The Devious Beast Shadowing Debtors Anonymous
Revealed Through the Writings of Richard Kotlarz

An Opinion Piece Offered by Elaine Kain

A brief introduction to ‘Debtors Anonymous’ is necessary to better grasp the intent of this paper. Debtors Anonymous is uniquely qualified in that their main focus addresses ‘one thing, and one thing only’ – Debt. As its name implies, DA is founded along the same lines as AA – Alcoholics Anonymous – for those whose ‘debt’ has spiraled out of control or is at risk of doing so. The personal stories of many members of DA share a common theme based around credit card use out of control, frantic financial maneuverings, and inherent stress of the “CC Merry-Go-Round” or “Robbing Peter to pay Paul.” Guilt, shame, loss of self-esteem, sense of failure – lying, borrowing, hiding the truth from others – takes a toll on all aspects of living. The very real stress and sense of devastation has led to other negative behaviors such as alcohol abuse, broken homes, or even the ultimate desperate act of suicide.

Many Americans struggle silently every month as these debts payments become due, trying to stay one step ahead of this shadowy, lurking beast that threatens to devour us should we lose our financial footing. Before I peel back the layers driving this ‘fall into madness’, I’d like to quickly share the “12 Steps of Debtors Anonymous”.

1. We admitted we were powerless over debt—that our lives had become unmanageable.
2. Came to believe that a Power greater than ourselves could restore us to sanity.
3. Made a decision to turn our will and our lives over to the care of God as we understood Him.
4. Made a searching and fearless moral inventory of ourselves.
5. Admitted to God, to ourselves, and to another human being the exact nature of our wrongs.
6. Were entirely ready to have God remove all these defects of character.
7. Humbly asked Him to remove our shortcomings.
8. Made a list of all persons we had harmed and became willing to make amends to them all.
9. Made direct amends to such people wherever possible, except when to do so would injure them or others.
10. Continued to take personal inventory and when we were wrong promptly admitted it.
11. Sought through prayer and meditation to improve our conscious contact with God as we understood Him, praying only for knowledge of His will for us and the power to carry that out.
12. Having had a spiritual awakening as the result of these steps, we tried to carry this message to compulsive debtors, and to practice these principles in all our affairs

When we examine these ‘12 Steps’, the saving grace for DA members is God-centered, self-acceptance, honesty and responsibility. Hope replaces ‘sense of failure’ and the spirit is renewed. Pause a moment and contrast this to the pressure of credit cards at the boiling point: overwhelming guilt, shame, loss of self-esteem, sense of failure. It’s apparent Debtors Anonymous is doing ‘God’s work’ in service to others when seen from this perspective.

Yet there is an intriguing concept buried in DA’s program that I am not sure even they fully understand; it’s repeated twice within their text. One instance is listed as Step 3 in “The Twelve Traditions of DA” which states: “*The only requirement for D.A. membership is a desire to stop incurring* ***unsecured*** *debt.”* The other instance introduces “The Twelve Tools of Debtors Anonymous”: *Recovery from compulsive debting begins when we stop incurring new,* ***unsecured*** *debt, one day at a time. (Unsecured debt is any debt that is not backed up by some form of collateral, such as a house or other asset.)* … [bold added]

This should make us question everything ‘we think we know’ about Money. What is it, where does it come from, why is ‘unsecured’ debt emphasized, where do credit cards come from, and why are we so easily entangled in financial woes? ‘Money’ is, after all, the foundation of our ability to function, indeed survive, in today’s society. ‘We think we know’ what it is – a method of trading goods and services – but that is an intellectual perception and does not address our fascination with ‘money’ (and, I daresay, credit cards). Many of us, when asked, “What is money?” will pull a few dollars and coins out of our pockets or purse – “That is money.”

On the most basic level, yes, this is ‘money’. What drives our desire to possess it, from our earliest years when we begin to grasp ‘the power of money’? I asked myself this in an attempt to understand it – what is a $20 bill, say, to a child? I realized ***it’s the potential it represents until it’s spent***. As long as goods and services are available for purchase, that single piece of paper can be traded for many things – a basketball, a movie, a video game; winter gloves, used skateboard, sports cap… The list is endless ‘as long as it isn’t spent’. It holds potential and a fascinating variety of coveted purchases to the lucky youth holding ‘this money’.

As adults, it gets more serious in that ‘money’ is linked to basic necessities such as housing, transportation, clothing, food. The desired luxuries are still there, from dining out to vacations, new clothes to sports cars. Most of us want to improve our living conditions – not just for ourselves but also for our children. Then we have ‘the status quo’ to engage with, be this gift exchanges with co-workers, enrolling children in sports and other events, meeting society’s holiday expectations and so on. “Most of us have been there.”

But we still don’t know ‘What money is’ – we know why we want it! That is the question I asked Richard, a brilliant mind who contemplated monetary systems and economics from all perspectives, including human and spiritual: “What is Money?” His writings on this topic span several books and articles, sharing various aspects from the historical view to ‘usury’ to banking and credit cards. All are worthy, but I will focus specifically on three points related to Debtors Anonymous and ‘the Shadowy Beast’ – usury, our Federal Reserve system, and credit card (read: ***unsecured***) debt.

Usury is defined by Merriam-Webster’s Dictionary as “the lending of money with an interest charge **for its use especially**, *or* the lending of money at **exorbitant interest rates**” (bold added). Since its inception, the Federal Reserve banking system ‘*has been loaning US dollars into existence with interest **for its use especially**’*. In other words, our government ‘borrows’ our money, with interest due in kind, from a separate entity. It’s not federal, there is no reserve, and ‘note’ is a banking term for ‘loan’. If you look at any paper bill in your possession, you will see ‘Federal Reserve Note’ printed on it. Again, it’s not federal, there is no reserve, and ‘note means loan’ – it’s a legal loan document temporarily in your possession.

How devastating can this be to a nation? Rich highlights the problem in “Usury: The Strange Superstition”. Quote: “A single dollar issued at the birth of Christ, and supposedly “backed” by a 3 percent bond would, in the year 2004, command a payment of 51 trillion, trillion dollars for its redemption. This is an absurd situation, of course, yet we have turned over our entire economic life, and all that that entails, to the presupposition that dollars by the billions can be issued on similar terms, and somehow the “debt” so engendered can be rolled over indefinitely.” **-** end quote. Let’s repeat that – one dollar at 3% interest since Christ’s presence two centuries ago would be due and payable over ….. **51 Trillion Trillion Dollars.** Personally, I cannot even conceptualize ‘a single trillion dollars’.

Quick note, when we had ‘true US currency’, it was issued by the US government. It could be increased or decreased as needs were met or evolved, keeping the social trading structure stable. This is one of the first matters addressed by the Founding Fathers – issuance of real US dollars. When we erroneously view the Federal Reserve banks as ‘part of the government’, we miss a basic understanding. Simplified, if we see these two entities as one, it makes no more sense than “I can loan myself a dollar and owe it to myself with interest – and I can default on myself”… Yet I can make this work **if** I split myself into two separate entities – ‘corporate me’ and ‘human me’. I can ‘borrow from corporate me’ and ‘be in debt to myself’ with all the legal ramifications built in. This is exactly what the US government did when it allowed the Federal Reserve to take over our money supply.

What are the implications in today's world? - I'm glad you asked! From Richard's *Columns,* specifically 'Column #86 PLAYING POKER, FEDERAL RESERVE STYLE', we read:

> The U.S. economy itself is essentially a gambling house managed by a financial corporation (Federal Reserve) that manages the game according to "house rules" that assure that those who own the House get their "return on investment", while those who labor in the productive sector and are responsible for all wealth creation are expected put up their hard-earned money for the game, and to cover all losses. We could picture the way it operates as follows:
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> Suppose that a gambling house offered to host a group of poker players, and that their game would be subject to only one house rule; that is, that the House would collect five percent of every pot. As the game commenced the fortunes of the players relative to each other would rise and fall however they might. The single outcome of which we could be certain, however, is that due to the one governing house rule, the money that the players brought to the game would disappear at an inexorable five-percent-per-pot rate into the bank accounts of the owners of the House.
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> Eventually the players who fared relatively poorly would begin to run out of funds, but no matter. The House would "graciously" offer to lend them money so they could stay in the game. The House would of course need more than the word of a gambler as security for such a loan. It could perhaps demand a contract signed by the gambler that promised that if he failed to pay back the money, the House could collect its "debt" in the form of some item of value held by the player, like say the title to his car or the deed to his house. If a player were foolish enough to continue his participation on such terms, this money would eventually go back to the House also, and his only option for continuing would be to borrow still more. It would not be long before he, and indeed all his fellow players, would lose virtually :all their wealth and become indentured servants to the House.
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> This poker game analogy is an accurate image of the U.S. economy at present. The players are the workers in the economy who produce all wealth. The dollars they bring to the game are like the poker :chips that serve as its currency. The playing table is the marketplace where they risk their money. The "pots" are represented by the monetary wealth subject to changing hands in the course of a fiscal year. The percentage of the action due the House is reflected in the yearly "interest" charge that accrues to the use of the dollars. The House itself is the Federal Reserve System. ... after twenty-five years (one generation) the amount of money still in play is only about a quarter of the original total. If we continued to follow this progression we would see that the take of the House would approach 100 percent.
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> This begs the question, why do we as a civilization that imagines itself to be sophisticated in matters of finance continue to submit our lives and fortunes to just such a game in the casino that the Federal Reserve economy has effectively become? Why is the affect of the "house rule" represented by the "interest" payment on our money supply hardly even mentioned in the public dialogue about the current "debt" crisis? Why have I virtually never heard it spoken about directly by the politicians and experts who have been paraded before us in the media as the ones, it is presumed, who are going to lead us out of the "debt" wilderness? [Question added: Do we yet understand that SOMEONE must fail, that others MUST be led into our interest-obligation system, that our only source 'for money to pay the interest on the money we borrowed' HAS to borrowed from the same source, with interest, as our original, national loans 'borrowed into existence'? - EK]
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> The answer, I believe, is that we also, as individuals and as a social order, **are acting out of an addiction to the illusions of the "debt"-money game, and are in a denial of that condition. This is something that we, individually and collectively, need to come to grips with**. I mean no blame or criticism by this assertion, as a lack of consciousness about money is a condition of culture at this juncture of human evolution. I continue to struggle with it in my own life. The providential task before us is to wake up to what we are doing, and at long last walk away from this **rigged game.**" [Bold added;

> also note the reflection of DA in the terms used in the highlighted sentence: 'addiction to… in denial… come to grips with…' - EK]

This is a bit of a bug-a-boo, since Debtors Anonymous separates 'secured' debt from 'unsecured' debt. Secured debt is mortgages, vehicles, loans backed by physical goods. Believe you me, 'secured debt' is just as brutal as unsecured – why else would the original cost of a home require payback, on the average, three times the original loan? Balloon payments, refinancing, home equity loans – each step is **interest-accruing**. In my case, the bank was happy to refinance – IF I wrapped unsecured credit cards into the mortgage and increased it several thousand dollars. Since I either negotiated with them or lost my home, and being quite naive to the entire process, I believed they were acting in good faith. Ironically, 'if you have money or assets', your interest rate will be lower; the poorer you are, the higher it will be. This is called 'credit worthiness', but it really means "it costs you more to be poor" – those who can least afford it bear the greater burden in this 'rigged game'.

In my opinion, Debtors Anonymous would do well to address 'secured debt' and its repercussions as fully as it addresses unsecured – generally credit cards – debt. When payments are unmet on collateralized loans, **repossession and homelessness follow**. The human reasons for this, from job loss to illness, unexpected expenses or even death, do not matter to the loaning agency. "So sad, too bad, good-bye."

Let's now look at 'unsecured debt' in the form of credit cards. Since Richard addresses this across multiple columns, I'll defer to him on this. Yet I will relate a small story Rich shared with me that highlights the quagmire surrounding this: His friend had applied for a credit card that was issued with a small line of credit; she used it to visit her parents when they became ill since she had no other available funds. The original amount was around $300; she lost her job and went back to college, struggling to make the minimum payments as her finances fluctuated. Some payments posted 'a day late', incurring late fees and over-limit fees in excess of $50, which she frantically threw money towards whenever possible. The credit card balance would dip slightly lower, but most of her payments were going towards the high interest rate and fees. Despite several years of effort on her part, she could never get this card under control. When Richard stepped in, the original $300 had ballooned to $1500 due. The irony here is that he felt 'good' when he negotiated with the company to settle for $700. How many times over did she pay the $300 during these years, only to carry a balance five times higher than the original? "Dear Rich, you were suckered."

Let's see how Rich confronts this in his writings, starting with Column #15 FRONTLINE CREDIT CARD REPORT (all emphasis mine):

> [Addressing Frontline report on PBS titled "Secret History of the Credit Card"] … there was one factor that was, to my mind, conspicuously missing. That is that nowhere was it mentioned that **when a consumer uses a credit card, he is, in conjunction with a bank, causing new money to come into existence**. Nor did I detect any indication that such a thought was even a glimmer in the minds of the producer, or any of the people in the film.
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> There were experts that offered sober advice about how to use credit cards responsibly. We do live in a time when they appear to be part of our financial lives (for better or worse), so how could one argue against being prudent in their use? I certainly could not. There seemed to be an underlying assumption, however, that if only we could use them "responsibly" we could keep them under control. This seems reasonable if one takes a short term view of the matter. It is problematic if one takes the longer view.
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> **The truth is that any level of usage (assuming one does not pay off one's balance each month before charges apply) unleashes, given enough time, financial pressures into the lives of people (both the cardholders and others) that tend to drive them ever deeper into "debt."** This is true especially given the astronomical rates of "interest," fees and penalties that credit card companies tend to charge.

> The source of this pressure is, as for **all bank loans (which a credit card transaction is)**, that the money to pay back the principal of the loan is issued with the loan and retired with the payback, but the money dedicated to “interest,” fees and penalty payments is recycled through the financial markets and reemerges as yet more consumer “debt.” If we are to think through to the end the full implications of credit card use, this is a factor that must be fully taken account of. …

He continues in Column #16 CREDITS CARDS: VIEW INTO THE HEART OF THE SYSTEM:

> There have been many reports in the media which document the financial distress in people’s lives that often accompanies the use of credit cards. Is there perhaps, dare I call it, a “redemptive” side of the credit card question? If we can approach our experience with their use with sufficient awareness, it is possible, in my view, that it may yet be turned to good account.
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> The emergence of credit cards in people’s lives can serve as personal view into the inner workings of the financial system. In earlier times people lived a daily existence that was far less immersed in the details of money. The business of banking was some mysterious affair that took place behind the temple-like facade of a building downtown. The average person made only a rare visit there to borrow a few dollars when times were tight. Many lived out there lives without making the trip at all. They mostly grew corn, built their houses and raised their families.
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> Now we carry around the keys to the banking system itself in the plastic cards in our wallets. At one time, the decision to create and issue money was made by gray men in paneled rooms after sober deliberation. **Today, we the consumer routinely cause vast quantities of money to be created and put into circulation very quickly, often on mere impulse, at the cashier’s counter**. **That we don’t realize it doesn’t change the fact of its occurrence**. [Note added: The ‘money paid’ for this transaction **doesn’t exist** until the card is swiped. It comes into existence almost instantaneously. The card limit is the amount we are allowed ‘to create’ in this fashion, but it does not exist until we use it. - EK]
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> If we take care to track the effects of our use of the card through our monthly statements, it is not difficult to see that the high charges for “interest,” fees and penalties on that newborn money quickly absorbs future potential buying power, thus creating a self-fulfilling need to create and bring into circulation ever more quantities of money (increasingly not for discretionary items, but for gas and groceries). **The vicious cycle of “debt” expansion is thereby accelerated, and its workings laid bare before our eyes.**
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> At length we are drawn into the revolving-door trap of making minimum monthly payments. Now we are working to pay only the “interest,” fees and penalties, and making little, if any, headway in paying down the loan. When we finally stumble and fall on the minimum-payment treadmill, bankruptcy is the next step. **This financial dead end has been the natural tendency of the money-issuance-by-private-bank-loan principle all along, particularly since its formal institutionalization in the Federal Reserve Act of 1913.** …
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> … If we have the wit to see it, th**e credit card crisis constitutes a unique opportunity for people to get a close look into the workings of the adverse principle at the core of the monetary system** from their own experience, and come to a reckoning with their own part in it. We all have something to take responsibility for. The respectful dialogue that could rise out of that epiphany is the first step in implementing a solution that goes to the heart of the system.

As a side note, Rich reveals this in the next column:

> By the way, the credit card profession has a name for those who pay up their debt every month “deadbeats.” For customers, they very much prefer the late-paying-trying-to-survive-on-their-way-to-bankruptcy ”revolvers” (those struggling to make minimum monthly payments). **From what I have**

seen, card-company practices are evidently designed to nudge as many of their “deadbeat” customers as possible into the “revolver” category.

This, then, is ‘the devious beast’ stalking our society, the siren temptation from which uncontrolled debt arises. Debtors Anonymous is not only a prime example of how insidious this can be on personal finances and lives, but also a place of spiritual healing for those embroiled in it. Yet ‘calling the beast what it is’ is lacking from DA discussions, and, I suspect, their greater awareness. Unsecured credit debt is not separate from secured debt, usury is not separate from the Federal Reserve. Both systems are designed to profit a few off the labors of many; neither is designed to promote health and wellness in the social collective. **Either system, Federal Reserve or bank-credit-card, in order to maintain itself, must, by its very nature, devour lives** – be it in small bites or large pieces.

Again, Merriam-Webster’s Dictionary defines usury as: “the lending of money **with an interest charge for its use especially** *or* the lending of money at **exorbitant interest rates**”. There is no way a society can sustain itself financially for any length of time when these are the monetary conditions under which it operates. Like a game of roulette, it doesn’t matter ‘who loses’, simply that there must be those ‘who do lose’ – someone ‘has to pay the piper’ to keep the usury game spinning.

For those who have been caught in ‘Credit Card Merry-Go-Round’ or faced the inability to pay on ‘secured debt’, these lessons come at a great cost. The individuals share responsibility, but the game was stacked against them without their awareness and to their detriment. I’ll end with one final example of “how it’s played” specifically targeting a company called *Care Credit*. This line of credit is displayed in friendly brochure form at the receptionists’ desks in many doctors’ and dentists’ offices. *Care Credit* will help if you need an emergency loan for such items as a chipped tooth, braces, uncovered procedures, or uninsured portions of medical costs. They’ll help you all right… at 24% interest with plenty of penalties and fees in the fine print. They sure do care! It’s obvious that only those desperately in need would ever apply for *Care Credit* – only those who can least afford it will be lured into it.

And likely bankrupted after years of financial stress trying to pay it off.

We must, collectively, awaken to the destructive nature of this shadowy beast if we are ever to secure our God-given right to live and prosper without paying in blood and sacrificing the lives of future generations to it. There is no other choice.

With greatest respect to Debtors Anonymous and the wisdom of Richard Kotlarz, I hope this writing presents some small insights into the larger monetary issues facing us all. I highly recommend any and all of Richard’s writings, freely available online at http://richardkotlarz.com along with resources provided by Debtors Anonymous.