



Whitepaper

S.W.A.T. - SOVEREIGN STABLE-WEALTH ASSETS TRUST (FUNDS) & TOKEN="GOOD AS GOLD" SOUND-MONEY

The New U.S.Treasury Dollar Note R.W.A.-Backed
World Reserve Currency Project

**Note: This is all related to my new Provisional & Non-Provisional Patent-Pending applications as of 9/12-2024 & 11/28/2024 with all the Tech/Fintech intricate details to orchestrate it to fruition=Full Patent Grant Status. Full details available to qualified accepted or applying partners only!

Contact me Directly- Steven Michael Kelley-Sole Inventor (Mobile # 787-478-0898) to apply!

Creating the New World Reserve Currency US (Treasury) Note, Backed by Real World Assets (R.W.A.s), Including Primarily Physical Gold Bullion as the Foundational R.W.A.

The following is a strategic succession of ordered steps designed for a savvy implementation of **Real World Assets (R.W.A.s)**. Utilizing Smart Contract Technology on blockchain platforms, this approach ensures that title can pass upon delivery in the form of a virtual negotiable instrument. This creates a synergistic solution sequence, establishing an invincible intrinsic-value-based form of money as the ultimate "Safe Haven" (R.W.A.s), acting as **monetary instruments**.

Monetary Instruments



Monetary instruments include precious metals and gems, commodities that may be bartered as value between parties, coins or currencies of the United States or another country, travelers' checks, personal checks, bank checks, money orders, investment securities in bearer form, or any form in which title passes upon delivery and negotiable instruments in bearer form or otherwise in a form that title passes upon delivery.

Bearer Form, and ergo has intrinsic Values built in, Acting as "Monetary Instruments".



Spend your way to Secured Savings™

Step 1: Revaluation of UST Gold Holdings

Step 1a

Reclaim, under revised statutes, all U.S. Gold Holdings and certificates exclusively and permanently for the sole title of the US Treasury Department.

Step 1b

Revalue gold holdings managed by the U.S. Treasury under the authority and auspices of the **Gold Reserve Act of 1934**.



[CFR Title
31 Reference \(2023\)](#)



[Wikipedia: Gold
Reserve Act](#)

An Act to protect the currency system of the United States, to provide for the better use of the monetary gold stock of the United States, and for other purposes.

The United States Gold Reserve Act of January 30, 1934 required that all **gold** and **gold certificates** held by the **Federal Reserve** be surrendered and vested in the sole title of the **United States Department of the Treasury**. It also prohibited the Treasury and financial institutions from redeeming dollar bills for gold, established the **Exchange Stabilization Fund** under control of the Treasury to control the dollar's

value without the assistance (or approval) of the Federal Reserve, and authorized the president to establish the gold value of the dollar by proclamation.^{[1][2]}

Immediately following passage of the Act, the President, **Franklin D. Roosevelt**, changed the statutory price of gold from \$20.67 per **troy ounce** to \$35. This price change incentivized gold miners globally to expand production and foreigners to export their gold to the United States, while simultaneously devaluing the U.S. dollar by increasing inflation. The increase in gold reserves due to the price change resulted in a large accumulation of gold in the Federal Reserve and U.S. Treasury, much of which was stored in the **United States Bullion Depository** at **Fort Knox** and other locations. The increase in gold reserves increased the **money supply**, lowering real interest rates which in turn increased investment in durable goods.

A year earlier, in 1933, **Executive Order 6102** had made it a criminal offense for U.S. citizens to own or trade gold anywhere in the world, with exceptions for some jewelry and collector's coins. These prohibitions were relaxed starting in 1964 – gold certificates were again allowed for private investors on April 24, 1964, although the obligation to pay the certificate holder on demand in gold specie would not be honored. By 1975, Americans could again freely own and trade gold.



U.S. Economic Historical Narrative

The United States was still suffering the negative effects of the **1929 stock market crash** in 1934 when the Gold Reserve Act was enacted. President Roosevelt was challenged to decrease **unemployment**, raise wages and increase the money supply, but was restricted in doing so by the United States' strict adherence to the gold standard.^[3] The Gold Reserve Act, which banned the export of gold, restricted the ownership of gold and halted the convertibility of gold into **paper money** helped him overcome this obstacle.^[3] This act ratified the previous **Executive Order 6102** which required almost all gold to be exchanged for paper currency.

Immediately following passage of the Act, the President revalued the price of gold to \$35 per troy ounce. This devaluation of the dollar drastically increased the growth rate of the **Gross National Product** (GNP) from 1933 to 1941. Between 1933 and 1937 the GNP in the United States grew at an average rate of over 8 percent.^[4] This growth in real output is due primarily to a growth in the money supply M1, which grew at an average rate of 10 percent per year between 1933 and 1937.^[4] Traditional beliefs about the recovery from the Great Depression hold that the growth was due to **fiscal policy** and the United States' participation in **World War II**. Friedman and Schwartz claimed that the "rapid rate [of growth of the money stock] in three successive years from June 1933 to June 1936 ... was a consequence of the gold inflow produced by the revaluation of gold plus the flight of capital to the United States".^[4] Treasury holdings of gold in the US tripled from 6,358 in 1930 to 8,998 in 1935 (after the Act) then to 19,543 metric tonnes of fine gold by 1940.^[3]

The revaluation of gold referenced was an active policy decision made by the Roosevelt administration in order to devalue the dollar.^[4] The largest inflow of gold during this period was in direct response to the revaluation of gold.^[4] An increase in M1, which is a result of an inflow of gold, would also lower real interest rates, thus stimulating the purchases of durable consumer goods by reducing the **opportunity cost** of spending.^[4]

If the Gold Reserve Act had not been enacted, and money supply had followed its historical trend, then real GNP would have been approximately 25 percent lower in 1937 and 50 percent lower in 1942.^[4]

International Economic Historical Narrative

The **international community** during the depression began to shift much of its gold reserves to the United States. Foreign investors clamored over the \$15 increase in value from \$20.67 to \$35 per troy ounce, and exported their gold to the United States. The **international community** during the depression began in record amounts causing U.S. treasury holdings to increase. This data shows two important aspects that involved gold in the early 20th century. The first was the massive expansion of gold as a currency across the globe. This data also demonstrates the rapid increase of gold reserves to the US. Even in 1900 the U.S. only held 602 tonnes of gold in reserve. This was 61 **tonnes** less than Russia and only 57 tonnes more than France.^[3]

Over the next 20 years the countries' reserves grew as the amount of gold in the market increased and as normal trading occurred. However, in the 1930s there was a sudden shift up in reserves in the U.S. From 1930 to 1940, treasury holdings had tripled, mostly due to foreign investing. Another reason behind the shift of reserves to the US was the suspension of the **gold standard** in Britain on September 21, 1931. Gold reserves in the **Bank of England** also grew over ten times from 1930 to 1940, but it was still less than the amount the U.S. had. The Bank of France also saw over 200 tonnes of gold get transferred to New York following the raising of prices in America.^[3]



Roles of the FRS and Treasury

Prior to Gold Reserve Act 1934, the Federal Reserve System was in trouble as the Great Depression had swept over the country and people looked to the Fed for solutions. Some people claim that "**market failure**" was not the cause of this trouble. Instead, they place the blame for the years of the Great Contraction (from 1929 to 1933) on the mismanagement of the monetary policy by the **central bank**. That explains why Congress handed over the Federal Reserve's powers to the Treasury. Johnson explains that the Treasury's gold policy "was an essential instrument for producing desired political aims".^[5] In other words, the Federal Reserve System had served more as a "technical instrument for effecting the Treasury's policies", according to Johnson.

Roosevelt justified the Gold Reserve Act of 1934 by saying "Since there was not enough gold to pay all holders of gold obligations, ... the Government should in the interest of justice allow none to be paid in gold."^[5]

Since the **Central Banking Act of 1935**, the **Federal Open Market Committee** (FOMC) has authorized the **Federal Reserve Bank of New York** to purchase and/or sell U.S. government securities in the open market in order to determine the stock of money in the U.S. The Fed Board also gained its power over member bank reserve requirements as a result. Since the FOMC was determining the quantity of money in circulation, the quantity of gold in the system did not affect the stock of money in the U.S. economy. Due to the Banking Act, the secretary of the Treasury was no longer the Fed's Board of Governors. However, being a chairman gave the secretary enough power to influence the Fed.^[5]

Treasury managers wished to halt monetary expansion in 1936 by stagnating gold and increasing reserve requirements. For all intents and purposes, this led to a freeze of the monetary system and U.S. economy. The Treasury began its own gold sterilization policy in order to stop inflation from potentially increasing due to an increase in inflow of gold into the U.S. soon after the Fed enacted the same policy. Gold holdings more than doubled in the period of 1935 to 1940. ^[3] This lasted for 16 months from 1936 to 1938. In more efforts, as of the end of 1936, the Treasury noted its gold purchases as part of "inactive" account. In other words, the Treasury met the price of gold through sales of government securities in financial markets in order to keep the pile of gold high but they would not be converted into currency in the Treasury.^[5]



Effect on Inflation/Deflation

After the act of 1934, **deflation**, which would sometimes be as great as –10.5% in the bust of 1921 (which was preceded by over 14% inflation for 4 consecutive years immediately prior to 1921), would never again drop below –2.1%. Before 1934, from 1914 to 1934, **inflation** was a (geometric) average of 1.37% per year. After 1934, from 1934 until 2013, inflation was a (geometric) average of 3.67% per year. Inflation was more stabilized, but still higher than the previous period. This may be due to leaving the gold standard, over time.^[6]

Conclusions: Step 1/Section 2

Revaluation of the USA Treasury gold holdings upward by 5% to 10% minimum to start, with more Incremental increases (I.I.'s) will be made periodically, with the (I.I.) percentage to be varied based on the levels of gold inflows to the U.S. Treasury Vaults and other market factors TBD (To Be Determined).

...and authorized the president to establish the gold value of the dollar by proclamation.^{[1][2]}

Let the President Proclaim the New Gold value at present Global (London) Spot prices Plus 10% currently (8/25/2024 = \$2512) +10% USD Vs.\$42 2/9, or \$42.2222, per fine troy ounce since 1973. The Gold certificates are denominated in U.S. dollars. Their value is based on the statutory price for gold at the time the certificates are issued. Gold certificates do not give the Federal Reserve any right to redeem the certificates for gold.

The statutory price of gold is set by law. It does not fluctuate with the market price of Gold and has been constant at \$42 2/9, or \$42.2222, per fine troy ounce since 1973. The book value of the Gold held by the Treasury is determined using the statutory price.

The reported value for "gold stock" is not the same as the reported value for "gold certificates." By law, the value of gold certificates held by the Federal Reserve must be less than or equal to the book value of gold held by the Treasury, and the Treasury has not issued gold certificates against all the gold it owns. In 2002, the Treasury set aside a stock of 100,000 fine troy ounces of gold to help ensure that the book value of gold held by the Treasury would always exceed the value of gold certificates held by the Federal Reserve. This stock, which is sometimes referred to as "unmonetized" gold, has a book value of \$4.22 million.

NOTE: The rest of the value from total Treasury Gold Holdings goes to paying down any legitimate U.S. debt, not shown to be fraudulent theft ,Criminal overcharges, money-laundering etc etc. upon Audits of all the Fed's books/records since 1913.Then any remainder of total New UST Gold Reserves Revaluation totals will become part of the R.W.A.'s (Real World Assets) of the US Treasury to Back our new U.S. Treasury Dollar World Reserve currency Sovereign "**Stablecoins**" valuations.



Source: Does the Federal Reserve
Own or Hold Gold?

NOTE: To add to the total valuation of all R.W.A.'s held by the US Treasury and ergo the total intrinsic values backing the New USTN World Reserve Currency, there will no longer be any Capital Gains Taxes or Sales Taxes on the only "Constitutional Money" (Currency) in existence: Physical investment grade (.999 or more pure) Gold & Silver. As long as those assets are held by US Treasury Vaults or those sub-licensed extremely well vetted and audited licensed vaults they (UST) have ownership, Control and/or Custody of the R.W.A.'s within them as part of the total system of USTN. **The USA becomes the Nation of the Secured Stable Savings System for all in it. Texas has its own Gold Vault, now the USTN does too. Fort Knox is just the 1st of them.**

The final clincher of the Gold R.W.A.'s portion (**Step 1**) of this unmatched, undisputed champion of World Reserve Currencies, The new USTN "Sound Money" Solution, is the use of another Patented I.P. I authored and own: the World's 1st and only Patented Gold-Back Rebates (Patent = "**Process for providing physical gold-back rebates on purchases by a secured gold-back savings system**").



A portion of all Fees/Fines and Taxes and Tariffs paid into Federal & States government entities will be automatically Rebated into a personal "secured gold-back savings system" Citizens account in Solid 24k (.999)purity Gold. It is the only form of Loyalty/ Rewards -LR (i.e. Cash-Back, Points, Air Miles, Coupons, Corp Brand- Bucks, ,Crypto .etc) that is NOT FIAT, has true intrinsic value and thereby goes up in value with inflation, while Fiat loses value over time. It is also the only form of LR that has a 50+ year history (1971- 2024) of a Compounded Annual Growth Rate (CAGR) of over 8% per year. Perfect for rock-solid (Gold -back based) Pensions that go up in value with inflation.

For reference, U.S. Dollar denominated Pensions only need 6.5% to 8% CAGR on average to stay solvent and pay all liabilities. Often Pensions have to include riskier investments to try to meet these CAGR rates. Whereas, the superior "Safe Haven" asset of Gold has History (i.e. over 5000 years use as Trade & Savings Money) and Economics (i.e. CAGR over 8% /yr for over 50 yrs since the USD went fully off the "Gold Standard" in Aug 1971). So Social Security (i.e. includes a portion for Medicare Payments) and Pension Plans would all be more secured if held in Gold. Not in worth-less everyday fiat, and not susceptible to misappropriation and theft of Political or Bureaucratic corruption.

Most Annuities and many forms of Insurance (i.e. life Insurance especially) could avoid riskier investments utilized, by investing in Gold for the beneficiary through Gold-Back Rebates plans. Or investing in the R.W.A. Backed USTN's currencies & Bonds.

30 year Bonds and Mortgages at 8% CAGR with Gold-Back Rebates of 10%, would accumulate up to or more than 100% of the total Bond or Mortgage amount...and still have the ownership of it, along with the Gold Rebate asset accumulated (i.e. IRA- International Rebate Account- a new type of IRA).



Visit to get more information:

<https://omg.com.pr/compound-annual-growth-rate-cagr-calculator>

There are many more use cases, virtually unlimited (e.g., see OMG.Com.PR or omgohmygold.com), and the real kicker is: rebates on purchases are tax-free under current IRS Rules/laws. **IRS rules:** (Taxable and nontaxable incomes)



Also, LR's (Loyalty Rewards), especially Gold-Rebates intrinsic value ones, as an R.W.A., can be Tokenized as such for Collateralized Asset backing & be tradeable/sellable/willable and for taking loans against them!

Creating the New World Reserve Currency US (TREASURY-UST) Note (USTN)

Backed by Real World Assets (R.W.A.'s), including primarily physical gold bullion as the foundational R.W.A.

Step 2: Tokenization of all R.W.A.'s Owned, Controlled, and/or in Legal Custody of the UST

The USA has an incredible, virtually unlimited array of R.W.A.'s with intrinsic and market values that can be tokenized. These include, but are not limited to:



Gold & Silver



Other
Precious
Metals



Oil & Gas



Uranium



Rare Earth
Elements



Minerals
all Metals



Arable land

Essentially, anything of value can be tokenized.

The values of R.W.A.'s on federally owned or controlled lands alone are worth trillions of dollars. These assets can be capitalized and used to collateralize the new USTN (U.S. Treasury Notes) and UST bonds for direct issuance.

There is no longer a need to rely on the privately owned Federal Reserve "Central Bank" and pay them exorbitant amounts of interest. Instead, the Federal Reserve can be integrated into the new U.S. Treasury, retaining only its useful functions and discarding undesirable and unnecessary ones. This marks the end of fiat currency and the rebirth of commodity-backed money as constitutionally mandated.

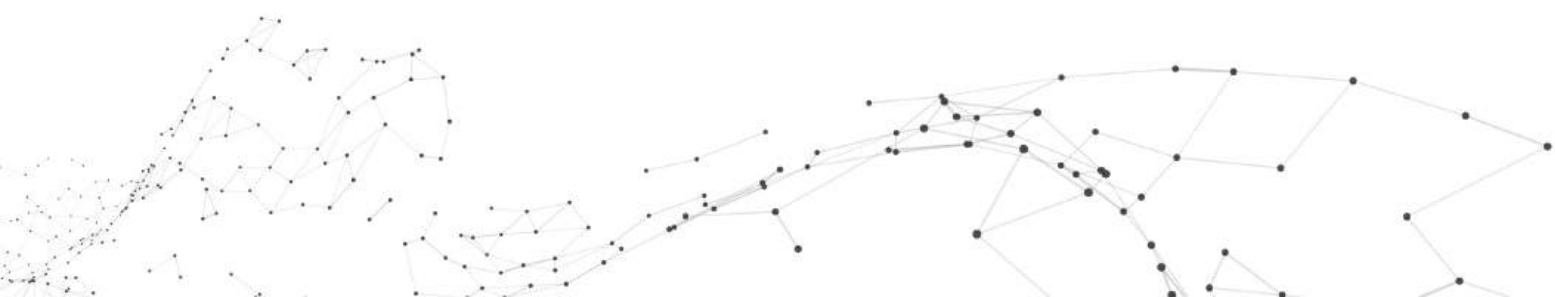
Debt-backed fiat currency, with no intrinsic value, will become extinct—like the dinosaurs. While it has served as a resource for funding unending wars and welfare, it is unnecessary for true prosperity and peace. Moreover, many taxes collected by the IRS (an institution created by the Federal Reserve) and the IRS itself can be phased out. Necessary IRS functions can be incorporated into the U.S. Treasury Department. The incredible savings from this transition will reduce inflation and boost the value of USTNs and UST bonds.

Now, the tokenized R.W.A.'s backing the USTNs and bonds can be leased and loaned for profit while remaining under the custodial control of the U.S. Treasury. These assets can also be fractionalized for maximum usage and availability, minimizing costs while maximizing profits. Leasing gold holdings, as bullion banks do, is a lucrative business, and the gold never leaves the USTN vaults.

All future monies allocated to foreign governments, if any, will be in the form of loans, not gifts, and will be collateralized by their tokenized R.W.A.'s transferred to the UST to back the USTN Notes and Bonds.

The total weaponry and armaments of the USA can also be tokenized as R.W.A.'s. Countries wanting U.S. military protection will need to take out loans to pay the costs of said protection and products, backed by their own tokenized R.W.A.'s.

Maybe then, we can stop the endless wars and pursue peace on the planet. We can no longer serve as the world's police force, as this is unsustainable, inflationary, and costly—not just financially, but in terms of young lives lost in wars that are not aligned with our national security interests.



Additionally, all "National Security Infrastructure" for the U.S., whether built or rebuilt, shall be designated as R.W.A.'s of the U.S. Treasury, serving as the foundational fortitude for all we do.

A robust economy, with significant new national industrial production and technological advancements, requires investments in power-production plants, airports, roads, bridges, and telecommunications bandwidth, among other critical infrastructure. Currently, our infrastructure is insufficient and inefficient. It needs to become the best in the world, built using the newfound wealth from the incorporation of R.W.A.'s into our Sovereign Stable-Wealth Assets Trust (S.W.A.T.) base investments and holdings trust fund.

Tariffs will be enacted across the board for imported goods to protect our manufacturing base, bolster our economy, achieve full employment goals, and enhance the valuations of our USTN and bonds. The early U.S. economy after the Revolutionary War was supported primarily, if not entirely, by tariffs on imports, with no income taxes required. Tariffs drove manufacturing and industrialization, fostering economic progress and self-sufficiency—essential for national security in supply chains during both war and peace. This approach can and will be implemented again when done properly and pervasively.

Finally, Every Legal Citizen Only will be a "shareholder" in and recipient of US Social Security/ Medicare (in new reorganized and reconstructed forms), and Shares in the New USTN R.W.A. assets total holdings total profits & ownership. Which shall pale by comparison all the competitive valuations of every other corporation or country or currency, on the planet.

Henceforth, to be known as the United States Sovereign Stable-Wealth Assets Trust (S.W.A.T.) and the Associated Superior Sovereign Stable-Wealth Token (S.W.A.T.). The term SOVEREIGN TRUST rather than SOVEREIGN FUND denotes the fact it consists solely of "SOUND MONEY" R.W.A.'s holdings, not "fiat" money/currency holdings. And the term "Stable-Wealth Token" denotes use for physical and Digital coins & notes.

Henceforth, "Stablecoins" which may be privately or publicly issued are not fully backed by UST R.W.A.s (i.e. those backed by unbacked Fiat currency & Fiat Crypto), unless they are made WITH holdings of U.S. S.W.A.T.'s secured and stable-wealth holdings. No other form of U.S. Dollars (i.e. Federal Reserve Notes or "Euro-Dollars" etc.) can cause that "magical" transformation to full Stabilization Security simply by any source of supposed Fiat proclamation "authority" - no substitutes because there are no equivalences.

"Invincible," as the new and final secured and stable World Reserve Currency, and **Sovereign Stable Wealth Assets TRUST (Fund) the USTN/S.W.A.T.'s**. Unmatched and undisputed.

All comparatively unstable (i.e., fiat-unbacked by intrinsic value commodities/assets) are treated as secondary assets at variable values or even volatile value percentages of perceived market value and accepted as such "at your own risk" (assessment).

For an existing example, a form of the current Basel III Bank of International Settlements Tier 1/2/3 asset value classification is based upon the percentage of leveraged risk for holding various types or classes which may fluctuate in market value and exchange rates. This principle can be applied to countries' fiat currencies, exchange pairs, or crypto exchange pairs with other crypto or sovereign fiat country currencies. These are TBD (To Be Determined) by specific pairings, beyond the scope of this white paper. Yet, clearly, they are nowhere near the stability of **R.W.A.** commodity-backed asset values, so they must be used sparingly, much like "junk bonds" and other secondary asset class sources.

Creating the New World Reserve Currency US (TREASURY-UST) Note (USTN), backed by Real World Assets (R.W.A.'s), including primarily physical gold bullion as the foundational R.W.A.

Step 3 - Superior Sovereign (Stand-alone) Stablecoin Creation & Monetization.

Step 3 - The USTN as the Superior Sovereign (Stand-alone) Stablecoin Creation & Monetization. Known as The U.S. Sovereign Stable-Wealth Asset Token (S.W.A.T.) & TRUST (Fund).

Based on the foundations of intrinsic values included, as outlined herein by Step 1 (physical gold bullion) and Step 2 (selective R.W.A.'s) for a totally synergistic 100% commodity-backed combination currency. This now becomes the ultimate, unmatched, and undisputed world reserve **Sovereign Stablecoin Currency**, as a "**Champion of Invincibility, above all Comers.**"



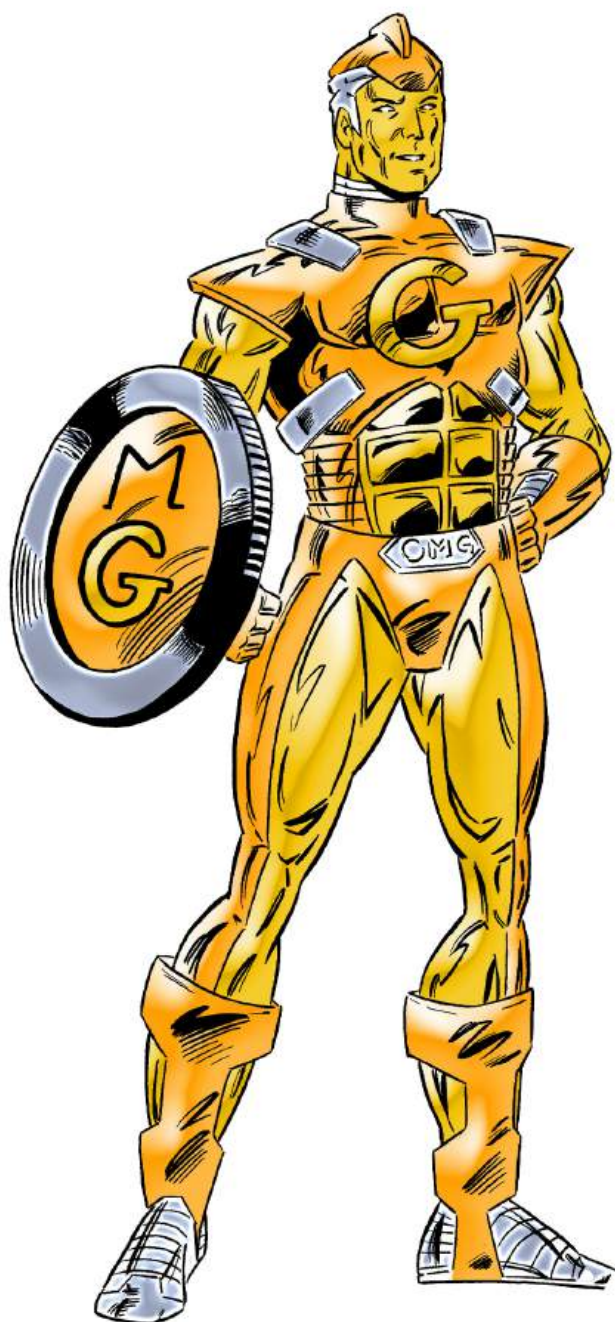
Why It Matters If the Dollar Is the Reserve Currency

What "Reserve Currency" Really Means

However, the foundation from which the term "reserve currency" originated no longer exists. Originally, the term "reserve" referred to the promise that the currency was backed by and could be redeemed for a commodity, usually gold, at a promised exchange ratio. The first truly global reserve currency was the British pound sterling.

Because the pound was "good as gold," many countries found it more convenient to hold pounds rather than gold itself during the age of the gold standard. The world's great trading nations settled their trade in gold, but they might accept pounds rather than gold, with the confidence that the Bank of England would hand over the gold at a fixed exchange rate upon presentment. **Toward the end of World War II, the US dollar was given this status by treaty following the Bretton Woods Agreement. The US accumulated the lion's share of the world's gold as the "arsenal of democracy" for the allies even before entering the war.** *(The US still owns more gold than any other country by a wide margin, with 8,133.5 tons compared to second-ranked Germany, which has 3,384.2 tons.)*

The International Monetary Fund (IMF) was formed with the express purpose of monitoring the Federal Reserve's commitment to Bretton Woods by ensuring that the Fed did not inflate the dollar and stood ready to exchange dollars for gold at \$35 per ounce. **Thus, countries had confidence that their dollars held for trading purposes were as "good as gold," as had been the British pound at one time.**



The Advent of the Fiat Reserve Currency

However, the Fed did not maintain its commitment to the Bretton Woods Agreement, and the IMF did not attempt to force it to hold enough gold to honour all its outstanding currency in gold at \$35 per ounce.

During the 1960s, the US funded the War in Vietnam and President Lyndon Johnson's War on Poverty with printed money. The volume of outstanding dollars exceeded the US's store of gold at \$35 per ounce. The Fed was called to account in the late 1960s, first by the Bank of France and then by others.

Central banks around the world, who had been content to hold dollars instead of gold, grew concerned that the US lacked sufficient gold reserves to honour its redemption promise.

During the 1960s, the run on the Federal Reserve, led by France, caused the US gold stock to shrink dramatically—from over 20,000 tons in 1958 to just over 8,000 tons by 1970. At the accelerating rate at which these redemptions were occurring, the US had no choice but to either revalue the dollar at some higher exchange rate or abrogate its responsibilities to honor dollars for gold entirely.

To its everlasting shame, the US chose the latter and “went off the gold standard” in September 1971. (It has been calculated that, in 1971, the US would have needed to devalue the dollar from \$35 per ounce to \$400 per ounce in order to have sufficient gold stock to redeem all its currency for gold.)

****To cover all the Trillions of dollars and Treasury bonds issued since the 1913 startup of the Federal Reserve(i.e. The Official 3rd US Central Bank “equivalent”, but actually not part of the US Federal Gov= it is Privately owned by “Member Banks”.) would be what REAL price per Troy oz? \$ 36 Trillion + and growing, divided by total Troy oz held by the US Treasury(or Fed Reserve= still unaudited) ?? Do the math!?**

Nevertheless, the dollar was still held by the great trading nations because it continued to perform the essential function of settling international trading accounts.

There was no other currency that could match the dollar, despite the fact that it was “delinked” from gold.

Why the Dollar Continued to Be a Reserve Currency

There are two key characteristics of a currency that make it useful in international trade:



1. It is issued by a large trading nation.
2. It holds its value over time.

These two factors create a demand for holding a currency in reserve. Although the dollar was being inflated by the Federal Reserve, thereby losing its value vis-à-vis other commodities over time, there was no real competition. The German Deutsche mark held its value better, but the German economy and its trade were a fraction of those of the United States. This meant that holders of marks would find less to buy in Germany than holders of dollars would find in the US.

Consequently, demand for the mark was lower than demand for the dollar.

Of course, psychological factors also contributed to the demand for the dollar, as the United States served as the military protector of all Western nations against communist countries.

Today, we are witnessing the beginnings of a significant change. The Federal Reserve has been inflating the dollar substantially, reducing its purchasing power and creating an opportunity for the world's leading trading nations to adopt alternative, more stable currencies.

This is critical because a loss of demand for holding the US dollar as a reserve currency would mean that trillions of dollars held overseas could flow back into the United States, causing either inflation, recession, or both.

For example, the US dollar's global share of central bank holdings is currently 62%, primarily in the form of US Treasury debt. (Central banks hold interest-bearing Treasury debt rather than the physical dollars themselves.) Foreign holdings of US debt are currently valued at \$6.154 trillion. In comparison, the US monetary base stands at \$3.839 trillion.

Should foreign demand to hold US dollar denominated assets diminish, the Treasury could fund their redemption in only three ways. One, the US could increase taxes in order to redeem its foreign held debt. Two, it could raise interest rates to refinance its foreign held debt. Or, three, it could simply print money. Of course, it could use all three to varying degrees. If the US refused to raise taxes or increase the interest rate and relied upon money printing (the most likely scenario, barring a complete repudiation of Keynesian doctrine and an embrace of Austrian economics), the monetary base would rise by the amount of the redemptions. For example, should demand to hold US dollar denominated assets fall by 50 percent (\$3.077 trillion) the **US monetary base** would increase by 75 percent, which undoubtedly would lead to very high price inflation and dramatically hurt us here at home. Our standard of living is at stake here.

So we see that it is in the interest of many that the dollar remains in high demand around the world as a unit of trade settlement. It is necessary in order to prevent price inflation and to prevent American businesses from being saddled with increased costs that would come from being forced to settle their import/export accounts in a currency other than the dollar.



Threats to the Dollar as Reserve Currency

The causes of this threat to the dollar as a reserve currency are the policies of the Federal Reserve itself. There is no conspiracy to “attack” the dollar by other countries, in my opinion. However, there is a rising realization by the rest of the world that the United States is weakening the dollar through its Zero Interest Rate Policy (ZIRP) and Quantitative Easing (QE) programs. Consequently, other countries are aware that they may need to seek better means of settling world trade accounts than using the U.S. dollar.

One factor that has helped the dollar retain its reserve currency demand in the short run, despite the Federal Reserve’s inflationist policies, is that the other currencies have been inflated as well. The underlying problem lies in the ability of all central banks to print fiat money—that is, money backed by nothing other than the coercive power of the state via its legal tender laws. Central banks are little more than legal counterfeiters of their own currencies. The pressure to print money arises from political establishments that desire both warfare and welfare. Both are strictly capital consumption activities; they are not “investments” that can pay a return.

In a sound money environment, where the money supply cannot be inflated, the true nature of warfare and welfare spending is revealed. This provides a natural check on the amount of funds society is willing to devote to each. However, in a fiat money environment, both war and welfare spending can expand unchecked in the short run, the adverse consequences of excessive consumption spending are felt later, and the link between such spending and its harm to the economy is poorly understood. Thus, both can expand beyond the recuperative and sustainable powers of the economy.

The best antidote is to abolish central banks altogether and allow private institutions to engage in money production subject only to normal commercial law. **Sound money would be backed 100 percent by commodities of intrinsic value — gold, silver, etc. Any money producer issuing money certificates or book entry accounts (checking accounts) in excess of their promised exchange ratio to the underlying commodity would be guilty of fraud and punished as such by both the commercial and criminal law, just as we currently punish counterfeiters.** Legal tender laws, which prohibit the use (in many cases) of any currency other than the one endorsed by the state, would be abolished and competing currencies would be encouraged. The market would discover the better monies and drive out less marketable ones; i.e., better monies would drive out the bad or less-good monies.

We need to view the concept of a reserve currency differently, as it is a privilege and a responsibility, not a weapon to use against the rest of the world. By abolishing or lessening legal tender laws and allowing the process of price discovery to reveal the best sound money, we enable the U.S. dollar to evolve into the best money it can be—a truly sound currency. This transformation would significantly enhance the chances of both personal and collective prosperity.





What Are Stablecoins? | Bankrate

A stablecoin is one type of cryptocurrency that is designed to maintain a fixed value over time. The value of a stablecoin is typically pegged to a specific real currency, often the U.S. dollar. In this setup, one unit of the **cryptocurrency** typically equals one unit of the real currency. Unlike highly volatile cryptocurrencies such as Bitcoin, the price of stablecoins is not meant to fluctuate. But events in the stablecoin market – such as the **plunge of TerraUSD** – have federal officials looking closely at this area. Secretary of the Treasury Janet Yellen has cited risks to broad financial stability due to stablecoins, while the Federal Reserve issued a report discussing the uncertainty of what is actually backing stablecoins and the lack of oversight in that market.

Here's how stablecoins work, what risks they present and how to check if a stablecoin is safe.

Stablecoins: What They Are and How They Work

A stablecoin is a cryptocurrency whose value is fixed to another asset, often currencies like the U.S. dollar or the euro, though other assets are possible. This kind of cryptocurrency tracks the underlying asset, stabilising its value over time, at least relative to the currency it's pegged to. Essentially, the underlying asset has gone electronic—like a digital dollar.

Because their goal is to track an asset, stablecoins are often backed by the specific assets they're pegged to. For example, the organization issuing a stablecoin typically sets up a reserve at a financial institution that holds the underlying asset. So, a stablecoin could hold \$100 million in reserve and issue 100 million coins with a fixed value of \$1 per coin. If a stablecoin's owner wants to cash out the coin, the real money can ultimately be taken from the reserve.

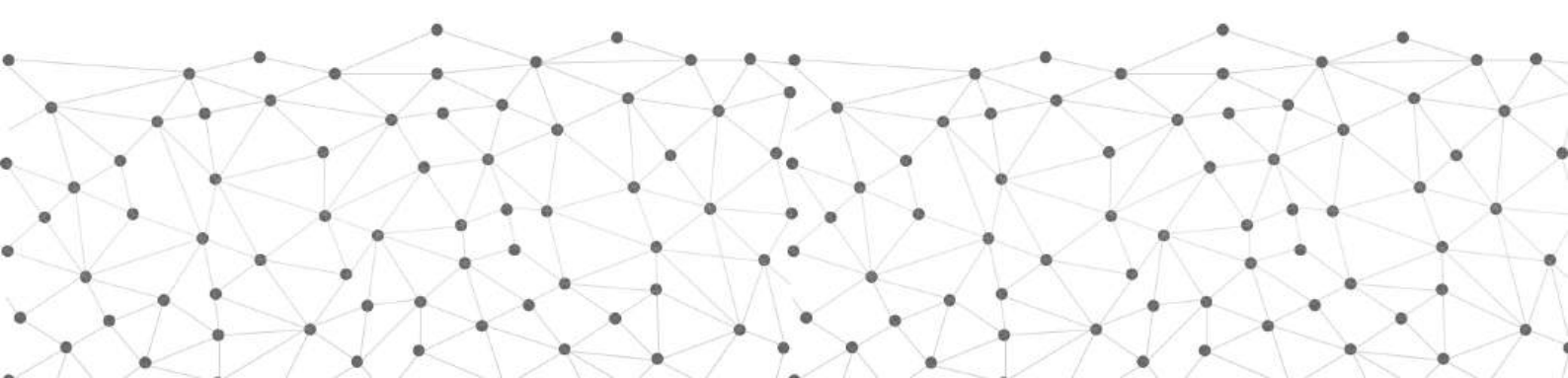
This structure stands in contrast to most cryptocurrencies, such as **Bitcoin** and **Ethereum**, which are backed by nothing at all. Unlike stablecoins, these other cryptocurrencies fluctuate greatly, as speculators push their prices up and down as they trade for profits.

While many stablecoins are backed by hard assets, others are not. Instead, these others use technical means (such as destroying some of the coin supply in order to create scarcity) to keep the price of the crypto coin at the fixed value. These are called **algorithmic stablecoins**, and they can be riskier than stablecoins backed by assets.



Why stablecoins are used in crypto trading

Stablecoins solve one of the key problems with many mainstream cryptocurrencies, namely, that their drastic fluctuations make it tough, if not impossible, to use them for real transactions. "Digital currencies like Bitcoin and Ethereum are tremendously volatile, which makes pricing things in their terms very difficult," says Anthony Citrano, founder of Acquicent, a marketplace for **NFTs**. "Stablecoins avoid this issue by locking their prices to a known reserve currency."





In addition, their stability allows many stablecoins to be used as a functional currency within a crypto brokerage

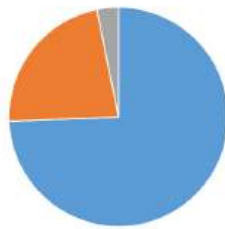
For example, traders might convert Bitcoin into a stablecoin such as Tether, rather than into dollars. Stablecoins are available 24/7, making them more accessible than cash obtained through the banking system, which is closed overnight and on weekends.

Stablecoins can also be used with smart contracts, which are a kind of electronic contract that is automatically executed when its terms are fulfilled. The stability of the digital currency also helps circumvent disagreements that could arise when dealing with more volatile cryptocurrencies.



Most Popular Stablecoins

Stablecoins don't usually get the same press (and hype) as other cryptocurrencies, in part because they don't offer the same type of "get rich quick" opportunity. But a few are among the most popular cryptocurrencies by market capitalization, as of August 2024:



- **Tether (USDT):** \$116 billion
- **USD Coin (USDC):** \$35 billion
- **Dai (DAI):** \$5 billion

Of course, the size of these coins pales in comparison to the largest cryptocurrencies, such as Bitcoin, with a market cap of nearly \$1.2 trillion, and Ethereum, valued at more than \$320 billion.

TerraUSD, an algorithmic stablecoin, had been another popular option, but it lost its peg to the dollar in May 2022. This **stablecoin** used other cryptocurrencies and a sophisticated system of arbitrage to maintain its valuation at the 1:1 level. However, the decline in crypto markets and the subsequent loss of confidence in the stablecoin sent its price plummeting lower.



Risks of Stablecoins

At first glance, stablecoins may appear to be low risk. In comparison to popular cryptocurrencies that are backed by nothing, they are. However, stablecoins present some typical crypto risks and at least one unique risk as well:



Security: Like other cryptocurrencies, stablecoins must be held somewhere, whether it's your own **digital wallet** or with a broker or exchange. This introduces risks, as a given trading platform may not be secure enough or could have vulnerabilities.



Counterparty Risk: While cryptocurrency may seem highly decentralized, in reality, multiple parties are involved in transactions. This includes the bank holding the reserves and the organization issuing the stablecoin. These entities must take the necessary actions (e.g., security measures, proper reserving) to maintain the currency's value.



Reserve Risk: A key element of the stablecoin ecosystem is the reserves backing the stablecoin. These reserves serve as the final backstop for the coin's value. Without them, the coin issuer cannot guarantee the value of the stablecoin with full confidence.



Lack of Confidence: If a stablecoin is not sufficiently backed by hard assets, especially cash, it could suffer a "run" and lose its peg against its target currency. This is what happened to the algorithmic stablecoin **TerraUSD** in May 2022 when it was not backed by cash but instead by other cryptocurrencies. The price of the stablecoin broke and spiraled downward, as traders lost confidence in its ability to maintain the peg.

"The primary risk of stablecoins is that they aren't fully backed by the reserve currencies they say they are," says Citrano. "In an ideal situation, the issuer of the stablecoin has enough reserves of the currencies (in cash or other highly liquid, safe investments) to fully support the stablecoin. Any less than 100 percent, and risk is introduced."

How Safe Are Stablecoins?

How do you know if a stablecoin is safe? You'll need to read the fine print on its issuer's statements. And it's absolutely essential that you do, Citrano says.

"Check the issuer's reserve reports," he says. "If they don't provide any reserve reports, be extremely wary."

Even then, stablecoin owners should pay careful attention to exactly what is backing their coin. The stablecoin Tether has **come under fire** for its disclosures on reserves. Those who believe the cryptocurrency is fully reserved by actual dollars should be cautious.



Reserve Report Insights

In its March 31, 2021, reserve **report**, the company showed that it had more reserves than liabilities. While this appears positive on the surface, the devil is in the details:

- About 76 percent of its reserves are held as cash or cash equivalents (the vast majority of which is short-term corporate debt, also known as commercial paper).
- Almost 13 percent is secured loans.
- Nearly 10 percent is corporate bonds, funds and precious metals.

These other assets may act like actual cash much of the time, but they're not real cash.

If you look closely, less than 4 percent was actual cash, while most is held in short-term corporate debt. This commercial paper is not the same as cash, especially in an emergency. If markets drop, those assets (and the other non-cash assets) could quickly decline in value, making the Tether coin less than fully reserved exactly when it may most need to be.

Unless a stablecoin commits to holding 100 percent (or more) of its reserves in cash, there's no guarantee that the cash will be there to redeem coins. In this case, the value of stablecoins may prove to be a lot less than stable. Holders of stablecoins may end up on the losing end of an old-fashioned bank run, a surprising fate for a technology that markets itself as highly modern.

Since that time, Tether has reduced its holdings of some types of these non-cash assets.

In 2021, the U.S. Commodity Futures Trading Commission fined Tether \$41 million for making untrue statements that its stablecoin was backed 100 percent by actual currency. Since the March 2021 report, Tether has reduced its holdings in commercial paper, and the company said that it would continue decreasing its reliance on this funding.

As of its June 30, 2024 reserve **report**, Tether still had more in reserves than it had in liabilities, and had switched the composition of its reserves:

- About 84 percent of its reserves are held as cash or cash equivalents, with about 80 percent of that amount in **U.S. Treasury bills**.
- About 6 percent is secured loans.
- Around 10 percent is precious metals, Bitcoin and "other investments."



While Tether does have more reserves backing the stablecoin than it's liable for, several of its investments – Bitcoin and the precious metals – may be volatile. And it's not really clear what "other investments" consists of, only that the investments here don't fit any other category. So its reserves – virtually all of which are not hard cash – may still be hit hard in tough times.

Finally, the best guarantee of a currency's safety is that people will widely accept it in exchange for goods and services. And the only widely accepted currency in the U.S. — indeed, the only price in which products are ultimately denominated — is US dollars.

Bottom line

Stablecoins provide some of the stability that is lacking in most cryptocurrencies. But those using stablecoins should know the risks they're taking when they own them. While in most periods it may seem like stablecoins have limited risks, stablecoins may become the riskiest in a crisis when it ought to be the safest to own them.



Stablecoins and national security: Learning the lessons of Eurodollars

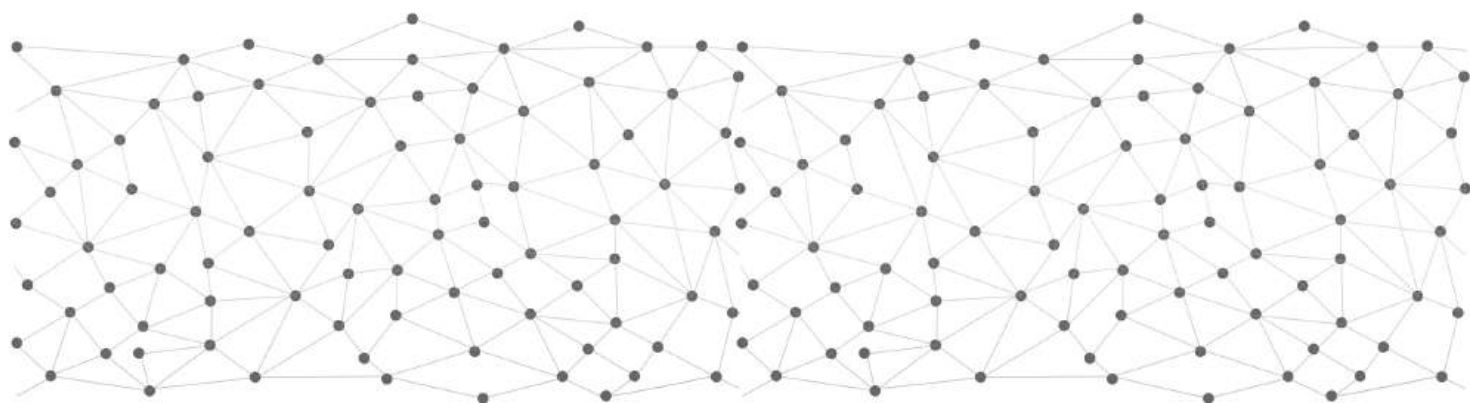
As Congress struggles to resolve big issues like funding for Ukraine and Israel, the debate over legislation to regulate stablecoins seems like small potatoes. But there is a connection, which is that stablecoins could have national security implications: Unless we strengthen their regulation, they could undermine our ability to use sanctions to advance our national interests. This was illustrated recently by news that Russian smugglers have used Tether, the largest stablecoin, to avoid Western sanctions and purchase billions of dollars worth of weapons.

Stablecoins are a type of cryptocurrency that is far more useful as a means of payment than Bitcoin. That is because stablecoins are designed to maintain a constant price in terms of another asset. Stablecoins pegged to the U.S. dollar are more "money-like" than other cryptocurrencies. They can be used to move value across borders without going through banks, and it is the banking system—and in particular the role of U.S. banks—that is key to the implementation and efficacy of sanctions.

Stablecoins are in some respects similar to Eurodollars, a financial innovation that helped to create the financial plumbing used to implement sanctions. Both stablecoins and Eurodollars are U.S. dollar-based liabilities that had their origins outside the regulated banking system. U.S. policymakers initially paid little attention to Eurodollars because the market was small. But it quickly grew, and—luckily for policymakers—Eurodollars ultimately helped cement the international role of the dollar. It is the global dominance of the dollar, coupled with the role of U.S. banks in facilitating dollar payments, that gives the U.S. its tremendous financial leverage.

Could stablecoins undermine that leverage? As with the early days of the Eurodollar market, stablecoin use is minimal today, and so their national security risk may also be minimal. But just as Eurodollar use grew quickly and unexpectedly, stablecoins could also grow. While they are used principally to trade other crypto assets today, they could become a more widespread means of payment. They have also become popular as a means for people in countries with weak currencies to acquire a dollar substitute. Moreover, that growth could come even if the U.S. does not take action. That is because many other jurisdictions are creating frameworks to license stablecoins, including Europe, the U.K., Japan, Singapore and the U.A.E. While those frameworks may lead to stablecoins in native currencies, they could also give rise to new dollar-based stablecoins.

This paper discusses how stablecoins could destabilize what Eurodollars helped to create—the global financial system plumbing that has been a means to implement sanctions—and what to do about it. First, I will provide a brief summary of the history of Eurodollars and their rapid growth. I discuss how Eurodollars strengthened the role of the U.S. dollar and U.S. banks. I then discuss the risks that stablecoins pose, in particular how they could be used to circumvent the existing financial system plumbing and sanctions. Finally, I suggest a path forward to promote responsible financial innovation while protecting our national security interests.



A brief history of Eurodollars

Eurodollars are very similar to stablecoins. They are U.S. dollar-based liabilities issued by foreign banks outside the U.S. regulatory perimeter. Eurodollars began as a way to hold dollars out of the purview of U.S. authorities. As early as the late-1940s, the U.S.S.R., China, and their satellites **occasionally needed U.S. dollars** for what little trade they conducted with the West and each other. But they worried their dollar balances in New York could be seized. Most ended up in Paris at the Banque Commerciale pour l'Europe du Nord (BCEN) whose owner was **well-known** in Moscow. It is, in fact, after that bank's telex address (BCEN-Eurobank) that "Eurodollars" are named.

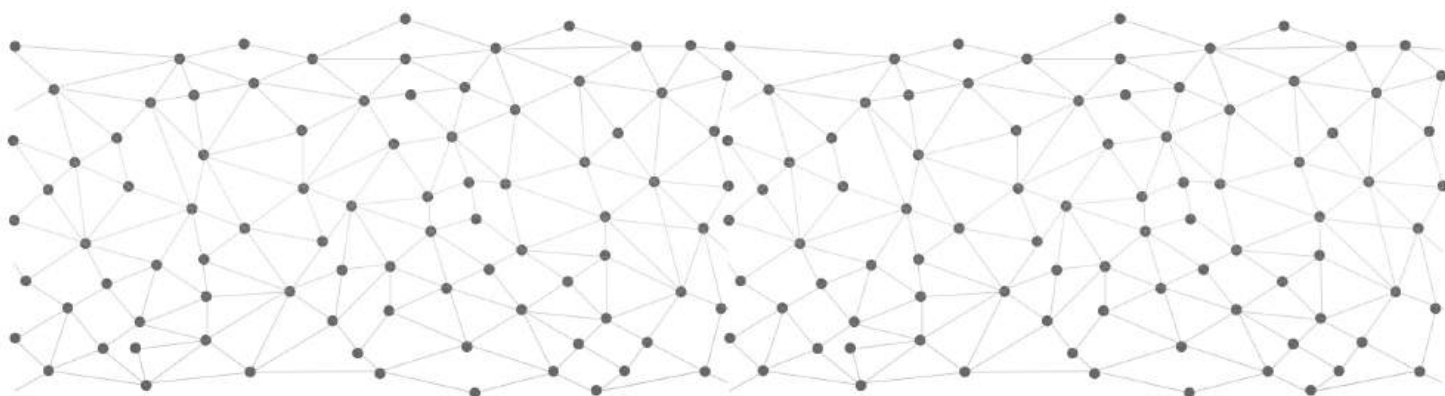
The market grew quickly, as banks soon found ways to earn arbitrage profits by issuing Eurodollars and attracted deposits by paying higher interest rates than U.S. law allowed.⁴ Initially, policymakers in the U.S. and elsewhere were wary of the Eurodollar market. The ability of foreign banks to accept U.S. dollar deposits as a funding source was essentially unlicensed money creation—arguably a violation of monetary sovereignty. But they did not make a significant attempt to regulate it because, among other things, it was too small to be worth the effort. By 1960, Eurodollars were a **\$1 billion market**—spectacular growth by any measure but still a tiny fraction of **U.S. bank deposits**.

The market continued to grow over the next few decades, in part due to unforeseen events and in part due to fluctuations in official attitudes—from concern to outright support at times. In the 1960s, the Kennedy administration decided to encourage the market rather than curb it to help stabilize the dollar and address balance of payment concerns.⁵

By 1970, Eurodollars were a **\$50 billion** market, or a fifty-fold increase in a decade. Policymakers soon grew wary that "hot money" in the Eurodollar market could lead to the dollar's collapse. Eurodollars had become the "**villain**" of an approaching crisis, or, as French Finance Minister Valéry Giscard d'Estaing put it, a "**hydra-headed monster**." These worries were set aside after the oil shock of 1973. In retaliation for U.S. support for Israel in the Yom Kippur War, most major oil producing states suspended exports. Shortages forced panicked buying and prices skyrocketed. The value of global oil trade quadrupled in only a few months, which stressed the international financial system to the breaking point. Henry Kissinger, who was secretary of state at the time, thought it was the **most significant threat to global security** since World War II.

William E. Simon, Nixon's treasury secretary, and others **argued** that private markets and in particular Eurodollars could facilitate 'petrodollar recycling'—that is, critical intermediation between the buyers and sellers of oil, both of whom were primarily using U.S. dollars.⁶ The market struggled under the weight of those flows until European central banks pledged to act as a collective "lender of last resort" to the Eurodollar market.⁷

It was a remarkable shift in regulatory posture. Prior to the oil crisis, the winds were blowing towards greater control and restraint of the Eurodollar market; after, the world could no longer risk the disruption that might cause. "The right policy is not to say 'we must tighten controls on the Eurodollars,'" one editorial observed, "it is now in some respects the reverse: to make sure that money support is not cut by large amounts by accident."⁸ Regulators had, in a sense, missed their moment. The Eurodollar market grew nearly ten-fold over the next decade and continued its exponential expansion until the mid-2000s; by that point there were significantly more Eurodollars than deposits in U.S. banks.⁹ That expansion was, of course, in large part driven by events outside of Europe, but the term "Eurodollars" continues to be used for all dollar deposits held outside of the U.S.



Eurodollars and National Security

Luckily for U.S. officials, even if not by conscious design, the growth and maturation of the Eurodollar market has enhanced the ability of the U.S. to project power by non-kinetic means. The expansion of the global dollar system and preeminence of the dollar¹⁰ also strengthened the role of U.S. banks in international payments. Although Eurodollar deposits can be used to affect dollar-based payments between two foreign counterparties, those payments must transit the global correspondent banking network. Owing to a variety of practical and economic necessities, these payment chains almost always transit through U.S. banks.¹¹ That remains just as true today as in the 1970s.

The same can be said of foreign exchange transactions themselves—even when trading Yen for Euros, for example, traders often execute the transaction through two legs with dollars as the common base.¹² That global dollar system has created leverage for U.S. national security objectives. Rogue actors and nations can be blocked from doing business with the U.S and excluded from the entire global dollar system. The potency of that leverage was recognized as early as the late-1970s with sanctions against Iran.¹³

After 9/11, this power was enhanced: The U.S. used its influence over the Society for Worldwide Interbank Financial Telecommunications (SWIFT, a near-universal cross-border messaging protocol) to obtain transactional data with which to improve the accuracy and efficacy of sanctions. The potency of this "economic weapon" has been even stronger when the U.S. has succeeded in building support for sanctions among a broad network of allies. That was evident when sanctions were deployed against North Korea and Iran in the early 2000s¹⁴ and of course Russia in 2014 and 2022.

It has been argued that, in a world populated by large nuclear-armed states, sanctions are an even more important component of national security strategy than traditional armaments.¹⁵ This paper takes no position on when it is appropriate to use sanctions, a subject that has aroused debate in recent years. But if U.S. officials wish to have them in our foreign policy tool kit, whether to be used unilaterally or in coordination with our allies, we should ensure that the architecture of financial networks continues to reinforce their efficacy.



Market size

In 1997, nearly 90% of all international loans were made this way.^[10] In December 1985, the Eurodollar market was estimated by **J.P. Morgan & Co.** Guaranty bank to have a net size of 1.668 trillion.^[11] In 2016, the Eurodollar market size was estimated at around 13.833 trillion.^[12]



Eurodollar futures contracts[edit]

The Eurodollar futures contract was launched in 1981. It was the first cash-settled futures contract.^[13] It traded on the **Chicago Mercantile Exchange**.^[14] Eurodollar futures were an instrument used to wager on **Federal Reserve** policy or to hedge the direction of short-term interest rates. In April 2023, after the **Libor scandal**, they were eliminated and transitioned to **SOFR**-based contracts.^{[15][16]}



In **United States banking**, Eurodollars are used for what are known as "**sweeps**". Until 21 July 2011, banks were not allowed to pay interest on corporate **transactional accounts**. To accommodate larger businesses, banks may automatically transfer, or sweep, funds from a corporation's checking account into an overnight investment option to effectively earn interest on those funds. Banks usually allow these funds to be swept either into **money market funds**, or alternatively they may be used for bank funding by transferring to an offshore branch of a bank. Today, commercial banks continue to offer many forms of sweep services which tend to give a higher rate of return whilst smaller entities may use a sweep account simply out of convenience.



The National Security Risks of Stablecoins

Recent events highlight the potential risk that stablecoins pose to our national security interests:

In February 2022, the U.S. and its allies imposed a raft of sanctions against Russia in response to its invasion of Ukraine. As soon as those sanctions were announced, however, **many speculated** that they could be avoided via cryptocurrency markets. Offshore crypto exchanges **added to the risk** by providing a potential off-ramp to convert crypto holdings into dollars or other sovereign currencies. Some worried that crypto assets could eventually facilitate an alternative international payments system for **unfriendly countries** and **rogue actors**.¹⁶

That didn't happen, at least not at first. In early March, only a couple of weeks after the invasion began, Deputy National Security Advisor and chief architect of the **sanctions regime** Daleep Singh **told CNN** that "crypto's not really a workaround for our sanctions." It seemed the crypto markets **lacked** the depth and size to allow for sanctions evasion at scale.

However, a recent **Wall Street Journal story** claimed Russian smugglers were using Tether to purchase weapon parts on a regular basis, with some estimating this "shadow trade" was \$10 billion a month.

In addition, the October 7, 2023, attacks by Hamas on Israel highlighted the risk of **rogue actors using crypto** for terrorist financing. Early reporting pointed not just to crypto but to the stablecoin Tether as a **primary means** for Hamas to **evade** law enforcement and sanctions. Subsequent reports concluded the flow of tokenized funds to Hamas was **too small** to truly matter, but there is no assurance they won't be more widely used in the future.

Could crypto eventually provide a "workaround" to sanctions enforcement and prohibitions on terrorist financing? The fundraising techniques of those seeking to evade sanctions and prohibitions could easily become more sophisticated. In addition, the crypto universe may grow, potentially increasing the ways in which crypto can be used and reducing the need to convert from crypto to fiat currency and vice versa, which today provides a critical checkpoint to prohibit illicit use.

Stablecoins could also become a way to launder funds raised in other forms of terrorist financing.

Stablecoins are certainly not the only threat to sanctions enforcement. Many countries are engaged in projects that have the potential to circumvent U.S. sanctions. This includes the creation of shared payment platforms among multiple countries which would link existing payment systems or proposed central bank digital currencies (CBDCs).¹⁷ But stablecoins arguably have greater potential to become a widely accepted medium of exchange for international payments in the near term. That is because stablecoin networks already exist, most central banks are only in a **research and development phase** with CBDCs, and multi-country shared platforms face technological hurdles as well as complex governance questions.

In addition, stablecoins offer something those other alternatives do not, which is a means to make dollar-denominated payments that are not entirely dependent on the U.S. banking system. That is why they could represent a way around the financial plumbing on which sanctions depend.



The Road Ahead for Stablecoins

I have **argued** that we are better off **bringing stablecoins within the regulatory framework** in order to minimize the risks they pose as well as capitalize on any potential they may have to improve the efficiency of payments. But while the **Treasury** and the **White House** have called for new legislation, there remains a wide division of opinion in Congress on whether and how to regulate stablecoins. Those who believe in the innovative potential of stablecoins want to create a regulatory framework to provide clarity and encourage their development. The Republican-led House Financial Services Committee passed **legislation** last summer that would create federal licensing and allow state chartering of stablecoin issuers.

Policymakers have focused on financial stability and consumer protection risks posed by cryptocurrencies, particularly stablecoins. As Treasury Secretary Janet Yellen **put it** in April 2022, "Our regulatory frameworks [for digital assets] should be designed to support responsible innovation while managing risks—especially those that could disrupt the financial system and economy." That has meant a focus on how to ensure that reserves are conservatively managed and invested so that holders can always redeem tokens and the risks of a run are minimized. But those are arguably the easier regulatory challenges.

We can impose requirements on the issuer of stablecoins that are designed to achieve those objectives, such as restrictions on how to invest reserves, capital and liquidity requirements, reporting and disclosure standards, and structuring requirements to ensure that holders' claims take priority over issuer debt or other claims.



Note: In conclusion, in addition to having all the best potential protections being proposed or "To Be Determined" (TBD), then improvised, invented, and implemented to prevent illicit activities. Then legislated to ensure that the STABLE and SECURE USTN "New Dollars" are the only "Legal Tender" option allowed by laws...for USD-labeled Stablecoins issued and utilized anywhere, all else is in effect "counterfeit".

The best way to ensure and control the positive Benefits & Features of legitimate "Stablecoins" is to allow solely the New World Reserve Currency US (TREASURY-UST) Note (USTN), backed by Real World Assets (RWA's), as described and prescribed in the totality of this "White-Paper", that are issued and controlled directly by the UST.

Then it can be Licensed for an I.P. based "Royalty fee" (i.e., charged by & paid to the UST) to any & all fully successfully vetted & approved (licensed) applicant Stablecoin Issuers, claiming "US Dollars" as the underlying stable asset.

Ensuring the 1:1, or 1:1 Plus 10% or more, RWA Reserves backing it. Backed by the full "Faith & Trust" of the US Gov Treasury, and the transparency capabilities of the Blockchain Tech underlying it. Those Royalty fees paid into the UST also become a part of the Tokenized R.W.A.'s total "Cache-backing" the USTN's.

Creating the New World Reserve Currency US (TREASURY-UST) Note (USTN)

Creating the New World Reserve Currency US (TREASURY-UST) Note (USTN), backed by Real World Assets (R.W.A.'s) including primarily physical Gold Bullion as the foundational R.W.A. = Step 4- Reimagining, Restructuring & Replacing the Current US Dollar Old World Reserve Currency.



Spend your way to Secured Savings™

Step 4-Reimagining, Restructuring & Replacing the Current Federal Reserve note US Dollar Old World Reserve Currency



How much US paper currency is in circulation?

US Currency in Circulation is at a current level of 2.347T, down from 2.349T last week and up from 2.330T one year ago. This is a change of -0.07% from last week and 0.72% from one year ago. I am sure if you were able to count up all USD's in circulation including many hidden, buried or otherwise sequestered, it is more than this figure total shown, especially with ILLEGALLY Obtained USD cash in existence.

We need a new Currency design and anti-counterfeiting measures imbedded, and then we need to do a limited time exchange of all old FIAT Debt-based Federal Reserve Notes with no intrinsic values for the new Treasury Dollar note USTN Backed by R.W.A.'s, as described and prescribed herein this White-Paper. Give the Global Public X-amount of time (1 year Minimum/2 yr max) to exchange All USD paper or digital currencies through their banks, or spend it...or it becomes worth Zero after that.

Taxes collection will go way up Globally and Economies will go into an enabled and empowered Exponential Explosion, as The USD is the most circulated and trusted world Reserve currency by far.

We do not and should not go to being a totally cashless society, but we do need To exchange it all to a new Currency, that is much harder or even impossible to counterfeit, and thereby, to clean up a lot of unreported or illegal currency while stimulating tax receipts and economic exponential spending boosts globally.

New USTN Currency Backed by Real World Assets

- All new currency issued, in both physical or digital form, will be the New USTN 100% backed by R.W.A.'s (Real World Assets).
- The end of all US Federal Reserve FIAT Debt-Based currency, and the federal reserve will be merged into the new US Treasury.
- Bonds & loans will also be issued directly by the NEW US Treasury, and all revenues will go into the UST to back the new USTN currency with Tokenized R.W.A.'s.
- We will no longer pay interest on money or bonds to the Federal Reserve US 3rd "Central Bank", and the Fed-Reserve will meet the same fate as the 1st and 2nd US Central Banks. - Along with the IRS, which was created by and with the Federal Reserve in 1913 and used as a 'Loan-Shark' type of Collection apparatus, most or many forms of Income taxes will be greatly reduced or eliminated, and replaced by Tariffs on Foreign goods.
- Included in this White-Paper are new Very Lucrative and logical and legitimate ways the NEW US TREASURY can Monetize R.W.A.'s it owns, controls or holds in Custody instead.

Documentary Recommendation

NOTE: The link below is to a well vetted & verified documentary: "End Of The Road: How Money Became Worthless", for a comprehensive overview of the 3rd "US Central Bank"-CB (i.e. The so-called "Federal Reserve", which is not actually a part of the US Federal Government, serving as a substitute CB). This film Comprehensively, and clearly, covers all the main problems with having a foundation, and all its Features & Functions, of its Debt-Based "Federal Reserve Note", being a Fiat (only) Currency, with no real Intrinsic Value.



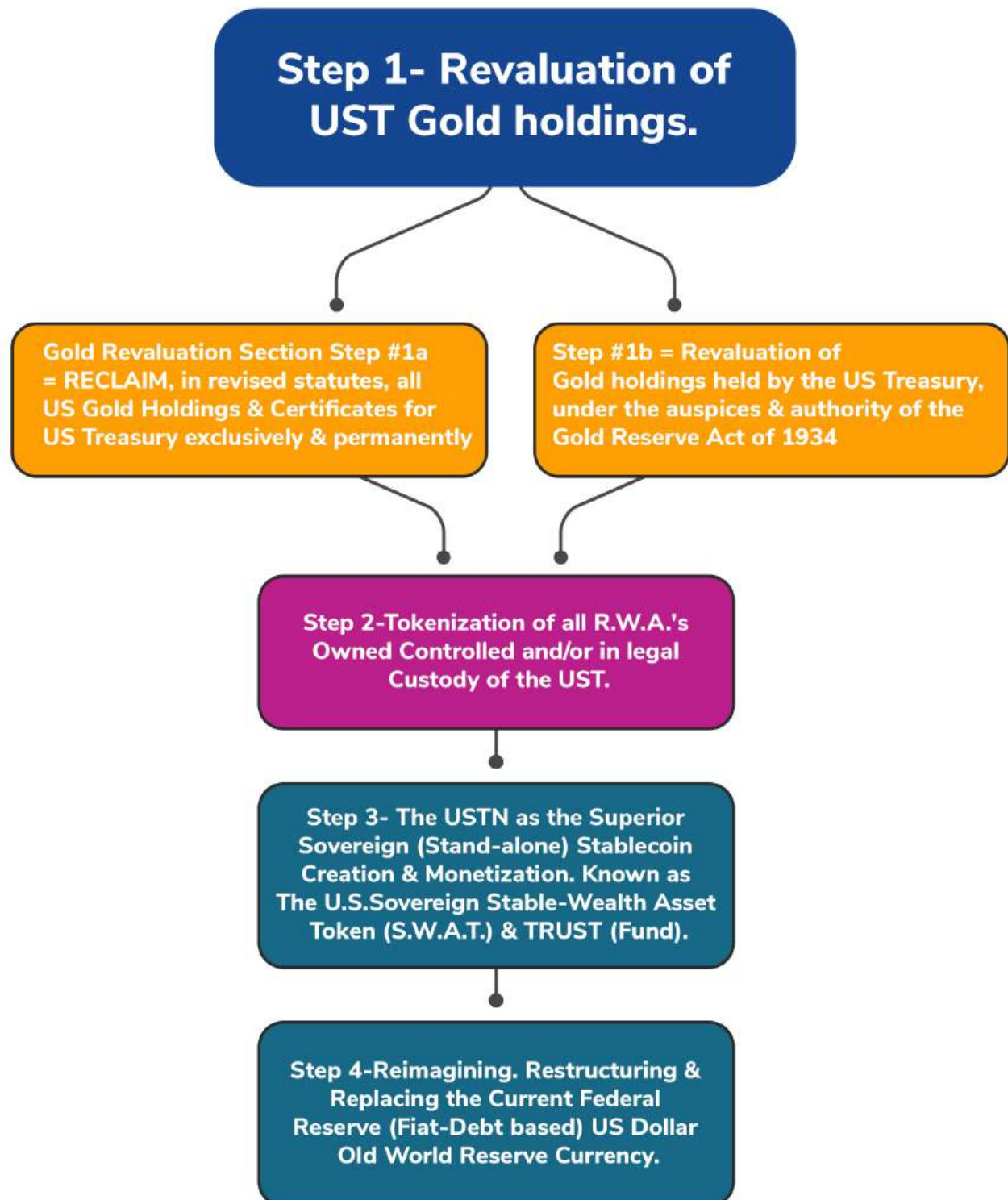
End Of The Road: How Money Became Worthless |

Finance Documentary <https://www.youtube.com/watch?v=JelcnCdDsGE&t=1167s>



https://en.wikipedia.org/wiki/Fiat_money As with all Fiat Currencies in history, eventually going to a Zero Value...it is just a matter of time to reach its own "Destiny of Doom".

Creating the New World Reserve Currency US (TREASURY) Note, backed by Real World Assets (R.W.A.'s) including primarily physical Gold Bullion as the foundational R.W.A..Known as The United States "Sovereign Stable-Wealth Assets Trust" (S.W.A.T) & "Sovereign Stable-Wealth Assets Token" (S.W.A.T.)





For additional information

Also, Inventor/Owner of the
Associated Patent (Gold-Back Rebates)

🌐 Revelation2Revolution.org

🌐 OMG.Com.PR

SMK Direct line Mobile: 📞 1-787-478-0898

Business Email: ✉ cffo@omg.com.pr

Personal Email: ✉ hotshotpro@gmail.com