

## **Supporting Documentation for the Economics of Goodwill Proclamation**

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# **Supporting Documentation for the Update of the Federal Reserve Bank and Money Infrastructure And the Proposed Economics of Goodwill Proclamation**

Many of the problems in banking begin with the moral hazard in having possession and control of other people's money.

And the specific moral hazard in banking means that what is considered right or wrong, or a part of the basic moral tradition within any society or nation, is forgotten while gaining wealth from the use of other people's money.

This presentation will document how the actions of the people who operate the Federal Reserve System have contributed to our destructive global economy, global warming, and the age of war.

Google Search "Images Devaluation of US Dollar" and you will find dozens of charts and documents reporting a loss in the value of the US dollar.

The value of our money does not evaporate into thin air.

The use of the fractional reserve money system and use of Banker's Acceptances are specific bank and money system practices that constantly reduce the value of our money and promote conflict and chaos in national and global economies, and this chaos promotes conflict and destructive behavior.

The fractional reserve money system began over 1,000 years ago in the goldsmith shops on Fleet Street in London, England.

1,000 years ago, rather than carry bags of gold in public, merchants visiting London preferred to store their gold in the goldsmith's safes on Fleet Street.

The goldsmiths provided a written receipt for each bit of gold in storage in the goldsmith's safe.

The goldsmiths quickly discovered that the people of London preferred to trade pieces of paper that represented gold, rather than to carry bags of gold, and it was rare for anyone to exchange gold receipts for actual gold.

And so, the goldsmiths of Fleet Street began to write out false gold receipts for each bit of gold in storage in the goldsmith's safe.

And then, the goldsmiths used the false gold receipts to make purchases in London.

The past minutes of the Federal Reserve Board have praised the deceptive goldsmiths of Fleet Street for their cleverness in producing false gold receipts as a money substitute that has produced our

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modern debt-based fractional reserve money system now in use in national central banks, and the related privately operated corporate banks of every nation in the world.

The Federal Reserve bank and money system infrastructure of the USA was advertised in 1913 as a non-profit entity that would return all profits to the US Treasury.

However, for many years, none of the profits of the US national bank and money system infrastructure have been returned to the US Treasury as advertised in 1913, and our money is constantly losing value.

The value and profit from our money is not lost, it is quietly transferred to the people who are bankers within the Federal Reserve bank and money infrastructure of the USA.

Failing to return profits from the national bank and money system infrastructure as promised in 1913 is cheating us out of the value of our money, and being cheated out of the value of our money creates conflict, debt, and disease in the USA and around the world.

Updating our national bank and money infrastructure will immediately reduce debt, increase fairness and opportunity in our economy, and provide a Rebirth to the American Dream of Home Ownership.

And the concept of money was invented independently by ancient people all around the world to represent the goodwill of stored value.

It did not matter if the money was made of duplicate pieces of signed paper in ancient China, seashells in Pacific Island nations, pileated woodpecker feathers among the tribes along the Klamath River in California, or split willow sticks among the people of ancient England.

Ancient money represented goodwill and stored value, and all ancient forms of money were fully accountable in front of the people who used that sort of money.

Most forms of modern money no longer represent goodwill or stored value.

Within our modern infrastructure most forms of money have become a debt owed to a person who is a banker.

Infrastructure means roads, dams, water treatment plants, money and bank systems, the military, national parks, national forests, ocean ports, educational facilities, and various other local and national physical resources, and the government offices supported by the citizens and taxpayers of each nation.

Our prosperity and economy are based upon the combined usefulness of the local, national, and international infrastructure of the world.

The highways, water systems, and military of the USA are all part of the national infrastructure.

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All these systems provide large scale benefits at the lowest reasonable cost, and no one within these systems of infrastructure keeps the profits of the system for themselves.

For example, the people in the military do not reward themselves with the territory they capture or defend.

Highway patrol officers do not keep for themselves the thousands of dollars in penalties charged to drunk drivers.

The people who work at the local water plant do not keep the profits gained from providing clean water to the community.

Only the people who are bankers within the national money system of the USA have been able to keep the profits of our national infrastructure system for themselves.

Having kept national infrastructure money system profits for personal use for over 100 years is what promotes destructive boom and bust behavior at the banks of Federal Reserve System.

Today, in many places all around the world, individuals have found hidden ways to extract the value of taxpayer and citizen supported infrastructure for personal profit, and this is a large part of what drives increasing debt, conflict, and the age of war.

By working together will goodwill we can stop allowing individuals to take personal profits from taxpayer supported infrastructure.

In particular, the development and use of the existing national and international money and banking systems have never been publicly accounted for.

The Federal Reserve System in the USA is the role model for the central national banks and private corporately owned banks of the world.



This document will use the public records, legislation, and bank and money system practices of the Federal Reserve System as the example of how the proposed Economics of Goodwill Proclamation could be implemented.

This is a screen capture from [https://www.federalreserve.gov/faqs/about\\_14986.htm](https://www.federalreserve.gov/faqs/about_14986.htm)

Who owns the Federal Reserve?

The answer provided states, "The Federal Reserve System is not "owned" by anyone.

The Federal Reserve was created in 1913 by the Federal Reserve Act to serve as the nation's central bank."

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The answer presented at the Federal Reserve website regarding who owns Federal Reserve System is false and misleading.

The citizens of the USA own the government, and the employees of the government offices of the Federal Reserve, including the Federal Reserve Board of Directors and their staff, work for the US government.

Therefore, the Federal Reserve offices within the government are owned by the citizens of the USA.

This is a screen capture from <https://www.federalreserve.gov/aboutthefed/section2.htm>



The screenshot shows the Federal Reserve website's navigation menu and the Federal Reserve Act, Section 2. Federal Reserve Districts. The navigation menu includes: About the Fed, News & Events, Monetary Policy, Supervision & Regulation, Financial Stability, Payment Systems, Economic Research, Data, and Consumers & Communities. The Federal Reserve Act, Section 2. Federal Reserve Districts is highlighted in the left sidebar. The main content area displays the following text:

**Section 2. Federal Reserve Districts**

**1. Establishment of reserve cities and districts**

As soon as practicable, the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency, acting as "The Reserve Bank Organization Committee," shall designate not less than eight nor more than twelve cities to be known as Federal reserve cities, and shall divide the continental United States, excluding Alaska, into districts, each district to contain only one of such Federal reserve cities. The determination of said organization committee shall not be subject to review except by the Board of Governors of the Federal Reserve System when organized: *Provided*, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Board of Governors of the Federal Reserve System, not to exceed twelve in all. Such districts shall be known as Federal reserve districts and may be designated by number. When the State of Alaska or Hawaii is hereafter admitted to the Union the Federal Reserve districts shall be readjusted by the Board of Governors of the Federal Reserve System in such manner as to include such State. Every national bank in any State shall, upon commencing business or within ninety days after admission into the Union of the State in which it is located, become a member bank of the Federal Reserve System by subscribing and paying for stock in the Federal Reserve bank of its district in accordance with the provisions of this Act and shall thereupon be an insured bank under the Federal Deposit Insurance Act, and failure to do so shall subject such bank to the penalty provided by the sixth paragraph of this section.

Partly incorporated in 12 USC 222 and 223. As amended by acts of July 7, 1958 (72 Stat. 350) and March 18, 1959 (73 Stat. 171)

Section 2. Federal Reserve Districts describes the corporate structure of the Federal Reserve System.

None of the banks described in Section 2. Federal Reserve Districts is owned by the US government.

Each of the privately operated corporations of the Federal Reserve System district banks and all their privately operated member banks are chartered by the Office of The Comptroller of Currency.

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And the people who established, and who are now stockholders in control of each corporation is on record with the Office of The Comptroller of Currency.

And so, while the Federal Reserve government website tells us no one owns the Federal Reserve System, we can use US government employment records, and records at the Office of The Comptroller of Currency to identify the people who are stockholders, who own some part of the Federal Reserve System, and where they work.

The following is an excerpt from Section 7. Division of Earnings from the Federal Reserve Act.

The web address is <https://www.federalreserve.gov/aboutthefed/section7.htm>

### Section 7. Division of Earnings

#### (a) Dividends And Surplus Funds Of Reserve Banks.

##### 1. Stockholder Dividends.

A. Dividend Amount. After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders of the bank shall be entitled to receive an annual dividend on paid-in capital stock of--

i. in the case of a stockholder with total consolidated assets of more than \$10,000,000,000, the smaller of--

- I. the rate equal to the high yield of the 10-year Treasury note auctioned at the last auction held prior to the payment of such dividend; and
- II. 6 percent; and

ii. in the case of a stockholder with total consolidated assets of \$10,000,000,000 or less, 6 percent.

B. Dividend Cumulative. The entitlement to dividends under subparagraph (A) shall be cumulative.

C. Inflation Adjustment. The Board of Governors of the Federal Reserve System shall annually adjust the dollar amounts of total consolidated assets specified under subparagraph (A) to reflect the change in the Gross Domestic Product Price Index, published by the Bureau of Economic Analysis.

The fine print of 1. Stockholder Dividends gives the formulas to ensure the highest possible dividend is paid each year and assures that 6% will be the minimum dividend on investment paid each year.

The people who receive dividend payments are the stockholders of the corporate member banks and the people who are stockholders of the member banks are the investors and stockholders of the corporate district banks.

All dividends are paid to the people who are stockholders of member banks and district banks within the Federal Reserve System.

Next is a screen capture of 1. Stockholder Dividends, (b) Transfer For Fiscal Year, and this is the web address: <https://www.federalreserve.gov/aboutthefed/section7.htm>

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### **(b) Transfer For Fiscal Year 2000.**

1. In General. The Federal reserve banks shall transfer from the surplus funds of such banks to the Board of Governors of the Federal Reserve System for transfer to the Secretary of the Treasury for deposit in the general fund of the Treasury, a total amount of \$3,752,000,000 in fiscal year 2000.
2. Allocated By Fed. Of the total amount required to be paid by the Federal reserve banks under paragraph (1) for fiscal year 2000, the Board shall determine the amount each such bank shall pay in such fiscal year.
3. Replenishment Of Surplus Fund Prohibited. During fiscal year 2000, no Federal reserve bank may replenish such bank's surplus fund by the amount of any transfer by such bank under paragraph (1).

[12 USC 289. As amended by acts of March 3, 1919 (40 Stat. 1314); June 16, 1933 (48 Stat. 163); Aug. 10, 1993 (107 Stat. 337); Sept. 23, 1994 (108 Stat. 2291); Nov. 29, 1999 (113 Stat. 1501A-304), which added this subsection (b) but failed to redesignate existing subsection (b) (12 USC 290); Dec. 4, 2015 (129 Stat. 1312, 1739-40); Feb. 9, 2018 (132 Stat. 127); and May 24, 2018 (132 Stat. 1326).]

The fine print of 1. Stockholder Dividends, (b) Transfer For Fiscal Year 2000 reports, “The Federal reserve banks shall transfer from the surplus funds of such banks to the Board of Governors of the Federal Reserve System for transfer to the Secretary of the Treasury for deposit in the general fund of the Treasury,”

This statement has been used to claim the Federal Reserve System is a non-profit entity that combines elements of both public and private institutions.

In 2000 the Federal Reserve System returned \$3,752,000,000 in remittances for deposit in the general fund of the US Treasury.

Remittances is a word used to say returned profits.

The year 2000 was the first year of the undocumented easy money mortgage period that led to the complete collapse of the US money system in 2008.

And the year 2000 was the last year any profits were returned to the US Treasury.

Between 2000 and 2008 the executives and salespeople of the Federal Reserve System received hundreds of millions of dollars in bonuses.

Every bonus was paid for with profits generated within the national money system infrastructure of the USA.

And while the people at Federal Reserve System member banks, like Goldman-Sachs, gloriously report their profits, salaries, and bonuses to the newspapers, they have never returned profits to the US Treasury as required by law.

As far as I have been able to determine, the people who operate Federal Reserve System banks have never returned more than 20% of total profits in any year from the opening day of the first Federal Reserve bank.

The next screen capture is of 1. Stockholder Dividends, (c) Exemption From Taxation, this is the web address: <https://www.federalreserve.gov/aboutthefed/section7.htm>

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**(c) Exemption From Taxation.** Federal reserve banks, including the capital stock and surplus therein, and the income derived therefrom shall be exempt from Federal, State, and local taxation, except taxes upon real estate.

[12 USC 531. Part of original Federal Reserve Act. Designated subsection (c) by act of Aug. 10, 1993 (107 Stat. 338).]

\* Pub. L. 116-283, div. F, title LXV, § 6510, Jan. 1, 2021, 134 Stat. 4633, provided that: "The dollar amount specified under section 7(a)(3)(A) of the Federal Reserve Act (12 U.S.C. 289(a)(3)(A)) is reduced by \$40,000,000 [to \$6,785,000,000]."

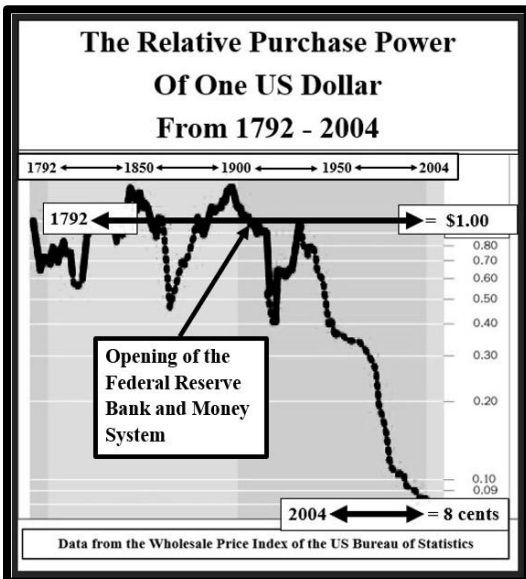
In addition to not returning profits to the US Treasury, the people who operate the corporate member and corporate district banks of the Federal Reserve System do not pay taxes except on real estate.

Here is the web address to the next screen capture: <https://wallstreetonparade.com/2024/04/for-the-first-time-in-history-the-fed-is-reporting-billions-in-losses-weekly-its-still-paying-high-interest-income-to-the-mega-banks-on-wall-street/>

The last year any profits, or remittances were returned was 2000, and the graph above shows that as of April 2024, the Federal Reserve System district banks has \$161 billion in accumulated losses.

The people at the Federal Reserve have misrepresented the thousands of corporations within the Federal Reserve System as a non-profit entity.

While profits from national bank and money system infrastructure have not been returned to the US Treasury, the value of the US dollar has fallen.



This chart below shows that beginning in 1792 until 2004, there has been a 92% overall loss in the purchase power and value of the US Dollar.

This means that in 1792 eight cents could buy a set of items that cost one dollar in 2004.

Google Search "Images Devaluation of US Dollar" and you will find dozens of charts and documents reporting a loss in the value of the US dollar.

In addition to the fractional reserve money system bankers use Banker's Acceptances to finance national and international trade.

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**And the purpose of establishing a central bank in the USA was to use the fractional reserve money system and Banker's Acceptances to finance both chaotic national economies and then to finance the wars that result from economic chaos.**

The evidence for this statement is found at <https://cepr.org/>, the Centre for Economic Policy Research, with a paper entitled "Lessons from the Financial Preparations in the Lead-Up to the First World War".

This is a quote from the Centre for Economic Policy Research: "The 1907 panic affected the world, demonstrating the fragility of the international financial system.

This column discusses the steps the US and Germany took in fortifying their financial systems following 1907.

There is a link between the financial crisis and the escalation of diplomatic relations that led to World War One in 1914, and the establishment of the Federal Reserve bank and money system in the USA." End quote.

This document from the Centre for Economic Policy Research tells how two brothers, Max Warburg and Paul Warburg, from a long-standing international, Italian and then German banking family, wanted Germany and the USA to update their bank and money systems to follow the example of The Bank of England which was established to finance international trade and warfare.

This is a quote from the Centre for Economic Policy Research website: "In September 1907, when the American crisis was brewing, but had not morphed into a full-fledged panic, Max Warburg galvanized the German Banker's Association conference in Hamburg with a speech on "Financial Preparedness for War."

Max Warburg formulated the policy task as ensuring that war finance did not disturb the gold standard or the norms of the peacetime economy, and that preparations for war did not cramp German development or change the nature of its business structure." End quote.

While Max Warburg spoke to bankers in Germany promoting changes within the German bank and money system, Max's brother, Paul Warburg was a Wall Street banker, and a German citizen touring the USA promoting a central bank like The Bank of England and the use of Banker's Acceptances.

With a Banker's Acceptance the banker accepts the risk of a trade agreement with cash as collateral, or with legal possession of various trade goods transferred to the banker, and with various commissions, fees, and interest paid to the banker in advance.

And organizing a central bank in the USA provided Banker's Acceptances and supported international trade.

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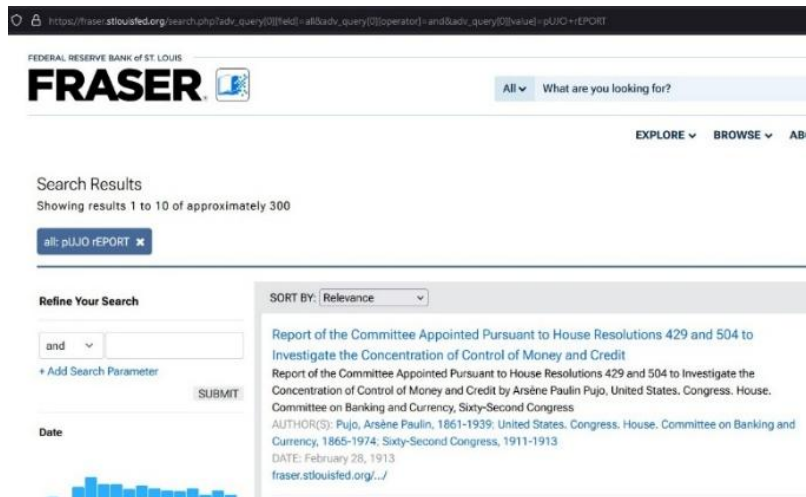
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In November 1910, Paul Warburg secretly met with a member of the US Congress and various Wall Street banking representatives to devise the first plans for a new central bank in the USA, similar to The Bank of England.

These early plans were not implemented, but the bankers of the corporations of the Federal Reserve System got what they wanted.

The bankers use Banker's Acceptances and engage in national and international finance, the bankers are now keeping 100% of all profits of the national bank and money system infrastructure of the USA for themselves, and the taxpayers of the USA are financially responsible to insure the bankers and keep the bankers in business.

The next reference is from the Federal Reserve Bank of St. Louis, Missouri website with a copy of the House of Representatives Report of the Committee Appointed Pursuant to House Resolutions 429 and 504 to Investigate the Concentration and Control of Money and Credit, Submitted by Mr. Pujo, February 28, 1913, known as the Pujo Report.



The screenshot shows the search results page for the Federal Reserve Bank of St. Louis. The search query is "all: PUJO REPORT". The results show a single entry: "Report of the Committee Appointed Pursuant to House Resolutions 429 and 504 to Investigate the Concentration of Control of Money and Credit by Arsène Paulin Pujo, United States, Congress, House, Committee on Banking and Currency, Sixty-Second Congress, 1911-1913". The author is listed as "Pujo, Arsène Paulin, 1861-1939, United States, Congress, House, Committee on Banking and Currency, 1865-1974; Sixty-Second Congress, 1911-1913" and the date is "February 28, 1913". The URL is "fraser.stlouisfed.org/...".

The report is 258 pages in length, and focuses upon the bankers of Wall Street, who were required to give testimony to members of the US Congress regarding the circumstances that produced the Bank Panic of 1907.

Various bankers were asked questions about the morality of banking, and the bankers answered that morals do not play a part in banking.

Instead of moral guidance, a banker has Banker's Ethics to carefully follow equations and make accurate reports of accounts.

The importance of Banker's Ethics is to use various means to maximize profits and to assure dividends for stockholders.



The screenshot shows the website of the Federal Reserve Bank of Richmond. The page is titled "Instruments of the Money Market". It features a sidebar with "Economic Research" and a main content area with a description of the publication. The text states: "The following chapters were originally published in the seventh edition of *Instruments of the Money Market*, edited by Timothy Q. Cook and Robert K. Laroche. The information in this publication, although last revised in 1993 and no longer in print, is still frequently requested by academics, business leaders, and market analysts." There is a "Download Full Publication" button and a note that "Each chapter is available separately below in pdf format:".

This next reference is from the Federal Reserve Bank of Richmond, Virginia website, and an economic research paper entitled, *Instruments of the Money Market*.

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This document is 266 pages with sixteen chapters and the top of each page states, 'Since the money market evolves very rapidly, recent developments may have superseded some of the content of this chapter.'

Chapter 10 of this document gives a part of the history of Banker's Acceptances in the USA.

At first, under the Federal Reserve Act, only the bankers within the 12 Federal Reserve District Banks were allowed to issue Banker's Acceptances, and these Banker's Acceptances were used to promote specific sorts of trade between the USA and other nations.



And during the earliest use of Banker's Acceptances the profits of Banker's Acceptances were returned to the US Treasury.

Here is a graph showing the overall value of Banker's Acceptances sold by Federal Reserve System bankers from 1970 until 1998.

This graph, and related text of Chapter 10 of *Instruments of the Money Market*, show that during 1991, the bankers of the Federal Reserve System issued Banker's Acceptances that had an average value of over one and one half billion dollars per day.

Bankers from the Federal Reserve System act as dealers in the money market, buying and selling Banker's Acceptances, and profiting from the spread between the prices at which they buy and sell.

Bankers within the Federal Reserve System do not use their own money to sell Banker's Acceptances and gain wealth, instead the bankers of the Federal Reserve System use other people's money in the form of the demand deposits at the bank in the checking accounts of everyday people.

There are always risks and chances of loss during national and international trade.

However, in the USA, Banker's Acceptances are considered as risk-free cash substitutes because Banker's Acceptances from the bankers of the Federal Reserve System are guaranteed under US national law and insured at taxpayer expense.

Additionally, After World War Two the people at Federal Reserve System banks led the way to create the World Trade Organization, and the World Bank, and others have established the International Monetary Fund at the United Nations.

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At this time, people from the Federal Reserve System corporate banks, the Federal Reserve government offices, and the US Treasury dominate and have tremendous power within the World Trade Organization, World Bank, and the International Monetary Fund, and these organizations employ debt-trap diplomacy.

The purpose of debt-trap diplomacy is to loan money to obligate others to remove various laws that limit national or international trade.

The result of debt-trap diplomacy is boom and bust economics with re-occurring and prolonged financial crises, extensive deforestation, and the creation of severe hardships among the poorest people in borrowing countries, creating more poverty, more starvation, and more damage to the environment.

Today, the people who are the bankers within the Federal Reserve System, the Federal Reserve government offices, the World Bank, the International Monetary System, and the World Trade Organization and all the national central bank system and related corporate banks in every nation have all of humankind in the death grip of debt-trap diplomacy and debt slavery, with constantly increasing conflict.

The proposed Economics of Goodwill Proclamation can end debt-trap diplomacy, end debt slavery, and reverse the debt-based nature of central banking and corporate money systems to again have money represent stored value.

The proposed Economics of Goodwill Proclamation will break the chain of ongoing economic destruction by stopping all personal profit taking within the banks that are part of the national money system infrastructure of the USA and other nations.