The BEACON SpotLight

A Study of Constitutional Issues by Topic

# Issue 8: The 1933 Gold CON-fiscation

Funny thing about facts everyone knows to be true, sometimes they aren't.

Take, for instance, the ancient belief of a flat world; that if ships sailed far enough, they would fall off the edge.

Over time, however, careful observers began noticing troubling inconsistencies at odds with that view.

Further investigation ensued and discoveries were made ultimately proving that assertion false, despite its earlier widespread belief and in spite of the initial ridicule of those who first theorized a round earth.



While many people today scoff at the notion of a flat earth as quaint nonsense, nevertheless many of those same people hold equally-absurd beliefs, such as the American government being empowered to operate throughout the whole country far beyond the limits of the Constitution.

This nonsense also rests upon incomplete knowledge, upon impressions witnessed by their eyes which their minds incorrectly process, which ultimately simply reinforces false conclusions.

For instance, most people who know anything about gold 'know' that on April 5, 1933, American President Franklin Delano Roosevelt issued Executive Order No. 6102 requiring all Americans to turn in their gold, with few limited exceptions which aren't here relevant.

Tragically the powerful Fifth Amendment protections for property (from being taken without *Due Process* and *Just Compensation*) seemed to be wholly ineffectual against this surprisingly act of tyranny in the Land of the Free and Home of the Brave.

Under threat of lengthy ten-year prison terms and hefty $10,000 fines imposed by F.D.R.'s directive for nonconformance, an estimated $200,000,000-$300,000,000 of gold at face value was delivered (with a market-value today of between $1.2-1.8 billion).

Like the flat-earth theory, the theory that our American government is empowered to take our money of gold and leave us paper must be examined far more closely to see if glaring inconsistencies can also be found here which begin to provide mounting evidence of a falsely-held view.

**Section 2** of **Executive Order No. 6102** ominously stated, in part:

> "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 coin, gold bullion and gold certificates…"[1]

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1. Franklin D. Roosevelt's papers: www.fdrlibrary.marist.edu/_resources/images/eo/eo0001.pdf (page 95).

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It is of crucial importance that the word 'person' was specifically defined in **Section 1** of the order, stating:

> "For the purposes of this regulation…The term 'person' means any individual, partnership, association or corporation."[2]

That 'person' was specifically defined "For the purposes of this regulation" means that it doesn't matter what the term means in all other instances, here it may have a wholly different meaning (a process this author refers to as *Government by Deception through Redefinition*).

Believe it or not, the vast bulk of the people who ultimately turned in their gold were not 'persons' for the purposes of that specific regulation, and therefore had no legal obligation to do so.

The goal of this newsletter issue is to provide initial evidence of that fact; to begin to dispel the falsely-held notion that our government is empowered to order Americans to deliver their gold for non-redeemable paper.

Since it is 'persons' who are here being specifically required to deliver their gold, it is of crucial importance to know whether one was a 'person' for purposes of that regulation.

Tragically, no one ever seemed to notice the inherent contradiction of logic within the order (when the order is held as it is supposedly intended), that 'All persons' were required to turn in their gold to a 'bank', even as 'person' was specifically, separately and earlier defined therein as 'any individual, partnership, association or corporation'.

Without any named exemptions listed in the decree for 'person' and seeing that a 'person' meant *any* individual, partnership, association or corporation, it is perhaps understandable why people would first jump to the incorrect conclusion that every individual, every partnership, every association and every corporation was necessarily a 'person' subject to this regulation.

But that is not what the executive order declares.

Although any individual, any partnership, any association, or any corporation *could be* a 'person' for purposes of that decree, that certainly did not mean that any of them necessarily were.

And that difference is of monumental importance, sufficient to keep the executive order within the parameters of allowable law and reach to only those 'persons' actually intended (while keeping the order sufficiently vague in vile attempt to get others to 'willingly' deliver their gold also).

2. *Ibid.*

In Section 1 of the executive order, 'person' was given a *stand-alone* definition to mean "any individual, partnership, association, or corporation."

Only *after* 'person' was defined in Section 1 did Section 2 next require "All persons" to deliver their gold to a "bank."

But if the order is viewed as intended (that 'any' person means 'every' person [i.e., 'person' reaches to ensnare basically every individual, partnership, association or corporation]), however, *then a 'bank' would also necessarily be a 'person'* (required to deliver its gold [to a bank]).

Therefore, one must ask why these specific persons (banks) who are also required to *deliver* somehow obtain the special privilege to yet be able to *receive*.

If banks are also a 'person', then people should question why *other* persons had to deliver their gold to these *particular* persons.

Even the banks being the named 'person' to whom all other persons had to deliver their gold still couldn't save the regulation for the government which was created for the *general* welfare, where government was never empowered to pick and choose between favored and disfavored persons in such fashion, thereby creating victors and victims.

If banks are a 'person', however, nowhere within the order does it provide the information necessary to determine how this one person is so favored by law to be able to receive all gold which every other person must deliver.

Obviously, any real differentiation between 'persons' of such widely-varying obligations and benefits must therefore necessarily exist *outside* of this decree, since their roles varied so greatly (and the order didn't go into the necessary parameters to determine why some persons were required to deliver gold and other persons were allowed to receive).

This was one of two questions purposefully avoided so government and banks could have their cake and eat it too.

Of course, the only other possibility (and the second question avoided) was perhaps that banks were somehow not a 'person'.[3]

But if banks were somehow exempt from being a 'person' (without express exemption), then people should begin to realize that some individuals, some partnerships, some associations, or some corporations were not a 'person' for purposes of this regulation (even though there were no express exceptions listed in the regulation).

3. Even if the banks were *public* corporations (which they aren't), not even public corporations were exempted from the definition of a 'person' by the definition which includes any (every) corporation.

The main point here, of course, being that if there was at least one exception which was not expressly mentioned within the decree, that perhaps there could be others also, such as an exception to keep this mere presidential decree from violating the Supreme Law of the Land; including its Fifth Amendment protections of being deprived of property without Due Process.

And, of course, neither was taking gold and giving paper 'Just Compensation' as also required by that protective amendment, *or people could have kept their gold and left the banks their paper*, as the banks had contractually obligated themselves within the 1913 Federal Reserve Act.

The banks and government can't have it both ways; they cannot have their cake and eat it too.

Either banks are persons or they aren't (because 'person' is defined within the order *apart* and *separate* from the requirement for all persons to deliver their gold to a bank).

If they are a person, then some persons are required to deliver their gold to other persons (and the order therefore fails because Peter cannot be robbed to pay Paul [despite what Americans have come to falsely believe over many decades of growing government omnipotence, in this and thousands of other equally-disturbing instances {all of which are equally invalid when carefully inspected}]).

But if banks are not a person, then some individuals, some partnerships, some associations, or some corporations are not a 'person' subject to the requirement to deliver their gold anywhere, even though there were no express exemptions from the definition of person.

And if banks are not a person, then perhaps citizens are also not persons with a legal obligation to deliver their gold.

Either way, Executive Order No. 6102 cannot be the sum-total of information needed to differentiate between these persons/non-persons.

Of course, the presidential decree had to have some legal basis; so it is proper to look into that matter, to begin making sense of government nonsense.

That Executive Order No. 6102 ordered all persons to deliver their gold to a 'bank' provides interested patriots today with important clues to continue investigation.

The truth of the matter was that the only 'persons' who could ever be 'required' to 'deliver' their gold anywhere and receive paper in the Land of the Free and Home of the Brave were those who had the voluntarily obligated themselves to do so legally beforehand, the Fifth Amendment and the whole of American government guarantees it.

In that the order speaks of 'banks', it is proper to examine the **Federal Reserve Act** of December 23, 1913 under which the banks which existed in 1933 operated.

This Act provides readers interested in understanding Roosevelt's executive order with the pertinent information needed to begin making sense of the government nonsense regarding gold CON-fiscation.

First of all, under **Section 2;**

> "No individual, copartnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than $25,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock..."[4]

Under Section 2, above, one discovers that individuals, copartnerships, and corporations could own (public) stock in a Federal reserve bank (up to $25,000 par value [private stock, to greater values, was limited to member banks of the Federal Reserve System]).

One will understand after reviewing more information that these public and private stock bank shareholders are the individuals, partnerships, associations or corporations who were the only 'persons' obligated by Executive Order No. 6102 to deliver their gold to a bank.

That the 1913 Federal Reserve Act speaks of "individual, copartnership, or corporation" while the April 5, 1933 executive order speaks of "individual, partnership, association, or corporation" is reconciled by Section 3 of the March 9, 1933 Act which amended the Federal Reserve Act of 1913, by adding a new subsection to Section 11 (which authorized and empowered the Federal Reserve Board).

**Section 3** of that **March 9th Act** is worded, in part:

> "Whenever in the judgment of the Secretary of the Treasury such action is necessary to protect the currency system of the United States, the Secretary of the Treasury, in his discretion, may require any or all individuals, partnerships, associations and corporations to pay and deliver to the Treasurer of the United States any or all gold coin, gold bullion, and gold certificates owned by such individuals, partnerships, associations and corporations. Upon receipt of such gold coin, gold bullion, or gold certificates, the Secretary of the Treasury shall pay therefor an equivalent amount of any other form of coin or currency coined or issued under the laws of the United States."[5]

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4. Volume 38, Statutes at Large, Page 253.

5. 48 Stat. 1.

In this new subsection which amended the Federal Reserve Act the month previous to Roosevelt's April 5th executive order, here one sees the familiar wording used by the executive order: "individuals, partnerships, associations, and corporations."

Before examining further this 1933 amendment, it is best to continue with an examination of the original 1913 Act.

Also in **Section 2** of the original **1913 Federal Reserve Act,** one finds that bank shareholders, for the vast benefits the Federal Reserve Act of 1913 bestowed upon them, nevertheless became burdened with financial responsibilities with their stock ownership, including:

> "The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank..."[6]

Section 2 of the banking Act made the individual shareholders of the Federal reserve banks individually responsible for the debts of the banks.

Under **Section 16** of the Act:

> "The said Federal Reserve Board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it."[7]

This passage admits that when bank investors leverage their investments and speculate on margin, they may be subject to margin calls if the market goes against them, as any investor who's ever placed funds at risk in any market soon discovers.

**Section 16** continues, requiring that:

> "Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and reserves in gold of not less than forty per centum against its Federal reserve notes in actual circulation…"[8]

Each Federal Reserve note was (originally) individually redeemable in gold or lawful money, but all notes as a whole were backed with gold at only 40%. As any investor knows when investing at 40% margin but responsible for 100% of the value, if the market drops, so does their equity.

The necessary consequence of all this means that in times of turmoil, bank shareholders may well have to pitch in additional funds to maintain that minimum backing as their equity falls in a falling market.

And **Section 16** also specifies:

> "The Federal Reserve Board shall require each Federal reserve bank to maintain on deposit in the Treasury of the United States, a sum of gold sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal reserve notes issued to such bank, but in no event less than five per centum…"[9]

This vital portion of Section 16 provides that the Secretary of the Treasury may, *in his discretion*, require each Federal reserve bank to maintain on deposit with the Treasury of the United States 'a sum of gold sufficient…for the redemption of the Federal reserve notes issued to such bank."

**Section 16** also provides that each bank may:

> "reduce its liability for outstanding Federal reserve notes by depositing, with the Federal reserve agent, its Federal reserve notes, gold, gold certificates or lawful money of the United States."[10]

This passage means bank shareholders may lessen their note liability by bringing Federal reserve notes in their possession to their agent for extinguishing them or by bringing him gold (bullion), gold certificates or lawful money (gold coin) and he and/or the Secretary will cancel a corresponding amount of Federal Reserve notes which their bank had earlier issued, lessening the bank's liability exposure.

Finally, **Section 16** also states:

> "Upon the request of the Secretary of the Treasury the Federal Reserve Board shall require the Federal reserve agent to transmit so much of said gold to the Treasury of the United States as may be required for the exclusive purpose of the redemption of such notes."[11]

In this last passage, at the request of the Secretary of the Treasury, the Federal Reserve Board "shall require" the Federal reserve agent "to transmit so much of said gold to the Treasury of the United States as may be required for the exclusive purpose of the redemption of such notes."[12]

6. 38 Stat. 252.
7. *Ibid.*, 266.
8. *Ibid.*
9. *Ibid.*
10. *Ibid.*, Page 267.
11. *Ibid.*

The 1913 Federal Reserve Act imposes upon bank stockholders the mandatory requirement to send gold to the bank (who sends it to the Federal reserve agent who sends it to the Treasury, as needed) whenever required margins ran low, whenever the Secretary of the Treasury required them to bolster their equity.

F.D.R.'s 1933 Executive Order amounted to a presidential directive to the Secretary of the Treasury to order the Federal reserve agents to force bank shareholders to meet their contractual obligations.

After all, especially during the lows of the Great Depression in 1933, the banks' many customers were lining up at all the banking windows in droves seeking to obtain gold for their Federal reserve notes and to withdraw their banking deposits, so it was right of the government to make bank shareholders bolster their assets so their customers could get the money rightfully due them.

This position is better supported by examining more closely Section 3 of the March 9, 1933 Act which amended Section 11 of the Federal Reserve Act of 1913.

Notice that the Secretary of the Treasury, may, again in his discretion, "require any or all individuals, partnerships, associations and corporations *to pay and deliver* to the Treasurer of the United States any or all gold coin, gold bullion, and gold certificates."

Then notice "(u)pon receipt of such gold coin, gold bullion, or gold certificates, the Secretary of the Treasury *shall pay* therefor an equivalent amount of any other form of coin or currency coined or issued under the laws of the United States."

So, here this Act empowers the Secretary of the Treasury with the discretion to require individuals, partnerships, associations and corporations to "pay and deliver" their gold to the Treasurer of the United States, where the Secretary shall thereafter "pay" to those persons an equivalent amount of coin or currency (not redeemable in gold).

12. The Federal reserve agent, of course, has gold made available to him by enforcing shareholder requirements ("The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director").[13]

13. Federal Reserve Act of December 23, 1913, Section 16; 38 Stat. 267.

It is critical to note the excess of 'paying' going on in this section.

That individuals, partnerships, associations, and corporations don't simply *deliver* their gold and *receive payment* (in non-redeemable paper) *acknowledges a pre-existing legal and contractual relationship* between individuals, partnerships, associations and corporations with the Secretary of the Treasury.

For one party to "pay and deliver" (gold) to another party who then "pays" the first party (in non-redeemable money) shows much more than a normal exchange going on where one party *pays* and another *delivers,* but shows the fulfilling of a existing contractual obligation.[14]

The 1933 gold confiscation decree was really only a margin call letting overextended bank stockholders who had earlier voluntarily entered contractual agreements now know that they were being required to pony up their assets to cover their extensive banking liabilities.

But, of course, that wasn't how the gold confiscation decree was used.

It was instead implied that all the American people and businesses were the 'persons' who were being required to bring their gold to the banks where the banks would 'pay' them with non-redeemable paper.

The government and banks spoke harshly and carried a mighty big stick, and it worked; a massive transfer of wealth from We The People to the favored moneyed class occurred from which We The People have not yet recovered.

The government cannot force one citizen to bring his or her wealth to government or another citizen or business except by due process; here, by enforcing voluntarily-entered contractual obligations between contracting parties.

People should understand gold was not even delivered directly to the U.S. Treasury, but to *private* banks. Those banks' federal charter does not entitle private bank shareholders to the assets of We The People except as The People otherwise contractually-obligated themselves.

We The People were not 'Persons' according to Executive Order No. 6102, unless they were bank shareholders with legal obligation to cover their liabilities.

Sadly the domestic seizure of gold isn't even the extent of the whole ugly financial picture of this sad era.

14. For further inspection of this important topic, please see Chapter 12 of *Monetary Laws*, discussed hereinafter.

Under the Gold Reserve Act of 1934, the banks turned over to the U.S. Treasury the gold coin and gold bullion they had earlier collected, but the banks kept all the gold certificates which the public had 'given' them.

The government then paid the banks for all that collected gold coin and gold bullion in new gold certificates, *those same gold certificates which all 'persons' were supposedly already prohibited from owning!*

While it is true that the government ultimately received all the physical gold turned in, all they really got at that point was the legal responsibility to safe-keep it at government expense. That is because those gold certificates held by the banks were in reality the pink-slip titles to all that physical gold stored by government.

On the day after the Gold Reserve Act of 1934 was enacted, on January 31, 1934, President Franklin D. Roosevelt issued Presidential Proclamation No. 2072 which devalued the dollar (from 25.8 grains of gold 9/10$^{ths}$-fine [gold valued at $20.67 per ounce] to 15 5/21 grains of gold 9/10$^{ths}$-fine [gold valued at $35.00 per ounce]).

Well, with that devaluation, the government was thus able to share in the windfall from the confiscation of gold, as all of the gold certificates held by the banks suddenly held claim to far less physical gold.

Any and all leftover gold, which the banks' gold certificates couldn't any longer reach, now belonged to the U.S. Government; its take in the heist amounting to some 40% of the original take.

That is how the biggest banks and the U.S. Government were able to share together in the greatest gold heist ever perpetrated in human history, amounting to perhaps greater worth than all the robberies which had ever before taken to that point.

While the domestic circulation of gold ceased in 1933 from these and other equally-deceptive government mandates of the period, to make matters worse, President Richard Milhous Nixon temporarily 'closed the gold window' in 1971.

This action restricted gold from the international markets as foreign central banks were denied the continued ability to obtain gold for their previous investments in American government securities.

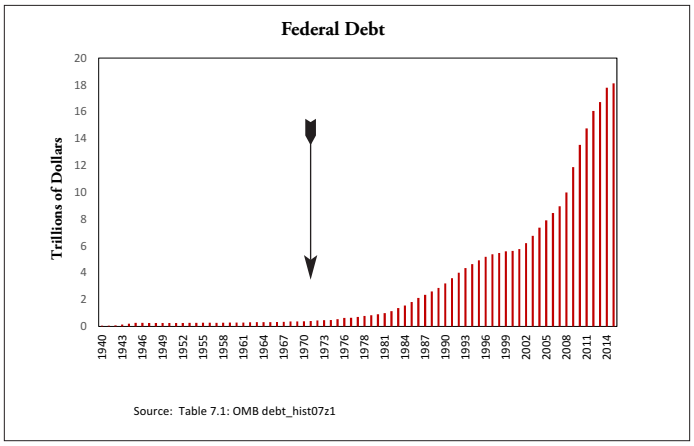
In 1972, President Nixon then signed legislation which officially set the dollar, for purposes of the Gold Reserve Act of 1934, at $38.00/ounce of gold.[15]

That rate was changed to $42.22 in 1973, where it is still valued today on the government books.[16, 17]

While these 1970's changes are of less financial significance than the 1934 modification from $20.67 to $35.00/ounce, their greatest significance is to specifically affirm that even *after* the domestic confiscation of gold in 1933, and even *after* closing the gold window to the international community in 1971, that in 1973 (and even 2015) preferred bankers can still get gold from government *where every $42.22 of government debt* owed to them would still be worth *one full ounce of pure gold.*

Severing the dollar from a direct tie to gold for everyone but the preferred bankers was a brilliant way to exponentially grow government debt (payable in gold at $42.22/ounce) to unfathomable heights in short order.

Any chart which tracks government debt shows a marked spike in and after 1971, when the dollar was temporarily severed from its final tie to gold, at least now for everyone but the favored bankers, whom the government is still obligated to pay in dollars tied directly to gold.




It is important to note that Nixon specifically only closed the gold window *temporarily*, meaning at some point this 'temporary' condition may perhaps end, certainly at least for the privileged banks who historically receive preferential treatment far above and beyond everyone else.

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15. 86 Stat. 116. March 31, 1972.
16. 87 Stat. 352. September 21, 1973.
17. See www.Treasury.gov; Search "Gold Status Report", and divide the Book Value of government gold ($11,041,059,957.46, from the May 31, 2015 Status Report) into the number of Fine Troy Ounces of gold on hand (261,498,926.230).

Dividing the Book Value by the number of fine troy ounces of gold equals gold valued on the government books at $42.22 per ounce as late as 2015.

The biggest banks own government securities payable in gold, but owe the public only paper. A more profitable system could not be devised for these favored friends of finance who buy their legislator's influence at will.

Closer inspection of even long-held false beliefs provide mounting evidence of falsehood which the open-minded and careful observer can learn to detect, at least if or when they find the determination to follow the evidence.

The idea that American government has the power to take our gold and leave us paper is one of the many falsehoods which falls under close scrutiny, just as government doesn't have the power to implement legal tender paper currencies throughout all the States of the Union (and a whole smattering of other powers seemingly added to the government arsenal over the past two centuries).

To learn much more about the 'CON-fiscation' of gold (and the clever implementation of legal tender paper currencies), please see the public domain books *Dollars and nonCents* and *Monetary Laws,* both freely available electronically at the websites below.

For a short synopsis on the overall manner how the U.S. Government successfully ignores the bulk of the Constitution, please see *The Beacon Spotlight,* Issue 7 entitled *Making Sense of Government Nonsense,* at the websites below.

For a introductory look into this clever practice of expanding government beyond its normal constitutional limitations, and, importantly, what We The People can do to Restore Our American Republic *once and for all*, please see the book *Patriot Quest,* also at the websites below (which book examines the clever deception involved in the supreme Court upholding legal tender paper currencies in 1871).

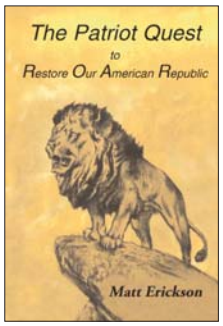
For easier-reading public domain fiction novels covering some of the same information, please see *Bald Justice*, *Base Tyranny*, and *Bare Liberty,* also at the websites below.

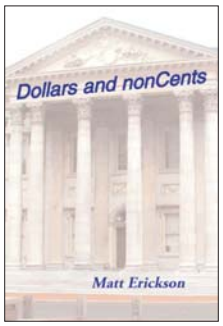
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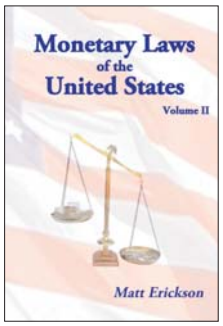
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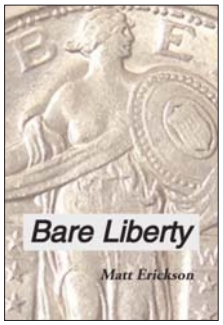




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