



# JEFFERSONIAN GROUP

## CHAMPIONS OF FREEDOM AND SELF RELIANCE

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### The Source for Freedom and Self-Reliant Information<sup>1</sup>

Thomas Jefferson defined *rightful liberty* as “unobstructed action according to our will within limits drawn around us by the equal rights of others—I do not add ‘within the limits of the law,’ because law is often but the tyrant’s will, and always so when it violates the right of an individual.”

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#### Is The American Dream Lost?<sup>2</sup>

The American Dream has already been lost to many within 50% of the U.S. population that pays little-to-no income taxes. The American Dream will also disappear for the middle-to-upper classes if drastic changes are not made; or, if they are not prepared for the demise of the

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<sup>1</sup> Each Jeffersonian Group, LLC ([www.jeffersoniangroup.com](http://www.jeffersoniangroup.com)) publication is intended solely for information purposes and is not intended nor does it purport to provide legal, tax, individual investment advice, estate planning advice, insurance advice or business advice. In addition, information and analysis is compiled from sources believed to be reliable but such accuracy cannot be guaranteed. Readers should do their own research and consult with expert legal, tax, insurance, business and financial counsel before taking any action.

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<sup>2</sup> The theme for FreedomFest, July 8 – 11, 2015, to be held in Las Vegas, [www.freedomfest.com](http://www.freedomfest.com).

American Empire. To recapture the American Dream or delay the inevitable and be prepared to prosper following the aftermath of our demise, Americans must first understand their inalienable rights:

1. All Americans have the inalienable right to self-defense and should be able to have the weapons of their choice to protect their lives, their family, and their property.

**Individuals have the right to keep, carry, and bear arms without the Second Amendment; and, if the State denies this right, it should become responsible and financially liable to protect its' citizens, residents, and their property.**

2. Economic freedom is just as important to Americans as religious freedom, freedom of speech, freedom of the press, voting, etc. but, the power elites and branches of government have purposely reinterpreted the Constitution, granting government more and more power at the expense of individual freedom. A close examination of the arguments and court cases, which justified the attack on economic freedom, show a pattern of false analogies and “esoteric hermeneutics rationalizing expansive powers for the government.” **Without economic freedom, we are all slaves.**

**3. The income tax is a slave tax as understood by the Founders of the United States and there was no income tax while our Founders were alive.** The government created by the Founders in 1787 is best described by Thomas Jefferson, “. . . a wise and frugal government, which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government, and this is necessary to close the circles of our felicities.” As explained by Thomas Jefferson, the Founders did not anticipate government regulation of economic activity nor a direct tax on labor, i.e., they considered an income tax on wages to be tantamount to slavery. In spite of the Bill of Rights--the first ten Amendments to the Constitution--being unchanged, Americans are saddled with extensive regulation with respect to their economic activity, along with a permanent and progressive income tax. Although the Sixteenth Amendment allows Congress to “lay and collect taxes on incomes, from whatever source derived,” it did not amend, modify, or replace the Fourth Amendment (the right to be secure in one’s papers and effects), or the Fifth Amendment (the right not to be compelled to be a witness against oneself). **Therefore, the administration and collection of the income tax is unconstitutional. However, do not stop filing your tax returns and paying your taxes; the IRS will destroy you if you do not follow the law as they understand it to be.** Instead, spread the word. The more people that understand this fraud perpetrated on the American public, the greater

the likelihood a consumption or national sales tax will be strongly considered as a replacement for the income (slave) tax. **Forget the flat tax, it will still require enforcement by the IRS and violations of our 4<sup>th</sup> and 5<sup>th</sup> Amendment rights;** and, it is still a slave tax whether flat or progressive.

How did this happen? Our Founders started us on the road to individual freedom but, somewhere along the way, we Americans took the wrong turn and have reversed course. James Madison warned the Colonists that “. . . there are more instances of the abridgment of freedom of the people by gradual and silent encroachments of those in power than by violent and sudden usurpations.” Thomas Jefferson wrote, “The natural progress of things is for liberty to yield and government to gain ground.” Jefferson continued, “Experience hath shewn, that even under the best forms of government, those entrusted with power have, in time, and by slow operations, perverted it into tyranny.”

**What better way to control the masses than by government-controlled compulsory schooling.** The clergy, which controlled much of the education of the masses up through the 18<sup>th</sup> century, has been replaced by government-controlled compulsory schooling. **The new religion being taught is democracy and the need for greater government power to solve America’s problems.**

**Democracy has been described as two wolves and a lamb deciding what’s for dinner; freedom is a well-armed lamb contesting the vote.** Former President Ronald Reagan rightly stated, “Government is not the solution to our problem **government is the problem.**”

**What’s the alternative to Democracy? Come to our Breakout Session to find out!**

*The World’s Largest Gathering of Free Minds* is converging on Las Vegas, July 8 through July 11, 2015, better known as FreedomFest. The Jeffersonian Group will be in attendance, along with many other prominent advocates for freedom. The theme for this year is: *Is The American Dream Lost?* The above is a brief description of the presentation I will be making at this year’s extravaganza! A few of this year’s attendees include Steve Forbes (Forbes media empire), John Mackey (CEO of Whole Foods), Peter Thiel (PayPal Founder & the investor who got Facebook off the ground and running), Grover Norquist (American’s for Tax Reform), former Congressman Allen West, among many others, including yours truly. In addition, there will be a debate between Paul Krugman (New York Times, Keynesian/Socialist Economist) and Steve Moore (Wall Street Journal, Austrian/Free-Market Economist), along with entertainment, to include the comedian Rich Little, at the concluding Gala. Please come and join us if you can! The Freedom Revolution is Alive and Growing!

## The World's Safest Investments<sup>3</sup>

As you might have expected, especially if you have read any of our previous newsletters, the world's safest investments are *world dominating dividend growers*(WDDG's)<sup>4</sup>; great businesses that have survived wars and depressions; and, continue to reward their shareholders with annual increasing dividends.

Take Procter & Gamble Company (NYSE: PG); almost every home in America and many other homes throughout Europe and other countries, have "at least one PG product somewhere in a medicine cabinet, pantry, or storage closet." As one of the world's largest consumer-products businesses, PG sells billions of dollars of everyday products like Gillette razors, Pampers diapers, Charmin toilet paper, Crest toothpaste, Bounty paper towels, and Tide laundry detergent.<sup>5</sup>

In 2014, the Procter & Gamble Company paid shareholders a cash dividend of \$2.52 for each share owned; this dividend represented a 7% increase from the dividend paid in the previous year (2013). In fact, the Procter & Gamble Company has increased its dividend paid to shareholders every year for 50 years.<sup>6</sup> Investing in WDDG's like the Procter & Gamble Company puts *Einstein's Law of Compound Interest* to work for you.<sup>7</sup>

Here's how compound interest works to your advantage: "An investor who bought [Procter & Gamble] at \$14.25 (split-adjusted) began earning a 2.3% dividend yield on his investment. Since . . . the annual dividend has increase every year and shares have split a couple of times along the way, *that same investor is now earning an astounding 18% on his original investment.*"<sup>8</sup> That means that the cash dividend paid to this investor in 2014 represented an 18% average annual return on the original amount invested in PG stock 20-years ago in 1994. And, if this long-standing practice continues, the average annual return of 18% will continue to increase each year thereafter.

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<sup>3</sup> Brian Hunt, *Steve Sjoggerud's DailyWealth Premium, Possibly the Most Valuable Investment Essay You'll Ever Read*, 12/10/2014: Hunt actually wrote, "Would you like to earn an 18% yield on one of the world's safest investments?"

<sup>4</sup> WDDG's is a phrase coined by Dan Ferris, an Editor with Stansberry & Associates. ([www.stansberryresearch.com](http://www.stansberryresearch.com)).

<sup>5</sup> Hunt, *supra* note 3.

<sup>6</sup> *Id.*

<sup>7</sup> See Issue: 1-2013, *Einstein's Law of Compound Interest and Investing in Great Businesses*, available at [www.jeffersoniangroup.com](http://www.jeffersoniangroup.com), under Newsletters.

<sup>8</sup> Hunt, *supra* note 3.

To grow your wealth over the long term, it is suggested that the majority of your investment capital be comprised of *world dominating dividend growers* (WDDG's). In addition to Procter & Gamble, Brian Hunt, editor of *Stansberry's DailyWealth Trader* (12/13/2014), wrote the following with respect to WDDG's: "If you're interested in making a meaningful, long-term stock investment, elite 'stable' companies like Coca-Cola, McDonald's, Intel, and Johnson & Johnson are the Holy Grail." I own all five stocks just mentioned... do you? If you own these stocks or are going to acquire them, make sure you automatically reinvest the dividends. Normally, once you acquire stocks through your online brokerage account, you have to wait 24-to-48 hours before you are able to institute an automatic dividend reinvestment program for a recently acquired company.

### Companies that Increased Annual Dividend Payments Over 50-Years

Elliott Gue, *Dividend Opportunities*, compiled this research and made it available September 6, 2013; the following companies paid and increased their dividends, as indicated, over 50-Years:

- Johnson & Johnson (NYSE: JNJ)                      51-Years; 20-Year Yield = 40%
- Lowe's Companies Inc. (NYSE: LOW)                51-Years; 20-Year Yield = 35%
- Procter & Gamble (NYSE:PG)                      57-Years; 20-Year Yield = 31%
- Parker-Hannifin (NYSE: PH)                        57-Years; 20-Year Yield = 28%
- Northwest Natural Gas (NYSE:NWN)              56-Years ; 20-Year Yield = 27%
- American States Water (NYSE: AWR)              59-Years; 20-Year Yield = 23%
- Genuine Parts (NYSE: GPC)                        57-Years; 20-Year Yield = 22%
- Cincinnati Financial (Nasdaq: CINF)              52-Years; 20-Year Yield = 21%
- Emerson Electric Co. (NYSE: EMR)                57-Years; 20-Year Yield = 21%
- Vectren Corp. (NYSE: VVC)                         53-Years; 20-Year Yield = 20%
- 3M Co. (NYSE: MMM)                                55-Years; 20-Year Yield = 17%
- Coca-Cola Company (NYSE: KO)                    51-Years; 20-Year Yield = 15%
- Dover Corp. (NYSE: DOV)                         57-Years; 20-Year Yield = 15%
- Diebold (NYSE: DBD)                                57-Years; 20-Year Yield = 10%

According to Elliott Gue: "After 20 years of consecutive dividend increases, each of these stocks offers a very attractive yield-on-cost. The highest yielding stock on the list –Johnson & Johnson—has a yield-on-cost of 40%... and that's from a \$240 billion company."

Gue continued, “Stocks that have a history of dividend increases as long as these should be considered as **potential** ‘Forever Stocks’. These are the kinds of stocks you buy, hold “forever” and watch as the dividends roll in and the stock price moves higher and higher.”

Of course, just because a company has raised and paid dividends for over 50-years does not necessarily mean that you are guaranteed that they will continue to do so for the next 50-years. But, this is an excellent starting point for further research before you decide to invest in any of these companies. Right now, I own three of these companies, which are WDDG’s: (1) Johnson & Johnson, (2) Procter & Gamble, and (3) The Coca-Cola Company. In my opinion, the three companies I own ought to be in everyone’s portfolio.

Several others from this list may also be excellent companies to acquire, hold, and reinvest their dividends. For example, American States Water (AWR) is included in Richard E. Band’s Total Return Portfolio; he recommends buying this stock when it is below \$34 per share; right now it is trading for \$40 per share with a 2.4% yield. Instead, and although unrelated, I would buy McDonald’s (MCD) at around \$94 because its dividend yield at this price is 3.6%... MCD is not on this list because it has not been around for 50-years, but, it is a WDDG and some negative publicity has resulted in a favorable buying opportunity.

Diebold (DBD) is another company that has been previously recommended by Stanberry’s *Small Stock Specialist* service; it is currently trading slightly above \$33 per share with a dividend yield of 3.5%. I am considering adding this stock to my portfolio.

I am not sure about Lowe’s Companies, Inc. (LOW) and how it compares to its competition, The Home Depot, Inc. (HD), but, at the current price of around \$71, its dividend yield is only 1.3%. With the exception of The Walt Disney Company (DIS), I generally do not buy a company for long term growth unless the dividend yield exceeds 2.0%; the closer to 3.0% and higher is preferable. Therefore, at this price and dividend yield, I am not currently interested in any further research into either Lowe’s or Home Depot.

### **The Walt Disney Company (DIS)--Invest Before It Splits**

I have written about Disney several times in past issues. Back in January of 1986 I purchased Disney stock for approximately \$10 more than it is selling for today, which is currently trading for \$102 per share. Shortly thereafter, Disney split 4 for 1, e.g., 100 shares were converted to 400 shares on February 10, 1986. Then, in 1992 Disney was trading at around \$152 and split 4

for 1 again on April 20, 1992, turning 400 shares into 1,600 shares. On June 19, 1998, Disney split 3 for 1 when it was trading for \$111 per share, converting 1,600 shares into 4,800 shares.

An original investment of \$11,262 for 100 shares of The Walt Disney Company in January 1986, due to splits only, turned into 4,800 shares worth \$480,600 today; an average annual return of over 140% in less than 30-years, ignoring reinvested dividends.

Will Disney split this year? Don't know, but if it does, I hope you have acquired some shares for yourselves, your children, and grandchildren before it does!

### **Words Corrupt Thought**

In 1946 George Orwell wrote about *Politics and the English Language*. According to Orwell, "the words *democracy, socialism, freedom, patriotic, [and] justice* have each of them several meanings which cannot be reconciled with one another." These words are often "used in a consciously dishonest way."

Since government does not directly own all of our property, we have been told that *socialism* does not exist in the United States and we live in a free country. But, according to the power-elites that control government, we need to be regulated and taxed in order to protect our *freedom* and provide *equality* for all Americans. There's that word *freedom* again, which tends to be used in a "dishonest way." I would suggest that the opposite represents reality, i.e., we live in a socialist country, not a free country (see Issue: 6-2014, *Capitalism vs. Socialism*).

According to Orwell, *equality* is another word that has several different meanings and "in most cases [is used] more or less dishonestly." Many times the word *equality* is used dishonestly to mean *equality of outcomes*, which requires the enslavement of the productive class and the redistribution of their money and property to support the non-productive political class, distribute benefits to their political cronies, and dribble mere-morsels to both the non-productive and needy poor. No person is equal to any other; we are all individuals with different shapes, sizes, and abilities. All of us should be *equal under the law*, thereby having an equal opportunity to do what we desire as long as we do not infringe on the equal rights of others. *Equality of outcomes* represents slavery; *equality of opportunity* supports individual freedom. I hesitate to use *equality under the law* because as Jefferson said, "law is often but the tyrant's will, and always so when it violates the right of an individual." Any law that elevates one group of citizens over another, which is prevalent today, violates the rights of those citizens not included in the protected groups.

Ownership and control are important terms, i.e. ownership means nothing but liability if you have no control over your property. For example, if you own some land and government will not let you develop it or use it in a productive way, you still have to pay taxes and expenses to maintain it, including liability insurance. Although you may have legal title to the property, without the ability to do with it as you please, ownership means nothing; whoever has control over the use of property has all the benefits and no liability, in this case the government.

We are accustomed to believe, and rightly so, that in a free society, along with ownership of property comes control. Perhaps government regulation and control of our property represents real ownership of our property, i.e. socialism? If we do not control our property, including our labor or right to pursue any occupation desired without restriction and heavy taxation, do we really live in a free society?

There was no income tax while our Founders were still alive; and, a permanent income tax did not happen until after the passage of the 16<sup>th</sup> Amendment in 1913. The Founders understood and read baron de Montesquieu's book, *The Spirit of Laws*, published in English in 1751, in which he set forth his basic principles of taxation: Direct taxes, e.g., income taxes, were dangerous and natural to slavery; indirect taxes or taxes on the sale of merchandise were more natural to liberty.

Socialistic policies are extremely prevalent in the United States; these policies, along with the income tax, represents the enslavement of the masses. As long as the income tax exists, we Americans will never be truly free.

In the "Old World," superstition and religion were used to control society, e.g., only the clergy was allowed to read and interpret the bible. We should ask ourselves whether superstition and religion have been replaced with the promise of democracy and compulsory education. Dr. Walter E. Williams seems to agree, "the education establishment has played a greater role through the dumbing down of Americans. The resulting ignorance has allowed us to let charlatans and quacks in the legal profession tell us what the Constitution means."

If our Founders had anticipated that the federal government would turn public education into a propaganda machine for bigger government and less individual freedom, they might have prohibited the interference by Congress with education as they did with religion in the 1<sup>st</sup> Amendment. But, I digress.



In spite of the propaganda received in our schools and from the power-elites that control government, free-market *capitalism*, which gets blamed for all of our troubles, does not exist in the United States. Government employs *socialistic* regulatory and tax policies, which are the real cause of our economic woes.

In spite of what we are told, *democracy* and *freedom* are not the same thing. As Orwell stated, *democracy* and *freedom* “cannot be reconciled with one another.” Aristotle referred to most democracies as tyranny by the many. Democracy has been described as two wolves and one lamb deciding what to have for dinner; freedom is a well-armed lamb contesting the vote. As Dr. Will Durant stated, “democracy is now taking its turn in the misgovernment of mankind.”

The United States of America was founded as a *Constitutional Republic*, with a written Constitution limiting government power and protecting the inalienable rights to life, liberty and *the pursuit of happiness* or property. Our Founders abhorred democracy or mob rule and the word *democracy* cannot be found in the Declaration of Independence or the Constitution. Yet today, that is all we hear, *democracy* equals *freedom*, while at the same time our government is passing more laws restricting our liberty, taking our property, through taxes and regulation, and generally, making the average American a slave to the power-elites that control government.

How did this happen? Our Founders started us on the road to individual freedom but, somewhere along the way, we Americans took the wrong turn and have reversed course. James Madison warned the Colonists that “. . . there are more instances of the abridgment of freedom of the people by gradual and silent encroachments of those in power than by violent and sudden usurpations.” Thomas Jefferson wrote, “The natural progress of things is for liberty to yield and government to gain ground.” Jefferson continued, “Experience hath shewn, that even under the best forms of government, those entrusted with power have, in time, and by slow operations, perverted it into tyranny.”

What better way to control the masses than by government-controlled compulsory schooling. The clergy, which controlled much of the education of the masses up through the 18<sup>th</sup> century, has been replaced by government-controlled compulsory schooling. The new religion being taught is democracy and the need for greater government power to solve America’s problems.

Based upon history, great empires of the past have crumbled because of high taxation and regulation, substantial government debt, and the continued erosion of individual freedom. Will the United States of America end up like all the great empires of the past? Or, will the “Constitutional Republic” and the experiment in individual freedom be continued? According to Dr. Durant: “Nations die. Old regions grow arid, or suffer other change. Resilient man picks up his tools and his arts, and moves on, taking his memories with him. If education has

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deepened and broadened those memories, civilization migrates with him, and builds somewhere another home.”

If we Americans can wrestle control of our compulsory-schooling and propagandizing system from government and implement an education system so that our children can learn to think critically and become self-reliant, we may be able to slow-down or reverse the decline of the United States empire; or, after the decline, rebuild a better society based upon the principles of liberty passed down to us by our Founders.

The power-elites use words to corrupt thought; if our children cannot think critically and see through this, the great experiment in individual freedom, which is currently in a free-fall, will cease to exist.

Dum spiro, spero—While I breath I hope.

Slainte mhath,

Robert G. Beard Jr., C.P.A., C.G.M.A., J.D., LL.M. *summa cum laude*