

# The Exemption

by Moses G. Washington

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In this essay we will examine the evidence that the government owes each American a huge debt and that this debt can be used as an alternative to using Federal Reserve Notes (FRN) to discharge our debts. In order to best understand the material in this essay, you should have already read the articles on “U. S. Bankruptcy,” “Federal Reserve,” and “Meet Your Straw Man”.

Throughout this document we will be quoting various sources. The quotes will be shown in blue ink and a “sans serif” font. The regular text of this essay and comments in the midst of quoted text will be shown in black ink and a “serif” font. I will also occasionally underline certain text to draw your attention to key phrases.

## Constitutional Money

We will begin our study of this subject with a review of what the Constitution has to say about money.

[Congress shall have Power] To coin Money, regulate the Value thereof, and of foreign Coin ... [Article 1, Section 8, clause 5]

No State shall ... make anything but gold and silver Coin a Tender in payment of Debts... [Article 1, Section 10, clause 1]

From these quotes we can conclude that the people have delegated power to Congress to coin money, and set its value. The States also formed an agreement agreeing that only gold and silver coins would be valid payment of debts. This concept of paying a debt will be very important to our discussion, so let's see how “pay” is defined.

Pay. To discharge a debt by tender of payment due; to deliver to a creditor the value of a debt, either in money or in goods, for his acceptance. [Black's Law Dictionary 5<sup>th</sup> Edition]

While the above definition uses the word “discharge,” we do not believe that “pay” and “discharge” carry the same meaning. You will notice that pay carries with it the concept of “deliver to the creditor the value of a debt, either in money or in goods.” This means that “pay” includes the concept of “exchange.”

Exchange. To barter; to swap. To part with, give or transfer for an equivalent... [Black's Law Dictionary 5<sup>th</sup> Edition]

So the idea of an exchange is one in which two parties transfer items one to the other for like value. We conclude from this definition that an exchange pays a debt in full. Both parties received something of equal value. Now let's look at the definition for “discharge.”

Discharge. To release; liberate; annul; unburden; disencumber; dismiss. To extinguish an obligation; ... [Black's Law Dictionary 5<sup>th</sup> Edition]

It is clear from this definition that “discharge” is very different from “pay”. It is evident that there is no exchange of equal value occurring when a debt is discharged.

The system that was set when our republic was founded allowed people to “pay” their debts. Gold and silver both are substances that have been recognized to have intrinsic value for thousands of years. If someone wanted to buy a cow and a price of \$20 was agreed to between the buyer and the seller, an exchange takes place between the parties when the buyer exchanges the \$20 gold piece for the cow.

Our concept of money has changed from the founding of our country from being gold and silver coins to paper money not backed by gold (fiat money). These concepts began to change after the Civil War.

## **Legal Tender Cases**

During the Civil War, the US government issued “green backs” which was money backed by nothing, fiat money. This was a significant change from the systems that was established in the Constitution. These green backs were very similar to our current Federal Reserve Notes. There were a number legal cases that ruled on the constitutionality of the green back currency. In each of the initial cases, the courts ruled that the green backs were unconstitutional. But the Knox v. Lee case reversed the prior decisions of the Supreme Court. This case decided that the government could issue “legal tender” that is not backed by gold and silver thus paving the way of the Federal Reserve Bank in 1913 and the “confiscation” of the gold in 1933.

The following excerpts are taken from the case. In order to understand this decision, it is important to realize that the Supreme Court was acting as a Court of Equity, which operates under different rules than a common law court. The presumption in a court of equity is that the government is sovereign, owning everything, and that the defendant and the plaintiff are US citizens. As citizens, they are both viewed as debtors to the sovereign government. The court that covers actions between two debtors in the US is an admiralty court which operates under equity rules. Given this presumption, it is perfectly valid for the court to make decisions regarding who

owes who what debt. The court is acting like a parent who resolves disputes between two children over who has the right to a toy that both children want. The court believes it is right and fitting for them to tell the parties what the sovereign (government) wants done with the assets that they (the plaintiff and defendant) are using. The argument presented by the Attorney General Akerman reflects this attitude of sovereignty resting with the government. Akerman suggests why the national government should be able to issue paper currency that is not backed by gold.

[Congress ... to exercise a power conferred by the Constitution, \[then\] the means which it selects are constitutional, whatever may be the opinion of the court of its practical wisdom, because the decision, whether practically conducive to the end proposed, is a political and administrative question, and not a judicial one ... If the government needed gold, and it was in the possession of A, it could take it from him, as they could take his personal service, against his will, or could batter down his house, if it stood in the way of military operations. \[Much of what is done that seems to violate the Constitution is done under the "law of necessity" which derives its authority from military or martial law. This case was after the Civil War had concluded but the Attorney General is arguing as if the war was still being fought.\] If A had said, "I owe this gold to B, and am on my way to pay him my debt," the officers of the government could accompany him to his creditor, and when the payment was made, seize it from him. What difference does it make whether it was the form in which it was done, or whether it was taken from A, and there was furnished him certifies that the money belonged to B, and intended for him, was taken by the government, which would he responsible to B for its payment? \[Attorney General Akerman; Knox v. Lee, 79 U.S. 287, 304, 12 Wall. 457-681 \(1870\)\]](#)

Akerman is suggesting that since the government has the right to take the gold, it doesn't matter if they take it from person "A", the debtor, or if they take it from person "B", the creditor. Akerman's presumption is that the government has the right to the gold. If the government does have the right to the gold, then they can just give "A" a piece of paper, a certificate or legal tender, that "A" can give to "B". Akerman suggests there is no difference. If the government took the gold and other substance based money, then the government would be responsible for all debts because they took the substance based money out of circulation. The government is giving a certificate in its place. Since the government removed the ability of the people to pay, the government is responsible for the debt. If the government took the gold out of circulation, it would be responsible for all debts because the government is the only one with the ability to pay. No one else has anything of substance with which to pay. You have heard it said that "he who had the gold makes the rules." But it can also be said that "he who has the gold pays."

The following excerpt from the Knox v. Lee case shows how the composition of the court was changed in order to get the desired ruling.

[A majority of the court five to four, in the opinion which has just been read, reverses the judgment rendered by the former majority of five to three, in pursuance of an opinion formed after repeated arguments, at successive terms, and careful consideration; and declares the legal tender clause to be constitution; that is to say, that an act of Congress making promises to pay dollars legal tender as coined dollars in payment of pre-existing debts is a means appropriate and plainly adapted to the exercise of powers expressly granted by the Constitution, and not prohibited itself by the Constitution but consistent with its letter and spirit. And this reversal, unprecedented in the history of the court, has been produced by no change in the opinions of those who concurred in the former judgment. One closed an honorable judicial career by resignation after the case had been decided, after the opinion had been read and agreed to in conference, and after the day when it would have been delivered in court, had not the delivery been postponed for a week to give time for the preparation of the dissenting opinion. The court was then full, but the vacancy caused by the resignation of Mr. Justice Grier having been subsequently filled and an additional justice having been appointed under the act increasing the number of judges to](#)

nine, which took effect on the first Monday of December, 1869, the then majority find themselves in a minority of the court as now constituted, upon the question. [The CHIEF JUSTICE, Chase, dissenting; LEGAL TENDER CASES Knox v. Lee, 79 U.S. 287,319 (1870)]

But it has been claimed to be a proper regulation of commerce, for Congress to provide a uniform national currency; and that these legal tender notes were, in effect, a mortgage on the whole property of the nation [This is very similar what was said during testimony on the emergency banking legislation passed on March 9, 1933. See the quote below.] and therefore, the best secured and most uniform currency the nation could have. Although, in truth, the security for this or any national debt is exactly the extent to which the people will consent to contribute through taxation to its payment. [Knox v. Lee, 12 Wall. 287,298, (1870)]

The Knox v. Lee case set the stage for what happened in 1913 (Federal Reserve Act was passed, see the Federal Reserve article) and in 1933 when the country was taken off the gold standard.

### **Events of 1933**

You may recall from the U.S. bankruptcy article that shortly after Frank D. Roosevelt was inaugurated, he called a special session of Congress. He asked Congress to pass emergency banking legislation. On, March 9, 1933, Congress passed the emergency measure that FDR requested declaring a banking holiday. The fundamental nature of the banking systems was changed in this legislation. As a result of the legislation, all banks had to become members of the Federal Reserve system. This act further made the Federal Reserve Note the only paper currency valid in the US. The Federal Reserve Notes (FRN) were no longer going to be backed by gold but only by the credit of the people and their property. A quote from the Congressional Record that occurred during the debate on the bill demonstrates this fact.

The money will be worth 100 cents on the dollar because it is backed by the credit of the Nation. It will represent a mortgage on all the homes and other property of all the people in the Nation. [Congressional Record, March 9, 1933, emphasis added]

This language sound very similar what was said in the Knox v. Lee case shown above.

The next major change that occurred, was an Executive Order issued on April 5, 1933. This order required all “individuals, partnerships, associations and corporations” to turn in their gold. In the essay, “Meet Your Straw Man”, we have already seen that “partnerships, associations and corporations” are “legal fictions” created by the civil government. However, the term “individual” and “person” are used in the order. What do these terms mean?

“Individual. As a noun, this term denotes a single person as distinguished from a group or class, and also, very commonly, a private or natural person as distinguished from a partnership, corporation, or association; but it is said that this restrictive signification is not necessarily inherent in the word, and that it may, in proper cases, include artificial persons. See also Person.” [Black's Law Dictionary, 5th Edition]

“Person. In general usage, a human being (i.e. natural person), though by status term may include a firm, labor organizations, partnerships, associations, corporations, legal representatives, trustees, trustees in bankruptcy, or receivers.” [Black's Law Dictionary, 5th Edition]

Natural person. Any human being who as such is a legal entity as distinguished from an artificial person, like a corporation, which derives its status as a legal entity from being so recognized by law. [296 NY 395, 72 NE2d 716. Radin, Law Dictionary (1955)]

... natural persons, members of the body politic owing allegiance to the State. [Pembina v. Penn. 125 U.S. 181, 189 (1888)]

human. 1. Belonging to man or mankind... 3. Profane; not sacred or divine. [American Dictionary of the English Language, Noah Webster, 1928]

human being. See Monster. [2 Bl. Com. 24. Law Dictionary with Pronunciations by James Ballentine, 1948 Edition]

monster. A human-being by birth, but in some part resembling a lower animal... [2 Bl. Com. 24. Law Dictionary with Pronunciations by James Ballentine, 1948 Edition]

Our conclusion is that “person”, and “individual” are terms referring to legal fictions, or a straw man. Both of these words are also said to be “natural persons” and as such are “members of the body politic owing allegiance to the State.” These entities are created in and exist in the civil society that we call “the public”. As such they are subject to the rules established by their creators, the civil government. Men, on the other hand, are outside of “the public”. You might think of “the public” as if it were a “box” that contains only legal fictions and men live outside of this box. Since the Executive Order applies to individuals and persons, by necessity, it did not apply to men.

Below is the complete text of the Executive Order with some imbedded comments.

## **Executive Order Of April 5, 1933**

UNDER EXECUTIVE ORDER OF THE PRESIDENT  
Issued April 5, 1933

All persons [The order applied to persons which did not include men. So when men turned in their gold, they did so voluntarily.] are required to deliver ON OR BEFORE MAY 1, 1933, all GOLD COIN, GOLD BULLION, AND GOLD CERTIFICATES now owned by them to a Federal Reserve Bank, branch or agency, or to any member bank of the Federal Reserve System.

### **EXECUTIVE ORDER**

**FORBIDDING THE HOARDING OF GOLD COIN, GOLD BULLION,  
AND GOLD CERTIFICATES**

By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917 as amended by Section 2 of the Act of March 9, 1933, entitled “An Act to Provide Relief in the Existing Emergency in Banking, and for other purposes” [The “state of emergency,” due to the “law of necessity,” was used as an excuse for issuing the order.] in which Amendatory Act Congress declared that a serious emergency exists, I, Franklin D. Roosevelt, President of the United States of America, do declare that said national [The use of the word “national” seems to signify the civil government acting as sovereign while under the original intent of the Constitution the people were viewed as sovereign and the source of all authority.] emergency still continues to exist, and pursuant to said Section do hereby prohibit the hoarding of gold coin, gold bullion, and gold certificates within the continental United States by individuals, partnerships, associations and corporations, [The order only applies to these entities, but men were excluded from the order.] and hereby prescribe the following regulations for

carrying out the purposes of this Order.

Section 1. For the purposes of this regulation the term “hoarding” means the withdrawal and withholding of gold coin, gold bullion or gold certificates from the recognized and customary channels of trade. The term “person” means any individual, partnership, association or corporation. [Again, the order applies only artificial entities and not to men.]

Section 2. All persons are hereby required to deliver on or before May 1, 1933, to a Federal Reserve Bank or branch or agency thereof or to any member bank of the Federal Reserve System all gold coins, gold bullion or gold certificates now owned by them or coming into their ownership on or before April 23, 1933, except the following:

(a) Such amount of gold as may be required for legitimate and customary use in industry, professions, or art within a reasonable time, excluding gold prior to refining and stocks of gold in reasonable amounts for the usual true requirements of owners mining and refining such gold.

(b) Gold coins and gold certificates in an amount not exceeding in the aggregate \$100 belonging to any one person; and gold coin having a recognized special value to collectors or rare and unusual coins.

(c) Gold coin and bullion earmarked or held in trust for a recognized foreign government [Men are foreign to the government, they are outside “the box” or outside “the public.”.] (or foreign central bank or the Bank for International Settlements).

(d) Gold coin and bullion licensed for other proper transactions (not involving hoarding) including gold coin and bullion imported for re-export or held pending action on application for export license.

Section 3. Until otherwise ordered by any other person becoming the owner of any gold coin, gold bullion or gold certificates after April 23, 1933, shall within three days after receipt thereof, deliver the same in the manner prescribed in Section 2: unless such gold coin, gold bullion or gold certificates are held for any of the purposes specified in paragraphs (a), (b), or (c) of Section 2: or unless such gold coin, or gold bullion is held for purposes specified in paragraph (d) of Section 2 and the person holding it is, with respect to such gold coin or bullion, a licensee or applicant for license pending action thereon.

Section 4. Upon receipt of gold coin, gold bullion or gold certificates delivered to it in accordance with Section 2 or 3, the Federal Reserve Bank or member bank will pay therefore an equivalent amount of any form of coin or currency coined or issued under the laws of the United States. [The value of gold had been arbitrarily held to a fixed value by the Federal government. It was not permitted to float in value as it is today. If someone turned in \$10,000 worth of gold, the banks would give an equivalent amount of currency. On the surface, it would appear that value (\$10,000 in gold) was given for value (\$10,000 in currency). However, the gold had real intrinsic value while the currency was worthless paper. This was not an exchange but rather a transfer of the gold from men to the government.]

Section 5. Member banks shall deliver all gold coin, gold bullion and gold certificates owned or received by them (other than as exempted under the provisions of Section 2) to the Federal Reserve Banks of their respective districts and receive credit or payment therefore. [This indicates that the Federal Reserve Banks are holding the credits for the gold.]

Section 6. The Secretary of the Treasury, out of the sum made available to the President by Section 301 of the Act of March 9, 1933, will in all proper cases pay the reasonable costs of transportation of gold coin, gold bullion or gold certificates delivered to a member bank or Federal Reserve bank in accordance with Section 2, 3, or 5 hereof, including the cost of insurance, protection, and such other incidental costs as may be necessary, upon production of satisfactory evidence of such costs. Voucher forms for this purpose may be procured from Federal Reserve Banks.

Section 7. In cases where the delivery of gold coin, gold bullion or gold certificates by the owners thereof within the time set for the above will involve extraordinary hardship or difficulty, the Secretary of the Treasury may, in his discretion, extend the time within which such delivery must be made. Applications for such extensions must be made in writing under oath, addressed to the Secretary of the Treasury and filed with a Federal Reserve Bank. Each application must state the date to which the extension is desired, the amount and location of the gold coin, gold bullion and gold certificates in respect of which such application is made and the facts showing extension to be necessary to avoid extraordinary hardship or difficulty.

Section 8. The Secretary of the Treasury is hereby authorized and empowered to issue such further regulations as he may deem necessary to carry out the purpose of this order and to issue licenses there under, through such offices or agencies as he may designate, including licenses permitting the Federal Reserve Banks and member banks of the Federal Reserve System, in return for an equivalent amount of other coin, currency or credit, to deliver, earmark or hold in trust [This is a vitally important concept. The Federal government set up a trust where the Secretary of the Treasury is acting as the trustee. The people voluntarily transferred their gold to the government. The gold and perhaps was other things are the assets of the trust. The people would also be the beneficiaries of this trust.] gold coin and bullion to or for persons showing his need for the same for any of the purposes specified in Paragraphs (a), (c) and (d) of Section 2 of these regulations.

Section 9. Whoever willfully violates any provision of this Executive Order or of these regulations or of any rule, regulation or license issued there under may be fined not more than \$10,000, or if a natural person, may be imprisoned for not more than ten years, or both and any officer, director or agency of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisoned, or both.

This order and these regulations may be modified or revoked at any time.

**FRANKLIN D. ROOSEVELT**

THE WHITE HOUSE

April 5, 1933

Further Information Consult Your Local Bank

GOLD CERTIFICATES may be identified by the words "GOLD CERTIFICATE" APPEARING THEREON. The serial number and the Treasury seal on the face of a GOLD CERTIFICATE are printed in YELLOW. Be careful not to confuse GOLD CERTIFICATES with other issues which are redeemable in gold but which are not GOLD CERTIFICATES. Federal Reserve Notes and United States Notes are redeemable in gold but are not "GOLD CERTIFICATES" and are not required to be surrendered.

Special attention is directed to the exceptions allowed under  
Section 2 of the Executive Order

#### CRIMINAL. PENALTIES FOR VIOLATIONS OF EXECUTIVE ORDER

Our conclusion after analyzing the order, is that men voluntarily gave up their gold, a substance with intrinsic value, for worthless paper. The gold was held in trust for the people by the government. The Secretary of the Treasury acts as the trustee of this trust. The people, and by extension their children and heirs, are the beneficiaries of this trust. This means we have a beneficial interest in the assets of the trust. We will see later that other assets were also given to the government.

The next major step was making it illegal to require gold as a valid form of payment for debts.

This was done by House Joint Resolution (HJR) 192. Below is the complete text of HJR 192.

## JOINT RESOLUTION TO SUSPEND THE GOLD STANDARD AND ABROGATE THE GOLD CLAUSE

JUNE 5, 1933

H.J. Res. 192, 73<sup>rd</sup> Cong. 1<sup>st</sup> Session

Joint resolution to assure uniform value to the coins and currencies of the United State

Whereas the holding of or dealing in gold affects the public interest, and therefore subject to the proper regulation and restriction; and

Whereas the existing emergency [Again an “emergency” was used as the excuse for the action.] has disclosed that provisions of obligations which purport to give the obligee a right to require payment in gold or a particular kind of coin or currency of the United States, or in an amount in money of the United States measured thereby, obstruct the power of the Congress to regulate the value of the money of the United States, and are inconsistent with the declared policy [Congress is setting a public policy which is defined as “principles and standards regarded by the legislature or by the courts as being of fundamental concern to the state and the whole society.” Black’s Law Dictionary 7<sup>th</sup> Edition..] of the Congress to maintain at all times the equal power of every dollar, coined or issued by the United States, in the markets and in the payment of debts,

Now, therefore, be it Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, that

(a) every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payments in gold or a particular kind of coin or currency [Currency would include all of M1, M2 and M3 money as defined by the Federal Reserve.], or in an amount in money of the United States measured thereby, is declared to be against public policy; and no such provision shall be contained in or made with respect to any obligation hereafter incurred. [This clause makes it contrary to public policy for any creditor to require payment in any particular form. This means that no creditor can ask for payment by check, cash, or cashiers check. It also means that they are not permitted to dishonor a valid form of payment.] Every obligation, heretofore or hereafter incurred, whether or not any such provision is contained therein or made with respect thereto, shall be discharged [You could no longer “pay off” a debt. You can only discharge a debt.] upon payment, dollar for dollar, in any coin or currency which at time of payment is legal tender for public and private debts. [Any valid form of “legal tender” must be accepted to discharge a debt. The debt must be discharged “dollar for dollar” which means that we discharge the exact amount shown on a charging instrument (bill or invoice).] Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States, is hereby repealed, but the repeal of any such provision shall not invalidate any other provision or authority contained in such law.

(b) As used in this resolution, the term 'obligation' means any obligation (including every obligation of and to the United States, excepting currency) payable in money of the United States; and the term 'coin or currency' means coin or currency of the United States, including [The term “including” means that what follows is a partial list and it implies that other things may also belong in the list. The term “includes”, on the other hand is a limiting term that indicates only the specific items listed may be included.] Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations.



Sec. 2 The last sentence of paragraph (1) of subsection (b) of section 43 of the Act entitled "An Act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and of other purposes", approved May 12, 1933, is amended to read as follows:

"All coins and currencies of the United States (including [Due to the use of the word "including," other things may also be valid currency.] Federal Reserve notes and circulating notes of the Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender [Just because other forms of payment are not listed does not exclude them from being valid forms of legal tender. You will notice that checks and credit cards are accepted but these instruments are not listed.] for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins, when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight.'

Approved, June 5, 1933, 4:40 p.m. 31 U.S.C.A. 462, 463

House Joint Resolution 192, 73d Congress, Sess. I, Ch. 48, June 5, 1933 (Public Law No. 10 )

One sample court case that ruled on the legality of HJR 192 was GUARANTY TRUST CO. OF NEW YORK v. HENWOOD, 307 US 247 (1939). This case held that HJR 192 was lawful. Some interesting excerpts are included below.

... Analysis of the terms of the Resolution discloses, first, the Congress declared certain types of contractual provisions against public policy in terms so broad as to include then existing contracts, as well as those thereafter to be made. In addition, future use of such proscribed provisions was expressly prohibited, whether actually contained in an obligation payable in money of the United States or separately 'made with respect thereto.' This proscription embraced 'every provision' purporting to give an obligee a right to require payment in (1) gold; (2) a particular kind of coin or currency of the United States; or (3) in an amount of United States money measured by gold or a particular kind of United States coin or currency.

... Congress – apparently to obviate any possible misunderstanding as to the breadth of its objective - ended, with studied precision, a catchall second sentence sweeping in 'every obligation', existing or future, 'payable in money of the United States', irrespective of whether or not any such provision is contained therein or made with respect thereto. 'The obligations hit at by Congress were those 'payable in money of the United States.' All such obligations were declared dischargeable 'upon payment, dollar for dollar, in any coin or currency (of the United States) which at the time of payment is legal tender for public and private debts.'

... That which the Joint Resolution made dischargeable was the debt - the monetary obligation to pay.

... Congress sought to outlaw all contractual provisions which require debtors, who have bound themselves to pay United States dollars, to pay a greater number of dollars than promised. The Resolution intended that debtors under obligation to pay dollars should not have their debts tied to any fixed value of particular money, but that their entire obligations should be measured by and tied to the actual number of dollars promised, dollar for dollar.

... The enacting part of the resolution proscribes 'every provision ... which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or an amount in money of the United States measured thereby', and declares 'Every obligation, heretofore or hereafter incurred, whether or not any such provision is contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender ...' 'Obligation', it states, 'means an obligation ... payable in money of the United States'. Thus the resolution proclaims that it is aimed at gold clauses and declares, if language is to be taken in its plain and most

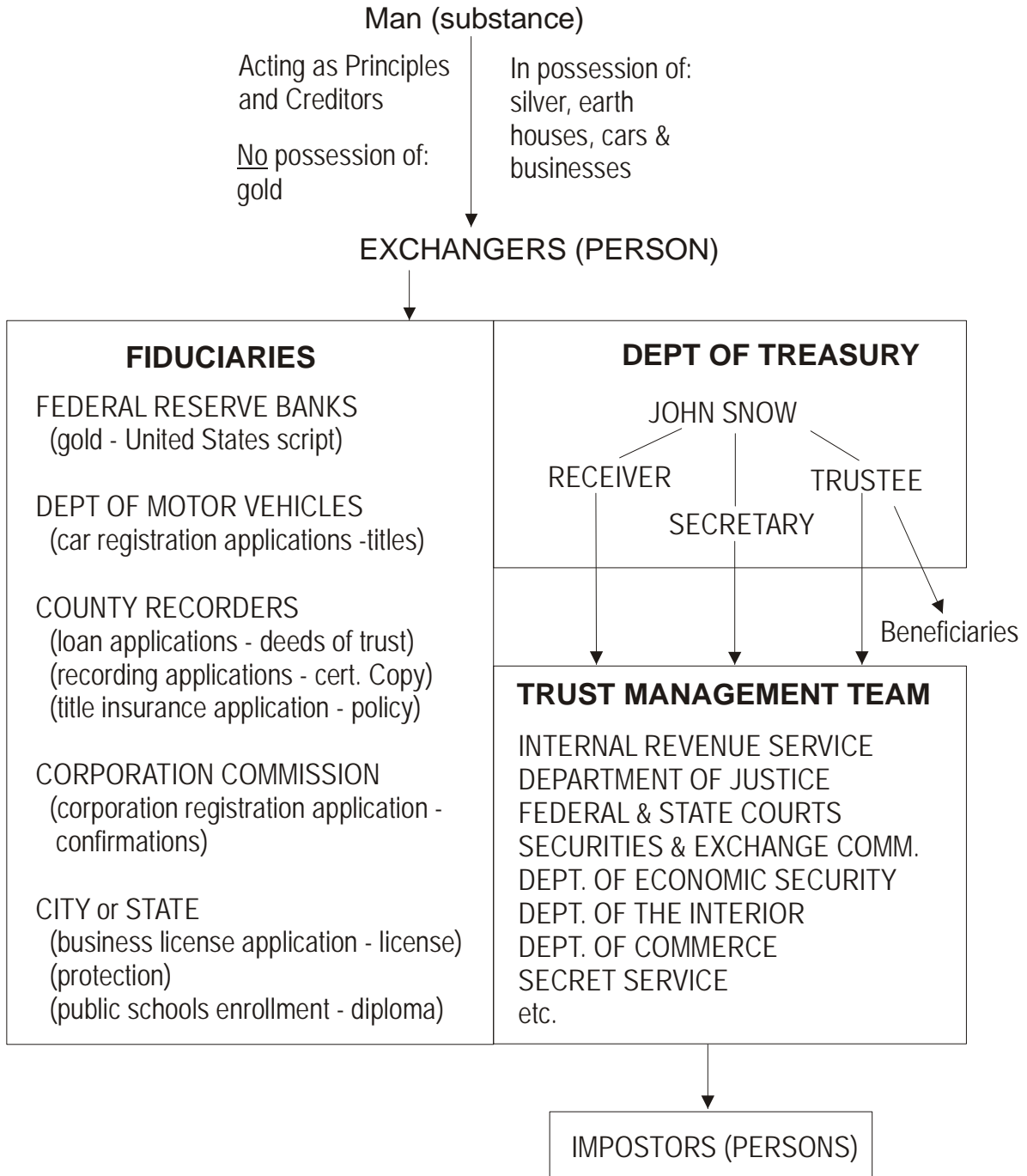
obvious sense, that provisions requiring payment in gold dollars or measured by gold are illegal and that every promise or obligation payable in money of the United States' shall be discharged 'dollar for dollar' in legal tender currency.

As a result of HJR 192, the people can no longer pay their debts. They have nothing of value to give in exchange for the goods and services they need. According to HJR 192, we can only discharge our debts. This was a huge change in our society. But very few people realized what had occurred.

The following diagram shows what happened when HJR 192 was passed. You will notice that some entities are inside a box. These are what we are calling "the public." Men contributed their gold and other assets and became beneficiaries of a public trust but "persons" are considered impostors. So knowing ones status when attempting to access the benefits of the trust is vital. Everything inside the box either serves as a fiduciary or a manager of the trust. The Secretary of the Treasury also serves as the trustee and the receiver of the U.S. bankruptcy. The person in this position is the only individual who can see both inside the box, the public, and outside the box.

# EXEMPTION

Creator: UNITED STATES Congress  
HJR 192, June 5, 1933



**He who has the gold, pays the bills  
- OR -  
provides an exemption!**

## **Title to Property**

We have alluded to the fact that other items were donated to “the public” to serve as collateral for the U.S. bankruptcy. The quote from the congressional record indicates that “all the homes and other property of all the people in the Nation” would be mortgaged. Beginning in 1933 or earlier, a system was set up to accomplish this objective. To understand this concept, we will have to explore the meaning of the word “title.” To accomplish this, we will examine various kinds of title.

**Title. Real Property Title.** Title is the means whereby the owner of lands [or any other tangible assets such as a car] has the just possession of his property. The union of all the elements which constitute ownership. Full independent and fee ownership. The right to or ownership in land; also, the evidence of such ownership.... [Black’s Law Dictionary, 5<sup>th</sup> Edition]

**Absolute title.** As applied to title to land, an exclusive title, or at least a title which excludes all others not compatible with it. An absolute title to land cannot exist at the same time in different persons or in different governments. [This suggests that various aspects of title can be held by different parties.] See also Fee simple. [Black’s Law Dictionary, 5<sup>th</sup> Edition]

**Fee simple. Absolute.** A fee simple absolute estate limited absolutely to a man and his heirs and assigns forever without limitation or condition. An absolute or fee-simple estate is one in which the owner is entitled to the entire property, with unconditional power of disposition during his life, and descending to his heirs and legal representatives upon his death interstate. Such estate is unlimited as to duration, disposition, and descendibility. [Black’s Law Dictionary, 5<sup>th</sup> Edition]

A term which is very similar to “fee simple” is allodium.

**Allodium.** Land held absolutely in one’s own right, and not of any lord or superior; land not subject to feudal duties or burdens. An estate held by absolute ownership, without recognizing any superior to whom any duties is due on account thereof. [Black’s Law Dictionary, 5<sup>th</sup> Edition]

From the above definitions, we see that there are multiple “elements which constitute ownership.” Title can be divided into two distinct parts: “equitable title” and “legal title.”

**Legal title.** One cognizable or enforceable in a court of law, or on which is complete and perfect so far as regards the apparent right of ownership and possession, but which carries no beneficial interest in the property, another person being equitably entitled thereto; in either case, the antithesis of “equitable title.” ... [Black’s Law Dictionary, 5<sup>th</sup> Edition]

**Equitable title.** A right to the party to whom it belongs to have the legal title transferred to him; or the beneficial interest of one person whom equity regards as the real owner, although the legal title is vested in another. See also Equitable ownership. [Black’s Law Dictionary, 5<sup>th</sup> Edition]

**Equitable ownership.** The ownership interest of one who has equitable as contrasted with legal ownership of property as in the case of a trust beneficiary. Ownership rights which are protected in equity. See also Equitable interest. [Black’s Law Dictionary, 5<sup>th</sup> Edition]

**Equitable interest.** The interest of a beneficiary under a trust is considered equitable as contrasted with the interest of the trustee which is a legal interest because the trustee has legal as contrasted with equitable title. [Black’s Law Dictionary, 5<sup>th</sup> Edition]

The above definitions make it clear that the right to property is divided between equitable and legal title. The legal title portion is the “right of ... possession but which carries no beneficial interest in the property”. The equitable title portion carries the beneficial interest portion of the title. Based upon these definitions, we would suggest that when we buy property we are only given the legal title and therefore only have the right of possession. This means when we buy land and a house we can live on the land and in the house. But we suggest that the county where it exists and is registered acts as the trustee to hold the equitable title, or beneficial interest, for the beneficiaries (the people). The county is the trustee over the equitable interest and we pay trustee fees to the county in the form of property taxes. One who holds property as fee simple or in allodium would pay no property taxes. In the early 1900s, virtually all property was held in allodium and no property taxes were paid.

We would suggest that these same principles of title apply to virtually all other things of value. We hold the right of possession and the government at some level (county, state, federal) acts as trustee to hold the equitable interest. In the article about the straw man, we saw that your birth certificate is registered when you are born. This means the government holds title to your straw man’s name. When you get married, you get a marriage license that is registered with the state. Some have suggested that this gives the state trusteeship over the equitable interest in the fruit of the marriage, the children. That is why the state, through child protective services, can take your children whenever they deem it appropriate. When you buy a car, the title is registered to the state. We pay trustee fees to the state every year in the form of license plate fees.

So we see that the government, as trustees, holds equitable interest in your (forefather’s) gold, your home, your children, and your cars. This leads us to ask a critical question. What were we given in exchange for all of these assets? Our parents, grandparents or great grand parents were given paper money for their gold but this was not an exchange. The gold had real value but the paper money was worthless. The government needed the gold and your other assets as collateral against their bankruptcy. But what have we, the people, been given in exchange for all of these things? We were certainly due something of substance.

We would suggest that we, the people, have been placed in the position of being the creditors to the government. We are owed a huge debt because the government has used our property and substance to help with their bankruptcy. We have been duped into believing that we are responsible to repay the national debt. But we have, in fact, been the surety for the debt. The following quote sheds some light on the idea of a debtor.

[Debtors are also principles and surety; the principal debtor is bound as between him and his surety to pay the whole debt, and if the surety pay it, he will be entitled to recover against the principal. \[Bouvier’s Law Dictionary 1856\]](#)

This quote indicates that there is a difference between the principal debtor (the government) and the surety (the people). It plainly says the principal debtor is responsible to pay back the debt. But if we, as the surety, do pay the debt, the surety is entitled to recover the cost from the debtor. We have been paying the debt with our property, our labor and our taxes. We are owed a great deal.

Another way of looking at our monetary system is to say that everything in our society is pre-paid. All money is backed by the people and their property. Without us, there would be no

money in our current system. Everything in society has been paid for at the manufacturing level with the money that was created from us and our property. Therefore, everything in existence in our society is an extension of what we are owed and therefore everything is pre-paid by us and for us.

How much are we owed for all that we have given? One way to answer this is to see how much “money” was created from each of us. One person tried to find the answer to this question by sending a FOIA (Freedom of Information Act) request. This person asked how much money had been created from his/her social security number. A letter was returned explaining that the government could not provide a full list of the Federal Reserve Notes that had been created from the social security number unless the person was willing to send them \$2800, at 10¢/page, to provide a copying cost. This means there were a total of 28,000 pages. A few pages were attached to the letter that listed Federal Reserve Note serial numbers and value of each note. Based upon this information, let’s see if we can create a model to estimate the amount of money this 28,000 pages would represent. Let’s assume that each page contained two columns of note numbers and denominations and that there were two columns per page, a total of 60 notes per page. Let’s further assume there is an even distribution of the following note denominations evenly distributed across all the pages: \$1, \$5, \$10, \$20, \$50, and \$100. This would mean that 280,000 notes of each denomination would be listed. These assumptions would yield a total of \$52,080,000. This is just an estimate, but it should give you some idea that the government has created an enormous amount of money from each of us.

### **The Exemption – What We Are Owed**

What do we get in exchange for all that has been created from us? We would suggest that what the people are owed is manifest in two ways: the people are beneficiaries in the trust and the people have been given an exemption. In the broadest terms, we call what is owed us an exemption.

[Exemption. Freedom from a general duty or service; immunity from a general burden, tax or charge. Immunity from certain legal obligations ... \[Blacks Law Dictionary 5<sup>th</sup> Edition\]](#)

We have been given an exemption from having to pay our debts. We now have the ability to discharge our debts. Do you suppose there is a way to use this exemption to discharge our debts by accessing what is owed to us and held in trust? We believe this is quite possible.

To begin to understand how we might access this exemption, we need to look at various forms of payment. We already know that that “all coins and currencies of the United States (including Federal Reserve notes ... ) ... shall be legal tender.” But it appears that there are other forms of payment which are also valid that are not included in those listed above. A quote from the Uniform Commercial Code (UCC) will illustrate this point

[§ 2.304. Price Payable in Money, Goods, Realty, or Otherwise](#)

[\(a\) The price can be made payable in money or otherwise. If it is payable in whole or in part in goods each party is a seller of the goods which he is to transfer.](#)

This quote makes it clear that we may discharge our debts in something other than money, goods, or realty. What could this mean? A quote from a Federal Reserve publication will shed some light on this question.

Modern monetary systems have a fiat base – literally money by decree – with depository institutions, acting as fiduciaries, creating obligations against themselves with the fiat base acting in part as reserves. The decree appears on the currency notes: “This note is legal tender for all debts, public and private.” While no individual could refuse to accept such money for debt repayment, exchange contracts could easily be composed to thwart its use in everyday commerce. However, a forceful explanation as to why money is accepted is that the federal government requires it as payment for tax liabilities. Anticipation of the need to clear this debt creates a demand for the pure fiat dollar. [“Money, Credit and Velocity,” Review, May, 1982, Vol. 64. No. 5, Federal Reserve Bank of St. Louis, p. 25]

The Federal Reserve is saying that the people could easily replace the use of Federal Reserve Notes in daily life by using exchange contracts. This is amazing news. It means that we can use exchange contracts to discharge our debts. We will leave the discussion of what an exchange contract is and how it might be used for another essay.

For now, let’s turn our attention to what we currently use for money or call money, Federal Reserve Notes. What is a note?

Note. An instrument containing an express and absolute promise of signer (i.e. maker) to pay to a specified person or order, or bearer, a definite sum of money at a specified time... [Black’s Law Dictionary 5<sup>th</sup> Edition]

So a note is a promise to pay. The definition says that the note must be signed. If you look at a FRN you will notice there are two signatures (two witnesses) promising to pay, the Treasurer of the United States and the Secretary of the Treasury. So a FRN is a pledge on the part of the government to pay a debt. This means that an FRN is a liability and not an asset. It means that every FRN, currency, that is in circulation is actually a liability.

## **Accounting**

If our currency is a liability, then there must also be some assets to balance the books. So it is apparent that we need to understand some basic accounting. First, let’s first see how accounting and account are defined.

Accounting. An act or system of making up or settling accounts; a statement of account, or a debit and credit in financial transaction... Rendition of an account, either voluntarily or by order of a court. In the latter case, it imports a rendition of a judgment from the balance ascertained to be due. the term may include payment of the amount due... Major accounting methods are the cash basis and the accrual basis. [Black’s Law Dictionary 5<sup>th</sup> Edition]

Account. A detailed statement of the mutual demands in the nature of debit and credit between parties, arising out of contract or some fiduciary relation. A statement in writing, of debits and credits, or of receipts and payments; a list of items of debits and credits, with their respective dates. ... Any account with a bank; including a checking, time, interest or saving account. ... Account means any right to payment for goods sold or leased or for services rendered which is not evidenced by an instrument or chattel paper, whether or not it has been earned by performance... [Black’s Law Dictionary 5<sup>th</sup> Edition]

These definitions suggests that an account is something to keep track of debits and credits and accounting would be the practice of keeping track of debits and credits. Accounts are only needed when payment of goods and services are not made in full at the time of purchase. When you buy something on credit (house, credit card, car), an account is established to keep track of how much you owe. You open a checking account when you no longer want to pay for everything with cash. The checking account allows the bank to keep track of how much “money” you have. Black’s 7<sup>th</sup> edition lists a number of different kinds of accounts, but for our purposes, there are three that are particularly interesting.

[closed account. An account that no further credits or debits may be added to but that remains open for adjustment and setoff. \[Black’s Law Dictionary, 7<sup>th</sup> Edition\]](#)

[offset account. One of two accounts that balance against each other and cancel each other out when the books are closed. \[Black’s Law Dictionary, 7<sup>th</sup> Edition\]](#)

[open account. 1. An unpaid or unsettled account. 2. An account that is left open for ongoing debit and credit entries and that has a fluctuating balance until each party finds it convenient to settle and close... \[Black’s Law Dictionary, 7<sup>th</sup> Edition\]](#)

From these definitions it becomes clear that so long as there is still activity occurring, an account remains open but once all public activity (debit and credit) has ceased, the account is closed. When you make the final payment on a loan, the account is closed. When you no longer need a checking account, you withdrawal all the funds and close it. But a closed account remains open for two types of transactions, adjustments and setoffs. The idea of an offset account suggests that when two parties owe one another, setoffs can be used to cancel out opposing debts. The definition of setoff will give us another clue on how to use our exemption.

[setoff. ... 2. A debtor’s right to reduce the amount of a debt by any sum the creditor owes the debtor; the counterbalancing sum owed by the creditor. ... Set-off signifies the subtraction or taking away of one demand from another opposite or cross demand, so as to distinguish the smaller demand and reduce the greater by the amount of the less... \[Black’s Law Dictionary, 7<sup>th</sup> Edition\]](#)

It appears that if two parties owe one another opposing sums, a portion of the larger debt can be discharged by the amount of the smaller debt. The one who is owed the larger amount is called the creditor and the one who owes the smaller amount is the debtor. We have already seen that we are the creditor over the government, who is the debtor, and that it owes us vast sums. Since we are the creditor, it would appear that there should be some method of using what the government owes us to setoff what we owe to other creditors. We have already been introduced to the concept of a bill of exchange. Various people and groups have researched how a bill of exchange and other instruments might be used to access our exemption in order to discharge our debts. They have discovered that these instruments can be effective.

Our goal is to eventually discover how a man can use bills of exchange or other instruments to discharge all of his debts. The implications of such a discovery would be staggering. It would mean complete financial freedom for those who discover and learn to apply these principles.

It is beyond the scope of this essay to cover the exact mechanisms for using these instruments to discharge debts. Our purpose here was to demonstrate that “We the People” are the creditors and that the government owes us a huge debt which we call our exemption. Another essay will cover



exactly how to gain control over our straw man and then when can see the mechanics of how to use our exemption.

## **Spiritual Applications**

There is only one additional topic that we need to cover. This topic is only of interest to those of you who are spiritual and specifically those who are Christians. For these, we want to conclude this essay with a spiritual view of the material that we have covered.

In chapter 2 of Genesis, we see a picture of an ideal existence where man lived in harmony with the Creator, God. In this setting, all of man's needs were met. Adam had an abundance of food (Gen. 2:8-9). God had told Adam that he could eat of any tree in garden except the tree that was in the midst of the garden, the tree of the knowledge of good and evil (Gen 2:16-17). Adam did not have to work to make a living, there was not sickness, no disease, no death, no debt, and no taxes. There was not money because there was not debt and there was no accounting system since there was no debt. All was right with the world.

Then Adam disobeyed God and sinned (Gen. 3:1-6). At this point, Adam and Eve recognized that they were naked (v.7). God covered their nakedness with skins of animals (v.21). This was not done without the shedding of blood, which gives us a clue into God's economy. This introduced the first debt into the world. God had already told Adam that if he ate of that one tree that he would die. So Adam owed God his life. Adam's sin disrupted the perfect fellowship he had enjoyed with God. The sin also disrupted the complete provision for his need that he had enjoyed. Adam was told that he would have to work (by the sweat of his brow) to meet his own needs (v.17-19). He was also removed from the provision and abundance of the garden (v.23-24).

As we reflect on these events, we see that mankind owed God the first debt. Adam's sin was the first debt that existed on earth. By extension, this means that all debt that exists derives from this debt to God. God is the original creditor and all men are debtors under him. One of the great themes in the scriptures is the payment of this debt.

As the story of God's relationship with man unfolds in the Old Testament, we see that God had an economy for the payment of debt that man owed him. God required the blood of animals to pay for sin. We get an early glimpse of this in Gen. 4:3-5 in the offering of Abel and Cain. Abel's offering of blood was acceptable to God but Cain's offering of fruit was not acceptable. Later in Genesis, we see that Abraham offered a ram to God (Gen. 22:13). Then in Leviticus the understanding of God's economy for the payment of sins becomes very clear. In Leviticus 4:1-35, detailed instructions are given about how the blood of animals would atone for sins. But Leviticus makes it clear that the blood of animals was only a temporary payment for sins. A single offering of blood would not atone for all future sin. Offering of blood had to be repeated often to cover new sin.

But God had a better plan in mind. God's plan from the beginning of creation was to buy mankind back from his debt of sin. He had planned to offer the blood of His own son to redeem (buy us back) from sin (1 Peter 1:19-20). The blood of Jesus, was a payment that was far superior to the blood of animals. Jesus only had to offer up his blood once for all time (Heb 7:27;

9:11-14; 10:10-12). Jesus has paid all the debt (for all of our past sin and for any sin that we have yet to commit) that each of us owed to the Father. For those who accept the sacrifice of Jesus, all of your past debts to God are paid and all of your future debts to God are pre-paid. Not just spiritual debts but economic as well. Remember that God was the original creditor and that all debt was owed to Him. When the Father was paid in full by the sacrifice of the Son, all debts were paid for those who accept the sacrifice of Jesus on their behalf.

Those who are in Christ have returned to a place of perfected fellowship with the Father. Jesus promises us that if we seek first His kingdom and His righteousness that all of our needs would be met (Matt. 6:32-33). He also promised that He came so that we may have and enjoy life in abundance (John 10:10). Though Jesus was rich in heaven, yet for our sakes He became poor on earth so that through His poverty we might become rich (2 Cor. 8:9). The Father has promised to supply all that we need through to the riches of glory, which are in Christ Jesus (Phil. 4:19). Jesus said to John that the “sons are exempt” (Matt 17:24-27), which reminds us of our exemption. These verses do not remind us of lack but of plenty and abundance. These promises are not for the sweet by and by when we get to heaven. They are for here and now while we are on this earth. It is my firm conviction that the death of Christ has spiritually placed us back into the Garden of Eden with the Father. All of our needs are met and we have an abundance to share with others.

The sacrifice of Jesus is the spiritual foundation of the earthly reality of the exemption. Jesus has paid all our debts. In fact, our debts are pre-paid. He supplies everything we need. We appropriate this provision and bounty by accepting the gift He offers us. This means that the exemption is a physical reflection of a spiritual reality. It also suggests that the exemption may well be God’s provision to accomplish in the physical realm what Christ accomplished in the spiritual realm.

At this point we should explore bondage at a national level. In the Old Testament, we see multiple examples of a period of bondage lasting 70 years. The bondage was at a national level for rebelling against God. For example, the Israelites were in bondage in Egypt for three sets of 70 years, or 210 years. There was another period of bondage for Israel in Babylon. This one also lasted for 70 years (Jer. 25:11). Daniel, the prophet, read the law and found that the people were supposed to be coming out of captivity. He prayed about it and God sent an angel who told him he was right. When the 70 years in Babylon were fulfilled and the Jews were free, only a handful chose to leave captivity. Those wanted to be free understood and applied the law and chose freedom.

A more recent example of 70 years of bondage can be seen in Russia which was enslaved to communism in 1917. Seventy years later, in 1987, the communist block in Europe fell apart. You cannot keep a nation in compelled servitude longer than 70 years. Everyone in the Soviet Union did not leave slavery.

We, in this country, have also been in a period of bondage for 70 years. I believe this bondage began no later than March 9, 1933, when Congress passed the emergency banking legislation and later took the gold away. We are now in a time where we too can choose to be free. You can choose to embrace freedom principles and walk away from bondage. The choice is yours. I pray that you will choose wisely.

If you choose to be financially free, then we should also talk about the fact that freedom is found in Jesus. The scriptures tell us that where the Spirit of the Lord is there is freedom (2 Cor. 3:17). It also tells us to no longer take on the yoke of (economic) slavery (Gal. 5:1). It further instructs us not to turn our freedom into an opportunity for the flesh but rather to serve our brothers (Gal. 5:13). The Apostle Peter warns us to not use our freedom for evil but to continue as bondservants of Christ. These scriptures lead us to some questions which I will ask you to prayerfully consider.

If we can successfully use our exemption to discharge all of debts, then we have no need to work to earn a living. If that were true, then why should we work? The scripture is very clear about the need to work. The Old Testament says that man is under a curse because of our sin and that we must work to eat (Gen 3:17-19). I believe that Jesus fully satisfied the requirement of the law under the old covenant. However, the New Testament (the covenant for those who are in Christ) says that if a man does not work he should not eat (2 Thess. 3:10). I believe that even under the new covenant that we are commanded to work. But that leaves the question of what kind of work. There are two kinds of work: work you do to be paid and work you do to serve others. If there is no need to work to be paid, since all of your needs can be met through the exemption, then we are free to work to serve others.

What kind of service should we render to our brothers? What would you do with your life if you did not have to worry about earning money to support yourself and your family? What interests and desires has God placed within your heart? I believe God has created each one of us with unique gifts, abilities and interests. I believe that we will be most fulfilled when we are doing the thing for which we were created. I would encourage you to begin a journey of discovery with God to learn what He has placed within you. Ask the Lord to show you what you are to do with your life and your time to serve Him and others.

### **Further Study**

We have not covered the exact mechanism of how to use a bill of exchange to discharge a debt nor what must be done to get into a position to be able to issue a bill of exchange. The next article that should be reviewed is entitled Redemption, which covers how to regain control of your straw man. Then you should study the article, Using Your Exemption.