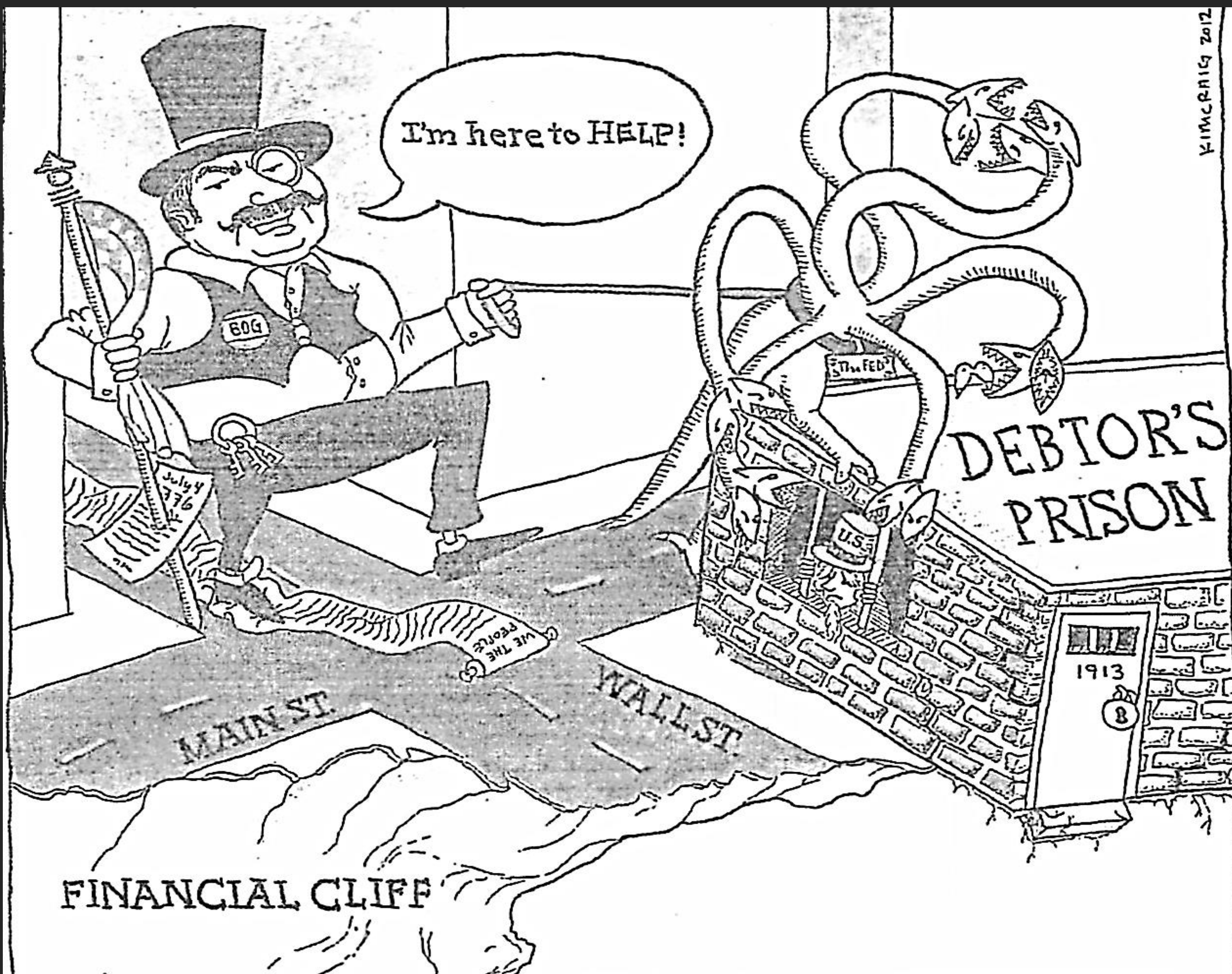
What the FED really doesn't want you to know or understand and what you can do to help cure the disease.

FED ED



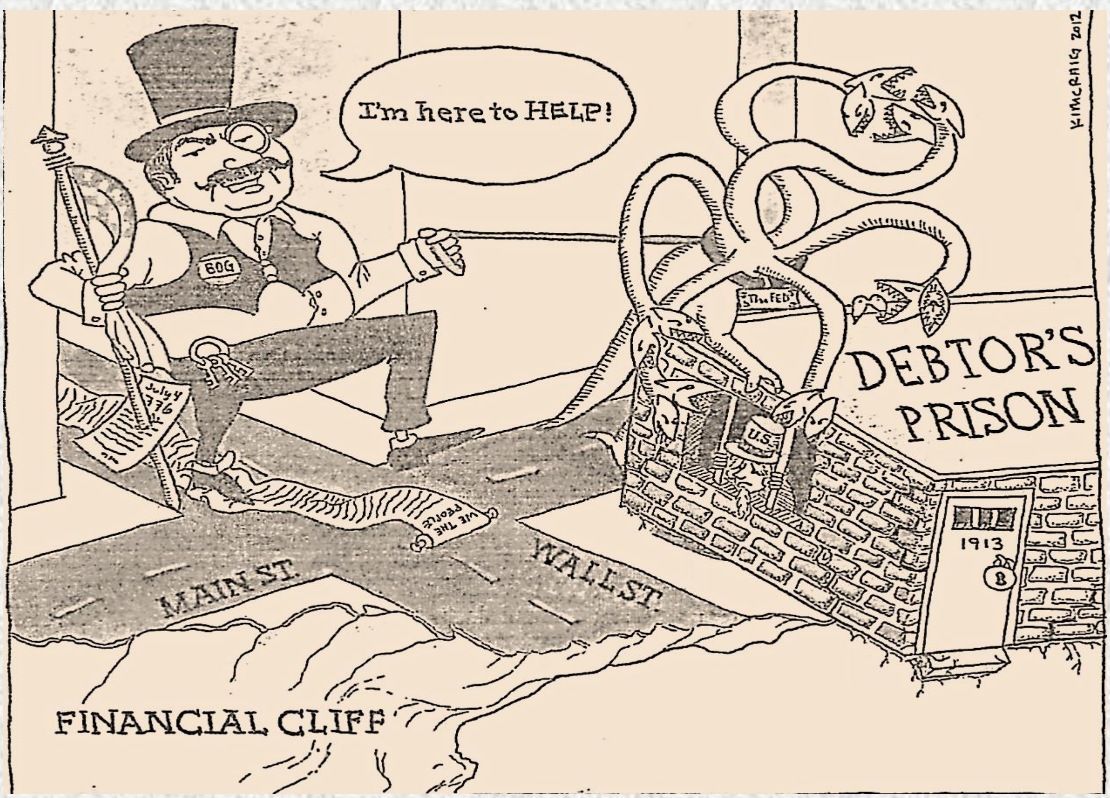
THE MASTER OF OUR DEBT

By
Alan Myers, CPA

FED ED

ARTISTIC ORIGIN

Given the nature of this little pamphlet, I decided a Political Cartoon would be the appropriate style of art for the front cover. My artistic skills do not even include the ability to draw two stick figures having a stick fight, so the hunt was on to find an artist with talent and imagination. A very talented artist, Kim Craig was referred to me and she drew what I could only see in my mind.



KEY TO THE COVER EXPLAINED

The overly FED male walking down Wall Street wears a BOG button. **BOG** stands for **Board of Governors**. The BOG controls the Federal Reserve System (FED) and is **The Master of Our Debt**. BOG is walking all over the Constitution *(see "We The People" on the scroll)*, and treats our national flag as a walking stick and in turn uses it to stab the Declaration of Independence *(see July 4, 1776 on the page)*.

Each act shows extreme bad intent and is totally without regard for this country.

BOG controls the **12 headed Hydra** named The **FED**.

12 heads represents the **12 Banks** in the Federal Reserve System.

Andrew Jackson, 7th President of the United States, referred to the *2nd* United States Bank as a Hydra. *See Topic 17, for a more complete discussion*.

The FED is keeping a very sad Uncle Sam in **Debtor's Prison**. Note the one hydra head, lower right side. Yes, it is coming after you.

1913 is the year the Federal Reserve Act was signed into law. 1913 is the number on the prison door.

BOG has the only keys to the lock on the Debtor's Prison door; therefore, Uncle Sam is going to have to break out.

In other words, **the FED is the Keeper of the Keys**. The Debtor's Prison is hanging precariously over the edge of the Financial Cliff. The walls are beginning to crack, and crumble and the building is tilting over. Falling is not a matter of *If*, Falling is a matter of *When*.

And make no mistake, Main Street and Wall Street , they are both broken.

After reflecting on the above imagery, I believe you will see that BOG's statement, "I'm here to HELP", really means, "I here to HELP MYSELF," and not serve the interest of the people.

FED ED

MONETARY EDUCATION MODULES

1. THE ORIGIN AND DEVELOPMENT OF MONEY.
2. HISTORICAL CHARACTERISTICS OF MONEY.
3. EXAMPLES OF MONEY FROM OUR PAST.
4. WHAT IS M1 MONEY TODAY IN THE USA?
5. WHAT ISN'T MONEY TODAY IN THE USA?
6. WHO CREATES M1 MONEY TODAY IN THE USA AND HOW?
7. WHAT IS A FEDERAL RESERVE NOTE (FRN)?
8. WHAT ARE RESERVES AND HOW DO FRN & COIN BECOME M1 MONEY?
9. IS THE FEDERAL RESERVE SYSTEM (FED) PUBLIC OR PRIVATE?
10. THE PROBLEMS WITH A CASHLESS MONETARY SYSTEM.
11. WHAT IS A PONZI SCHEME?
12. WHY THE FED MUST BE REPLACED.
13. WHAT MONETARY SYSTEM CAN REPLACE THE FED?
14. WHO WILL BENEFIT FROM THE NEW MONETARY SYSTEM?
15. WHAT IS THE PROCESS TO INSTALL A NEW MONETARY SYSTEM?
16. HOW DO BANKS & THEIR FED MONETARY SYSTEM LIE, CHEAT & STEAL?
17. WHEN DO WE BEGIN?
18. QUOTES THAT INFORM, INSPIRE AND EDUCATE.

MODULE 1

THE ORIGIN AND DEVELOPMENT OF MONEY

"It (money) is the most important subject intellectual persons can investigate and reflect upon. It is so important that our present civilization may collapse unless it is widely understood, and its defects remedied very soon."

Robert H. Hemphill, Credit Manager, Federal Reserve Bank of Atlanta, 1936

What really is Money? Is it a specific commodity that is valued for its beauty, supple strength and ability to resist corrosion (gold)? Or, is Money defined more by how it enables people to complete an indirect transaction for goods or services? For me, Money is nothing more than a generally accepted item of barter. That is to say, Money is just a transaction facilitator.

To begin this discussion of Money, we must first go back 1000s of years, long before the existence of any bank or national government. Bartering began as direct transactions, trade an apple for an orange, an egg for a tomato.

Direct transactions worked only when two parties found each other, and they were both willing to trade for what the other had. This type of trading would not always be easy to arrange and could be very time consuming.

From the time-consuming process that was a direct bartered transaction developed the indirect transaction. It is the desire to have indirect transactions that led to the creation and development of Money. Money was created and developed by people. People interacting, bartering and trading with other people. Eventually, specific forms of Money filled the need for a generally accepted item of barter.

Instead of trying to trade with many different items of barter, the use of Money made it possible for people to trade over greater distances and acquire goods and services they would not have been able to acquire if they did not have a generally accepted item of barter, Money.

During this initial process, it was people, not banks or governments, that created and developed the concept of Money, used Money and controlled the supply of Money. The end result, little or no inflation which allowed for vibrant and thriving trading societies to develop.

One of the beneficial end results that came from barter and the Money creation process was that it allowed people to become specialists. People eventually could provide for their needs and wants without having to make or grow all that they needed. The more that people could specialize, the more civilization could advance.

The Takeaway - Only People, not banks or governments, created and developed the idea of turning items of barter into Money and then use that Money to peacefully and successfully complete indirect transactions for goods and services.

MODULE 2
HISTORICAL CHARACTERISTICS OF MONEY

"Money is worth what it will help you to produce or buy and no more."
Henry Ford, My Life and Work

Over time, the use of generally accepted items of barter (Money) made it possible for people to easily complete indirect transaction. From this process, useable forms of Money became defined by specific characteristics that include the following:

(1) Transportable - If you can't lug it you can't trade it;
(2) Dividable - The more pieces you have the more you have to trade;
(3) Non-perishable for the distance - Rotten doesn't improve the trade;
(4) Wanted - If it isn't wanted no one will trade for it;
(5) Scarce in supply - If everyone has one no one will trade for it;
(6) Interchangeable - One nickel or dime is as good as another nickel or dime;
(7) Unit of Account - Goods and services are priced in units of the item of barter;
(8) Store of Value - The purchasing power of the item of barter is stable and lasting;
(9) Not consumed - The item need not be consumed to provide the holder with value;
(10) Legal tender status - Recognized by law as the accepted form of Money;
(11) Has a physical counterpart- Lack of physical money is a great weakness; and
(12) Ease of Use - Do I need specialized training to access and use my money?

Function of Money -
(1) **Facilitates Indirect Transactions** - This is the ultimate use and benefit of Money.

Successful traders, or mobile business entrepreneurs, became very familiar with all the characteristics that would eventually determine what items of barter would produce the best results as they engaged in their actual day-to-day trading activities. The process that created and developed items of barter into Money was long, slow and driven by human interactions that had nothing to do with national governments or banks.

The Takeaway - The more of the above listed characteristics an item possesses, the more likely that item will last and be a successful form of Money. A successful form of Money is defined by its characteristics and its acceptance in an indirect transaction, and not by what it actually is or what is its perceived value.

MODULE 3

EXAMPLES OF MONEY FROM THE PAST

"It is incumbent on every generation to pay its own debts as it goes. A principle which if acted on would save one-half the wars of the world."
Thomas Jefferson

ORDINARY TYPES OF MONEY

1. Animals - All types and their pelts or furs.
2. Consumables - Cacao Beans, Corn, Spices, Tobacco and Whiskey.
3. Couture - Beads, Blankets, Clam Shells, Gemstone and Silk.
4. Metals - Bronze, Copper, Iron, Gold and Silver.

To the Incas, **Gold** was referred to as **"Sweat of the Sun", Silver** was referred to as **'Tears of the Moon"**, and for Money, the Incas transacted business with **Cacao Beans**.

UNUSUAL TYPES OF MONEY

1. **RAI STONES** - ISLAND OF YAP, MICRONESIA
2. **TEA BRICKS** - CHINA, MONGOLIA, TIBET, CENTRAL ASIA
3. **CANADIAN TIRE MONEY** - CANADA
4. **PARMIGIANO CHEESE** - ITALY
5. **BOTTLE CAPS** - CAMEROON
6. **SHELL MONEY** - LANGA LANGA LAGOON, SOLOMON ISLANDS
7. **SHIRE SILVER** - NEW HAPSHIRE
8. **MOBILE PHONE MINUTES** - VARIOUS COUNTRIES
9. **NOTGELD** - GERMANY
10. **100 QUINTILLION PENGO** - HUNGARY

The Takeaway - People have employed a great amount of creativity in turning everyday items of barter into indirect transaction facilitators, that is, into Money. If an item can help peacefully facilitate a transfer of ownership of a good or the benefit of a service, from one person to another, then the item is Money.

MODULE 4

WHAT IS M1 MONEY TODAY IN THE USA?
IT AIN'T NO WWII RIFLE

"The process by which banks create money is so simple that the mind is repelled."
John K. Galbraith, 1975, Money: Whence it came, where it went

1. WHAT IS M1 MONEY?

M1 Money is Money that individuals and their businesses spend to get the goods and services they want or need right now. Basically, M1 Money is all the cash and coin we have in our pockets, purses and wallets and all the electronic digits in all of our checking accounts. That's M1 Money and only people have M1 Money.

2. WHAT IS THE M1 MONEY SUPPLY?

The M1 Money Supply is the supply of Money that includes the most liquid components of our national money supply. That is to say, M1 Money is Money that can be accessed immediately and used on demand.

3. WHAT IS INCLUDED IN THE M1 MONEY SUPPLY?

According to the Federal Reserve System (Fed) and economists, the M1 Money supply includes all the cash (ca) and coin (co) in circulation, all traveler's checks (tc) issued by non-banks and all the "Money" that is represented by all the electronic digits (ed) in all the checking accounts and Negotiable Order of Withdrawal (NOW) accounts.

Other names used to describe a checking account include, demand deposit account or transaction account. Another name for **M1ed Money is checkbook money**. Another name for **M1ca Money is pocketbook money**.

In the United States, a **NOW account** is an interest-bearing checking account that allows the account holder to write an unlimited number of checks on the NOW account. Thought this is rarely done, the bank or credit union has the right to require at least seven days written notice prior to a withdrawal from a NOW account.

Another way to visualize what is included in the total M1 Money supply is:

M1 Total= M1ed + M1ca + M1co + M1tc

a) M1ed, or all the electronic digit money in all the checking and NOW accounts;
b) M1ca, or all the paper money in circulation;
c) M1co, or all the metal coin money in circulation; and
d) M1tc, or all the traveler's checks issued by non-banks, a very small % of total.

The Takeaway - In our Fed controlled monetary system, the single most prevalent form of Money in the M1 Money Supply is M1ed. The importance of this fact will become very clear in the next two modules.

MODULE 5

WHAT ISN'T M1 MONEY TODAY IN THE **USA?**

**"There are two ways to conquer and enslave a nation.
One is by the sword, the other is by debt."**
John Adams

1. WHAT IS NOT INCLUDED IN THE M1 MONEY SUPPLY?

The M1 Money supply does not include the electronic digits in savings accounts, retirement accounts and pension plans. These types of Money are included in the M2 Money supply. M2 Money is not considered to be on demand or immediately available to complete a financial transaction as is M1 Money.

2. WHO DOES NOT HOLD M1 MONEY?

According to the Fed, all the cash and coin held by the U.S. Treasury, the 12 Fed banks and all the commercial banks is not included in the M1 Money supply. This means, all the cash and coin held by these institutions IS NOT M1 MONEY, and therefore, is not Money.

All the electronic digits in all the checking accounts held by depository institutions, the U.S. government and foreign banks are also not included in the M1 Money supply. This means that all the electronic digits held by these institutions IS NOT M1 MONEY, and therefore, is not Money.

In other words, all the commercial banks, all 12 Fed banks and the U.S. Treasury, literally, by definition, have no Money of their own or in their own name. Below is Note 1 from Table 1 of the Federal Reserve Statistical Release, dated November 12, 2015, that supports this statement.

M1 consists of (1) currency outside the U.S. Treasury, Federal Reserve Banks, and the vaults of depository institutions; (2) traveler's checks of nonbank issuers; (3) demand deposits at commercial banks (excluding those amounts held by depository institutions, the U.S. government, and foreign banks and official institutions) less cash items in the process of collection and Federal Reserve float; and (4) other checkable deposits (OCDs), consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. Seasonally adjusted M1 is constructed by summing currency, traveler's checks, demand deposits, and OCDs, each seasonally adjusted separately.

3. IF THESE INSTITUTIONS HAVE NO MONEY, WHAT DO THEY HAVE?

Banks and the U.S. Treasury have what are called Reserves. All Reserves are created and are extinguished as nothing more than electronic digits in an entity's computerized accounting system, its general ledger. The Fed banks have neither Money or Reserves and they have no need for either because the Fed banks create all the Reserves they need. By creating Reserves, the Fed banks can acquire any assets and satisfy any expense with nothing more than fingertips on a keyboard, hit enter.

The Takeaway - Banks and the U.S. Treasury have no Money of their own in their own name, they only have Reserves. The Fed banks have no Money and no Reserves in their own name. Only people have and use Money to acquire goods and services - only people.

MODULE 6

WHO CREATES M1 MONEY TODAY IN THE USA AND HOW?

"Who controls the money, controls the world."
Henry Kissinger, circa 1995, Council on Foreign Relations

1. WHO CREATES ALL OF OUR M1 MONEY?

Banks do, that's it, no other person or entity creates M1 Money, just banks.

2. IS M1 MONEY CREATED OUT OF THIN AIR?

No, it is not.

3. IS M1 MONEY PRINTED INTO EXISTENCE?

No, it is not.

4. HOW IS M1 MONEY CREATED AND EXTINGUISHED BY BANKS?

M1 Money is neither created out of thin air or printed into existence by anyone. M1 Money is created, that is, M1 Money comes into existence, as the end result of a bank funding a loan to a borrower. M1 Money is extinguished, or goes out of existence, when a bank receives a loan payment from a borrower. Only banks hold and control the power to create and extinguish money. It is all done with nothing more than fingertips on a keyboard that inputs a journal entry into a bank's computerized accounting system, hit Enter.

5. WHAT IS THE PROBLEM WITH BANK CREATED M1 MONEY?

As a direct result of the M1 Money creation process described in *tt4* above, the total amount of the debt owed to a bank is always more than the amount of Money the bank created when funding the loan. That is to say, the total amount of the principal and interest that must be paid back to the bank in order to pay off the loan in full, is more than the amount of money (the principal) the bank created when it funded the loan.

6. IS THERE ANOTHER PROBLEM ASSOCIATED WITH THIS SYSTEM?

YES!!! As a direct consequence of banks being the sole creators of M1 Money, our federal government must tax and borrow to meet all its financial obligations. In a proper monetary system, a federal government would have no need to tax or borrow. I describe a proper monetary system in Module 13, oh lucky13.

The Takeaway - In the past, only people, not banks or governments created the money they would use. Not today. Today, the vast majority of our national money supply comes into existence as bank created M1ed. Banks do not loan out M1 Money that already exists. Banks make or fund loans with M1ed that they just created. The importance of these facts will soon become crystal clear.