

EXHIBIT 1

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SHERMAN FREDERICK: Public employee pensions

We can't afford them

If there's one good government idea out there, it's the concept of moving public workers from anachronistic defined-benefit plans to modern 401(k)-style retirement plans.

Not exactly the sexiest topic in politics today, but for workers and taxpayers, it's a winner. And it's not particularly complicated once you tune out the mewling and puking from self-interested public-sector unions and acolyte politicians who enable defined-benefit plans to become a big honey pot from which one may dip at the expense of unborn taxpayers.

Defined-benefit plans stem from a bad moment in time in which employers -- and now unions -- cared for employees like children incapable of planning for their own retirements. Over time, these plans metastasized into grotesque shadows of their initial good intention.

In a perfect world, defined-benefit plans get the math right in terms of how much a government employee must put in and how much the taxpayer must put in. The rules for retirement are reasonably set and never abused; costs for health care remain predictable; and defined-benefit plan funds are wisely and conservatively invested to keep the plan solvent regardless of the number of employees in the plan.

Virtually every state in the nation has broken those fundamentals, producing what is called an "unfunded liability." Whatever the shortfall in a state's defined-benefit plan for the retirement and health care of public workers, the taxpayer -- both present and future -- must pay.

California is the poster child for this.

On top of an upside-down budget, California also carries an unfunded pension debt of anywhere between \$500 billion and \$55 billion, depending how you want to calculate it. The overseers of the plan use the lower number because it is based on their anticipated return from diversified investments -- some say "risky" diversified investments that will likely not be attained. A Stanford graduate student calculated the debt at the higher number using a risk-free bond rate of return.

And the anecdotes for how the California system has been abused are legion. For example, how many times have we heard about a highly paid state worker "retiring" on Monday only to start a new state job at a desk in the next room, thus double-dipping the system.

Or, consider Scott Plotkin, who pulled down a state salary and bonus of \$562,333 in 2009 with the California School Boards Association.

Then he was caught charging thousands of dollars on his company credit card at a local casino. He quickly "retired" and, as Marcos Breton of the Sacramento Bee wryly observed, he "got what he deserved" -- a lifetime pension of \$17,089 per month. He's 57. Life expectancy is 78. You do the

defined-benefit ugly math.

California's next-door neighbor, Nevada, doesn't make the national news as much. But it's in trouble, too. With only a couple of million residents, the state carries at least \$10 billion in unfunded pension and health care benefits. This is on top of the state's anticipated general fund revenue shortfall, which runs ten figures.

The Teachers' Retirement System for Illinois announced this month that its unfunded liability now stands at nearly \$40 billion. This defined-benefit plan covers 365,000 teachers, administrators and other public school employees. Upside down doesn't begin to describe the trouble this fund is in.

And so it goes for almost every state in the nation.

Now there's a growing cry for wholesale reform. Not the kind of reform that works around the edges of the abused existing system, but transformation into a better way -- a 401(k) plan.

In a 401(k), the employee and the employer contribute to a worker's retirement plan under guidelines set forth by the federal government. That money resides within the account of each worker. The money belongs to the worker, and that worker controls how it is invested.

Upon retirement, instead of getting a monthly check, all of the money in the 401(k) plan belongs to the worker. It can be used in any way the worker wants. It can be passed on to heirs or charity, unlike defined-benefit plans that bank on a certain number of workers dying before they collect all the money they put into the system. (In Illinois, they'll need about half their teachers to die today to get right-side up.)

The No. 1 attribute of 401(k) plans is they are perfectly in balance from day one because employers and employees pay as they go. There is no future unfunded liability.

That's a better, more responsible way to provide retirement benefits for public workers.

Unless, of course, we're happy passing huge debt on to our children and grandchildren.

Sherman Frederick (sfrederick@reviewjournal.com), former publisher of the Review-Journal, writes a weekly column for Stephens Media.

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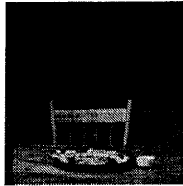
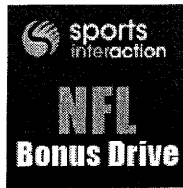
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EXHIBIT 2



\$15 billion deficits, are likely suspects -- will be coming to Washington some time in the next two years in search of a bailout. The Obama administration may be sympathetic. It's channeled stimulus money to states and TARP money to General Motors and Chrysler in large part to bail out its labor union allies. But the Republican House is not likely to share that view, and it's hard to see how tapped-out state governments can get 60 votes in a 53-47 Democratic Senate.

How to avoid this scenario? University of Pennsylvania law professor David Skeel, writing in *The Weekly Standard*, suggests that Congress pass a law allowing states to go bankrupt.

Skeel, a bankruptcy expert, notes that a Depression-era statute allows local governments to go into bankruptcy. Some have done so: Orange County, Calif., in 1994, Vallejo, Calif., in 2008. Others -- perhaps a dozen small municipalities in Michigan -- are headed that way.

A state bankruptcy law would not let creditors thrust a state into bankruptcy -- that would violate state sovereignty. But it would allow a state government going into bankruptcy to force a "cram down," imposing a haircut on bondholders, and to rewrite its union contracts.

The threat of bankruptcy would put a powerful weapon in the hands of governors and legislatures: They can tell their unions that they have to accept cuts now or face a much more dire fate in bankruptcy court.

It's not clear that governors like California's Jerry Brown, who first authorized public employee unions in the 1970s, or Illinois's Pat Quinn will be eager to use such a threat against unions, which have been the Democratic Party's longtime allies and financiers.

But the bond market could force their hand and seems already to be pushing in that direction. And, as Bowles notes, when the markets come, they will be swift and severe.

The policy arguments for a bailout of California or Illinois public employee union members are incredibly weak. If Congress allows state bankruptcies, it might prevent a crisis that is plainly looming.

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the simple solution --

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#2



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Justices turn aside another challenge over Obama's citizenship By Bill Mears, CNN Supreme Court Producer
November 29, 2010 10:42 a.m. EST

It says Obama's father was a British citizen
Washington (CNN) -- The Supreme Court has again cast aside an appeal that raised doubts about President Barack Obama's U.S. citizenship, a grass-roots legal issue that has gained little legal or political footing, but continues to persist in the courts.

The justices without comment Monday rejected a challenge from Charles Kerchner Jr., a Pennsylvania man who sought a trial in federal court forcing the president to produce documents regarding his birth and citizenship.

Kerchner's attorney, Mario Apuzzo, had argued in a petition with the Supreme Court that Obama did not fit the definition of a "natural-born citizen" required for the nation's highest office, as defined by Article II, Section 1 of the Constitution.

That clause states, "No person except a natural born Citizen, or a Citizen of the United States, at the time of the Adoption of this Constitution, shall be eligible to the Office of President; neither shall any Person be eligible to that Office who shall not have attained to the Age of thirty-five Years, and been fourteen Years a Resident within the United States."

Kerchner, a retired military officer who describes himself on his website as a "genetic genealogy pioneer," argues the framers of the 1789 document intended a "natural-born" citizen to mean someone born in the U.S. to parents who were both American citizens.

The high court and other courts had dismissed earlier, unrelated lawsuits from individuals questioning Obama's citizenship. State birth certificate records show he was born August 4, 1961, in Honolulu, Hawaii. His mother is a native of Kansas; his father was born in Kenya, which at the time was a British colony.

"A person gains allegiance and loyalty and therefore attachment for a nation from either being born on the soil of the community defining that nation or from being born to parents who were also born on that same soil or who naturalized as though they were born on that soil," said Apuzzo. "It is only by combining at birth in the child both means to inherit these two sources of citizenship that the child by nature and therefore also by law is born with only one allegiance and loyalty to and consequently attachment for only the United States."

He said it was "undisputed fact" Obama's father was a citizen of the British crown.

The Obama administration did not file, and the high court did not demand, a formal government response to this latest legal claim. The high court will often insist the Justice Department weigh in with its views on a particular constitutional issue, or when it is being sued, and that is a sign the justices are seriously considering accepting the appeal.

Obama and his staff produced copies of his birth certificate when he was running for president in 2008, and have previously dismissed questions over his citizenship.

Other legal claims on the citizenship question whether Obama was in fact born in the United States, and whether his birth documents are authentic.

Among the issues the high court has refused to fully address in these appeals involves "standing," whether individual Americans can bring such a lawsuit, by first establishing personal, direct "harm" or "injury" from having Obama occupy the White House. Overcoming that legal hurdle would allow such suits to proceed on the merits in courts.

EXHIBIT 3

-APPLICATION-

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Date: December 15, 2010

Applicant's Tracking Number: 0002166

Registration #:

Service Request #: 1-534407838

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