



# International Institute of Certified Public Accountants

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August 10, 2011

Jean-Claude Trichet, President  
EZB European Central Bank  
Kaiserstraße 29  
60311 Frankfurt am Main  
Germany – Europe

cc: Prof. Mervyn Allister King  
Bank of England, London

bc: Jens Weidman  
Deutsche Bundesbank, Berlin

Dear Mr. Trichet:

## **Euro Area Sovereign Debt Redemption**

I approve of your courage to purchase sovereign debt,

and I share Germany's objections, that the purchase in the 'financial markets' is not sterile to inflation;

the proper way being to purchase only bank-held sovereign debt outright, sterilizing the ECB's cash paid with reserve requirements,

and purchasing the publicly held sovereign debt by issuing ECB redemption certificates that are redeemable by the banks in which they have been deposited in payment of bank equity capital (under the threat of default as an alternative to those opposing the redemption as a consequence of their ill-conceived investment decision).

Let us remember:

- Money creation is a sovereign prerogative and obligation.

- The exercise of the sovereign money power renders the sovereign debt-free.
- To borrow private banks' quasi-money is an abuse of public trust in the intelligence of governmental officials, including the European Central Bank as one of the EU's agencies.
- The so called 'Financial Markets' are private exchanges and of no concern to the public finances, once the money power of the state is exercised.
- Once all money on deposit at private commercial banks is sovereign money, there is no need to ever bail out the banks order to protect depositors or keep the nation's payment system going; but if Central Bankers allow private commercial banks to continue on the current path of manufacturing their worthless quasi money — a perversion of GAAP — and borrow it, then sovereignty is lost and the nation forever enslaved to these types of 'merchants of Venice', as Thomas Jefferson has warned two centuries ago,

"If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks and corporations that will grow up around them will deprive the people of all property until their children wake up homeless on the continent their Fathers conquered."

"I believe that banking institutions are more dangerous to our liberties than standing armies..."

"The issuing power should be taken from the banks and restored to the people, to whom it properly belongs."

and as Prime Minister Robert Peele's *Bank Charter Act 1844* (7 & 8 Vict. c. 32) intended, which was circumvented by the English private banks' system and drawing on their quasi money by cheque; see John Maynard Keynes(1913), "Indian Currency and Finance", Ch.3:

"The sound principle for regulating the issue of a Paper Circulation," wrote the Secretary of State, "is that which was enforced on the Bank of England by the Act of 1844." In England, of course, bankers immediately set themselves to recover the economy and elasticity, which the Act of 1844 banished from the English system, by other means; and with the development of the cheque system to its present state of perfection they have magnificently succeeded."

Letter to Mr. Jean-Claude Trichet  
Dated 10 August 2011

I am enclosing a copy of "The ABC of Sovereign Debt Redemption. A Layman's Guide to Completely Avoid Governmental Austerity Programmes," authored by Michael Schemmann, and published July 21, 2011.

The proposed "Eurozone Sovereign Debt Redemption" plan is at page 90.

I also take the liberty of copying your colleague, Professor Mervyn Allister King, Governor of the Bank of England.

With all my best wishes,



Michael Schemmann, PhD, CPA, CMA  
Director of the IICPA

Enclosure  
Booklet "The ABC of Sovereign Debt Redemption."