

TO: CONGRESS OF.....
HOUSE OF REPRESENTATIVES
HIS OFFICE.-

BILL Name: **BILL FOR STRUCTURAL REFORM OF THE
PUBLIC FINANCIAL SYSTEM.**

PROPONENT: **ELPAS-USA Foundation, Inc, represented by
Friedrich W. Siegel, Founder & President-
Founder with direction 1161 West 59th Pl
Hialeah, Miami, Florida 33012, U.S.A.**

Honorable Representatives:

The non-profit ELPAS-USA Foundation, legally registered in Florida, United States of America under Federal ID-number #46-29998673, also registered in Venezuela and Dominican Republic, represented by its president & founder Friedrich Wilhelm Siegel, German citizen, of legal age, with European passport number C4FOTMJF7-D and Green Card A # 046-216-590, submit in this act a Bill to the Congress ofunder the name: **BILL FOR STRUCTURAL REFORM OF THE PUBLIC FINANCIAL SYSTEM of the Republic of** with following characteristics and considerations:

Considering that the current public financial system for social expenditure no longer satisfies growing demands and legitimate needs of the constantly growing society.

Considering that chronic fiscal and budget deficit frequently must resort to increase public indebtedness, which is limited by Law.

Considering that payment of high interests for public indebtedness diminish State capacity to invest more resources in social services that are guaranteed in the Constitution of State of Law.

Considering that the national and international public financial system lacks of effective technological control instruments that guarantee security and trust in the global monetary and financial system.

Considering that in order to solve the serious problem of the budget deficit in the Social sector, the public financial system should be "**sectorialized**" in two (2) independent financial systems: One that finances public Payrolls for employees and workers in the **SOCIAL** sector (Health, Education, Justice, Security, ...), where non-tangible, invisible and non-measurable values are generated, and the Other that finances **CAPITAL** investment (infrastructure, construction of schools, hospitals, roads, products and equipment) that represent, in return, visible, tangible and measurable values. The values generate by both sectors will be financed by abundant but controlled and monitored digital Electronic Currency. As a result of this restructuring and modernization of the public financial system, governments always have sufficient financial resources available to meet their obligations, regardless of the economic situation.

In this sense and under these considerations is presented a Bill with the following Articles:

Article 1: DEFINITIONS.

1.1. "Inflation" is a devaluation of the Labor Value that is reflected in the decrease in purchasing power, and only can be neutralized by indexation of prices and wages.

Note: The ELPAS system leads to a new Paradigm that is: "**Financing of the productive apparatus through "personalized electronic money" does not generate monetary inflation**"; since there will be no inorganic money in circulation, in addition to systematic controls and monitoring about "*productive electronic money*" in circulation.

1.2. The state administration at all levels is obliged to apply a "**Dual Sectoral Electronic Financial System**" (DSEFS) to allow, on one hand, financing of SOCIAL investment (Payrolls) in Education, Health, Security, Justice Administration and Environmental Protection through a "**Sectoral Electronic Bonds**" (Sectoral e-Bond) and, on the other hand, a CAPITAL investment system that finance infrastructure, constructions, equipments, roads, products and Social Assistance Programs (Foot Stamps). Mobilization of electronic funds (e-Funds) should only be allowed through electronic D-C Cards, i-phones, Electronic Fund Transfer Checks and Electronic Bonds as only legal means of payment in the national market. Electronic funds for payroll payment and other social help programs should not be accounted as "Public Debt" (Passive) but as "Social Investment" (Active). Participating Banks in this program should not charge interest for social electronic funds management, only a "Banking Commission" for the "Social Trust administration" of electronic funds. The e-funds cannot be transferred to another activity that is not included in the same financial instrument. This system must operate independently of variations generated by economic activity. Social e-funds must be available independently of different economic levels of stagnation, boom or recession.

1.3. The "**Sectorial Electronic Bond**" (Sectorial e-Bono) only can be managed by electronic fund transfer instruments such as: Debit Cards, i-phones and Electronic Fund Transfer Checks (EFT-Check). The e-Bono is backed by tax revenues and a specific legal framework, specifically Labor Law, Social Law and Constitutional Rights and Guarantees. This e-Bond is recyclable and updated in accordance with the National Budget Law of the next fiscal year.

Article 2: OBJECTIVE OF THE BILL

The objective of the present Bill is the following:

2.1. "Sectoralization" of the public financial system of two independent and strategic social sectors, such as:

Sector I: Financial system for SOCIAL public spending (Payroll payment), and

Sector II: Financial system for CAPITAL investment for infrastructure, construction, roads, products and equipment.

2.2. To create independence from economic situations like stagnation, recession and boom.

2.3. Establish a public financial system without national or international indebtedness, applying for that purpose a financial Reengineering that transforms "Public Debt to Social Investment" (see: Financial Reengineering ELPAS).

- 2.4. Promote structural reform and modernization of public accounting, changing Debt as Passive by Investment as Active, with the objective to eliminate banking interest payment for state debt, replacing by a much cheaper Banking Commission for Trust administration.
- 2.5. Establish control mechanisms, allowing that value of tax revenues are equal or greater than expenditures, achieving a positive public balance (surplus) and eliminating fiscal and budgetary deficit.
- 2.6. Enable re-payment of public debt without cuts in Social programs, tax increase or creation of new ones. For that purpose government must apply a financial structural reform or Reengineering (see: ELPAS-eQE system).
- 2.7. Create "Sectoral Electronic Funds" for "Social Investment" in place of the current financial system of indebtedness in force.
- 2.8. Allow tax revenues to be converted into public savings and used for public debt cancellation and necessary imports.
- 2.9. Create a legal basis for establishing an anti-cyclical and anti-inflationary monetary, financial and economic system.
- 2.10. Promote and facilitate political, economic and cultural integration through Technological Innovation.
- 2.11. Control and verify all types of financial transactions and businesses, including international terrorism.
- 2.12. Foster the construction of international Peace and Justice through new social, economic and governance policies.

Article 2: Electronic Currency as Financial Instrument

Governments and Municipalities have to implement an electronic payment system for electronic transfer of payrolls of all public employees. The employer must instruct the employee to open a bank account at a bank of their choice to deposit their payroll, as well as to provide access to a Debit card and/or i-phone to be able to mobilize their money electronically. This in order to strengthen individual, public, commercial, financial and State Security. The deadlines for gradual withdrawal of banknotes will be announced by the Central Bank.

Article 3: Transformation of the Public Financial system.

3.1. The Central Government and regional governments are obliged to adopt electronic financing instruments at all administration levels, as indicated in Article 1, Paragraph 1.2 and 1.3 of this law.

3.2. The "Sectoralization" of the public system in two independent systems, one for CAPITAL investment and the other for SOCIAL investment must be applied in all public administration levels in order to improve and reorganize public finances.

A special Bill determines corresponding procedures and regulations.

Article 4: Procedures for Issuance and Processing of Sectoral Electronic Bonds (Sectoral e-Bonds).

4.1. Issuance of Electronic Bonds for the Social Sector

The Government must create for each social area an "Electronic Fund for Sectoral Trust" (Sectoral e-Fund). The issuance of electronic funds is generated by the Ministry of Finance through issuance of Electronic Bonds for Social Investment. The sum of all **Sectoral e-Bonds** is reflected in the National Budget Law. The only issuer of electronic money for e-funds is the Central Bank. The support of e-funds is guaranteed by tax revenues and specific legal framework (see legal framework for the ELPAS system).

4.2. Administration of e-funds through Trust

2.1. The Central Government and Regional governments are obliged to create "Sectoral Electronic Funds" (Sectoral e-Funds) according provisions of the Law for National Budget. The e-Funds do not constitute a Public Debt but *Social Investment*, and have to be managed by a "Social Trust Program". The Social e-Funds do *not generate active interest* but a Banking commission for administration of banking Trust.

2.2. Back-up of "Social e-Bonds"

The back-up or endorsement of Social e-Bonds is guaranteed by a) Future Tax revenues; b) the Labor Law and c) Constitutional Rights and Guarantees. The government declares the Gross Domestic Product (GDP) as unique legal gauge to define **Nation's Wealth**.

Article 5: Text of the new financial instrument, the "electronic Bond"

The text of the electronic financial instrument (e-Bono) for social services is as follows:

The amount of this Social e-BOND is intended to pay wages and salaries (payrolls) in addition to other contractual claims for employees in the public administration for the fiscal year 2017 , In accordance with the approved National Budget Law No. xxxxxxxx-2016. The amount of the financial instrument represents the total amount of payrolls in Health, Education, Justice, Security and the public administration for the next fiscal year. Its mobilization only can be done through electronic fund transfer instruments such as Debit Cards combined with a system of i-phone payment and Electronic Fund Transfer Check (EFT-Check). By no other means these funds can be exchanged into bearer money. The technical processing of the electronic funds must be armored to a electronic banking platform for adequate monitoring, control and accounting. This financial instrument is renewable annually in accordance with the National Budget Law for the next fiscal year. Its value does not represent a public debt but Social Investment, therefore it pays no interests but Banking Commission, and cannot be traded in the secondary financial market. The instrument cannot be used for any other purpose not contemplated in this document.

Article 6: Transformation of informal Economy

All actors of the informal economy are obliged to register in the "**Program for Transformation of Informal Economy in Formal Economy, Trans-Economy Program**", with the purpose to insert informal actors into the **Social Security system**, with corresponding benefits. Financing for this program provides from the new electronic financial system DSEFS-eQE. All standards and regulations for this Program will be determined by a special Law.

Article 7: Electronic Financing for Small and Middle Enterprises and Cooperatives

7.1. In order to promote and stimulate economic growth and stability government have to provide a program for emission of low cost "electronic credit" (e-credit) to establish and maintenance of Micro-, Small and Medium-sized Enterprises (MSMS), Cooperatives and Entrepreneurs. The issuing bank for e-credits must have a technological platform that provides highest level of security, control and monitoring and guarantees low financial risk and guaranteed e-credit return.

7.2. To promote the economic growth and stability State and Parliament have legal obligation to create the platform for a secure and confinable monetary and financial system,. For this proposal is recommended o adopt a system with **Electronic Currency as financial instrument**, with access for MISMS and Cooperatives. *A special legal framework will determine procedure and normative.*

Article 8: Inflation Control

In order to control monetary inflation the Government must provide technical instruments that allow control, monitoring and transparency of the mass of electronic money that is and must be in circulation in order to guarantee global stability and security in the monetary, financial and economic system. The monetary inflation should be controlled by encrypted digital currency with a dynamic and rotating coding system (see: Elpas monetary system). The purpose of this ordinance is to establish effective methods and instruments to control and neutralize causes of monetary inflation.

Article 9: The CAPITAL investment to finance infrastructure, construction and equipment in Education, Health, Justice and Security sector.

To improve and strengthen the public financial system and to eliminated public debt for CAPITAL investment, the State should provide an electronic financial instrument to finance infrastructure, construction, equipment for schools, universities, hospitals, and roads. With this intention the Ministry of Finance, coordinated with Central Bank, issue an "Electronic Bond for Capital Investment". This electronic instrument must be managed by an banking platform with electronic accounting to control and monitor destination of the electronic Bond. The mobilization of e-fund only is permitted by electronic fund transfer instruments, not changeable in Cash Money. The back-up of this e-Bono is guaranteed by future tax revenues (sovereign state guarantee) and a specific legal framework. Its amount does not represent a public Debt but

Social Investment, so it does not generate interest but "Banking Commission" for administration of "Social Capital Trust". Its acquisition must be done through a public tender and the State can negotiate it with the private sector.

Article 10: Procedures

All banks and general trade must accept electronic fund transfer instruments as legal payment . Issuance of electronic Funds only is permitted by Central Bank and authorized companies operating under control and supervision of legal banking system and Superintendence of Banks and Insurance companies. A special law will determine further procedures and regulations.

Article 11: Security

All banks that operate with Programs and Systems promoted by this Law must implement Financial Cards with chip, combined with i-phone payment system and Electronic Funds Transfer Check (EFT-Check), in addition to a Reader-Processor for fingerprint identification, and camera for ATM’s. This provision has as goal to control and protect access to the banking platform and to optimize banking, financial and state security.

Article 12: Issuance and monitoring of "Sectoral Electronic Bonds"

Is responsibility of Ministry of Finance and Central Bank in coordination with Superintendence of Banks and Insurance Companies. A special law determines extent of responsibility for issuance and regulations of electronic funds and instruments.

Article 13: Transitional Measures

13.1. During transition period from current monetary-financial system to the new electronic fund system, government should promote and facilitate provision and delivery of electronic payment instruments for persons over seventeen (17) years, through authored banks and enterprises to this program. The purpose of this provision is to create awareness in all levels of civil society regarding essential need to innovate and improve the public financial, economic and political system.

13.2. Since approval of this Law ceases the manufacture of banknotes of greater to lesser determination, also the public indebtedness to finance social expenditure.

Unique disposition: This Bill, together with the proposals for a new monetary, financial and political system (ELPAS-FCe system) will be presented by the non-profit ELPAS-USA Foundation, Inc to all signatories governments of the Charter of the United Nations with the intention, to evaluate and consider a peaceful, democratic and constitutional solution for current circumstances and difficulties in the globalized financial, economic and political system.

Done and signed by the Congress of in the city of on date of the month on year 2017.