

## **The Root Problem**

### **Chapter Nine**

#### **THE FEDERAL RESERVE BANKING SYSTEM**

The Federal Reserve is a central bank. Central banks are supposed to implement a country's fiscal policies. They monitor commercial banks to ensure that they maintain sufficient assets, like cash, so as to remain solvent and stable. Central banks also do business, such as currency exchanges and gold transactions, with other central banks. In theory, a central bank should be good for a country, and they might be if it wasn't for the fact that they are not owned or controlled by the government of the country they are serving. Private central banks, including our Fed, operate not in the interest of the public good but for profit.

#### **Fractional Banking**

There have been three central banks in our nation's history. The first two, while deceptive and fraudulent, pale in comparison to the scope and size of the fraud being perpetrated by our current Fed. What they all have in common is an insidious practice known as "fractional banking," otherwise known as a Ponzi or Pyramid scheme.

Fractional banking or fractional lending is the ability to create money from nothing, lend it to the government or someone else and charge interest to boot. The practice evolved before banks even existed. Goldsmiths rented out space in their vaults to individuals and merchants for storage of their gold or silver. The goldsmiths gave these "depositors" a certificate that showed the amount of gold stored. These certificates were then used to conduct business.

In time, the goldsmiths noticed that the gold in their vaults was rarely withdrawn. Small amounts would move in and out but the large majority never moved. Sensing a profit opportunity, the goldsmiths issued double receipts for the gold, in effect creating money (certificates) from nothing and then lending those certificates (creating debt) to depositors and charging them interest as well.

Since the certificates represented more gold than actually existed, the certificates were "fractionally" backed by gold. Eventually some of these vault operations were transformed into banks and the practice of fractional banking continued.

#### **History of the Central Bank in America**

Keep that fractional banking concept in mind as we examine our first central bank, the First Bank of the United States. It was created, after bitter dissent in the Congress, in 1791 and chartered for 20 years. A scam not unlike the current FED, the First Bank used its control of the currency to defraud the public and establish a legal form of usury.

This bank practiced fractional lending at a 10:1 ratio, ten dollars of loans for each dollar they had on

deposit. This misuse and abuse of their public charter continued for the entire 20 years of their existence. Public outrage over these abuses was such that the charter was not renewed and the bank ceased to exist in 1811.

The war of 1812 left the country in economic chaos which was seen by bankers as another opportunity for easy profits. They influenced Congress to charter the second central bank, the Second Bank of the United States, in 1816.

The Second Bank was more expansive than the First Bank. The Second Bank sold franchises and literally doubled the number of banks in a short period of time. The country began to boom and move westward, which required money. Using fractional lending at the 10:1 ratio, the central bank and their franchisees created the debt/money for the expansion.

Things boomed for a while and then the banks decided to shut off the debt/money, citing the need to control inflation. This action on the part of the Second Bank caused bankruptcies and foreclosures which enabled the banks to take control of the assets that were used as security against the loans.

Folks, closely examine how the Second Bank of the United States engineered this cycle of prosperity and depression. The central bank caused inflation by creating debt/money for loans and credit and making these funds readily available. The economy boomed. *Then they used the inflation which they created as an excuse to shut off the loans/credit/money.*

The resulting shortage of cash caused the economy to falter or slow dramatically and large numbers of business and personal bankruptcies resulted. The central bank then seized the assets used as security for the loans. The wealth created by the borrowers during the boom was then transferred to the central bank during the bust. Consider the 2007 housing bubble and how many of We the People's homes the banks now own. And you always wondered how the big guys ended up with all the marbles.

Andrew Jackson won the presidency in 1828 with the promise to end the national debt and eliminate the Second Bank. During his second term President Jackson withdrew all government funds from the bank and on January 8, 1835, paid off the national debt. He is the only president in history to have this distinction. The charter of the Second Bank of the United States expired in 1836.

### **Birth of the Federal Reserve**

Folks, you are going to love the generally accepted story of how the Federal Reserve came about. I don't mean to be sarcastic but sometimes it's necessary and while I may not have all the facts correct, the essence of the story is on the money (no pun intended).

As I just mentioned, the Second Bank of the United States ceased operations in 1836. *Without a central bank to manipulate the supply of money, the United States experienced unprecedented growth for about 60 - 70 years.* The resulting wealth turned out to be too much for bankers to endure. They had to get back into the game. So, in 1910 Senator Nelson Aldrich, then Chairman of the National Monetary Commission, in collusion with representatives of the European central banks, devised a plan to pressure and deceive Congress into enacting legislation that would covertly establish a *private* central bank.

It is commonly believed that the Federal Reserve Act of 1913 was originally drawn up by seven banking magnates meeting in secret on Jekyll Island, a resort island off the coast of Georgia. According to G. Edward Griffin in his book “The Creature from Jekyll Island,” (see Appendices III, IV & V), those seven magnates were:

1. Nelson W. Aldrich, Republican Whip in the Senate, Chairman of the National Monetary Commission, business associate of J.P. Morgan, father-in-law to John D. Rockefeller, Jr.;
2. Abraham Platt Andrew, Assistant Secretary of the United States Treasury;
3. Frank A. Vanderlip, president of the National City Bank of New York, the most powerful of the banks at that time representing William Rockefeller and the international investment banking house of Kuhn, Loeb & Company;
4. Henry P. Davison, senior partner of the J.P. Morgan Company;
5. Charles D. Norton, President of J.P. Morgan's First National Bank of New York;
6. Benjamin Strong, head of J.P. Morgan's Bankers Trust Company; and
7. Paul M. Warburg, a partner in Kuhn, Loeb & Company, a representative of the Rothschild banking dynasty in England and France, and brother to Max Warburg who was head of the Warburg banking consortium in Germany and the Netherlands.

On December 23, 1913, the Federal Reserve Act, also known as the Glass-Owen Bill, was passed. The Republican controlled Senate rammed the bill through when many members of the U.S. Congress were home for the holiday. In fact, there were only two Senators remaining and both voted for it. Then President, Woodrow Wilson, signed it into law one hour after being passed by the Congress! It would appear that some very powerful people really wanted this law passed.

### **The Federal Reserve Act**

The Federal Reserve is an independent central bank. Although the President of the United States appoints the chairman of the Fed, and this appointment is approved by the United States Senate, the decisions of the Fed do not have to be ratified by the President or anyone else in the executive branch of the United States government. Buried in the Federal Reserve legislation was the granting of *total power over the monetary policies of all U.S. banks*. A very curious statement is found in the original 1913 law, Sec. 30. “The right to amend, alter, or repeal this Act is hereby expressly reserved.” Reserved expressly to whom, or what? No definition is provided. This is the entire Section 30 statement! As far as I am concerned, this right to repeal is expressly reserved to We the People and we are going to exercise it in short order.

Sec. 341 Second: “To have succession for a period of twenty years from its organization unless it is sooner dissolved by an Act of Congress, or unless its franchise becomes forfeited by some violation of law.” The Federal Reserve was only given a corporate life of 20 years; the same as the two preceding central banks. Their time was up in 1933 and yet, somehow, the Federal Reserve's termination did not occur. Despite all my research, I am unaware of any reauthorization of the Federal Reserve Act of 1913, other than the tacit approval given by the Sarbanes-Oxley Act of 2002. So essentially, the Federal Reserve Banking system has functioned illegally for almost 70 years.

“No Senator or Representative in Congress shall be a member of the Federal Reserve Board or an officer or a director of a Federal Reserve Bank.” This means that no member of Congress is to have access to

the inner sanctum!” Hello, what is this? Are they afraid that an American might come upon something untoward?

12 USC 3019: “Federal Reserve Banks, including the capital stock and surplus therein, and the income derived there from, shall be exempt from Federal, State, and local taxation, except taxes upon real estate.” This is NOT a *non-profit* organization folks. This is a *private, for-profit, tax-exempt* corporation.

The Federal Reserve claims that nobody owns it, that it is an "independent entity within the government." The Federal Reserve is subject to laws such as the Freedom of Information Act and the Privacy Act which cover Federal agencies but not private corporations; yet Congress gave the Federal Reserve the autonomy to carry out its responsibilities insulated from political pressure. Each of the Fed's three parts, the Board of Governors, the regional Reserve banks, and the Federal Open Market Committee, operate independently of the federal government to carry out the Fed's core responsibilities. Once a member of the Board of Governors is appointed, he or she can be as independent as a U.S. Supreme Court judge, though the term is shorter. As the nation's central bank, the Federal Reserve derives its authority from the U.S. Congress. It is considered an independent central bank because its decisions do not have to be ratified by the President or anyone else in the executive or legislative branch of government; it does not receive funding appropriated by the Congress, and the terms of the members of the Board of Governors span multiple presidential and congressional terms.

The bottom line, folks, is that the U.S. government has no formal control over the foreign and domestic operations of the Federal Reserve Banks and the Banks are exempt from all taxation! The people comprising the three parts of the Federal Reserve are very independent people; independent of audits, independent of congressional supervision, and independent of the American voter.

## Ownership

Ownership of the Federal Reserve has been a closely guarded secret. The only statement of ownership made by the Federal Reserve Board is an allusion to the twelve Federal district banks. However, a 1976 government study commissioned by the Federal Reserve Directors revealed the following: There is a linear connection between the Rothschild's and the Bank of England, and the London banking houses which ultimately control the Federal Reserve Banks through their holdings of bank stock and their subsidiary firms in New York. The two principal Rothschild representatives in New York, J. P. Morgan Co., and Kuhn, Loeb & Co. were the firms which set up the Jekyll Island Conference, who directed the subsequent successful campaign to have the plan enacted into law by Congress, and who purchased the controlling amounts of stock in the Federal Reserve Bank of New York in 1914. These firms had their principal officers appointed to the Federal Reserve Board of Governors and the Federal Advisory Council in 1914. Also in 1914, a few families (blood or business related) who owned controlling stock in existing banks (such as in New York City) caused those banks to purchase controlling shares in the Federal Reserve regional banks. Examination of the charts and text in the House Banking Committee Staff Report of August, 1976 and the current stockholders list of the 12 regional Federal Reserve Banks show this same family control.

Folks, do you really think that the Jekyll Island seven had the best interests of We the People at heart? Do you think that the Federal Reserve Act and the workings of the Federal Reserve Banks really serve We the People?

## Precedent

As I have called for the elimination of our fiat currency (see the chapter on Fiat Currency) and the abolition of the Federal Reserve System, one must understand that after all is said and done, the Federal Reserve will NOT go quietly into the night.

A behavioral precedent was set by the Second Bank of the United States when President Andrew Jackson announced he was against their continuance well before their charter was to be renewed. To recap the explanation from earlier in this chapter, the bank responded by shrinking the nations money supply by refusing to make loans. This upended the economy and money disappeared. Unemployment ran high. Companies went bankrupt because they could not pay their loans. The nation went into a panic depression. The Bank felt that it could force Jackson's hand. It was so confident that it *publicly boasted that it had caused the economic woes* in America. That central bank then, just as this central bank now, milked We the People beyond what anyone can imagine. All of this is about unimaginable amounts of money and unimaginable amounts of power which all boils down to control.

## Economic Impact

All printing of paper money by the Federal Reserve turns into debt. Consider that when levels of debt become too excessive, an increasing amount of profit, the reward of production, must go to servicing that debt. When the servicing of debt consumes all of the profit of production, production itself is consumed. Other than outsourcing, this is the real culprit for the loss of domestic jobs. As more of the economy shifts from the real production of goods to the pushing of various forms of paper, citizens lose jobs and live in more dangerous times. Does this ring a bell with any of you?

Interest on all this debt is paid by productive members of society such as workers, businessmen, farmers, savers and taxpayers. The interest, of course, is paid to bankers, non-productive members of society.

The motives for the co-conspirators in this crime are different but equally fulfilling. The government gets to spend what it doesn't have and bankers get to collect interest on money that is not theirs; a win/win for the government and bankers and a lose/lose for citizens and savers.

You all know that Pyramid schemes, otherwise known as Ponzi schemes, are illegal. The government says they are illegal because the folks at the bottom of the pyramid always get burned, they lose their money and the government always looks to protect us, right? Wrong! The reason these schemes are illegal is because this is what our Banking System, our system of credit (fractional reserves) and our economy is all about. The government cannot have you playing the same game they are playing. Witness Bernie Madoff who ran a Ponzi scheme for years for well-to-do clients who couldn't see past their greed until it was too late. Too many fingers spoil the broth.

Credit and fiat money directly impact the economy. Ours is a credit based economy, a house of cards resting on personal, corporate and national debt. And, who controls our fiat currency and our credit and therefore our economy, our very livelihood, our quality of life? The Federal Reserve, folks, that's who. And other than the select few, the quality of life of the average American has been going down the sewer for years.

In credit-based economies, savers are penalized and speculators are rewarded. And while this is welcomed by Wall Street, it is a death warrant for Main Street. Over the past twenty years, while Wall Street has expanded, Main Street has contracted.

The shift in America from a productive to a speculative economy is evidenced by the recent growth and dominance of financial “services” companies such as JP Morgan/Chase, Citi, Wells Fargo, Bank of America, Morgan Stanley, and Goldman Sachs. While these companies may be “too big to fail,” they are not “*too big to feel*” the impact of millions of people taking action to change a broken financial and political system. Let them gamble with their own money, not ours. Let's turn big banks into smaller banks and eliminate fractional reserves. We'll all be better off and safer as a result. Their only “service,” of course, is a uniquely destructive and deadly form of “self-service.”

### **The Decline of America**

Over time, parasites will kill the body on which they live and this can be seen in the current decline of the United States. The decline of America was not caused by outside forces such as communism, terrorism, illegal immigration, currency manipulation or product dumping as our corporate controlled media would have us believe (That's right folks, the Government has stepped on our constitutional right to a free press; more later). The decline of America has been facilitated by insiders. Insiders coerced and controlled by the same outsiders that brought about the Federal Reserve.

It is a fact that the Federal Reserve, as a result of its misguided policies, brought about the Great Depression. Even Alan Greenspan, when he was head of the Fed, acknowledged this in an interview. So too has Ben Bernanke who also claims that the Fed has learned its lesson because of it. Has it?

Since he left the Fed, Greenspan has come to acknowledge that his policies contributed to the economic collapse of 2007. Whether purposeful or not, the impact the Federal Reserve System has had on this nation leaves much to be desired. They have been doing their thing for almost one hundred years and it is way past the time to kiss them goodbye. Once the world's only creditor, we are now by far its largest debtor. A report from the Federal Reserve in 2006 stated that the U.S. is technically bankrupt with \$65.9 trillion in irreconcilable obligations. That was in 2006. It is now just a few years later and the only way this nation can pay its debts is by issuing new debt. Default comes next.

### **We the “Terminator”**

In 2013, the Federal Reserve System will be looking to celebrate its 100th birthday in America, a celebration of 100 years of bankers, financiers and corporate CEOs dismantling the productivity of our once great nation for personal gain. This is a celebration We the People cannot permit.

Those who bled this nation dry are still in control and most of We the People are not really aware of what has happened although we do know that the proverbial “stuff” has hit the fan; complete economic stagnation, massive job loss, etc. If We the People are to save our country, We need to reclaim our government. And there is not much time left in which to do so before the government finally admits certain hidden realities and declares martial law to protect themselves from We the People.

This is why this Reclamation Manifesto is so necessary and so important. I mentioned previously that the solution for We the People does not rest with the voting booth. Throwing the bums out won't do it. The System is corrupt and must be changed. Only We the People, en masse, can bring the pressure to get it done. Perhaps this book can serve as the rallying point from which to terminate the Federal Reserve.

## **Debt and Inflation**

Folks, a quick overview is in order. The Constitution gives the Treasury Department the sole power to *coin* money and distribute it. Here is how it works today. The Treasury prints money at the behest of the Fed. The Fed then distributes the money to the banks and charges us, We the People, interest for the privilege of distributing it. This is actually *part of our national debt*. Let us say that we borrow money from China to fight a war in Iraq. We pay interest on that money. The Fed makes the payments to China. We pay interest on the money that was printed to facilitate the payment. Sometimes the Fed simply prints the money we need to fight a war. Every time the Fed prints more money, the value of the money in circulation goes down. Your money is worth less. This is called inflation. Prices of goods and services go up because your money is worth less. Are you finally getting the picture? There are so many more insidious things the Fed does. All I have done is scratch the surface.

I have said much about our credit based economy. Consider that since the 2007 financial debacle (the housing bubble, the run on the banks by foreign investors, the TARP program), the banks have not been issuing credit and our economy has stagnated. Without credit we have no real economy. No economy, no jobs! With credit, we are a house of cards still without a real economy. We have allowed everything to be outsourced. Our manufacturing based has dwindled. Our Research and Development in the areas where we need it is non-existent. But we do make munitions and we do wage war, just as Eisenhower warned us (see Book II), and we go further and further into debt. Look what they have done to us. And, it is We the People who have allowed it to happen. Shame on us!

As for credit, we do need funds for Research and Development in the areas of medicine, science, energy, transportation, national security and the ilk. We may need credit for infrastructure, new business startups and warfare. The latter will be discussed later. Credit will not be used for entitlements such as healthcare, social security, etc. In fact, the nature of entitlements and the funding thereof will be discussed in Book II, Part 3 of this Manifesto.

The 2007 debacle led to the TARP program. The housing bubble is blamed. The bubble led to the debacle but the TARP was the result of a run on the banks by *foreign* investors who believed the banks were in danger of becoming insolvent. None of this would have happened but for the abolition of the Glass-Steagall Act, which the Banks fought for years to overturn. Interestingly, the centerpiece of the 2010 financial regulation legislation is called the Volker rules, named after Paul Volker, former head of the Fed. What these rules actually are is a small watered down piece of the Glass-Steagall Act which must be reinstated pretty much in its entirety.

Folks, we don't need a central bank and we don't need a fiat currency, but we probably do need some degree of credit, tightly controlled credit, very tightly controlled, so as to keep a profligate federal government and the war machine, the Military-Industrial Complex, from burying us under new mountains of debt.

Neither the central bank, the Federal Reserve, nor the Military-Industrial Complex will go quietly into the night and they will be supported by our System of Jurisprudence and their agents, the Courts.

### **Do We Need a Central Bank?**

The historical myth is that the Fed was created because laissez-faire in banking produced the periodic panics and crises of the late 19th century. The fact of the matter is that banking during that period was heavily regulated, particularly with respect to the production of currency. The National Banking System regulations made it very expensive for banks to provide additional currency when the public demanded it, especially during harvest season. Small events in the economy could quickly turn into panics and recessions if the demand for currency jumped. Limits on interstate branch banking also prevented the banking system from integrating and reducing its exposure to risk. As usual, it was existing government regulation that caused the problems, not laissez-faire.

Proof of the pudding lays with the fact that since the advent of the Fed in 1913, we have had more, not less, volatility in the macro-economy. We have had one Great Depression, several nasty recessions, decades' worth of inflation, and billions wasted interpreting the latest from the Federal Reserve experts, not to mention the 2007 debacle that led to the Great Recession. The late 19th century, even with its flaws, was a period of long-term monetary stability and had no recession that was even close to that of the 1930's let alone that of today. This is what the banking industry must return to less the harmful regulation of old (see Appendix X - Milton Friedman: End the Fed). We ought to also consider the following alternatives.

### **Alternatives**

We don't need a central bank! Governments and politicians do not rule central banks; central banks rule governments and politicians. The histories of countries with a strong degree of monetary freedom at various times demonstrate that a central bank is not necessary for a stable economy. Let's take Hong Kong as an example.

Hong Kong has never had a central bank as a central bank is considered a "lender of last resort." It relies instead on a Monetary Authority which manages credit creation by Hong Kong's private banks. Because there is no central bank, it lacks a "lender of last resort." Many believe that this is one reason why Hong Kong banks have been more prudent, and hence more resilient, in recent years.

The Swiss WIR Bank has a "business barter accounting - credit clearing system" which demonstrates that if businesses are prepared to accept each others' bilateral "trade" credit and also settlement in "money's worth," or equivalent value of goods and services, rather than in fiat Swiss Francs, then credit creation by banks as intermediaries becomes entirely unnecessary. The operative word here is *barter*.

What we and the world need are banks as *credit service providers* in a "Peer to Peer" networked financial system. We do not need banks as *credit intermediaries*.

### **The Federal Reserve and the National Debt**

Congress has the power to abolish the Federal Reserve System and thus destroy the private credit system. That, though, is not likely to happen because of fear of the banking cartel or greed or both. However, We the People have it within our power to strip the Federal Reserve of its powers, rescind private credit and get the bankers to pay off the National Debt should Congress fail to act.

The key to all this is 12 USC 411 (Title 12, U.S. Code, Section 411), an act of Common or Public Law that is constitutionally based and which declares that “Federal Reserve notes shall be redeemed in *lawful money* at any Federal Reserve Bank or the U.S. Treasury.” *Lawful money* is defined as all “the coins, notes, bills, bonds and securities of the United States:” “Julliard v. Greenman,” 110 U.S. 421, 448 (1884). On the other hand, *public money* is the lawful money declared by Congress as legal tender for debts (31 USC 5103); 524 F.2d 629 (1974).

It used to be that anyone could present Federal Reserve notes to any Federal Reserve Bank and demand redemption in public money (i.e. legal tender United States notes and coins). A Federal Reserve note is a fixed obligation or evidence of indebtedness which used to state in writing that it could be redeemed in public money by the note holder as provided for by 12 USC 411.

The Federal Reserve used to maintain a ready supply of United States notes in hundred dollar denominations for redemption purposes, and coins were/are available to satisfy claims for smaller amounts. However, the Fed now hides behind the Uniform Commercial Code (today’s body of law) which has replaced or superseded the constitutionally based United States Code and it is my understanding that they will not, in today’s world, redeem their notes with U.S. currency. This is simply one example of the legal gamesmanship our government has been exercising and which we will discuss in Book II.

This has occurred because should the general public have the ability to redeem large amounts of private credit (federal reserve notes) for public money, a financial melt-down within the Fed would quickly occur. The process works like this. Suppose \$1000 in Federal Reserve notes are presented for redemption in public money. To raise \$1000 in public money the Fed must surrender U.S. Bonds in that amount to the Treasury in exchange for the public money demanded (assuming that the Fed had no public money on hand). In so doing \$1000 of the National Debt would be paid off by the Fed and thus canceled. Multiply the numbers and it becomes clear how We the People would be able reduce the National Debt. Are you beginning to see the picture?

Can you imagine the result if large amounts of Federal Reserve notes were redeemed on a regular, ongoing basis? Private credit would be withdrawn from circulation and replaced with public money, and with each turning of the screw the Fed would be obliged to pay off more of the National Debt. Should the Fed refuse to redeem its notes in public money, then the fiction that private credit is used voluntarily would become unsustainable. If the use of private credit becomes compulsory, then the obligation to make a return of income (pay an income tax) is voided because the two are linked. Folks, if the Fed is under no obligation to redeem its notes, then no one has an obligation to pay an income tax. It is that simple! And, that takes care of the 16<sup>th</sup> Amendment, considering that your income tax is a “voluntary” obligation. I’ll bet you didn’t know that you have been “voluntarily” paying your federal income tax all these years. If you “voluntarily” use the private credit system (e.g. your checking account) you obligate yourself to “make a return of income.” Do you love it?

It would be advantageous to close out all bank accounts, acquire a home safe, settle all debts in cash with public money and use U.S. postal money orders for remittances. Whenever a check is received, present it to the bank of issue and demand cash in public money. This will place banks in a vulnerable position, forcing them to draw off their assets. Because of their insatiable greed, bankers have over-extended, making banks quite illiquid. Should the people suddenly demand public money for their deposits and for checks received (otherwise known as a “run on the banks”), many banks will collapse and be foreclosed by those demanding public money. This is called a “gotcha” and We the People are in control. As I have said many times before, “this *is* Our show.”

“Federal Reserve notes are not money and cannot be tendered when money is demanded:” 105 So. 305 (1925). Moreover, the Ninth Circuit rejected the argument that a \$50 Federal Reserve note could be redeemed in gold or silver coin after specie coinage (production of hard money) had been rescinded but, upheld the right of the note holder to redeem his note in current public money (31 USC 392; rev., 5103); 524 F.2d 629 (1974); 12 USC 411. Again, we reference the constitutionally based U.S. Code (USC) which today’s courts refuse to acknowledge.

### **United States Code vs. Uniform Commercial Code**

Today’s courts claim to be operating under “Statutory Jurisdiction” which is something that does not exist. It is not even mentioned in the constitution. The courts operate under the body of law known as the Uniform Commercial Code (UCC) which replaces or supersedes the United States Code (USC). This is why if you raise constitutional objections in one of these courts it is a waste of time. They do not recognize Common or Public Law. Keep raising constitutional objections and they will find you in contempt. Remember, I have said before that the establishment is involved in legal gamesmanship and we will discuss this further in Book II, Part 3 in the chapter on the System of Jurisprudence.

However, understand that all bodies of law contain something called *recourse* and under the Uniform Commercial Code it is found at UCC 1-308. This is a reservation of your rights to Common Law under the constitution. Under the UCC, the effect of reservation is the preservation of whatever rights the person then possesses and prevents the loss of such rights by application of concepts of waiver or estoppel (a rule of evidence whereby a person is precluded from denying the truth of a statement of facts he has previously asserted). Your greatest protection is provided by reserving your rights in writing, preferably on every document you sign. However, the UCC does state that it is not a requirement that such reservation of rights be written but they must be explicit. Explicit means fully and clearly expressed or demonstrated; leaving nothing implied.

### **Private Credit vs. The Constitution**

Banks by their very nature are citadels of usury and sin, and the most patriotic service one could perform is to obligate bankers to redeem private credit. When the first Federal Reserve note is presented to the Fed or the Treasury for redemption, the process of ousting the private credit system will commence and will not end until the Fed and the banking system nurtured by it collapse. Coins comprise less than five percent of the currency, and current law limits the amount of United States notes in circulation to \$300 million (31 USC 5115). The private credit system is exceedingly over-extended compared with the supply of public money, and a small minority working in concert can easily collapse the private credit

system and oust the Fed by demanding redemption of private credit. If the Fed disappeared tomorrow, the private credit system would disappear along with the federal income tax. Any state income tax would also disappear as the States are precluded from taxing United States notes: 4 Wheat. 316.

According to Bouvier (the legal bible), public money is the money which Congress can tax for public purposes mandated by the Constitution. Private credit when collected in revenue can fund programs and be spent for purposes not recognizable by the Constitution. We have in effect two competing governments: the United States Government and the Federal Government. The latter is the government of the people, whereas the former is founded upon private law and funded by private credit. What we really have is private government. Federal agencies and activities funded by the private credit system include Social Security, bail out loans to bankers via the IMF, bail out loans to Chrysler, loans to students, FDIC, FBI, support of the U.N., foreign aid, funding undeclared wars, etc., all of which would be unsustainable if funded by taxes raised pursuant to the Constitution. This is why I will be presenting a new economic model in Part III and explaining what our legal system hath wrought.

The personal income tax is not a true tax. It is a voluntary obligation or burden which is voluntarily assumed that produces voluntary contributions which can be spent for purposes unknown to the Constitution. Notice how the IRS declares in its publications that everyone is expected to contribute his fair share. True taxes must be spent for public purposes which the Constitution recognizes. "Taxation for the purpose of giving or loaning money to private business enterprises and individuals is illegal:" 15 Am.Rep. 39; Cooley, 'Prin. Const. Law', ch. IV. Revenue derived from the federal income tax goes into a private slush fund raised from voluntary contributions, and Congress is not restricted by the Constitution when spending or disbursing the proceeds from this private fund. Got it?

In the preface to his book (see Appendix VII) G. Edward Griffen offered the following reasons for the abolition of the Federal Reserve:

- It is incapable of accomplishing its stated objectives.
- It is a cartel operating against the public interest.
- It is the supreme instrument of usury.
- It generates our most unfair tax.
- It encourages war.
- It destabilizes the economy.
- It is an instrument of totalitarianism.

### **In Conclusion**

It is incorrect to say that the personal federal income tax is unconstitutional since the tax code is private law and resides outside the Constitution. The Internal Revenue Code is non-constitutional because it enforces an obligation which is voluntarily incurred through an act of the individual who binds himself. Fighting the Internal Revenue Code on constitutional grounds is wasted energy (There are other ways which will be explained in Part III). The way to bring it all down is to attack the Federal Reserve System and its banking cohorts by demanding that private credit be redeemed, or by convincing Congress to abolish the Federal Reserve by either repealing the Federal Reserve Act or by simply acknowledging that its existence has never been authorized beyond its 20 year life. Better yet would be a combination thereof.

Another interesting way would be to revoke the charter of each of the Federal Reserve Banks. And finally, Congress may actually consider buying back the stock of the Federal Reserve Banks which *may* actually be provided for in the Federal Reserve Act itself. My research has come up with many such claims (some saying millions, another 4 billion, etc.) however, the Act itself is such legal gobbledygook that I personally could not find it which is why I said “may” in the previous sentence. Regardless of the number, the cost of that versus the debt relieved would, I submit, make a move extraordinarily feasible. The beauty of this approach is that we negate the interest owed on all outstanding currency and *eliminate a major chunk of the national debt* like magic. They have been stealing from us by sleight of hand for almost one hundred years. It is time for a little magic of our own, don’t you think?

Still more interesting would be to nationalize the whole of the banking system including the Federal Reserve. This is something that should have been done following the 2007 debacle so that the entire system could have been restructured. Instead, the TARP Program made them whole again so that they can now stand up and fight necessary regulation so that they are free to screw us all over again.

Consider that when Congress finally learns that you have learned what the game is all about, their hand is forced. It will be interesting to see whether they do what is right or take actions, supported by the Courts, which will foment rebellion. Never forget that private credit is funding the destruction of our country. Look no further than a profligate Congress and the War Machine. The cost of Medicare pales by comparison. Perhaps you are beginning to grasp the nature of the legal gamesmanship and the role of the Courts that I spoke about earlier and which I will address a bit more later on.

Folks, you get rid of this beast, and the federal income tax and the IRS goes away, the bulk of our national debt goes away, wild economic swings go away, brakes are applied to the profligate spending by our government and our use of and reliance on wars abates. How can you go wrong? You can’t! See Appendix X - Milton Friedman: End the Fed and Appendix XI - Monetary Reform Act.

The beauty of eliminating the Fed is that we actually remove the cancer from the American economy that has:

1. eroded the value of our money;
2. transferred our wealth;
3. destroyed our standard of living;
4. hurt our families;
5. deprived our children;
6. and so much more . . .

And finally, you might want to watch the following video of Congressman Alan Grayson questioning the Inspector General of the Federal Reserve on May 9, 2010. It speaks for itself.

<http://dailybail.com/home/there-are-no-words-to-describe-the-following-part-ii.html>

Should you still have questions or concerns with regard to the Federal Reserve or how the government will run without the income tax, look no further than the U.S. Constitution and the bibliography at the end of this Manifesto.

## Quotable Quotes

"Most Americans have no real understanding of the operation of the international money lenders. The accounts of the Federal Reserve System have never been audited. It operates outside the control of Congress and manipulates the credit of the United States."

-Senator Barry Goldwater

"It is well that the people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning."

-Henry Ford

"The regional Federal Reserve banks are not government agencies. ...but are independent, privately owned and locally controlled corporations."

-Lewis vs. United States, 680 F. 2d 1239 9th Circuit 1982

"The Federal Reserve banks are one of the most corrupt institutions the world has ever seen. There is not a man within the sound of my voice who does not know that this nation is run by the International bankers."

-Congressman Louis T. McFadden

"The real truth of the matter, as you and I know, is that a financial element in the large centers has owned the government of the U.S. since the days of Andrew Jackson."

-Franklin Delano Roosevelt

"This [Federal Reserve Act] establishes the most gigantic trust on earth. When the President [Wilson] signs this bill, the invisible government of the monetary power will be legalized....the worst legislative crime of the ages is perpetrated by this banking and currency bill."

-Charles A. Lindbergh, Sr., 1913

"When you or I write a check there must be sufficient funds in our account to cover the check, but when the Federal Reserve writes a check there is no bank deposit on which that check is drawn. When the Federal Reserve writes a check, it is creating money."

-Putting it simply, Boston Federal Reserve Bank

"We have, in this country, one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board. This evil institution has impoverished the people of the United States and has practically bankrupted our government. It has done this through the corrupt practices of the moneyed vultures who control it."

-Congressman Louis T. McFadden in 1932

"The few who understand the system, will either be so interested from its profits or so dependent on its favors, that there will be no opposition from that class."

-Rothschild Brothers of London, 1863

"While boasting of our noble deeds we're careful to conceal the ugly fact that by an iniquitous money system we have nationalized a system of oppression which, though more refined, is not less cruel than the old system of chattel slavery."

-Horace Greeley

"The Federal Reserve bank buys government bonds without one penny..."

-Congressman Wright Patman, Congressional Record, Sept 30, 1941

"...the increase in the assets of the Federal Reserve banks from 143 million dollars in 1913 to 45 billion dollars in 1949 went directly to the private stockholders of the [federal reserve] banks."

-Eustace Mullins

"The financial system has been turned over to the Federal Reserve Board. That Board administers the finance system by authority of a purely profiteering group. The system is Private, conducted for the sole purpose of obtaining the greatest possible profits from the use of other people's money"

-Charles A. Lindbergh Sr., 1923

"Bankers own the earth. Take it away from them, but leave them the power to create money and control credit, and with a flick of a pen they will create enough to buy it back."

-Sir Josiah Stamp, former President, Bank of England

"All the perplexities, confusion and distress in America arise, not from defects in their Constitution or Confederation, not from want of honor or virtue, so much as from the downright ignorance of the nature of coin, credit and circulation."

-John Adams

"Whoever controls the volume of money in any country is absolute master of all industry and commerce."

-James A. Garfield, President of the United States

"A great industrial nation is controlled by its system of credit. Our system of credit is concentrated in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated governments in the world--no longer a government of free opinion, no longer a government by conviction and vote of the majority, but a government by the opinion and duress of small groups of dominant men."

-President Woodrow Wilson

"History records that the money changers have used every form of abuse, intrigue, deceit, and violent means possible to maintain their control over governments by controlling money and its issuance."

-James Madison

"I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a monied aristocracy that has set the government at defiance. The issuing power (of money) should be taken away from the banks and restored to the people to whom it properly belongs."

-Thomas Jefferson

"The money powers prey upon the nation in times of peace and conspire against it in times of adversity. It is more despotic than a monarchy, more insolent than autocracy, and more selfish than bureaucracy. It denounces as public enemies all who question its methods or throw light upon its crimes. I have two great enemies, the Southern Army in front of me and the bankers in the rear. Of the two, the one at my rear is my greatest foe."

-Abraham Lincoln

"Give me control of a nation's money and I care not who makes its laws"  
-Mayer Amschel Bauer Rothschild, 1744-1812

"If Congress has the right [it doesn't] to issue paper money [currency], it was given to them to be used by...[the government] and not to be delegated to individuals or corporations."  
-President Andrew Jackson (Vetoed Bank Bill of 1836)

"Every Congressman, every Senator knows precisely what causes inflation...but can't, [won't] support the drastic reforms to stop it [repeal of the Federal Reserve Act] because it could cost him his job."  
-Robert A. Heinlein, Expanded Universe

"The Federal Reserve has proven over the years that it does not know how to control the economy."  
-Congressman Ron Paul

Folks, I have concluded this chapter with all these quotes in the hope that they will broaden your perspective and open your eyes. Consider that had the original 13<sup>th</sup> Amendment not gone missing, the Federal Reserve may well never have seen the light of day.

But for the Federal Reserve, there would have been no need for the 16<sup>th</sup> Amendment (private credit), the personal income tax and the IRS. The next chapter, Chapter 10 - The 16<sup>th</sup> Amendment touches on all three and provides yet additional information to help you better understand the Federal Reserve's game.