What You *Absolutely Need to Know* about Banking

"It is well enough that people of the nation do not understand our banking and money system, for if they did, I believe there would be a revolution before tomorrow morning." Henry Ford, founder of the Ford Motor Company.

Every statement in the chart below is fact. You may not believe it, but *it's the legal truth*.

<table>
<tr><th>The Truth of Banking Practices</th><th>Ramifications/Comments</th></tr>
<tr><td>As soon as you deposit money in a bank, the money is no longer yours. The funds become the bank's property and you become an unsecured creditor with an IOU from the financial institution.</td><td rowspan="2">• Banks have always dispensed cash when a depositor requests a withdrawal. We have been conditioned to believe we can go to our bank and get our money in cash anytime. However, legally that has never been the case.
• As of Dec 10, 2012, failing banks will be resolved with Bail-In procedures giving big banks legal authorization to confiscate our money without advanced warning. This will happen overnight.
• The FDIC will not replace our money in a Bail-In scenario. Our money will be used to recapitalize a new bank on the ashes of the old. Our account balances will be converted to equity (stock) in the new company and we will be responsible for selling this new stock to get cash. In addition the FDIC will no longer be responsible for our deposits. Why? Because the FDIC only insures cash accounts not equity accounts.</td></tr>
<tr><td>By law, a bank is not required to keep our deposits available for our withdrawal.</td></tr>
<tr><td>Banks DO NOT lend their deposits.
Banks DO NOT lend their own money.</td><td>• The common perception banks use our deposits and loan it to others is not true.</td></tr>
<tr><td>Any US loan is capitalized by banks creating new money. All money, except coins, is loaned into existence.</td><td>• Money is created by creating debt.</td></tr>
<tr><td>One of a bank's primary sources of income is the interest collected on the loans it "finances."</td><td>• To create new debt (and bank profit), banks must continually "encourage" people, companies and governments (local, state, federal and other countries) to borrow more and more. This is the reason the US national debt is so high. The national debt is the primary provider of resources for the elites to accomplish their goals.</td></tr>
<tr><td>Banks create money by advancing credit to a borrower.</td><td>• A person, company, city, state, US government or another country can make a loan request.</td></tr>
</table>

Randy Langel
March 2015
Randy.Langel@gmail.com • http://www.randylangel.com

For a borrower to get money from an "approved" loan, the bank creates a deposit in the borrower's name by literally typing the amount onto a computer screen. The borrower now has money in his account to spend. In the bank's double entry booking system this is entered as a liability for the bank. To balance the books, the bank simultaneously enters the borrower's promise to pay as an asset of the same amount.	• **The act of typing a loan amount into the asset side of the bank's books officially creates new money. This new money is created out of thin air by typing an amount onto a computer screen.** • There's no other magic. It's as simple as that. • **The idea of money and how difficult it is to manage has been purposely obfuscated by banks to hide the ease with which they create money.**
The Great Secret of Banking is that banks create the money they lend simply by typing an amount into the deposit accounts of borrowers through a computer screen.	• **And for this they charge interest having done absolutely nothing to deserve it**[1].

Why in the world would the US Government borrow money from a private bank (Federal Reserve) and pay interest, when they could create the money themselves and have NO INTEREST PAYMENTS and NO, or monumentally less, GOVERNMENT DEBT?

The answer is the passage of the Federal Reserve Act of 1913.

This legislation gave a private institution and their private owner's control of the money creation process in the US. Our country's debt could conceivably be 0 if the money creation process had been left in the hands of the federal government where the Constitution specifically says it should be[2].

All US banks are private except the Bank of North Dakota which is a public state bank. The Federal Reserve is a private bank. 40% of the world's banks are public.	• **The Bank of North Dakota acts like a mini Federal Reserve for the state,** providing corresponding banking services to virtually every financial institution in North Dakota. • **All interest payments stay within the state to be used to fund projects or reduce taxes.**
Public banks create money the same way private banks do. The difference is a publically-owned bank returns the interest income back to the government or community it represents, while private banks siphon the interest income into the bank's private accounts and private bank owners accounts, progressively drawing money out of the productive economy.	• States deposit their revenues in Wall Street Banks (private banks) at minimal interest and then borrow money at much higher rates; yet they have massive capital and deposit bases themselves. • **If the States each had their own public banks, they could leverage money into low-interest (or no interest) credit for local purposes.** • **A state's infrastructure costs could be reduced by as much as 50% using the state's public bank.**

[1] Author comment: ***The creation of money by banks is so incredibly simple most people just don't believe it.***
For over a year I have been asking people if they know how money is created and no one has answered correctly. This confusion is understandable since one of the banking industry's primary goals is to distract people from the reality of money creation. They (the banks) befuddle people by adding a myriad of complicated ancillary finance issues so the essence of their money-making regimen is hidden. People accept the fallacy of paying interest because "it's always been that way," when in fact it hasn't. It only became common when the 1913 Federal Reserve Act was signed. This law created the privately owned US central bank called the Federal Reserve. In passing the law Congress "delegated" its Constitutional power to coin money to private banking concerns. The banking industry's program of misleading the public is so complete, the majority of Americans cannot even conceive of the possibility of no-interest loans. Public banks can do this.
[2] To this day questions remain if a Constitutional Congressional responsibility can be delegated to private sources.

Randy Langel
March 2015
Randy.Langel@gmail.com • http://www.randylangel.com

Randy Langel
March 2015
Randy.Langel@gmail.com • http://www.randylangel.com