

LAW OFFICES OF  
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LOS ANGELES, CAL.

February 19, 1935.

Hon. Charles E. Hughes,  
Chief Justice Supreme Court,  
Washington, D. C.

Dear Judge:

I am much pleased with your decision of yesterday in the "gold clause" cases.

One thing, however, suggests itself to my mind in that connection as to government bonds containing that clause. When bondholders insist upon the letter of their bond the burden is on them to establish the validity of this "gold clause".

Where in the Constitution is found any authorization at all to include a "gold clause" in any government bond?

I find none. So that the inclusion of this clause in government bonds seems to be without legal authorization, the clause is without validity and unenforcible.

The sole power in Congress in this matter, as set forth in Article 1, Section 8, of the Constitution, is-

"to borrow money on the credit of the United States".

Here is no authorization to borrow money on the strength of gold collateral held in the treasury. Here is no authorization to borrow money upon the promise to make repayment in gold, or in silver, or in wheat, or in cotton, or in any other commodity. The sole power is to borrow money on "THE CREDIT" of the United States. The power is specifically limited to borrowing money on the nation's simple "credit", to be repaid, like any other debt, in legal tender.

Very respectfully,

John A. Rush