

From: [Clifford Johnson](#)
Sent: Monday, January 05, 2015 10:11 AM
To: [GAO Webmaster](#)
Cc: info@dollarcoinalliance.org
Subject: The GAO's insufficient \$1 coin net benefit estimates

To whom it may concern
Government Accountability Office

This e-mail attempts to avoid a lawsuit for declaratory relief against the responsible GAO office/officer, as conceived in my attached "Circumstantial Case Update" to the Ninth Circuit court of appeal; as noted in my [Petition for Rehearing](#), p. 1 n. 1, p. 4 n. 3; and as reported in my OpEdNews article [Ninth Circuit Leaves Door Open To Suit Against GAO Re Coins Act](#).

As a petitioner for new issues of United States versus Federal Reserve currency, I complain that the estimates set forth in the March 2011 report, *Replacing the \$1 Note with a \$1 Coin Would Provide a Financial Benefit to the Government*, [GAO-11-281](#), and in like GAO reports, are gross underestimates, in that (1) they fail to include the face-value of new \$1 coins; and (2) they mistakenly suppose that the retirement of \$1 Federal Reserve (Fed) notes triggers the sale of equivalent Treasuries owned by the Fed, thus reducing the Fed profits (from interest paid on those Treasuries) that are customarily returned to the Treasury, and nullifying the interest relief obtained by issuing the same number of new \$1 coins.

Re the excluded face value, by way of compromise I would be satisfied if the GAO merely amended its estimates by incidentally specifying the dollar sums excluded (e.g. in a footnote/addendum) with an indication as to the exclusion rationale. The failure *even to mention* these amounts (which dwarf the GAO estimates) actionably violates the primary promise of such GAO reports, which is to provide politicians and the public with all substantive information relevant to deciding whether to eliminate the \$1 dollar Fed note in favor of the \$1 United States coin.

Re interest relief, the GAO model fails to take into account the six-year old and (according the Fed's own guidance) continuing regime of excess reserves. Accordingly, the GAO estimates of interest returned by the Fed to the Treasury are on the one hand overstated, owing to interest now paid by the Fed on all reserves, and on the other hand (and overall) far too low, owing to the thorough decoupling of Fed asset sales from the prospective retirement of \$1 Fed notes. Again, these are considerations that the GAO prejudicially fails *even to mention*.

These highly misleading omissions demonstrably discriminate against my political viewpoint, favoring recurrently stalled "coins acts"--most recently [S. 1105/H.R. 3305](#). As things stand, politicians (including my own representative, Senator Feinstein) and the media insistently recite the officially objective GAO estimates. Even the pro-coins-act [Citizens Against Government Waste](#) and [Dollar Coin Alliance](#) accept the GAO seigniorage formula, despite my contrary communications, and although they do dispute other and lesser GAO estimation parameters, per [Time For Change: Modernizing To The Dollar Coin Saves Taxpayers billions](#). Universally, recipients of the GAO estimates have no clue that *the official debt held by the public would in fact become less by a far, far greater sum than the so-called "net benefit" estimates given by the GAO*.

I note the implicit reproduction of the GAO 2011 estimates as the "Area 42" line item at 201 in the GAO 2014 annual report, *Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, [GAO-14-343SP](#). The same line item appeared at 248 in the 2013 annual report, [GAO-13-279SP](#), and both items refer back to the 2012 annual report, [GAO-12-342SP](#), which at 273-277 elaborates that "[i]n March 2011, GAO estimated that replacing the \$1 note with a \$1 coin would provide a net financial benefit to the government of about \$5.5 billion over 30 years." *Properly updating this item in the 2015 annual report is warranted*.

If I hear nothing constructive back from you within 30 days, I shall proceed with the promised litigation. I am ready to extend this time, if you so request.

Thank you very much for your attention in this matter, sincerely,

Dr. Clifford Johnson

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Office of the Clerk,
U.S. Court of Appeals for the Ninth Circuit,
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July 1, 2013

Re: Appeal No. 12-16775
Johnson v. United States Department Of The Treasury, et al.

Circumstantial Case Update

Dear Clerk,

This letter is pursuant to my duty as appellant in the above appeal to inform the court of new facts that might reasonably color consideration of the issues. Article III standing being at issue, I am mindful that “the Court [must] insist upon that ‘concrete adverseness which sharpens the presentation of issues upon which the court so largely depends for illumination of difficult constitutional questions.’” *U.S. v. Windsor*, 12-307 (U.S. 6-26-2013), at 10.

In perhaps sharpest part, concrete adverseness herein depended on my allegations re Senate bill S. 2049 (Excerpts of Record, Vol. III at 74), for which I actively petitioned. Known as the Coins Act, S. 2049 proposed to replace all \$1 Federal Reserve bills with \$1 United States coins. This put concretely at issue Treasury-mentored GAO estimates of the net financial benefit that would thereby automatically accrue to the government from “seigniorage.” It is alleged that the estimates are grossly understated, by precise multi-billion dollar amounts. Informational footnotes (opening brief at 12 n. 8; reply brief at 13 n.7) state my intention to add the GAO as a defendant, should the case be remanded, based on its post-filing failure to respond to my direct demands for public correction of the estimates.

S. 2049 of course expired with the last session of Congress. However, all of the pertinent allegations re S. 2049 now apply to the Coins Act, S. 1105, introduced June 6, 2013. In fact, they apply with even greater force, in that, this time around, my directly and publicly communicated challenges to the GAO’s dollar estimates have not only been discounted in responses from congressional representatives, but on June 10, 2013 I received the following terse response from the GAO’s Director of Physical Infrastructure Issues, Ms. Lorelei St. James, who is the official author of and congressional witness for the disputed GAO net benefit estimates:

Mr. Johnson: Thank you for your interest in our work. We feel our estimates are sound and we have no plans for revising them. Thank you, Lorelei St James

Of course, these new facts are not formal evidentiary introductions, and might in no degree affect the court’s considerations. Nevertheless, I deem it fit and proper to fully so inform the court, in good faith. At least, the court could now elect to word its opinion so as to indicate whether amendments based on such facts would be fit or futile.

Yours respectfully,

Clifford Johnson, appellant pro se

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