Zero Interest by Fed What's it Really Worth

By Dean S. Hazel

Are they helping us or hurting U.S.? They are no less than federally chartered private for profit national banks, by a 1913 act of Congress called the Federal Reserve Act. They are and have always been owned by their member banks, many which are foreign owned and more so today than as was the case in 1913 when the two principal Rothschild representatives in New York, J. P. Morgan Co., and Kuhn, Loeb & Co. were the firms which set up the Jekyll Island Conference at which the Federal Reserve Act was drafted, who directed the subsequent successful campaign to have the plan enacted into law by Congress, and who purchased the controlling amounts of stock in the Federal Reserve Bank of New York in 1914.

> "The few who understand the system, will either be so interested in its profits, or so dependent on its favors 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 advantages...will bear its burden without complaint, and perhaps without suspecting that the system is inimical to their best interests."

Rothschild Brothers of London communiqué to associates in New York June 25, 1863

These firms had their principal officers appointed to the Federal Reserve Board of Governors and the Federal Advisory Council in 1914. In 1914 a few families (blood or business related) owning controlling stock in existing banks (such as in New York City) caused those banks to purchase controlling shares in the Federal Reserve regional banks. Examination of the charts and text in the House Banking Committee Staff Report of August, 1976 and the current stockholders list of the 12 regional Federal Reserve Banks show this same family control.

How can they show a profit when they loan zero interest as Charles Krauthammer, a nationally syndicated columnist said, they are planning on doing, in his August 19, 2011 column entitled: *Bad Luck? Bad Faith?* Krauthammer claims that, we are "mired in 9.1 percent unemployment, 0.9 percent growth, and an economic outlook so bad that the Federal Reserve pledges to keep interest rates at zero through mid-2013 — an admission that it sees little hope on the horizon?" People who know our history and just how corrupted by greed or stupidity our government really is, know that it is the best government that money can buy and what passes for money has! But what is that? Therein lays the problem as close to being in a nutshell as it can get! Beware of Greeks bearing gifts! If you really don't know dollars from donuts you are a sucker for the bankster's game!

> "All of the perplexities, confusion, and distress in America arises, not from the defects of the Constitution or Confederation, not from want of honor or virtue, so much as from downright ignorance of the nature of coin, credit, and circulation."
> *~ John Adams, Founding Father*

> "History records that the money changers have used every form of abuse, intrigue, deceit, and violent means possible to maintain their control over governments by controlling money and its issuance." ~ *President James Madison*

G. Edward Griffin in his book *The Creature from Jekyll Island*, refers to the mystery of *Modern Money Mechanics* as the "Mandrake mechanism" and describes it as follows:

> Also known as the money multiplier effect, the Mandrake mechanism is a term coined by Griffin in this book. Mandrake the Magician was a comic strip character from the 1940s. He had the ability to magically create things and, when appropriate, make them disappear. Griffin's view is similar to many other gold-standard supporters' critique of the fractional-reserve banking system and the Federal Reserve in particular: that it makes money "magically" appear from nothing.

In Griffin's view, the "magical" quality of this mechanism is really just a simple mathematical limit unlike counterfeiting which is more of a logistical one before detection and prosecution. He claims that when banks loan money, they don't actually loan existing money. True enough! Rather, they allocate money to loan, but they are limited by how much money they can create. The law basically says that, for each dollar a bank has on hand in one of its savings accounts, it is allowed to create another 90 cents to give out as a loan. Actually the law, taken as a whole does not say that! Honest fractural reserve banking only lent up to forty percent of their deposits as history has shown that sixty percent usually never leaves the bank and lending that amount or more would make the bank fail to pay its notes in real constitutional money.

Not given to reading comic books, a forbidden commodity in my early years, I grew up paying little attention to comics and knew little of Mandrake the Magician caring little for such fictions. I instead had read the *Odyssey* as told by the Romans, first at the age of eight and then twice more before I completed grade school. I also at about the same age read *The Prince* by Niccolò Machiavelli, and had a much different view because of that than my other elementary school classmates when we witness the assassination of JFK followed by that of Lee Harvey Oswald and then the disappearance of Jack Ruby from the world stage on television when I was eleven. I cut my teeth on business law at age 15 in high school discovering the reason for English classes and with my love of history and the mystery of discovering its sources and the essence of its truth, I have an altogether different view than Griffin and many others, of what I refer to as "The Mechanics of Modern Bank Fraud!"

Borrowing money is by a contract called a loan. In each and every contract in order to confer the rights to goods or performance, there must be lawful consideration in the form of real property with value and/or specific performance in an exchange of what was actually contracted for. In a loan agreement, the lender agrees to loan money for the right to collect interest on the money or valuable property if the loan is not repaid. The rights to this valuable property is usually conferred upon the lender in the form of a security note for real property such as a house or business, or personal property such as a car or boat for example.

In the scheme described by G. Edward Griffin, the lending bank only issues a note or check for the amount of the loan after securing the right to own the secured property if it is not repaid in money with interest. Even though by law, the bank must loan money and be capable of loaning actual money, not just kiting a check for the loan and then using accounting tricks and fraudulent bookkeeping to give the appearance that it can loan money that does not exist by showing the amount of value of the received security note as an asset that they can draw a check against before it is paid off with real money. Just by doing what the banks claim you can't do, when the banks claim to have to hold your deposit in the bank until a check clears before they will allow you to write a check against that portion of your balance.

They too by law must not kite a check against an unpaid deposit in claiming to loan money. To do so is noted in the Statute of Frauds as engaging in fictions to cover usury as no real money existed in such a transaction, nor was actually loaned, then by law all money, profit received in goods and services, is viewed as interest and is usurious.

The way that the Federal Reserve Banks are doing business, they can charge zero interest, because they are not really loaning money for those loans, but just creating credits for money that doesn't exist to circulate through a currency system that they monopolize by violating 12 USC 411. The goods and services that are then fraudulently conveyed to them through the repayment of money in the form of the currency they created, because just their credits as they have run real money out of circulation still represents a substantial means by which they can still accumulate wealth without even charging interest!

This is because it is true just as Rothschild Brothers of London said in a communiqué to their associates in New York June 25, 1863, "the great body of [the American] people, [are] mentally incapable of comprehending the tremendous advantages... [and] will bear its burden without complaint, and perhaps without suspecting that the system is inimical to their best interests." So much for public education! The American people's belief in money is like the belief the people had in the fairytale "*The Emperor's New Clothes*." Even though author Irwin Schiff wrote a parody on what the banks and government are really doing called the "*Kingdom of Moltz*" (http://www.constitution.org/tax/us-ic/schiff/moltz.pdf) the public still does not get it and won't as the Federal Government has banned the book and has literally seized and burned what copies they could find in Schiff's warehouses.

It is the U.S. and state Attorney Generals not the Federal Reserve Act that allows the banks to endlessly generate credit for money that does not exist as did J.P. Morgan in 1861 in financing a scheme, known as the "Hall Carbine Affair" that purchased 5,000 dangerously defective Hall's Carbines being liquidated by the U.S. Government at a cost of $3.50 each. The rifles were later resold to the government as new carbines lacking the safety flaw at a cost of $22 after a minor bit of remanufacturing.

The audacity of the scheme included not only the $92,426 loss by the government and the selling of weapons known to maim their operators to an army badly in need of firearms, but the guns were also sold prior to ownership, as young J.P Morgan & Company unintentionally kited a note secured by the very carbines which were to be held by the J. P. Morgan Co. bank as collateral. Major General J. C. Fremont, that wished desperately to purchase the guns for his command, did so through Arthur M. Eastman, Simon Stevens, and J. P. Morgan who purchased the guns from the U.S. Arsenal on Governor's Island that wished to sell the defective firearms for a note drawn on his own J. P. Morgan Co. bank.

Morgan had discovered the power of paper and ink in an age old confidence game of banking, whereby he did not have to really pay for things with money that he could acquire with bank float through the use of paper and ink in using the notes of his bank and the float they created to profit beyond compare. The temptation was as great to him as counterfeiting was to the counterfeiters. Who would question a bank that engaged in such fictions to cover not only its usury, but also its inability to do business when the bank had virtually nothing on deposit.

Thus the guns appeared to be paid for with the money from their sale back to the government by accounting tricks and the kited check of J. P. Morgan Co. bank that pulled the whole transaction off without exchanging any actual money. At the time it could take six months to a year for a draft to be presented and paid at the issuing bank. Stevens revealed having paid through Morgan's involvement, $20,000 for the contract, another $42,000 in bribes and making a profit of $60.000. (Reports of Committees, House of Representatives, 3rd Sess., 67th Cong,, Court of Claims, 1S62-3, pp. S3, 123.)

Some authors have suggested that Morgan was somehow unaware that the guns were being resold, however scholarly opinion regards this as "implausible" as he used the note from the purchasers, Eastman and Stevens offering the guns as security to finance their purchase of the guns from the U.S. Arsenal on Governor's Island by issuing a draft (check) drawn on his banking company to conclude their purchase. Morgan never answered often repeated allegations that he had knowingly profited through this tricky transaction that technically is not legal under contract law to the extent that J. P. Morgan used the bank float of his banking company to finance the deal without proof of any real money being used in the transaction to take delivery of the guns before actual payment for them by the actual payment of his note in real money. He merely floated the check on the promise of cash on the delivery of the guns whether intentionally or not.

The dour young broker created his first real ripple in Wall Street when Charleston, South Carolina, was under bombardment and its fall expected momentarily. Gold was at a premium. Importers in New York were delaying remittances abroad, hoping to take advantage of a falling market. But Charleston did not surrender, and gold continued to rise both on the Exchange and in that curious banking institution at William Street and Exchange called J. P. Morgan Co.. See the book, *The House of Morgan*.

Why did I drag you through all of this early pre Federal Reserve Bank history of J. P. Morgan whose life long passion was to create and own a central bank like our Federal Reserve Banks which were his creation? It is to accentuate what Lincoln allegedly said to a similar scheme of the 24 year old J. P. Morgan, when Morgan supposedly offered to accept government bonds on deposit at his bank and finance the Civil War by issuing bank notes secured by those bonds, not real money as a loan to the federal government to fight the Civil War with the country using his bank notes as cash. Abraham Lincoln supposedly said to young J. P. Morgan, "Why should we borrow money from ourselves and pay you interest?" and went on to issue what was called greenbacks for the first time since the founding fathers banned such currency deliberately and absolutely with the words of the federal constitution. The Congress shall coin money, not print it. The Congress shall only borrow money on the credit of the United States, not borrow credit for money that doesn't exist on the credit of the United States. No state shall make anything but gold and silver coin a tender in payment of debt.

Though I have heard this many times in my life, I cannot find a source for this quote of Lincoln on the internet as a reference, but the point hopefully will now be clear, or clearer even without it to those who the banksters as Jefferson called them, think "mentally incapable of comprehending the tremendous advantages [to the dishonest banks]... [and] will bear its burden without complaint, and perhaps without suspecting that the system is inimical to their best interests." as they now lose their homes, businesses and jobs in droves in the 21st Century!

The FBI is concerned about check fraud and all other types of **financial institution fraud** unless it is committed by the Federal Reserve System that guarantees that their paychecks will be paid with the Federal Reserve Bank float that has provided the government with the ability to deficit spend our children's future into oblivion unless we physically rein them in with the law! It is time to enforce the Constitutions on all usurpers with penalty of death!

> It is difficult to get a man to understand something when his job depends on not understanding it. ~ Upton Sinclair

We have our 9th Amendment and the precedence set in People v. Jack Kevorkian concerning being charged and tried in the United States under our old English Common-law. According to *HALE'S HISTORY of the PLEAS OF THE CROWN, VOL. I.* (1800), at page 220, the treasons or offenses concerning money where petit treasons, namely for the man to he drawn and hanged, the woman to be burnt, no higher or other judgment is to be given upon the statutes of the 5th or 18th Eliz. and hence it is, that in the statute of 25 E. 3. though it rank counterfeiting money among high treasons, yet it alters not the judgment that was at common law; nay though it be most certain, that the statute of 25 E.3. as to some points of bringing in foreign money be introductive of a new law, yet inasmuch as it concerns money, wherein the highest: judgment at the time of 25 E. 3. was only that of petit treason, it doth not enhance the judgment higher; and accordingly it was resolved upon great advice and consideration of precedents Car. 2. Bance Regis in the case for clipping English coin.

It is unfortunate, but understandable, that young people in the United States are not taught (in the government's schools) the history and operation of their country's most powerful financial institution, The Federal Reserve System. Created in 1910, codified by Congress in 1913 (along with the personal income tax), this "system" facilitated the US government's ability to inflame the nation's citizens for the purpose of supporting the European war of 1914-1918 (World War I). Warfare provides a source of immense borrowing and provides banking corporations with huge profits in the form of interest income to say nothing of the goods and services obtained by the banks through the issue of their spurious notes being paid back to them as money. Several of these same Wall Street banks financed Adolph Hitler two decades later and today supply the means to make war aboard despite our insolvency at home.

NOTES

The 1910 "duck hunt" on Jekyll Island included **Senator Nelson Aldrich**, his personal secretary **Arthur Shelton**, former Harvard University professor of economics **Dr. A. Piatt Andrew**, J.P. Morgan & Co. partner **Henry P. Davison**, National City Bank president **Frank A. Vanderlip** and **Kuhn, Loeb**, and Co. partner **Paul M. Warburg**.
http://www.jekyllislandhistory.com/federalreserve.shtml

The "Mandrake mechanism"

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For example, when the Federal Reserve holds on deposit 1 billion in marketable United States Treasury security then the banks in the banking system, public and private, and bound by U.S. financial law, are able to generate 10 billion in new debt over time. In September, 2008 the U.S. Public Debt was 5.8 trillion and from that debt there was a potential to create approximately 53 trillion ((5.8x10)-5.8=52.2) dollars of money (as debt).
http://en.wikipedia.org/wiki/G._Edward_Griffin

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Readers desiring an insight into the international interests and subsequent political relationships of the bankers who created the Federal Reserve System can click here. To understand how recent the Federal Reserve System is, my own parents were alive when it was created in the USA. The adoption of "central banking", a concept indispensible to enforcing policies determined by big central government, is as old as Alexander Hamilton and The Federalists. Central banking has been tried and thwarted in the past. Today it is alive and well. For a brief background of this subject, read this fascinating essay.

We suggest that informed teachers use this page to help students gain valuable knowledge as part of their general education. A masterful audio-visual resource covering the broad aspects of this subject is Money As Debt.

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http://www.bigeye.com/federalreserve.htm
