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12 April 2001

MEMORANDUM

TO: Devvy Kidd, The Wallace Institute

RE: Nevada Assembly Bill No. 188 (1993)

Dear Devvy:

You have asked me to analyze the constitutionality of Nevada Assembly Bill No. 188, and to suggest a constitutional and workable plan whereby a State could take action to challenge the present system of irredeemable paper currency issued by the Federal Reserve System. I have concluded that A.B. 188 suffered from a serious constitutional flaw, and that a superior, completely constitutional plan is available.

PART I: ANALYSIS OF NEVADA ASSEMBLY BILL 188 (1993)

A. Pertinent Portions of Nevada Assembly Bill 188 (1993)

* * * * *

> Sec. 2. There shall be struck under the authority of the State of Nevada Silver Gaming Tokens of $5 denomination, each containing one-quarter ounce of fine silver and the dimensions required by the state gaming control board for $5 tokens. The Nevada State Gaming Tokens must bear the Great Seal of the State of Nevada on one side and the words "Contains One-quarter Ounce Fine Silver," "Five Dollars," "Nevada Silver Gaming Token" and the year of issuance on the other side. No more than 100,000,000 of such tokens may be struck and issued without the prior consent of the legislature. Except as otherwise provided in section 4 of this act, it is unlawful to accept such tokens at any value less than its $5 face value. A token must be accepted as payment for any taxes, dues or fees imposed by the state.
>
> Sec. 3. A person holding a valid gaming license issued pursuant to chapter 463 of NRS may purchase Nevada State Gaming Tokens. A

licensee is entitled to a credit of 25 cents toward present or future gaming license fees for each token purchased.

Sec. 4. The state treasurer shall accept Nevada Silver Gaming Tokens in payment of all state taxes, dues or fees. Nevada Silver Gaming Tokens which are given in payment by a person who purchased them pursuant to section 3 of this act must be accepted a face value of $4.75 until all tax credits claimed by that person have been used.

* * * * *

B. Analysis of Nevada Assembly Bill 188 (1993)

Point 1:

If the bill provided for the coining of money, it violated Article I, Section 10, Clause 1 of the Constitution, which mandates that "[n]o State shall * * * coin Money". The bill did not refer to "Money" which was to be "coin[ed]", but only to "Silver Gaming Tokens" ("SGTs") which were to be "struck". The label the legislature applies to the thing is not determinative of its constitutional substance, however. The question is, whatever the name used, were these "Tokens" either (i) intended by the legislature to function as "Money", or (ii) capable of functioning as "Money", or both.

As to (i), the legislative history of the bill (part of which is discussed in Part II, below) shows quite plainly that the legislature's intent was to "coin Money", for the specific purpose of challenging what the legislature perceived as unconstitutional actions by Congress relative to that body's constitutional authority to "coin Money" in Article I, Section 8, Clause 5.

As to (ii), the SGTs were certainly capable of functioning as "Money".

•Economically speaking, "money" is whatever functions as a medium of exchange. Constitutionally speaking, "Money" is a medium of exchange specifically in the form of "coin".

•The SGTs were to be "struck" in the form of "coin".

•The SGTs were to have a monetary value fixed by law: a "$5 denomination".

•The SGTs were to be put into circulation, initially by sale at a discount to "person[s] holding a valid gaming license", and then through the requirement that "[t]he state treasurer shall accept Nevada Silver Gaming Tokens in payment of all state taxes, dues or fees". Thus, the SGTs were intended to circulate from the State to the State, through "person[s] holding a valid gaming license" and whoever thereafter received the SGTs in the course of trade.

•The SGTs were a limited legal tender, in that "[a] token must be accepted as payment for any taxes, dues or fees imposed by the state".

•No one other than the State was required to accept SGTs as a medium of exchange. Nonetheless, the statute provided that "it is unlawful" for anyone "to accept such tokens at any value less than its $5 face value". That is, persons who chose "to accept [the] tokens" in any transaction had to treat them as having a monetary value of "$5".

Point 2:

It should further be noted that the SGTs were rather a constitutionally questionable form of "coin[ed] Money", even had the Nevada legislature been empowered to "coin Money". Their denomination was "$5", yet they were to contain only "One-Quarter Ounce Fine Silver". Presumably, this was to be measured in troy units, in which the ounce contains 480 grains. Then, each SGT would contain 120 grains of silver. A constitutional "dollar", however, contains 371-1/4 grains of silver. Therefore, to have been arguably constitutional as to metallic content, each SGT would have had to have contained 5 ***times*** 371-1/4 ***equals*** 1,856.25 grains. As each SGT would have contained only 120 grains, an SGT was a coin debased from the constitutional standard by almost 95%.

PART II: ANALYSIS OF PERTINENT PORTIONS OF THE TESTIMONY OF NEVADA'S LEGISLATIVE COUNSEL ON NEVADA ASSEMBLY BILL 188

A. Pertinent Portions of the Testimony

> Lorne J. Malkiewich, Legislative Counsel, Legislative Counsel Bureau (LCB), expressed it was LCB's belief that AB 188 was unconstitutional. He explained the basic problem was the Constitution gave Congress the power to coin money and regulate the value thereof and prohibited states from coining money. Article I, section 8, of the Constitution said the Congress shall have power * * * to coin money. Article I, section 10, designated no state shall coin money. * * * AB 188 would provide for Nevada to coin money. It was LCB's opinion under Article I, section 10, of the Constitution made AB 188 unconstitutional.
>
> Mr. Malkiewich paraphrased the argument would be Congress had not exercised its power to coin money and instead Congress created the Federal Reserve, which was (in the proponent's estimation) an unlawful delegation to a private consortium rather than an exercise by Congress of its constitutional duty. The proponents would argue that Article I, Section 8 and Article I, Section 10 were interrelated. The proponents would state Congress was to coin money and regulate the value of currency and the Federal Reserve was unconstitutional. Congress had not fulfilled that duty

thereby relieving the states of the prohibition against coining money. The proponents believed it was not only authorized but the appropriate way to address Congress's failure to carry out its constitutional duty.

Mr. Malkiewich expressed LCB's argument was the initial premise that the Federal Reserve was unconstitutional. Mr. Malkiewich said he knew of no cases holding the Federal Reserve was unconstitutional. What little precedent he found on the issue indicated the people who attempted to challenge it did not even have standing because there was no injury. He vocalized if the Federal Reserve System was not unconstitutional, the whole argument falls apart. He explained that even if the Federal Reserve was unconstitutional, LCB believed the appropriate remedy was for Congress to adopt constitutional legislation or the Federal Reserve be declared unconstitutional in court. LCB did not believe because the Congress violated their duty to coin money excused the states from their prohibition against coining money. LCB believed the proponent's position was conjecture and not based upon precedent case law.

Chairman price asked what the down side would be if Ab 188 was passed. Mr. Malkiewich assumed the federal government would most likely challenge it in court. At that point the statute would have to be defended. * * *

* * * * *

Mr. Malkiewich responded to Mr. Neighbors stating AB 188 proposed to use the coin as legal tender and that was the problem. He continued stating if the coin was used as a gaming token or souvenir there was not a constitutionality problem.

B. Analysis of the Testimony

Point 1:

> Article I, section 8, of the Constitution said the Congress shall have power * * * to coin money. Article I, section 10, designated no state shall coin money. * * * AB 188 would provide for Nevada to coin money. It was LCB's opinion under Article I, section 10, of the Constitution made AB 188 unconstitutional.

If "AB 188 would provide for Nevada to coin money", then the conclusion is correct. The constitutional prohibition in Article I, Section 10, Clause 1 is clear: "No State shall * * * coin Money * * * ." Moreover, unlike Clauses 2 and 3 of Section 10, which begin "No State shall, without the consent of Congress * * * ", Clause 1 is *absolute*: It does not allow a State to "coin Money" even with "the consent of Congress".

Point 2:

> Mr. Malkiewich paraphrased the argument [of the proponents of AB 188 which] would be [that] Congress had not exercised its power to coin money * * * .

This argument of the proponents is incorrect. For examples limited to silver and gold, in 1985 Congress passed statutes for the potentially unlimited coinage of so-called "bullion" silver and gold coins. Act of 9 July 1985, Pub. L. 99-61, Title II, 99 Stat. 1134, 115, *now codified in* 31 U.S.C. § 5112(e) (silver "Liberty" coins); Act of 17 December 1985, Pub. L. 99-185, 99 Stat. 1177, *now codified in* 31 U.S.C. § 5112(a)(7-10) (gold "American Eagle" coins). These coins are now being minted, and are available in the marketplace. *See* 31 U.S.C. §§ 5112(e), 5112(i)(1). Individuals may use these coins to make contracts payable exclusively in gold or silver. *See* 31 U.S.C. § 5118(d)(2).

Point 3:

> Mr. Malkiewich paraphrased the argument [of the proponents of AB 188 which] would be [that] * * * Congress created the Federal Reserve, which was (in the proponent's estimation) an unlawful delegation to a private consortium rather than an exercise by Congress of its constitutional duty.

This argument of the proponents is correct. Although the Supreme Court has never heard a case on the (un)constitutionality of the purported Congressional delegation of power to the Federal Reserve System, in principle that delegation is unconstitutional under *A.L.A. Schechter Poultry Corporation* v. *United States*, 295 U.S. 495 (1935), and *Panama Refining Company* v. *Ryan*, 293 U.S. 388 (1935), among other cases.

Point 4:

> The proponents would argue that Article I, Section 8 and Article I, Section 10 were interrelated. The proponents would state Congress was to coin money and regulate the value of currency and the Federal Reserve was unconstitutional. Congress had not fulfilled that duty thereby relieving the states of the prohibition against coining money. The proponents believed it was not only authorized but the appropriate way to address Congress's failure to carry out its constitutional duty.

The proponents' arguments are incorrect. Other than the power of amendment in Article V, the Constitution contains no provision allowing, and the Supreme Court has never decided a case permitting, a State to "take back" a power the Constitution delegates to Congress and denies to the States, if Congress refuses or fails to exercise that power at all, or attempts to exercise it unconstitutionally.

Moreover, strictly speaking, the Federal Reserve System is not engaged in "coin[ing] Money" or "regulat[ing] the Value thereof" under Article I, Section 8, Clause 5. The System appears to be exercising, albeit unconstitutionally, a delegated power to "emit bills" (paper currency) that is purportedly implied in Article I, Section 8, Clause 2. These "bills" are to "be redeemed in lawful money". 12 U.S.C. § 411. Obviously, then, they are not themselves even "lawful money", let alone "coin". So, even if a State could "take back" its original power to coin money where Congress had unconstitutionally delegated *that* power, a State could not "take back" its power to coin where Congress has purported to delegate a *different* power to the Federal Reserve System.

Point 5:

> Mr. Malkiewich said he knew of no cases holding the Federal Reserve was unconstitutional.

This is correct. No such decision exists. On the other side, however, no decision of the Supreme Court has held the Federal Reserve System to be constitutional. The issue remains open.

Point 6:

> What little precedent he [*i.e.*, Mr. Malkiewich] found on the issue indicated the people who attempted to challenge it [*i.e.*, the Federal Reserve] did not even have standing because there was no injury.

It is correct that several lower-court cases brought against the Federal Reserve System over the years have been dismissed on the ground that the complaining parties lacked standing to sue (that is, they supposedly lacked a claim that the courts could enforce). Without going into the many demerits of these decisions, it suffices to note that simply because some litigants may have lacked standing in some cases does not mean that the Federal Reserve System is constitutional as against everyone else in the world.

Point 7:

> He [*i.e.*, Mr. Malkiewich] vocalized if the Federal Reserve System was not unconstitutional, the whole argument falls apart.

This is incorrect. Whether or not the Federal Reserve System is unconstitutional, a State could take some very significant action in the monetary field (other than itself trying to coin money), as will be discussed below.

Point 8:

> He [*i.e.*, Mr. Malkiewich] explained that even if the Federal Reserve was unconstitutional, LCB believed the appropriate remedy was for Congress to adopt constitutional legislation or the Federal Reserve be declared unconstitutional in court.

This is correct as far as it goes. As will be discussed below, however, there is another "appropriate remedy" that any State can undertake on its own initiative, and that does not require the coöperation of either Congress or the courts.

Point 9:

> LCB did not believe because the Congress violated their duty to coin money excused the states from their prohibition against coining money. LCB believed the proponent's position was conjecture and not based upon precedent case law.

This is basically correct. *See* Point 4, above.

Point 10:

> Chairman Price asked what the down side would be if AB 188 was passed. Mr. Malkiewich assumed the federal government would most likely challenge it in court. At that point the statute would have to be defended.

This is likely. On the one hand, such a challenge would have tremendous visibility, because "[i]n all Cases * * * in which a State shall be a Party, the supreme Court shall have original Jurisdiction". Article III, Section 2, Clause 2. So, if the national government sued the State, the case would *begin* in the Supreme Court. On the other hand, the national government would have a very good argument, because of Article I, Section 10, Clause 1.

Point 11:

> Mr. Malkiewich responded to Mr. Neighbors stating AB 188 proposed to use the coin as legal tender and that was the problem. He continued stating if the coin was used as a gaming token or souvenir there was not a constitutionality problem.

Mr. Malkiewich seems to be saying that a State may not designate a coin as "legal tender". If so, he is incorrect. Article I, Section 10, Clause 1 provides that "[n]o State shall * * * make any Thing *but* gold and silver Coin a Tender in Payment of Debts" (emphasis supplied). This clearly implies that a State *may* (that is, always retains the power to) "make gold and silver Coin a Tender". And if this power is *retained* in Article I, Section 10, Clause 1, then it cannot have been delegated to Congress for its exclusive use in Article I, Section 8, Clause 5. *See* the Tenth Amendment. Which means that *both* Congress *and* the States have a concurrent legal-tender power. The only caveat is that these powers cannot simultaneously be employed in such a manner as to interfere with each other.

Part III: Suggestions for a Constitutional State Statute

The goal of any legislation in this area is for a State to take constitutional action that will separate the State from (make the State independent of) the Federal Reserve System by demonetizing Federal Reserve Notes within that State to the extent that the State can mandate such demonetization.

A. Congress

Although a State could petition, or through its Representatives and Senators could introduce bills in, Congress to repeal the Federal Reserve Act, the likelihood of any positive action's being taken is essentially nil. Since 1913, Congress has never taken under serious consideration any bill for the disestablishment, or curtailment of the powers, of the Federal Reserve. In fact, throughout the years, Congress has significantly added to those powers.

B. The Courts

A State could file a suit against the Federal Reserve System (specifically, the Board of Governors, the Federal Open Market Committee, and the twelve Federal Reserve regional banks), challenging the System as an unconstitutional delegation of legislative power. On the one hand (as pointed out above), such a challenge would have tremendous visibility, because "[i]n all Cases * * * in which a State shall be a Party, the supreme Court shall have original Jurisdiction". Article III, Section 2, Clause 2. So, if the State sued the Federal Reserve System, the case would *begin* in the Supreme Court. On the other hand, the System might be able to have the case dismissed on the ground that the State had no standing to sue. In fact, this would be a strong argument, in that (as discussed below) States are *not* required to use Federal Reserve Notes with respect to their (the States') sovereign functions.

Furthermore, a judicial challenge would have little likelihood of success on the merits, as the Supreme Court has never declared a Congressional banking statute to be unconstitutional, and is quite unlikely today to take upon itself the responsibility for upsetting the entire monetary and banking system that Congress has created.

C. Self-help by the State

A possibly successful strategy of self-help begins with the Supreme Court's decision in *Lane County* v. *Oregon*, 74 U.S. (7 Wall.) 71 (1869). In *Lane County*, the State courts had ruled that, as a matter of State law, certain State taxes were to be collected in silver and gold coin. At issue in the Supreme Court was whether, notwithstanding State law, the taxes could be paid in legal-tender United States Notes (Greenbacks). The Court held that the State could not be required to accept payment of taxes in Greenbacks. "The people of the United States", the Court explained,

> constitute one nation, under one government, and this government, within the scope of the powers with which it is invested, is supreme. On the other hand, the people of each State compose a State, having its own government, and endowed with all the functions essential to separate and independent existence. The States disunited might continue to exist. Without the States in union there could be no political body as the United States.
>
> * * * * *
>
> Now, to the existence of the States, themselves necessary to the existence of the United States, the power of taxation is indispensable. It is an essential function of government. * * * There is nothing in the Constitution which contemplates or authorizes any direct abridgment of this power by national legislation. * * * *If, therefore, the condition of any State, in the judgment of its legislature, requires the collection of taxes * * * in gold and silver coin, it is not easy to see upon what principle the national government can interfere with the exercise, to that end, of this power, original in the States, and never as yet surrendered.*

74 U.S. (7 Wall.) at 76-78 (emphasis supplied). *Lane County* was followed in *Union Pacific Railroad Company* v. *Peniston*, 85 U.S. (18 Wall.) 5, 29 (1873), and in *Hagar* v. *Reclamation District No. 108*, 111 U.S. 701, 706-07 (1884).

These decisions support a broad program of self-help for the States in demonetizing Federal Reserve Notes, and remonetizing silver and gold coin, with respect to what *Lane County* called "all the functions essential to [the States'] separate and independent existence" as States. *Lane County*, *Peniston*, and *Hagar* all involved State taxes. But their constitutional reasoning—which rests on the fundamental principles of federalism and State sovereignty—applies to every monetary transaction related to a State's exercise of any of its attributes of sovereignty. This list would include at least: taxation, public spending, borrowing on the public credit, eminent domain, and judicial proceedings.

Article I, Section 10, Clause 1 prohibits the States from "coin[ing] Money; emit[ting] Bills of Credit; [or] mak[ing] any Thing but gold and silver Coin a Tender in Payment of Debts". But the Constitution does not prevent the States from receiving, spending, or paying silver and gold coin that has been coined and declared to be legal tender by the United States, or from ordering litigants in State courts to pay and receive such coin as damages or other monetary awards. And even if Congress did have a power to emit a legal-tender paper currency, by itself or through the Federal Reserve System, it nevertheless could not impose that currency on the States, if the States chose to use only silver and gold coin for those purposes. Therefore, the States could put themselves on a "silver and gold standard" with respect to their essential sovereign functions, and disregard the Federal Reserve System and its paper currency entirely.

•Such a plan would not require the States to "coin Money" in violation of Article I, Section 10, Clause 1. Instead, they would use the silver and gold "Money" that Congress has coined, pursuant to its power under Article I, Section 8, Clause 5.

•Such a plan would not require the States to declare the silver and gold coins they used a legal tender. Instead, they would rely (to the extent reliance was necessary or proper) on the present Congressional designation of those coins as legal tender. *See* 31 U.S.C. §§ 5103, 5112(g), 5112(h).

•Such a plan would not require the States to seek the disestablishment of the Federal Reserve System in Congress, or to challenge the System's unconstitutionality in the courts. Instead, the States would simply treat the Federal Reserve as irrelevant to their sovereign functions. (That is, the States would effectively disestablish the System within their own jurisdictions, with respect to taxation, public spending, borrowing on the public credit, eminent domain, judicial proceedings, and whatever else qualified as a sovereign activity.)

•Such a plan would probably not be subject to judicial challenge by the United States, because the national government has no power whatsoever over internal State sovereign functions, and therefore could assert no possible injury from such State action (that is, would have no standing to sue). Moreover, even if the courts granted the national government standing, on the merits that government would almost certainly lose the case under *Lane County*, *Peniston*, and *Hagar*.

•Such a plan would set in motion powerful economic forces, within any State adopting it, for the State's citizens to use silver and gold coin in their ordinary business transactions. If citizens had to pay taxes, to receive payments from the State, to loan to the State, and so on in coin, their need for and want of coin for these public transactions would encourage them to use and demand coin in their private business transactions as well. This would drive the whole State economy in the direction of coin, and away from paper currency. Also, in States in which silver and gold mining was an important industry (such as Nevada, Idaho, and Montana), important economic interest groups could be expected strongly to support the plan.

Furthermore, once such a plan proved successful in one State, political and economic pressure would develop in other States to adopt similar plans, so that the use of silver and gold coin would gradually spread across the country.

•Such a plan is also politically practical, because it would require merely *one* State to take action, rather than relying on Congress; and could be accomplished simply with the enactment of a single statute, rather than going through the time-consuming process of litigation in the courts.

Suggestions for Further Study

1. The issue of State adoption of silver and gold coin as media of exchange with respect to sovereign functions, along with other proposals for dealing with the problem of the Federal Reserve System, will be discussed at great length in my forthcoming book, *Pieces of Eight: The Monetary Powers and Disabilities of the United States Constitution* (2nd revised edition), which will contain all of the legal and historical material necessary to defend these positions.

Anyone interested in obtaining this book should send a postcard with his name and address to:

Edwin Vieira
13877 Napa Drive
Manassas, Virginia 20112

When the book is ready for distribution (sometime in mid to late 2001), everyone on my mailing list will be notified of its price and how to order it.

2. Separation of bank and state as the way to solve the problem of the Federal Reserve at the national level is the theme of the novel *CRA$HMAKER: A FEDERAL AFFAIRE* which I co-authored (under a *nom de plume*) with Victor Sperandeo and is now available directly (and only) from the distributor. Although this book is in "fictional"

form so as to put the issues into an easily understandable and entertaining context, it deals with the real problems of the present monetary and banking systems, and supplies insights and real solutions not be found anywhere else. More information on *CRA$HMAKER* can be obtained on Devvy's Page, by clicking on the "Mona Lisa" icon.

Edwin Vieira, Jr.

ASSEMBLY BILL NO. 188—ASSEMBLYMEN DINI, PRICE, CHOWNING, MARVEL, GIBBONS, BONAVENTURA, HETTRICK, NEIGHBORS, ERNAUT, HELLER, PERKINS, REGAN, WENDELL WILLIAMS, GREGORY, EVANS, SCHNEIDER, ANDERSON, COLLINS, HUMKE AND AUGUSTINE

FEBRUARY 1, 1993

Referred to Committee on Taxation

SUMMARY—Directs issuance of Nevada silver coins. (BDR 31-1094)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in italics is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to state financial administration; directing the issuance of Nevada silver coins; providing that such coins are legal tender for all debts in this state; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 353 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. *The legislature finds that:*

1. The State of Nevada, at the time of its admission to the United States, was a sovereign entity on equal footing with the 13 sovereignties that formed the compact known as the Constitution of the United States.

2. In ratifying and approving the Constitution of the United States, Nevada agreed to delegate certain of her sovereign powers to three agencies of government, all in the form provided by the Constitution.

3. Among the powers delegated by Nevada was the sovereign power to issue money. That power was delegated by Nevada and its sister states to the Congress of the United States in section 8 of article I of the Constitution of the United States, on condition that the Congress would issue all money.

4. Nevada also, in section 10 of article I of the Constitution of the United States, agreed not to issue its own money. This agreement was also conditioned upon the Congress discharging its obligation to issue money as the agent of Nevada and its sister states.

5. The purported delegation by the Congress of the power to issue money to the Federal Reserve Bank, a privately owned corporation, is a violation of the terms of the Constitution of the United States.

6. The failure of the Congress to discharge its obligation to issue all of the money pursuant to section 8 of article I of the Constitution of the United States absolves the State of Nevada from its constitutional obligation not to issue money.

NEVADA LEGISLATURE
67th SESSION 1993
Assembly
Bills 161-200

Sec. 3. *1. The State of Nevada shall issue into circulation coins of the State of Nevada in the face amount of $50,000,000. The coins must contain 1 ounce of fine silver, must be alloyed to 90 percent fineness and must bear The Great Seal of the State of Nevada on one side, and the words "Contains One Troy Ounce Fine Silver," "Twenty Dollars," "Nevada Legal Tender" and the year of issue on the other side. The coins so issued are legal tender for all debts, public and private, in this state.*

2. Except as otherwise provided in this section, when the coins authorized by subsection 1 are received into the state treasury, they must be reissued. The coins must not be held as a reserve except as the legislature otherwise directs.

3. If the number of coins subject to the control of the state treasurer diminishes to 500,000, the State of Nevada shall make successive issues of coins in accordance with subsection 1 in the face amount of $50,000,000, unless the total face value of the coins already issued is $500,000,000, in which case the State of Nevada shall issue no further coins without prior approval of the legislature.

4. If the legislature of the State of Nevada determines that the Congress of the United States is fulfilling its constitutional obligation to issue money by:

(a) Requiring the Federal Reserve Bank to retire its circulating notes; and

(b) Causing the issuance of sufficient notes of the United States and other currency to meet the needs of the commerce of the United States and of Nevada,

the state treasurer shall retire the coins authorized by this section as they are received into the state treasury.

Sec. 4. This act becomes effective upon passage and approval.

(REPRINTED WITH ADOPTED AMENDMENTS)
FIRST REPRINT **A.B. 188**

ASSEMBLY BILL NO. 188—ASSEMBLYMEN DINI, PRICE, CHOWNING, MARVEL, GIBBONS, BONAVENTURA, HETTRICK, NEIGHBORS, ERNAUT, HELLER, PERKINS, REGAN, WENDELL WILLIAMS, GREGORY, EVANS, SCHNEIDER, ANDERSON, COLLINS, HUMKE AND AUGUSTINE

FEBRUARY 1, 1993

Referred to Committee on Taxation

SUMMARY—Directs issuance of Nevada Silver Gaming Tokens. (BDR 31-1094)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to state financial administration; directing the issuance of Nevada Silver Gaming Tokens; providing that such tokens must be accepted for taxes, dues or other fees payable to this state; providing penalties; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 353 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 5, inclusive, of this act.

Sec. 2. *There shall be struck under the authority of the State of Nevada Silver Gaming Tokens of $5 denomination, each containing one-quarter ounce of fine silver and of the dimensions required by the state gaming control board for $5 tokens. The Nevada Silver Gaming Tokens must bear the Great Seal of the State of Nevada on one side and the words "Contains One-Quarter Ounce Fine Silver," "Five Dollars," "Nevada Silver Gaming Token" and the year of issuance on the other side. No more than 100,000,000 of such tokens may be struck and issued without the prior consent of the legislature. Except as otherwise provided in section 4 of this act, it is unlawful to accept such tokens at any value less than its $5 face value. A token must be accepted as payment for any taxes, dues or fees imposed by the state.*

Sec. 3. *A person holding a valid gaming license issued pursuant to chapter 463 of NRS may purchase Nevada Silver Gaming Tokens. A licensee is entitled to a credit of 25 cents toward present or future gaming license fees for each token purchased.*

Sec. 4. *The state treasurer shall accept Nevada Silver Gaming Tokens in payment of all state taxes, dues or fees. Nevada Silver Gaming Tokens which are given in payment by a person who purchased them pursuant to section 3* *of this act must be accepted at a face value of $4.75 until all tax credits claimed by that person have been used.*

Sec. 5. *Any person who counterfeits, forges or utters a Nevada Silver Gaming Tokens shall be punished by imprisonment in the state prison for not less than 1 year nor more than 10 years, or by a fine of not more than $50,000, or by both fine and imprisonment.*

Sec. 6. This act becomes effective upon passage and approval.

HISTORY OF BILLS

A. B. 186—Hettrick, Dini, Myrna Williams, Heller, Carpenter, Ernaut, Marvel, Humke, Lambert, Tiffany, Augustine, Bache, Regan, Perkins, Collins, Bonaventura, Schneider, de Braga, Kenny, Giunchigliani, Gibbons, Scherer, Chowning, Gregory, Evans, Freeman, Segerblom, Anderson, Price, Smith, Toomin, Arberry and Neighbors, Feb. 1.

Summary—Increases population threshold for county in which domestic winery may be operated. (BDR 52-1292) Fiscal Note: Effect on Local Government: No. Effect on the State or on Industrial Insurance: No.
Feb. 1—Read first time. Referred to Committee on Commerce. To printer.
Feb. 2—From printer. To committee.
Apr. 27—From committee: Do pass.
Apr. 28—Read second time. To engrossment. Engrossed.
Apr. 29—Read third time. Passed. Title approved. To Senate.
Apr. 30—In Senate. Read first time. Referred to Committee on Commerce and Labor. To committee.
May 21—From committee: Do pass.
May 24—Read second time.
May 25—Taken from General File. Placed on General File for next legislative day.
May 26—Read third time. Passed. Title approved. To Assembly.
May 27—In Assembly. To enrollment.
May 28—Enrolled and delivered to Governor.
Jun. 3—Approved by the Governor. Chapter 184.
Effective October 1, 1993.

A. B. 187—Petrak, Porter, Myrna Williams, Kenny, Segerblom, Toomin, Price, Chowning, Wendell Williams, Smith, Bache, Giunchigliani, Perkins, Bennett, Regan, Neighbors, Garner, Augustine, Evans, Sader and Freeman, Feb. 1.

Summary—Limits increase in rent for mobile home lots in certain counties. (BDR 10-6) Fiscal Note: Effect on Local Government: No. Effect on the State or on Industrial Insurance: Yes.
Feb. 1—Read first time. Referred to Committee on Commerce. To printer.
Feb. 2—From printer. To committee.
Jun. 3—From committee: Amend, and do pass as amended. Placed on Second Reading File. Read second time. Amended. To printer.
Jun. 4—From printer. To engrossment. Engrossed. First reprint.
Jun. 5—Taken from General File. Placed on General File for next legislative day.
Jun. 7—Read third time. Passed, as amended. Title approved. To Senate.
Jun. 8—In Senate. Read first time. Referred to Committee on Judiciary. To committee.

A. B. 188—Dini, Price, Chowning, Marvel, Gibbons, Bonaventura, Hettrick, Neighbors, Ernaut, Heller, Perkins, Regan, Wendell Williams, Gregory, Evans, Schneider, Anderson, Collins, Humke and Augustine, Feb. 1.

Summary—Directs issuance of Nevada Silver Gaming Tokens. (BDR [illegible]-1094) Fiscal Note: Effect on Local Government: No. Effect on the State or on Industrial Insurance: No.
Feb. 1—Read first time. Referred to Committee on Taxation. To printer.
Feb. 2—From printer. To committee.
Jun. 30—From committee: Amend, and do pass as amended. Placed on Second Reading File. Read second time. Amended. To printer.

FINAL INDEX Bills 1-30

Jul. 1—From printer. To engrossment. Engrossed. First reprint. Placed on General File. Read third time. Taken from General File. Placed on Chief Clerk's desk. Taken from Chief Clerk's desk. Placed on General File. Read third time. Passed, as amended. Title approved, as amended. To Senate. In Senate. Read first time. Referred to Committee on Taxation. To committee.

A. B. 189—Carpenter, Marvel, Dini, Hettrick, de Braga, Collins, Neighbors, Regan and Humke, Feb. 1.

Summary—Exempts from regulation certain uses of hazardous substances. (BDR 40-257) Fiscal Note: Effect on Local Government: No. Effect on the State or on Industrial Insurance: No.
Feb. 1—Read first time. Referred to Committee on Natural Resources, Agriculture and Mining. To printer.
Feb. 2—From printer. To committee.
Apr. 8—From committee: Amend, and do pass as amended. Placed on Second Reading File. Read second time. Amended. To printer.
Apr. 9—From printer. To engrossment. Engrossed. First reprint. Placed on General File. Read third time. Passed, as amended. Title approved, as amended. To Senate.
Apr. 12—In Senate. Read first time. Referred to Committee on Natural Resources. To committee.
Apr. 19—From committee: Do pass.
Apr. 20—Read second time.
Apr. 21—Taken from General File. Placed on General File for next legislative day.
Apr. 22—Read third time. Passed. Title approved. To Assembly.
Apr. 23—In Assembly. To enrollment.
Apr. 27—Enrolled and delivered to Governor.
Apr. 29—Approved by the Governor. Chapter 94.
Effective April 29, 1993.

A. B. 190—Smith, Regan, Gregory, Bache, Garner, Porter, Collins, de Braga, Carpenter, Neighbors, Segerblom, Wendell Williams, Kenny, Gibbons, Toomin, Anderson, Petrak and McGaughey, Feb. 3.

Summary—Makes appropriation to Clark County for improvements to fairgrounds for Clark County fair. (BDR S-1454) Fiscal Note: Effect on Local Government: No. Effect on the State or on Industrial Insurance: Contains Appropriation.
Feb. 3—Read first time. Referred to Committee on Ways and Means. To printer.
Feb. 4—From printer. To committee.

A. B. 191—Wendell Williams and Arberry, Feb. 3.

Summary—Requires board of regents of University of Nevada System to report to director of legislative counsel bureau concerning certain activities of police department for University of Nevada System. (BDR 34-308) Fiscal Note: Effect on Local Government: No. Effect on the State or on Industrial Insurance: No.
Feb. 3—Read first time. Referred to Committee on Education. To printer.
Feb. 4—From printer. To committee.
May 3—From committee: Amend, and do pass as amended.
May 4—Read second time. Amended. To printer.
May 5—From printer. To engrossment. Engrossed. First reprint.
May 6—Read third time. Passed, as amended. Title approved. To Senate.

Remarks by Assemblymen Petrak and Scherer.
Roll call on Assembly Bill No. 51:

YEAS—41.
NAYS—None.
Absent—Haller.

Assembly Bill No. 51 having received a constitutional majority, Mr. Speaker declared it passed.
Bill ordered transmitted to the Senate.

Assembly Bill No. 54.
Bill read third time.
Remarks by Assemblyman Collins.
Roll call on Assembly Bill No. 54:

YEAS—41.
NAYS—None.
Absent—Haller.

Assembly Bill No. 54 having received a constitutional majority, Mr. Speaker declared it passed.
Bill ordered transmitted to the Senate.

Mr. Speaker announced that if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 11:28 a.m.

ASSEMBLY IN SESSION

At 11:51 a.m.
Mr. Speaker presiding.
Quorum present.

MESSAGES FROM THE SENATE

SENATE CHAMBER, Carson City, February 1, 1993

To the Honorable the Assembly:

I have the honor to inform your honorable body that the Senate on this day adopted Senate Concurrent Resolution No. 4.

MARY JO MONGELLI
Assistant Secretary of the Senate

MOTIONS, RESOLUTIONS AND NOTICES

Senate Concurrent Resolution No. 4. ✓
Assemblyman Arberry moved the adoption of the resolution.
Remarks by Assemblyman Arberry.
Resolution adopted.

INTRODUCTION, FIRST READING AND REFERENCE

By Assemblymen Dini, Price, Chowning, Marvel, Gibbons, Bonaventura, Hettrick, Neighbors, Ernaut, Heller, Perkins, Regan, Wendell Williams, Gregory, Evans, Schneider, Anderson, Collins, Humke and Augustine:

Journal of the Assembly 1993 Vol. 1

Assembly Bill No. 188—An Act relating to state financial administration; directing the issuance of Nevada silver coins; providing that such coins are legal tender for all debts in this state; and providing other matters properly relating thereto.
Assemblyman Price moved that the bill be referred to the Committee on Taxation.
Motion carried.

By Assemblymen Carpenter, Marvel, Dini, Hettrick, de Braga, Collins, Neighbors, Regan and Humke:
Assembly Bill No. 189—An Act relating to hazardous materials; exempting from regulation the use of substances for agricultural or mining purposes; and providing other matters properly relating thereto.
Assemblyman Carpenter moved that the bill be referred to the Committee on Natural Resources, Agriculture and Mining.
Motion carried.

MOTIONS, RESOLUTIONS AND NOTICES

Mr. Speaker appointed Assemblyman Ernaut to serve on the Committee on Government Affairs during the two-week adjournment period, February 6, 1993 through February 21, 1993.

Assemblyman Porter moved that the Assembly recess until 4:30 p.m.
Motion carried.

Assembly in recess at 12:04 p.m.

ASSEMBLY IN SESSION

At 4:30 p.m.
Mr. Speaker presiding.
Quorum present.

Mr. Speaker announced that if there were no objections, the Assembly would recess subject to the call of the Chair for the purpose of hearing a presentation by Judy Matteucci, Director, Department of Administration, regarding governmental reorganization.

Assembly in recess at 4:32 p.m.

ASSEMBLY IN SESSION

At 5:12 p.m.
Mr. Speaker presiding.
Quorum present.

UNFINISHED BUSINESS

SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the Speaker and Chief Clerk signed Senate Concurrent Resolutions Nos. 1, 2, 3.

of this act become effective on July 1, 1…
regulations by the Nevada tax commi…
her purposes.

(30)

Nevada Legislature
66th Session 1991
Assembly Bills 260-324

ASSEMBLY BILL NO. 297—COMMITTEE ON TAXATION

FEBRUARY 5, 1991

Referred to Committee on Taxation

SUMMARY—Requires state to issue money. (BDR 31-1102)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to state financial administration; requiring the state to issue money; providing that such money is legal tender for all debts in this state; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 353 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. *The legislature finds that:*

1. The State of Nevada, at the time of its admission to the United States, was a sovereign entity on equal footing with the 13 sovereignties that formed the compact known as the Constitution of the United States.

2. In ratifying and approving the Constitution of the United States, Nevada agreed to delegate certain of her sovereign powers to three agencies of government, all in the form provided by the Constitution.

3. Among the powers delegated by Nevada was the sovereign power to issue money. That power was delegated by Nevada and its sister states to the Congress of the United States in section 8 of article I of the Constitution of the United States.

4. Nevada also, in section 10 of article I of the Constitution, agreed not to issue its own money. This agreement was conditioned upon the Congress discharging its obligation to issue money as the agent of Nevada and its sister states.

5. The delegation by the Congress of the power to issue money to the Federal Reserve Bank, a privately owned corporation, is a violation of the terms of the Constitution of the United States.

6. The failure of the Congress to discharge its obligation to coin money pursuant to section 8 of article I of the Constitution of the United States absolves the State of Nevada from its constitutional obligation not to issue its own money.

Sec. 3. *1. The State of Nevada shall issue into circulation coins of the State of Nevada in the face amount of $50,000,000. The coins must contain 1 ounce of fine silver, must be alloyed to 90 percent fineness and must bear the* *great seal of the state and the words "legal tender" and "twenty dollars." The coins so issued are legal tender for all debts, public and private, in this state.*

2. Except as otherwise provided in this section, when the coins authorized by subsection 1 are received into the state treasury, they must be released. The coins must not be held as a reserve except as the legislature otherwise directs.

3. If the legislature of the State of Nevada determines that the Congress of the United States is fulfilling its constitutional obligation to issue money by:

(a) Requiring the Federal Reserve Bank to retire its circulating notes; and

(b) Causing the issuance of sufficient notes of the United States and other currency to meet the needs of the commerce of the United States and of Nevada,

the state treasurer shall retire the coins authorized by subsection 1 as they are received into the state treasury.

30

Assemblyman Price moved that the bill be referred to the Committee on Taxation.
Motion carried.

By the Committee on Taxation:
Assembly Bill No. 296—An Act relating to taxation; providing for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to impose taxes on the sale or use of certain services; establishing the rates of those taxes and providing for their collection; providing exemptions from the taxes; providing penalties; contingently imposing certain analogous taxes; and providing other matters properly relating thereto.
Assemblyman Price moved that the bill be referred to the Committee on Taxation.
Motion carried.

Senate Bill No. 107.
Assemblyman Porter moved that the bill be referred to the Committee on Health and Welfare.
Motion carried.

Senate Bill No. 110.
Assemblyman Porter moved that the bill be referred to the Committee on Natural Resources, Agriculture and Mining.
Motion carried.

Senate Bill No. 131.
Assemblyman Porter moved that the bill be referred to the Committee on Judiciary.
Motion carried.

SECOND READING AND AMENDMENT

Assembly Bill No. 93.
Bill read second time.
The following amendment was proposed by the Committee on Judiciary:
Amendment No. 17.
Amend section 1, page 2, line 35, by deleting "*carry weapons*" and inserting: "*enforce court orders on juvenile offenders*".
Assemblyman Sader moved the adoption of the amendment.
Remarks by Assemblyman Sader.
Amendment adopted.
Bill ordered reprinted, engrossed and to third reading.

INTRODUCTION, FIRST READING AND REFERENCE

By the Committee on Taxation:
Assembly Bill No. 297—An Act relating to state financial administration; requiring the state to issue money; providing that such money is legal tender for all debts in this state; and providing other matters properly relating thereto.

Journal of the Assembly
1991 Nev. Vol. 1

Assemblyman Price moved that the bill be referred to the Committee on Taxation.

Motion carried.

By the Committee on Labor and Management:

Assembly Bill No. 298—An Act relating to wages; revising the conditions of and exemptions from the requirement that employers pay extra compensation for overtime; and providing other matters properly relating thereto.

Assemblyman Giunchigliani moved that the bill be referred to the Committee on Labor and Management.

Motion carried.

Assemblyman Porter moved that the Assembly recess subject to the call of the Chair.

Motion carried.

Assembly in recess at 11:21 a.m.

ASSEMBLY IN SESSION

At 11:41 a.m.

Mr. Speaker presiding.

Quorum present.

GENERAL FILE AND THIRD READING

Assembly Bill No. 55.

Bill read third time.

Remarks by Assemblyman Bayley.

Roll call on Assembly Bill No. 55:

YEAS—41.
NAYS—None.
Absent—Marvel.

Assembly Bill No. 55 having received a constitutional majority, Mr. Speaker declared it passed.

Bill ordered transmitted to the Senate.

Assembly Bill No. 216.

Bill read third time.

Remarks by Assemblyman Johnson.

Roll call on Assembly Bill No. 216:

YEAS—41.
NAYS—None.
Absent—Marvel.

Assembly Bill No. 216 having received a constitutional majority, Mr. Speaker declared it passed.

Bill ordered transmitted to the Senate.

Assembly Bill No. 217.

Bill read third time.

Remarks by Assemblymen Sader, Callister and Scherer.

Roll call on Assembly Bill No. 217:

YEAS—41.
NAYS—None.
Absent—Marvel.

Assembly Bill No. 217 having rece
Speaker declared it passed.

Bill ordered transmitted to the Senat

MOTIONS, RESOLUTI

Assemblyman Sader moved that As
General File.

Motion carried.

GENERAL FILE AND

Assembly Joint Resolution No. 28 o

Resolution read third time.

Remarks by Assemblyman Price.

Roll call on Assembly Joint Resoluti

YEAS—41.
NAYS—None.
Absent—Marvel.

Assembly Joint Resolution No. 28 o
constitutional majority, Mr. Speaker d

Resolution ordered transmitted to th

Assembly Bill No. 282.

Bill read third time.

Remarks by Assemblyman Freeman.

Roll call on Assembly Bill No. 282:

YEAS—41.
NAYS—None.
Absent—Marvel.

Assembly Bill No. 282 having rece
Speaker declared it passed.

Assemblyman Freeman moved that al
bly Bill No. 282 be immediately transr

Motion carried unanimously.

Assembly Bill No. 2.

Bill read third time.

Remarks by Assemblyman Sader.

Roll call on Assembly Bill No. 2:

YEAS—41.
NAYS—None.
Absent—Marvel.

Assembly Committee
on Taxation NVLCB93
6-26-93

Assembly Bill No 188

Summary--Directs issuance of Nevada Silver Tokens.

Fiscal Note: Effect on Local Government: Yes
Effect on the State or on Industrial Insurance: No.

EXPLANATION--Matter in boldface is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to state financial administration, directing the issuance of Nevada silver tokens, providing that such tokens be accepted for taxes or other dues in this State, and providing penalty for violations and other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 353 of NRS is hereby amended by adding thereto the provisions set forth as sections 2, 3, 4 and 5 of this act.

Sec. 2. There shall be struck under the authority of the State of Nevada Silver Gaming Tokens of five dollar denomination, each containing one-quarter ounce of fine silver and of the dimensions now required by the State Gaming Control Board for five dollar tokens. These Nevada Silver Gaming Tokens shall bear the great seal of the State on one side, and the words "Five Dollars", "Nevada Silver Gaming Token," "Contains One-quarter Ounce Fine Silver," "Five Dollars" and the year of issue on the other side No more than 100,000,000 of such tokens may be struck and issued without prior consent of the Nevada Legislature. It shall be unlawful to accept such tokens at any value less than its five dollar face value. The tokens, shall be accepted in payment of all state and local taxes, dues or fees.

Sec. 3. Each Nevada gaming licensee employing more than one $ 5 slot machine or any table game shall be required to purchase in $ 5 Nevada silver gaming tokens an amount equal to one percent (1%) of its gross gaming profits for the previous year. Any other Nevada gaming licensee may purchase such tokens. For each Nevada Silver Gaming Token purchased by a Nevada gaming licensee, the licensee shall receive a credit against present or future gaming licenses or fees in the sum of twenty-five cents ($0.25).

EXHIBIT F

ASSEMBLY AGENDA

for the

COMMITTEE ON TAXATION

Day Thursday Date May 27, 1993 Time 1:15 p.m. Room 332

AB 600 - Makes various changes relating to taxation of intoxicating liquor on Indian reservation or colony. (BDR 32-972)

AB188

AB 333

Note: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Assembly Committee on Taxation at 687-3966.

EXHIBIT A

Index of all Measures in and Referred to Assembly Committee on Taxation
Current to Wednesday, September 8, 1993

ber	Date Referred	Prime Introducer	Subject	Date Discussed	Comm. Action	Assembly Action	Senate Action	Go Ac
1	01/19	Marvel	PROPERTY TAX	1/28, 3/23	A&DP	PASS# 03/01	PASS 03/23	03/
100	01/20	Ways and Means	SCHOOL FINANCES	3/16, 6/18	A&DP	PASS# 06/22	PASS 06/30	07/
101	01/20	Taxation	TAXATION	2/22, 3/ 9	A&DP	PASS# 03/17	PASS 04/05	04/
102	01/20	Taxation	PROPERTY TAX	2/22, 5/20	A&DP	PASS# 06/22	PASS 06/30	07/
103	01/20	Taxation	TAXATION	3/18 [illegible]	A&DP	PASS# 04/01	PASS# 06/29	07/
136	01/21	Taxation	PROPERTY TAX	1/28, 3/ 9	A&DP	PASS# 03/17	PASS# 04/21	05/
137	01/21	Taxation	PROPERTY TAX	1/28, 3/ 9	A&DP	PASS# 03/17	PASS 04/05	04/
152	01/26	Giunchigliani	LOW-INCOME HOUSING		PEND	PASS# 06/22	PASS 06/29	07/
173	01/28	de Braga	HORSES	3/ 9 6-17	DP	PASS 03/16	PASS 04/06	04/
183	01/29	Commerce	METRO	2/23	DP	PASS 03/01	PASS 03/15	03/
185	02/01	Dini	PROPERTY TAX		PEND			
189	02/01	Dini	NEVADA SILVER COINS	4/ 6, 4/22, 5/27, 6/25 6/26	A&DP	PASS# 07/01	AB 560 passed	
233	04/08	Judiciary	CASINO ENTERTAINMENT TAX	5/13, 5/27	A&DP	PASS# 06/11	PASS 06/25	07/
282	02/24	Taxation	LOCAL GOVT FINANCES	3/23, 6/18	A&DP	PASS# 06/22	PASS 06/23	07/
295	03/02	Spitler	CIGARETTES	3/16, 3/23, 4/27, 6/18, [illegible]	DP	PASS# 07/01	PASS 07/02	07/
305	03/02	Dini	IRRIGATION DISTRICTS	3/23, 4/ 6	DP	PASS 04/09	PASS 06/25	07/
313	03/04	Haller	VEHICLE PRIVILEGE TAX	3/25	NACT			
323	03/08	Taxation	RENTAL CARS	3/18	DP	PASS 03/23	PASS# 07/01	07/
331	03/09	Commerce	INSURANCE PREMIUM TAX	4/29, 5/ 4, 5/20	IP			
356	03/16	Haller	EMPLOYERS AND EMPLOYEES	3/25	NACT			
394	03/23	Taxation	BUSINESS TAX	4/20, 4/22, 4/30, 5/ 8, 6/ 1, 6/18	A&DP	PASS# 06/22	PASS 06/28	07/
395	03/23	Taxation	WASHOE COUNTY	5/ 6, [illegible]	A&DP	PASS# 05/13	PASS# 06/29	07/
396	03/23	Taxation	INSURANCE PREMIUM TAX	3/30	NACT			
405	03/24	Freeman	BUSINESS TAX	4/20, 4/22, 4/30, 5/ 8, 6/ 1	NACT			
418	03/26	Taxation	BUSINESS TAX	4/20, 4/22, 4/30, 5/ 8, 6/ 1	NACT			
421	03/26	Giunchigliani	BUSINESS TAX	4/20, 4/22, 4/30, 5/ 8, 6/ 1	NACT			
423	03/29	Giunchigliani	TAXATION	5/11	DP	PASS 05/17	PASS 06/26	07/
438	03/31	Taxation	PARK DISTRICTS	4/15	DP	PASS 04/20	PASS 05/27	06/
447	04/01	Transportation	ALTERNATIVE FUELS		PEND			
448	04/01	Evans	BUSINESS TAX	4/20, 4/22, 4/29, 4/30, 5/ 8, 6/ 1	DP	PASS 06/07	PASS 06/25	07/
456	04/05	Scherer	BUSINESS TAX	4/20, 4/22, 4/30, 5/ 8, 6/29	A&DP	PASS# 07/01	PASS# 07/02	07/
458	04/05	Taxation	MOTOR VEHICLE FUEL TAXES	5/ 6, 5/11, 6/ 1, 6/ 7, 6/29	IP			
471	04/08	Anderson	TELEMARKETING	5/18	NACT			
482	04/13	Commerce	MOBILE HOMES	5/19	A&DP	PASS# 06/02	PASS 06/23	07/
533	04/23	Taxation	SLOT TAX	5/25	NACT			
545	04/28	Taxation	PROPERTY TAX	6/15, 6/17	NACT			
567	05/04	Taxation	PROPERTY TAX	5/20	IP			
592	05/06	Taxation	LOCAL GOVT FINANCES	6/ 1	A&DP	PASS# 06/30	PASS# 07/02	07/
600	05/07	Judiciary	INTOXICATING LIQUORS	5/27	NACT			
631	05/13	Haller	MEDICAL EQUIPMENT	5/10	NACT			
639	05/17	Taxation	WATER	6/ 8	IP			

ended *-Instr. from prior session A&-Amend & ... AD-Be Adopted ADPT-Adopted AMNC-Amend APRR-Amend, pass & re-refer
-Amend without recommend DNAD-Do Not Adopt DNP-Do Not Pass DP-Do Pass DPAM-Do pass, as amended DPCC-Consent Calendar
-Do Pass & refer CCOM-To concurrent comm. IP-Indefinitely Postponed MJMN-Majority/Minority NACT-No Action PEND-Pending
e-refer RSCH-Rescheduled SUB-Subcommittee WOR-Without recommend

2 see Sen. Natural Res. 5-11

Assembly Com. on TAXATION
NV LCB 93   10 of 32   4-5-93

MALALveney
Intell Report

How to Compile a Legislative History

NOTE: This is a detailed explanation of researching legislative history utilizing print materials, rather than online resources.

Legislative Histories: the documents and the process of compilation

Documents include *Nevada Revised Statutes*; *Statutes of Nevada*; 3-volume set of ***Senate History***, ***Assembly History***, and ***Index and Tables*** for each session year; legislative committee minutes and exhibits; the ***Journal of the Senate*** and ***Journal of the Assembly***; and bill books containing the introduced bills, reprints, and fiscal notes from each session.

Legislative documents are available at selected Nevada libraries, including committee minutes available on microfiche (1965 through 1999, listed by session years and committee names).

There are three categories of documents included in a legislative history: bills and reprints, minutes and exhibits from committee hearings, and journal records of a bill's progress. Legislative studies also produce recommendations for bill drafts and provide background information in key areas.

Getting started –

Starting point is a **topic in law,** begin with **step 1**.
Starting point is a **Nevada law (NRS),** begin with **step 2**.
Starting point is a **specific bill number and year,** begin with **step 3**.

1. Browse the subject index of the ***Nevada Revised Statutes*** **(NRS)** and locate the section number and text of appropriate laws. (The index to the NRS is available on line at http://www.leg.state.nv.us/NRS/NRSIndex/.) To search for bills introduced during a specific legislative session on a specific topic, browse the ***Index and Tables*** volume for the appropriate session year.

2. At the end of the NRS section, the history line identifies the years and pages when the law was enacted and amended. **Example: [36:140:1913; A 1915, 378; 1937, 327] (NRS A 1991, 1783; 1995, 220)** refers to section 36, chapter 140, of the 1913 *Statutes of Nevada*, amended in the 1915 *Statutes of Nevada* at page 378, amended in the 1937 *Statutes of Nevada* at page 327, amended in the 1991 *Statutes of Nevada* at page 1783, amended in the 1995 *Statutes of Nevada* at page 220.

   Check each year and page in the ***Statutes of Nevada*** to determine which changes in language are relevant. Page back to the beginning of the chapter to determine the bill number. **Example: the**

amendment at 1995, 220 is part of Senate Bill 100.

3. Locate the bill number in the ***Senate History*** or the ***Assembly History*** volume for the appropriate year. The **History** volume records the chronology of each bill, including which committees held hearings. **Example: S.B. 100 from 1995 was referred to the Senate Committee on Natural Resources and the Assembly Committee on Government Affairs.**

4. **Legislative committee hearings**: Committee minutes on microfiche are arranged by year, house, committee name, hearing date. The first fiche for each committee includes an index of all measures heard by the committee. Note the dates or page numbers, select the fiche labeled with the corresponding dates, read through the day's minutes for discussion on specific bills. A bill may be discussed more than once in a meeting. Exhibits referenced in the minutes are included at the end of the meeting. **Example: microfiche index notes S.B. 100 from 1995 was discussed in Senate Natural Resources, 4-10-95.**

5. **Journals of the Senate and Assembly**: Journals record all official actions taken on bills pending before the chambers and may include the text of remarks made by legislators. The final journal includes an index by bill number.

6. **Bills**: The complete bill package includes the introduced bill, reprints incorporating amendments, fiscal notes when applicable, and the final, enrolled bill. The final, enrolled bill is the version printed in the ***Statutes of Nevada***.

Using the bill history page as the guide, assemble in chronological order the bill prints, committee minutes and journal entries.

See also:
Compiling legislative history with online documents for 1999, 1997, 1995 or 1993.
Lists of legislative histories compiled by and available from the Research Library: 1991-1999 or 1873-1989

For more information, contact the Research Library at 775-684-6827 or library@lcb.state.nv.us.

Last updated 01/30/01

1993

ASSEMBLY

TAXATION

VOL. 5

6/22 - 7/1

Assembly Bill No 188

Summary--Directs issuance of Nevada Silver Tokens.

Fiscal Note: Effect on Local Government: Yes
Effect on the State or on Industrial Insurance: No.

EXPLANATION--Matter in boldface is new; matter in brackets [] is material to be omitted.

AN ACT relating to state financial administration, directing the issuance of Nevada silver tokens, providing that such tokens be accepted for taxes or other dues in this State, and providing penalty for violations and other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 353 of NRS is hereby amended by adding thereto the provisions set forth as sections 2, 3, 4 and 5 of this act.

Sec. 2. There shall be struck under the authority of the State of Nevada Silver Gaming Tokens of five dollar denomination, each containing one-quarter ounce of fine silver and of the dimensions now required by the State Gaming Control Board for five dollar tokens. These Nevada Silver Gaming Tokens shall bear the great seal of the State on one side, and the words "Five Dollars", "Nevada Silver Gaming Token," "Contains One-quarter Ounce Fine Silver," "Five Dollars" and the year of issue on the other side. No more than 100,000,000 of such tokens may be struck and issued without prior consent of the Nevada Legislature. It shall be unlawful to accept such tokens at any value less than its five dollar face value. The tokens, shall be accepted in payment of all state and local taxes, dues or fees.

Sec. 3. Each Nevada gaming licensee employing more than one \$ 5 slot machine or any table game shall be required to purchase in \$ 5 Nevada silver gaming tokens an amount equal to one percent (1%) of its gross gaming profits for the previous year. Any other Nevada gaming licensee may purchase such tokens. For each Nevada Silver Gaming Token purchased by a Nevada gaming licensee, the licensee shall receive a credit against present or future gaming licenses or fees in the sum of twenty-five cents (\$0.25).

EXHIBIT F

Sec. 4. The Nevada Treasurer shall receive for payment of taxes such Nevada Silver Gaming Tokens as are presented to him, but any token received from a Nevada gaming licensee who received a credit under sec. 3 above shall be credited at $ 0.25 less than its face value until all tax credits claimed by the Nevada gaming licensee under sec. 3 are canceled.

Sec. 5. Violations of secs. 2 and 3 of this Act shall be a misdemeanor; counterfeiting, forging or uttering a Nevada Silver Gaming Token shall be a felony punishable by a prison term of not less than one nor more than ten years, or by a fine of not more than $50,000 or by both such fine an imprisonment.

Sec. 6. This Act shall be effective upon its passage and approval.

6-26

6-28

6-29

ESTIMATED REVENUE FROM NEVADA SILVER TOKEN BILL
(A.B. 188, 5/24/93 DRAFT)

	COST	PROFIT	SALES TAX REVENUE	TOTAL
		FIRST YEAR		
ı ı)	$1.6 Million (per month)	2.4 Million (per month)	$4.05 Million[1] (1st year)	$ 32.85
		SECOND YEAR		
ion)	$ 18.2 Million (for year)	$ 28.8 Million (for year)	$12.03 Million	$ 40.83
	Two year total			$ 73.83 Million

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ased upon: $48 million (amount issued after first year) x .5 (average ng for 12 months) x 50 exchanges per year (roughly once a week) x .5 exchanges producing taxable sales) x sales tax rate of .0675 = $ 4.05 for the first year. For the second year, the average amount in on for the year is calculated at $ $72 Million ($48 million at beginning veraged with $96 million at end of year.)

ASSEMBLY BILL NO. 188—ASSEMBLYMEN DINI, PRICE, CHOWNING, MARVEL, GIBBONS, BONAVENTURA, HETTRICK, NEIGHBORS, ERNAUT, HELLER, PERKINS, REGAN, WENDELL WILLIAMS, GREGORY, EVANS, SCHNEIDER, ANDERSON, COLLINS, HUMKE AND AUGUSTINE

FEBRUARY 1, 1993

Referred to Committee on Taxation

SUMMARY—Directs issuance of Nevada silver coins. (BDR 31-1094)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to state financial administration; directing the issuance of Nevada silver coins; providing that such coins are legal tender for all debts in this state; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 353 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. *The legislature finds that:*

1. The State of Nevada, at the time of its admission to the United States, was a sovereign entity on equal footing with the 13 sovereignties that formed the compact known as the Constitution of the United States.

2. In ratifying and approving the Constitution of the United States, Nevada agreed to delegate certain of her sovereign powers to three agencies of government, all in the form provided by the Constitution.

3. Among the powers delegated by Nevada was the sovereign power to issue money. That power was delegated by Nevada and its sister states to the Congress of the United States in section 8 of article I of the Constitution of the United States, on condition that the Congress would issue all money.

4. Nevada also, in section 10 of article I of the Constitution of the United States, agreed not to issue its own money. This agreement was also conditioned upon the Congress discharging its obligation to issue money as the agent of Nevada and its sister states.

5. The purported delegation by the Congress of the power to issue money to the Federal Reserve Bank, a privately owned corporation, is a violation of the terms of the Constitution of the United States.

6. The failure of the Congress to discharge its obligation to issue all of the money pursuant to section 8 of article I of the Constitution of the United States absolves the State of Nevada from its constitutional obligation not to issue money.

Sec. 3. *1. The State of Nevada shall issue into circulation coins of the State of Nevada in the face amount of $50,000,000. The coins must contain 1 ounce of fine silver, must be alloyed to 90 percent fineness and must bear The Great Seal of the State of Nevada on one side, and the words "Contains One Troy Ounce Fine Silver," "Twenty Dollars," "Nevada Legal Tender" and the year of issue on the other side. The coins so issued are legal tender for all debts, public and private, in this state.*

2. Except as otherwise provided in this section, when the coins authorized by subsection 1 are received into the state treasury, they must be reissued. The coins must not be held as a reserve except as the legislature otherwise directs.

3. If the number of coins subject to the control of the state treasurer diminishes to 500,000, the State of Nevada shall make successive issues of coins in accordance with subsection 1 in the face amount of $50,000,000, unless the total face value of the coins already issued is $500,000,000, in which case the State of Nevada shall issue no further coins without prior approval of the legislature.

4. If the legislature of the State of Nevada determines that the Congress of the United States is fulfilling its constitutional obligation to issue money by:

(a) Requiring the Federal Reserve Bank to retire its circulating notes; and

(b) Causing the issuance of sufficient notes of the United States and other currency to meet the needs of the commerce of the United States and of Nevada,

the state treasurer shall retire the coins authorized by this section as they are received into the state treasury.

Sec. 4. This act becomes effective upon passage and approval.

DAVID HORTON
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October 23, 1992

Kim Morgan
Legislative Counsel
Bureau
Capitol Complex
Carson City, Nevada 89710

Dear Kim:

Thank you for your call in which you said you will be drafting, at Joe Dini's request, an up-dated version of the Nevada Silver Coin Bill.

Here is the legal basis for the Bill:

The Bill corrects a violation of the United States Constitution as well as providing Nevada with a non-tax source of government revenue.

Two provisions of the U. S. Constitution are involved: Article I, Section 8, Clause 5; "The Congress shall have power. . . To coin Money (and) regulate the Value thereof. ." and Article I, Section 10; " No State shall. . . coin Money, (or) make any Thing but gold and silver Coin a Tender in Payment of Debts;"

These two provisions are the mechanism by which the power to issue money, which inheres in the Sovereigrty of the State, was delegated by the individual States, in the Constitution, to their common agent, the Congress. There is no question but what these two provisions intended precisely that delegation. They are clearly stated.

In order to see the legal basis for the opportunity that Nevada has with the Nevada Silver Coin Bill, it is necessary to examine what happened since the States agreed to give to Congress their power to issue money.

In a nutshell, thirteen Nations won their nationhood, and were recognized by the Treaty of Paris, in which "the State (nation) of Great Britain" recognized her thirteen former colonies as "Free, Sovereign and Independent States (nations)." If fewer than nine of these new Nations had agreed to the terms of the Constitution, all powers of each of the thirteen sovereign Nations, including the power to issue money, would have remained where those powers originated--with each State (Article VII, U. S. Constitution).

When nine, later 13, States agreed to the Constitution, the delegation of the power to issue money to the Congress was complete.

However, in stead of going by the Constitution, which directs the Congress to issue the money, the Congress has done something else--surrendered the power to issue money that it got from the States to a consortium of private bankers (the Federal Reserve Corporation). Nowhere was this surrender agreed to by any State from which the Congress obtained the power to issue money. The Constitution said one thing; the Congress did something else.

It is this violation of the Constitution that the Nevada Silver Coin Bill addresses.

The State of Nevada has the power, and the duty, to "support this (U.S.) Constitution" by putting down violations of the Constitution within its borders. The legislature speaks for the State "in its highest sovereign capacity" (See Report of the New York Legislature, 1833, reprinted pp. 550 ff., Vol. II of the 1918 Annual Report of the American Historical Association). Each State officeholder also is sworn "to support this (U.S.) Constitution" (Article VI, par. 3).

When violations occur, the State is not the hapless and helpless victim of the agent it created with its sister States. As a Principal to the Constitutional compact, Nevada has all of the powers of the sovereignties that were recognized by the Treaty of Paris, having been brought in "on an equal footing" with the 13 original Nations.

This status as a Sovereign State creates the responsibility for correcting Constitutional violations within the boundary of the State. When the Constitution is violated by an agency, such as the Congress, the State, "whose creature it is. . .must take such measures to redress the injury done to the Constitution as the exigency may suggest and prudence justify" (Federalist No. 33).

The Nevada Silver Coin Bill is such a measure. It provides for the resumption by Nevada of a portion of her power to issue currency unless and until the Congress wakes up to its responsibility under Article I, Section 8, Clause 5, and starts issuing all of the money. When that happens, the Nevada Silver Coin Bill provides that the coins issued by Nevada, in protest to and in correction of the Constitutional violation, may then be retired (Sec. 3).

The Nevada Silver Coin Bill gives Nevada an opportunity to defend and restore the Constitution, while at the same time, raising millions of non-tax dollars for Nevada and stimulating our economy.

Attached are a photocopy of pp. 91 ff. of Col. Roberts' book "The Most Secret Science" and two Bulletins of the Committee to Restore the Constitution that relate to this proposal. They can be summarized as follows:

"The Most Secret Science"

The power to issue money is the supreme prerogative of government (p. 92); this power has been taken over by private banking interests, which supply debt money (p.93). Debt money does not serve the needs of a free-enterprise economy (p.94).

U. S. Notes are the direct issue of the Congress and are interest free; their use, starting in Lincoln's Administration, has saved the American economy billions of dollars in unnecessary interest charges (p.95).

The use of a debt money system compels the issuance of money that is based upon debt, and socialist, unConstitutional schemes are the result, because they create the federal debt that is needed to support the issuance of more and more debt money (p.96). The reversal of this trend requires the issuance by the Congress of United States Notes to replace Federal Reserve Notes. The development of Local Control of Local Purchasing Power helps insulate a State's economy from outside manipulation (p.97).

The baneful effects of creeping socialism can be impeded by restoration of U.S. Notes as the circulating medium (p.97), and can be accomplished by a simple amendment of the present U.S. Code (p.99). The restoration of money issued by the Congress will balance the federal budget and force interest rates down (p.100).[1]

September, 1986, CRC Bulletin: Position paper of Nevada in issuing a one-ounce, twenty dollar legal tender coin:

> The power to issue money inheres in the sovereignty of the State and was delegated by the States to the Congress on condition that the Congress, not a privately owned central bank, issue the money (p.1).
>
> The surrender by the Congress to the Federal Reserve Bank of the power to issue the money is a breach of the Constitution and an unlawful usurpation of the power that belongs to the State (p.2); it is the State's responsibility to correct the infraction (p. 2).
>
> Nevada has previously used its legislative power to correct a Constitutional infraction and can use the same legislative power to force the

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While the logic of this prescription is correct, we know from recent experience that the conclusion is flawed (that interest rates can come down only if the federal budget is balanced). Our current budget, with a bigger deficit than ever before in our history, has been accompanied by the lowest interest rates in over 20 years. This fact demonstrates that interest rates (and also much of the "value thereof" of our currency) are arbitrarily fixed by the Federal Reserve System. The Silver Coin Bill can help to place that control back into the hands (the Congress) that the Constitution directs, where it can be regulated (and stabilized) by statutory enactment. Keeping interest rates down for an extended period of time is one way to get the economy moving. The recent reduction of interest rates on a temporary basis (particularly when it has been accompanied with an increase of the capital requirements of the commercial banks, which prevents their making loans of any kind) will not have the desired effect of stimulating the economy, because (1), it is temporary, and cannot be the basis of long term planning or investment, and (2) it is countermanded, even in its immediate effect, by the requirement of increased capital for bank loans, which prevents the banks from putting more bank credit into the economy, and in stead, requires them to pull bank credit (purchasing power) out of the economy, thus deepening the recession, not relieving it.

Congress to resume its Constitutional obligation to issue our money. This power the Congress received from the States under Article 1, Section 8, Clause 5 of the Constitution (p.2).

The form of currency selected by Nevada would result in approximately $15 profit per coin (p. 2) (over $37,000,000.00 on the monetization of 2.5 million ounces of silver; more as the issues are extended) and would continue in circulation until Congress resumes its duty of issuing the money under the Constitution (p.3).

July, 1988, CRC Bulletin:

The constraints of the Debt Money System have caused congestion of the American population in urban areas. The issuance of a Nevada Silver Coin will promote the development of Nevada's economic autonomy and the expansion of her credit-creating capabilities; development of other sources of local credit will tend to reverse the congestion of population in urban centers by making more purchasing power available where our natural resources are located (pp.2,3). The Nevada State Coin may prompt the Congress to resume control of the nation's currency, which will balance the federal budget and stimulate the economy (p.3). The encouragement of "community" banks and the establishment of a state owned and operated commercial bank, patterned after the Bank of North Dakota, will increase the capital formation capabilities of Nevada and develop the State's resources (p.4).

Basically, if one looks at the two Constitutional provisions that deal with money, <u>and assumes</u> that the Constitutional provisions <u>are being carried out</u>, then, yes, Nevada would be prohibited from issuing a legal tender silver coin. But that assumption is not correct.

In stead, the Constitution says one thing and the federal agencies do something else--they violate the Constitution by failing to carry it out. If they weren't violating the Constitution, there would be no Nevada Silver Coin Bill. Far from violating the Constitution, the Nevada Silver Coin Bill enforces the provisions of the Constitution by correcting a violation within the boundaries of Nevada. This correction is something that Nevada not only has a right to do, but it has the duty to do.

In addition, the Nevada Silver Coin Bill will do each of the things listed on page 5 of the Report: raise non-tax revenue; improve reserves of Nevada banks; reduce Nevada's interest burden; stimulate Nevada's economy; advertise our Silver State; improve the market for Nevada silver and prod Congress to correct a serious violation of the U. S. Constitution.

After you have reviewed this material, it would be a good idea to meet to discuss any remaining doubts there may be about the right/duty of Nevada to "support" the Constitution by enforcing it.

Very truly yours,

David Horton

David Horton

Enc. Draft of Nevada Silver coin Bill
Extract, "The Most Secret Science"
Sept. 1986, Bulletin of the
Committee to Restore the Constitution
July, 1988, Bulletin
Report on Nevada Silver Coin Bill

cc: Speaker Dini

EIGHT

"Daniel Webster, James Otis and Sir Edward Coke all pointed out that the mere fact of enactment does not and cannot raise statutes to the standing of Law. Not everything which may pass under the form of statutory enactment can be considered the Law of the Land."

16 Am Jur. 2nd Sec.547

THREAT TO LIBERTY AND THE REMEDY
UNITED STATES MONETARY CRISIS

HON. JOHN R. RARICK
of Louisiana
IN THE HOUSE OF REPRESENTATIVES
Thursday, May 11, 1972

Mr. RARICK. Mr. Speaker, the current efforts by our Government to hold down price increases have served to focus the attention of thoughtful students on a little discussed facet of our money system. This system, because of a long process of miseducation and studied silence, is not now understood as it was prior to adoption of the Federal Reserve System more than half a century ago. It is based upon debt, has serious implications for the future of our country, and invites what may be the greatest war in history.

Every debt-dollar demands an interest tribute from our economy for every year that dollar remains in circulation. These interest costs force up the price of every commodity and service and contribute greatly to inflation.

One hundred and ten years ago, on President Lincoln's recommendation, the Congress authorized the issue of interest-free U.S. notes. Many of these notes are still in circulation and their interest-free status has saved the American economy billions of dollars.

Attempts to fight inflation in the United States by the highest interest rates here in over 100 years are bound to fail for high interest rates drive costs and prices up while holding production down. For this reason, the present administration has succeeded only in bringing about the anomalous situation of a depression in the midst of rising prices. The result has been to engorge financiers with profits at the expense of every other sector of the economy.

Moreover, so long as the manipulators of the money seek to maximize bank profits by high interest rates, prices must continue to skyrocket. Only by forcing these rates down can production be encouraged and costs reduced, which will minimize price increases.

Under the Constitution, the Congress has responsibility of issuing the Nation's money and regulating its value—Article I, section 8, clause 5. In a recent brilliant analysis of our money system by T. David Horton, chairman of the executive council of the Defenders of the American Constitution, able lawyer and keen student of basic American history, he suggests a proven remedy for our current predicament that will enable the Congress to resume its constitutional responsibility to regulate our Nation's money by liberating our economy from the swindle of the debt-money manipulators by the issuance of national currency in debt-free form.

Early in the present Congress I introduced legislation (H.R. 351) the main aim of which was to accomplish such liberation by authorizing our National government to purchase the Federal Reserve System and to place it under the control of experienced administrators who recognize the basic soundness of the traditionalist money system and who can be depended on to act in the interests of the American people and American financial needs.

In order that the indicated analysis and proposal of Mr. H[illegible] [illegible] Congress, I quote it as part of my remarks.

MONETARY CRISIS—ITS THREAT TO LIBERTY AND THE REMEDY (Address of T. David Hemion)

In [illegible] John Adams wrote to Thomas Jefferson:

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

The power to issue money is the supreme prerogative of government.

The history of contemporary money policies may be traced back to what has been called "the crime of 1666" when Barbara Villiers, mistress to Charles II, helped the British East India Company gain a rake-off starting at two pence on the pound of the royal coinage. These corrupt practices were multiplied, and by 1694, William Paterson, founder of the privately owned Bank of England, would declare:

> The Bank hath benefit of the interest on all monies that it creates out of nothing.

With the crime of 1864, the National Bank Act, we find private banks gaining the power to issue money directly and a struggle commenced that has continued to the present day. Our own national heritage, if we are allowed to know it, is full of emphatic statements upon the subject of money.

Abraham Lincoln was one of our nation's foremost statesmen on the subject of money.

The great American monetary historian, Alexander Del Mar, declared:

> Money is perhaps the mightiest engine to which man can lend an intelligent guidance. Unheard, unfelt, unseen, it has the power to so distribute the burdens, gratifications and opportunities of life that each individual shall enjoy that share of them to which his merits or good fortune may fairly entitle him, or, contrariwise, to dispense with them so partial a hand as to violate every principle of justice, and perpetuate a succession of . . . slavery to the end of time . . .

What have we done with our money? More than a hundred years ago John C. Calhoun said that we had given the banks the government credit for nothing, only to borrow it back again at interest.

In the 1930's Marriner Eccles, then chairman of the board of governors of the Federal Reserve System, admitted to Congressman Wright Patman that "What that privately owned central bank used to buy three billion dollars worth of government bonds was the right, as he called it, to create credit money.

Yes, banks create money—ex nihil—out of nothing.

Congressman Usher L. Burdick confirmed this in an interview published in 1959 in which he said:

> We want to sell four billion dollars worth of bonds, and we sell it in New York to those who haven't got a dime, and they don't need any money because they simply enter credit to the government on their books! — — — And then, before such money is paid out, they get the currency because they bundle up those bonds and bring them down here to Washington and get an equal amount of currency. Then they've got the money! But they didn't have the money before the government gave it to them.

In the meantime, of course, the government continues to pay interest on those bonds.

There is an incredulity regarding money matters that may be due in part to the fact that these gigantic legalized swindles simply boggle the imagination.

G.W.L. Day wrote in his book, *This Leads to War*:

The mystery which has shrouded the subject of banking is every whit as deep as that which obscures the hocus-pocus of witch-doctoring; and with just the same blind respect with which the simple natives of Sumeria once gaped and goggled while their priests muttered their incantations and examined the entrails of chickens. For centuries we have listened with awe to the dictums of finance, believing that its high priesthood is possessed of knowledge superhuman and that its mysteries are sacrosanct and incomprehensible to the common [illegible].

Henry Ford put it this way:

If the American people knew the corruption in our money system, there would be a revolution before morning!

What are the reasons for the incredulity that we find in the minds of [illegible] we tend to accept some things [illegible] the simplest of truths with regard to our money. One of the [illegible] may be explained this way:

We have a situation here where, if one of you deposits $100 in a bank account and if you write checks upon that deposit twice—if you do it in this country, I have to come around and put you in jail and lock you up. You have committed a crime. But the very same bank where you deposit that $100 can write checks on that same $100 not once, not twice, but five or 10 times, even 20 times, and can do so with impunity. This is called the fractional reserve system.

We penalize one man who writes checks on the same money twice and send him to jail!

We glorify the banker who writes checks on the same money 10 times and send him to Congress.

The difference between the banker's activity and the activity of the "paperhanger," as we'll call him, (who writes checks on the same money more than once) is that the banker charges interest for lending the same money 10 times!

Dr. Carl F.M. Sandberg said:

From those not previously familiar with these things, have come expressions of interest and enthusiasm, but also reluctance to accept as truth the fact that our government, without getting anything whatsoever in return, gives the Federal Reserve notes to private bankers for them to loan out at interest, even back to the government itself. To them this seems so senseless as to be unbelievable.

This is one reason why we find a certain incredulity with regard to accepting some of the [illegible] facts of life that relate to our money system. [illegible] not the enormity of the swindle that is most important. It is not the fact that the swindles of high finance amount to billions of dollars. It is the fact that our present debt money system does not work that is doing us the greatest injury.

Let us consider two points about our present system.

First: That every dollar we carry around in our wallets is a debt dollar.

Dr. Wallis A. Overholser said:

Our present Federal Reserve System is a flagrant case of the government conferring a special privilege upon bankers. The government hands to the banks its credit at virtually no cost to the banks for their private profit. Still worse, however, is the fact that it gives the bankers practically complete control of the amount of money that shall be in circulation. Our present money system is a debt money system. Before a dollar can circulate, a debt must be created.

The foregoing statement, with regard to the money we use for our trade today, applies alike to the dollars we carry in our pockets and also to the so-called checkbook dollars that banks create when making loans. These two sources of debt dollars make up our money.

Who profits from having all our money based on debt? To find the answer to this question, we can refer to the controllers of our commerce themselves.

Brooks Adams, the brother of Henry Adams, wrote in his book, the *Law of Civilization and Decay*:

> Perhaps no financier has ever lived abler than Samuel Loyd. Certainly he understood as few men, even of later generations, have understood the mighty engine of (money). He comprehended that, with expanding trade, an inelastic currency must rise in value; he saw that, with sufficient resources at command, his class might be able to establish such a rise almost at pleasure. . . He perceived that, once established, a contraction of the currency might be forced to an extreme, and that, as the value of money rose beyond price, as in 1825, debtors would have to surrender their property on such terms as creditors might dictate.

Loyd was father of the Bank Act of 1844. He was no idle theoretician. He obviously knew what he was doing, and he knew that his clique could profit immensely by causing a boom-bust cycle to ravage the economy periodically.

The importance of controlling the volume of currency in circulation was pointed out by President James A. Garfield who remarked:

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

Added to the fact that all of our money is debt money, we need to consider a second point, and that is our profit system. I remember as a small boy, puzzling myself over a problem that arose when I was reflecting upon the profits that I was making out of shoveling snow, mowing lawns, delivering newspapers, or whatever, saving up for the day when I would go to college. I figured: If I make a profit (and I'm supposed to be working to make a profit) and if everybody else is making a profit, where is the money to come from? I take my quarters and put them in a little bank—I was taking money out of circulation. My profit is what I took out of circulation. If everybody else did the same, a problem might develop.

I didn't come to any conclusions, but it was obvious to me, and it is probably obvious to any other ten-year-old, that there is a problem with regard to our money if we are to operate on a profit system.

If every business is run at a profit, then every business is creating a partial vacuum in the money supply and this can lead, and always has led over a period of time to cataclysm.

This is the assistance that the free enterprise system affords to the controllers of our money system, when it is decided by those controllers to cause a depression.

Unwittingly, so long as we tolerate a debt money system, we contribute to our own undoing.

Periodically, we get into a depression, as we're not able to distribute to our own people the very necessities of life. Willing workers are left idle, [illegible] products rot and food rots—for want of the money which our debt money system deprives us.

A physician told me recently that the second most common diagnosis made today by the general practitioner is malnutrition. This is America in 19[illegible].

At the same time, we are sending more than 100 million dollars worth of wheat to Russia, to feed their workers, who make more guns to kill our boys and more ICBMs to threaten our cities!

Our own people are hungry, and the manipulators of our debt money system decree that we send our food to our enemies.

This is insane.

But we are not without remedy.

First, we must understand that our debt money system creates a vacuum in the money supply. Second, we must understand that in order to have a healthy economy with everybody making more and more goods and reflecting more and more profit we must have an expanding money supply.

So, our debt money system is exactly the wrong kind of money system that we need for a healthy economy. Rather than continually expanding the supply of money to meet the demands of ever increasing goods and services that are being placed on the market, our debt money system decrees that the money supply shall contract because every dollar that is in circulation has a little tag on it, called interest, which commands that there must be withdrawn from circulation six cents or nine cents or 12 cents or whatever the interest tag dictates in order for that dollar to remain in circulation for another year.

487

The solution to this problem is not new. We can find it in the works of Abraham Lincoln that are now more than 100 years old. These quotations are from Lincoln's speeches on money reform:

> Money is the creature of law, and the creation of the original issue of money should be maintained as an exclusive monopoly of the national government.
>
> The wages of men should be recognized in the structure of and in the social order as more important than the wages of money.
>
> No duty is more imperative on the government than the duty it owes the people to furnish them with a sound and uniform currency, and of regulating the circulation of the medium of exchange, so that labor will be protected from a vicious currency, and commerce will be facilitated by cheap and safe exchanges.
>
> The monetary needs of increasing numbers of people advancing toward higher standards of living can and should be met by the government.
>
> The circulation of a medium of exchange issued and backed by the government can be properly regulated.
>
> Government has the power to regulate the currency and the credit of the nation.
>
> Government possessing the power to create and issue currency and credit as money and enjoying the right to withdraw both currency and credit from circulation by taxation and otherwise need not and should not borrow capital at interest as the means of financing government work and public enterprise.
>
> The Government should create, issue and circulate all the currency and credit needed to satisfy the spending power of the government and the buying power of consumers. The privilege of creating and issuing money is not only the supreme prerogative of government, but it is the government's greatest creative opportunity.
>
> By the adoption of these principles, the longfelt want for a uniform medium will be satisfied.
>
> The taxpayers will be saved immense sums of interest, discounts and exchanges.
>
> The financing of all government enterprise, the maintenance of stable government and ordered progress, and the conduct of the treasury will become matters of practical administration.
>
> The people can and will be furnished a currency as safe as their own government.
>
> Money will cease to be the master and become the servant of humanity. Democracy will rise superior to the money power.

What Lincoln was referring to was the issuance of a national currency, sometimes are referred to as Lincoln Greenbacks. I don't know how many [illegible] what today are the remaining issue of approximately 300 million dollars that was put into circulation more than 100 years ago. They are the United States Notes which bear the red seal. Our ordinary Federal Reserve notes bear, appropriately enough, a dour black seal. These black seals are debt money. Before they may circulate a debt must be created. A United States note with a red seal is spent into circulation and is interest free. There is no interest incurred in the issuance of it. There is no interest incurred in maintaining it in circulation.

Now it would be interesting to note how much the original issue of Lincoln Greenbacks has saved the American taxpayer since its original issuance.

February 25 of this year was the 110th anniversary of the statute authorizing the issuance of Lincoln Greenbacks. Three hundred million dollars of them is supposed to be maintained in circulation under statute, but they have been withdrawn, or at least placed into some form that the common variety of people rarely gets to see. They have been outstanding for 110 years.

If we compute the amount necessary to redeem the principal and interest of this 300 million dollars that was saved 100 years ago by the issuance of Lincoln Greenbacks, we find that, at merely 3 per cent interest, the amount of indebtedness which would be represented, had bonds been used instead, would be 7.75 billions dollars. We are dealing, of course, with an exponential, and we find that if we paid 6 per cent, the amount that the Lincoln Greenbacks saved our taxpayers and our commerce is 182.5 billion dollars, and the amount at 7 percent is [illegible] billion dollars.

408

The importance of this device that Lincoln initiated during the Civil War (which we need to copy if we are to emancipate our commerce from the thraldom of debt money) is recognized by the bankers themselves. The *London Times* is quoted as being the mouthpiece of high finance in John Howland Snow's book, *Government by Treason*. *The Times* is quoted as follows, referring to the Lincoln Greenbacks:

> If that mischievous financial policy, which had its origin in the North American Republic during the late war in that country, (Civil War) should become indurated down to a fixture, then that government will furnish its own money without cost. It will pay off its debts and be without a debt. It will have all the money necessary to carry on its commerce. It will become prosperous beyond precedent in the history of the civilized governments of the world. The brains and the wealth of all countries will go to North America. That government must be destroyed.

This is what the bankers had to say about Lincoln Greenbacks.

If we want to try to remedy the situation where our money system, instead of expanding at a time when we need more money, contracts and thereby forces us into periodic depression, we need to adopt the measures that Lincoln initiated. Namely, the issuance of a national currency. If, coupled with this, we require the banks to lend our money not 10 or 20 times, but limit them to three times, (this would be enough) and this can be done by setting the reserve requirements at 33 1/3 per cent. If these two things are done, it will not only provide an immense source of tax-free revenue and provide our commerce with a source of money that is interest-free, but also, it will keep the banking institutions from taking away the control of the amount of money in circulation, which they now do by their fractional reserve system.

As it stands, by multiplying the number of times that the same dollar is loaned out, the banking fraternity in fact controls much more of the total purchasing power available to bid for goods than the control that is exercised by the original issuing authority. This can be stopped by doing these two things: Issuing United States Notes on the one hand, and increasing reserve requirements on the other.

It has been wondered why it is we are drifting slowly, but apparently uncontrollable, toward Socialism. The answer to that perplexing question can be found in our debt money system. If we have a situation where there are two things that are drawing money out of circulation, namely the debt issuance of the currency in the first place and the profit motive in the second place, we find that it is necessary, in order to make the economy run at all, for this slack to be taken out.

The manner in which this is characteristically done in modern times is by means of a government deficit. Namely, the government spending more money than it takes in. The theory apparently is, that if the government operates at enough of a loss (and we've been [illegible] of dollars) then this will keep enough money in circulation to make up for the vacuum that the debt-money system on the one hand and the profit motive system on the other creates in the money supply. Yet, we all know it is impossible to borrow our way out of debt. We know that sooner or later in this type of operation there must be an accounting, and with that accounting we find depression.

When we come up to a period of recession or depression we find that the Socialists and the Communists are the only ones around with available remedies. The remedy that they suggest for the problem that is created by a restricted money supply, of having more productivity than you can distribute, is the same remedy that was advocated by the fellow who decided to kill the goose that laid the golden egg. They can take care of the problem—too many golden eggs to distribute—by killing the goose. And there is no doubt it is possible to eliminate these unmarketable surpluses by restricting production. But restricting production is not the answer. It's comparable to killing the goose that laid the golden egg.

The answer is to have sufficient money. Sufficient blood supply in our economy. To have it stay viable and to have it stay prosperous. This can be done only if we get away from our debt money system which forces us periodically into depression.

Another measure that we may consider in attempting to deal with the problems that we have in a money system that is basically diseased is to try to establish some means of local control of local purchasing power.

485

The Roman Empire survived for many hundreds of years on the basis of a split control, a split authority over its money system.

The pounds, shillings, pence system in England (which was being phased out only last year) is the vestigial remainder of the original Roman monetary system. The pounds, the gold coinage, were the exclusive prerogative of the Pontifex Maximus, or Caesar; the silver coinage was vested in certain favored municipalities and, ex senatus consulto, in certain favored princes. The bronze coinage, however, which, as the coinage of every day commerce allowed the Roman empire to survive, was de-centralized.

And in our own country the original [illegible] behind the Federal Reserve System was [illegible] would provide de-centralized control. With 12 de-centralized Federal Reserve Banks, we were told, we would have an ability to adjust local needs to local demands. We know now that this was merely a pretext. It was a gigantic fraud. It never did and never was intended to do any such thing. It was a European style central bank subject to the [illegible] of money manipulators which would keep us from having any local control of our local purchasing power.

What can we do individually in our states to offset this? One suggestion is to have other states follow the example of North Dakota. North Dakota has a bank. North Dakota is the only state in the Union that does have a bank. The Bank of North Dakota is owned and operated by that state. It allows a certain limited amount of local control of local purchasing power.

Local improvements are financed through that bank. Student loans are supported through that bank. You would not find it possible in North Dakota to get the people there to give up the Bank of North Dakota.

We have in other parts of the country, banks that are similarly named, but the Bank of Nevada or the Bank of Oregon or the Bank of California in every instance is a state chartered, privately owned financial institution.

If we wish to copy the example of the Bank of North Dakota we will find that that bank provided its people with a source of credit that survived even the great depression of the 1930's.

Coupled to this we can institute in our local communities a certain amount of local purchasing power issued by the community itself. This [illegible] in either one of two forms:

In one case, the merchants of a [illegible] community can agree to honor each other's checks, payable to bearer and insured against being cleared through the bank, which will cancel them, but intended to circulate as a local currency. Those merchants in that particular community will find that they will have an [illegible] to control a certain amount of their own purchasing power. They will find that their [illegible] people, on whom they depend for livelihood, are less likely to trade elsewhere than they will in their own local community, as [illegible] currency that is there is circulating locally.

The other way to obtain local control of purchasing power is by means of local [illegible] vouchers circulating as currency. These [illegible] can be made substantially interest-free under [illegible] state statutes. If this is done, local improvements can be made without our local governments [illegible] to the lending institutions to borrow back [illegible] tax money that the local community [illegible] commercial financial institutions.

These two means can combine [illegible] certain amount of local control of local [illegible] power. But the most important thing [illegible] concentrate on is the emancipation of [illegible] national currency from the thralldom [illegible] by the money manipulators. This we can do [illegible] concentrating upon the issuance of [illegible] currency in debt free form.

In case too many people become alarmed [illegible] consequences of this, it is to be pointed out [illegible] now have a certain amount of non interest [illegible] money in circulation. All of our fractional currency: That is to say, the pennies, the nickels, the dimes, the quarters and the halves, all of [illegible] are non-interest bearing in their form. They are manufactured in our mints; they are put into circulation; circulate freely; they do not [illegible] interest, and they provide the government [illegible] valuable source of revenue.

In the fiscal years 1966 through 197[illegible] the amount of seigniorage paid into the [illegible] by the mints amounted to more than [illegible] dollars. The profit ratio on this type of currency [illegible] something on the order of six-to-one [illegible] with six times as much currency as you [illegible] going into making the fractional coinage.

The cost ratio in making the Federal Reserve notes is more on the order of 600 to 1. And during these same four fiscal years, in spite of the fact that more than 50 billion dollars in Federal Reserve notes was manufactured by the Bureau of Printing and Engraving and turned over to the banks—not one cent in seigniorage was paid into the treasury!

In arresting this swindle and in emancipating our commerce from a debt money system we will find that the threat that is now posed by the Socialists and the Communists largely disappears.

Their remedies for our ills are being accepted gradually for two reasons:

One—There are no competing [illegible] offered.

Two—Our debt money system compels the government to spend more than it takes in because this is the only way we can keep the economy going!

And this defect, this [illegible] system, is what [illegible] sometimes more rapidly than many [illegible] think, down the tube to [illegible].

By [illegible] our [illegible] system, we will be safeguard[illegible]. Further than this, we will be protected [illegible] from a threat which seems ominous [illegible] but if we usher in the [illegible] available to us and that [illegible] themselves admit will [illegible] the threat of Socialism and Communism, even on the international scale, will largely dwindle and fade away.

Therefore, we must order our priorities. We must decide as individuals whether we are going to address ourselves to the problem of correcting a grave injustice that is perpetrated on our economy and on our government, by getting rid of a debt-money system. We must order our priorities and decide that we are going to spend our money and give of our substance and ourselves to this fight, rather than be distracted by the current basketball game, football game or by any number of other diversions that are continually waved before us.

If we want bread and circuses, then what we're going to get is Socialism. If we want to make our principal pastime, our principal activity, the running of our own affairs and the reinstallation of Constitutional control over our currency, then we will find that [illegible] organizations such as the Oregon Legislative and Research Committee will reward our individual efforts which will be responsive to a real national and local need.

Therefore, those who have elected to forego the entertainments of the hour to come here to study the question of what to do about our money system are to be commended. It is the people right here in this auditorium upon whom the well being of our Republic rests.

Those of us who have studied the American Revolution realize that it took a very small percentage of the American people to accomplish that feat. The burden rested upon relatively few shoulders. The fact that we can see about us others who appear to be more interested in other things should not dissuade us. We should be prepared to give of our substance and our time to such organizations as this, that have a positive remedy that is something other than a Socialist remedy: A remedy that has been proven, a remedy that will work; and a remedy for which our posterity will thank us, if we are able to accomplish it.

CONGRESS CAN FREE U.S. FROM BANKERS DEBT MONEY

"There is well over $100 Billion in Federal Reserve Notes now in circulation," said Mr. Horton* in a letter to Senator Paul Laxalt, Chairman, Senate Appropriations Committee. "Replacing $100 Billion in interest-bearing Federal Reserve Notes with a like amount of U.S. Notes that are interest-free in their original issuance saves the American taxpayer and the U.S. economy interest on $100 billion every year.

"A draft bill is enclosed," he said, "that could be clipped to the *Memorandum on Increasing Circulation of U.S. Notes* that was forwarded to you through your Reno office last November."

**J. David Horton, Chairman, Committee to Restore the Constitution, is a Carson City, Nevada, Attorney.*

491

The mechanism for immediately resolving the problem of America held hostage by a megabank debt-money system are set out in Horton's letter and attached exhibits, *Memorandum on Increasing Circulation of U.S. Notes*, and, "*A Bill to Provide for the increase in the circulation of U.S. Notes* . . ." reprinted in the same sequence, below.

---

18 January 1982

Honorable Paul Laxalt
315 Russell Office Building
Washington, D.C. 20510

Dear Paul:

Princess [illegible] writes:

"I have never understood how you in the U.S.A. left the gain on the money to others, not, as in Europe, to the State itself. A fault."

To implement the [illegible] circulation of $100 Billion in U.S. Notes [illegible] 31 U.S. Code, Section 402, is quite simple. A draft bill is enclosed that would [illegible] the Memorandum on Increasing Circulation of U.S. Notes that was forwarded to you through your Reno office last November. [illegible] copy is enclosed.

The fact that $100 Billion is being [illegible] on the New York money market [illegible] that the appropriations have already been made and the money will be spent. Whether [illegible] will be "debt money," with interest ad infinitum, or interest-free U.S. Notes, depends upon whether 31 U.S.C. 402 is amended.

There is well over $100 Billion in Federal Reserve Notes now in circulation. Replacing $100 Billion of interest-bearing Federal Reserve Notes with a like amount of U.S. Notes that are interest free in their original issuance saves the American taxpayer and the U.S. economy interest on $100 Billion every year.

The effect on interest rates of reducing federal borrowings by $100 Billion is outlined in the Memorandum.

Section 404 provides that U.S. Notes be kept in circulation:

> Except as provided in Sections 405, 406, and 621 of this title, it shall not be lawful for the Secretary of the Treasury or other officer under him to cancel or retire any more of the United States legal tender notes. And when any of said notes may be redeemed or be received into the Treasury under any law from any source whatever and shall belong to the United States, they shall not be retired, canceled, or destroyed, but they shall be reissued and paid out again and kept in circulation: Provided, that nothing herein shall prohibit the cancellation and destruction of mutilated notes and the issue of other notes of like denomination in their stead, as provided by law: And provided further, That in the event of any [illegible] by the Secretary of the Treasury under section 915 of this title that an amount of said notes has been destroyed or irretrievably lost and so will never be presented for redemption, the amount of said notes required to be kept in circulation shall be reduced by the amount so determined.

This last proviso keeps the Treasury secretary from worrying about keeping in circulation the entire amount of U.S. Notes issued. If notes are lost or destroyed, it results in legitimate profit to the government. For example, Section 405a-2 provides for the write-off of silver certificates deemed destroyed, lost, or held in collections. It is an easy matter to adjust the amount of currency issued to make up for that which has been taken out of circulation. The profit from this type of operation properly belongs to the Treasury, and is a form of non-tax revenue.

MEMORANDUM ON INCREASING CIRCULATION OF U.S. NOTES

Amending 31 U.S. Code 402 to provide for the circulation of $100 Billion in U.S. Notes rather than the present $300 Million can be expected to have the following results:

(a) By providing nearly $100 Billion in tax-free revenue, it will be unnecessary for the Federal Government to bid up the price (interest rate) of available credit in order to finance its operation. Chairman Volcker says that there should be $100 Billion less Federal borrowing on the money market in order to bring interest rates down. Replacing interest-bearing Federal Reserve Notes with U.S. Notes that are non-interest-bearing in their original issuance will relieve the pressure currently forcing interest rates up. Reducing interest rates will unshackle the conomy and allow production and distribution to ge. moving.

b) Retaining $100 Billion of U.S. Notes by forbidding their cancellation (as provided in Section 404 of 31 U.S. Code) will keep $100 Billion of the public debt in circulation as currency in interest free form. The long term affect will be to save annually the interest on $100 Billion (by 1972, the savings of the $300 Million authorized by Section [illegible] of 31 U.S.C. [illegible] "conventional" debt-money financing was over $511 Billion)

c) By re-asserting its control over the nation's currency, as required by Article I Section 8, Clause 5 of the U.S. Constitution, Congress will be serving notice on the controllers of the present [illegible] money that the economy may no longer be held hostage to increase bank [illegible]

d) A debt free currency that [illegible] the economy will abate pressure [illegible] Constitutional socialist spending programs and make possible further reductions in Federal spending and taxes.

97th CONGRESS 2nd SESSION

S ______

IN THE SENATE OF THE UNITED STATES

Mr. Laxalt introduced the following bill, which was read twice and referred to the Committee on ______

A BILL

To provide for the increase in the circulation of U.S. Notes from $300,000,000 to $100,000,000,000

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

Sec. 402 of Title 31 of the United States Code is hereby amended to read as follows (new material underscored, old material lined through):

Sec. 402. Limitation of amount of United States notes in circulation

The amount of United States notes outstanding and to be used as a part of the circulating medium, shall not exceed the sum of $100,000,000,000, ~~[illegible]~~ which sum shall appear in each monthly statement of the public debt, and no part thereof shall be held or used as a reserve.

DEMISE OF THE GERMAN REPUBLIC

"There is a pattern in the situation of [illegible] in America," said H.I.H. Aleksei Romanoff in the August 1979 issue of *Double Eagle*, "similar in various areas to such a pattern in Germany before the usurpation of power by the Nazi gang under the leadership of the Fuehrer Hitler.

"The Nazis polled fewer than a million votes at the 1928 election in the German Republic," said Romanoff, "and were represented by only 12 seats in the German Congress (Reichstag). But with the Wall Street crash of 1929 disaster came. Germany was like a man who has been leapfrogging cheques into and out of his bank account and is suddenly let down by the non-arrival of the credit intended to cover the post-dated debit made the day before yesterday and due to be presented today.

"By 1932 there were five million unemployed, and the disease of hopelessness spread throughout the German Republic. Food, warmth and shelter were pulled out of the people's grasp with terrible frequency. Savings vanished in a wave of profiteering and a desperate effort to pay the mortgages on farms and houses. Millions of Germans saw the apparently solid framework of their existence cracking and crumbling. In such circumstances men are no longer amenable to the arguments of reason. In such circumstances men entertain fantastic fears, extravagant hatreds and extravagant hopes. And in such circumstances the extravagant demagogy of Hitler began to attract a mass following as it had never done before.

"In these conditions," said Romanoff, "it was not only the Nazi Party which brought Hitler to unlimited dictatorial power. Indeed, it was the German Congress (Reichstag) which, subverted by Communo-Fascist cunning intrigues, in conditions of threats, bribery, murder and treason, brought Hitler to the Chancellorship of the German Republic in January 1933, bringing also an end to this German Republic and to so called democracy."

REPORT ON THE NEVADA SILVER COIN BILL
(A. B. 297)

Legal Basis:

There are two provisions in the U.S. Constitution dealing with money. In Article I, Section 8, Clause 5, the States agreed to delegate their power to issue money to the Congress. Prior to that delegation, the individual States had issued their own money, and later, with the consent of 9 States, the Continental Congress issued the currency that won the Revolutionary War, despite the widespread counterfeiting of the currency by the British.

Later, in the United States Constitution, the States agreed, in Article I, Section 10, not to continue issuing their own money, but this provision was dependent upon the first--namely that Congress would, in fact, issue all the money as the common agent of the States. The Congress has discharged its responsibility with regard to the fractional currency--the nickels, quarters and dimes, etc., and the profit from this activity (seigniorage) is paid over, twice a year, to the U. S. Treasury. But the principal money we use today is issued in violation of the Congress's obligation to issue all the money. In stead, it is issued by a private corporation (the Federal Reserve Corporation) in which the United States owns no stock.

None of the profit from the issuance of the Federal Reserve Notes goes into the Treasury, and in addition, the United States economy has to pay interest on the over $300 billion in currency that the Federal Reserve has issued, in order to keep the money in circulation. That amounts to over $1 billion per month that the American free enterprise system is paying in unnecessary and unConstitutional exactions just for the use of the money that the Congress is supposed to issue (interest free) into the economy.

The failure of the Congress to issue the folding money violates the Constitution and leaves the option open to Nevada, and to any other State wishing to do it, to resume control of such of the State's money power as it sees fit.

The proposed Nevada Silver Coin Bill starts with $50 million in $20 one ounce silver coins that are to stay in circulation until Congress lives up to its responsibility of issuing all of the money by causing the Federal Reserve to withdraw its issues of Federal Reserve Notes as the United States Notes, issued by the Congress, are placed in circulation. Only when the Congress has taken complete control of the money will Nevada withdraw the silver coins that are paid into the State Treasury in taxes.[1]

If Nevada, by this measure, is successful in intimidating the Congress into going by the Constitution, and replacing Federal Reserve Notes with United States Notes, the following would be the predictable results:

Replacing over $300 billion of outstanding Federal

It is not just the privilege of a State to use its legislative power to correct a federal usurpation--it is a duty for a State to do so (see Federalist 33 and 46). Nevada has used its legislative power before to correct a Constitutional infraction. In 1979, the Nevada Public Lands Ownership Act (NRS 321.596), started the correction of a Constitutional violation that is represented by Federal agencies continuing to exercise control over public lands in Nevada long afer we became a State and acquired the sovereign title to all public land within our borders.

Effects of the Bill:

The effect on the money system is confined to Nevada, because the coins will be legal tender only in Nevada. Unlike Federal Reserve Notes, the Nevada coins will be interest-free in their issuance and no interest payments will be necessary to keep them in circulation. They will form part of the fractional reserves of Nevada banks when they are received for deposit and will increase

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Reserve Notes with United States Notes generates $300 billion in non-tax government revenue. This causes the federal budget to balance for at least a year.

Right now, over one-half of the available commercial credit is sopped up by the federal government when it finances the deficit. Removing the principal bidder (the government) from the money market for over a year will make more credit available to the productive sector of our economy and drive interest rates down.

Lower interest rates will cause more homes to be built, more automobiles to be bought and will increase employment and revenues from existing tax sources. It will also reduce federal welfare payments and tend to bring future budgets into balance.

502

3. Supports exchanges in Nevada with a money that is interest-free in its issuance, thereby reducing the interest burden on Nevada's economy.

4. Stimulates Nevada's economy.

5. Builds Nevada's economic autonomy.

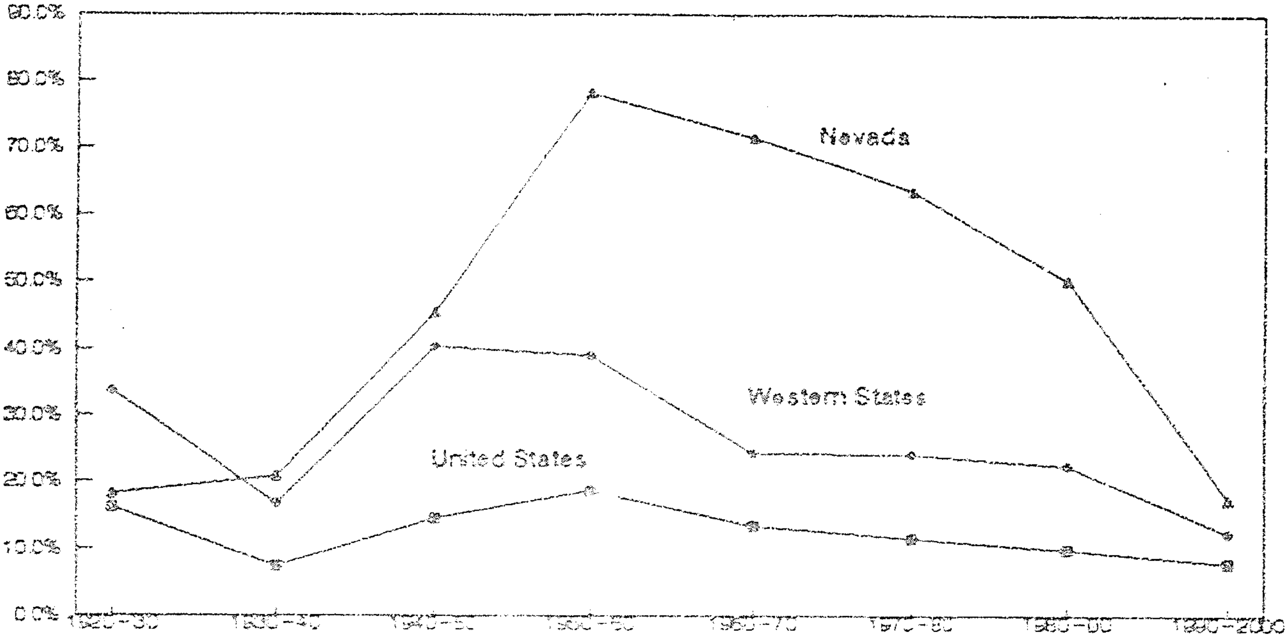
6. Advertises the Silver State with a Silver Coin.

7. Develops a market for a Nevada product (silver).

8. Urges correction by the Congress of a violation of the U. S. Constitution.

Population Trends
In Nevada

Population Growth – – By Decades
United States, Western States and Nevada
1920 to 2000



SOURCE U S Bureau of the Census

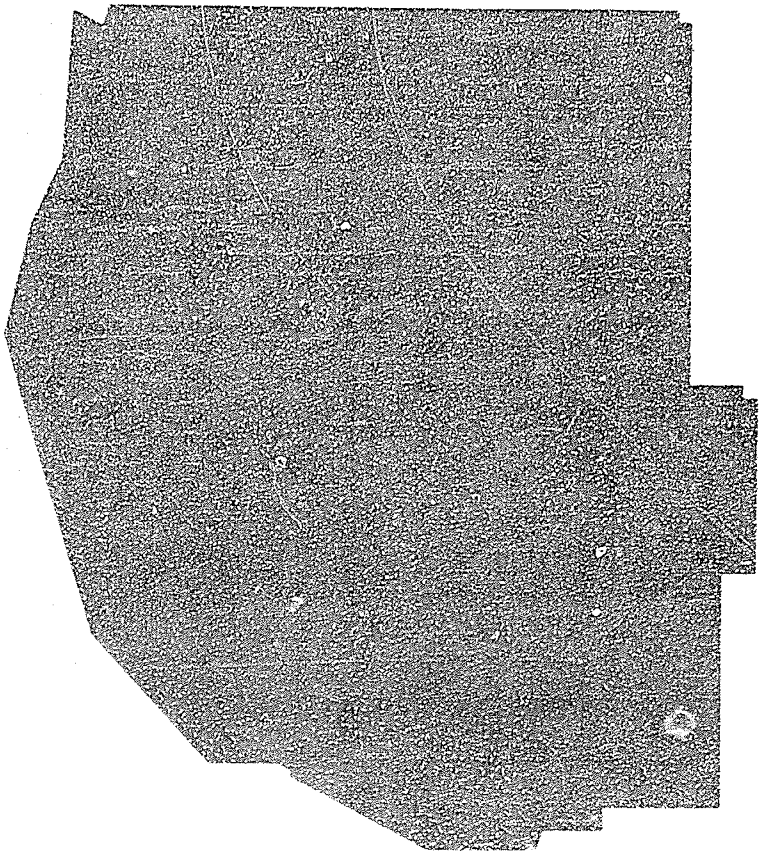
Historical Trends

Population of Counties in Nevada

Population by Age and Race

Population Estimates and Forecasts

506

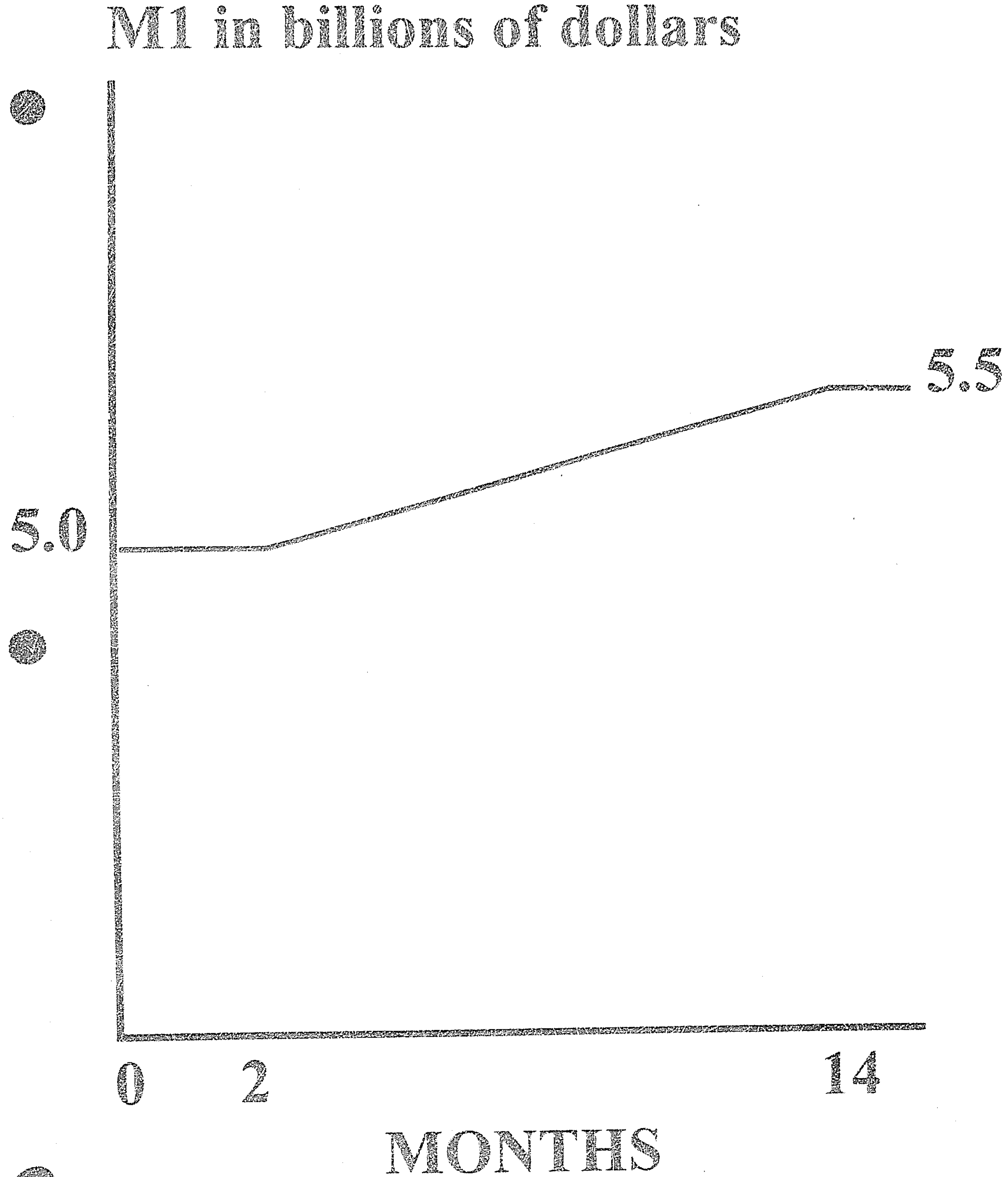


One third of the United States today is controlled by the Federal Government!

11 Western states make up the bulk of Public Land holdings in the US.

Arizona	45%	California	45%
Colorado	36%	Idaho	64%
Montana	30%	**Nevada**	**86%**
New Mexico	35%	Oregon	52%
Utah	66%	Washington	30%
	Wyoming	47%	

507



508

TAB 5

Additional State Revenues

Profit from Issuance

$375

MILLION

Sales Tax

$439

MILLION

PER YEAR

509

TAP

BENEFITS OF THE NEVADA SILVER COIN BILL

1. Raises $375 million of non-tax revenue.

2. Increases sales tax revenues by about $439 million.

3. Improves reserves of Nevada banks.

4. Provides a source of debt-free money.

5. Stimulates Nevada's economy.

6. Builds Nevada's economic autonomy.

7. Advertises the Silver State with a Silver Coin.

8. Develops a market for a Nevada product (silver).

9. Urges correction of a violation of the U. S. Constitution.

510

TAB 6A

1993

ASSEMBLY

TAXATION

VOL. 2

3/26 - 5/4

X

Tom Johnson, President, Carson City Chapter of the Committee to Restore the Constitution
Donald Stracken, works in the mineral industry
Brad Lawrence, retired attorney, former law school instructor, formerly on the staff of the National Judicial College and presently operating Legal Research and Writing Services for members of the Nevada Bar
Bradley E. Vote, Nevada citizen
Brendon Trainor, active in Libertarian Party of Nevada
James Dan, Northern Regional Representative, Libertarian Party of Nevada
M. Douglas Miller, President, Nevada Miners and Prospectors Association

Chairman Price asked the committee to take action on AB 305.

ASSEMBLY BILL 305 - Authorizes levy of property tax for costs of protecting supply and distribution of water of irrigation districts. (BDR 48-1792)

After discussion, the committee decided to take action on AB 305.

ASSEMBLYMAN HALLER MOVED TO DO PASS AB 305.

ASSEMBLYMAN REGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY BY THOSE PRESENT.

Chairman Price opened testimony on AB 188.

ASSEMBLY BILL 188 - Directs issuance of Nevada Silver Coins. (BDR 31-1094)

Ted Zuend, Deputy Fiscal Analyst, Legislative Counsel Bureau, provided committee members with a Bill Explanation for AB 188 attached hereto marked Exhibit C.

Chairman Price informed the public the teleconferencing equipment was not transmitting to Las Vegas.

Lorne J. Malkiewich, Legislative Counsel, Legislative Counsel Bureau (LCB), expressed it was LCB's belief AB 188 was unconstitutional. He explained the basic problem was the Constitution gave Congress the power to coin money and regulate the value thereof and prohibited states from coining money. Article I, section 8, of the Constitution said the Congress shall have power (lists the various powers of Congress) to coin money. Article I, section 10, designated no state shall coin money. Mr. Malkiewich vocalized those reasons were the basic constitutional objection. AB 188 would provide for Nevada to coin money. It was LCB's opinion under Article I, section 10, of the Constitution made AB 188 unconstitutional.

Mr. Malkiewich paraphrased the argument would be Congress had not exercised its power to coin money and instead Congress created the Federal Reserve, which was (in the proponent's estimation) an unlawful delegation to a private consortium, rather than an exercise by Congress of its constitutional duty. The proponents would argue Article I, section 8 and Article I, section 10 were interrelated. The proponents would state Congress was to coin money and regulate the value of currency and the Federal Reserve was unconstitutional. Congress had not fulfilled that duty thereby relieving the states of the prohibition against coining money. The proponents believed it was not only authorized but the appropriate way to address Congress's failure to carry out its constitutional duty.

Mr. Malkiewich expressed LCB's argument was the initial premise that the Federal Reserve was unconstitutional. Mr. Malkiewich said he knew of no cases holding the Federal Reserve was unconstitutional. What little precedent he found on the issue indicated the people who attempted to challenge it did not even have standing because there was no injury. He vocalized if the Federal Reserve was not unconstitutional, the whole argument fell apart. He explained even if the Federal Reserve was unconstitutional, LCB believed the appropriate remedy was for Congress to adopt constitutional legislation or the Federal Reserve be declared unconstitutional in court. LCB did not believe because the Congress violated their duty to coin money excused the states from their prohibition against coining money. LCB believed the proponent's position was conjecture and not based upon precedent case law.

Chairman Price asked what the down side would be if AB 188 was passed. Mr. Malkiewich assumed the federal government would most likely challenge it in court. At that point the statute would have to be defended. The first decision would be whether the state would defend the statute. Assuming the state did defend the statute, there would be additional legal fees, time spent by the attorneys and if it was unsuccessful, perhaps the cost of the federal government to bring in the legislation.

Mr. Haller divulged there were restrictions imposed on gaming in Nevada with regard to coins, tokens and chips, etc. Mr. Haller was of the impression it was federal prohibition that prevented coining of money. Mr. Malkiewich said he believed Mr. Haller was correct and said gaming coins could be used for gaming purposes, but could not be used as legal tender for the same reason.

Mr. Neighbors mentioned at one time California issued script that could be used anywhere in the state and asked why that was constitutional. Mr. Malkiewich said he was not familiar exactly with what the script was, but thought it was a debt the state owed. The state did not have the money so the state issued script that some people observed and some banks observed, but some did not. It was not currency and was not coin in the sense of the Constitution. Mr. Malkiewich reiterated he was not sure of the exact mechanism California used to issue the script.

Mr. Malkiewich responded to Mr. Neighbors stating AB 188 proposed to use the coin as legal tender and that was the problem. He continued stating if the coin was used as a gaming token or a souvenir there was not a constitutionality problem.

Mrs. Williams asked if AB 188 was passed and actually went to court if it would be an extremely high profile case. Mr. Malkiewich speculated the case would gain national publicity. He indicated the costs incurred in defending the case would be driven by the extent the state pursued the case and the extent the federal government pursued the case. In the event the case was overturned, then the court could assess costs against Nevada. Mrs. Williams was concerned with the image of the state of Nevada.

David Horton, Legal Counsel for the Committee to Restore the Constitution responded to Mr. Malkiewich's concerns. Mr. Horton said the suggestion that it was up to the Congress to correct the problem the Congress had generated, overlooked a good portion of the constitutional law that controlled those situations. He said there were instances where the Constitution would say one thing, the federal agencies would do something else, and the states would keep silent. Under those circumstances it was constitutionally the result that federal agents who started out having no authority whatsoever in that area ended up having authority due to the inaction of the state.

Mr. Horton said the precedent cases largely arose from tax protesters claiming the Federal Reserve currency was illegal because the Federal Reserve Act was unconstitutional. Mr. Horton believed it was rather similar to situations with regard to other constitutional infractions. An individual did not have authority to speak for any state. Consequently if the state observed a situation where the Federal Reserve Act was in fact unconstitutional, an individual was not in the position to speak for the state of Nevada in objecting to the transfer of the power to issue money to a private corporation. Mr. Horton was of the opinion the Federal Reserve was a private corporation. A state speaking in its highest sovereign capacity did have a remedy of using its legislative power to correct the matter within the borders of the state.

Mr. Horton continued, stating the position that the Congress was abiding by the Constitution with regard to money needed to be carefully examined. It was true with regard to the nickel, quarters and dimes because the seigniorage from those bits of currency were paid twice a year into the treasury; however, no seigniorage from the profit of creating money out of paper was paid into the treasury under the Federal Reserve Act. Consequently, there was a portion of the currency that was not objectionable. It was not correct to assume because there was no case, that the Federal Reserve was constitutional. There had been at least five states who had examined the question and came to the conclusion it was a violation of the Constitution and had memorialized the Congress to that effect.

Mr. Horton said it came down to the question of what Nevada wanted to do under the circumstances where the Constitution directed the Congress, not the Federal Reserve, to issue all of the money, and the Congress had not done so. The currency was the issue of a private European-style central bank.

Mr. Horton testified whenever litigation was possible, one had to look at who the parties were, what court would the case be filed with, and whether there was jurisdiction. With regard to AB 188 it would be an act taken by the state of Nevada in its highest sovereign capacity. Under Article III of the Constitution where a state is a party to the suit, there was only one court that had possible jurisdiction. That court was the Supreme Court of the United States. Mr. Horton stressed there needed to be a party that had standing to bring the suit. He said if there was not party to challenge something there would be no lawsuit, regardless of which court it might go into.

Mr. Horton stated the susceptibility of the proposal to litigate had to do with the rules of jurisdictional acceptance by the Supreme Court of the United States. It would not be another state to bring suit, but instead might be the Federal Reserve if the Federal Reserve could show standing. Mr. Horton explained under the position taken by the state of Nevada, the Federal Reserve lacked standing because it was itself a violation of the

Constitution. Of course, that question would have to be answered.

Mr. Horton told committee members even if the Congress decided to sue the state of Nevada, then the rules of jurisdictional acceptance would apply. Mr. Horton postulated the Supreme Court would then see that the Congress, under section 3 of AB 188, was admonished for its violation of the Constitution. That meant it was a policy making body being challenged by the state of Nevada, likewise AB 188 would be an expression of the policy making branch of Nevada. Under the rules of the Supreme Court policy questions were not decided. It would not be litigated. Mr. Horton believed there were many other items dealt with every day in the legislature that had far more litigation potential than AB 188.

Mr. Horton opposed the statement that AB 188 sought to replace U.S. currency with Nevada currency. That statement was not correct and would become apparent with some of the other testimony. He quoted The Federalist Papers, "Such measures as the exigency may suggest and prudence justify." The state would take advantage of a defect in the execution of the Constitution which opened up an opportunity which happened to be economically advantageous to Nevada.

Mr. Horton referred to his prepared testimony Exhibit D attached hereto. He commenced reading directly from his prepared testimony Exhibit D. Mr. Horton referenced Tab 1 of his prepared testimony and explained it was the discussion of why the present efforts to try to improve the economy were not working. He continued reading from Exhibit D. Exhibit D may be seen in full at the Legislative Counsel Bureau Research Library, Sedway Office Building, Carson City, Nevada.

Mr. Horton produced a casette tape entitled "KPTL Talk Radio With Dave Horton" dated February 28, 1993. Mr. Horton indicated the tape was an interview with Dr. Robert Barone on money, banking and the Nevada economy. The original tape is located at the Legislative Counsel Bureau, Research Library, Sedway Office Building, Carson City, Nevada.

Senator Ernie Adler, Capital Senatorial District, asserted to committee members it was constitutional to mint a state silver coin toke for use in slot machines, which would produce considerable revenue. He said if the committee chose not to pass AB 188, the committee could, as a first step, choose to authorize the minting of the token.

Jim Gibbons, Assembly District 25, Washoe County, spoke in support of AB 188. Mr. Gibbons expressed his support due to the bill's effect on capital formation through banks. State legal tender yielded a fractional reserve on which banks might choose to loan. Mr. Gibbons believed AB 188 would allow local banks to increase their cash reserves increasing the pool of loanable funds. He iterated the increase in loanable funds would provide the stimulus necessary to generate new capital formation and consequently AB 188 would have a positive effect on capital formation within the borders of Nevada.

Mr. Gibbons continued, stating due to the multiplier effect the entire economy of the state of Nevada would benefit. The coinage would only be Nevada legal tender ensuring the capital capacity created by AB 188 would not flow out of Nevada. Mr. Gibbons believed AB 188 was far less controversial than represented earlier.

Ralph Heller, Economist, Reno, Nevada, concurred with Mr. Gibbons' comments. Mr. Heller was uneasy about the increasing degree that Nevada financial institutions were under out-of-state control. Mr. Heller said each step taken to chart an economic course of independence was a step in the right direction.

Mr. Heller apprised the committee members in the federal fiscal year ending September, 1990, federal, state and local taxes accounted for 39.7 cents out of every dollar of the American economy. In 1993 it was closer to 33 or 34 cents out of every dollar.

Mr. Heller said during John Kennedy's presidency defense, spending accounted for 52 percent of the federal budget. In Ronald Reagan's last budget, defense spending was 28 percent of the federal budget. The problem was in the non-defense spending which was going up infinitely faster than the defense spending.

Mr. Heller said the figures out of the yesterday's New York Times depicted the last fiscal year ending September 30, 1992, showed Medicaid up 29 percent, Medicare up 26 percent and spending for goods and services for the defense department were down 8 percent. The point was the pressures placed on Washington were exactly the same pressures Carson City faced. Since 1980 Nevadans had endured 6 state gasoline tax increases. During the same period of time the federal government only raised the gasoline tax once. Nevada had in the last decade raised its cigarette tax three times for a total of 350 percent.

During that same period of time the federal government raised the cigarette tax only once.

Mr. Heller said Nevada's ability to raise the money to address financing of programs required innovative solutions outside the general tax structure. That was the appeal of AB 188 to Mr. Heller; its capacity to raise money for state spending.

Senator Sue Lowden, District No. 3, Clark County, came before the committee as a gaming executive. Senator Lowden had been asked to supply the committee with any adverse information regarding the effect of AB 188 on large casinos. She had reviewed the proposal with the Chief Financial Officer and Chief Executive Officer of Sahara Resorts and found there were no negative effects on the larger casinos. She expressed many of the tourists would retain the Nevada coin as a souvenir.

Tom Johnson, President, Carson City Chapter of the Committee to Restore the Constitution, represented he had been studying the coin bill extensively for approximately five months. Mr. Johnson had a degree in engineering math and graduate study at University of Santa Clara in business administration, econometric modelling and computer simulation.

Mr. Johnson referred to his slide presentation and tab 4 of Mr. Horton's testimony (Exhibit D). Exhibit D may be viewed in full at the Legislative Counsel Bureau Research Library, Sedway Office Building; however tab 4 of Exhibit D has been attached to these minutes. The chart was entitled Population Trends and iterated Nevada was under unique pressures. The chart showed percentage growth of Nevada versus the western states versus the United States. The growth required enormous capital investments to build new housing and new services. Growth caused a continual stress on Nevada for the last 50 or 60 years.

Mr. Johnson referred to the chart (tab 4A Exhibit D) showing Nevada had the least control of its public lands than any other state in the union. Exhibit D may be viewed in full at the Legislative Counsel Bureau Research Library, Sedway Office Building; however tab 4A of Exhibit D has been attached to these minutes. He said 86 percent of Nevada's public lands were currently controlled by the federal government. He asserted the effective utilization of the public lands had been reduced through increased regulation and economic burden. Industries such as mining could disappear entirely. Mr. Johnson's point was Nevada had been required, because of its growth, to accomplish more and more with less and less.

Mr. Johnson referred to another chart (tab 5 Exhibit D) displaying M1 in billions of dollars. Exhibit D may be viewed in full at the Legislative Counsel Bureau Research Library, Sedway Office Building; however tab 5 of Exhibit D has been attached to these minutes. This chart was Mr. Johnson's estimate of the M1 money supply in Nevada. His estimate was approximately $5 billion. He explained M1 was the sum of the cash in demand deposits. The chart illustrated in a period of 14 months an increase in M1 of approximately 10 percent if AB 188 was passed.

Mr. Johnson referred to another chart (tab 6 Exhibit D) showing Additional State Revenues. Exhibit D may be viewed in full at the Legislative Counsel Bureau Research Library, Sedway Office Building; however tab 6 of Exhibit D has been attached to these minutes. He estimated the profit from the issuance of the coin would be $375 million. The chart also displayed the coin would support additional economic activity that would generate $439 million per year in additional state sales tax. The $439 million would accrue ever year for as long as the Nevada silver coin remained in circulation.

Mr. Johnson referred to another chart (tab 6A Exhibit D) entitled Benefits of the Nevada Silver Coin Bill. Exhibit D may be viewed in full at the Legislative Counsel Bureau Research Library, Sedway Office Building; however tab 6A of Exhibit D has been attached to these minutes. He read from the chart items marked one through nine.

Mr. Spitler noted the coin would be used in place of the paper money and asked how the coin would generate the additional sales tax. Mr. Johnson explained Nevada banks were not lending money with many projects waiting to be launched. It was Mr. Johnson's belief Nevada would be supplementing Federal Reserve notes and additional income would be experienced.

Mr. Neighbors also questioned the dollar amount generated by the sales tax. Mr. Johnson said a 10 percent increase in the money was a significant amount of money. The enormous amount was caused by the velocity of money. If an extra dollar of M1 was placed in the economy and turned over every single week, then every week it was generating income. Mr. Neighbors compared the $439 million to be the equivalent of Nevada's two cent sales tax revenue with an additional penny and a half.

Mr. Schneider asserted the banks had plenty of money, but because of federal regulations one could not borrow it. Mr. Schneider asked if the silver coin were put into circulation if it would be easier to borrow money. He asked if the silver coin would come under the federal guidelines of the banking industry and if that was the reason why there would be more money circulating? Mr. Johnson responded the silver coin would generate an increase in economic activity due to the additional M1. Mr. Johnson hoped the coin would help mature Nevada's economy. As the process occurred it would make more money available. Mr. Johnson did not know if it would be easier to obtain a loan.

Donald Stracken, mineral industry, addressed Mr. Schneider's question, stating one needed to look at the differential between the interest earned on the money in Nevada banks and the interest charged to borrow. Mr. Stracken said currently it was very difficult to borrow because the earned interest rate was 3 or 4 percent at the most and a consumer loan charged 12 percent. If the coin was brought into circulation, Nevada would see a decrease in the amount of interest charged by the banks and therefore the money would be more freely available.

Mr. Ernaut directed a question to Mr. Horton. Mr. Ernaut pointed out the coin could be treated as legal tender or as a casino souvenir. Mr. Ernaut asked if Mr. Horton was against a compromise and issuing the coin as a casino souvenir as opposed to legal tender. Mr. Horton believed the casino souvenir would still bring in a significant improvement, but would rather coin the legal tender because the effect on the general economy would be greater. Mr. Ernaut and Mr. Horton exchanged points of view.

Mrs. Lambert was concerned if AB 188 was passed, that Congress might pass a law saying any state coining its own money would not receive federal highway funds, aid to dependent children or medicaid funds. Mr. Horton said that could be handled with imaginative and energetic use of state legislative power.

Joe E. Dini, Jr., Speaker, Assembly District 38, emphasized there was some merit to AB 188. Mr. Dini introduced AB 188 for Mr. Horton. The bill meant a lot to the business people, the mining and the silver producers. Mr. Dini asserted section 2 of AB 188 made a number of findings by the legislature. Among other things Mr. Dini believed the state of Nevada was now free to issue money because Congress had failed to meets its obligation to issue all money for the nation pursuant to section 8 of Article I of the United States Constitution.

Mr. Dini delineated section 3 of AB 188 provided Nevada should issue into circulation silver coins in the amount of $50 million. The coins must contain one ounce of fine silver and must be alloyed to 90 percent fineness. The coin must bear the state seal on one side and the words "Contains One Troy Ounce Fine Silver," "Twenty Dollars," "Nevada Legal Tender" and the year of issue on the other side. AB 188 provided the coin would be retired as received into the state treasury if the legislature determined Congress was fulfilling its constitutional obligation to issue money by requiring the Federal Reserve Bank to retire the circulating notes; and causing the issuance of sufficient notes of the United States and other currency to meet the needs of the commerce of the United States and of Nevada.

Mr. Dini asked the committee to support AB 188 or work out something that would pass. It would be a source of revenue for Nevada and unique for the state of Nevada.

Mr. Regan postulated if the coin was minted at the Carson City Mint (CC Mint), a coin collector would pay a premium price for such a minted coin. Mr. Regan thought Nevada had contracted the CC Mint sign to a gentlemen in Virginia City. Mr. Horton said the CC Mint sign was under contract, but it was his understanding due to failure of performance, the CC Mint sign was back under the control of state purchasing. Mr. Horton believed the CC Mint mark would still be available.

Brad Lawrence, retired attorney, former law school instructor, formerly on the staff of the National Judicial College, and presently operated Legal Research and Writing Service for members of the Nevada Bar. Mr. Lawrence read directly from his prepared testimony attached hereto marked Exhibit E. Mr. Lawrence added there were some fictions the Federal Reserve was a private agency. He pointed out to the committee the Federal Reserved consisted of seven board members who served terms of 14 years, were appointed by the President of the United States of America and confirmed by the Congress. The Federal Reserve was not a private organization and an independent government agency, just as there were many other so-called independent government agencies.

Mr. Lawrence suggested the committee examine the dollar bill and note the two signatures on the reserve note. One was the Treasurer of the United States and the other was the Secretary of the Treasury. The Federal Reserve was not a private organization.

Mr. Lawrence continued reading from his prepared testimony attached hereto as Exhibit E.

Bradley E. Vote, citizen, read directly from his prepared testimony attached hereto marked Exhibit F. Mr. Vote supported the intent of AB 188, but opposed section 2, lines 3-24 of AB 188. He continued reading from his prepared testimony and suggested a format for a joint resolution to the Congress of the United States attached to his testimony (Exhibit F).

Chairman Price asked to include in the record the attendance roster from Cashman Field Center in Las Vegas, due to the fact the teleconferencing equipment was not transmitting. The attendance roster of Las Vegas citizens is attached hereto marked Exhibit G. He entered into the record Home Rule Coalitions from Nye, Elko, Lyon, Churchill, Lincoln and Clark Counties were in Las Vegas signed up to testify in favor of AB 188. Loretta Browning also had signed in support of AB 188.

Senator Lawrence E. Jacobsen, Western Nevada Senatorial District, testified in favor of AB 188. Senator Jacobsen related personal experiences indicating how valuable coins were and how coins could be a source of raising money. He mentioned the museum had coins for sale and it was a profit item.

Brendon Trainor, active in Libertarian Party of Nevada, testified the general broad intent of doing something about the constitutional monetary situation through AB 188 was something most Libertarians felt was a good idea. Mr. Trainor was voicing his own opinion and not representing the position of the Libertarian Party of Nevada. Mr. Trainor mentioned his concerns with section 2, paragraph 3, of AB 188 asserting he took issue with the wording "Congress would issue all money." He did not believe that was the general agreement. The general agreement of Article I, section 8 of the United States Constitution specifically said "Congress shall coin money...." There was no general agreement that Congress would issue all money. Mr. Trainor pointed out that whether or not the Federal Reserve was a public or private organization was an issue that reasonable people could argue.

Mr. Trainor said if one went back to Constitutional history, one would find Congress was given the power to coin money and the states were explicitly prohibited from doing so. Furthermore, in Article I, section 10, of the Constitution the states were explicitly forbidden from making anything but gold and silver coin a tender in payment of debt, while the federal government was not granted the power of making anything legal tender explicitly in the Constitution. He was of the opinion there was no provision in the Constitution stating Congress was supposed to print paper money. The Congress was not in default under the

Constitution. The provision was to coin money which was always understood up until 1933 as gold and silver coin.

Mr. Trainor endorsed Mr. Vote's idea of adopting a resolution as written in Mr. Vote's prepared testimony (Exhibit F).

James Dan, Northern Regional Representative, Libertarian Party of Nevada, testified he was speaking on behalf of himself and not the Libertarian Party of Nevada. Mr. Dan agreed with the concept of AB 188, but had some strong reservations. Mr. Dan read directly from his prepared testimony attached hereto marked Exhibit H. Mr. Dan proposed two amendments to AB 188 to install some safeguards, as delineated in his testimony attached hereto marked Exhibit H.

M. Douglas Miller, President, Nevada Miners and Prospectors Association and Legislative Director of Veterans of Foreign Wars, testified in support of AB 188. He informed committee members the mining industry tried to borrow money in Nevada, but were turned down. There was overregulation and problems of just plain survival. It was not possible to survive in Nevada in the mining industry today with the federal government imposing strict regulations. Mr. Miller said it was time for Nevada to stand up to the federal government and pass AB 188.

There being no further business to come before committee, the meeting was adjourned at 3:26 p.m.

RESPECTFULLY SUBMITTED:

Dianne Laird

DIANNE LAIRD
Committee Secretary

ASSEMBLY AGENDA

for the

COMMITTEE ON TAXATION

Day Tuesday Date April 6, 1993 Time 1:15 p.m. Room 119

SECOND REVISED AGENDA

PLEASE NOTE ROOM CHANGE

AB 188 - Directs issuance of Nevada silver coins. (BDR 31-1094)

AB 305

NOTICE:
This meeting will also be available via video teleconferencing at:

Cashman Field Center
850 Las Vegas Boulevard North, Room 207
Las Vegas, NV 89101

446

...: We are pleased to make reasonable accommodations for members of the ...ic who are disabled and wish to attend the meeting. If special arrangements ... the meeting are necessary, please notify the Assembly Committee on Taxation

Assembly Taxation GUEST LIST FOR 4-6-93-TUESDA

PLS. PRINT —Please leave copy of prepared handouts with the committee secretary—

PLEASE

NAME	REPRESENTING	I WISH TO SPEAK: AGAINST BILL NO.	FOR BILL NO
Bradley Vote	—	AB189	
FLOYD LOVE	SELF		#188
Tom Johnson	Self + CRC		188
BRAD LAWRENCE	SELF	AB188	~~188~~
Brian Krolicki	Chief Deputy Treasurer		
M.K. Yochum	INDEPENDENT AMERICAN PARTY		# 188
BRENDAN TRAINOR	Libertarian PARTY	AB 188	
M. Douglas Miller	Nev. miners & prospectors assn		#188
David Horton	Committee to Restore the Constitution		AB 188
James Dan	Libertarian Party of NV	AB 188	AB 188
Janine Hansen	Nevada Eagle Forum		AB188

PLEASE PRINT

A.B. 188
BILL EXPLANATION

HEARING DATE: April 6, 1993

SUMMARY--Directs issuance of Nevada silver coins.

Section 1 -- Adds sections 2 and 3 of this act to chapter 353 of the Nevada Revised Statutes.

Section 2 -- Provides a legislative finding that the state may coin money because the Congress has failed to meet its obligation to coin money under section 8 of article I of the Constitution of the United States.

Section 3 -- Provides that the State of Nevada shall issue coins in the face amount of $50 million. The coins, which are legal tender in this state for all debts public and private, must contain 1 ounce of silver, be alloyed to 90 percent fineness and bear the state seal on one side and the words "Contains One Troy Ounce of Fine Silver," "Twenty Dollars," "Nevada Legal Tender" and the year of issue on the other.

Provides, with one exception, that the coins are to be reissued as they are received into the state treasury.

Provides that whenever the number of coins controlled by the state treasurer drops to 500,000, the state shall make successive issues in the amounts of $50 million, unless the total amount of coins already issued is $500,000,000. Any issue above that amount must be approved by the legislature.

Provides that if the legislature determines that the Congress is fulfilling its constitutional obligation to issue money, the state treasurer shall retire the coins as they are received into the state treasury.

Section 4 -- Makes the act effective upon passage and approval.

atab188:nw
ASSY TAX BILL EX

STATEMENT OF DAVID HORTON IN SUPPORT OF AB 188

Chairman Price, embers of the Committee: I want to thank you and the members of this Committee for the interest you have shown in this bill.

We all know that the country's economy and the economies of the various States are in trouble.[1] Nevada's economy is our foremost concern, and the States that adopt innovative ideas and treat the problem with a little aggression are the ones that will come out on the other end of the recession in the best shape.

The Nevada Silver Coin Bill will improve Nevada's economy and build our State.

WHAT DOES IT DO?

The Nevada Silver Coin Bill, (Tab 2 in your folders) provides for the issuance of $50,000,000[2] in one-ounce silver coins that are a legal tender for $20. At the present price of silver, over 75% of the price of the coin is profit to the State of Nevada. The coins are a legal tender only in the State, so unlike other currency that comes into Nevada, the Silver Coin tends to stay here.

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[1] Current data (See tab 1) indicates that current efforts to bring the economy out of depression will not work.

[2] As the coins are issued, successive issues of $50,000,000 each are called for until a total of $500,000,000 has ben issued. Further issues would require legislative approval.

By infusing more money into the economy, more jobs are created, more sales produced, more revenue comes in and less welfare or other relief payments are paid out.

The primary effect of the Coin Bill is the stimulation of our lagging Nevada economy.

WHERE DID IT START?

The origin on the Nevada Silver Coin Bill is found in the Constitution of the United States, where the States agreed to delegate their power to issue money to their common agent, the Congress. The Congress didn't do it, but passed it over to the Federal Reserve Corporation, without a single State, let alone the Constitution, agreeing to it.[3]

The result has been disastrous. The Federal Reserve was supposed to end depressions--or at lest that's what they said in 1913. In fact, the economy has had bigger and better depressions than before the Federal Reserve was formed.

Many States have memorialized the Congress to get rid of the Federal Reserve, but to no avail. The Nevada Silver Coin Bill

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[3] See letter to Kimberly Morgan, attached, particularly attachment 2.

fixes the situation so it doesn't make any difference to Nevada if Congress does what the Constitution tells it to do or not. Nevada can end her depression and have a prosperous economy. We are in a unique position to benefit from the Coin Bill.

The measure is self-funding and the financial impact will be positive. The direct State revenue from the first $50 million issue would be about $37,500,000.00.

Summary:

1. Raises about $375 million of non-tax revenue.

2. Improves reserves of Nevada banks.

3. Supports exchanges in Nevada with a money that is interest-free in its issuance, thereby reducing the interest burden on Nevada's economy.

4. Stimulates Nevada's economy.

5. Increases sales tax revenues.

6. Builds Nevada's economic autonomy.

7. Advertises the Silver State with a Silver Coin.

8. Develops a market for a Nevada product (silver).

9. Urges correction by the Congress of a violation of the U. S. Constitution.

10. Helps reverse the outflow of capital from the Nevada economy caused by 90% of Nevada bank deposits being controlled by interstate banks and the investment policies of the Nevada Public Employees Retirement System (PERS) and the State

Treasurer's office (over 85% invested outside Nevada).

This outflow of capital is critically important to Nevada. Interstate banks export our capital to other economies. Community banks, like Comstock Bank, import capital into Nevada. Comstock will not make a real estate loan unless the paper can be peddled outside the state. Last year, it originated about 3 times the loan one would expect from a bank of its size. But that was about $60,000,000. It is a drop in the bucket compared to the export of capital that is taking place through the interstate banks.

The Nevada Silver Coin Bill keeps Nevada capital in Nevada's economy. That's what we need if we're to continue building Nevada's economy.

With me today are Mr. Ralph Heller, and economist who has served as the director of economic research for the American Management Association in New York, and who is now a consulting economist in Reno (and a fellow talk show host!)

Also with me today are Mr. Tom Johnson and Dr. Mark Williams.

Tom Johnson has a degree in engineering math and graduate study at University of Santa Clara in business administration and econometric modelling and computer simulation. He has experience in modeling complex processes with major companies such as Shell Oil, Fairchild Semiconductor and Syntex Laboratories.

We have asked him to apply his expertise to the economy and see what effects the Nevada Silver Coin Bill can have. And Mark has prepared some slides to aid in the presentation.

DAVID HORTON
ATTORNEY AT LAW

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CARSON CITY, NEVADA

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POST OFFICE BOX 2107
CARSON CITY, NEVADA 89702

October 23, 1992

Kim Morgan
Legislative Counsel
Bureau
Capitol Complex
Carson City, Nevada 89710

Dear Kim:

Thank you for your call in which you said you will be drafting, at Joe Dini's request, an up-dated version of the Nevada Silver Coin Bill.

Here is the legal basis for the Bill:

The Bill corrects a violation of the United States Constitution as well as providing Nevada with a non-tax source of government revenue.

Two provisions of the U. S. Constitution are involved: Article I, Section 8, Clause 5; "The Congress shall have power. . . To coin Money (and) regulate the Value thereof. ." and Article I, Section 10; " No State shall. . . coin Money, (or) make any Thing but gold and silver Coin a Tender in Payment of Debts;"

These two provisions are the mechanism by which the power to issue money, which inheres in the Sovereignty of the State, was delegated by the individual States, in the Constitution, to their common agent, the Congress. There is no question but what these two provisions intended precisely that delegation. They are clearly stated.

In order to see the legal basis for the opportunity that Nevada has with the Nevada Silver Coin Bill, it is necessary to examine what happened since the States agreed to give to Congress their power to issue money.

In a nutshell, thirteen Nations won their nationhood, and were recognized by the Treaty of Paris, in which "the <u>State</u> (nation) of Great Britain" recognized her thirteen former colonies as "Free, Sovereign and Independent <u>States</u> (nations)." If fewer than nine of these new Nations had agreed to the terms of the Constitution, all powers of each of the thirteen sovereign Nations, <u>including the power to issue money</u>, would have remained where those powers originated--with each State (Article VII, U. S. Constitution).

When nine, later 13, States agreed to the Constitution, the delegation of the power to issue money <u>to the Congress</u> was complete.

However, in stead of going by the Constitution, which directs the Congress to issue the money, the Congress has done something else--surrendered the power to issue money that it got from the States to a consortium of private bankers (the Federal Reserve Corporation). Nowhere was this surrender agreed to by any State from which the Congress obtained the power to issue money. The Constitution said one thing; the Congress did something else.

It is this violation of the Constitution that the Nevada Silver Coin Bill addresses.

The State of Nevada has the power, and the duty, to "support this (U.S.) Constitution" by putting down violations of the Constitution within its borders. The legislature speaks for the State "in its highest sovereign capacity" (See Report of the New York Legislature, 1833, reprinted pp. 550 ff., Vol. II of the 1918 Annual Report of the American Historical Association). Each State officeholder also is sworn "to support this (U.S.) Constitution" (Article VI, par. 3).

When violations occur, the State is not the hapless and helpless victim of the agent it created with its sister States. As a Principal to the Constitutional Compact, Nevada has all of the powers of the sovereignties that were recognized by the Treaty of Paris, having been brought in "on an equal footing" with the 13 original Nations.

This status as a Sovereign State creates the responsibility for correcting Constitutional violations within the boundary of the State. When the Constitution is violated by an agency, such as the Congress, the State, "whose creature it is. . .must take such measures to redress the injury done to the Constitution as the exigency may suggest and prudence justify" (Federalist No. 33).

The Nevada Silver Coin Bill is such a measure. It provides for the resumption by Nevada of a portion of her power to issue currency unless and until the Congress wakes up to its responsibility under Article I, Section 8, Clause 5, and starts issuing all of the money. When that happens, the Nevada Silver Coin Bill provides that the coins issued by Nevada, in protest to and in correction of the Constitutional violation, may then be retired (Sec. 3).

The Nevada Silver Coin Bill gives Nevada an opportunity to defend and restore the Constitution, while at the same time, raising millions of non-tax dollars for Nevada and stimulating our economy.

Attached are a photocopy of pp. 91 ff. of Col. Roberts' book "The Most Secret Science" and two Bulletins of the Committee to Restore the Constitution that relate to this proposal. They can be summarized as follows:

"The Most Secret Science"

The power to issue money is the supreme prerogative of government (p. 92); this power has been taken over by private banking interests, which supply debt money (p.93). Debt money does not serve the needs of a free-enterprise economy (p.94).

U. S. Notes are the direct issue of the Congress and are interest free; their use, starting in Lincoln's Administration, has saved the American economy billions of dollars in unnecessary interest charges (p.95).

The use of a debt money system compels the issuance of money that is based upon debt, and socialist, unConstitutional schemes are the result, because they create the federal debt that is needed to support the issuance of more and more debt money (p.96). The reversal of this trend requires the issuance by the Congress of United States Notes to replace Federal Reserve Notes. The development of Local Control of Local Purchasing Power helps insulate a State's economy from outside manipulation (p.97).

The baneful effects of creeping socialism can be impeded by restoration of U.S. Notes as the circulating medium (p.97), and can be accomplished by a simple amendment of the present U.S. Code (p.99). The restoration of money issued by the Congress will balance the federal budget and force interest rates down (p.100).[1]

September, 1986, CRC Bulletin; Position paper of Nevada in issuing a one-ounce, twenty dollar legal tender coin:

The power to issue money inheres in the sovereignty of the State and was delegated by the States to the Congress on condition that the Congress, not a privately owned central bank, issue the money (p.1).

The surrender by the Congress to the Federal Reserve Bank of the power to issue the money is a breach of the Constitution and an unlawful usurpation of the power that belongs to the State (p.2); it is the State's responsibility to correct the infraction (p. 2).

Nevada has previously used its legislative power to correct a Constitutional infraction and can use the same legislative power to force the

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[1] While the logic of this description is correct, we know from recent experience that the conclusion is flawed (that interest rates can come down only if the federal budget is balanced). Our current budget, with a bigger deficit than ever before in our history, has been accompanied by the lowest interest rates in over 20 years. This fact demonstrates that interest rates (and also much of the "value thereof" of our currency) are arbitrarily fixed by the Federal Reserve System. The Silver Coin Bill can help to place that control back into the hands (the Congress) that the Constitution directs, where it can be regulated (and stabilized) by statutory enactment. Keeping interest rates down for an extended period of time is one way to get the economy moving. The recent reduction of interest rates on a temporary basis (particularly when it has been accompanied with an increase of the capital requirements of the commercial banks, which prevents their making loans of any kind) will not have the desired effect of stimulating the economy, because (1), it is temporary, and cannot be the basis of long term planning or investment, and (2) it is countermanded, even in its immediate effect, by the requirement of increased capital for bank loans, which prevents the banks from putting more bank credit into the economy, and in stead, requires them to pull bank credit (purchasing power) out of the economy, thus deepening the recession, not relieving it.

Congress to resume its Constitutional obligation to issue our money. This power the Congress received from the States under Article 1, Section 8, Clause 5 of the Constitution (p.2).

The form of currency selected by Nevada would result in approximately $15 profit per coin (p. 2) (over $37,000,000.00 on the monetization of 2.5 million ounces of silver; more as the issues are extended) and would continue in circulation until Congress resumes its duty of issuing the money under the Constitution (p.3).

July, 1988, CRC Bulletin:

The constraints of the Debt Money System have caused congestion of the American population in urban areas. The issuance of a Nevada Silver Coin will promote the development of Nevada's economic autonomy and the expansion of her credit-creating capabilities; development of other sources of local credit will tend to reverse the congestion of population in urban centers by making more purchasing power available where our natural resources are located (pp.2,3). The Nevada State Coin may prompt the Congress to resume control of the nation's currency, which will balance the federal budget and stimulate the economy (p.3). The encouragement of "community" banks and the establishment of a state owned and operated commercial bank, patterned after the Bank of North Dakota, will increase the capital formation capabilities of Nevada and develop the State's resources (p.4).

Basically, if one looks at the two Constitutional provisions that deal with money, <u>and assumes</u> that the Constitutional provisions <u>are being carried out</u>, then, yes, Nevada would be prohibited from issuing a legal tender silver coin. But that assumption is not correct.

In stead, the Constitution says one thing and the federal agencies do something else--they violate the Constitution by failing to carry it out. If they weren't violating the Constitution, there would be no Nevada Silver Coin Bill. Far from violating the Constitution, the Nevada Silver Coin Bill enforces the provisions of the Constitution by correcting a violation within the boundaries of Nevada. This correction is something that Nevada not only has a right to do, but it has the duty to do.

In addition, the Nevada Silver Coin Bill will do each of the things listed on page 5 of the Report: raise non-tax revenue; improve reserves of Nevada banks; reduce Nevada's interest burden; stimulate Nevada's economy; advertise our Silver State; improve the market for Nevada silver and prod Congress to correct a serious violation of the U. S. Constitution.

After you have reviewed this material, it would be a good idea to meet to discuss any remaining doubts there may be about the right/duty of Nevada to "support" the Constitution by enforcing it.

Very truly yours,

David Horton

David Horton

Enc. Draft of Nevada Silver coin Bill
Extract, "The Most Secret Science"
Sept. 1986, Bulletin of the
Committee to Restore the Constitution
July, 1988, Bulletin
Report on Nevada Silver Coin Bill

cc: Speaker Dini

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"Daniel Webster, James Otis and Sir Edward Coke all pointed out that the mere fact of enactment does not and cannot raise statutes to the standing of Law. Not everything which may pass under the form of statutory enactment can be considered the Law of the Land."

16 Am Jur, 2nd Sec.547

THREAT TO LIBERTY AND THE REMEDY
UNITED STATES MONETARY CRISIS

HON. JOHN R. RARICK
of Louisiana
IN THE HOUSE OF REPRESENTATIVES
Thursday, May 11, 1972

Mr. RARICK. Mr. Speaker, the current efforts by our Government to hold down price increases have served to focus the attention of thoughtful students on a little discussed facet of our money system. This system, because of a long process of miseducation and studied silence, is not now understood as it was prior to adoption of the Federal Reserve System more than half a century ago. It is based upon debt, has serious implications for the future of our country, and invites what may be the greatest war in history.

Every debt-dollar demands an interest tribute from our economy for every year that dollar remains in circulation. These interest costs force up the price of every commodity and service and contribute greatly to inflation.

One hundred and ten years ago, on President Lincoln's recommendation, the Congress authorized the issue of interest-free U.S. notes. Many of these notes are still in circulation and their interest-free status has saved the American economy billions of dollars.

Attempts to fight inflation in the United States by the highest interest rates here in over 100 years are bound to fail for high interest rates drive costs and prices up while holding production down. For this reason, the present administration has succeeded only in bringing about the anomalous situation of a depression in the midst of rising prices. The result has been to engorge financiers with profits at the expense of every other sector of the economy.

Moreover, so long as the manipulators of the money seek to maximize bank profits by high interest rates, prices must continue to skyrocket. Only by forcing these rates down can production be encouraged and costs reduced, which will minimize price increases.

Under the Constitution, the Congress has responsibility of issuing the Nation's money and regulating its value—Article I, section 8, clause 5. In a recent brilliant analysis of our money system by T. David Horton, chairman of the executive council of the Defenders of the American Constitution, able lawyer and keen student of basic American history, he suggests a proven remedy for our current predicament that will enable the Congress to resume its constitutional responsibility to regulate our Nation's money by liberating our economy from the swindle of the debt-money manipulators by the issuance of national currency in debt-free form.

Early in the present Congress I introduced legislation (H.R. 351) the main aim of which was to accomplish such liberation by authorizing our National government to purchase the Federal Reserve System and to place it under the control of experienced administrators who recognize the basic soundness of the traditionalist money system and who can be depended on to act in the interests of the American people and American financial needs.

In order that the indicated analysis and proposal of Mr. Horton may be available to our colleagues, I quote it as part of my remarks.

MONETARY CRISIS—ITS THREAT TO LIBERTY AND THE REMEDY (Address of T. David Horton)

In 1797 John Adams wrote to Thomas Jefferson:

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

The power to issue money is the supreme prerogative of government.

The history of contemporary money policies may be traced back to what has been called "the crime of 1666" when Barbara Villiers, mistress to Charles II, helped the British East India Company gain a rake-off starting at two pence on the pound of the royal coinage. These corrupt practices were multiplied, and by 1694, William Paterson, founder of the privately owned Bank of England, would declare:

> The Bank hath benefit of the interest on all monies that it creates out of nothing.

With the crime of 1864, the National Bank Act, we find private banks gaining the power to issue money directly and a struggle commenced that has continued to the present day. Our own national heritage, if we are allowed to know it, is full of emphatic statements upon the subject of money.

Abraham Lincoln was one of our nation's foremost statesmen on the subject of money.

The great American monetary historian, Alexander Del Mar, declared:

> Money is perhaps the mightiest engine to which man can lend an intelligent guidance. Unheard, unfelt, unseen, it has the power to so distribute the burdens, gratifications and opportunities of life that each individual shall enjoy that share of them to which his merits or good fortune may fairly entitle him, or, contrariwise, to dispense with them so partial a hand as to violate every principle of justice, and perpetuate a succession of . . . slaveries to the end of time.

What have we done with our money? More than a hundred years ago John C. Calhoun said that we had given the banks the government credit for nothing, only to borrow it back again at interest.

In the 1930's Marriner Eccles, then chairman of the board of governors of the Federal Reserve System, admitted to Congressman Wright Patman that: What that privately owned central bank used to buy three billion dollars worth of government bonds was the right, as he called it, to create credit money.

Yes, banks create money—ex nehil—out of nothing.

Congressman Usher L. Burdick confirmed this in an interview published in 1959 in which he said:

> We want to sell four billion dollars worth of bonds, and we sell it in New York to those who haven't got a dime, and they don't need any money because they simply enter credit to the government on their books! — — — And then, before such money is paid out, they get the currency because they bundle up those bonds and bring them down here to Washington and get an equal amount of currency. Then they've got the money! But they didn't have the money before the government gave it to them.

In the meantime, of course, the government continues to pay interest on those bonds.

There is an incredulity regarding money matters that may be due in part to the fact that these gigantic legalized swindles simply boggle the imagination.

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G.W.L. Day wrote in his book, *This Leads to War:*

> The mystery which has shrouded the subject of banking is every whit as deep as that which obscures the hocus-pocus of witch-doctoring; and with just the same blind respect with which the simple natives of Sumeria once gaped and goggled while their priests muttered their incantations and examined the entrails of chickens. For centuries we have listened with awe to the dictums of finance, believing that its high priesthood is possessed of knowledge superhuman and that its mysteries are sacrosanct and incomprehensible to the common run of man.

Henry Ford put it this way:

> If the American people knew the corruption in our money system, there would be a revolution before morning.

What are the reasons for the disparity that we find in the manner in which we tend to accept some things, but refuse and fail to know some of the simplest of truths with regard to our money? One of the reasons may be explained this way:

> We have a situation here where—if one of you deposits $100 in a bank account and if you write checks upon that deposit twice—if you do it in my county, I have to come around and put you in jail and lock you up! You have committed a felony. Yet the very same bank in which you deposited that $100 can write checks on that same $100 not once, not twice, but five or 10 times, even 20 times, and can do so with impunity. This is called the fractional reserve system.
>
> We penalize one man who writes checks on the same money twice and send him to jail.
>
> We glorify the banker who writes checks on the same money 10 times and send him to Congress.

The difference between the banker's activity and the activity of the "paperhanger," as we'll call him, (who writes checks on the same money more than once) is that the banker charges interest for lending the same money 10 times!

Dr. Carl F.M. Sandberg said:

> From those not previously familiar with these things, have come expressions of interest and enthusiasm, but also reluctance to accept as truth the fact that our government, without getting anything whatsoever in return, gives the Federal Reserve notes to private bankers for them to loan out at interest, even back to the government itself. To them this seems so senseless as to be unbelievable.

This is one reason why we find a certain incredulity with regard to accepting some of the basic facts of life that relate to our money system. But it is not the enormity of the outrage that is most important. It is not the fact that the swindles of high finance amount to billions of dollars. It is the fact that our present debt money system does not work, that is doing us the greatest injury.

Let us consider two points about our present system.

First: That every dollar we carry around in our billfolds is a debt dollar.

Dr. Willis A. Overholser said:

> Our present Federal Reserve System is a flagrant case of the government conferring a special privilege upon bankers. The government hands to the banks its credit, at virtually no cost to the banks, for their private profit. Still worse, however, is that fact that it gives the bankers practically complete control of the amount of money that shall be in circulation. Our present money system is a debt money system. Before a dollar can circulate, a debt must be created.

The foregoing statement, with regard to the money we use for our trade today, applies alike to the dollars we carry in our pockets and also to the so-called checkbook dollars that banks create when making loans. These two sources of debt dollars make up our money.

Who profits from having all our money based on debt? To find the answer to this question, we can refer to the controllers of our commerce themselves.

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Brooks Adams, the brother of Henry Adams, wrote in his book, the *Law of Civilization and Decay:*

> Perhaps no financier has ever lived abler than Samuel Loyd. Certainly he understood as few men, even of later generations, have understood the mighty engine of (money). He comprehended that, with expanding trade, an inelastic currency must rise in value; he saw that, with sufficient resources at command, his class might be able to establish such a rise, almost at pleasure . . . He perceived that, once established, a contraction of the currency might be forced to an extreme, and that when money rose beyond price, as in 1825, debtors would have to surrender their property on such terms as creditors might dictate.

Loyd was father of the Bank Act of 1844. He was no idle theoretician. He obviously knew what he was doing, and he knew that his clique could profit immensely by causing a boom-bust cycle to ravage the economy periodically.

The importance of controlling the volume of currency in circulation was pointed out by President James A. Garfield, who remarked:

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

Added to the fact that all of our money is debt money, we need to consider a second point, and that is our profit system: I remember as a small boy, puzzling myself over a problem that arose when I was reflecting upon the profits that I was making out of shoveling snow, mowing lawns, delivering newspapers, or whatever, saving up for the day when I would go to college. I figured: If I make a profit (and I'm supposed to be working to make a profit) and if everybody else is making a profit, where is the money to come from? I take my quarters and put them in a little bank—I was taking money out of circulation. My profit is what I took out of circulation. If everybody else did the same, a problem might develop.

I didn't come to any conclusions, but it was obvious to me, and it is probably obvious to any other ten-year-old, that there is a problem with regard to our money if we are to operate on a profit system.

If every business is run at a profit, then every business is creating a partial vacuum in the money supply and this can lead, and always has led over a period of time to cataclysm.

This is the assistance that the free enterprise system affords to the controllers of our money system, when it is decided by those controllers to cause a depression.

Unwittingly, so long as we tolerate a debt money system, we contribute to our own undoing.

Periodically, we get into a depression, as we're not able to distribute to our own people the very necessaries of life. Willing workers are left idle, producing nothing, while products rust and food rots—for want of the money which our debt-money system deprives us.

A physician told me recently that the second most common diagnosis made today by the general practitioner is malnutrition. This is America in 1972.

At the same time, we are sending more than 100 million dollars worth of wheat to Russia, to feed their workers, who make more guns to kill our boys (and more ICBMs to threaten our cities).

Our own people are hungry, and the manipulators of our debt money system decree that we send our food to our enemies.

This is insane.

But we are not without remedy.

First, we must understand that our debt money system creates a vacuum in the money supply. Second, we must understand that in order to have a healthy economy with everybody making more and more goods and reflecting more and more profit we must have an expanding money supply.

So, our debt money system is exactly the wrong kind of money system that we need for a healthy economy. Rather than continually expanding the supply of money to meet the demands of ever-increasing goods and services that are being placed on the market, our debt money system decrees that the money supply shall contract because every dollar that is in circulation has a little tag on it, called interest, which commands that there must be withdrawn from circulation six cents or nine cents or 12 cents or whatever the interest tag dictates, in order for that dollar to remain in circulation for another year.

487

The solution to this problem is not new. We can find it in the works of Abraham Lincoln that are now more than 100 years old. These quotations are from Lincoln's speeches on money reform:

> Money is the creature of law, and the creation of the original issue of money should be maintained as an exclusive monopoly of the national government.
>
> The wages of men should be recognized in the structure of and in the social order as more important than the wages of money.
>
> No duty is more imperative on the government than the duty it owes the people to furnish them a sound and uniform currency, and of regulating the circulation of the medium of exchange, so that labor will be protected from a vicious currency, and commerce will be facilitated by cheap and safe exchanges.
>
> The monetary needs of increasing numbers of people advancing toward higher standards of living can and should be met by the government.
>
> The circulation of a medium of exchange issued and backed by the government can be properly regulated. . . .
>
> Government has the power to regulate the currency and the credit of the nation.
>
> Government possessing the power to create and issue currency and credit as money and enjoying the right to withdraw both currency and credit from circulation by taxation and otherwise need not and should not borrow capital at interest as the means of financing government work and public enterprise.
>
> The Government should create, issue and circulate all the currency and credit needed to satisfy the spending power of the government and the buying power of consumers. The privilege of creating and issuing money is not only the supreme prerogative of government, but it is the government's greatest creative opportunity.
>
> By the adoption of these principles, the longfelt want for a uniform medium will be satisfied.
>
> The taxpayers will be saved immense sums of interest, discounts and exchanges.
>
> The financing of all government enterprise, the maintenance of stable government and ordered progress, and the conduct of the treasury will become matters of practical administration.
>
> The people can and will be furnished a currency as safe as their own government.
>
> Money will cease to be the master and become the servant of humanity. Democracy will rise superior to the money power.

What Lincoln was referring to was the issuance of a national currency, sometimes are referred to as Lincoln Greenbacks. I don't know how many here have seen or remember seeing what today are the remaining issue of approximately 300 million dollars that was put into circulation more than 100 years ago. They are the United States Notes which bear the red seal. Our ordinary Federal Reserve notes bear, appropriately enough, a dour black seal. These black seals are debt money. Before they may circulate, a debt must be created. A United States note with a red seal is spent into circulation and is interest free. There is no interest incurred in the issuance of it. There is no interest incurred in maintaining it in circulation.

Now, it would be interesting to note how much this original issue of Lincoln Greenbacks has saved the American taxpayer since its original issuance.

February 25 of this year was the 110th anniversary of the statue authorizing the issuance of Lincoln Greenbacks. Three hundred million dollars of them is supposed to be maintained in circulation under statue, but they have been withdrawn, or at least placed into some form that the common variety of people rarely gets to see. They have been outstanding for 110 years.

If we compute the amount necessary to redeem the principal and interest of this 300 million dollars that was saved 100 years ago by the issuance of Lincoln Greenbacks, we find that, at merely 3 per cent interest, the amount of indebtedness which would be represented, had bonds been used instead, would be 7.75 billions dollars. We are dealing, of course, with an exponential, and we find that if we paid 6 per cent, the amount that the Lincoln Greenbacks saved our taxpayers and our commerce is 182.5 billion dollars; and the amount at 7 percent is 511.6 billion dollars.

488

The importance of this device that Lincoln initiated during the Civil War (which we need to copy if we are to emancipate our commerce from the thralldom of debt money) is recognized by the bankers themselves. The *London Times* is quoted as being the mouthpiece of high finance in John Howland Snow's book, *Government by Treason. The Times* is quoted as follows, referring to the Lincoln Greenbacks:

> If that mischievous financial policy, which had its origin in the North American Republic during the late war in that country, (Civil War) should become indurated down to a fixture, then that government will furnish its own money without cost. It will pay off its debts and be without debt. It will have all the money necessary to carry on its commerce. It will become prosperous beyond precedent in the history of the civilized governments of the world. The brains and the wealth of all countries will go to North America. That government must be destroyed. . .

This is what the bankers had to say about Lincoln Greenbacks.

If we want to try to remedy the situation where our money system, instead of expanding at a time when we need more money, contacts and thereby forces us into periodic depression, we need to adopt the measures that Lincoln initiated: Namely, the issuance of a national currency. If, coupled with this, we require the banks to lend our money not 10 or 15 times, but limit them to three times, (this would be enough) and this can be done by setting the reserve requirements at 33-1/3 per cent: If these two things are done, it will not only provide an immense source of tax-free revenue and provide our commerce with a source of money that is interest-free, but also, it will keep the banking institutions from taking away the control of the amount of money in circulation, which they now do by their fractional reserve system.

As it stands, by multiplying the number of times that the same dollar is loaned out, the banking fraternity in fact controls much more of the total purchasing power available to bid for goods than the control that is exercised by the original issuing authority. This can be stopped by doing these two things: Issuing United States Notes on the one hand, and increasing reserve requirements on the other.

It has been wondered why it is we are drifting slowly, but apparently uncontrollable, toward Socialism. The answer to that perplexing question can be found in our debt money system. If we have a situation where there are two things that are drawing money out of circulation, namely the debt issuance of the currency in the first place and the profit motive in the second place, we find that it is necessary, in order to make the economy run at all, for this slack to be taken out.

The manner in which this is characteristically done in modern times is by means of a government deficit: Namely, the government spending more money than it takes in. The theory apparently is, that if the government operates at enough of a loss (and we've lost more than 400 billion dollars) then this will keep enough money in circulation to make up for the vacuum that the debt-money system on the one hand and the profit motive system on the other creates in the money supply. Yet, we all know it is impossible to borrow our way out of debt. We know that sooner or later in this type of operation there must be an accounting, and with that accounting we find depression.

When we come up to a period of recession or depression we find that the Socialists and the Communists are the only ones around with available remedies. The remedy that they suggest for the problem that is created by a restricted money supply, of having more productivity than you can distribute, is the same remedy that was advocated by the fellow who decided to kill the goose that laid the golden egg. They can take care of the problem—too many golden eggs to distribute—by killing the goose. And there is no doubt it is possible to eliminate these unmarketable surpluses by restricting production. But restricting production is not the answer. It's comparable to killing the goose that laid the golden egg.

The answer is to have sufficient money. Sufficient blood supply in our economy: To have it stay viable and to have it stay prosperous. This can be done only if we get away from our debt-money system which forces us periodically into depression.

Another measure that we may consider in attempting to deal with the problems that we have in a money system that is basically diseased, is to try to establish some means of local control of local purchasing power.

The Roman Empire survived for many hundreds of years on the basis of a split control, a split authority over its money system.

The pounds, shillings, pence system in England (which was being phased out only last year) is the vestigial remainder of the original Roman monetary system. The pounds, the gold coinage, were the exclusive prerogative of the Pontifex Maximus, or Caesar; the silver coinage was vested in certain favored municipalities and, ex senatus consulto, in certain favored princes. The bronze coinage, however, which, as the coinage of every day commerce allowed the Roman empire to survive, was de-centralized.

And in our own country the original theory behind the Federal Reserve System was that it would provide de-centralized control. With 12 de-centralized Federal Reserve Banks, we were told, we would have an ability to adjust local needs to local demands. We know now that this was merely a pretext. It was a gigantic fraud. It never did and never was intended to do any such thing. It was a European-style central bank subject to the control of money manipulators which would keep us from having any local control of our local purchasing power.

What can we do individually in our states to offset this? One suggestion is to have other states follow the example of North Dakota. North Dakota has a bank. North Dakota is the only state in the Union that does have a bank. The Bank of North Dakota is owned and operated by that state. It allows a certain limited amount of local control of local purchasing power.

Local improvements are financed through that bank. Student loans are supported through that bank. You would not find it possible in North Dakota to get the people there to give up the Bank of North Dakota.

We have in other parts of the country, banks that are similarly named, but the Bank of Nevada or the Bank of Oregon or the Bank of California in every instance is a state chartered, privately-owned financial institution.

If we wish to copy the example of the Bank of North Dakota we will find that that bank provided its people with a source of credit that survived even the great depression of the 1930's.

Coupled to this we can institute in our local communities a certain amount of local purchasing power issued by the community itself. This can be in either one of two forms:

In one case, the merchants of a particular community can agree to honor each other's checks, payable to bearer and insured against being cleared through the bank, which would cancel them, but intended to circulate as a local currency. Those merchants in that particular community will find that they will have authority to control a certain amount of their own local purchasing power. They will find that their own people, on whom they depend for livelihood, are less likely to trade elsewhere than they will be in their own local community, as long as the currency that is there is circulating locally.

The other way to obtain local control of local purchasing power is by means of local or county vouchers circulating as currency. These vouchers can be made substantially interest-free under most state statutes. If this is done, local improvements can be made without our local governments going to the lending institutions to borrow back the very tax money that the local communities have with the commercial financial institutions.

These two means can combine to give us a certain amount of local control of local purchasing power. But the most important thing for us to concentrate on is the emancipation of our entire national currency from the thralldom of control by the money manipulators. This we can do by concentrating upon the issuance of national currency, in debt-free form.

In case too many people become alarmed of the consequences of this, it is to be pointed out that we now have a certain amount of non-interest bearing money in circulation. All of our fractional currency: That is to say, the pennies, the nickels, the dimes, the quarters and the halves, all of these are non-interest bearing in their form. They are manufactured in our mints; they are paid into circulation; circulate freely; they do not draw interest, and they provide the government a very valuable source of revenue.

In the fiscal years 1966 through 1970, inclusive, the amount of seigniorage paid into the treasury by the mints amounted to more than four billion dollars. The profit ratio on this type of currency is something on the order of six-to-one. (You end up with six times as much currency as you have cost going into making the fractional coinage.)

The cost ratio in making the Federal Reserve notes is more on the order of 600 to 1. And during these same four fiscal years, in spite of the fact that more than 50 billion dollars in Federal Reserve notes was manufactured by the Bureau of Printing and Engraving and turned over to the banks—not one cent in seigniorage was paid into the treasury!

In arresting this swindle and in emancipating our commerce from a debt-money system we will find that the threat that is now posed by the Socialists and the Communists largely disappears.

Their remedies for our ills are being accepted gradually for two reasons:

One—There are no competing remedies being offered.

Two—Our debt-money system compels the government to spend more than it takes in, because this is the only way we can keep the economy going!

And this defect, this use of a debt-money system, is what is forcing us gradually, and sometimes more rapidly than many of us like to think, down the tube to Socialism.

By liberating our economy from its debt-money system, we will be safeguarding our own freedoms. Further than this, we will be protecting the world from a threat which seems ominous enough now, but if we usher in the era of prosperity that is available to us and that the bank controllers themselves admit will come to us, we will find that the threat of Socialism and Communism, even on the international scale, will largely dwindle and fade away.

Therefore, we must order our priorities. We must decide as individuals whether we are going to address ourselves to the problem of correcting a grave injustice that is perpetrated on our economy and on our government, by getting rid of a debt-money system. We must order our priorities and decide that we are going to spend our money and give of our substance and ourselves to this fight, rather than be distracted by the current basketball game, football game or by any number of other diversions that are continually waved before us.

If we want bread and circuses, then what we're going to get is Socialism. If we want to make our principal pastime, our principal activity, the running of our own affairs and the reinstallation of Constitutional control over our currency, then we will find that the support of such organizations as the Oregon Legislative and Research Committee will reward our individual efforts, which will be responsive to a real national and local need.

Therefore, those who have elected to forego the entertainments of the hour to come here to study the question of what to do about our money system are to be commended. It is the people right here in this auditorium upon whom the well-being of our Republic rests.

Those of us who have studied the American Revolution realize that it took a very small percentage of the American people to accomplish that feat. The burden rested upon relatively few shoulders. The fact that we can see about us others who appear to be more interested in other things should not dissuade us. We should be prepared to give of our substance and our time to such organizations as this, that have a positive remedy that is something other than a Socialist remedy: A remedy that has been proven; a remedy that will work; and a remedy for which our posterity will thank us, if we are able to accomplish it.

CONGRESS CAN FREE U.S. FROM BANKERS DEBT MONEY

"There is well over $100 Billion in Federal Reserve Notes now in circulation," said Mr. Horton* in a letter to Senator Paul Laxalt, Chairman, Senate Appropriations Committee. "Replacing $100 Billion in interest-bearing Federal Reserve Notes with a like amount of U.S. Notes that are interest-free in their original issuance saves the American taxpayer and the U.S. economy interest on $100 billion every year.

"A draft bill is enclosed," he said, "that could be clipped to the *Memorandum on Increasing Circulation of U.S. Notes* that was forwarded to you through your Reno office last November."

**T. David Horton, Counsel, Committee to Restore the Constitution, is a Carson City, Nevada, Attorney.*

491

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The mechanics for immediately resolving the problem of America held hostage by a megabank debt-money system are set out in Horton's letter and attached exhibits, *Memorandum on Increasing Circulation of U.S. Notes*, and, *"A Bill to Provide for the increase in the circulation of U.S. Notes. . .,"* reprinted in the same sequence, below.

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18 January 1982

Honorable Paul Laxalt
315 Russell Office Building
Washington, D.C. 20510

Dear Paul,

Princess Catherine Caradja from Romania writes:

> "I have never understood how you in the U.S.A. left the gain on the money to others not, as in Europe, to the State itself: A fault."

To implement the issuance into circulation of $100 Billion in U.S. Notes, the change in 31 U.S. Code, Section 402, is quite simple. A draft bill is enclosed that could be clipped to the Memorandum on Increasing Circulation of U.S. Notes that was forwarded to you through your Reno office last November (another copy is enclosed).

The fact that $100 Billion is being borrowed on the New York money market shows that the appropriations have already been made and the money will be spent. Whether that money will be "debt-money," with interest ad infinitum, or interest-free U.S. Notes, depends upon whether 31 U.S.C. 402 is amended.

There is well over $100 Billion in Federal Reserve Notes now in circulation. Replacing $100 Billion of interest-bearing Federal Reserve Notes with a like amount of U.S. Notes that are interest-free in their original issuance saves the American taxpayer and the U.S. economy interest on $100 Billion every year.

The effect on interest rates of reducing federal borrowings by $100 Billion is outlined in the Memorandum.

Section 404 provides that U.S. Notes be kept in circulation:

> Except as provided in Sections 403, 406, and 821 of this title, it shall not be lawful for the Secretary of the Treasury or other officer under him to cancel or retire any more of the United States legal-tender notes. And when any of said notes may be redeemed or be received into the Treasury under any law from any source whatever and shall belong to the United States, they shall not be retired, canceled, or destroyed, but they shall be reissued and paid out again and kept in circulation: Provided, that nothing herein shall prohibit the cancellation and destruction of mutilated notes and the issue of other notes of like denomination in their stead, as provided by law: And provided further, That in the event of any determination by the Secretary of the Treasury under section 915 of this title that an amount of said notes has been destroyed or irretrievably lost and so will never be presented for redemption, the amount of said notes required to be kept in circulation shall be reduced by the amount so determined.

This last provisal keeps the Treasury secretary from worrying about keeping in circulation the entire amount of U.S. Notes issued. If notes are lost or destroyed, it results in legitimate profit to the government. For example, Section 405a-2 provides for the writeoff of silver certificates deemed destroyed, lost, or held in collections. It is an easy matter to adjust the amount of currency issued to make up for that which has been taken out of circulation. The profit from this type of operation properly belongs to the Treasury, and is a form of non-tax revenue.

MEMORANDUM ON INCREASING CIRCULATION OF U.S. NOTES

Amending 31 U.S. Code 402 to provide for the circulation of $100 Billion in U.S. Notes rather than the present $300 Million can be expected to have the following results:

a) By providing nearly $100 Billion in tax-free revenue, it will be unnecessary for the Federal Government to bid up the price (interest rate) of available credit in order to finance its operation. Chairman Volcker says that there should be $100 Billion less Federal borrowing on the money market in order to bring interest rates down. Replacing interest-bearing Federal Reserve Notes with U.S. Notes that are non-interest-bearing in their original issuance will relieve the pressure currently forcing interest rates up. Reducing interest rates will unshackle the economy and allow production and distribution to get moving.

b) Retaining $100 Billion of U.S. Notes by forbidding their cancellation (as provided in Section 404 of 31 U.S. Code) will keep $100 Billion of the public debt in circulation as currency in interest-free form. The long-term affect will be to save annually the interest on $100 Billion (by 1972, the savings of the $300 Million authorized by Section 402 of 31 U.S.C., when compared with "conventional" debt-money financing was over $511 Billion).

c) By re-asserting its control over the nation's currency, as required by Article 1, Section 8, Clause 5 of the U.S. Constitution, Congress will be serving notice on the controllers of the present system of debt-money that the economy may no longer be held hostage to increase bank profits.

d) A debt-free currency that sparks the economy will abate pressures for un-Constitutional socialist spending programs, and make possible further reductions in Federal spending and taxes.

97th CONGRESS 2nd SESSION

S.______

IN THE SENATE OF THE UNITED STATES

Mr. Laxalt introduced the following bill: which was read twice and referred to the Committee on

A BILL

To provide for the increase in the circulation of U.S. Notes from $300,000,000 to $100,000,000,000.

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

Sec. 402 of Title 31 of the United States Code is hereby amended to read as follows (new material underscored; old material lined through):

Sec. 402. Limitation of amount of United States notes in circulation.

The amount of United States notes outstanding and to be used as a part of the circulating medium, shall not exceed the sum of <u>$100,000,000,000</u>, ~~$300,000,000~~ which sum shall appear in each monthly statement of the public debt, and no part thereof shall be held or used as a reserve.

DEMISE OF THE GERMAN REPUBLIC

"There is a pattern in the situation of chaos in America," said H.I.H. Aleksei Romanoff in the August 1979 issue of *Double Eagle*, "similar in various areas to such a pattern in Germany before the usurpation of power by the Nazi gang under the leadership of the Fuehrer Hitler.

"The Nazis polled fewer than a million votes at the 1928 election in the German Republic," said Romanoff, "and were represented by only 12 seats in the German Congress (Reichstag). But with the Wall Street crash of 1929 disaster came. Germany was like a man who has been leapfrogging cheques into and out of his bank account and is suddenly let down by the non-arrival of the credit intended to cover the post-dated debit made the day before yesterday and due to be presented today.

"By 1932 there were five million unemployed, and the disease of hopelessness spread throughout the German Republic. Food, warmth and shelter were pulled out of the people's grasp with terrible frequency. Savings vanished in a wave of profiteering and a desperate effort to pay the mortgages on farms and houses. Millions of Germans saw the apparently solid framework of their existence cracking and crumbling. In such circumstances men are no longer amenable to the arguments of reason. In such circumstances men entertain fantastic fears, extravagant hatreds and extravagant hopes. And in such circumstances the extravagant demagogy of Hitler began to attract a mass following as it had never done before.

"In these conditions," said Romanoff, "it was not only the Nazi Party which brought Hitler to unlimited dictatorial power. Indeed, it was the German Congress (Reichstag) which, subverted by Communo-Fascist cunning intrigues, in conditions of threats, bribery, murder and treason, brought Hitler to the Chancellorship of the German Republic in January 1933, bringing also an end to this German Republic and to so-called democracy."

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POSITION OF NEVADA
LEGISLATORS PONDER USE OF STATE-MINTED COINS AS LEGAL TENDER*

Position of Nevada on Producing One Ounce Silver Coins to be Used in Nevada as Legal Tender with an Exchange Value of $20.00.

HISTORY OF THE POWER TO ISSUE MONEY

The use of money precedes even the use of letters.[1] It is always national in character[2] and is the universal requisite for civilization.[3] In Bastiat's words, society implies exchange, and exchange, money.[4]

The power to issue money belonged to each individual state, which was recognized as a complete national sovereignty by the Treaty of Paris that concluded the Revolutionary War. Each state exercised its power. Connecticut had 29 different issues of currency, Delaware 16, Massachusetts 30, North Carolina 21, Rhode Island 23, Pennsylvania 41, etc.[5] Nevada, and each new State, was a complete sovereignty before being qualified to admission into the Union of States.[6] Included in the sovereign powers belonging to the State of Nevada was the power to issue money.

This supreme prerogative of government was delegated, with reservations, by the States, to the Continental Congress in the Articles of Confederation:

> **"The United States In Congress assembled shall never ... coin money, nor regulate the value thereof, ... unless nine states assent to the same: ..."[7]**

Under the Constitution, the delegation by the states of their money power to the Congress was less reserved. Two Constitutional provisions relate to the power to issue money: Article 1, Section 8, Clause 5 provides that this power shall be vested in the Congress, and Article 1, Section 10, prohibits the state from issuing its own money. The two provisions were necessary to make the Congressional power complete, and are interdependent.

The Congress has proceeded to strike the fractional coinage under the authority it received from the States, and the profits from this operation (seignorage) are paid twice a year into the Treasury. The profits on this money are on the order of 6 to 1 (six times as much money is produced as it costs to make it[8]). The major portion of our currency is made up of Federal Reserve Notes. These Notes are denominated as legal tender, but they are the issues of a privately chartered corporation. The profit from these Notes is on the order 600 to 1.[9] Yet no seignorage is paid on them into the Treasury.[10]

(continued page 2)

[1]Alexander **Del Mar, A History of Money in Ancient Countries from the Earliest Times to the Present,** *London, George Bell and Sons,* **Covent** *Garden, 1885, p. 14.*
[2]Op cit, p. 203. [3]*Op cit, p. 14.* [4]*Ibid.*

*Position paper and proposed state statute absolving Nevada of her obligation to not issue money, and providing for the issuance of silver coins as legal tender, presented to Nevada State Legislative Commission Subcommittee Studying Feasibility of Minting Gold and Silver Medallions (SCR 33), 8 May 1986, by Attorney T. David Horton, PO Box 2107 Carson City, Nevada 89701 (702) 883-1966, Counsel, Committee to Restore the Constitution. Contact Mr. Horton for information and testimony on introducing a similar proposal before your state legislature.

[5]*The Standard Paper Money catalog, part 2, Wayte Raymond, Inc., New York, 1955.*
[6]*Equal Footing Doctrine and Its Application by the Congress and the Courts, Office of the Attorney General, Carson City, May, 1977, pp. 2-9. See also Documents on the Formation of the Union, selected by Charles Callon Tansill, Government Printing Office, 1927, p. 95.*
[7]*"We the States" An Anthology of Historic Documents and Commentaries Thereon, Expounding the State and Federal Relationship, Virginia Commission on Constitutional Government, 1964, pp. 29-30.*
[8]*David Horton, "The Monetary Crisis, Its Threat to Liberty and the Remedy," Congressional Record May 11, 1972, Reprinted "The Most Secret Science," Archibald E. Roberts, Betsy Ross Press, P.O. Box 986, Fort Collins, CO 80522, 1984, pp. 91 ff.*
[9]*Roberts, p. 98.*

[10]*Ibid. In a letter to the undersigned dated December 4, 1970, Michael J. Plant, Superintendent, Management Services Division, Treasury Department, Bureau of Printing and Engraving, stated:*

"Deliveries of Federal Reserve notes by the Bureau of Engraving and Printing and the amounts paid by the Board of Governors of the Federal Reserve System for the manufacture of those notes, for the periods in question, were as follows:

	Notes Delivered (All Denominations)		
Fiscal Year	**Quantity**	**Face Value**	**Manufacturing Costs**
1967	*1,985,664,000*	*$10,887,280,000*	*$16,282,168.80*
1968	*2,105,944,000*	*12,236,960,000*	*17,156,081.60*
1969	*2,430,608,000*	*12,078,240,000*	*19,267,488.80*
1970	*2,509,728,000*	*15,619,680,000*	*20,408,608.00*

"The sums billed for the manufacture of these notes were not paid into the Treasury, per se. These figures represent the actual costs expended by the Bureau for the production of the notes and the repayment was made by the Board of Governors directly to the Bureau of Engraving and Printing."

In other words, the Federal Reserve paid for the paper and the ink. They received 695 times as much 'legal tender' currency as it cost to print it.

...ITION (continued)

The surrender by the Congress of ...trol of the nation's currency to a ...vate banking organization is a ...lation of Constitutional provisions ...d an unlawful usurpation of power.[11]

The responsibility for correction ...f usurpation lies with the State.[12] ...en the Constitution is violated by ...e federal government, the state ...hose creature it is, must . . . take ...h measures to redress the injury ...ne to the Constitution as the ...gency may suggest and prudence ...stify."[13]

Prior Use by Nevada of Legislative Power to Correct Usurpation

In 1979 the Nevada Legislature ...pted the Public Lands Ownership ...t which made legislative findings ...RS 321.596) that spread to other ...tes and started the use of state ...gislative power to correct usurpa-...ion.

"4. The intent of the framers of the Constitution of the United States was to guarantee to each of the states sovereignty over all matters within its boundaries except for those powers specifically granted to the United States as agent of the states . . .

"6. The purported right of ownership and control over the public lands within the State of Nevada by the United States is without foundation and violates the clear intent of the Constitution of the United States."

This use of legislative power, ...ough not as complete as that ...ned in the original Initiative ...tion that formed the basis for the ...vada Public Lands Ownership Act, ...vided basis for the States to in-...ase their control over their public ...nds.[14]

Nevada, in using her legislative ...wer to correct usurpation, was ...owing many examples of legisla-...ve correction of usurpation.[15]

...ing Usurpation with State Action," ...d Morton, pamphlet, Wisconsin ...islative Research Committee, 1972, ...ted, "The Republic: Decline and ...ure Promise," by Archibald E. Roberts, ...ntennial Edition, Betsy Ross Press, ...Box 986, Fort Collins, CO 80522, 1975, ...

...The Republic, Decline, p. 74. ...st No. 33, The Federalist, Modern ...ary, 1937, p. 200. Federalist No. 46 ...es the role of the State government ...ing usurpation, p. 312. ...chniques and Strategies, the Public ...paign, Bulletin, Committee to ...the Constitution, P.O. Box 986, Ft. ...s, Colorado 80522, March, 1981. ...The Republic, Decline, pp. 73 ff.

Statutory Correction by Nevada of Congressional Failure to Abide by the Constitution

Nevada's Public Lands Ownership Act started the correction of the violations of Article 1, Section 8, Clause 17 of the Constitution that restricted the power over public lands to those (1) that are purchased, (2) with the consent of the Legislature of the State, and (3) used only "for the Erection of Forts, Magazines, Arsenals, dock-Yard, and other needful Buildings."

The Constitution clearly said one thing, while the Congress was doing something else. The remedy for that situation is the use of the State's legislative power to enforce the Constitution within its borders.

Federal agencies ignored express provisions of the Constitution in exercising control over Nevada's Public Lands. The Public Lands Ownership Act was a move toward putting down "the Rebellion" by federal agencies against the Constitution that represented by their continued control over Nevada's Public Lands. The Public Lands Ownership Act clarified, by statute, the State's position with regard to her public lands.

The same type of clarification and enforcement is needed with regard to the violation by the Congress of Article 1, Section 8, Clause 5 of the United States Constitution wherein the States delegated their power to issue currency to the Congress. Again, the Constitution said one thing, and the Congress did something else. The Congress purported to delegate the power to issue the major portion of our currency (the paper money) to a consortium of private bankers.

The States agreed (and Nevada joined in that agreement when she joined the Union) to delegate their money power **to the Congress.** The States did **not** agree that Congress re-delegate this sovereign power to the private Federal Reserve Corporation in which the United States owns not one share of stock.

The Congress has therefore failed to discharge its duty to issue all money by passing this sovereign power over to a group of bankers.

When the agent of the States, the Congress, fails to go by the Constitution, the responsibility for correcting the infraction belongs to the State and the manner of correction selected by the attached proposed bill recognizes that the failure of the Congress to discharge its obligation under the Constitution to issue the currency absolves Nevada from her agreement not to issue her own money. The attached proposed bill proposes that Nevada resume control of its money power, or at least part of it.

Included are findings that the State delegated its power to issue money to the Congress on condition that the Congress would issue the money, and the Congress has violated the Constitution by delegating the control of money to the Federal Reserve Corporation. This statute would also find that the unlawful surrender by the Congress of the power to issue money to the privately-owned Federal Reserve Corporation absolves Nevada from her agreement under Article 1, Section 10 of the U.S. Constitution not to issue her own money. The State of Nevada would further find that the Federal Reserve Corporation is not the Congress of the United States and only the Congress of the United States has authority to exercise Nevada's power to issue money, and therefore, Nevada can undertake to issue such of its own currency as it sees fit, unless and until the Congress abandons its betrayal of its Constitutional responsibility and issues all national currency.

Form of the Currency

By starting with the issuance of a \$20 coin containing one ounce of five silver (alloyed to 90% fineness for superior wear capability) Nevada would give her citizens (and tourists) a choice of using \$20 Federal Reserve Notes made of paper and issued by a private bank, or a coin, issued by the lawful authority of the State, containing one ounce of fine silver. Such a choice would make the Nevada coins highly popular.

Recently the price of silver has been \$50.00 an ounce. Those interested in saving silver against the day when its price may again rise, would be attracted by the option of supporting exchanges with \$20.00 silver coins rather than \$20.00 paper bills. 4-1

The State would make the profit on the difference between the cost of producing the coin (under \$6.00 at present silver prices) and its face value of \$20.00. In the event that prices inflate and silver climbs to the point where the coins are again more valuable as metal than they are as money, they would disappear from circulation. Such automatic withdrawal of the Nevada State currency would occur when prices were being forced up by the issuance of too much money, and the automatic withdrawal of the coins under these circumstances would help to stabilize our price levels. 4-2

4.0 A draft statute follows (page 3)

A. B. ____________

A BILL finding that the issuance of Federal Reserve Notes is a violation of the Constitution of the United States of America, providing that Nevada is absolved from her obligation not to issue money, and further providing for the issuance of $20.00 silver coins as a legal tender in Nevada for all debts public and private.

BE IT ENACTED by the Legislature of the State of Nevada:

Section 1. The Legislature finds:

a. The State of Nevada, at the time of her admission to the United States of America was a full national sovereignty, being on an equal footing with the 13 sovereignties that formed the Compact known as the Constitution of the United States of America.

b. In ratifying and approving the Constitution of the United States of America, Nevada agreed to delegate certain of her sovereign powers to three special agencies of government, all in the form as provided by the Constitution of the United States of America.

c. Among the powers so delegated by Nevada was the sovereign power to issue money which was delegated by Nevada, in concert with her Sister States, to a common special agent, namely the Congress of the United States, in Article I, Section 8, Clause 5 of the Constitution of the United States of America.

d. Nevada also, in Article I, Section 10 of the Constitution of the United States agreed not to issue her own money. This agreement, however, was conditioned upon the Congress discharging its obligation to issue money as the common agent of Nevada and her Sister States.

e. The purported delegation by the Congress of the power to issue money to a privately owned corporation, known as the Federal Reserve Bank, was an unlawful change in the terms of the Constitution of the United States of America and a specific violation of the terms of Article I, Section 8, Clause 5 of the Constitution of the United States of America.

f. The failure of the Congress of the United States to discharge its obligation under Article I, Section 8, Clause 5 of the Constitution of the United States of America absolves the State of Nevada from her obligation under Article I, Section 10, of the Constitution of the United States of America, not to issue her own money.

Section 2. From and after the effective date of this Act, the Treasurer of the State of Nevada is hereby authorized and directed to issue into circulation, coins of the State of Nevada in the sum of Fifty Million Dollars ($50,000,000.00). Said coins shall contain one ounce of fine silver and be alloyed to 90% fineness and shall bear the Great Seal of the State of Nevada and the design thereof shall include the words "Twenty Dollars" and shall be full legal tender for all debts, public and private, within the State of Nevada.

Section 3. When the Nevada $20.00 coins are received into the Treasury, they shall not be retired (except as hereinafter set forth in Section 4), but shall be reissued. No part of the coins herein provided to be issued shall be held as a reserve except such amounts as the Legislature of the State of Nevada may from time to time direct.

Section 4. Should the Treasurer of the State of Nevada hereafter determine that the Congress of the United States is resuming its Constitutional obligation to issue money as provided by Article I, Section 8, Clause 5 of the Constitution of the United States (1) by requiring the Federal Reserve Bank to retire its issuance of circulating notes, and (2) by causing the issuance of sufficient currency under the authority of the Congress of the United States to meet the needs of the commerce of the United States of America and of Nevada, then in that event, the Treasurer of the State of Nevada will thereupon be authorized to retire such Nevada $20.00 silver coins as may be paid into the Treasury of Nevada.

ANDREW JACKSON
AND THE DEN OF VIPERS

In 1828, when Andrew Jackson was campaigning for the presidency, he was opposed to the central banking system, and during his campaign told the bankers: "You are a den of vipers. I intend to rout you out and by the Eternal God I will rout you out." He also stated: "If the people only understood the rank injustice of our Money and Banking system there would be a revolution before morning."

During his inauguration message, Jackson said: "The Federal Constitution must be obeyed, states rights preserved, our national debt must be paid, direct taxes and loans avoided, and the Federal Union preserved. These are the objects I have in view, and regardless of all consequences, will carry into effect."

Andrew Jackson was a champion of all the people and of the states' rights. In 1832, Andrew Jackson ran for the presidency once again. The election of 1832 was centered primarily on the bank issue. The Jacksonians chose Martin Van Buren to run for Vice-President with Jackson. The history of the present Democratic Party is traced from this convention.

* * * * * * * *

President Jackson believed that the people, by reelecting him, had expressed their opinion that he should break the power of what he called "this hydra of corruption" the Second Bank of the United States. On July 10, 1832, President Jackson presented to the Senate his veto message on rechartering the "Bank of the United States Bill." The following are some statements from this veto:

"... Having considered (the Bill) with solemn regard to the principles of the Constitution ... (I) come to the conclusion that it ought not to become a law ... Some of the powers and privileges possessed by the existing bank are unauthorized by the Constitution, subversive to the rights of the States, and dangerous to the liberties of the people ... It enjoys an exclusive privilege of banking under the authority of the General (Federal) Government, monopoly of its favor and support, and, as a necessary consequence, almost a monopoly of the foreign and domestic exchange.

* * * * * * * *

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NEW CONCEPTS IN DEFENSE*

A study of American survival capability in the event of a nuclear exchange in the 1960's showed:

Against a ten thousand megaton attack over 80 percent of the American population would be lost if fallout shelters were not available. (With fallout shelters, the number of survivors would be tripled.) By comparison, a similar attack on the Soviet Union would result in less than 6% of their population being lost—a figure lower than suffered by Russia during World War II. The nuclear survival capability of the U.S.S.R. in the 1960's greatly exceeded that developed by the United States.

Since that time, the condition has worsened:

The fledgling program to provide **fallout shelter** space for "every man, **woman and child** in America" has been **scrapped while the** American population **has continued to** gather, more and more, **in population centers**, making more and **more nuclear targets**, while the Russian **decentralization** program advances.

FACTORS CONTRIBUTING TO THE PROBLEM

Abandonment of Shelter Program

The abandonment of civil defense **preparations is a** failure by the federal **government in Washington** to discharge **their responsibility** under the U.S. **Constitution to provide** for the common **defense.**[1] **Faced** with the termination of **federal efforts** to provide and stock **fallout shelters**, the States and local **communities are left** with the responsibility **of providing** for their individual **defense with little** funding.

Migration Forced by Monetary Policies

The employment by the American **economy of a Debt** Money System has hobbled productivity and forced migration of the population away from rural areas (where capital and labor are both needed to develop our resources) to metropolitan areas where the "blood supply" (purchasing power) of the economy collects, making employment easier to obtain.

The branch banking system used in most states siphons purchasing power from rural areas to population centers where it increases economic activity and the size and attractiveness of nuclear targets. Branch banks in rural communities frequently have no loan officers and the bank directors find it is more economical to make multi-million dollar loans in their urban headquarters rather than small loans out of rural branches that will develop the rural economy. The transfer of the "blood supply" from rural to urban locations compels the migration of the population to the cities.

As a result, while the Soviet population and industry continue to be dispersed in accordance with sensible planning that is consistently followed, the United States has done just the opposite. Consequently, the survival capabilities of the two countries in the scenario of a nuclear exchange is worse today than it was in the 1960's.

T. David Horton, Attorney at Law, Counsel, Committee to Restore the Constitution, Inc. Sweetland Building, 305 North Caron Street, Carson City, NV 89701 (702) 883-1966.

Centralization of Forces That Need To Be Deployed In Case Of Attack

The military continues to be centralized, taking young recruits from Nebraska or Idaho and sending them to Georgia for training. Similar policies pervade all branches and leave the military in concentrated locations (where they form nuclear targets) and away from the dispersed locations where their participation in post-attack recovery operations would be needed.

SOLUTIONS

497

A. In areas of the country where the economy is expanding, new construction provides a valuable opportunity

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[1] *Federal preoccupation with unconstitutional social programs have unbalanced the Federal Budget. "Sockdalager, a Tale of Davy Crockett, In Which the Old Tennessee Bear Hunter Meets Up With the Constitution of the United States:" an account of Crockett's conversion, while a member of Congress, from a social welfare spender to a Constitutional supporter. "The people have delegated to Congress, by the Constitution, the power to do certain things. To do these, it is authorized to collect and pay moneys, and for nothing else. Everything beyond this is usurpation, and a violation of the Constitution."*

4
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for reducing our nuclear deficit in fallout shelters. Local planning commissions and boards of county commissioners can require new structures to be built with basements having baffled entrances that will serve as fallout shelters; new schools can be "slanted" to use economical, heavy materials that will provide areas in the floor plan where the student population and/or the public in general can be sheltered.

By encouraging the construction of basements in conventional houses and the development of "earth sheltered" designs, more homes can be built with part of their floor plan serving as a family shelter. The reduced energy requirements and quieter surroundings are side benefits that make these methods of construction more attractive.

The Nevada example of a property tax exemption for home fallout shelters also provides an incentive for such shelters as well as an automatic inventory of available residential shelters (NRS 361.078).[2]

The construction of more individual and community shelter locations will tend to increase the amount of food and other stores set aside for their use. The public stores can be incorporated into local indigent and transient care programs

---

[2]*361.078 Exemption of residential property containing shelter protecting against radioactive fallout.*

1. Residential property to the extent of $1,000 assessed valuation is exempt from taxation if the property:

(a) Is owned and occupied by a resident of this state;

(b) Contains a shelter for protection against radioactive fallout;

(c) The shelter has sufficient space to protect the number of persons who normally occupy the residence; and

(d) The shelter provides at least 40 times more protection against radiation to a person inside the shelter than to a person outside the shelter.

2. Any person claiming this exemption must file with the county assessor an affidavit declaring that:

(a) He is a resident of the State of Nevada;

(b) His shelter meets the requirements of subsection 1; and

(c) He has not claimed a similar

---

[3]A.B. ______

A BILL finding that the issuance of Federal Reserve Notes is a violation of the Constitution of the United States of America, providing that Nevada is absolved from her obligation not to issue money, and further providing for the issuance of $20.00 silver coins as a legal tender in Nevada for all debts public and private.

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e. The purported delegation by the Congress of the power to issue money to a privately owned corporation, known as the Federal Reserve Bank, was an unlawful change in the terms of the Constitution of the United States of America and a specific violation of the terms of Article I, Section 8, Clause 5 of the Constitution of the United States of America.

f. The failure of the Congress of the United States to discharge its obligation under Article I, Section 8, Clause 5 of the Constitution of the United States of America absolves the State of Nevada from her obligation under Article I, Section 10, of the Constitution of the United States of America, not to issue her own money.

Section 2. From and after the effective date of this Act, the Treasurer of the State of Nevada is hereby authorized and directed to issue into circulation, coins of the State of Nevada in the sum of Fifty Million Dollars ($50,000,000.00). Said coins shall contain one ounce of fine silver and be alloyed to 90% fineness and shall bear the Great Seal of the State of Nevada and the design thereof shall include the words "Twenty Dollars" and shall be full legal tender, for all debts, public and private, within the State of Nevada.

Section 3. When the Nevada $20.00 coins are received into the Treasury, they shall not be retired (except as hereinafter set forth in Section 4), but shall be reissued. No part of the coins herein provided to be issued shall be held as a reserve except such amounts as the Legislature of the State of Nevada may from time to time direct.

Section 4. Should the Treasurer of the State of Nevada hereafter determine that the Congress of the United States is resuming its Constitutional obligation to issue money as provided by Article I, Section 8, Clause 5 of the Constitution of the United States (1) by requiring the Federal Reserve Bank to retire its issuance of circulating notes, and (2) by causing the issuance of sufficient currency under the authority of the Congress of the United States to meet the needs of the commerce of the United States of America and of Nevada, then in that event, the Treasurer of was to keep the food stocks rotated and greatly expand the community's survival potential from nuclear attack.

The construction of blast shelters as advocated by "Fighting Chance" of the Oregon Institute of Science and Medicine, P.O. Box 1297, Cave Junction, Oregon, 97523, would be an improvement over the largely defunct national fallout shelter program.

B. The substitution of "debt free" purchasing power for current "money" that saps the vitality of our free-enterprise economy with interest charges and fails to support exchanges in the areas where the exchanges are needed can be accomplished in a number of different ways.

I. Requiring the Congress to replace present Federal Reserve Notes with United States Notes that are interest-free and their original issuance will save the economy the interest charges on some two hundred billion dollars of "debt money" every year, and will provide a one-time two hundred billion dollar "windfall" of government revenue. This non-tax source of funds would keep the federal agencies in Washington from bidding up the price of available commercial credit when they borrow the amount of the deficit (even if that deficit is two hundred billion dollars). The absence of the principal sponge for absorbing the available commercial credit from the credit marketplace for one year would force interest rates down sharply, thereby stimulating the economy, reducing non-productive interest exactions throughout the entire economy, increasing tax revenues through added production and income and reducing government outlays by increasing employment and reducing welfare roles.

II. The establishment of local state currencies along the lines outlined in the September, 1986, Bulletin of the Committee to Restore the Constitution[3] will compel the correction by the Congress of the current violation of the U.S. Constitution that permits a privately owned corporation (the Federal Reserve), to control the nation's currency in violation of the express provisions of Article I, Section 8, Clause 5 of the U.S. Constitution: "*Congress* shall have power ... to coin money and regulate the value thereof." (page 2)

III. The circulation of local commercial credits to support local exchanges

(continued page 4)

"LOCAL PURCHASING POWER RESOLUTION

Stagnation in an economy is due to lack of purchasing power. One of the reasons for the stability of the Roman Empire was a coinage system that provided for local control of local purchasing power. The coinage prerogative was divided; gold coinage being the prerogative of the Pontifex Maximum; silver, *ex senatus consulto* and certain principalities, and the bronze coinage being the money of general trade.

Today the banks, by fractional reserve system, can exercise some local control over local purchasing power. This control is constricted by overall banking policy. However, the citizens of a small community, by using each other's credit, can supply a form of local purchasing power which will assist in relieving the congestion in the local economy. In addition, it will provide training and cooperation that could be indispensable in the event of a nuclear attack.

Therefore, if perhaps twenty entities in Battle Mountain, each having the power to redeem their checks by means of goods and services, were to issue personal checks to cash, endorsed by two others, in amounts varying from $1.00 to $20.00 and a total amount per participant of perhaps $200.00, a total of $4,000.00 would be put into circulation, which would circulate locally and not be removed from the economy.

Initial circulation could be intended for a period of perhaps three months, with the checks withdrawn for inventory purposes and for reporting analysis.

The periodic redemption, after perhaps three months, would allow a report to be made on some of the following subjects which would be of interest: The estimated average velocity of circulation; the number of items destroyed or hoarded; the number of items removed by tourists as curiosities; and the total amount of local goods and services distributed by the local purchasing power. It also would give the community practice in handling of local purchasing power which could be of significant assistance in the event of a nuclear attack. Such an attack would be expected to destroy a great portion of the available marketable goods and productive capacity, and thereby cause people to insist that the person issuing the purchasing power have the capacity to redeem it with local goods and services in the community where the holder resides. Such an eventuality might mean that local credit would pass at a premium compared to the national currency. But it could assure the continued division of labor in a community by means of purchasing power which otherwise might not be feasible under the extreme conditions resulting from a nuclear attack.

There are far more than twenty individuals or businesses which easily could support the issuance of $200.00 in checks. However, it might be well to limit the original use for pilot purposes to twenty issuers or $4,000.00 total, and leave to experience the proof of the utility of adding more. This additional issuance might later be handled by one or two Credit Committees who would approve the issuer as to ability to redeem, and permanence in the community and also inventory the checks outstanding.

Because these checks would be intended for local issuance only, and because the Battle Mountain community is oriented to outside Suppliers rather than sources of local supply, it is possible that points of congestion of the checks in the local economy could develop. Methods of relieving such bottlenecks might include the following: If, Don Lake at the Midway Store finds that his employees can move on the average one-third of their weekly paycheck in the form of a local currency, and his landlady, because of bank commitments, can accept but 25%. The convenience of his store and the fact that he has many commodities required by local people, might mean that he ends up with a surplus of the local purchasing power.

However, past credit policies have resulted in his inability to collect certain accounts. John Debtor is in arrears by perhaps $350.00 and hasn't been seen in the store for some months. Don has the alternative of turning over the account to an attorney and losing half of his claim on a contingent collection, or contacting the debtor along the following lines:

499

Dear John Debtor:

Your account has been some months past due and I have considered the advisability of turning the matter over to an attorney for collection, which could

(continued page 4)

4-1

4-2

REPORT ON THE NEVADA SILVER COIN BILL
(A. B. 297)

Legal Basis:

There are two provisions in the U.S. Constitution dealing with money. In Article I, Section 8, Clause 5, the States agreed to delegate their power to issue money to the Congress. Prior to that delegation, the individual States had issued their own money, and later, with the consent of 9 States, the Continental Congress issued the currency that won the Revolutionary War, despite the widespread counterfeiting of the currency by the British.

Later, in the United States Constitution, the States agreed, in Article I, Section 10, not to continue issuing their own money, but this provision was dependent upon the first--namely that Congress would, in fact, issue all the money as the common agent of the States. The Congress has discharged its responsibility with regard to the fractional currency--the nickels, quarters and dimes, etc., and the profit from this activity (seigniorage) is paid over, twice a year, to the U. S. Treasury. But the principal money we use today is issued in violation of the Congress's obligation to issue all the money. In stead, it is issued by a private corporation (the Federal Reserve Corporation) in which the United States owns no stock.

4-15

4-20

None of the profit from the issuance of the Federal Reserve Notes goes into the Treasury, and in addition, the United States economy has to pay interest on the over $300 billion in currency that the Federal Reserve has issued, in order to keep the money in circulation. That amounts to over $1 billion per month that the American free enterprise system is paying in unnecessary and unConstitutional exactions just for the use of the money that the Congress is supposed to issue (interest free) into the economy.

The failure of the Congress to issue the folding money violates the Constitution and leaves the option open to Nevada, and to any other State wishing to do it, to resume control of such of the State's money power as it sees fit.

The proposed Nevada Silver Coin Bill starts with $50 million in $20 one ounce silver coins that are to stay in circulation until Congress lives up to its responsibility of issuing all of the money by causing the Federal Reserve to withdraw its issues of Federal Reserve Notes as the United States Notes, issued by the Congress, are placed in circulation. Only when the Congress has taken complete control of the money will Nevada withdraw the silver coins that are paid into the State Treasury in taxes.[1]

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[1] If Nevada, by this measure, is successful in intimidating the Congress into going by the Constitution, and replacing Federal Reserve Notes with United States Notes, the following would be the predictable results:

Replacing over $300 billion of outstanding Federal

It is not just the privilege of a State to use its legislative power to correct a federal usurpation--it is a duty for a State to do so (see Federalist 33 and 46). Nevada has used its legislative power before to correct a Constitutional infraction. In 1979, the Nevada Public Lands Ownership Act (NRS 321.596), started the correction of a Constitutional violation that is represented by Federal agencies continuing to exercise control over public land in Nevada long afer we became a State and acquired the sovereign title to all public land within our borders.

Effects of the Bill:

The effect on the money system is confined to Nevada, because the coins will be legal tender only in Nevada. Unlike Federal Reserve Notes, the Nevada coins will be interest-free in their issuance and no interest payments will be necessary to keep them in circulation. They will form part of the fractional reserve for Nevada banks when they are received for deposit and will increase

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Reserve Notes with United States Notes generates $300 billion in non-tax government revenue. This causes the federal budget to balance for at least a year.

Right now, over one-half of the available commercial credit is sopped up by the federal government when it finances the deficit. Removing the principal bidder (the government) from the money market for over a year will make more credit available to the productive sector of our economy and drive interest rates down.

Lower interest rates will cause more homes to be built, more automobiles to be bought and will increase employment and revenues from existing tax sources. It will also reduce federal welfare payments and tend to bring future budgets into balance.

502

the amount of loans Nevada banks can make.

Nevada businesses will benefit. People who have $100 in their pockets, of which $40 is in Nevada coins, will have $100 to spend in Nevada. They will only have $60 to spend if they go out of state. The "local control of local purchasing power" that the bill represents will help build Nevada's economic autonomy. It is "S & H" green stamps on a state-wide basis. There is no overhead: No catalogs to print, no stamps to save. The Nevada economy is the "catalog" and the Silver Coins are the "stamps."

Many of the coins will be taken out of the State, where they will no longer be a legal tender. For each coin a tourist takes home, Nevada makes about $15 (the difference between the $20 face value of the coin and the cost of manufacture, which should be about $5 at present silver prices).

Former State Treasurer Ken Santor observed when he first saw the draft bill that $50 million in $20 silver coins would be gone in one weekend in the Las Vegas casinos. He suggested a larger issuee--perhaps $100 million--per month, at first, during the tourist season. This would assure that enough of the coins would stay in Nevada to serve as part of our circulating currency.

The estimated velocity of circulation of money is twice a week. If $50 million of the coins are circulated in Nevada, $5 billion of business a year will be conducted with the Nevada coins. This will make more jobs, more revenue from existing taxes and reduce welfare expenditures. It is not just Nevada mining that will benefit from the measure, but the entire Nevada economy.

The administration of the measure is provided for in the bill. The Treasurer is directed to re-issue the coins[2] so that they will continue in circulation.

The coins will be handled just like the old silver cartwheels used to be handled, but the Nevada coins will be slightly larger (containing one ounce of fine silver at nine-tenths fineness, so the Nevada coins will weigh 1.111 troy ounces).

The measure is self-funding and the financial impact will be positive. The direct State revenue from the $50 million issue would be about $37,500,000.00.

<u>Summary:</u>

1. Raises about $37.5 million of non-tax revenue.
2. Improves reserves of Nevada banks.

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2 This provision is taken from the U. S. Code that mandates that the United States Notes issued by the Congress shall not be held as a reserve, but when received in payment of taxes, shall be reissued. This provision assures that the currency is kept in circulation.

3. Supports exchanges in Nevada with a money that is interest-free in its issuance, thereby reducing the interest burden on Nevada's economy.

4. Stimulates Nevada's economy.

5. Builds Nevada's economic autonomy.

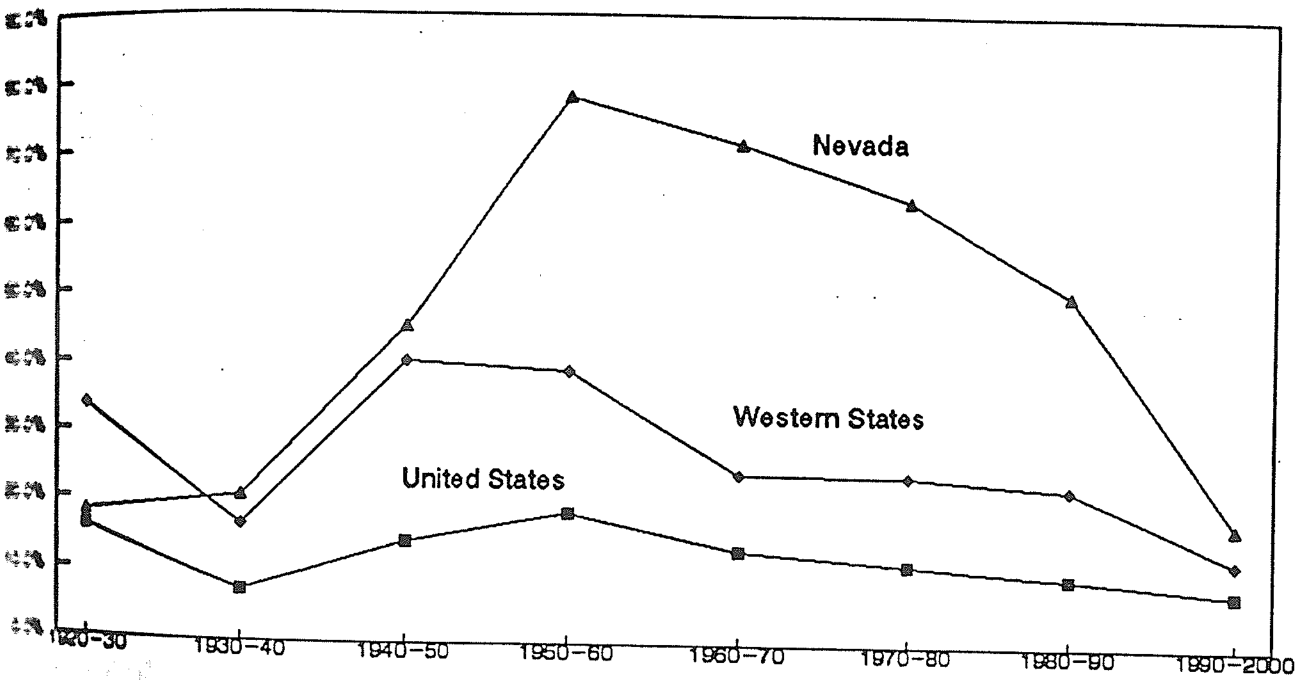
6. Advertises the Silver State with a Silver Coin.

7. Develops a market for a Nevada product (silver).

8. Urges correction by the Congress of a violation of the U. S. Constitution.

Population Trends
In Nevada

Population Growth--By Decades
United States, Western States and Nevada
1920 to 2000



SOURCE: U.S. Bureau of the Census.

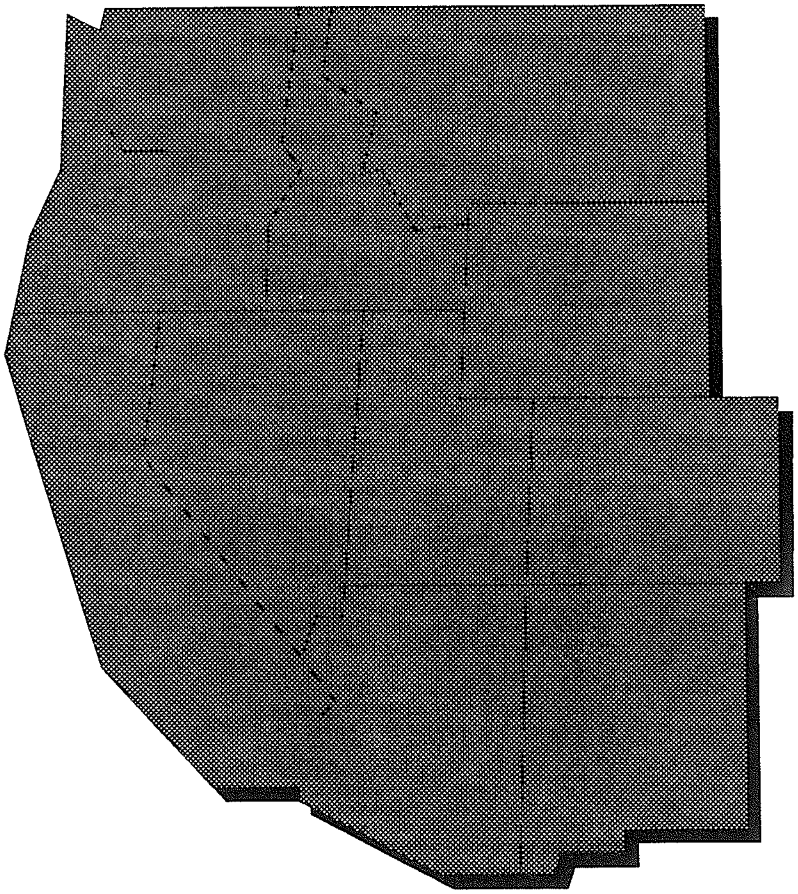
Historical Trends

Population of Counties in Nevada

Population by Age and Race

Population Estimates and Forecasts

500

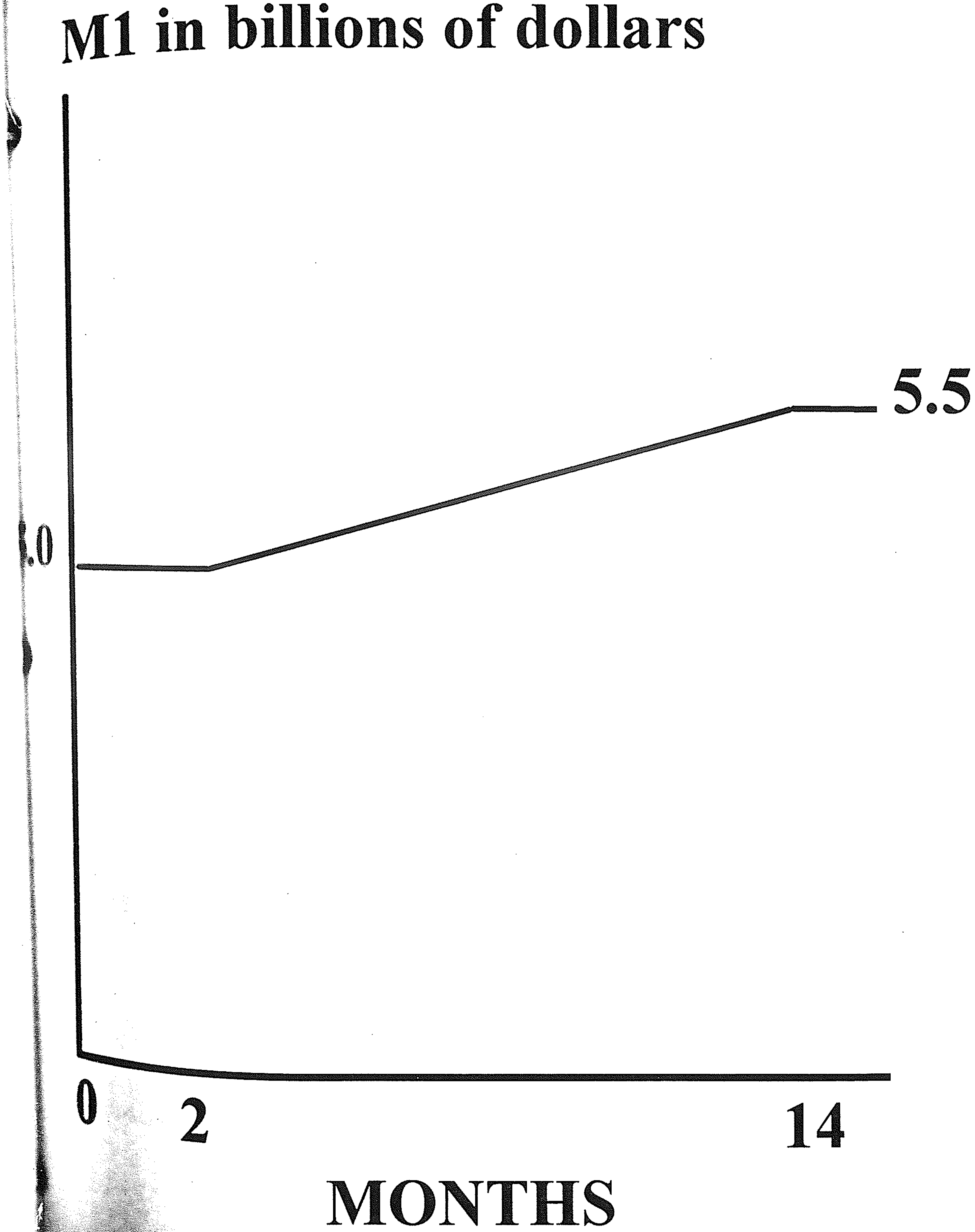


One third of the United States today is controlled by the Federal Government!

11 Western states make up the bulk of Public Land holdings in the US.

Arizona	45%	California	45%
Colorado	36%	Idaho	64%
Montana	30%	**Nevada**	**86%**
New Mexico	35%	Oregon	52%
Utah	66%	Washington	30%
	Wyoming	47%	

507


M1 in billions of dollars
5.5
.0
0
2
14
MONTHS

Additional State Revenues

Profit from Issuance

$375

MILLION

Sales Tax

$439

MILLION

PER YEAR

509

4-15

4-20

TAB 6

BENEFITS OF THE NEVADA SILVER COIN BILL

1. Raises $375 million of non-tax revenue.

2. Increases sales tax revenues by about $439 million.

3. Improves reserves of Nevada banks.

4. Provides a source of debt-free money.

5. Stimulates Nevada's economy.

6. Builds Nevada's economic autonomy.

7. Advertises the Silver State with a Silver Coin.

8. Develops a market for a Nevada product (silver).

9. Urges correction of a violation of the U. S. Constitution.

510

TAB 6A