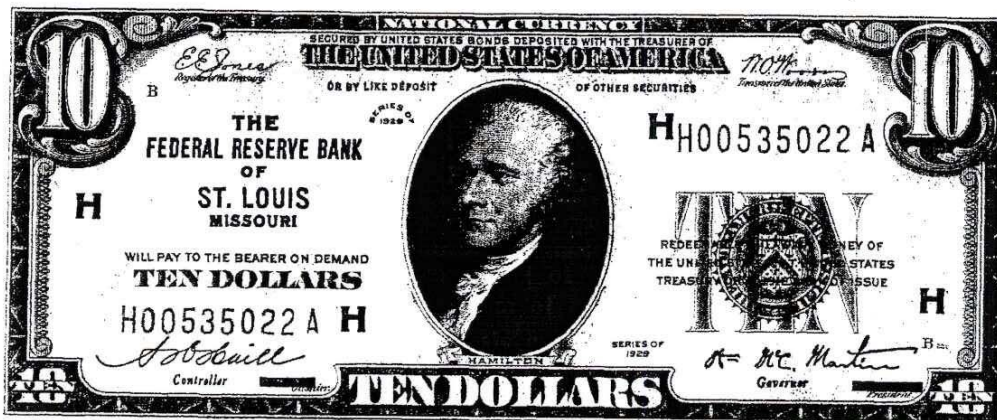


Federal Reserve Notes are not Legal Tender

BY: Clarity

In theory the Federal Reserve Act of 1913 (Chapter 6, 38 Stat 251) was supposedly intended to provide a system of up to a maximum of twelve reserve banks * as an adjunct to the previously existing but independent National Banks which were banks of issue. The various Federal reserve banks were organized and created by the pre-existing National Banks in a reserve district as the stockholders of the Federal reserve bank which was created in their district. A primary function of the Federal reserve banks was to act as a reserve bank * for the member banks in each district, and as such there was no need for the Federal reserve banks to be banks of issue. But under Section 18 of the Federal Reserve Act (38 Stat., 268, 269) the various Federal reserve banks could issue circulating notes of the same tenor and under nearly identical terms and conditions as the circulating notes of the national banks.



This is a Federal Reserve Bank Note.

A "National Currency" (note) Issued pursuant section 18

Of the Federal Reserve Act.

The above is an example of a note authorized by the Federal Reserve Act to be issued by a Federal reserve bank as a note of general circulation. Most likely you've never seen one before.

* reserve bank –a bank in which the reserves of other banks are deposited.

---PART ONE ---

So what are those greenish pieces of paper that so may people call money, or Federal Reserve Notes, or FRNs?

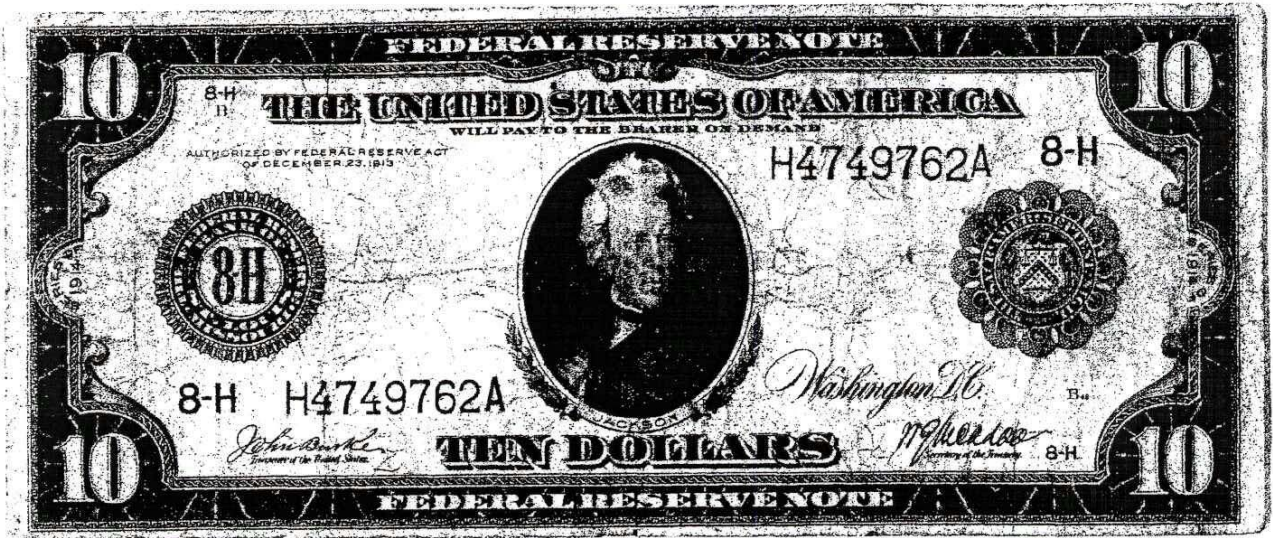


An example of a current in circulation Federal Reserve Note. The CAPITALS, in part, come from the fact that the words of “Federal” and Reserve” and “Note” are printed in an all capitals format. But the real teller comes from the “legal tender” line.



An example of an early Federal Reserve Note, series of 1918. This one is not legal tender but it is a note.

“Federal Reserve Notes are not Legal Tender”



Is this a "Federal Reserve note", (capital 'R' in reserve) ?
 Is this a "Federal reserve note", pursuant section 16 of the
 Federal Reserve Act? (Series of 1914)

**An example of a first issue Federal Reserve or is it reserve Note or note? This
 Note or note is not a legal tender but it is a note.**

**The Federal Reserve Act (1913, Chap. 6, 38 Stat. 251) does, in a sense,
 "authorize" the "issue" of a specific kind of a "Federal reserve note". SEE, Section
 16 of the Federal Reserve Act at 38 Stat., 265, which states:**

NOTE ISSUES.

Federal reserve
 notes.

Sec. 16. Federal reserve notes, to be issued at the discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in gold on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or in gold or lawful money at any Federal reserve bank.

Issue authorized.

Receivability.

Redemption.

**Let's notice right up front that the statute is specific in stating that the Federal
 reserve notes which are authorized under section 16 are the small 'r' type as in the
 word "reserve".**

Then further, notice these things:

That those "Federal reserve notes" could be issued by the "Federal Reserve Board", NOT by any bank per se; for a one singular purpose, namely, "for the purpose of making advances * TO Federal reserve banks - and for no other purpose".

That sounds as though the small 'r' type of Federal reserve notes could be issued to a Federal reserve bank and ONLY to a Federal reserve bank maybe in aid of a reserve requirement, but not for issuance by a Federal reserve bank as a note of general circulation. And certainly by this section 16 there is no authority for the issuance of any Federal Reserve Notes as a note of general circulation.

As a guess, it is doubtful that any Federal reserve notes pursuant section 16 have ever been created. IF some have been they would have been retained within the Federal reserve banks and the general public would never see them.

--- PART TWO ---

One particular thing which is little known among most Americans is that the Federal Reserve Act authorized the existence of the Federal reserve banks for twenty years (Section 4, 38 Stat. 254) and that twenty years later happens to coincide with the beginnings of the depression of the nineteen thirties. That time also happens to be when Federal Reserve notes were made a legal tender for the first time.

73d CONGRESS. SESS. I. CHS. 48, 49. JUNE 5, 6, 1933.

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"All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender 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."

Coins and currencies as legal tender.

Abrased gold coins, according to weight.

* Approved, June 5, 1933, 4.40 p.m.

Shown above is the last paragraph of a Resolution which purported to amend a statute known as the Agricultural Adjustment Act of 1933. And look to BUTLER v. U.S., 296 US 1, to find that the Agricultural Adjustment Act was declared unconstitutional and void. But for the purpose here let's study that one paragraph in some detail. A copy of the entire text of HJR-192 is appended at the end of this writing.

* Advances --- Moneys paid before or in advance of the proper time of payment; money or commodities furnished on credit. Black's 6th.

What exactly was made a legal tender by way of HJR-192? First off, we see in a parenthetical insertion the language of "including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations."

None of those had ever been of a legal tender status before HJR-192. As for the coins minted by the United States they were already of a "lawful money" status and "legal tender" status as for coins was superfluous, except that what was stated in section 1 of HJR-192 made it necessary. The gold coins, you might have heard were recalled and withdrawn from general circulation which reduced the overall money supply and exacerbated the depth and length of the depression.

Because the last paragraph of HJR-192 specifically included all Federal Reserve notes "heretofore or hereafter --- issued" those two Federal Reserve notes (series of 1914 and 1918) became capital 'R' Reserve notes by way of a Resolution of Congress as expressed in HJR-192, and that's when those two and all others like them became legal tender, in June of 1933.

As we move here into the more modern era, let's notice one more thing from that last paragraph of HJR-192. In the legal tender line the wording is, "shall be legal tender for all debts, public and private ---" The line continues but it is only this portion we need, specifically the wording of "legal tender for all debts, public and private".

If you look above at the one recent Federal Reserve note (series of 2003) you will find exactly those same words printed on the face. From that it is suggested you can know that it is a capital 'R' type of Federal Reserve note; one issued into general circulation without authority and further is not and was not of legal tender status when it was put into circulation.

Indeed, all Federal Reserve notes as presently in general circulation are defective in the same three particulars namely:

- (1) There is no authority for them to be in general circulation
- (2) They are not a note at all in that there is not promise to pay anything. In law they are a fraud.
- (3) They are not legal tender and haven't been since 1982!

--- PART THREE ---

In 1982 Congress re-codified Title 31, Money and Finance by way of a statute known as P.L. 97-258, 96 Stat. 877. In that statute the legal tender status of United States coins and currencies was re-assigned, at section 5103.

§ 5103. Legal tender

United States coins and currency (including Federal reserve notes and circulating notes of Federal reserve banks and national banks) are legal tender for all debts. Foreign gold or silver coins are not legal tender for debts.

"Federal Reserve Notes are not Legal Tender"

The above is the exact text as in the statute, and there are two things to be noticed; namely:

- (1) The kind of Federal reserve notes as specified in section 5103 are the small 'r' kind. Compare this section with Section 16 of the Federal Reserve Act (above, at PART ONE), or see the codification at Title 12 U.S.C. section 411.

SUBCHAPTER XII—FEDERAL RESERVE
NOTES

§ 411. Issuance to reserve banks; nature of obligation;
redemption

Federal reserve notes, to be issued at the discretion of the Board of Governors of the Federal Reserve System for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in lawful money on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or at any Federal Reserve bank.

(Dec. 23, 1913, ch. 6, § 16, 38 Stat. 265; Jan. 30, 1934, ch. 6, § 2(b)(1), 48 Stat. 337; Aug. 23, 1935, ch. 614, § 203(a), 49 Stat. 704.)

- (2) The wording which specifies the extent of the legal tender status states, "legal tender for all debts." It does not say anything about "public and private" or public charges, taxes or et cetera. Compare with the language used in Section 2 of HJR-192 (above, at PART TWO).

It is suggested that the change in the wording from the old as in HJR-192 to the new as in section 5103 is a major clue and point of evidence which distinguishes a Federal Reserve note from a Federal reserve note. One needs only to read the legal tender statement as printed on the face of a Federal Reserve note to be able to know that so-called "note" is a fraud. IF the legal tender statement says, "This note is legal tender for all debts, public and private", that so-called note is fraudulent. And especially so if the "note" shows a series of issue date after 1983! You also know that the "note" in question is a Federal Reserve note because it is ONLY the "notes" issued under the terms of HJR-192 which used the language of "public and private" in the legal tender statement. And all of those "notes" were Federal capital 'R' Reserve notes because it is ONLY the capital 'R' Federal Reserve notes which were made a legal tender pursuant HJR-192.

--- PART FOUR ---

The same statute (P.L. 97-258) which created section 5103 (above, at PART THREE) also contains a lengthy listing of laws and statutes which were expressly repealed. The repeals provision is at Section 5 (96 Stat. 1068), and in the tabular schedule one will find a date of 5 June 1933 near the bottom of page 1074 (96 Stat. 1074). The complete specification of that entry is: 5 June 1933, Chap. 48, 48 Stat. 112 & 113, and that particular "law" is also known as HJR-192! (SEE copy appended to this document)

In other words, HJR-192 was repealed in 1982; not just a portion of it, all of it was repealed! And, concurrent with the repeal of HJR-192 the legal tender status of all of those capital 'R' Federal Reserve notes was also repealed. Remember now, this was over twenty years ago!, and it seems no one noticed! But what does all of this mean now?

--- CONCLUSION ---

During the time that HJR-192 supposedly was "law" Americans had no resort to the common law remedies which had been available whenever there had been a breach of a contract (obligation) which required a payment in a particular kind of coin or currency (or, maybe, commodity). The "law" pursuant HJR-192 set aside or "suspended" the common law in regard to payments of contracts in money, or as it might be said in another way, HJR-192 was very much a banker's delight because it effectuated a suspension of redemption of all of the outstanding circulating notes as well as a newly created "legal" ability to "negotiate" checks and other money denominated securities without having to pay out lawful money, meaning gold or silver coins. Instead the Banks could discharge their fiduciary duty by offering, that is "tendering" anything that was legal tender at that time. (All of the above will be found in section 1 of HJR-192.)

As a point of emphasis here, HJR-192 did not by express terms repeal any of the pre-existing common law remedies. At the most, all it did was indirectly suspend any ability to use the common law remedies for a while.

The while, as it turns out lasted from 1933 to 1982 or almost 50 years. But, upon the repeal of HJR-192 all of the older common law remedies became available for use again and the Banks could not "legally" evade their fiduciary duty to pay in lawful money. But they do and have continued to avoid their duty it seems simply because no one has demanded that a Bank should pay in dollars of lawful money and has stood firm in refusing to accept those Federal Reserve notes when tendered.

You can refuse them now that HJR-192 has been repealed and when you do the Bank is put into a very most difficult spot. Lawfully a Bank must pay in lawful money dollars and it is very likely that the Bank simply does not have any, or maybe not enough to transact your check. That tells you that the Bank is insolvent, A.K.A. bankrupt.

ITEM: There is today a parity relationship between FRn's and lawful money silver dollars which is about 10 to 1 and moving upward to 12 to 1. Under the 10:1 parity a single or 1 "dollar" Federal Reserve note is actually worth only ten cents in silver coin lawful money. Go to a coin store and buy one silver dollar coin using FRn's You'll learn about parity values!

An afterword of importance

A new factor relevant to the above article has recently been recognized. In section one of HJR-192 there is a single very important sentence, which states: "Any such provision contained in any law authorizing obligations to be issued by or under the authority of the United States, is hereby repealed, ---"

This is hugely important because under Section 16 of the Federal Reserve Act (above, at PART ONE) the Federal reserve notes issued under that section were expressly said to be obligations of the United States. Then, in June of 1933 the authority to issue those Section 16 Federal reserve notes was repealed! Result? ALL Federal reserve or Reserve notes are without authority of law.

48 Stat.

HJR-192

112

73d CONGRESS. SESS. I. CHS. 46-48. JUNE 3, 5, 1933.

[CHAPTER 48.]

JOINT RESOLUTION

To assure uniform value to the coins and currencies of the United States.

June 5, 1933.
[H. J. Res. 192.]
[Pub. Res., No. 10.]

Uniform value of
coins and currencies.
Preamble.

Whereas the holding of or dealing in gold affect the public interest, and are therefore subject to proper regulation and restriction; and Whereas the existing emergency 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 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

73d CONGRESS. SESS. I. CHS. 48, 49. JUNE 5, 6, 1933.

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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 payment in gold or a particular kind of coin or currency, 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. 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 for public and private debts. 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.

Cluses in obligations requiring gold, etc., payments declared contrary to public policy.

No future obligation to be so expressed.

Payments to be made in legal tender.

Conflicting provisions repealed. U.S.C. p. 1003. Other provisions not invalidated.

(b) As used in this resolution, the term "obligation" means an 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 Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations.

Term "obligation" defined.

"Coin or currency."

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 for other purposes", approved May 12, 1933, is amended to read as follows:

National Economic Emergency Act, amended. *Ante*, p. 52.

"All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender 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."

Coins and currencies as legal tender.

Abrased gold coins, according to weight.

Approved, June 5, 1933, 4.40 p.m.

REPEALS

31 USC note
prec. 101.

SEC. 5. (a) The repeal of a law by this Act may not be construed as a legislative inference that the provision was or was not in effect before its repeal.

(b) The laws specified in the following schedule are repealed, except for rights and duties that matured, penalties that were incurred, and proceedings that were begun before the date of enactment of this Act:

Schedule of Laws Repealed—Continued

Statutes at Large

Date	Chapter or Public Law	Section	Statutes at Large	
			Volume	Page
1925				
Jan. 14	79	5, 6	43	749
Jan. 21	86		43	763
Jan. 22	87	(words before 1st proviso under heading "Office of the Secretary", 2d par. under heading "Division of Bookkeeping and Warrants", last proviso beginning on p. 781 and sentence after proviso).	43	764, 767, 781
Feb. 24	302		43	965
Mar. 3	482		43	1253
1926				
Feb. 26	27	1125, 1200	44	122, 125
Mar. 2	43	1 (last proviso and sentence after proviso on p. 154).	44	154
Apr. 15	146	101 (proviso on p. 267)	44	267
May 17	307		44	559
May 21	355	(1st, 2d complete pars. on p. 605)	44	605
June 22	650		44	761
July 3	775		44	888
1927				
Jan. 26	58	1 (last proviso and sentence after proviso on p. 1045).	44	1045
1928				
Mar. 7	135		45	198
Apr. 10	334		45	413
May 29	901	1(1), (6), (7), (10), (11), (17), (20), (21), (23), (58), (89), (106).	45	986, 987, 990, 992, 994
1929				
Feb. 20	274		45	1249
Mar. 2	483	(last proviso under heading "Maintenance, Bureau of Supplies and Accounts").	45	1461
June 17	26		46	19
1930				
Apr. 11	131		46	154
June 12	470		46	580
June 17	497	522	46	739
1931				
Mar. 3	433		46	1506
1932				
June 30	314	501, 601, 602	47	415, 417
July 21	520	308	47	724
1933				
Mar. 3	212	1 (last par. on p. 1492), 13	47	1492, 1516
Mar. 9	1	3	48	2
May 12	25	43-45	48	51
June 5	48		48	113
June 15	82		48	149
1934				
Jan. 30	6	(less 2(b))	48	337
Mar. 15	70	1 (2d complete par. on p. 428)	48	428
May 9	265		48	679
May 10	277	512, 518	48	758, 760
May 14	286		48	776
May 26	355		48	807
June 21	695		48	1200
June 26	756	1, 6, 8, 11, 15-20, 22-27	48	1224, 1228, 1229, 1230, 1236