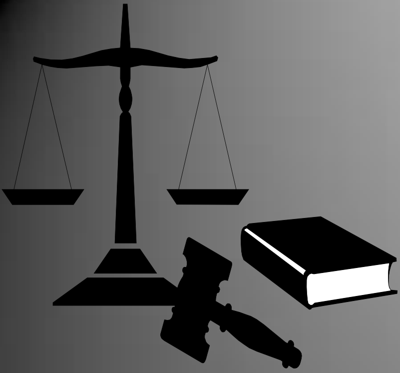

D.I.Y. Dealing With Student Loans

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Modern Money Mechanics

Is a 40 page document published by the Chicago Federal Reserve in the 1960's

Modern Money Mechanics

A Workbook on Bank Reserves and Deposit Expansion

Federal Reserve Bank of Chicago

Copies of this workbook
are available from:
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FEDERAL RESERVE BANK
OF CHICAGO

Modern Money Mechanics

The purpose of this booklet is to describe the basic process of money creation in a "fractional reserve" banking system. The approach taken illustrates the changes in bank balance sheets that occur when deposits in banks change as a result of monetary action by the Federal Reserve System — the central bank of the United States. The relationships shown are based on simplifying assumptions. For the sake of simplicity, the relationships are shown as if they were mechanical, but they are not, as is described later in the booklet. Thus, they should not be interpreted to imply a close and predictable relationship between a specific central bank transaction and the quantity of money.

The introductory pages contain a brief general description of the characteristics of money and how the U.S. money system works. The illustrations in the following two sections describe two processes: first, how bank deposits expand or contract in response to changes in the amount of reserves supplied by the central bank; and second, how those reserves are affected by both Federal Reserve actions and other factors. A final section deals with some of the elements that modify, at least in the short run, the simple mechanical relationship between bank reserves and deposit money.

Money is such a routine part of everyday living that its existence and acceptance ordinarily are taken for granted. A user may sense that money must come into being either automatically as a result of economic activity or as an outgrowth of some government operation. But just *how* this happens all too often remains a mystery.

What Is Money?

If money is viewed simply as a tool used to facilitate transactions, only those media that are readily accepted in exchange for goods, services, and other assets need to be considered. Many things — from stones to baseball cards — have served this monetary function through the ages. Today, in the United States, money used in transactions is mainly of three kinds — currency (paper money and coins in the pockets and purses of the public); demand deposits (non-interest-bearing checking accounts in banks); and other checkable deposits, such as negotiable order of withdrawal (NOW) accounts, at all depository institutions, including commercial and savings banks, savings and loan associations, and credit unions. Travelers checks also are included in the definition of transactions money. Since $1 in currency and $1 in checkable deposits are freely convertible into each other and both can be used directly for expenditures, they are money in equal degree. However, only the cash and balances held by the nonbank public are counted in the money supply. Deposits of the U.S. Treasury, depository institutions, foreign banks and official institutions, as well as vault cash in depository institutions are excluded.

This transactions concept of money is the one designated as M1 in the Federal Reserve's money stock statistics. Broader concepts of money (M2 and M3) include M1 as well as certain other financial assets (such as savings and time deposits at depository institutions and shares in money market mutual funds) which are relatively liquid but believed to represent principally investments to their holders rather than media of exchange. While funds can be shifted fairly easily between transaction balances and these other liquid assets, the money-creation process takes place principally through transaction accounts. In the remainder of this booklet, "money" means M1.

The distribution between the currency and deposit components of money depends largely on the preferences of the public. When a depositor cashes a check or makes a cash withdrawal through an automatic teller machine, he or she reduces the amount of deposits and increases the amount of currency held by the public. Conversely, when people have more currency than is needed, some is returned to banks in exchange for deposits.

While currency is used for a great variety of small transactions, most of the dollar amount of money payments in our economy are made by check or by electronic

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Modern Money Mechanics

- "…**the money creation process takes place principally through transaction accounts.**" Modern Money Mechanics, page 2

[redacted]

Bank Deposits—How They Expand or Contract

Let us assume that expansion in the money stock is desired by the Federal Reserve to achieve its policy objectives. One way the central bank can initiate such an expansion is through purchases of securities in the open market. Payment for the securities adds to bank reserves. Such purchases (and sales) are called "open market operations."

How do open market purchases add to bank reserves and deposits? Suppose the Federal Reserve System, through its trading desk at the Federal Reserve Bank of New York, buys $10,000 of Treasury bills from a dealer in U.S. government securities.[3] In today's world of computerized financial transactions, the Federal Reserve Bank pays for the securities with an "electronic" check drawn on itself.[4] Via its "Fedwire" transfer network, the Federal Reserve notifies the dealer's designated bank (Bank A) that payment for the securities should be credited to (deposited in) the dealer's account at Bank A. At the same time, Bank A's reserve account at the Federal Reserve is credited for the amount of the securities purchase. The Federal Reserve System has added $10,000 of securities to its assets, which it has paid for, in effect, by *creating* a liability on itself in the form of bank reserve balances. These reserves on Bank A's books are matched by $10,000 of the dealer's deposits that did not exist before. *See illustration 1.*

How the Multiple Expansion Process Works

If the process ended here, there would be no "multiple" expansion, i.e., deposits and bank reserves would have changed by the same amount. However, banks are required to maintain reserves equal to only a fraction of their deposits. Reserves in excess of this amount may be used to increase earning assets — loans and investments. Unused or excess reserves earn no interest. Under current regulations, the reserve requirement against most transaction accounts is 10 percent.[5] Assuming, for simplicity, a uniform 10 percent reserve requirement against all transaction deposits, and further assuming that all banks attempt to remain fully invested, we can now trace the process of expansion in deposits which can take place on the basis of the *additional* reserves provided by the Federal Reserve System's purchase of U.S. government securities.

The expansion process may or may not begin with Bank A, depending on what the dealer does with the money received from the sale of securities. If the dealer immediately writes checks for $10,000 and all of them are deposited in other banks, Bank A loses both deposits and reserves and shows no net change as a result of the System's open market purchase. However, other banks have received them. Most likely, a part of the initial deposit will remain with Bank A, and a part will be shifted to other banks as the dealer's checks clear.

It does not really matter where this money is at any given time. The important fact is that ***these deposits do not disappear.*** They are in some deposit accounts at all times. All banks together have $10,000 of deposits and reserves that they did not have before. However, they are not required to keep $10,000 of reserves against the $10,000 of deposits. All they need to retain, under a 10 percent reserve requirement, is $1,000. The remaining $9,000 is "excess reserves." This amount can be loaned or invested. *See illustration 2.*

If business is active, the banks with excess reserves probably will have opportunities to loan the $9,000. Of course, they do not really pay out loans from the money they receive as deposits. If they did this, no additional money would be created. What they do when they make loans is to accept promissory notes in exchange for credits to the borrowers' transaction accounts. Loans (assets) and deposits (liabilities) both rise by $9,000. Reserves are unchanged by the loan transactions. But the deposit credits constitute new additions to the total deposits of the banking system. *See illustration 3.*

[3]Dollar amounts used in the various illustrations do not necessarily bear any resemblance to actual transactions. For example, open market operations typically are conducted with many dealers and in amounts totaling several billion dollars.

[4]Indeed, many transactions today are accomplished through an electronic transfer of funds between accounts rather than through issuance of a paper check. Apart from the timing of posting, the accounting entries are the same whether a transfer is made with a paper check or electronically. The term "check," therefore, is used for both types of transfers.

[5]For each bank, the reserve requirement is 3 percent on a specified base amount of transaction accounts and 10 percent on the amount above this base. Initially, the Monetary Control Act set this base amount — called the "low reserve tranche" — at $25 million, and provided for it to change annually in line with the growth in transaction deposits nationally. The low reserve tranche was $41.1 million in 1991 and $42.2 million in 1992. The Garn-St Germain Act of 1982 further modified these requirements by exempting the first $2 million of reservable liabilities from reserve requirements. Like the low reserve tranche, the exempt level is adjusted each year to reflect growth in reservable liabilities. The exempt level was $3.4 million in 1991 and $3.6 million in 1992.

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Modern Money Mechanics

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Bank Loan = Fraud

- **"(a) GENERAL PROHIBITION - No national bank shall make any loan or discount on the security of the shares of its own capital stock."** 12 U.S. Code § 83 - Loans by bank on its own stock
- When anybody makes a deposit, (under the Uniform Commercial Code), it becomes the banks property (capital stock). It is an unsecured debt to the bank
- That is why the CDOs (Collateralized Debt Obligations) are such a scam, because they take priority over bank deposits, and nothing was ever loaned

Bank Loan = Fraud

- Banks do NOT loan anything
- There is no such thing as a bank loan in America, or anywhere
- When you sign the Promissory Note you create the money
- They deposit the promissory note into a transaction account, and based on that deposit, they cut a check

Tom Schauff

- Tom Schauff wrote a book called Banker's Secrets
- Lists 160 questions that you can ask a CPA and officer of a bank, in court, to prove that they loaned nothing

An Unconditional "Promise to Pay" **IS** Money

- **"The case of *Farmer v. Russell,* 1 Bos. & Pull. 295, so far as the point before us is concerned, asserts the principle that if A receives money from B to pay to C, it is money had and received for the use of the latter. In such a case it is immaterial whether the promise to pay over be express or implied, for by the very act of receipt, the party holds it not for A, but in trust for C. *See also Schermerhorn v. Vanderheyden,* 1 Johns. 139; *Onion v. Paul,* 1 Harris & Johns. 114; *Pigott v. Thompson,* 3 Bos. & Pull. 146, 149, note."** Tiernan v Jackson 30 US 580 (1831)

An Unconditional Promise to Pay IS Money

- **"A cashier's check differs in that it is a bill of exchange drawn by the bank upon itself and is accepted by the act of issuance. A cashier's check is the primary obligation of the remitting bank. See RCW 62A.4211(1)(b). …An ordinary check is considered as merely a promise to pay, but a cashier's check is regarded substantially as money, which it represents. The gift of such a check is completed upon delivery of the check. Pikeville Nat'l Bank & Trust Co. v. Shirley, 281 Ky. 150, 135 S.W.2d 426, 126 A.L.R. 919 (1939). See also Scott v. Seaboard Sec. Co., 143 Wash. 514, 255 P. 660 (1927), which quoted with approval extensively from Drinkall, and then quoted from Hathaway v. Delaware Cy., 185 N.Y. 368, 78 N.E. 153 (1906) as follows:**
- **"That by reason of the peculiar character of cashiers' checks and their general use in the commercial world they were to be regarded substantially as the money which they represented,"** Crunk v State Farm Fire and Casualty 719 P.2d 1338

An Unconditional "promise to pay" is Money in Canada

- **"What is said to be <u>an unconditional promise to pay</u> a sum certain in money <u>is itself money</u>. The words on the face of the paper money, "will pay to the bearer on demand", cannot alter its character as money and turn it into a different document which calls for the payment of money."** Bank **of** Canada v. Bank of Montreal, [1978] 1 S.C.R. 1148 at page 1155

Admiralty (Roman Law) cases

- Tiernan v Jackson 30 U.S. 580 (1831) is over a shipment of tobacco
- Crunk v State Farm Fire and Casualty 719 P.2d 1338 is over an insurance policy
- Bank **of** Canada v. Bank of Montreal, [1978] 1 S.C.R. 1148 at page 1155
- The Tiernan case talks about it being a “chose in action”

An unconditional "promise to pay" is money

- **"They are either cases where there was an <u>express promise</u> to hold the money subject to the order of the principal or there was an <u>implied promise to pay</u> it over as it was received to the use of a particular person…. In the case at bar, <u>no such irresistible presumptions</u> exist."** Tiernan v Jackson 30 U.S. 580 (1831)

Chose in Action is Roman Law

- **"chose (shohz), n.[French] A thing, whether tangible or intangible; a personal article; a chattel.**
- **chose in action. 1. A proprietary right in personam, such as a debt owed by another person, a share in a joint-stock company, or a claim for damages in tort. 2. The right to bring an action to recover a debt, money, or thing. 3. Personal property that one person owns but another person possesses, the owner being able to regain possession through a lawsuit. — Also termed thing in action."** Black's Law Dictionary 8th Edition, page 727

Bottom Line

- Banks do NOT “loan” anything
- There are NO Bank Loans
- All Bank Loans are a fraud
- All mortgages are a fraud
- The so-called federal debt is a fraud
- There is no government debt
- All foreclosures are a fraud
- The (so-called) sub-prime crisis was a fraud
  – See Bankster Thieves 1, 2, and 3

Bank Loan = Fraud

- The Banksters are thieves
- The US Congress is bought and paid for by the bankster thieves
- All so-called Courts are bought and paid for by the bankster thieves
- They operate exclusively under the Uniform Commercial Code
- This is all coming from the United Nations through the unconstitutional UNIDROIT Treaty

Alleged Student Loan

- Alleged unsecured debt
- Guaranteed by government
- Worst case scenario – IRS collects debt – Tax Return
- Alleged debtor = US citizen = Social Security Number = Cestui que Trust = Roman Law = Roman Cult

US citizen = Slave

- **". . . (E)very taxpayer is a cestui qui trust having sufficient interest in the preventing abuse of the trust to be recognized in the field of this court's prerogative jurisdiction . .”** In Re Bolens (1912), 135 N.W. 164
- **“A “*citizen of the United States*” is a civilly dead entity operating as a co-trustee and co-beneficiary of the *PCT (Public Charitable Trust)*, the constructive, *cestui que trust* of US Inc. under the <u>14th Amendment</u>, which upholds the debt of the USA and US Inc.”** Congressional Record, June 13 1967, pp. 15641-15646

US Citizen = Roman Cult

- **"...the privileges and immunities of citizens of the United States do not necessarily include all the rights protected by the first eight amendments to the Federal constitution against the powers of the Federal government."** Maxwell v Dow, 20 S.C.R. 448, at pg 455;
- **"The only absolute and unqualified right of a United States citizen is to residence within the territorial boundaries of the United States,"** US vs. Valentine 288 F. Supp. 957

Advertisement

- Announcing a subscription based Youtube channel called Sovereignty International
- The recommended cost of the subscription is currently US$1.99 because it avoids the advertising ONLY
- The ONLY power that the N.W.O. satanists have over us is through fraud and deception, and my agenda is to expose it for all our benefit
- For that reason there will be very little exclusive material on that channel
- Currently publishing 5 videos a week

US Citizen = Slave

- For more information watch
- A US Citizen is a Slave video
- Social Security Number = Badge of Slavery video
- D.I.Y. How to Get Compensation for Labor video
- All Wars are Commercial Transactions video
- US Citizen = Enemy of the State video
- United States is Owned and Operated by the Roman Cult video

Collection Process

- Harassment – phone calls – letters - threats – negative information in the credit report
- Demand letter – from liars (lawyers) – demand payment in full or they will file a law suit
- Law Suit – Judgment – 7 years
- Seizures – things owned by cestui que trust

BAR Members = BAAL Priests

- **“He is however in a sense an officer of the state with an obligation to the Court…”** 7 Corpus Juris Secundum § 4 Attorneys

BAR Members = BAAL Priests

- **“His first duty is to the courts and to the public, not to the client, and whenever his duties to his client conflict with those as an officer of the court, in the administration of justice, the former must yield to the latter.”** 7 Corpus Juris Secundum § 4 Attorneys

BAR Members = BAAL Priests

- **“Clients are also called “wards of the court”…”** 7 Corpus Juris Secundum § 4 Attorneys

BAR Members = BAAL Priests

- **“Wards of court. Infants and persons of unsound mind. Davis' Committee v. Loney, 290 Ky. 644, 162 S.W.2d 189, 190. Their rights must be guarded jealously. Montgomery v. Erie R. Co., C.C.A.N.J., 97 F.2d 289, 292.”** Blacks Law Dictionary, 4th Edition, page 1755

BAR Members = BAAL Priests

- A ward of the court is an imbecile.
- A ward of the court is not competent
  - Everything is about competence and incompetence!
  - That is why they are "representing" you, because you are <u>not competent</u> to make decisions for yourself. Therefore the attorney is going to make the decisions for you.
  - There is no such thing as an incompetent sovereign.
  - Do you know who you are?
- When a BAR Member sends you a letter, they are representing you – they are accusing you of being an imbecile

Advertisement - Other Videos

- Bankster Thieves 1, 2, & 3
- Churchianity series
- Bankrupt Corporate (so-called) Governments
- BAR Members 1, 2, & 3
- DIY How NOT to Volunteer for the Selective Service
- Martial Law is here!
- DIY No Income Tax
- DIY No Sales Tax
- DIY Traffic Stop 1 & 2
- DIY Free Mail 1 & 2
- DIY Kangaroo Courts 1, 2, 3, & 4

Alternative - 1 - The Demand Letter

- Sure, no problem, you can sue me, but I intend to prove that you did not loan me anything. I intend to call and officer of the bank and a CPA on the stand and ask them the enclosed 160 <u>Questions for Bankers</u> and prove that you did not loan me anything
- If you did actually loan me a depositors money, please have an officer of the bank sign the enclosed affidavit, and I will reconsider my position
- When I did this, after about 3 months, I got a letter back showing that the account had been paid off

Alternative – 1 – the Demand Letter

- Must be from liars (attorneys)
- Must be responded to by Registered Mail (proof of service)
- Must be threatening law suit and demanding payment in full

Alternative - 2

- Use The Dissolve your Debt Manual
- Uses the Accepted for Value Procedure
- Available on the Yahoo group in the Files Directory
- This could also be used with the Demand Letter
- I have used it and other people I know have used it successfully

Alternative - 3

- If you do not file Income Tax Returns, then there is no remedy available
- Expect to get a "Request to File" from the IRS
- Watch the D.I.Y. No Income Tax video
- Expect that liars (Attorneys) will try to steal your "wages"
- Watch the D.I.Y. How to Get Compensation for Labor video
- Expect that liars (Attorneys) will try to steal any property that is owned by the cestui que trust
- Watch the D. I. Y. Property and the Cestui que Trust video

Summary

- **Copies of these documents can be found at My private group at Yahoo called Administrating-Your-Public-Servants**
- **I have Youtube videos that are videos of Private Information Shares that show these and other court citations that are available for a donation**
- **Donations to support this work are appreciated. I prefer gold or silver coin, but as an extremely less desireable alternative I can accept IOUs (Federal Reserve Notes, Paypal gifts, checks, money orders, etc) send me an email for particulars**

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  - Community Page - Deleted
  - Private Group – Sovereignty International – Being Deleted
- Yahoo Private Group – Administrating-Your-Public-Servants
- Google Private Group – Administrating-Your-Public-Servants