

Does Obama Want Your Bling?

Small businesses across the country have begun to realize that they will be subject to crippling new regulations under ObamaCare. The legislation requires that all businesses—including small businesses and the self-employed—file 1099 forms for *all* transactions involving the purchase of goods and services of at least \$600. This will require the completion of ten of millions of forms every year, burying businesses with additional paperwork and accounting. (Note: If a business has two \$300 transactions with the same vendor during the year, the \$600 amount has been reached and a 1099 is required.)

The new rule—which goes into effect in January 2012—will affect an estimated 40 million taxpayers, including 26 million sole proprietorships. It will also create a *phenomenal* amount of additional paperwork for all companies, forcing the marginal ones out of business. The reporting requirement will also punish small businesses, because companies will have an incentive to limit their purchases to as few vendors as possible to avoid paperwork. A company that used to purchase office supplies from three different suppliers might, for example, decide to use only the largest of the three. That will cause the largest suppliers to become even larger, while the smaller firms go out of business.

ABC News, noting the special burden the new rule will place on coin dealers, reports, “Pat Heller, who owns Liberty Coin Service in Lansing, Mich., deals with around 1,000 customers every week. Many are individuals looking to protect wealth in an uncertain economy, he said, while others are dealers like him. With spot market prices for gold at nearly \$1,200 an ounce, Heller estimates that he’ll be filling out between 10,000 and 20,000 tax forms per year after the new law takes effect.”

What does health care have to do with coin dealers filling out 1099 forms?

Nothing, of course. The new 1099 requirement was purportedly included to give the IRS more ammunition when it audits businesses, in the hopes that it can identify additional taxes due. The IRS expects to collect an additional \$17 billion in taxes over the next 10 years with the new procedure. Many would guess that the cost of complying with the new rule will cost businesses far more than \$17 billion *every* year. The net result will therefore be a *decline* in economic growth. *Why, then, was the 1099 requirement included in ObamaCare?*

ABC does *not* mention another aspect of the regulation: *the federal government will know which citizens have been buying and selling gold and silver, and it will be able to estimate how much of it each person owns.* But requiring that only certain businesses fill out 1099 forms would appear suspicious. That predicament was avoided by requiring that *all* businesses fill out millions of 1099 forms each year. (Cast a big net and then select the fish you want from all that were caught.)

Why would the government want to know who buys and sells coins?

Shortly after taking office in 1933, President Franklin D. Roosevelt signed an Executive Order “forbidding the Hoarding of Gold Coin, Gold Bullion, and Gold Certificates” by U.S. citizens. Americans were forced to hand over their gold to the government, and in return they were paid \$20.67 per ounce. (The oh-so-generous FDR allowed Americans to keep *some* jewelry, under a certain amount.) In 1934 the government arbitrarily assigned gold a value of \$35 per ounce. In the process, FDR illegally conveniently confiscated tens of millions of dollars of wealth from defenseless U.S. citizens. (The Executive Order was clearly unconstitutional, but no one stopped FDR. He did a lot of things that were unconstitutional, as do most presidents and Congresses.)

Why did FDR confiscate everyone’s gold? He needed it to finance his massive deficits. Skip ahead 77 years. Who is it who now needs to finance massive, trillion dollar deficits? (Hint: you should not require any hints.)

FDR counted on the gullibility of Americans, and most of them likely complied with his outrageous and illegal demand. But Americans today may be wiser—well, at least the ones who didn’t vote for Obama or who now regret having voted for him. They may not be so willing to turn in their gold voluntarily if Obama signs a similar Executive Order.

But Obama will have something FDR never had—a *list of everyone who has gold*. (And in areas where there are gun registration laws, he can obtain a list of everyone who owns a gun.)

I would suggest that anyone planning to buy or sell gold (or silver) do so before the 1099 rule goes into effect in 2012. Starting in 2012, you should make an attempt to spread the transactions over multiple coin dealers. Limit your total annual transactions at the first dealer to under \$600 per year. Then pick another dealer. And another. Stay under \$600 at each dealer and your name and Social Security Number will not appear on a 1099.

Oh, and one other suggestion. If your Congressman and Senators will not commit to repealing ObamaCare and the 1099 requirement, vote them out of office.

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Update: EconomicPolicyJournal.com reports, “The Dodd-Frank Financial Reform Bill contains a provision that requires companies buying gold and other minerals to submit an annual report outlining what they are doing to ensure their minerals are ‘conflict-free’”—that is, not purchased from “conflict zone” countries like Congo. It may only be a matter of time before the government demands unique serial numbers on gold and silver bars and coins, further allowing tracking to the consumer level.

