Federal Reserve Notes are not "dollars"

by anonymous

The original Mint Act, was passed on Thursday, January 12, 1792. This Act was drafted in Pursuance of the Constitution for the United States of America [See: Article VI, Clause 2] and provided for the minting of both gold and silver dollars under Section 9. This Act met all of the requirements of Article I, Section 8, Clause 5 and 6, and Article I, Section 10, Clause I. The issue of the United States being empowered to "emit bills of credit" was discussed in the Constitutional Convention on Thursday, August 6, 1787. The power and authority was denied to the general government upon good and sufficient grounds. It would take all of 75 years to subvert what the Constitution was designed to prevent and more: the erosion of confidence between man and man.

The issuance of paper as a "legal tender" and circulating medium of exchange did not occur until 1862 during the Civil War. The Congress authorized the emission of non-interest bearing Treasury notes and declared the bills of credit to be legal tender for all debts, public and private, with the exception of taxes on imports. The notes were deemed necessary to "float the debt of the United States" for the war effort. In short, the paper "green backs" were "printed" under pretext of "war powers".

On June 3, 1864, Congress passed "An Act to provide a National Currency, secured by a Pledge of United States Bonds, and to provide for the Circulation and Redemption thereof." This Act recreated the central banking system as a "National Association" which later evolved into the Federal Reserve Banks. All private bank notes issued under authority of the Act were "issued and circulated the same as money", had to be redeemable at "par value" (one-for-one) with the Coin, and were declared to be tender for the payment of all debts public and private under Section 23. "Pledging or hypothecating" any of the notes in circulation under this Act was prohibited under Section 37.

By 1908, the United States had accumulated a large deficit. Discussions had begun to surface concerning amendments to the Constitution regarding revenue and taxation. In 1909, Congress and the President passed the Corporate Tax Act of 1909 while knowing that the activity has previously been declared to be unconstitutional in Pollock vs. Farmers Loan And Trust Co., 187 U.S. 429 (1895).

The Sixteenth Amendment was proposed by Congress on July 12, 1909. The Amendment was certified to be a part of the Constitution on February 25, 1913. The Constitutional
impediment concerning State intervention in direct taxation has been removed, however it did not expand the taxing power of Congress beyond the limitations set forth in Article I, Section 8, Clause 1, and Article I, Section 9, Clause 4.

On December 23, 1913, Congress passed "An Act to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford a means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes". The Act is commonly known as the "Federal Reserve Act". Some of the purposes for enacting the Federal Reserve Act were to: (1) collect 94% of the "net earnings" of the Federal Reserve Banks under pretense of a "Franchise Tax" under Section 7; (2) legalize and extend a "float" on the debts by reducing the backing or reserve requirements to 40% of the notes in circulation and transactions accounts under Section 11; (3) authorize "hypothecation" of obligations including "United States bonds or other securities which Federal reserve Banks are authorized to hold" under Section 14(a); and, (4) "establish branches in foreign countries or dependencies of the United States for the furtherance of the foreign commerce of the United States" under Section 25.

It is important to understand the term "hypothecation" as stated in Section 14(a) of the Act.

"1. Banking. Offer of stocks, bonds, or other assets owned by a party other than the borrower as collateral for a loan, without transferring title. If the borrower turns the property over to the lender who holds it for safekeeping, the action is referred to as a pledge. If the borrower retains possession, but gives the lender the right to sell the property in event of default, it is a true hypothecation.

2. Securities. The pledging of negotiable securities to collateralize a broker's margin loan.

if the broker pledges the same securities to a bank as collateral for a broker's loan, the process is referred to as rehypothecation."

Dictionary of Banking Terms, Fitch, pg. 228 (1997)

Section 16 of the Federal Reserve Act, which is codified at 12 USC 411, declares that "Federal Reserve Notes" are "obligations of the United States". The "full faith and credit" of the United States was thereby hypothecated and rehypothecated to the lending institutions for the issuance and emission of bills of credit as legal tender "for all taxes, customs, and other public dues". The paper in circulation and transactions accounts could then be inflated 60% and the purchasing power depreciated and reduced by an equivalent amount.
On June 17, 1917, Congress amended the Federal Reserve Act of 1913. Section 6 of the Act broadened the capacity of the Federal Reserve Banks to engage in foreign commercial transactions and joint ventures in foreign countries. Section 7 reduced the reserve requirements on transaction accounts and circulating currency to 35%. The authorized float and expansion of credit, by another 5%, created a reciprocal rise in the price of goods and services, and a depreciation in the purchasing value of the circulating medium of exchange. The cumulative total inflation and depreciation was now 65%.

The indiscreet extensions of hypothecated and rehypothecated credit, speculative investments, and issuance of fractional reserve paper enervated trade and caused the economic collapse known as the Great Depression. Under the Federal Reserve fractional reserve system about 600 banks per year failed from 1920 through 1929. The number of bank failures escalated to 1,345 in 1930, and to 2,298 in 1931. The number dropped to 1,453 in 1932, but skyrocketed to 4,000 in 1933. It is necessary to remember that the fractional reserve system paper was on a "float", however, the dollar was still made of gold and silver, and both the "Federal Reserve notes" and the "Treasury notes" clearly stated on their face that they were redeemable at par value upon presentment and demand.

Today, "Federal Reserve notes" are officially recognized as "SDR's" -- Special Drawing Rights under the amended Bretton Wood Agreements Act, Public Law 94-564. [See: Legislative History, Senate Report No. 94-1148, October 1, 1976] Quoting from the Legislative History, to wit:

"The dissolution of the monetary system created by the Bretton Woods Agreements can be traced to the early 1960's. The monetary system during this time made a de facto transition from a "gold standard" to a dollar standard . . . There were more dollars abroad than the U.S. had gold. The U.S. commitment to redeem international dollars for gold became a physical impossibility. The reality of dollar convertibility ended."

From the foregoing it can be seen that a "De Facto Transition" had occurred. In other words, de facto government operating under and according to the rule of necessity - no law.

Preceding the de facto transition, a number of other things had occurred. Pursuant to 22 USC 286, the President was authorized to accept membership for the United States in the International Monetary Fund ("The Fund"), and in the International Bank For Reconstruction and Development ("The Bank"), provided for by the "Articles of Agreement of the Fund" and the "Articles of Agreement of the Bank", as set forth in the "Final Act of the United Nations Monetary and Financial Conference" dated July 22, 1944, which are deposited in the archives of the Department of State. These Acts are commonly known as the Bretton Woods Agreements. They are international agreements.
The Articles of Agreement assert that those holding public office could do not only what the delegated powers under the Constitution did not authorize, but what they forbid. In other words, Congress created these two entities and granted them the capacity to do what they were prohibited from doing directly. The complete debasement of the Constitutional Coin was effected and accomplished under the International Monetary Fund's (IMF) Articles of Agreement.

Pursuant to 22 USC 286a, the President appoints the alien, corporate "Governor" to oversee the United States membership in "The Fund" and "The Bank". He is today commonly referred to as the "Secretary of Treasury." The Office of Secretary of Treasury was formerly, that is, prior to May 20, 1920, a cabinet level position in the Executive Branch. That is not now the case because the "Treasury" was abolished in 1920-21. This occurred following the unconstitutional and unlawful redelegation of authorized powers of Congress under the Federal Reserve Act in 1913, out of which there was created an "independent treasury" on May 20, 1920, in which the People's money was commingled. Thereafter the gold was systematically, and criminally, removed and transferred out of the country, eventually causing a "run" on the banks, and ultimately, the Emergency Banking Relief Act of March 9, 1933, 48 Stat. 1.

War and Emergency Powers had worked in 1862, and again in 1933, to expand unauthorized power beyond Constitutional and statutory limitations and prohibitions. Like the economic emergency itself, the emergency executive power is still active and available to further the "systematic scheme".

On March 18, 1968, Congress passed "An Act to Eliminate the reserve requirements for Federal Reserve Notes and for United States Notes and Treasury Notes of 1890", Public Law 90-269, 82 Stat. 50. This Act was designed to remove the remaining reserve requirements on circulating notes and obligations. $1.3 billion in gold was "pledged" against "gold certificates" and held as reserves against circulating notes and obligations. Under this Act the gold certificates would be withdrawn and retired, then the gold would be considered as "free gold" and paid out to foreign interests at $35 per ounce. The monetary reserves of gold and gold certificates would be supplemented and then replaced "by the mechanism of special drawing rights (SDR's) within the framework of the IMF" [See: House Report 1095, pg. 1763]

It was also known, at that time, that the continued expansion of circulating Federal Reserve Notes would use up the "free gold" in two years, however, the "new standards of international reserves and exchange" was right around the corner [See: House Report 1095, pg. 1780] The Federal Reserve Note, thereafter, met all of the qualifications of a worthless security under 26 I.R.C. 165(g). The action of disavowing and repudiating obligations in 1968, like those that occurred in 1933 and 1934, were given effect and compulsion. The system had become nothing more nor less than a "confidence game" devised to psychologically dupe the public who were left generally ignorant of the activities and known affects.
On June 19, 1968, only three months later, Congress passed the "Special Drawing Rights Act", Public Law 90-349, 82 Stat. 188. This Act amended the Gold Reserve Act of 1934. Under Section 2 of the Special Drawing Rights Act, the SDR's are "administered as part of the Exchange Stabilization Fund established by section 10 of the Gold Reserve Act of 1934, as amended (31 USC 822a)." The operations of the Exchange Stabilization Fund and now the SDR's are under the "exclusive control of the Secretary of Treasury" and "are not reviewable by any other officer of the United States". Anything in the ESF remains in the Fund, for the use of the Fund. This new program is subject to the Articles of Agreement of the IMF in accordance with Section 3 of the SDR Act of 1968.

Of course, the "Secretary of Treasury" is, in reality, the "Governor" of the IMF, and is not an officer of the United States. [See: Public Law 94-564, 90 Stat. 2660, Senate Report 94-1148, pg. 5942; 22 USC 286a]

Section 4 of the Special Drawing Rights Act sets forth the general protocols. The "Secretary of Treasury" [Governor-IMF] issues an international letter of credit called a "Special Drawing Rights Certificate" to the Federal Reserve Banks "in such form and in such denomination as he may determine". The SDR is deposited in the Federal Reserve Banks which in turn credits the account of the Exchange Stabilization Fund (ESF) with Federal Reserve Notes in an amount equal to the value of the SDR certificate. SDR's became the "collateral security for Federal Reserve Notes". The term "dollar" was thereafter valued in direct and inseparable proportion to Special Drawing Rights, not to "dollars", gold and silver Coin. The "dollar" became mere "book entries in special accounts of the International Monetary Fund" under the United Nations. [See: Senate Report 1164, pg. 2105] In effect, the International Agreements had taken precedent over domestic limitations and obligations pursuant to the authority delegated by "We the People" in the ordained and established Constitution for the United States of America.

The international organizations had gained economic control of the domestic monetary system, and would now make political decisions for the members. In common parlance, the Nation has been economically "overthrown" and bankrupted. Under "rule of instrumentality" the "United States" exists in pretense of name only, being the altered of the true principal and parties of interest, The Fund and The Bank. With the enactment by Congress of Public Law 95-147 on October 28, 1977, all financial institutions, banks and credit unions alike, were placed on the exclusive direction and control of the "Governor" of "The Fund" and "The Bank", i.e., the United Nations, which is the World Communist Movement.

A foreign power now roosts and rules exclusively over each and every American. Recall that the operations of the Exchange Stabilization Fund and now the SDR's are under the "exclusive control of the Secretary of Treasury" and "are not reviewable by any other officer of the United States".
Me thinks your chicken is cooked unless this foreign entanglement and power is thrown off of our body politic.

May I interest you in a "home equity loan" from your "local" banker? How about a 30 year Mortgage? Or, a checking account to keep track of your SDR's? Would you like to have some real money? Go look up 31 USC 5112 and the current pocket part, and then go talk with your local Coin shop dealer. You'll want to trade the worthless paper for American Gold Eagles and American Silver Eagles that have intrinsic as well as numismatic value and are a legal tender at their "buying sight rate" of exchange on the day of tender. You can thank the very Honorable Philip M. Crane of Illinois and Ron Paul of Texas, who gave you the "American Gold Eagle Coin Act of 1985" [Public Law 99-185], and the "Liberty Coin Act" of the same year [Public Law 99-61] that you have the opportunity to now own real money.

Now you should have some idea what a dollar isn't: Federal Reserve Notes are not "dollars".