Visiting The GENIUS Act

By Pallas Boreas of Polar Sun Research

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Website: https://polar-sun.xyz

email: psr@polar-sun.xyz

Store: https:ko-fi.com/psr

Introduction

I read an article that I saved as a PDF at Polar Sun (including a link to the original) on Tether, which lead to other of the same author concerning the *GENIUS Act*, Larry Kutnick, and Scott Bessent; which gave me the impetus to read the *GENIUS Act* for myself. A pattern of mine is before jumping on a bandwagon or saying anything definite I research it which the majority of the time is walking away and getting out of the cart ruts before the horses panic and all mayhem breaks loose. Having stepped out of the cart ruts of crypto-currency which I have a lot to say about, these three articles by Leah were extremely interesting as they include the buyback program of the Secretary of Treasury Scott Bessent. I recommend all three for background, knowing the background of a person will give an idea of their motives, thought patterns, and character with lack of being more accurate when a person has power. An idea started to form separate from the majority view and is contrarian enough to flush out by writing about it and sharing it. Note: the title is a homage to Emacs in reference to the historical *visiting a file* called opening a file almost everywhere else. It popped into my head figuring out a title so there it is.

The USD

The underpinning of the whole story. It is a fact international overlord organizations want to implement a digital currency and phase out paper currencies, the World Bank for one. It is a long process to do it without social and economic chaos, there is plenty of examples of failed Communist experiments and the Third World to draw examples from where forced change outpaced habit and custom causing either failed states and societies or the enforcement had to stepped back or the pace slowed. There is plenty of doom sayers chanting the death of the dollar and yet the USDX stays relatively stable. The selling of dollar reserved across the world is from those slowly transitioning, BRICS for example, away from the dollar. There is no wholesale sudden dumping because change with stability is an incremental process.

There is other problems though that in the long-term threaten the value of the USD. Talk of the town is rising bond yields and inflation, oil prices which I have tracked across multiple chemical companies ruining turnarounds and balance sheets as a wide variety of chemicals are petroleum based. Many issues abound. So the Fat Cats must have been plotting on how to "mitigate the risk" because that is what Fat Cats do. Not the risk of the family man but the macro structural risk that is a risk to their gluttony and greed, while those below them are dragged along for the ride. The noose is slipping up to the neck and the horse is going from trot to gallop.

Here To Stay

There is a simple solution to the debt and it has been tried before and has ended in the destruction of nations and the assassinations of leaders. Go to a usury free national bank which loans it's own printed currency to the State interest free, use this to pay off the debt at a discount since the fiat currency is logically worthless. Andrew Jackson was the last to have survived fighting the Bank. So, the likelihood of this happening soon is statistically a rounding error in the thousandths. Nil. There is more reasons the dollar is going to stay and stay of some artificial value then it is going to "die". I do not know them all or enough except for a few factors to confidently say anything except don't expect it to go away completely anytime soon. The biggest factor is inertia: too many big and small use it everyday across the world and there is too much trade and production with it as the default currency. Back to habit and custom.

A Switch And Bait

Trajectory says that the dollar will collapse and bring the house of cards down with it though. Anybody can see that is the trajectory and there is a million opinions if it will change or not, how much or not at all, whether it is market or system and the degrees they effect. If the Fed didn't agree they would not bother with their interest rate manipulations at various levels. To clarify exact terms of who is the economic overlords: International Bankers under the front organizations of the World Bank, International Monetary Fund (IMF), Bank of International Settlements (BIS), drilling down to the Federal Reserve, Bank of England, Deutsche Bank, etc. Public documented fact.

Things are not looking good though. Top to bottom realize something has to be done and from past experience the top do not care much what others think should be done unless it benefits them directly. Enter Scott Bessent and the bonds buyback program. Sure, he is incompetent in some areas since he is a currency raider after all.

Something as vast and detailed as Secretary of Treasury is something that requires a career economist that is not making policy for short-term slaps on the back. Currency raiders are not economists in how we prefer to define it. Using Euros instead of Treasury dollars or bills to keep the Yen from crashing through the floor head first saved Humpty Dumpty from falling off the wall again. For now. An economist has a longer term solution that touches more elements of the cause. How would a currency raider "save" the dollar and the US Treasury and satisfy his International Banker masters? A switch and bait.

Stablecoin

Economy works best with capital flow and the AI hype and private credit are sucking it all up while the US government debt keeps growing at what feels like a compound interest curve. The following is not the only factor, the only motivation, but to me it fits so far the best at what is the trick too Scott Bessent and companies bond buyback program. From the above three articles the *GENIUS Act* and the company Tether are directly linked. Reading the Act it becomes apparent that it is legislation to create a layer of reserve upon the USD.

Definitions are important so let us start with what is a stablecoin by government definition:

"(22) PAYMENT STABLECOIN.—The term ''payment stablecoin''— (A) means a digital asset— (i) that is, or is designed to be, used as a means of payment or settlement; and (ii) the issuer of which— (I) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and (II) represents that such issuer will maintain, or create the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value; and (B) does not include a digital asset that— (i) is a national currency;
(ii) is a deposit (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), including a deposit recorded using distributed ledger technology; or (iii) is a security, as defined in section 2 of the Securities Act of 1933 (15 U.S.C. 77b), section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c), or section 2 of the Investment Company Act of 1940 (15 U.S.C. 80a–2), except that, for the avoidance of doubt, no bond, note, evidence of indebtedness, or investment contract that was issued by a permitted payment stablecoin issuer shall qualify as a security solely by virtue of its satisfying the conditions described in subparagraph (A), consistent with section 17 of this Act."

So it is a currency classified as a digital asset. Who can issue this currency?:

“(23) PERMITTED PAYMENT STABLECOIN ISSUER.—The term ‘‘permitted payment stablecoin issuer’’ means a person formed in the United States that is— (A) a subsidiary of an insured depository institution that has been approved to issue payment stablecoins under section 5; (B) a Federal qualified payment stablecoin issuer; or (C) a State qualified payment stablecoin issuer.“

As the fiat currency the government decides and has a monopoly which breaks the touted reason for crypto-currency which was sovereignty free from monopoly whose monopoly is affirmed below:

“SEC. 3. ISSUANCE AND TREATMENT OF PAYMENT STABLECOINS. (a) LIMITATION ON ISSUERS.—It shall be unlawful for any person other than a permitted payment stablecoin issuer to issue a payment stablecoin in the United States.”

I noticed that it is never stablecoin in the document but always payment stablecoin. It must be backed by reserves 1:1 as the following:

“SEC. 4. REQUIREMENTS FOR ISSUING PAYMENT STABLECOINS. (a) STANDARDS FOR THE ISSUANCE OF PAYMENT STABLECOINS.— (1) IN GENERAL.—A permitted payment stablecoin issuer shall— (A) maintain identifiable reserves backing the outstanding payment stablecoins of the permitted payment stablecoin issuer on an at least 1 to 1 basis, with reserves comprising— (i) United States coins and currency (including Federal Reserve notes) or money standing to the credit of an account with a Federal Reserve Bank;
(ii) funds held as demand deposits (or other deposits that may be withdrawn upon request at any time) or insured shares at an insured depository institution (including any foreign branches or agents, including correspondent banks, of an insured depository institution), subject to limitations established by the Corporation and the National Credit Union Administration, as applicable, to address safety and soundness risks of such insured depository institution; (iii) Treasury bills, notes, or bonds - (I) with a remaining maturity of 93 days or less; or
(II) issued with a maturity of 93 days or less;
(iv) money received under repurchase agreements, with the permitted payment stablecoin issuer acting as a seller of securities and with an overnight maturity, that are backed by Treasury bills with a maturity of 93 days or less;
(v) reverse repurchase agreements, with the permitted payment stablecoin issuer acting as a purchaser of securities and with an overnight maturity, that are collateralized by Treasury notes, bills, or bonds on an overnight basis, subject to overcollateralization in line with standard market terms, that are -

(I) tri-party;
(II) centrally cleared through a clearing agency registered with the Securities and Exchange Commission; or
(III) bilateral with a counterparty that the issuer has determined to be adequately creditworthy even in the event of severe market stress;
(vi) securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in clauses (i) through (v);
(vii) any other similarly liquid Federal Government-issued asset approved by the primary Federal payment stablecoin regulator, in consultation with the State payment stablecoin regulator, if applicable, of the permitted payment stablecoin issuer; or
(viii) any reserve described in clause (i) through (iii) or clause (vi) through (vii) in tokenized form, provided that such reserves comply with all applicable laws and regulations;"

What caught my eye was "*Treasury bills, notes, or bonds*" with a 93 day or less expiry from a hunch born of previous reading that stablecoin is designed in leglslaton as a reserve on top of or beside other reserves such as gold and fiat currency. Now there is a legal vehicle and asset class to loop bond buybacks through and all kinds of other legal assets through conversion to and from stablecoin. Why not repackage and sell it as they do with mortgages and other debt? Here:

"(2) PROHIBITION ON REHYPOTHECATION.—Reserves required under paragraph (1)(A) may not be pledged, rehypothecated, or reused by the permitted payment stablecoin issuer, either directly or indirectly, except for the purpose of -"
(A) satisfying margin obligations in connection with investments in permitted reserves under clauses (iv) and (v) of paragraph (1)(A);
(B) satisfying obligations associated with the use, receipt, or provision of standard custodial services; or
(C) creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in the form of Treasury bills may be sold as purchased securities for repurchase agreements with a maturity of 93 days or less, provided that either -
(i) the repurchase agreements are cleared by a clearing agency registered with the Securities and Exchange Commission; or
(ii) the permitted payment stablecoin issuer receives the prior approval of its primary Federal payment stablecoin regulator or State payment stablecoin regulator, as applicable.

More legal loopholes only possible by the in crowd. Also can be used by the Feds to inject liquidity into the market faster then physical assets not that it probably matters much considering how it presently works. Even the dollar crashes this can be offset by changing the value of the reserves. If the value of the reserves goes down the stablecoin value goes down and vice versa since it is a 1:1 ratio, if that ratio is kept by the issuers, through layering. This is the real value of stablecoin to monetary policy and capital flow. It can be obfuscated through layers to reduce fiat currency shock, or to manipulate the expense of bond buybacks through layers of reserves of the stablecoin.

The next section solves some issues with fiat currency and charging interest on deposits such as a savings account and gets rid of some of the circular mechanism of the current interest system:

"(11) PROHIBITION ON INTEREST. - No permitted payment stablecoin issuer or foreign payment stablecoin issuer shall pay the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin. "

Finally for quotes the only thing that has changed significantly from a fiat currency is nothing significant has changed other the nature of issuance:

"(13) ELIGIBILITY.—Nothing in this Act shall be construed as expanding or contracting legal eligibility to receive services available from a Federal Reserve bank or to make deposits with a Federal Reserve bank, in each case pursuant to the Federal Reserve Act."

Still a currency under the monopoly of the Federal Reserve Act. It is going to take more propaganda and further stupidity for stablecoin to filter through the financial institutions. The crypto bros are going to talk and talk from the pulpit lying and pretending it is sound money.

Second Head

It appears to me that the US Dollar has grown a second head from the body of the Federal Reserve. The Act carefully puts payment before stablecoin when referenced directly. Iam not qualified to comment much about it but it does for certain make a strong statement of the purpose of it. That the issuer cannot charge interest on it is a key clause, and probably the main reason the hydra calls it "stable". It is to be dollar-denominated and not classified as a security, commodity, yet the SEC has jurisdiction with the Federal Reserve still being the daddy just as fiat currency. Unlike a security it cannot be repackaged, and unlike other financial instruments has a 1:1 ratio of collateral to unit. Iam educated guessing this is the floor mechanism Bessent is going to use and what he referred to when he said to not bet against him. A stable dollar to prop up the fiat dollar and bring bond yields down, which I fail to see he can do even with USDT since the market forces behind rising yields is beyond containing with current mechanisms. A sleight of hand and a good parlour trick. A foundation stone too digital currency with all the caveats. More liquid then gold and more available. A reserve currency to eventually supplant the fiat dollar and more practical then physical gold to use as capital flow. Once again sovereignty has been hijacked.

Link

- The GENIUS Act text and a summary from a law office: https://polar-sun.xyz/index.php?topic=244