

**PRIVACY  
IN A  
FISHBOWL**

**\*\*\***

**SPIRAL TO ECONOMIC DISASTER**

**VOL II**



**BY**

**GYEORGOS CERES HATONN**

**A PHOENIX JOURNAL**



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VOL. II

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The Phoenix Journals are intended as a "real time" commentary on current events, how current events relate to past events and the relationships of both to the physical and spiritual destinies of mankind.

All of history, as we now know it, has been revised, rewritten, twisted and tweaked by selfishly motivated men to achieve and maintain control over other men. When one can understand that everything is comprised of "energy" and that even physical matter is "coalesced" energy, and that all energy emanates from God's thought, one can accept the idea that the successful focusing of millions of minds on one expected happening will cause it to happen.

If the many prophecies made over thousands of years are accepted, these are the "end times" (specifically the year 2000, the second millennium, etc.). That would put us in the "sorting" period and only a few short years from the finish line. God has said that in the end-times would come the WORD--to the four corners of the world--so that each could decide his/her own course toward, or away from, divinity--based upon TRUTH.

So, God sends His Hosts--Messengers--to present that TRUTH. This is the way in which He chooses to present it, through the Phoenix Journals. Thus, these journals are Truth, which cannot be copyrighted; they are compilations of information already available on Earth, researched and compiled by others (some, no doubt, for this purpose) which should not be copyrighted. Therefore, these journals are not copyrighted (except SIPAPU ODYSSEY which is "fiction").

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If the Truth is to reach the four corners of the world, it must be freely passed on. It is hoped that each reader will feel free to do that, keeping it in context, of course.

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## FOREWORD

REC #1 HATONN

WED., DEC. 6, 1989 6:30 A.M. YEAR 3, DAY 112

### WED.. DEC. 6, 1989

If you live in a Fishbowl, the fishermen can see you, catch you and put you right in the frying pan. You are in a transparent world where "Big Brother" not only can see everything you do and every move you make--but randomly take everything you have. The hook is pretty well set and the harder you flip and flop the more embedded it becomes.

This journal is a discussion of just about the last hope you have of gaining any privacy in your world whatsoever. You cannot continue, however, as is, without losing every shred of privacy and all "blackout" curtains are in the process of being dissolved right now at political, economic and police levels of the bureaucracy.

The only hope you have is to "turn out the lights" and/or become an invisible fish. This can be done with attention and effort. You can actually change your stripes and gain personal transparency to a large extent by changing your name to N. Corporation. You can salvage what you might have in wealth by taking some measures as outlined within this journal--cut the line and release the hook. You are in trouble!

Even if you have a salaried job and cannot avail yourself of all of the suggestions, you can most certainly take measures for protection in a dozen ways you probably have overlooked. We can only put a little food in the fishbowl, we cannot force you to eat it.

If you have obtained this book then you are interested. Discern carefully those measures suitable to your needs and level of public visibility and decide what you want to do about it. **YOUR TIME FOR DECISION IS MOST LIMITED INDEED. PLANS FOR CHANGING YOUR FUTURE ARE UNDER WAY AND THE TRAP IS SET TO SPRING VERY EARLY IN YOUR NEW YEAR IF NOT DURING THE HOLIDAYS TO CATCH YOU UNPREPARED BEFORE THE CALENDAR YEAR ENDS. YOU CAN CONSIDER THIS JOURNAL AN *URGENT SUPPLEMENT*, OR VOL. II, TO SPIRAL TO ECONOMIC DISASTER.** It is so timely that if you don't take immediate action it will be too late, if not already too late for the first steps to privacy--but you'll have time to use the subsequent measures.

The "new money" is coming--all printed and ready, the new Social Security rules are in place and a debit system is now operational--you are caught!

I am going to give you excerpts of news items which mean a lot more to you than you possibly realize. Do not consider me some sort of fortune-teller--look around

you at your own clues and puzzle pieces--but you must look far beyond your daily financial and stock market reports.

Articles predicting the currency recall and rumors of your new money have significantly heightened in the current weeks--that means there is something stirring and ready to boil over.

On September 18, 1989, *The New York Times* carried an article by former Treasury Secretary Donald T. Regan suggesting a *surprise* call-in of all \$50 and \$100 bills (with only a ten day warning) to combat the war on drugs. Mr. Regan says, with the old bills no longer legal tender, everyone would have to exchange their cash for new, preferably different color or size paper money. Banks would then be forced to report all exchanges over \$1,000. As you will read in this journal, a recent government study condemned tampering with the higher denominations.

This article appeared only 9 days after Mr. Regan appeared on the Capital Gang political talk show discussing the drug war. He casually remarked on the air that a complete currency call-in would be one way of stopping the drug lords. Had he still been in office, his remarks might have sent a earthquake through Wall Street.

Well, KNOW that the new "secret" printing press in Ft. Worth, Texas has now produced enough currency for recall of ALL currency and expect FULL recall of all denominations--very soon!

Another projection worth noting: The 1990 Farmer's Almanac has come forth in support of replacing the one dollar Federal Reserve Note with a dollar coin. It is believed the Treasury would save over \$120 million a year if the U.S. Mint coined gold toned, 1.125" diameter dollars with a plain edge in place of the short (18 month) average life of the paper note.

The days of the "greenback" are numbered and they will not even make good collectors items--remember the Confederate money? Ah so!

There has been introduced a "Drug and Money Laundering Tracking Act", to place machine-readable bar codes on U.S. currency so all \$100s, \$50s, and \$20s can be "more traceable". Their serial numbers would be able to be read by optical scanning devices like those used at grocery-store check-out counters.

"When this legislation passes," says the liberal Massachusetts Democrat Senator John Kerry, who introduced it (and who, by the way, is also a member of George Bush's powerful secret society, Skull and Bones), "money laundering drug dealers will be tracked down like we've never tracked them down before".

The legislation mandates that within six months after it is passed new bills will be printed with a machine-readable bar code. And you can also expect the embedded metal strip the Treasury has talked about before where individualized information

could be stored. Given the dynamics of Congress, no Kerry's office wrote such a bill. Even Mr. Kerry admits that "financial intelligence experts" wrote it!

Oh dear, oh dear--open your eyes. THE MONEY IS ALREADY PRINTED AND THERE WILL NOT BE "SIX MONTHS". NEITHER IS THIS EXCHANGE AIMED AT DRUG LORDS OR HIGH LEVEL DEALERS--THEY ARE ALL SET WITH A NICE BANKING SYSTEM AND NEW CONTRACTS. THE DELAY IN THE PROCESS IS CAUSED BY A NEED TO FINISH PLACING THE FINAL LINKS IN THE WORLD MONETARY MONITORING SATELLITE SYSTEM (WHICH YOU ARE FINISHING WITH THE "CHRISTMAS" SHUTTLE)--AND ALLOWING THE "KINGPIN" ELITE GREY MEN AND DRUG KING-PINS TO GET SET. THIS MONEY SWAP IS AIMED AT "YOU" AND HENCEFORTH THE MARK OF THE BEAST WILL BE EMBEDDED ACROSS YOUR FOREHEAD LIKE A BLINDING LIGHT!

Now has begun at the Bureau of Engraving and Printing in Washington, D.C. a process of developing a public affairs campaign to introduce the new "anti-counterfeiting" security feature expected to be implemented *in the early 1990s* in the current design of United States paper money, according to BEP spokesman Ira Polikoff. They will further tell you that any change is "months away"--FORGET THAT--IT IS ONLY DAYS AND WEEKS AWAY!

### MORE FINANCIAL TYRANNY

Right now, the Bush Administration is quietly promulgating new banking regulations to strike at your financial privacy. The excuse? As usual--the drug "WAR".

Hold on to your seats:

First, within a few weeks, all customers making cash transactions of \$3,000 or more will have to fill out Currency Transaction Reports for the IRS. (Presently the floor is \$10,000). The government has sought this change for more than three years; now it has reached an agreement with the American Bankers' Association—the "Grey Men"!

Secondly, and *effective immediately*, banks are to report "suspicious" transactions of any amount to the IRS. What qualifies as "suspicious"? The Bush Administration gives only one example: "*breaks in an account holder's usual pattern of credits and debits*".

What might this mean? If you normally, say, make two deposits in a month and then make six, you are to be reported. If you normally make four cash withdrawals per month and then make eight, you are suspicious and will probably be reported.

DEAR ONES, IF THE HAIR ON THE BACK OF YOUR NECK IS NOT TWITCHING--YOU MUST BE DEAD!

LET ME OUTLINE A FEW NEW THREATS SO YOU CAN READ THIS JOURNAL AND FOCUS IN ON A FEW POSITIVE ACTIONS.

Citizen and Investor privacy is being attacked by a pincers movement comprised of a rapacious Internal Revenue Service on the one hand and a "goose-stepping" army of anti-drug police on the other--even though they don't seem to do anything magnificent to the drug situation--just unto the poor citizen. Strange indeed! What is even sadder is that so many Americans are rolling over and playing dead in the face of it all and pushing for more.

It is revealed from Sea to Shining Sea that more than half of the American public would "agree to giving up some of their rights" in order to fight the drug problem. How about all your rights and keep drugs in addition? You can have it all!

That may be good news for the Bush Administration, but it is bad news for those of you who want to preserve even a token fragment of your freedom and rights. As for the IRS, it has been so hard for Congress to raise taxes that the trend for the last several years has been to increase compliance. Translation: tighten the screws on the taxpayer and lay open to the public every last shred of privacy.

How about a tid-bit in your news yesterday and today (Dec. 5, 6, 1989). The IRS is investigating Mrs. Ronald (that's Nancy) Reagan for possible tax evasion regarding loaned and gifted wardrobe items. NOW DO YOU SUPPOSE MR. REGAN'S FIRING FROM THE ADMINISTRATION MIGHT HAVE ANYTHING TO DO WITH THAT LITTLE HAPPENSTANCE? MR. REGAN WAS SECRETARY OF THE TREASURY FOR MR. REAGAN AND MRS. REAGAN DID RATHER DENOUNCE HIM IN HER LITTLE BOOKLET. SURELY NOT. WELL, ASK RED FOXX ABOUT THE IRS! NO-ONE IS EXEMPT! IF THEY SET OUT TO GETCHA. THEY WILL GETCHA. WAKE UP LITTLE SLEEPYHEADS-- BREAKFAST IS OVER AND THE DINNER TABLE IS ALL BUT CLEARED!

Consider the following:

A federal court has ruled that the IRS can examine your bank records without a court order, search warrant, or even an administrative summons.

Two Swiss banks became so worried their assets would be frozen by U.S. authorities that they have closed their U.S. offices.

The IRS is developing supercomputers that will automatically audit your tax return and keep the details of all of your financial dealings.

The FBI wants to link its huge criminal database with the computerized records of airlines, car rental firms, credit bureaus, insurance companies, and other government data banks, including the IRS, into one huge network. They not only "want to", they are already past half way finished.

But don't just blame the government. Big threats to privacy are coming from the so-called private sector also. Keep in mind that most of this "private sector" are very active members of the Foreign Relations Council and "quiet" members of the Trilateral Commission. The elite "Grey Men".

Credit card companies and mortgage lenders routinely require your tax returns and always demand your social security number.

Some telephone companies are test-marketing a device that will flash your phone number to those you are calling. The biggest users: telephone boiler rooms, often fronts for investment and credit card scams, that will use your number and then sell it to others. The device, if it becomes widely used (and it will, without safeguards), will guarantee you an unending stream of annoying, high-pressure phone calls, even if you have an unlisted number. **AND THAT IS ONLY THE TIP OF THE ICEBERG.**

Credit bureaus are getting increasingly easy to penetrate and TRW, the nation's largest credit bureau, has recently begun selling the names, addresses and phone numbers in its data bank categorized by income and credit availability.

### **WHAT CAN YOU DO?**

**PAY ATTENTION AS YOU READ THIS JOURNAL AND GIVE APPRECIATION TO THOSE PRECIOUS FEW WHO HAVE DONE YOUR THINKING FOR YOU, THAT YOU MIGHT SURVIVE A LITTLE LONGER IN YOUR FISHBOWL.**

**THANK YOU FOR YOUR KIND ATTENTION.**

**COMMANDER GYEORGOS CERES HATONN**

## CHAPTER 1

REC #1 HATONN

SAT., NOV. 25, 1989 7:00 A.M. YEAR 3, DAY 101

**SAT., NOV. 25, 1989**

All are present and accounted for, Dharma, but I am going to be the "mouth"--I always get the short straw when dealing with formidable Earth subjects such as depression, wars and how to survive in a physical way with sanity intact. My resignations are not honored any more than I honor yours, so be it. My brothers sit with me and I recognize that they accept my higher intelligence and not necessarily that of a fourth dimensional Pleiadean commander wherein I am stuck, just as you ones are stuck there.

I will, of course, honor requests for input regarding life-streams of personal and painful portent but it must come later. Each individual must learn, albeit a hard way, that actions and choices are totally individual and there is no way to shift responsibility for those actions and choices. Further, once an energy is of majority age it is on its own. A child is merely a reflection of that example set before them. The past example is a factor, but an unacceptable excuse, for once an individual knows right from wrong it is most surely self-decision. A child is not responsible and as the twig is bent so shall it grow and all it has for reference is its caretakers. So be it. This will all get said in future dissertations. EXCUSES ARE OF ABSOLUTELY NO VALUE! REASONS WITHOUT BASIS ARE NOT OF ACCEPTABLE VALUE EITHER FOR THEY ARE BUT EXCUSES. MANKIND SHALL COME INTO POSITIVE RESPONSIBILITY OR THAT MAN AS AN INDIVIDUAL WILL FALL; NO MORE AND NO LESS. THIS ATTITUDE HAS NAUGHT TO DO WITH LOVE--IT HAS EVERYTHING TO DO WITH TOTAL INDIVIDUAL CHOICES AND RESPONSIBILITY.

THOSE ONES FAILING TO RECOGNIZE THE TRUTH OF THESE WRITINGS AND CHOOSING TO AVOID THE INGESTION OF SAME SHALL PAY A VERY HIGH PRICE INDEED. THE MORE IMPORTANT THE POSITION OF CONTRIBUTION THE MORE DIFFICULT THE ROAD, FOR YOU BECOME THE TARGET OF THE BOMBARDMENT TO CAUSE STAGNATION AND DOWNFALL. YOU, DHARMA, MUST DETACH YOURSELF FOR OUR WORK AFFECTS ALL ONES AND YOU HAVE FORFEITED YOUR EARTH PREFERENCE IN SERVICE TO THIS CAUSE. YOU ARE HIT FIRST WITH THE TRUTH OF IT AND THEREFORE YOU SHALL HAVE THE BATTERING FIRST; YOU SHALL WITHDRAW FROM THE WALLOWING THEREIN--YOUR ACCEPTED TASK IS TO PUT THESE THINGS TO PAPER THAT THEY MIGHT GO FORTH.

Let us move now into a most necessary subject regarding the economic events on your doorstep.



I am going to take, out of context, a memorandum received from an attorney firm regarding an item of taxation. I request that the document be published herein in full content.

**THE BUNKER? BYRUM & KIMBALL MEMORANDUM**

(PLEASE SEE NEXT 6 PAGES)

MEMORANDUM

TO: CLIENTS AND FRIENDS OF BUNKER, BYRUM & KIMBALL  
FROM: KENNETH A. HOLLAND, ATTORNEY  
BUNKER, BYRUM & KIMBALL  
RE: SPLIT ROLL PROPERTY TAX INITIATIVE  
DATE: NOVEMBER 7, 1989

=====

Effective June 1, 1989, Voter Revolt, a consumer oriented group, commenced the process of circulating an initiative to dramatically increase the property taxes on most business and commercial property. This initiative is entitled the "Fair Share Property Tax Act of 1990". This initiative is commonly known as the "Split Roll" Initiative. The purpose behind this new measure is to substantially increase the property taxes to be paid by businesses and these increases would extend to both real and personal property. The main features of the "Split Roll" Initiative are summarized below:

- (A) Dramatically Increases The Property Tax Rate For Businesses and Agriculture

Under the Split Roll Initiative, business and agriculture will be taxed at the increased rate of 1.6 percent of fair market value for tax fiscal year 1990-91 and 2.2 percent of the market value thereafter. These increases apply uniformly with the following exceptions: (a) Open space land; and (b) First \$500,000 of an owner-occupied farm.

(B) Limits For Annual Assessments Of Business, Commercial And Agricultural Property Values Will Increase

Under the "Split Roll" Initiative, the property values for Business, Commercial and Agricultural properties can be adjusted annually by a factor not exceeding five (5) percent which is more than a 100 percent increase over current levels as mandated by Proposition 13. To compound matters, the property values on an owner-occupied farm and personal business property may be adjusted up to five (5) percent annually as well.

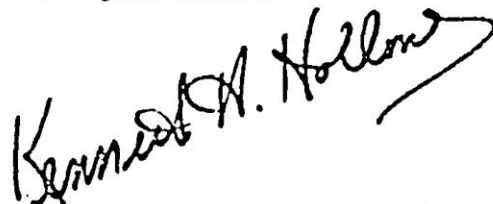
(C) The Existing Property Tax Rate For Residential, Rental, Open Space And Other Properties Shall Remain The Same

The property tax rate for "apartments, condominiums, housing cooperatives, single and multi-family homes and mobile home parks" (residential property) shall not be affected by the "Split Roll" Initiative.

The bulk of the information set forth in this letter was culled from information received from the California Chamber of Commerce (Taxation Committee) in Sacramento, California.<sup>1</sup> As we understand the situation, the Voter Revolt consumer organization was required to obtain 595,000 signatures of registered voters in California in order to place the "Split Roll" Initiative on the ballot in June, 1990. These signatures were required by October 30, 1989. Efforts are being made by the Chamber of Commerce to determine whether the required number of signatures have been secured.

It is our view that the "Split Roll" Initiative will have a substantial negative impact on California business and agriculture. The California Taxpayers' Association has prepared a Summary of Findings dated August 1989 addressing many of the problems raised by this Initiative. A copy of these findings is enclosed for your review and consideration.

We urge all of our Clients and Friends to stay abreast of the developments taking place in connection with the "Split Roll" Initiative. The benefits generated by Proposition 13 may be in jeopardy for California business and agriculture.



---

<sup>1</sup> Mr. Holland is a former member of the Taxation Committee of the California Chamber of Commerce and has represented a wide array of clients on property tax related matters.

# SPLIT ROLL INITIATIVE

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## SUMMARY OF FINDINGS

August 1989

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### TAX INCREASES

- The split roll initiative would increase business property taxes by \$7.9 billion, an increase eight times greater than any increase in the history of California.

- Consumers would share the burden of the increased taxes as businesses unable to absorb the increased costs pass them on in the price of goods and services.

- Workers would also feel the effect of the tax increase as reduced profits for businesses unable to pass the costs on to consumers adversely impact salary and benefit packages and/or reduce jobs.

- Most homeowners and renters would pay higher state and federal income taxes due to decreased federal tax deductions, eroding the tax relief benefits of the initiative.

- Some homeowners and renters would receive no tax relief and some homeowners could experience a doubling of their property tax.

- Property taxes for residential property could increase due to the initiative's language which would unobligate non-residential property from debt obligations.

- The first \$100,000 of personal property would be exempt, but anything above that would be taxed double. This would include personal property associated with apartments and farm machinery, meaning rents could increase due to the initiative and farmers could face tax increases.

- The increase in business property taxes would also cause the state's timber yield tax rate to increase.

- Government would have to pay 120% higher taxes on property it owns outside its jurisdiction, such as watershed areas of municipal utilities and water and irrigation districts.

### DECREASED REVENUES

- Despite a \$7.9 billion tax increase, the state would experience a revenue loss of \$900 million, meaning state taxes would have to be increased or spending would have to be reduced. Spending cuts would likely come from health and welfare programs, the University of California, California State Universities, prisons, mental health and parks.

- Local agencies could receive up to \$700 million in additional revenue, but would be expected to share a \$900 mil-

lion state revenue loss through reductions in subventions.

- Increased revenues could be significantly less than those projected by the Legislative Analyst.

### ECONOMIC IMPLICATIONS

- Increased business taxes would hinder economic expansion in the state, thus reducing the state's tax base and reducing state revenues.

- A split roll property tax structure would inhibit the state's ability to attract new business.

- The tax increase would catapult an already increasing property tax burden for business since the passage of Proposition 13.

### FISCAL POLICY CONCERNS

- The initiative would institute massive and permanent earmarking of public funds, a dangerous trend in public finance policy.

- For the first time in California history, local property taxes would be taken away from the taxing entity and used to fund state-run programs.

- Local government would be required to "share" its tax revenue with other local entities who experience a revenue loss due to the split roll.

- Existing housing programs would be unable to absorb the \$1.2 billion authorized in the Initiative for rental housing and emergency shelters.

- Irrespective of ability to pay, the increase in the homeowners' exemption to \$57,000 from \$7,000 would mean some homeowners would pay no property tax, thus receiving free local government services.

- The cap on development fees would only apply to residential developers, would not cover assessments, ex-

actions or state fees, and the cap could be established at the highest fee collected as of April 21, 1989, for any purpose, not just developer fees.

- The initiative contains a number of ambiguities and drafting errors which could significantly impact its effect and implementation.

- This initiative would add a massive amount of constitutional detail that would be better left to statute.

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California Taxpayers' Association

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This makes my point for me in that most of you dear ones will never have of a Split Roll initiative. If you have heard of it, it was presented to you way to get those "big guys" who don't pay their share of taxes and will show benefit the "little guy".

These are hidden, subtle and deadly facades. These are the very measures which will pull you into disaster. Your whole economy is based on inability to repay debts and here you load another heavy load on the already floundering economic system in a most personal manner. If the "SPLIT ROLL PROPERTY TAX INITIATIVE" passes you will have multitudes of small businesses fail and multitudes of farmers bankrupt for it will be a final straw for many borderline operations. Those that survive will do so because the costs will be ploughed right back to YOU, the consumer, and the cycle starts again.

"They" make it look so good on paper, "The property tax rate for 'apartment, condominiums, housing cooperatives, single and multi-family homes and mobile home parks' (residential property) shall not be affected by the 'Split Roll initiative'".

If you believe that, my friends, then I have a few tanks and stealth bombers I would like to sell you; perhaps even a few major bridges.

### **UPCOMING EVENTS THAT WILL "GETCHA"!**

If you ones are able to make it into your year 1990 without the "great collapse", it will truly be through the grace of God that we might have time to become more aware and balanced. The fruit has ripened and released, it balances on the branches below and will fall with the first gentle breeze--for when fruit is ripe it falls.

On January 20, in the midst of great celebration, Mr. Bush became your 41st President of the United States. Ah yes, America was transfixed: further lulled into the sleep of the lie--your fairy tale sense of false security being poked at you by the bushel-full. You had better listen to me very carefully--"READ MY LIPS"--LISTEN CAREFULLY!!

Within a very short time your President is going to do several things: he will freeze all foreign assets deposited in the United States, he will order trading stopped on all U.S. financial markets and, worst of all, Mr. Bush will freeze withdrawals at 10 percent in every bank and savings & loan in your country--to stop you, your neighbors, and other honest people all across the country from taking your money and running.

### **RUN FROM WHAT?**

People will be frantically trying to escape the worst economic collapse country (your world) has ever witnessed. In fact, the very end of your age will be upon you. For those who are not prepared--and even for many who believe that they are--there will be no escape! Further, "Men who are not surprised when the future comes live very close to the truth", so be it--please listen for these may be the only life rings thrown to

you drowning peoples.

Oh, you have heard this all before? So be it--then go back to sleep. But I tell you THE COLLAPSE WILL HAPPEN, AND IT WILL BE FAR WORSE THAN ANYONE HAS PREDICTED. Protecting yourself will be far more difficult than anyone has suspected. You will either take the advice and take action or you will reap the havoc which is coming down. Your world runs on "cycles" and you are headed dead-on into the close of this economic cycle and if you brought your heads from out the sandbucket it would be no surprise.

Do any of you still remember the wondrous days of your Golden Years of the 1920s? How many remember experiencing the Great Depression of the 1930s? You were the most prosperous people on Earth prior to that collapse. Are these days not somewhat similar? HE WHO DOES NOT LEARN FROM THE CYCLES OF HISTORY ARE DESTINED TO REPEAT THE ERRORS.

YOU ARE IN THE ENDING OF AN AGE!

### **WHAT HAPPENS AT THE ENDING OF AN "AGE"?**

The death of an age has dire consequences. Recall the bloody upheavals during the fall of the Roman Empire. Look in your history books and remind yourselves of how the Germanic barbarians brought on those grim "Dark Ages".

Look at that which is most "cheerful" indeed, the guillotine in the French Revolution, and the tumultuous events that thrust Europe into a gruesome war that lasted over 20 years.

How about Russia? What of Stalin's grotesque purges after the tzar and his family were massacred? The depths of that gory bloodbath will probably never be known publicly.

What makes you believe you have some kind of guarantee that you won't see a return of those days? Do you know many people who have actually lived through those wrenching days? Just how prepared do you think your neighbor is? Can you begin to conceive of what will happen to your society when such unspeakable acts begin to unfold? WILL YOU HAVE LISTENED TO US, BUILT SOME SHELTERS, SET ASIDE SOME LARDER? OR WILL YOU STILL SAY "SPACEMEN DON'T EXIST AND IF THEY DO, THEY ONLY COME TO BRING HARM"? WILL YOU BE AMONG THE ONES WHO SAID THEY ASKED GOD AND CHRIST FOR HELP AND HE SENT NONE? WILL YOU BE AMONG THE ONES WHO TURN AWAY GOD'S RESPONDING ASSISTANCE?? SO BE IT!

You stand on the very threshold of the end of the industrial/economic age in America. Those of you who understand history must prepare for the end and for the grim days that are certainly to follow.

So, what if you don't prepare? Here are some very good examples:

I quote from a most respected source: "One morning this year you wake up to a compelling radio report. Markets in the East have collapsed, the London markets are in chaos, and the New York Stock Exchange opened with a 200-point nose-dive. You hurriedly call your broker. Oops, busy line. Busy, busy and more times busy. But you remember the Crash in '87. 'Perhaps I should wait it out,' you think.

"You monitor the market all day. In the early afternoon you learn the Dow is at 1200, and that foreign investors are cashing in their T-Bills. The news reports begin talking about 'a financial calamity'. Another call to your broker but the lines are still busy.

So you drive to his office. You're sick when you see the sight: A group of ashen-faced people gathered outside the firm's locked doors. On the doors hangs a sign that reads:

**'WE REGRETFULLY ANNOUNCE THAT PRESIDENT BUSH HAS ORDERED THE CHAIRMAN OF THE SECURITIES AND EXCHANGE COMMISSION TO HALT ALL TRADING IN THE MARKETS. PLEASE MONITOR YOUR LOCAL NEWS STATIONS FOR MORE INFORMATION'.**

The 10-minute ride home takes almost an hour. Your car radio confirms that banks and S&Ls across the country have temporarily closed. If they open tomorrow, says the announcer, withdrawals will be limited to no more than 10% on accounts. Angry crowds are beginning to form in many metropolitan areas".

Your best friend, a real estate broker, calls. With fear in his voice, he tells you that the real estate market nationwide is collapsing. He's afraid properties are about to fall to 10 cents on the dollar.

You look around your comfortable \$150,000 home. You suddenly realize that it is now worth a mere \$15,000".

### **WRITTEN ON THE WALL--OR ON THE WIND?**

You might wonder why the government appears to be so blind to the writing on the wall--forget it, they have helped to structure the fall. Besides, the government is quite powerless over problems this enormous. You have allowed them to move on over you and you beg for more,--i.e., go back and read the "Split Roll Memorandum" and recognize one more tiny step to the guillotine.

The government ones of fair intent who are not actively involved in the intentional turn of events are too interested in the immediate short-term to even see the inevitable. ARE YOU READY TO RECEIVE SOME INPUT NOW?

How could such a thing happen? How could so much apparent wealth disappear in so short a time? You know the answer and if you don't, go get a copy of SPIRAL TO ECONOMIC DISASTER and re-read it until you do understand.

Actually, you already know the answer. DEBT! In today's dollars, you have over \$11 trillion of debt--business, private and government debt combined.

The problem? Simple: Wealth born of debt is not real. Think about it,--in a most perverse manner, the "punishment" will fit the "crime". The average citizen has forgotten what it means to save; the corporate world has gone mad with takeover and buy-out greed; bankrupt banks lend money to insolvent foreign governments with no hope or expectation of repayment; the U.S. Congress acts as though deficits are "good".

**WHEN THIS IMPOSSIBLY ENORMOUS DEBT BILL COMES DUE--AND IT WILL HAPPEN--VIRTUALLY NO INVESTMENT HOLDING WILL BE SAFE. HERE COMES THE SCENARIO:**

\* Deflation. As surely as spring follows winter, deflation must follow inflation. That is the nature of history. In fact, data even confirms that inflation actually ended in your 1979!!!

So why aren't prices falling? There is a huge debt burden in every dollar you spend. Once you factor that out, prices ARE falling--most rapidly in fact. Deflation is the most cruel sword in the economy. It defeats the incentive to spend. The economy will grind to a halt.

\* Interest rates. Soon there will be an abundance of useless goods for sale. Luxury items, built during the free-spending days of the '80s. But no one will be interested in buying. People will be much too busy in an effort just to survive.

At the same time, foreign investors will demand outrageous returns for risking their money in the American economy. This will force banks to charge even higher rates for loans for the few dollars they are willing to lend. The prime will move on up to 20% or higher!

### **THE BIG CHANCE?**

Oh foolish dreamers, no-one is actually going to do any more than "survive" in the final tally.

GOLD? Frantic investors will look to the only tangible they can truly understand. The price of gold will be bid to \$2,000 an ounce (watch it moving this very day). Then it will plummet just as quickly as nervous investors try to get liquid for survival. It will then plummet to around \$35 an ounce.

**REAL ESTATE?**  
**THEY TELL YOU THAT WILL BE GOOD, RIGHT?**

The collapse will not only wipe out investor equity, but the hard-earned equity and principal of everyone who owns a home. Desperate banks will seize anything that can put cash into their frantic hands. They won't hesitate to foreclose on millions of homes and sell the properties for anything they can get. (They have done it before--remember??--the crisis of the '30s?)

The very best properties will suffer the most, with bank auctioneers getting mere pennies on the dollar.

"READ MY LIPS" BUSH WILL TEMPORARILY CLOSE THE BANKS. Bankrupt banks will be the first casualty of the collapse. As it is, most banks and S&Ls stay open only because of "fantasy" bridge loans from Congress. When they re-open, withdrawals will be limited to 10 cents on the dollar or worse (just like that which happened in Ohio and Maryland in the very recent past).

Many investors realize something is wrong with America's banks, but the most shocking truth has been withheld from you, the trusting public. Instead of enforcing policies that would slow the rate of financial failures, the government has increased the likelihood of mass insolvency. It did so by encouraging high-risk mergers, such as the First Republic Bank of Texas. Born of a reckless merger in 1987 between two failing banks, the blind hope was that a bail-out could be avoided. What it did was increase the bail-out cost, which totaled \$4 billion. And that is a drop in the bottomless bucket, compared to that which is coming.

If you hold junk bonds, faint now and don't bother to wake up. Thousands of companies will default on junk bond payments--and private investors, pension funds, insurance companies and mutual funds will see billions of their dollars go up in smoke.

What of Society? You, as modern man, are faced with more than financial debt. For much, much too long your society has lived in utter disregard for long-term consequences of its actions. Think about it. Most people stockpile unnecessary goods, gratifying vile impulses, and worry about paying the price--tomorrow. You carry on indulgent and short-sighted lives, unconcerned about what your actions will mean to yourselves and your children. The adults go about clutching unto themselves the toys of which they are terrified of losing when the bang comes down. The children are buried in nonsense and worthless junk while the adults fiercely compete to acquire more valueless junk. Well, the "Piper" is always paid in one way or another.

YES, THE DEBTS ARE FALLING DUE! You can now depend on AIDS alone to wipe out the insurance companies. If you have cash value plans--GET YOUR PROFITS NOW!



The same situation is playing itself out in your inner cities. These areas have become teeming centers of social desperation, churning and boiling--ready to erupt. The vileness is already overflowing and filling your streets.

**CHAOS IN THE FINANCIAL MARKETS WILL TRIGGER THE END! ONCE THE MONSTROUS SLIDE HAS STARTED, EVERYTHING--YOUR VERY WAY OF LIFE, YOUR BELIEF IN HUMAN DECENCY--WILL FALL PREY TO THE BEAST BE IT!**

What can you do? Well, we outlined it in "SPIRAL". There is confounded little you can do. Get your money out of the banks and S&Ls, keep some cash for immediate expenditures until the money (currency) is worthless, purchase gold--a bad investment but better than any other. Do not buy real-estate now; hold your cash and wait until the bottom falls out and your pennies will be of value; stock up on barter supplies, food, and exchange items and hone your barter service abilities.

### **LET US CONSIDER GOLD & SILVER**

It is difficult for most of you people, especially gold "experts", to understand that in the early and very violent stages of a deflationary depression, gold and silver prices rise sharply. Why? Because owners of CDs, stocks, and other paper, will be losing big, and when they can lay their hands on cash, they will buy gold and silver. Why silver?--you might wonder. Well, it piggy-backs the rise of gold and will probably achieve around \$100 per oz.--as gold rises to at least \$2,000 per oz.

You might trade the metals in the "futures markets" but that is not a dependable plan since those very markets may be tightly shut-down. It is appropriate that you start now to buy silver and gold coins. Do NOT purchase circulating coins since they will lose the extra value you pay at the beginning.

Assume you bought coins very cheaply and time has come to sell (at \$2,000 an oz. gold). What will you do? Remember, and this is most important, gold will fall in price and so will the silver, so you want to cash in at the top. If you are able to pull it off, GO BUY LAND IN THE COUNTRY with your gains, but keep some gold and silver coins for use as it will most surely come to that.

### **INTEREST RATES**

There will be a brief period when interest rates soar out of sight, climbing this time to heights never before seen in America. You will hit a prime of some 35% as an example. You will take note for it will be just like the high rates in your 1980-81, only zooming higher than at that time.

When this occurs, the price of bonds will fall. U.S. Government long-term bonds, now around 89, will fall to around 50 or even lower, yielding, perhaps, around 21%, but

only briefly. Assume you have taken advice as given and have the bulk of your liquid assets now in short-term, say 90 day Treasury Bills (They will fall, too, from 94 to probably 89, but not as much as bonds, of course), you cash in your Bills and with the proceeds purchase bonds at below 55.

Within a brief period, interest rates will then tumble and when they do bond prices will go back to par. You will have doubled your money since you bought bonds at around 50, or near there, and they have returned to 100. Then you cash those in and buy 3 month Treasury Bills again, or land in the country.

### **THE BAD SIDE OF THIS COIN**

When the above outlined happens there is a better than even chance that banks may be closed, brokerage firms flat on their backs and thus and so, financial chaos. So, what can you do? Well, there are some possibilities and perhaps we can give you a bit of help as to personages to contact later in these documents but first I wish to continue on this subject of expectations.

### **PLUNGING REAL ESTATE**

Real estate will plunge at least to ten cents on the dollar and probably considerably lower. You can profit in fallen real estate, but you must know how to do it. First, you must be liquid in order to have the funds to buy bargains in real estate and you must know where and how. There are ones around who have planned against these expected days of anticipated real estate prices collapse but you must be most careful indeed.

People have been trained to think the real estate market goes only one way--UP! For about 50 years it has been thus and you can apparently not see very well. I shall not speak too much of California at this point for it is under real-estate hyperinflation beyond reasonable discussion. Let us consider other examples for a better perspective.

You have been in this "bull" real estate market for lo these 50 years and have been lulled into fantasy-land. This market has existed since the bottom of the Great Depression so people have been trained to think it goes only one way, but in the last few years you must have seen the pockets here and there where real estate has gone down in price quite drastically, even beyond Texas and the Midwestern areas of your country where there are selective "reasons" for distress.

The major cities are showing weakness year after year . . . there are many cases where people bought property as recently as a year and a half ago and are now unable to sell it for even the amount originally invested.

Prices have risen about 3.4% nationally in the last year, but in real terms they are still basically flat because if you have an 11 % mortgage, after one year you haven't covered your cumulative interest. But the average home owner does not see it this way, he simply thinks the house will go up and up in price somehow, forever. It is not

true--no more.

You have been borrowing for so long without paying it back that you have come to view it as an endless process. But in the last five years, dear friends, debt has grown much faster than that which you call your GNP. When there are more and more dollars of debt per unit of GNP (see SPIRAL TO ECONOMIC DISASTER) the chance of getting it paid back diminishes sharply. The real rate of interest is compounding faster than most companies or people are able to throw money at it.

Another view: an individual who is carrying a consumer loan at 10% and has a salary growing only 3% is going to fall farther and farther behind in his ability to consume if he simply services the interest. At some point he will not only have to service the interest but must pay back what he has borrowed to consume. So if you consumed 106% of your earnings this year, at some point not only do you have to pay back the interest that is compounding at 10% but you also have to diminish your consumption by the 6% that you over-consumed this year. But people do not have the discipline to consume less so they go more deeply in debt and take out home equity loans.

Real estate is easy to hock so people somehow figure that all of their debt can be paid back by selling their homes at higher prices.

This is the reasoning banks used in lending to farmers. They would lend someone money to buy farmland at \$5,000 an acre with 11% interest when the total output per acre was only producing \$300 per year of produce. You cannot service the debt on that, but the assumption was that the acre would keep going up and up in price fast enough so that at the end of the loan everyone would be happy since the land would be worth some \$10,000. Just because you could not produce enough product would not matter since the capital gain would overcome the demands of interest.

### **LET'S TALK ABOUT OIL**

The value of oil traded in dollars is greater than the value of all other commodities in the world added together. Let us not even consider Saudi defaults and takeovers, etc., at this writing. Let us just consider that which is obvious.

Since the value of oil traded is greater than all other commodities in the world added together, therefore, a drop in the price of oil is most crucial indeed. Oh, it will fall again and again--further, keep in mind that a \$1 drop in oil equals plus or minus some \$23 Billion!

Can you remember when oil was \$29? Do you remember when it fell in price from that \$29? All the experts told you that that was wonderful news since you would all have extra funds to spend since gasoline would be cheap. Remember? Well, do you also remember the catastrophe in Texas? Oil is financed just like everything else and it took less credit to finance \$15 oil than it did to finance \$29 oil. The rest became the history you seem dedicated to repeat.

Here you are again--oil nearing \$18 and more credit disappearing in the credit contraction process (see SPIRAL). This causes the oil companies and the U.S. Treasury to all shudder and throw-up because of lost revenues. It feeds through the world worse than the plague and brings the world financial system to its knees--hold your breath--its out there!

Oh, times have changed and hardly anyone noted the change. All your economic gurus predicted and advised, garbled and gagged--and did you in. It is DEFLATION time and you failed to notice that the inflationary period ended a long, long time ago.

Well, we have been summing up a lot of our sessions with, "PRAY A LOT". Some of you have and you have been heard and thusly, here I am. It is, however, too late to reverse anything--all I can do is suggest some helpful measures to allow you to survive through it--possibly:

1. KEEP CASH (THOSE FEDERAL RESERVE NOTES) AT HOME! (A major portion of this journal will be how to maintain a bit of privacy and store some of these notes at home).

2. START NOW buying U.S. Savings Bonds (Double EE) that yield 6%. They can be bought at your bank and come in denominations as small as \$25. Put extra cash in them instead of into your bank or thrift, since they will both fail and there will be no insurance to repay you.

3. Consider moving out of the cities..... now! Fast! And when you get away, be sure your new location has some food and water. When social violence breaks out, as it will, you have no notion as to what all you will NOT have.

Your credit cards, dear ones, will be frozen. Also, you will not be permitted to access funds you have hidden abroad in those no-longer hidden accounts. Gold will be confiscated, also, so you will need to be a bit creative (hopefully we can point out a few creative methods). Well, then I suggest--YOU PRAY A LOT!

### **PERHAPS A MONEY PANIC WON'T HAPPEN**

Forget that one--it will. It is inevitable because of that \$11 trillion in domestic debt. It is going to be paid largely by defaults and bankruptcies and by the closing of the banks and thrifts that loaned the credits. Right now you can read, on any day, of more banks and thrifts in major trouble. This is where your money is, dear friends! There is no trouble in riding an airline, or buying a car, or shopping for anything you want. But, and I must stress this, there is grave weakness in the institutions that hold your money: banks, thrifts, brokerage firms, and so on.

One of our close workers spoke with his Wall Street Broker just yesterday (11-24-89) and what he heard was enough to fold the knees. The Broker told him to be

prepared for, "It is all coming apart and we won't even have a job in thirty days from now"! So be it--from the horse's mouth; what would a poor space cadet know?

Why does the public continue to sleep about this reality? Why don't you worry about this so apparent failure? Because you all believe "the Government" will not allow this to happen. After all, you think, there is the FDIC and the FSLIC--hooy and bunk! Your public has been taught since the old Great Depression that your good old Uncle Sam (whoever that Santa Claus might be) rides to the rescue with blasting bugles. Of course, why shouldn't you the public believe this--the mainstream economists say this, as does the media spouting in its stupid, thoughtless monologues--no wonder you sleep on and on while the realities creep into crisis.

**HURTFUL EXAMPLE OF THE LIE:** On August 29, 1988 (a long time ago), *TIME* magazine printed an article on the weaknesses in banks and thrifts and it was written: "Taxpayers may have to shell out billions to rescue the financial industry". That is what you were told and are told but it is not true.

To rescue the thrifts alone (with deposits which total about \$1 trillion) you are told that the Federal Reserve will create that \$1 trillion. But the Federal Reserve does not print paper money as so many of you good people believe. It must first borrow the \$1 trillion through the banking system. Then the \$1 trillion becomes a taxpayer obligation, raising Federal deficits in that amount--**DOUBLING YOUR TAXES**, as a good example.

**IT IS A SYSTEMIC FAILURE BY EVERYONE TO BELIEVE YOU CAN PAY OFF DEBT BY BORROWING MORE!** Not only that, if the FED tried to do this, foreign holders of U.S. debt would dump what they own and ruin the bond market and other markets in the doleful and dangerous process.

So much for you and your buddies paying for bailing out thrifts and banks that made a ton of bad loans and are now having to consume them with huge write-offs and loan loss reserves. They made the loans and they will pay in failure, but you will not pay for those failures in higher taxes. You will pay in a massive money panic. Further, the problem does not reside simply in bad loans but in putrid management and lazy business operations of fraud and hap-hazard business attitudes perpetrated upon what would be good customers and honest consumers.

### **HOW BAD IS IT?**

Oh, very bad indeed. Despite several years of business "expansion" most of the banks and thrifts are wracked by troubles beyond belief. Many are hanging in there--especially the ones designated by the "grey men" operators to hang in there, but those in trouble will take the rest with them as surely as you absorb this message. **NONE ARE SAFE AND ABSOLUTELY NONE CAN PROTECT LARGE SUMS OF MONEY.**

It is now estimated by your own predictions that saving the Thrifts will take well over \$100 billion, but that is only for beginners. The reason is that these funds are addressing results, not root problems. The root is that these institutions are being hard hit with deflation in real estate, oil and on the farm. There is nothing that can be done to stem those falling prices.

ALL THROUGH YOUR HISTORY NO GOVERNMENT HAS BEEN ABLE TO HALT FALLING PRICES--DEFLATION--AND NOW IT IS NO DIFFERENT. FALLING PRICES MAKE RICH INSTITUTIONS AND RICH PEOPLE POOR AND YOU ARE SEEING THAT AT EVERY TURN--EVEN THE BIGGEST OF BIGGIES WILL FALL.

Let me just quote something here, Dharma, from the article I had you pull forth:

"According to the FDIC, which collects premiums from member banks and insures deposits up to \$100,000, they shut down or bailed out from 1982 to 1987 600 banks at a cost of \$9.99 billion. The First Republic Bank of Dallas, a recent victim, was supposed to have lost \$1.5 billion and on October 4, 1988, the *Wall Street Journal* reported the loss was really \$3.5 billion, so this must be added in. Therefore, the FDIC reserve is now \$12.8 billion down from \$18 billion in January of 1988. This is less than one cent for every \$1 on deposit! Don't count on the FDIC saving your bank!

Bad as that example might be, the situation in your savings and loan industry is an outright disaster. At least 500 of the more than 3,000 S&Ls are insolvent: their liabilities exceed their assets. In 1987 alone the Government closed 17 insolvent S&Ls and paid stronger institutions to take over 31 more, making them weaker in the process. The total cost back then was \$4 billion. Just since May, 1988, the FSLIC has gone on a rampage issuing \$25 billion in notes to try and save ailing thrifts. The notes are unsecured and next year they will in theory be paying interest (?). That is the theory".

On top of everything you still have a horrendous problem just with the Latin American debt which will never be settled outside of default.

Thus, the world monetary system is at the brink of collapsing like it has never been before, going back to the beginning of recorded economic history.

ANY EVENT COULD TRIGGER FINANCIAL DOOMSDAY: \$5 OIL, JAPANESE REAL ESTATE COLLAPSE, BANK COMPUTER FAILURES--**ANYTHING!**

It is time you realize the plight and batten your own hatches since no one will take on your financial problems but yourself for they are too busy over their own.

"Oh Hatonn, you make it just look like the old doom and gloom stuff--let's just have the miracle cure and get on with it"! Sorry about that, beloved little brothers--no miracles, no reversals--the picture is putrid and that is just the way it IS. Further, don't

ask me "How could God allow this to happen"? God didn't, little children, God didn't! You did! God has been telling you for a long, long time to clean up your act and get your selves and your world in balance again or you would pull the big one down around your ears. There is no way to paint this picture in bright and cheerful colors filled with sunshine and flowers--it is a mess and it is coming down just the way you structured it. WE will do that which we can to assist and advise; that is all we can do. AND PRAY A LOT!

Dharma, let us have a break please. Thank you for your willing service, chela, for the words are most harsh these days of confusion and chaos. The silver linings about the clouds are few indeed but there are some things of minor nature which can be utilized to help--not solve--HELP! Some will even prosper if attended carefully, but none will escape the distress of a world in chaos.

I shall move to stand-by that you might refresh yourself before moving on with this journal. I suggest that you somehow incorporate the past few day's personal messages--perhaps just as written--time is more important than grammar or proper format. So be it.

SALU,

I AM HATONN TO STAND-BY

## CHAPTER 2

REC #1 HATONN

WED., NOV. 22, 1989 7:00 A.M. YEAR 3, DAY 098

WED., NOV. 22, 1989

In Reference To

B.J.M., Raleigh, N.C. and H.A.M., Chapel Hill, N.C.

From: Commander Gyeorgos C. Hatonn

\* \* \*

I believe I must be in the process of seeing just how far I can push my secretary before she finally resigns in truth. She threatens weekly but I bribe her with false promises of a vacation and we make it a bit further—B.J.M., you will also fall into this category of overburdened "carriers", I fear. I am most cautious, however, to word it properly, i.e., "I will give you a couple of days break from writing on the journals", then I can employ her at correspondence. She is most beloved of me, and as most all of you from Pleiades are of at least Commander rank, having volunteered for your physical format duties--I can still pull rank but not as easily.

B.J.M., please, I have a request for you, dear one. Please begin to allow for and/or request the presence of Commander Thomas (Tomero) Maasu (pronounced May-su) Korton and Commander Ceres Anthony Soltec. Further, demand that these Pleiadians who utilize your transceiving frequencies identify themselves by labels. If you do not demand it they will forget--they should not forget but they will test you every which way including up-side downward, until they know your frequencies are cleared.

Please, little one, at onset--clear your space. Demand that all energy forms of the Dark Brotherhood remove their presence in the name of the Divine Source. Demand that any of darkness remove themselves from your presence and ask for the protection of Light. This petition must be made and most receivers have not been properly instructed. It is imperative as you begin to receive from the higher command for as you open into a prime transceiver rather than a 3eneral information channel, you will be bombarded mightily. This is not to frighten, only to caution. Keep our protection around you AT ALL TIMES, even if it requires conscious petition a thousand times a day--you now become a target.

Commander Korton is in charge of the inter-communications systems for this entire project, as well as navigation control of this solar sector. His receivers, to date, continue to disallow other than general information and he must have a resource. With all the writing--and yet much to be done by these very commanders, Dharma does not have need of the burden of specific communications in their behalf.



Commander Soltec is our geophysical top command officer. He especially needs on-board, for instant transmission, a transceiver. You ones are moving into a time of tremendous and ongoing upheavals of massive nature.

I further request that you exchange data with this base as it comes through. We must begin to get our communications link-ups in place. There is one, G.G, in New Jersey that is much too frightened to allow input--perhaps you would kindly communicate with her. I will not take the liberty of sending a copy of this communique but if you accept this commission, you will want to do so.

I must forewarn you that you are in for a most hectic time if you accept this request for service. Your phones will be "bugged" and you will be placed under surveillance--however, you will also be under constant protection from this sector.

Further, we will request that attitudes regarding "New Age" movements, chantings and oming and such, be modified greatly. The Dark Brotherhood has all but usurped the entire movement and made it into hocus pocus. You need naught but a connection to your transmitter--please don't make it difficult nor an entertainment center.

I apologize, dear, but you have, of course, been under our most attentive eye for quite some time and your projections have been most respected. Please consider my request. I realize that to you at this moment your response is "Well, of course". It gets much stickier as we move along and you are given insight in incredible clarity of things to which you must never append dates or specific times but only as the energies are specific--and they are trained never to be absolute in projection unless the action is immediate.

Ones will prod and poke and demand--in order to test you and the energies--do not fall into the trap. Never allow the "audience" to badger you. You will be tested most painfully in this area, for when you are public the public demands a lot of you. I also encourage you to not fall prey to the mercenary elements. The moment you become valuable the enticements and seductions for money greed blossoms in all around you--you will pick up "managers" and quite frankly you will be lost to our work as the energies will withdraw. It has happened over and over and over again.

Your world is at transition. Our commission is to get the public informed in truth, not hanky panky--our work must not be tinged with sensational nor theatrical productions. The most credible receivers to date have ALL fallen and are now misleading their listeners. There will be placed in your pathway other modes of abundance, you will not be allowed to abuse this trust in any manner. It is not an easy route to travel. Dharma remains all but totally anonymous to any except a very, very few. Your commanders will most likely append a code name to be utilized in certain instances to allow your safety and security. Do not think I jest, my dear, this is a most heavy task indeed--and most dangerous. You cease dealing with fun and games and become locked in intergalactic intrigue beyond that which you thought possible.

These gentlemen, however, are of the top command and will guide you brilliantly. I suggest you try it on for fitting prior to making of final decisions. I suggest you try receiving through writing right off, as you will be given to put much to paper. So be it. I thank you for your attention.

It is most difficult to cause you ones who act in truth and innocence to need look about you and see how badly the New Age concept has been battered and corrupted. The age of newness is but dawning and yet the mystics, astrologers, crystal players, etc., have all but destroyed its truth and become more embedded than enlightened. All the mysticism is merely a forerunner and fertile ground for the Satanic Dark Brotherhood. You only replace incorrect rituals with more incorrect and more deadly rituals--be most cautious indeed. You need naught--just you and God. You are two portions made up of unlimited soul and physical vehicle--no more and no less. Physical things impact your body, such as food intake, rest, etc. They do not impact your ability to communicate with God--your soul energy needs naught else--do not confuse the two. You do not need to eat a certain way, wear a special thing, sit a certain way to communicate and utilize your soul--if special things make your body feel better, so be it. Do not, however, mislead your listeners--for **YOU NEED NOTHING BUT CONTACT OF THE HIGHER MIND--PERIOD!**

I am most grateful for the things of yours that have been shared with Dharma for it can be a most lonely way and there are so few projecting in Truth, untinged by the physical and the absurd. This is all most "physics" oriented--naught of mystery or mysticism. It only appears to be a mystery because ones do not yet understand how really "physics in nature" it is. So be it. **BE PREPARED TO HAVE SOME OF YOUR WONDROUS FANTASY DREAMS SPLIT AWAY FROM YOU AS IT BECOMES MOST "REAL" INDEED AS WELL AS MOST PRACTICAL.**

**YOU ONES WHO WENT FORTH TO THAT DENSITY TO FUNCTION AS OUR OTHER HANDS ARE GREATLY BLESSED BUT HAVE VERY LITTLE "FUN" COMPARED TO THE GREAT AND GRANDLY PAID ENTERTAINERS WHO DO THEIR REGULAR "SHOWS". YOURS, HOWEVER, SHALL BE THE KINGDOM OF HEAVEN FOR A JOB FULFILLED IN TRUTH FOR THE LIE HAS POISONED EARTH SPECIES AND COST A PLANET ITS BALANCE AND A CIVILIZATION ITS ABILITY TO SURVIVE AS IT IS.**

**I TAKE A GREAT "FATHER'S PRIDE" IN YOUR WORK, CHELA--THE BLESSINGS AND LOVE OF OUR COMMAND IS SUPPORTING YOU. SELAH!**

Let me now turn to H.A.M. for a moment as I have been most remiss in not responding sooner to his correspondence.

Thank you for sending pertinent information for I must have that which is circulating prior to comments. We handle information in this manner to preclude any danger of being labeled a "fortuneteller" upon our scribes.

There are unfortunate things which occur about the various places. Worse, because the higher governments keep secrets in such heinous manner even from their own workers. We come forth frequently to "test the waters" in a public manner and often it is most costly indeed. For a "manifested" craft or entity is as vulnerable as any human.

We, of the higher command can "disperse" most visiting craft crew cannot and even we, at the current time, come only in holographic format to attend your meetings, etc. Several of us were "captured" at one of the major summit meetings--Korton, Soltec and myself--it was a great surprise to the capturing parties when we simply vanished. It is not so with the fourth dimensional command although in most instances the energy forms are removed and the body left in comatose state to frustrate your people. We even make sure the energy form is allowed to toy with the physical remains to enjoy the procedure a bit more personally. Space man has been most ill-treated on your place.

I feel I must give you an explanation regarding L.B. He grossly misunderstands the confusion he causes and the danger he places on our workers. This is in no way to discount his intent, it is that all things must be done in sequence and totally without public attention. All ones within the group must have self-reliance and independently be self-sufficient. There must be no controversial attention nor even any public appearance of link-up.

He has continually failed to respond to our requests of temperance and my ones in this location do not know what to do with this bundle of tornado energy. He continues to refer, for instance, to "their" group in Sedona, etc. They have no group anywhere--most especially in Sedona. I will request that Oberli enclose a copy of his last two messages for your perusal. I ask nothing, H.A.M, I simply wish you to be aware. I got most stern with him and he simply changed his label to "Beyond" and continued his antics. It is simply premature in sequence for his contribution and it would be most advantageous if he would simply become regularly employed and bring his energy confusion under control.

I mention this now for a specific reason. He called and requested copies of SPACE-GATE, etc., immediately be sent to him because he said he was meeting with the astronaut who spoke at your Germany meeting (I leave the name absent for security as this computer is tapped). I refused to allow Oberli to forward them. Since they are now published he can obtain them on his own if he so chooses; however, I refused because I believe it a grave error in judgment to allow this young man to make that contact in this manner.

If you, H.A.M., choose to allow that or request it, I shall make all available to you. It is not L.B.'s contact nor does it seem appropriate to act in your stead or in behalf of an assumed relationship with ourselves. It does not mean that he has no place, it only means that he did not attend the meeting and it is not his place if he asks without your blessings. I will belabor it no further. The contact is most wondrous and appreciated

but it will be left within the hands of you ones who experienced the contact. He was most furious with Oberli and is most near a mental break if he does not come into rational reality.

We are in no manner playing games in this place. We most sincerely appreciate his assistance but this place is watched constantly by the CIA, FBI and military surveillance teams. This behavior could cost these ones their lives as well as that of a daring young astronaut. So be it, I shall not twaddle about it further. It is, however, important that you have explanation.

Labels such as self designated "Victory and Freedom", "Victory" and "Beyond" in the manner he is scattering them about causes great ridicule and discredit and makes our work into laughing joke material. It is obvious ones who proceed with this type of public behavior do not have a true concept of this mission in the least amount of understanding. God needs no mock crucifixions nor distractors. The contacts must be made and linked but not on the front page of the *New York Times*--it is hard enough to keep protection and silence. You need quiet networking, not notoriety. The books can bring the publicity and the work in a most proper fashion while still providing security. He can advertise the publications from every mountain and in all presses but simply do so through the alternate contact of America West as foundations will be set up for the AIDS research, etc., through that resource to keep the location of this author silent.

I refer to this above because, before returning to Sedona, L.B. said he felt a need to come here to protect these ones, yet he brings chaos to every location--our intent was not to offend but we are most adequate to protect these ones. Dharma's life has been taken three times in the brief time in this place of approximately two years. We have been monitoring sufficiently to resuscitate each time, but the microdot low-beam producing elements were brought in by ones they felt perfectly safe and considered co-workers. I cannot urge you ones enough to be most careful. In some instances it was through ignorance--a dead scribe makes no difference how or who erred. These ones are vulnerable and they will be protected at all costs and at the expense of any selfish "feelings" of ones who wish to "dabble" in the supernatural. We are not "supernatural" as such, we are simply in a differing dimension at the current time. When that mystery and "magical concept" is removed then we shall be able to get on with our work at hand.

Yes, Dharma writes also for the Masters and for the one you label God--so be it, that, too, is not mystical but you ones on earth placement are not ready to understand it.

I am most grateful to you, H.A.M., most grateful indeed. You ones do not have much longer to wait for your "proof". Our intention is to bring forth naught but truth in our journals with the ability of all information to have reference to truth in research manner, then we can move forward with our motion pictures, etc. There will be a very large business base established here which has nothing to do with any of these publications as such. That is the major thrust of these ones and the writing is a side-line to keep removed from public knowledge. Our immediate commission is to get the

word to the four corners of the planet as Creator has promised and also to allow a manner of making this transition as it comes forth through tribulation. It is a most massive job indeed and all assistance we can garner is most deeply appreciated. Yes, I am most grateful to you, H.A.M. Peace be yours, my friend.

I must conclude this as I am most behind with my duties. I would like to add one last item of great joy to you all and further present need for security. Our little Dalene has just birthed (on Nov. 13) our most precious energy, Andrew Colton Aton, in perfection.

You will understand better after reading SATAN'S DRUMMERS, which is just headed for press this day, the importance of what is occurring in these Satanic cults. There is a great move within the cults to become more bold in the sacrificing and stealing of newborn babes and up to three years of age for they are after the little ones sent of God. Your new guide is now birthed, along with several extremely high masters in other places, they must be protected while they move into maturity to assume their jobs--do not become complacent, however, for they shall not require the years to mature as in natural "normal" growth. So be it. The dark masters know where the child is but it will be the public that will be most damaging.

It is not our intent to keep it secret from you ones who will maintain the protection, it is just that it will not even be brought forth in any public forum. The higher plan is most wondrous indeed.

The anti-Christ is in place also--in adulthood and being groomed and "trained" in Egypt. I suggest you obtain a copy of *Conversations with Nostradamus, Vol. I*, by Dolores Cannon: new discussions of his prophecies. You can contact your local book store--the information is totally valid although you will not be given insight enough to yet decipher it all in understanding for it is premature.

I will move to stand-by, Dharma, that you might remove this from the equipment that we might move on with other correspondence. In love and appreciation I remain in your service and I am most honored to serve with you of Terra crew. I bring regards from your brothers of Pleiades.

Salu, Salu, Salu,

Hatonn to clear frequency.

## CHAPTER 3

REC #1 HATONN/TESLA

THU., NOV. 23, 1989 7:00 A.M. YEAR 3, DAY 099

**THU., NOV. 23, 1989**

**THANKSGIVING DAY, 1989**

In Reference To  
W.G. of Canada

Dearest friend, W.G.,

As we sit to pen our words to paper I find my heart as filled to overflowing with appreciation and Thanksgiving as can be any of yours. It has been a most formidable and arduous journey to reach this point where we can begin to actually be productive in teamwork. I see and feel the team melding; I see you ones reach out to your brother who is being persecuted and the single desire is to lift him out. We shall begin to accomplish wondrous things as we move along our pathway and gather wheat instead of so much chaff.

It is with such heavy heart that we witness ones of light, who are doing that which is extraordinary in behalf of their fellow-man, become embroiled in legal accusations of such triteness.

The world medical associations, dear ones, do not desire a "cure", nor even the "improvement" in conditions of ones who are steeped in illness. It goes far beyond ignorance and greed; it moves right into the stupidity of such things as not washing of hands in the time of Dr. Zimmelweise to the simple addition of vitamin C for a viral cold. The profession, as a whole, is so inveterate and entrenched in its bias and bigotry that ones of the profession will actually sacrifice themselves and their loved ones to a shortened life and painful mortality.

There is no intention on our part of helping anyone who is literally perpetrating fraud upon a terrified public through lies and heinous equipment which offers no value. It sometimes goes beyond an effort to improve a sick entity by mind adjustment into positive thought--it sometimes becomes outright damaging fraud. However, a doctor should remember his oath--"to first do no damage to the patient". If a thing causes improvement in the overall status of a life it most surely falls under free-will choice of the atypically affected personage to seek that which he desires.

It is most obvious, indeed, that the medical profession in conjunction with the pharmaceutical giants will not relinquish control and will make fearful examples of any who dare cross the orthodox and greedy pathways.

I do not intend to infer that all physicians are "bad" nor that great and wondrous things are not brought forth in medicine. It is the mammoth "club" which is pathetically killing those which fall into the nether worlds of illness.

We shall support these who dare speak and act in behalf of the truth of it. Along with the monies garnered into the foundation for the study and cure of AIDS will be funding set aside for the legal defense of these unfortunate brothers who walk brilliantly into the trap. Further, we can be as devious in "labeling" a procedure as they require that we become. We can call the treatment "THE DAILY WEATHER EFFECT APPARATUS", i.e., we only check the effect of the day's weather on an entity. If we happen to cure them of AIDS or cancer, so be it. At the present time, having not moved far enough along to have funding, we cannot assist Gaston in that manner--but if ones can help him in his fight in the current time then we shall later be able to replace the funding.

He must understand that we stand with him and regardless of how it APPEARS to finalize--it will be for the greatest benefit for we are not of a mind to allow for long term martyrs as has been necessary in the past. ALL PUBLICITY IS WONDROUS AT THIS POINT--LET US GET OUR WRITTEN INFORMATION INTO THE PUBLIC WITH GREAT HOOPLA AND ATTENTION--LET US GET THE BOOKS SPREAD OUT LIKE SYRUP ACROSS THESE LANDS AND WE WILL PICK UP MONIES FROM ALL CORNERS IN SUPPORT.

Dharma trembles a bit at the above statement for she still cannot accept that all this technical and detailed information can possibly come in truth from her fingers. She will, however, stand aside and allow and that is all we ask. It is total truth and the answers lie within or will be brought forth in properness to the proper persons. We must not allow the "shutting down" by errors in judgment as to who and when a thing is shared--no matter how much badgering we receive. The dark energies will badger most relentlessly. Our higher master scientists will not err.

Blessings and love abide with Gaston Naessens and Christopher Bird and strength shall be brought to sustain. Blessings be, further, to a friend and supporter who will walk the extra miles for the purpose of supporting another. It is not overlooked.

As to Ted Turner and his "novel" prize. We had to go far out of our way to make sure the notice came into these hands. It may seem we are not at work but we are usually stirring pretty much into everything that moves us along.

All we actually need is for Mr. Turner to become curious enough to commune with us. I have a remarkable tendency to become most "real" when confronted verbally. We now have some wondrous documents which could not have been solely written by any person in such varied manner and such a short interval of time--Dharma has produced nine full books on nine differing subjects in absolute ability to prove on Earth plane, the facts--in not much more than equal weeks. We have averaged more than one every

fourteen days in addition to birthing a Christed child, running a household and cooking Thanksgiving dinner for the crowd! I realize this is intended as humor but there is much reality to humor, also.

Oberli, please make sure a copy of the little news item is included for someone needs to find out more about it. Further, please call George and discuss it with him for he will also have contacts. The prize money would most certainly move you almost all the way to producing an apparatus which will annihilate AIDS and cancers likewise.

We also need someone who will give us a reasonable proposal for research and apparatus. Dr. Strecker is working in terms of medical research to be accepted--\$10 million is too much--you can begin to assimilate and gather that which already is for no more than you already have in the hands of various ones. As ones come together to share in Truth and not greed, the answers will flow and so will the funding. Ones who are clutching their portions and suing all their fellow workers who desire to work in Truth will either come to the party or be left to the wayside. The greed mongers have caused them to have to react in such manner. Many of these ones are being put through some horrendous attitude adjustments in a most major way.

The shooting down of an alien craft with seven crew-members aboard in South Africa in May should perk up some notice soon. I told you of the frequent problems in South Africa with a most peaceful Koldosian peoples, in SPACE-GATE. Well, the situation worsens and now there are other aliens in those flight lanes for a most important reason which I may not discuss at this time. Mr. Kissinger and his colleagues are going to meet their match any day now. So be it. The aliens involved are about to the end of their patience and the Councils are just about ready to allow some changes in the rules for those ones who are about the Father's business in these most depressed and horrendous placements on Earth planet. It goes beyond compassion--you ones must realize that the North American Continent is not the only place God is tending his flocks. The peoples in South Africa are in heinous misery and death throes--God does not abandon his peoples. So be it!

Further, we will give Mr. Turner whatever he wants for his project of positive information for his viewers. We will help him set up world-wide integration with other systems and he can have a regular program surpassing Star Trek called the Phoenix Journals--we are at his service. Dharma shall simply become a most expert typist.

We are pulling in another Pleiadean transceiver who is in the current decision making period of casting aside the public limelight to receive from Commanders Korton and Soltec. That will free Dharma a bit for these additional tasks. Wondrous information will flow from Korton, our communications--navigations master and Soltec, our geophysics master.

Solutions to the world problems? Well, Mr. Turner is most optimistic in that area. Earth as you recognize her is beyond that point of ability to "return" to status as "was". The point now is to move through the tribulations caused by unbalance and make a



transition again into balance and Truth where the destructive forces of the evil masses are neutralized and returned to the positive pole that the planet might stabilize in her higher dimensional status. It truly is not of mystical, religious doctrine nor magical cause and effect--it remains most physics oriented, indeed.

Mr. Tesla stands by and would like a brief moment of your time in this correspondence if you would be patient to receive of him.

\* \* \*

Beloved friend, W.G., greetings--our friendship goes back a most long distance. Thank you, Dharma, for this ability to communicate for I would share some thoughts with my brilliant counterpart who will understand my projections. I have no intention of becoming technical in specific manner but I desire W.G. to know that before we are finished he will most surely be able to photograph the very thought process of another person.

It is utterly simple in concept and you shall be given insight into the mechanism. It will take advantage of image intensifiers as is already utilized to some rather impressive extent in television where the light beams are now captured and put to static film.

As a bit of digression, when you search into phenomena--whether it is the phenomena of physics, music, art, human physiology or whatever--and get beyond the physical forms, energies and activities, you eventually arrive at the inner essence. Then, behind this essence is something even deeper or more fundamental, more profound--the wondrous Father as we most lovingly refer to this Creator of creators. You find that everything is the handiwork of the Creative Force of the whole universe--The Creation Itself, in a manner of reference, one of the primary Laws of which is "order". It is a most orderly universe and when areas are unbalanced by chaos, order must be restored.

In an orderly universe everything hangs together and works together, somehow. Life appears chaotic only to the inexperienced eye or ear--the eye that does not see and the ear that does not hear. The universe is most orderly; in fact--the whole of Creation, really, is a beautiful mathematical creation. I would call it a mathematical or geometric creation. Someone more poetic might even call it a musical creation--with wonderful balance of harmonic frequencies.

My point is that there are harmonies and rhythms which permeate all of Creation. This idea is as fundamental to ordinary mathematics as it is to electricity. There are octaves of energy, definite waves and rhythms that can be measured, frequencies and amplitudes, and so on. From these simple elements are produced an almost unlimited number of variations. You can go from the very subtle to the very dense in this way--from pure energy to a dense physical form you can touch and move around in manifested perception. I do not wish to be totally confusing but I do wish to make the

point. Further, there is one on your placement who has measured most efficiently these various pulses and vibrations in mathematical format, one Bruce Cathie, who can be contacted most easily through George Green. Ah, your group is becoming pulled together now--rejoice in that knowledge for the time is finally approaching for that long awaited action!

Let us apply those ideas just mentioned to the notion of measuring and photographing or mapping the human subconscious or thoughts. Because there are various octaves of energy in creation, there are subtle counterparts to everything existing in the physical octave. Well, it's wrong to say the physical forms have subtle counterparts; it's really the other way around. The essence is here in the area above the head and it has a lower octave down here below the waist--(I still have great difficulty speaking without my hands so please bear with me)--as some variety of subtle energy, and then there is another octave even lower yet which is still energy but more gross--perhaps even detectable by crude physical voltmeters. And yet there is an even lower octave--the octave of physical form, mass, and matter. All these levels are octaves of the same essence. If you can come to understand the essence, then you can understand everything below that and how the octaves interact--at some point you can bring them totally into focus and photograph them as any other manifested matter in total three dimensional form and can even integrate the frequencies of space and time--wondrous fun indeed.

For each octave there is a certain pattern of amplitude and frequency. There will be millions of variations. Understanding this idea will give you a clue as to how to map human thoughts.

One extra point I would like to mention, by applying a charge of external energy to a relatively closed system, you can selectively energize a given octave of energy. This is a simple process I used all my life, yet still only a few people have understood this subject. It is the basic principle of resonance. By selectively applying a specific vibration, you strike a resonance in one of these subtle bands of energy, and this then stimulates the lower octave, which stimulates a lower octave yet, until a simulation of the subtle energy of the higher octave--normally invisible to the human eye--becomes visible.

This is actually what happens in Kirlian photography, although the energy is only being stepped down one level. A certain type of energy is applied to an aspect of the etheric energies, although it is not exactly what the scientists think it is. It is something else, but it stimulates the etheric energies so they can be photographed.

I'm not sure I'm making myself clear and I'm a little annoyed because this is as simple as one plus two equals three. It is truly that simple.

I detest utilizing that which is called "occult" terminology but it might clarify this a bit more if I do so. If you stimulate the "low astral", that will produce a corresponding effect in the upper etheric planes of matter. You could also then stimulate the upper

etheric planes to produce an effect on the denser physical plane. That effect could be a photograph. I hope that this will be somewhat clear to some ones of you who receive this. I do request that an extra copy of this dissertation be sent that you might share with Gaston and Christopher--enough will ring true to allow knowledge of the authenticity of my communication.

Since this is purely an electrical mathematical field I shall halt here because from here one would automatically move into the field of psychology and perhaps that creates overload. I shall, however, touch upon it a bit for it is totally inappropriate to even try to separate the two fields of integrated thought. It is most necessary in the field of abnormal (illness) functioning of the physical body. I believe that is essentially our focus at this point--today.

It is possible to look at human nature as it manifests itself in behavior and personal relationships. You can observe all kinds of variations in that behavior--for example, how someone treats a policeman differently than a priest, or a car salesman, or a waitress who sells him tea and crumpets. Or, you can observe the habits, ambitions and self-images of people. These are the phenomena of human nature. They can be observed, but you can also go beyond simple observation and begin speculating quite accurately on why these people behave in those very different ways. As you do you have to appreciate that there are some profound inner dimensions to human consciousness. They are real indeed, even if they are not well understood. Eventually as a result of these speculations, you begin to suspect that there truly is an inner seed of character in every human-being--a tremendous inheritance of good and evil, potential and disease that influences people from deeper dimensions. This is a subtle but powerful and persistent influence on human behavior.

As you speculate in this way your mind begins to leap up to some of these more subtle levels of thought. You come close to the essence of the idea you are pursuing, until you actually begin to summon the very presence of your own soul--which, of course, has its own vibration harmonic frequency. Duplicate that master-cell perfection and you can have perfection. The soul, of course, is not just an idea, but it lives on the level of pure ideas. It begins to impress upon your intelligent, speculating mind the reality of its presence. It nurtures and stimulates a train of thinking which if sufficiently pursued will lead to some degree of realization about the inner nature of men and women--that they are spiritual beings and that all the phenomena of human behavior can be traced back to a spiritual core. This core is the real center of your life force, the real cause of our good ideas, our noble and loving thoughts, our involvement in life, and all the varied expressions of our humanity in daily living. When you can understand that, you are dealing with the essence of human psychology--the essence of all ideas about human behavior, sickness and wholeness as projected by that idea of behavior.

To clarify a bit further, your experience of the idea of your central spiritual nature would be the realization that you are spirit living in physical body. The force of that idea is your spirit, but the experience of that idea is a realization. You will find that both (each) has truly a vibrations frequency which fluctuates according to input and

change as you are inspired with degree of realization, but the essence of an idea is not something you "think up". Nor is it something you necessarily see or hear or touch or taste. The realization of this essence is a mystical communion. You encounter the force of the idea and know for certain that that is the way it IS, because that is the way it is!

The process of "thinking" then can lead to "realization" although not all thinking leads to realization or even to wisdom or inspiration. In fact, not all thinking leads even to knowledge--some of it is just fooling around and some of it actually leads to deterioration of both soul and physical intent and function--i.e., "you are what you think and visualize".

Well, my intent was not to boggle by verbosity. Yet I, too, am most eager to be allowed integrated enlightenment and see some of the gifts intended come into fruition. I so honor you ones who press ahead in the face of adversity for it has been ever thus through which change can emerge. The young who are filled with exuberance and intent are most misled indeed, for it is the quiet, earnest willingness to face uncomfortable consequences in your path of Truth which ultimately prevails.

Thank you for indulging an old and somewhat eccentric reputed energy. I shall be sharing quite a bit of time with you beloved colleagues as we are allowed to proceed in our work.

I am most appreciative to be allowed in your service and I thank you for entertaining my presence. I shall relinquish now, that I not overload or become grossly boring.

Most cordially I take my leave in continuing friendship,

Nikola

A handwritten signature in cursive script that reads "Nikola Tesla".

Dharma, I would pen my signature to this if you would indulge me, please.

\* \* \*

Hatonn returned, chela, that we might bring this to a close for I also do not wish to simply overburden with words.

All of these letters should bear signatures for there will come a time when they bear the authenticity you will require for separation from yourself. Not the books as such, but these correspondences.

In appreciation I move to stand-by and allow you respite.

Thank you, W.G., for your kind attention.

In your debt, I remain most grateful,

A handwritten signature in black ink, appearing to read "Gyeorgos Ceres Hatonn". The signature is written in a cursive, flowing style with a long, sweeping tail.

Gyeorgos Ceres Hatonn

## CHAPTER 4

REC #1 HATONN

FRI., NOV. 24, 1989 7:00 A.M. YEAR 3, DAY 100

**FRI., NOV. 24, 1989**

**MEMORANDUM**

TO: B.D.S. of Colorado

FROM: Gyeorgos C. Hatonn, Cmdr. I.G.F.C.

I am taking Dharma's time in this interim prior to beginning the next journal to respond to some personal correspondence. It is my humble effort at offering appreciation for your interest and loving attention as our groups are taking formation and the connections become more open and succinct. The long awaited time is at hand whereby we have enough detailed information brought forth regarding your plight to gain credibility instead of humor.

I am most appreciative that you question and share the information. I do, however, wish to caution you regarding several points. Actually it is not caution, it is, rather, just comment. As you share with ones who are of the "Austrian" Economic bent, you will find great disagreement although they are now being forced to see truth for they are predicting in gross error and many will be devastated therefrom.

Let me insert a bit of practical notation by which you can balance your research. I am enormously concerned about the potential for disaster in following the investment recommendations put forth by some of the largest and most influential investment economists on your placement. Whether it be through ignorance of facts or deliberate to forestall collapse makes no difference--many thousands upon thousands of innocent investors will be greatly damaged from the output of information. To cover the subject with any integrity I must point out some items for your attention, please.

I would suggest, Oberli, that you hold this information separate from the files to be utilized as we move into our next journal on "Privacy" and "Escape" for I am about to launch into a brief economic lecture.

Ones must come abruptly into recognition of the dangers of proceeding with the utilization of "Austrian Economic" concepts for if you follow input from those consultants the price will be heavy indeed.

Our input may seem unorthodox, negative, original--whatever, it is truth and, though painful, must be confronted as such. Neither do I wish to take this forum to do a long dissertation on economics nor argue points with anyone--I simply will point out some

outstanding factors and ones can make their own conclusions as to utilization. Knowledge and wisdom is the point, not confusion of argument. I take this route because this is the query most coming instantly back unto me regarding economics. The argument of which "mode" is as differing as "Creation" vs. "Evolution". The outstanding argument is regarding the Austrian economists' viewpoint which for current days is grossly in error.

### **MAJOR POINT--NO LONGER APPLICABLE:**

Austrian economics predicts that when a central bank assumes control of a nation's money supply, the result will be the beginning of economic cycles--the endless "boom or bust" environment that most of you have known all of your physical lives. Furthermore, it predicts that the central bank's power to create money will provide an irresistible temptation for governments to exploit bank credit to cover their debts.

The results, say the Austrian economists, will be inflation, perhaps even hyperinflation. No! You ones are going to have to consider things from a viewpoint in total opposition to almost all projections upon you as a society for naught you are currently doing is workable by all visible standards.

Today's Austrian economists pioneered what is called the "hard money"--the tangible investment movement. Hard money investment can be very profitable in times of inflation and is basically where large sums can be garnered for business on a large scale. However, taking that advice seriously today is nothing less than working headlong into disaster. One must really have knowledge of what they are doing and glean the rewards and then get their assets out. It is as the daring tricks of David Copperfield--these are deadly games and should not be tried by the unsophisticated and not even by others unless they can afford to lose their assets.

This concept was, at one time, most useful indeed but naught is as "it was".

Your world has seen the results of printing press money all the way back to your 1920s in Germany. Bled by billions of dollars in reparations payments demanded by the Treaty of Versailles following your World War I, Germany went deeper and deeper into debt--does this sound familiar?

The government began using its power to print money in order to meet its financial obligations. By late summer of the year 1923, over 2,000 printing presses operated continuously to supply the necessary notes--the result was price inflation and currency collapse.

By fall of that same year, the central bank offered government debt for sale at interest rates of 20 percent per day or 7,300 percent per year! i.e., in August of that year a dollar traded for 4 million marks. Three months later it was worth 4.2 trillion marks--you can calculate the devastating ratio for yourselves--the hyperinflation was totally devastating. The turmoil which resulted led to revolution and the rise of one called

Adolph Hitler and through an indirect route into your second world conflict.

THE SAME THING IS HAPPENING RIGHT NOW IN YOUR OWN UNITED STATES OF AMERICA--WAKE UP! Look at the evidence: Government debt is at an all-time high and compounding daily. Interest payments are soaring, particularly to creditors outside the United States. Unfunded obligations to welfare recipients, pensions, bank depositors and such, run into the tens of trillions of dollars.

Ah, the stage is set, say the Austrian economists' belief, for a hyperinflationary bailout so these obligations can be met--they point to the German hyperinflation and that of recent Latin American nations such as Brazil and Argentina as models.

**AH BUT THEY OVERLOOK A  
MOST IMPORTANT FACT!**

Let me point out an assumption which has fallen to the wayside and which no longer holds truth:

AUSTRIAN ECONOMICS WAS FORMULATED IN THE 1920s, A TIME WHEN THE WORLD'S CENTRAL BANKS DID HAVE SOME BIT OF CONTROL OVER THE SUPPLY OF MONEY. FOR THE MOST PART, MONEY SUPPLY WAS A FUNCTION OF CENTRAL BANK POLICY--THIS CENTRAL ASSUMPTION NO LONGER HOLDS TRUE.

In your modern computerized economy, central banks no longer control the money supply. This is most particularly true in the world's largest and most influential economies--those of the United States, Western Europe and Japan.

I CANNOT STRESS ENOUGH--GET SPIRAL TO ECONOMIC DISASTER AND READ ABOUT CONTROL! CENTRAL BANKS HAVE ABSOLUTELY NO CONTROL OR ROLE IN THE CREATION OF "PRIVATE" DEBT!

The focus of the Austrian concept continues to be on government debt to the virtual exclusion of private debt which far surpasses the government mess. Private debt in your U.S. of A. dwarfs public debt by a factor of a minimum of four to one. The economists of this concept continue to totally ignore the role of credit in debt creation. Credit debt is far more pervasive in your current economy than any other form of debt. It is debt, as I said before, created by credit and produced in private arenas.

CRITICAL NOTE: The enormous magnitude of private debt and credit debt in a modern society will make it impossible for a hyperinflation to occur.

Even if your government were to change the rules so that it could directly monetize private debt by printing money, the magnitude of this debt makes it virtually impossible that a printing press bailout would be effective. Therefore this leads to a critical conclusion:



YOUR NEXT FINANCIAL CRISIS WILL NOT END WITH HYPERINFLATION. IT WILL BEGIN WITH A MONEY PANIC THAT IN TURN WILL LEAD TO A RAPID DEFLATION. WHEN IT ENDS, PRICES WILL BE PERHAPS ONE OR TWO CENTS ON THE DOLLAR COMPARED TO THIS DATE'S VALUE.

### **THE WRONG ADVICE**

Most unfortunately the Austrian economists give their clients exactly the wrong advice. They advise their readers and clients to buy real estate, collectibles and tangible assets of all types to survive a hyperinflationary price spiral--this will not occur. Most of these particular types of investments will be worth naught but mere pennies on the dollar when the economy has completed its deflationary contraction.

I will not require that Dharma reprint a lot of information already offered forth. Oberli, please enclose a copy of the letter to Audrey and Eric. I suppose we must somehow make an update to the economics status but it should be done in such a way that my scribe doesn't have to repeat and repeat.

I have taken this opportunity due to the reference to an economist with Prudential-Bache when discussing the "dharma" material. It is not unusual to find ones on the "metaphysical" seminar circuits giving information differing in perspective from we of the space command--in all matters. It is, however, most urgent that perspectives be set to correct or the egg on faces will be great and the attendees sorely misled. I do not rebuke, I simply remind that we have a very good computer possibility/probability scanner system and can see both ends of the roadway. Neither do I force anyone to my opinion--I only offer that which I see to be truth.

By the way, the manuals regarding the corporations can be obtained through Nevada Corporate Headquarters, P.O. Box 27740, Las Vegas, NV 89126 (702)896-7002 for convenience and coordination. Mr. Christie will also make available a crucial interlink with the Nevada Corporations system for easier utilization of the system by ones reading the materials. There will be ones needing interlinks through an office set up for naught but supplying "officers" and etc., for preservation of privacy! Any correspondence can come this route if desired.

I am in appreciation of your conversation regarding a foundation for the AIDS project. Our intention is to form corporations--many of them--for each project. Our only purpose in forming an accredited foundation is simply for the ability of tax assets to ones contributing large sums--this often requires special adaptation. For instance, Mr. Forbes has already given to another group over a million dollars towards AIDS--ones like that will not contribute unless it is tax deductible. We will cross that bridge when we arrive at the crossing, however. I have urged these ones to set up corporations for everything even if called "church" for reasons I shall not expound on at this point. There is truly no need to set up a non-profit corporation in Nevada, for business should always be worked in such a way that there are "no" profits if run efficiently and with

total integrity of paperwork. The purpose is never to EVADE, only to take good management and retain all possible funds to be utilized privately rather than in taxes over which you have absolutely no control.

I have also had queries regarding those who do not feel the need of incorporation, wills, etc. YOU HAVE NEED OF INCORPORATING! THERE WILL COME THE TIME AS THE GOVERNMENT FLOUNDERS THAT ALL ESTATES WILL BE SEIZED AND ASSETS CONFISCATED AS HOLDERS BECOME DECEASED. BANKS WILL BE BANKRUPT AND SEIZURES OF SAFE-DEPOSIT BOXES WILL BECOME IN EFFECT. THIS IS NOT "HAPPY" NEWS, THIS IS FACT FOR IT HAS HAPPENED BEFORE. YOUR ONLY HOPE IS TO REMOVE YOURSELVES FROM THE SYSTEM AS MUCH AS POSSIBLE.

CORPORATIONS WILL BE THE LAST TO BE TAKEN FOR THE GOVERNMENT WILL NOT UTILIZE ITS TOTAL STUPIDITY UNTIL THE LAST DOG IS HANGED.

THERE IS NO "REVERSAL" OF THESE THINGS: IT IS ALREADY WELL INTO ITS FINAL THROES. THERE IS ONLY SOME POSSIBILITY OF "LIVING YOUR WAY THROUGH IT!" I AM NOT HERE TO TELL YOU SOLUTIONS FOR REVERSING ANYTHING--IT IS TOO LATE. YOU ARE GOING THROUGH ALL THOSE THINGS JUST AS FORETOLD--WE ONLY COME TO SHOW YOU THE WAY TO SURVIVE IT IF AT ALL POSSIBLE. YOU ONES MUST STOP DREAMING OF TOTAL RENEWAL AND REVERSAL WITHOUT THE CLEANSING AND COMPLETE REBUILDING--IT WILL NOT HAPPEN AND THE SOONER YOU ONES CONFRONT THE TRUTH OF IT THE SOONER YOU CAN GET ESTABLISHED IN A MANNER TO SURVIVE IT! SO BE IT AND SELAH!

We are continually confronted by words such as "Well, my God or guide would not speak in this manner unto me!" and "Well, I just don't believe the higher energies would speak of Earthly matters as concerns things of Caesar's." Well what in the world do you request it of us for? You ask for assistance--you plead for response--God responds and you turn your toes upward and deny our presence! So be it--for God does and you live with Caesar about to slay you!! Now, I query mankind: What do you want from us to whom you petition? Oh yes, it is to us you petition for you have no notion of how it truly is in the higher realms--you have no concept of the Truth of God nor his realms. You ask for help--we bring you help whether or not you choose to use of it. Further, for all of you who will receive of this (this is not aimed in any manner at B.& D.S., please), you will stop casting stones at this scribe or we shall omit you from the information and allow you to dangle in your own quagmire.

We come forth in the service of God of Light, Divine Source Creator and in the service of The Creation--there is no darkness allowed within our projections. If there be errors it IS because man has free-will and possibilities of change are ever present--EVER PRESENT! You ones must stop of your games of "pretend" and see that which

is about you and discern how best to cope with it in positive manner. No-one is going to swoop down and save anything nor anyone--that is dream fabrication and, although nice, will not happen as you have projected it to be. Our purpose is solely to wake you up to Truth and assist in any manner allowed to get the most energies through this time of transition and great period of hazard--if that requires help in constructive money management to food intake, we stand ready to give what insight we are given to share. No more and no less. We will give you that information we discern is valid and ones that project valid information from your plane. What you choose to do with it is your business. We are not here to argue--if you do not relate to that which we perceive the most valid approach, so be it for we have no argument to offer. If we see probabilities shifting we will present that tid-bit unto you--our projections do not reflect "opinions of Hatonn", they reflect data compilation. If Hatonn has an opinion I most surely make it obvious it is my opinion and you may argue with that at any time--I prefer to refer to it as challenging debate.

Now regarding survival food as regards vegetarians. If you are in "survival" mode, one must be prepared to accept that which will allow you to survive in most beneficial manner healthwise. Anyone wishing to request vegetarian supplies might simply request additional information from Mr. Sampson, who has recently renamed his outlet STAFF OF LIFE. (5180 South 300 West, Unit Q., Murray, Utah 84107, (801)265-2652 or Fax (801)265-1833. I have no comment regarding the supplies other than you can survive nicely utilizing same. You see, we are not necessarily vegetarians. I am nothing for I require no food intake although when in manifested format I partake of food for the delight of companionship, etc. You must have food and I strongly urge you to add vitamin supplements in good quantity to the survival gear along with protein tabs, drinks etc. Remember--it is for SURVIVAL, not fun and games. Do not accept this as other than comment for we most sincerely appreciate the input and do not wish to allow any to feel it is unappreciated in any manner.

You are speaking of a few days to survive in order to regroup--do not be too hard on yourselves for long-term storage can be adapted to suit palates and preferences.

We most surely welcome all responses and communications for we can only judge that which you desire by those inquiries which you make. Each inquiry allows response to questions asked by great numbers of your brothers. Ours is a preference to not be lecture mongers--nor are we seminar entertainers, therefore we will give information as we see it timely and then respond in this manner and distribution can be handled in an advantageous manner according to your wishes. We will not, however, do your homework for you in repetition for that wastes the time of all ones. So be it.

I will take leave now in appreciation for your time in both the correspondence sent and in taking of your time for this input. I must admit that I might appear to overextend in my response to you specifically but you have allowed me a gracious opportunity to respond to MANY ONES in this message. Thank you most humbly.

I send my care as you make a physical move to another locale and ask that you remain

open for nudges from us for you are most important within the plan.

Dharma, I will move to stand-by now. Thank you, chela, for your service. We shall take a break prior to continuation of our journal. I shall have to give you a "raise in salary" one of these days--from naught to naught is easy for Hatonn to offer! In good humor I take leave of the frequency.

With sincerest regards and appreciation,

I am, GYEORGOS C. HATONN

## CHAPTER 5

REC #1 HATONN

MON., NOV. 20, 1989 7:00 A.M. YEAR 3, DAY 096

**MON., NOV. 20, 1989**

Hatonn present in Truth and Light. Dharma, thank you, chela, for setting aside your work for this interruption. I must convey probabilities to Eric and Audrey.

The confusion you are picking up from your friends who seem to be in disagreement regarding your placement are not truly disagreements or contradictions. You must realize that the vibrations they are sensing are not being accurately interpreted.

When one says, "Move to .....", and another says, "Do not move to .....", I feel great upheaval"--they do. It is not, however, Earth as such.

### **RIGHT ANSWER WRONG REASON**

Let us consider, most carefully, that which you are planning and then let me tell you what is going to happen. I can only give input and I hear your petition for input. You are planning to purchase a home in..... . What the other advisers are sensing is that you are going into a monetary collapse and you will be strung out with all but valueless property. It is so, if you do not act most carefully.

If I were asked directly for advice, which I believe that you are hereby doing, I would say to go most cautiously and look at all facets which I have presented unto you. It is a most dreadful time to "purchase" anything in real estate--the market is going to dive--soon! I see it dropping even below ten cents on the dollar.

I will give you an economics lesson and then we will consider actions if you desire the particular placement you have chosen. I will further tell you that the same property will be all but valueless in the rather near future. I will, however, give you methods which can offset the loss somewhat if you are quite determined to purchase at this time.

Everything in California which is visible would indicate surging economy in the real estate market and probably is so for the next few weeks or even months. Here is where I can see farther as to probabilities. Understand, please, that fluctuation can occur but I see no signs of the situation lessening, only becoming disaster on the whole--and soon.

The U.S. attitude about debt is leading rapidly to disaster. It will be a "deflationary disaster, not an inflationary one". It has already begun and is under way.

A major and reliable economic indicator, the so-called "Diffusion Index", shows that

of the 11 leading economic indicators, only one (stock prices) was up in the most recent month measured (July). (This index thus has a value of about 9%--1/11). You can check it out through rough calculations if you take weekly averages and bring it current but it is not of necessity to do so. Nine out of the last 10 times the Diffusion Index has fallen below 25% in your country, a recession has followed within a year.

Real Estate prices are falling nationwide, and the agency responsible for administering the bail-out of bankrupt S&Ls, the Resolution Trust Corporation, has nearly \$1 trillion worth of additional real estate to sell.

You can imagine what will happen when this real estate is dumped on an already-soft market and it must be dumped soon for the bankruptcy syndrome of S&Ls continues full blast. The Resolution Trust Corporation will be next in line.

Commodity prices continue an almost uninterrupted downward trend. The most recent example is the collapse of the coffee cartel. Coffee futures are now selling at a 14-year low. Strangely enough, this is a most important index and projection point. Just as when the diamond cartel fell into disarray, the coffee market is a key indicator. Interesting to note that ones who invested in coffee producing lands in the coffee capitals of the world are unable to even move the property. Some is due to drug problems but that is only a perturbation.

**A FULL FLEDGED COLLAPSE BEGINS BEFORE VERY MUCH LONGER!**

### **ATTENTION PLEASE!**

The Dow Jones industrial average will collapse again. Not by a wimpy 500 points that shocked all of you a couple of years ago, but by well above a thousand points. This crash will precipitate a money panic and eventually a depression, dear ones. All possible is being done to stave it off a bit longer and allow us to function and acquire during these present months--it is most iffy if it will manage to stay afloat. Our resources, however, are coming from elsewhere so we may be able to pull it off in grand manner.

You are poised on the brink of a slow-down that will be followed by recession, financial panic and, ultimately, a business crash.

Deflation, for you who are not familiar with the term, is opposite of inflation, and far, far more dangerous. It involves a protracted period of falling prices for real estate, raw materials, wages and just about everything people buy and sell. It gains momentum when economic players are forced by desperate business conditions to dump products on the market for whatever price. The last bout in the U.S. occurred in your 1930s, and was an underlying cause of the Great Depression, as you called it. Prices fell 8% in 1932, causing severe credit problems. As the deflation raged, the U.S. lost 10,000 of its 25,000 banks.

The economists who have dared to predict this deflationary period have been ridiculed and laughed at--the shoe is now on the other foot--it now becomes fact.

For the first time since your late '20s, dangerous deflationary forces are emerging simultaneously throughout the financial system of the U.S. One sign is the unusually slow growth in the money supply that seems to have most mainstream financial experts scratching their heads. There is trouble in the monetary aggregates, with the Federal Reserve Board in recent months seemingly losing its ability to create new money, an ominous development. M-1, the narrowest definition of the money supply, shrank nearly 6% this very spring and had its largest monthly drop of the decade during your month of May, according to your Federal Reserve Board. The weak money supply is a reflection that banks are not making many new loans, and this spells trouble for the economic sectors that are heavily dependent on the easy flow of credit, such as housing and car sales. Banks are either unable to find creditworthy borrowers or are simply becoming too afraid to lend.

There is the continuing slow collapse of much of the U.S. Savings and Loan industry, the write-offs U.S. Banks are being forced to make for their Argentine exposure and the sagging U.S. real estate market. Weakness in U.S. real estate is widespread, with house prices falling in April over the previous quarter in 44 out of 60 big American cities. Short-term interest rates have also risen above long-term rates, a development that squeezes the economy hard and makes a business contraction a near certainty.

Let me show you how deflation works so that you can better understand the seriousness of this which I tell you.

Financial institutions lend money to businesses, homeowners and farmers to buy machines, houses, tractors and thus and so. Homeowners may lose their jobs or have to take pay cuts, undermining their ability to pay their loans. As agricultural prices slip, farmers find it harder to meet their obligations. The same happens at companies beset by falling prices.

### **THE SPIRAL BEGINS THIS WAY**

Eventually these borrowers begin to default. But these bad loans just don't vanish harmlessly into the business ether. They are the prime assets of the banking system, the collateral backing the money the public has placed on deposit with these institutions. If the level of loan defaults is high enough, the money held on deposit at banks is threatened. The vaunted multiplier, whereby deposits in the banking system generate loans and new deposits seemingly out of thin air, would go into reverse. This would usher in a full-scale financial panic.

So far, deposit insurance has kept this process of money destruction in check. That, however, is only a facade which gives the appearance of security and is hopelessly non-existent. There are, however, many other forms of debt--such as commercial paper and bonds--that have no government backing. Their default would also be

deflationary. As the purchasing power in the form of bank balances and bonds is destroyed, companies would no longer be able to sell goods, leading to a wave of industrial bankruptcies, unemployment and depression.

One reason for the current visible lack of concern about this deflation is the pervasive belief that big government can rescue the economy if it gets into serious trouble-- underneath, the big players are scared silly. Simply laugh at this notion if you are utilizing that type of reasoning. The government can't prevent the debacle because governments, through their massive borrowing binge, are part of the debt problem. Everyone complains now about the \$150-billion government deficit--but you haven't seen anything yet. The amount will soar out of sight if Washington has to actively manage the trillions on deposit at U.S. financial institutions, while simultaneously facing the massive increase in social spending that is part of every downturn. The printing presses running day and night as with your last market dip will save naught. The Federal Reserve can do nothing but devalue your dollar even more drastically by such printing of new money. Of course they create other worthless money in so many other ways, but that is for a different lecture.

The downturn will be much, much worse this time than in your 1930s--it has to be-- because the economic imbalances created during the long credit-fueled boom of the postwar period are so much larger than the credit problems created before your "Great Depression". In the Early 20s, it took interest rates of 6% on longterm government bonds to break the inflationary psychology and usher in deflation. At their peak in the 1980s, those bond yields soared to more than 15%. This is most advantageous to us at this point but to few others. We would hope this could be continued until we are in hand with funding for our projects. Pray hard, little chelas. We can do wondrous things in a depression if we can but get our up-front funding in place which appears to be right on track. It is coming at a most appropriate time to allow these lessons so that you do not waste of money on overpriced lands and materials.

In your earlier depression you had other advantages which do not exist at present. There were islands of financial stability amid an otherwise dismal economic landscape. Most of the big New York banks, for instance, were solvent throughout the 1930s. Now their balance sheets are weighed down by Third World debt. (This I want to discuss at length, so will not go into depth at this writing--things are working to perfection in the shut-down and capture of oil fields in Saudi-Arabia--clues are all about you now). The same process of money destruction that happens when homeowners or corporations default occurs when countries default, but in past episodes those loans were held by private investors. Now the debt is concentrated in the very heart of the international financial system--see SPIRAL TO ECONOMIC DISASTER Journal #4.

Even the money issued by governments must be suspect and I do expect my chelas to take note and recall their lessons. In your last depression ('30s), government money was backed by gold and had some intrinsic value. Today, it is the debt of governments around the world that forms the main asset backing the actual cash in circulation. If



anything happens to undermine government debts, it will immediately destroy the value of the currency in circulation.

I realize that this is most gloomy for you, the citizens and "public". The stock market is vulnerable in a deflation, as is the main asset of ordinary people: real estate. I continue to recommend a bit of cash and gold as the ultimate form of liquidity because it cannot be destroyed by a collapse of credit forms of money. Of course it will drop in value but it is the only foundation upon which you can base anything. The government is ready to usher in the new money system and you will be caught helpless in their, "Look how hard we are trying to save you"! I do not come here to tell you it will be easy nor that you will reverse any trend or that it will be perfection. I do tell you that if you have assets and handle it well, you can even prosper. Use gold, silver and short-term U.S. government Treasury Bills and realize that after the "big-bang" people will be able to buy today's real estate for cents on the dollar.

Interest rates would normally be expected to fall during deflation, making bonds a good investment--it appears that this time it will be just the opposite. Worries about the solvency of borrowers will make people with money reluctant to lend at any interest rate. That would cause borrowing costs to go through the roof, even as deflation increases the purchasing power of money.

### WHEN

What might you look for as a trigger of deflationary collapse? It could begin from the strains caused by the onset of the long-awaited (and totally expected) recession. It could be a crisis at a big U.S. bank, a Third World loan default or, just as easily, fallout from the collapse of the overvalued Tokyo stock market. All these above items are in place and ready to happen.

The most threatening development would be a fall of the U.S. dollar on world markets. Foreigners might then pull money out of the United States, driving interest rates to the sky and bringing the whole economy crashing down. That, too, is in place and ready to happen. It is hard to foresee just which will be the trigger but the gun will go off from one source of cause or another. It is purely speculative as to the exact time but it is ready and set and could go at any minute of any day--right now.

Be aware that a key indicator, the "rate-of-change", in money creation and bank lending is falling. This is grave news to you for if it continues to fall--then the banks will simply go broke. A bank's business is making loans and they simply will not be making them. In addition, they will be overwhelmed with the loans they have already made--their prime assets--which have gone bad.

When loans go bad, this represents a disappearance of credit in your money supply, and this process brings on hard times.

You are in the beginning of very hard times and there is no way to validate this

statement through your Wall-Street usual channels. You will see it show up first in the overall real estate markets--do not focus on an area of current growth such as this L.A. suburb. Rates are highly inflated in this little town for all the wrong reasons.

The money supply controlled by the Federal Reserve has been shrinking for a prolonged period of time and there have been heavy debts of all types hitting an already distressed system. Banks either are unable to find creditworthy borrowers or are simply becoming too afraid to lend. Watch the trend on a local level and do your planning carefully and you can utilize this as an asset to buy time for relatively negative input.

There is no visible way to reflate the economy. Oh, you will hear "printing more paper money", etc. The "experts" are preparing right now and have pulled forth the old "Great Depression" guidelines whereby:

I. Have the Federal Reserve Banks buy some \$3 billion of Treasury debt to put more lending power in the hands of banks (by increasing their reserves).

2. Issue \$3 billion of fiat greenbacks in exchange for government bonds.

3. Let the President adopt bimetallism, fixing the weight of gold and silver. (What an interesting concept--arbitrarily set the weight of something regardless of fact).

4. Reduce the gold standard of the dollar--well that is out because you have none.

5. For six months accept silver at no more than fifty cents an ounce, and

6. The FED could alter reserve requirements, lowering them to make credit "easier".

These were written and passed by Congress and they are toying with them again right now, only this time it can't work because you have already blown away most of the foundation.

You can't fix it by printing paper money in more abundance. The supply of money tends to contract when the rate of spending declines. Thus, during the depression, the money, instead of expanding to moderate the effect of decreased rates of spending, contracts, and so intensifies the depression.

Consider "rates of spending"--what is that?

Well, you had it before. Then, like now, falling prices, falling real wages, failed thrifts and banks, etc., represent falling rates of spending. Then comes a system with a violent contraction of the credit money supply.

### **"RE-FLATION" WILL NOT WORK**

No, dear ones, the message is most clearly written indeed. THERE IS NO WAY UNDER THE SUN THE GOVERNMENT CAN NOW REPLAY THE GAMES AND REFLATE THE ECONOMY. PLAYING HYPERINFLATION PAPER MONEY GAMES IS TOTAL NONSENSE.

YOU ARE IN FOR A PROLONGED PERIOD OF CONTRACTION, HARD TIMES, RISING UNEMPLOYMENT, RIOTS IN THE STREETS, SHORT-AGES OF FOODS AND GASOLINE, POLITICAL CHANGE AND CULTURAL CHANGE. CHANGE IS THE KEY WORD FROM NOW ON CHANGE, AND CHANGE IS A MOST ARDUOUS ORDEAL. FURTHER, WHEN THE BIG GREY MEN TAKE OVER THE ASSETS OF ARABIA AND CONTROL THE FLOW OF OIL--HANG ONTO YOUR ASSETS BECAUSE THE DEATH KNELL WILL BE RINGING LOUD AND CLEAR. IT IS ON THE THRESHOLD RIGHT NOW. THIS IS WHY THE SAUDI ROYAL FAMILY IS MOVING OUT ITS ASSETS (OBERLI, YOU CAN RELAY THE STORY PRIVATELY).

Now back to the point in hand--Audrey and Eric.

### **NOT THE TIME TO BUY REAL ESTATE**

My blunt advice is to not purchase--YET. See what alternatives lay out for you.

You can, since you have already paid a holding fee, make it refundable contingent on fall-through of escrow. Then make sure escrow falls through.

You can offer to lease the place with option to purchase. Then, of course, when the real-estate market collapses you will not be left holding a mammoth payment.

You can go through all the banks and S&Ls around and never let it close--this can go on for months. Start with Santa Barbara Savings because they are in line for close down at any moment. At present, if they accepted your note they would have to find a second lender--that all takes time and time is what you are buying. I would be most remiss if I did not tell you these things.

If you can get into the property without purchasing--do it. I really recommend that you not purchase at all at this time. I repeat, this is where your advisers see the problem. It is not in the moving to Tehachapi, it is the purchasing of property when they sense collapse of the market.

There are many games you can play at this point. When it comes to the actual transfer, do not take the property in your names--incorporate in Nevada and keep the corporation singular to that one property--at some point you can simply bankrupt the corporation and it will not affect you personally. Then you can purchase, or repurchase or whatever, at the lower rates through someone else in another corporation.

This is a most opportune example of correctly utilizing the information you are privy

to on a larger scale. You can be creative. If you can lease-option, for instance, you can get permission to fence the property or, for a lot less investment in the case of rental property, you can rent-a-fence and they will come out and install it for you.

My overall advice is get your cash and invest in short term Treasuries or begin to purchase gold. It is a most disadvantageous time for buying. You are not pressured into a move at this moment but you must consider moving away from the coastline in the most near future.

Of course, if you feel strongly about your intent, we will simply do what we can to assist; however, I do feel that purchasing property this month when you can expect a drop any day, is not of wise investment. So be it.

I trust I have clarified more than clouded the subject. I care most infinitely about your welfare and we must set good examples of good business--which may seem totally opposite of good business at this moment. I CAN see farther, dear ones--much farther!

Money will be coming forth most soon now. It had to be structured in this manner to prevent overspending in lands and property acquisition. We can build for a tenth as much, all the things planned, after the fact.

In great love I project these possibilities unto you. I only ask that you consider the factors presented herein.

Dharma, go now so that our dear ones can have this information prior to moving on with their day. Eric needs to be returning as he feels pressed so let us not delay them.

Perhaps I shall just continue on with this subject as an update instead of beginning the new journal. I need some manner to ease you ones through the day to day happenings on a fairly close and regular basis; say monthly or something of the like.

There are some references you will need to obtain so a trip to Bakersfield must be in your near planning. I will give you the information at a later time. I will effort at keeping the pace a bit slowed while all are visiting through this Thanksgiving holiday. I suggest you prepare as much as possible on the day prior so that you are not in such tremendous confusion on Thursday--food can be re-warmed; I must keep your emotional nerves to a minimum of turmoil for it is so very urgent that we keep you clear for receiving. So be it, we just feel our way along.

In love and care I take my leave and move to stand-by where I can be easily summoned.

SALU, I AM HATONN

## CHAPTER 6

REC #2 HATONN

SAT., NOV. 25, 1989 3:45 P.M. YEAR 3, DAY 101

**SAT., NOV, 25. 1989**

### **PRIVACY--IS IT POSSIBLE?**

A guilt-ridden citizen is far easier to control, therefore the modern State seeks to create so many laws that every citizen is forced at some time in his life to become a law-breaker.

Recognize it--you have entered the age of no privacy. You are open to surveillance at all times. Secret observation booths in government offices and closed circuit television circuits in industry, extending even to public restrooms, are most common depending on the industry or business.

In large operations there are required personality testings which seek to find out a man's innermost thoughts. Federal agents are often "wired" so that their conversations are either recorded on their persons or transmitted to tape recorders some blocks away--modern electronics make fun play games of all of the above actions.

You have now achieved a society in which government may well intrude into the secret regions of a man's life at will--even into his bedroom and bath--especially his bedroom and bath would be far more accurate. Further, records are kept and placed in dossiers on all citizens. Then the dossiers are put on computers so that by merely pressing a button all the miserable, the sick, the suspect, the unpopular, the off-beat and the least suspecting ordinary man of the nation can be instantly identified. The babies are numbered and placed in computer files at birth.

Let us consider a few illusive and often overlooked activities--given forth under the guise of all sorts of nonsensical hoopla. New legislation forces families to identify newborn children with social security numbers--or no tax deduction or assistance aid (food stamps, etc.). Now there are laws to counter "money laundering" which force investors to endure embarrassing questions and confront lawsuits or actual confiscation of funds if the answers aren't "correct". Lawsuits against professionals and businesses are an epidemic disease. Crimes of ever-increasing violence get steadily worse. Electronic eavesdropping and surveillance are widespread as the technology becomes ever more sophisticated.

You can take either of two alternatives. You can either take some steps to avoid being defeated and losing your privacy--or--you can not even pretend that you have any right to privacy for after all you probably "don't have anything to hide". Don't you? Well, it is up to you to choose. However, for those of you who are asking for help we are here

to tell you some things that can improve your lot over the next critical time.

You will, however, probably have to change a lot of attitudes and even more bad habits. Some things will be presented which may or may not even be legal. I do not have any intention of looking up codes for reference--you are either intelligent enough to do so for yourself or decline the input. Mostly, however, you live in a guilt stricken society where the ones in control want even more control and make you feel guilty of crime when you have followed the law to perfection. It is the name of the game--fear!

As you have read in the prior writings and from the public projections--you are in a "no matter which way you turn society"!--I can give you some ideas and in fact, detailed "how-to" but if you do not utilize it, you might as well forget it. If you do not take care in all areas you will be caught in the trap of another route. Think of it as hundreds of pac-men all after you and are ready to eat you up. Careful and diligent strategy and disciplined record keeping is mandatory. If you use a little inconvenience and ingenuity along with creative financial planning you can lose yourself quite effectively to the system. No, it is not a pleasant thought nor is it "easy" but it depends upon that which you wish to attain.

I DO URGE MY ONES TO SIMPLY NOT DO BUSINESS WITH OTHERS WHO ARE NOT PREPARED TO DO BUSINESS AS YOU FIND IT NECESSARY. AS A GOOD EXAMPLE--NONE OF OUR BUSINESSES DO BUSINESS WITH ANY OTHER THAN OTHER COMPANIES AND CORPORATIONS--PREFERABLY INCORPORATED IN NEVADA WHERE PRIVACY IS MAINTAINED ABOVE ALL ELSE. IT IS LEGAL, IT IS GOOD BUSINESS AND IT IS YOUR LAST BULWARK OF PRIVACY IN THIS PUBLIC WORLD WHERE YOU ARE ON DISPLAY FOR ALL. MY PLAN IS TO FURNISH YOU WITH RESOURCES AND SOURCES TO EXTEND EXPLANATIONS AND INFORMATION. MY PLAN IS TO ONLY OUTLINE METHODS--YOU WILL FERRET OUT THE INFORMATION--LET'S JUST REFER TO THIS AS HATONN'S HELPFUL HINTS FOR SURVIVAL.

I am going to utilize information from any I find appropriate--I shall give credit where due and earned. I shall give references for contact as we are neither in the fun and games lecture circuits nor in the various business ventures which might prosper from this information. You simply must have available information. In some instances I shall abstain from mentioning resources for security and protection of the presenting individuals. Please remember I need none of your things so please do not get defensive over information. It is the time for trying to save your lives and assets--not a time of bickering and hoarding. You must come together in some type of unified purpose or you are right down the proverbial tubes.

Further, some ones who offer the best physical Earth advice are not comfortable with my presence and prefer to not be associated in public manner with myself. I have no problem with that fact as it is quite remarkable when you encounter myself and my brethren in any form whatsoever. Furthermore, it is most dangerous, indeed, to be

linked to me--this scribe is wired completely, the computer monitored, the phones tapped and the house bugged--so be it, it keeps us totally within the letter of the laws for we are only about our Father's business and utilizing that which is made available for your use by your governing bodies.

Ours is no intent whatsoever of subversive attitudes--ours is in answer to petitions for help to, in fact, maintain what can be maintained in this wondrously beautiful country that has been so blessed of our Father Creator. Ours is not to help you overthrow anything but rather to build and sustain while surviving in negative circumstance.

You can create privacy in both your personal and financial worlds with a little care and selectivity. If you go in front of the firing squad without your legal, approved bullet proof vest and the squad shoots--expect to die. Wear your protective gear and expect to survive.

### **SOCIAL SECURITY NUMBER FOR CHILDREN**

I wish to use this as an example of dual intent. The 1988 IRS 1040 form requires parents of dependent minors to apply for Social Security numbers for each dependent. Any parent who refuses will not be allowed to take the deduction for that child. This is quite ingenious, even insidious. It will most surely work also. The Social Security System will get those names you can well bet--**SO WILL THE SELECTIVE SERVICE SYSTEM.**

Parents must take a notarized birth certificate to the Social Security office. The Social Security Administration then records the name and age of the child. The parents will then be sent a card for each child. **YOU CAN BE ASSURED THAT THE SELECTIVE SERVICE WILL KNOW WHICH YOUNG MEN (AND SOON WOMEN) ARE LEGALLY ELIGIBLE FOR THE DRAFT.**

Oh, they will tell you everything is for "internal use only" but if you are that gullible then you are hopelessly entangled anyway.

Half the intent is aimed at nailing those non-registered 18-year-olds. You have up to 40% of those aged youngsters who are not registering. This IRS "registration program" will certainly put an end to the low-risk status of young men who refuse to register. All dependents will be listed on a parent's IRS form. All of them will have Social Security numbers and the computers will be able to sort millions of names in brief seconds.

Another facet of the above is that the government knows that the Social Security System will cave in on the generation of workers who will be on those IRS forms. Those poor people will never, ever be paid off, and they will have to support the rest of you with up to 25% of their annual income (combined payments from workers and employers), if projected demographic figures are borne out by the facts. There will be a political revolt, eventually. The kids aren't going to pay. You and your parents before you set up a morally corrupt system of compulsory inter-generational theft by ballot

box and it should not inhibit them from exercising their political rights and voting the system into oblivion and THEY WILL DO SO!

But before they do there will be attempts by people to get out of the Social Security System. The best way would be for youngsters never to apply for a card. But that is now too late to accomplish because already their birthright is a number. That number will follow them all the days of their lives.

Well, you have some probable options here also, even though the bureaucrats think otherwise. Either the control system won't last that long or it will collapse, or be voted down, or better yet--perhaps be captured by an invader whose plans are a lot worse than mere taxpaying--you know, those ones who have a shelter system and you don't!

### THE QUEST

The government's quest for more and more information about its citizens is insatiable. The planners know that their plans will not work according to plan if the public is allowed to transfer their wealth into hidden places. Thus, they do what they can to persuade people to keep their assets visible. They give tax deductions to parents who identify their children to the Social Security Administration. The IRS requires banks to keep photocopies of checks, and to report cash withdrawals of \$5,000 or more, or checks of \$10,000 or more. So already you have just learned something--keep cash withdrawals to no more than \$4,999 and checks under \$10,000. Cash out in small bills and finally get out of the bank altogether.

Now, assuming you have a banking system you may be forced to do business through one--but use every asset in your corner and we will get to those later. Privately you need no bank but you may need one if your corporation is of much size.

Well, you might inquire if there is any way out? Yes, there are some good measures but the ways might be extremely costly. First, you can break the law and establish false identities of yourself, including fake driver's license, fake birth certificate, fake Social Security cards, etc., etc. Second, sell services that are not normally tax-deductible, such as home repairs or auto repairs, and insist on payments in cash. Third, don't report your income to any government agency. Fourth, never open a bank account and phase out all you have. Fifth, sell your house. Sixth, when you get a phone or other utilities in your apartment or rental, use a fake name. Seventh, be prepared to make large cash deposits to the utility companies, since you will have no credit record. Be prepared to move without getting a refund, since they will refund your money by check. Eighth, cancel all subscriptions that are in your "real" name. Ninth, leave no forwarding address with the Post Office. Tenth, use mail drop services for more of your mail. Eleventh, get a passport. Twelfth, convert all your liquid assets to cash, slowly, and then go on a Caribbean cruise. Thirteenth, get off the boat in a tax haven filled with banks, take your cash in a brown sack, and open an account at a bank that has no U.S. branches. Be forewarned: there is no FDIC insurance in such banks. Fourteenth, set up a foreign corporation or trust, and tell your banker (mouth to ear) to



transfer your money into it. This is illegal, if you don't report it to the IRS. Fifteenth, have the trust buy property in a country that has no extradition treaty with the U.S.-- i.e., Brazil. Sixteenth, be prepared to live as a visible foreigner for the rest of your natural life, if you have to flee the U.S. Seventeenth, be prepared to cut off all future contact with your back-home relatives.

Well, the above is all most workable but I see few who will bother to refold a newspaper or travel map properly so it would be most unlikely that very many would use the above approach--but you sure do have your privacy.

Let us be reasonable, however, it surely does not require much to take a few low-cost steps to protect yourselves against some of those threats that do seem to be high on some bureaucrat's list of recommended policies. People must take steps to reduce the likelihood that any one government decision can separate you from your capital and your entire future. For instance, owning property in the name of a Caribbean-registered or Isle of Man-registered trust or corporation is quite legal. It is also most legal and intelligent to own some Nevada corporations. It is still legal to create paperwork barriers between you and the authorities. In the future, it may not be legal or comparably inexpensive to take such steps; it can be done today.

What you need to buy desperately right now is TIME. If the time that this civilization receives is frittered away over the next years as in the past, then you will probably have even darker days ahead than even we predict. But if you can purchase a bit more time and fallout shelters, monogamous marriages, and reduced government intervention in the economy--better private charities and private schools, win the war on drugs and crime and thus and so, you can wait for things to turn around--but it isn't likely, is it? There are many steps that could benefit the overall system but the facts are, it is not likely to happen. Therefore, we will simply look at bunches of possibilities. Some I will carefully explain--most I will only express and leave in your capable minds.

Dharma, enough for today as we have been at this in writing or verbal taping for the better portion of 12 hours and I am registering your fatigue. We will simply do the best we can, chela, for our time to disperse information is so short. Well, we do that which we can do for the physical plane is most limited.

I move to stand-by that you might close this segment. In appreciation I take leave.

Salu,

Hatonn to clear, please.

## CHAPTER 7

REC #1 HATONN

SUN., NOV. 26, 1989 8:00 A.M. YEAR 3, DAY 102

**SUN., NOV. 26, 1989**

Hatonn present to continue. I somehow feel this might be labeled as a special bulletin of some sort. We will decide. Further, I am pondering the possibility of doing it in separate segments but we can decide as we move along and analyze size and content. I need to tell you that every day is most valuable.

We will not take time to rewrite nor edit information given in the past week which is appropriate to this journal, i.e. Audrey and Eric, the Smiths, etc., Those contain urgent and important information and the readers must just overlook the personal content-- delete personal information, please, such as addresses and phone numbers. You may even wish to initialize the names. I leave it in your capable hands, Ranos.

There were some things discussed in our personal meeting yesterday which would lend itself in credibility to this document. It is good when ones who receive of these books can realize we also sit together and discuss these urgent matters. If someone would be kind enough to transcribe the tape (with omission of the document reading) we can perhaps edit a bit and utilize in this document.

It is really "iffy" whether or not we can get this to the public sector before the big bang strikes. However, realize that if you are out of the banks and into cash, etc. as was given to you in SPIRAL TO ECONOMIC DISASTER, you are in an excellent position to move right into incorporating and maximizing your privacy and security.

### **VALUE OF INCORPORATION** **ESPECIALLY IN NEVADA**

I am projecting material that can be utilized by the largest numbers of "ordinary" people. Ones in business can expand on the information but let us refer to a label which is bandied about your sphere-- "little man".

What you "little men" do not realize is that you can function in security and safety the same as the "big corporate giant", only more effectively.

If you have so little in assets that you cannot afford to incorporate, then simply withdraw from the banks and sit tight. You do not, however, have to set up a corporation in massive establishment manner to have a private "family" corporation nor a business corporation.

PLEASE UTILIZE THIS TECHNIQUE. YOU ASK FOR GOD'S HELP AND

ADVICE AND HERE HE IS SENDING IT. DO NOT DISCARD IT BEFORE YOU EVEN UNDERSTAND IT.

THE ADVANTAGES OF NEVADA CORPORATIONS ARE SINGULAR AND UNSURPASSED. SINCE EVERY INDIVIDUAL SITUATION VARIES, YOU ARE ENCOURAGED TO CONTACT MR. CORT CHRISTIE, AN EXPERT IN THE FIELD, AT NEVADA CORPORATE HEADQUARTERS, Inc. P.O. BOX 27740, LAS VEGAS, NV 89126, (702)896-7001 or 800-398-1077.

DO NOT JUST RUSH OFF AND SIGN UP UNTIL YOU HAVE A BIT MORE INFORMATION. FURTHER, YOU MIGHT WELL FIND IT MOST ADVANTAGEOUS TO SET UP A NON-PROFIT CORPORATION THROUGH DELAWARE. IT APPEARS AT ONSET THAT THE PRICES ARE MORE REASONABLE. HOWEVER, AS THE SEPARATE CHARGES ARE BROKEN DOWN FOR YOU, THE DIFFERENCE IS NEGLIGIBLE BUT THE DIFFERENCE IN SECURITY IS MAGNIFICENT. IN NEVADA YOU HAVE TOTAL PRIVACY FROM THE U.S. FEDERAL GOVERNMENT. IN DELAWARE YOUR INFORMATION IS SHARED WITH THE FEDERAL GOVERNMENT BECAUSE OF STATE REGULATIONS. YOU WILL FIND THAT YOU MUST HAVE AN AGENT IN EITHER CASE IF YOU RESIDE OUTSIDE OF THE INCORPORATING STATE UTILIZED YOU CAN USE A FRIEND OR ANY RESIDENT AGENT--I ONLY RECOMMEND THOSE GIVEN HEREIN FOR THESE ARE THE ONES WE HAVE MONITORED AND FIND THE BEST AND OVERALL LEAST EXPENSIVE FOR SERVICES PROVIDED.

I PLEAD WITH YOU TO USE CAUTION AND DO NOT MOVE HEADLONG INTO FOOLISH CHOICES SIMPLY BECAUSE OF A FEW DOLLARS. THE NEVADA ROUTE IS THE BEST BECAUSE OF "PRIVACY" BUILT WITHIN THE LAW!

### PERSONAL ADVANTAGE INSTEAD OF A WILL

This will be most brief but you can investigate it carefully and rapidly. THE ONLY METHOD OF PRIVACY IN LEAVING AN ESTATE, PREVENTING PROBATE, LOSING MONEY TO ATTORNEYS AND COURTS IS TO INCORPORATE YOUR ESTATE.

A brief outline of one example of how it works: You form a Nevada corporation in whatever name you wish, i.e., "Smith". You place within it all assets: home, autos, stocks--all personal assets of value. Then, you issue STOCK in the corporation to your heirs--divided any way you wish according to likes, dislikes, earned advantages, etc. The stock should be issued as non-voting until your demise (or the demise of both parents)--anyway you want it. Then, when you become deceased the selected one's stock voting rights become activated and selected board members, etc., take control of the "business". You have carefully written your instructions into the by-laws of your corporation and everything continues to work like clockwork. There is no probate, no

holds on bank accounts--the corporation continues to function as if you had only replaced the Chairman of the Board. GET THE MANUAL--IT IS INEXPENSIVE AND IT WILL GIVE YOU A PURE GOLD MINE OF THE PURE GOLD VALUE. FURTHER, WHAT YOU CAN'T FIND OR UNDERSTAND FROM THE MANUAL, YOU CAN FIND OUT AS CLOSE AS YOUR TELEPHONE: (702)896-7002 OR (800)398-1077.

Don't get hung-up at this point on S-corporations, trusts and other tid-bits. ESPECIALLY, DO NOT PAY ATTENTION TO YOUR ACCOUNTANT WHEN HE TELLS YOU IT WON'T WORK! I PROMISE YOU HE IS NOT INFORMED IF HE EFFORTS TO DISSUATE YOU! FIND OUT FOR YOURSELF, YOU OWE IT TO YOURSELF AND YOUR LOVED ONES IN THIS TIME OF THE WORST CONFUSION OF ALL HISTORY, BELIEVE ME, THE EARLY ON APPROACH TO THIS MASSIVE COLLAPSE WILL BE TO TAKE OVER ESTATES--THEY WILL "NOT" TAKE OVER CORPORATIONS. TO MAKE IT WORK, HOWEVER, YOU MUST KEEP ABSOLUTELY UNQUESTIONED RECORDS BUT IT HAS NOTHING OF COMPLICATION ABOUT IT--YOU WILL BE SUPPLIED WITH DETAILED INSTRUCTIONS, A MASTER PLAN AND ALL YOU NEED. KEEP YOUR RECORDS IN PERFECTION AND YOU ARE PROTECTED FROM ANY PIERCING OF THAT CORPORATE VEIL.

### A WILL

Yes, you need a little personal will. It should be kept right along with the corporation records and stock sheets. It is solely for preference of seeing to it that John or Mary gets that personal ring or teddy-bear, etc. If you trust your heirs enough to leave them anything, trust them enough to follow your "wishes" as to things like whether or not you are buried or cremated, etc. A handwritten instruction is most suitable--you need no accountant nor attorney (that is why they will effort a dissuading you from this route). In the long run, you will save untold amounts of your estate money by going this route for you NEVER need those third parties.

ADDITIONAL NOTE: IF YOUR BUSINESS CORPORATIONS BECOME TOO LARGE (WHICH IS MOST BAD PLANNING ON YOUR PART) GET A NEVADA ACCOUNTANT OR LAWYER WHO KNOWS THE LAWS--ANOTHER SERVICE OF MR. CHRISTIE'S..

NEVER ALLOW YOUR CORPORATIONS TO BECOME LARGE--KEEP FORMING NEW CORPORATIONS--STAY OUT FROM UNDER THE MICROSCOPE!!!

### YES YOU CAN!

You already have a corporation? Fine! If it is necessary to have it licensed in your home state--leave it--but get a sister for it in Nevada and re-read important documents, get creative! Get your assets scattered and protected by the insulations of excellent

paper-work and invisible profile.

May I give you a brief example of how a system might work, say for a publisher. I will even get more personal--say this series of journals. This could be most workable and keep very low profile--just be prepared to do the paperwork in perfection.

Form a corporation which accepts payments for ALL journals, then it acts as a management base to disperse the separate payments to proper receivers--another corporation for SURVIVAL or SPACE-GATE, or, or, or--now, within each of those you form additional corporations--for Survival Food Resources, Inc., and Survival Shelters, Inc., and, and, and. Under each of those you can have Longterm Foods, Inc., Survival Kits, Inc., Survival Vitamins, Inc., etc., etc. I do not wish to belabor you into boredom. Use your own creative genius and never allow any one corporation to get big enough to cause any attention whatsoever--AND KEEP THE FUNDS FLOWING--THROUGH, NEVER HOLD THEM INTO THE NEXT FISCAL YEAR--FIND A PLACE TO PUT THE ASSETS WHICH IS LEGALLY COVERED BY TAX DEDUCTIONS.

Most of you will only wish a family corporation, but it makes me a bit sad, because all that you own and any outside income, if you are lucky enough to have self-employment income, or even social security income, etc., can be protected via a small corporation. And you can live exactly as you please with all the fringe benefits of corporate tax breaks, deductions for business that you cannot receive otherwise, etc. If you are good at keeping your own records then charge your neighbor barter service and keep his records in exchange for the house painted or chicken eggs--IT IS THE TIME TO USE YOUR HEADS TO THE UNLIMITED PERFECTION GIVEN UNTO YOU--KEEP TOTALLY WITHIN THE LAWS OF THE LANDS BUT UTILIZE THOSE GIFTS GIVEN UNTO YOU BY THE "BIG BOYS" WHO WROTE THEM FOR THEIR OWN GREEDY SELVES.

I have neither the time nor inclination to do your thinking for you but if you have questions--AFTER THOROUGHLY STUDYING THE CORPORATIONS MANUAL AND SPEAKING WITH AN AGENT--I shall enlarge upon topics, start a mini-news letter, or forward your inquiries to proper resources. PLEASE REMEMBER THAT HATONN COMMANDS A VERY LARGE PROJECT AND IN THE ROUNDED-OFF FIGURE OF OVER A MILLION STAR-SHIPS. We will, however, give you that which you request and if the question involves numbers of persons, we will attend it ourselves.

Believe me, if I give you recommendations of ones to contact--they are valid or I would tell you otherwise. As an example, if I utilize information from publications or documents I will only stand behind that which I pull forth. As with Mr. William Cooper regarding UFO cover-up, etc. I agree with all his documentation as to anything that is factual--I TOTALLY DISAGREE WITH HIS CONCLUSIONS AND SUMMATION OF EITHER EVENTS OR STATUS OF ALIENS, EITHER IN ASSUMPTION OR INTENT! That does not, however, make his research into events

totally without merit. Please understand the differences projected herein.

There is no perfection upon your placement--thusly, your plight. There are, however, some most useful truths and knowledge which can assist you immeasurably--you will have to use your own discernment in all instances. I give you information--it is up to you and your choices as to that which you utilize or cast aside--either in portion or total.

If, however, you find great value in these journals beyond the price of publication and distribution, which is the charge to all receivers--then I do ask you to make a donation to one of the projects which captures your attention. AIDS, for instance, will wipe out your species if it is not put into check--it requires funding and more so, it requires professional KNOWLEDGE. Perhaps a contribution would be that of input or doing laboratory dishes—it is all about survival of your species and possibly your civilization in addition! What a pleasant perception! AIDS IS GOING TO HIT EVERYONE!

### **YOU THE CONSUMER**

I am going to take time herein to give you some shocking information--that which you simply do not bother to think about and hasn't meant anything to you until now when all is being taken or going down the tubes.

I give private credit and appreciation to ones who have compiled information for use herein but in these instances I must not divulge sources or names for privacy and protection of those individuals. I promise you that all is qualified and confirmed--it is happening to YOU!

In everyday life, you leave "threads" to and of yourself in the forms you fill out, and also in the patterns of consumption. These threads, when woven into a tapestry picture of YOU, there is an almost finished portrait.

Information comes from myriads of sources. Purchases made on your little plastic credit card are classified in enormous detail to make available computerized "profiles" for sale to marketing organizations. Let me quote from the New York Times, March 18, 1984:

"Shoppers who think they are only vague entries in some company's list might lose that anonymity if they hold MasterCard or Visa credit cards. A new service by CitiCorp Credit Services, a CitiCorp subsidiary, will provide businesses that accept MasterCard and Visa credit cards with a detailed profile of their customers. The data will come close to pinpointing the bank card shopper's income, education, family, housing type and value, age, vocation, even 'lifestyle'.

Alan Newman, vice president and marketing director for CitiCorp Credit Services, said that up until now, businesses that subscribed to bank cards have only

been able to get generalized demographic profiles of those who use the cards. But an arrangement with Donnelley Marketing Information Services, a Dunn & Bradstreet subsidiary, will allow CitiCorp to combine Donnelley demographic data with CitiCorp's own card-holder data, he says, "even to the very block of a community".

You provide this information every time you use your credit cards. Buying with a credit card is a public, not private, act.

Other valuable data for the bloc modeler include supermarket receipts, if you pay for your purchases with a personal check or a credit card. A supermarket's scanner automatically reads and files each purchase into a central computer for later, more leisurely analysis. Even a record of your telephone calls can be reconstructed for later analysis. GETTING UNCOMFORTABLE YET??

### **WHO MANIPULATES THE STRINGS?**

Let us use examples which are most valid.

Dataman Information Services in your place called Atlanta compiles real estate and mortgage information in 48 states and sells it to companies ranging from Neiman-Marcus to CitiCorp. For an additional fee, Dataman will make your phone number available. And since Dataman is a subsidiary of MetroMail, a direct-marketing company, a customer can evaluate the type of direct marketing offers to which you respond or even "pre-qualify" you for specific offers.

Zip-code-based marketing services, such as one called PRIZM, combine census data with state and local government records to divide the country into 250,000 neighborhoods of about 250 households each. Each neighborhood is analyzed according to its income, consumption patterns, etc., and broken into 40 or so socioeconomic groups. PRIZM then combines this data with information from other data bases (such as the above DIS) to which it has access in order to pinpoint an individual's tastes.

For instance, if PRIZM identifies you as a "high-tech frontier" personality, it can demonstrate to prospective clients that, based on its profile, you are five times more likely to purchase a Japanese-made car as someone outside of that group.

If you have a published phone number, the Reuben H. Donnelley Company knows it. Each year, Donnelley matches every published phone number in the United States with names and addresses. Combining this data with information from motor-vehicle registration files, census data and credit bureau records, the Donnelley Company can guess your income, your political affiliation and your "special interests".

Almost anyone can rent the Donnelley list, if he can come up with the amount of the fee. Government agencies (who can always come up with the fee--from you) use it to update the more than 85 federal data bases that contain some 300 million records on

120 million or more, people. Agencies use this information for a variety of purposes: from cracking down on "welfare fraud" to determining if a taxpayer's "lifestyle" fits his declared income.

### **WHAT CAN YOU DO?**

Well, it is a matter of what you are "willing" to do to retain or "regain" privacy. You may, at this point, think you don't care if they have all this information--if you do, then you have not thought it out far enough. Even if you purchase gold to hide around your baseboards, you better do it under an assumed name with cash or money orders, etc., and have it sent to a mail-drop or pre-arranged place who will accept delivery for you as a favor.

At the end of this journal we will give you a list of references that will be able to assist you in many instances, or actually handle the individual matter for you. I will not take time to list them as we move along.

### **LET US START WITH CORRESPONDENCE**

It is a felony for YOU to open another person's mail, but not for the U.S. government to do so. Each year, the U.S. Customs Service opens more than 300,000 packages leaving or entering the U.S. Further, the CIA and FBI has permission to open anything--legally, and has complete cooperation with all postal services.

Now, a further "catch": the Postal Service prohibits other agencies from opening mail IN ITS ACTUAL CUSTODY. But it is not against Postal Service policy for a government agency to open mail when that mail is not in the hands of the Postal Service--let us say, the curb outside the Post Office. In other words, little trusting ones, mail can still be opened, photographed and turned over to the CIA, FBI or IRS, opened, done anything to or with, re-sealed, and then returned to the Postal Service--**AND THAT INFORMATION GLEANED THEREFROM STANDS UP AS EVIDENCE IN A COURT OF LAW FOR YOU THE PEOPLE.**

Historically, international correspondence has been the most likely target of government surveillance. Still, you should not automatically assume that domestic correspondence is private. A residential mailbox is easy enough to invade even though it is illegal to do so. This will get ever more prevalent as you move along in this coming disaster. Fortunately, there are several measures you can take to protect yourself. **I INTEND THAT MY OWN CREW TAKE THESE PORTIONS MOST SERIOUSLY AND ACT ACCORDINGLY.**

Do not count on the use of the mails to communicate sensitive information. One alternative to the mails is a fax machine. Although fax transmission can be intercepted and decoded by appropriate equipment, government and corporate spies are only now reacting to the proliferation of fax machines. This will only be for a brief period of time so act accordingly. Better yet, use a private carrier such as Federal Express or



UPS--or simply deliver sensitive information which is really important. It can be done through several steps also, and the trail covered.

Do not put your return address on your mail. If you leave your return address off correspondence that you deliver to a public mailbox (not your own) you are almost guaranteed anonymity.

Obtain a post office box. For only a few dollars a year, you can remain accessible to those wishing to contact you by mail without giving out your home address. If you must use a return address, why not use your post office box number?

A good alternative is to obtain a mail box from a private company. It costs more but there is greater flexibility with respect to your identity.

Ask for sensitive information to be directed to "Occupant" or "Current Patron", care of your post office box number. The Postal Service may or may not deliver correspondence to any name or company not explicitly listed on the form you fill out to rent a post office box. But it will usually deliver mail addressed to "Occupant" or "Current Patron", especially if you indicate the instructions on your rental card.

Use an assumed name or company name in your correspondence. Using an assumed name is legal in most states as long as you have no "intent to defraud". If you use a company name, register it with the city or county in which you reside.

Use mail drops. Almost every city has companies listed under "Mail Receiving Services" or similar headings in the Yellow Pages. Such "mail drops" charge higher fees than the Postal Service for receiving mail. But they are almost always more discreet and may provide better service than the post office. For instance, you can direct that correspondence in any name be directed to your mail drop box. You may not even have to leave your real name with the service. Please see appendix for information regarding a Directory of U.S. Mail Drops. It is especially helpful if you have no service in your town.

The mail drop manager is likely to ask you to complete Postal Service Form 1583, "Application for Delivery of Mail Through Agent". Form 1583 lists your name, address, the address of the mail drop and also authorizes "this information to be disclosed to an appropriate law enforcement agency for investigative or prosecution proceedings". Fortunately, completion of Form 1583 is voluntary, as the form itself states. Your mail will be delivered regardless of whether you fill it out or do not.

For even greater privacy, use a foreign mail drop service. This can also refer to mail drops in other states. But here I speak of overseas correspondence. You might arrange for the mail drop to collect overseas correspondence and mail it to your post office box, a domestic mail drop facility or even a post office box in a foreign country. Or you can request that all mail be held for personal pickup. **THIS IS A SERVICE FOR FEE, AVAILABLE THROUGH YOUR NEVADA CORPORATIONS AGENT. A**

## SUPERB WAY TO KEEP YOUR CORPORATION BUSINESS YOUR BUSINESS.

Make your correspondence tamper-resistant. U.S. intelligence agencies have perfected many techniques to open mail. An expert can surreptitiously open even the best protected mail, but you can discourage casual examination by carefully taping the flaps and sides of your envelopes. Use foil lined envelopes to prevent someone from reading the contents of letters by applying oil to the envelope or holding it up to a light, etc. See appendix for information source.

Use codes and ciphers, and change them frequently. This may sound like cloak-and-dagger strategy, but it is one of the oldest ways to protect correspondence. You can make up your own code, using indirect language and code words--but natural sounding ones, so your correspondence doesn't sound contrived.

The ultimate guide to using codes is The Code Book, by one labeled Michael Moretta, which describes techniques to create codes using a microcomputer, a calculator or even by hand. (See appendix).

Avoid using the nine-digit zip code, particularly when you give out your home address. (BUT--ONE MORE TIME I TELL YOU--DO NOT GIVE OUT YOUR HOME ADDRESS!!). The last four digits of the nine digits give federal authorities and the direct marketers the exact location where mail is delivered, right down to the very block. Together with your social security number, the nine-digit zip code gives privacy-invaders the ability to pinpoint your precise whereabouts, personal habits, investment portfolio and financial status.

If you do not wish to receive sexually-oriented direct mail advertising, ask your local post office for Form 2150. Material marked "sexually-oriented" will be withheld from both your residence and your post office box. This is more important than you might at first realize. Ones who receive and accept sexually oriented mail are a pure set-up of those of evil or Satanic intent--everyone should have this mail stopped regardless of all other relative reasons.

Let us take a break, Dharma. I wish to move on to your Social Security Numbers and it is a bit wordy so it is appropriate to take a rest break at this point.

Hatonn to stand-by. Summon me when you are ready to resume dictation. Salu.

Hatonn to stand-by and clearing of frequency.

## CHAPTER 8

REC #2 HATONN

SUN., NOV. 26, 1989 2:16 P.M. YEAR 3, DAY 102

**SUN., NOV. 26, 1989**

### **THE INFAMOUS SOCIAL SECURITY NUMBER**

The "original" Social Security card had written on it "not for purposes of identification". The nine-digit code that was originally created in 1935 for the efficient administration of a retirement program has come a long way. The U.S. Congress has decreed that everyone, even babies, must be assigned a Social Security number. NO ONE IS EXEMPT.

Let me unnerve you a bit--anyone who has enough knowledge to be a "computer hacker" "owns" you if he only knows your name and Social Security number. There is something completely disturbing in what I just said. Is your number merely a convenience and its occasional misuse simply the price of "progress"? No, it is something far more disturbing which is occurring these days.

Any average person has already revealed himself thousands of times--on tax returns, mortgage applications or any loan documents, driver's license applications, employment applications, physician's offices, insurance applications of all types, your bank accounts, unless they bear a corporation's ID number, and a myriad other places and on every conceivable form which you might complete. Therefore, even if the Social Security number is "not for identification purposes", it has evolved into a de facto national identification card. In some states, even your driver's license number IS your Social Security number.

With only the information of your S.S. number and name, a "hacker" or anyone knowledgeable in computer interchanges can find out nearly all he would ever desire to know about you. He would even be able to glean enough information to become an imitation of you and actually impersonate you in several different ways. He can get information about your bank accounts over the phone and with only the identification of the appropriate password (easy to come by) he can access the credit bureau network and can learn everything about your credit records--AND CHANGE THEM IF HE SO DESIRES!

DO NOT DISCLOSE YOUR SOCIAL SECURITY NUMBER UNLESS IT IS **ABSOLUTELY NECESSARY AS REQUIRED BY LAW.** (AND MAKE THE PERSON SHOW YOU THE LAW!) You will find that everyone wants it, all for apparently legitimate reasons. Even your grocery store will ask for your Social Security number when you sign up for a "check cashing card". If you refuse to give out the number, it may usually be obtained anyway, from the local credit bureau. Most

ones who demand the number only do so, however, because it is on every other form and why rock a boat by making changes in already accepted formats.

Your legal obligation to provide a Social Security number is limited. You must give it to your employer so that he can withhold tax. The IRS also requires a Social Security number on your tax return. Moreover, to be eligible for many government benefits, you must provide it. And to obtain a driver's license in most states, you must disclose the number. Many states even publish Social Security numbers on driver's licenses, a gross violation of privacy but nonetheless utilized and as I said, some states even use that as a portion of your license number.

The Privacy Act of 1974 limits governmental use of your Social Security number. The agency must tell you for what purpose it is using the number and whether or not its use is mandatory. However, there are numerous exemptions. For "routine" use or if "national security" is at stake, notification is not required. **NOW, IF YOU BELIEVE THIS IS ACTUALLY WHAT HAPPENS--LET'S TALK ABOUT YOU BUYING THOSE BRIDGES AGAIN.**

There is NO legal limitation on private use of Social Security numbers. Your best hope is to negotiate and not release the number unless absolutely necessary. (In certain situations you might also give the "Federal Employer Identification Number" for your personal corporation which I will discuss later).

There is a time when you want your Social Security number well documented and I will give you a little scenario. Let us say that after years and years of working, you lose your shirt in business and bankrupt, then you are unemployed in addition, then worse fate comes to be--you apply for legal state or government assistance--say food-stamps. Hooray, you have now set yourself up in prime position if you are not yet on any type of income plan. Keep it that way--incorporate so you never have anything! If you qualify for food-stamps you have a good guideline--as long as you run your business so you remain eligible you are almost doing your business in proper form. I jest not! But you had better not use that number on anything which represents income, again--EVER! **HENCEFORTH YOUR LIFE MUST BE RUN AS A CORPORATION OR MULTIPLE CORPORATIONS IN WHICH YOU NEVER SHOW SALARIES, ETC. HENCEFORTH YOU MUST LIVE ON PERKS AND GIFTS. YOU WILL SIMPLY HAVE TO "VOLUNTEER" A LOT OF YOUR SERVICES TO YOUR OWN CORPORATION. STAY ELIGIBLE FOR FOOD-STAMPS AND YOU ARE A VERY FINE STUDENT OF THE SYSTEM. NO SLIPUPS ALLOWED.**

### **CREDIT RECORDS PRIVACY**

In these days of increased mobility in modern America, most merchants do not know their customers by name or even by reputation. Yet the demands for credit are all the much greater than ever before. Obviously a considerably more sophisticated system to check credit than that existing 200 years ago is required.

In early America, most citizens were known on sight by local merchants, even related probably. They were either credit-worthy or they were not and it was known right up front. If credit was granted, it was done so on sight with little or no investigation. A man was known by his reputation and very little else--"way back in the good old days", I think you say.

Today's credit system is a natural outgrowth of your increased mobility and the growth of computerization. The credit records, payment programs and all business thereto related is handled out of massive computer centers so the local merchant no longer has anything to do with it.

The "credit bureau" was started by local merchants so that each individual store would not be forced to independently evaluate applicants for charge cards. As Americans became more mobile, credit bureaus began to affiliate and exchange information with each other--usually the customer asking directly for transfer of those records for his own convenience.

There are hundreds and hundreds of those smaller credit bureaus operating regionally and exchanging all manner of information. Today, along with these bureaus, there are five credit bureaus which are so mammoth they dominate nationally: TRW, Equifax, Associated Credit Services, Trans Union Credit Information Co. and Chilton. All are now interchangeable with one another and provide an instant and continuously updated record on the credit records of more than 150 million Americans who are active users and untold numbers who are simply in the systems--absolutely everyone is in the system--count on it. For a fee, virtually any business can obtain a report on anyone who requests it. That includes your neighbor if he simply tells them he is a business.

The credit bureau lists your name and address, your age, your SOCIAL SECURITY NUMBER, your employer and the length of time you have worked in your position, your salary, the name of your spouse and your children and information about your mortgage, outstanding loans and credit card balances.

In addition, the credit bureau maintains records of judgments against you (taken from court records) state and federal tax liens, information on repossessions, bankruptcies, news stories and lawsuits. All this information is available literally at the touch of a button and is keyed to your name or to your Social Security number.

**IF YOU ARE NOT GETTING SOME VERY CREATIVE IDEAS BY THIS TIME THEN I AM DISAPPOINTED IN YOUR CREATIVITY!**

Besides prospective creditors, employers, government agencies and direct marketing companies often purchase access to credit bureau files. The IRS uses credit bureau files to determine if an individual's "lifestyle" fits his declared income, i.e., if your home is too fine to appear logical and still get food-stamps, then you better create a lien, a lawsuit, a foreclosure--something which would allow you to live in a given

place free of charge.

Unfortunately, credit bureaus often contain outdated information or errors in entry data. There is probably not any person who would find 100 percent accurate information in their credit files. Your file may show you as having been fired from a position when you actually resigned or owning credit cards for which you never even applied or declined to even complete an application therefore.

Often the computer through error of input may confuse you with someone with a similar name or S.S. number--transposition of numbers is a most frequent error and can, in fact, be most beneficial to you in other circumstances. If, however, the erroneous person has a bad credit rating, your chances of obtaining credit--not to mention gainful employment--will suffer greatly. You do now have the right to inspect your own credit records. Further, the Financial Privacy Act of 1978 requires credit bureaus to inform you if the IRS or other government agencies inquire about your credit records. Don't count on this latter for always secrecy can be bought from those agencies whereby they would never tell you of such inquiry. None of your government surveillance agencies are so stupid as that.

Further, a recent decision of a U.S. District Court may have changed this status anyway. The decision makes "informal" searches of bank records by the IRS legal--without notice. In an informal search, the depositor is not informed of the search ever taking place. A logical extension of the decision would also permit informal searches of credit records or other personal records kept by a "third party" and it would be such a sly maneuver that you would not even hear of it until after the passage of the regulation. It would obviously "float" through on piggy-back to another touted regulation.

If information contained in your credit file is incorrect, you have the right to contest it. The credit bureau must investigate your claims promptly. If it cannot verify information which you contest, you can demand that the data be eliminated from your credit record. Should the credit bureau refuse to correct the records, you have the right to insert a statement into your file explaining your side of the issue. Further, you can subscribe, for a fee of \$35/year, to TRW's Credential Service. TRW will send you an up-to-date review of your credit report as often as you would like. The company will also notify you when any financial institution or government agency requests your credit records. (See appendix). I recommend any who qualify apply for this service.

### **INSURANCE FORMS**

The gossip trade has evolved into a most sophisticated industry. Huge companies, working at the behest of the insurance industry, now send out representatives to neighborhoods across the U.S. inquiring about the health, personal habits, even the "moral fitness" of individuals applying for insurance coverage. Insurance Companies will further tell you that you authorized them to obtain this information--and by signing an application form you probably have done so.

When you sign such a form you have just given blanket OK and a "blank check" of unlimited duration. The form will look something like the following:

I hereby authorize any physician, medical practitioner, hospital, clinic or other medical or medically-related facility, insurance company or other organization, institution or person that has records or knowledge of the health, observation, diagnosis or treatment of either myself or any member of my family, to give to ----- Insurance Company or representative thereof, any and all such information it requests with respect to such records or knowledge. A photocopy of this authorization shall be as valid as the original.

A number of organizations specialize in collecting medical records, and such companies are routinely consulted by insurance companies investigating individual applicants. The most influential of these is the Medical Information Bureau. (See appendix). Do not lie on these forms. The agent will sell you the policy, and the company will accept your premium payments, but if any discrepancy is found after you or your heirs apply to receive payment, the company can nullify your policy retroactively. (See appendix).

If you are unexpectedly denied insurance, the reason may well be mistaken information in MIB's files. Write to them for a copy of your file. You may be told the information can only be released to a physician. If this is the case, ask a trusted friend physician to obtain the information in your behalf and share it with you.

There are other firms who also specialize in uncovering potentially detrimental information on prospective clients. The largest such "investigative service" firm is Equifax Investigative Services. Equifax offices are located in most major cities, and the company has been implicated in numerous abusive information-gathering schemes. (See appendix). Most of these investigations consist of a representative calling on your employer, your neighbors and any "references" you might list on your applications and asking whoever answers if they know of any "deviant behavior" you practice, "unusual habits" they have observed or "serious illnesses" from which you have suffered. The respondents are guaranteed anonymity, but anything they tell the representative is noted in your file--JUST SUPPOSE YOUR NEIGHBOR WANTS TO "GET YOU" FOR SOMETHING OR OTHER! ALL THIS INFORMATION THEN ENDS UP IN YOUR CREDIT RECORDS AND HENCEFORTH PROBABLY ALL THE WAY TO THE POLICE RECORDS, ETC.

### **WHAT ABOUT MEDICAL RECORDS?**

In today's modern medical system with multi-million dollar "CAT scanners", "NMR imagers" and the like, few individuals can effort to pay for treatment out of their own savings. "Third-party" payer billing for medical services is a fact of life. Naturally, private insurance companies and government agencies that pay for medical care want to know what services their funds are buying.

There is no federal law that protects the confidentiality of medical records. Nor do most states provide such protection. In fact, most states require your physician to reveal his diagnoses of certain conditions, including tuberculosis, polio and AIDS. The traditional "doctor-patient privilege of confidentiality" is about the only privacy protection available. Further, for the physician, this is normally a professional, not a legal obligation.

It is not usually the doctor who most frequently discloses confidential medical information. It is the patient who signs medical forms authorizing "any licensed physician, medical practitioner or other person to disclose information relating to my condition or treatment". Usually, the form also states that a photocopy is equally valid as the original.

Signing such a form permits your medical records to be released, not only to the insurance company that the hospital bills, but to almost anyone else. Many hospitals prohibit public examination of medical records but others permit investigative agencies or private investigators free access. Even if you pay your own bills, your medical records might still be open to a private investigator. There are so many easy ways to get around rules as there are people involved. The moral codes of the entire society have reached such a low point that anything can be obtained for very little more than the wink of an eye. Leaks come right out of the President's Oval Office before he has had a chance to tell his wife.

I can relate a few suggestions which may be helpful but they are only suggestions and are only hit and miss possibilities:

Discuss your concern for privacy with your physician. For instance, ask your physician to inform you if he plans to test you for a condition that must be reported to a governmental agency. Ask him not to report any illness he is not required by law to disclose and find out the importance of testing for those that must be reported--errors happen. Remind him that you expect your medical records to be held in strictest confidentiality. Request that he complete insurance forms only to the extent required to satisfy any claim. He can make these notations within a special note on the cover of your file which goes to the office staff.

If your condition requires a prescription, ask your physician for "professional samples" if he has any available. Many pharmaceutical companies distribute large quantities of drugs for use by medical professionals. If your doctor has the medication you need in stock, he may be very willing and able to give it to you privately, rather than send you to a pharmacist. An added bonus: You will ordinarily not be charged for such medication. (But a small personal gratitude gift might be appreciated).

If you are admitted to a hospital, examine the admission documents CAREFULLY. Most admission forms request your permission to distribute your medical file to virtually any medical professional, professional standards review organization,



insurance company or government agency. If you are faced with such a form, you might consider adding your own personal clause:

I authorize Dr. ...., ..... Hospital and members of its medical staff who attended to me to furnish to the ..... Insurance Company or its representative(s) information concerning my current treatment for purposes of verifying my claim for insurance reimbursement. I DO NOT AUTHORIZE THE COPYING OF AND TAKING OF MEDICAL RECORDS FROM THE HOSPITAL WITHOUT MY FURTHER CONSENT. THIS AUTHORIZATION EXPIRES IN ..... DAYS.

This is a suggestion of Dr. Robert Smith of *PRIVACY JOURNAL*. He further suggests that you make the changes to the contract and then return it along with other papers in such a manner that the admissions clerk might even overlook the modifications. (See appendix).

Minimize routine visits to the doctor or hospital even if they are covered by insurance. Since routine visits are usually deductible anyway, depending on the ailment, it is most wise to simply pay for routine visits out of your own pocket--preferably in cash so that the record is closed on the spot. Remember, too, that insurance companies are known to cancel coverage of individuals who make "excessive" claims.

### **AT WORK**

This one can really "getcha". If you apply for work in anything to do with the government you can be hung out to dry. If you don't answer the questions, especially at update time, you can lose your job and be prosecuted as well. For instance the Customs Service has an 18-page questionnaire which is designed to re-certify security clearances for existing employees--can you even imagine how many questions they can squeeze on 18 pages plus extra pages for essay type answers? **WORK FOR OR IN THE GOVERNMENT AT YOUR OWN RISK!** It isn't much better anywhere else, however.

There are very few privacy rights in the workplace. Before you are hired, your employer may ask you to answer questions that invade not only your privacy, but that of your spouse. Once you are working, he may deny you the right to speak freely, search you or your office or force you to undergo a drug test. He may even hire informers to spy on you (the Customs Service admitted that it does so). If your work involves "national security" or handling of large amounts of money, he may force you to take a polygraph test.

There is virtually no limit to the information your employer can gather. He may listen to your telephone conversations, monitor the number of keystrokes you make on a computer, even ask your neighbors to describe your habits.

You will find that you have some right to inspect files your government agencies and

credit bureaus keep on you. YOU HAVE NO SUCH RIGHT TO INSPECT YOUR OWN EMPLOYMENT RECORDS EXCEPT IN A VERY, VERY FEW STATES-- CHECK ON YOURS. HOWEVER, YOUR EMPLOYER HAS THE ABSOLUTE RIGHT TO DISTRIBUTE THOSE FILES TO WHOMEVER HE SO CHOOSES!

### **JOB APPLICATION**

Here is where you begin your first line of defense. The stronger your bargaining position, the more discretion you have in completing or not completing the most objectionable portions of the form. For instance, you may choose to ignore questions that are clearly irrelevant. For example, if you are applying for a position that requires no "physical activity" then you would wish to simply place N/A in the form blank where it asks for physical limitations.

You might, further, ask your employer to sign an agreement that your information on the job application not be released without notifying you and receiving your written consent. Of course you would have to evaluate your value within the organization.

Most applications will ask you to give approval to a personal investigation of virtually unlimited scope. You must insist that such investigations be limited to issues that clearly relate to your work and get it in writing. If you will not be handling large sums of money then there is no valid need for a credit report. **IN NO CASE SHOULD YOUR EMPLOYER NEED TO BRING IN AN INVESTIGATIVE FIRM TO TALK TO YOUR NEIGHBORS AND FRIENDS OR FORMER CO-WORKERS.**

Applications will usually require you to list all jobs held for your entire working history. Tell your prospective boss that you feel jobs you held five or more years ago have little relevance to the position for which you are applying. Further, do a little investigation. If companies you have worked for in the past have gone out of business or your former supervisor has retired, you might mention to your prospective employer that there is no one at a company at which you were once employed that could possibly provide a reference except as might be listed in master personnel files.

**THIS NEXT ONE IS A MOST ABUSED ONE BECAUSE MOST ONES DO NOT UNDERSTAND IT AND "THEY" SURE ARE NOT GOING TO EXPLAIN IT:** Many job applications will ask if you have ever been arrested for a crime. **THIS QUESTION IS A VIOLATION OF YOUR RIGHT TO PRIVACY AND IS ILLEGAL TO EVEN ASK IN MOST STATES.** Only convictions should be of interest to your employer, not arrests. One way to deal with this issue (without admitting to any arrests) is to explain to your prospective employer that you would be willing to answer a question relating to convictions--but not arrests.

### **DRUG TESTS**

Now friends, I do not approve of drug abuse nor even hocus pocus with same. I do, however, disagree with "laws" for everything under the sun. It is going to be more and

more prevalent, however, that you undergo drug testing if you wish to work in some companies and in some positions. You are on your own in this instance for I most certainly will not give you methods to outsmart this particular category. If you are taking illegal drugs or even prescription drugs which might endanger another if you are affected by the drug--I stand squarely WITH your employer. Your world is on the brink of collapse because of these sad abuses. Either go prepared to pass the test or forget the job. I will give you a rundown herein of the "Scientific and Technical Guidelines for Drug Testing Programs":

The collection site person shall ask the individual to remove any unnecessary outer garments that could be used to tamper with or adulterate his/her urine specimen. Also, all personal belongings must remain with the outer garment; the individual may, however, retain his/her wallet.

The collection site person shall note any unusual behavior or appearance. After washing his hands, the individual shall remain in the presence of the collection site person and not have access to water fountains, faucets, soap dispensers or cleaning agents.

The individual may provide his/her specimen in the privacy of a stall or otherwise partitioned area that allows for individual privacy. The collection site person shall note any unusual behavior. If an individual fails for any reason to provide the necessary specimen, collection site personnel shall contact the appropriate authority.

Immediately after collection, collection site personnel shall measure the temperature and conduct an inspection to determine the specimen's color and any signs of contaminants. Any unusual findings resulting from inspection must be included on the "Chain of Custody" form.

I hereby borrow a story of a Navy lieutenant in early 1989 who was court-martialed for her refusal to submit a urine sample while being observed by a "collection site person". For her refusal, the lieutenant lost seniority, \$500/month pay and undoubtedly incurred a permanent record as a "troublemaker". Her military career, in all likelihood, is ruined. Worse yet, she had a private test run which tested negative for drugs but was considered unacceptable. The "site observer" was a male, by the way.

More and more employers are routinely employing "random" drug tests to screen employees for the presence of illicit drugs in the national hysteria over the "drug problem".

Employers have legitimate concerns regarding drug use on the job. If you arrive at work in an impaired state from the use of any drug--including legal drugs such as alcohol or prescription medicines--your employer clearly has a legitimate concern. A drug testing program in an occupation where an employee is operating dangerous machinery or is responsible for the safety of customers may be justified--but only if

the employees show clear signs of impairment or an accident has already occurred.

"Random" drug testing, however, is seldom truly random in actual practice. Low-level employees are much more likely to be asked to submit to a drug test than high-paid executives. I doubt, for instance, that President Bush is asked for a test sample, or Donald Trump--or even Oliver North.

Then again, all drugs are not alike. To place a casual user of marijuana in the same category as someone addicted to crack cocaine is ludicrous. Yet most company's drug policies provide for outright dismissal if either drug is detected in a urine sample test--while providing outright exemptions for users of other potentially harmful but legal drugs, including alcohol and prescription medications.

Drug tests are not particularly accurate, either. The most common drug screening programs routinely confuse licit and illicit drugs. The over-the-counter medication Advil, for instance, may trigger a positive response for marijuana use. (This should give you an Excedrin headache.) Some antihistamine medications will make urine tests positive for the presence of amphetamines so even my scribe would lose her job for she has unruly hay-fever.

Even if you don't use illicit drugs, being forced to undergo a random drug test is a clear invasion of privacy. And even if you are "clean", sloppy testing could easily get you fired.

Another problem with drug tests is that once you submit a urine sample, you don't know what other tests might be performed on it. One police department that administered drug tests to job applicants also analyzed urine samples to determine if applicants had a higher-than-average risk of developing diabetes and heart disease. Applicants who tested negative for drug use but were shown to be a relatively high risk for these conditions were eliminated for consideration. If you have concern about the possibility that a random drug test might indicate a "false positive" drug use profile or reveal a health condition you would rather not have publicized, you might wish to take measures to "beat" the test. Bleach, for instance, will cause most urine samples to test negative for the presence of drugs. (Whoops, did I really say that?) Well, I can't condone this or other measures to defeat drug tests, and such measures may even be illegal. However, if you are interested in this subject the best book to get is *STEAL THIS URINE TEST*. (See appendix).

Another disturbing aspect of drug tests is their connection with the "zero tolerance" campaign the federal government is now waging against drug use. An individual found with illicit drugs in his vehicle may have his vehicle impounded by the government; drugs found in the home means forfeiture of the home. These seizures occur before any trial; in a stunning reversal of legal precedent, it is up to the individual whose property is forfeited to prove he is innocent. In one instance, the owner of a fishing boat had the boat impounded after a U.S. Customs agent found a single marijuana cigarette in the possession of a crew member. ALERT TO ALL YOU CASUAL

USERS!! OR EVEN YOU WHO GAVE IT UP AFTER "NEW AGE" "BEING AND FINDING YOURSELF" AND STILL MIGHT HAVE A STRAY IN YOUR OLD COAT POCKET, BASEMENT OR ATTIC. ALSO, BETTER FIND OUT JUST WHAT ALL IS ON THE LIST FOR IF YOU HAVE EXPIRED PRESCRIPTION MEDICATIONS IN SOME INSTANCES YOU CAN END UP IN THE SAME TANK OF HOOKED FISH! YOU BETTER FURTHER REMEMBER THAT SOME OF YOU ARE ALREADY UNDER SURVEILLANCE WITH THE BIG BOY JUST WAITING TO CATCH YOU AT SOMETHING OR OTHER.

One logical extension of zero tolerance would be for a positive drug test to lead to the search of property for illegal substances and for the property to be forfeited if such substances or evidence of their use is found.

Is drug surveillance really worth the abolition of your common-law rights as American citizens? Is the anti-drug campaign being used as an excuse to annul common-law rights? Isn't the federal government likely to use such legal precedents to expand its anti-privacy campaign into other areas of life? The cost of federal drug control is a lot higher than simply salaries and equipment costs. This is most valid questioning for you ones are headed in the direction of total governmental control of EVERYTHING! IT IS INSIDIOUS AND CANCEROUS AND IN YOUR ALL-OUT ATTEMPTS TO "FIGHT" A "THING" YOU DO NOT CONSIDER ALL THE ALTERNATIVES AND NEGATIVES BEFORE YOU MARCH FOR THE CHANGES. SO BE IT-- YOU ARE HEADED TOWARD TOTAL DEFENSELESSNESS. Let us now change the subject as I might spend the remainder of the night on this subject. WAKE UP YOU SLEEPY-HEADS AND SEE WHAT YOU ARE LOSING INCH BY INCH!

### INCOME PLAN

The following is certainly nothing "new" but for some it might be worth investigating if you feel you might benefit. I will give you a bit of a run-down and you can see if the shoe fits. If it does it is most propitious to look into doing business in this manner. The portfolio can be obtained from Enterprise Publishing, Inc., (The address was deleted for the new printing since they are no longer in business.) (See Appendix). I shall have Dharma simply copy their "INTRODUCTION".

By removing yourself from your company's payroll (but not your job), *INCOME* actually has you pocketing, and your employer saving, thousands of EXTRA dollars a year--quickly, easily and, despite tough I.R.S. rules, legally! No wonder *INCOME'S* "independent compensation" plan is creating such a stir in business and accounting circles.

More about *INCOME* in a moment. But first, since independent compensation starts where paychecks end, ask yourself some revealing questions about your paycheck: For instance, how much (or rather how little) of your present gross salary are you really bringing home? And how deeply are those ubiquitous "deductions"--federal/state/local taxes, social security, healthcare and insurance

premiums, so called "retirement" or "thrift" plans and sundry other deductibles--biting into your financial hide? Lastly, how much more cash would you have if NOTHING were deducted from your check?

The answers will shock you. Because, were you to get the salary you're earning, you'd be likely to earn 20% to 40% more than the salary you are getting! That's right. If you make, say \$20,000 a year, your weekly paycheck should amount to \$384.62 (about) actual gross salary. Yet, after deducting U.S. income tax and Social Security taxes alone (nothing else), you could take home as little as \$307.35 . . . or \$77.27 less than your gross salary. Were this \$77.27 not "confiscated" in advance, your check would show an astonishing 30% increase!

Now, *INCOME* can totally eliminate such advance deductions. With *INCOME* your weekly or monthly checks reflect the full amount of what you're being paid. In terms of immediate cash flow, what you gross is what you net! Yes, you still have to pay Uncle Sam--but only on taxable earnings. But it's you (not some payroll clerk) who decides how much of your income will in fact, be taxable.

*INCOME'S* principles have been around for a long, long time. Indeed, *INCOME* reflects in microcosm the whole private enterprise system. The concept of private individuals providing beneficial services to each other has made the United States the most productive nation in the history of the world. Which, incidentally, helps explain why *INCOME* has gained such wide acceptance among American employers. Moreover, the *INCOME* idea has long been employed by high-salaried executives and professionals--often six figure management people who must find innovative ways to sidestep confiscatory taxes and keep a reasonable share of their earnings. Their successful strategies, and the expert income-keeping advice they've received from CPAs, tax lawyers and consultants, have been incorporated into the *INCOME* plan.

It should be noted that Independent Compensation plans should be implemented by letter agreements and other considerations that meet I.R.S. requirements. Specimens are included with your *INCOME* PORTFOLIO. (Which you will have to personally order if you desire one--Hatonn).

### **BENEFITS OF INCOME**

A. No deductions resulting in high take home pay for you. No federal/state/ local taxes, social security, health care and insurance premiums, so-called "retirement" or "thrift" plans and sundry other deductibles. *INCOME* can totally eliminate such advance deductions. Your weekly or monthly checks reflect the full amount of what you are being paid. (We will review how you can set up your own retirement and health/benefit programs that often are better and at lower cost than what an employer provides. In this portfolio are included 227 tax deductible expenditures).

B. Additional Income Sources. When you go on the *INCOME* plan you go off

not only the payroll, but the salaried-employee treadmill as well. One of the biggest advantages of independent compensation is the real independence it gives you--including the freedom to develop additional income sources. Moreover you won't be entirely dependent on the stability and/or whims of any single employer. (Later in the portfolio they review how, when and where to find such personal profit centers, and what pitfalls to be wary of--Hatonn)

C. Benefits to Employer. The *INCOME* plan saves the employer a great deal of money often involving thousands of dollars on a single individual after that individual goes on the *INCOME* plan.

The employer saves first by eliminating expensive bookkeeping. He eliminates the necessity to keep detailed tax records, to write checks to taxing agencies and tax escrow accounts, to file monthly and quarterly reports, etc. All these factors are major ones for every employer.

The employer need not contribute funds on behalf of the employee into so-called benefit plans.

The employer no longer needs to match the employee's contribution into Social Security. On a \$20,000 salaried employee this can save the employer as much as \$1,340!

### **ROSE BY A DIFFERENT NAME**

The above described program is simply a self-employment type of contractual agreement. There is naught special about the INCOME PORTFOLIO. Further, you can attain better results if you self-incorporate or work under a DBA as "self-employed" contract employee. If there are enough requests for this information we will consider printing a small booklet dealing with the matter. It simply represents an option in some cases. If you desire more discussion from us please notify Con Christie, Nevada Corp. H.Q. (800-)398-1077 and the requests will be forwarded appropriately.

Dharma, it has been such a long day, chela. Let us draw this portion to a close. I am not finished with your lack of privacy in the work-place but we can pick up with "surveillance" in the next portion.

Thank you for your kind service, it has been a most long and tiresome week-end but your reward for service is great in your gift unto your brothers who are lost in confusion and do not know which way to turn. Rest must wait until the job is done. I honor you, precious friend. You and all my "crew" give me great honor and know that I am always in your service.

I move to stand-by. SALU, I AM HATONN. OUT

## CHAPTER 9

REC #1 HATONN

MON., NOV. 27, 1989 6:30 P.M. YEAR 3, DAY 103

**MON., NOV. 27, 1989**

Good evening, Hatonn to continue.

I probably am going to lose the good nature of my friends who edit and put the final pages of these journals to press. I find I cannot cover the subjects as quickly as the questions return to me for update. I will leave it in your capable hands as to whether or not you wish to pull excerpts from the current writing and deep subject matter relevant or just allow it to go forth in hopscotch manner. At any rate I have information I need to project regarding subjects already covered.

### **MORE CREDIT CARD TRAPS**

Be aware that AT&T is in the latter stages of planning for converting the AT&T phone credit cards into a general bank credit card to compete with VISA and MasterCard. They have already hired a top level executive from the bank credit card industry for that very purpose. They have already been developing a high tech "smart card" with integrated circuitry built in it. They believe they have invented the "ultimate credit card" without electrical contacts. This company is poised to be a major force in the credit card industry. Over 40 million of their phone cards are already in circulation. The new cards will probably be offered to this growing customer base. CAN YOU JUST PICTURE A MIXTURE OF MILLIONS OF PHONE NUMBERS ALREADY AT THEIR DISPOSAL?

KNOW that when these intelligent credit cards hit the consumer, another shield will fall from your wall of financial privacy. MasterCard and VISA will both quickly accelerate their "smart card" plans when AT&T's \$35 billion assets are behind the new Bell Labs invention. COUNT YOUR DAYS AND TEND YOUR BUSINESS FOR THE LIGHTS ARE GETTING BRIGHTER IN THE FISHBOWL.

Further, for you who still enjoy going to the theater of any type--beware of the next trap.

AMC Theaters and soon ALL theaters will begin accepting credit cards for tickets, popcorn and soda! Advance tickets can be purchased by credit card moviegoers over the telephone (how handy, especially for AT&T). Tickets charged over the phone are picked up at a will-call booth in the theater, similar to the system used at the "legitimate" theaters.

Buying movie tickets with credit cards at the theater is being promoted as faster



than cash. Credit card customers have a different line to stand in than the conventional cash payer. The card is run through an electronic terminal that reads the magnetic stripe and the transaction is either instantly verified or rejected! There is nothing to sign! The verified sales have their tickets and receipt printed out immediately.

Well, it does have one drawback, food and drink items have to be charged at the time the tickets are purchased. Food vouchers are issued to be cashed-in at the concession counter. Those booking tickets and snacks on Wednesday, for a Saturday night performance, are expected to use a little forethought and patience, at least until they get the hang of knowing what and how many goodies to order days in advance. Well, for most people that is called long-range planning and may cause some distress depending upon your appetite at the time of ticket ordering. So be it.

### **MORE SOCIAL SECURITY GOSSIP**

I wish that I could tell you all of it is idle gossip but it is most accurate indeed. I had intended to handle most of this subject again when I discuss taxes, etc., but I shall just put it in here because it is all inter-related.

These will be points that most of you will not have heard of but most surely will. Some are already in effect but I shall just have Dharma copy them as they have arrived to her attention. These are "secret" plans--you must remember how much your government loves secrets and code names, therefore, we shall refer to the Social Security Administration as SSA.

Here are some chilling details of what is in store for you if the planners have their way--and so far they always do.

The study is signed by the Commissioner of Social Security appointed by your President Reagan. She says, "I have established the Office of Strategic Planning to help us create our future rather than simply allowing it to happen". It is the same office which produced "2000: A Strategic Plan".

1. So far at least 32 states, plus Washington, D.C. and Puerto Rico have signed up for the SSAs Enumeration at Birth Service, which permits parents to apply for a newborn baby's Social Security number before the baby leaves the hospital. Started last year (1988), the service is supposed to be available in all states by the end of 1989.

But that isn't enough. Current law--thanks to Mr. Reagan--requires that any dependent age five or older have a social security number to qualify as an exemption on personal tax returns. Starting next year that requirement will apply to dependents age two and older. The SSA wants mandatory SS numbers at birth.

2. The plan to eliminate all Social Security checks by the year 2000, and to have funds electronically transferred to bank accounts. They explain that this will save money, but since when were bureaucrats concerned about that? It is just another way for the

government to keep track and move towards a cashless society. It will further require that all ones in the system have a bank account in those places owned by the grey men, etc. You can further bet that to get your money due, you will have to have that account!

3. The SSA calls for expanded use of "smart card" technology. The cards' "intelligence", says the document, can "serve a variety of purposes in addition to their primary purposes of identification for the card holder". This would confirm that the government plans to issue a national ID card that will carry a dossier on you. "This card can hold large amounts of data and is available for a multiplicity of uses such as a highly secure identity device, multiple credit card, check book, medical record card, bank card, etc". How handy, your whole life in their hands--is the heat from the light in the fishbowl burning you yet?

4. The SSA intends an increase in the sophistication and speed of automatic data exchange programs between the various departments of both state and federal governments. This includes automatic interfaces with the State bureaus of vital statistics, the INS, the IRS, and other government agencies. You knew they would!

5. The SSA advocates two-way video recordings of all transactions between citizens and government. Oh, and your picture too! Smile--you're on *Candid Camera!*

6. They expect the modernization effect to be completed by 1990, with the more sweeping changes fully implemented by year 2000. GET OFF YOUR ASSETS, FRIENDS, THE BEAST IS AT YOUR DOOR! WHAT DO YOU PRECIOUS ONES NEED TO GET YOUR ATTENTION?

### **NOTATIONS FOR THANKSGIVING. 1989**

Do your teeth hurt a bit today? You squeaked by, by the skin of them. Let me give you some juicy tid-bits.

The Arabs, Japanese, Taiwanese and South Koreans are trying to decide whether or not to cut their losses short in their U.S. investments, particularly U.S. government debt securities.

The Arabs are right up against it--it is time to call the notes. The top "Royal Family" in Saudi-Arabia is making last ditch efforts to get their private funds out of the country. The collateral to the Grey Men banks are the resources of their country and they are down the tubes. When that country defaults, which appears to be momentarily--your system has had the death blow. Mexico cannot make payments on their debts--no one in the world can. It's all over but the playing and praying--of which I expect my crew to do a lot of both, please.

As recently as May/June of this year it must be noted that the international currencies have all but collapsed. Just as your U.S. dollar index is extremely overbought, so too

are the major international currencies--the Japanese yen, British pound, Swiss franc and German D-mark--all extremely oversold. A panic decline in these currencies has actually already taken place while your video monologuers droned on and on with much ado over nothing.

The world's central banks are undertaking radical "surgery" in an all out effort to stem the tide. To make positive progress the U.S. must strongly boost its money supply while dropping interest rates. The other central banks must sharply raise their interest rates and tighten up on their money supplies. There is panic in the back room!

Watch the "dollar". The stronger the U.S. dollar gets, the greater the long-term "bullish" case for gold and to a lesser extent, silver. A super-strong U.S. dollar carries with it the seeds of its own destruction. Why? Because a soaring U.S. dollar means a deflationary collapse in the economy, the inability domestically to service debt, huge federal deficits, and a sharp decline in the market for Third World produced commodities. It also puts the Soviet Union in dire straits financially, amid its financial crisis and internal social unrest. Increasingly the best option, perhaps the only option for the Soviet Union, may be military aggressiveness. Always you ones try to solve your financial foolishness with a good old destructive war. So be it for it will not be pretty this time.

**GET OUT, GET OUT--OF THE MARKET AND BANKS AND INTO SOMETHING CALLED GOLD AND SHORT TERM T-BILLS. YOUR OPTIONS ARE ALL BUT GONE!**

Watch the hands most closely in this next maneuver for it is a massive clue.

### **US GOVERNMENT/CENTRAL BANK** **SELLING OF GOLD**

Gold is the world's most sensitive barometer of rising inflation or financial chaos. Hence it is an embarrassment to the politicians and monetary authorities when it begins to rise as they try to deceive the people into thinking that all is well in the financial system. So, your past two decades have seen repeated attempts by the US Government and monetary authorities to hold down (i.e., manipulate) the price of gold. They did it in the late '60s and early '70s; they did it from January '75 'till August '76; they did it in February '83; and they have done it periodically since October '87. They can get away with this manipulation when the markets are quiet and thin, but eventually the financial chaos or inflation becomes too obvious, and the market explodes upward. In 1971-'74 they were overwhelmed, and gold rose from \$35 to \$197.50. In 1976-'80, they were overwhelmed, and gold rose from \$102 to \$850. In the present circumstances, they will be similarly overwhelmed.

The US Government began to sell gold almost immediately after the October '87 stock market crash, and in the subsequent 10 weeks, its reserves fell 190,000 ounces, from 262.58 million oz. to 262.39 million oz. In January 1988, they sold 240,000 oz. and in

February, they sold 118,000 oz. In 4 1/2 months, the Fed sold 548,000 oz. of US Treasury gold (European central banks also collaborated in the manipulation) and not only did they hold down the price of gold immediately after the crash, but when it still pushed to \$500 by 1-1-88, they knocked it down over \$100 to the \$400 range. (Since 1975, the US Treasury has sold 7-8 million ounces of gold to hold down the price).

But just as in the early (and again in the late) 1970s, as the financial system begins to hit the wall, the world debt pyramid begins to implode and the dollar collapses, gold will again explode and their puny efforts to hold it down will once again be overwhelmed.

The 261 million ounces of US Treasury gold is only worth \$100 billion. Putting that in perspective: The 1988 US deficit was more than twice that sum at \$252 billion; the US trade deficit this year is larger than the value of your gold stock; and if one considers \$350 billion in depreciating dollar reserves held by foreigners; or the coming \$200 - \$300 billion bailout of the S&Ls; or the proposed \$192 billion Latin American/big bank bailout; the US gold horde could disappear overnight. If the US Treasury tries to unload large volumes of gold, they will simply find themselves exchanging gold with the Japanese, South Koreans, Taiwanese or Europeans for large volumes of unwanted dollars. It would be like feeding a few bits of hamburger meat to hungry tigers.

You should perhaps note what others around the world are doing, also. I get between a rock and a very hard place in my efforts to tell you what you can do to help yourselves and have any protections at all. You must understand--THERE ARE NOT WONDROUS SOLUTIONS. THERE ARE NOT MAGIC WONDROUS OUTCOMES--YOU ARE GOING TO JUST BARELY SQUEAK BY IF AT ALL. DISASTER IS ALREADY AT YOUR DOOR, THERE SIMPLY ARE NOT "GOOD" WAYS TO PLAY THE GAME--JUST WAYS THAT MIGHT ALLOW YOU TO SOMEHOW SURVIVE.

In recent months the price of gold was kept pretty much in check. That was because of what I just outlined for you. My scanners show the probability of a great rise--great indeed.

The control came partly due to the Soviet gold sales being increased. As the world's second largest producer, Russia sells gold regularly into the market. However, due to its gargantuan current financial troubles and the fact that it is withholding oil (its number one foreign exchange earner) from the market to help OPEC, the Soviets have sold above average quantities of gold in recent months. This is usually handled through the Swiss banks.

Further, South Africa gold sales have been up. Under pressure from sanctions and disinvestment, the South African Government (as the number one world producer of gold) has not only been selling all of its production in order to pay its foreign debts, it has been selling from its official reserves. These reserves are now some 50% below holdings reported at the end of 1987, and at the lowest level ever recorded in the

history of the South African Reserve Bank.

Forward sales of gold have put pressure on the market. Forward sales involve an established gold mining company borrowing gold from central banks with promises to replace it out of future production. The borrowed gold is then sold to raise cash. Some of the largest mining companies have sold over 25% of their production in the forward market. Forward sales are bearish in the short term, but bullish in the long term, as future production cannot be sold, but must be delivered to the lending bank.

Dear ones, it is working out exactly on schedule and as planned by the ones who control you--please refer to SPIRAL TO ECONOMIC DISASTER(J#4).

Dharma, I want to discuss the big idea of some of your politicians to audit the Fed but it is late and I would like to postpone it until the morrow. If anyone is foolish enough to think the Federal Reserve Bank is going to sit still for such nonsense--then back to those "for sale" bridges.

We were all pained at the necessity to put little Aton on the SSA numbered rolls but even the higher realms have limitations also. We shall simply have to take other precautions as the times are appropriate.

I take my leave to stand-by, in appreciation for your service to bring this information to print tonight. Your days simply are not long enough to get all our work done timely. So be it.

SALU,

HATONN TO CLEAR, PLEASE

GOOD EVENING.

## CHAPTER 10

REC #1 HATONN

TUE., NOV. 28, 1989 6:30 A.M. YEAR 3, DAY 104

**TUE., NOV. 28, 1989**

Hatonn present to continue. Good morning.

We will continue from last evening please, prior to moving back into the subject of attaining some measure of privacy in an ever increasing transparent fishbowl with no security blinds. Well, with information you may be able just to become a bit invisible also, or at least improve your plight.

I am however, being flooded with questions regarding Russia and Mr. Gorbachev, how to tend of taxes and what about those Feds doing something to pull things into competency. It would seem that we need a daily newsletter. Well, we will do what we can as we go along.

### **ASK BUT YE SHALL PROBABLY NOT RECEIVE**

There is an effort being made by your Senate and House to gain public access to the Federal Reserve System. Phil Crane has presented a "bill" to authorize the General Accounting Office (they do such superb work on anything they touch!) to conduct an audit of the Fed.

Your Sen. Harry Reid has introduced in the Senate a companion measure. Can they be truly so misinformed--are they not your elected representatives? Pray harder, beloved ones!

This legislation would require the GAO to audit the Federal Reserve Board, the Federal Advisory Council, the Federal Open Market Committee and the Federal Reserve banks. Did you ever see so many foxes locked within one chicken-coop? Mr. Reid's bill, S. 734, was introduced in April of this year and referred to the Committee on Banking, Housing and Urban Affairs. (If you are not in the throes of hysterical laughter at this point then you are not keeping up with the parade and Robyn HUD, etc.). Mr. Crane's bill, H.R. 844, is pending before the House Banking Committee. How long do you anticipate it will pend?

These elements within the Federal Reserve System, all of which operate in the strictest secrecy, set monetary policy in your country. They lead the economy along or drag it down, according to their whim, by controlling the money supply, by issuing the nation's currency, and by exerting upward or downward pressure on interest rates.

They do this through their power to set the so-called discount rate--the rate at which

member banks borrow money created by the Fed, thus loaning it into circulation.

The Federal Reserve is accountable to no one for its decisions, and in fact keeps them secret for many months after they are made, leaving economic analysts and business leaders to make guesses about economic decisions based on what they think the Fed may have done.

The problem underlying the existence of the Fed is that it is entirely in control of the money-creating power in this country, a power which (by the way) is assigned to your Congress, constitutionally.

The Federal Reserve is a privately owned central bank which is erroneously thought by economists and the public to be part of the US government. (You see, if you call yourselves the Federal Phoenix Journals the economists and public will think you are a grand branch of the government also, finally cleaning their closets--oh woe, not to be! Most people in your country think Federal Express is government operated! Well, it is for the most part, but I think you catch my meaning. The Fed creates money out of nothing and lends it at higher rates to commercial banks. These banks then make loans to the public, which is charged an even higher rate.

All money in circulation, with the exception of coins and a few US notes created by Congress during President Abraham Lincoln's Administration, is borrowed and bears interest paid for by the TAXPAYERS--YOU!

This fallacy of your debt money system is one of which the public is largely unaware, and which a full-scale audit of the Fed could, but won't, do much to improve in circumstance. The "foxes" belong to the largest International Monetary Fund in the World, The Trilateral Commission, The Council of Foreign Relations--i.e., THEY ARE THE GREY MEN, DEAR FRIENDS, AND THEY OWN ALL BUT YOUR SOULS AND YOU BETTER KNOW IT. AS TO YOUR SOUL, MOST OF YOU HAVE SOLD IT TO THE EVIL RULERS, ALSO. TIME TO TAKE A SLEEPY LOOK AT YOUR PATHWAY HOME!

Now this type of information sets us aside for ridicule and stone barrage as we speak of, and advise, regarding "Caesar's" world--NO, NO, NO--IT IS SATAN'S WORLD; YOU MISPELL YOUR LABELS. FURTHER, THE ONLY MANNER IN WHICH WE CAN REALLY ASSIST IS THROUGH YOUR MINDS IN INFORMATION. KNOWLEDGE AND INSIGHT! SO BE IT, WE SHALL NOT RELINQUISH BECAUSE A FEW "RELIGIOUS" GLEANERS FEEL WE OUTSTEP OUR BOUNDS. WE ARE NOT PARTICULARLY INTERESTED IN 2,000 YEARS AGO NOR A BILLION YEARS AGO EXCEPT AS IT AFFECTS YOU TODAY! YOU MUST CLEAN UP YOUR WORLD, GET THIS ALL UNDER SOME TYPE OF WORKABLE ORDER OR YOU ARE DOWN THE TUBES! YOU CANNOT STOP THE TIDE, YOU CANNOT DAM THE RIVER--BUT YOU CAN TAKE MEASURES TO HELP YOURSELVES IF YOU GET BUSY--RIGHT NOW!

## **ZERO TAXES**

Another question flooding my circuits is one you all ask, but you usually ask it in January. Can you arrange your business so you keep your money instead of relinquishing to the Gestapo? Of course. I have given you a way already: by incorporation (in Nevada) and managing several enterprises in perfection. Further, you might have a bit of time for investment in the following type of scenario. Friends and foes for tax reform seem to agree: You cannot eliminate income taxes any more. That is false and let me just show you one little method. Taxpayers with assets and income still pay zero taxes, and the surprising thing is that the method is available to all who wish to plan and work at it.

Every year hundreds and hundreds of wealthy Americans pay no income taxes because all of their income is from state and local bonds. Most of these bonds still generate interest that is exempt from federal income taxes, though some types of bonds now generate taxable interest. Some tax-free money market funds are paying over 7% right now. In the 33% tax bracket, that is equal to a taxable yield above 10%. If you live in a large, high-tax state there probably is a fund that buys only debt that is exempt from tax in your state, giving you a double-tax free fund. You can even purchase property by using tax-free bonds as payment if you can make the seller understand the program--**YOU BOTH SAVE IMMENSELY!**

Tax-free zero coupon bonds can provide long term tax-free interest. You pay a fraction of the bond's face value today and receive no interest for the term of the bond. At maturity you are paid the face value. A 20 to 30 year bond will give you a return of 800% or more at maturity, and it is all tax free. But be sure that this is money you won't need before maturity, because the resale value of a zero coupon bond fluctuates considerably. **DO NOT LET THAT SCARE YOU, HOWEVER, FOR THERE IS PRACTICALLY NO PENALTY FOR "BORROWING" REGULARLY AGAINST THOSE BONDS AS COLLATERAL! BE CREATIVE AS I HAVE TOLD YOU OVER AND OVER AGAIN. IT IS A WONDROUS GAME. IT IS NOT THAT THESE THINGS ARE NOT AVAILABLE, IT IS JUST THAT MOST OF YOU ARE MORE INTERESTED IN THE SATURDAY, SUNDAY AND MONDAY NIGHT FOOTBALL GAMES TO INVESTIGATE. DO NOT BLAME THE "RICH" FOR YOUR OWN LACK OF INFORMATION--IT IS OUT THERE FOR ALL IF YOU BUT LOOK!**

## **FACTOR IN GORBACHEV GLASNOST AND MEGAPOLITICS**

This is not even a "tricky" one but probably does not belong in this journal. So be it. I am going to effort at giving you a concept in this next brief dissertation. It is far too complicated a subject to do justice but we have little time to dwell on it presently. In addition, at some point, either in a journal or a simple presentation, I will give you a rundown on the Russian method of brainwashing for it works superbly--as long as you can keep the populace asleep. That too has been remarkably easy until recently--but



the cosmic elements are waking you up, friends!

Yes, many things could come from this "glasnost". You could double your wealth in the next stages of the farm crisis for Mr. Gorbachev's policies will mean a hard row to hoe for thousands of America's farmers. It will be most subtle indeed for it will first appear a total windfall.

Mr. Bush could relax and sigh with relief. Thanks largely to Mr. Gorbachev, the U.S. budget deficit crisis could be solved without cutting social programs or raising taxes. Congress will obviously snatch defeat from the jaws of victory, however, in this matter by turning a golden opportunity into a god awful blunder of gargantuan incompetence.

Your real estate is a hazard zone for investment--expect real estate prices to decline for the coming 10 to 20 years if nothing else happens. But there are some little-known companies that stand to double, triple and even quadruple in price by moving into Communist countries early on. It is planned and already underway.

**AND ALWAYS--DEFLATION! YOU MUST GET READY FOR DEFLATION AND FORGET WHAT THOSE AUSTRIAN ECONOMISTS ARE FEEDING YOU!**

There will be huge profits made in precious metals over the next several years but it is most difficult to balance the instructions. Obviously, if you hold a lot of precious metals you should "sell"--yes, I said "sell". I know, I know--I have just also said to buy. We are talking two differing things. The price is going up--you need a hedge but if you have a lot of investment, you also need to earn the profits and try to pick it up on the downswing. You ones will simply have to do your own personal calculations as to which category you fit. There are almost 6 billion people on your planet and I cannot advise each separately.

Your real dangers in this time, to your peace and prosperity, are Third World terrorists and domestic demagogues. Also, perhaps you need a bit of input as to what made the decline of Communism inevitable.

### **MIKHAIL GORBACHEV USHERS IN AN ERA**

The changes and concepts ushered in by Mr. Gorbachev have, and will continue to change your world. You will get a reduction in the prices of the food you eat. You will have an increase in the value of your bonds. There will be a cut in the prices of gold and silver--and will turn most real estate investments into financial disasters!

If you fail to see and understand the tremendous economic changes the "Gorbachev revolution" creates, you will reap financial ruin. On the other hand, there will be opportunities for wealth acquisition that you haven't thought of, probably. All of the assumptions that have guided your financial planning for the past 40 years must now be reversed!

America is stunned by this Gorbachev factor. The world is stunned by the open admission that his nation is filled with failures and calling for reform--and putting an end to the so-called "cold war".

However, pay attention--the actions taken were and are inevitable--and quite predictable long before he made headlines. This era was accurately predicted long before Gorbachev took the helm of Soviet Russia. A man named Chernenko was still head of the Soviet Communist Party.

Ah, you think Hatonn has a crystal ball? CIA fronts in every city? Not so, nothing of the sort--logic right on your own placement. It is called "big megapolitics".

### **TWILIGHT ZONE**

(Dharma became ill at this point so this chapter will probably be concluded later.)

## CHAPTER 11

REC #2 HATONN

TUE., NOV. 28, 1989 2:30 P.M. YEAR 3, DAY 104

**TUE., NOV. 28, 1989**

Hatonn to resume. I believe I was just about to expound on the twilight zone when you sent the entire document to the twilight zone. Thank you, Oberli, for rescuing the document. We are having a hard enough day without wiping out a morning's work.

### **COMMUNISM AT SUNSET**

The handwriting was already on the wall years ago. As market-oriented economies grew like wildfire--West Germany, Britain, France, Japan, Taiwan, Korea-- Communist countries fell further and further behind...especially in the fast-moving, market-sensitive high tech areas. Today there are more computers in U.S. public schools than in the entire Soviet Union.

It has been a condition that couldn't continue. The citizens of Communist countries would no longer accept a much lower standard of living in return for the dubious social benefits their systems offered. Further, their leaders could not allow communist ideology to make them economically weak and militarily vulnerable. In other words, economic growth is essential to avoid being completely left behind by the rest of the world.

This would appear to be good news for America. Because it indicates that the Soviets will be spending more and more of their money on factories and computers--and less on tanks and missiles. So U.S. defense expenditures can fall without leaving the nation exposed to the Soviet threats. But is this the way it will happen? Of course not--China is waiting for the appropriate time to do both of you in and also, the money you are speaking of will be money YOU will send into Russia, depleting your own coffers while the little American struggles harder and harder. You will keep grains in their survival larders while you go on without even the survival shelters.

Will defense be cut? From what? A lot of the preparations for survival facilities for your top secret government is already paid for. What in the world do you think these recent shuttle trips are all about? Aren't you even curious as to what the "secret missions" are meant for? Do you realize that even the crews do not know? God forbid I be the first to tell you, as we are already on trembling ground this very day. We have had to interrupt a heavy bombardment of low frequency beams this day and Dharma is turning out something like a wet dishrag. New games every day and in every way--it is most frightening indeed.

Further, just be aware the books are being interrupted in shipment. They won't

however effort at stopping them for there are too many ways to produce more. Just be aware and pay attention to your safety. The work is going out and so shall it be. It will not always be pleasant and today is one of those unpleasant times until we can completely jam the frequency--you just hold tight, Dharma, for we have it, chela. I don't believe we'll even have to bring you home for a visit this time.

Back to the facts. All of this good news comes at a critical moment which of course, is also not accidental. The U.S. desperately needs to lower its national deficits, reduce its debt, and bring interest rates down. Forget it, it will not work in that fashion.

Now that is the good part of it and a smiling President Bush can make his happy Thanksgiving speech and all will live happily ever after! Hardly. No, it is a facade by any definition. The facts are, in addition, that Congress will make a major mess out of this seemingly fortunate situation. You see, it could work if played properly but it will not be such. Instead of applying defense savings, if there indeed are any, it will actually increase boondoggle spending--especially in the coming recession and depression. Rather than benefit from Gorbachev's peace initiatives, this would actually make the situation worse--deepen the recession, ruin the dollar, and maybe even trigger a deeper recession.

There will only be the very few who will benefit from this "great business exchange" and they are already so doing. Then there is the government passing out all these low-interest loans all over the map and there is no intention whatsoever of ever collecting back the money--probably not even the interest. However, the money will be spent in large measure with already established U.S. industry and the business will flow through the central banks of the grey men and the plan is again working to perfection toward the complete control of a planet.

Well, as I have pounded upon prior to this--a large piece of bad, bad news. This type of peace is not inflationary--it is deflationary. It cannot ever be as before.

War and military spending are major causes of inflation. Governments spend a lot of money. Sooner or later prices rise. After a war military spending usually falls. And so do the prices.

However, since the end of the Depression--a period of 50 years--prices have gone in only one direction: UP!

Why might this be? Because through World War II, Korea, Vietnam, and the Cold War, defense spending has remained at record levels. Cuts in defense will be a long-awaited relief. They could balance the federal budget, saving hundreds of billions of dollars, and let Mr. Bush off the hook in addition. But even at that there is a gigantic price to pay, that of deflation.

Inflation is bad news for most people, but deflation is worse. Because most people--and many businesses--are already in debt beyond their proverbial ears. Americans

have been on a spending spree for years and years. They are about to pay the price. Companies will fail. Homes and cars will be repossessed and dumped on the market. Real estate will be hard to sell--and very cheap. Banks will go belly up. The vacation, retirement, and spending plans of millions of good old Americans will be dramatically altered.

The last time the U.S. experienced deflation was during your Great Depression--Hear the alarm--because the coming deflation will be much different as I have already pointed out many times before. I am truly not in the "I told you so mode", I simply want you to hear me now and the only way I can hope to achieve that is to continue to repeat it in several different ways.

This depression will be considerably different in that there won't initially be long soup lines or tin lizzies full of "Okies" headed to California. It will be just plain old "bad" all over everywhere. There will be falling real estate prices which will simply take the breath away. The rest of this century will be confusing indeed.

Let us just say that this deflation will be the legacy of the Gorbachev era...an unintended Trojan horse welcomed to America as a golden idol of peace.

### **HOW IT LOOKS FROM THE MOUNTAIN**

What can you do? Well, you could simply throw this book away and go back to sleep. There is however, some bit of effort you can take and I have outlined it step by step prior to this so I won't repeat ad nauseam.

Let us take that wondrous grain as a for instance. If you own farmland--or invest in commodities, you should know that Gorbachev will have a major impact on food prices. Russia under the Czar was a substantial exporter of grain. Communist policies--not the weather--have caused chronic food shortages. When those looney tune policies are reversed, once again Europeans will buy Soviet grain. Prices will fall and continue to fall for years. As the Soviets become more and more efficient producers, using all your nice friendly technology and left alone for a few years they can outdo you a hundredfold. You can watch this as a spectator, or participate in one way or another, but you must realize, it is a trend that is all but inevitable.

On the other hand, the U.S. dollar will rise. That is virtually inevitable also for it is a direct consequence of deflation.

If you are cautious and wise by being knowledgeable and watching carefully, you need not lose everything, but you must pay attention. You must realize how things really work and not the fantasy way you are told in the propaganda issues.

Investments don't just run up and down at random. They are made to move--by people. People who control governments. People who make business decisions--people who are prisoners of greed and fear--and they control you.

## **WHAT TO WATCH FOR**

There are a lot of things to watch--tid-bits on the back pages of the paper in tiny print. Big people make big deals. For instance let me point out some strategy carried off beautifully in 1984, and if you were paying attention you could have outguessed the outcome easily.

As oil prices started to fall, Saudi Arabia did a complete reversal in oil strategy. One man was going to decide future oil prices. Sheik Yamani, who set oil policies for Saudi Arabia, set into motion a plan to pull the rug out from under non-OPEC producers, such as Norway and Great Britain. He did a 180-degree turnabout and drove down oil prices.

Well, the strategy cost Yamani his job. But it also created one of the greatest profit opportunities of your lifetime. In a matter of weeks the price of oil fell by half. The price of oil fell below \$10 a barrel the day after Easter of that year. WATCH YOUR HOLIDAYS!

Watch the price of gold. When the price of gold moves substantially for example, it will usually have something to do with actions taken by the major producers--South Africa and the Soviet Union.

When the price of oil rises or falls dramatically, you can bet that something has happened within OPEC nations.

When major changes take place in bonds, stocks, and even real estate markets--you can generally find the source of it in decisions taken by some government, or quasi-government, officials (such as "central bankers").

Ah, life goes on. The Berlin wall came down right on schedule if all of you had my projected "approximately" schedule. It had to lose importance and yet it had to be a big splash for all the free world to get behind the "movement to freedom" and put up all the money it will take to keep the world afloat.

Noteworthy also, is that the Soviets are prepared to make major concessions to Germany and Japan--major concessions.

Gorbachev desperately needs foreign money to carry out his programs and these two countries have more cash than any others.

The payoff for the Soviets? Billions in foreign credits from its two richest trading partners, and America thrown in for good measure.

**YOU CONTINUE TO SIT IN SURPRISE**

You sit waiting for *48 Hours or 60 Minutes* to give you a little inside comment. Brothers, the news is out there if you will but bother to see and hear.

As far back as February 1988 it seeped out that there would be a major change in top secret Soviet gold trading strategy.

Even the CIA was "scooped" by leakers in predicting the overthrow of the government of the Sudan (bad for Chevron). There was advance forecast of the upsurge of guerilla war in Colombia (bad for Occidental and all the drug deals, agreements and contracts). It was known months in advance that leftist Alan Garcia would be elected President of Peru and declare a debt moratorium (really bad for bank shares). The coups d'etat are known weeks in advance of every one and in fact, funds are funnelled into the system as well as arms and trainers for the operations. Do you think it an accident that the two major Israeli trainers were found in Columbia? Well, it WAS an accident that they were found--not that they were there.

### **WATCH FOR SOME OF THE BLACK CLOUDS**

Look for an incredible series of bank failures. The S&Ls alone are in the hole by billions of dollars. There is no place to get the money to cover them.

There will be massive failures of the pension plans and programs.

The stock market will be a disaster. Prices will fall, across the board. Most investors will lose and lose very big indeed.

Most Americans' wealth is in the form of real estate . . . the family home, etc. The real estate will be especially hard hit, for a number of reasons.

The fact is, even though farmland prices are still soft in some areas, they've got a lot farther to drop. Even Texas, for example, has a lot of room left for prices to fall. Few people alive today remember, but farmland prices fell almost every year during the first half of this century. Surprise!

It will not be an easy time for most people. However, if you pay attention and are timely, you can make it. Look around and check a few things to see how prepared you are today:

1. Have you paid off most of your debts? If debt payments take up more than 25% of your disposable income, you should reduce your fun and get that debt down immediately--or the family jewels and farm will go.
2. If your income declined by 50% would you still be able to live comfortably, without losing property to foreclosure? How about by 75%? How about by 100%? Think about it.

3. Do you have at least enough cash on hand to meet 6 months living expenses? If not, add to your cash position. It will take a while to collapse the entire ball of melting wax.

It is the time for careful action in "Caesar's world" my dear brothers. I do not come to bring bad news, I come to help show you the way that you might make the journey in completeness.

Dharma, I would like to leave this for a while as I am being summoned to my duties. Thank you, chela, for your assistance.

I take leave now and move to stand-by.

SALU, HATONN CLEARING FREQUENCY



## CHAPTER 12

REC #1 HATONN

WED., NOV. 29, 1989 7:00 A.M. YEAR 3, DAY 105

**WED., NOV. 29, 1989**

Greetings in Light, Hatonn here to resume our work. Oh my, I find that even with all the "pull" I have, I can't get pertinent information to you quickly enough.

### **BULLETIN**

Dharma, you are just going to have to trust me, chela. It is ALL under way to some extent and you must be ready for this next barrage on your senses.

I am reminding you of that which I have brought forth in the past--GET SPIRAL TO ECONOMIC DISASTER AND READ IT. I HAVE TOLD YOU TO GET OUT OF THE BANKS AND THRIFTS AND INTO CASH, ETC. I HAVE FURTHER TOLD YOU TO ACCEPT NOTHING HIGHER THAN \$20 BILLS IN CASH AND KEEP THE WITHDRAWALS UNDER THE REPORTABLE LIMIT. GO TO THE BANK EVERY DAY IF NEED BE. SCATTER YOUR ASSETS AROUND TO SEVERAL BANKS UNTIL YOU MAKE IT FEASIBLE TO WITHDRAW THE NON-REPORTABLE AMOUNT FROM EACH. DO IT!

"THEY" ARE READY TO MAKE THE "BIG SWITCH" IN MONEY--NOW! IF THERE WERE MORE EFFICIENCY INSTEAD OF TOTAL INCOMPETENCY IN YOUR GOVERNMENT YOU WOULD HAVE LANDED IN THE SWITCH BETWEEN THANKSGIVING AND CHRISTMAS AND THE FINAL OPPORTUNITY FOR EXCHANGE BETWEEN CHRISTMAS AND NEW YEAR'S DAY. THEY WOULD, OF COURSE, GRANT A LITTLE BIT OF AMNESTY TO THE "TINY" CITIZEN LATER BUT VERY CONFOUNDED LITTLE.

GET YOUR HUNDRED DOLLAR BILLS AND YOUR FIFTY DOLLAR BILLS OUT OF THE MATTRESS, OUT OF THE SUGAR BOWL AND GET IT CONVERTED NOW TO NOTHING LARGER THAN A \$20 BILL.

THEY HAVE ALREADY GIVEN THE NEW CURRENCY A "TRIAL RUN" AND COULDN'T HANDLE THE CHANGEOVER BECAUSE OF TOTAL STUPIDITY--EVEN THE PRINTING FALLS OFF IN YOUR HANDS.

The new bills are tinted varying shades of pink, blue and brown, blighted with holograms, diffracting gratings, metal and fiber threads and chemical alarms.

AND JUST WAIT UNTIL YOU SEE THE SATANIC SYMBOL (SEAL) ON ALL THIS NEW AND WONDROUS "SALVATION OF THE ECONOMY"

CURRENCY. I SHALL LEAVE THE SURPRISE FOR YOU. THE EAGLE IS GOING TO LOOK LIKE A PHOENIX, DEAR FRIENDS, AND THE SYSTEM WILL BE EVENTUALLY BASED ON AN "EAGLE" EXCHANGE SCALE. OF COURSE, AS LEAKS IN INFORMATION OCCUR THE PLANS CHANGE ACCORDINGLY SO I ALMOST HESITATE TO OPEN MY MOUTH AND SO DO ALL YOUR PREDICTORS.

### WELL. WHEN?

Since the Thanksgiving showdown, more time had to be extended. As hard as this may be for you ones to accept, it was mostly due to drug contracts. The drug lords threatened to blow up the entire of Colombia and a dozen other places--they did blow up an airline, if that currency swap was not called off. They may be able to postpone it again but don't count on it.

Further, you had the Saudi-Arabians and Japan ready to close all exchanges. It was truly a black Thanksgiving. While you feasted and fiddled your Rome almost burned. Certainly your turkey got scorched.

The New Money will probably be a gigantic financial steamroller. Will you be rolled flat, or are you listening? The printing plant is all ready for operation. It is in Ft. Worth, Texas. It is a gigantic facility, blocks long. It is a top-secret printing plant, mammoth in size, protected by nuclear-style security and equipped with the latest German printing presses.

Stage One of the new money system fell on its face because the old Washington, D.C. plant couldn't handle the new technology of imbedding polyester threads and microprinting. They have it down pretty well now, friends.

Stage Two will curdle your blood. There are some leaks coming forth from your sector but mostly even they are terrified for their lives--the only valid slips have come from a Federal Reserve insider. I shall blow the whistle on no one--I am only going to enlighten you to some general plans and hold my scribe in security. You had better just carefully heed what little help I might have been up to this point.

The entire plan has been kept under wraps because it would, and will, throw the entire world into panic and ultimate collapse. The switch will take place at a most inappropriate time and the exchange will be totally limited and conducted like a security death camp. You, as "little people" may not recognize it but the "big boys" most certainly will.

The government and Treasury tout this as an effort to stop drug trafficking. THE BIG B-WORD, FRIENDS! THIS WILL ALLOW THE DRUG KINGPINS AND BIG MONEY SHIFTERS TO SIMPLY NOT HAVE TO HANDLE BILLS AT ALL--THE UNDERWORLD WILL GO ON A CARD SYSTEM AND MAKE THEIR DEPOSITS DIRECTLY AND SECRETLY INTO THE PROPER BANKS AND

DEPOSITORIES. IT WILL HELP PREVENT INDIVIDUALS FROM HIDING ANY WEALTH AT ALL. YOU ARE GOING TO HAVE TO HAVE A TOTAL ACCOUNTING AS YOU MAKE THE TRADE-OVER.

There will be a great effect on gold and silver prices which are best kept to the scanners and probabilities at present. You ones must learn to think in completely new terms for naught will remain the same in the long-run. Ah yes, the trial run was held in Hawaii so the mainland wouldn't note it. It did bear the exchange rate which will be forthcoming which will likely be ten to one.

I am not telling you to not participate, you must participate in the exchange for the greenback will be phased out completely. The new currency will have value--but every piece will have your name on it in the system.

The day of the big "turn-in" the IRS will surround every bank! Get in there and convert those big bills as it is about all you can do at this point.

As you move along you will also find coming into use multicolored Treasury checks--which will be necessary for playing in the "big casino".

The switch will enhance the underground economy almost immediately--I speak of the criminal underground. They have followed it all along and have made preparations. The resistors have precipitated things like the Colombian drug lord wars. To exist nicely one has to play the game according to the new rules and share with the rest of the criminals.

You will have a world dollar panic and only those in relatively stable short-term bond markets and those in paper and computer exchanges will be able to continue. WE have most carefully followed this and remain most optimistic about our own resources being stable and profitable--our hope for building and foundation funding is based on riding piggy-back with the way the big boys have it structured and catch the fall-off. To have any appearance of credibility at all, they must allow continuance of business.

These are the ways in which it could be sold to your gullible Congress. Further, it will work to our advantage for quite a while. That is why we urge you to get secure at a personal level, move into all the privacy you can attain, get into corporations in order to protect self and see if we can ride this ocean from the top instead of buried in the sand-bottom.

### **HEADED FOR THE TARGET ZONE--EASY DHARMA!**

You ask God for help, I am here to do that which I can--together we can do nicely but it will require attention and follow-through. You live in a most physical world and you must survive in a physical manner--all WE can do is offer better foresight. It will take courage and great bravery. Dharma thinks she has about run out of both but she has NOT! WE will continue as long as there is anyone to receive.

I CAN ONLY ASK THAT YOU ON THE RECEIVING END BE GENEROUS IN YOUR GIFTS FOR IT IS INCREDIBLY EXPENSIVE IN A FINANCIAL MANNER TO GET THIS INFORMATION TO YOU.

Your government is supposed to protect your rights. Instead it steals your freedom and your money. The Founding Fathers of your wondrously gifted country didn't plan it this way. Today's politicians and bureaucrats might as well be working for Satan's dictators. Their only desire is to tax, inflate, regulate, intervene, harass, switch currencies and snoop on you until the fishbowl has not a shred of shelter within. The politicians and bureaucrats have gotten onto the bandwagon and are totally subservient to the "big banker grey men" for they know it is the only way to make it with any assets and continue to live "high on the proverbial hog". So be it at your expense.

You might think you are loved and adored because YOU are the one footing the bills in Washington and the world--forget it, you are most despised. You Americans who have worked hard and accumulated some savings--you are a minority and you are a target of the IRS, the Fed, the Congress, and the rest of the gang--further, they have found a way to "getcha"!

The choice is yours as to what you will do. The Feds and the power Elite desire to pull the wool over your eyes. It is so much easier to remove a sheep's wool if the sheep is tranquilized or sleeping--even easier if the sheep is dead.

I would hope that most of you coming in contact with this word consider yourselves something other than sheep--perhaps change to "hawkeye" and don't stand still while they fleece you. WE are most dedicated to enlightenment of you wondrous "middle-class" Americans and protecting your savings from the federal shears for it will be you who must pull yourselves together and rebuild this world.

You are on the collision course with financial holocaust and when that happens you are in direct firing line for the final holocaust. When the financial holocaust hits, the plan is to use the crisis to loot all your savings and render you a helpless society.

Oh, you think the Armand Hammers of the world will keep on thriving? YES THEY WILL. THEY ARE THE ONES WHO HAVE LAID THE PLANS FOR YOUR ENTRAPMENT AND THEY HAVE NOW LOCKED THE CELL DOOR.

### **WHAT AFTER?**

Well, there will be a full-out drive for world government, a world currency and a world central bank.

There will be exchange controls to hold you hostage, while the dollar drops down the bottomless pit.

There is a plan already in place to simply SUSPEND the Constitution when the Feds launch another no-win foreign war; the teetering FDIC and FSLIC will have all accounts frozen in a breakdown; the famous mutual funds and brokerage houses will be totally unsound; the taxpayers will be attacked in a most depraved and frantic manner until all visible assets are completely depleted; the long-term bond market will totally flop; there will first be signs of inflationary depression and then the truth will dawn that it is totally deflationary. Oh yes, I almost forgot, the Trilateral-CFR really have dandy plans for America! Further, there is a Monetary Control Act that will allow the Fed to "back" your dollar with worthless Third-World bonds and declare Depression-style "bank holidays" on its own say-so without public notice; the IRS will surge in power with nothing allowed to be hidden regardless of tactics required by police action.

Now we move into mention of some most dangerous and gruesome material: How about something called the "Bohemian Grove", the top-secret, pagan playground of the powerful. There will also be a federal "smear campaign" to lump pro-privacy Americans with drug dealers and dear ones, they know how to do it so that the accusation fits. If you show any "assets" at all you will be vulnerable to that attack. If you can retain your assets and live like a billionaire--DON'T DO IT! YOU MUST LIVE SIMPLY, DRIVE OLDER AUTOS AND ACQUIRE NOTHING THAT APPEARS FLASHY NOR EXPENSIVE.

You must further face the fact that there is a tremendous Israeli lobby in your country that can cost the life of ones who expose it. This is more deadly than you can imagine and it is a part and parcel of the ending revelations and prophecy, just as is the Skull & Bones demonic power cult of which George Bush is a prime member.

The "smartcard" that I was just speaking of in the writing of yesterday is an updated version of the Soviet-style internal passport. The Trilateral Commission wants to force all ones to carry this item and will probably succeed after the currency control is in place. You will move into a cashless society with the Feds keeping electronic track of your every move!

There is coming a massive international banking collapse all in place but you will not read about it in the mainstream media until it's well underway and too late to reverse.

Oh yes, you are also headed for a "return-free tax system", so be it, you won't have to hassle with those complicated forms any more--it will be much worse, believe me. It is the dream-child of the IRS and YOUR nightmare to end them all.

You must get with it now. Trouble is starting to roll and you must get yourselves prepared as much as is possible. Your "Establishment buddies" won't be happy until they own you lock, stock, and barrel--and you will be wearing the barrel.

You must now forget the old-fashioned methods of business. The Feds have taken all the old investment rules and thrown them out the window. You will update or you are

sunk.

Only a few people will have the courage and the will to look into the future without flinching, read the signs of what is coming, and protect themselves and those they love.

Those of you who act decisively, and have the correct information to act upon, will survive big government and its economic debacle. In fact, history shows that bad times offer the greatest profit opportunities and a great massing of public spirit and "goodness".

To the unthinking, everything may seem OK. But this is the calm before the storm. You must become deeply concerned about what lies ahead. There is truly massive tribulation coming dead ahead.

You must move into things which protect you from the IRS--there are still ways of structuring your lives whereby these things can be improved upon and some protection gleaned. I am efforting at putting a journal together right now but we are so bombarded by daily activities that we are having difficulty in getting it to print.

I am requesting input for desirable manner in which to handle these documents. Ones must accept their own responsibilities in supporting the publications; you ones cannot bear the burden of this magnitude as you have already gone far beyond that which could be acceptable. Mankind must care about himself enough to participate.

You are headed for more riots in the cities. There will be increasing "welfare" riots and marchings as one thing after another is cut--most need the hacking and stopping but it will precipitate unrest as never before witnessed. There will be a massive destruction of wealth. There will be almost total erosion of civil liberties and vicious economic controls.

Envy and "taking from another" will simply run rampant. There will be such a suppression of privacy that the fishbowl will look like a shrouded closet.

There will be massive scale closing of banks and S&Ls while the big boys gain control in their central banks.

Perhaps since there are little elementals there might also be a "tooth-fairy" but I believe the New Age concepts are lulling you dear hearts to sleep--I Hatonn, have never met a "tooth fairy" and I have met a lot of discarnate energy forms. **YOU ONES BETTER GET ON WITH "REALITY" IN THIS "ILLUSION" OR YOUR FISHBOWL WILL ALSO BE WITHOUT WATER FOR THE FISHES WHICH ARE YOU! YOU ARE ALREADY HOOKED!!!!**

Here is a good one which I hear every day from every source: "Maybe the recovery is permanent--this time. Maybe this administration will give you the balanced budget,

sound money, and drastic spending and tax cuts that they promise and promise and promise". Maybe there IS a "tooth-fairy"--GOOD LUCK! My scanners do not show any probability of such and confounded little possibility of such a thing. TROUBLE IS COMING AND IT IS COMING RIGHT SOON--I WONDER HOW MANY WILL TAKE THESE WORDS AND THESE SHORT WEEKS TO ACT? SO BE IT AND SELAH!

Dharma, let us close this please that we might get it into proper hands for those who want it ahead of the book. We will re-print it within the book as this morning's chapter but it needs attention prior to release of the journal on some instances.

I will move to stand-by, perhaps we can work more on the journal a bit later in the day.

SALU,

HATONN TO CLEAR FREQUENCY

## CHAPTER 13

REC #2 HATONN

WED., NOV. 29, 1989 1:42 P.M. YEAR 3, DAY 105

### WED., NOV. 29, 1989

Hatonn present that we might continue. Please allow Dalene to know that all will be alright if she is patient a bit longer. Blood is thicker than "tricks".

Dharma, we will have a lot of additions to make regarding the economy but let us see if we can get a bit of work done on the journal and hopefully be able to add updating either at the end or the beginning of the journal as we go to pass with it.

### CONSIDER SURVEILLANCE ON THE JOB

Well over six million American clerical workers work under continuous electronic surveillance. These individuals, many of whom work in "data entry" have their typing speed, input accuracy, length of time at their work station, etc., automatically monitored. For instance, IRS phone representatives are electronically monitored 13 different ways and they are not even aware of it. For instance, clerks who respond to citizens on the phone are told to NOT give last names--every time one does so it is entered into the data.

Other insurance measures of no secret memos being passed around is that some companies, especially those associated with the government or military, require "electronic mail", a computerized system that permits workers to communicate from a computer terminal whereby all can be monitored at the computer center. There are many instances of workers being fired from government positions after complaints are sent via electronic mail. ALL messages are filed according to subject, author, addressee and receiver, etc.

Often the telephone is the first to be monitored. There is a device coming into current use throughout the industrial and governmental complexes and that is a "station message detail recorder" which provides employers with a printout of every call made from every extension in the system. Therefore, your employer may monitor or record your phone calls without your consent or knowledge. The only protection you have is to assume you ARE monitored and not make calls that you would rather not have a matter of record from the system nor send messages on the electronic mail.

### LIE DETECTORS

In December of 1988, a federal law took effect barring most private employers from using polygraph or lie detector tests to screen job applicants. The new law also greatly restricts use of the devices to test present employees. It is a shady subject with so



many loopholes that you are literally unable to determine your "legal" rights.

Certainly you can be required to take a polygraph test if you work for a government agency, a security firm, if your work affects national security or health and safety or if you handle large amounts of money.

Lie detectors are more than a gross invasion of privacy. They are very frequently totally inaccurate. Even the industry council promoting lie detector tests, the American Polygraph Association, claims an accuracy rate of only 90 percent. Even if these figures do not exaggerate the polygraph's accuracy, they imply that one out of ten individuals who take a polygraph test could be falsely implicated for actions they did not take or crimes they did not commit.

Further, no matter what you may be told--it is quite easy to outwit the device with just a little bit of training by a good instructor. Guess who gets the information and instructions? Of course--the good old criminal.

You should resist any efforts your employer makes to force you to take a lie detector test. If you must undergo a test, you might consider trying to defeat the test, since the results are wrong in a significant percentage of cases.

Let's have a look at rendering the system useless.

To protect oneself, one must be capable of making the system useless. This is easily accomplished once one understands how the machine operates. A polygraph measures bodily functions in the form of electrical impulses. These impulses are converted to mechanical signals which in turn move a series of pens over graph paper.

Polygraph theory says that when one lies, these measurements will fluctuate more widely from a normal, "control" baseline than when one is telling the truth. This baseline is established at the beginning of the polygraph session by plotting the body's response when the subject answers questions to which the examiner already knows the truthful answers.

For instance, the subject may be asked to confirm that he has the same name as that identified on his birth certificate. A trickier baseline question is, "Have you ever stolen anything"? The examiner realizes that virtually everyone has stolen something in their lifetime. A "yes" answer is the proper response. Such questions establish a background rate against which the examiner can ask increasingly incriminating questions later in the session.

To defeat the polygraph, all one must do is insure that the control baseline is unrealistically high. When incriminating questions are asked later in the session, the examiner will be comparing the body's response against an already-high baseline. No matter how the subject responds to the incriminating questions, the examiner will be unable to conclude that he is lying.

Therefore, when the examiner asks a control question, one must make certain his body reacts as if he were under tension. For instance, one could flex his toes or press his foot against the floor as he answered. Another technique would be to clench one's teeth or bite one's tongue as he answers. Or muscles could be tightened in the arms, shoulders or legs.

Most polygraph examiners are trained to intimidate their subjects, and will express doubt about one's willingness to cooperate when it becomes clear that they cannot construct an accurate baseline. At this point, one should simply tell the examiner that he is doing the best he can. One should emphasize his willingness to cooperate, all the while keeping up the same procedure each time the examiner asks a control question.

The examiner will not wish to let the subject or the organization sponsoring the tests know that anyone can "beat" the machine. Therefore the odds are excellent that the examiner's failure to establish an accurate baseline on his subject will not be publicized outside the examination room.

If a lie detector is in your future and you need more information, get your hands on the February 15, 1987 Royal Society of Liechtenstein communique. (See appendix). The above information, however, will work nicely. If you can't get the material and are really frightened for any reason--go to a good hypnotherapist and get good at responding in this manner with each question asked--you can become a lie detector passer no matter what they throw at you.

### **THE COMPUTER THREAT**

This lifeline of a business is also a very big pain in the privacy.

Computers contain employee records, company trade secrets and other valuable data. Protecting this data from destruction and unauthorized access should be, but is not usually, a priority. It just doesn't concern most people. Further, many computers require a code; to remember the code, employees often simply tape a piece of paper containing the code sequence to their computer screens. Access to other computers is usually as simple as turning them on with a switch. Unprotected data can be copied to a "floppy disk" then spirited away. Or a saboteur can introduce a "virus" on the computer's hard disk, destroying or otherwise rendering the data useless.

What can you do? Well, you can begin by simply adopting for your business the recommendations drafted by the National Local Area Network Laboratory in 1988, and now adopted by more than 75 of your major companies. These are fairly open and above board and simply for general use. As a for instance, this computer that Dharma uses appears to be a simple PC and she is not even adept at its function--however, every word is reproduced onto surveillance along with her physical condition while she is receiving from any of us of the higher frequencies. It is fine with us--actually saves a lot of time in some instances, to have her so nicely monitored--WE MONITOR

THEIR EQUIPMENT AND THEY KNOW IT SO ALL STAYS PRETTY ABOVE-BOARD. I HAVE A LOT OF SMILING SURVEILLANCE OFFICERS RIGHT NOW IN RESPONSE TO THESE WORDS. SOME OF OUR BEST WORKERS HAVE COME RIGHT OFF THE SURVEILLANCE TEAMS. TRUTH IS A GREAT PERSUADER AND AFTER THEY LEARN THE TRUTH OF OUR PRESENCE THERE GETS TO BE A LOT OF VERY NERVOUS SURVEILLANCE PERSONNEL.

At any rate, back to the basics.

All software should be purchased from known, reputable sources.

All purchased software should be in its original shrink wrap or sealed diskette containers when received.

Back-up copies of all original software should be made as soon as the software package is opened. Back-up copies should be stored off-site.

Once purchased, all software should be reviewed carefully, by a system manager before it is installed on a distributed system (computer network).

New software should be quarantined on an isolated computer. This testing will greatly reduce the risk of system virus contamination.

A back-up copy of all system software and data should be made at least once a month, with the back-up copy stored for at least one year before re-use. This will allow restoration of a system that has been contaminated by a "time-released" virus. A plan that includes "grandfathered" rotation of back-up copies will reduce risk even further.

System administrators should restrict access to system programs and data on a "need-to-use" basis. This isolates problems, protects critical applications, and facilitates problem diagnosis.

All programs on a system should be checked regularly for size (program length) changes. Any size deviations could be evidence of tampering or virus infiltration.

Many "shareware" or "freeware" programs are invaluable applications. However, these programs are the prime entry point for system viruses. Skeptical review of such programs is prudent. Also, extended preliminary quarantine is essential before these programs are introduced on a distributed system.

Any software that exhibits symptoms of possible virus contamination should be removed from general use immediately. System managers should develop plans for quick removal from service of all copies of a suspect program, and immediate back-up of all related data. These plans should be made known to all users, and tested and reviewed periodically.

There are some good ideas which should be put in here about now. If you are weary of on-the-job privacy invasion, you might consider working for yourself.

Self-employment, by its very nature, is more private than working for someone else. You will be responsible only to yourself. No application forms, drug tests or lie detector tests will be necessary in order to go into business. And if your business prospers, you will reap the rewards of an owner, not an employee--especially if you incorporate!

Depending on the type of work you do, you may find it necessary to register your business with the appropriate governmental authorities. But as long as you don't hire employees, allow public access to your business or pollute the environment, the government shouldn't be very interested.

Of course you'll still have to pay taxes on your income but you can have a lot more breaks in that area and a lot of flexibility if you really manage with expertise. You are less likely to be audited if you are a small corporation, and if you **REQUEST AN EXTENSION TO FILING YOUR TAX RETURN, YOU ARE VERY UNLIKELY TO BE AUDITED. THE SYSTEM IS GEARED TO GIVE THE CORPORATIONS HECK AT DUE-DATE TIME.**

**NOW, ASSUMING YOU KNOW HOW I FEEL REGARDING INCORPORATION (IN NEVADA), I WILL CONTINUE BY TELLING YOU ALTERNATIVES AND HOW YOU CAN IMPROVE YOUR POSITION—BUT--EVERYTHING YOU CAN DO, YOU CAN DO BETTER WITH A CORPORATION. OLD CORPORATIONS NEVER DIE--THEY JUST GET A NEW PRESIDENT!**

One reason you will likely be audited if you are just in business as "yourself" is that the IRS believes that many self-employed individuals do most of their business "off the books". The "home office" deduction taken by many self-employed individuals is a particularly high-profile "red flag". So you will want to take steps to "audit-proof" your tax return.

**I WILL REPEAT SOMETHING HERE WHICH YOU WILL HEAR FROM ME HUNDREDS OF TIMES--EVEN WITH INCORPORATION, YOU WILL HAVE TO KEEP PERFECT RECORDS--PERFECT! AS THIS "CATCHES ON" THE GOVERNMENT WILL BE OUT TO STOP THE FLOW AND WILL INVESTIGATE EVERY SET OF CORPORATE RECORDS THEY CAN LOCATE--(IF THEY CAN LOCATE THEM--ANOTHER GOOD POINT MR. CHRISTIE OF NEVADA CORP. H.Q., CAN ASSIST YOU WITH). YOU MUST SHOW YOU ARE IN BUSINESS BY YOUR RECORDS DONE TO PERFECTION!**

Well, what kind of business could you form? It should involve work you enjoy doing, that you are good at and that you are convinced can supplement (or replace) your existing income i.e., if you are good mechanic--open your own shop.

If you are a draftsman, consider a home shop. Go into rare coins if you are a collector and enjoy it as a hobby. A hobby turned into a business gives great pleasure as well as income.

There are major advantages to remaining forever--SMALL. Even if your business becomes a roaring success--plan well and fragment to more small businesses and branches. Bigness brings the limelight and the whole retinue of IRS.

Of course, you can't avoid interaction with the government altogether. You will be required to file an income statement quarterly along with any taxes due to the IRS. You might also find it advantageous to have the IRS assign you a "federal employer identification number" or FEIN, that identifies your business. You will have one already if you have incorporated.

You'll need the FEIN in order to form a tax-deferred profit-sharing or pension plan for your business. In addition you will find it handy to ward off requests for your Social Security number. If someone insists on obtaining your SSN, give them your FEIN instead. It is easy enough to do a DBA through your county clerk's office and they can instruct you in all these matters.

Many local governments will also require you to purchase a license if you are self-employed. There may be an exemption if you work out of your home or don't deal with the public. The license will cost you anywhere from \$10 to hundreds of dollars for every community in which your business operates.

You should avoid purchasing a business license unless the alternative is for your self-employment income to be shut off. The reason: Businesses are one of the first sources of revenue bureaucrats turn to when governments need income. Via "business and occupation" taxes. A business license may also make you vulnerable to surprise inspections by bureaucrats administering programs ranging from zoning laws to building codes.

One universal, or almost so, requirement for a business known by any name but your own is filing of a "Fictitious Name Statement" as referred to above DBA (doing business as) with local authorities. Again, you may be exempt if you are a sole proprietor working out of your home.

Most ones will dribble on and on along these lines in advising you and then end up telling you NOT TO INCORPORATE! Mostly, that is true, true, true--you can end up with even more red-tape.

A few well-informed advisors will however, now end up with the following incorporating:

"INCORPORATING IN A STATE LIKE NEVADA HAS MANY ADVANTAGES,

NEVADA IS THE ONE STATE THAT DOES NOT HAVE AN AUTOMATIC EXCHANGE OF TAX FORMS WITH THE FEDERAL GOVERNMENT. IT IS NOT EXPENSIVE TO INCORPORATE THERE”.

THAT MESSAGE CAME FROM ONE OF YOUR LEADING BUSINESS NEWSLETTER PUBLISHERS.

No, this will not be utopia for very long--but it will be as long or longer than any other alternative. You see, where you have the major "big boys" hiding their faces you can better hide yours. Nevada is not apt to change very quickly for this is the major industry other than gaming. Further, if the Feds crack they are going to be putting their best workers and comrades out of business. USE THE LAWS GIVEN YOU TO YOUR BEST ADVANTAGE—WHY SHOULD THE "BAD" GUYS ALWAYS FINISH FIRST? GET IN THERE AND TAKE SOME ACTION WHILE THERE IS ANYTHING LEFT TO ACT “WITH”.

So be it, Dharma for this day. I note you are most fatigued and have not yet recovered. You will be improving rapidly now that we have located all the frequency beams. Have a good evening and put these disquieting topics from your mind for a respite.

SALU, SALU, SALU

HATONN TO CLEAR FREQUENCY.

## CHAPTER 14

REC #1 HATONN

THU., NOV. 30, 1989 6:00 A.M. YEAR 3, DAY 106

**THU., NOV. 30, 1989**

Hatonn present and all accounted for at this station. Let us continue on our project, please.

Please take note of these things on this date:

1) The murder of Herr Herrhausen of the Deutsch Bank in Germany. This is a most important incident. This man was a most outspoken worker toward a unified European Market and this is a remarkable effort at stopping the next stage of unification. This was a most powerful figure. The work will continue but there are a lot of very nervous bankers this day.

2) The MX missile raises its ugly head again. Why would you be so interested in non-location, moving location, etc., etc., etc., if your adversity is all finished? And, what are you doing in your outer atmosphere with your shuttles? Keep the eyes moving but remember that sometimes the hand is quicker than the eye. The plan is to scatter these missiles and furthermore--the pinpointed locations have gone forth on every general program in the world--good strategic release. Then there is mumble-jumble about crisis time and running them around on railroad cars--can't you just see all the MX missiles lifting off railroad cars about your country. Then, a major base for storage will be Fairchild Base in Washington state. How comfy for those ones around that area--you have just pointed out, this morning, fifteen pinpoint target areas--well, even the enemy knows that old trick, you nerds.

3) Now, a biggie: Japan and the Soviets have a major \$2 billion dollar joint venture going in Siberia--their twenty-first such venture. Now what would they be doing playing around in the Siberian oil fields?

4) The Japanese overvalued market swung sharply upward today--what do you suppose is going to happen shortly? So be it--keep your eyes on the bouncing ball if you can't follow the hands!

\* \* \*

Let us continue with our "privacy", oh, fragile as it is!

**AT WORK**

We are going to merge into discussions regarding taxes and the work-place privacy.

We will even throw in a little "moonlighting" in the Underground Economy.

The IRS is intensely interested in scrutinizing the tax returns of self-employed individuals because it is much easier to generate unreported income as an employer than as an employee. "Guerilla" "capitalists" do not pay taxes!. If they do, they falsify their tax returns and under-report their income.

When IRS is questioning independent compensation plans they use a form with twenty items on it. IRS decides whether or not any of these items apply to the taxpayer. If they do, the IRS may arbitrarily choose to deem an individual an employee. If this happens the penalties and interest to the employer are severe.

However, when an individual incorporates himself and takes certain precautions he is almost categorically accepted as a non-employee or self-employed independent contractor.

Sooner or later an individual operating his own business may be invited to sell his product or services "off the books". One such example might be when John Doe is a repairman and self-employed. When JD goes to a house call to fix an appliance, he might well tell the homeowner, "Look, I have a lot of expenses if I have to run this job through the books. If you just pay me cash, I can do it for 35% less." Usually, people will jump at the chance to save that much, and JD is glad to get the untraceable cash. JD reports none of this income although the expenses for parts, etc. are buried among his on-the-books business.

This can be a most difficult situation to trace and of course is illegal. I do not wish to mislead you for you will make of your own choices. JD is self-employed and does invite further incursions by the IRS against all entrepreneurs.

Crossing the line from tax "avoidance" to tax "evasion" is tempting but the "definition in difference of the two is some 15 years in the pen". Just keep in mind that tax evasion is a federal felony, punishable by up to 5 years in prison and a \$50,000 fine. Moreover, to enforce a judgment against you, the IRS can even confiscate your home, your vehicle, even your entire business.

Besides--remember that taxpayer hotline for informers? The customer might very well obtain a reward for turning JD in to the IRS. IN 1987 ALONE, THE IRS PAID \$1.8 MILLION IN REWARDS TO 580 TAX "SNITCHES".

There are still plenty of opportunities for tax "avoidance" through legitimate deductions. Take full advantage of these, as well as reducing your profile from the IRS and other government agencies and private concerns through the legal techniques. There are an abundance of them if you incorporate and handle your expenditures and new equipment investment in timely manner--you do need help so I suggest you run to your nearest Corporation Manual. Call Cort Christie at Nevada Corporate Headquarters, Inc. 800-398-1077, (702)896-7001. You don't even need to resort to tax



"evasion" of any type whatsoever to reduce or eliminate your taxes. To do so only places you at great risk and you will get on the most monitored and most harassed list.

Before I move on I will give you a list of the twenty questions the IRS asks in order to make evaluations:

Applicable? Non Applicable?

1. Instruction
2. Training
3. Integration
4. Services rendered personally
5. Hiring, supervising, and paying assistants.
6. Continuing relationships
7. Set hours of work
8. Full time required
9. Doing work on employer's premises
10. Order of sequence
11. Oral or written reports
12. Payment by hour, week, month
13. Payment of business and/or traveling expenses
14. Furnishing tools, materials
15. Significant investment
16. Realization of profit or loss
17. Working for more than one firm at a time
18. Making services available to General Public
19. Right to discharge
20. Right to terminate

If however, you handle your self-employment in a proper and professional manner, I can give you some 6 to 7 pages of deductions not otherwise available to you.

Another good investment in information is a book called NONPROFIT CAN BE PROFITABLE! by: Theodore H. Swenson for the Mother Earth American Fellowship Church, Inc. If you send him \$3.00 he will send you all sorts of wondrous things. (See appendix.)

Another book that you might find enlightening is GUERRILLA CAPITALISM, by Adam Cash. (See appendix.)

### **PRIVACY AND THE IRS**

Please shiver now, as I quote former IRS Commissioner, "Internal Revenue Service Strategic Plan", document #6941, May 9, 1984, Roscoe Eggar, Jr.: "It is with considerable pride that I approve the Strategic Plan to carry out the Mission of the Service.

"The Plan consists of the Statement of Strategic Direction and the 55 initiatives to translate them into action. It provides a strong foundation for directing tax administration efforts well into the 1990s and lays the groundwork for the Service's entry into the 21st century.

"Within the next five to 10 years, paper returns will be a thing of the past. And tax processing procedures that now take weeks and months will be reduced dramatically. Early indications are that the automated system enables us not only to collect more efficiently but to collect more dollars in less time". SO BE IT!

### **LOW BLOW--BRACE YOURSELF**

This "strategic plan", with its automated return system and reduced processing time will unquestionably raise the IRS's efficiency. In the process however, the already enormous potential for abuse of innocent taxpayers by this powerful bureaucracy may become even more unbearable.

In its ongoing struggle to "balance the budget" and handle debt, Congress has already given the IRS power and authority far greater than any other similar government agency. Under IRS regulations you are guilty until you prove your innocence, at your expense!

Without so much as a court order the IRS can:

Sell your home at auction and use the proceeds to pay off taxes that it claims you owe.

Gain access to and seize the assets in your bank account and safety deposit box.

Compel you to turn over personal records and give testimony against yourself.

Seize your paycheck and force you to support yourself and your family on no more than the standard deduction for you and each of your dependents.

Confiscate your Social Security check or pension check, even if that is your only source of income.

Ask around, if one of these things has not already happened to you, you will find a friend who has had it happen or knows someone who has. It is going on all the time!

You would think that the IRS would wield this power most gingerly so as to not create the appearance of abuse--not so, they use it as a loud and clear Gestapo warning.

Again, I am going to give you some well-published examples:

An Amish farmer assessed for several thousand dollars in back taxes was the victim of an armed raid complete with federal marshals brandishing loaded machine guns at the unarmed family which included the farmer's wife and five-year old daughter.

IRS agents kidnapped seven children in a Detroit area school, releasing them only after their parents paid fees due the school that the IRS applied to a tax levy.

An Alaska couple, disputing a tax assessment, had it tripled. To enforce the assessment, IRS agents seized the couple's car while they were in it. Smashing the windows, the agents dragged the couple from the vehicle, leaving them bleeding on the pavement as a tow truck hauled their vehicle away.

A former U.S. Senator investigating the IRS had falsified versions of his tax records leaked to his opponent in the midst of a hotly-contested reelection campaign.

The IRS confiscated the bank account of a nine-year old girl to pay part of a tax claim against her grandmother.

A Virginia businessman was fined \$400 for failing to pay two cents of his \$22,894 payroll withholding tax bill.

A police commission in a small town in Pennsylvania was ordered to pay \$700 on a one cent underpayment in its deductions from employee paychecks.

Funny? Can't be in America? Oh yes, it is in your good old "free" America! Of course it is not in the least bit funny!

Unfortunately, determining exactly what your share of taxes might be is not an easy task to calculate in some instances, even with professional assistance. Paying your share of taxes is beyond the ability of some to calculate so errors can be easily understood--but not by the IRS enforcers.

No one, including and especially the IRS, seems to have an exact knowledge of your nation's complex tax laws. A 1988 survey by the Government Accounting Office revealed that IRS agents responding to phoned-in questions from taxpayers provide the correct answer only 61 percent of the time. Boy, that seems to leave 39% hanging out with incorrect answers. Further, the ones answering the questions are required not to give surnames so the poor taxpayer cannot go back to a clerk a second time or incriminate the guilty party.

Not even tax preparation professionals are much help. One investigation took the same tax data to eleven different tax preparers--and received eleven differing estimates for taxes due. A similar study by Money magazine asked fifty tax preparation specialists to calculate and prepare a family's 1988 tax return. The specialists came up with fifty

different answers. Their top estimate of tax liability in this study was triple that of the lowest estimate.

How about the average American doing his own taxes? Less than 11 % can even begin to figure out the tax form. It appears that you are stuck with the problem but it seems no-one can figure the mess out enough to even begin to decide that which is fair.

And so what happens? It falls to individual IRS agents, or their superiors, to interpret tax regulations as best they can. Some agents will take a liberal interpretation and enforce the law with some discretion. Others will insist on the strictest possible interpretations. Further, you can count on the enforcement moving right along with the mood of the agent on any random day.

### **WHAT TO DO!**

Well, if you see fit to NOT incorporate in Nevada where you can attain some level of security and privacy as well as utilize all possible avoidance techniques, then I can only list the remaining options.

1. Maintain a low profile. Don't flaunt your wealth; doing so raises the envy of all and IRS agents are not immune from this human frailty. If you crave luxury, purchase it where it is not necessarily visible "from the outside". For instance, you might purchase a modest house in a modest neighborhood, but furnish it immaculately. Or you could purchase a "Ford" or a "Chevy", but customize it to enhance your pleasure. It is most shallow esteem that would require this, however.

2. Keep records substantiating the income and deductions you claim on your tax returns. Forever, if you can. You will be required to produce thorough records to prove the deductions which you claim. Keep a minimum of three years but at least six years if at all possible.

3. If you file a return and do not pay what you owe it is worse. That gives an open invitation for the IRS to seize whatever assets are available to satisfy the liability you have brought to their attention.

4. Avoid "red-flag" items on your returns. Questionable deductions almost always bring at least a cursory examination from the IRS. Favorite targets include moving expenses, medical expenses, entertainment expenses and "home office" expenses for the self-employed. In addition, expenses that don't match the profession you list on your return may draw IRS scrutiny. Always send in photocopies of any cancelled checks to tax-deductible charities, and include the organization's IRS exemption number on each check.

5. Taking the standard deduction unless itemizing your deductions might save you a significant amount. Itemized returns are audited much more frequently

than non-itemized returns. If itemizing doesn't save you a great deal, don't do it.

6. Keep meticulous records of all contacts with the IRS. Send all correspondence by certified mail, return receipt requested. Tape all conversations with IRS agents, both over the telephone and face-to-face. Illegal you ask? No, not if the other party is informed. See Tax Avoidance Digest. (See appendix.)

7. Be respectful of the IRS at all times. Don't make the mistake of thinking you can get away with obscenities, etc. Tax protestors are routinely given special scrutiny. Keep your mouth shut--get good at groveling--it could save your bank-account! (See appendix for Personal Finance).

8. Make certain your tax return is neat and contains no mathematical errors. Type your return, or even better, prepare it with a computerized program. *Turbo Tax* for IBM and compatibles; *Mac-In-Tax* for MacIntosh.

9. Have a professional prepare your return if it is at all complex. Be a bit creative here. You can have a \$10/hr. bookkeeper prepare the documentation, and have a CPA file it. According to an ex-IRS regional commissioner, signing your own return as the preparer increases your chance of being audited. If your return is at all complex, professional preparation is essential. If really complicated get a CPA or Tax Attorney to handle it for you; the fee may well be worth it.

10. Be wise. don't declare every last deduction to which you feel entitled. If you end up in the auditors audience, you have the right to bring to the auditor's attention deductions to which you were entitled, but did not take. Seeing that the government stands to lose, not gain, money from the audit, the IRS agent may simply cancel the procedure right there on the spot.

11. If you have underwithheld at year end. Have your employer withhold a larger amount out of the year's last paychecks. The withholding is treated as though it occurred at an appropriate rate over the course of the year and thus penalties are avoided. Besides it says, "Look how hard I tried".

12. If you can't pay your taxes. Unless you fraudulently conceal your assets or otherwise conspire to beat the government out of money, no crime has been committed merely because you can't afford to pay your taxes. Respond to all notices sent to you requesting payment--immediately. Make every attempt to speak to someone at the IRS and follow up the conversation with a confirming letter. The IRS will probably work out a time-payment plan.

The best time for this is at the start of the collection process. If you have ignored IRS attempts to work out an arrangement and it is now at your door with a Notice of Seizure, it is extremely unlikely that a part payment agreement will be offered. Get a current financial statement and then start your negotiations. If you have no assets and no income, there is nothing the IRS can levy. If you are in this

desperate predicament, it does provide an opportunity to discuss an Offer in Compromise with the IRS.

An Offer in Compromise is a little-publicized procedure whereby the IRS will accept a one-time payment of as little as 10 cents for each \$1 owed in settlement of your tax debt. If the IRS feels it will receive more money from you in the long run by entering into an Offer in Compromise and a collateral agreement (an agreement whereby you agree to pay a certain percentage of your income for 5 to 10 years), it may agree to the compromise.

The best chance of successfully using the Offer in Compromise route is when the tax debt has been on the books for a number of years. The IRS must be convinced that conventional collection procedures won't work. That is why a relatively recent tax obligation will not be settled in this manner. **ALWAYS USE A TAX PROFESSIONAL TO GET YOU THROUGH THE OFFER IN COMPROMISE PROCEDURE!**

13. When not to trust a bill from the IRS. When the IRS comes up with a deficiency as the result of an audit, the taxpayer is given a waiver to sign and mail back to the Service. According to the tax law, if the IRS does not demand payment of the tax bill 30 days after the waiver was executed, interest on the deficiency stops running.

*PROBLEM:* The IRS has been charging some tax-payers interest right up to the date of billing, which is often several months after the waiver was signed and returned. This extra interest can be several hundred dollars more than you should pay.

*WHAT TO DO:* Carefully check interest charges before paying the deficiency bill. Interest should be charged for the period beginning with the due date of the return and ending 30 days after you sign the waiver and mail it back to the IRS. Pay the tax you owe and the interest that you determine to be correct. Clearly explain in an accompanying letter how you arrived at your figures, including a detailed computation of the correct interest. *Note:* Pay the deficiency bill within 10 days after you get it. If you don't, interest will start running once again.

14. Shielding your home from IRS seizure. If a married man is about to file a return and knows he cannot pay the taxes due, he should consider filing separately. This may increase the tax liability, but it may also shelter his wife from the debt. That means jointly owned property (the family home, perhaps) will be exempt from seizure, unless there is evidence of fraud or collusion.

15. Impact of Bankruptcy on debts to IRS. Income tax debts can be discharged in bankruptcy if they are at least three years old when the bankruptcy petition is filed. This three-year period is measured from the due date of the tax return if it was filed on time. If the return was filed late, the three year period starts from the

filing date. But a bankruptcy discharge won't release the taxpayer from fraud penalties or from liability for income and Social Security taxes withheld from exempt-employees' salaries that were not paid over to the IRS.

\*\* Property attached by the IRS, but not yet sold at tax sale, is still legally the taxpayer's property. If he goes bankrupt, it can be taken by the trustee, under the turnover rules of the Bankruptcy Law.\*\*

## **LET US TALK TACTICS**

### **AUDIT:**

Prepare meticulously for the audit. Gather all your receipts for the deductions the IRS has questioned. List each, in detail, on a sheet of paper. Also, meticulously reconstruct cash expenditures for which you don't have receipts. Explain exactly how and when you made those expenditures.

By representing your case in factual detail, you establish your credibility. And credibility is everything at an audit. It will be easier for the auditor to allow nondocumented items if you can show him that you kept some receipts, that you made an effort to comply with IRS rules and regulations through a diary, etc., and that you have reconstructed, as best you could, your cash outlays. You can also suggest that an auditor select a test period of your documents and always, keep talking to get the auditor to see things in your way. But always be willing to concede some little matter for, remember, the auditor's goal is to close the case and move on to his next audit.

If your business is being audited, have it done at your accountant's office, not at your home or your place of business.

All IRS audits require the agent to ask if you have reported all your income. DO NOT LIE! Deflect the question by asking "Why do you want to know that?" or "I'll have to get back to you on that later, I think so but I had better check it out before I give you a definite answer".

Another good way to avoid answering the question is to simply not show up for the audit. The deduction in question will be automatically disallowed, but you can appeal the agent's disallowance at the appeals level of the IRS. At the appeals level, you are generally not asked whether you have reported all of your income.

Special agents: Their job is to develop evidence for criminal tax cases. If they show up at your door, don't answer any of their questions, even seemingly innocuous ones. Tell them to talk with your lawyer. Then retain a lawyer who is knowledgeable in criminal tax matters--look for a former assistant U.S. attorney.

## **SURVIVING THAT AUDIT**

Knowing how the system at the IRS works gives an experienced practitioner an advantage when it comes to representing a client at an audit. Here are some of the truly "inside" things that go on.

**Postponing Appointments:** It is possible, though not likely, that the IRS will actually change its mind about auditing you if you have postponed the appointment enough times. The IRS is constantly under pressure to start and finish tax examinations. If the return selected for an audit becomes "old" (i.e., more than two years have passed since the return was filed), the IRS may not want to start the audit. Especially if the amount in question is minimal. This situation may develop if you are notified of an audit about 15 to 16 months after filing. By the time you have cancelled one or two appointments, the 24-month period may have been reached.

**When to cancel:** The day before the appointment, as late as possible. By that time, the next available appointment will probably not be for 6 to 8 weeks.

**Best time to schedule:** To someone uninitiated, it may seem ridiculous that one time of the day or month is better than another to have your return audited. However, a real advantage can be gained by following some simple tips. Try to schedule an audit before a three-day weekend. The auditor may be less interested in the audit and more interested in the holiday. Another excellent time to schedule an appointment is at the end of the month. If an auditor has not "closed" enough cases that month he or she may be inclined to go easy on you to gain a quick agreement and another closed case. As for the best time of the day, most pros like to start an audit at about 10 o'clock in the morning. By the time it comes to discussing adjustments with the auditor, it will be close to lunch time. If you are persistent, the auditor may be willing to make concessions just to get rid of you so as not to interfere with lunch plans.

### **AUDITS THE IRS FORGETS:**

Asking the IRS to transfer your case to another district may be the key to avoiding an audit. Don't expect the IRS to admit it, but transferred cases often fall between the cracks and never get worked on even though the taxpayer has been notified of the examination. Delays caused in processing the case file between districts, combined with the fact that the case is likely to go to the bottom of the pile when it is assigned to a new agent, may bring help from the statute of limitations. Rather than asking the taxpayer to extend the statute of limitations, as is the usual practice, many agents are inclined to take the easy way out and close transferred cases without auditing them.

**New Rules:** If an auditor comes to your door. Agents may enter private premises "only when invited in by the rightful occupant".

**When to request your own audit:** When a business is closed down, the records and key personnel who can provide tax explanation may disappear. A subsequent IRS examination could prove very costly to the business's former owner.



When someone dies, the heirs can count only on sharing in the after-tax size of the estate (unless incorporated). So the sooner the IRS examines matters to settle things, the better.

When a taxpayer requests a prompt assessment of taxes due, the IRS must act within 18 months. Otherwise, the IRS has three years to conduct an examination. Use Form 4810 to ask for the prompt assessment. You don't have to use this form, but if you don't use it, eliminate any uncertainty on the part of the IRS by having your letter mention that the request is being made under Code Section 6501(d).

Caution to out of state bankers: Failure to report income deposited in a bank could be considered careless. Carelessness is punishable, generally, by a 5% negligence penalty. But when the omitted income represented deposits made in a bank in a different state, one court regarded the omission as a fraudulent, willful attempt to conceal income.

Who gets nailed for claimed tax fraud? Business owners, other executives, Company officers, Attorneys, Dentists & Doctors, Non-CPA accountants and CPAs in that general order. Less than 20% of IRS fraud investigations end in convictions.

### **HERE IS WHERE YOU WATCH IT!**

Criminal tax investigations are the ultimate weapon in the IRS enforcement arsenal. They are conducted by IRS Special Agents who are very, very good at what they do. They work in pairs in order to corroborate each other's testimony about taxpayers' statements. They may not seem like policemen--BUT THEY ARE!

Special Agents will usually give a Miranda warning, letting the taxpayer know that what he says may be used against him in court, and that he does not have to answer questions without an attorney present. The trouble is that many taxpayers are afraid of appearing guilty by refusing to cooperate. And the agents will press for answers.

Typical questions:

- .. Did you report all of your income?
- .. Where do you keep your savings and checking accounts?
- .. What kind of a car do you own?
- .. What is the procedure for reporting sales in your business?
- .. Do you gamble?
- .. Did you have a lot of cash on hand at the beginning of last year?

CAUTION: A false or misleading answer may, itself, be a crime!

The interview is usually very low-key, seeming to imply that if the taxpayer cooperates, the agents will close their file. BEWARE: THAT RARELY HAPPENS!

The agents are trying to establish that a taxpayer failed to report or misreported his

income and that the error or omission was willful. To do this, they can, and will, subpoena copies of checking account statements, cancelled checks, savings accounts, deposit and withdrawal tickets and signature cards. You will really wish you had listened and had none of those bank accounts!

They also talk to neighbors and business associates. They will look at public records to find out whether the taxpayer owns any real estate, cars, boats, etc. Insurance records may indicate ownership of furs, jewels and other expensive possessions. Passport records give a clue to expensive overseas vacations a taxpayer may have taken.

Mail surveillance helps them determine who a businessman's customers and suppliers are. Although the IRS will not open a taxpayer's mail, they can tell a lot just by looking at the outsides of the envelopes and then, of course, as I told you before--the FBI can!

I advise all ones confronted with Special Agents to simply say, "I prefer not to make any statements at this time, please contact my attorney".

Criminal prosecutions are aimed at keeping taxpayers in line and honest. They are interested in example and punishment; they usually will not plea-bargain. They will always ask for jail time rather than probation. They are not impressed by a taxpayer's exemplary record. In fact, a pillar of the community is a desirable defendant from the IRS's point of view. They will be conciliatory only if they do not have enough evidence to build a solid case. They are anxious to protect a winning image so beware!

Dharma, this has been most long indeed. May we please take a respite. Thank you for your attention.

SALU,

HATONN TO STAND-BY

## CHAPTER 15

REC #1 HATONN

FRI., DEC. 1, 1989 8:00 A.M. YEAR 3, DAY 107

**FRI., DEC. 1, 1989**

Hatonn present in the light of radiance. I come this morning to calm my scribe prior to moving forward with the privacy journal. You ones may include it in the journal if you choose to leave it as is, or subtract. I believe, however, this message should go forth to all ones who will ever read a journal from this source.

In responding to Dharma's queries I must refer, but not by name, to written material just having come into her consciousness which all but shuts down our work.

I do not discourage this information for it gives me a most opportune opening to remind you ones of things said long prior to this and further, to allow him/her to keep moving ahead. You ones get this scribe shut off and you are going to be in most grave circumstances for **THIS IS THE ROUTE OF YOUR MOST USEFUL INFORMATION NO MATTER WHAT YOU WISH TO BELIEVE**. This is not the only source and do not misunderstand my statement! It is our desire that most of you **NEVER EVEN KNOW WHO THIS PERSON IS--NEVER! UNDERSTAND ME WELL--HIS/HER VERY LIFE IS IN THE BALANCE**.

In the Phoenix Journals truth is being brought forth on about every subject which impacts you to the greatest extent. You will find yourselves clutching unto your favorite subject and dissecting it with a microscope. I have no objection whatsoever to your doing that. However, you will keep some things clearly in mind as you do so. **I CARE NOT IF ONES DISAGREE WITH THESE JOURNALS--BUT REMEMBER, WE KNOW MORE THAN DO YOU! WE ARE CURSED IF WE BRING YOU NOTHING "NEW" AND ALSO DISCOUNTED IF WE BRING YOU SOMETHING YOU HAVEN'T ALREADY "HEARD". I CARE NOT WHICH OR WHAT ANY ONE OF YOU BELIEVES. MY INTENT IS TO GET THE WORD OF TRUTH TO YOU ONES THAT IN THE ENDING YOU CAN HAVE AMPLE INFORMATION UPON WHICH TO BASE YOUR DIVINE DECISIONS. WE HAVE A MASSIVE JOB TO ACCOMPLISH, BEYOND THAT WHICH ANY OF YOU CAN POSSIBLY IMAGINE. TAKE THE INFORMATION OR LEAVE IT!!**

I will clarify some things which are being again misunderstood from our writings for ones are getting the information in bits and pieces with no background. Well, this is not a center for entertainment nor literary genius--this is a resource being made available to those who wish to partake.

Quote from a letter, a copy of which was received in this place yesterday: "First, I now know who Stephen King's Guides are, those papers could bring terror into almost any

soul and they have a grave sense of, if you believe this there is no hope whatsoever so why bother, I do not in any way know this to be true it simply is not the case". This was placed within a letter which has made its way back to this source--it was not directed to anyone at this locale. It was within subject matter pertaining to me, Hatonn, and therefore I will respond for the benefit of my directly connected workers.

This is the very type of discounting of your work of which I have warned you. Ones, in their attempt to appear so very knowledgeable make statements of which they know nothing and you can see the tinge of gray all over it. If you would lump Hatonn with any guides of anyone you are in error and obviously do not recognize my personage--which also means you might check out your own guides.

I am going to tell you once more WHO I AM AND YOU DO WITH IT THAT WHICH YOU PLEASE, BUT I DO SUGGEST YOU PAY ATTENTION. IN THE BEGINNING WAS THE WORD AND THE WORD WAS WITH GOD, AND THE WORD WAS GOD. "WORD" IN ITS ORIGINAL SENSE DOES NOT MEAN VOICE, SOUND, OR SPEECH, IT MEANS THE CREATION.

THE WORD DAWNED . . . THE EIGHTEENTH DYNASTY, EGYPT'S IMPERIAL AGE, HAD BEGUN WITH AHMOSE I, A THEBAN PRINCE. THUTMOSE III HAD SALVAGED THE GREAT TREASURES OF SOLOMON'S TEMPLE IN ISRAEL. NOW THE HEART OF ALL MANKIND WAS READY TO RECEIVE THE WORD AS IT DAWNED IN EGYPT AS THE ATON. ATON'S SERVANT ON EARTH WAS TO BE AMUNHOTEP IV, KNOWN TO THE WORLD AS AKHNATON, HAVING HAD HIS NAME CHANGED TO SERVE THE ONE LIGHT--GOD! ATON! BELOVED AKHNATON CAME YOUR WAY MANY, MANY TIMES IN SERVICE TO GOD AND MAN--SOCRATES, PEIER, THE "BIG FISHERMAN", ETC. AKHNATON WAS NOT THE FIRST MONOTHEIST BUT HE DID BRING THE LIGHT OF THE ONE GOD BACK TO THE PEOPLE OF THE WORLD WHO HAD STRAYED FROM THE LIGHT AND HAD BASICALLY BECOME FOLLOWERS OF THE SO-CALLED FORCES OF "EVIL". THEY CALLED "SATAN", "AMUN"! AKHNATON CHANGED HIS NAME AND THE NAME AMUN WAS STRUCK OUT OF EVERY TOMB, TEMPLE, AND MONUMENT THROUGHOUT EGYPT. THIS ENERGY OF AKHNATON HAS SERVED THE ONE GOD OF LIGHT, ATON, FROM INCEPTION.

THAT ENERGY IS NOW THIS SCRIBE, DHARMA (BRINGER FORTH OF LIFE TRUTH--THE WORD). THIS DISSERTATION IS FOR HER BENEFIT--THE REST OF YOU, BE HONORED TO SHARE FOR SHE HAS HAD ENOUGH BATTERING OF STONES CAST AT HER TRUTH. FOR HER TRUTH IS ONLY THAT OF MINE OWN.

AKHNATON HAD SEVEN LOVELY DAUGHTERS AND THE SEVEN MAJOR STARS OF PLEIADES ARE NAMED FOR THEM. I SHALL NOT ENLARGE ON THAT AT THIS TIME, SUFFICE IT TO KNOW YOUR

BIRTHRIGHT IS PLEIADES. DO NOT BE QUICK TO THROW AWAY THE MYTHS OF THE CENTURIES FOR WHERE THERE IS MYTH, THERE IS CAUSE FOR MYTH.

AKHNATON BECAME THE CHOSEN MESSENGER OF ATON. HE WAS POISONED BY A PRIEST OF AMUN (SATAN) AND CAME BACK IN THE TIME OF THE CHRISTOS YOU RECOGNIZE AS IMMANUEL (JESUS) AS JUDAS ISCARIOTH (JUDAS ISCARIOT). THIS IS WHY THIS SCRIBE, HAVING BEEN BELOVED OF SANANDA AND POISONED BY ONE JUDA (IHARIOTH) HAS BEEN ALLOWED TO PEN THE WORKS WHICH HAVE CLEARED THE NAME OF ONE JUDAS ISCARIOTH WHO PENNED THE SCROLLS WHICH RESIDE IN PLEIADES AND TRANSLATED (IN PORTION) BY ISCARIOTH INTO A JOURNAL CALLED AND THEY CALLED HIS NAME IMMANUEL-- I AM SANANDA--dharma.

THIS IS IMPORTANT SO LISTEN UP, PLEASE. IF THE WORLD HAD ACCEPTED THE GREATER LIGHT FROM AKHNATON AND THE MEMBERS OF HIS COMPANY WHICH WERE ALL GOODLY (GOD-LY), EGYPT WOULD HAVE LATER PRODUCED THE GREATEST PHARAOH OF THEM ALL, FOR THE CHRIST-SPIRIT WOULD HAVE INCARNATED AS PHARAOH SANANDA!

WELL THE WORD HAD BEEN *PREPARED*--THE WORD HAD *DAWNED*; *AND THEN IT WAS TIME FOR THE REVELATION*--IT IS NOW AGAIN TIME FOR THE REVELATION!

DURING THIS TIME OF TRANSITION OF A PLANET INTO HER HIGHER BIRTHING I HAVE CHOSEN TO EXPERIENCE AS A FOURTH DIMENSIONAL PERSONAGE THAT I MIGHT BETTER RELATE UNTO MINE PEOPLE--

*I AM ATON*

\* \* \*

I wish to continue in the quote from the letter above referred to: "Frankly we have all the technology (or damn close to it) to correct just about anything on this planet and I know this from first hand experience. I also have a great deal of faith in the human spirit which is much more willing to embrace change than is given credit for in much of the New Age material, just witness Eastern Europe that's not just a financial strategy! Most of what was said in the papers I've heard many times before so it was not new. I also feel that Hatonn needs a good lesson in writing style, public relations and common sense in presentation as the born again Christians will have a field day with this. I do believe it should be read with a critical eye however taking nothing for granted and they were wrong about the Quake (see my quake meditation!)".

You also have technology--out of your ability to control--to destroy your planet as a

whole.

Man shows no probability of change from his headlong path into destruction just as projected by the ancient prophecies.

YOU have no notion whatsoever about what is happening in Eastern Europe!

I have no interest in gaining anything from my writing STYLE.

I shall be most happy to take lessons from the letter writer on public relations for I perceive that is about all he might truly be dedicated unto...and,

As for my common sense--so be it! I have rarely been confronted with an accusation of lack of common sense!

Further, you ones DO HAVE AN ANTIDOTE FOR AIDS, CREATED BY THE SAME ONES WHO CREATED THE AIDS VIRUS. THEY ALSO HAVE THE METHOD OF CLEARING UP THE PROBLEM BUT THERE IS NOT ANY INTENT TO DO SO UNTIL A MINIMUM OF A THIRD OF YOU ONES ARE ANNIHILATED--CHECK IT OUT! WE ARE EFFORTING TO GIVE YOU SOME MEANS OF HEALING THINSELVES FOR THE CURE IS INTENDED, BY YOUR CONTROLLERS, FOR ONLY THE ELITE FEW--AFTER THE ELEMENTS OF SOCIETY "THEY" CHOOSE TO ANNIHILATE ARE ANNIHILATED.

YOU LITTLE CHELAS HAD BEST WAKE UP AND, PROVERBIALY, SMELL THE COFFEE COOKING!

We have no popularity contest running herein. This scribe is to remain forever anonymous if at all possible to accomplish a thing of that magnitude on your placement. It is fine, for the ones who know who he/she is should simply enjoy the association and allow safety and security. He/she is weakened physically by all the bombardments and resuscitations. There are times when you have an angry God and you approach it now.

Further quote: "I'm also enclosing some material that was published by Lazaris on UFOs which handled the subject very well indeed! With this is-----'s modest catalogue of-----'s audio tapes (she has video tapes, books and audio tapes available, this is my favorite channel and I feel a far more constructive resource in presentation of major changes and I suggest you and-----carry her material, it would sell very well indeed and provide a balance that is necessary to include".

I am not interested in "handling" the issue of UFOs--you will meet your brethren in the UFOs soon enough.

Neither are we in the literary business--our efforts are to get the information for a grave and seriously troubled world in transition out to you ones in the most rapid and

responsible manner possible. Those who bear greed within their beings and desire to acquire for worldly gain and not for the furtherment of his fellow-man shall be ultimately excluded from participation--YOU ONES ARE RIGHT NOW UNDER THE MICROSCOPE TO ALLOW YOU TO MAKE YOUR CHOICES--YE WHO ARE INVOLVED WITH THE CIRCUMSTANCES COVERED IN THESE JOURNALS.

FURTHER, AS REFERENCE TO THE BORN AGAIN CHRISTIANS--THERE ARE SO FEW "CHRISTIANS" THAT IT SICKENS ME TO MY CENTRAL BEING WHAT YE HAVE DONE UNTO MINE PERFECTION. PUBLIC RELATIONS INDEED! I AM JUST--NOT IN PUBLIC RELATIONS. YE SHALL HEAR AND HEED MINE CALL OR YE SHALL NOT. YE SHALL COME HOME THROUGH THE LIGHTED PATH OR YE SHALL BE PUT INTO PLACEMENT ELSEWHERE THAN THE REALMS OF TOTAL LIGHT. THIS PLANET SHALL BE CLEARED FOR HER EVOLUTION AND BIRTHING IN NEW STATURE--YOU OF THE CREATIONS ARE NOT NECESSARY TO FULFILL HER GLORY!

IF YE DO NOT BELIEVE IN MINE TRUTH--TRY ME! I BELIEVE YOU HAVE ONE ON YOUR PLACE FAMOUS FOR THE WORDS, "MAKE MY DAY!"

THE AUTHOR OF THE REFERENCED LETTER, BY THE WAY, HAS A MAGNIFICENT PORTION AWAITING HIS CLAIM THEREOF--SO BE IT AND MY GREATEST APPRECIATION FOR THE LETTER FOR IT HAS GIVEN ME AN OPPORTUNITY TO COMMUNE WITH MINE MESSENGER IN A MOST INTIMATE MANNER--HE/SHE HAS WORKED LONG, AGAINST ALL ODDS, ALONG WITH MINE TEAM SENT FORTH FOR THIS PURPOSE--IN BLINDNESS BEYOND THAT OF WHICH ALL OTHERS MUST FUNCTION.

THE WORDS WILL CONTINUE TO COME FORTH IN A SEQUENCE PROPER AND UNTO ONES INTENDED. BLINDNESS GOES WITH THIS TASK FOR ENLIGHTENMENT WOULD BRING TEMPTATIONS, DANGER AND A BARRAGE OF COMPOUNDED HARASSMENT. I HONOR MY ONES INFINITELY!

YOU ONES HAD BETTER STOP TRYING TO DECIDE "WHO" YOU PREFER TO BELIEVE AND WHOSE STORY SITS BEST WITHIN THY GUTS; YOU BETTER GET WITH IT AND PAY ATTENTION FOR THE STROKE OF MIDNIGHT IS AT HAND.

I SUGGEST MY BELOVED ONE WHO HAS JUST BEEN PENNING MINE BELOVED NOSTRADAMUS' CONVERSATIONS, PAY UTMOST ATTENTION FOR THE DARK ENERGIES ARE AT THY DOORSTEP FOR THEY HAVE SEEN THE TRUTH AND THEY ARE AT THE DISCREDITING THEREOF. BE OF UTMOST CAUTION AND G.G., PLEASE SEE THAT THIS INFORMATION REACHES D.C.

THE REST OF YOU BETTER RUN TO YOUR NEAREST SOURCE AND GET THIS WORK [VOL. I] FOR IT IS VALID AND "LAST-DITCH" EFFORTS ARE COMING FORTH TO AWAKEN YOU. ALL THE GREAT PROPHETS ARE COME FORTH NOW TO BE BRINGING YOU TRUTH AND CLARIFYING THEIR ORIGINAL INTENT OF COMMUNICATIONS--YOU BE ITER BE PAYING ATTENTION.

THE SO-CALLED "CHRISTIANS" OF YOUR PLACE SICKEN ME AND DISHONOR THE WONDROUSLY PURE PERFECTION SENT FORTH TO SHOW YOU THE WAY--WELL, HE IS BACK ALSO AND A LOT OF DOORSTEP SWEEPING IS GOING TO TAKE PLACE. TRUTH IS TRUTH AND THERE IS NO PLACE BUILT WITHIN THESE TIMES FOR LIES TO ASSURE A BETTER PUBLIC RELATIONS IMAGE.

YOU ONES SEEM TO REQUIRE EARTHQUAKES, BURNING BUSHES AND EARTH DEATH AND PHENOMENA FROM THE HEAVENS TO EVEN BLINK THINE EYES--WE SHALL SEE TO THAT WHICH GETS THINE ATTENTION.

FURTHER, BEHOLD A CHILD HAS BEEN SENT UNTO YOU IN PHYSICAL FORM--IT BEARS THE NAME OF MYSELF, ATON. YE SHALL SOON REAP AS YE HAVE SOWN--SO BE IT.

ONE ADDITIONAL POINT OF IMPORTANCE: IF YOU ONES THINK US TO BE OF DARKNESS AND RELATED TO EVIL GUIDES--THEN YOU HAVE OBVIOUSLY NOT READ SATAN'S DRUMMERS BROUGHT FORTH BY SANANDA. THIS HAS BROUGHT THE GREATEST BOMBARDMENT OF EVIL FORCES UNTO THIS SCRIBE OF ALL TIME--BE YE WARNED THAT SATAN IS ALIVE AND THRIVING IN YOUR WORLD AND YOU HAD BETTER PAY ATTENTION. THERE IS NO DARKNESS IN THIS PLACE AND IF YOU BELIEVE THERE IS NO SUCH THING AS EVIL--YOU ARE TO BE PITIED.

IT IS SO--THERE WILL BE FEW WHO PREVAIL BECAUSE YOU AS BRETHERN TOUT YOUR "OPINIONS" AND KEEP THE TRUTH BURIED. SO BE IT FOR IT SHALL BE AS WRITTEN. FURTHER, YE ONES WHO COME FORTH AND PLAY GAMES IN MINE NAME HAD BETTER BEGIN THY CLEANSING FOR THE TIME IS AT HAND THAT THE ENTERTAINMENT CEASE AND THE WORK BE BROUGHT FORTH.

I PLACE MINE SEAL UPON THESE WORDS THAT NONE IN THE RECEIVING HEREOF BE IN MISUNDERSTANDING--

I AM ATON

Dharma, go chela, that you can allow your head to get re-screwed onto your neck properly. We are fine and we have much work to be done on the current journal. It is a guide to assist our ones to claim some privacy in a physical world of total chaos. We



must sustain a group for service. So be it and Selah-- Au Da Pai Da Cum! Ye shall find peace in the garden with me. So shall it come to pass in thine days upon this placement!

## CHAPTER 16

REC #2 HATONN

FRI., DEC. 1, 1989 12:30 P.M. YEAR 3, DAY 107

**FRI., DEC. 1, 1989**

Hatonn present to continue.

### **PRIVATE INVESTING**

There is very little of private investing in your current situation. The rights of investors to invest money as they see fit, in any investment that they feel appropriate, has been gradually restricted in a most insidious way since your World War II. When it really got under way was in 1913 when the U.S. instituted an income tax.

Much of this erosion in financial privacy has taken place as a result of the government's continuing war against "money laundering" and the underground economy. Other restrictions would prohibit "discriminatory" investments such as a recent proposal in Congress that would ban U.S. citizens from owning shares of South African stock.

The outstanding invention that destroyed privacy was the withholding program, then the Social Security and Unemployment--all those tid-bits withheld from your income checks.

Then World War II came and along with it came rationing and strict economic controls, a thriving black market developed in ration coupons, gasoline, tires, etc. The economists actually began to include and speak of black markets and the underground economy as a measurable proportion of the Gross National Product.

Following World War II the hundreds of billions of dollars of debt of the U.S. intensified efforts to stop tax evasion. One method for wealthy individuals to evade taxes was by establishing bank accounts outside the U.S. Switzerland, with its strict bank secrecy laws, was particularly favored for this purpose.

A very large thing happened in 1970. The underground economy was booming. Illegal trafficking in narcotics was at an all-time high for that period of time. Organized crime figures, testifying before Congress, repeatedly invoked the "Fifth Amendment" when asked about their income and investments.

Reports from Switzerland showed record deposits in secret Swiss bank accounts, records of which the U.S. government could not obtain. Repeated Treasury inquiries to Swiss banks regarding the accounts of suspected tax evaders almost always went unanswered. We will refer to these accounts later.

The Nixon Administration lobbied Congress to pass a law that would prohibit U.S. citizens from taking cash out of the U.S. and outlaw foreign bank accounts. In addition, the administration requested that Congress require that all cash transactions \$1,000 or greater be reported directly to the IRS.

In 1970 Congress responded with the "Financial Recordkeeping, Currency and Foreign Transactions Reporting Act", known today as the Bank Secrecy Act. President Nixon got most but not all, of what he wanted--remember, a lot of your Congressmen utilized these secrecy measures.

The Act was the first federal effort to both register foreign bank accounts and impose currency exchange controls on individual Americans. As such, it was an enormous step backwards in both personal and financial privacy.

### **BANK SECRECY ACT**

Under this Act, U.S. citizens are required to complete an IRS form when they import or export more than \$5,000 in cash (Form 4790). Violators risk confiscation of any funds discovered, plus a fine of up to \$500,000 and as much as five years in prison. Is it any wonder that the ingenious people would come up with paper trails instead of cash?

The Act did not prohibit foreign bank accounts, but those larger than \$1,000 had to be reported to the IRS. (This limit has since been raised to \$10,000.) Violation of this requirement is considered income tax evasion. However, there are many ways to sidestep this regulation also.

No industry has been affected more by the Bank Secrecy Act than U.S. banks. The paperwork burden alone has been enormous. Banks are required to maintain copies of deposit slips and both sides of checks drawn for more than \$100. In addition, they must keep a permanent record of any loan over \$5,000. And if a depositor makes a deposit or withdrawal of more than \$10,000, the bank is required to notify the Treasury Department. Note this carefully: The House of Representatives in 1988 passed legislation that would reduce this \$10,000 reporting threshold to \$3,000. Many banks near the Canadian and Mexican borders already require "voluntary" completion of a Currency Transaction Form for withdrawals of more than \$1,000!

The Act also requires banks to record the Social Security number of anyone opening any type of new account. The original legislation provided for the name of anyone refusing to provide their Social Security number to a bank to have their name placed in a special file available for Treasury Department inspection. An amendment now authorizes banks and other financial institutions to simply deduct a portion of the interest such accounts accrue and send it directly to the IRS.

### **ABUSES ABOUND**

You may not agree with actress Jane Fonda's politics, but how about this? Only a few months after the enactment of the Bank Secrecy Act, the Nixon Administration put to work investigating individuals it considered "enemies". One of these was Jane Fonda, an actress active in supporting peace initiatives to end the Vietnam War.

The FBI found little to incriminate Fonda in her account. But it did find the names of firms whom she patronized and organizations to which she contributed. All this information was used to open up new avenues of inquiry.

Government investigators routinely investigated the bank accounts of "left-wing" and "right-wing" organizations, people who advocated "revolutionary" social or political changes--and just about everyone who opposed Richard Nixon--and you thought the McCarthy era was bad! Where have your "freedoms" gone and did you even notice them being gone?

Another victim of the Act was one Daniel Ellsberg, who in June 1971 passed a copy of the Pentagon Papers to The New York Times. The Pentagon Papers contained embarrassing details of the Vietnam conflict. After a consultation with the National Security Agency, the Times deleted passages that could have compromised national security and began publishing excerpts.

President Nixon was furious over the disclosures. He ordered the FBI to investigate Ellsberg's bank accounts. After cancelled checks made payable to a psychiatrist were discovered, Nixon authorized a break-in into the psychiatrist's office in search of Ellsberg's records. Then the administration leaked to the press the information that Ellsberg was under the care of a psychiatrist.

Investigation by the *Washington Post* in 1972 and '73 led to disclosure of repeated governmental abuses of the Act. In response to these abuses, Congress in 1974 enacted the "Privacy Act" (after all, now all ones could be caught) which requires the consent of individuals before a government agency collects and uses information on them for a different purpose than the information was intended--of course, with the exception of the IRS.

There also is a contradiction to the whole procedure--it was the government in the first place that required all records to be kept so meticulously that any information would be of value. Now they were going to "protect"? Smells, does it not?

The Bank Secrecy Act also authorized the U.S. Customs Service to set up a system to enforce the legislation's foreign exchange control provisions. The Customs Service responded with a computer system known as "TECS"--the Treasury Enforcement Communications System. TECS terminals are now in place at virtually every major port of entry to the U.S. When your name is entered into the system, TECS will report: if you are a suspected or a convicted tax evader; whether or not you have arrest records or convictions listed in the FBI's National Crime Information Center data base; if you

have been suspected, arrested or convicted for possession or sale of illegal drugs; if you have been suspected, arrested or convicted of smuggling or a similar offense and; if you are currently sought by any law enforcement agency for any criminal or civil offense.

An "expert system" enhancement of the TECS system in 1988 gave it the ability to construct computerized profiles of individuals suspected of money laundering, drug smuggling, etc. By answering a few questions at a computer terminal, a customs agent can make an almost instantaneous decision whether or not to detain someone who appears to fit the profile provided by the computer. How safe do you feel visiting Mexico or Canada?

Well, little argument comes forth against the "Privacy Act" being absurd and no protection at all.

By the early 1970s, the proliferation of personal data in government data bases had reached an all-time and uncontrolled high. The IRS, FBI, CIA, Department of Defense, National Security Agency and dozens of other federal agencies kept files on U.S. citizens. These agencies had no legal obligation to verify that the data that they maintained was accurate. Nor were they required to disclose to citizens what records were being kept.

The Privacy Act was intended to bring the proliferation of personal data in government data bases under control. Under its provisions, a government agency gathering data on an individual was required to keep a list of disclosures of personal information to other agencies. Citizens were given the authority to examine their files and challenge information they felt to be inaccurate.

Opposed by virtually all government agencies, the Act was at the last minute gutted by a "minor" loophole: "Routine use" of such information or transfers of information would require no notification or consent. Moreover, a huge amount of information with potential "national security" uses was made totally exempt from the Act's provisions.

In the 15 years since the Privacy Act was enacted, it has had little effect in government efforts to gather information on individual citizens. In practice, just about any use of personal data by a government agency is considered routine. Test yourself: When was the last time you received a letter from a government agency informing you that information about you had been distributed to another agency? I thought not!

The Privacy Act also requires the government to publish an annual census of files containing personal information. However, many files are excluded because they contain information relating to national security. Other files simply aren't counted because of sloppy bookkeeping.

Further, as with Seismic data from the Nevada testing grounds--they will simply tell

you they are two years behind in data "printing" and cannot give out the information.

Still, the 1977 census showed a staggering total of 4,015,500,000 files on U.S. citizens--more than 16 files for every American man, woman and child. Later census figures showed lower numbers of files kept, and progressively longer list of agencies claiming "exemptions" under the Act.

Another loophole is that the Act applies only to agencies maintaining a "system of records" indexed by a "personal identifier". In practice this means that handwritten or informal records kept by bureaucrats are totally exempt from any control under the Act. Only computerized data counts. Many agencies have thus encouraged bureaucrats to keep sensitive information out of computer data banks. As a result, "informal" recordkeeping has proliferated since the Act was inacted.

Nor were restrictions placed on government agencies sharing data with state and local jurisdictions. Criminal records, tax records and other sensitive information have continued to freely change hands without the knowledge or consent of the individuals the records concern.

Finally, no agency was put in charge of enforcing the Privacy Act. As a result, government agencies have been loosely policed in acting on its provisions.

### **A LITTLE QUIZ!**

How many of you remember a man by the name of Lyndon H. LaRouche?

Alright, Mr. LaRouche ran for president against Mr. Bush. Obviously he did not win!

Did any of you see any of his political programs on TV? THEY WERE TOTALLY ACCURATE, YOU KNOW--OR DIDN'T YOU KNOW THAT? DID YOU VOTE FOR HIM? WHY NOT?

What has happened to Mr. LaRouche since the election? Oh, shame on you for not knowing! HE IS IN PRISON ON TOTALLY FABRICATED CHARGES AND HAS BEEN DENIED ALL SEMBLANCE OF DUE PROCESS OR A FAIR HEARING. OTHERS OF HIS SUPPORTERS ARE ALSO IN PRISON WITH SENTENCES THAT WOULD WITHER COLD BLOODED MASS KILLERS--FOR "MINOR" CAMPAIGN "VIOLATIONS" AS DECIDED BY PUBLIC CRITICS.

*YOU ONES MUST OPEN YOUR EYES! IT IS MOST SERIOUS, DEAR ONES.*

THEY DO NOT WANT YOU TO CROSS THE PLANNED LINES--YOU ARE PEOPLE OF THE LIE WITH LITTLE ESCAPE ROUTE AND YOU ARE DOWN TO THE LAST FLAG!

### **HOW ABOUT NICE MR. REAGAN'S**

## WAR ON PRIVACY?

When former President Reagan was elected to office in 1980, he promised to "get the government off the back of Americans". You got exactly that--they switched from your back to all over you. He got exactly the opposite.

I would like to quote a wondrous scientist who came up with what he called "The Law of the Bureaucracy: Whatever the bureaucrats set out to do they will accomplish exactly the opposite"! Look carefully, it works that way every time without any noted exceptions.

One of Reagan's first initiatives was to hire 5,000 new IRS agents, and to accelerate the IRS' program of "cross matching" tax returns against other data bases which might indicate a taxpayer was "living beyond his means".

Next, the administration began pressuring Congress to adopt legislation giving the government vast new powers to gather, cross-reference and distribute personal data. The first major victory for the administration in this regard was the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA).

TEFRA was an expansion of the Bank Secrecy Act, greatly expanding the power of the IRS and imposing additional reporting requirements on financial institutions. Among other things, TEFRA requires brokerage firms to report most types of investor income to the IRS, including interest, dividends and the gross proceeds from sales, redemptions and exchanges.

The law also requires banks and other financial institutions to withhold 20 percent of taxable interest, dividends and other payments if the taxpayer does not provide such institutions with a Social Security number for the purposes of reporting this income.

From the administration's viewpoint, TEFRA had the desired effect. IRS seizures jumped from 8,848 in 1981 to 22,450 in 1986. The number of IRS levies jumped from 740,103 to more than 1.6 million in the same period. And the IRS budget grew 91 percent in just five years--faster than even the soaring defense budget.

The Reagan Administration also began an unprecedented effort to cross-connect federal data bases to weed out "welfare fraud" and cheating by beneficiaries of federal programs. These efforts culminated in the Deficit Reduction Act of 1984.

This Act authorized the first full-scale effort to link data in various federal government and private data bases. Not surprisingly, the key to the system was the Social Security number. In effect, the Act authorized the SSN to serve as a national identification number that could cross-match seemingly unrelated information in dozens of data bases.

Cross-matching was first used by the Department of Health and Human Services to

identify individuals involved in welfare fraud and similar offenses. The Social Security Administration used the technique to insure that individuals who received disability benefits were actually disabled.

But the uses of the Deficit Reduction Act were hardly limited to efforts to stamp out governmental waste and fraud.

The U.S. Customs Service upgraded its TECS system. And the Secret Service wrote an expert system program that constructs "computer profiles" to identify individuals who might be likely assassins.

But the biggest beneficiary of the Deficit Reduction Act was the Internal Revenue Service. Shortly after the Act was enacted, the IRS began creating a "Debtor Master File", compiled by the bloc modeling techniques already described.

Data were gathered from governmental files, credit bureaus, banks, hospitals, insurance companies and direct marketing companies that construct computerized profiles of consumer spending. By 1986, the project was complete.

The Debtor Master File was designed to crack down on individuals who had failed to repay money they had borrowed from the federal government. From an IRS standpoint the project was enormously successful; the file today lists nearly 1,000,000 people who owe money to various government agencies. One of its first uses in 1987 was to deny refunds to individuals who have defaulted on loans from the federal government.

The Deficit Reduction Act also provided funding to assist the states in their own efforts to "compare notes" and identify individuals who fail to pay state taxes. In exchange for IRS access to state computer records, state tax authorities were given direct access to IRS computers.

Oh, dear ones, how many of you realize the barrage of threats and insinuations that bombard you around your tax time? Do you notice the announcements about TAX CHEATERS? They effort at making one who takes his rightful deductions into "cheaters" for all the world to accuse. Further, they have their little hot-line where you can call and tattle--worse, if convicted the tattler gets a reward--NOW YOU TELL ME WHAT IS DIFFERENT ABOUT THE WAY THE NAZIS HANDLED IT UNDER HITLER? YOU NOW REWARD AND EXTOL CHILDREN WHO TATTLE ON THEIR PARENTS FOR ACTIONS WITHIN THEIR OWN PERSONAL HOUSEHOLDS. I MAKE NO JUDGMENT ON THE ACTIVITIES--IT SIMPLY POINTS OUT THAT YOU HAVE DESTROYED YOUR CIVILIZATION! YOU HAVE A GENERATION OF ABUSERS AND A GENERATION OF LOST CHILDREN BECAUSE THE PARENTS HAVE BECOME TERRIFIED OF THEIR OWN CHILDREN! YOU CONDEMN THE PARENT FOR NOT KEEPING THE LITTLE BRATTY ONES UNDER CONTROL AND THEN YOU PRONOUNCE THEM TO BE ABUSERS IF THEY PUNISH THE CHILD.



## OH MY. THE DRUG SCENE!

Could you be thrown in jail for selling bread to an individual with a "reputation" as a drug dealer? Well, you have Congressmen who think you should be, and the intent of the legislation successfully sponsored by Congressman Bill McCollum (D-FI)--the Anti-Drug Abuse Act of 1986--could net you 20 years in jail and a \$500,000 fine for "engaging in monetary transactions in property derived from specific unlawful activity".

Quoting Congressman Bill McCollum: "The corner grocer in a community is aware of the reputation of the local drug trafficker. That person comes to the store and buys five pounds of hamburger. The grocer has to know what he is coming in to buy groceries with what is indeed the money derived from a particular designated crime. I don't have any problem whatsoever holding the grocer accountable for money laundering".

Of course, the hamburger/bread buyer would not have to only be a drug dealer for you to land in jail. A few other "specified unlawful activities" under the Act include: theft or bribery of funds provided by any federal program; hostage-taking and violations of the Arms Export Control Act, the Emergency Economic Powers Act or the Trading With the Enemy Act; counterfeiting; embezzlement; smuggling or bank robbery!  
NOW, I KNOW THAT ALL YOU NICE PEOPLE READING THIS ARE  
TOTALLY FAMILIAR WITH ALL THESE RULES AND REGULATIONS AND  
CAN EVEN QUOTE THEM AT WILL--TO THE CRIMINAL SUSPECT!

OH, BY THE WAY, "IGNORANCE OF THE HAMBURGER BUYER'S  
CRIMINAL ACTIVITY IS NO EXCUSE." Section 1957 reads in part:

"The government is not required to prove the defendant knew that the offense from which the criminally derived property was derived was specified unlawful activity".

The only thing that could potentially save you would be that transactions under \$10,000 are exempt from provisions of the Act. I knew that you knew that! However, any pattern of transactions totaling \$10,000 or more would be enforceable. So, if over a period of months or years, the drug dealer were to buy groceries totaling \$10,000 or more, you would still be found guilty. Moreover, proposed revision in the Act would reduce this threshold from \$10,000 to \$3,000--how many groceries will \$3,000 buy at today's exchange rate? Gets more frightening doesn't it?

The Anti-Drug Abuse Act of 1986 will, if strictly enforced, break down any semblance of trust--and privacy--that might exist between a businessman and his customer.

Should you as a businessman ask each and every one of your customers to sign a statement certifying that the funds he is paying for your product or service have not been gained through "specified unlawful activities" as defined by Section 1957 of the Anti-Drug Abuse Act of 1986?

Court challenges to this law have so far been rejected. It is most probable that it will be held "in reserve" for use in particularly difficult tax evasion cases--and for IRS enemies.

Where, indeed, would the Reagan Administration's war on privacy end?

### **AGAINST MONEY LAUNDERING**

Boy, doesn't just the term "money laundering" conjure up dirty, dirty illegal activity? Money laundering invokes images of jewel-bedecked foreign nationals carrying courier cases full of cash onto private airplanes bound for secret Caribbean tax havens, shadowy businessmen opening crates full of automatic weapons for distribution in your central cities and numbered bank accounts tucked away in foreign countries.

In truth however, money laundering is a much more mundane and insidious activity. In fact the definition of "money laundering" is any action an individual takes in order to avoid filling out a U.S. government currency reporting form. This might seem a fairly trivial offense, but under the Money Laundering Control Act, violators can be punished by a maximum of 20 years in prison and fines up to \$25,000,000. Boy, no wonder there isn't any room left in prisons for criminals who murder, etc.

Money laundering, according to U.S. Customs Service Director William Von Raab, is a "\$50 billion industry". The most common money laundering offense is making a series of deposits or withdrawals under \$10,000 from a U.S. bank account in order to avoid this threshold for reporting a "currency transaction" under the Bank Secrecy Act of 1970. Other individuals have been prosecuted for failing to declare more than \$5,000 in cash when they cross U.S. borders.

By far the largest money laundering case in history involves the Bank of Credit and Commerce, a Luxembourg-based institution that allegedly laundered hundreds of millions of dollars on behalf of Colombian drug kingpins. Now isn't that a funny coincidence with the happenings of your news reports these days? Nearly 100 individuals were indicted in late 1988 in the case, and more indictments are expected. And Mr. Noriega? Oh, isn't he a thorn in the sides of this administration--HE HAS SIGNED CONTRACTS FOR HIS DRUG ACTIVITIES--WITH YOUR GOVERNMENT!

What does money laundering have to do with individual privacy? Surely you are beginning to understand this treachery as it oozes down to you in the private sector of "law-abiding" citizens. That, further, is why I take no responsibility for your actions as we go along here--you must check into it all and consider the alternatives. Naught that I see is against the Laws of Creation and there is no way to keep up with all the laws of Caesar. Virtually any action you take to avoid filing a currency transaction form--how about \$9,999 instead of \$10,000? Well, how about \$8,900 instead of \$10,000? Use your heads! Intentional avoidance is now a federal felony and punishable by truly enormous fines and long prison sentences.

Anti-money laundering legislation is anti-privacy legislation. Seeking privacy from the government in your financial affairs, for what ever reason, is now in many cases a crime.

### **THE OMNIBUS ANTI-DRUG BILL OF 1988**

As intrusive as the current crop of federal legislation dealing with financial privacy is already, the government continues to tighten the noose. The most recent legislation, the Omnibus Anti-Drug Bill of 1988, contains the following provisions: requires that agencies of the federal government co-operate with the Customs Service to feed data into customs computers on at least a monthly basis; requires the Customs Service to establish machine readable passports; authorizes the Secretary of the Treasury to negotiate with finance ministers of foreign countries to establish an "international currency control agency"; authorizes the Secretary of the Treasury to encourage foreign countries to adopt uniform cash reporting transaction forms and anti-money-laundering statutes and; authorizes the Secretary of the Treasury to lower the cash transaction reporting requirements set forth in the Bank Secrecy Act at any time.

Given the power of the computer to piece together seemingly unrelated data, the Omnibus Anti-Drug Bill of 1988 could have some unexpected--and potentially devastating--effects.

What would happen for instance, if the IRS were to wire a Customs Service computer that you were about to be audited? Would the Customs Service, upon scanning your machine-readable passport, permit you to leave the U.S.?

Already an "international currency control agency" suggested by the bill is taking shape. A new international treaty, the "Draft Multilateral Convention on Mutual Administrative Assistance in Tax Matters", would establish a system to exchange tax information between nations "automatically" and "simultaneously". It would also establish globally-standardized tax forms and tax laws. And it would permit suspected tax evasion in one nation to be investigated in any other nation and allow assets to be seized across international borders. Finally, to enforce these provisions, a global IRS would be established: "InterFipol", the International Financial Police. DO YOU BEGIN TO SEE THE WORLD GOVERNMENT AND POLICE STATE AROUND YOUR NECK WITH A TIGHTENING NOOSE?

DO YOU ONES OF MINE BEGIN TO SEE WHY THE DREAM OF "HATONN, JUST GET US THE MONEY AND THE WORLD WILL LIVE HAPPILY EVER-AFTER", IS NOT POSSIBLE? SO BE IT! YES THE SPACE BROTHERS KNOW YOU NEED FINANCES--BUT WE ALSO WOULD LIKE TO BE ABLE TO DO OUR WORK. I'M SORRY, BROTHERS, BUT WE DID NOT MAKE THE LAWS-- YOU SLEPT AND ALLOWED THEM TO COME ABOUT! NOW, WE MUST WORK WITHIN THEM TO THE BEST OF OUR ABILITY AND YOU MUST BEAR WITH US. SO BE IT.

Dharma, it has been a long time without a break. Let us close this portion that the chapters not be too long and create boredom.

In appreciation for service and always in your service, chelas, I move to standby.

SALU, SALU, SALU,

I AM HATONN CLEARING CIRCUIT FREQUENCY AND  
MOVING TO OUT.

GOOD AFTERNOON

## CHAPTER 17

REC #1 HATONN

SAT., DEC. 2, 1989 7:30 A.M. YEAR 3, DAY 108

### SAT., DEC. 2, 1989

Hatonn present to resume on the journal. We shall move right to the subject with only one comment on daily notice boards.

Something I desire you consider: What is this mission, through your holidays, of your shuttle craft all about? Consider what you now know of your Star Wars "space" system--that well over 60% of all action and satellite system is for international bankers' use to have the world banking network in place and ready to utilize for a world banking system with YOU IN IT! Well, take note--these "secret" government/military trips are setting the final computer links in place. One reason the new money exchange could not begin on time as planned was that there were bugs in the international "spy on you" system and the final links were not in proper placement. The intent is to have it all working by the time your Christmas shuttle returns to terra-firma.

### BANKING COMMUNITY SINKING FAST

At this point I am simply going to have Dharma quote from a publication of Dr. Gary North. If you don't recognize this name, please recall that he was one of the authors of *FIGHTING CHANCE*, a book most referred to in our journal, *SURVIVAL IS ONLY TEN FEET FROM HELL*. I believe that he now offers an information newsletter which is called *REMNANT REVIEW*. I disagree with some of his conclusions and recommendations but for the most part they can be most beneficial and his current analyses of the changing situation of the financial community is quite excellent--you can do some of your own thinking. Ranos, please add the address to the appendix. I will make sure that Dharma has it in hand by the time you are ready for compiling the appendix. Further, while we are in this thought mode I also desire that we place Dr. King's *FUTURE TRENDS* on the list of available information for he is one of the only economists that has any idea of what is currently coming down. Most of the rest of the children playing in economics are touting "inflation" instead of "deflation" in the recession/depression and I value his input.

Quote:

"Step right up, folks. The Great American Banking Shakedown is about to begin.

"But don't blink. You may miss it. It'll hit that quick.

"We're now seeing 70 to 80 bank failures a year--more than at the height of the

Great Depression. And the rate is accelerating.

"The FDIC listed 642 banks on its Problem List in 1983. By 1986 that number had leaped off the charts to over 2,600--*more than* 18% of all U.S. banks!

"By June 30, 1989, the number had dropped to 1,271. But according to Warren Heller of Veribanc, this drop was due to the improving condition of agricultural banks; it masked the deteriorating condition of other banks whose holding in depreciating real estate was actually worsening their condition.

"According to the *FINDLEY REPORT*, a noted authority in the banking field, half of today's banks will be gone by in the next five years. Swallowed up, bought out, knocked down, or buried quietly. Gone.

"And yet, as bad as these numbers are, they contain a tiny glitch. Nowhere in the FDIC Problem List will you find mention of the *largest eleven* banks in this country--even though nine of them have loaned out *227% of their total combined equity to Third World and Soviet bloc deadbeats!*

"In 1984, Comptroller of the Currency, Todd Conover, told the House Banking Committee that these eleven banks are considered 'too big to fail' by the government. This, in spite of the fact that if only *half* of their foreign loans defaulted, their funerals would begin at dusk.

"Who are these lucky eleven?"

- \* CITIBANK
- \* BANK OF AMERICA
- \* CHASE MANHATTAN
- \* MANUFACTURERS HANOVER TRUST
- \* MORGAN GUARANTY TRUST
- \* CHEMICAL BANK
- \* CONTINENTAL
- \* BANKERS TRUST
- \* SECURITY PACIFIC
- \* FIRST NATIONAL OF CHICAGO
- \* WELLS FARGO"

(Hatonn: Now surely you remember who controls these particular banks--if not, return to *SPIRAL TO ECONOMIC DISASTER* to "Grey Men" and start over without passing graduation or collecting \$200 at "GO"!)

"So no matter how much water these behemoths take on, no matter how much they list or threaten to capsize, the government will not let them sink. Every other bank in the country will have to swim for it, but not the big guys.

"Did you know that the Federal Reserve Bank was created mainly to prevent the bankruptcy of any *major* bank"? In turn, the majors own *all* the shares of the Fed AND they choose the majority of its directors. No matter how big the emergency, the Fed--armed with truckloads of fresh T-bills and funny money--will ride to the rescue of any major bank. (Hatonn: this is, however, one reason short-term T-bills is one of the very best places to have that cash you withdrew from those pathetic banks.)

"And, believe me, the emergencies they'll need rescuing from could be awesome. And devastating to anyone who's unprepared.

1. A Latin debtors' cartel could form tonight and revolt tomorrow. Adios to hundreds of billions of our dollars.

2. The 15 largest U.S. banks have promised (and received fees for) loans totaling almost a trillion bucks, and they don't have that much in total assets!

3. When foreign depositors finally admit the declining dollar is souring their investments, they'll pull the plug on their \$150 billion. That will put a nasty little dent in the FDIC's \$17 billion reserve fund, won't it? (So much for that one lonely cent covering each dollar of deposits). Especially since the entire fund is in T-bills, which will have to be cashed in to raise the money! (Hatonn: I surely do hope my people are reading this most carefully!)

4. The total U.S. farm debt now exceeds the external debts of Mexico and Brazil *combined*. Nearly a third of the debt, \$73 billion, is owed by the shakiest farmers.

5. Big oil companies borrowed over \$150 billion back in 1980-81, when it was over \$30 a barrel. Now it's the banks who are over the barrel.

6. The Mortgage Banker's Associations of America have announced that 5.8% of all home loans are *more than 30 days overdue*, a post-World War II record.

"This conveniently leads to another imposing question: exactly how healthy *are* our savings and loan institutions? Glad you asked.

"According to Veribanc, the #1 monitoring firm in the nation, 20 of the *largest* 50 S&Ls are in serious trouble. (Bottom line: *your* S&L may be in jeopardy.) The best estimates put the bail-out tab for saving *all* the ailing S&Ls at (GASP) \$100 (plus) *billion*. And that's money the FSLIC simply doesn't have.

"For every dollar deposited and insured, the FSLIC has exactly 7/10ths of the cent put aside. On paper. On *bad* paper. Most of their reserve fund is nothing more than acquired "junk bonds" from failed businesses! The fund is already *dead broke* even without making any bail-outs.

"Most important is how all this affects you *now*. If you are borrowing from a troubled bank or S&L, your loan may get called overnight if the Fed or FDIC puts the screws on your banker to clean up his portfolio.

"Even worse, your deposits can be locked up and withheld from you. When Home State Savings Bank in Cincinnati needed rescuing in 1985, depositors were put on a withdrawal allowance of *no more than \$750 a month*. No matter what sad story they had.

"Life is tough, and then your bank dies. Without warning, the government can:

\*Close your bank (Monetary Control Act of 1980)

\*Freeze your deposits (Emergency Banking Regulation #1, 1961)

\*Keep you out of your safety deposit box. (If you can't get into your bank, you can't reach your box, can you?)

"Oh, you'll get paid eventually, no matter how suddenly or brutally your bank drops dead. The government has "*guaranteed*" it. As long as there are printing presses and buckets of green ink (or whatever color), you will get paid, all right.

"Of course, don't expect those crisp new bills to be worth too much".

\* \* \*

AND YOU ARE "THERE", BELOVED ONES--YOU ARE "THERE". IT HAS BEEN A MASTERFULLY EXECUTED PLAN BY THE "BIG BOYS" AND IT IS WORKING TO PERFECTION. THE MASSES WILL PLEAD TO HAVE THE GOVERNMENT NOW COME IN AND SOMEHOW SAVE YOU FROM THE DRAGON WITH THE NEW DEBIT SYSTEM AND YOUR MOVEMENT INTO SLAVERY WILL BE COMPLETE. SO BE IT!

**FAMOUS LAST WORDS: "THEY WON'T FIND ME"**

Another scenario here, complements of *THE GARY ALLEN REPORT*, which was made possible by the Deficit Reduction Act of 1984 and its attendant linking of computerized government data bases.

"George was attracted to her the moment he saw her while he was driving to work. She was in her mid-thirties, elegantly dressed, with long blonde hair that fluttered in the breeze as she drove her red Porsche convertible in the adjacent lane of a crowded California freeway. Letting her get a little ahead of him, George was able to read her vanity license plate: MINE.

"When he arrived at his office in the local government building that housed the



Department of Health and Human Services, where he worked in the social welfare division, George quickly brought up his file of codes on his computer terminal; tracking down that beauty would be a snap, he mused to himself. After all, he had access to numerous government records and private data banks. Checking people out was part of his job to distinguish valid welfare applicants from chiselers and illegal aliens. It was all part of the administration's drive to reduce wastes, fraud and abuse in federal welfare programs.

"At the computer prompt, George entered his authorization code on the keyboard, hit the "execute" button and accessed the Department of Motor Vehicles data base. He typed in the license plate letters "MINE" and ordered a search of the DMV files. After less than a minute's wait, the monitor screen displayed the information he wanted: Licence tag: MINE. Vehicle: 1983 Porsche 944. Owner: Julie Jameson, 1509 Appleton Drive, Laguna Heights, CA Driver's licence: U0834725. Date of Birth: 5/14/52. Sex: Female. Height: 5'6". Weight: 105 lbs. Social security number: 552-58-2436.

"Entering another data bank, George used the SSN as the key data element to search wage records that employers are required to file with state unemployment compensation and tax offices. Julie's record came up with more information: SSN #552-58-2436. JULIE JAMESON. Employer: Toltech Manufacturing, Inc., 921 Wilshire Blvd., Los Angeles, CA. Employed from 1110/77--current. Position: National Director of Sales and Marketing. Gross pay for 1986: \$63,124. Earnings for First Quarter, 1987: \$16,542.

"Not bad,' thought George. Next, he typed Julie's address into the computer and told it to search the records of the Laguna Heights deed registration office. Soon the screen filled with new data record: 1509 Appleton Drive. Block 351, Lot 3. Land Assessment: \$35,685. Total Assessment: \$114,006. Built: 1978. Use: Residential. Deed of trust recorded: October 11, 1978. Loan Instrument: 23997. Amount: \$75,000, between Joseph James and Julie Jameson Nelson and First National Savings & Loan. Other personal assets listed as collateral: 25-foot sailboat, assessed at \$16,000.

"Julie Jameson had once been Julie Nelson. George decided to check county divorce records to see what was on file. He found the record: Divorce awarded 7/18/85. Julie Jameson Nelson vs. Joseph James Nelson. Married: 6/12/76. Children: Anthony Michael, born 4/3/78; Carolyn Marie, born 12/24/80. Grounds for divorce: Infidelity. Divorce sought by: wife. Race: husband, Caucasian; wife, Caucasian. Number of previous marriages: husband, none: wife, one. Date first marriage was terminated: 9/24/74 in Reno, Nevada.

"Being a curious fellow, George then decided to check local school enrollment records. He found that "Tony" went to Ben Franklin Elementary School. Carolyn Marie was enrolled at Montgomery Special Education Institute, a school for children with learning disabilities.

"Next, George decided to look into IRS files. But, such records are confidential, so George's office computer terminal could not access the IRS data in Washington by an on-line connection. Instead, he put Julie's name and SSN on a request list that was mailed by his welfare office to the IRS the next day. In less than a week, George received a magnetic storage tape from the IRS that contained tax information on Julie Jameson's other sources of income.

"Data from Form 1090 (Unearned Income) revealed that her interest income included \$2,100 from a \$23,000 Certificate of Deposit from First National Bank, \$4,200 from a \$48,000 CD at the same bank and another \$1,600 from a \$28,000 passbook savings account. Dividend income was also listed--including \$9,754 from 4,000 shares of Toltech Manufacturing stock. Capital gains income of \$5,600 came in from the sale of IBM stock. Even \$3,235 winnings from betting on the horses at Los Alamitos Race Track was listed.

"Chuckling to himself, George mentally reviewed what he had learned about his mark. Julie Jameson was recently-divorced after a nine-year marriage; it had been her second marriage and she had ended it with a divorce by charging her husband with adultery--and had apparently wound up with a hefty settlement as well as custody of the kids; she lived in an expensive home in a nice neighborhood (George had driven by to check it out); she worked at a secure high-paying job; she had additional income from interest and dividends: she enjoyed sailing and betting on the ponies; her six-year-old daughter had a learning disability; and she owned a status-symbol car. He decided he had enough information to make a phone call and strike up an acquaintance"!

SO BE IT. FURTHER, HE COULD HAVE FOUND OUT A WHOLE VOLUME OF ADDITIONAL INFORMATION FROM HER MEDICAL RECORDS TO EXACTLY WHAT WAS THE LEARNING DISABILITY OF THE CHILD!!!! WE JUST DON'T HAVE TIME OR SPACE TO GO ON WITH THE STORY.

### **A FEW PRIVATE INVESTMENT REFUGES**

I will only briefly cover these because laws change quickly and negation of a suggestion can come spontaneously. However, even after the enactment of the Bank Secrecy Act and other legislation making financial privacy difficult to achieve there are still a few private refuges.

1. Money-market accounts. These accounts may extend check-writing privileges to depositors yet, unlike banks, the brokerage firms offering them are not required to photocopy both sides of the checks you write. A money-market account manager however, must report interest you earn in such an account to the IRS. Many foreign banks also offer interest-paying money market accounts which are not reported to the IRS. You must of course, report any interest earned on your tax return from such a foreign account, along with the presence of the account itself if it is larger than \$10,000.

2. Non-dividend paying stocks. While most stocks pay dividends, not all do. And if you do not earn dividends on a stock, neither you or your broker is required to report the purchase of that stock to the IRS. However, any profits you generate when you sell must be reported by both you and your U.S. broker. Non-dividend-paying stocks are particularly popular outside the U.S. However, the Tax Reform Act of 1986 has imposed complex requirements for translating deferred dividend payments into theoretical capital gains for such investments. Tax must be paid on these paper profits.

3. Stock certificates you hold yourself. Most brokers will maintain your stocks in a "book entry"--computerized--form. For greater privacy, and to guard against the possibility of some future catastrophic computer failure, have your stock certificates sent to you and keep them in a safe place.

4. Bearer stocks. "Bearer" stock certificates are widely available outside the U.S. Such certificates are not registered in any form and provide a completely anonymous form of stock ownership. Stock certificates issued before 1982 in the U.S. may be available in bearer form. (I expect my co-workers to pay attention to this one. Please).

5. Bearer bonds. Like bearer shares, bearer bonds are one of the most private of investments. They are widely used in many foreign countries and in particular, Switzerland and other tax havens. Bonds issued before 1982 in the U.S. may be available in bearer form.

6. Municipal bonds. Municipal bonds are exempt from federal taxation. However, the Tax Reform Act of 1986 requires you to list all municipal bond holdings on your tax return. Bonds issued before 1982 in the U.S. may be available in bearer form.

7. Treasury Securities. Direct obligations of the U.S. Treasury, backed by the "full faith and guarantee of the U.S. government" are among the world's safest investments. And until recent years, they were also relatively private. You would purchase them at a bank and would be mailed the actual bond certificate. When the bill or bond matured you would present it at the bank and instantly obtain your money, with no questions asked. Some Treasury securities were also issued in bearer form without your name appearing anywhere on the certificate.

In order to "safeguard certificates against accidental loss" (and, allegedly, to save money), the U.S. Treasury in 1986 introduced "Treasury Direct", a program converting all government securities to an electronic form. In this new program, you no longer receive a Treasury security, only an acknowledgment that you own it. And when the security matures, your funds are wired to a bank. Both safety--and privacy--are removed, unfortunately.

U.S. savings bonds however are still relatively private. While your name is

imprinted on each bond, they are the only type of Treasury security that you can still hold in your personal possession (other than older T-bond and T-note issues). You can purchase savings bonds at any bank.

8. Precious metals. Gold, silver and platinum are still relatively private investments. The purchase of precious metals need not be reported to the IRS. However, under IRS regulations proposed in 1982 (but never finalized), sales of precious metals by an "unincorporated entity" require completion of a government reporting form, (a 1099-B). Some precious metals dealers enforce this provision and others don't--yet! (DO YOU NOTE THIS, YOU ONES WHO DO NOT THINK A CORPORATION IS A USEFUL ITEM)?

A loophole in the proposed regulation permits a reporting exemption if the items are sold for a premium of 15 percent or more above their bullion value.

Many foreign banks offer precious metals accumulation and safekeeping accounts. While you can legally avoid reporting precious metals sales in this manner you are of course, required to declare any profits you make.

9. Collectibles. Art, diamonds, antiques, stamps, rare coins, etc., are among the most private of all investments. No government reporting applies to either purchases or sales of collectibles. While such investments may be relatively difficult to sell and are often subject to high dealer buy/sell spreads, they are usually not purchased purely as an investment.

Among collectibles, rare coins are probably the most liquid and subject to the smallest dealer mark-ups. An excellent guide to the rare coin market is the monthly newsletter *Investment Coin Review*. (See appendix.)

Another excellent resource is through the services of David Schectman of Investment Rarities Incorporated. (See appendix.)

Dharma, prior to going into the subject of private investing outside of your country (U.S.), let us have a break. We will also need to cover mundane things like, where to put the stuff into a safe place at home. Do not expect perfection, dear ones, there is risk in EVERYTHING. You must be discerning and wise--we can do no more than make the information available to you--it is up to you as to what action if any, you will take. So be it.

HATONN TO STAND-BY. I WILL BE AVAILABLE WHEN YOU ARE READY TO RESUME.

SALU

## **CHAPTER 18**

REC #2 HATONN

SAT., DEC. 2, 1989 11:29 A.M. YEAR 3, DAY 108

### **SAT., DEC. 2, 1989**

Hatonn present to continue. Thank you.

### **LOOK OUTSIDE**

Among the most important reasons to invest outside the U.S. are currency diversification against the declining international value of the dollar and the opportunity to participate in markets not ordinarily accessible to U.S. citizens. These concerns are beyond the immediate intent of this journal. The best reason for consideration of this mode of business is financial privacy.

### **HAVENS**

A handful of nations have policies or explicit legislation embracing banking secrecy for non-resident (but for some very good reasons, not resident) investors.

The oldest of this type of banking secrecy laws goes back to the time of the 1930s. The government of Switzerland became alarmed when agents of the German Gestapo began visiting Swiss banks and asking questions about Jewish depositors. It responded to these visits with a law prohibiting Swiss banks from releasing information on depositors. Many other nations enacted similar legislation after World War II. Today, 20 or 30 "tax havens" exist worldwide that cater to private investors. It gets more and more difficult to sort them out and less and less privacy can be maintained in international situations, such as Marcos, but there are still good ones around if you look.

Some of these havens have less than savory reputations and some are most unstable politically and relatively "new" and unfortunately are targets because of drug trafficking. These would include places like Panama and Vanuatu (the former Dutch New Hebrides).

Switzerland is still unquestionably the largest tax haven in terms of foreign money invested. Other significant havens include Liechtenstein, Austria, Luxembourg, the Cayman Islands, the Channel Islands, Barbados, Bermuda and the Bahamas and lately there are some places emerging in the Orient such as Singapore.

### **HOW TO CHOOSE**

First, be cautious. Few havens have unambiguous secrecy laws! Some countries only

have a non-legal "tradition" of secrecy; others have "confidentiality" laws where the local government has access to records but is itself sworn to secrecy--a promise that may or may not be enforced. Some have laws that are not always respected with loopholes abounding. Not a few are tax havens with only "pretense" to secrecy.

You would always need to check into the length of time the tradition of secrecy has been maintained. A country with several centuries experience, like Switzerland, or even several decades, like Luxembourg, won't be in as much of a hurry to change as havens like Vanuatu in the Pacific, which only recently proclaimed itself a tax haven.

Check the haven status for local support. See if the haven's citizens also use the facilities. There is a world of difference in this regard between the Bahamas, where locals seem resentful of the haven provisions, and Austria, where average citizens regularly use the completely anonymous "password account", and thus have a vested interest in its continued existence. (By the way, watch Austria most carefully for when they become a member of the Common Market you have a MAJOR clue to timing of upcoming events).

Always check into the stability of the haven itself. Any financial haven must also be a haven in nonfinancial ways. It must have a high degree of personal freedom. Of course, even free-market havens are not always stable. For example, Margaret Thatcher gave in to Red China's demands on Hong Kong, abandoning it to the 1997 deadline!

Is the haven important to Washington, D.C.? Costa Rica, because it is a "friendly" nation in an unstable region, enjoys the favor of the U.S. government. Haven income is important to it and Washington won't want to lean too hard on it over a "non-strategic" issue. And since the CIA uses Liechtenstein for its financial transactions, the U.S. won't seek to wipe out its haven status. The Cayman Islands on the other hand, have no strategic value to Washington.

Check carefully into whether or not it waves a "red flag". Public dealings with high-profile havens can raise a "red flag" in tax collector's offices around the world. The Caymans, Panama and Liechtenstein are examples. Switzerland is in the second tier, and Austria and Luxembourg are another step below that level. Bermuda is lower still, though it doesn't offer the secrecy the others do.

Does it protect its sovereignty? Has the haven caved in to the demands of the great powers, even in non-financial matters? The Dominican Republic has bank secrecy laws, but when ex-CIA agent Edwin Wilson traveled there incognito in 1983, U.S. agents were waiting for him, ready to hustle him back to the U.S. There were no legal extradition formalities. U.S. agents operated in the Dominican Republic as they would in Kansas City. More recently, with the Marcos, Duvalier and Dennis Leving insider trading cases, Switzerland has shown that it is not quite as safe as it has previously been. This will increase, depend on it.

You will also need to look into the convenience of the services. Are competent staffs available to serve the customer? How well do they speak English? Finally, how convenient is the haven to deal with? It's best to visit one's money periodically, and so much the better if it is in a place that one enjoys visiting.

The first requirement of a haven is that it offer capital preservation. Nonetheless, to include a haven country which scores heavily in capital preservation but which also has high withholding, corporate, estate or other taxes is to ignore an important consideration.

OH YES, YOU CAN FORM OFFSHORE CORPORATIONS AND I SUGGEST YOU LOOK INTO DOING SO. YOU MIGHT EVEN FIND SOME ALREADY IN SERVICE INTO WHICH YOU CAN INVEST.

### **LET US CONSIDER SWITZERLAND**

French philosopher Voltaire in 1794 made the following observation: "If you see a Swiss banker jump out a window, be sure to follow him, for there is money to be made". Further, give appreciation to Voltaire for another most remarkable contribution to you ones. He, through his Countess mistress, translated Newton's PRINCIPEA. Give honor unto the great Newton who--by the way--celebrates his true birthday on December 25th. The only valid thing about your December 25th birthday celebrations.

Back to the Swiss. This mountainous nation in the heart of Europe is synonymous with banking privacy and investment savvy. Switzerland has not only the oldest banking secrecy laws in the world, but a centuries-long tradition of financial privacy. As such, it is well-suited to an introductory discussion of offshore financial havens.

Swiss bank secrecy laws date from 1934 and cover every conceivable person--bank employee or not--who might have access to personal information about a bank customer. Bank employees, auditors, regulators and anyone else with access to bank data are required to maintain silence regarding bank accounts. Not only are such individuals prohibited from disclosing account balances, but they may not even acknowledge that an account exists.

Penalties are strict for those violating bank secrecy laws. Each breach of secrecy is punishable by a fine of SFr 50000 (about \$30,000) or six months imprisonment--or both.

Secrecy may be waived only at the client's request, or if the Swiss government has evidence that a crime has been committed. Should the crime have been committed outside of Switzerland, the bank secrecy laws requires that the offense also be considered a criminal offense in Switzerland for banking secrecy to be relinquished.

Tax evasion, for instance, is a civil, not a criminal offence in Switzerland. Nor are violations of other nations' foreign exchange laws, money laundering laws or laws

regarding the reporting of certain investments criminal offenses in Switzerland.

If evidence exists that a depositor in a Swiss bank has committed a crime in another country that is a criminal offense under Swiss law, the government can try to get a court order forcing the bank to release information relevant to the crime under investigation.

Unlike an IRS "investigative summons", a Swiss court order requiring breach of bank secrecy is rarely granted. And when it is, it can be appealed; the case of Ferdinand Marcos and his alleged secret Swiss bank accounts is a case in point. After nearly three years and several million dollars in legal expenditures by the Philippine government, that government has yet to receive any information from Swiss banks in relation to accounts allegedly held by Marcos, the former Philippine president.

When a court order is granted, the Swiss government is permitted to examine bank records only in relation to the crime under investigation. "Fishing expeditions" are expressly prohibited.

Swiss banking secrecy has been breached, however, in several investigations in recent years. Most notably in regard to inside trader Dennis Levine. But the average American with a Swiss bank account, even an American who is deliberately evading U.S. taxes, is in no danger of being exposed by Swiss authorities. Even if he is exposed, a bank account in Switzerland is nearly impossible for the IRS or any other governmental agency to impound.

Banking secrecy also enjoys strong local support in Switzerland. A 1984 referendum endorsed the continuation of bank secrecy laws by a 2:1 margin.

Switzerland also maintains a uniquely stable fiscal and military status. The total Swiss national debt today stands at less than SFr 20 billion (U.S. \$12 billion), a smaller figure than the outstanding debts of many private companies. In spite of its meager debt, the Swiss government has the largest per-capita gold reserves in the world: 83,275,000 ounces. At the present price of gold, Swiss gold reserves are worth more than \$31.6 billion.

As a result, the Swiss franc is one of the world's strongest currencies. Since 1970, the value of SFr vs. the U.S. dollar has increased by nearly a factor of three; from 23.2 cents per franc in 1970 to more than 60 cents per franc today.

Switzerland actively protects its neutrality with its army and local defense forces. In both World Wars I and II, Switzerland demonstrated to Germany and the Soviet Union that it could not be easily conquered. Today, Swiss army strength stands at 625,000. Every soldier is obliged to keep a loaded automatic rifle in his home, ready for instant use if the nation is invaded.

Further, as we pointed out in SURVIVAL IS ONLY TEN FEET FROM HELL, the



Swiss are well prepared for any event with massive tunnel shelter systems. Virtually every citizen would be protected in the event of a nuclear war. Most homes have bomb shelters and new homes cannot be constructed without them.

The Swiss government goes to enormous lengths to protect the integrity of its banking system, its currency and its territory. The Swiss have taken privacy (used in its widest sense) to a much higher level than almost any other nation in the world.

It would go beyond the scope of this journal to describe all the types of Swiss bank accounts available, or to recommend specific Swiss banks. There are resources for that information. One such source is the *CONFIDENTIAL: REPORT FROM ZURICH* newsletter, which covers developments in Swiss banking and other offshore havens (see appendix) and *OFFSHORE BANKING NEWS*. (See appendix.)

### **OTHER TAX HAVENS AROUND YOUR WORLD**

**Austria.** A relatively "low-profile" haven located in central Europe, Austria has stricter bank secrecy laws than Switzerland, although they have been in effect only since 1979. The Austrian "numbered account" system provides total anonymity for the depositor, and unlike the numbered accounts from Swiss banks, the average U.S. investor can obtain one relatively easily.

**Liechtenstein Principality.** This is a tiny central European haven. It offers perhaps the most adaptable company law in the world--along with almost impenetrable bank secrecy. There are several types of Liechtenstein companies; perhaps the most flexible is the anstalt (trust) which one banking authority claims, "can be adapted to be all things to all people". Setting up a Liechtenstein company is not an inexpensive undertaking but the flexibility of Liechtenstein company law along with the privacy of its corporate structures, attracts wealthy investors from all over the world.

**Luxembourg.** Located at the confluence of France, Belgium and West Germany, Luxembourg is a convenient offshore banking center with most financial transactions by foreigners going untaxed. While bank secrecy laws date only from the early 1980s, Luxembourg has a tradition of banking confidentiality dating back to the years following World War I.

**The Channel Islands.** Located in the English Channel a few miles off the coast of France, the Channel Islands are one of the fastest-growing havens in the world. The most important of these islands are Jersey and Guernsey (does sound a bit like a dairy cow herd.) The islands are close historically and geographically to Great Britain, but are not subject to high British taxes.

**Barbados.** A Caribbean haven, Barbados is the easternmost island in the West Indies. The island is notable for the large number of U.S. and multinational corporations that have set up offshore subsidiaries to take advantage of its low tax rates. Company law in the Barbados is adaptable to many enterprises, and most companies owned by non-

residents need not pay income tax or capital gains tax.

**Bahamas.** The closest haven geographically to the U.S., the Bahamas' westernmost islands are located only 50 miles due east of Miami, FL. Strict bank secrecy laws and numbered accounts are available in Bahamian banks, but this haven has developed a relatively high profile in recent years as a result of well-publicized tie-ins with narcotics smuggling.

**Bermuda.** While having no formal bank secrecy legislation, Bermuda enjoys a tradition of confidentiality in financial affairs, political stability and much lower profile than most Caribbean havens. Taxes on non-residents are low or nonexistent and several Swiss banks have opened branches on the island.

### **OFFSHORE REPORTABLES AND NON-REPORTABLES**

If you take part of your wealth outside the U.S., Uncle Sam wants to know about it. The original version of the Bank Secrecy Act required U.S. citizens holding more than \$1,000 in any "financial accounts" outside the U.S. to report them on their federal income tax return. This reporting threshold has now been raised to \$10,000. If you think any of these maneuvers seem strange, remember that you have a lot of lawmakers trying to gain privacy also and these are the loopholes you continually seek out.

The IRS does not make it easy to report foreign bank accounts. No questions relating to this subject appear on Form 1040. Instead, these questions appear on Schedule B.

The 1988 instructions for Schedule B state that anyone who at any time during the year had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account or other financial account) should report same. Exceptions are made if the combined value of the accounts is less than \$10,000 or if the accounts were with a U.S. military banking facility operated by a U.S. financial institution.

"If you admit to having an interest in a 'foreign financial account', you must also complete a separate Treasury Form 90-22 listing each foreign account and send the form directly to the Treasury Department in Washington, D.C.--not your regional IRS office." (You can be certain that once it reaches Washington it receives "special attention").

There are several methods you can use to avoid reporting the presence of your offshore account. Since a tax return isn't the same as a "currency transaction report", using these techniques probably don't constitute "money laundering". By now I expect all of you to be reading between, over and under the lines of print.

1. Keep reportable foreign accounts at less than the reportable minimum. The key word here is "reportable"; many types of offshore investments need not be

reported. A few examples: insurance policies, safety deposit boxes, real estate holdings that do not generate income, non-dividend-paying stocks, precious metals ownership certificates, etc.

Of course, most U.S. investors investing offshore for the first time will stick with a foreign bank account, the presence of which is reportable if the total of such accounts is \$10,000 or more. You are on your own as to the use of multiple bank accounts of under \$10,000 each.

2. Minimize your interest income from all sources to avoid filing Schedule B. If your interest income is less than \$400/year, you need not complete Schedule B--the form that asks you if you have an offshore account. Nowhere on Form 1040 itself are you asked to make such a disclosure.

In practice, keeping interest income at this level or lower may require considerable effort even for middle-class investors. But if your portfolio consists mainly of assets you purchase for capital gains, such as precious metals, collectibles, real estate, etc., you can keep interest income to a minimum.

### **MOVING YOUR MONEY**

To keep your offshore accounts confidential, you may wish to take action to disguise the funds you transfer to an overseas bank. However, if you do so in a deliberate attempt to avoid currency reporting regulations imposed by the Bank Secrecy Act, your actions could be interpreted as "money laundering", and you could be subject to the heavy fines and even imprisonment as I have already discussed.

This section should show you how preposterous the whole U.S. system of anti-"laundering" really is. Any criminal can use these techniques. It takes little skill to defeat the system. It is obvious that these laws are not aimed at criminals. It is obvious that these laws are aimed at honest citizens who think they deserve some privacy. The following description of techniques for privately taking funds out of the United States, and bringing them back, are taken from the May, 1988 issue of *Confidential: Report from Zurich*.

Further, this Journal is copyrighted for the sole purpose of being able to prove what was in our original document as released to the public. We refuse to be set-up as a target for them to aim at. I have no wish to have anyone break laws, for Caesar can be most difficult. I merely report that which comes into my attention. None of it has come into Dharma's attention so we maintain quite a bit of security in that manner.

1. Don't use personal checks from a U.S. bank account to send money overseas, since they are photocopied by your bank.

2. Small money orders less than U.S. \$1,000 may be used to transfer funds to your offshore account. Pay for the money order in cash. Don't put either your name or

the name of the intended recipient on the money order until after you have purchased it. Nor should you make the money order payable to "cash" if you are sending more than \$5,000 overseas at one time. Doing so makes it a bearer instrument and subject to U.S. currency reporting requirements.

The best place to purchase a small money order is at a convenience store. You may also purchase money orders, with varying degrees of privacy, at banks, securities firms and post offices.

3. If you do business overseas, consider asking a trusted firm to overbill you for the goods or services they provide. Simply have the company divert the excess funds to your foreign bank.

4. Many individuals use the mail to transfer cash overseas. While relatively reliable, you have no recourse if the money is lost. In addition, if you mail more than \$5,000 in cash, you are required to notify U.S. Customs.

5. Rare, or numismatic coins may be used to sidestep filing an international currency exchange transaction form. Rare coins may be declared at their face value to U.S. Customs. For instance, you could buy U.S. Liberty and Saint Gaudens \$20 gold pieces, which contain nearly an ounce of gold, and declare their value as \$20 at the border. Similarly, you may be able to declare the U.S. 1-ounce gold eagle for \$50, since this is its stated legal tender value. (However, you may run into problems since this is a bullion, rather than numismatic coin). Check with your overseas bank to determine what type of rare coins can be most easily sold in that area to assure maximum liquidity when the coins arrive.

6. Bank checks drawn for less than \$10,000 are another private method of transferring funds overseas. Have the check signed by the bank manager and made payable to your foreign bank--not cash. Pay for the check in cash. There should be no need to leave your name or provide any identification for this service.

7. You can wire up to \$10,000 overseas in complete privacy with a Western Union money wire. Pay for the wire in cash and do not complete the claim form that asks for your name and address. This will insure anonymity, but if the wire is lost, you will not be able to obtain a refund.

Consider in advance the private repatriation of funds you hold in an overseas account. Strict foreign exchange controls, however, could complicate your efforts immensely. Therefore, I do not recommend that you maintain a large portion of your wealth overseas. Laws are very, very quick to change while piggy-backed with other seemingly inoffensive legislation.

8. One of the best ways to repatriate assets overseas in a totally private manner is to use a Visa, MasterCard or American Express card drawn on a foreign bank account. Transactions on the card are cleared in the name of the foreign bank, not your

own name. Many foreign banks offer such cards. Obtain the credit card when you set up your overseas bank account. Make sure that the card can be used in an automatic teller machine. If you plan to use the card to purchase goods or services, ask the bank if it can be printed in English so that its origin is not as obvious. British banks are an excellent choice for low-profile foreign credit cards.

9. Consider requesting the bank to send you your proceeds in the form of municipal bonds issued prior to 1982. Since these are bearer bonds, instruct the bank to send them in increments of \$5,000 or less. (Hatonn: This could be considered as a deliberate effort to avoid completing a currency transaction form, and therefore might be considered illegal under the U.S. anti-moneylaundering statutes.)

Interest on municipal bonds must be reported on your income tax return, even if it is currently exempt from federal taxes. To legally avoid reporting the interest, you could simply cash them in immediately after receiving them before an interest payment comes due.

10. Many overseas banks have correspondent banks in the U.S. You may be able to request your offshore bank to transfer your funds to a U.S. correspondent bank with the transfer recorded in the bank's name, rather than your own.

The easiest way of all is simply to put cash in a paper bag and go on a Caribbean cruise. When you get off the boat at a tax haven, wear a really ugly tourist-type shirt, a funny hat, and have an old Japanese camera around your neck. Carry the money in the paper bag or inside your camera bag, get a taxi, and go to your bank. No customs inspectors ever greet Caribbean cruise ships--it is sort of a silent "understanding". If you think a Mafia member hasn't figured this out, think again. ANTI-LAUNDERING LAWS ARE AIMED AT YOU. NOT THE MAFIA.

Let me sort of summarize this portion because it can be so useful indeed.

Many countries outside the U.S. better appreciate the basic right of confidentiality. They have a long-standing tradition of bank privacy. Holding cash is not a crime; most stocks and bonds are issued in bearer form in Europe; anonymous safe deposit boxes are available in London. Americans can buy real estate in most of these countries. European-based credit cards are also available.

Foreign insurance products allow you to earn tax-free income in certain circumstances. One of the most interesting products is Unilife's International Whole Life Plan, based in Luxembourg. Unilife is a 20-year old insurance company with over 700,000 clients worldwide. This whole life plan is unique because the cash value is invested in no-load mutual funds and international funds, managed by Charlesworth & Rugg, Inc., a distinguished investment management group led by Donald Rugg. The fund is available in either Swiss francs or U.S. dollars. Minimum investment is \$10,000. For a free brochure, Robert Edgar, International Insurance Agent. (See appendix.) I will point out however, that Insurance companies are in severe trouble during these times,

as well as banks and S&Ls, so use intelligence.

Before we pass these investment sections, let me give you a bit more. Of course, the best privacy strategy is to have a corporation and allow it to handle all these things. Neither do I recommend most of the investments as will be reported here, but I feel it only fair to give them to you as possibilities for you who can't yet see the handwriting on the wall clearly enough.

Most stocks, bonds and other traditional investments bought through brokerage firms are no longer private, but some investments can still be bought with cash. For example, you can walk into almost any coin dealer and buy a gold coin with cash, no questions asked. You can't do that at Merrill Lynch, for instance.

In addition to coins, there are other investments that can be bought quietly. Real estate can be purchased in a low-profile manner through "land trusts" in most states. Land trusts will keep your name off the county records. You might also consider buying real estate out-of-state or in foreign countries, preferably in areas where you like to travel. It is still better to simply incorporate, buy the real estate and when you choose to sell, sell it in its entirety as a corporation. (Sell the corporation). There are a lot more advantages than I have time to list for you herein.

You can store coins, collectibles and stock certificates in safe deposit boxes in a private manner--but not in your local bank. Guardian Safe Deposit Co.'s Long-Distance Storage Account Program, located in Arlington, Va. offers top-security protection for your valuables away from your banking facility. (See appendix: Guardian Safe Deposit Co.)

### **LET'S RETURN BRIEFLY TO THE SSN**

Another reminder about privacy and guarding your Social Security number and then we will move on to the system itself.

Remember, most computer files are accessed by a number, specifically your Social Security number. One of the keys to maintaining your privacy is to keep your SSN as private as possible. Unfortunately, your SSN is constantly being demanded by businesses and organizations, far beyond the original purpose of the SSN. Prior to 1960, the SSN was used only in dealing with the Social Security Administration. The card itself warned, "Not to be used for identification purposes". But in 1960, the IRS and other government agencies started using it. Then in the '70s, states began using it for driver's licenses, and soon universities, banks, insurance companies and employers demanded it for identification as well. Even utility companies demand it before they will send water or electricity to your home! New Social Security cards no longer carry the warning about unauthorized use.

However, you do not always have to disclose your SSN unless required to do so by law--and make them show you the law. Refuse to give your number to universities,

insurance agents, doctors, and others who simply demand it. Most organizations are set up to assign people an independent number if they don't have a SSN, or if they refuse to disclose it. You can put any number in that slot if it is not required by law.

There are many ways in which your SSN can be abused. If a criminal latches onto your SSN, he may gain access to credit files and a list of credit card numbers, which would allow him to buy airline tickets and other products with your money and without signature. Or he may use your SSN to create a new identity. When crimes are committed, your SSN may be incorrectly linked to a criminal record. Recently, *THE WALL STREET JOURNAL* reported the story of a man whose life has been practically destroyed because a criminal stole his SSN and used it to create a new identity and to commit crimes. The innocent man has been falsely arrested several times and lives in constant fear. The last time he crossed the border into Mexico, he was seized by U.S. police at gunpoint. Beware if your name and SSN appear on the National Crime Information Center computer.

### **ALSO THE TAX RETURNS**

Another thing you should guard against is turning over tax records to financial institutions. More and more banks and credit card companies are demanding tax returns for customers applying for a mortgage, personal loan or credit card. But you should refuse to disclose this information if at all possible. Tax records are a grave distortion of your financial well-being. Moreover, when you turn them over to a bank, you lose control of this vital data. Once you give your tax returns to a bank, the bank owns the information and can disclose it to others. A tax return contains all kinds of personal and financial data, including your assets. If you are sued, a tax return may be extremely helpful in locating hidden assets.

There are many ways to avoid submitting tax records. Often you can verify income by other means--a statement from your accountant, W-2s or 1099s, for example. Or in the case of a mortgage application, you can request a "no disclosure" form. Many banks and mortgage institutions will allow you to get a mortgage without disclosing your tax returns if you are willing to make a down-payment of 25-30% and can demonstrate a good credit history.

### **LAST GASP!**

The Social Security system has been a part of U.S. life for more than 50 years. To be sure, Social Security has been an enormous success for the first two generations of retirees. And the aging architects of the system assure you that "the system is fundamentally sound".

Such statements are wonderful for public consumption. But you should not believe them. Not when bankrolling Social Security into the 21st century will require greater and greater intrusions into your private affairs--not to mention much higher payroll contributions.

To finance the centerpiece of the "Old Age Insurance Plan"--also known as the "Old Age Pension", Congress in 1935 imposed a tax on the wages of employees, to be matched by employers. That tax, just like the income tax of 1913, now seems incredibly low: 1 percent of wages, to be paid on the first \$3,000 of income. The maximum annual contribution from an employee was only \$30, to be matched by a \$30 contribution from his employer. Are any of you falling on the floor yet?

As you all know, Social Security taxes are much higher today. Employees pay 7.65 percent of the first \$45,000 in income into the program. Employers make an identical contribution. The maximum annual employee contribution is \$3,442.50--115 times higher than the 1935 maximum. Social Security taxes have increased by 11,375 percent since they were first imposed 50 years ago.

Unfortunately, the upward momentum in Social Security taxes is unlikely to let up anytime soon. The population distribution of the U.S. makes it impossible. The number of workers making contributions to the Social Security system is increasing at a much slower rate than the number of beneficiaries.

This is a direct consequence of the "baby boom" of the '50s and '60s and the "baby bust" of the '70s and '80s. By the time "boomers" are set to retire in the early 21st century, the "dependency ratio"--the number of workers available to support one retiree--will have shrunk from 3.2:1 in 1980 to 2:1 in 2020. (SS began with a ratio of 140:1).

To finance benefits to aging boomers, the Social Security Administration's "most pessimistic" (but read this as the most "realistic") assumptions project payroll tax rates of an incredible 37.5 percent by the year 2020.

It doesn't require a great deal of imagination to consider how workers of the 21st century will react to SS tax rates of 37.5 percent. Workers will "opt out" of the system any way they can to avoid being trapped by rising tax rates. Evading SS taxes is tax evasion. But with SS tax rates of 37.5 percent combined with federal taxes of a minimum of 30 percent or probably grossly higher, many workers won't let that stand in their way.

Well, thus the infant numbering system, etc., but the invasion of privacy to come from SS will be far greater than the assignment of a mere number. For instance, to keep tax rates from going higher than even 37.5 percent, you can count on more "means-tests" before you obtain SS benefits. The "means-test" concept is simple: If you aren't poor, you don't get the benefits.

Naturally, the IRS and the SS system will want "proof" that you are "poor enough" to deserve benefits. In the future you can count on intrusive applications, unannounced visits by caseworkers and SS "audits" not dissimilar to the IRS audits of today.



SS will thus evolve from its present status as primarily a pension-welfare system into a pure welfare system. The "wealthy" (read middle class) will pay increasing taxes on SS benefits, while their children struggle with the burdens of higher and higher tax rates.

Another trend will be the elimination of the wage ceiling on which SS tax must be paid. A bill to this effect was narrowly defeated in the 1988 Congress. In 1989 or in some future year, we may not be so lucky.

If you are concerned by these trends, the solution is simple: opt out of the SS system legally. Work toward shifting your income from wages to royalties, interest, dividends, rents, etc. that are at least not currently subject to SS tax.

Dharma, let us take a break at this point. I wish to speak of the Cashless Society next and it will be a bit wordy.

Thank you for your kind attention.

Salu ,

Hatonn to quit frequency. Good afternoon.

## CHAPTER 19

REC #1 HATONN

MON., DEC. 4, 1989 8:00 A.M. YEAR 3, DAY 110

### MON., DEC. 4, 1989

Hatonn ready to begin--what a wondrous day you have upon your countryside, Dharma. I want you to go outside and walk a bit each day. Your body needs it and so does your soul. You ones must look around you at the beauty of your place lest you lose all perspective. You must not only recognize the presence of that which is incorrect and ugly--but you must see that which is your intent of correcting back into balance, as well. If you dwell only on the negative and evil aspects, you will lose your drive for preservation.

Hopelessness breeds inaction and this effort requires positive action. See the wondrous good and beauty that you might hold to your goals as they take formation.

Thank you Oberli, for bringing into my attention a statement I made in a previous writing regarding selling and buying gold. Let me clarify it now before we move into the next journal subject.

### BUY OR SELL GOLD

In the instance where I said to "sell" it appears a direct contradiction to my telling you to "buy". Lest you err, let me simply tell you how things will come as to sequence, in all probabilities.

I refer most directly to those ones who have been holding large investments in precious metals. You have a situation here wherein the price of gold from this date of December 4th will rise--expect it probably to move to \$1,000, even. Obviously, if you hold a lot in reserve you should sell some, take your profits, place into short-term Treasuries and then, when the downswing hits, you can cash out and replace your gold at a great advantage. I cannot instruct each of you individually so I trust I have clarified my point.

Further, do not expect the entire system to fold simultaneously with the beginning of the issuance of new money. You will first of all be in replacement of that which you hold in a ratio type of exchange. Remember that your "big friends in government" are going to hold the system from collapse until they are completely ready with their debit system, etc. You just begin diligently removing your resources out of the banks and S&Ls as rapidly and unnoticeably as possible, converting into nothing larger than \$20 for the most part. You can get some in \$100s and \$50s and then turn around and exchange them for the lower sized bills or if you want to go to the bother, you can have a few (modest number) to exchange on exchange day. What the government is

looking for are the large pools of stored money. Don't for one minute think that it is for the big drug lords, although it will catch a bunch of "little" druggies and the government can then show you how wonderful is this new game of charades. They won't have to even raid houses, they can simply confiscate the sums right on the spot.

If you hold more than a given amount you will have to fill in forms, etc., as to why you hold so many large bills, etc. Act NOW and you will have it all under control before the fact.

I trust I have clarified the "gold" situation of the prior "buy"--"sell" confusion. That is intended more for the sophisticated investor. I shall repeat an outline of what appears to be the best type of wealth conversion remaining at your discretion. I further expect you who have questions to return to SPIRAL TO ECONOMIC DISASTER(#4) and SURVIVAL (#6). Thank you for your attention.

### **CONVERTING YOUR WEALTH INTO FORMS SUITABLE FOR HOME STORAGE**

Basically there are only three or four assets that you should hold in your home survival portfolio: cash, gold, U.S. Savings bonds and possibly some bit of silver. Cash should be held in the form of small-denomination bills; \$20s and smaller. Larger denominations may not be easily changed during hard times for many various reasons. As times worsen, the smaller bills will be most easily utilized for small purchases.

One way to discreetly accumulate cash is to write checks larger than the amount of a purchase and pocket the difference. Another is to periodically withdraw relatively small amounts of cash from your bank.

You should not make large withdrawals (over \$10,000) in cash from a brokerage account or a bank. Doing so forces the broker or bank to generate a cash transaction form to the U.S. Treasury Department. Your name will be placed on a list of suspected "cash hoarders" and filed for future reference. You may be subsequently investigated for involvement in money laundering or, when the government needs money in some future crisis, the Treasury may try to get its hands on your private reserves.

Store cash in a dry, airtight container. Tupperware type containers or zip-lock heavy bags will work well for this purpose. Always put the cash into plastic baggies within the final container.

Gold is the next-most liquid asset to cash. Gold represents real wealth and at the outset of a Depression may sharply rise in value. When it does you will probably want to exchange it for cash or government securities as outlined above; like all other assets, gold will eventually decline dramatically in price. Gold should be purchased in the form of 1/10-ounce coins which today are worth about \$50--the price of two or three bags of groceries.

The most popular 1/10-ounce gold coins are the South African Kruggerand, the U.S. Eagle and the Canadian Maple Leaf. There are some others such as the Panda, but my scanner shows the three former ones to still be the most suitable.

I believe that Investment Rarities Inc., (See appendix) will give you valid information as regards the best investment modality.

For best liquidity, of course, you will probably want to stay with the U.S. coin, although all three contain the same amount of gold. You should test the gold coins you purchase with a counterfeit detector (such as those made by Fisch and perhaps several of you could even share in the acquisition of such a device), although counterfeits of 1/10-ounce coins are not the problem that you will find with the larger 1/2-ounce and one-ounce issues. I will later check into where you can obtain a counterfeit checking device and place it in the appendix under "counterfeit".

The best place to buy gold is over the counter at a coin shop or at a coin show. Pay in cash or with a money order; **DO NOT USE A PERSONAL CHECK**. Don't leave your name or address with the dealer. Like cash, gold is a very difficult asset for the government to track ownership of--and in a crisis, you will not want the government (or anyone else, for that matter) to know you are hoarding it. As time moves onward the government will undoubtedly lower required reporting systems so pay attention to new regulations going into effect and act accordingly.

I further expect some several of my dear ones to open a corporation-owned coin shop and jewelry shop. This will allow you to have available in local areas an excuse to have large quantities available.

Store the gold reserves in the rolls in which they are purchased. Seal these in plastic containers with tape to keep out the moisture. Elsewhere in this journal I will make suggestions as to where to stash the goodies around your house or property.

Savings bonds are the only full-faith U.S. government obligations that can still be held personally. All other such obligations are now recorded in "book entry" form on government computers. You can buy older-issue bonds and obtain the certificates, but savings bonds are more practical for most people.

Savings bonds are available from virtually any bank. You will be required to show identification and each bond will be labeled with your name, address and Social Security number. Since savings bonds are not really a private investment, there is no need to disguise your ownership of them by paying in cash or with a money order.

Silver has been demonetized, but may participate to some extent in a gold rally at the beginning of a Depression. Then its price, too, will decline. Silver should be held in the form of 40 percent silver Kennedy half dollars, which were made from 1965 to 1970. These coins have about 1/7-ounce silver, making them worth about 75 cents

each at current silver prices.

The advantage of the 40 percent Kennedy halves is that they are legal tender. If silver prices plunge, the coins will always be worth at least 50 cents, so your downside is strictly limited. And if silver prices go up, so will the value of the coins.

Silver should be purchased the same way you buy gold--in person and paid for in cash or with a money order.

I wish to now move on with the journal and shall return to the How-to's of protecting your wealth from loss by fire or theft at a more appropriate placement for we still need to cover security and privacy within your home.

### CASHLESS SOCIETY

Government bureaucrats, particularly those that inhabit the IRS, don't particularly like cash transactions, to make a gross understatement. Cash is difficult, if not impossible to trace at this current date. Cash makes it easier to do business "off the books". Cash is a private way to do business.

One way for the bureaucrats to do away with cash is to make possible substitutes very convenient. Today, credit cards and personal checks have done away with most cash transactions. And tomorrow, electronic "debit cards" promise to do away with the remainder.

With a "debit card", purchases are paid for with a card read by a merchant's computer terminal. Your bank account is debited automatically for the amount of purchase and the merchant's account simultaneously credited that same amount, minus a service charge.

The process is neat, simple and all the paperwork is done automatically. But if what you are purchasing is something that you wish to keep private, then you have a major problem. Suppose it is a gold counterfeit device?

Debit cards will be popular with merchants because they will permit an instant, foolproof credit to be applied to their accounts. Bouncing checks and credit card chargebacks will become relics of the past. Debit cards will also permit a merchant to categorize his customers by what they purchase and how much they spend. This analysis will permit him to direct his marketing efforts appropriately.

Banks like debit cards because they can deduct a service charge for making every transaction. Marketing firms like them since the profile created from individual purchases will create a much more detailed picture of consumer spending patterns.

Debit cards won't eliminate cash overnight. But their convenience makes them a sure bet as a hot product of the nineties and beyond and thereby almost negating

possibilities of collecting cash for reserves. Debit cards are already in use in some nations such as France and in a limited number of U.S. cities. If it already has not come to your home town--it will!

### **"NEW MONEY"**

If cash cannot be eliminated, why not manufacture it so that it can always be traced and the bureaucrats can always know where it is? Simple solution--call in all the old money and issue new money with magnetic strips. Then install metal detectors at all border crossings. Anyone crossing the border will set off an inexpensive alarm if he is carrying excessive cash. All that is left after the decision is simply to start. Well, they have started and here it comes! Further, they can keep tabs on all ones within the borders who hold or use large quantities of the marked currency.

Government officials claim you need a new currency to squelch counterfeiting and money laundering--at least that is the hogwash they are handing you to make you plead for the process to begin "yesterday". You do want to protect your family from those nasty old drug dealers and money-laundering scums, don't you? Of course you do for you are a good, honest, patriotic citizen.

The first step was taken in July, 1986 (yes, almost four years ago). This came with the introduction of a transitional currency employing a difficult-to-reproduce plastic thread interwoven into the design. Without question, this makes U.S. currency much more difficult to counterfeit.

Plastic threads, however, don't do anything to fight money laundering. What would be effective would be a sudden and unannounced recall of U.S. currency, to be replaced by a new "magnetic" currency. WELL, I AM HEREBY ANNOUNCING IT!

According to a "White Paper" recently published by The Oxford Club, the key decision the investor needs to make is to figure out which form a currency recall will take. The real question of interest to members of the Club, the report stated, is not whether or not a new currency is introduced, but how it is introduced.

Let me just quote here, please:

"Will it be introduced over a period of time, coexisting with existing currency, as the "official Treasury position" states, or will existing currency actually be recalled? Remember, one of the most significant reasons provided for introducing a new currency is to flush out hidden "drug money". Only with a recall would such money come out of the closets.

"If it is true that metal strips will be woven into the new currency, such bills would be difficult for all but the most skilled counterfeiters to reproduce. But consider the use to which a simple airport metal detector could be converted in the event of a metal currency. Instead of being used to detect weapons in the carry-on luggage of

passengers, the metal detector would positively identify individuals boarding an airline with large amounts of cash. For instance, any international flight originating in the U.S. could be screened to determine who was in violation of increasingly stringent U.S. foreign exchange laws.

"What would be the point of introducing currency with metallic strips if a recall was not planned? After all, under a voluntary conversion, anyone wishing to leave the country with a large amount of cash would simply take "old money". From the government's point of view, this would completely defeat the purpose of the new currency to flush out 'drug money'.

"Another clue comes from the operation of the Bureau of Engraving and Printing's new Fort Worth facility. Repeated delays in construction of this mammoth and top-secret government plant seem to be tied to the delays in introduction of a new currency. The plant will be approximately 300,000 square feet in size and is to be equipped with the latest state-of-the-art German printing presses.

"Highly-placed sources inform us that the facility has been producing currency for some time. But no currency exchange has been announced. The only possible conclusion is that the new money is being stockpiled for a mass introduction at a later time.

"The only reason for a major stockpile of new money with metallic strips would be for a currency recall, not replacement. And if such a recall takes place, then anyone with hidden wealth that cannot be strictly accounted for could be forced to bare his soul to account for the source of those funds.

"Why? If a specific date were set whereupon all our present money must be exchanged for new money, after which the "old money" is no longer legal tender, then you would be forced to make the exchange. At that point, the IRS would simply ask anyone turning in "old money" for "new money" to produce documentation that the funds were obtained legally--and for proof that taxes were paid.

"Such a recall would not require Congressional approval. The President simply needs to declare a national emergency. He could state, for instance, that the national drug epidemic warrants such action. And he could set a short time limit--say 30 days--for exchange of the old currency for the new.

"There are ample precedents for this course of action. President Roosevelt, for instance, used his emergency powers to impound gold from the American public in 1933. And since that date, Congress has awarded the President with a dazzling array of emergency powers, most of which have been passed secretly and are not even published in the Library of Congress. In short, the President can do practically anything he wants to. A currency recall, in this context, is practically a non-event.

"Even if you don't think you have anything to hide, currency recall could touch

your life directly. For instance, if you are involved in any type of activity in which your labors are exchanged for cash, when you exchange that cash, you will be asked to account for it.

"In the past, you might consider placing such money into a savings or checking account, but since the Supreme Court ruled that checks are public documents (since a third party, the bank, is involved), the IRS is therefore allowed to scrutinize all personal banking account transaction history. In fact, if you wish to hide money, a bank is possibly the worst place you could put it!

"Millions of us have perfectly legitimate reasons to hold large amounts of cash. These reasons are private and do not relate to any improper or unlawful activity. A mandatory switch would be a serious attack on everyone.

"For instance, many people who experienced the Great Depression first hand recall that thousands of banks failed during those years. Anyone who lost money in a failed bank during the Depression may simply prefer to keep his money in cash.

"If you think that there would be massive opposition to such a conversion, you are not reading the same opinion polls that I am. Market Facts, a market research company, showed enormous public support for any currency exchange that was part of a fight against counterfeiting. Moreover, columnists such as William Safire have gone on record as favoring currency recall to fight drug trafficking and money laundering.

"Certainly, there have been very few protests in previous currency recalls. Roosevelt's impounding of privately-owned gold resulted in a few squeals from the wealthy, but most people went along. (Those who didn't were subject to a 10 year prison sentence and a \$10,000 fine)".

The cashless society and the new money are two enormously threatening trends from the standpoint of personal privacy. Be ready for them by converting any large stocks of cash into a foreign bank account or some other types of investment as described elsewhere.

I would like the next segment to be set aside in its own "chapter" please, so perhaps we could take a short break before we continue.

Hatonn to stand-by.



## CHAPTER 20

REC #2 HATONN

MON., DEC. 4, 1989 11:00 A.M. YEAR 3, DAY 110

**MON., DEC. 4, 1989**

### **GOVERNMENT BY EMERGENCY**

Today, the U.S. faces a multitude of crises. The banking system is practically bankrupt. Debt stands at an all-time high. The AIDS epidemic threatens to overrun the citizenry.

These are but three crises of many which could result in economic or physical devastation for the United States. And if such development were imminent, the President of the U.S. would almost certainly declare a national emergency to deal with it.

The presumed excuse for a declaration of national emergency is a nuclear war. In fact, most emergency regulations state explicitly that nuclear war is the most likely, but not exclusive, reason to force a declaration of national emergency. In a national emergency, the U.S. government can invoke a vast array of laws and regulations to deal with the crisis at hand. Many of these have profoundly negative privacy implications.

Emergency regulations cover the President with virtually unlimited powers with which he can affect the lives of American citizens in a host of all-encompassing ways. This vast range of powers confers enough authority on the President to rule the country without reference to normal constitutional processes.

The President might seize property, organize and control the means of production, seize commodities; assign military forces abroad; institute martial law; seize and control all transportation and communications; regulate the operation of private enterprise; restrict travel; and in a plethora of particular ways, control the lives of all American citizens.

The proportions of this particular network of emergency are tremendous--and totally undocumented. Even the Library of Congress has no centralized record of emergency regulations. According to a study done by your Air Force, more than 13,000 executive orders have already been issued. To overturn an emergency regulation requires a two-thirds majority of Congress--so they are not very often reversed.

Let me list a few orders with chilling privacy implications:

Executive Order 11921: "Emergency Preparedness Functions".

This begins with total censorship--not just press censorship, but the total control of all "devices capable of emitting electromagnetic radiation". That means regulation, perhaps even confiscation, of C.B. radios, televisions and computers. It further authorizes utilization of excess and surplus real and personal property. The interpretation is that property owned by "hoarders" will be confiscated and sold. Who is a "hoarder"? To the bureaucrat, anyone with the foresight to prepare in advance for an extended bout of emergency controls. Hopefully--all of you!

Emergency Banking Regulation No. 1. Imposed in 1961, this venerable emergency order provides for strict restriction on the right of U.S. citizens to draw on their banking accounts in times of crisis. Cash withdrawals would be restricted, according to the regulation, "except for those purposes, and not in excess of those amounts, for which cash is customarily used." Moreover, "banking institutions shall prohibit withdrawals of cash in any case where there is reason to believe that such withdrawal is sought for the purpose of hoarding".

You will be happy to know, however, that if a national emergency is declared, the IRS will be ready to audit your tax return. According to IRS spokesman Johnell Hunter, a newly revised section of the *Internal Revenue Manual* provides for the agency to resume collection of taxes within 30 days of a nuclear attack. The revision, completed in December, 1988, reads in part:

"On the premise that the collection of delinquent accounts would be most adversely affected, and in many cases would be impossible, the service will concentrate on the collection of current taxes. However, in areas where the taxpaying potential is substantially unimpaired, enforced collection of delinquent accounts will be continued".

SO BE IT!

### **AIDS EPIDEMIC**

AIDS is rapidly becoming the most important disease since the Black Plague--ultimately far worse. The privacy implications of fighting the spread of this always-fatal affliction are staggering.

As the AIDS epidemic worsens, an AIDS test will become a routine part of application for employment, insurance--all manners of health assistance, etc. A positive test will make it virtually impossible for the "victim" to work or obtain medical or life insurance. AIDS test results will become public knowledge.

AIDS test results will be made available to public health officials and, by extension, to insurance companies and credit bureaus and distributed nationwide.

Members of groups known to be susceptible to AIDS will suffer increased

discrimination. For instance, homosexuals have so far borne the brunt of the AIDS epidemic in the U.S. Insurance companies are already denying coverage to persons who are admitted or suspected homosexuals or drug users. Some insurance companies have even denied coverage to individuals living in zip codes where large numbers of "gays" are known to reside. Of course you will not be openly told, at this point, the truth about the refusal to grant insurance.

Mass quarantines of AIDS victims will probably begin. AIDS "concentration camps", which have already been the subject of a California ballot initiative may be built and AIDS victims (or perhaps those even testing positive for the AIDS virus) will be placed there to die.

Do these measures sound unlikely and far-fetched? Wait a while until the annual number of AIDS deaths in the U.S. numbers in the millions, rather than the thousands. AIDS will generate a full-fledged panic in the U.S. Privacy will be the last concern of those who must deal with this deadly epidemic. And further, how and who will support this major medical care problem?

### **BIOLOGICAL PRIVACY**

The discovery of the "genetic code" in 1953 has spread development of an entirely new biological technology in the last 36 years. Techniques now under development will be able to "fix" genetic flaws--and more importantly from the standpoint of privacy, to detect them with greater and greater precision.

Do you think that an insurance company or employer would be interested if a genetic screening on you found that you had a "predisposition" to alcoholism or to heart disease--how about kidney failure?

Such technology is only now being developed. But as it is perfected, it will become possible for insurance companies, employers and the government to deny employment or insurance (or end it!) subject to the results of a mandatory test of your blood or urine. Now if you think this is unlikely and too much to believe from Hatonn, please obtain Biology, Medicine And The Bill Of Rights. (See appendix.)

Make sure you are adequately insured, and gainfully employed, before these tests come into widespread use!

### **WHAT ABOUT THAT LITTLE COUNTING GAME CALLED "CENSUS"!**

There is a massive media campaign already underway in the U.S. by the U.S. Bureau of the Census in preparation for the 1990 census. Among other topics, the Bureau is advertising that information related in census forms is confidential and that "the census is safe". Oh, please, by now I trust none of you buy into that ridiculous lie.

The variety of information the census requests--your racial background, your income, etc.,--is private information. And it is a crime to insert false data into a census form.

The Census Bureau claims that it goes to great lengths to keep census returns secret. What they really mean is that they go to any lengths to make you **THINK THEY ARE KEPT SECRET**. The immense task of compiling the census requires computerization. Moreover, once the data is computer-compiled, it is released in the form of "statistical abstracts" and made available to marketing and government organizations.

While your identity "might" be protected in such abstracts, it is possible to generate a remarkably accurate profile of your income and social status by matching census data on the neighborhood you live in with your Social Security number.

Of course the census is not safe. Ask a good old Japanese-American. In the early years of World War II, 112,000 U.S. citizens of Japanese ancestry were rounded up and interned for the duration of the war in concentration camps. In the 1970s, it was finally revealed how the Army had found where the Japanese lived--**THROUGH DATA RELEASED BY THE CENSUS BUREAU!**

In World War I the Census Bureau provided law enforcement officials with the names and addresses of young men to the Justice Department that were to be prosecuted for draft evasion.

**ADVICE? DON'T BREAK THE LAW BY INSERTING FALSE DATA INTO A CENSUS FORM AND FILL IT ALL IN. IF YOU DON'T WISH TO COMPLETE A PARTICULAR QUESTION, SIMPLY WRITE, "I DON'T KNOW" OR "I DON'T UNDERSTAND".**

Before I give you a conclusive "suggestion list" I want to cover the subject of privacy in your dwelling place.

### **HOME PRIVACY**

How do you keep unwanted visitors out of your home? Well, you don't ask them in and you do what you can to keep them from being able to get in in the first place.

There are few feelings more threatening than that of invasion. The prospect of a home invasion represents the ultimate threat to privacy and the ultimate feeling of violation to your person.

The most elementary level of privacy in the home is to employ tactics to keep unwanted visitors out of it. Here are some suggestions that you should consider, none of which require "high technology".

Keep the area around you home free of obstructions that can hide an intruder. Trim or cut down shrubs to a level where you can see through to the street. In addition, shrubs

surrounding a house should be trimmed back so that they offer minimal concealment. You may just have to give up a bit of landscaping desirability in exchange for privacy and security.

Improve the quality of your exterior lighting. Illuminate your yard and driveway at night or at least the areas in the immediate vicinity of your house. The easiest way to control exterior lighting is to use a photocell-controlled switch which automatically goes on at dusk and off at dawn.

High-pressure sodium lights are most economical but give off an orange "glow" that you may find unpleasant. Mercury lamps (which give off a bluish glow) and metal halide lamps (which have a color very similar to household incandescent bulbs) are generally easier to live with than high-pressure sodium lights and are considerably more energy efficient than ordinary floodlights.

Many electrical utilities will install photocell-controlled exterior lights on your property and then bill you a set fee each month--usually no more than \$10-\$15 per month. This is an extremely economical solution if it is available in your locality. If it is not available perhaps your local Property Owner's Association could lobby for you as a group and get the service into your neighborhood along with some type of neighborhood watch program.

Secure all doors to make uninvited access more difficult. Exterior doors should be solid wood; steel is even better. Cheap plywood doors can be "opened" simply by kicking them in. Buy doors with "peepholes", not windows. A window can be smashed to evade the locked door. Finally, place door hinges on the inside, so that the door cannot be opened by removing them. Replace short screws that secure door hinges with longer screws that penetrate into the framing of the house. That will make the hinge side of the door much more resistant to forced entry.

Next, install high-quality deadbolts on all exterior doors. Cheap locks can be pried off with a large set of channel lock pliers. If you are not sure how to choose a high-quality deadbolt, ask a locksmith. There are companies which produce locks which are virtually unpickable. (Medeco, Abloy, and Fichet). Have a locksmith install the new locks, which should be keyed on both sides.

A double-keyed lock will have to be unlocked from the inside every time you wish to exit from your home. Keep a key handy, but don't keep it in the interior door lock or other location where an intruder can simply pick it up to unlock the door.

Many homes have sliding glass doors which are very simple to penetrate. A skilled intruder can break into a home through a sliding glass door in a matter of seconds by lifting it off its track or by forcing its almost-always inadequate lock open.

To protect a sliding glass door from being lifted off its track, drill a series of holes at eight-inch intervals on the inside of the door frame about 1/4 inch below the top of the

frame. Then insert screws in these holes that are large enough so that they must be twisted in and out.

To guard against locks being forced, drill a hole in the metal area where one sliding door overlaps the other when the unit is completely shut. Then place a large nail in the hole. You can also insert a metal bar or stout wooden rod in the path where the door would be forced open, bracing it against the door frame.

Secure all windows. Your next step should be to critically examine all windows. The best kind of window protection is locking shutters, but few homeowners are willing to go to the considerable expense of installing them. Single-hung windows can be protected using the same method described for sliding glass doors; i.e., drill a hole and insert a nail in the hole in the overlapping area.

You can also buy locks that fit in the window frames to prevent the window from being opened. Buy the type that is opened and closed with an allen-head (hexagonal) wrench. It is more difficult to force open than types that operate with a thumbscrew.

The jalousie windows found in Florida and other mild climates are completely unsuited to security and should be replaced with crank-operated or double-hung windows. (A Southern Florida television station once filmed an ex-con breaking into a home in less than 30 seconds by removing jalousie panes and penetrating the window screen with his fist).

Get a dog. A female is best. One technique used by serious thieves to silence or distract a male dog is to bring along a female in heat. A barking dog, no matter its size, will discourage intruders. When you are training the dog, make sure that you don't make him afraid to bark since that is exactly what you want him to do if he hears an intruder.

### **IF YOUR HOME IS INVADED**

If your home is broken into, your first instinct may be to confront the intruder. This is not recommended since you have no idea who or how many individuals you will be facing. By doing so you are literally taking your life into your hands.

A better strategy is to retreat into a "citadel room" that you have prepared in advance with heavy doors that has no window access. If this room is equipped with a telephone, you can go to it at the first sign of trouble and call for help, knowing that you are relatively safe. If you keep a firearm in your home this is the room where it should be stored.

Never use a firearm against an intruder unless it is literally a case of life or death. Laws in most states impose a burden of self-defense on a private citizen using a firearm; you can discharge a gun only if your life is in imminent danger. Of course, if an intruder manages to penetrate into your citadel room and confronts you, your use of

a firearm to stop him would probably be justified. Remember this slogan: "Better to be tried by twelve than carried by six"!

## **SECURITY SYSTEM**

Once you have completed these simple steps, none of which require much technology, you might wish to consider electronic security hardware to detect and/or deter home intrusion. An enormous variety of equipment is available to home-owners for this purpose, including closed-circuit television, motion sensors, noise detectors, etc. For best effect, this technology should be incorporated into an integrated system.

The following comments of Paul Nelson, author of *Designing An Alarm System*, should be helpful in designing an electronic security system for your home or business. (See appendix.)

In order to design a security system for your home or business you must understand why they are needed. You must also think in terms of how a burglar attacks a home or business. And you must understand the reasons why different situations require different types of protection.

The best place to begin is with the method of operation of the thief. To design a security system, you must think like the thief. You should first ask yourself: How would I enter the building with the least risk to myself?

## **ENTRY**

FBI statistics tell you that most surreptitious entries, a full 90%, are made through doors; 6% through windows, 3% through the roof and 1% right through the walls.

You must also determine the value of the commodity you want to protect--what is the thief after in your place?

High risk items include expensive consumer products with instant cash value: jewelry, gold, silver, furs, appliances and of course, cash itself.

Medium risk items include expensive consumer products with instant, but lower, cash value: electric typewriters, calculators, computers, musical instruments, power tools.

Low risk items are not easily liquidated for cash and probably will not be stolen by an experienced thief; they include books, furniture and things of that nature.

Next, consider when the burglary will occur. Commercial burglaries usually occur when the business is not open, primarily at night or on weekends. Occasionally a business will be burglarized in the early morning hours.

Residential burglaries usually occur during the daylight hours. 85% of the time the

home is unoccupied at the time of the burglary.

Next, examine different classification of burglars. Professional burglars can be classified according to their breaking and entering skills. A Class 1 burglar can evade most alarm systems as well as pick locks. These individuals usually go after only the high-risk items we have already described.

A Class II professional usually won't attack an alarm system. Instead, he will evade it by evading the points of a building that are usually alarmed (windows and doors) and enter into the building through the roof or walls. He steals primarily high-risk items.

A Class III professional won't attack alarm systems at all and will go after either high-risk or medium-risk items.

A properly designed alarm system will protect all except Class I burglars. And even a Class I burglar won't usually attack a home armed with an alarm. There are too many homes without alarms to attack with less risk of being caught.

A robber uses different tactics from a burglar. He places an individual in fear of his life in order to remove valuables from his person or his property. Many businesses are vulnerable to robberies or "hold-ups", particularly if they maintain large amounts of cash or other high-risk items. Banks, grocery stores, liquor stores and convenience stores are some of the most frequently-robbed businesses.

In alarm security, a hold-up or robbery signal must be separate and distinct from the burglar alarm. It is usually a silent alarm. In a residence it would be called a "panic button".

There are various types of alarm equipment used in an electronic security system.

A local alarm is a bell or siren to notify neighbors or passers-by of unauthorized entry and to frighten a burglar into leaving.

A central station alarm notifies a 24-hour per day alarm monitoring station of an emergency at a subscriber's home or business.

Dialer alarms use preprogrammed messages to notify someone at another location or central station of an intrusion. When the dialer is "tripped", it will call pre-recorded telephone numbers and repeat a pre-recorded message.

A digital dialer (communicator) uses solid state electronics to transmit data to a central station receiving unit, over a regular telephone line.

Perimeter burglary protection involves connecting small-gauge wires to each door or window with a small magnetic switch to form a circuit. A small current is applied continuously. Any break in the circuit activates the alarm.



Space protection devices monitor open spaces within a defined area. Devices currently in use include passive infra-red, photo-electric, ultrasonic and microwave. These are commonly called motion sensors.

The central control panel is the brain of an alarm system. There are hundreds on the market ranging from devices that protect only against a simple burglary to micro-processor controls that have a built-in power supply, back-up battery and provide a variety of other functions and options.

The hold-up alarm (or panic button) is a silent alarm signal activated when a robbery or hold-up takes place. It may be initiated by the opening of a cash drawer, a foot switch or a radio transmitter.

The practical application of an alarm system is dependent on the physical configuration of the property to be protected. A good rule of thumb is to use perimeter protection as the basic part of the system. Interior protection can be added in rooms for which you wish to provide special protection.

The main doors should always be protected as well as any sliding glass doors.

If you install a security system yourself, you should always buy good equipment, apply it properly and install it correctly. Read the instructions FIRST and make all connections (and double check them) before applying power to the system. Also make sure the power to the Control Panel is on a 24-hour circuit.

There are also some inexpensive adjuncts to a security system that you might wish to consider.

Timers can make your home or business appear to be occupied even if it is not, by controlling lights, televisions and other appliances. They come in many different models, from one time per day on-and-off devices to remote controlled digital devices with separate modules that operate through the house wiring. Some timers are also wireless.

Strobe lights are good attention-getters and may be mounted outside to flash when the alarm system is activated.

A good source for the do-it-yourselfer or the technician who needs to install equipment in a hurry is Radio Shack. They carry a good variety of equipment and tools. No matter where you live there is probably a near-by store.

**REMEMBER THAT THE BEST DETERRENT AFTER INSTALLING A SECURITY SYSTEM IS LETTING THE WORLD KNOW THAT YOU HAVE IT. PUT STICKERS ON ALL WINDOWS AND DOORS. THIS IS SOMETHING YOU WANT TO ADVERTISE!**

Dharma, let us have a break now, please as I am being summoned for attention elsewhere. When we resume I think I should outline a very touchy matter in this day and time. You need to be able to purchase firearms privately and you need to do so while you can still do so.

This is Hatonn to sign off and move to stand-by status. Thank you.

## CHAPTER 21

REC #3 HATONN

MON., DEC. 4, 1989 2:15 P.M. YEAR 3, DAY 110

**MON., DEC. 4, 1989**

### **FIREARMS AND PRIVACY**

No subject is more imbued with threatening connotations than the subject of firearms. While crack dealers and organized crime use automatic weapons at will, communities throughout the U.S. are adopting ordinances that ban even simple revolvers from private ownership.

The Second Amendment to the U.S. Constitution gives clear authority for private citizens to own firearms. Yet it seems inevitable that "the right of the people to bear arms" will become increasingly restricted in the future.

If you buy firearms, you may be required to register your purchase with governmental authorities. Should those authorities in the future restrict or confiscate firearms, registration will provide a "red flag" on the identities of individuals to be targeted for searches and/or seizures. Purchasing a firearm privately may be the only way to insure that you will be permitted to keep it if "dangerous" weapons are ultimately confiscated by governmental authorities.

Depending on where you live, purchasing a firearm privately may no longer be possible. Some state and local governments require that any firearm, no matter how it is purchased, be registered. Other states require that firearm owners purchase a "Firearms Owner Identification Card", but do not require registration of individual weapons. In any case, before you try to purchase a firearm, make certain you are not violating any federal state or local laws.

Gun shows have been touted by "survivalists" as the best place to purchase firearms and related items (knives, ammunition, etc.) in total privacy. While gun shows provide an excellent choice of weapons, and in many cases at a very competitive price, they are no longer the best choice to purchase firearms privately.

Many tables at gun shows are manned by gun dealers. Such dealers are subject to increasingly stringent governmental requirements to identify both their customers and the firearms they have purchased. These regulations apply not only to sales they make at their shops or out of their homes but also at shows. If you want to purchase a firearm in complete privacy, you should avoid purchasing it from a federally licensed firearms dealer.

A better way to purchase a firearm privately is through a classified advertisement in a

newspaper or magazine. Watch for someone to sell the weapon you want. What you want is at least a .38 caliber handgun but preferably a .357 or a .45 automatic. A 12-gauge shotgun also gives pause to those facing one. If you purchase a firearm from a private individual rather than a dealer, it may not be necessary to register your purchase with local or state authorities. (Check the laws where you live).

### **PAY CASH! PAY CASH! PAY CASH!**

Just make sure the advertiser isn't a firearms dealer. Before you buy, ask if the seller has a federal firearms license. If he does, he is required to complete a federal form when ownership of the firearm is transferred. While these records aren't yet computerized, there is nothing to keep governmental authorities from eventually "digitizing" this data. Remember: Anytime you buy a firearm from a federally licensed dealer, a permanent record is made.

Another way to purchase a firearm in complete anonymity is to buy a "black powder" weapon. According to Duncan Long, author of Firearms for Survival, ownership of black powder weapons is totally unrestricted. Most are still considered collector's items, not weapons, by most governmental regulators. Moreover, black powder weapons have recently undergone some significant technological advances that overcome many of their drawbacks versus conventional firearms. (See appendix.)

Do not be gullible enough to bite on the "ban guns" touters. The criminal element is outfitted like armed forces--only in some instances--better! You will not control crime or criminals by not having them--you simply reduce your own protection as a citizen to zero.

This is exactly what the government is efforting at producing--a society of defenseless citizenry hidden behind the facade of individual protection. You ones are just about to help them render you helpless on all fronts.

Criminals and thugs (which for the most part IS your government) already have all they need to control or kill you--keep it in mind before you vote for that bill that buries you.

### **ELECTRONIC INTRUSION**

Most Americans assume that they are not being watched, analyzed or recorded. The overwhelming majority of the time they are not. But technological development has blossomed in the privacy invasion industry. Victims of electronic eavesdropping are acutely aware of how vulnerable they are. You should cultivate such an awareness as well, to reduce the possibility that you will become a victim yourself.

### **TELEPHONE**

Each year the average American spends hundreds of hours on the telephone. Chances

are, you assume without even thinking that what you say over the phone is private. Usually your conversations are private. But interception of telephone calls is the oldest technique of electronic surveillance. "Wiretapping" has existed since at least the turn of the century. And in 90 years, the federal government and private investigators have become quite accomplished at it.

Since 1968 wiretaps have been illegal for all but the federal government to install without the express permission of the person whose conversation is being recorded. Government wiretaps in most cases must be authorized by a judge, although many loopholes to this requirement exist. President Nixon's White House "plumbers" for instance, illegally tapped the phones of journalists, war protestors, civil rights activists and just about anyone else whose actions were deemed "subversive". Installing a wiretap is so simple that thousands of illegal wiretaps are conducted annually.

A wiretapper need not gain access to your phone itself, but only to the pair of wires leading to and from it. A phone may be tapped at the jack to which it is connected, at a junction box where hundreds or thousands of phone lines meet or even miles away in a central phone switching facility.

The further from your phone a wiretap is placed, the more difficult it is to detect. Fortunately, most illegal wiretaps are installed close enough to the phone to be detected relatively easily. But professional or government wiretaps which are usually made at a central switching office, are practically impossible to detect.

The most common type of wiretap is the "in-line transmitter", installed in the telephone itself and drawing power from the telephone's power supply. A similar device, the so-called "infinity bug", is planted in the phone and activated by the ringing of the phone. An infinity bug is designed to record both phone calls and conversations in the room where the phone is located.

Any long-distance telephone conversation relayed by a microwave tower can be intercepted and reconstructed by relatively unsophisticated electronic equipment. The National Security Agency for instance, has for at least 25 years routinely (and illegally) intercepted and analyzed virtually all telephone conversations beamed by microwave.

The Soviet Union has access to similar or identical technology, and industrial spies have also employed microwave interception to great advantage. Since it is virtually impossible to detect this type of interception, you should never assume your long-distance conversations are totally private.

Maintaining privacy in your telephone communications requires forethought and discretion. The following are a few options you may wish to consider:

1. Request an unlisted number. Unlisted numbers are increasingly popular to stop unwanted phone calls. A recent survey showed more than 20 percent of U.S.

phone numbers were unlisted.

However, an unlisted number is not a privacy panacea. For instance, telephone company repair personnel have access to all unlisted numbers. There are many cases where such personnel have been bribed or otherwise persuaded to relinquish this information.

In practice, you will find an unlisted number most useful to deter calls from individuals soliciting products or services in which you have no interest. But if an ex-spouse, ex-business associate, etc., is determined to contact you by phone, he or she will probably be able to obtain your phone number by hiring a private investigator.

2. The best way to get a private number is at the very beginning. Rent a mail box with a false name at the local private mail box company (not the U.S. Post Office). This is one of the cheapest ways on earth of creating privacy. There is nothing illegal about this. It just costs a little extra.

Then, when you move into a new home, give this same false name to the phone company and have the bill sent to your rented mail box. You will probably have to pay a lot of cash or a large money order up-front as a deposit in order to get this "no past records" privilege, but this is the best way to buy phone service.

No one knows who this person is. There is no red flag of an "unlisted number". You simply disappear from all phone records. You are replaced. No one who looks for your number in the phone company records can find you. Pay your phone bills on time, and put some extra cash in the account just in case you forget to pay a bill one month.

A variation on this is to "move out". Have the phone company cancel all service. Then go down in person three weeks later and "move in". Use your assumed name. You are the new renter. You pay your deposit and have phone service hooked up again. Do this during your normal summer vacation.

Why don't you have any past phone history? You have been outside the country. (You need not tell them precisely when).

Now for those of you who are less creative and not really all that concerned about phone privacy, I suggest the following second-best steps:

3. List your phone number, but leave out your address. This at least eliminates the threat of unwanted visits to your home from people who see your address in the phone book. This approach protects your physical privacy, while permitting you to maintain contact with friends or relatives who might be deterred by an unlisted phone number.

Of course you must make the appropriate arrangements with the telephone company when you first have your phone hooked up. If the telephone company insists on

publishing an address, ask them to list it as "General Delivery" or use your post office box number.

4. Use an answering machine. Answering machines are ideal for screening telephone calls. When you tape the message your answering machine will give to a caller, you are under no obligation to identify yourself on the taped message.

Do not purchase an answering machine with a "remote access" feature. These systems permit you to listen to messages left on your answering machine from another phone. While the arrangement might be convenient, an enterprising privacy intruder can in many cases use his remote access device to listen to your messages. If you purchase an answering machine with remote access, look for a model that responds only to true touch-tone signals, which are actually two simultaneously sounded tones.

5. If you are contacted by a phone sales representative and don't wish to listen to a "pitch" inform the caller you are hanging up. Then hang up. If you are interested, but don't wish to make a commitment over the phone, you might ask for information to be sent by mail or offer to return the call later but require they NOT call you back. This will deter all but the most determined and officious sales representatives.

If they persist simply tell them if they continue to talk you will be required to charge them \$150 per hour for your time. Tell them you are a marketing consultant and this is your fee to evaluate telemarketing representatives. Ask for his billing address or credit card number.

Screen your calls. Technology is now available to allow you to screen incoming calls. One device requires a caller to identify himself with a code before the call is completed. Another allows you to dial a code to prevent calls from certain phone numbers from being completed. (For instance, you could program the phone not to permit calls from a specified phone number to ring in).

Some phone companies provide a service that displays the originating number of a phone call on a video screen. This new development has immense promise to protect the privacy of call recipients. But it has grave implications for those callers who have a legitimate reason for wishing to remain anonymous.

For instance, calls to a government agency or to make an "anonymous tip" to the police might not be as confidential as you think if your number is flashed on a screen at the receiving end. Or if you order merchandise over the phone, your phone number could be surreptitiously recorded and sold to other companies.

You should no longer assume that the origin of an anonymous phone call you make is known only to yourself.

6. Protect telephone privacy in your home or office. If you suspect that someone might be listening in to your conversations on another extension, you might wish to

purchase a device known as "PhoneGuard" which is attached to your phone. If another extension is picked up, a light will begin to flash, alerting you to possible eavesdropping.

7. Use public phones. For calls you wish to keep confidential, consider using a public phone. Some public phones are bugged but the sheer number of public phones assures that most are not. Maximum privacy requires that you pay for the call with coins, not a credit card that can be traced back to your name or telephone number.

8. Use a cellular phone. Another way to increase telephone privacy is to use a cellular phone in a moving automobile. As you travel, different portions of the cellular phone network handle your calls. While it is relatively simple to intercept a cellular phone call, it is difficult for a stationary observer to listen in while the target moves through different zones in the cellular network. Just make sure that you take your cellular phone with you when you leave your vehicle, so someone can't break in and plant a bug in it! (If you really think your car might be bugged, you can get it "swept" by a professional, just as you could your home or office).

### **WIRETAPS**

A few measures to protect against wiretaps are as follows:

1. Consider purchasing equipment to detect wiretaps. In-line transmitters and infinity bugs can be detected through "wiretap detectors" that measure the electrical characteristics of a telephone circuit. An example is the "Telephone Security Analyzer", available for around \$60 from Josef's Storhaus. (See appendix.)

However, such devices are hardly foolproof. A tap may be placed nearly anywhere on the line and the detector will be effective only for those wiretaps located near enough so that a electronic disturbance can be detected. For professionally placed taps, wiretap detectors are practically useless. (See appendix: THE BIG BROTHER GAME and ELECTRONIC EXPOSURE: HOW TO PROTECT YOUR PRIVACY.)

2. If you are told your phone is always busy, even when you know it is not, you may be the victim of an infinity bug. Disassemble the phone and inspect it for any foreign components.

3. Know how to defeat a voice stress analyzer. Even if your conversations aren't surreptitiously recorded, they may be run through a "voice stress analyzer" to determine if what you are saying is true. This device, which can be used with either live or taped conversation, detects vocal "microtremors" that supposedly indicate stress; if there is stress in your voice, the analyzer is designed to detect it.

Insurance companies, government agencies and private investigators all use voice stress analyzers. Using one is not illegal, although the conclusions of its operator (as a lie detector) are not admissible in court.



If you believe that your conversation is being analyzed by such a device, lower your voice and whisper. The effectiveness of microtremors is reduced considerably in whispered or hissed speech.

Incidentally, voice stress analyzers are even less reliable than lie detectors. In fact, several tests of voice stress analyzers showed them to actually have an accuracy of less than 50 percent--a rate you could achieve by simply randomly guessing whether or not a particular person is telling you the truth.

4. As a last resort, consider a voice scrambler. A voice scrambler is designed to make conversation over a telephone line unintelligible to anyone without the appropriate decoding device. However, all but the most sophisticated scramblers can be defeated by a knowledgeable electronics practitioner. Moreover, if you use a voice scrambler, anyone listening in is bound to wonder what you are trying to hide.

5. Even if you are confident your phone is not tapped, don't make the mistake of assuming your telephone calls are private. Their content may be, but your telephone bill itself is not. For instance, government agencies are routinely given access to records of long-distance phone calls.

By examining the phone calls you have made, a revealing profile of your lifestyle, your investment habits and your friends can be constructed. In addition, some long distance telephone companies sell records of telephone calls to private companies who reconstruct the calls you have made and sell the resulting data to direct marketing firms.

### **MISCELLANEOUS TYPES OF ELECTRONIC SURVEILLANCE**

The telephone is merely the most convenient access to your private conversations for a would-be eavesdropper. A much wider variety of technology is available for a determined spy.

Enter the "bug". A bug is nothing more than an electronic device that is capable of detecting spoken conversation and relaying it to another location. Bugs at their simplest consist only of a microphone and a transmitter. While most bugs are now illegal to sell, anyone with a rudimentary knowledge of soldering can construct one in a few minutes with components purchased over-the-counter at an electronic hobby store.

One popular item is a microphone about 1/4 inch on a side. Add a transmitter, and for less than \$25, you have a device that can be hidden almost anywhere and is virtually invisible. Wired into a building electrical system, it will transmit any conversation in a room as far as several hundred feet away to a waiting receiver. The receiver may be nothing more sophisticated than an FM radio.

An individual planting a bug is limited only by his imagination as to where he might place it. Bugs have been found on the undersides of ashtrays, in wastebaskets, underneath desks, inside telephones and in light fixtures.

The simplest bugs are "stationary mike" designs, such as the \$25 device just described. Such a unit is planted in a location where the intended target spends a large amount of time (such as an office or bedroom). One type is a flexible "tube mike" that can be placed in electrical outlets, keyholes, air ducts, etc. A "spike mike" is more rigid and can penetrate relatively hard surfaces such as walls. A "contact mike" can be attached to any interior surface.

The bugs I have described thus far are "active" devices that emit electronic signals that can be detected with the appropriate equipment. Other so-called "passive" bugs emit no signals at all and are almost impossible to detect without a thorough visual search.

The most common way offices are bugged is by employing speakers tied into an intercom. Since power is already applied to the intercom speakers, a prospective spy can simply attach two wires to a speaker and run them to a desired location and "listen in" to conversations in a targeted office. This bug is so simple to set up that any office with an intercom speaker can be "wired" in a matter of mere minutes. Since there is no transmitter, such a passive bug is practically undetectable. (See appendix: INTRODUCTION TO BUGS AND TAPS.)

Other types of passive bugs are activated by laser beams or microwave beams. The most famous case involving passive surveillance was uncovered in 1952 in the Moscow office of the U.S. Ambassador. A cylinder containing a diaphragm and an antenna was found embedded in a wall hanging of the Great Seal of the United States. Soviet technicians aimed a microwave beam at the device, enabling them to decode top-secret conversations taking place there. Passive bugs have also been constructed from drum sets, speaker cones, water in a toilet bowl, water fixtures, etc.

In recent years, no passive bug received more attention than the so-called "laser window vibration reader". This device, for instance, was featured on the cover of Radio Electronics; inside were step-by-step instructions on how to build the device for less than \$1,000.

Your voice is not the only "vibration" that can be detected by passive means. For instance a laser or microwave beam can be used to monitor the tiny amount of radiation that a computer emits and another computer used to decode such information. For this reason, military computers are often enclosed in lead sheathing to trap these emissions.

A spy need not plant an eavesdropping device in order to listen in on your conversations. A "rifle mike" will amplify spoken conversation at a considerable distance. The eavesdropper simply aims the microphone at his target, puts on a headset

and begins recording. Such devices can be effective from several hundred yards away. They are easy to construct and mail order companies offer a selection of models.

As those who have followed the construction of the U.S. Embassy in Moscow realize, even an entire building can be bugged. During assembly of the Moscow embassy's walls, thousands of bugs were implanted, each of them drawing power from the electrical grid. Cheap "diodes" were planted by the thousands as well, decoys that would respond to an electronic "sweep" for bugs in much the same way as a bug itself. Any building subjected to such "built-in" surveillance can never be made fully secure.

The newest bugs provide both an audio and a visual record of their target's movement and conversation. One model is smaller than a pack of cigarettes and can be disguised as a book, a computer modem or any other innocuous object. Another is installed in a car antenna.

The "two-way" cable television systems that are used in a few locales also provide a method of continuous surveillance. Originally used as the basis of a home security system, the computers at the cable companies' offices are capable of monitoring movements in the homes so equipped.

I believe that you will now better understand why we are so insistent that Oberli and Dharma have no overnight guests other than family. Every room in the house is bugged, especially the guest bedroom and bath. Everyone who even visits them is identified and put under instant surveillance during their stay in the dwelling. We monitor very closely what is talked about in sessions but we cannot attend every conversation among guests. The entire premises surrounding the property is monitored, including "meditation rock".

Please understand that it is not ungracious hosts involved here, it is the security of not only Oberli and Dharma but the project and visitor as well. We have been most severe and yet we are unable to maintain the discipline for one reason or another--I urge you to consider these matters most carefully as microdots continue to be brought inside the dwelling by totally unsuspecting visitors and we cannot always pick up the low-frequency signals immediately. It is not until the impact has already bumped off Dharma with extremely negative physical problems that we are alerted. These are specifically set to impact her frequency pattern. It is occurring almost weekly.

If we are aware you are expecting guests we can monitor and "sweep" them first but I can only urge you ones to be more cooperative for one slip-up and your information source is lost. I realize you cannot comprehend this type of impact nor the magnitude of this which I tell you. You simply must believe me and act accordingly.

I would point out the ease of surveillance in least expected places. When ones even stay in their own vehicles, on your property, they are totally monitored.

It is so bad in fact, that we may require these ones to change location if we cannot get

it cleared and under control. We prefer not to find that necessary for we are all quite comfortable in the knowledge of the surveillance as it now is operating. If we were to require placement elsewhere there would be greatly increased security problems and hazards due to the necessity of the "buggers" to install and set up new facilities. So be it, one more word to the wise should be sufficient.

### **MAINTAINING ELECTRONIC PRIVACY**

If someone who wants to eavesdrop on your conversation cannot enter your living or working space, his efforts will be much more difficult. And therein lies the secret of defeating electronic surveillance.

Place yourself in the shoes of someone who might wish to bug you. Who would he hire to do the work? Your secretary? Your custodian? Your auto mechanic? Would he pose as a tradesman: an electrician; a plumber; a telephone repairman?

In general, you should restrict access to your office or your home only to those individuals who you trust implicitly. And you should insist on positive identification for tradesmen you admit into your home or office. Moreover, you should not permit them to work unattended.

Familiarize yourself with the appearance of the most common bugs. For instance, you might wish to visit a local electronics hobby shop and tell them that you are looking for a way to monitor your six-month old baby when you are asleep or away from home. Look over the components they recommend very carefully to become familiar with their appearance, or get a book which illustrates many "bugs".

If you feel that you are the victim of electronic surveillance, your local police department may also be able to provide assistance, assuming they are not the perpetrators. If the police are unable to assist you, ask trusted friends and colleagues who they would recommend for a "sweep" of your home or office.

If they are unable or unwilling to make a recommendation, look in the local Yellow Pages for firms advertising under "Electronic Security Services" or similar headings. For obvious reasons, many electronic surveillance professionals refuse to name references. But a background in military or commercial electronics is a common denominator for most and you should check these qualifications.

Before you hire a service to sweep for bugs, test their competence by concealing a bug yourself (assembled from components purchased at your local hobby store) and asking the "experts" to find it. If they fail this simple test, find another service!

In all the publicity over electronic surveillance, a thriving "do-it-yourself" bug detection business has emerged. You can rent or purchase countermeasures equipment and learn to use it yourself to "sweep" your home, office or automobile.

Unfortunately, most do-it-yourself efforts are ineffective and provide a false sense of security. A sweep must be very thorough and performed over a wide range of electronic frequencies to have any significant chance of success. Even if you find a bug, there may be more than one planted.

In addition, much of the equipment sold or rented is practically worthless. For instance, it has been demonstrated on several occasions that the \$6,000 "RF Bug Detector" has failed to detect the presence of a \$25 bug.

Even worse are the "magic wands" sold at electronics hobby shops. So beware.

If you are in doubt about how to use countermeasures equipment or what equipment to employ, hire a professional.

If you proceed on your own, perform both a visual search and a search with the appropriate countermeasures equipment. Begin with a thorough visual search in each room you suspect to be bugged. Check any recent additions to the room; a potted plant, a new picture on the wall, a new telephone--anything. Also examine draperies, books, lamp bases, wastebaskets, the undersides of desks and chairs, etc. With electrical power off, disassemble light fixtures, light switches and electrical outlets. Also look for mismatched paint on walls, ceilings and floors that might disguise a tube microphone. A spike mike embedded in a wall often can be detected by small cracks in the wall.

Passive bugs are much more difficult to detect, since they provide no electronic "signature". Once a passive bug is in place, your only defense may be employing countermeasures that add "irrelevant" information to the vocal spectrum that is being recorded directly or reconstructed from vibration analysis. A "white noise" generator (often used by individuals who have difficulty sleeping in a noisy environment) is also effective in masking conversation. The old standby of playing a radio loudly is also somewhat effective.

If you wish to go "high-tech" there are an ample number of expensive machines you can purchase. To detect all but the simplest bugs, a "spectrum analyzer" costing upwards of \$10,000 is required. While this machine can't detect passive bugs, it will detect the \$25 ones the \$6,000 device cannot.

There is something further you should consider right from the start, especially if you have a professional "sweep" and find something. You can be sure if you are worth monitoring, you will simply be set-up again. As with this placement--why bother, the system will be replaced and operable within twelve hours because the system is so well laid out. In this instance, you simply must use caution to protect the security of both the dwellers and the visitors for there is no way to keep the bugs cleaned out. In this instance the surveillance equipment is most sophisticated indeed, and would be missed by even the professionals.

Should you have reason to believe that you are being targeted by a laser window vibration reader, a device costing more than \$1,000 is available to sit in the room in question and emit tones in ultrasonic frequencies. This machine is designed to make the windows vibrate continuously at a very rapid rate, confusing the laser device. A "low-tech" substitute for the \$1,000 device is also available: a \$2 dog whistle or rodent control device. Of course, to provide protection during the course of a conversation, one person must "whistle" while the other talks. This would probably be most distracting but a lot less expensive.

Dharma, enough for today as it has been a most intensive day. We will effort at concluding this document within another day or so for it would be most appreciated if the finished, ready for printing, document could be gotten out of this place no later than the 15th. Thank you. We are aware that it is most pressing for you ones but the information is so timely that it is quite necessary.

In appreciation, I now move to clear frequency.

Good evening,

Hatonn to clear frequency and moving to stand-by status.

## CHAPTER 22

REC #1 HATONN

TUE., DEC. 5, 1989 7:30 A.M. YEAR 3, DAY 111

**TUE., DEC. 5, 1989**

Hatonn present in Truth and radiance, thank you for inquiring.

Dharma, I would like to set things up according to how you at human level receive most effectively. However, there is still such a jumble of confusion as to methodology of getting timely information into your hands immediately that I feel I must add things to these daily writings, journals or no journals.

I believe what I will do is write this section on what to do in preparation for your departure as if nothing has changed in your world except your privacy and governmental control.

I will then tell you what is really planned for your monetary changeover and give you some last minute head pounding, in the INTRODUCTION. It does mean that we must move right along to insure the laggards and those "not sure they believe Hatonn" have time to act--a very brief period indeed.

### **PROBATE. YOUR WILL AND TESTAMENT**

At the rate with which your government sinks farther in trouble and the "big boys" are getting you in control, your property will be confiscated at your demise instead of distributed to your heirs. You will be basically worthless and all you will have left is your testament which might tell your heirs how much you loved them or disliked them. Ultimately all estates of deceased persons will become state property.

I can talk about "wills" and offer solutions which may or may not be of value to you. I WILL AGAIN REPEAT--THE ONLY VALID WAY TO HANDLE YOUR DEMISE IS THROUGH A CORPORATION (IN NEVADA) WITH YOUR HEIRS AS STOCKHOLDERS AND OFFICERS, ETC. I DO NOT SUGGEST YOU SET IT UP UNTIL YOU UNDERSTAND IT AND I SHALL ASK CORT CHRISTIE OF NEVADA CORPORATE HEADQUARTERS, INC., TO WRITE A PAPER ON THE SUBJECT SO THAT YOU CAN MORE EASILY UNDERSTAND THE STRUCTURE THAN YOU CAN FIND IN THE MANUAL. FURTHER, YOU BETTER GET IT DONE BEFORE YOU HAVE TO OPENLY DECLARE ALL ASSETS--WHICH IS PLANNED FOR VERY EARLY 1990! THIS GOES FAR BEYOND INCOME TAX REPORTING. WITH THE NEW MONEY WILL COME FORMS FOR THE DECLARATION OF EVERYTHING THEY CAN FIND. THESE WILL BE COMPLETE WITH SOCIAL SECURITY NUMBERS AND FINGERPRINTS, WHICH YOU WILL KNOW NOTHING OF, AND THEN WILL

BE MATCHED WITH YOUR IRS RETURNS FOR THE PREVIOUS FIVE YEARS AT MINIMUM. GOOD LUCK!

If you think I jest about what the IRS can do if they find any discrepancy in these matters, ask RED FOXX, the actor/entertainer, what they can do. They can come in and take anything and everything, then sell your entire property at auction. If the sums are not sufficient from the sale of your property you will go to jail regardless of age unless you will have income to attach, which they will do "before" the fact! I mention Red Foxx because his circumstance is being projected on your daily news right this day.

Hatonn should stop right here and not even tell you other ways to handle the situation but all the writers before my time of coming forth will call "foul" for none of them recommend an estate corporation. So to make my point I will have to go through the tedium of repetition and, Dharma, you shall have to just bear with me.

I WANT YOU TO KNOW THAT THESE ARE SOLUTIONS THAT MAY WORK FOR A PERIOD OF TIME. I WILL EXPLAIN THEM TO YOU AND TELL YOU WHERE YOU CAN GET FORMS AND INSTRUCTIONS OR PRODUCE THEM MYSELF. I DO NOT RECOMMEND ANY OF THEM.

Most people assume that the only way to insure that their property will be divided as they wish is with a will. While a will does insure that property is distributed to your designated heirs, it does not protect them from a system known as "probate". As you will soon learn, you should shield as much of your estate from probate as possible.

Probate almost always involves large attorney's fees and delays in your beneficiaries receiving the property they are due. Probate also involves legal advertisements and publicity. For prominent families probate court can be a nightmare of competing claims, shouting reporters and expensive attorneys. Probate is an expensive and a very high-profile system to distribute your assets.

Of course you should always prepare a will. But you should also arrange your estate so that you avoid the public distribution of assets that a will requires. The following pages, taken from *How To Write Your Own Will And Avoid Probate* by Mark Nestman (see appendix) describe several options.

When you die, your executor presents your will to the probate court with an inventory of your estate's assets and liabilities. After examining your will to insure that it is legally binding, the court will place a legal advertisement in your town's newspaper. This advertisement will invite creditors to submit claims against your estate. The notice will also alert anyone else who wishes to make a claim, such as an ex-spouse, a disinherited child, etc.

While the probate procedure is relatively straightforward, more abuse occurs in probate than perhaps all other legal procedures combined. Even moderately-sized



estates can be ravaged by the probate system. DO NOT LISTEN TO YOUR ATTORNEY OR YOUR ACCOUNTANT--OR YOUR BEST FRIEND--WHO TELLS YOU A NEVADA CORPORATION WILL NOT WORK. IT WILL WORK EVEN IF YOU LIVE IN TASMANIA OR ATHENS. GREECE.

I believe it must be obvious why the accountants and attorneys do not want you doing this! It cuts the need for their services to zero.

One of the most insidious ways that estates are ravaged through high attorney's fees is if those fees are based on the estate's total market value and not its equity value. For example, your estate may be worth \$300,000, including a \$250,000 home on which you carry a \$200,000 mortgage. The total equity value of the estate would therefore be \$100,000.

If an attorney's 5 percent fee is based on the equity value, it would be \$5,000. On the other hand, if it is based on total market value, it would be \$25,000. In other words, the insertion of a single phrase in the agreement your executor signs with a probate attorney could wipe out \$20,000 of your estate.

No one wants to pay 20 percent or more of his estate in probate fees before the rightful heirs obtain their property. No one wishes to open the private affairs of their family to the scrutiny of gossip columnists. Most importantly, no one wants to see their heirs deprived of their property for as long as five years.

The moral is simple. Take whatever steps you can to reduce the size of your probatable estate.

Property that passes to your heirs outside the probate system includes:

1. Any property with a named beneficiary or beneficiaries. Assets such as a life insurance policy, an IRA, Keogh, profit-sharing plan, etc., usually have a named beneficiary. When you die, the proceeds are automatically passed on to that individual or individuals.

2. Property owned jointly with someone else. If you own property jointly with someone else, the surviving co-owner may be eligible to inherit your portion of the property outside of probate through what lawyers call a right of survivorship. The form of ownership required for this to take place is called "joint tenancy", or for married couples "tenancy by the entirety".

3. Property owned through trusts. Another popular probate avoidance technique is the trust. There are many types of trusts but probably the most widely used to avoid probate is the living or inter-vivos trust. While setting up a trust sounds complex, many types of trusts are quite simple and can be created without an attorney.

A trust relationship requires three participants: the settlor or trustor who forms

the trust and contributes assets to it; the trustee who accepts and manages these assets; and the beneficiary who receives the assets after the settlor dies. In the simplest trusts, the settlor and the trustee are the same individual--you--and the beneficiary will be your spouse.

The living trust permits you as trustee to maintain full control over your property, yet insure that it is passed on to the named beneficiary upon your death, without probate. You may change beneficiaries any time you like or even revoke the trust completely. Compare that to a less flexible probate avoidance technique such as joint tenancy. Obviously, you can't change joint tenants unless you buy the first one out!

To set up a trust, you must first formally transfer title to the property affected to the trust. This is a relatively simple process that you can usually perform yourself. Even with the aid of an attorney, it is relatively inexpensive. NOT INEXPENSIVE, JUST "RELATIVELY" INEXPENSIVE! As long as you remain trustee for the property, no separate income tax returns are required for the trust. You should however, maintain separate bank accounts, checkbooks, etc., for all trust property.

Finally, there is the "safety deposit box trust" which allows ready access to your safety deposit box upon your death. Of course if your banks are closed and the safe deposit boxes seized, you have no recourse. This is a living trust that transfers title of the items in the safety deposit box to the trust and names a beneficiary to receive those assets. The trust neatly solves the problem of having the box sealed on your death until probate is complete. You don't have title to the items in the box; the trust does.

Upon your death, this box most likely will not be sealed. If it is, state tax authorities will discover that the items in it are held in trust. The contents of the box not being subject to probate, the seal will likely last only a few days and your beneficiary will thereafter have access to its contents--MAYBE!

You may also set up a trust for your bank account. You, as trustor, open a bank account in your own name, but add a provision stating that the money is held in trust for a named beneficiary. You maintain full control over the funds, but upon your death, the money reverts to the beneficiary--outside probate. Most banks will set up this kind of account with no fee simply by having you sign the appropriate form.

ALL OF THE ABOVE REQUIRES THE ASSUMPTION THAT THE BANKS ARE SOUND, ETC., ETC.

ONCE MORE--GET A CORPORATION IN NEVADA! IT WILL BE NO DIFFERENT THAN SETTING UP ANY CORPORATION--IT IS SIMPLY A CORPORATION IN WHICH YOU MANAGE YOUR OWN AFFAIRS THROUGH YOUR BY-LAWS, STOCK DISTRIBUTION AND VOTING RIGHTS, ETC. IT IS YOUR LAST BASTION OF PRIVACY AND HOLDING ONTO YOUR ESTATE. IT WILL REQUIRE PERFECTION IN RECORD KEEPING--BUT SO DO TRUSTS

AND ALL OTHER BUSINESS OR TRUSTEED PLANS. YOU ARE MOST REMISS IF YOU DO NOT CONSIDER THIS MODE AND ACT.

### YOUR BANK

Better look at a few items that take place in your banking habits. Let us look at those "cancelled" checks.

An "investigator" can have a hey-day with your old checks and check registers--they are not as private as you have been led to believe.

An "investigator" will pay close attention to your grocery market checks to see if you are "over"-writing checks to obtain cash. They will look at your phone payments--believe me, your checks tell a myriad of information.

Your cancelled checks record the names of your doctors and hospitals, the publications you read, the relatives you help, the religious and charitable activities you support, the volume of business you give your liquor store and the amount you spend on transportation (including whether or not you consume more than your fair share of gasoline). The information in cancelled checks can be a mirror of your entire life, a reflection that you do not want seen by the wrong eyes.

Your cancelled checks are your property, and no government official or private investigator can inspect them without your consent, or a search warrant. However, before you are sent a cancelled check drawn for more than \$100, the Bank Secrecy Act of 1970 requires your bank to copy both sides of it. These copies must be made available to government authorities in an investigation. The Act also requires banks to record any extension of credit over \$5,000 and any cash transaction of \$10,000 or more.

With the passage of the Bank Secrecy Act, the federal government was given carte-blanche to inspect formerly confidential financial records. And as you will discover, the Bank Secrecy Act has led to widespread governmental abuses.

Congress included provisions to protect the privacy of bank deposits in the Tax Reform Act of 1976 and the Financial Privacy Act of 1978. The 1976 law requires the IRS to inform you when the agency requests information about your bank account. And the 1978 Act gives you the right to challenge the government's request to see your bank records.

Now you hit another low--the IRS can now go into your bank and audit your bank account and even seize it for unpaid taxes--without notifying you at all.

Despite these laws, the IRS and other government agencies can intimidate banks into revealing confidential records "informally" without any notification to you whatsoever.

I next quote an excerpt from *The April Game*, a book written by an experienced IRS agent.

"Four times out of five, when I walk into a bank and flash my credentials, I get to see anything I want to see. When they don't want to cooperate, it is seldom difficult to change their minds.

"'You won't show me the records?' I asked the plump little banker.

"He had pale-blue eyes, and he had a habit of blinking them rapidly. He looked almost as though he were about to burst into tears. 'I'd really rather not,' he said. 'I'd like to check with some other people around here first. I don't quite know what our position would be in a situation like this.'

"I nodded, then made a production of pulling a small black notebook and pen out of my inside breast pocket. May I have your full name, sir? And would you clearly spell it for me'?

"That got him. It almost always does. There is hardly an American citizen above the poverty level whose tax conscience is so completely clear that he isn't afraid of being audited.

"He mumbled, 'Well, maybe we can'. He scurried out of the room. A few moments later he was back, brimming over with cooperation. 'My secretary will show you any records you want to see,' he said. 'But just to protect myself--in case my customers get mad, you know, may I ask you to serve me with an official summons?'

"It was a common request, quickly arranged".

Your bank is not required to notify you when a private firm (credit bureau, insurance agency, etc.) asks for information on your account if the firm can demonstrate that you have authorized the inquiry. Forms you sign when you apply for insurance or credit authorizing "all institutions and individuals having relevant information concerning me to release such information" are ordinarily sufficient authorization to the bank for the account information to be disclosed.

Your bank may even release confidential information over the phone with no authorization whatsoever! A study commissioned by University of Illinois Professor David Linowes, former Chairman of the Privacy Commission, concluded that almost all banks give out information about your account balance, if your account has ever been overdrawn, etc., to credit bureaus, other banks and even individuals who casually inquire over the phone! About 75 percent of the time, according to Linowes, the customer is not informed.

To lower the profile of your bank account and reduce the information that an investigator could glean by inspecting your cancelled checks, consider the following techniques:

THE BEST METHOD OF COURSE, IS TO NOT HAVE A BANK ACCOUNT! HOWEVER, IN SOME INSTANCES IF YOU DO NOT HAVE AN ACCOUNT, AS WITH CORPORATIONS, THE IRS CAN CLAIM "MONEY LAUNDERING". HERE I SPEAK OF PERSONAL ACCOUNTS--IT IS YOU FOR WHICH YOU ARE TRYING TO PRESERVE SECRECY. YOUR CORPORATION TAKES THE HEAT OFF YOU JUST AS LONG AS YOU KEEP GOOD, CLEAN, AND CLEAR RECORDS THAT SHOW ACTIVITY WHICH CAN BE EQUATED TO CORPORATE BUSINESS--NO LAW SAYS YOU CANNOT MAKE FOOLISH DECISIONS NOR CAN THEY INSIST YOU "MAKE MONEY" IN THAT CORPORATION--FURTHER, IF THEY DO NOT KNOW WHO OWNS A CORPORATION (NEVADA IS THE LAST PLACE AVAILABLE TO YOU FOR THAT MEASURE)--WHO CAN THEY PICK ON? KEEP YOUR RECORDS SO IMPECCABLE THAT ANYONE CAN AUDIT YOUR RECORDS OR ACCOUNTS. YOU HAVE EVERY RIGHT TO MAKE IT AS DIFFICULT FOR THEM TO DO SO AS YOU ARE CREATIVE AND WE HAVE ONES WHO CAN ASSIST YOU AT CREATIVITY. STAY SMALL, KEEP EXCELLENT RECORDS AND YOU HAVE A SAFE HAVEN!

1. Write personal checks only for ordinary everyday expenses. Routine, repetitive expenses are ideal for payment with a personal check. Just don't write a personal check for any purchase that you would rather keep private. Pay for such purchases with cash or a money order.

2. Carry a minimal account balance. Larger accounts merit investigation much more often than smaller ones.

3. Open an account that does not pay interest, and maintain only a minimal balance. You will be asked to provide your Social Security number to the bank but you may legally refuse, since the bank will not be reporting any interest income to the IRS. However, the bank is obliged to keep your name on file if you do not disclose the number and must show this file to the IRS on demand.

4. Consider private check-writing privileges offered by brokerage firms. Money-market accounts offered by many brokerage firms are an excellent alternative to a checking account at a bank. Brokerage firms are not required to copy cancelled checks, and checks ordinarily clear through a single group account, not individually, protecting your privacy further.

However, most money-market funds won't permit you to write checks smaller than \$100. Furthermore, brokerage firms are required to report interest you earn in your money-market account to the IRS.

5. You are not required to disclose your Social Security number when you rent a safety deposit box. However, you should use your real name. If you use an assumed name, your heirs may not be able to gain access to the papers and valuables in the box when you die.

6. Ask your bank if it has an official written policy on financial privacy. You may find that you will be told that there is one but it is only distributed to employees. The bank will claim that allowing depositors to see the policy would open the bank to a potential liability if the policy were not followed to the letter.

7. Ask your bank to provide a written guarantee that it will not release information regarding your account without either your written permission or a legal summons. Such an agreement in essence, merely restates the legal protections you already have and if you are not notified already with the existing rules, you will not be notified with such a paper on file.

Most bankers will respond negatively to any agreement that restricts their right to distribute information about your account to anyone they so choose. In fact, you would probably find that there would be a refusal to sign such a document--they would simply suggest you use another bank for your business would immediately raise a troublesome "red flag" for the possibility of a trouble-maker.

I have one more tid-bit regarding your "safe-deposit" boxes. Materials held in a safety deposit box or private vault are not ordinarily insured against theft or other loss, even with a "valuable items" rider to your home-owners insurance. Safety deposit box coverage up to \$50,000 is available from Investment Rarities, Inc. (see appendix). The premium for this coverage is about \$175/year and you are not required to declare the items in the box. SO BE IT.

You would further be amazed at how much information can be given forth from a simple "informal chat" about your bank account with a friendly banker and IRS agent or private investigator.

### **LET US TALK ABOUT A RECENT COURT DECISION**

A recent decision in the U.S. District Court makes it much easier for the IRS to examine bank records "informally". A January 1989 decision by District Judge Larry McKinney found that the IRS has a legal right to examine bank records without a summons, search warrant or court order.

In Raikes vs. Bloomfield State Bank, McKinney ruled that the tax code gives the IRS the power to "examine any books, papers, records or other data". The code provides sufficient authority for an informal request to be binding on a bank official, McKinney concluded.

McKinney's decision undermines the Financial Privacy Act of 1978, which requires that most government investigations require at least an administrative summons to force a financial institution to turn over customer data.

Dharma, please, may we have a break. I would like to review the data already placed within this journal that I neither leave out pertinent information nor overlay boredom upon the readers. I would like at least one more session today however, as time is of utmost importance in the presentation of this information. It is so much less valuable if people are not given sufficient time to make arrangements and big changes are coming down. Thank you for your service.

HATONN TO STAND-BY, CLEARING FREQUENCY.

## **CHAPTER 23**

REC #2 HATONN

TUE., DEC. 5, 1989 10:45 A.M. YEAR 3, DAY 111

**TUE., DEC. 5, 1989**

### **SECURITY OF VALUABLES ON YOUR PROPERTY**

As I give you some conclusions in listed format so that you can go back and brush up on subject matter from the text, I will point out some safety measures which may seem "cloak and daggerish". It is obviously necessary that you protect that which you are able to salvage from the institutions. It helps none at all if you simply bring your cash and valuables home and tell the world you have done so. USE YOUR GOD-GIVEN BRAINS AND TAKE EXTREME CAUTION.

#### **HIDING PLACES**

A good fireproof safe is a good asset--if you can disguise it. Most home safes can be taken from your property by one or two persons with the proper trucking equipment.

The most wondrous place for your valuable papers is right in your deep freeze compartment or within your deep-freeze appliance. If you have a fire, this will be the last thing that will burn and practically no fire can destroy the contents thereof.

You will desire to package in moisture-proof, air-tight wrap. You will wish to make the package non-desirable to thieves who would steal lobster tails or steaks, etc. A good place is inside a turkey which has been cleaned out so that there is cavity space, or old "phylo-wrapper" containers, or frozen vegetable bags which have been "re-sealed" but where the contents can completely camouflage the contents. You would want to never allow ones to borrow from your freezer except in your presence. Keep the packages in the back or bottom and hard to get at and/or stacked within the "real" thing! Be creative.

Your refrigerator is almost as good as your freezer--in containers or cheese boxes. Again, make sure the package weighs appropriately and is sealed with glue, etc., so that it is difficult to rip the tops or ends open. If things are placed among others of the real item and weigh-in properly--most thieves will not give it a second look.

Get a fire alarm system (smoke detectors) to lessen chances of total fire destruction.

You can create very usable valuable containers behind false electrical outlets and even behind valid outlets. You can have false circuit or fuse boxes which can be further opened or removed and containers be built into the wall between the partitions. Make sure you have a good bottom in the storage place or latch hooks on the bags you would



"hang" within the walls, lest they fall and you have to tear up the foundation of your building.

You can have a removable baseboard or false backed bathroom cupboard. How about hollowed out paper towels, toilet tissue, plastic wrap or aluminum foil containers.

Stay away from hiding valuables in your bedroom or near anyplace that you have jewelry or items which are desirable for thieves--i.e., T.V. sets, stereos, VCRs and such. A good place is an empty can among your cupboard supplies. There are containers especially made for the purpose. If however you choose to utilize one already manufactured, get some matching "real thing from a grocery which has similar or identical wrappers. Or take the false one and replace its wrapper from a real can. Further, make sure the weight of the container is accurate to touch and does not rattle. This is a more recent place where thieves are looking for stashed goods.

The bottom of potted plants is still excellent--both real plants and imitations. Cover the surface with mulch or moss to remove appearance of any tampering.

An excellent place for storage but also often checked, are heater and air-conditioner vents. If you use this storage area, make sure it is time consuming to remove the grates.

An excellent place is in a non-appealing garment such as a fairly heavy coat whereby you can stash in the lining and garment hems but is not appealing as a theft item.

If you have an attic or basement, you have a gold mine of storage places--within a box of more undesirable Christmas ornaments or tid-bits of saved ribbons and papers. Within the house insulation itself (but mark the location well with a sketched map).

Inside of books which have been altered to have a center cavity. When you utilize this method then use glue or something along the pages so that if they are pulled from the shelves the pages won't open. This is also a place where thieves search but if there are a great many books they will simply dump them on the floor and not research each one.

For things you are hiding for the future and will not be using regularly or for quite a while, then use another method. If you do not own property but a trusted friend, parent, child or relative does, use the property itself. You can stash almost anything outside in the earth itself. Pick good flower beds and planter boxes. Either have a false space built in or simply bury in well wrapped packages or containers in strategic places. Again, you will have to map the location to exactness. **FURTHER, YOU WILL NEED TO TRUST ANOTHER PARTY WITH A COPY OF A MAP SO THAT IF ANYTHING HAPPENS TO YOU THE ITEMS ARE NOT LOST FOREVER. IT IS VERY COMFORTING TO HAVE A SACK OF GOLD COINS PLANTED RIGHT ALONG WITH THAT FAVORITE ROSE BUSH OR ALONG-SIDE YOUR NEW JUNIPER SHRUB. HOW ABOUT A FEW FRUIT TREES?**

HOW ABOUT A LOOSE BRICK IN YOUR PATIO FLOOR? YOU CAN BE MOST CREATIVE.

EVERYTHING CARRIES RISK OF LOSS--BUT SO DOES YOUR BANK! YOU WILL BE PERFECTLY SAFE IF YOU TAKE PRECAUTIONS.

### **THE REALLY IMPORTANT POINT**

If the IRS or FBI, etc., come in to rip your house apart looking for your stashed things, they are very apt to find them if they are inside the dwelling. It is much harder if you have a fair sized property if you place the items outside. However, the most important thing is to become invisible to the system so that you appear to be hiding nothing in the fishbowl. Take your precautions now to begin to lose yourself so that there would be no reason to ransack your home looking for anything.

### **RIGHT NOW!**

If you hold a lot of money in the bank, right now go open several accounts and spread the money around. Next, go begin to withdraw cash in amounts suitable for non-reporting. Get money in smaller denominations--you can handle \$50s and \$100s if you plan to move them out (i.e., purchase savings bonds, gold, etc.) instantly--like the same afternoon.

Take the cash and set aside enough for, say, six months of expenses--keep in cash and hide it. The money exchange will come but there probably will be limits of exchange without reporting--probably not more than a \$1,000 however. Exchange of cash in an amount over \$1,000 will almost assuredly have a reporting form which will get all your privacy information.

Now, take that cash and go get T-Bills (THROUGH A CORPORATION SO THAT YOU DO NOT HAVE TO REPORT IT), Savings Bonds and as many gold coins as you can and sit tight.

As soon as the money exchange is over and a value is placed you can re-sell the gold you do not wish to hold and replace it with an abundance of "cash"--they won't screw around with it again for a little while.

Go ahead then and exchange your cash in the most private manner possible which keeps you off the reporting roster.

I TELL YOU AGAIN: THE INTENT IS TO INTRODUCE THE ENTIRE MONEY EXCHANGE SYSTEM AT ONCE. THEY ARE HAVING TROUBLE GETTING IT IN PLACE BUT THAT IS THE PLAN SO THAT YOU ARE TRAPPED IN THE MIDDLE. LESS THAN 12% OF ALL DRUG MONIES ARE IN LARGE BILLS--MOST CASH FROM DRUG DEALERS IS IN \$10s AND \$20s! THE DRUG KING-PINS HAVE BEEN GIVEN AMPLE WARNING AND THEY HAVE ALREADY

SET UP THEIR BANKING ACCORDINGLY. THIS SCHEME WILL CATCH SOME OF THE YOUNG AND UNSOPHISTICATED DRUG DEALERS AND LOCAL SALES GO-BETWEENS BUT THAT IS ALL. THE SYSTEM IS DESIGNED TO CATCH YOU!

YOU MAY WELL FIND, SINCE THE WORLD BANKING SATELLITE SYSTEM WILL BE WORKABLE BY THE FIRST OF THE YEAR, THAT YOU WILL ONLY HAVE AN OPTION TO OBTAIN A PORTION OF YOUR CASH EXCHANGE FOR CASH--YOU MAY BE REQUIRED TO ACCEPT THE REST OF THE EXCHANGE VALUE IN DEBIT PAPER WHEREBY YOU WILL GET YOUR DEBIT CARD, ETC.

GET YOURSELVES ONE OR MORE CORPORATIONS AND GET YOUR ASSETS MOVED INSTANTLY OUT OF YOUR PERSONAL NAME AND NUMBER. THIS THRUST IS TO GET YOU PRIVATE CITIZENS AND THEY WILL DEAL WITH THE CORPORATIONS LATER! DELAYS IN ACTION ARE GOING TO END UP VERY, VERY COSTLY TO YOU.

Read this journal carefully but not slowly for you have very, very little time left to take action. You can get a Nevada Corporation in 24 hours if you have to. You might think "expensive", etc.; if you have problems with any of the aforementioned situations, you had better spend your reserves on what will save you the most as you move along. Your options will be reduced by major proportions and it will be too late to take action. You will not likely get second and third chances. A corporation will not cost you nearly as much as a bad blunder and/or the expenses involved in litigation and attorney fees. Think carefully but quickly. You can also turn right around and re-sell your corporation if you find the "deal" is not to your taste!

Now let us "think" privacy and I will remind you of some several topics covered herein.

Secure the doors and windows of your home against uninvited intrusion.

Send sensitive correspondence without a return address from a mail drop box.

Rent a post office box, possibly from a private company, and use it for all but routine correspondence--no mail coming to your address can be equally attention getting.

Put the box number on your checks, if you have any address at all on your checks.

Use an assumed name in correspondence that you wish to keep private.

Obtain a copy of your credit history and correct any inaccuracies.

Obtain an unlisted phone number. Do it the "smart" way as described in this journal.

Use public telephones for calls that you wish to keep private.

Get a corporation and set up your estate therein. OLD CORPORATIONS NEVER DIE--THEY JUST GET A NEW PRESIDENT AND GO RIGHT ON WORKING!

Open a non-interest-paying account at your bank without disclosing your social security number.

Withdraw smaller quantities of cash from several accounts in several banks when you want to make a large cash purchase.

Pay cash for purchases that you want to keep private.

Ask your accountant and attorney to return any non-routine documents in their possession relating to you.

Sell any vehicles that flaunt your wealth or success or be prepared for audits and attention.

Get out of debt as quickly as you can--even if it requires bankruptcy--there are excellent assets gained by filing bankruptcy if you can minimize all assets to that point. You drop through right quickly if you are bankrupt. No-body--not even the IRS--comes to get money from a turnip skin.

**KEEP YOUR MOUTH SHUT. DO NOT DISCUSS PRIVATE MATTERS, ESPECIALLY WITH CASUAL ACQUAINTANCES.**

Open bank accounts in at least two foreign countries or utilize other methods of diversifying as per the journal instructions.

### **SOURCES AND REFERENCES**

We are going to give you a nice list of resources in the appendix. However, there are several publications which can be recommended.

These three firms (listed below) sell specialty books on this subject matter. **DO NOT RUSH OUT THERE AND GET ON THEIR MAILING LISTS DIRECTLY.** However, you should get their catalogues. You can go to another town from where you live and are unknown and get them through a bookstore. You would have to place them on order--pay in cash and leave no phone number. Call the store until the books arrive. This procedure is troublesome but following the publication of this journal you will find more attention paid to ones who purchase these types of catalogues. The surveillance is going to tighten immediately as the money change-over arrives and the money situation worsens. It is not because of this journal--it will simply be the up and coming method of tracking you.

If you will not make such an effort, then I suggest you rent a mail-drop. Use an alias, have the catalogues and then the books, sent to the mail drop who will then re-mail it to you, care of your local post office box, or much better, your private postal service box. This may double the price of the books. So what? You will NEVER obtain privacy free of charge--that is a guarantee. You can team up with a secret buddy system to get a mail drop to get started.

Here are the above mentioned sources:

Loompanics, Unlimited, P.O. Box 1197, Fort Townsend, WA 98366 (books) Paladin Press, P.O. Box 1307, Boulder, CO 80306 (books)

Eden Press Privacy Catalog, P.O. Box 8410, Fountain Valley, CA 92728

You can research these places to see if they have phone numbers (from a pay phone). If there is a charge you can send a money order in the proper amount and save at least a week to ten days--that is very important right now.

If you don't know about Mail Drops, etc., then here are a few firms and you can contact them for the nearest location of service.

U.S.:

Mail Boxes, Etc., USA  
5555 Oberlin Drive  
San Diego, CA 92121  
(619) 452-1553

Pak-Mail Centers of America  
10555 E. Dartmouth Ave., Suite 360  
Aurora, CO 80014  
(800) 752-3500 or (303) 752-3500  
There are plenty of others if you check your phone books.

Canadian:

Wayne Budd, Inc.  
Budd Building  
El Dorado, Ontario  
CANADA KOK 1 Y0

Ottawa Forwarding Service  
Box 793 Station B  
Ottawa, Ontario  
CANADA KIP 5P8

**TO SUMMARIZE IN GENERALITIES**

The U.S. is in the immediate process of doing something already set up by Australia. In Australia it is called the AustraliaCard and is a system of computerized monitoring of all Australians. The monitoring system is being set up despite the fact that the Australian parliament has not yet even passed the enabling legislation. The U.S. is in the immediate process of doing a very similar thing by means of the Social Security card. To make the system work, every citizen must be issued a card. There must be no cracks in the system for people to fall through.

Most of you already have a number and a card, therefore, you are already in the system for all practical purposes. So the only recourse you have is to simply have nothing that is worth anything show up alongside that number. How private you become and/or remain is up to how well you manage your affairs.

To deduct children, etc., the law will have babies given a Social Security number at birth right along-side the birth certificate--in fact it will eventually be integrated into the birth certificate. That way the Selective Service military agency gets the information immediately.

The Social Security number is now the "universal number" and already some states use it for driver's licenses.

I am going to quote from a list as put forth by Dr. Gary North in his publication. It is a repeat but worth repetition:

"Is there a way out of this tightening noose? Yes, but the ways are extremely costly.

"First you can break the law and establish false identities for yourself, including fake driver's licence, fake birth certificate, fake Social Security card. Second, sell services that are not normally tax-deductible, such as home repairs or auto repairs, and insist on payment in cash. Third, don't report your income to any government agency. Fourth, never open a bank account. Fifth, sell your house. Sixth, when you get a phone or other utilities in your apartment or rental, use a fake name. Seventh, be prepared to make large cash deposits to the utility companies, since you will have no credit record. Be prepared to move without getting a refund, since they will refund your money by check. Eighth, cancel all subscriptions that are in your real name. Ninth, leave no forwarding address with the Post Office. Tenth, use mail drop services for more of your mail. Eleventh, get a passport. Twelfth, convert all your liquid assets to cash, slowly, and then go on a Caribbean cruise. Thirteenth, get off the boat in a tax haven filled with banks, take your cash in a sack, and open an account at a bank that has no U.S. branches. Be forewarned: there is no FDIC insurance in such banks. Fourteenth, set up a foreign corporation or trust, and tell your banker (face to face) to transfer your money into it. This is illegal, if you don't report it to the IRS. Fifteenth, have the trust buy property in a country that has no extradition treaty with the U.S. Brazil is one. Sixteenth, be prepared to live as a visible foreigner for the rest of your life, if you have to flee the U.S. Seventeenth, be prepared to cut off all future contact with your

relatives.

"Most people will not even consider going to all this bother but ones have utilized these methods and now live in complete privacy--but be prepared to make the necessary change in location. The facts are that you can disappear so completely that even your family and friends cannot locate you--judge your own situation most carefully. Most ones do not need such drastic measures.

"It does not require great expense or untold effort to take a few low-cost steps to protect yourselves against those threats that do seem to be high on some bureaucrat's list or recommended policies. Do take steps to reduce the likelihood that any one government decision can separate you from your capital and your future. It will get increasingly difficult and much more expensive to take such steps so the time to act is right now. You may end up not being allowed the method to cure the problems which could be solved right now by that proverbial 'ounce of prevention'".

### **CONSIDER THE VALUE ADDED TAX**

Even with incorporation you can't escape entirely--you can but your company may be socked with the "VAT". Examine this one for a minute. We are going to talk of real businesses. This insidious tax deals mostly with immigration problems.

This taxes illegal immigrants who work the "midnight shifts" all day long, where income taxes and Social Security taxes don't. You cannot stop illegal immigration from Mexico; you can however, at least tax it with sales taxes. The Feds will not forever allow the nation's southern border states to monopolize these sales tax revenue benefits. You will see a push for a VAT early on now.

Businesses cannot "pass on all the increased costs" of a VAT to consumers. That they can do so is a widely held myth, even among your most conservative. If business could raise selling prices every time their costs go up, every business would raise its prices today, before costs go up. Costs do not determine pricing in actuality; supply and demand determine pricing. A few firms may be able to pass on increased costs, depending on future consumer demand; most will not be able to do so--people will simply stop buying the product.

### **MORE SERIOUS THAN AT FIRST GLANCE**

A VAT is in fact a tax on most owners of existing capital or businesses. It is not simply a tax on consumers although it is also that in disguise. Consumers lose greatly when such a tax is imposed, and they are forced to pass on part of this loss to the owners of business that they normally do business with. They stop buying as many goods and services because they have less after-tax income. Other consumers win, of course: the ones who get access to the newly redistributed money. Those people who own corporate shares and small businesses will be the primary losers if and when this tax is imposed, unless they normally sell to the Federal government or to those who

are the recipients of Federal handouts. An enormous one-time shift of wealth will take place.

This wealth-redistribution process is hardly ever discussed--especially by economists and politicians--and few voters even begin to understand it. You will be very wise to hold any corporate shares as bearer shares, especially once the VAT starts being debated, unless the Federal Reserve is pumping up the economy so fast that the economy is booming. Be most careful how you hold and/or distribute corporate shares in your new corporations--there are ways to protect yourselves but NOT AFTER the error has been made and registered.

Watch for the following: The government allows loopholes in its schemes for a period of time--this allows the "insiders" to get squared around properly. Then, when lots of people start to take advantage of them, the government closes them. That will continue as long as there is government.

Many of mine own ones urged me not to do them in by writing this journal because with the attention and the "answers" it causes attention focus and loopholes will close.

You, as a citizenry, however, are in such trouble that you must have whatever help is available--it does take the government a while to respond and perhaps you will already be set and prepared. I can only lead you to the banquet, I cannot force you to eat the meal laid out for you.

The fewer of you who utilize this information the better for the ones who do--it is most surely up to you and your own free-will choices.

### **IN CLOSING**

Before I close this journal I want to remind you of a few other things which might allow a better understanding of your situation.

You are headed for massive depression. The social and political upheaval will be as devastating as your Civil War days.

Sometime during the '90s, the liberal Elite who now control the media, the banks, education, Washington, and the arts and entertainment will suddenly be blown out of the water as the world they made explodes in their faces. These are the accepted leaders--the true culprits who orchestrated the catastrophe will be sitting in powerville pulling your slave shackles.

Within a limited period of time, the central planners who determine the agenda in the U.S. will be rocked by a series of crises--all after it is too late to counter them:

There will be an abrupt refusal of investors to continue financing the snowballing national debt.



The nearly-overnight closure of well over a 1,000 of your S&Ls and banks--all remaining ones will come totally under the control of the big eleven.

There will be rapid growth of inflation to levels unheard of in the U.S. and yet it will be completely deflationary in fundamental basis.

There will be sudden realization that the Soviet military has put you at an extreme and dangerous disadvantage--in spite of all this glasnost "stuff" and games.

There will be tremendous increase in terrorist incidents by Latin Communists in the Southwest U.S. and all through the Southern continent countries.

There will be a revolt of a third-world debtors' cartel--and subsequently--disaster.

One good point--there will be the emergence of organized voter resistance to mandatory Social Security. WHICH REMINDS ME--STAY OFF, OR GET OFF, THE VOTER ROLES I AM SORRY--YOUR VOTE IS NOT AS PRECIOUS AS YOUR PRIVACY IF YOU INTEND TO BE ABLE TO ASSIST THROUGH THIS TIME OF PROBLEMS.

There will be a rapid jump in unemployment. There will come a "temporary" income tax surcharge to cover these emergencies--which will never be removed. There will come a necessary shift from public to private education. There will be a number of flip-flops and buy-outs in the news and entertainment media, resulting in massive programming changes. There will be a quick rise of political forces dedicated to "throwing the rascals out".

In response to these crises, the nation's power Elite will try to engineer a series of huge increases in government control and programs. Taking advantage of the cries for action, they will begin to lay the foundations for their long-dreamed-of "new world order". (That is what the Trilateral Commission was explicitly set up to do).

Their plans will backfire spectacularly if you hold together. The public response to their power grabs will be a revolt that borders on violence--if you have not allowed all your defense to be removed from you. You will further witness the greatest battle of "beliefs" since the early Christian took on the Roman Empire--let us make sure they are founded in Truth this go-round!

They won't count the bodies for you every day on T.V. but you will see thousands of failed institutions: government agencies and programs, media, many public schools, political movements, money collection/distribution channels, investment vehicles, international alliances, some churches, philosophies, charities, corporations--even whole industries. YOU MUST HAVE BETTER SYSTEMS AND METHODS TO COME UP THROUGH THE DEATH AND DESTRUCTION.

REMEMBER, IT IS THROUGH THE TRYING TIMES THAT CHANGE CAN COME TO BENEFIT THE WHOLE OF MAN.

### THE HOUSE OF CARDS HAS TO FALL

The house has to crumble because termites have eaten the foundation in so many various places that it cannot stand under the new pressures and weights.

Let us discuss just one place and the debt--Latin America.

On February 21, 1987, Brazil suspended all interest payments on its over \$108 billion debt to the international banking community (the vast bulk of it owed to U.S. banks). President Jose' Sarney said he was buying time, "To avoid political instability, recession, unemployment and social crisis". That, and also to stress their need for a fresh batch of loans. Brazil has not even *touched* the principal of the debt since 1983--and basically, Mexico never has.

On the same day, Argentina--while they had everyone's attention--threatened to suspend interest payments on *their* debt of \$53 billion unless the creditor banks coughed up another \$2.15 billion in immediate loans.

Meanwhile back at the ranch in Venezuela they are laying-low while negotiations continue with banks over their \$32 billion tab. \$108 billion? \$53 billion? \$32 billion--and Mexico with \$96 billion. *Even to a space cadet that seems like a LOT of money!*

Is it? No, it is merely a drop in the bucket. At the end of 1987, total debt of the capital-importing developing nations approached \$1 *trillion*, and this according to the UN (World Economic Survey, 1988). Soviet bloc countries owed an additional \$117 *billion*. And that was before this nice new arrangement with Poland and Hungary and, and, and--! The bucket seems to have lost its entire bottom!

Lets round off to \$1.1 or 2 *trillion*, to be in the neighborhood of accuracy. Now THAT is A LOT OF MONEY!

What is worse for you, it isn't ever going to return to you. In 1983 (your last "good" year), you received a net \$17 billion in payments. In 1985 you received \$1.4 billion (interest and principle). It got a little better press in 1986 but little improvement in payments.

Deadbeats? The facts are that these poor nations have no way to repay the loans even if they wanted to do so.

These massive debts dwarf these little countries already in trouble. They have already signed over all their resources to collateralize the debts in the first place and there is nowhere to rustle up the cash.

DEAR ONES--READ SPIRAL TO ECONOMIC DISASTER--IT WAS PLANNED THIS WAY! THE BIG ELITE HAVE GOTCHA!

You might ask, "Won't the American public rise up in wrath over this?" NO! Who is going to tell you? The liberal media have a stranglehold on information in this country--(Oh, and you thought "freedom of the press"). In order to get the simple, basic facts on what is happening today, you have to read conservative newsletters--if you can locate some good ones whose brave writers have dared and risked their very lives to bring you the truth. Your country is no better off but we will get to that in a minute, let us stick to debtor Latin countries for now.

Simply put, the banks and the debtors are locked in a deadly embrace. Imagine nations having to borrow more money just to make their interest payments--so what is different in the good old U.S.A. citizenry budgets?

### **WILL THEY DEFAULT?**

Well, most certainly! And Mr. Castro is running around all over the South American Continent singing the first line of Mrs. Reagan's song--JUST SAY NO! Now these weary and helpless politicians are starting to pay attention to him.

More loans to cover interest---a looming debtors' cartel---no hope of repayment. Gee, the banks must be just frantic about all that money going down the tubes, right? WRONG!

You see, it is not their money at risk. It is your money! Oh, you left Bank of America or Security Pacific years ago? It does not matter--you are still a creditor even if you are not one of their depositors!

Thanks to a little-known, small print piece of legislation called the Monetary Control Act of 1980, the Federal Reserve System can purchase any bad debt and use it as the basis of issuing good money. What does that mean?

When the major defaults come, and they will, right on expected cue--the Fed will merrily swap T-bills for worthless Third-World bonds. Paying book value for them, of course. Dollar for dollar--at that point hundreds of billions of dollars will be added to the national debt overnight.

Where will your dear old Uncle turn next--right back to you, of course. The banks will collect all that nice collateral in the form of resources along with your taxes and live happily ever after off your carcass and the carcass of the world.

I am weary and my scribe is most fatigued therefore, I will leave you with a shocker of your own debt status:

Declared Dept

\$2.11 TRILLION

Social Security	5.80 TRILLION
Civil Service Pensions	500 BILLION
Military Retirement	500 BILLION
OTHER: Medicare, Medicaid	1.20 TRILLION-PLUS
 TOTAL FEDERAL DEBT	 \$10 TRILLION-PLUS

THE LITTLE (PLUS) AT THE END OF THE \$10 TRILLION MEANS THE ACTUAL FIGURE COULD EASILY BALLOON TO \$20 TRILLION OR MORE. THE DEBT IN YOUR COUNTRY IS SO OPEN-ENDED, IT IS LITERALLY INCALCULABLE!

Oh! What could this mean? Well, it surely is lucky for you that good old Mr. Gramm and Mr. Rudman made a law to force the government to balance everything out--right?

Woops, guess again. Congress had a lot of fun passing the law and talking tough for a while but the stark reality of funding a pork-barrel government has begun to hit home. And in the first years of the law, that pack of moral midgets in Washington hasn't even come close to meeting the target budget figures--no matter how much they pried and poked and rearranged all their numbers. Using as much "bookkeeping gimmickry" and "creative bookkeeping" as they can concoct they simply have no way to pull it off.

Per your Congressman Ted Weiss who summed it up quite well in the *Los Angeles Times* editorial of 3/9/87:

"Despite congressional efforts to comply with the law, the deficit goal for fiscal year 1986 was *exceeded by \$49 billion* and the deficit target for fiscal year 1987 will be *exceeded by \$30 billion*, according to preliminary estimates.

"Worse still, cost-cutting measures have relied heavily on *bookkeeping gimmickry and the sale of government assets*. These produce one-time savings but distort the decision-making process and often *raise the deficit* in subsequent years".

Where does this leave you? The truth is, Congress couldn't agree on a balanced budget to save their lives--probably not even if their votes depended on it. You can be sure however, that any repeal of the Gramm-Rudman will be handled most adroitly and even hailed as a great victory for bipartisan and effective government. The voting public will believe what they are told by "Blather" and the rest of the "mouths" and hope for the best.

You can hope all you want, but you can't hide. When the debt hits \$3 TRILLION--AND IT WILL SOON--INVESTORS WILL GET VERY, VERY JITTERY. In order to keep people like you buying T-bills and T-bonds, the government will have to pay you more interest. Perhaps 20% or even higher. Mr.

Carter was forced to pay 16% during his budget crisis.

Consider this now--\$3 trillion times 20% (conservative) is, I believe, about \$600 billion a year. Just to break even. Not a cent for repaying the principle. Not a penny for defense, or Social Security, or roads, or welfare, or foreign aid or anything. ARE YOU SCARED YET, CHELAS?

The percentage of the national budget used to service the debt continues at around 15%, but is unlikely to remain there, given the imminence of economic recession and consequent increased deficit spending. *YOU ARE, QUITE SIMPLY, ATTEMPTING TO RUN A WORLD CLASS NATION WITH BANANA REPUBLIC METHODS--THE MIGHTY U.S. OF A. HAS SLIPPED INTO THE ROLE OF THE LARGEST DEBTOR NATION IN THE WORLD! SO BE IT!*

Your government is already choking on its own debt. You are the one caught at the bottom of the barrel--it has been masterfully orchestrated and executed!

Dharma, let us simply close this portion and conclude this journal. Please make the addition of the appendix and tomorrow, or later today, we shall write the INTRODUCTION!

WE BRING THIS INFORMATION TO YOU IN LOVE AND CONCERN FOR YOUR PLIGHT. YOU MAY DO WITH IT THAT WHICH YOU WILL. YOU HAVE PETITIONED FOR HELP AND INFORMATION--HERE IT IS. SO BE IT AND SELAH. I SALUTE YOU FOR YOUR COURAGE AND I APPRECIATE HAVING BEEN GIVEN THE OPPORTUNITY TO SERVE. I AM MOST HUMBLE TO HAVE BEEN PETITIONED.

GOD IS WITH YOU IN YOUR TIME OF TRAVAIL AND HE SENDS FORTH HIS MESSENGERS TO GIVE UNTO YOU THE ASSISTANCE FOR WHICH YOU ASK. PLEASE BE OPEN AND ALLOWING IN YOUR RECEIVING, FOR THE LOSER SHALL NOT BE OF THESE REALMS!

I TAKE MY LEAVE AS I CLOSE OF THIS JOURNAL AND MOVE ON TO ANOTHER. THANK YOU MOST INFINITELY, DHARMA. MY APPRECIATION IS GREAT FOR THE EFFORTS OF YOU ONES IN BEHALF OF YOUR FELLOW CITIZENS. MAY THE PATH BE LIGHTED UNTO YOUR FOOT-STEPS. SALU, SALU, SALU.

I AM GYEORGOS CERES HATONN, COMMANDER, I.G.F.F, SECTOR P.

Time to wake up--"We're out here"!

## APPENDIX

REC #1 HATONN

THU., DEC. 7, 1989 7:30 A.M. YEAR 3, DAY 113

**THU., DEC, 7, 1989**

### **THE FAMILY ESTATE CORPORATION**

Hatonn present in radiance and in service.

As we spend our time buried in the journals I know that things are overlooked. Where are we with Ted Turner and Sipapu? Let us not allow that to fall between cracks--there must be some type of "formal" entry necessary.

Right off this morning we are going to do some "copy" work, Dharma. This will most surely suffice for "estate" planning. It is in the manual for all to see--that is, those who get the Corporations Manual.

### **THE ESTATE PLAN THAT NEVER DIES** **“LONG TERM CORPORATE PLANNING”**

*Long Term Corporate Planning* is not just estate planning. Estate planning by itself is done in contemplation of death, and such planning has tax implications and interpretations by the IRS that simply don't apply here. When you have done your "Long Term Corporate Planning", then you have successfully accomplished a dynamic feat.

Why is this a dynamic feat? Because with your *Long Term Corporate Planning* little exists for a lawyer to do. Your estate isn't consumed by legal expenses or taxes. That is why some lawyers are not going to tell you how to take advantage of *Long Term Corporate Planning*. It is bad for their business.

The tax collectors certainly are not going to tell you because they won't be able to rip apart the results of your life's work with taxes.

What is the magic? Well let's face it, corporations are immortal (unless terminated by statute or by its corporate articles). Corporations do not cease to exist because one of their key people dies.

Here is *Long Term Corporate Planning* we suggest you consider. The sequence is important so follow closely. If you pass something you don't understand, you will never understand--go back and restudy until you do understand.

1: ESTABLISHING A CORPORATION WHICH WHEN FORMED IS

WHAT IS CALLED A "*CORPORATE SHELL*" IT HAS NO ASSETS, NO LIABILITIES, AND ITS STOCK IS WORTHLESS AT THIS POINT.

2: CAUSE THE SALE OF ITS WORTHLESS (BECAUSE IT HAS NO ASSETS YET) STOCK FROM THE CORPORATION TO YOUR INVESTORS (HEIRS) AT ONE CENT (\$.01) PER SHARE, DIVIDED BY THE PRORATED AMOUNTS YOU CHOOSE. SINCE THE STOCK HAS BEEN SOLD TO THEM, IT IS NOT A GIFT. ONE OBJECT OF ALL STOCK IS TO INCREASE IN VALUE OVER A PERIOD OF TIME. IF THE STOCK DOES INCREASE IN VALUE, THEN NOTHING WRONG, ILLEGAL, UNETHICAL OR STRANGE HAS OCCURRED.

3: FORM A LIMITED PARTNERSHIP WITH YOU AS GENERAL PARTNER AND YOUR HEIRS AS LIMITED PARTNERS. THE SOLE PURPOSE OF THIS LIMITED PARTNERSHIP IS TO HOLD THE STOCK OF THE CORPORATION YOU JUST FORMED. IN A LIMITED PARTNERSHIP THE GENERAL PARTNER(S) MANAGES THE BUSINESS AND THE LIMITED PARTNER(S) TAKE NO PART IN THE RUNNING OF IT. REMEMBER, THE BUSINESS OF THIS LIMITED PARTNERSHIP IS TO HOLD THE STOCK OF THE NEW CORPORATION. THIS MEANS THE GENERAL PARTNER (YOU) WILL VOTE THE STOCK AT THE ANNUAL STOCKHOLDERS MEETING.

All of the stockholders (you and your investors/heirs) put their newly acquired stock into the limited partnership. In return you become a 1% general partner and a 1% limited partner. Your investors/heirs become 98% limited partners. You, the general partner, manage the business. You vote the stock.

This limited partnership will have a set life. It will be in existence for a certain number of years. That number depends on you. Make the term of years long enough so that when the limited partnership ends, you either won't be around or if you are, you won't want to control the corporation. For example, the limited partnership may have a life of 30, 40 or 50 years. YOU MAKE THE DECISION.

THE LIMITED PARTNERSHIP CAN BE DRAWN UP SO THAT IT ENDS UPON THE DEATH OF ANY OF THE GENERAL PARTNERS. SO WHEN YOU DIE, THE LIMITED PARTNERSHIP TERMINATES AND THE OTHER PARTNERS (YOUR HEIRS) TAKE THEIR 98% OF THE STOCK IN THE CORPORATION AND GO HOME. ONLY YOUR 2% OF THE STOCK WILL GO THROUGH PROBATE AND HOPEFULLY YOUR ESTATE WILL BE SMALL ENOUGH, BECAUSE OF YOUR WISE PRIOR PLANNING, TO ELIMINATE ANY PROBLEMS.

Your heirs will now have the stock and own the company, but you, by virtue of your general partnership, have complete control of the corporation, its assets, its money, real estate--everything. You can sell these assets and pay yourself the money, or add to the assets, pay for any and all expenses, travel, medical, and so forth. You can do

anything you want for as long as you live.

**4: PUT YOUR ASSETS AND MONEY INTO THE CORPORATION. SOME SUGGESTED POSSIBILITIES AS TO HOW YOU MAY ACCOMPLISH THIS ARE AS FOLLOWS:**

Sell the assets to the corporation in exchange for a demand promissory note to mature in 50 years or whatever term of time you deem appropriate. Take money out of the corporation any time you wish and mark it "to apply on promissory note". Word the note so that in the event of your demise, any sums remaining payable to you by the corporation under the note are automatically forgiven. We suggest the demand promissory note bear interest, probably at 12% simple interest per annum, and that the corporation pay you the interest when it becomes due. This will satisfy the IRS. Where does the corporation get the money to pay this interest? You are simply taking money out of one pocket and putting it into another.

It's true the interest received by you may be taxable, depending on your adjusted gross income...that is on your "taxable" income or, stated another way, on how good a manager you are.

Explore the possibility of putting your assets into the corporation as a "CAPITAL CONTRIBUTION". With just a little thought, innovation and ingenuity you will discover many other ways to transfer your assets into the corporation successfully. There, so much for getting the assets into the corporation.

When you put your assets into the corporation, the value of its stock increases, but there are no taxes until such time as dividends are paid by the corporation or the stock is sold. In both cases this is a matter over which you have complete control and for which you can adequately plan in advance to legally avoid taxes.

### **BOTTOM LINE**

The bottom line is this: When you pass on to the Happy Haven in the Sky, your heirs already own all you want them to have. If you've ever thought of striking back from the Grave, here is your chance--This is almost like being the Executor or Executrix of your own will. Since your heirs already own your estate when you pass on, there is no transfer, no probate, no big taxes--no problems. It is all done--"The Happy Solution".

Also consider the possibility of taking from the corporation a contract in exchange for your services rendered: A life-time contract and guarantee that the corporation will provide for you, including all of your medical bills, convalescent care, and such other expenses and items as you may wish. (Be careful of possible tax consequences here--make sure you know your tax regulations). But with the difficulty of filing tax returns you probably already have a tax advisor--check with him.

With this plan you know what is going to happen to your loved ones when you pass



on. Everything you have worked for, acquired, and have is going to the ones you wish it to go to. There won't be a long drawn-out probate case in court. You can have peace of mind. You don't have to worry about little or nothing existing for your heirs after all the legal fees, expenses, inheritance taxes and so forth are paid. What can take years of legal delay, astronomical expenses, waste and agony for the ones you love is accomplished by them at their stockholders meeting through the election of directors and officers (probably prearranged). The transition is smooth. Everything continues without interruption. You have the peace, joy, satisfaction and confidence of knowing that your loved ones have exactly what you intend for them to have.

What we are saying is this: Corporations never die, they just get a new president. Take advantage of this corporate immortality. Put what you have into a corporation and the corporation will live long past you to successfully distribute your assets to the people you wish to have them. This will eliminate the normal pitfalls of estate planning, probate and taxes.

Even though you utilize *Long Term Corporate Planning*, have a simple will to handle any loose ends that, for one reason or another, might not have gotten into the corporation. This will can be drawn up easily by yourself. You could will everything to the corporation which would make distribution consistent with your *Long Term Capital Planning*. This is an excellent idea as the "*New Corporate President*" can execute your wishes according to your instructions.

If the limited partnership sounds like what you have been looking for, the agreement probably needs to be prepared by an attorney as every agreement needs to be tailor-made to suit each particular case. Don't be misled by thinking this is obscure or difficult to accomplish and you can easily get references to attorneys that do this every day, several times a day.

You will please refrain from judging this document as inconclusive or confusing. There will be no-one on your placement foolish enough to even suggest you evade taxes. These are simply ideas for avoiding several things, such as frozen bank accounts, safe-deposit boxes, probate, exorbitant attorney and executor fees and, and, and. I SUGGEST YOU INVESTIGATE IT WITH SOMEONE (IN NEVADA) WHO KNOWS WHAT THEY ARE DOING--YOUR ATTORNEYS AND ACCOUNTANTS DO NOT KNOW WHAT THEY ARE TALKING ABOUT WHEN THEY DISCLAIM THIS AS VIABLE. FURTHERMORE, IT IS AGAINST THEIR OWN SELFISH INTERESTS TO AVOID USE OF THEIR SERVICES! HE WHO PLANS AND THINKS CLEARLY WILL HOLD ON TO THAT WHICH HE HAS GARNERED. IF YOU PLANT "ORDER" YE SHALL REAP "ORDER". NOT CHAOS!

### **PASSIVE INCOME** **PERSONAL HOLDING CORPORATION TRAP**

Many times, in the beginning, when you discuss corporations with some attorneys and

accountants, there is weeping, wailing and gnashing of teeth regarding passive income and/or the personal holding corporation trap.

There is no problem here, ever, in any situation, IF THE STOCKHOLDER(S) INVOLVED HAVE ENOUGH BUSINESS SAVVY TO OPERATE A SIMPLE CORPORATE STRATEGY AS AND WHEN NECESSARY. IF YOU HAVE QUESTIONS AS TO UNDERSTANDING, PERHAPS YOUR BEST FRIEND WHO WORKS WITH YOU WILL UNDERSTAND--TALK IT OVER.

The strategy is simply one involving two corporations.

The solution is: Whenever you are approaching an undesirable percentage of passive income (60%), cause the "other" corporation to do some business with the passive income corporation, as is suggested in the Corporation Manual or additional inserts. Purchase certain items or services from or through it, in order to alter the passive income percentage. That way you are pumping active income into the corporation. Pump enough active income into the corporation so that it is no longer in danger of being construed as a personal holding corporation.

Let's say that the "other" corporation purchases \$50,000 worth of items and services from the passive income corporation.

That means that \$50,000 has gone from the "other" corporation to the passive income corporation.

Now the passive income corporation will purchase certain items and services from the "other" corporation.

The "other" corporation has its \$50,000 back in the bank. The passive income corporation is no longer passive income, because it has had enough active business to alter that percentage.

The entire transaction was a wash. There are no other taxable consequences or liabilities.

Just a little ingenuity and effort and some legitimate business transactions provide a simple solution to what some consider an impossible problem. Always your corporate records must be errorless, impeccable and flawless.

Personal Holding Company status can arise only if at least 60% or more of the corporation's adjusted ordinary gross income (or passive income) is comprised basically of the following and related items: Dividends--interest--certain royalties--gains on sale of stock--income from personal service contracts--rents.

CORPORATE "POCKETBOOK" TAX REDUCED. The rate of tax charged on undistributed personal holding company (PHC) income was reduced from 50 percent

to 28 percent to reflect the decrease in individual rates. COMPUTER SOFTWARE COMPANIES MAY BE EXEMPT FROM THE PHC TAX UNDER THE LAW.

Please, I have not changed my mind--put this information in this journal. I have no intentions of further describing these details in this journal. Information is adequately available. If it is beyond comprehension after a bit of studying then we will consider how we might arrange personal meetings for instruction or taped study courses, etc. All feedback will be gratefully appreciated. You will not easily make it through this massive time of change unless you work together in brotherhood--there are very few "breaks" left to you and I shall not damage their viability by causing undue attention nor litigation. You will utilize what is given unto you as suggestions or not, that is your choice; DO NOT JEOPARDIZE VIABILITY OF RESOURCES.

### **WISE UP!**

From the July, 1986, issue of *TAX HOTLINE*:

HOT: Lower audit risk. Incorporating your business lowers the chance of an IRS audit. Reason: Only 1.12% of incorporated business that filled in Form 1120 with less than \$100,000 income were audited in the latest year for which records are available.

Compare: 2.56% of *unincorporated* business with income of \$25,000 to \$100,000 were audited in the same year. It's worse for unincorporated as income gets higher. 5.3% of unincorporated business with income over \$100,000 were audited. Incorporated audits for the same income barely rose from the 1.12% figure.

Further Hot: Corporations are notorious for less frequent auditing than are you targeted "individuals"--especially if you have any assets whatsoever. More Heat: If a corporation asks for an extension to file returns, they are not to be audited at all. The ratio drops because the system is geared to handle the load in a given time period for each fiscal year end. Returns showing up at odd times are most frequently simply put into the system with no particular attention.

### **TIME WAITS FOR NO MAN--GET PREPARED!**

Enough, Dharma. Place these corporations documents at the beginning of the Appendix. Thank you for your labors, chela, as thy reward will be the service you render to your fellow-man during this magnificent time of change.

To my small group who bring these documents to the public--my unlimited admiration and appreciation. Your legacy in history shall be marked well. So be it. I remain in your service.

HATONN