a virtual certainty that many of these appointments were payoffs for the journalists' previous "cooperation" in spinning or silencing stories to suit government.

If you conduct a comparable search in other states, you may find a similar symbiotic relationship between government, editors and reporters. If so, the media's "liberal, pro-government bias" may run much deeper than anyone's imagined, and the "military-industrial complex" described by President Eisenhower in the 1950's may have been replaced by a "media-bureaucracy-banker complex" in the 1990s

Therefore, Mr. Burien recommends that once you find and analyze your state's Budget and CAFR reports, you insist that your local news mainstream media (TV, News Papers, Radio) raise "Public Awareness" by reporting the difference between the composite "total of cash receipts from all agencies, departments, investments, etc." and the "actual total composite revenues held or controlled"

If your local media refuse to publicize your state's CAFR, they may be cooperating with a criminal agreement which has effectively silenced public disclosure of the CAFR reports for over forty years.[1] However, once Americans know how much money is out there, where it's coming from and where it's going – the government's game will be over.

Any media that refuses to make immediate mention of the CAFR report should be publicly and aggressively boycotted. Media exposure is the jugular vein of the evil and corruption.

## *How to catch a CAFR*

*"Betsy Ross" (pen name for the Alaskan M.D. I mentioned in the introduction) talked to Mr. Burien and later investigated whether Alaska also used a dual bookkeeping system. She reports:*

Why do we see ever-rising state income and property taxes, if the states, counties and cities ALL have untold billions of dollars coming in from profitable government enterprises and investments? Why is all this money deliberately unreported in the regular Annual Budget reports? An innocent and trusting public has been complaisant far too long, content to leave the administration of our country to the bankers and experts. I predict that people will not remain asleep much longer when they learn the true economic picture contained in the yearly CAFR documents.

The CAFR system is not only used by states. For example, back in the late 1980s when Orange County, California, formally declared bank-

ruptcy, some diligent researchers investigated the county's finances and accidentally stumbled onto Orange County's CAFR. They discovered that while Orange County legislators were crying poverty and bankruptcy, they actually had a *surplus* of $16 billion in profitable investments.

According to Dr. Burien, this fraudulent treatment of revenues has gone on for over 40 years in many states, and the cumulative amounts of unreported government revenue salted away from public scrutiny is now many *trillions* of dollars.

Where's all that money? Over the years, most of this money was invested in the stock market. As a result, our federal and state governments now collectively own about *53%* of the stock in all publicly traded companies. That means, collectively, our various federal, state, and local governments may not only be the primary beneficiaries of the recent Bull Market in stocks – they might even be the *cause* of that Bull Market. That is, our various governmental entities now carry enough collective clout in the stock market to cause specific stocks, commodities (like gold or silver), entire industries – or the whole stock market itself – to rise (or fall) simply by buying or selling specific stocks or commodities in concert.

I verified many of Dr. Burien's assertions by obtaining CAFRs for my state (Alaska) and my city (Anchorage), and comparing them to their annual Operating Budgets. The differences in reported annual revenue streams are breathtaking. For example, Anchorage's Annual Budget and CAFR differed by over *$100 million*!

However, finding your state, county or city CAFR is not necessarily easy. But don't be deterred. According to a 1982 Federal Law, every state, county and city must prepare and publish a CAFR – and it always has the same name: "Comprehensive Annual Financial Report."

I started my search by calling my state Representative. He didn't know what I was talking about, but sent me over to the Department of Revenue. They didn't know what I was talking about, but sent me to the Office of Management and Budget – who also didn't know but sent me to the Department of Economics and Commerce. They didn't have a clue, but sent me to the Department of Law, who sent me over to the Attorney General's Office, who sent me to the Governor's Office – which told me the political equivalent of "no speekee aingleesh," and sent me to Secretary of State, who sent me to the Department of Administration.

To my amazement, the Department of Administration *did* know what I was talking about. They understood the term "CAFR" . . . but they still didn't know where to find one. However, they suggested I try the Finance Division within their own Department – and there, I finally hit pay dirt. The Finance Division sent me the current CAFR for free, and are hunting through their office for CAFRs from previous years.

To find your state's CAFR, you must be persistent and able to politely navigate the endless sea of ignorant bureaucrats until you find the right office that handles the annual CAFR. I guarantee that your state's CAFR does exist, though it may be buried in some obscure office where no one would ever think to ask for such a document.

I had much better luck obtaining a copy of our city's CAFR. It only took two phone calls to reach the City Comptroller's Office, which generates the CAFR report for Anchorage. Further, both the State University and the city library have files of annual CAFRs going back for several years.

Some states have even begun to post their annual CAFRs on the Internet! Tap up your state's website, and do a word search for CAFR. Try http://home.snap.com/search/power/form/0,179-0,00.html – select the search feature "exact phrase" and enter the phrase: "Comprehensive Annual Financial Report" or "CAFR" This action will generate dozens of possible links. Also search for your state's CAFR at http://financenet.gov/financenet/state/cafr.htm. Here, you should find lists of all state and local CAFRs.

We haven't yet found Federal CAFRs on the Internet. However, individual CAFRs are reportedly published by the General Services Administration (GSA) for each Federal agency, as well as a composite CAFR

(6,800 pages in 1990) for the entire Federal Government. It is believed that a Federal "Summary" CAFR is also available that, in a relatively few pages, outlines the finances for the entire Federal government – but to date, that information has not been verified.

If you have no access to the Internet and you're stymied in your efforts to penetrate the bureaucratic maze, try alternative sources like public libraries – which may sometimes be the only "back door" available for these reports.

Though hard to find, CAFR reports are not hidden or classified "Top Secret". Because CAFRs are mandated by Federal law, if you know where to look, they can be found. But they are not published, promoted, or discussed by mainstream media.

### Reading is harder than finding

However, the real skill in analyzing your CAFR is not finding it, but in *understanding* it. Bear in mind that a single state CAFR may contain several hundred pages of accounting information. Don't expect to find a heading or summary that specifically identifies "Revenue Hidden From Public". To determine how much revenue is unreported on your state's Annual Budget, you'll have to do some fairly serious study and "number crunching" on your state's CAFR.

One strategy for analyzing your state's real finances might be to make copies of the Budget and CAFR report for each member of a study group dedicated to dissecting the CAFR. Ideally, your group should have help from someone like a Certified Public Accountant who understands how to read and analyze a corporation's annual financial report. Always look for the difference in revenue between the "budgetary basis" (reported on the Annual Budgets) and the "restricted-by-statute groups" (like the New Jersey Turnpike Authority) which are reported only on the CAFR. Also, pay close attention to the CAFR's footnotes – they can be very revealing and may suggest leads to other specific agency reports for further investigation.

To do a complete analysis, it's necessary to obtain both the Annual Budgets and CAFRs as far back as they are available. Some funds are suddenly dropped from even the CAFR, and one may have to compare CAFR reports for several sequential years to find these omissions.

You may also want to pursue the specific yearly audits and reports of specific agencies. Some agencies have established a "Bond Surety Escrow Revenue Account". Don't be misled by the boring name (the devil's in the details). Basically, this is a *slush fund* for agencies to deposit income that should have been used to repay the agency's bonds and reduce the public's taxes. Demand to see both the present and historical records of this fund – it may contain millions of dollars that do not sit idle in a bank account. From this account, agencies make investments, loans, "honoraria" fees, agency personnel "reimbursements" and other outright *payoffs*.



These Bond Surety Escrow Revenue Accounts are one of the most egregious examples of government's ongoing financial fraud. For example, Dr. Burien believes that state pensions and other disguised funds include retirement accounts for each state judge ranging from one to five million dollars. As long as the judges don't rock the political boat, they may get a million dollars or more on retirement while we peons wonder where the justice went.

### Political consequences

The financial implications buried in the CAFR reports will precipitate issues that are guaranteed to give legislators fits. As my calls demonstrated, most government officials are totally ignorant of government's dual accounting systems. These officials think the money listed in the Budget report is all they have to allocate. However, once we publicly expose CAFR, they can't continue to claim ignorance and innocence.

Those of you who are running for political office against an incumbent politician in November, 1998, could not hope for a stronger campaign issue. If your state's CAFR indicates this kind and degree of financial deceit, what could any incumbent politician argue in his defense? That he was too dumb to realize the state was secretly overtaxing the people? That he was smart enough to recognize the deception, but thought it was a good idea to impoverish his constituents? The dual accounting systems and consequent over-taxation exemplified by CAFR, could provide the issue we need to rouse a sleeping public to take part in our political system.

But what about the political parties? Could the Republicans or Democrats embrace and expose the CAFR accounting system? No. After 40 years of deceit, neither party can claim innocence or ignorance. The CAFR's political consequences could do immense damage to both parties; that potential probably explains why virtually all politicians avoid mentioning CAFR.

But what about *third* parties that have no historic relationship to CAFR? For example, what would happen if the

Libertarian Party were mobilized to find and analyze the CAFRs from all the cities, counties, and states where their candidates sought public office in November, 1998? What would happen if Libertarian candidates across the country were able to shake their fists and copies of their state's CAFR in the faces of their Republican and Democrat opponents? What would happen if the Libertarians were credited as *the* party that exposed the CAFR fraud? Could the Libertarians turn an otherwise unnoticed election into something exciting and filled with public outcry? Could an unprecedented number of Libertarians get elected? Could CAFR cause a *revolutionary* political realignment sufficient to wrest automatic control from the two smug major parties? Yes.

If the CAFR issue is validated across the nation, it contains enough explosive political potential to change an obscure third-party into a political contender. Because the two dominant political parties don't dare touch this issue, CAFR offers an extraordinary opportunity for any *third party* to enhance its political power.

More importantly, the mainstream media's ability to suppress the CAFR story would be virtually eliminated if an entire political party, during an election, was publicly shouting "CA-FR! Cor-rup-tion! . . . CA-FR! Cor-rup-tion! . . ."

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[1] The intentional refusal of mainstream media to mention of the CAFR report might violate the Rico Act's prohibition against perpetuating and assisting a criminal syndicate. Some Arizona case law pertains to the obligation of disclosure:

"Where relation of trust or confidence exists between two parties so that one places peculiar reliance in trustworthiness of another, latter is under duty to make full and truthful disclosure of all material facts and is liable for misrepresentation or concealment." *Stewart v. Phoenix Nat. Bank*, 64 P.2d 101, 49 Ariz. 34. (Ariz. 1937).

"Concealing a material fact when there is duty to disclose may be actionable fraud." *Universal Inv. Co. v. Sahara Motor Inn, Inc.*, 619 P.2d 485, 127 Ariz. 213. (Ariz. App. 1980).

"When one conveys a false impression by disclosure of some facts and the concealment of others, such concealment is in effect a false representation that what is disclosed is the whole truth." *State v. Coddington*, 662 P.2d 155, 135 Ariz. 480. (Ariz. App. 1983).

"Suppression of a material fact which a party is bound in good faith to disclose is equivalent to a false representation." *Leigh v. Loyd*, 244 P.2d 356, 74 Ariz. 84. (1952).

"Damages will lie in proper case of negligent misrepresentation of failure to disclose." *Van Buren v. Pima Community College Dist. Bd.*, 546 P.2d 821, 113 Ariz. 85 (Ariz.1976).

"Where one under duty to disclose facts to another fails to do so, and other is injured thereby, an action in tort lies against party whose failure to perform his duty caused injury." *Regan v. First Nat. Bank*, 101 P.2d 214, 55 Ariz. 320 (Ariz. 1940).

# Fever Feedback

*When I started the AntiShyster in 1990, I assumed I would inevitably grow rich – or alternatively, have enough sense to quit, go back to roofing, and earn a decent living. Unfortunately, neither alternative occurred. I'm neither rich nor smart enough to quit. See, back in 1990, I wasn't smart enough to realize there was a third possibility: I might fall in love with my work. Which is exactly what's happened.*

*This next article illustrates why I love my work. I get a hunch, a crazy notion; I take a chance and write about it in one or more articles (in this case, the "Trust Fever" series); I publish the articles, sit back, and wait. It's kinda like fishing.*

*Pretty soon I start getting phone calls and letters from folks who tell me what's right (or wrong) about my "crazy notions". These calls and letters teach me, they show me insights and provide understanding that might take years to discover on my own. And so my rate of learning is accelerated until I can almost feel the flesh on my face moving in waves like it does for the guys who ride rocket sleds.*

*What follows are a couple of letters and Emails that comment on the "Trust Fever" concepts introduced in previous issues of the AntiShyster. I don't necessarily agree with all of these comments, but the opinions are at least intriguing. As I read these letters, they sometimes trigger personal "insights" (delusions?) which I find dazzling. Therefore, I've inserted some of my new-and-improved "insights" wherever the letters inspired them so you can catch a glimpse of the kind of intellectual dialogue and inspiration I find in some of my mail.*

*Sometimes, I get so excited by the insights that I can't sit still to write. Instead, I'm up out of my chair, striding down the hall, talking to myself, exploring the idea, and then rushing back to write a few more words or lines before I am again overwhelmed and forced back to walking and talking to myself.*

*At times I feel exactly like the crazed Air Cavalry commander played by Robert Duval in the movie Apocalypse Now. There's a scene where his helicopter gunships have just destroyed a Viet Namese village and Duval is standing on the beach, bare-chested, wearing a cavalry hat, and telling a young Lieutenant, "The sound of gunfire . . . the explosions . . . the smell of napalm in the morning – God help me, but I love it!"*

*That's just how I feel about this magazine. It drives me nuts and makes me crazy. I pay some personal prices most people would say are insane. No matter.*

*Ooohh – God help me– but I love it.*

Dear Alfred,

In light of the sweltering heat of "Trust Fever," I was consumed by the information in your "Evil Twin" article. Wow! You have made considerable sense out of oceans of Patriot allegations, regarding the ALL UPPER-CASE NAME.

While no one has yet shown me anything proving the existence of a special character or alter ego created by UPPER-CASE NAMES, three bits of circumstantial evidence lend credibility to the theory.

1 ) A while back, the *Americans Bulletin* reported on a story of a man from Oregon who legally (in the State court) changed his name to his proper Christian name, from all manner of FULL CAPS NAMES. Thus, on their own court ordered name change, he showed who he was and who he was not. While out driving in his car with no license plates and with no Drivers license, he found himself surrounded, eventually, by five police cars. After about an hour, they decided to write him a ticket and let him go. At the appointed time, he appeared in court and showed who he was and who he was not. Of course the ticket and court documents did not name him but rather some other UPPER-CASE NAME that he could show was not him – so, case dismissed.

2) As reported in the last issue of the *AntiShyster*, the "It Ain't Me" article explained how returning documents sent by the court in the UPPER CASE NAME, along with an "It Ain't Me" letter, stopped service of process for jurisdiction of the court and the court could not proceed.

3) Closer to home, I know three reliable witnesses who told me about

a man being arraigned for driving on a suspended license. He stayed outside of the bar of the court and began saying "My Christian appellation (name) is . . . ." Before he could say his name to the court (he was also going to spell it properly for them), the magistrate yelled at the clerk to turn off the recorder, slammed the recorder off himself and pushed the clerk out of the court room as he ran out himself. What is it about a real live human being that could scare a magistrate like that?

In all three instances, it would seem easy for the court to simply change the defendants' names to their proper "Capitalized" (upper and lower case) English spelling. Why won't they do that? Is there something more than theory here? The court Clerk could have documents changed in a few minutes, or at the worst they could be re-served. Why don't they? Hmmm . . . is it all in a name – or NAME – as the case may be?

Hari Longfellow: Heath
Santa, Idaho

Dear Al:

My friend Jules (the founding trustee of the Constitutional Church of America) and I read your "Trust Fever II: Divide and Conquer" (AntiShyster Vol. 7, No. 4) article. We came to the conclusion that if you are not 100% correct in your assessment of divided title and what follows, you are undoubtedly 99% correct.

The only reservation we had was on the first example with the father being the trustee . . . actually, it's the Secretary of State that is the trustee holding legal title to the automobile. The father is in the mere position of a beneficiary, while his son has a "conditional" possessory interest granted him by his father. Whether an oversight or written to simplify, it is confusing. Should you be inclined to do more with the article, you might reconsider that point. Otherwise, the article eliminates much of the disinformation that must be filtered out to get to the level we are on and exposes how the system works.

Sorry for the confusion. I knowingly used the imprecise illustration for the sake of simplicity. I figured I could wait for another day to tell the folks who give credit cards to their kids, that when the kids purchases a product with the card, he has mere naked possession of the product, his father (as "card*holder*" – not "card owner") receives *equitable* title to the product, and the Federal Reserve System (and/or Master Card, Visa, etc.) receives *legal* title to the property purchased and therefore *own* that property. Any "cardholder" who thinks they "own" their credit cards need only stop making payments for a while and then try using the card in a retail store. The store clerk will not only refuse to honor the card (which we could expect if the account is insolvent), but they will also seize "your" card on orders from the credit card company. If you truly *own* your credit card, how can a complete stranger legally seize it without a court order? Because stores can seize your credit card (and police can seize your FRNs) without a hearing in a court of law, there is no doubt that you don't *own* "your" credit cards – or the FRNs in your wallet. You get to "use" those instruments as a *beneficiary*, but legally, they belong to the Federal Reserve System.

The mysterious thread that runs through this entire scam is the fact that few if any federal or state judges ever disclose or admit to the perfidy and subterfuge that is practiced against American citizens, even when they are confronted with direct evidence. WHY? Is there some sort of a conspiracy among the American Bar Association, the law schools, the courts, etc.? Or is this simply a conspiracy of ignorance? What is the glue holding this all together?

I can't explain judicial "perfidy" with any certainty, but I do have a three-part hypothesis:

First, I suspect our "judges" hear virtually all cases in equity rather than law. Within courts of equity, I suspect the "judges" may serve as trustees who administer (rather than adjudicate) cases. The "prime directive" for all trustees of every trust is to PRESERVE and PROTECT the TRUST and TRUST PROPERTY from all outside assaults.

This primary obligation takes precedence over almost all other legal or ethical concerns. As a result, trustees can commit almost any act and expect personal immunity so long as the act can be justified as a "good faith" attempt to "protect and preserve" the trust they represent or property belonging to that trust.

A classic illustration of the trustee's prime directive is seen in a rumored explanation for Ted Kennedy's disappearance for several hours after he drove off Chappaquidik bridge and left Mary Jo Kopechne in the backseat of the submerged car. According to the rumor, Kennedy spent the missing hours with several lawyers who served as trustees for the trusts which held and protected the Kennedy's property.

Normally, every piece of significant Kennedy property was contained in its own trust. The house would be in one trust, the business in another, each car in a third, fourth and fifth, etc. If anyone was sued for damages caused by the property in one trust, the plaintiff (by law) could only win as much wealth or property as was contained in the particular trust. In other words, the Kopechne parents could not collect one dime more than was contained in whichever trust contained the Kennedy car.

However, when Kennedy purchased the car he later drove off the bridge, he reportedly registered it as property of one of the existing trusts (the House Trust, perhaps) that contained a great deal of wealth. Normally, shortly after he purchased a new car, he'd contact his lawyers, create a new trust for that particular new car, and transfer the car from the House Trust to a new Car Trust. However, in this case, young Kennedy allegedly forgot to transfer his new car from the wealthy House Trust into a new "wealth-less" Car Trust. That meant the Kopechne family could potentially sue Kennedy for all the wealth contained in the House Trust. Therefore, while Mary Jo lay under water, Ted reportedly high-tailed over to his lawyers to transfer the submerged car from the wealthy House Trust to a new Car Trust and thereby 1) shield the House Trust from suit, and 2) prevent the Kopechne's from collecting much money by lawsuit for their daughter's death.

The mere idea that anyone could move property from one trust to another after a death in order to minimize financial liability sounds unethical as Hell and criminal, besides. But I'm told this sort of behavior is not merely excused as an expression of fiduciary responsibility to the trust, it is virtually demanded.

So let's suppose the "judge" in your trial is actually sitting as a trustee to administer your case in equity. Your first order of business should be to determine *what trust* he represents since that is the entity he must "serve and protect" at all costs. Let's suppose his "trust" was the government, the 1933 national bankruptcy, or perhaps the Federal Reserve System (I'm not sure there's any difference between those three entities) and you wanted to sue a police department for $1 million because some cop falsely arrested you, busted your teeth, and jailed you illegally for two weeks.

And then, let's suppose that police department is part of the same trust the judge/trustee is paid to "serve and protect". Will the judge rule that the police department should pay you $1 million? Or will he follow his prime di-

rective, protect his trust and dismiss your suit? If the judge is a trustee for the same trust that contains the police department, the judge would have both the fiduciary *obligation* and the power to dismiss your suit and protect the police department.

However, given that the police department is dependant on *public confidence*, it's not an absolute certainty that the judge/trustee would always dismiss your suit to protect the police. If your case were particularly well-publicized and the public was "shocked" at the police department's abuse, the judge could rule in your favor and award you $100,000 or $500,000 or even the $1 million you demanded in order to maintain public confidence in the police department and judicial system. As trustee, the "judge" is obligated and empowered to make a personal decision based on his conscience alone as to what best protects "his" trust. As a result, his decisions can appear almost irrational – but only if you don't understand his primary duty is to protect the trust he serves which, one way or the other, is the de facto government.

Second, the constitutionalist community has understood for some time that (according to the Supreme Court's *Ashwander* decision) if you are merely in a *position* to receive *benefits* from the government (even if you've never collected one dime), the government acquires jurisdiction over you. Therefore, we've tried various arguments and strategies to shun benefits. The primary strategies are to revoke our Social Security cards and drivers licenses or otherwise accept benefits only "under threat, duress, or coercion", etc. But maybe we're missing the more fundamental point. "Benefits" (or the capacity to merely receive them) signals the *status* of "beneficiary" and by law, "beneficiaries" have *no legal title* to trust property and therefore *no legal rights*. Without legal title or legal rights, beneficiaries have no standing in law, and no access to courts of *law* – only to courts of *equity* wherein the judge sits as an administrator (probably as a trustee) who can rule almost any way he likes so long as he obeys the "prime directive" to protect the trust.

In other words, once the court sees evidence that you received a "benefit" the court must hear it in *equity* wherein the judge is not bound by law, you have no legal rights, and therefore he can handle you any way he likes.

If so, once you concede, imply, or fail to refute any evidence or presumption that you're a "beneficiary" (regardless of whether you understand that status or not), the judge is freed from the law and empowered to slap you around much like Southern plantation owners once slapped their "uppity" slaves.

Third, if our "judges" truly hear most of their cases as trustees in courts of equity, their powers are not quite absolute. They do have a couple of rules they must obey (the Code of Judicial Conduct) and a couple prohibitions to avoid: They may not act in ways which are "unreasonable," "shocking to the conscience," or "diminish public confidence in the judicial system." We see reference to "shocks the conscience" in Title 42 suits; if a government agent (possibly working in a trustee capacity) commits an abuse that doesn't "shock the conscience," he can often avoid liability. In other words, while the judge/trustee can sentence you to 40 years for smoking a joint (that's not shocking), he can't pistol-whip you right in front of the jury (that *is* shocking, and the bailiff's job, besides). So the judge/trustee has to mind his manners and be polite (even if he's secretly gloating over ruining your life).

O' course, everybody knows what it means to be "reasonable" . . . it means, well, don't give the kid 40 years for smoking a joint (that's "unreasonable") – give him 25 years instead, OK?

But what if "reasonable" doesn't mean the judge/trustee should rule in the laid-back style of a California surfer? What if "reasonable" meant the judge/trustee was obligated to obey a very strict code of *reason* – a very strict code of *logic* (if A, then B) – in reaching his decisions? What if "reasonable" required the judge to decide cases almost like a computer: you feed in certain information (evidence), the judge is obligated to reach a particular (logical) decision.

For example, suppose evidence was placed before the judge/trustee that ALFRED N. ADASK (an artificial entity/ trust) was being tried in court, and I, Alfred Adask (the natural, breathing man and apparent trustee for ALFRED N. ADASK trust) pled "guilty" or "not guilty"? Under the strict rules of *reason* (logic), if I (Alfred, the flesh and blood man) answered for ALFRED (the artificial entity/ trust), the judge might be obligated to accept the obviously false premise that Alfred (natural) is ALFRED (artificial). Even though the judge/trustee could see that Alfred and ALFRED were two separate entities, under the hard rules of strict logic (if A, then B), if Alfred answered to "ALFRED," then Alfred could be tried *as* ALFRED (without rights or excuse for disobeying the government).

See my point? If "reasonable" means *strictly* logical, then the rules of evidence and associated procedures would determine the opening proposition ("A") in any "if A, then B" conditional equation. If the prosecution slips in a bit of seemingly innocuous evidence (like your SS Number, drivers license, credit card information or zip

code) that implies you have the inferior status of a "beneficiary," the judge (who might have heard your case in law) becomes a trustee (or perhaps executor or administrator) to hear your case in equity wherein he has such unbridled power that, unless you refute the evidence and presumptions that your *status* is that of beneficiary, you're gonna have a very bad day. Maybe a bad decade.

Technically, the judge/trustee who behaves strictly according to "reason" is not engaging in perfidy or subterfuge. Instead, he is diligently following a very strict set of rules established by the Supreme Court and/or Legislature. The only problem would be although that these strict rules of "reason" would be unknown to you (the plaintiff or defendant), you would nevertheless be *presumed* to know them. If you did not know the rules, it would probably be construed as more evidence of your incompetence and status as a witless, right-less beneficiary.

That's all conjecture, but if it were true, then from the judge/trustee's point of view, he's not a bad man – *you* are a bad (incompetent) litigant. What d'ya think? Does my hypothesis make any sense?

For a long time, I've considered why people like us get involved in fighting against this scam. First, I am convinced that only a few of us have been given the ears to hear and eyes to see. The answer lies in the fact that God, in his infinite wisdom, has chosen us like the soldiers who fought with Gideon to take our positions before the judges to give them a choice. This is so, so that on Judgment Day, these "ministers of Justice" will have opportunity to explain to the Lord why they ruled against what was obviously right. On that day, they will be found without excuse.

I believe that the key to solving this entire problem lies with our return to silver and gold coin. As they say: "Follow the money." Most all of our problems originate with the use of paper money, its associated debt instruments, and computer blips. Control will return to the people when the people regain control of their money. The 4th clause of the 14th amendment opened the door to unlimited national spending. The insanity of it all is evidenced by the pay raises we give those 535 people in Washington as a reward for doing a better job at spending our money each year. Are we stupid or are we stupid??

God bless you for your efforts to expose the evils in this country.

Sincerely,

Bob Jungles

Are we stupid or are we stupid? Survey SEZ! "My people perish for lack of knowledge." We aren't stupid, we're ignorant – so with study and effort, our deficiency is curable. Thank you, Bob.

Dear Alfred:

After reading "My Evil Twin," (Vol. 8, No. 1), I recommend you read your state's version of what we, in Oregon call "The Uniform Trustees' Powers Act," which appears to be a complete set of instructions for anyone that assumes a fiduciary capacity as trustee for trust entities such as those identified by the Social Security Account Numbers and associated "alter egos."

We also have "The Uniform Disclaimer of Transfers Under Nontestamentary Instruments Act" which appears to be a "positive" statute that recognizes the right to disclaim property, both real and personal. Under this Act, a fiduciary (trustee) may remove or transfer any and all property from the reach of the trust that benefits the "Evil Twin."

Actually I don't see it as an "Evil Twin," but as a sinister and corrupt "Vehicle" in which your mirror image is held captive. It is your duty to rescue that captive essence of your heavenly created spirit while crusading in the very armor of a "Trustee" which the system has provided, (with operating instructions under the Uniform Trustees' Powers Act). Then you can return the armor, registered mail.

You asked what kind of trust are we dealing with and if it is in fact a trust. I have concluded that it is a "Living Trust," or a "Trust for Life." It begins with the registration of your birth certificate, and ends with the issue of your death certificate. We both agree that you are held to be chattel for an imagined debt. The status that you are perceived to

(enjoy) is that of both "Trustee," and "Trustor" (Grantor). In other words, you are responsible for taking care of yourself through the trust vehicle.

I disagree. As I understand trusts, the grantor (the person who creates a trust) can become a trustee (the person who administers the trust for the benefit of the beneficiaries), or even a beneficiary (the person who receives trust benefits, but has no authority to administer the trust). But, so far as I know, a trustee can never also be a beneficiary of the same trust. Your comment that the "trustee" is "responsible for taking care of himself through the trust vehicle" indicates that the trustee is also beneficiary, and that's a no-no. Can't be.

Note that when someone asks an attorney to "create" a trust, the type of general trust that is in most cases created, is a "Life," or "Living Trust." This is a *statutory* creation, and a mirror image of the "evil twin" type of trust that has already been created by the Fed. I believe this is done to keep your assets within the reach of the system while instilling the false belief that you have somehow protected your assets from the de facto government.

I see becoming a "trustee" as a smart business move with the primary advantage of establishing *standing* to argue and defend under the de facto government's private law. The so called "office" of trustee is *their* creation, and therefore, a vehicle designed to interface with their law and jargon. So, whether they like it or not, they must recognize trustees on the record since a trustee doesn't require a license to access the law and courts on behalf of his trust as does an attorney who may act for any trustee who first contracts with the attorney.

Your comment triggers some interesting thought concerning "pro se" litigants. For years, I've heard about the courts trying to impose the status of "pro se" ( which means "for yourself") on litigants who refused to be "represented" by attorneys. The anti-pro se argument went something like this: How can I "represent" myself, when I *am* myself. In other words, the folks who refused the "pro se" label were adamant that they were natural people and not artificial entities that needed "representation" to "appear" in court. This argument was based on the idea that "pro se" (self-representation) implied the presence of two entities: 1) the natural man who had unalienable rights and was not automatically subject to the court's jurisdiction; and 2) an artificial entity that was a creature of the state and absolutely subject to the court's whims and powers. By refusing to accept the "pro se" status and "represent" the artificial entity, litigants sought to prove they were natural men rather than artificial entities.

Those anti-pro se arguments sensed that somehow the natural entities were being tried and held liable as if they were artificial entities. Therefore, they tried to deny presence of the artificial entity (which was infinitely vulnerable to the court's powers and abuse) by insisting that they appeared only as themselves (as natural, flesh and blood people), but never for some other artificial entity.

Although those arguments seem valid, they usually failed and that failure was attributed to judicial abuse of power. But maybe the judges were right. Remember the *Griffin v. Ellinger* case cited in "My Evil Twin," (Vol. 8, No. 1)? I.e., whenever you represent another legal entity (like a person, corporation, or trust) but fail to identify your *representative capacity*, you become personally liable for whatever debt or obligation is imposed on that other entity? "Representative capacity" sounds an awful lot like "pro se" doesn't it? The match is not necessarily perfect, but both terms imply the existence of two legal entities: one that is charged and being represented; the other that is not directly charged but is involved in that it represents the first entity.

Could "pro se" (which is normally defined as meaning "for myself") also mean "for my (artificial) self"? That is, could "pro se" include the idea of a natural man (Alfred) acting as a trustee to represent an artificial entity/ trust called ALFRED?

I admit it's a stretch, but according to *Griffin vs. Ellinger*, whenever you neglect to identify your representative capacity you become liable for the debts or obligations of the entity you represent. Conversely, so long as you *do* identify your representative capacity (say, as "trustee" or "attorney"), you can't be held personally liable for the other entity's debts or obligations. If that principle applied to "pro se," then we might be able to use the court's designation of "pro se" to our advantage.

So do I want to be "pro se"? Maybe so. Since ALFRED (trust) is charged and I Alfred (trustee) have a fiduciary obligation to represent the ALFRED trust, I'll do my best to help ALFRED beat the rap. If I mess up and ALFRED gets convicted, well, sorry 'bout that. But it's no skin off my nose (his either, but then he doesn't have a nose). So long as I can maintain the legal separation between Alfred and ALFRED, I don't think I can be jailed for ALFRED's convictions.

OK, if the judge can't jail the trustee for the trust's offenses, what about fines? Can I (Alfred) be forced to pay ALFRED's $500 fine for no auto registration and insurance? I suspect the answer may be: Not exactly, but Yes. (How's that for taking a firm stand?)

Although ALFRED (the trust) may be an imaginary, artificial entity, who is intangible and invisible for all, curiously, he might have more money than Alfred (the trustee). For example, if there was a bank account in ALFRED's name that included ALFRED's Social Security Number, then any of the money in that bank account technically belongs to ALFRED (the trust) not Alfred (the trustee). Therefore, if the judge fined ALFRED $500 and there was $500 in ALFRED's bank account, then I, Alfred, acting as trustee with the fiduciary duty to administer the ALFRED trust (which includes the duty of paying bills) would probably be legally obligated to write a check on ALFRED's behalf. Technically, I (Alfred) wouldn't be paying the fine, ALFRED would. But in fact, I (Alfred) would be paying it because that no-good freeloading ALFRED has never earned a dime in his artificial life.

But what would happen if I could produce affidavits or other forms of evidence to prove that ALFRED never earned a dime, and all the money in "his" account was actually earned by, and therefore belonged to, Alfred the trustee? It sounds unlikely, but if it were possible to prove that all the money I earned was paid to me in my private capacity, or all the money in the ALFRED bank account was owed to me for my services as trustee, the money in ALFRED's bank account might be exempt from paying ALFRED's traffic tickets. But that's a real stretch.

A better solution might be to make sure all my money was deposited into another bank account that did not reference ALFRED or his SSN. Then, if there is no money in any ALFRED trust bank account, ALFRED is broke, and perhaps Alfred the trustee can't be personally obligated to administer ALFRED'S debts.

Ahh, but what would the judge do if he fined ALFRED, and I (Alfred) offered to pay the fine right there in cash? I'm not sure, but while the money in the bank is ALFRED's, the cash in my pocket is arguably mine. And since the judge can't compel the trustee to be personally liable for the trust's debts, I don't think the judge could easily accept Alfred's cash for ALFRED's debt. This possibility is consistent with persistent (though unconfirmed) rumors that courts routinely shun cash and insist on being paid by checks, money orders, and credit or debit cards Ever look at the name on your credit and debit cards? It's all UPPER-CASE. In my case, all that "plastic" money belongs to the trust ALFRED, not the trustee, Alfred. That's kind of a disturbing observation, since it implies that I, Alfred, haven't earned much more than a few dollars in my entire life and, compared to ALFRED, am a virtual pauper. Same goes for you. (But on the bright side, if Alfred doesn't have any money, he might not have an debts, either. Could be that my "fair share" of the National Debt is actually owed by the ALFRED trust.)

But what if the judge conceded I, Alfred, was not the trust/ artificial entity/beneficiary ALFRED that had been charged with an offense, but neverthe-

less determined that I, Alfred, had no money? There are laws which define certain persons as vagrants or paupers according to the amount of money they possess. So, without enough real money (gold or silver) to exceed the limit that defines paupers and vagrants in my State – would I become a "ward of the court" and thereby again assume the status of "beneficiary"? I have a hunch the answer is Yes.

Solution? Find out how your state defines paupers and vagrants, and make sure you have more than enough real money (gold and silver) to exceed that limit. I'd bet that monetary limit could be as low as $20 and probably not any higher than $200.

Moreover, there are litigants who go to court with the American flag of peace, saying "This is my flag" and also carrying the Bible, claiming "This is my law". Properly done, these symbols and strategies seem to set some judges back on their heels. It occurs to me that in addition to these symbols of status as a freeman or sovereign, one might also display and declare enough real money to negate any possible presumption that he is still legally broke, bankrupt and therefore reduced to the status of a rightless pauper/ beneficiary of the court. This suggests a complete patriot's "trinity" might be Bible, flag, and lawful money.

The Uniform Trustees' Powers Act mandates that "trustees" are duty bound to protect both their trusts and their beneficiaries. In other words, the system actually recognizes the right to act in "self defense" where the trust is concerned. Suppose an agent tries to seize property, that under the circumstances is clearly a violation of due process, and you thump his noggin.

You are only doing your fiduciary duty as provided by statute, and that is protecting the trust assets and property of the trust and its beneficiary, and that in actuality, is you. Such cause for "self defense" would probably fly in a court of common law, but not in an equity tribunal.

Here, where you're asserting that you are the beneficiary of your UPPER CASE NAME trust, I think you're makin' a boo-boo. So far as I know, one of the hard and fast rules of trust law is that beneficiaries cannot be trustees of the same trust, and vice versa. You cannot be both the trustee and beneficiary of your UPPER CASE NAME trust. If you're the beneficiary, then the whole Trust Fever hypothesis needs to be recalled by the manufacturer for some serious revision.

Another piece of information that you may find helpful is the Latin term "Idem sonans." This deals with anyone who finds themselves in an arraignment situation, and the judge attempts to confuse the manner in which the individual's name is spelled (all upper case) and how it is spoken.

*Black's* 6th Edition defines "Idem sonans" as follows:

"Sounding the same or alike; having the same sound. A term applied to names which are substantially the same though slightly varied in the spelling, as 'Lawrence' and 'Lawrance' and the like.

"Under the rule of 'idem sonans,' variance between allegation and proof of a given name is not material if the names sound the same or the attentive ear finds difficulty in distinguishing them when pronounced, *Martin v. State, Tex.*Cr.App., 541 S.W.2d 605, 606."

"The doctrine of 'idem sonans' has been much enlarged by decisions, to conform to the growing rule that a variance, to be material, must be such as has *misled the opposite party to his prejudice*."

I believe that this little "gem" should prove invaluable when used as a procedural tool to counter any judge who attempts to confuse the issue of *who* or *what* is being *named* or *addressed* by the court.

"Named or addressed," hmm? While natural people clearly have "names," do they also have "addresses"? Is it possible that only artificial entities have an "address"?

It's only a hunch, but there is a bit of logical support. I was given a capitalized name by my parents (or by God, if you prefer) when I was born, but I was not given an address. Didn't need one. My parents knew what I looked like, how much I weighed, and where to find me. Although my size and appearance changed as I grew, they also had my footprints on my birth certificate to identify me if I got lost.

As an adult, if I get lost, my friends can call around to find me. Have you seen Al? They can even ask the police to look for me. They could give 'em a photo of me, or at least a physical description (5'11", 175 pounds of bone, sinew and powerful muscle, packaged in soft layer of 20 pounds of fat and ice cream). The can put out an "all points bulletin," post my picture at the Post Office, or even show an "artist's rendition" on *America's Most Wanted*. If the world wants to find a real person, whether he's got a name or address, he can be found.

But what do you do if you lose a corporation or a trust? Where do you look? Down at Guffy's Bar? Do corporations go to the movies? Do they hang out in shopping malls or at the beach? Are they known to frequent Las Vegas or a particular topless bar in Mi-

ami? Obviously not. And what do you look for? How do you describe an invisible, weightless artificial entity?

In fact, you can't "find" an artificial entity without its *address*. When you stop to think about it, the importance of an artificial entity's name is trivial compared to its address. That's why corporations and statutory trusts must be registered with the state in a kind of "invisible man" phone book so we'll know where to look for them. So we'll know their *address*.

I doubt that you can create an artificial entity without an *address*. After all, unlike a eight-pound baby boy, an artificial entity has no weight, color, race, footprints, size or shape. It doesn't scream when it wants food or stink when it needs a clean diaper. Because artificial entities are legal fictions, they have no physical presence that can be seen, felt, heard, or tasted. So if you were looking for an artificial entity like General Motors, Inc., how could you find it without an address?

Perhaps a natural man has no "address". He may have a "location" (right now I'm in my office, a little later I might be in the kitchen, later still I may go to the grocery store at Keller Springs and Josey Lane). But since I am visible, tangible and real, no address is absolutely necessary to find me or prove my existence.

In fact, it might follow that any entity that claimed to have an "address" might be construed as an artificial entity. If the judge asks, "Is 44 S. Oak Street your address, Mr. Adask?" and I answer, "Yes, yer honer," did I just create the presumption that I'm an artificial entity? Did I unknowingly abandon any claim to individual, God-given rights?

Perhaps. Or maybe I just admitted using a benefit which makes me a beneficiary, which means I have no rights, legal standing, or access to law.

Hmph. Could it be that natural people may have *names*, but only artificial entities *must* have *addresses*?

A lot of constitutionalists suspect that "their" mailing address – particularly the Zip Code – establishes government jurisdiction. Therefore, these constitutionalists go to considerable measure to send and receive their mail without Zip Codes. But what if government-made Zip Codes only applied to government-made artificial entities like corporations and statutory trusts?

I dimly recall hearing/ reading that "use" of a Zip Code is a "benefit". If so, using the ZIP Code may confer the *status* of "beneficiary" on the entity using it. It might follow, then, that the principle danger in using Zip Codes could be neutralized if we simply put government and everyone else on Notice that we will receive letters regardless of whether they use a Zip Code or not. However, those letters "addressed" to the UPPER-CASE NAMES and/or using a Zip Code will be presumed to be intended for "our" trusts; those letters addressed to us in our Capitalized Names without a Zip Code will be accepted as intended for the "natural" person/ trustee.

For example, if you send a letter, subpoena, whatever to "Alfred Adask" and without use of a Zip Code, I will accept that document as intended for me, the natural, breathing man. If you send the same letter to "Alfred Adask, Trustee" and use a ZIP code, I will accept it as trustee for the ALFRED trust. And if you send the same letter, subpoena, whatever to "ALFRED N. ADASK" and/or uses a Zip Code, I (Alfred) will also accept the document – but only in the legal capacity of trustee as required by my fiduciary obligations to the ALFRED trust.

See my point? If this hypothesis were valid, the Zip Code "benefit" might be turned to our advantage and the government's liability. Once I put 'em on Administrative Notice of 1) my representative capacity as trustee for the ALFRED trust; and 2) *their* use of the Zip Code tells me they're talking to the ALFRED trust (not the Alfred man) – then (unless they refute my Notice) every time they send a letter using a Zip Code, it becomes prima facie evidence that they're communicating with the ALFRED trust but not the Alfred man.

What's the advantage? As an individual man, or even as a trustee, so long as I identify my representative capacity, I can't be held personally liable for the debts and obligations of the ALFRED trust. In other words, *their* use of Zip Codes just might be used to prove that I (Alfred) am not the party charged with whatever offences they allege were committed by ALFRED. As trustee, Alfred skates.

Further, as trustee with the fiduciary obligation to "preserve and protect" the ALFRED trust, I might even throw some mail addressed to ALFRED with a Zip Code in the trash. Well, who said I was a competent trustee? As I understand trust law, trustees are virtually immune from prosecution for acts of error or mistake. If I unwittingly made a "good faith" mistake, there is no liability unless someone sends me an Administrative Notice which specifies my error. Then – and only then – if I refuse to correct my previous error, I will be presumed guilty of *intentionally* violating my fiduciary obligations as a trustee, and become *personally* subject to serious penalty for "willful failure" . . . to fullfill some fiduciary obligation. (Does "willful failure" ring any bells?)

All of this conjecture implies that the most important part of any letter you receive is not the contents, but the part you usually throw away – the envelope. The exterior address on the envelope establishes who or what the government is sending it's letter to and perhaps whether that entity will be treated as a right-less beneficiary.

If this conjecture is correct, every time the government sends a letter addressed to your UPPER CASE (trust) NAME and uses a Zip Code, you might be able to breath a sigh of relief. While you might have to read that letter as part of your fiduciary obligations as trustee, you are not the party targeted for prosecution – the trust is.

If so, it might follow that the most dangerous communications are those which arrive *without* a Zip Code and/or without the UPPER CASE NAME. These would be communications that were sent to *you* (the natural, breathing person) and were intended to place you (the natural person) in some *personal* jeopardy. You'd better not toss them in the trash because your trustee status may be irrelevant (the communication was not sent to your UPPER CASE NAME/ trust) and therefore provide no immunity.

Has anyone recently received a communication from the government that didn't carry "his" UPPER CASE NAME and/or Zip Code? Maybe. I haven't seen any Search Warrants or real Subpoenas, but since they are *hand-delivered* from a government agent to a natural person, if those kinds of communications lacked the U.C. NAME and/or Zip, it just might mean that they were after *you*, sonny, in your natural, private capacity – and you'd best be careful.



Two more maxim "gems":

"IDEM EST NON ESSE, ET NON APPARERE. It is the same thing not to be as not to appear. Not to appear is the same thing as not to be"

"IDEM EST NON PROBARI EY NON ESSE; NON DEFICIT JUS, JUS, SED PROBATIO. What is not proved and what does not exist are the same; it is not a defect of law, but of proof."

As to any court of EQUITY, the issue is proof, not law. Therefore, the court must take judicial notice, not because the law says so, but because under the rules of evidence there is and remains, an issue of proof before the court that must be resolved before it can proceed.

May God Bless you and your ongoing work. In Liberty, and under the protecting hand of our savior, Jesus as he promised, I remain,

Sincerely,

Frank Austin, England, III

Thank you, Frank. But one more remark needs consideration: your reference to "judicial notice".

If we are being tried in courts of *law*, I have no doubt that the judge hears the case in his "*judicial* capacity". It therefore follows that we should give that judge "*judicial*" notices. However, if we are being tried in courts of *equity*, the judge is probably hearing the case in his "administrative capacity" – not in his "judicial capacity". Therefore, it might follow that a "*judicial* notice" sent to a court of equity judge sitting in an *administrative* capacity might be improper and be quickly rejected much like a baseball umpire might reject a Football Rule Notice.

I suspect that *administrative* judges can ignore *judicial* notices. So, if you want your Notices to work in courts of equity, perhaps they must be

labeled as "Administrative Notices" with absolutely no reference to the word "judicial" or any statute concerning a judge's obligation to observe "judicial" notices.

So far, all the letters concerning the Evil Twin hypothesis have been favorable – except one:

Read the article concerning the "Evil Twin" and the upper case lettering of a personal name. Without a doubt if an American is operating as a trustee, they must identify that position. Same for a corporate President, and most definitely for a party responsible for collecting, accounting and paying the tax owed to the IRS

However, the upper case and lower case names argument is old, tired and ridiculous. Elvick is the first one that I know of that tried this and he lost every time. In a 1996 case, Liebig sued several IRS employees and the bank for turning over his property to the IRS on a notice of levy. It was a stupid lawsuit, frivolous to say the least, and very poorly defended. Nevertheless, it was filed and dismissed, which created case law. Liebig used the argument that the IRS had the wrong person and objected to having his name in upper case spelling. He claimed that upper case spelling meant that the person was subject to the IRS jurisdiction and lower case spelling was a sovereign. The Judge was kind and dismissed this assertion as frivolous and without any merit. . . . Liebig claimed he was a member of We the People, and therefore was not an upper case name person. Again, the Judge was kind and simply dismissed this claim as having no merit . . . .

Like I said, this is just one of these types of lawsuits and all of them receiving the same dismissal. In some cases the judge layed on heavy filing fees.

Sincerely,

From the Desk of Ken Hunter,

Jackson, CA

First, the argument is not ridiculous. Although I can't find the case (and therefore my assertion is flimsy), I have seen a case wherein three judges were charged with criminal offenses and the style of the case identified the judges with their capitalized (not upper case) names. I do not believe these three judges used their capitalized names by accident or error. Their use of capitalized names signals there is significance (and probably disability) attached to the all upper case name.

Second, since no cite is offered for the "Elvick" and "Liebig" cases, the assertion that the upper case name argument was dismissed in those cases is almost as flimsy as my "recollection" of the case involving judges who used their capitalized names.

Third, I suspect the fuss about incompetent patriot defendants making "bad case law" that ultimately damns us all is largely meaningless. In courts of equity (where I suspect we are usually tried), we know the judges are not bound by the Constitution – why should we believe they are bound by "case law"? In equity, the judge is only bound to rule according to his conscience – provided he not decide the case unreasonably, arbitrarily.

How does a judge "prove" his verdict was "reasonable"? He points to all the case law he claims to have "considered" before he reached his decision to sentence the defendant to life in the pokey. If Judge Brown can show that Judge Smith ruled same way in a similar, previous trial, then Judge Brown can argue his decision was "reasonable". But as a practical matter, in courts of equity, "case law" is largely irrelevant and certainly not binding. Rather than "law," those "cases" might be more properly described as "case story" or "case justification". But in the sense that they might bind a judge with stare decisis, cases cited in courts of equity are not "law" so much as "excuse" for the judge to justify the "guilty" decision he intended to hand down long before he ever saw the defendant.

In fact, within courts of equity, case law may be as detrimental. I suspect that all you need to litigate successfully may be a handful of fundamental principles of trust law and equity procedure. However, it may be that these "needles" of fundamental trust and equity law are being buried deeper every day by haystacks of "case law".

Fourth, just because a "kind" Judge dismissed Liebig suit against IRS agents and banks for taking "his" money, does not disprove the upper case name argument. In fact, the dismissal may actually tend to support the Evil Twin/ upper case name argument. Since virtually all bank accounts are issued in the UPPER-CASE NAME and ref-

erence the SSN, they are arguably property of the UPPER-CASE trust, rather than the Capitalized Name Trustee.

So far as I can tell from your letter, the judge was right and Elvick was wrong. The money in the ELVICK bank account was not Mr. Elvick's. As trustee, Mr. Elvick could make deposits, withdrawals, and write checks on the ELVICK bank account, but it wasn't Mr. Elvick's money – it was the ELVICK trust's money. Because the ELVICK trust was *statutory* (created by the state) the ELVICK trust was a creature/ creation of the state and therefore subject to administrative seizure by the government.

Fifth, if Mr. Liebig tried to reject "his" UPPER CASE NAME because it meant "he" was a "person" subject to the IRS jurisdiction, I'd also agree with the "kind" Judge that Liebig's argument was frivolous and without merit. In ruling Liebig's argument was frivolous, the Judge may have expressed in legalese what teenagers say whenever somebody tells something obvious: "Well, duhhh!" In other words, the Judge already *knows* that Liebig isn't LIEBIG – so don't insult his intelligence or waste his time with frivolous, meritless arguments over that non-issue.

Perhaps the real issue is not that Liebig isn't LIEBIG, but whether Liebig should be held liable for LIEBIG's debts. If Mr. Liebig neglected to identify his representative capacity as "trustee" when he signed a document admitting a legal debt that was imposed on the LIEBIG trust – then Mr. Liebig became personally liable for that LIEBIG debt. Once LIEBIG's debt was assigned to Liebig, the fact that Liebig is not LIEBIG is irrelevant. Unless trustee Liebig revokes or amends the signatures where he signed documents on behalf of the LIEBIG trust, but neglected to identify his representative capacity – Mr. Liebig is liable for LIEBIG debts created or imposed by those documents.

Nobody cares that Liebig isn't LIEBIG. The issue is that a LIEBIG debt has been legally assigned to Liebig. If that assignment is not challenged or refuted, Liebig's gonna pay. End of story.



Instead of arguing he's a sovereign or some such, perhaps Mr. Liebig would've done better to study the law concerning the revocation or amendment of signatures. As I understand trust law, a trustee can make virtually any "good faith" error while administering his trust and still avoid personal liability for his mistakes – provided he quickly make the proper correction when *notified* of his mistake. (See the significance of Notice?)

Of course, once notified, if the trustee still refuses to correct his error, that refusal vaporizes any claim to a "good faith" immunity, and the stubborn trustee can be held liable for "willfull failure" to fulfill his fiduciary duties. ("Willfull failure" . . . remind you of anything?)

But, because trustees have a fiduciary obligation to correct their administrative errors, I doubt that any court can prevent them from making those corrections – even long after the original error. For example, when confronted in court with the traffic ticket or IRS form that Mr. Liebig originally signed on behalf of the LIEBIG trust – if he sees his original signature did not identify his representative capacity as "trustee," he should realize he made a mistake and has a fiduciary obligation to make a correction. Perhaps there's a legal process to either *amend* his erroneous signature by adding "trustee" (even though he's adding the word long after the original document was signed) or maybe there's a process to *revoke* a signature as "incomplete" or otherwise erroneous. But if trustee Liebig could amend the original defective signature that caused him to assume liability for LIEBIG's debts, it seems to me that the government's case might be rendered "frivolous and meritless".

Sixth, Mr. Elvick and Mr. Leibig "sensed" that UPPER CASE NAMES somehow create damning personal liabilities, but mis-argued the issue by claiming they were *not* ELVICK or LIEBIG.

What's wrong with that?

They tried to prove *negative* statements: "I'm *not* LIEBIG," and "I'm *not* ELVICK."

Under the rules of logic, *you can't prove a negative.* Therefore, it might

follow that, if judges are bound to be "reasonable" – and "reasonable" means obedient to the rules of *logic* – anyone who tries to prove a negative in court will not only fail but expose themselves as obvious incompetents. While it may be possible to "support" a negative statement "beyond a reasonable doubt", under the rules of logic, you can *not* prove a negative.

For example, I (Alfred Adask, natural, breathing man) can not prove that I am *not* the artificial entity called "ALFRED N. ADASK." So why try? Only a fool or incompetent attempts the impossible – and proving negatives is logically impossible.

Suppose my two and half year old daughter were given the task of prosecuting me as the gunman on the grassy knoll who shot President Kennedy back in 1963. You'd think that an intelligent man like me could easily defeat the arguments of a little kid. But logically, that's not necessarily so. Although my daughter's assertion that "Alfred shot JFK" is improbable, is logically *possible*. However, if I plead "*Not* Guilty" it appears that I'm trying to prove a negative. If so, my defense is logically *impossible*. Will the judge rule in favor of the improbable prosecution or the impossible defense? If the judge is bound to reasonable", and if that means he's bound by the rules of logic, the answer's inescapable. Since my defense is logically impossible, the judge must find me guilty of killing JFK.

Likewise, should we be surprised if a prosecutor who's gone to law school can "prove" that Alfred is ALFRED? If I argue the negative, the logical answer is No.

So what should I do? First, I suspect I shouldn't waste time arguing I'm *not* ALFRED. Instead, perhaps I should simply present my case based entirely on positive (not negative) assertions. I.e., "I *am* Alfred Adask, a natural, breathing man" and say little more.

So suppose I submit an affidavit to the prosecution that "I *am* Alfred Adask." Now, for the government to prove I am ALFRED N. ADASK (trust/artificial entity), they must first overcome my affidavit by proving that I am *not* "Alfred" – a logical *impossibility*.

Generally speaking, this interpretation may explain David De Riemer's success with his "It Ain't Me" letters. However, I think I might edit those letters to remove all negative (logically unprovable) statements. Don't tell 'em who you "*ain't*" (negative), tell 'em who you *are* (positive).

Just as I can't logically prove I'm "Not guilty," once evidence has been admitted to the contrary, the government can't prove that I'm "*not* Alfred" – unless they inject false assumptions into the evidence. Remember? False assumptions (logically) lead to false conclusions. . . ?

Does government inject false assumptions into the logical equation (trial) which the judge or jury is required to solve? They sure do. They routinely use legal fictions and unstated presumptions which – if false, but unrecognized and unrefuted – can lead to false conclusions wherein the Innocent are routinely judged Guilty!

Point: Government can't prove a falsehood without first entering false assumptions into evidence. How are those false presumptions created and entered? Sometimes, they're created by merely tricking a natural, innocent man into signing a document on behalf of an artificial entity without identifying his *representative capacity* relative to the artificial entity.

For example, if the Evil Twin hypothesis is correct, all the prosecution has to do is enter a traffic ticket into evidence that was issued to ALFRED N. ADASK (trust) that I ignorantly signed "Alfred Adask" (trustee) without bothering to identify my representative capacity as "trustee". Who would guess that by merely signing a ticket without identifying our representative capacity we become personally guilty and liable for the debt legally imposed on the UPPER CASE NAME trust? But once that ticket is entered into evidence, all the judge would need to see is my signature, and if it did not identify my representative capacity, everything else that follows would be moot. I'd be guilty the minute he saw my signature.

Last "insight". Logically, if you can't prove a negative – what does that imply about a legal system where the

court asks "How do you plead?" and leaves you three options: "Guilty" (which *proves* you are guilty); "Nolo Contendere" (by which you voluntarily *agree* to accept being judged guilty); and "Not Guilty" – which logically, *can't be proved*. In other words, when a judge asks for your plea, he may be asking you to either: 1) admit your guilt; 2) accept your guilt; or 3) present an impossible defense and thereby "prove" you are incompetent and only able to "plead" for the court's mercy. These three options suggest that, at least within a court of equity, the historic presumption of "Innocent until proven guilty" is a sham. Instead, we seem to be presumed Guilty until proven "*Not* guilty" – and a negative is logically impossible to prove.

How do we get back to an accusatorial system of law (wherein one is presumed innocent until proven guilty)? Perhaps we should refuse to "plead" that we are "Not Guilty", but instead "say" or "declare" that we are "Innocent!" While it's logically impossible for us to prove that we're "Not Guilty," we *can* prove that we're "Innocent", and perhaps more importantly, the government (logically) cannot prove we are "*not* innocent".

Conclusion: the evidence so far presented to the AntiShyster court against the Evil Twin"/UPPER CASE NAME hypothesis is insufficient, frivolous and without merit and will therefore be dismissed (for now).

So ordered.

Alfred Adask (. . . or is it ADASK?)

I really hope you folks can follow my "suspicions". I know how confusing my hypotheses must seem, especially if you haven't read the previous trust fever articles. And I don't know (or claim) that my conclusions are right, but the pieces of this puzzle just keep falling together, and I think I'm beginning to see the system so clearly, that I don't know whether to laugh, watch in awe, or fall down on my knees and thank God. This is *too much fun*.

I remain confident that by the end of 1998, we will basically understand our judicial, political, and economic "system". And by mid-1999 I think we'll have learned to apply our theoretical understanding with sufficiently effective procedures to tame this beast and maybe . . . just maybe . . . restore a constitutional Republic.

*Coming soon, perhaps in the next issue of the AntiShyster we'll begin to consider another question: If corporations are artificial entities and legal persons, what are trusts?*

*I'm not sure. There are artificial entities, but they aren't quite like corporations. But since we seek to receive benefits from trusts, I'm beginning to wonder if trusts might be properly and historically viewed as artificial faiths or perhaps artificial churches. The political and spiritual implications are fascinating. Stay tuned.* ■

# Connecting dots

*by Alfred Adask*

Once in a while, I read something that seems unimportant but still sticks in my mind. For example, the Internet's been buzzing with reports that on May 14, 1998, President Clinton signed Executive Order (EO) 13083 which numerous patriots describe as a treasonous attempt to diminish the Constitution. Whether Clinton's EO is another full-frontal assault on liberty by the New World Order remains to be seen. However, I was intrigued by one report that President Clinton signed this EO while he was in England. The idea that American officials might sign laws while outside the United States struck me as strange and stuck in my mind.

About a month later, I read an excerpt from the Congressional Record for the Senate for Feb. 27, 1890, where Senator George spoke against passage of a bill to criminalize trusts, agreements, contracts and combinations "made with a view or which tend to prevent full and free competition" in the United States. In broad terms, Senator George complained the proposed bill was essentially a law against conspiracies *intended* to restrict free trade.

Intent is the central issue in all criminal proceedings since, without intent to cause harm, there is no crime. That is, if I hit a pedestrian while driving my car and she dies, it is only a criminal act if I *intended* to hit her – otherwise it's an accident. In the first case I can be jailed or even executed; in the second, my insurance company can be stuck with a fat personal injury suit. The significance of conscious intent is well-known, but Senator George revealed that "intent" also involves a *jurisdictional* component:

". . . [I]f the agreement or combination, which is the crime, be made *outside* of the jurisdiction of the United States it is also *without* the term of the law and can not be punished *in* the United States. Mark that. Then if the conspirators are foreigners and remain at home, or, being citizens, shall cross our borders and enter into any foreign territory and there make the combination or agreement, they escape the criminal part of the law, and . . . the combination may be carried out with impunity in the United States. . . ."

Senator George went on to warn that if the bill became law, all conspiracies to restrict free competition involving large sums of money would be committed in Mexico, Canada or some other foreign country. As a result, the only people who could be charged with a criminal conspiracy to restrict free trade would be the common people too poor to travel to foreign jurisdictions to sign their agreements. But, "the real criminals – the men of wealth" would still be enabled to "fleece and rob the people."

According to Senator George, the government cannot charge someone for a criminal conspiracy unless both 1) the individual *intended* to commit a criminal act; and 2) that intent was manifested *within* the jurisdiction of the United States.

Call me an old fashioned, paranoid patriot, but I can't help thinking about all the "conventions" (proposed treaties) that are signed by representatives of our government at meetings *outside* the United States (Cairo, Rome, London, Mexico City) but never ratified by the Senate *within* the United States (for example, the Convention on Biological Diversity was agreed to in Rio De Janiero in 1992, never ratified by the Senate, but still implemented piecemeal by the White House). A lot of patriots regard those "conventions" as evidence of thinly-veiled conspiracies to commit *treason*. Of course, since no one ever files conspiracy charges based on these conventions, the patriot suspicions are dismissed as absurd (and perhaps they are).

But, judging by Senator George's remarks, even if those conventions were conspiracies to commit treason, it would be impossible to prove intent (and therefore a crime) if the original conspiratorial act of agreement, signing, etc., took place outside the jurisdiction of the United States.

And President Clinton allegedly signed EO 13083 in London – outside the jurisdiction of the United States. If that were true, then maybe . . . .

# New Y2K Dis-order

*by Alfred Adask*

*As you read this article, you might want to reflect on the mindset of the first passengers on the Titanic to hear that it's going to sink. "Ha!" they'd say. "That's ridiculous! This is the* Titanic *– the biggest, mightiest, most technologically advanced ship the world's ever seen! It's been engineered with multiple, watertight bulkheads so it can't possibly sink, silly!"*

*Uh-huh.*

"Y2K" stands for "Year 2000" and designates a software problem that may cause many mainframe computers to crash one second into January 1st, 2000, when the computers' internal clocks recognize the year 2000.

The problem's foundation was laid back in the 1950s when the cost of computer memory was so expensive that programmers struggled to avoid using one more byte of memory than absolutely necessary. For example, when a date had to be entered into a computer record (for when a bill was paid, or a product ordered, etc.), instead of entering a transaction's year in a four-digit format like "1953", the programmers economized, instructed the machines to *assume* "19" in *all* years, and thereby reduced the data entry requirement to a two-digit format like "53". This two-digit data entry savings was especially important to organizations like banks that recorded millions of deposits, checks, and bank charges – each of which had to be identified by date. By entering "53" into each of those millions of transactions instead of "1953," the bank reduced its computer memory requirement by millions of bytes and saved a fortune.

Back in the 1950s, programmers knew that if their programs survived until the year 2000, the computer data entry for the year 2000 would be "00" and be interpreted by the computer as "1900" – not "2000". The resulting logical mayhem might therefore calculate that a man born in 1935 was no longer 65 years old on Jan. 1, 2000, but was instead a *minus* 35 years old. If this logical impossibility didn't cause the computer to crash, it could easily stop computerized organizations like Social Security from sending retirement checks to the 65 (now –35) year old man.

However, given the rapid evolution of computer science, no one imagined that the mainframe computer programs used in 1953 would still be in use 47 years later at Y2K. That failure in imagination may soon collapse the world's economy into rubble.

What the computer industry failed to realize in 1953 was that once an organization installed a mainframe computer to replace hundreds or thousands of "bean counters" (who'd previously recorded all transactions by hand), that organization became so dependant on its mainframe that they could figuratively never turn it off.

Why? Because computerized accounting for *big* businesses and government is a continuous process that takes place every millisecond of every day of every year and (just like running your check book) demands instant and accurate data entry on every transaction.

Anyone who's tried to run a personal checking account without recording his deposits and checks in his check registry knows you can get into a lot of trouble awful fast – and trying to correct the trouble using the invoices and deposit tickets we tossed in the cigar box can move some of us to call Dr. Kevorkian.

Likewise, suppose the IRS computer crashes for a few hours during a day when it was supposed to write a half-million refund checks and record the receipt of a half-million tax payments. When they fix the computer and turn it back on, it can be very difficult, perhaps impossible, to reconstruct which refund checks were sent and which tax payments were received. This may explain why the Government Accounting Office recently reported that the IRS has lost track of hundreds of millions of dollars. I wouldn't be surprised if, after an IRS computer crashes and is then repaired, the IRS managers simply say, Sc__w it! Turn the s.o.b. on and we go from here. Whatever records have been lost in the last minutes or hours of downtime will simply be relegated to the circular file."

Of course, newer, faster, more efficient computers and software languages have been developed since 1953 and installed in place of the original "steam engine" era 1953 computers. So how could the Y2K problem propagate for close to fifty years?

Anyone who's tried to change from one data base program to another knows that the transition can be infuriating. Failure is common. So how do you avoid computer problems on new mainframes? You write the new software program in the new software language in a "layer" right over the "old" software program. In other words, if

the original 1953 program was written in Cobol, the 1963 programmers simply hand-crafted a new Fortran program that interfaced between the new computer operators and the old Cobol software. Later, the in-house programmers hand-crafted additional applications and utilities onto the 1963 Fortran program (which was "on top" of the 1953 Cobol program). Then in 1973, 1983, and again in 1993, the organization upgraded its computer with newer-better-faster hardware and software. But the new software did not always replace the old – it was often simply "layered" on top of the previous layer including all the applications and utilities that had been *hand-crafted* by the various in-house programmers.

As a result, some organizations that started using mainframe computers in the 1950s and 1960s, are running software that includes millions of lines of "layered" computer code installed on top of the original 1953 program which still assumes all date entries apply to the 1900s. Plus, because additional computer applications and utilities were each modified by in-house programmers, virtually every modern mainframe computer's software is unique and therefore not readily susceptible to "computerized" solutions.

Result? The only way the Y2K problem can be corrected on most mainframe computers is by a *manual*, line-by-line analysis of *millions* of lines of "layered" computer software ultimately based on a programming language that is only vaguely remembered by programmers near or past retirement age. Interesting problem, hmm?

### First, you laugh

When I first heard about the Y2K problem in March or April, I dismissed it as hype and assumed a simple solution was forthcoming. But in May, I joked about Y2K to a neighbor who's a computer consultant, and his face went almost ashen. He explained that even if we solve the Y2K problem in the USA (which is unlikely), it's a virtual certainty that Y2K will not be solved in the rest of the world. Because the modern financial system is global and computer-based – virtually all the world's "money" is stored in mainframe computers in the form of electronic "1's" and "0's" rather than clunky, "old-fashioned" gold and silver coins, and also because of international free trade (NAFTA, GATT, WTO) – Americans are so tightly tied to all the world, that if the mainframes collapse in South Korean banks, a resulting cascade of lost invoices, accounts receivables, etc. could ultimately collapse the entire electronic banking system of the world. If the financial system collapses, it could precipitate a fantastic *international* bankruptcy wherein no one knows how much (electronic) money he owes, is owed, or has. The economic consequence would be enormous.

And it gets worse.

According to one source, there may be over 25 billion computer chips embedded in various pieces of mechanical equipment like diesel engines, industrial valves, automobiles and even toasters and VCRs. (Modern jet liners have an average of 185 chips installed in their various electrical, mechanical and hydraulic circuits.) Many embedded chips have internal clocks that also "assume" all years occur in the 1900s.

There aren't enough trained service technicians to find, test, and if necessary replace all these embedded chips. Therefore, it's a virtual certainty that at least some of these chips will fail when they hit "2000" and assume it's "1900". If a chip fails on the hydraulic controls of an in-flight 747, the consequences can be tragic. If a chip fails on a valve controlling the cooling circuit for a nuclear power plant, the consequences can be disastrous.

And it gets worse.

I talked to a U.S. Department of Justice (DOJ) analyst who asked to remain unnamed. He offered several unconfirmed opinions which he believed or had heard expressed with confidence within the DOJ:

First, the Y2K problem will not necessarily wait until January 1, 2000 – it could start as early as **April, 1999** when computers in the Global Positioning Satellites (GPS) orbiting over the USA hit their "fiscal year" 2000. These GPS satellites send and receive data which helps locate the exact position of the latest Cadillacs on electronic map terminals built into the Caddy dash boards. Pretty slick, hmm? These satellites also send and receive data which locate and coordinate the movement of all freight trains and some long-distance trucks. If the GPS satellites fail, the railroad system will be at least slowed and possibly stopped. There is only a 72-hour food supply stored in the grocery stores and warehouses of America's major cities. If the freight trains slow or stop, *entire cities* may run out of food within three days. Imagine the resultant chaos.

Second, thirty-seven states begin their fiscal year 2000 on **July 1st, 1999**. Suppose some of these states' computers crash and stop sending welfare checks. What do you suppose will happen in urban areas where residents are highly dependent on welfare checks if the state computers crash? Some elements of urban America already welcome summertime riots the way college kids welcome Spring Break. Depending on how many state welfare systems fail, there could be *multiple* big-city riots similar to what was seen in Watts several years ago.

Third, most large organizations program their computers to report a 120-day "event horizon" to keep managers informed of upcoming obligations and opportunities. Those computers will encounter Y2K approximately **September 2, 1999** with unpredictable results.

Fourth, Federal Government computers will hit fiscal 2000 on **October 1, 1999.** Again, the results are unpredictable, but could include stop-



page for federal welfare, grant, and payroll checks.

There is even speculation in the Justice Department that if Y2K causes Federal computers to crash, it may be impossible to hold the national election in November, 2000. As a result, whoever is incumbent at Y2K (Bill Clinton, for example) may continue to hold his office for several additional years into the next millennium.

The Justice Department analyst also revealed that he's selling his farm (located about 25 miles outside of Washington DC) and moving his family to an unspecified, rural location. He refuses to stay close to any urban area where a potentially starving, rioting people may pour out of the city and start combing the countryside for food.

The analyst confided that some members of the Justice Department believe that – in a worst case scenario – Y2K might cause *millions* of American fatalities. Not casualties. *Fatalities*. Millions.

## The power grid

Millions of *American* fatalities? That's ridiculous, right? How could we have *millions* of American fatalities? Consider the national power grid that generates and distributes our electricity:

CNN reporter David Snyder analyzed our nation's electrical system in "Y2K Blackout? Keeping the Power in America's Power Grid" and reported that "the odds are overwhelming that there will be power failures in some places because each power plant has *thousands* of embedded computer chips that help control the generation of electricity." Many of these chips could fail when their internal clocks encounter Y2K. Locating and replacing all chips susceptible to Y2K is virtually impossible.

According to U.S. Congressman Constance Morella (R-MD), most urban utilities are fixing their chip problem, but many rural utilities are not. These rural utilities threaten our entire electrical grid since virtually all power plants are interconnected to provide backup electricity to one another. I.e., whenever one plant shuts down, consumers draw power from other stations in the region. However, if *several* plants shut down, the electrical demand might overwhelm the remaining on-line plants and cause complete grid failure. Therefore, the simultaneous failure of only a few rural utility plants could cause entire regions of the North American power grid to fail.

This domino effect was already seen in 1996 when faulty *power lines* in Oregon triggered utility plant shutdowns in *nine states*. It took most of a week to fully restore power. Some fear that on December 31, 1999, a similar domino effect could move across North America as each time zone strikes midnight. Bear in mind that a *midwinter* power failure will not only turn off our Christmas tree lights; it will also turn off the furnaces that protect Americans in our northern states from *lethal* winter temperatures. Imagine a midwinter *week* without power in Minnesota or Maine. This is just one reason why Rep. Morella describes Y2K as "an impending catastrophe."

## More dominoes

According to the CNN report, nuclear power plants (which produce

20% of the nation's electricity) are particularly vulnerable to Y2K since they are technologically complex, dependent on computerized controls and monitoring equipment, and highly critical since even a "Three-Mile Island" failure can be disastrous. As a result, the federal government has ordered nuclear plants to be Y2K compliant by July 1, 1999 – or be shut down until they can prove their readiness.

Point: On July 1, 1999 (when the nation's electrical consumption peaks to power our air-conditioners), as much as 20% of our power supply could be shut down. If the failure of just a few power transmission *lines* in Oregon can shut down *nine states* in the summer of 1996, what will happen if several of our nuclear power *plants* are shut down in the summer 1999? What will be the summertime heat effects on the elderly, ill, and newborn if they are denied air-conditioning? Shall we put 'em in the backyard and turn on the sprinkler? Sprinklers won't work without electrical power to push water through our pipes. Refrigerators shut down. Frozen food thaws, then stinks. Although the power grid is fine, Texas still suffered about 100 fatalities from the July heat in 1998. A couple years ago, even though power was still available, scores of people died from summer heat in Chicago. But how many would die if the nation's entire power grid collapsed in July of 1999?

This is the Justice Department analyst's worst case scenarios: The power grid fails in midsummer or (worse) midwinter exposing us to extreme temperatures and failure of the food and water supply systems. Under these circumstances, within a week we could begin to see millions of fatalities.

But it could be worse.

One report indicates the Department of Defense (DOD) conducted a Y2K experiment on a mainframe computer responsible for monitoring and launching four nuclear-tipped ICBMs parked in missile silos. They disconnected the missiles from the mainframe, hooked up data recorders to measure the computer output, and then fed the year "2000" into the mainframe. The computer instantly locked down two missiles so they couldn't be launched under any circumstances – and simultaneously *launched* the other two. Ohh, well . . ., hmm?

Well, bear in mind that nuclear missiles are also parked in Russian underground silos and are controlled by Russian mainframe computers. Computer memory was at least as expensive in the USSR in 1950's as it was in the USA. Therefore, current Russian mainframes are probably also vulnerable to Y2K. If our computers can launch nuclear missiles on Y2K, so can the Russian's.

The Justice Dept. analyst could not verify this DOD test actually took place, but confirmed he'd heard the same rumor within the Justice Department.

In sum, Y2K can potentially disrupt our financial system, deprive us of food, precipitate riots, turn off our electricity, and even launch nuclear missiles. Although it's unlikely all this will happen, the possibility makes Y2K the single biggest threat this nation's ever faced.

### Y2K FUD?

However, according to an article "Debunking the Y2K FUD" by Bob Djurdjevic on the *Truth In Media* webpage (www.beograd.com/truth):

"FUD is an acronym for Fear, Uncertainty and Doubt – a marketing approach which IBM perfected in the 1970s and in the early 1980s. First you create FUD, then you reach into your customers' pockets offering a Big Blue-invented relief from FUD. Enter Y2K FUD. . . ."

Author Djurdjevic explained there are a number of "shysters" on Wall Street using the Y2K problems to generate FUD in order to sell various investment and asset protection schemes. For example, one seminar compared the Y2K problem with the Great Depression and World Wars I and II (where tens of millions of people died) and then offered financial advice on how the audience could cope.

Djurdjevic labeled similar fear-mongering seminars (and presumably, articles like this one) as "irresponsible" and pointed out that there's "a fine line between raising the awareness . . . and unduly alarming Americans so as to help oneself to their wallets." Gener-

ally speaking, the author described the Y2K problem as cause for concern, but unworthy of the fear-based hype that's pushing folks toward panic. He concluded that you should prepare for Y2K much the same as you did for the Savings and Loan "crisis" that was "sure" to destroy America in the 1980s – with "prudence and caution." In the meantime, believe nothing until you determine if the self-proclaimed Y2K "gurus" are "for real."

Well, as Y2K guru's go, I am *not* "for real". That is, I'm not an expert on Y2K and therefore the opinions expressed in this article should be taken with salt.

Further, despite all the pessimism surrounding Y2K, some people believe that as we get closer and closer to Y2K, the value of effective solutions will rise higher and higher until the free market is stimulated to create a last-minute "Lone Ranger" software program to save us. Could be.

Also, while it may seem scary that Y2K can begin to impact America as early as April, 1999 (when the GPS satellites may fail), the fact that Y2K may come at us in waves rather than all at once on January 1, 2000 may be beneficial. Perhaps by experiencing Y2K in "chunks" (July, states' fiscal 2000; September, the 120-day "event horizon"; and October, the Fed's fiscal 2000), we may be better able to prepare, keep calm, and create practical solutions that might not be possible if all the poo hits the fan at once on New Years Day.

### *Pessimists or realists?*

However, after considering the optimistic attempt to minimize the Y2K threat, one analyst replied, "That sounds great, but where are your *facts*?" In other words, while pessimists point to millions of lines of computer code (that almost certainly won't be fixed) and to and billions of embedded computer chips (that probably won't even be found), the optimists base their arguments on nothing more than . . . optimism.

Further, while I may be a unreliable Y2K "guru," Senator Robert Bennett (R-UT; chairman of the Senate Special Committee on the Year 2000 Technology Problem) is not. According to Sen. Bennett, a "Y2K-induced breakdown . . . might call for martial law." Because other countries are unprepared to handle Y2K and will therefore trigger a domino effect in our international computer and financial system, Senator Bennett warns, "The world as a whole is almost doomed to have major problems. . . . When people ask me if the world is going to come to an end, I say I don't know. I don't know whether this will be a bump in the road . . . or trigger a major worldwide recession with absolutely devastating economic consequences."

President Clinton seemingly ignored Y2K until May, 1998, when he issued a largely unnoticed Presidential Decision Directive 63 which calls for a plan to ensure "essential national security missions" and "general public health and safety" *by the year 2000*. The plan must provide ways for state and local governments to *maintain order* and *deliver minimum essential services* and for the private sector to keep the economy humming. According to Directive 63:

"Critical infrastructures are those physical and cyber-based systems essential to the minimum operations of the economy and government. They include, but are not limited to, telecommunications, energy, banking and finance, transportation, water systems and emergency services, both governmental and private. Many of the nation's critical infrastructures have historically been physically and logically *separate systems* that had *little interdependence*. As a result of advances in information technology [computers] and the necessity of improved efficiency, however,

these infrastructures have become increasingly automated and *interlinked*. These same advances have created new vulnerabilities to equipment failures, human error, weather and other natural causes, and physical and cyber attacks. Addressing these vulnerabilities will necessarily require flexible, evolutionary approaches that span both the public and private sectors, and protect both domestic and international security." [Emph. add.]

Directive 63 does not specifically mention Y2K, but if it was not intended to deal with Y2K, what other emergency was anticipated?

### Conspiracy theories?

Sen. Bennett's comment on martial law and President Clinton's Directive 63 have sparked Internet speculation like:

"Martial law would be instituted in response to rioting caused by Y2K shutdowns and malfunctions. However, the Y2K problem doesn't have to happen but is instead being contrived by the manipulative 'old boy network' that *wants* the problem, the resulting riots, etc. to happen. Why? So these controlling individuals can have you in a position of greater voluntary slavery!"

Maybe so, but since goat-herders don't need computers, I doubt that Y2K was contrived by some "power-mad" government conspiracy. That is, while computers are relatively unimportant for managing simple life-styles and small, primitive communities, they are absolutely vital to larger, complex societies and organizations.

I read an article on the need for businesses to "back up" their computer data religiously. The article warned that if a medium-sized company suffers a computer crash that wipes out several weeks or a month of its data – even if that company has all the *paper* records, invoices, etc., necessary to reconstruct their accounts payable, receivable, orders and shipments – without a current electronic data backup that can be *promptly* reinstalled, that business would inevitably file for bankruptcy *within 90 days*. The reason is that a business (or bureaucracy) is in the midst of an ongoing rush of data. There is so much new information, orders, bills, etc. flowing in and out, every day, every minute, that it's virtually impossible to simultaneously process today's incoming data at the same time you're trying to reconstruct last month's data. If you lose track of your accounts payable, receivables, and shipping for just a few days or weeks, you will inevitably pay some bills twice, others not at all, and lose track of what products have been shipped, paid for, or need to be re-billed. Such chaos makes bankruptcy inevitable.

Small companies (which fly by the seat of their pants, anyway) can usually weather a computer crash, but mid-sized and especially large organizations can't survive without adequate data backup *plus* the means to promptly reinstall that data and get back on line.

Could any organization be larger – and therefore more vulnerable to Y2K – than a *world* government? A New World Order is impossible without the kind of interdependent communication and logistics that only a massive, integrated computer system can provide. Our Federal Government is similarly too large to survive a widespread computer crash. For example, if Y2K scrambles government computers, who'll send the millions of Social Security checks? Who'll figure the wages and write the checks for the millions of military personnel, FBI agents, and the Federal Marshals? Without computers, it can't be done.

According the April 22, 1998, *Wall Street Journal*, IRS Commissioner Rossotti said, "There's no point in sugarcoating the problem. If we don't fix the century-date problem, we will have a . . . disaster . . . there could be 90 million taxpayers who won't get their refunds, and 95% of the revenue stream of the United States could be jeopardized." (Makes you wonder if you should send withholding taxes to government in 1999, doesn't it?)

And once Uncle Sugar can't pay his troops, their loyalty and obedience will disappear. Once the computers and bureaucrats quit, what's left? Y2K will at least "downsize" and possibly vaporize the Feds. Since the New World Order and Big Bro' may crash with their computers, it's unlikely that Y2K is the fruit of a NWO and Federal Fascist conspiracy.

### Worst case?

So what, in a worst case scenario, could happen to America? Our central

government is not bound by the same economic laws as big business and would survive Y2K – but its practical powers would be hugely diminished. Since the largest organizations and most critical elements of our infrastructure (banks, utilities, food supply systems) are most likely to be impaired, our society could collapse (much like the former Soviet Union did) into a collage of independent nation-states, cities, city-blocks, and even tribes run by gangs, warlords, organized crime and the remnants of state governments. Individual survival may be quickly seen to depend on ruthlessness. American concern that some of our children are inexplicably antisocial might be misguided – these little "gang-bangers" may be ideally suited for life in a "New Y2K Dis-Order".

But the worst case scenario is not certain, only possible. We've weathered "dire" problems before that were hyped and projected but ultimately only imagined. We may also weather Y2K without much trouble. But I can't imagine that we'll skate through without *any* trouble. This *will* be a bumpy ride. Recession is probable, depression possible, and social collapse conceivable. Don't panic but do consider some minimal preparation.

Typical survivalist recommendations are common knowledge: store up enough water, food, supplies, guns, ammunition, gold or silver coins to last whatever amount of time you think appropriate. Opinions vary, but I'd recommend having enough supplies to last 90 days; if the worst case Y2K world doesn't re-stabilize within 90 days, your survival won't depend on your supplies so much as your innate willingness to kill. It might also be a good idea to correct any medical or dental problems that could impair your health in a post Y2K world (hospitals could be hard to find). And bear in mind that (according to the Justice Department analyst) you'd better have all your preparations made *before the end of 1998* – after that, Y2K could strike at any time in 1999.

More importantly, in the event of a real "meltdown", you'd better have some friends. Even if you stash enough supplies to survive independently for months or even years, how will you protect your cache *all by yourself* if (in a worst case scenario) your starving neighbors realize you've got some groceries? Some people (maybe me) will be willing to kill to feed themselves and their families. The key to survival is not only to prepare yourself, but to also prepare your friends and neighbors to work together to support each other's survival. In a post-Y2K chaos, allies will be more important than food.

### Fight or flight?

In the preface to *Tales of the South Pacific*, author James Mitchner tells the true story of a very intelligent man who realized in 1935 that another World War was quickly approaching. Rather than being drawn into the fight and possibly killed, he decided to use his intellect to find a new home that was sufficiently hospitable and remote to allow him to survive in peace while the rest of the world went mad. After considerable search and study he fled to a virtually unknown Pacific island called Iwo Jima – a deserted island that later became the scene of one of WWII's bloodiest battles.

Point: there are some problems that no one is strong enough to fight or smart enough to escape. Y2K may be one of those. In the final analysis, the *potential* consequences of Y2K are so large that – while our survivalist plans will increase the probability of our survival – our only guarantee of survival may be dumb luck or God himself.

Further, unless you're living in a densely populated urban area where it's impossible to avoid the risk of Y2K riots, you should think twice before moving to some remote wilderness cabin. First, there's no more wilderness. That is, you can't find a plot of land that's fit to inhabit but is otherwise devoid of human habitation. Somebody already lives within ten or fifteen miles of your "wilderness" cabin and he's been up there living on raccoon meat and acorns for several years. When he sees smoke from your cabin, he'll know you have food, water, rifles, ammunition, and gold. Maybe even toilet paper. To him, you'll be a foreigner, an intruder come to eat the last few raccoons in "his" wilderness. Unless he's bucking for sainthood, he may welcome you to "his" wilderness with the same affection he'd normally show a tasty young elk. He'll at least rob you and possibly kill you.

How 'bout moving to some foreign country like Mexico or Peru? You could buy a nice little house, hire a maid and eat fresh fish and ripe fruit while Americans fought each other for scraps of bread. Nice fantasy, but unless you get awfully lucky, living in a foreign country could be more dangerous than moving to an American "wilderness". There are people throughout the world who dislike Americans so much that they'd regard it as a pleasure (perhaps an honor) to waste a Yankee – and that's for free. If they suspect you have some gold coins squirreled away, there'd be a trophy for the first man to finish you off. Again, instead of moving to Brazil, you'd best do something even more difficult: make friends and allies right where you live.

If the Y2K information I've seen is accurate, we are facing a problem of *Biblical* proportions. This tiny technological glitch carries such an awesome

potential for disaster that even atheists are forced to consider *Revelations 18*, which says repeatedly that, in end times, God will shut down the entire Babylonian system in a single hour. Y2K could achieve that result. Potentially, Y2K is more than a speed bump on our economic highway, it's a dagger pointed at the heart of Western *Civilization*.

### *Be calm, m' dear*

On the other hand, on July 14, 1998, speaking to the National Academy of Sciences, President Clinton admitted Y2K was an extremely complex "management problem" but assured his audience that government computers would be made "Y2K-compliant" in time to prevent any disruption of "essential services". Maybe so. Or maybe that's just so much rhetoric for "crowd control".

In truth, the Y2K problem is absolutely unprecedented in human history. There are no previous, comparable events to guide our predictions concerning Y2K's consequences. As a result, *no one* really knows what will happen when our calendars strike 2000.

On January 1st, 2000 we may all be laughing about the previous night's party, and drinking Bloody Mary's in our "I Survived Y2K" t-shirts. On the other hand, millions of us may be huddling in the dark, freezing to death. While we all hope for the best, the Y2K is potentially so devastating, that we must also plan for the worst.

Don't panic. Don't spend your money foolishly on survivalist paraphernalia you can't afford. But don't wait for the last minute, either. Some survival food manufacturers are already so busy they can't fill orders in less that six to eight weeks. That delay is likely to grow and, likewise, the price of dehydrated foods will probably increase rapidly.

Y2K looms ahead like an iceberg shrouded in fog. Our "unsinkable" society may slip past harmlessly; or we may suffer a grazing blow, take on some water and be slowed – or we may collide directly and quickly sink into chaos or oblivion. Like passengers on the Titanic, Americans are so confident in our "system" that we can't imagine the possibility of our destruction and, therefore, haven't built enough "lifeboats" to survive a catastrophe. As a result, if we suffer a serious collision with Y2K, the only survivors may be those who built their own "lifeboats". Because the Y2K problem is unprecedented, its consequences will remain uncertain until after January 1, 2000. We might skate through, we might not. No one really knows. But the potential for disaster is so large that only a fool would refuse to study the problem and prepare accordingly. Whatever happens, Y2K New Years Eve will truly be a "night to remember".

I can't predict the future, but I suspect we'd all better 1) buy adequate supplies; 2) form alliances with our friends and neighbors; and/or 3) make our peace with God.

And I'm not kiddin'. Y2K scares me. Over the years, I've heard rumors of diseases, wars, conspiracies and government takeovers that caused me some anxiety. But I've always had a peculiar confidence that, no matter what happened, one way or another, I'd survive. Until this article, I've never "sold" fear in the *AntiShyster*. My attitude has always been that we may have serious problems, but by studying and working together we can solve them. But now, I'm not so sure.

Y2K is the first problem I've ever seen that I can't out-smart, or if necessary out-fight, or if it's really tough out-run. And it's not just me – the entire nation and world may be too weak to resist Y2K. I can't shake the feeling that if I'm still alive to celebrate my 55th birthday in April of 2000, it will have nothing to do with my own strength. I will be here only by the grace of our father Yaweh. Same is true for my kids. Same is true for you.

I am haunted by Senator Bennett's comment, "When people ask me if the world is going to come to an end, I say I don't know."

"I don't know" . . . ?

*"I don't know"!*

Politicians are paid to pump sunshine and remind us of what a perfect world they've created for us. A Senator is unlikely to admit such grave uncertainty except under the most dire circumstances.

Becasue the Y2K problem is unprecedented, it's impossible to accurately predict its final effects. But Y2K's adverse potential is too extraordinary to ignore. You better get ready.

# Letters

I just got through reading the latest AntiShyster paper; it's very good and informative. I understand law and have beaten the I.R.S. without going to court. They wanted $50,000 from me. I challenged them constantly on paper, had only one meeting with them and was served a summons at that meeting.

Most people don't know that the whole income tax of 1913 was passed in a commercial bill called " The Underwood Tariff Act." The whole act can be found in the "63rd Congress Session 1 Ch. 16 - income tax- Title 26. That means that even if it's legal, it still does not apply to the common laborer. The government has created quite a snow job on the American people.

There seems to be a lot of wakening going on now as the right information is slowly getting out there. I still see a major problem though – people are not working together. At least that is the case in Ohio. I hope things are working better in Texas. Well, that's all for not, I got to run. Just thought I would say Hi.

God bless & keep up the good work.

Darrell E. Chute

Dear Mr. Adask,

After reading the article by Raymond Beach in *AntiShyster* (Vol. 8, No. 1), I knew I had to write. Mr. Beach's article prompted me to pull both the Alabama (36-21-67) Peace Officers Benefit Fund *and* (36-25-1 et. Sequence) Alabama Ethics Statutes. What I found under (36-25-5) leads me to question the validity of the Peace Officers Fund being (legally) allowed to benefit from traffic offences, misdemeanors, and felonies. While many court cases have recently occurred in Alabama over ethics issues (ex-Governor Guy Hunt's felony conviction and recent *full* pardon come to mind), I don't believe anyone has challenged the validity of these two laws. Therefore, I am preparing to do so by August, 1998.

I would like Mr. Beach to know his article has sparked my interest to question and (maybe) correct another unconstitutional law here in Alabama today, and possibly elsewhere, tomorrow. I trust you will pass along my appreciation.

Thank you,
Gary Grizzard

Dear Al:

I reread the article, "Opening Bank Accounts Without SSN's" (Vol. 7, No. 2), and thought that you might be interested in some experience I had regarding the use of the SSN.

A few years ago, I read about someone up north being refused utilities because they would not provide the utility company with a SSN. During his search for a solution, he met with the U.S. Attorney's office in his area who explained that they would send U.S. Marshals to arrest the manager of the utility company for a violation of 42 USC 408(a)(8) if he filed a complaint. So he did, and, when he arrived home, he received a phone call from the utility company manager asking him to go down to the utility company office because U.S. Marshals were there. The end of the story is that he obtained utility service without disclosing his SSN.

Shortly after reading that story, I moved to Denver. When I applied to lease an apartment, I was told I was *required* to provide my SSN on the lease application. I responded by saying, "If my SSN is required, then I have no choice but to report you to the U.S. Attorney for a felony offense." The lease agent's eyes enlarged, and the manager (who had been listening) came from her office and told me that no one else had a problem giving their SSN. I explained that it was usual that people do not know the law, but I did – and since it is an offense not to disclose a felony of which I am aware, I must notify the authorities. I was asked to call back the next day. The apartment was leased to me the next day without disclosing my SSN although I was required to make an additional $100 deposit. I also obtained telephone and utility services without disclosing my SSN.

My daughter worked in an apartment leasing office for a large firm in Dallas. She noticed that the lease agreements required the applicant's SSN. So she notified upper management of 42 USC 408(a)(8). A couple of weeks later, management sent down a memo to all leasing offices stating that agents must request SSN's of applicants but the SSN was not required.

Not long thereafter, someone told me that the Texas Department of Safety had notices at the driver's license offices stating that the SSN was required to obtain an ordinary driver's license. I went to one of the offices and copied the information on the signs. I then went to the local library and looked up the laws that were cited on the posted signs. None of the statutes made any reference to the requirement of a SSN to obtain a driver's license. I prepared an affidavit which I sent to the Director of the Department of Safety showing the fraud which was being perpetrated on the public. Later, a friend told me that the signs had been removed; when he asked why, the answer was that someone had threatened to sue.

While preparing for trial, my court appointed attorney told me about his episode in trying to open a non-interest bearing bank account without having to disclose his SSN. The bank refused to do so. I asked my lawyer if he filed criminal charges against the bank. He said that the bank had not committed any crime. I replied saying that 42 USC 408(a)(8) made it a statutory felony for compelled disclosure of the SSN in violation of the law. He brought me a copy of Title 42 from his library and asked me to show it to him. When I did, he said he needed to fax a copy to a friend of his.

In God I Trust,
Rich Summers
The Tax Protestant ■

# Etc.

## True stories, letters, & maintenance reports

Dozens of FBI agents raided a San Diego psychiatric hospital being investigated for medical insurance fraud. After hours of reviewing thousands of medical records, an agent called a nearby pizza parlor with delivery service to order dinner for his colleagues. The FBI agent's order for pizza was recorded because the FBI was taping all conversations at the hospital:

"Hello, I'd like to order 19 large pizzas and 67 cans of soda."

"And where would you like them delivered?"

"We're over at the psychiatric hospital."

"The *psychiatric* hospital . . . ?"

"That's right. I'm an FBI agent."

"You're an *FBI* agent?"

"That's correct. Just about everybody here is."

"And you're at the . . . psychiatric hospital . . .?"

"That's correct. And make sure you don't go through the front doors. We have them locked. You'll have to go around to the back service entrance to deliver the pizzas."

"Um-hmm. And you say you're *all* FBI agents?"

"That's right. How soon can you have them here?"

"*Everyone* at the psychiatric hospital is an FBI agent?"

"That's right. We've been here all day and we're starving."

"How are you going to pay for all of this?"

"I have my checkbook right here."

"And you're *all* FBI agents . . . ?"

"*Yes*. Everyone here is an FBI agent. Can you remember to bring the pizzas and sodas to the service entrance in the rear? We have the front doors locked."

"I don't think so."

Click

Dear Abby,
I have a man I never could trust. He cheats so much I'm not even sure this baby I'm carrying is his.

Dear Abby,
I am a twenty-three-year-old liberated woman who has been on the pill for two years. It's getting expensive and I think my boyfriend should share half the cost, but I don't know him well enough to discuss money with him.

Dear Abby,
I joined the Navy to see the world. I've seen it. Now how do I get out?

Dear Abby,
I was married to Bill for three months and I didn't know he drank until one night he came home sober.

*Here are some actual Air Force maintenance complaints submitted by pilots and the follow-up replies from their maintenance crews:*

Problem: "Left inside main tire almost needs replacement."
Solution: "Almost replaced left inside main tire."

Problem: "Something loose in cockpit."
Solution: "Something tightened in cockpit."

Problem: "Evidence of hydraulic leak on right main landing gear."
Solution: "Evidence removed."

Problem: "Dead bugs on windshield."
Solution: "Live bugs on order."

Problem: "Number three engine missing."
Solution: "After brief search, engine #3 found on right wing."

Problem: "Test flight OK, except autoland very rough."
Solution: "Autoland not installed on this aircraft."

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