



# Vanguard Eagle

San Diego Chapter    March 2020

Annual Membership Donation (per single or couple - includes newsletter subscription) ----- \$ 20.00

Please submit membership donations to Kay Bays, Vanguard Treasurer, 5038 September Street, SD, CA 92110



## Happy St. Patrick's Day



### ---February 4th Vanguard Meeting---

The presentation for the February 4th Vanguard meeting was '**The Federal Reserve System**' which is a pertinent topic for our present time. Your Vanguard Eagle Editor (Steve Jahn) gave the presentation and due to the expiring time, I had to cut it short and ended at the Civil War, so if there is no guest speaker in March, I may continue on from the Civil War to the present time. We had 18 attendees at the meeting and Bart Lancaster won the 50/50 Drawing. Irene Garrett, our president, was the birthday drawing winner.

### The Federal Reserve System

There were 3 prominent Americans involved in the adoption of the Federal Reserve. Those three were **John Pierpont Morgan, John D. Rockefeller** and **Nelson Aldrich**. There were two European bankers also strongly involved in its creation. They were **Nathan Rothschild** and **Paul Warburg**.

**Nathan Rothschild** came from a family whose head, Amschel Rothschild, was hired as the agent of the Elector of Hesse-Kassel, **Landgraf Fredrick II** and worked in Frankfurt, which was the financial center of the German States that were known at that time as the Holy Roman Empire. When Fredrick II died, his son, William IX became the Elector of Hesse-Kassel and he retained Amschel as his financial agent during the American Revolution. Amschel had to be involved in the 'rental' of the Hessian troops, as mercenaries to the British crown at this time. British officers and diplomats promised quick victory. Instead, almost 19,000 Hessians, 7,000 more than the originally contracted contingent, crossed the Atlantic after 1776. Five thousand died from all causes, more than 80 percent from disease alone. Another 1,300 were wounded. Between 2,500 and 3,100 went missing. Many of those simply deserted and remained in the New World marrying local American woman and starting new households there. Amschel was well rewarded by William IX for his work and trained his 5 sons in financial transactions. He gave them all seed money and sent them to London, Paris, Vienna, Naples and one remained in Frankfurt to take over from his father.

Son **Nathan Rothshild** did well in England. During the Napoleonic wars he supplied the Duke of Wellington with money to pay his troops on the continent in France and Spain. To do that he had set up a rapid communications system to keep up with the constantly changing location of the British Army. He had acquired small, very fast, sailing ships which were based in Calais and Dunkirk. Then a station in Dover with fast ponies to get to London. These arrangements benefited him well when the Battle of Waterloo was fought. Napoleon was defeated on the evening of June 18, 1815 and a Rothschild agent dashed to Dunkirk immediately on learning the result of the battle. He took the fast sailing ship to Dover and by fast Rothschild "Pony Express" got to London

on the evening of 19 June 1815 and informed Nathan of the battle result. Nathan was duty bound to tell the English Prime Minister Robert Banks Jenkinson of the result, but on arriving at his residence, he was told by a butler that he had already gone to bed but would see him tomorrow. (The official courier from the Duke of Wellington did not arrive in London for another two days after Nathan had gotten his news.)

Nathan then went to the London Stock Exchange and a rumor erupted there that Napoleon had won the battle of Waterloo, and hundreds of holders of European Real Estate and of European industrial shares put up their holdings in a panic for Pennies on the Pound, and Nathan was prepared to buy. That night he doubled the worth of the entire Rothschild family fortune which had taken almost a century to accumulate. He went on to dominate the British Central Banking system, and we believe he kept the royal family on as its chief shareholder.

In America, **John Pierpont Morgan**, son of an American Banker, was born in Hartford Connecticut on 17 April 1837. His father was already established in the banking industry and sent young John to the Episcopal Academy in Cheshire, Connecticut, where he boarded with the principal of the school. He was able to gain entry to the English High School of Boston, which taught students mathematics of commerce. His father then sent him to Switzerland to learn French at the Bellerive school. Then a short course at the University of Göttingen in Germany where he gained some grasp of German. It was there that he got a degree in Art History, and gained a love of Art. He acquired a large and very valuable art collection during his lifetime. In 1857 John started in the banking industry, working for the London branch of the firm of **Peabody, Morgan and Company**. In 1858 he moved to New York to join the banking house of **Duncan, Sherman and Company** which was the American branch of **George Peabody and Company**.

At the start of the American civil war Morgan paid a replacement \$ 300 dollars to take his place in the Union Army. During the war Morgan was involved in the Hall Carbine Affair, where he purchased five thousand rifles from an Army arsenal for \$ 3.50 each and resold them to a Field General for \$ 22.00 dollars apiece, a profit of \$ 18.50 on each rifle. Morgan continued in the banking industry associated with banking firms in London, Paris, New York and Philadelphia. He took many partners over the years but always retained control himself. Acquiring failing firms, which were unable to repay their loans, he would reorganize them to once more bring them to profitability. He gained a reputation for his organizational skills in restoring firms to profit, which came to be called "morganization". Firms benefiting from his reorganization would then attract the interest of new investors into their businesses.

Morgan's climb to power was through the railroad business which had become the largest industry in America at this time. Cornelius Vanderbilt was a large investor in the industry using the money he gained from the riverboat shipping business. **Morgan** was able to gain control of the **Albany and Susquehanna Railroad** from Jay Gould and Jim Fisk in 1869. The **Northern Pacific Railroad** went bankrupt in the depression of 1893. A financial battle ensued to take control of the railroad. A compromise was reached involving **Morgan**, New York financier **E.H. Harriman** and railroad builder **James J. Hill** of St Paul Minnesota. The Northern Pacific Railroad was one of the largest in America.

During the depression of 1893 the Federal Treasury had to sell large quantities of gold to redeem its Federal Notes. By 1895 the Treasury was almost out of gold. Morgan came up with a plan to buy 3.5 million ounces of gold from the Rothschilds of London in return for a 30 year bond sale. He used a Civil War law to make the transaction and was able to restore the gold surplus of the US Treasury. Obviously it was his banking connections in London that made the deal possible.

---continued on page 4---



**---March Birthdays---**

**Happy Birthday Vanguard**

March 2 **Lonna Hefty, Molly Manning**  
March 6 **James Paige, Julia Blanchard**  
March 7 **Joanne Espinosa**  
March 8 **Walli Stebel**  
March 9 **Thelma Ballard**  
March 11 **Lawrence Bartolo, Bruce Craig**  
March 12 **Karl Ramsing, Mary Jane Scholl**

March 22 **Jorge 'George' Benitez**  
March 23 **Warren Stanley**  
March 24 **Joseph Albo**  
March 26 **LaMont DeCol**  
March 27 **Eleanor Lancey, Shirley Griffin**  
March 28 **Roberta Swanson**  
March 29 **Mary Kezon**



**---March Anniversaries---Congratulations Vanguard**

March 23 **Bob and Mary Solsbak (1961)**

After the death of his father in 1890, John P. Morgan took control of **J.S. Morgan & Co.** which was renamed **Morgan, Grenfell & Co** in 1910. Morgan then bought several steel firms and in 1901 was able to purchase **Carnegie Steel Company** and merged them all to form **United States Steel Corporation**. It became the first billion dollar industry in the world.

In the Panic of 1907, there was a financial crisis which had the major banks of New York on the verge of bankruptcy. It was **John Pierpont Morgan** who stepped in to help solve the situation. Treasury Secretary **George B. Cortelyou** provided \$ 35 million dollars to deposit in the New York banks and Morgan got the major financiers together in his New York apartment and forced them to agree to cooperate and devise a rescue plan. **James Stillman**, president of National City Bank, also played a major role in the rescue operation. The bankers were told to buy up plummeting stocks of healthy corporations and to secure further international lines of credit and redirect money between the banks. This averted the bankruptcy of the major banks and it was this situation which Nelson Aldrich cited as the reason to establish a **private national central bank (The Federal Reserve System)** **President Woodrow Wilson** signed the bill establishing the Federal Reserve System in 1913 and in his memoirs cited it as his greatest regret. John Pierpont Morgan died on 31 March 1913, in Rome Italy leaving a son and three daughters behind. He did not live to see the takeover of the American financial system by the Federal Reserve System.

**John D. Rockefeller** was born 8 July 1839 in Richford, New York. He was a devout Northern Baptist and supported many church-based institutions. He adhered to total abstinence from alcohol and tobacco throughout his life. He relied on his wife Laura Spelman Rockefeller for advice and the couple had five children, four daughters and a son. He was a faithful member of the Erie Street Baptist Mission Church, taught Sunday school, and served as a trustee, clerk and occasional janitor for the church. Religion was a guiding force throughout his life and he believed it to be the source of his success. He was also a supporter of capitalism based on a perspective of social Darwinism, and was quoted often as saying: "**The growth of a large business is merely a survival of the fittest**". **Rockefeller** was a believer in **John Wesley's** dictum, "**gain all you can, save all you can, and give all you can**". He said "**God gave me money**" and he never apologized for that.

In 1859 Rockefeller went into the produce commission business with a partner, **Maurice B. Clark**, and they raised \$ 4,000 dollars in capital. (Worth \$ 113,822 in 2019 dollars) They made a profit every year and when the Civil War started, Rockefeller paid a substitute to fight for him in the Union Army. Rockefeller's brother Frank served in the army however. The Union Army now called for massive amounts of food and supplies and **Clark and Rockefeller** made large profits. Soon they noticed that the oil business was much more lucrative. Prior to the war the price of oil had been as low as .35 cents a barrel. As the Army now required large amounts of Kerosene, the price of oil rose to \$13 dollars a barrel in 1863. This allowed a profit margin of \$ 5 to \$ 8 dollars per barrel. To build a refinery the cost was only \$ 1,000 to \$ 1,500 dollars and required only a few men to operate.

So Clark and Rockefeller built a large refinery in 1863 on The Flats, then Cleveland's booming industrial area. It was directly owned by **Andrews, Clark and Company** which included **M.B. Clark, John D. Rockefeller**, chemist **Samuel Andrews** and **two more Clark brothers**.

**John Rockefeller** was very frugal and always tried to eliminate waste and unnecessary expenses. Barrels were required for the oil business and cost \$ 2.50 cents. John D. bought the required wood and metal staves and hired barrel makers and was able to bring the cost of a barrel down to .96 cents. He did the same in later years by building pipelines to move his oil instead of using the railroads, and saved great amounts of money again. Where most of the oil companies boiled the oil to extract the kerosene and then dumped the gasoline and other products into local streams, Rockefeller tried to find a market for every part of the raw oil. He used the gasoline to fuel the

refinery, (and as automobile fuel) then sold the rest as lubricating oil, petroleum jelly and paraffin wax. Tar was used for paving, naphtha was shipped to gas plants.

In February 1865, Rockefeller bought out the Clark brothers for \$ 72,500 dollars and established the firm of **Rockefeller & Andrews**. In 1866, William Rockefeller Jr., John's brother, who would later become a controller of National City Bank of New York, built another refinery in Cleveland and brought John into the partnership. In 1867, Henry Morrison Flagler became a partner and the firm of Rockefeller, Andrews & Flagler was established. By 1868 the company owned two Cleveland refineries and a marketing subsidiary in New York. It was now the largest oil refinery in the world, and was the predecessor of the Standard Oil Company. In 1879 Cornelius Vanderbilt's Morgan-financed New York Central Railroad gave preferential shipping rates to John D. Rockefeller's Standard Oil monopoly, cementing the Rockefeller/Morgan relationship. The house of Morgan now fell under **Rothschild and Rockefeller family control. Morgan and Edward Harriman's banker Kuhn Loeb held a monopoly over the railroads, while banking dynasties Lehman, Goldman Sachs and Lazard joined the Rockefellers in controlling the US industrial base.**

**Nelson Wilmarth Aldrich**, the 3rd and perhaps the most important American to form the Federal Reserve system was born on Nov 6, 1841. He served in the Union Army as a Private during the Civil War, unlike Morgan and Rockefeller who paid for a substitute to take their place. Ten years after the Civil War ended he ran for office in the Rhode Island House of Representatives and served there for one term. He then ran for the US House of Representatives where he served from 1879-1881, and then ran for the US Senate where he served from 1881-1911, some thirty years during which time he became Chairman of the Senate Finance Committee. In this post he came to know the heads of American banking and industry giants. His daughter Abigail married John D. Rockefeller Jr. in 1901 and the Aldrich Family was now in partnership with one of the, if not **the** wealthiest families of America. The Morgan and Rockefeller families now had a key member of the American government as their ally in establishing a private central bank. John D. Jr and Abigail Rockefeller had one daughter (Abigail) and five sons, (John D. III, Nelson, Laurance, Wintrop and David) These five Rockefeller men maintained a strong control over American government policies for the next 100 years until David Rockefeller passed away on March 20, 2017 at the age of 101.

In November of 1910 a secret meeting was held on **Jekyll island** which was owned by Nelson Aldrich. Seven men attended the meeting, **1. Nelson Aldrich**, the host, **2. Abraham Andrew**, Assistant Secretary of the US Treasury, **3. Frank Vanderlip**, president of National City Bank of New York, the most powerful bank at the time representing William Rockefeller and the international Investment Banking house of Kuhn, Loeb & Company. **4. Henry Davison**, senior partner of J.P. Morgan Company. **5. Charles Norton**, president of J.P. Morgan's First National Bank of New York. **6. Benjamin Strong**, head of J.P. Morgan's Bankers Trust Company and **7. Paul M Warburg**, a partner in Kuhn, Loeb & Company as representative of the Rothschild banking dynasty in England and France, and brother to Max Warburg, who was head of the Warburg banking consortium in Germany and the Netherlands. This meeting was used to plan the establishment and the name of the private banking system that would be installed in violation of the founding fathers' plans, who wanted a government banking system run as a public service. In order to gain the approval of the powerful industrial leaders of America, they had to be included as shareholders in this private banking system. Even today you cannot learn the names of those shareholders. It is a matter of "National Security". Books have been written about these shareholder families, most often citing 60 families, but I have also heard the figure of 200 mentioned frequently. The election of Woodrow Wilson in 1912 was the key to bringing in the Federal Reserve Bank as Edward House, a banking industry figure, was Wilson's closest advisor.

**--- To be continued in April issue---**

**Sadly Airwise Aviation News seems to have ceased operating since November, so we are now using the USA TODAY Travel News Site to get recent Aviation News Articles.**

**---LAX Passenger from Mexico City Receives Medical Treatment Amid**

**Coronavirus Fears---** Julia ThompsonDawn Gilbertson **Jan 24** USA TODAY

After the first case of the new coronavirus from China was discovered in the United States, airlines, airports and the Centers for Disease Control and Prevention in the U.S. have responded to try to mitigate the spread of the deadly respiratory virus. The new coronavirus, which originated in the central city of Wuhan, China, has so far infected more than 540 and killed at least 17, according to Chinese authorities. Wuhan officials have halted air and train travel from the city and closed public transportation. The virus has spread to Beijing, Thailand, South Korea, Japan and Taiwan.

On Thursday, the World Health Organization declined to formally declare the coronavirus outbreak a global health crisis at this point and said it won't ask airlines and airports to go beyond their current screening efforts.

**---Delta Air Lines Fined \$50,000 for Kicking 3 Muslim Passengers Off Flights---**

Sara M Moniuszko **Jan 27** USA TODAY

Delta Air Lines was fined \$50,000 by the U.S. Department of Transportation after ordering three Muslim passengers off a flight. Delta denied that it discriminated against the passengers in two separate incidents but agreed it could have handled the situations differently, according to a consent order released Friday by the U.S. Transportation Department. According to the order, the DOT claims Delta violated federal statutes that prohibit carriers from discriminating based on the basis of race, color, national origin, religion, sex or ancestry. In addition to the fine, the order directs Delta to "cease and desist from future similar violations," mandates civil rights training to certain Delta employees and requires the airline to enhance its e-training civil rights program.

In one case in July 2016, a Muslim couple, the wife wearing a head scarf, were headed from Paris back home to Cincinnati. A passenger told a flight attendant that the couple's behavior made them "very uncomfortable and nervous," claiming that she saw the man had "inserted something plastic into his watch" and that the couple was "fidgety, nervous, and sweating."

At the captain's request, a Delta supervisor and security officer interviewed the couple outside the plane. Delta's corporate security office reported that the couple "raised no red flags," and they were cleared to fly, according to the consent order. But the captain refused to let them re-board the plane; they flew home the next day. A few days later, a similar situation occurred with a man traveling from Amsterdam to New York. According to the order, flight attendants and other passengers complained about the Muslim passenger, but the captain decided to continue with the flight after his co-pilot walked through the cabin and observed nothing remarkable. Delta's corporate security office also reported the passenger had "no red flags."

**---These are the 20 U.S. Airports Screening for the Coronavirus---**

Curtis Tate and Jayme Deerwester **Jan 29** USA TODAY

Here's the expanded list of airports (screenings at the top five were already taking place):

1. LAX
2. SFO
3. ORD
4. JFK
5. ATL
6. IAH
7. DFW
8. SAN
9. SEA
10. HNL
11. ANC
12. MSP
13. DTW
14. MIA
15. IAD
16. PHL
17. EWR
18. BOS
19. ELP
20. SJU

Vice President Mike Pence said in a speech Monday that these airports collectively handle about 90% of passengers arriving from China, where the Coronavirus outbreak originated.

## ---Boeing Earnings Pummeled by 737 Max Grounding---

Nathan Bomey and Chris Woodyard

Jan 29

USA TODAY

The grounding of the Boeing 737 Max pummeled the airliner maker's finances, handing it its first full-year loss in more than two decades as its CEO vowed to make it "the safest airplane in the sky." "The Max itself has to be my priority over the course of the year," CEO David Calhoun said on a conference call to discuss earnings. "We have to get it out there and get our confidence back." He stood by the company's previous forecast of a midyear return to service of the Max, although some airlines have warned that retraining pilots and conducting maintenance on the grounded planes could push a return into the fall.

For all of 2019, Boeing posted **a loss of \$636 million** after turning a profit of \$10.5 billion in 2018, primarily due to the 737 Max's grounding following two deadly crashes. It's the company's first full-year loss since 1997, according to financial database FactSet. For the fourth quarter, Boeing reported a net loss of \$1 billion after recording a profit of \$3.4 billion a year earlier. Revenue plunged 37% to \$17.9 billion. The company recorded a \$2.6 billion charge for "estimated potential concessions and other considerations to customers related to the 737 Max grounding. It also reported an additional \$2.6 billion in unexpected costs related to 737 airliner production and delivery.

Calhoun said employees are "hurt and disappointed that we let our stakeholders down." But he promised a resurgence as the Max changes are approved by aviation authorities. "We'll get it done and we'll get it done the right way." Boeing also warned that the suspension of 737 Max production would introduce "abnormal production costs" of about \$4 billion in the future, largely in 2020. Even after the grounding order is lifted, upgrading the planes and retraining crews could effectively keep the 737 Max out of service through the summer, the season in which planes are filled with vacationing families. The 737 Max was grounded after the crashes of two jets – a Lion Air flight in October 2018 and an Ethiopian Airlines flight in March 2019. The two incidents involving the Max, the latest version of the jet that has flown since the 1960s, killed a total of 346 passengers and crew. Overall, the 737 Max grounding costs total \$18.6 billion so far, including money set aside to deal with future issues, the company said.

## ---This Airline is Now the Only Commercial Carrier Serving Delaware---

Brandon Holveck and Karl Baker

Jan 30

Delaware News Journal

Frontier Airlines has listed its first flights out of the New Castle Airport as it prepares to return service to Delaware almost five years after its unceremonious exit, now the only commercial airline serving the state, reports the Delaware News Journal, which is a part of the USA TODAY Network. The company's website shows flights from Wilmington (ILG) to Orlando (MCO), beginning on May 14. Flights depart Wilmington at 12:38 p.m. every Sunday, Tuesday and Thursday following. Roundtrip fares of \$58 are being offered until Jan. 31.

Daniel Shurz, senior vice president of commercial at Frontier, understands why people might be skeptical of the airline's Delaware commitment. He knows his company quietly ended service to the state nearly five years ago. It came after cuts and repeated changes to its offering of destinations, some of which left travelers holding tickets for flights that no longer existed. Shurz also understands that Frontier's failed attempt was the latest in a long line of defunct commercial air ventures in Delaware. But after the low-cost airline's Tuesday announcement of new commercial flights between New Castle and Orlando, Shurz said, "I'm telling you that we're here to stay." This time is different, the airline executive said, because Frontier now is a bigger company with lower operating costs and has more business in Philadelphia, and more of its passengers have Delaware ZIP codes.

**San Diego Vanguard  
c/o Kay Bays  
5038 September Street  
San Diego, CA 92110**

**Next Meeting  
March 3rd, 2020  
10:15 AM  
SAN DIEGO AIR & SPACE  
MUSEUM**