The Funny Money of these United States

... And the Case of the Disappearing Contract
What is Theft?

The sins forbidden in the eighth commandment, ... are, false weights and measures, ... unfaithfulness in contracts between man and man, or in matters of trust; ... and all other unjust or sinful ways of taking or withholding from our neighbor what belongs to him, or of enriching ourselves;... Westminster Larger Catechism, Q 142
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A false balance is an abomination to the LORD, but a just weight is his delight. (Pro 11:1 )

Unequal weights and unequal measures are both alike an abomination to the LORD. (Pro 20:10 )
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Behold, the wages of the laborers who mowed your fields, which you kept back by fraud, are crying out against you, and the cries of the harvesters have reached the ears of the Lord of hosts. (James 5:4 )
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For he has crushed and abandoned the poor; he has seized a house that he did not build. (Job 20:19)
What Is Paper Money?

Paper Money, n. A receipt for a commodity (being used as a medium of exchange) that is traded in place of that medium of exchange.

- It’s honest.
- It’s a convenient way to transport wealth.
- It’s value is based on faith – like all paper money.
Fei Stones Being Used as Money
In the United States neither paper currency nor deposits have value as commodities. Intrinsically, a dollar bill is just a piece of paper, deposits merely book entries.

What, then, makes those instruments - checks, paper money, and coins - acceptable at face value in payment of all debts and for other monetary uses? **Mainly, it is the confidence people have** that they will be able to exchange such money for other financial assets and for real goods and services whenever they choose to do so.

--Modern Money Mechanics, p3 FRB of Chicago
The Hats the Federal Reserve Wears

The Federal Reserve serves as the government's bank. It handles its IOUs, keeps its accounts, and handles its currency. The Fed also serves as the bank of banks, handling the transactions of other banks and financial institutions.

The Fed's role as a lender of last resort is crucial in maintaining financial stability. It provides liquidity to the banking system during times of stress, ensuring that banks have access to funds when needed.

The Federal Reserve's dual mandate of price stability and maximum employment is a balancing act between inflation control and economic growth.

This means you count on the Fed to maintain the value of the dollar and ensure a stable economy.

The Hats the Federal Reserve Wears, p6 FRB of Philadelphia
Honest Paper Money is a Note

A Note is:
An absolute promise by an issuer to pay a specified commodity to someone (usually the bearer) at a specified time.
Establishes the Existence of a Commodity

This certifies that there have been deposited in the Treasury of the United States of America.
It tells where the Deposit has been made...

This certifies that there have been deposited in the Treasury of the United States of America
This certifies that there have been deposited in the Treasury of the United States of America ten dollars in gold coin payable to the bearer on demand.
Honest Notes or *Paper Money* Contain…

But why write a 1 sentence contract in 4 different fonts, in 4 different sizes, on 4 different lines and throw a portrait of some famous person, irrelevant to the contract, in the middle?
Bank Notes – Everybody Did It
The Federal Reserve Corporation

According to the Federal Reserve Act ...

“The Federal reserve bank shall become a **body corporate** and as such, … shall have power:

- To adopt and use a corporate seal.
- To make contracts.
- To sue and be sued, complain and defend in any court of law or equity.
- To appoint by its board of directors, such officers and employees as are not otherwise provided for in this act, to define their duties, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees.”
Federal Reserve Stockholders (Owners)

NY Times
September 23, 1914
In 1914 the newly created Federal Reserve Corporation of New York issued a non-interest bearing note.

That's a polite way of saying they incurred a debt on which they did not intend to pay any interest.
Notice this new corporation is very careful to cite their authority to issue such an audacious note.

Also note the contract acknowledging debt and agreeing to pay the bearer a certain weight (10 dollars) of something.
10 Dollars of What? ... It Doesn’t Say!

That’s like telling someone they will get 10 lbs.

To learn what we will get 10 dollars of, we must read the fine print on the back.
Turning it over ...
The Illegible Print on the Back...

This note is receivable by all national and member banks, and federal reserve banks for all taxes, customs, and public dues. **It is redeemable in gold on demand** at the treasury department of the United States in the city of Washington, District of Columbia or in gold or lawful money at any Federal Reserve Bank.

We can get 10 dollars of gold!
Then... in 1934 the Contract Was Modified.

All reference to gold was eliminated. This note was now only redeemable in **lawful money**.
What is Lawful Money?

Notes could now be “redeemed” for other notes or securities.
Owning gold was unlawful by Executive Order 6102
Although golden eagles, double eagles and silver dollars were lovely to look at and delightful to hold, holder of $50 Federal Reserve Bank Note, although entitled to redeem his note, is not entitled to do so in precious metal.

- Milam v. US, C.A.Cal.1975, 524 F.2d 629
Does this Make Sense?

If you had an airline ticket for a flight between London and Singapore ...
Would you accept two equivalent tickets in place of actual transportation to Singapore?

Of Course Not!
What if the airline told you that the tickets were transferable and could be traded with other people?

Still Doesn’t Get You To Singapore
Do two promises to pay 5 dollars deliver on the promise to pay 10 dollars?

Remember James 5:4
In 1963 the Contract Was Modified ... Again!

The notes were now no longer redeemable for anything
Does eliminating the Promise To Pay $1...
Does eliminating the Promise To Pay $1... convert this paper into the 1 dollar of gold it formerly promised to pay?
So, what do we use as money?
Does Anyone KNOW What Money Is Anymore?

Irving Trust Building, 1 Wall Street, New York, NY
Couldn’t agree on what money is or how banks create it. - WSJ September 21, 1971, p1
The Federal Reserve on FRN’s

In addition to issuing securities the Federal Government, through the Federal Reserve System, issues noninterest-bearing debt—currency or paper money.

Currency is so widely accepted that most people do not think of it as debt. Technically, however, Federal Reserve Notes are liabilities.

-- Two Faces of Debt, p4, Federal Reserve Bank of Chicago
According to the Governor of the Federal Reserve

If there were no debt in our money system — there wouldn’t be any money.

-- Marriner Stoddard Eccles, Chairman of the Federal Reserve, 1934-1948
House Committee on Banking & Currency, Congressional Record, September 24, 1941, p 1338
Creation of Money

Money is created by:

1. Banks when they make loans
2. The Federal Reserve purchasing US Treasury securities
What To Do on Tuesday?

Mr Patman:

The [Federal Reserve] stock is worth less than 140 million, and you do several hundred billion dollars worth of business in a year, and you actually hold and claim now over 2 billion dollars in government securities which you claim you bought. How did you get the money to buy these 2 billion dollars of government securities?

Mr Eccles: We created it. ... Out of the right to issue credit money.

House Banking & Currency Committee
Congressional Record, September 24, 1941, p1342
How Do We Pay Our Bills?

Patman: You could buy a unlimited amount of bonds by creating the money to buy them, could you not, and receive interest on those bonds?

Eccles: That is right.

Patman: Do you not get practically all your income from that source now?

Eccles: Yes!

-- Marriner Stoddard Eccles, Chairman of the Federal Reserve, 1934-1948
Congressional Record, October 1, 1941, p1353
A System of Theft and Perpetual Debt
Debt is Here to Stay

Eccles: We won’t be called on by the Government to pay the Federal Reserve notes.

Patman: They would be outstanding, wouldn’t they?

Eccles: That’s right.

Patman: You would owe a debt you couldn’t pay.

Eccles: We are not supposed to pay it.

-- Marriner Stoddard Eccles, Chairman of the Federal Reserve, 1934-1948
Congressional Record, September 24, 1941, p.1342
According to the Governor of the Federal Reserve

The Federal Reserve Notes provide the currency needs of the country. If they were paid it would mean they would be eliminated and you would have no currency.

-- Marriner Stoddard Eccles, Chairman of the Federal Reserve, 1934-1948
Congressional Record, House Committee on Banking & Currency, September 24, 1941, p 1342
The Federal Reserve Wicked?

The wicked 
borrow and does 
not pay back...
Psalm 37:21

"Debt- public &
private- is here to
stay."

"The total amount of
public debt will
probably continue
to increase."

"Existing debt will be
refinanced over and
over again."

Federal Reserve Bank of Chicago
Two Faces of Debt, p. 25
Hard to Believe Theft is Legalized in the US?

Consider in a society where it is...

Legal to ...

• Murder unborn children
• Commit adultery and sodomy
• Blaspheme the name of God
• Break the Sabbath

And illegal to ...

• Spank disobedient children
• Publicly acknowledge God

Is it any surprise to find out that theft by certain people is also legal?
Thank You

May You Be Blessed with Much Debt - the Federal Reserve type