

Hello Everyone,

One day a foreign exchange student asked his professor, "Do you know how to catch wild pigs?"

The professor thought the question was a joke. But admitted he had no idea. The student said,

*'You catch wild pigs by finding a suitable place in the woods and putting corn on the ground. The pigs find it and begin to come every day to eat the free corn. When they are used to coming every day, you put a fence down one side of the place where they are used to coming. When they get used to the fence, they begin to eat the corn again and you put up another side of the fence. They get used to that and start to eat again.*

*You continue until you have all four sides of the fence up with a gate in the last side. The pigs, who are used to the free corn, start to come through the gate to eat; you slam the gate on them and catch the whole herd. Suddenly the wild pigs have lost their freedom. They run around and around inside the fence, but they are caught."*

Today's missive has a little to do with corn and pigs. You may, however, see some parallels.

Signed, Your It's-True-There-Is-No-Free-Lunch Financial Advisor,

Greg

## **KKOB 2020.10.23 FedCoin Part 2** **Digital wallets**

**Bob:** So, Greg, on Monday the gist of your report was this:

- There is a move afoot to launch a digital currency that you are calling FedCoin.
- Every FedCoin would have its own distinct electronic signature. So, every transaction would be traceable.

- FedCoins would bypass the banking system and “free money” would be deposited directly to people’s phones or computers.
- And there are already bills in Congress outlining how FedCoin would work.

And that’s where we left it. Right?

**Greg:** Right. And what prompted this series was a recent announcement by the Federal Reserve that said this:

***“All Federal Reserve (member) Banks shall, not later than January 1, 2021...make digital wallets (!) available to all residents and citizens of the United States and to businesses domiciled in the United States.”***

And, Bob, that dovetails with a provision within the pending **Banking For All Act** that says all Federal Reserve Banks must provide digital banking services for those who elect to deposit funds into these accounts ----including access to Covid funds!

**Bob:** So, to get Covid money you would need your digital wallet. Which means you must download the FedCoin app to get the free money.

**Greg:** Exactly. Pretty tempting, right? Take 15 seconds --- download the app. And “boom” money appears. Who wouldn’t want that?

So, let’s unwind this. Who must provide these digital wallets?

Well, Fed member banks are banks like Wells Fargo, Bank of America, Washington Federal, Bank of Albuquerque, etc. Most traditional banks are part of the Fed system.

Now credit unions are not under this system. However, under the **Banking For All Act**, the credit unions could either opt-in directly-- or they could do it indirectly by establishing a portal at.... the Post Office!

Yes, the Post office would serve as a digital passthrough for Fed Coin.

And no, I am not making this up.

Oh, and the Post Office has already applied for a patent for **secure blockchain voting. And the connection is FedCoins are blockchain based, too.**

So, as a refresher, a “blockchain” is just a digital record of transactions where individual records (or blocks) are linked in a single list (the chain). This is what makes crypto currencies like Bitcoin so popular---privacy and security.

What the Post Office is saying is, *“Why not offer a blockchain system to prevent voter fraud?”* And it’s not a bad idea. So, the blockchain leap to FedCoin isn’t a big one.

Thus, we could one day have one stop banking, voting, and mail delivery. What could go wrong?

**Bob:** So, you said by January 1<sup>st</sup>, all Federal Reserve member banks will be required to make these digital wallets available. That’s just 9 or 10 weeks from now. But that doesn’t mean they’ll implement it on January 1<sup>st</sup>.

**Greg:** You're right. The way I see this is they are putting the digital currency structure into place. My guess is they will do some beta testing on it. And, over time, work out the kinks.

It reminds me of what happened with the Patriot Act. Those major legislative pieces were crafted in the late 90's. Then, 9-11 hit in 2001. Suddenly, those pieces were cobbled together, and voila (!) we had a 342-page bill that passed with very little examination.

Now we all stand at airports with our hands above our heads. And we have surveillance structures none of us dreamed possible two decades ago.

The point is...the framework for a government-backed digital currency is being erected and no one is talking about it. And if you think I am exaggerating, go to the International Monetary Fund's website and peruse their slick digital currency ads. They are not shy about their goals.

**Bob:** OK. I get all this. I'm not sure I like it, but I get it. So, here are my take-aways from your first two FedCoin segments.

- There is a financial structure being established to corral us into a digital currency.
- And, once we are inside the system, all our FedCoin activity will be traceable by the powers-that-be.

**Greg:** Yes. But there is more. On Monday, I will explain how these coins are not only traceable----- but programmable.

**Bob:** I can hardly wait...sort of. Until then, how do people reach you?

**Greg:** My number is 250-3754. Or go to my website at [zanettifinancial.com](http://zanettifinancial.com).

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