Who We Are

Sound Money Defense League

The **Sound Money Defense League** is a nonpartisan, sound money advocacy group working to restore gold and silver to its historic role as America's constitutional money. By working at the state and federal level, the Sound Money Defense League has rallied tens of thousands of concerned Americans to oppose the actions of government officials and central bankers that further debase the currency.

Sound Money Defense League works with allies in elective office to introduce legislation to support sound money such as removing taxation on gold and silver, auditing the nation's gold reserves, auditing the private bank cartel that has been delegated government power (known as the Federal Reserve System), and otherwise supporting recognition and use of sound money.

Through aggressive grassroots citizen action, the **Sound Money Defense League** works to expose the global money managers running the Federal Reserve and the tax-and-spend politicians who undermine the U.S. economy by supporting crushing debt, crony bailouts, and reckless money printing.

Money Metals Exchange

Savvy, self-reliant investors have embraced **Money Metals Exchange** as their trustworthy resource for gold and silver bullion coins, bars, and rounds.

Money Metals Exchange is secure, private and offers some of the best buy and sell prices in the nation on gold and silver. After balloting of more than 20,000 industry insiders and investors across the globe, the company was recently named precious metals "Dealer of the Year" by industry ratings group Bullion.Directory.

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Background:

Sound money is discovered, not invented. Through market processes, the "most marketable commodity," as Austrian economist Ludwig von Mises described money, makes itself known. Gold and silver are money, not through government decree, but because they have proven themselves to be by surviving the test of time, while maintaining their value.

However, over the last hundred years or so, the federal government and the Federal Reserve, a privately-owned bank cartel, have waged a war against sound money in America. They've ended the free circulation of gold (and, for a time, criminalized its ownership), while imposing taxes on those who own or use it. Paper money and credit have replaced gold and silver.

The Constitution's Framers were mindful of the catastrophe and hardships brought by continentals, the paper money issued by the Continental Congress to finance the Revolution.

Founders including Thomas Jefferson, George Washington, James Madison, Thomas Paine, and almost the entire population suffered hardship. That's why the Constitutional Convention overwhelmingly rejected paper money.

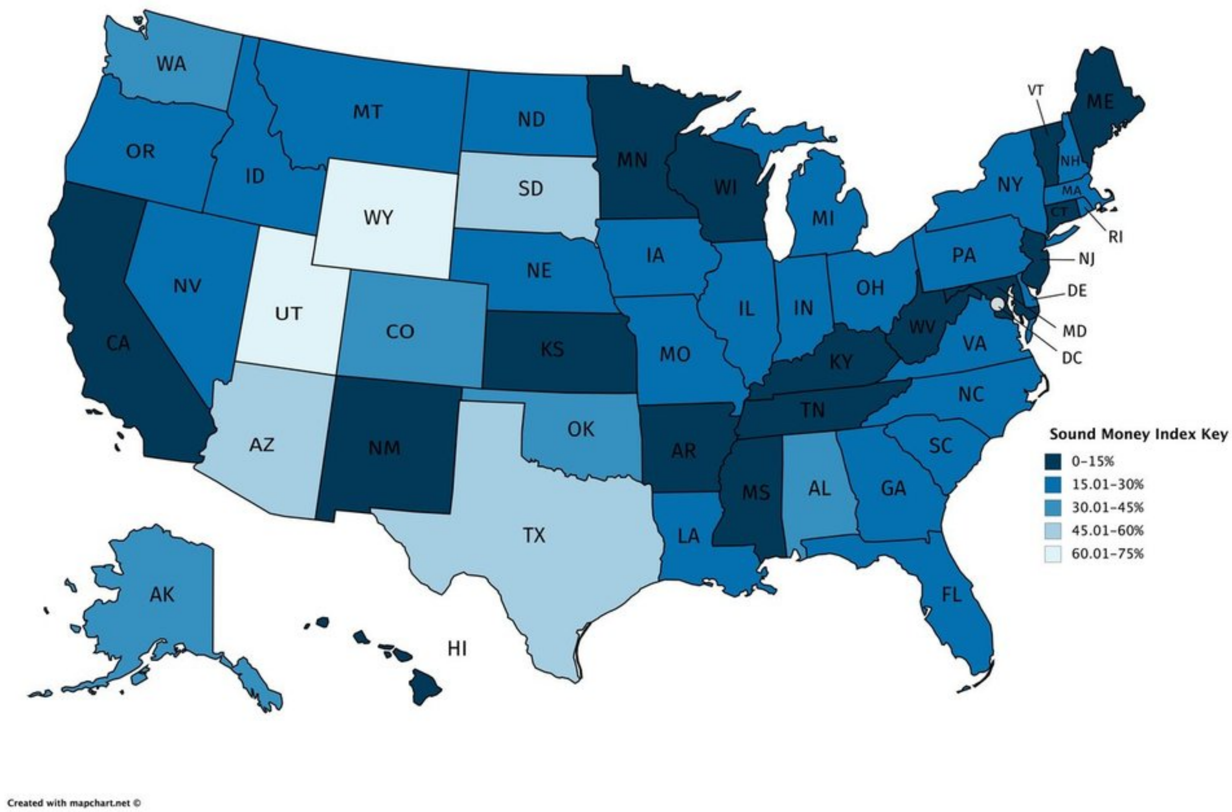
Washington wrote that paper money was "wicked." Madison wrote it was "unjust" and "unconstitutional." Jefferson wrote "its [paper money's] abuses also are inevitable and, by breaking up the measure of value, makes a lottery of all private property, cannot be denied."

While the debasement of the Federal Reserve Note – commonly known today as the dollar — is, in large part, the result of inflationary policies enacted by the Federal Reserve System, its effects are pervasive. Governments can fund enormous welfare-warfare states, while everyone using the currency can only watch as their wealth is sapped away.

This problem is rooted in federal policy. Short of major reforms at the federal level, however, there are practical steps that can be taken at the state level to promote the use and acceptance of sound money.

Since 2015, the Sound Money Defense League has provided interested readers, politicians, and concerned citizens with the most up-to-date data and analysis on sound money. To that end, the Sound Money Defense League and Money Metals Exchange is proud to introduce the Sound Money Index, the first sound money state scorecard of its kind.

2018 Sound Money Index



State	No Sales Tax on Sound Money	Below Average Sales Tax Rate?	No Income Tax on Sound Money	Below Average Income Tax Rate	Status as Money	Strong Gold Clause Contract Enforcement	State Bullion Depository	Gold Held in State Reserve Funds	Gold Held in State Pension Funds	Points Received	Possible Points	Percentage
Utah	4	1	4	1	2	0	0	0	0	12	19	63.16%
Wyoming	4	1	4	1	2	0	0	0	0	12	19	63.16%
Texas	4	0	2	1	0	0	2	0	1	10	17	58.82%
Arizona	4	0	4	1	0	0	0	0	0	9	19	47.37%
South Dakota	4	1	2	1	0	0	0	0	0	8	17	47.06%
Oklahoma	4	1	0	1	2	0	0	0	0	8	19	42.11%
Washington	4	0	2	1	0	0	0	0	0	7	17	41.18%
Alaska	2	1	2	1	0	0	0	0	0	6	15	40%
Alabama	4	1	0	1	0	0	0	0	0	6	19	31.58%
Colorado	4	1	0	1	0	0	0	0	0	6	19	31.58%
Florida	2	0	2	1	0	0	0	0	0	5	17	29.41%
Georgia	4	1	0	0	0	0	0	0	0	5	19	26.32%
Louisiana	4	1	0	0	0	0	0	0	0	5	19	26.32%
Michigan	4	0	0	1	0	0	0	0	0	5	19	26.32%
Missouri	4	1	0	0	0	0	0	0	0	5	19	26.32%
North Carolina	4	1	0	0	0	0	0	0	0	5	19	26.32%
Ohio	4	0	0	1	0	0	0	0	0	5	19	26.32%
Pennsylvania	4	0	0	1	0	0	0	0	0	5	19	26.32%
Nevada	1	0	2	1	0	0	0	0	0	4	17	23.53%
New Hampshire	2	1	0	1	0	0	0	0	0	4	17	23.53%
Idaho	4	0	0	0	0	0	0	0	0	4	19	21.05%
Illinois	3	0	0	1	0	0	0	0	0	4	19	21.05%
Iowa	4	0	0	0	0	0	0	0	0	4	19	21.05%
Nebraska	4	0	0	0	0	0	0	0	0	4	19	21.05%
North Dakota	2	1	0	1	0	0	0	0	0	4	19	21.05%
Rhode Island	4	0	0	0	0	0	0	0	0	4	19	21.05%
South Carolina	4	0	0	0	0	0	0	0	0	4	19	21.05%
Delaware	2	1	0	0	0	0	0	0	0	3	17	17.65%
Montana	2	1	0	0	0	0	0	0	0	3	17	17.65%
Oregon	2	1	0	0	0	0	0	0	0	3	17	17.65%
Indiana	2	0	0	1	0	0	0	0	0	3	19	15.79%
Massachusetts	2	0	0	1	0	0	0	0	0	3	19	15.79%
New York	2	1	0	0	0	0	0	0	0	3	19	15.79%
Virginia	2	1	0	0	0	0	0	0	0	3	19	15.79%
California	2	0	0	0	0	0	0	0	0	2	19	10.53%
Connecticut	2	0	0	0	0	0	0	0	0	2	19	10.53%
Maryland	2	0	0	0	0	0	0	0	0	2	19	10.53%
Minnesota	2	0	0	0	0	0	0	0	0	2	19	10.53%
Hawaii	0	1	0	0	0	0	0	0	0	1	19	5.26%
Kansas	0	0	0	1	0	0	0	0	0	1	19	5.26%
Mississippi	0	0	0	1	0	0	0	0	0	1	19	5.26%
New Mexico	0	0	0	1	0	0	0	0	0	1	19	5.26%
Tennessee	0	0	0	1	0	0	0	0	0	1	19	5.26%
Wisconsin	0	1	0	0	0	0	0	0	0	1	19	5.26%
Arkansas	0	0	0	0	0	0	0	0	0	0	19	0%
Kentucky	0	0	0	0	0	0	0	0	0	0	19	0%
Maine	0	0	0	0	0	0	0	0	0	0	19	0%
New Jersey	0	0	0	0	0	0	0	0	0	0	19	0%
Vermont	0	0	0	0	0	0	0	0	0	0	19	0%
West Virginia	0	0	0	0	0	0	0	0	0	0	19	0%

Methodology:

Sales Tax (4 possible points)

-States that levy no sales tax on gold and silver coins: 2 points
-States that levy partial sales tax on gold and silver coins: 1 point

-States that levy no sales tax on gold and silver bullion: 2 points
-States that levy partial sales tax on gold and silver bullion: 1 point

-States with no state sales tax: 2 points

Sales tax rate (1 possible point)

-States with a sales tax rate below the national average: 1 point
-States with a sales tax rate at or above the national average: 0 points

Income tax (4 possible points)

-States that levy no income tax on gold and silver coins: 2 points
-States that levy partial income tax on gold and silver coins: 1 point

-States that levy no income tax on gold and silver bullion: 2 points
-States that levy partial income tax on gold and silver bullion: 1 point

-States with no state income tax: 2 points

Income tax rate (1 possible point)

-States with an income tax rate below the national average: 1 point
-States with an income tax rate at or above the national average: 0 points

Gold and Silver's Status as Money (2 possible points)

-States that have reaffirmed gold and silver as money: 2 points
-States that have not reaffirmed gold and silver as money: 0 points

Gold and Silver Clause Contracts (1 possible point)

-States that provide for strong enforcement of gold and silver clause contracts: 1 point
-States that do not provide for strong enforcement of gold and silver clause contracts: 0 points

State Gold and Silver Bullion Depository (2 possible points)

-States with a gold and silver bullion depository: 2 points
-States without a gold and silver bullion depository: 0 points

State Reserve Funds (2 possible points)

-States with at least 20% of reserve funds held in gold and silver: 2 points
-States with some gold and silver held in reserve funds: 1 point
-States with no gold and silver held in reserve funds: 0 points

State Public Pension Funds (2 possible points)

-States with at least 20% of pension funds held in gold and silver: 2 points
-States with some gold and silver held in pension funds: 1 point
-States with no gold and silver held in pension funds: 0 points

Each state receives a rating across nine different categories. The maximum a state can earn in the sales tax and income tax categories is four points each, by eliminating taxes against gold and silver coins and bullion. If the state does not have a sales or income tax and has not specifically addressed taxation of precious metals, the maximum points it can earn in each category is 2.

The calculations for the final index score include only the points a state could possibly receive. For example, Alaska's calculation is out of 15 possible points because Alaska has no state sales tax or state income tax.

Does the state levy sales taxes against gold and silver coins and bullion?

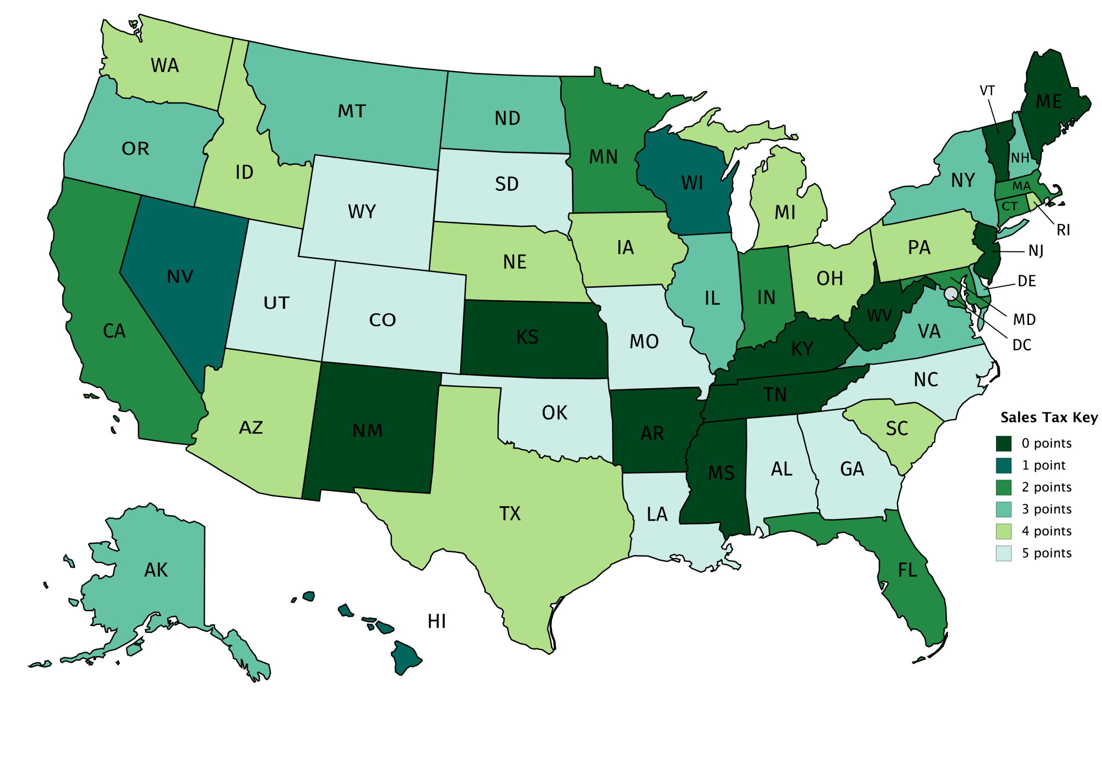
Imagine if you asked a grocery clerk to break a $5 bill, and he charged you a 35-cent tax. Silly, right? After all, you were only exchanging one form of money for another.

But try walking into a local precious metals dealer in more than 15 states and exchanging 20 Federal Reserve Notes for an ounce of silver. If you do that kind of money exchange, you will get hammered with a sales tax. That's the price you pay for bucking the system and picking up a piece of the only true money mentioned in the U.S. Constitution.

It's not difficult to see how levying sales taxes against monetary metals negatively affects those who choose to protect themselves from inflation and financial turmoil. Investors won't want to pay, for example, $100 in taxes on a purchase of a $1,350 ounce of gold. It's a competitive marketplace, so buyers would sooner purchase online or even travel out of state to obtain their metals.

States that act to remove sales taxes against gold and silver go about it in different ways. Some states will exempt only some coins, some bullion, a combination of both, a dollar amount that triggers the exemption, or a complete exemption.

Because having low (or no) sales taxes *in general* helps maintain the purchasing power of the currency, states with sales tax rates below the national average earn one extra point in this category.



Does the state levy income taxation against gold and silver coins and bullion?

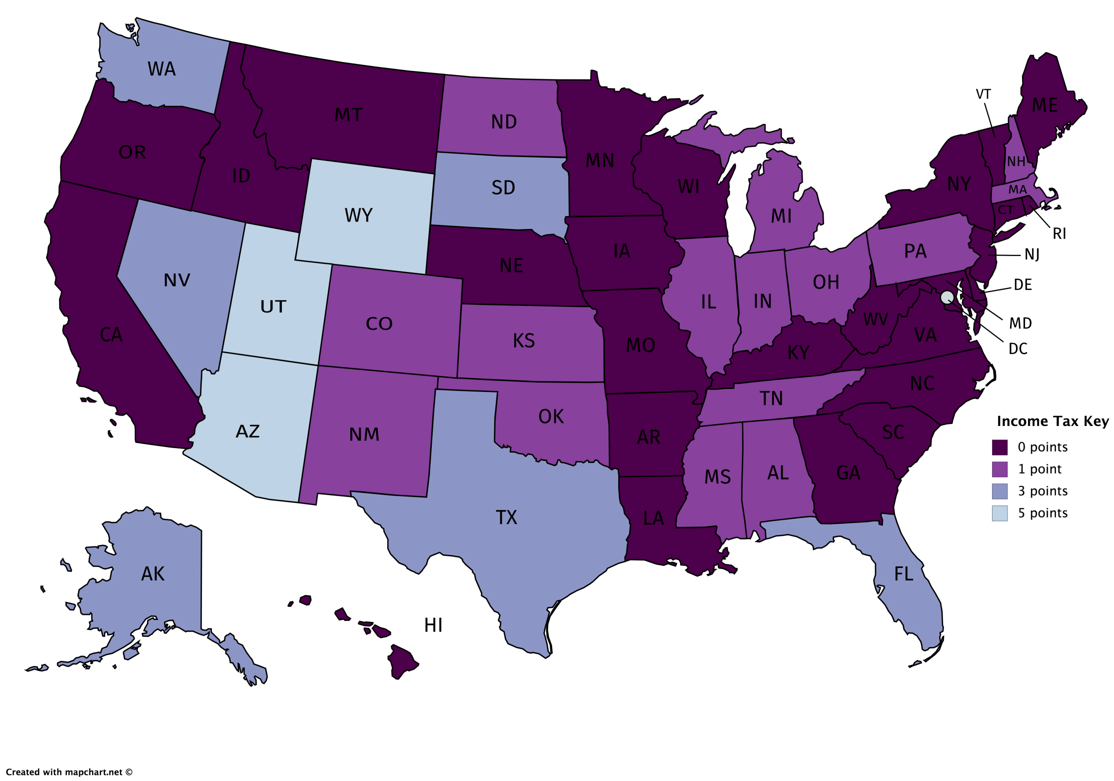
The Federal Reserve makes no effort to hide that its goal is to inflate your Federal Reserve Notes year over year, decreasing the value of each individual note in your wallet as time goes on.

Erecting barriers to owning and holding gold and silver strips people of their ability to adequately protected themselves against foreseeable risk. Unfortunately, state governments across the United States do this daily.

If you own gold to protect against devaluation of America's paper currency, you may end up with a "gain" when priced in Federal Reserve Notes. This is not necessarily a real gain. It's a phantom "gain" that results from the inflation created by the Federal Reserve but the government will assess a tax on your nominal gain anyway.

States that remove income taxation from the monetary metals are taking an important step toward adoption of sound money on a state level as well as an individual level.

Because having low (or no) income taxes *in general* helps maintain the purchasing power of the currency, states with income tax rates below the national average earn one extra point in this category.



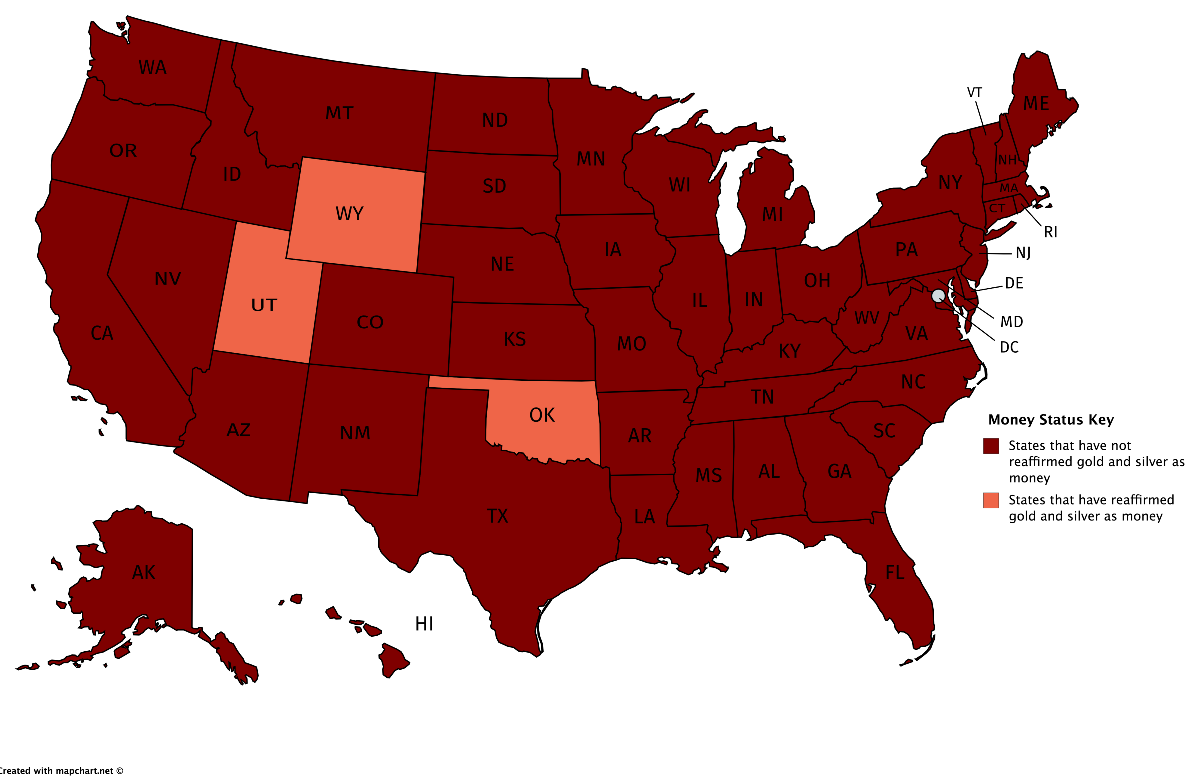
Has the state reaffirmed gold and silver as money?

Economist Ludwig von Mises defines money as a commonly used medium of exchange in his 1949 seminal work, *Human Action*. Actors in the market originally conducted trade through barter, or direct exchange. In direct exchange, those involved in a transaction expect to consume what they've traded for. The shortcomings of a direct exchange system are vast: no common measure of value, difficult to store wealth, indivisibility of goods, and more. From this system, indirect exchange was born.

Indirect exchange, the process of exchanging goods and services for goods that can be later exchanged for additional goods and services, highlighted the importance of marketable commodities. People realized that there were certain goods that other market actors were more likely to accept as payment, even if they had no *direct use* for said good other than as a medium of exchange.

Money is not a creation of government. The process through which money was "created" was not one of central planning but of markets. "Legal Tender Status" in the United States is an attempt to legitimize items (such as unbacked paper bills) that would not have survived the test of the market, while gold and silver have been chosen as true money by the free market over the course of thousands of years.

Following the example envisioned by the founding fathers and described in Article I, Section 10 of the United States Constitution, states should reaffirm gold and silver as tender in payment of debts. By acknowledging gold and silver as real (not to mention constitutional) money, states and citizens will be more likely to use them in transactions.



Does the state provide strong enforcement of gold and silver clause contracts?

Assuming you had the money, would you loan $10,000 to be paid back over 30 years plus 3% interest?

What if inflation skyrocketed? That would benefit the borrower and deeply harm you, the lender. Even if you were repaid, the declining value of those repayments wouldn't come close to making up for your loss in purchasing power.

Given that today's rates of inflation are generally higher than interest rates, agreeing to be paid at a fixed rate over a longer period is a risky proposition. The purchasing power of the Federal Reserve Note has already fallen drastically since its last link to gold was severed in 1971. In the coming decades, America's currency will surely continue to depreciate — possibly at an even higher rate.

One way to reduce uncertainty facing both parties who enter a long-term financial arrangement is to employ what is called a "gold-clause contract."

This tool gives creditors and borrowers alike a significant degree of insulation from currency risk, including both inflation and deflation.

Simply put, a gold-clause contract is a contract which explicitly specifies payment in gold or silver (or both), and therefore can only be satisfied by such payment. That means if a contract calls for repayment in gold or silver, Federal Reserve Note "dollars" are not a suitable surrogate. A guarantee of specific performance is crucial to the reliability of gold clause contracts.

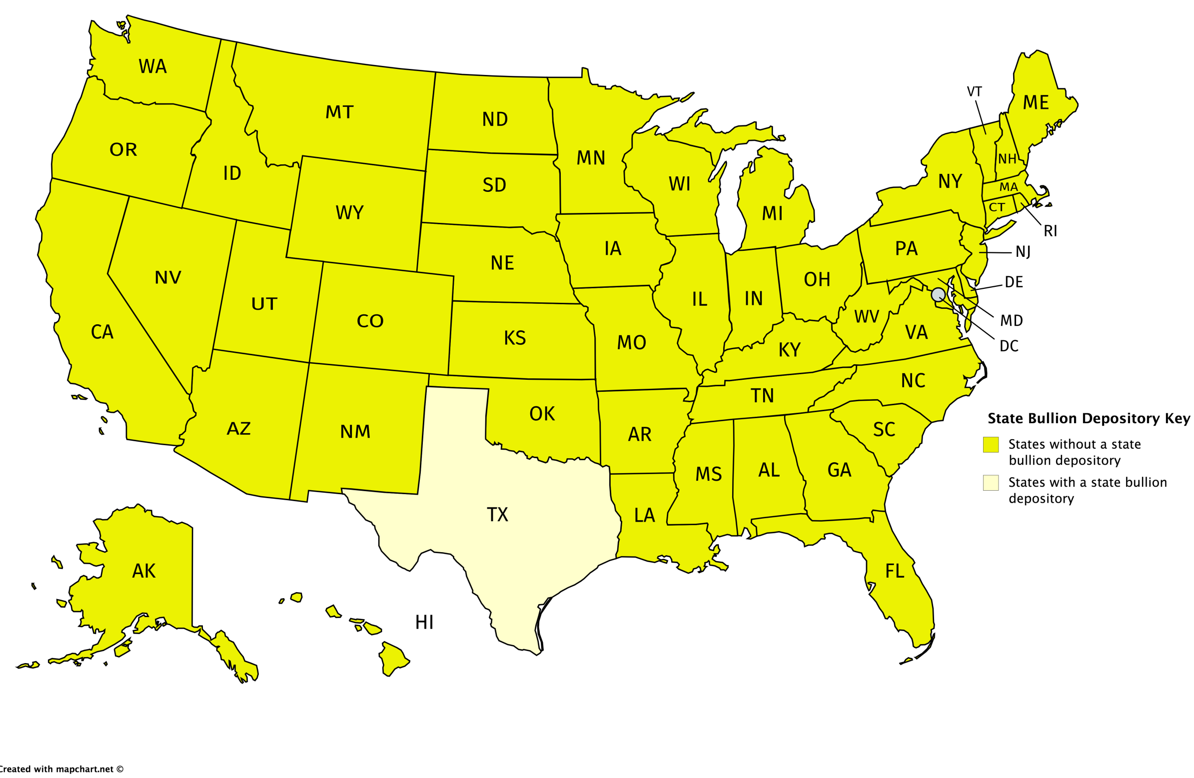
Gold clause contracts are already legal, but states can and should encourage their use by enacting legislation which requires state courts provide iron-clad enforceability. The first states that do so may benefit the most by attracting new business from all over the nation.

Since no state has yet adopted this particular sound money policy, we have not created a map.

Does the state have a gold and silver bullion depository?

By enacting legislation to establish a state-chartered precious metals depository in 2015, Texas plans not only to pull its state pension fund's physical gold out of the clutches of Wall-Street bankers, but it will also save money and create jobs by storing the gold inside the Lone Star State. Privately owned and operated, the state-chartered depository would also enable citizens to store their precious metals for a fee. And the involvement of the state potentially provides an additional layer of constitutional protection against federal government aggression such as the gold expropriation of 1933.

With an account at a depository, citizens could engage in transactions using gold and silver electronically. An account holder could make a purchase and pay the seller by transferring precious metals to the seller's account. The funds being transacted could also be converted to Federal Reserve Notes and deposited into an account at a typical bank. States that set up depository systems will help bring gold and silver further into use as an alternative to the moribund paper money system.



Does the state hold some of its reserve fund in gold and silver?

Financially prudent individuals set aside surplus funds to protect against unforeseen expenditures. This way, when faced with loss of income or unexpected expenditure, they will have a buffer against unanticipated downturns.

In the same vein, almost every state in the United States has a “savings account” for government operations. Primarily to mitigate a decline in tax revenues that comes with economic slumps, states have created funds colloquially known as “rainy day funds.”

Every state takes a different approach to these funds, from the mechanisms by which they are funded, to the caps placed on balances, to the way the funds can be allocated. If a state can put funds aside during years of increased revenue and growth, that state will be better equipped to handle a decrease in tax revenue, a natural disaster, or another surprise.

Any individual or organization that has the long-term objective of maintaining the purchasing power of its holdings must include gold and silver in its asset mix. It’s true that precious metals spot prices won’t necessarily hold steady over any given near-term period. But the longer the time horizon, the more reliably gold and silver will keep pace with inflation. The longer the time horizon, the riskier holding onto dollar-based IOUs becomes.

Since no state has yet adopted this particular sound money policy, we have not created a map.

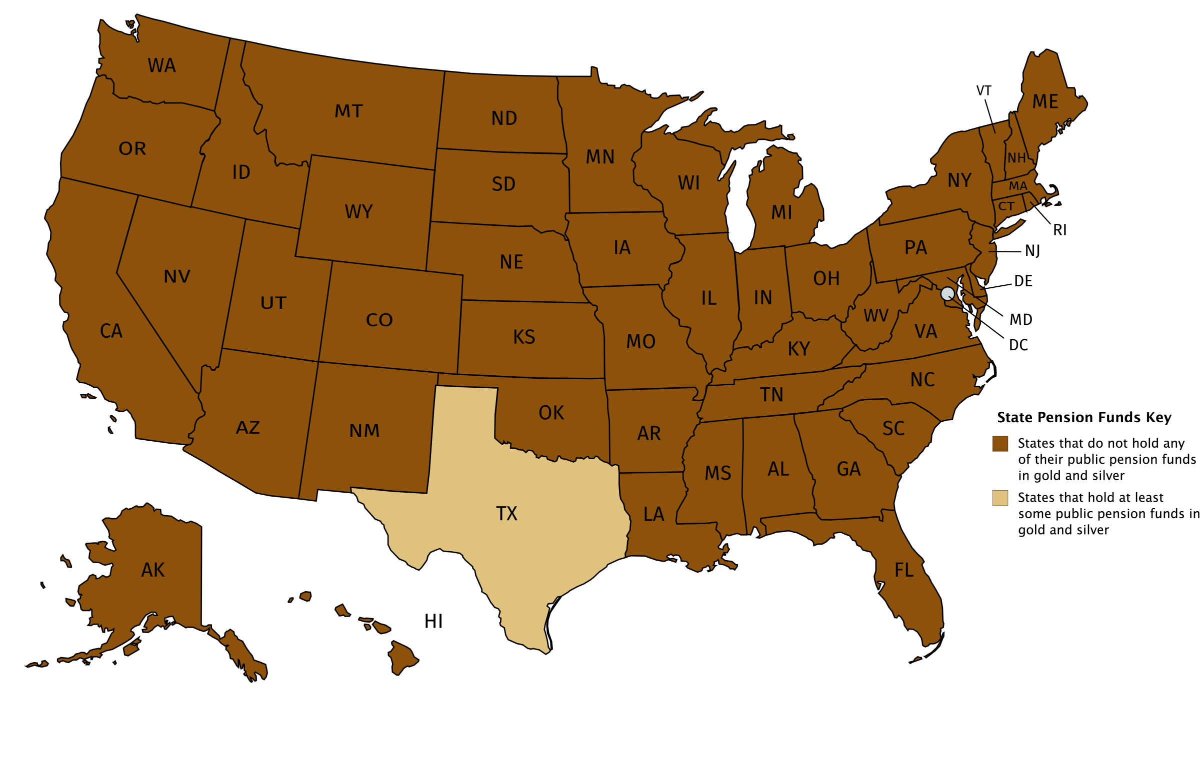
Does the state hold some of its public pension funds in gold and silver?

Tens of millions of Americans and their employers pour money into pension fund plans each month, counting on those funds to grow and be there when needed at retirement.

But a time bomb awaits. The bulk of U.S. pension funds are dangerously underfunded, and the assets are often invested in securities that have bleak prospects for providing returns that keep up with a general decline in the Federal Reserve Note's purchasing power.

Pension fund managers have a fiduciary duty to safeguard funds against foreseeable risk. With the practices of today's Federal Reserve, there is no risk more foreseeable than inflation, but these fiduciaries are not fulfilling their duty to protect against this significant risk by investing in assets suited to defend against the perpetual loss of the dollar's purchasing power. Chief among these assets are gold and silver, reliable inflation hedges from time immemorial.

While most pension fund managers shy away from gold, they do so at their own risk and the risk of their pensioners. As a non-correlated asset to bonds, stocks, and other investments, precious metals are key to true diversification. It's time for pension fund managers to break out of their Wall Street groupthink and include a meaningful allocation to physical gold and silver bullion for protection against inflation and financial turmoil.



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