



Written by [Joe Wolverton, II, J.D.](#) on August 5, 2018

New Arizona Law Moves State One Step Closer to Sound Money

As of midnight on August 3, a new law went into effect in Arizona that moved the state another leap forward toward recognizing gold and silver as money. The new statute does not replace the Federal Reserve notes, but it does put gold and silver on equal footing.



Introduced as House Bill 2013, the measure redefines the terms “legal tender” and “liquid capital” so as to allow trust companies in the Grand Canyon State to use either in calculating liquid capital.

Put simply, for trust companies in Arizona, liquid capital is defined now as “legal tender,” and “legal tender” is defined now as “a medium of exchange, including specie...for the payment of debt, public charges, taxes and dues.”

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This is great news for trust companies in Arizona, as state law requires that they maintain at least \$500,000 in liquid capital in order to operate. As of August 3, those companies may now include gold and silver in their calculations of liquid capital.

The bill’s sponsor was Arizona state representative March Finchem of Tucson. Representative Finchem describes himself as a “constitutionalist,” and as “a man dedicated to serving God first, then the rights of man.”

Finchem seems to merit the moniker “constitutionalist,” as the biography on his website notes that his favorite U.S. Supreme Court opinion is *Norton v. Shelby Co.* wherein the court declared, “An unconstitutional act is not law; it confers no rights; it imposes no duties; affords no protection; it creates no office; it is in legal contemplation, as inoperative as though it had never been passed.”

That’s a rare realization among lawmakers, state and federal. Finchem is to be complimented on his understanding of federalism and the Tenth Amendment.

Of his legislation, Finchem remarked:

This would fortify the capital asset reserve of trust companies in Arizona. Since the FDIC only insures up to \$250,000 of personal deposits in an FDIC insured bank, and they can take up to 99 years to pay a claim under federal law, this move permits investors in trust companies to place hard assets on deposit as ready, liquid capital reserve without converting the real money to fiat currency and then digital currency as in a deposit in the ACH system.

Admittedly, HB 2013 does not replace the Federal Reserve notes and it does not properly place gold and silver in their constitutionally mandated position as the sole form of legal tender that the states may accept.



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As stated above, a key provision of the bill redefines legal tender as “a medium of exchange, including specie... for the payment of debts, public charges, taxes and dues.”

That such a statement should be necessary is likewise ridiculous. Read another way, this part of the legislation is legalizing the Constitution in the state of Arizona!

Article 1, Section 10 of the U.S. Constitution very clearly mandates that, “No State shall ... make any Thing but gold and silver Coin a Tender in Payment of Debts.”

That proscription against paper money, so important to the founders, was legislatively repealed, however, when Congress created the Federal Reserve and endowed that body with near unchecked authority over the economy of the union.

As it has stood for decades, in every state debts must be paid with either paper money printed by the Federal Reserve or with the coins minted by the U.S. Treasury. Very few of the latter contain any precious metal whatsoever, and the former is simply worthless linen whose value is inflated and deflated according to the irresistible will of the Federal Reserve.

The fact is that since 1913, when the Fed was established, the dollar has lost over 95 percent of its purchasing power. Most, if not all, of this precipitous decline was caused by the monetary policy of the Federal Reserve.

When it comes to the central bank and its machinations, the fix is in. The Fed — ostensibly a non-profit organization — owns the printing press and the money printed by it, and sets the terms of the loans it makes to the federal treasury.

And so long as the Fed exists, it will continue to accumulate power. There is no limit to the lengths global bankers will go to in order to control the population of the world. There is no hope of regulating restraint. Power of this magnitude operates beyond the reach of regulations.

As it has since its founding in 1958, The John Birch Society offers Americans a well-established, experienced, and influential way of organizing with like-minded constitutionalists who demand the Federal Reserve be not only audited but also abolished. A statement from The John Birch Society declares the group’s position:

The powers of Congress are described in Article I, Section 8 of the Constitution, and the creation of a central bank like the Federal Reserve is not listed as one of those powers. The Federal Reserve is charged with protecting the value of the dollar through managing our nation’s monetary policy. However, since its inception in 1913, the dollar has lost 95 percent of its value under the Federal Reserve’s monetary oversight. The John Birch Society advocates abolishing the Federal Reserve.

HB 2013 is the second bill “legalizing” the recognition of gold and silver as money in Arizona. Last year, HB 2014 was enacted, ending the taxation on income derived from the purchase and sale of gold and silver.

The Founding Generation learned the hard way about the economic disasters associated with paper money and the hyper-inflation or default of debts that unbacked currency creates.

Thomas Jefferson remembered those days, and in 1813 he warned, “Paper money is liable to be abused, has been, is, and forever will be abused, in every country in which it is permitted.”

This is precisely the reason why the men who drafted the Constitution empowered Congress to mint gold and silver — sound money — and why they included not a single syllable authorizing the legislature



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to surrender that critical power to a plutocracy with a penchant for printing fiat money.

Slowly, states may be reasserting their proper constitutional role and adhering to the plain language of Article 1, Section 10. At least 20 states are currently considering bills that, in some way or other, restore the status of gold and silver.

These efforts might bring back the days when money was actually worth something and when states were more than just administrative subdivisions of the federal government.

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