

Divide and Conquer

by Alfred Adask

One place constitutionalists get into trouble is in their personal speculations on what various laws or excerpts from case law may mean or imply. We have a tendency to leap to “logical conclusions” that are dramatic but often based more on emotion than facts and study. It’s a dangerous, addictive sport but far more exciting than hang-gliding.

I happen to be a master at constitutionalist speculation. I won’t argue that I’ve ever leapt to a correct conclusion, but my “logical leaps” have nevertheless been interesting, sometimes even fascinating.

In “Trust Fever” (AntiShyster Vol. 7 No. 1) I began to speculate on the possibility that Trusts are one of — perhaps the — fundamental mechanism by which our government “legally” exceeds its constitutional limits and reverses the status of the American people from sovereigns to subjects. In fact, I have a hunch our modern “welfare state” might be more accurately described as a “trust state”.

As with that first dose of “Trust Fever,” this article is also based on little evidence and much speculation. It is therefore dangerous and meant for consideration, not belief. I don’t doubt that elements of this article will be refined or rejected in the future. Nevertheless, I remain convinced that I’m exploring a fundamental insight into government’s favorite mechanism for using “benefits” to oppress the American people.

When used by government, trusts have five characteristics that make them ideal for evading the Constitution and subverting our Rights:

Divided Title

The fundamental feature of any trust is the division of “full title” (real ownership) to a particular property into “legal title” (technical ownership) and “equitable title” (the beneficial right to possess and use the particular property).

The relationship between a father, teenage son and family car can broadly illustrate the essential trust feature of divided title. Dad functions somewhat like a “trustee” since he “owns” title to the car and is responsible to see that it is operated according to certain rules like insurance, drivers licenses, and safety. The son is the “beneficiary” who doesn’t own the car, but has the “equitable title” to possess and use it on his Saturday night dates.

“Trustees” retain “legal title” to the property within the trust and are responsible for administering and enforcing all trust rules. “Beneficiaries” receive “equitable title” to use trust property they don’t own — provided they obey all the trust’s rules.

For example, if Dad (the “trustee”/ administrator) says the car must be back in the garage by midnight with a full tank of gas, then Junior (the beneficiary) is bound to have the car back in time as specified, or Junior will lose his “equitable title” to use the car next Saturday and wind up dating his girl on a bike.

In this way, Dad (the trustee) can use trust benefits (driving the car) to control his son’s behavior. In fact, the Dad/trustee can even impose a dress code on any beneficiary who wants to drive the car. If Junior doesn’t cut his hair to a “trust-approved” length, his “equitable right” to use the car can be terminated.

Whenever I see evidence of a *divided title* (one party has legal title/administrative control over a particular property, while a second party has equitable title/beneficial use of that property), I generally assume I am looking at a trust.

Minimal Liability

Historically, the purpose of subdividing full title into legal and equitable titles was to minimize personal liability for both use and ownership of trust property. For example, if you own “full title” to your car outside of a trust, you can use your car whenever you like, but you are also personally liable for any damages caused by your car. If your son has an accident driving your car, you (as the owner) are liable and can be sued to the limit of your resources.

But if you place (grant) your car into a trust, you can designate yourself as the “trustee” (and retain legal title and administrative control to the car) and designate your son as the “beneficiary” who will receive “equitable title” to possess and use the car. Now, if your son has an accident, you (as trustee) are virtually immune from any legal liability. As a practical matter, your son/ benefi-

pairs” (compromises or voids) any obligation imposed by my trust’s “indenture” (contract). Therefore, trust rules can not only be superior to state constitutional law, they can even “legally” operate in opposition to constitutional precepts.

For example, the state may be prohibited from passing a law that violates my “unalienable right” to free speech. However, if I voluntarily contract to become a beneficiary of a trust which has indenture rules prohibiting free speech on certain trust-related subjects, I will have legally relinquished at least part of my First Amendment right to free speech. This ability to legally evade most constitutional prohibitions makes trusts used by government an extraordinarily dangerous strategy.

Compulsory Performance

According to a number of Supreme Court cases, any person who is merely in a position to receive “benefits” is obligated to obey the rules of the organization dispensing those benefits. In other words, even if you’ve never received a dime from Social Security (a trust), if you *could* receive benefits, you are obligated to obey the rules of the Social Security trust indenture.

If one of those rules was “You must pay income tax” — whether you knew it or not — you’d have no constitutional or statutory defense against paying income taxes. As a result, you could easily be an unwitting “beneficiary” and thereby obligated to obey the rules of a trust you’ve never even heard of. You could be legally bound to obey an unknown series of administrative rules that were perplexedly unconstitutional but nevertheless legal. (Sounds a lot like our modern legal system, doesn’t it?)

Moreover, depending on the trust indenture, even trustees can be bound to enforce the rules without compassion or discretion. Did Junior get home late with Dad’s car because he stopped to render first aid at an accident and saved someone’s life? No matter. If the trust indenture’s rules are uncompromising about returning the car on time, the father/trustee will be forced to terminate the boy’s use of the car. (Does the Judge believe a particular individual, though

convicted, deserves a lenient sentence? No matter, sentencing guidelines in a trust indenture might force the judge to impose the harshest penalty.)

Both trustees and beneficiaries can be bound by trust rules to levels of performance that, at first glance, seem absurd or even unconstitutional.

Law of the Case

Every legal controversy is based on a particular body of law. I.e., you can’t use probate laws to argue against a speeding ticket; you must base your legal defense on the traffic code — since it’s the “law of the case”.

In a trust, the “law of the case” is the trust indenture and rules therein. If those rules require a teenage boy to have his Dad’s car back by midnight, and Junior shows up at 12:01, he is in technical violation of trust rules and has no constitutional or statutory foundation to challenge the trustee’s decision to terminate his beneficial interest (use of the car).

This “law of the case” requirement stands even if you’ve never read the trust indenture (ever read all the rules of your Social Security Trust Fund?) or worse yet, even if you don’t realize you’re “trapped” as a beneficiary in trust law. The court presumes you know the relevant law, will not inform you of your ignorance, and will rule accordingly.

For example, suppose the Federal government created a lawful trust (like Social Security) and lured you into voluntarily entering that trust (perhaps, as an “applicant” for “benefits”). Later, if you realized that your new performance obligations were “unconstitutional”, you could not normally use constitutional arguments to escape those trust obligations. In fact, if you only argued your “constitutional rights”, you’d be as ridiculous as a man arguing football rules in a baseball game, and allow the judge to truthfully declare, “the Constitution has no place in my court.” Instead, the only “law of the case” that you could effectively argue would be the Social Security trust indenture (you might argue you were fraudulently lured into contracting with the Trust, or otherwise challenge trust rules).

ciary also can’t be sued because he owns nothing (all his assets are in trust) and there’s no point to suing a legal pauper — even if he lives in a mansion. The only entity that can be successfully sued is the trust itself, and then only for whatever property it contains. Even if your son caused \$1 million in damages, the most the injured party could recover was whatever property remained in the trust that held the car. If the trust only contained the now-wrecked car, that’s all the injured party could legally collect; there would be no recourse against your home, bank account, or business.

Legal Superiority

Article 1, Section 10 of our Federal Constitution declares, “No State shall . . . pass any . . . Law impairing the Obligation of Contracts.” The rules of an explicit trust are established by a contract (or charter) called the trust “indenture”. Therefore, if created by contract (not statute) and without fraud, trusts can be superior to any State law. In other words, if I create a lawful trust by voluntarily contracting with someone, the State can’t pass a law which later “im-

If we don't understand that the "law" in our particular case is some trust indenture, we can contest paying income tax forever since the 16th Amendment was never properly ratified. But if the "law of the case" (the rule that requires you to pay income tax) is contained in a trust, your constitutional arguments are irrelevant, even if that trust is virtually unknown to you. Because you are *presumed* to know the "law of the case," the court will assume you're incompetent, and rule inevitably and (seemingly) inexplicably against you.

Government can't take our Rights, but we can "voluntarily" (though ignorantly) contract them away. Therefore, trusts can be used by government to impose an endless series of obligations on Americans that would be unconstitutional if mandated by statute, but quite legal if "offered" as considerations for "benefits" which we *voluntarily* "applied" (contracted) to receive.

Trusts and political structure

For most of England's history, the King (or Queen) was *the* Sovereign and therefore "owned" legal title to all English land. English "subjects" were "entitled" to use/ possess the land, but the Queen always owned it (sovereign ownership of all land is probably the fundamental characteristic of all monarchies). Apparently, England's law, Monarchy, and political system have been based for centuries on the concept of *divided title* to land — the King had "legal title," the citizens had "equitable title" and possession.

Given the English system's use of divided title to property, was the English Monarchy a "trust"? Maybe, but in any

case, *title* to all land was *divided*. Because "commoners" only possessed equitable title to their land, they were virtual beneficiaries (subjects; serfs?) of the King (trustee) and therefore obligated to obey all the King's Laws (indenture). Since the King "owned" legal title to the commoners' land, they were obligated to pay whatever tax (rent) the King demanded or be summarily forced to forfeit their possession of "his" land *without legal recourse*.

In movies about Robin Hood, Prince John's ability to violently remove commoners from their homes looks like the worst form of tyranny. But if the Prince held legal title to land and the commoners held only equitable title and failed to pay their tax/rent, eviction without legal recourse was not only lawful but mandatory.

Today, we see a similar situation when you buy a car with a bank loan. In a sense, although you get to drive and "possess" your new car, the bank "owns" it until you repay the loan. Anyone who doubts the bank "owns" your car need only stop making car payments. Just like Prince John, the bank will quickly "repossess" the car *without going to*

court. Lacking *title* to "your" car, you (like the English commoner) had no *legal* recourse against "repossession".

Of course, because you had some equity (but not title) in the car, you still had an "administrative remedy" against repossession (you might produce cancelled checks proving you'd made timely payments). However, since you lacked "legal title", you would only have recourse to a court of "equity" (which determines equitable titles and *beneficial* interests in administrative hearings). Lacking *legal* title, you had no recourse in *Law* (the determination of *legal* title).

The rallying cry of the American Revolution was "No Taxation Without Representation". This implies that King George was charging Americans a tax on land or other property (like tea) without their consent.¹ But if the King owned "legal title" to all the property in his realm (including the Thirteen Colonies), the colonists were virtual "beneficiaries" enjoying the equitable use of the King's property. *If* the comparison between Colonists and trust beneficiaries is valid, Colonists might have had no legal right to "representation" since beneficiaries are prevented by law from

can Revolution and our Constitution — then what shall we make of our current government’s apparent inclination to create and administer trusts which divide title to property? By reestablishing a trust-based, divided-title political and legal system, our government is arguably changing this nation back from a post-constitutional Republic (where people have full title to their property) into a pre-constitutional colony.

In this emerging “U.S. colony” the people, at best, have equitable title to property and function as beneficiaries subject to the “divine rights” of government. I’ll even bet the fundamental principle behind the New World Order (NWO) will be “divided title” to all land (and later, all property and probably persons) into “legal title” (held by the NWO) and “equitable title” (mere possession) held by the world’s people.

Any attempt by our government to diminish our right to full title ownership of our property must be viewed with alarm as un-American, treacherous, and even treasonous. As such, I have a hunch that any government (or government agency) based on trusts (divided titles) might be challenged as “communistic” and contrary to our constitutional guarantee of a “Republican [full title to property] form of government”.

That which is Caesar’s

If government trusts (like Social Security and the National Highway Trust) pose serious problems, they’re nothing compared to the possibility that our “money” may also be a trust instrument.

If there’s one Biblical passage that’s bewildered me, it’s *Luke 20:20-25* where the Pharisee’s tried to trap Jesus by asking, “Is it right for us to pay taxes to Caesar or not?” Jesus replied, “Show me a denarius [a Roman coin]. Whose portrait and inscription are on it?” “Caesar’s,” they answered. “Then render unto Caesar that which is Caesar’s, and unto God that which is God’s.” According to the Bible, “astonished by his answer, they became silent.”

Maybe everyone else understands that passage, but until now I just didn’t get it. But now I begin to suspect that what Jesus meant was, “He who owns the money, owns the property which was

bought with the money.” Sounds so obvious as to be irrelevant, hmm? Maybe not. Maybe Jesus hinted at a subtle aspect of money that’s gone largely unnoticed for thousands of years.

Again, the usual process for purchasing a new car includes your contract with a bank for a loan. Although you “possess” (use and drive) the car, under the terms of your contract, the bank “owns” the car until you’ve repaid the *entire* loan and can therefore “repossess” it if you fall behind in the payments. If you actually “owned” (had title) to the car, the bank could not take it from you without a court hearing. Point: in a sense, the bank owns “your” car until you *repay* the entire loan.

In the U.S., the “creation of money” is somewhat like purchasing a new car:

1. New Federal Reserve Notes (FRNs) are printed (created) by the Federal government’s Bureau of Printing and Engraving. Each note has a particular serial number.

2. The new FRNs are reportedly sold at their printing cost (approximately \$0.03 each, regardless of their denomination) to the Federal Reserve System

having legal or administrative control over the trust rules or property.

This possibility implies that the driving force behind the American Revolution was not to achieve the generic “Freedom” we like to talk about, but more precisely to allow common Americans to have *full title to their property*. I suspect that Americans of the 1780’s were the first people in modern history to hold both legal and equitable title to their private property. As such, they were “sovereigns”. Their homes truly were their “castles” (protected by walls of legal title rather than moats) and the American government could not tax or regulate that land or property to which it lacked legal title except by the consent of the People as expressed by their Representatives in Congress.²

Return to bondage

If divided title to land and property was the fundamental characteristic of the English Monarchy (and probably all other totalitarian, socialist and communist governments), and if every man’s right to “full title” to his property was the fundamental purpose for the Ameri-

(a trust administered by Alan Greenspan and his board of trustees). The government's bill of sale presumably identifies the serial number of each FRN sold to the Federal Reserve System.³

3. The Federal Reserve System ("FR System") then loans the paper FRNs at full face value to the various Federal Reserve Banks ("FR Banks"). Each loan presumably identifies the serial number of each FRN passed from the FR System to the FR Banks.

4. The FR Banks then issue the FRNs to local banks which in turn disperse them to the general public.

5. The general public uses the FRNs as a medium of exchange to *purchase* various services and products.

6. Over time, the FRNs age, wear out, and are removed from circulation by the Banks and burned. (Reportedly, the serial numbers of "worn out" FRNs are recorded before they are destroyed.)

If my understanding of the creation of money is fundamentally correct, this process raises two intriguing questions:

First, if the FR System really *buys* the physical FRNs from the Bureau of Printing and Engraving, *how does it pay for them?*

It's inconceivable that our government allows the FR System to pay for FRNs with FRNs – especially at the rate of \$0.03 for each new FRN of any denomination. Imagine if you had just \$1 – at \$0.03 each, you could buy over *thirty* \$100 bills. And once you had thirty \$100 bills, you could use them to buy another *one hundred thousand* \$100 bills (at \$0.03 each). And then you could buy . . . well, obviously, this scenario is so absurd, it's impossible. Which implies the FR System must pay for FRNs with a form of money other than FRNs. What form? I don't know, but probably some form of *real* "dollars" (a physical mass) of gold or silver.

As you'll see, it may be extremely important to identify the "nature" of money used by the FR System to "buy" FRNs from the Federal government. But before we discuss the "nature" of money, let's consider a more central observation:

If the FR System truly buys FRNs from the Federal government, then at least initially, the FR System must own those green, physical pieces of paper we

call "Federal Reserve Notes".

This leads to my second question (and the foundation for this entire hypothesis about FRNs):

When does the FR System cease to own those green, physical pieces of paper we carry in our wallets?

Remember how you purchase a new car? You get to drive it, but you don't really "own" it until you've *repaid the loan*. Likewise, it follows that the FR System continues to *own* FRNs until the FR Banks repay the particular loan that placed each particular FRN in circulation. This implies that the FR System may still hold *legal title* to all those green FRNs in your wallet!

But how can you continue to purchase products and services with someone else's money? Wouldn't that be illegal? Yes — unless FRNs are another example of *divided title*. (If the FR System still owns legal title to "your" FRNs, then you, by virtue of possessing and legally using them, must be presumed to have their "equitable title" (beneficial interest and use). And clearly, using FRNs *is* a "benefit". After all, by using these virtually worthless pieces of paper, you can purchase real, tangible property like computers, cars, and homes. What could be more beneficial than getting "something" (tangible property) "for nothing" (FRNs)? Or so it seems.)

But as I said before, whenever I see a "divided title", I suspect I'm seeing a trust (and possibly a trust indenture that increases my obligations or diminishes my rights). If FRNs have divided title, the FR System is a trust, Alan Greenspan and his board of directors are the Trustees, the FRNs are the "corpus" (property) of the trust, and anyone who uses FRNs to *purchase* (not "buy") products or services is a "beneficiary" – obligated to obey whatever mysterious rules might be included in the FR System's indenture.

Note that the difference between "buy" and "purchase" is huge. According to *Black's Law Dictionary* (4th Rev.) "buy" means, "To acquire the *ownership* of property . . ." but "purchase" means "*Transmission of property from one person to another . . .*" [emph. add.] One who "buys" acquires *ownership* (legal title) to property while one who "pur-

chases" merely "transmits" (changes the possession or equitable title) of that property from one person to another. Further, it's entirely possible for a property to be "purchased" by a series of persons who each, in turn, hold its equitable title, while the original owner remains unchanged since no one has actually "bought" the property.

Seizing FRNs

If the FR System owns "legal title" to the FRNs in your wallet, this might explain why government agencies like the DEA or local police regularly seize large quantities of cash from innocent people without court order or apparent legal recourse for the "victim". Government isn't "stealing" your cash, because you don't really own it; you only get to possess/ use "your" cash according to indenture rules established by the real owner (the FR System). Since you don't "own" legal title to your cash, if you violate a rule of the FR System's indenture, it's as legal for government to "repossess" that cash as it is for the banks to repossess your car if you stop repaying your loan.⁴

grew your own food in your own garden, canned it yourself, and stored it in any quantity you liked. Since government provided no obvious subsidy to grow your food, it couldn't easily claim legal title to that food, and therefore couldn't regulate the quantity that you might store, nor subject you to food seizures for "hoarding". Instead, if you "grew your own", you'd be engaging in an act of "creation", and as *creator* would enjoy *full title* (legal and equitable) to your product/creation.⁵

Intrinsic value

If FRNs are some sort of trust instruments characterized by a divided title, it's also true that FRNs haven't always been here and therefore, it's probable that some forms of money (especially those prior to FRNs) may not have had divided title. I.e., some forms of money might have had the "intrinsic" value of "full title" (both equitable and *legal* titles).

Most people believe that when the Constitution granted Congress the power "To coin Money" (Art I, Sect. 8 Cl. 5) and prohibited the States from making "any Thing but gold and silver Coin a Tender in Payment of Debts" (Art. I, Sect. 10, Cl. 1), the Federal government received the exclusive right to "create" money. Not so.

First, any legal definition of "money" used for *payment* specifies a certain physical *mass* of gold or silver. In other words, while wooden nickels, "clad" quarters, and even FRNs can be used as *kinds* of money, they aren't necessarily "constitutional money". Constitutional money must contain a certain intrinsic physical mass of gold or silver. However, there may be an even more important "intrinsic" value that turns mere disks of metal into real money: legal title.

Who created (and therefore *owns*) gold? Who created (and therefore *owns*) silver? Depending on your point of view, either God, or the miners and prospectors digging in the Earth, "created" each batch of physical gold, and as creators, "own" the first legal title to that gold. In either case, gold and silver are not created and necessarily *owned* by government.

Historically, when a prospector found some gold ore, he'd bring it to a U.S. Mint which refined the ore, divided

the physical mass of "pure" gold into individual metal disks of a certified weight and purity, and then (after deducting a reasonable charge for making the coins) gave the gold coins to their proper owner – the prospector. When government "coined" money, it didn't create (and therefore *own*) the money; it merely *certified* that a particular metal disk had certain intrinsic attributes (like weight and purity of gold), much like a meat inspector stamps "USDA Prime" on the side of some cuts of beef. The USDA stamp doesn't give government legal title to the meat, it merely *certifies* the meat has certain intrinsic attributes.

But what intrinsic attributes did the U.S. Mint certify when it "coined" a \$20 gold piece? Obviously, the Mint coined/ certified there was a particular weight and purity of gold in the coin, but is that all? Maybe not. Since the newly coined money was still owned by the prospector who found/ created it, it's clear that government did not claim legal title to the gold coins.

But if the prospector owned the new coins, why wasn't his name or serial number printed on them? How could they be identified as his? They couldn't. And more, no one would want to identify a coin as the prospector's, including the prospector since he'd have a very difficult using it to buy something. After all, would you accept a gold coin that was clearly marked as someone else's property? If you did, what's to prevent some unscrupulous prospector from coming back to your store tomorrow with the police and claiming you stole "his" coins. If you didn't have a receipt signed by the prospector that verified he traded his specific coins for your products, you could incur a lot of legal trouble by accepting a coin that identified as belonging to someone else. (The same is still true with FRNs)

The only way the silver and gold coins could work efficiently was if ownership (legal title) was implied by possession (equitable title) of the coin. If you held it, you owned it (unless a court of law ruled otherwise). Legal title had to be *intrinsic* in the gold and silver U.S.-minted coins if only because a divided title was too impractical to be workable among a free people.

If your FRNs can be seized because (unknown to you) their "legal title" belongs to the FR System, then it might follow that "anti-hoarding" laws would only apply to those products in which you have equitable title and some other entity has legal title. For example, food bought in a grocery store is almost always produced with government "subsidies" — which, according to one Federal judge makes anyone who buys food a government "beneficiary" and subject. If that Judge is right, I'll bet the subsidy somehow grants government "legal title" to the food, while the farmer, all the middle men, and finally you, only get equitable title to your food. Therefore, if government subsidized raising the beef that became the steak on your grill, government still owns legal title to that steak, and can therefore tell all you beneficiaries how much steak you can legally store. Exceed the limit, and "Big Trusty" will repossess your t-bones.

Conversely, if divided title to property is the legal foundation for forfeiture laws, you might *not* be subject to repossession for "hoarding," if you

Moreover, if the only issue were weight and purity of intrinsic gold, why couldn't we use Mexican or English gold coins as payment? Could it be that the definition of "payment" involves more than mere physical gold or silver? Does "payment" involve the money's intrinsic legal title? I suspect it does.

The nature of money

Earlier in this article we mentioned the "nature" of money. I suspect that "nature" includes not only intrinsic physical attributes (*mass* of gold or silver), but also intrinsic legal attributes. For example, whenever the U.S. Mint certified a coin, it not only declared there was an inherent quantity of gold or silver, but also that the coin could be used as "Tender in Payment of Debt" (Const., Art. I, Sect. 10, Cl. 1).

Black's Law Dictionary (4th Rev.) defines "Tender" as an "offer of money" that may be voluntarily accepted, but "legal tender" means a "kind of money" that creditors are compelled by law to accept.

But why would the law compel creditors to accept "legal tender"? Because it's an inferior "kind" of money that sensible creditors normally shun?

Since FRNs are designated as "legal tender", are they an inferior "kind" of money? If so, what is the nature of that inferiority? Divided title?

It's easy to see that FRNs might have divided title and an easily identifiable "owner" – after all, just as cars have a unique serial number on their engines and bodies to prove ownership, each FRN also carries a unique serial number. Clearly, FRN serial numbers are no deterrent to counterfeiting. So what other explanation remains for FRN serial numbers, except (like automobile engines) to prove something about their legal ownership?

I suspect that, if the FR System owns legal title to our FRNs, its claim could be verified by doing a "title search" of each FRN's serial number to see when the particular FRN was loaned into circulation and if the particular loan had been repaid. If the loan was still unpaid, the FR System owned the FRN; if the loan had been repaid, the FR System's claim of ownership (legal title) was extinguished.

But how could you divide the title to a U.S.-minted \$20 gold coin? How could you prove each coin had an ex-

trinsic legal title and owner other than the man who possessed it? Since there's no serial number on gold coins, there's no obvious means to distinguish the owner of one coin from the owner of another. While it's apparent that whoever possesses a gold coin has equitable title (he can use the coin to purchase property), who has legal title to each coin? I suspect that with gold "coined" by the U.S. Mint, legal title to the coin must be intrinsic in the coin itself and be presumed by mere possession. ("Possession is 9/10th of the Law"?)

In other words, unless disproved in a court of Law — if you possess a U.S.-minted gold coin, you are presumed to own it. Therefore, unlike FRNs, U.S.-minted gold coins may "contain" full title (equitable and legal titles) as an intrinsic value. If so, the most critical intrinsic value of a U.S.-minted coin is not the coin's gold, it's the coin's intrinsic "full title" — including both equitable and legal titles.

Something for something?

OK, why is legal title to our money so important? Suppose you run a business, and give one of your employees some petty cash to go to the office supply store to purchase some envelopes. Obviously, although your employee "possessed" the FRNs used to buy the envelopes, he was only functioning as your agent and therefore does not "own" the envelopes. Presumably, you "own" the envelopes.

Point: mere possession of money does not automatically signal ownership of whatever was purchased with FRNs.

That sounds obvious, but consider the more subtle example of a kid going to college. To ensure the kid has enough spending money, Dad gives him Dad's own Master Card to use at school. In a sense, Dad has "legal title" to that credit card (he receives and pays the bills) and his son has "equitable title" (possession and beneficial use of property purchased with the credit card). The distinction between "legal" and "equitable" titles may not mean much to the boy since he can merrily use Dad's credit card to purchase a new computer for himself or beer for his buddies. But if he purchases too much beer and Dad gets mad — since

the computer was purchased with *Dad's* credit card — Dad has “legal title” to the computer and can legally “repossess” it.

Point: Because the boy only had “equitable title” in the credit card, he could only purchase “equitable title” in the computer. Because Dad had “*legal title*” to the credit card, Dad also got “*legal title*” to whatever was purchased with his credit card.

This principle implies that *legal title to all property belongs to the person or entity that held legal title to the particular money used to buy (or purchase) the particular property*. Therefore, *the intrinsic “nature” of the money used in a transaction determines whether each individual’s rights to the particular property are “legal”, “equitable”, or “full”*.

Perhaps Jesus realized that the coin he was shown was “owned” by the Roman Emperor, whatever was bought with that coin was also owned by the Emperor and therefore, taxable. Could that be why he answered, “Render unto Caesar that which is Caesar’s (paid for with Caesar’s money). Render unto God that which is God’s (paid for with God’s

“money”; i.e. his gift to you of life and ability to labor).” If you purchased something with a Denarius, pay tax on it to Rome. If you bought something with your labor, pay a tithe to the church.

Have a mint?

If the only intrinsic value of money is its physical content, why couldn’t we use gold coins from Mexico or England to buy property in the USA? They carry a fixed and measurable mass of gold, so why are they “different” from U.S.-minted gold coins? The only answer I can imagine is that while the U.S. Mint can coin/ certify that a particular metal disk contains *intrinsic legal title*, the Mint lacks the information or authority to certify that foreign gold coins also contain legal title. Maybe they do, maybe they don’t. While the gold coins of Mexico may contain intrinsic legal title, you can almost bet that legal title to the gold “Sovereigns” of England are owned by the Queen and, if so, users only get equitable title to whatever is purchased with an English Sovereign.

In any case, the U.S. Mint neither knows, cares nor has authority to declare

whether a particular foreign coin contains intrinsic legal title. And so they only certify that U.S. minted (not foreign) coins have intrinsic legal title and are therefore guaranteed usable as “tender in payment”. This doesn’t necessarily mean that you can’t “buy” full title to a new Cadillac with Mexican gold coins; it merely means the U.S. Mint will not certify Mexican gold coins contain legal title. Maybe they do, maybe they don’t — let the courts decide.⁶

For several years I’ve heard a strange, persistent notion in the Constitutional community that whatever you “buy” with FRNs actually belong to the FR System. Oh, yes, you could still “possess” whatever you purchased with FRNs, but it was technically *owned* by the FR System. Although that notion was variously explained with claims that FRNs were really “military scrip” or “worthless insurance scrip”, I couldn’t understand the explanations.

But the idea that the FR System owns whatever is purchased with their FRNs makes sense if FRNs are trust instruments characterized by *divided title*. Like the boy using his Dad’s credit card, whether you know it or not, legal title to “your” property belongs to whoever had *legal title* to the money you used to purchase that property. I.e., if you only have *equitable title* to the FRNs in your pocket, you can only purchase *equitable title* to whatever property is exchanged for those FRNs.

More importantly, if legal title to a car purchased with FRNs goes to the FR System, then that car (or any other property purchased with FRNs) becomes property of the FR System trust — just like the FRNs. Now, if the FR System trust owns legal title to “your” car, it is well within its power to administer their trust’s property (your car) any way it likes. Just like the father who demands his son have the car back by midnight with a full tank of gas, the FR System can impose similar rules (license, registration, insurance, seat belts) on the beneficiaries who purchased cars with FRNs.

And if the FR System owns legal title to your car (or boat, home, farm or business) purchased with FRNs, what’s to stop them from seizing “your” prop-

erty (just like Prince John seized the property of English subjects) whenever you violate the smallest, most idiotic rule in the FR System indenture? Nothing.

For example, suppose the FR System indenture said that any of its property (like a house or car) found to contain a “controlled substance” was subject to forfeiture (repossession). Suppose the police catch a boy with a little marijuana in his grandma’s home. Can the cops seize grandma’s house? They can and do. Is the foundation for that seizure the fact that Grandma purchased her home with FRNs that left legal title to the FR System? I don’t know, but it sure sounds plausible.

On the other hand, if Grandma had *bought* (not “purchased”) her home with gold coins certified/ coined by the U.S. Mint to contain the intrinsic value of legal title, could the cops seize her home because her grandson’s getting high? If my theory is correct, No. Or at least not without first going to a court of Law, exercising due process, and getting a lawful court order.

Light at the end of the bank vault?

What happens if the FR System surrenders legal title to the FRNs? After all, sooner or later, the loan that placed each FRN in circulation will be repaid extinguishing the FR System’s claim of legal title to that FRN. Presumably, if there is no remaining claim to the FRN’s legal title, whoever is left holding the FRN will have both equitable *and* legal title.

Then what? Well, if the critical “intrinsic” value of money isn’t gold, but legal title, and you had “full title” (legal and equitable) to your paper FRNs, it follows that you might actually “own” full title to whatever you *bought* (not “purchased”) with them. In theory, an *old* FRN might truly be “as good as gold” if you could prove that the loan that placed it in circulation had been repaid, the FR System no longer held legal title, and therefore “possession was 9/10th of the law”. In other words, if no one else could claim legal title to the FRN in your pocket, you’d have full title by default, by virtue of mere possession.

Suppose you used \$20,000 in old

FRNs to buy a new car. Suppose you carefully listed every FRN’s series and serial number (which identify the original loan that placed each FRN in circulation) on the car’s bill of sale. Suppose you attached proof (public record) that each FRN’s loan had been extinguished. Then you might be able to argue that since you now had “full title” (legal and equitable) to all of your paper FRNs, you could also *buy* “full” (legal and equitable) title to the car.

If any of this were true, why don’t people save their old FRNs and use ‘em to buy their homes and cars? Part of the reason may be that FR Banks cull old FRNs from circulation and burn them. I can’t help wondering if FRNs are designed to wear out and be burned about the same time the FR System loans are repaid, and therefore be destroyed before they “mature” into real (“full title”) money.

If full-title FRNs are possible, then “old” FRNs should be just as “collectable” as “old” dimes and quarters made out of real silver. If so, we could literally beat *their* swords (divided-title FRNs) into *our* plowshares and once again “buy” (not purchase) our homes,

cars, food and property – and escape the non-constitutional regulations that may now be imposed by trust-based, divided-title money.

Interesting hypothesis, hmm? “Full title” money buys full title to property. “Equitable title” money purchases only equitable title to property. The critical value of money is not its physical mass of gold or silver — it’s the “intrinsic” full (equitable and legal) title.

Oh, one last leap into the constitutionalist netherworld: Is the phrase “IN GOD WE TRUST” seen on our currency a statement of spiritual faith — or the name of a trust called “IN GOD WE” . . . ?

Next “Trust Fever”: How legal title and equitable title may determine whether you have access to Law and Courts of Law or to administrative procedure and Courts of Equity.

¹“Representation” is nearly synonymous with “consent”.

² If full title to property was so important to the American Revolution, why isn’t it mentioned in the Federal Constitution? Since the Federal government had little right to own property, questions about property rights and title rights wouldn’t be necessary in the Federal Constitution. However, the Founder’s high respect for property and full title might be glimpsed in the original terms of suffrage:

The right to vote was determined by each State, and typically held that only men over 21 year of age who *owned* property (land) could vote. Apparently, without full title to land, you had no right to vote.

Further, I suspect the Federal Constitution is, in a sense, a “generic” or secondary constitution designed to protect each of the “primary” constitutions – those of the first thirteen States. America’s new and revolutionary rules of property should be enshrined in the first State constitutions. In fact, a thorough analysis of the common denominators of the first thirteen State constitutions should reveal a working definition of the term “Republican form of government”. Without researching the issue, I’d still bet a fundamental characteristic of Republic is the right of the People to own full title to their property (i.e., allodial title).

³ This entire article hinges on the report that the FRNs are actually *bought* from the federal government by the Federal Reserve System. If the FR System only “purchases” the FRNs from the feds, then legal title to the FRNs would remain with the federal government. The divided title argument would still be valid except that the real owner of the FRNs (and all property purchased with them) would be the federal government.

⁴ What’s the FR System’s rule that allows seizing cash? I don’t know, but I’d bet there’s an indenture rule that prohibits any beneficiary from “hoarding” more than X amount of FRNs outside of a bank account. The “legal logic” of this hypothetical anti-hoarding regulation might be based on the banks’ use of bank deposits as a foundation for “creating” more money through the “fractional reserve” procedure.

That is, if I deposit \$100 in my bank account, the bank can use my deposit as a foundation to “create” another \$2,000 to loan to my neighbors. Therefore, by “hoarding” my FRNs outside of a bank account, I’d be depriving my neighbors of loans necessary to stimulate the economy or provide other “benefits” required by “public policy” (probably a term signaling the rules of a trust indenture). I’d also bet anti-hoarding laws are based on a presumed national emergency. So long as a national emergency is declared to exist by El Presidente, hoarding of money, food, etc. might be administratively verboten. Therefore, government is not merely allowed, it might even be *ordered* as trustees to “repossess” any excess cash and — I’ll bet — redeposit that cash into a bank.

⁵ The implications of “owning” full title to whatever you *create* are huge. Because the Federal government “created”/ printed the FRNs, they held full title to the FRNs and could therefore “sell” full title to the FR System.

⁶ If this hypothesis concerning various moneys’ intrinsic title is correct, it might follow that coins carrying intrinsic legal title are “assets” since a positive value that accrues to whoever possesses them. Would it also follow that any money that does not carry intrinsic legal title, is by definition some sort of “debt” or “debt instrument”? That possibility is consistent with FR System’s admission that all of our currency is “debt-based”. This in turn suggests that the legal (and accounting) definition of an “asset” is based on *legal title* while a mere possession is in fact a “debt” since it was purchased with debt-based money. In other words, “assets” must include legal title while debts include only equitable title. ■