Banks And The Dark Art Of Professional Counterfeiting

Summary:
Banking as we have come to know it is a criminal operation. Once you understand the system you will want to see it changed.

Article Information**Category:** Dr Brandson's Blog
Bank Malpractice Type: Powermongering & Greed
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Source: Bank Reform Now
Date First Published: 1 Nov 2013

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22 Mar 2014 - 11:46pm





Article: "Book Entry Credit. How the banks get away with fraud and counterfeiting."

It is the regulatory environment created by governments that has enabled banks to rip the people off – decade after decade. Governments have essentially bestowed privileges upon the Banks that are not in the interests of the people or the nation. These privileges enable banks to make unreasonable and unrealistic profits - while at the same time causing great damage and hardship to our people.

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A corrupt banking system has been allowed to develop. It is so pervasive that most people just accept is as the way it is. But it does not have to be this way. There are alternatives. Here is an example showing how banks do it.

Below is a simple explanation using a real-life example that applies to anyone wanting to buy a home.

Book Entry Credit is how the banks operate and profit. If you or I do it – it is called counterfeiting (also known as fraud) - and it is illegal.

For every dollar that is deposited into a bank - the banking system enables banks to lend out a multiple – say 10 times the amount (the figures vary – the key point is that the government allows this). So if a bank has $50,000 deposited it can in effect lend out $500,000 – say to you. If they charge you 10% interest they will expect to be paid $50,000 per year. It's a great business – see how the banks make such profits? **They are not really getting 10% interest - they could be getting 100%.** But the worst bit is that they have your property mortgaged to guarantee the loan – the property will be valued at around $625,000 (if they have lent you 80% of the mortgaged property's value). Now you may have been happily paying your debt and if you slip up - even if you have already paid back say 400% (of the $50,000 the bank really used to give you the loan) after 4 years – the bank can take your $625,000 property.

Now almost everyone knows that if the government puts extra money into the economy via policy changes or by turning on the printing presses (also known as "pump priming" or "quantitative easing") it leads to inflationary pressure – due to a larger amount of money chasing the same amount of goods and services. The same thing happens when the **banks create money to lend you at the click of a mouse.**

Watch carefully – you have just seen how the profits are capitalised. Now look how the costs of bank business practices are socialised – the government has the Reserve Bank intervene in the financial market to keep inflation low – under 3%.

The spending of the bank created money increases the money supply and leads to inflation – the Reserve Bank puts up interest rates. The people are fleeced to support the racket. If the rates go too high people can't afford the payments – the banks either get the properties or they finance someone else's purchase of the properties.

This racket is part of the reason for the accentuated boom bust cycles we see in the economy. Also note that even if you don't have a loan the system steals your income by decreasing its value. **Prices for everything are far higher than they need to be.** You have to work much longer and harder than you would need to without this racket running. In a nutshell when rates are low people are encouraged into debt. They appear to be building wealth and then the crunch comes and their **wealth is transferred to the corporate pirates.**

On top of this: when this house of cards – **Ponzi scheme – mafia-style racket** – falls apart and large institutions go down - the government comes in to save the banks with huge taxpayer funded rescue packages. **The criminals at the top of the operation keep their pay, profits, shares, bonuses and wealth while the ordinary workers lose their jobs, homes and sometimes families.** What has ASIC been doing while all this has been going on?

Now just a simple thought experiment to really hit home what is being done to all of us. Picture yourself having only $1,000. What would happen to you if you used your computer to copy that money and then loaned out $10,000 to some mates who were to pay you back with 10% interest? You'd get rich pretty quick – if you could get away with it. But you wouldn't get away with it. You'd be in jail. Just like the upper echelons of the finance industry should have been after they generated the Global Financial Crisis.

Don't get the wrong idea – the solution is not a violent revolution. The solution is reform – demanded by the people and implemented by governments that want to preserve and grow prosperity in a Liberal Democracy. This banking racket was devised hundreds of years ago so don't blame the

politicians - most of them don't know how this works and many haven't got the experience needed to understand it. Though, once you do understand, it is necessary to act – we must push for reform.

Many of the world's reserve banks are actually private corporations. In reality this is not a major concern. It is the corrupt regulatory environment and the privilege granted to them and the banks by governments that causes the problems. Money is just a convenient way of people exchanging goods and services. The key thing is that the **people need sound money.** They need to have confidence in the system. Collusion between government and business against the people is not acceptable. The financial system is not the only area where there is collusion against our interests – but that is a story for later.

> The regulation of banking should be aimed at providing a stable currency - not for enriching the manipulators of money.

In reality the banking sector is not really a very profitable industry. It is made profitable by the regulatory environment it operates in. Think about it like the illegal drug industry. If currently illicit drugs were legal they would be sold with normal mark-ups at the local pharmacy. Criminals prefer them to be illegal because that regulatory environment allows them to make super profits. Providing a sound monetary system is not very profitable - it is the government granted privileges and regulations that make banking as we endure it now so profitable - and that's why the bankers will kick and scream when essential reforms are introduced.

Another way to look at it – **banking, as we have come to know it, is really a criminal operation.** It is unfair, unconscionable and extremely damaging to people and their society. There are plenty of examples of business practices that were once accepted by society later becoming unacceptable as a society matures – owning slaves; adding cocaine to soft drinks are just two simple examples.

Reform is urgently required – we need to come up with an alternative savings and loan model. We also need to strengthen the corporate watchdogs. Banking in its current form should be recognised for what it is – a criminal operation. ASIC and the government should do what they are supposed to do – protect citizens from the actions of corporate criminals.

> "I am afraid the ordinary citizen will not like to be told that the banks can and do create money. And they who control the credit of the nation direct the policy of Governments and hold in the hollow of their hand the destiny of the people" - Reginald McKenna

Bank Reform Now Bases The Campaign Against NAB On Facts

We have the evidence to show NAB falsification of loan documents. We have facts regarding other cases of NAB malpractice.

If you don't believe the Book Entry Credit information above then let's read the facts - straight from NAB:

NAB General Manager - D. M. Cowper - March 1988 - Writing about credit creation and the limitations on banks.

> "The process is called "credit creation" and is the basic process by which deposits and lending are connected in all lending systems."

There are two factors that influence the ability of a lending body to create credit:

1. A gearing limitation - that is the statutory (in most countries) or the prudential limit to which the financial intermediary can gear its capital. Expressed another way this is the amount of capital that must back up each loan.

At present Australian banks have a gearing imposed of 6% - which in simple terms means that for every $100 of loans the bank must have $6 of capital.

With finance companies gearing levels are usually set in their trust deeds. In the past gearing ratios of 8 to 1 were common (i.e. $8 of loan for every $1 of capital but over time that has moved out to be closer to 15 to 1).

2. A liquidity limitation - for example, Australian banks must keep 7% of their deposits in a Statutory Reserve Deposit account with the Reserve Bank and also maintain Prime Asset Ratio of 12%. The latter means that each Bank must have cash, bonds, Treasury Notes, etc, which represents 12% of their assets. On top of these constraints the Bank must also have enough liquid assets to meet any movements in the ebb and flow of money - naturally those sums can't be lent to customers. There are varying such requirements in countries around the world.

Still not sure about the facts?

Paul Keating - Australian Treasurer 1991:

> "Various rights and duties have been conferred on banks by legislation, the most important of which is the exclusive operation of the payments system and the unique ability to create credit."

There you have it - **The banks have been given a license to print money.** No wonder they are so powerful. Imagine if you were given this right. Do you trust the banks with this right? We don't. The laws applying to banks can be changed. **With your help the laws applying to banks will be changed.** But only with your help.

> "The few who understand the system will either be so interested in its profits or be so dependent upon its favours that there will be no opposition from that class, while on the other hand, the great body of people, mentally incapable of comprehending the tremendous advantage that capital derives from the system, will bear its burdens without complaint, and perhaps without even suspecting that the system is inimical to their interests" - The Rothschild brothers

Source URL (modified on 9 Jun 2014 - 5:12pm): https://bankreformnow.com/node/61