

Short Ballot Title

Initiative to create an Idaho state private currency exchange to permit payment of taxes and fees and nullify federal laws.

Long Ballot Title

An initiative to create a private currency market exchange; amending Title 26, Idaho Code, by the additional of a new Chapter 38 to create a private nongovernmental entity with the ability to oversee the issuance of non-interest-bearing financial instruments that circulate as money, similar to private reserve banks. Creating a private currency exchange based upon silver and gold and providing a transition to gold and silver coins. Nullifying federal laws permitting payment of taxes and fees and providing for severability.

Text of Initiative

SECTION 1. That Title 26, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 38, Title 26, Idaho Code, and to read as follows:

CHAPTER 38 IDAHO HONEST AND SECURE MONEY ACT

26-3801. SHORT TITLE. This act may be cited as the "Idaho Honest and Secure Money Act."

26-3802. PURPOSE. (1) The people of Idaho so desire a modern method of securing electronic financial transactions such that credit card fraud and identity theft can be severely curtailed and financial privacy shall be secured. The latter is especially important as the United States government has made it a practice of repeatedly accessing what should be private financial records without a warrant or reasonable cause.

(2) The people of Idaho desire to provide for the financial security of Idaho and its citizens by ensuring there exists a sound monetary unit that can be used as the basis of commerce if and when the current financial practices of the United States government significantly debase the United States dollar, which has no hard backing. This is a result of the federal government failing to fulfill its responsibility to adequately regulate the value of the currency as enumerated in Article I, Section 8 of the United States Constitution, as the value of \$1 as represented by a "Federal Reserve Note" does not bear any resemblance to the fair market value of the \$1 in lawful silver coined by the United States Mint as would be intended by such section of the United States Constitution. The people of Idaho believe that a free people deserve a monetary system based on free market principles, and not some currency arbitrarily manipulated by a small class of privileged bankers and the system of privately owned Federal Reserve Banks.

(3) A monetary system which can be restricted to intrastate transfers is desirable as it provides a paper trail for businesses who want to opt out of unwieldy federal government mandates to prove they are not involved in interstate commerce and thus ordinarily restricted from federal regulation under the tenth amendment to the United States constitution.

26-3803. DECLARATION. (1) The state of Idaho shall not coin money as defined under

Article I, Section 10 of the United States Constitution since coining money was recognized by our founders as stamping an actual physical coin in a standard form and weight as understood in the application of the powers enumerated in clause 5 of Article I, Section 8 of the United States Constitution. The establishment of a currency exchange thus cannot be considered the process of coining money.

(2) The state of Idaho has no authority to emit "bills of credit" as enumerated under Article I, Section 10 of the United States Constitution. Bills of credit, by definition, are governmental obligations. The financial obligations inherent in a private market exchange established by this act, on the other hand, are obligations of independent private companies who back such obligations with hard assets. The owner and operator of a private market exchange is simply just a middle man and arbiter in such transactions similar to the owners and operators of stock or commodity exchanges.

(3) Private nongovernmental entities such as the Federal Reserve Banks are allowed to issue non-interest-bearing financial instruments that circulate as money. The state of Idaho thus endeavors to invest in a private nongovernmental entity with the ability to oversee the issuance of such financial instruments similar to private Federal Reserve Banks, with the exception that such instruments shall be backed not by the full faith and credit of a governmental entity, along with the coercive threat of any legal tender laws, but by private contractual obligations of independent persons. People should be able to freely utilize such instruments as a system functionally equivalent to any lawful debit card or stock market exchange system. The state of Idaho reserves the right to elect members of the board of directors of such an entity, an authority it lawfully exercises in every independent security that it invests in pursuant to its fiduciary responsibility to the taxpayers of Idaho.

(4) The state of Idaho shall not regulate the value of any hard backed security traded on a private market exchange which might function as currency, as the value of such shall be determined by free market forces. The authority to regulate the value of money as referenced by the United States constitution refers only to the specified value of the currency unit (in this country the United States dollar) in terms of ounces of gold or silver as part of the federal government's authority to establish common weights and measures granted in Article I, Section 8 of the United States Constitution.

(5) Any court that would rule this act unconstitutional would be obligated to likewise rule as unconstitutional the United States Federal Reserve Banks, the New York Stock Exchange, the Chicago Board of Trade, Paypal, and American Express as these operate under similar principles as the private market exchange established by this act.

(6) It is declared that all legal tender laws are inherently unconstitutional whether issued by a state or the federal government. Not only is such power not specifically enumerated in the United States Constitution (it specifically authorizes the legislative branch to regulate value of coin money), but it is a forceable coercion of a person to accept something of dubious worth in contract under threat of prosecution. Such acts are clearly violations of the natural rights embodied in the ninth amendment to the United States Constitution. As no person is coerced to ever accept payment via the free market exchange or to contract in terms of units of the exchange, Idaho shall not be passing a legal tender law such as the unconstitutional monstrosity concocted by the federal government.

26-3804. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Currency" means a contractual ownership interest in largely fungible assets, which could include securities, obligations of sovereign nations, commodities, inventories, and other tangible assets.

- (2) "Idaho person" means:
 - (a) An Idaho resident;
 - (b) A corporation established under the laws of Idaho;
 - (c) An association of Idaho persons that would individually be designated as such by this section;
 - (d) A city, other municipality, county, or state agency established by the state of Idaho; or
 - (e) The state of Idaho.
- (3) "Person" means an individual, corporation, association, city or other municipality, county, state agency, the 50 states comprising the United States of America, the federal government, or a federal agency.

(4) "Private market exchange" shall mean a private entity incorporated under the laws of Idaho which exists as a for-profit enterprise, which is established pursuant to this chapter, and shall set the standards for and manage secure transactions involving private market currencies established by separate and competitive persons, with such currencies at least 100% backed by redeemable tangible assets unless such currencies represent the obligations of sovereign governments of one or more nations. It shall be at the discretion of the board of directors of such private market exchange to determine which, if any, obligations of sovereign governments shall be allowed to be included in the exchange to the extent allowed by subsection (11) of 26-3807, Idaho Code, other provisions of this chapter, and Idaho law.

(5) "Private partner" shall mean one or more entities, being Idaho persons each themselves, that acquire ownership interests in the private market exchange established by this chapter.

26-3805. ESTABLISHMENT OF PRIVATE EXCHANGE. (1) The state of Idaho or one of its agencies shall invest a sum not to exceed \$60 million dollars in a private market exchange except as provided by 26-3806, Idaho Code and 26-3811, Idaho Code. Such funds can be invested from any Idaho public fund for which such investment is both lawful and appropriate as determined by the governor in consultation with the attorney general or as required by legislative action.

(2) The private market exchange shall be a Idaho corporation with 50% of economic interests and 50% of the voting rights controlled by the state of Idaho except as provided by 26-3811, Idaho Code. Private partners shall control the remaining economic and voting interests in the private market exchange and shall match the amount of money invested by the state of Idaho unless any of the provisions of section 26-3811, Idaho Code, are invoked by a corresponding determination of legal invalidity of this act.

26-3806. COMPETITIVE BIDDING. (1) The management team and private partners for the exchange shall be selected in a competitive bidding process where proposals shall be submitted to the state by prospective private partners. The proposals shall set forth bylaws of the private market exchange, a business plan, financial projections, initial procedures and policies governing the private market exchange, the financial terms and structure of the proposed business venture, and other terms and conditions that might be required by the governor or duly appointed representatives of the governor.

(2) The governor or duly appointed representatives of the governor shall engage in private negotiations with the bidders regarding the modification of such proposals for resubmission in an attempt to craft the most beneficial proposal for the citizens of Idaho.

(3) The governor shall select and submit a proposal for the creation of a private market exchange to the legislature for approval by a simple majority vote of both houses within one year of the enactment of this bill, unless no bids are submitted which:

- (i) Meet the minimum requirements as set forth in this act; or
- (ii) Allow for an expected return on public assets which is not greater than or equal to the

rate of return expected for other public investments in similar instruments, on average, for the public fund which would be potentially making such investment.

(4) In the case minimum requirements specified in subsection (3) are not met, the government shall continue to entertain such bids and proposals until such time that a satisfactory private partner and plan can be agreed upon and submitted for approval to the legislature as provided for by subsection (3).

26-3807. MANDATES ON THE PRIVATE MARKET EXCHANGE. The bylaws and economic plan of the private market exchange shall be minimally bound by the following restrictions:

(1) It shall develop a standard of secure financial transaction management tied to electronic cards issued to persons;

(2) Such standards can be harmonized with other exchanges which might exist in other states or countries, or an organization formed by a conglomerate of such exchanges anticipating a future when interstate commerce or foreign commerce between exchanges might be enabled;

(3) Such cards shall incorporate public key encryption technologies providing reasonably secure digital signatures to verify transactions. One or more customer numbers of appropriate randomness shall be stored on the card and shall be indeterminable by any card reader, absent private codes stored on the shared servers encompassing the electronic ownership records connected to the private market exchange;

(4) A component of any private key or keys used for communications with the exchange shall be a private alphanumeric code of sufficient randomness known only to the holder of the card unless shared with others solely at his or her discretion;

(5) Such cards shall be designed with appropriate security measures to allow for anonymous numbered accounts, as well as fully documented accounts, and any spectrum of privacy in between that might be desired by consumers;

(6) The private market exchange shall allow other Idaho persons to market cards of different designs with competitive privacy features so long as they meet the minimum specifications of this legislation or more restrictive standards set out by the private market exchange;

(7) The private market exchange shall endeavor to license different asset backed currencies from different Idaho persons for trade on the exchange. Details on the inner workings, transaction specifications, and operations of the exchange shall be left up to the management and bylaws of the private market exchange so long as they harmonize with the specifications and intent of this act;

(8) The private market exchange shall be designed to transition to a period when gold and silver coins might be commonly used side by side with the electronic system implemented by the private market exchange. The private market exchange will also be responsible for developing appropriate accounting standards to accommodate such a structure and interfacing with financial software firms to potentially incorporate such standards into their products;

(9) State chartered banks which are Idaho persons can partner with card manufacturers to offer credit or debit cards using the infrastructure of the card verification network, so long as the accounts to which they are tied are Idaho persons except as provided by subsection (11);

(10) For access to non-anonymous account information, such shall not be produced or disclosed to any person unless such is a lawfully authorized Idaho state or Federal government official upon issuance of a warrant by the appropriate judicial authorities based upon probable cause. Disclosure of such information otherwise shall constitute a felony punishable by a fine

being no less than \$10,000 and no greater than \$500,000;

(11) All accounts shall be held by Idaho persons unless otherwise authorized by the legislature of Idaho. Interstate commerce and foreign commerce involving these cards shall be prohibited on the private market exchange unless directly authorized by the legislature in response to the United States government agreeing not to attempt to pass mandates that would prevent the lawful operation of this exchange as provided by this chapter. If the United States government attempts to regulate the private market exchange established by this chapter, transactions in foreign currencies, as well as interstate or international transactions, if already allowed, shall be terminated unless such regulation is:

(a) Pursuant the powers of the federal government to impose and collect duties, tariffs, imposts, or otherwise regulating foreign commerce; or

(b) As agreed to by a simple majority vote of both houses of the Idaho state legislature; and

(12) The private market exchange shall be free to extend its business activities to other related core competencies stemming from the infrastructure and technologies it develops and establishes, including, but not limited to digital identity verification, private market identity documents, private communications technologies, electronic digital signatures, and legal document signature verifications.

26-3808. GOVERNANCE. (1) The state of Idaho shall under no circumstances dilute its voting interest in the private market exchange, except that provisions of subsection (2) of 26-3811, Idaho Code are invoked.

(3) The treasurer of the state of Idaho shall be vested with a fiduciary duty to those persons owning beneficial interests in the fund or funds invested in the private market exchange by the state of Idaho under this chapter. Such duty shall also be attached to the governor or any other members of the executive branch to the extent that their actions affect the financial health of the private market exchange.

26-3809. PAYMENT OF TAXES AND FEES. (1) The state of Idaho shall allow for the payment of taxes and fees through the vehicle of the private market exchange no later than 90 days following the commencement of operations of the private market exchange.

(4) This section shall not be construed to prevent the state of Idaho from accepting payment of taxes and fees in other competing exchanges or other lawful currencies as may be allowed elsewhere under Idaho law.

26-3810. NULLIFICATION OF UNCONSTITUTIONAL FEDERAL LAWS. As the private market exchange shall only operate in intrastate commerce unless otherwise authorized by the state pursuant to subsection (11) of 26-3807, Idaho Code, the tenth amendment to the United States constitution protects the state from regulating such intrastate activities. Thus, any federal law, rule, order, or other act by the federal government violating the provisions of this act is hereby declared to be invalid in this state, is not recognized by and is specifically rejected by this state, and is considered null and void and of no effect in this state.

26-3811. TRIGGERING EVENTS. (1) In the event that any part of this act is held invalid under prohibitions of Article I, Section 10 of the United States constitution pursuant to the clause that no State shall "make any thing but gold and silver coin a tender in payment of debts" the state of Idaho shall:

(a) Adopt a policy of only accepting payments from the private market exchange which are

backed by gold or silver coin;

(b) Be absolutely prohibited from accepting any payment in the form of Federal Reserve Notes, Treasury Notes, or other United States Treasury securities because such notes and instruments are not backed by gold or silver in any way, shape, or form; and

(c) The state of Idaho can accept no financial instrument in payment of debts which is not gold or silver coin or backed by gold or silver coin.

(2) In the event that any part of this act is held invalid under prohibitions of Article I, Section 10 of the United States constitution pursuant to the clause that no State shall "coin money" or "emit bills of credit," the provisions of subsection (1) of 26-3808, Idaho Code, shall be void and the state of Idaho shall:

(a) Sell its interest, if already established, in the private market to the highest bidder;

(b) Exercise an option to convert the equity of the state in the private market exchange, if already established, into a debt instrument at terms negotiated with other equity holders upon originally establishing the equity interest in the exchange. The existence of such an option shall be a mandatory condition of any agreement to establish an equity position of such exchange; or

(c) If an ownership interest is not already established:

(i) The state of Idaho shall proceed with establishing a private market exchange as described in this chapter, except that the equity and voting interests of the exchange may be fully turned over to the private partner;

(ii) The state shall be relieved of the obligation of investment in such private market exchange pursuant to 26-3805, Idaho Code;

(iii) The governor or duly authorized representatives shall be given the discretion to structure a transaction establishing a private market exchange with or without public equity, debt, or voting interests as deemed to be appropriate and lawful and subject to legislative review pursuant to 26-3806, Idaho Code; and

(iv) The state of Idaho shall accept as currency the obligations of any private market exchange as provided for by 26-3809, Idaho Code, as long as the standards set forth in 26-3807, Idaho Code are met by such private market exchange.

(4) If the legislature of the state of Idaho decides that any court order invalidating this act as described by this section is unconstitutional pursuant to section 26-3810, Idaho Code, and the elected representatives of the people of Idaho wish to nullify what they believe to be the wrongful interpretation of the United States constitution under such order, the provisions of this subsection can be suspended by the vote of a simple majority of both houses of the Idaho state legislature, or by executive order of the governor until such a vote can be taken.

26-3812. SEVERABILITY. If a part of this act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.