



# FINANCIAL PREPAREDNESS

*"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." ~ Merlin Olsen*

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## The War on Cash

The Constitution gives Congress the power "to coin money, regulate the value thereof..." (While I was researching this, I quickly found a couple of other interesting passages. The very next line grants Congress the power "to provide for the Punishment of counterfeiting the...Coin of the United States." Not only did Congress create the Federal Reserve Bank, it has failed to punish its members for counterfeiting the dollar. The Constitution also states, "No State shall...make any Thing but gold and silver Coin a Tender in Payment of Debts." Hmm. So the authors of the Constitution realized the importance of money being gold or silver, and they prohibited the states from issuing fiat currency, but not the federal government itself. A fatal error.)

The federal government created the Federal Reserve Bank in 1913. Two of its legally mandated objectives are price stability and currency stability. According to [this website](#), "The Federal Reserve is actively monitoring prices so it can step in and fight inflation whenever it poses a threat." Ah, I see, well that's so nice. In recent years, the Fed has had a publicly stated goal of debasing the dollar by 2% per year (who knows what its real goal is). Since the Fed's founding, the dollar has lost about 96% of its value.

From 1834 to 1933 (other than during the War Between the States), you could exchange \$20.67 for one ounce of gold. Then FDR issued an executive order that banned Americans from owning gold. Current “Federal Reserve Notes” (AKA dollars), merely state “This note is legal tender for all debts, public and private.” One must use dollars to pay taxes, and if someone owes you a debt, they can pay you with dollars. Dollars are money simply because the federal government says they are, not because they were freely chosen as money by the market. By the way, the word *dollar* comes from the German word *thaler*, the name of [silver coins minted in Bohemia](#) starting in 1518. So eventually substituting paper fiat currency for this revered silver coin turned out to be a nice sleight-of-hand by the government.

Have you noticed how in recent years, it has become increasingly difficult, inconvenient and questionable to use cash? Even though the federal government forced Americans to surrender their gold for little green pieces of paper 88 years ago, and those “notes” state that they are legal tender for all debts, now the government doesn't want you to actually use them. I wanted to learn more, so I just finished reading the shortish (146 pages) book [The War on Cash: How Banks and a Power-Hungry Government Want to Confiscate Your Cash, Steal Your Liberty and Track Every Dollar You Spend, and How to Fight Back](#) by David McRee. It's informative and well written, and I recommend it.

The government hates cash for a number of reasons. Yes, it allows some people to avoid income taxes and sales taxes, but people who get paid in cash usually earn so little that the (now large) standard deduction would shelter most of it from tax anyway. And yes, terrorists and criminals such as drug dealers use cash, but they wouldn't even exist if not for the state's foreign meddling and victimless crime laws. Those are the typical justifications given for phasing out or banning cash, but I'm going to discuss the real reasons the government wants to trash cash.

First, as McRee writes, “...the very existence of cash places the power over fractional-reserve banks squarely in the hands of their depositors who may withdraw their cash in any amount and at any time, bringing even the mightiest bank to its knees literally overnight (e.g., Washington Mutual).”

During the Great Financial Crisis of 2008, the banking system came extremely close to complete collapse (and no, the FDIC would not have had nearly enough money to make depositors whole). Two of my savvier clients who had a pretty good idea of what had been going on in the years prior due to the industry they were in asked me if they should withdraw their money from their bank (Wachovia, which subsequently had to be rescued in a shotgun wedding).

If you can't withdraw cash from your bank, your liquid wealth is trapped in the fractional reserve Ponzi banking system, which since 2008 has not only been a ward of the state, but has been injected with a toxic dose of moral hazard. You can use your money to pay others, but you don't have access to it, which may not seem that important now, but just wait until the next financial crisis hits. McRee notes that when Greeks suddenly lost confidence in their banks in 2015, they withdrew 28 billion Euros before the Greek government imposed a surcharge on all cash withdrawals. It also imposed daily limits on

ATM withdrawals, which were quite low. The government could also declare an indefinite “bank holiday,” ban cash withdrawals, use your deposits to “bail in” (recapitalize) the bank, as was done in Cyprus in 2013 (which the Europeans plan to do in future banking crises), etc. You've probably heard the saying “Possession is 9/10 of the law”; this is especially true during a crisis. As long as your money is in a bank, the bank and/or government can do just about anything with it.

One proposal that was put forth in a 2015 TEDx talk is to require the use of a smart phone for all payments, which could be made using either “light coins” or “dark coins.” All aspects of transactions made in light coins (including your identity) would be public, and any company (or apparently anyone else) could data mine the transaction. Transactions made in dark coins would be private, “but there would be a 20% withholding tax that would be automatically sent to the government.” This is an example of the ideas that are being kicked around.

McRee notes that banning cash wouldn't defund criminals or eliminate black markets because they would quickly turn to some other form of “money,” such as other countries' currency, precious metals, ammunition (some predict that the .22 bullet will become money after the SHTF), drugs, tobacco products, or even women or children. In Florida prisons, honeybuns (pastries) are used as money (inmates purchase 270,000 of them per month). They don't meet all of the requirements for sound money, but they tick more boxes than the dollar does, plus they taste better.

As McRee points out, “With all transactions taking place electronically, you will lose all privacy. Your health insurance company will know how much beer you drink, how many candy bars and donuts you buy, and which...medications you take....[businesses] will know more about you than does your spouse or your parents....Giving up cash...means you're completely giving up control over your money to banks and to the government. With the click of a mouse, your bank and brokerage accounts can be closed and emptied.”

But that could never happen here; this is America, right? “Ever heard of Operation Choke Point?....[it's] the result of an Obama executive order authorizing the Department of Justice to put pressure on banks and third-party lenders to refuse to lend to or maintain accounts for legal businesses and industries that the government does not approve of....” In 2011, the FDIC released a list of 30 merchant categories that were being targeted by the Department of Justice, which included firearms and ammunition sales and coin dealers.

McRee tells how the IRS seized almost \$1 million from Clyde Armory's bank account “and threatened the owner [Andrew Clyde] with a felony for depositing his own legally earned cash.” Mr. Clyde—who served as a Navy officer for 28 years (including three combat deployments) before retiring with the rank of Commander—now happens to be my Congressman. If this can happen to him, it can happen to anyone.

When all of your financial eggs are in one basket and your livelihood depends on one system, it makes it very easy for the government to silence dissent or make people they don't like go away: people of a certain race, ethnicity, nationality, religion, political view, sexual orientation, class, profession, age, illness, disability—the possibilities are endless

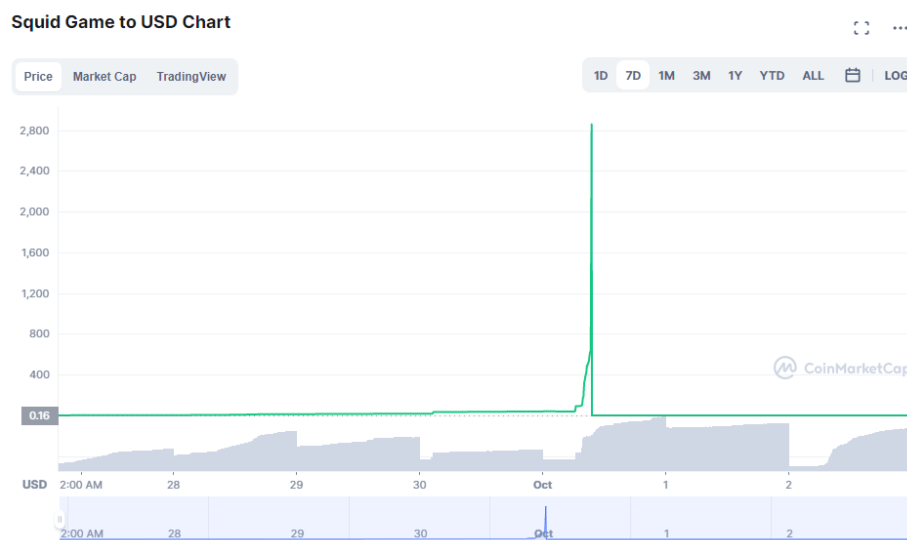
and unforeseeable. Just think what Stalin or the Nazis could have done with such a system.

But now the most pressing reason to ban cash is so that technocrats can impose negative interest rates and total surveillance of society, which is part of The Great Reset/The Fourth Industrial Revolution/Build Back Better (which I'll have a lot more to say about in a future issue). The ruling class who run the government and financial system are not content with taxing your income (including perhaps soon, unrealized capital gains), purchases, property and estate and constantly and aggressively debasing the currency they require you to use. No, they want more. They want to impose negative interest rates so that you have to pay banks and the government for the privilege of lending them your money. If you can withdraw cash from your bank account, you can avoid this regime. Eventually, you'll receive a digital monthly allowance (Universal Basic Income), and anything that you haven't spent by the end of the month will expire (which supposedly will help prevent inequality).

Finally, as McRee points out, "...money represents a portion of your life. If someone spends four hours installing plumbing in a house and earns \$600 for doing that work, the \$600...is a fungible proxy for the plumber's time and efforts. If someone robs the plumber and steals the \$600 [whether it's via robbery, taxation, inflation or negative interest rates], it is the same as stealing four hours of the plumber's life....This is a type of limited slavery. ...When someone takes your money without your permission—by use of coercion or force—they are taking a part of your life."

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Crash Alert: This morning while filling up my truck with gas (\$3.20 per gallon), I heard a very short news story coming from the video screen on the pump that began, "Ever hear of a Bitcoin ETF?" People who get their investment news from a gas pump are among the dumbest of the Dumb Money. If these people are now using their lottery ticket money to buy cryptocurrency, who is left to buy? Beware!



*a recent chart of the Squid Coin cryptocurrency*

Sign of the times: We can't buy meat in our grocery store's deli because it now doesn't open until 11:00 because they can't find people who are willing to work, even with very generous wages. One cashier told of a woman they had hired who only shows up for work when her monthly stimmie check from the government runs out. She said that young people today have figured out how to game the system, and they're lazy.

## What You Should Be Doing Now

I plan to cover the why and how of these in future issues (if I haven't already), but here are some actions I recommend you take (or at least start thinking about) now:

1. Use cash or lose it. Look for ways to pay people in cash: wait staff, domestic help, child care, handymen, yard maintenance, and any transaction you would like to keep private. But beware of “structuring” bank transactions to avoid the \$10,000 reporting threshold (read the book for more information).
2. Avoid cryptocurrencies.

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I would love to hear from you! I thrive on feedback from readers. If you have any comments, suggestions, insight/wisdom, or you'd like to share a link to a great article, please [email me](#).

Generally, I don't have time to answer questions about your specific situation, but if you have a general question that I think other readers also have, [let me know](#) and I will provide an answer in a future issue.

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