

DISMANTLING THE U.S. FEDERAL RESERVE SYSTEM

Edited by [Frederick Mann](#)

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Introduction

For centuries there has been a war between the "money controllers" and their opponents trying to wrest away control. One of the American Founding Fathers was Alexander Hamilton, who was a "money controller" who believed in a strong centralized federal government and a central bank. One of his opponents was President Andrew Jackson who vetoed the extension of the charter of the United States Bank (monopoly central bank) in 1832.

Some people believe that the "money controllers" constitute the "secret government" of the world, and that most or all of the ostensible national governments are mere puppets of the "secret government" behind the scene.

"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 by working on the prejudices of the people until wealth is aggregated in the hands of a few and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war." - Abraham Lincoln

This report includes:

- President Woodrow Wilson's role
- A license to steal - how fractional reserve banking works
- One more turn of the screw - an old fable for modern times
- The nation's dictator
- Proposed legislation to repeal the Federal Reserve Act
- Paul Luther's case
- The Free Enterprise solution.

President Woodrow Wilson's Role

On December 23, 1913, Congress passed the Federal Reserve Act. President Woodrow Wilson, while keeping his campaign promise to the bankers, signed the Federal Reserve Act legislation which sold our country to a private organization of bankers.

Being a highly educated man, a brilliant professor and president of the prestigious Princeton University, President Woodrow Wilson was able to conclude within three years after the passage of the Federal Reserve Act, the destruction of our great country. Referring to the great number of bankers who swarmed into the nation's capitol, President Wilson said:

"I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are 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 civilized world - no longer a Government by free opinion, no longer a Government by conviction and the vote of the majority, but the Government by the opinion and duress of small groups of dominated men."

Even before the Federal Reserve Act was passed, Thomas Jefferson predicted a huge national debt if we violated our Constitution and allowed a bank like the FED to exist. Read on to find out how to help abolish

the FED and zero out the National debt

A License to Steal - How Fractional Reserve Banking Works

The book, *Repeal The Federal Reserve Act*, written by Rev. Casimir F. Gierut, describes in detail just how Congress sold out our nation to private bankers and how those private bankers fraudulently and illegally operate their businesses and cost taxpayers millions of dollars each year. This book is not based on the opinions of people who have limited knowledge of the banking institutions. Nor is it based on the opinions of persons who had a personal grudge against the bank or bankers. This book is based on the sound judgments of dedicated American's who have served as members of Congress. This may very well be the greatest LICENSE TO STEAL story ever perpetuated in the history of mankind. When Congress passed the Federal Reserve Act on December 23, 1913, to present date, the Federal Reserve Banking System has been stealing from the Government as well as from the people of these United States. The Federal Reserve Act gave these private group of Bankers the right to go directly into our country's Bureau of Engraving and authorize the printing of currency at a cost of less than a penny a note. This is the first step in their swindle and the beginnings of the deceitful "fraction reserve" money ratio formula used in banking today. Take a look at what happened and come to your own conclusions.

It all started with the private bankers of the 16th century in Western Europe. The "goldsmith bankers," as they were nicknamed in those days, would store people's gold in a bank vault for safekeeping. The banker would then give the depositor a "receipt" for his gold. Anyone having possession of a receipt was able to go to the bank and claim the gold. People soon learned they could carry on trade and commerce by simply passing the receipt from hand to hand without ever drawing out the gold, and henceforth, those receipts began to circulate as "money." This led the "goldsmith bankers" to a discovery which is the founding principle of the "fractional reserve" banking still in existence today. Congressman Wright Patman of Texas wrote about that time period:

"Few people who held the goldsmith's receipt came to claim their gold. As the goldsmiths (bankers) realized this, they also realized that they could make loans of gold which had been in their safekeeping. That is, they could write receipts for gold to borrowers who, in fact, were not depositing new gold but borrowing the ownership of gold already in the goldsmith's possession. This gold - actually the 'receipts' of ownership - being loaned by the goldsmith was not his to lend. He did not own it. But so long as the calls for gold by the original depositors were so infrequent, the goldsmith felt he could lend without undue risk and earn interest on a certain portion of the deposited gold"...

"In other words, the goldsmith wrote receipts for people who were not depositing gold. These receipts too circulated as money. So receipts for more gold than the banker actually had in his vaults were circulating. The goldsmith had only a fraction of the amount of gold needed to meet the claims [receipts] against him. They were issuing \$10 in receipts for each \$1 in gold. This is the fractional reserve system"...

"Although it is a long historical step from the goldsmith bankers to the present day, the logical development is quite short. For our modern system is only a refinement of "fractional reserve" banking developed so long ago (by the goldsmith's bankers)."

So today we have evolved from operating with the goldsmith bankers to dealing with the international (Federal Reserve System) bankers, actually very similar in nature. Our investigation takes us to an examination of the Federal Reserve Act to more fully understand what happened in 1913 that is affecting us today in the 1990s.

Many people (and almost all bankers) are under the misconception that Congress "created" the Federal Reserve Act of 1913. This is not true. Congress merely "passed" the legislation and President Woodrow

Wilson signed the Act into law. In fact, the Federal Reserve Act was initially composed as a proposal for legislation by a group of private bankers who met in deep secrecy and not by any members of Congress. Present at those meetings were the following bankers: Frank Vanderlip, President of National City Bank of New York; Henry P. Davidson, senior partner of J. P. Morgan Company; and Charles D. Norton, President of Morgan's First National Bank of New York. These three powerful bankers invited Mr. Paul Moritz Warburg of M. M. Warburg Company of Hamburg, Germany, which was the chief German representative of the European banking family, the Rothschilds.

Mr. Paul Moritz Warburg would go on to mastermind the entire document that we recognize today as the Federal Reserve Act. As a partner of Kuhn, Loeb and Company Bank of New York, he was aware of the sentiments of the Congressmen who opposed the formation of a Central Banking System in the United States and knew they blamed the money panic of 1907 on the big New York bankers and the speculators of Wall Street. Thus, Mr. Warburg searched for a title that would not alert the Congressmen as to the true intent of the document he was preparing. He used the word "Federal" in the title which gave the false impression that this document involved the Federal Government. The Federal Reserve System had three very important elements:

1. The Federal Reserve System would be owned by private bankers; and thus would earn profit for the bankers.
2. In due time the bankers would gain control of the issuance of the nation's money.
3. The bankers would use the credit of the United States by involving the United States in foreign affairs.

Warburg established four branch reserve banks in four different sections of the country seemingly independent of each other. This furthered the deception by giving the impression that the New York banks and Wall Street were not in control of the Federal Reserve System. The hidden factor was that all four regional reserve banks were united with the Federal Reserve Bank of New York, which was to be the main bank of the Central Banking System in our country.

When the bankers and Warburg were satisfied that they had accomplished what they had set out to do on paper, they invited Senator Carter Glass to introduce the Federal Reserve document on the floor of Congress. And so with expressed views of the bankers and Warburg's "Federal Reserve Act," the Central Banking System in the United States was born. The events that followed as a result of that legislation being introduced to Congress can be described with the following excerpt from Gierut's book:

"Bank officials swarmed into Washington, D.C. to lobby for the passage of Warburg's document. This legislation was strongly opposed by Congressman Charles Lindbergh, Sr. of Minnesota. He warned that this document was, in fact, establishing a Central Banking System. His greater concern was the fact that this type of banking system would create recessions, depressions, inflation, boom and bust of the nation's economy."

Opposition came from Senator Cabot Lodge, he said:

"I had hoped to support this bill, but I cannot vote for it as it stands, because it seems to me to contain features and to rest upon principles in the highest degree menacing to our prosperity, to stability in business, and to the general welfare of the people of the United States."

And Senator Elihu Root denounced the Federal Reserve bill as an outrage on our liberties.

Many of the Congressmen foresaw the handwriting on the wall. The bankers would, in due time, have complete control over the money supply. The bankers would be the secret elite ruling over Congress itself.

Pressure on the Congressmen grew as the debate increased on the Paul Warburg document. The National

banks contributed over \$5 million to a fund for propaganda in favor of the passage of the bill.

As time went on the Democrats and Republicans took their stand. The Republicans were against this legislation. The Democrats made the Federal Reserve Act a part of their platform. The Democrats nominated Professor Woodrow Wilson, president of Princeton University, to run on the Democratic ticket for the Presidency of the United States.

The bankers throughout the country were all out campaigning for Woodrow Wilson. With their help, he was elected President of the United States.

After the election of November 1913, the bankers worked hard to bring the Federal Reserve Act to a vote near the Christmas holidays. They knew that some of the Congressmen would leave earlier for their Christmas vacation, therefore some would be absent at the time of voting on the bill. Secondly, with the Christmas holidays and Christmas rush, many Congressmen would not take the necessary time to study the Federal Reserve document. Thus, as the bankers planned, the House of Representatives voted on the Federal Reserve Act on December 22, 1913. The House voted on House Resolution 7837 (the Federal Reserve Act) introduced by Senator Glass.

On so important an issue, 103 empty Congressional seats meant less opposition to the passage of the Federal Reserve Act. Can you imagine 103 of our elected officials (76 Representatives and 27 Senators) were more concerned about going for their Christmas vacation than saving our country? Many of the Congressmen did not have time to read the entire bill. Many who did make an honest effort to study the legislation found themselves lost in the forest of technical banking vocabulary.

On December 23, 1913, the Day of Infamy, Congress passed the Federal Reserve Act. Keeping his campaign promise to the bankers, President Woodrow Wilson signed the document which sold our country to private bankers."

Congressman Wright Patman (R, Texas) gives an explanation of the formula of the Federal Reserve Banking System which is worthy to note. He explains how the entire banking system centers around the "fractional reserve money ratio formula" which is approved by the members of the Federal Reserve Board of Governors. To quote Congressman Patman:

"The formula consists of two parts. One is the amount of bank reserves which the member (local) banks of the Federal Reserve System have to their credit on the books (held at the district) Federal Reserve Banks. The second part is a regulation, which the Federal Reserve Board (of Governors) issues from time to time, telling the member (local) banks the maximum amount of bank deposits they may create per each dollar of their reserve deposit"...

"Expressed mathematically, this is a simple formula: $A \times B = C$. A = Amount of (local) bank reserves; B = The number of dollars of deposits member (local) banks can create per each dollar of reserves; C = Total Bank Deposits. This is an example of the fractional reserve money ratio formula in terms of money: $A \times B = C$.

A = Represents \$10,000 the local member bank has in the reserve account.

B = The number of dollars member banks may create per each dollar in reserves is \$10.00 for each \$1.00 in reserve.

C = For the total bank deposits, multiply \$10,000 by the present ratio of \$10 for each \$1 in reserve. This means \$10,000 times \$10 equals \$100,000. The local bank may record a total of \$100,000 in the "bank deposit" checking account for future loans."

This is a very important formula and worthy of memorizing. This is the simple equation to understanding the

entire Federal Reserve Banking System. This is how the Federal Reserve Board of Governors and the thousands of member local banks operate without ever being exposed for the fraudulent bookkeeping entries, the printing of the "phony buck," transacting fraudulent loans, creating unjust and illegal interest, and even confiscating property. All of this collectively issues the LICENSE TO STEAL.

To comprehend the magnitude of the passing of the Federal Reserve Act into law requires an in-depth study of our history, the important players both major and minor, and an analysis and understanding of the Congressional legislative history surrounding the issue. The purpose of this report is to give factual foundation to further motivate study and prompt you into action!

And action is just what Rev. Gierut's organization, the "National Committee to Repeal the Federal Reserve Act," is all about. He calls for the end of the fractional reserve money ratio formula through which acts of thievery are committed on a daily basis by the banking system. He urges all American taxpayers, Congressmen and the President of the United States to wake up and demand the Federal Reserve to stop using the illegal formula. Gierut offers a Constitutional Monetary Reform Plan as the means and necessary actions to save our country from total financial collapse and utter ruin. This plan consists of seven propositions which are in summary:

1. Abolish the fractional reserve money ratio formula. Replace it with a 100% reserve account for all future loans.
2. End all bond swindling schemes by issuing lawful currency backed with gold, or silver, or backed with United States Treasury Notes. Thus, it will become unnecessary for the Government to issue bonds to back its own lawful currency.
3. Repeal the Federal Reserve Act of 1913 and all subsequent amendments.
4. Stop the issuance of unlawful Federal Reserve Notes.
5. Repeal the National Bank Act of 1863 and return the banks to the jurisdiction of the state they are located in.
6. United States take ownership of the 12 District Federal Reserve Bank Buildings which were constructed at the expense of the American taxpayers.
7. Cancel the National debt owed to the Federal Reserve Banking System as the law does not permit banks to profit from fraudulent practices.

As of the December 1994, the Federal Reserve Act remains intact. Year after year, legislation is introduced into congress to repeal the Act. Year after year, the legislation is voted down. The banks have continued to "buy off" congressmen and Senators which can easily be determined by Financial Democracy Campaign Analysis of Federal Election Commission which recorded donations by the largest bank holding companies in 1989-1990 to have been \$9.3 million.

All that could be said about the most corrupt organization ring in America is best stated in a speech Congressman Louis McFadden of Pennsylvania delivered on the floor in Congress. On Friday, June 10, 1932, Congressman McFadden, who was chairman of the House of Representatives Banking and Currency Committee for ten years, spoke with authority on the subject of money and the Federal Reserve Banking System. In his address before the members of Congress, he stated:

"We have in this country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board of governors and the Federal Reserve banks. The Federal Reserve Board has cheated the Government and the people of the United States out of enough money to pay the national debt. This evil institution has impoverished and ruined the people of the United States, has bankrupted itself, and has practically bankrupted our Government. It has done this through the defects of the law under which it operates, through the maladministration of that law by the Federal Reserve Board, and through the corrupt practices of the money vultures who control it."

"Some people think the Federal Reserve Banks are United States Government institutions. They are not Government institutions. They are private credit monopolies which prey upon the people of the United States for the benefit of themselves and their foreign customers, foreign and domestic speculators, and swindlers. Those 12 private credit monopolies were deceitfully and disloyally foisted upon this country by bankers who came here from Europe."

"The danger that the country was warned against came upon us and is shown in the long train of horrors attendant upon the affairs of the traitorous and dishonest Federal Reserve Board and the Federal Reserve Banks. This is an era of economic misery; and, for the conditions that caused that misery, the Federal Reserve Board and the Federal Reserve banks are fully liable. THIS IS AN ERA OF FINANCED CRIME

One More Turn of the Screw

There is an old fable in which Aesop tells of the woodsman who went into the forest to get a handle for his axe. We've included this story in this report because it accurately describes what happened to us when the Federal Reserve Act was passed and signed into law. It seems the woodsman went into the forest and consulted with the trees, negotiating a handle for his axe. Now the large and mighty trees, the stronger ones, arrogating to themselves authority and ignoring the rights of others, thought that they could dispose of the smaller trees as they pleased.

The larger trees conferred together and decided to grant the woodsman's request, and so they gave to the woodsman the Ash tree. The Ash soon fell; but the woodsman had no sooner fitted the handle to his axe than he began upon the other trees.

He did not stop with the Ash, but he also hewed down the great and mighty Monarchs of the forest who had surrendered in their pride, the rights of the humble Ash. An old Oak was heard to complain to a neighboring Cedar; "If we had not given away the rights of the Ash we might have stood forever; but we have surrendered to the destroyer the rights of one, and now we are suffering from the same evil ourselves."

The moral of the story: Don't cut off somebody else's to spite your face.

If we look closely at our Government and the way successive legislation destroys individual rights - knowing that government is being controlled and manipulated by a group of private bankers - could we really be dealing with woodsmen who always want more handles

The Nation's Dictator

[Excerpts from speech, Congressional Record, by C.G. Binderup]

"YES, YOU, the Federal Reserve Banking System, you are the dictator in our great nation. You are the Nero who fiddles while Rome is burning.

We in Congress can study for years, travel for miles, and legislate for months, striving to enact sound legislation. We come to Washington holding aloft a mandate from the people. We come clothed in power by the ballots representing the will of 135,000,000 citizens. We come to enact laws for the general welfare, but in every nook and corner of the Nation's Capital you are here, the invisible government, the power behind the throne of government. You with your red flag of economic dictatorship, you whisper into the ear of Congress, "Listen! We hold the power supreme, the power of money, and by this power we can dictate and determine just who shall occupy our seat." You whisper into the ear of the Public Press, "Listen! We hold by the power of money the control of big business that buys your advertising contracts, that determines the life or death of your paper." You whisper to the management of radio broadcasting stations, "Listen! We own the bonds and the stocks directly or indirectly. Your salary depends upon us."

We pass worthy laws through the House and Senate, and the President signs. We attach a large penalty for violation, and congratulate ourselves that we have expressed the will of the people in laws, but you, the Federal Reserve Banking System, you hold in your hand a mightier power, the power of money, for by this power you control God Almighty's first law, the law of self-preservation. By the power of money you command and inflict the penalties of starvation and deprivation, misery and want. You can break every law Congress can ever make. You can starve the most righteous soul until he will steal that his loved ones may have food and shelter.

You can crowd the most peaceful man until he will kill in murder and war that the reasonable wants of his loved ones may be satisfied. On the auction block of starvation and deprivation Man will sell his honor and Woman will sell her soul to satisfy that inward craving for food that God has put in the mind and body of man.

Yes, with this magic wand, the power of money, this firebrand of destruction, you can change to criminals our citizens of most worthy stamp, change a patriot into an enemy, love for country into hate. You can destroy - as you are doing today and as you have done twenty-three other times in the past - the homes of the nation, the units in the foundation of government, that determine the perpetuation of our great Democracy. You by the power of money can turn back the clock of time from civilization to the dark past. For no power on earth to man for evil or for good can equal the power of money.

Proposed Legislation to Repeal the Federal Reserve Act

Congressman Henry Gonzales introduced in Congress the following legislation which was referred to the House of Representative's Committee on Banking and Currency. The actual bill calling for the Repeal of the Federal Reserve Act is as follows:

A BILL

"To vest in the Government of the United States the full, absolute, complete, and unconditional ownership of the twelve Federal Reserve banks.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that:

(a) the Secretary of the Treasury of the United States is hereby authorized and directed forthwith to purchase the capital stock of the twelve Federal Reserve banks and branches, and agencies thereof, and to pay the owners thereof the par value of such stock at the date of purchase.

(b) All member banks of the Federal Reserve System are hereby required and directed to deliver forthwith to the Treasurer of the United States, by the execution and delivery of said documents as may be prescribed by the Secretary of the Treasury, all the stock of said Federal Reserve banks owned or controlled by them, together with all claims of any kind or nature in and to the capital assets of the said Federal Reserve banks, it being the intention of this Act to vest in the Government of the United States the absolute, complete, and unconditional ownership of the said Federal Reserve banks.

(c) There is hereby authorized to be appropriated, out of any funds not otherwise appropriated, such sums as may be necessary to carry out the purposes of this Act.

Paul Luther's Case

United States District Court

DISTRICT OF _____

PAUL NEAL LUTHER,

Plaintiff,

v.

SUMMONS IN A CIVIL ACTION

CIV93 0484 SC

CASE NUMBER _____

UNITED STATES OF AMERICA,

Defendant.

TO: (Name and Address of Defendant)
U.S. Attorney General, Washington D.C.
Department of Justice, Room 4400
Main Justice Building
10th & Constitution Ave., NW
Washington, DC 20530
(202) 514-2001

YOU ARE HEREBY SUMMONED and required to file with the Clerk of this Court and serve upon

PLAINTIFF'S ATTORNEY (Name and Address)
Paul N. Luther (Pro Se)
6505 Natalie Ave. NE
Albuquerque, NM 87110
(505) 884-5735

an answer to the complaint which is herewith served upon you, within 60 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint.

ROBERT M. MARCH, Clerk
[CLERK]

APR 15 1993
[DATE]

[Signature]
[BY DEPUTY CLERK]

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO**

PAUL NEAL LUTHER,

Plaintiff,

v.

CIV93 0484 SC

No. _____

UNITED STATES OF AMERICA,

Defendant.

LORENZO F. GARCIA
U.S. MAGISTRATE JUDGE

COMPLAINT: THE U.S. FEDERAL GOVERNMENT IS PRINTING PAPER MONEY WHERE IT HAS

NO POWER TO DO AND IS, THEREFORE, UNCONSTITUTIONAL.

Plaintiff alleges:

THE FEDERAL GOVERNMENT OF THE UNITED STATES OF AMERICA has been printing paper money, which it has no power to do and is, therefore, unconstitutional. Article I, Section 8, of *The Constitution of the United States of America* states at clause five:

To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures;

This phrase allows the Federal Government to "coin Money" and "regulate the Value thereof" only. There is no specific enumeration of power for Congress to emit or print paper money or any other medium of exchange other than coin. More importantly, during the Federal Convention of 1787 the Founding Fathers (Founders) directly addressed the issue of printing paper money, which was also referred to at the time as "emit[ting] bills." **The Founders took explicit and direct action to exclude this power from the Federal government and the State governments.**

The following excerpt was taken from the *Notes of Debates in the Federal Convention of 1787, Reported by James Madison*, (W. W. Norton & Company, p. 389, 1987). On Monday, August 6, 1787, the following draft Constitution was presented to the Convention, quoted in part here:

**Monday August 6th. [1787] In Convention
VII**

**Sect. I. The Legislature of the United States shall have the power to lay and collect taxes, duties, imposts and excises;
To regulated commerce with foreign nations, and among the several States;
To establish an uniform rule of naturalization through the United States;
To coin money;
To regulate the value of foreign coin;
To fix the standard of weights and measures;
To establish Post-offices;
To borrow money, and emit bills on the credit of the United States;
To appoint a Treasurer by ballot; . . .
(emphasis added)**

On Wednesday, August 15, 1787, the following discussion about "emit[ting] bills" was made at the Convention (id. at 470-471):

Wednesday August 15. [1787] In Convention

Mr. Govr. Morris moved to strike out "and emit bills on the credit of the U. States" - If the United States had credit such bills would be unnecessary: if they had not, unjust & useless.

Mr. Butler, 2nd the motion.

Mr. Madison, will it not be sufficient to prohibit the making them a *tender*? This will remove the temptation to emit them with unjust views. And promissory notes in that shape may in some emergencies be best.

Mr. Govr. Morris, striking out the words will leave room still for notes of a *responsible*

minister which will do all the good without the mischief. The Monied interest will oppose the plan of Government, if paper emissions be not prohibited.

Mr. Ghorum was for striking out, without inserting any prohibition. If the words stand they may suggest and lead to the measure.

Col. (note 1 below) Mason had doubts on the subject. Congress he thought would not have the power unless it were expressed. Though he had a mortal hatred to paper money, yet as he could not foresee all emergencies, he was unwilling to tie the hands of the Legislature. He observed that the late war could not have been carried on, had such a prohibition existed.

Mr. Ghorum. The power as far as it will be necessary or safe, is involved in that of borrowing.

Mr. Mercer was a friend to paper money, though in the present state & temper of America, he should neither propose nor approve of such a measure. He was consequently opposed to a prohibition of it altogether. It will stamp suspicion on the Government to deny it a discretion on this point. It was impolitic also to excite the opposition of all those who were friends to paper money. The people of property would be sure to be on the side of the plan, and it was impolitic to purchase their further attachment with the loss of the opposite class of Citizens

Mr. Elseworth thought this a favorable moment to shut and bar the door against paper money. The mischiefs of the various experiments which had been made, were now fresh in the public mind and had excited the disgust of all the respectable part of America. By withholding the power from the new Government more friends of influence would be gained to it than be almost any thing else. Paper money can in no case be necessary. Give the Government credit, and other resources will offer. The power may do harm, never good.

Mr. Randolph, notwithstanding his antipathy to paper money, could not agree to strike out the words, as he could not foresee all the occasions which (note 2) might arise.

Mr. Wilson. It will have a most salutary influence on the credit of the U. States to remove the possibility of paper money. This expedient can never succeed whilst its mischiefs are remembered, and as long as it can be resorted to, it will be a bar to other resources.

Mr. Butler remarked that paper was a legal tender in no Country in Europe. He was urgent for disarming the Government of such a power.

Mr. Mason was still averse to tying the hands of the Legislature *altogether*. If there was no example in Europe as just remarked, it might be observed on the other side, that there was none in which the Government was restrained on this head.

Mr. Read, thought the words, if not struck out, would be as alarming as the mark of the Beast in Revelations.

Mr. Langdon had rather reject the whole plan than retain the three words ("and emit bills").

On the motion for striking out		
New Hampshire	ay.	
Massachusetts	ay.	
Connecticut	ay.	
New Jersey		no.
Pennsylvania	ay.	

Delaware	ay.	
Maryland		no.
Virginia	ay.*	
North Carolina	ay.	
South Carolina	ay.	
Georgia	ay.	(note 3)

Footnotes to above excerpt

1. The word "Mr." is substituted in the transcript for "Col."
2. The word "that" is substituted in the transcript for "which."
3. In the transcript the vote reads: "New Hampshire, Massachusetts, Connecticut, Pennsylvania, Delaware, Virginia, *North Carolina, South Carolina, Georgia, aye-9; New Jersey, Maryland, no-2.
* This vote in the affirmative by Virg. was occasioned by the acquiescence of Mr. Madison who became satisfied that the striking out the words would not disable the Govt. from the use of public notes as far as they could be safe & proper; & would only cut off the pretext for a paper currency, (note 4) and particularly for making the bills a tender (note 5) either for public or private debts.
4. The transcript italicized the words "paper currency" and "a tender."
5. The word "was" is here inserted in the transcript.

Had there been no mention of "emit[ting] bills," which was also referred to as paper money or paper currency during the Convention debates as shown above, there may be a slight justification for assuming the Founders did not totally shut the door to paper emissions. Even then, it would be very doubtful that this was an implied power when one considers James Madison's definitive statement from *The Federalist* (Hamilton, Alexander; Jay, John; and Madison, James; Original Text, Random House, Introduction by Edward M. Earle, p. 303, 1937) on the powers of the Federal Government, namely:

The powers delegated by the proposed Constitution to the federal government are few and defined.

The Federalist No. 45

And, Col. Mason's concern about the power to emit bills in the debates of August 15, 1787, in that he thought Congress (Madison, *supra*, at 470):

... would not have the power [to emit bills] unless it was expressed.

But the issue of printing money by the Federal Government was specifically addressed in the Convention, and there is **no doubt** that the Founders intention was to exclude paper emissions from the Federal Government. How much clearer to the Founders intent can there be made than nine States voting to strike "and emit bills on the credit of the U. States," an overwhelming majority, and only two voted in favor of leaving the words as presented in the draft constitution on August 6, 1787. Had the Founders wanted to leave the door open to paper money they could have just as easily left the words as presented in the draft.

Also, these excerpts confirm **beyond a doubt** that the Founders had a clear understanding of the term, "coin money." At the time, as it does now, this referred to the use of alloys, such as gold and silver, to be struck into coins through the minting process. And as for the "regulation of the value thereof," it was common knowledge then, as now, that this meant the establishment of the relationship to a specified quantity of alloy, such as gold or silver, to a specific monetary unit. As an example of the understanding of the time, Thomas Jefferson wrote in his *Plan for Establishing Uniformity in the Coinage, Weights, and Measures of the United States, Communicated to the House of Representatives, July 13, 1790*, (The Library of America, Library of Congress Catalog Card Number: 83-19917, p. 407) the following about the value of coins:

Let it be declared, therefore, that the money unit, or dollar of the United States, shall

contain 371.262 American grains of pure silver.

Additional evidence demonstrating that the Founders were well aware of the terms "coin money" and "emit bills" can be found in *The Federalist*, a compilation of eighty-five (85) essays that were used to explain the meaning of the proposed Constitution prior to its ratification. When referring to the powers of the Federal Government as they relate to money, James Madison wrote (Hamilton, Jay, Madison, *supra*, at 276):

**The Federalist No. 42
(Madison)**

All that need be remarked on the power to coin money, regulate the value thereof, and of foreign coin, is, that by providing for this last case, the Constitution has supplied a material omission in the articles of Confederation. The authority of the existing Congress is restrained to the regulation of coin *struck* by their own authority, or that of the respective States. It must be seen at once that the proposed uniformity in the value of the current coin might be destroyed by subjecting that of foreign coin to the different regulations of the different States.

The punishment of counterfeiting the public securities, as well as the current coin, is submitted of course to that authority which is to secure the value of both.

Similarly, when referring to the States, James Madison wrote (Hamilton, Jay, Madison, *supra*, at 289):

**The Federalist No. 44
(Madison)**

A FIFTH class of provisions in favor of the federal authority consists of the following restrictions on the authority of the several States.

1. "No State shall enter into any treaty, alliance, or confederation; grant letters of marque and reprisal; coin money; emit bills of credit; make any thing but gold and silver a legal tender in payment of debts; pass any bill of attainder, *ex-post-facto* law, or law impairing the obligation of contracts; or grant any title of nobility."

...The right of coining money, which is here taken from the States, was left in their hands by the Confederation, as a concurrent right with that of Congress, under an exception in favor of the exclusive right of Congress to regulate the alloy and value. In this instance, also, the new provision is an improvement on the old. Whilst the alloy and value depended on the general authority, a right of coinage in the particular States could have no other effect than to multiply expensive mints and diversify the forms and weights of the circulating pieces. The latter inconvenience defeats one purpose for which the power was originally submitted to the federal head; and as far as the former might prevent an inconvenient remittance of gold and silver to the central mint for recoinage, the end can be as well attained by local mints established under the general authority.

The extension of the prohibition to bills or credit must give pleasure to every citizen, in proportion to his love of justice and his knowledge of the true springs of public prosperity. The loss which America has sustained since the peace, from the pestilent effects of paper money on the necessary confidence between man and man, on the necessary confidence in the public councils, on the industry and morals of the people, and on the character of republican government, constitutes an enormous debt against the States chargeable with this unadvised measure, which most long remain unsatisfied; or rather an accumulation of guilt, which can be expiated no otherwise than by a voluntary sacrifice on the altar of justice, of the power which has been the instrument of it. In addition to these persuasive

considerations, it may be observed, that the same reasons which show the necessity of denying to the States the power of regulating coin, prove with equal force that they ought not to be at liberty to substitute a paper medium in the place of coin. Had every State a right to regulate the value of its coin, there might be as many different currencies as States, and thus the intercourse among them would be impeded; retrospective alternations in its value might be made, and thus the citizens of other States be injured, and animosities be kindled among the States themselves. The subjects of foreign powers might suffer from the same cause, and hence the Union be discredited and embroiled by the discretion of a single member. No one of these mischiefs is less incident to a power in the States to emit paper money, than to coin gold or silver. The power to make any thing but gold and silver a tender in payment of debts, is withdrawn from the States, on the same principle with that of issuing a paper currency.

Even though Madison is here referring to the States, how can an argument explaining the destructive and detrimental effects of paper money not also be true for the Federal Government? The record of history is clear on the subject.

Why was it necessary for the Founders to specifically state that no State shall "emit bills" and for it to not to be so specifically addressed in a similar fashion for the Federal government? The Founders were well aware of the destructive and detrimental effects of paper money and excluded the power from the Federal Government, and to ensure that the State governments did not print paper money the Founders had to explicitly state so, otherwise the States would have had the power. At the time it was understood that those powers not enumerated in the Federal Constitution were left to the States or to the People. James Madison stated in *The Federalist*, No. 45 (Hamilton, Jay, Madison, *supra*, at 303) that:

Those [powers] which are to remain to the State governments are numerous and indefinite. The former [Federal Government power] will be exercised principally on external objects, as war, peace, negotiation, and foreign commerce; with *which* last the power of taxation will, for the most part, be connected. The powers reserved to the several States will extend to all the objects which, in the ordinary course of affairs; concern the lives, liberties, and properties of the people, and the internal order, improvement, and prosperity of the State.

This was later reemphasized in the Tenth Amendment to the *Federal Constitution*, "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

WHEREFORE, the damages to myself and to the Country are substantial, and if no action is taken to correct this error, future damages through the Federal Government's inflation and the other pestilent effects of paper money will certainly occur - as the records of history show. It is not my intent to receive a monetary award for my damages, but to see that this error is corrected by having the Court require that the Federal Government refrain from printing paper money and do exactly what the Federal Constitution at Article I, Section 8, Clause S requires, so future damages do not occur to myself, my family or the citizens of the United States of America. This error has occurred due to the specious reasoning of the U.S. Supreme Court, and the error continues to persist do to the Court's decision to rely on faulty case law. By taking an oath to uphold and defend the United States Constitution, it is the Court's responsibility to correct this error by following the true intent of the Constitution and refrain from writing law.

[Signature]

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"I hereby certify that a copy of the foregoing pleading was mailed to opposing counsel/parties of record on the _____ day of _____ 19____."

The Free Enterprise Solution

All the initiatives, that I've come across so far, to do something about the "banking problem" have been very useful in that they've helped educate me. They've also helped educate a great number of other people. These initiatives basically involve campaigns to persuade the U.S. Congress to change the system. My guess is that through these campaigns about 10,000,000 Americans have been educated to see the Federal Reserve system as the great evil it is.

The Free Enterprise solution is to create alternative systems to outcompete the Fed. Some of these systems are already in operation.

We also need to implement "Riegel-type" systems. Such systems are based on the principles expounded by E.C. Riegel about 50 years ago in his book [*Private Enterprise Money*](#).

Then we also need private coinage - probably gold and silver coins.

In order for the above free-enterprise alternatives to outcompete the monopoly systems, maybe 100,000 participants would constitute a critical mass. In other words, if we can persuade 1% of the Americans who see the Federal Reserve system as evil to participate actively in our free-enterprise alternatives, the game is over for the monopoly systems!

And what about the so-called "national debt?" Well, for people who exit the monopoly systems the "national debt" simply becomes a joke. The people who choose to remain in the monopoly systems will be able to play to their hearts' content with their "national debts" and phony funny money!