The Great Gold Heist

Claiming a "national emergency," an American president once seized much of the wealth of America's citizens. Could it happen again?

by William F. Jasper

"Nothing to fear ..." President Roosevelt delivering his March 12, 1933 "fireside chat" to the nation, in which he announced his banking and gold-confiscation measures.

It was the biggest bank heist of the century, perhaps of all time. For sheer audacity, it rivals the fantastic scheme of the fictional arch-villain Dr. Goldfinger to raid Fort Knox in one of the most famous James Bond spy-thriller episodes. But this was no celluloid or pulp fiction, and there was no Agent 007 to foil the plot at the last minute. The mastermind who pulled off the real-life caper was no comic-book rogue; he was the president of the United States.

Franklin Delano Roosevelt was elected our 32nd president on November 8, 1932 and assumed office on March 4, 1933, delivering his famous inaugural address, in which he assured the nation that "the only thing we have to fear is fear itself." For the vast majority of Americans suffering in the depths of the Great Depression, those were welcome and soothing words. But, as they were soon to find out, there was a great deal to fear from the new occupant of the White House with the silken-voiced assurances.

On March 5 Roosevelt issued a proclamation convening Congress in Extra Session four days later, on March 9, 1933. However, the president did not intend to wait that long. On March 6, 1933, less than 48 hours after taking over the Oval Office, Roosevelt declared a one-week "bank holiday," from March 6 to March 13. For the first time in U.S. history, an American president had closed the nation's banks. But that was merely the beginning of a series of revolutionary acts in the celebrated "First Hundred Days" of FDR's unconstitutional restructuring of America known as the New Deal.

By what authority did the new president take this radical action? Incredibly, he cited the Trading with the Enemy Act, passed in 1917 during the administration of President Woodrow Wilson. As legal scholar Henry Mark Holzer has pointed out, "The [bank holiday] Proclamation's reference to the World War I Trading with the Enemy Act, which had long since expired, was a strained attempt to find some semblance of legal support for Roosevelt's unprecedented assumption of complete control over America's banking system."

In his essay, "How Americans Lost Their Right to Own Gold and Became Criminals in the Process," Dr. Holzer, a noted author and professor of constitutional and administrative law at Brooklyn Law School, explains how that earlier legislation — ostensibly aimed at foreign

Big heist: Workmen at the U.S. Mint packing gold — confiscated from Americans — for shipment to the new government vaults at Ft. Knox, Kentucky, in 1937.

enemies, was turned into a weapon against American citizens:

> The existence of a state of war between the United States and Germany in 1917 had prompted the passage of the Trading with the Enemy Act, one purpose of which was to make unlawful all dealings between Americans and the enemies of the United States. However, an obscure subsection of the Act authorized the President to regulate, investigate, and *prohibit* "… any transactions in foreign exchange, export or earmarkings of gold or silver coin or bullion or currency … by any person within the United States."

When Congress convened on March 9, Roosevelt had his ducks in a row to wrangle passage of the Emergency Banking Act. Members of Congress were not given copies of the bill, but were urged blindly to vote for the measure after only 40 minutes of debate. Citing "the serious circumstances which confront the country," House Majority Leader Joseph W. Byrns (D-Tenn.) called on the House members to hastily pass the bill and "send it to the Senate so it may become a law this evening, and thus enable the President of the United States to open the banks tomorrow."

Eager to demonstrate patriotic bipartisan support, House Minority Leader Bertrand H. Snell (R-N.Y.) urged Republicans to vote "aye," noting, "the house is burning down, and the President of the United States says this is the way to put out the fire."

Rep. Ernest Lundeen of the Minnesota Farm Labor Party was one of the few members who refused to blindly vote "aye." After the legislation was passed by voice vote and he was finally recognized on the House floor, Rep. Lundeen expressed his outrage:

> Mr. Speaker, today the Chief Executive sent to this House of Representatives a banking bill for immediate enactment.... No one has told us who drafted the bill. There appears to be a printed copy at the Speaker's desk, but no printed copies are available for the House Members. The bill has been driven through the House with cyclonic speed....
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> We therefore have the spectacle of the great House of Representatives of the United States of America passing, after a 40-minute debate, a bill its Members never read and never saw, a bill whose author is unknown. The great majority of the Members have been unable to get a minute's time to discuss this bill; we have been refused a roll call; and we have been refused recognition by the Chair....
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> I am suspicious of this railroading of bills through our House of Representatives, and I refuse to vote for a measure unseen and unknown.... We must not allow ourselves to be swept off our feet by hysteria, and we must not let the power of the Executive paralyze our legislative action.

But the orchestrated hysteria not only prevailed, it prevailed in a single day. By 7:30 p.m. the Emergency Banking Act had also passed the Senate, and later that night it was signed into law by President Roosevelt. The following month, on April 5, the president issued Executive Order 6102, declaring that a "national emergency still continues to exist." Therefore, he ordered: "All persons are hereby required to deliver on or before May 1, 1933, to a Federal Reserve Bank or a branch or agency thereof … all gold coin, gold bullion and gold certificates."

On April 5, 1933, President Roosevelt issued Executive Order 6102, which declared: "All persons are hereby required to deliver on or before May 1, 1933, to a Federal Reserve Bank or a branch or agency thereof … all gold coin, gold bullion and gold certificates."

Nearly 50 years later, the government began releasing the confiscated contents of safe deposit boxes to the descendants of FDR's victims. The contents ranged from pocket watches, old coins, and silver flatware to old dresses, photographs, guns, stocks, bonds, deeds, trusts, and wills.

Failure to comply could bring one a fine of up to $10,000 and/or a prison sentence of up to 10 years. All safe deposit boxes were sealed, and all gold that could be found, with few exceptions, was confiscated. In some cases, other contents besides gold in the sealed safe-deposit boxes were not returned to the owners. The Federal Reserve Board also instructed all banks to provide a list of customers who had withdrawn gold or converted their paper currency into gold in the month prior to the bank holiday and had not turned it in afterward as mandated.

Until that time, Americans had been able to convert their paper currency into gold, a principal hallmark of a free people. The Coinage Act of 1792 defined the dollar in terms of a weight of 371.25 grains of pure silver or of 24.75 grains of pure gold. This bimetal standard — with a fixed ratio of 15 grains of silver to 1 grain of gold — continued until 1900, when the Gold Standard Act redefined the dollar solely in terms of gold, at 23.22 grains nine-tenths pure. This set the value of the dollar at $20.67 per ounce of gold. However, after forcing citizens to relinquish their gold at $20.67 per ounce, the federal government turned around and declared the dollar was now worth $35 per ounce, a devaluation of nearly 41 percent. Which is another way of saying that the government had, in effect, reached into the wallets, purses, and savings accounts of Americans and robbed them of 41 percent of their assets in one fell swoop.

Boston University law professor John E. Hannigan, writing in the *Boston University Law Review* in 1934, ominously summed up the revolutionary consequences of the administration's "emergency" actions in the previous months:

> March 6, 1933, began that complex sequence … of correlated proclamations, messages, declarations, resolutions, enactments, authorizations, embargoes, inhibitions, repeals, amendments, executive and departmental orders, regulations and requisitions, through which the President and Congress are dealing with the national emergency. The first great thing to be profoundly changed was the money of the people. Gold has been nationalized, that is, the national treasury has seized as its own all the privately treasured gold coins and bullion it could lay hands on.... A new felony has been created, merely having gold money, now termed hoarding and considered dishonest.... The dollar standard of the founders has been … repudiated: we're off the gold standard; many think we're off the ethic standard.

One of the best-known victims of the FDR gold heist was Frederick Barber Campbell, the first American to be indicted as a felon for owning gold. Several months before Roosevelt's proclamation, Campbell deposited 27 bars of gold at Chase National Bank, with Chase agreeing in writing to safeguard the gold for a fee, and to return the gold to Campbell upon demand. Campbell, a Manhattan attorney, put up a spirited defense, but was squashed by the New Deal steamroller, nonetheless — along with millions of American "hoarders," who were stripped not only of their gold, but of other valuables and personal, sentimental effects as well.

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What caused this unexpected turn of events? Had the federal leviathan belatedly developed a conscience, a sense of justice, or a constitutional impulse? Unfortunately, no. Treasury officials simply decided they needed the vault space where the plunder was being stored for a new computer center. ■

Notorious Depression-era bank robbers like George "Machine Gun" Kelly (right, with his wife during trial in 1933) and John Dillinger were pikers compared to FDR's New Dealers.