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#### *Nelson's Favorite Quotes of the Month*

*"If you want to be successful, it's just this simple: Know what you're doing. Love what you're doing. And believe in what you're doing."* - Will Rogers

*"I believe that banking institutions are more dangerous to our liberties than standing armies. If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks and corporations that will grow up around the banks will deprive the people of all property - until their children wake-up homeless on the continent their fathers conquered."*  
- Thomas Jefferson, 1802

#### *Nelson's favorite articles from the last month's reading*

### **OPINION: PUTTING THE SECURITY BACK IN SOCIAL SECURITY**

Robert P. Murphy

Special to AOL News

(April 27) -- Social Security needs fixing, most analysts agree, but supposedly we had a few more years to work

out the details. Now the crisis is upon us. This year, Social Security will pay out more in benefits than it collects in employer and employee contributions, but the problems don't stop there.

If the economy suffers a "double dip" -- meaning the current recovery soon turns into recession -- Social Security may never return to the black. Worse still, the "trust fund" is an accounting gimmick and doesn't represent a genuine pool of savings. On top of all the other bleak news, Americans need to accept that Social Security is already broke.

Analysts have been warning that the annual surpluses -- the difference between how much the government collects for the Social Security component of FICA versus the total benefits paid out in any given year -- would gradually shrink to zero. It was inevitable that Social Security would eventually slide into deficit, because of the underlying demographics and because it was a Ponzi scheme from the beginning.

The first Social Security retirees collected benefits far in excess of what they paid in during their last working years. Over the decades, the chain-letter process continued: Current workers would pay for current retirees, and the only way to keep the system going was to hope that a new crop of young workers would arise to fund the next batch of retirees as they in turn started collecting checks.

Relatively fewer workers now support the population of retirees. The officially estimated year at which the system would go permanently into the red has bounced around, but the depth of the current recession took analysts by surprise. Because of high unemployment and early retirement, this year the system is already in deficit.

"The Congressional Budget Office now estimates that Social Security will briefly return to the black in 2014 before plunging -- permanently -- back into the red by 2018." Yet even this projection assumes that we will avoid another downturn.

Defenders of the current system argue that Social Security is still solvent, because of the \$2.5 trillion "trust

fund.” They argue that there is no emergency, because the system can draw down these savings to fund the annual deficits between payout and pay-in, allowing the system to stay afloat until 2037. Yet this is an illusion.

In past years, the Social Security system typically took in more revenues than it paid out. If the trustees had used those annual surpluses to buy, say, shares of mutual funds or bonds issued by foreign governments, then the accumulated \$2.5 trillion in the trust fund would indeed provide a large cushion during which the system could be reformed.

Instead, the federal government raided the surplus and took that extra money and spent it. Of course, Uncle Sam is “good for it”; the Social Security trustees have \$2.5 trillion worth of IOUs issued by the Treasury, and they will cover their annual deficits (at first) by selling off these assets.

Yet from the point of view of the taxpayer, the Social Security trust fund is an accounting gimmick. If an intern accidentally dropped the entire contents of the trust fund into a paper shredder, the taxpayer would be unaffected. Either way, taxpayers are on the hook for paying all the Social Security benefits.

In 2010, the crisis is upon us and we are still in search of a solution. Ultimately, the only way to fix the actuarial insolvency of Social Security will be to increase taxes, cut benefits or both.

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## OUR TOTALITARIAN REGULATORY BUREAUCRACY

by Thomas J. DiLorenzo

In Chapter 5 of *The Road to Serfdom* (“Planning and Democracy”), F.A. Hayek warned that the state need not directly control all or even most of the means of production to exert totalitarian control over the economic life of the nation. He cited the example of Germany where, as of 1928, “the central and local authorities directly control the use of more than half the

national income . . . 53 percent.” (As the first director of the Austrian Institute for Business Cycle Research, Hayek was familiar with such statistics.)

In addition to this, Hayek wrote, private industry in Germany was so heavily regulated that the state controlled, indirectly, “almost the whole economic life of the nation.” It was through such totalitarian economic controls that Germany travelled down the road to serfdom. As Hayek further stated,

There is, then scarcely an individual end which is not dependent for its achievement on the action of the state, and the “social scale of values” which guides the state’s action must embrace practically all individual ends.

In other words, government regulation was so pervasive that the pursuit of profit, driven by consumer preferences and demands, was mostly replaced by the whims of regulatory bureaucrats. Ludwig von Mises recognized this as one of the great evils of regulation in his book *Bureaucracy*. The more time any business person spends catering to the demands and dictates of government bureaucrats, the less time is spent serving consumers in order to earn profits and survive economically.

It may sound shocking to some, but modern-day America compares “favorably” to fascist Germany of the 1930s with regard to the degree to which the state interferes with and controls economic activity. First of all, government expenditures at all levels of government account for about 40 percent of national income. It differs by a few percentage points, year by year, but it has been in the 40 percent range in the past few years. This doesn’t count all of the off-budget government agencies that exist at the federal, state, and local levels of government as James Bennett and I documented in our book, *Underground Government: The Off-Budget Public Sector*. If this is included, government expenditures as a percentage of national income would be at least 45 percent, which is not so far from the 53 percent in Nazi Germany that Hayek alluded to.

In addition, as George Reisman pointed out in “The Myth that Laissez Faire Is Responsible for Our Present Crisis,” there are nine executive-branch cabinet departments in the federal government that exist for

the purpose of regulating, controlling, and regimenting housing, transportation, healthcare, education, energy, mining, agriculture, labor, and commerce. That pretty much covers the entire economy.

Professor DiLorenzo teaches “The Road to Serfdom: Despotism, Then and Now” at the Mises Academy.

According to the White House website, there are also hundreds of federal regulatory agencies and commissions, among the better known of which are the Army Corps of Engineers, Bureau of Alcohol, Tobacco and Firearms, Commodity Credit Corporation, Commodity Futures Trading Commission, Consumer Product Safety Commission, Department of Veterans Affairs, Drug Enforcement Administration, Employment and Training Administration, Employment Standards Administration, Environmental Protection Agency, Equal Employment Opportunity Commission, Farm Credit Administration, Federal Aviation Administration, Federal Communications Commission, Federal Deposit Insurance Corporation, Federal Election Commission, Federal Energy Regulatory Commission, Energy Efficiency and Renewable Energy Commission, Federal Highway Administration, Federal Trade Commission, Nuclear Regulatory Commission, and others. New “commissions” are being formed all the time, and their budgets and responsibilities expanded. This is a short list. In addition, there are now more than 73,000 pages of regulations in tiny print in The Federal Register instructing all Americans how their lives are to be regulated by these bureaucratic monstrosities.

On top of all of this, state and local governments have literally thousands of regulatory agencies and commissions that regulate everything from allergies to zoos. As just one example, taken from the [statelocalgov.net](http://statelocalgov.net), the state of Alabama has regulatory agencies and commissions that regulate retirement systems, geological surveys, public health, education, conservation and natural resources, industrial relations, agriculture, seniors, tourism and travel, veterans affairs, environmental management, forensic science, business development, rehabilitation, banking, insurance, labor, transportation, youth services, children’s affairs, film making, ports, disabilities, arts, real estate, oil and gas, forests, ethics, surface mining, alcoholic beverages,

auctioneers, and “faith-based initiatives.” And Alabama is a relatively conservative state with a modest-sized government compared to, say, New York, California, or Washington DC. Local governments are also active in regulating most of the things that are on the list for the state of Alabama.

Then there’s the Fed. In addition to attempting to fix prices (interest rates) and causing perpetual boom-and-bust cycles with its monetary manipulation, the Fed performs dozens of regulatory functions. According to a Fed publication entitled “The Federal Reserve System: Purposes and Functions,” the Fed regulates bank holding companies, state-chartered banks, foreign branches of member banks, edge and agreement corporations, state-licensed branches, agencies, and representative offices of foreign banks, nonbanking activities of foreign banks, national banks, savings banks, nonbank subsidiaries of bank holding companies, financial reporting procedures, accounting policies of banks, business “continuity” in case of economic emergencies, consumer protection laws, securities dealings of banks, information technology used by banks, foreign investment by banks, foreign lending by banks, branch banking, bank mergers and acquisitions, who may own a bank, capital “adequacy standards,” extensions of credit for the purchase of securities, equal opportunity lending, mortgage disclosure information, reserve requirements, electronic funds transfers, interbank liabilities, Community Reinvestment Act subprime lending demands, all international banking operations, consumer leasing, privacy of consumer financial information, payments on demand deposits, “fair credit” reporting, transactions between member banks and their affiliates, truth in lending, and truth in savings.

Because of the inevitable failures of all government planning in a democracy, Hayek wrote that “the conviction [will grow] that if efficient planning is to be done, the direction must be ‘taken out of politics’ and placed in the hands of experts — permanent officials or independent autonomous bodies.” Moreover, “the cry for an economic dictator is a characteristic stage in the movement toward [central] planning.” This indeed describes many of the above-mentioned agencies

and commissions, but is especially descriptive of all the central planning “czars” who now hold office in the federal government. These include the following, as of July 2010: Afghanistan czar, AIDS czar, auto-recovery czar, border czar, California-water czar, car czar, central-region czar (Middle East, Persian Gulf, Afghanistan, Pakistan, and South Asia), climate czar, domestic-violence czar, drug czar, economic czar (Paul Volcker), energy and environment czar, faith-based czar, government-performance czar, Great Lakes czar, green-jobs czar, Guantanamo-closure czar, health czar, information czar, intelligence czar, science czar, stimulus-accountability czar, pay czar, regulatory czar, Sudan czar, TARP czar, Technology czar, terrorism czar, urban-affairs czar, weapons czar, WMD-policy czar, war czar, oil czar, manufacturing czar, cybersecurity czar, safe-school czar, Iran czar, Mideast-peace czar.

In sum, it would be very difficult to argue against the proposition that the US economy today is even more heavily controlled, regulated, and regimented by the state than Germany was at the time Hayek wrote *The Road to Serfdom*. Americans have travelled many miles down the road to serfdom by deluding themselves that the god of democracy will somehow save them from statist slavery. But as Hayek warned 56 years ago, “There is no justification for the belief that, so long as power is conferred by democratic procedure, it cannot be arbitrary...”

The exercise of arbitrary or dictatorial power is, of course, the whole purpose and function of all those agencies, commissions, and czars.

Thomas DiLorenzo is professor of economics at Loyola University Maryland and a member of the senior faculty of the Mises Institute. He is the author of over a dozen books, including *The Real Lincoln*, *Lincoln Unmasked*, *How Capitalism Saved America*, and, more recently, *Hamilton's Curse*. Send him mail. See Thomas J. DiLorenzo's article archives.

## MONEY

(Excerpt from new book: *How Privatized Banking Really Works*)

L. Carlos Lara | Tuesday, July 6th, 2010

*“Money is such a routine part of everyday living that its existence and acceptance ordinarily are taken for granted. A user may sense that money must come into being either automatically as a result of economic activity or as an outgrowth of some government operation. But just how this happens all too often remains a mystery.”*

—Federal Reserve Bank of Chicago<sup>1</sup>

It is an error to think that everybody in society truly understands money, how it originates, how it functions, or even the concept that it is simply a medium of exchange. When we take the time to seriously consider the subject of money and ask ourselves the same kind of questions the young child asked in the opening chapter of this book, we come full circle to realize that money is the common denominator of virtually everything on this planet. Virtually everything is expressed within the terms of this one system. Most, if not all, of our relationships with other entities and other humans involve money. Even time is expressed in terms of money. If the goal of this text is to help bring clarity to all of the hidden aspects of the money problem, then we must start with the more basic facts about money and move along a deliberate line of thought that eventually addresses our concern. The idea is to make sure we inform everyone, because everyone's full understanding is important to our cause.

A good place to begin our basic study of money is by physically examining it. It is true that in our current times money in one sense has become invisible. Often moving electronically at the speed of light it does not even possess a physical body. Typically it is most often seen as numbers on a ledger on some account balance, your account or theirs. Nevertheless, all forms of our current money must convert back to our paper currency and coins. An economist would refer to our money as fiat money, electronic or otherwise. Our first query will be, “Why fiat money?”



First of all, the word *fiat* is defined as a “*declaration by supreme law or a formal authorization, a command.*” By fiat, the supreme law of this land has declared this paper note to be *legal tender for all debts public and private*. Study the small print at the top left hand corner of this familiar piece of green paper. Simply put, this is officially our medium of exchange, the only money we can use—period! We may use a check, online banking or even credit cards to pay for things, but ultimately all payment transactions are denominated in reference to these paper dollars. To clarify further, if a creditor owes you money and you refuse to accept this currency in payment, that creditor’s debt to you, by law, is simply canceled.

Notice also at the very top of our dollar bill the wording *Federal Reserve Note*. Again, very simply, the note indicates clearly that it was made and distributed by the Federal Reserve, our country’s central bank. Obviously, we know that this is printed money because it is paper and ink. We also determine by observation that it certainly appears official. It is elaborately adorned with authoritative images that express the full faith and strength of the U.S. government. However, we shall soon see that there is nothing federal about it and there is no reserve.

Now compare the first dollar bill with the one below.



This dollar, which circulated in 1957, looks exactly like the dollar on the previous page except for this one very important distinction. At the very top we see that this dollar has written across it *SILVER CERTIFICATE*. We also read the following: “*This certifies that there is on deposit with the Treasury of the United States of America, one silver dollar, payable to the bearer on demand.*”

That is quite a distinction. In case the reader isn’t sure, let us be crystal clear: *There is nothing backing our current currency*. By that we mean that its precious metal convertibility has been removed, gradually at first, but over time permanently. This process actually began when President Franklin D. Roosevelt, in one of his first acts in office, declared as illegal the use of gold as money in 1933. It was pronounced a crime for any citizen to continue using gold as money, a law that was strictly enforced by a stiff fine, even imprisonment. Furthermore, President Roosevelt demanded that all gold be turned over to the government, to be stored and locked in a vault under armed military protection. The gold vault is known as Fort Knox and is located in the state of Kentucky.

Our coins were at one time made of 97% pure silver. Today they are merely tokens made of cheap metal. When we say that our money has lost 95% of its value since the early 1900s, we are speaking of its loss of purchasing power, but also of the fact that it has been un-linked from precious metals—*real money*.

One other significant point needs mentioning. The U.S. once owned a large share of all the gold in the world, but today the amount actually in U.S. possession is unknown. No outside agency has been allowed inside Fort Knox in many decades to audit the gold bullion held there. Obviously none of this is good news. Understanding how and why we have wound up in this situation is of supreme importance to us today. We will learn more specifics later, but for now these facts should not be forgotten.

## A Brief Tour of America’s Early Monetary History

There were two large-scale experiments with fiat money in our country’s early history. Both times illustrated the danger of giving politicians control of the printing

press. The first episode occurred during our country's infancy. During the War of Independence, the desperate Continental Congress began paying its debts in fiat money called *Continentials*. At one point, General Washington complained to Congress that it took a wheelbarrow of Continentals in order to buy bread for his starving soldiers. People would not readily accept Continentals as money, simply because they knew it was not real money. (The reader may have heard the phrase "not worth a Continental.") They knew it was paper fiat money whose convertibility to a precious metal was questionable.

Indeed this early disaster with fiat money greatly influenced the Founding Fathers. G. Edward Griffin describes some of the commentary at the Constitutional Convention:

Oliver Ellsworth from Connecticut, who later was to become our third Chief Justice of the Supreme Court, said, "This is a favorable moment to shut and bar the door against paper money. The mischief of the various experiments which have been made are now fresh in the public mind and have excited the disgust of all the respectable parts of America."

George Mason from Virginia told the delegates he had a "mortal hatred to paper money." Previously he had written to George Washington: "They may pass a law to issue paper money, but twenty laws will not make the people receive it. Paper money is founded upon fraud and knavery."

James Wilson of Pennsylvania said: "It will have the most salutary influence on the credit of the United States to remove the possibility of paper money."

John Langdon from New Hampshire warned that he would rather reject the whole plan of federation than to grant the new government the right to issue fiat money.

George Reed from Delaware declared that a provision in the Constitution granting the new government the right to issue fiat money "would be as alarming as the mark of the beast in Revelation."<sup>2</sup>

Needless to say, the original signers of the Constitution did not think they were creating a federal government that had the right to give green pieces of paper the force of legal tender. The clause granting Congress the power to "coin money" and "regulate the value thereof" has been as heroically strained (in order to justify the government's debasement of the dollar) as the other modern misinterpretations of the obvious intentions of the signatories. Griffin explains:

In view of the fact that gold and silver coin was specifically defined as the only kind of money to be allowed, there can be no doubt of what was meant...To coin money meant to mint precious-metal coins. Period.

The second half [of the clause] is equally clear. Both in the Constitution and in the discussions among the delegates, the power to regulate the value of gold and silver coin was closely tied to the power to determine weights and measures. They are, in fact, one and the same. To regulate the value of coin is exactly the same as to set the nationally accepted value of a mile or a pound or a quart. It is to create a standard against which a thing may be measured....

The intent, therefore, was simply for Congress to determine the exact weight of a precious metal that would constitute the national monetary unit.<sup>3</sup>

To drive home the point that the Founders did not think the new Constitution gave the federal government the power to issue fiat money, consider the following thoughts that George Washington wrote in 1789:

We may one day become a great commercial and flourishing nation. But if in the pursuit of the means we should unfortunately stumble again on unfunded paper money or any similar species of fraud, we shall assuredly give a fatal stab to our national credit in its infancy.<sup>4</sup>

During Washington's first term as president, his Secretary of the Treasury Alexander Hamilton proposed the creation of a central bank (the First Bank of the United States). This raised the fierce ire of Secretary of State Thomas Jefferson, who declared: "A private

central bank issuing the public currency is a greater menace to the liberties of the people than a standing army.” We see that the Founding Fathers, were they to view present-day America, would be shocked on *many* levels.

Despite the awful experience with Continentals during the War for Independence, both sides in the Civil War (or what is also known as the War Between the States) succumbed to the temptation to rely on unbacked fiat money to pay their expenses. The price inflation in the Confederate states was appalling, and even in the North the public became disillusioned with the rapidly deteriorating “Greenbacks” until they were once again linked to precious metals after the war.

Anytime sound money, as in gold, circulates alongside paper money not backed by a precious metal, the people tend to hoard the sound money and spend the bad money. This phenomenon was first discovered in the 1500s and is known as Gresham’s Law: “*Bad money drives out good under legal tender laws.*” When the government forces merchants and creditors to accept debased money as if it were equivalent to the genuine article, everyone trades away the inferior version. No one wants the paper money. No one saves the paper money. The people will hoard the good money each and every time. This partly explains FDR’s confiscation of citizens’ holdings of gold in 1933.

Once again, our nation is using a paper money not redeemable in precious metals. Federal Reserve Notes now circulate in our economy totally free from its main competitors, gold and silver. It is officially legal tender and it is the only money we can use. Even more noteworthy, today all countries in the world use fiat money. Here and abroad we are completely off the gold standard. Universally it is all nothing more than paper and ink.

## **The Bretton Woods Agreement 1944**

After World War II, the United States emerged as a world superpower. Using this powerful influence the U.S. formulated and drove into acceptance a new global monetary system at the conference in Bretton Woods, New Hampshire in 1944. In contrast to the classical gold standard, in which every nation’s currency was

convertible by anyone into a specified weight of gold, the new system enshrined the U.S. dollar as the anchor upon which all other fiat currencies were based. Rather than stockpiling bars of gold in their vaults as reserves, foreign central banks were encouraged to use U.S. dollars as their “reserves.”

Under the Bretton Woods agreement, the U.S. dollar itself was still backed up by gold, at the official exchange rate of \$35 an ounce, thus providing a firm foundation to the entire system. However, unlike the practice during the classical gold standard, in the new arrangement only *central banks* had the right to turn in their paper dollars for gold bullion. American citizens would never again regain the ability—stripped from them by FDR—to turn their dollars in for gold. Thus one of the most potent checks on inflation had been removed.

As stated earlier, the United States had a huge stock of gold reserves after World War II and began pursuing a highly inflationary course much to the dismay of foreign countries. As the dollar weakened because of these monetary activities, gold started flowing out of the country in large amounts as foreign governments cashed in their dollars for gold. It reached a crisis point by 1968, and in 1971 President Richard Nixon took our dollar totally off gold and declared the Bretton Woods agreement null and void. At this point, the U.S. dollar—and by extension, the currencies of other world powers—was an asset unto itself, having no link to the precious metals. At this point, the only restraint on the printing of new paper dollars was the discretion of Federal Reserve officials. There were no formal checks left on their appetite for inflation.

Many people expected that the entire international monetary system would collapse after the breakup of Bretton Woods. Surprisingly it didn’t. Some historians speculate that U.S. military might and fears of an outbreak of World War III kept other governments in check, continuing to use the U.S. dollar as the world’s reserve currency even though they never would have agreed to the arrangement originally without the dollar’s backing by gold. In any event, the U.S. experience of “stagflation” during the 1970s showed that the tie to gold—weak though it was under Bretton Woods—

had restrained inflation. After Nixon removed the last shackles, the U.S. suffered from an orgy of dollar printing.

L. Carlos Lara is President of United services and Trust Corporation, a Management Consulting Firm specializing in Business Consulting, Corporate Trust Services, Corporate and Private Seminars and Speaking Engagements. Visit him or contact him at [www.usatrustonline.com](http://www.usatrustonline.com).

Notes:

(1) Federal Reserve Bank of Chicago, Modern Money Mechanics: A Workbook on Bank Reserves and Deposit Expansion (1994), p. 1. Available at: <http://www.rayservers.com/images/ModernMoneyMechanics.pdf>. Accessed June 3, 2010.

(2) G. Edward Griffin, *The Creature From Jekyll Island* (Westlake Village, CA: American Media, 2002), p. 315.

(3) G. Edward Griffin, *The Creature From Jekyll Island*, pp. 317-318.

(4) Quoted in Griffin, p. 323.

## *Becoming Your Own Banker Monthly Lesson*

*Third in a monthly series of Nelson's lessons, right out of **Becoming Your Own Banker**. we will continue until we have gone through the entire book.*

### **PART I LESSON 3: BECOMING YOUR**

**OWN BANKER** Content: Page 13, *Becoming Your Own Banker – The Infinite Banking Concept™*, Fifth Edition, Third Printing.

We continue to learn how the Infinite Banking Concept got started. So far, you have heard only a part of my story. The beginning of my awakening was in November 1980 when our first grandchild was born. Interest rates had begun to zoom upward. That was Bunker Hunt's heyday -- do you remember him? Bunker and his brother were going to "corner" the silver market -- and as a result silver prices went up higher than anything, relatively speaking. Gold went up to \$800.00 per ounce -- that will give you an index.

Well, what did that cause out in the big wide world?

Among other things, "drug junkies" started supporting their habit by stealing silver from homes. While my wife was visiting our new granddaughter for several days, some 60 miles away, the thieves broke into our home at 3:00 p.m. and "cleaned us out." Have you ever been burglarized? You won't believe what they can do to a house in just a few minutes. Luckily, I got to clean up the mess. If my wife had seen it I don't believe she would ever feel comfortable in that house again.

Two months later my 52-year old brother dropped dead from a heart attack while playing racquetball with a son. Poor selection of ancestors – our father died at age 64 from the same problem.

Five months later our second granddaughter was born out in Hawaii. Five weeks later her parents discovered that the baby had cancer. I didn't even know that babies could get cancer. She went on chemotherapy when she was 6 weeks old. Six months later she went through surgery to remove the tumor on her right adrenal gland. The cancer was a neuroblastoma, a very rare kind that attacks children. The lesions had involved her liver and she had to go back on chemotherapy for several more treatments. My story has a good part – she is now 29 years old and is cured! We have seen a miracle! Three and one-half years ago she delivered our first Great-Grandson! We wondered if she would ever be able to have children on account of what she went through at such an early age.

And now for the bad financial news – it was that summer that interest rates went to 23% -- and there I stood owing \$500,000 under those circumstances. When a number of bad things like this occur in fairly rapid succession it will increase the quality and quantity of your prayer life dramatically. The basic idea revealed in the Infinite Banking Concept was born over a period of many, many months at 3:00 to 4:00 a.m. in the kneeling position praying, "Lord, please show me a way out of this financial prison that I have created for myself." The answer came back about like a baseball bat across the eyes. "You are standing in the midst of everything it takes to get out – but you don't see it because you look at things like everyone else. You can get to money during these awful times at 5% to 8% interest from three different life insurance companies

through policies that you own. The only thing that limits how much you can get to is the same thing they tell you at the bank when you ask them how big of a check you can write – how much have you put in?”

If I had not been accustomed to paying very large Life Insurance premiums, by worldly standards, it is doubtful that I would have seen the message. Hardship often helps us to see things to which we are normally blind. It was evident to me that I needed to increase my life insurance premiums dramatically to create a pool of cash values from which to borrow to pay off the bankers that I owed. But, I owed \$500,000! How could I do both?

Honest introspection revealed that I could revise my spending pattern. This was a starting place. When I started teaching others to design their financial dealings along these lines my income tripled and that helped out. Thirdly, it occurred to me that the American public will buy anything if you give them a time payment plan. So, I started fragmenting lots of my rural property and financing the sales. With that chain of payments, I bought more life insurance.

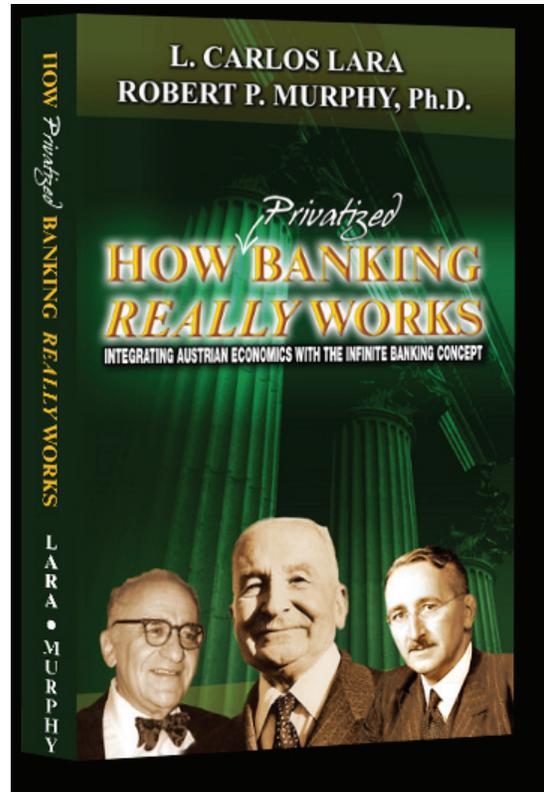
Practically everyone thought I was crazy – it was opposite to what all the “experts” said. But an objective look at the facts of how life insurance worked, plus reason and logic – and continued sessions of intense prayer for guidance has proved that the system works.

Maybe you have found yourself in such a financial prison – or maybe you want to develop a system that will keep you out! Maybe yours is smaller or greater. Whatever, the principles are the same and they will serve you well. It requires understanding – and it requires discipline to implement the idea, but it can change your life dramatically – even beyond your fondest dreams!

[www.infinitebanking.org](http://www.infinitebanking.org) news

**The “Night of Clarity” and the Privatized Banking Workshop** Thank you Carlos Lara and Robert Murphy for the hard work you and your staff put in to make the event a huge success! If you

missed it, there is good news: We now have their terrific book *How Privatized Banking Really Works - Integrating Austrian Economics with the Infinite Banking Concept* available for sale.



*What if there was a solution to government intervention and our current money madness? Would you hesitate one minute in wanting to know what it is? Of course not! No one would. The problem is so pervasive that a solution seems impossible and yet, there is a solution. This solution's only requirement is the action of a single person acting in a manner to help only himself, but in so acting ultimately he helps all of society.*

*The powerful combination of Austrian Economics, The Sound Money Solution and Privatized Banking, as described by R. Nelson Nash's Infinite Banking Concept, is the “new” idea in this book.*

The book is available in single book or bulk copy rates. Please visit our website store for more information.

More from L. Carlos Lara:

<http://www.usatrustonline.com>

More from Robert P. Murphy, PhD:

<http://consultingbyrpm.com>

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### **Infinite Banking Concepts Agent Training Course Schedule 3rd & 4th Quarters 2010**

All classes to be held in Lawrence, KS, except the August dates, which will be held in Birmingham, AL\*.

Level 1 - Aug 10 (9am-7pm)\*

Level 2 - Aug 11-12 (9am-4pm)\*

Level 1 - Sept 13-14 (Noon-4am, 9am-4am)

Level 2 - Sept 15-16 (9am-4pm)

Level 3 - Sept 22-24 (9am-4pm, 9am-4pm, 9am-noon)

Level 1 - Oct 11-12 (Noon-4pm, 9am-4pm)

Level 2 - Oct 13-14 (9am-4pm, 9am-4pm)

Level 1 - Nov 8-9 (Noon-4pm, 9pm-4pm)

Level 2 - Nov 10-11 (9pm-4pm, 9am-4pm)

Level 3 - Nov 15-17 (9am-4pm, 9am-4pm, 9am-noon)

Level 1 - Dec 7 (9am-7pm)

Level 2 - Dec 8-9 (9am-4pm, 9am-4pm)

The *Alpha & Omega Financial Services* Infinite Banking Concept training is the *only* widely offered life insurance agent-oriented IBC training that Nelson and I recommend. We believe that Ray Poteet and Rocky Nystrom have put together a comprehensive training program designed to ensure that attendees fully understand the nuances of IBC, and more importantly, that they *are capable of teaching IBC* to their clients.

Alpha & Omega's standardized IBC training syllabus features three levels of Infinite Banking Concept training tailored specifically for life agents:

*Level 1 - The Essentials*

*Level 2 - The Professional*

*Level 3 - The Masters*

The goal of these courses is to help agents

successfully design IBC-related policies and provide the best follow-on support for their clients available.

*Level 1 - The Essentials* is a 1½ day class where agents will learn the why, what, fundamentals, and how-to's of the Infinite Banking Concept.

*Level 2 - The Professional* is a 2 day class where agents will learn how to make presentations, design an IBC-customized solution and follow through with clients. The course includes presentation materials and spread-sheet templates.

*Level 3 - The Masters* is a 2½ day class where agents will learn advanced Infinite Banking topics. *The Masters* is for participants who have completed *The Essentials* and *The Professional* levels.

For more information, and tuition costs please contact Rocky Nystrom, Course Trainer, Alpha & Omega Financial Service. (785) 842-8333, or e-mail Rocky at [rocky@alphaomega-fs.com](mailto:rocky@alphaomega-fs.com).

### *Nelson Nash's live Events for the next two months*

*Nelson live in Honolulu, HI, Friday-Saturday, August 6-7, contact Gavin Tsuda, [gavin@genwealth.net](mailto:gavin@genwealth.net), 808-383-1215*

*Nelson live in Ocean Springs, MS Thursday-Friday, 19-20 August, contact Barry Page, [barry@legacyinsuranceagency.com](mailto:barry@legacyinsuranceagency.com), 228-875-5545*

*Nelson live in Waco, TX, Wednesday-Thursday, 25-26 August, contact Chad Castle, [chad@coachcastle.com](mailto:chad@coachcastle.com), 254-776-8400*

*Nelson live in Denver, CO, Friday-Saturday, 27-28 August, contact Iris Tucker, [josephquijano@aol.com](mailto:josephquijano@aol.com), 303-791-0398*

*Nelson live in Hillsboro, TX, Friday-Saturday, 10-11 September, contact Charlie Jackson [nancy@bcbstexas.com](mailto:nancy@bcbstexas.com) 254-582-3565*

*Nelson live in Wilkes Barre, PA, Wednesday-Thursday, 15-16 September, contact Tim Yurek, LPL Financial Services, [timothy.yurek@lpl.com](mailto:timothy.yurek@lpl.com), 570-826-1801*

*Nelson live in Pittsburgh, PA, Friday-Saturday, 17-18 September; contact Donn George, donn@georgefinancial.net 724-452-0481*

*Nelson live in Las Vegas, Saturday, 25 September; contact Joe Pantozzi info@alphaomegawest.com, 702-430-4400*

*Nelson live in Nacogdoches, TX, Tuesday-Wednesday, 28-29 September; contact Ricky Heard, CBH Insurance, rickyh@cbhins.com, 936-564-1735*

***Nelson's newly added Book  
Recommendations***

*NULLIFICATION* by Thomas E. Woods, Jr.