Appendix 3

A General Theory of Financial Relativity

‘**Money-Lending *my butt***’ is a virtual **General Theory of *Financial Relativity.*** It has the capacity and potential to be as important to the 21st Century as the *General Theory of Relativity* was to the 20th Century.

It is that important, and it is that significant as a *paradigm shift*. This little 16-page ePamphlet will change your understanding of the entire financial universe.

If someone had given me this to read thirty years ago, my life today would be unrecognisable to me. It changes everything.

Rule of Law *my butt*

Part 2 - A General Theory of Financial Relativity

by Timothy Paul Madden, forensic-financial-economist, and historian of equity, law, and policy.

> Hell claims his right, and with a roaring voice
> Says, “Faustus, come; thine hour is almost come!”
>
> - Christopher Marlowe, The Tragical History of the Life and Death of Doctor Faustus

The following seven cognitive clarifications and adjustments provide the final perceptional *tweaking* needed to bring the reality of the global pretended-banking system into focus.

1. Humans are highly *cogno-linguistic*. We perceive reality largely by the *language* that we use to describe it. Most everyone believes and presumes that you have to be able to *think something* before you can *say it*. The more dominant reality is that, above a certain base level of perception and communication, you have to have the words and language by which to ***say something*** before you can ***think it***. Whosoever controls language - controls the mind.

2. The world is ever-increasingly controlled and administered by people who genuinely believe whatever is necessary for the answer they need. Administrative agents of the *entrenched-money-power* have solved the criminal-law enigma of *mens rea* or *guilty mind* by evolving or devolving (take your pick) into ***professional-schizophrenics*** who genuinely believe whatever they need to believe for the answer they need, and who communicate among themselves subconsciously by how they *name* things, and by how things are *named* for them. They suffer a *cogno-linguistically*-induced *diminished capacity* that renders them incapable of perceiving reality beyond *labels*.

3. Their core *business model* or *modus operandi* is the *systematized delusion*:

> “A “systematized delusion” is one based on a false premise, pursued by a logical process of reasoning to an insane conclusion ; there being one central delusion, around which other aberrations of the mind converge.” *Taylor v. McClintock*, 112 S.W. 405, 412, 87 Ark. 243. (West’s Judicial Words and Phrases (1914)).

The 1989 decision of the Canadian judges / Courts in *Thomson Associates Inc. v. Carpenter* was and remains a *systematized delusion*. Their (necessarily implied) *false premise* is that Parliament and the criminal law did not intend to prohibit the named offence by making it *severely punishable*.

They then followed a quasi-*logical process of reasoning* to the *insane conclusion* that violating what is by far the single most financially significant criminal and racketeering offence under the entire Criminal Code is *not fundamentally illegal*. And by the same reasoning, *murder*, *theft*, *forgery*, *assault*, *etc*. are also not fundamentally illegal.

The criminal law at issue provides (in material part, emphasis added):

> 347. (1) Notwithstanding any Act of Parliament, **every one who**
>
> (a) **enters into an agreement or arrangement to receive interest at a criminal rate**, or
>
> (b) receives a payment or partial payment of interest at a criminal rate,
>
> **is guilty of**
>
> (c) **an indictable offence and liable to imprisonment for a term not exceeding five years**,
> …

The Court ruled / upheld (in material part, emphasis added):

> ...[The criminal law [Section [347(1)(a)]][1], ... **provides only for punishment** of persons agreeing to receive interest at criminal rates **but does not prohibit** agreements providing for such rates....
>
> "**The purpose of** [the criminal law [s. 347(1)(a)]] **is to punish everyone who enters into an agreement or arrangement to receive interest at a criminal rate**. **It does not expressly prohibit such behaviour**, nor does it declare such an agreement or arrangement to be void. **The penalty is severe, and designed to deter persons from making such agreements**. ... It is designed to protect borrowers ... It is not designed to prevent persons from entering into lending transactions per se.... **Therefore the agreement** [which the Court / judges have found and acknowledged to be contrary and offensive to the criminal law] **is not fundamentally illegal**." (*Thomson, (William E.) Associates Inc. v. Carpenter* [1989] 34 O.A.C. 365).

Yet these people are not corrupt. They are profoundly *dangerous* - but they are not corrupt - at least not in the sense in which that term has developed over the centuries. They genuinely believed it because it was the answer that they needed.

But ***the mother of all false premises*** in terms of its global financial and socioeconomic consequences is that banks are in the ***money-lending*** business. Banks are not generally in the money-lending business at all - they are overwhelmingly in the ***credit-reinsurance*** business.

Banking is not an equity-***investment*** mechanism - it is an equity-***extraction*** mechanism.

Public perception to the contrary is defined by the organised-interplay of the *promissory-note* function, the *deposit* function, and the *credit-reinsurance* / *equity-extraction* function; all three of which involve systematized delusions *nested* within larger systematized delusions.

4. *Object* versus *means*

Identifying and understanding *process* requires an appreciation of the following caution from the criminal courts in the U.K.:

> **One must not confuse the object** of a conspiracy [to defraud] **with the means** by which it is intended to be carried out. *Scott v. Metropolitan Police Commissioner* [1974] 60 Cr. App. R. 124 H.L. [House of Lords]

The vast majority of acts of self-deception among professional-schizophrenics are founded on the confusion and cross-confusion of unlawful and illegal *objects* obtained by unlawful and illegal *means*. The more general result is to the effect: "Well you cannot tell with certainty

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[1]The section was originally enacted as s. 305.1.

whether we are idiots versus criminals, therefore nothing can be done, and the best that we can do is to maintain the *status quo*".

The induced confusion or *cognitive dissonance* functions as a *manufactured, pretended or pseudo-reasonable-doubt* that is itself a systematized delusion *within* a systematized delusion as an answer / solution to *prima facie* criminal activity by those who administer otherwise mainstream institutions, including and especially the civil / commercial Courts.

In the larger result (and whether consciously or unconsciously) the judges of the Courts employ *irrationality*, *per se*, as a means of broadcasting *policy* to the broadly-defined legal profession.

One of the system's most significant *tells* in this area is that the more objectively irrational and otherwise transparently fraudulent a decision from a multi-judge court of appeal, the more likely it is to be *unanimous*.

In *Thomson*, for example, from the trial judge to the Supreme Court of Canada, of the 13 judges who directly or indirectly ruled or ratified that violating the single most financially significant offence under the entire Criminal Code is not fundamentally illegal, had any one or more of them taken a contrary position, then it would have been virtually impossible to explain why without making the others come across as imbecilic.

5. On the form and substance of *promissory notes*

Consider the nominal *promissory note* that is the functional or *process* foundation of the global financial / banking system(s). Promissory notes are most often issued by borrowers and nominal debtors in favour of bankers. The purpose of a mortgage is (nominally) to secure performance on the corresponding promissory note (in Canada and many other countries the promissory note function is often embedded in the mortgage or other nominal security, instead of as a separate document / security (but the result is the same either way as between the issuer and the initial bank)).

A typical / example U.K. promissory note states: "For value received, I promise to pay [Bank] the Principal Sum of £100,000 on [Maturity Date] and to pay interest monthly after as before maturity at the rate of 6% per annum."

We are conditioned and habituated to perceive such a *financial instrument* as having a *face value* of £100,000, when in fact / practice it is £200,000, plus the monthly interest.

There are three separate and distinct legal / financial undertakings defined by and under the nominal promissory note, and which are acted upon as such (*nb*: until default):

1. An immediate undertaking of indebtedness to the bank in the amount of £100,000;
2. An undertaking of liability to the bank for the stipulated interest charges on the amount of indebtedness so assumed / underwritten; and
3. An undertaking to pay the bank (another) £100,000 in lawful money on the named maturity date.

In practice, as and when the bank receives the promissory note, does bank management recognise, receive and record the issuer's undertaking of indebtedness, *per se*, as an equal increase in the bank's own cash-equivalent / money assets? Yes it does.

As and when the periodic interest payments are made, does bank management recognise, receive and record same as an equal increase in the bank's own cash-equivalent / money assets? Yes it does.

As and when the note is nominally *repaid* on the maturity date, does bank management recognise, receive and record the payment as an equal increase in the bank's own cash-equivalent / money assets? Yes it does.

That's it. They're done. That's the whole deal. If those three things are true, then the unearned gain is *crystallized* and capitalized, and everything else reduces to distribution or application of capacity / proceeds. That accounts for roughly half the financial value of all broadly-defined labour (and production) on Earth. Upon issuance / delivery of the note, the immediate net financial loss / deprivation to the note-issuer (borrower or nominal debtor) is real and quantifiable, and the immediate unearned / unjust enrichment / gain[2] of the nominal creditor (the bank - or rather its owners) is real and quantifiable.

Put another way, how does a promissory note differentiate between a case where the bank has already made a loan or advance, and one where it has not? Answer: It doesn't. That's the point. In the majority of cases, and virtually always in the case of the original transaction that creates the legal-debt, the words: *For value received* mean *For nothing at all*. An ***unconditional*** promise to pay is by definition a ***gratuitous*** promise to pay.

The official definition of a *promissory note* in the Bills of Exchange Act (and / or UCC in the U.S.) is an essential and material element of the fraud, and a typical example of the *cogno-linguistic* means or process by which the fraud is carried out (emphasis added):

> 176. (1) A promissory note is **an unconditional promise in writing** made by one person to another person, signed by the maker, engaging **to pay**, on demand or **at a fixed or determinable future time**, **a sum certain in money** to, or to the order of, a specified person or to bearer.

But that is materially imprecise, and a *fraud-by-material-omission*. In practice the essential and material elements of a promissory note are:

> [A]n unconditional immediate undertaking, assumption, and / or acknowledgement of indebtedness **and** an unconditional promise in writing … to pay [another/additional/duplicate/different] sum certain in money at a fixed or determinable future time.

More precisely, it is literally *fraud* ***by definition*** - an *epitaph for humanity*.

The proof that the omission is real and material is to ask: At what time, and on what amount, does the interest begin to accrue?

The answer is that the interest begins to accrue **immediately** and **on the amount of indebtedness that is undertaken, assumed and / or acknowledged** (but which is not mentioned at all in the purported / official definition), **and not** on the sum certain in money that is payable (again) at some future time or maturity date (and which is the *misdirection*-based *focus* of the purported definition).

Note that the actual, legal, and financial meaning of "…to pay another / duplicate sum certain in money" does not change with the elimination of the words "another / duplicate" - either way the note requires the payment of the named amount on the maturity date. And failure to make it constitutes default.

The promissory-note-default *change-up* pitch

An act of default triggers a kind of transaction-specific-bankruptcy, and constructive crystallization of liabilities and audit to establish the legal claims against the security and / or parties. At this point the constructive fraud against equity would be exposed.

Assume that I give you a promissory note for $100,000. If I default on the maturity date, then if the note means what it says, then I ought to owe you $200,000. The day before the maturity date I owe you $100,000. If I then default on the $100,000 payment due on the maturity date, then by reason, by the express terms of the note, and 100% consistent with the banker's treatment of it to that point, my debt ought to go to $200,000.

[2]Another word for *gain* is *advance* - when a bank makes an *advance*, it makes an immediate *gain* at the expense of the note-issuer's immediate *loss*.

But the banker does not, and never would, sue for $200,000, because that would expose the fraud against the note-issuer's underwriting equity. Instead, by practice or policy, upon default, the banker *disappears* or constructively *abandons* the underwriting-credit, and only claims for the payment not made on the maturity date (or *vice versa*).[3]

The most common reference to the interest is by the phrase "with interest after as before maturity…". Note the *cogno-linguistic gymnastics* in referencing the interest against the amount of debt that is immediately underwritten as "interest… before…maturity" (*i.e.*, literally with interest on a future liability before it exists). The words were carefully chosen to prevent the reader / issuer from being exposed to the fact of, or taking account of, the immediate underwriting-of-liability component. It is important not to *poke the cognitive bear with a stick* to check if it is *sleeping*.

In civil claim Court, the banker wants to avoid at all cost the question: Where did you get the money or credit that you loaned to the borrower?, because the only truthful answer is: From the borrower. If they failed to *disappear* the underwriting credit / debt upon default, then the *answer* to that *most-damning-question* would be obvious to everyone without the question even being asked.

That *two-part* and seemingly innocuous combination of cogno-linguistic *sleight of mind* (to obfuscate or *put-out-of-mind* the underwriting credit), protected by a physical / reflexive *sleight of hand* (abandonment upon default by practice / policy - or *manual override*) has been systemically and systematically[4] pauperising the masses, and channeling the wealth of the world to the possessor class, for several hundred years.[5]

History is simply a great recording of the aggregate amount of labour / real wealth creation that is systemically and systematically *rolled over* into the accounts of the bookkeeping class acting on behalf of the possessor class. However much new wealth is produced via private (and costless to produce and unsecured) nominal bank credit has a quietly concealed built-in 50%-of-financial-value-confiscation (plus interest) provision.

As and when the issuer of the note executes and delivers it to the bank, they are in fact advancing (underwriting) credit to the bank. The bank (management) *strips off* the nominal security as a *premium* for itself, and then issues-back (re-insures) (in the form of a deposit liability) either a duplicate or lesser amount of unsecured (but *homogenized* / assignable) credit to the note-issuer directly, and / or via the merchant or vendor of the property or goods and services being purchased under the commercial transaction.

The (pre-qualified) note issuer is the **lead-underwriter** and **equity-creditor-in-fact**, and the bank is the **lead-debtor** (gratuitous-beneficiary of the lead-underwriter's underwriting / assumption of liability) **and reinsurer**.

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[3]It may be more correct to say that they abandon the payment due on the maturity date, and only sue for the underwriting debt, plus whatever accrued interest on it. It also may be that they are acting on a constructive hybrid of claiming for the accrued interest on the (otherwise abandoned) underwriting debt, plus the payment due on the maturity date. Regardless, upon default, one of them is *disappeared* and not claimed for. And of course a truly psychotic banker may claim or believe that they are *forgiving* the underwriting-credit-component.

[4]The underwriting credit is obtained by the bank / banker *systemically*, while the abandonment upon default is more properly described as *systematic*. It may seem at first a rather fine distinction, but the whole wealth of the world turns upon it.

[5]Another variation would be for the banker to claim that he advanced credit under the note after he received it. So the questioning would go: Q: When did the note issuer give you the note? Answer: Monday morning. Q: And how much did he then owe you according to your accounting books? Answer: $100,000. Q: Did you then advance him $100,000 of credit Monday afternoon? Answer: Yes. Q: And did his debt go to $200,000 on Monday afternoon? Answer: No. Q: Why not? Answer: You need to stop asking me these kinds of questions or else I will have to plead the Fifth Amendment.

6. The *Deposit* function (excerpt from "My Top 7 reasons why *All of this is unreal - Reason #2*")

Assume, for the sake of exposition and argument, that some force, divine or otherwise, makes me the winner of $1 billion in cash in a super-multi-state *powerball-type* lottery. That $1 billion would bestow upon me some quantifiable and very substantial socioeconomic power.

By whatever means, fate will have selected me for such power, and about 100 million people would have each paid an average of at least $10 in cash buying tickets to make it happen.

Also further assume, just to keep track of it, that the typical / average lottery-ticket-buyer earns $14 per hour, and nets $10 after nominal taxes, such that the $1 billion jackpot represents the product of an aggregate 100 million hours of taxable / tax-paid labour already performed (plus whatever percentage the government keeps from total ticket sales[6]).

But the cash would be mine regardless and I would own it in fact (possession) and in law.

Yet the next day, if and when I deposit the cash in a private bank, the cash henceforth belongs in fact and in law to the bank, and I (henceforth) have an unsecured liability of the bank (an unsecured deposit credit) that I own and which I can trade with or assign to others (by cheque / check), but which did not cost the bank anything of substance to produce.

Now the private bank also has $1 billion of new socioeconomic power by my decision to so favour it - a systemic gift of the equity and financial product of 100 million hours of labour already performed.

Now apply the same process to the (say) $5 trillion-plus of earnings from new broadly-defined labour services annually in the U.S. economy.

Assume that you work for a year to earn a cash payment of $100,000 in exchange for your labour and other skills and talents that others find useful in that amount. You too will have earned a certain amount of socioeconomic power.

But the instant you deposit the money into a bank account, it is no longer your legal or actual money, and you have unwittingly made the private bank an equal partner in the product of your year's labour. Same with cheques / checks (and anything that is *deposited*) – the bank literally and legally owns your paycheque the instant you deposit it.

The same goes for all the illegal-vice-and-drug-money globally. Even if the drug dealers, etc., could obtain every last coin and banknote currency on Earth (in normal circulation)[7], there is still only about the USD-equivalent of $1 trillion, or about a one-year supply for the world's broadly-defined vice-and-substance-abuse industries. So if it has been going on for 40-plus-years-in-fact, then you know with certainty that virtually every last dollar of such vice-and-drug-money is being laundered-in-fact (converted to deposit balances / credits) through private banks. It can't go anywhere else. They are partners-in-theory, and they are partners-in-fact.

Then if and when you participate in the financial markets, you find that your local bank, as with virtually all banks individually and in the aggregate, is not just a *scorekeeper*, but an active participant on the economic and financial *playing field*. So even if you beat it, you give your gain back to it when you deposit it. When your opponent scores a point, it scores a point. When you score a point, your point is forfeit to your opponent, but you get a different kind of point as a consolation, so it is kind of alright.

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[6]In fact, between the income taxes and the amount retained by the government, the $1 billion jackpot may well represent up to an effective 300 million hours of labour, but I will assume 100 million to remain conservative. It is conceivable that aggregate lottery-ticket-buyers have to earn $4 billion before tax, to purchase the tickets needed to cover the government's rake-off, so as to then create the prizes that are themselves taxed as income to the winners such that the winners ultimately receive a net $1 billion. That is, lottery ticket-buyers have to spend $4 billion to transfer $1 billion (after tax) to an ultimate lottery winner.

[7]That is not otherwise being *hoarded* by non-criminals (there has apparently been some recent relative *spiking* in the absolute amount of cash out there that is well above historical norms).

And since at least my great-great-great-grandfather's time, our global army of financial and economic analysts, with more *troops* worldwide than Napoleon and Wellington combined at *Waterloo*, cannot figure out that unearned and unjust conveyance of rights of property in money itself, via deposits and the custom and practice of private bankers, is a multi-hundred-trillion-dollar annual business of itself, and a defining reality of our entire system. It has just never occurred to anyone that it might be important?

Just as the words "application fee" or "loan fee" or "commitment fee" excite a different area of your brain, than do the words "Cross-leveraged-double-counting-fee" or "True-principal-amount and real-interest-rate obfuscation and concealment fee" or "Accounting-fraud concealment fee", so too does the word "deposit" evoke a very different reality than the more conceptually accurate "gratuitous-wealth-transfer". As in: "Hi Bob, I just got my paycheque, and I am on my way to gratuitously assign the legal right of property in my earnings to the bank. I'll meet you later for pizza."

Since the founding of the privately-owned Bank of England, for that matter; for 323 years our international army of *bloodhound* economists have failed to grasp the significance of this one all-encompassing and game-defining *rule*.

Now let's see, why would an *economist* concern themselves with something as arcane as rights of property in money itself, in a global system that processes $98 of financial / money transactions for every $2 of actual GDP [as at 2016]? They witness $3 quadrillion of financial transactions annually to support global GDP of $60 trillion (2%) and, with a few notable exceptions, these *economic analysts* can't think of a single reason why rights of property in the $3 quadrillion might have some effect on human socioeconomic relationships?[8]

Assuming that there are about 7,000 substantive private deposit-taking institutions globally, then there would be one such *special-player* per million human players (labour units). Assume also that each special player is substantially and beneficially owned and / or controlled by one *vested-oligarch-family-unit*, with the most senior (and largest by far) units having been in place for over 300 years.

In this game, all seven billion human players perform labour each day for wages and 90% of them, by amounts, *deposit* those wages into deposit (gratuitous-wealth-transfer) accounts at one of the 7,000 special-players / family-units, at which point the wages become the legal and actual property of the special-players / families. The special players call their special advantage *a level playing field* and which is their inherent right by the longstanding custom and practice of private bankers.

And for 323 years our inter-generational global army of economists cannot figure out "What's wrong with this game?"

Computer! End program!

The deposit function is one of several essential *feedback* devices or components in the larger / aggregate socioeconomic or socio-financial *feedback loop* that effectively channels half of all new wealth, as it is produced / created, to the owners of the nominal banking system. And that is *before* interest-*called*-interest.

[8]The $3 quadrillion includes various forms of highly notional money where we could probably argue at length over what is more or less real - but the main point is that it is a whopping big amount that is kept in a kind of cognitive *stasis* and out of the general discussion. Its true economic function is to act as a kind of *hostage* - it is so huge that if anyone does anything to disturb the *status quo* - then the whole system will collapse. The basic or functional rule is "It doesn't become real money until you lose it". So no government will dare to even raise the issue of the criminal law and the international anti-racketeering / money-laundering treaties that are being flagrantly violated by the *entrenched-money-power*. "Anybody make a false move - and the derivative gets it".

7. Credit *reinsurance*

Cold hearted orb that rules the night,
Removes the colours from our sight.
Red is grey and yellow white.
But we decide which is right.
And which is an illusion?
(The Moody Blues, *Days of Future Passed* (1967))

The *matrix* is not a *computer-program* - it is a *mirror-image*.

Money-lending *my butt*
The *credit-reinsurance* function

***The mother-of-all-false-premises* and *systematized-delusions* is that banking is *money-lending*.**

***Banking* is not money-lending - it is *credit-reinsurance* - the *antithesis* or *conceptual-opposite* or *mirror-image* (and *evil-twin or doppelgänger*) of money-lending.**

Modern banking is an equity ***extraction*** business *passed off* as an equity ***investment*** business.

Modern banks do not **advance credit** ***to*** nominal debtors - they **obtain credit** ***from*** nominal debtors, and then insure or reinsure or nominally guarantee that credit in favour of the vendor / seller of the real-estate or other property being sold and purchased with the credit.

The credit / money, *per se*, does not even exist unless and until the nominal debtor underwrites it by agreeing that they owe it (*i.e.*, by assuming / underwriting / accepting the liability). In about 98% of all nominal credit transactions, what we are conditioned, and indeed obsessively-habituated, to describe and label as *borrowers* or *debtors* are in fact / substance the ***lead-underwriters*** and ***creditors-in-fact*** or ***creditors-in-equity***.

More precisely, however, in the vast majority of cases - also about 98% of them - the bank is the ***lead-debtor*** (as beneficiary of the lead-underwriter's underwriting credit) and credit ***reinsurer***.[9] The nominal-debtor creates the credit / money by underwriting the liability, and *insures* or *secures* that (their) credit with a pledge / attachment of physical security (*e.g.*, real estate or automobile or whatever) and hypothecation of their future income (normally from labour (broadly-defined) and / or production (broadly-defined)) to service it.

Normally, then, the bank receives *insured / secured credit* from the lead-underwriter, and then *homogenizes*[10] or *reinsures* it (while *stripping off* the nominal *security* as a *premium* for itself) ultimately in favour of the vendor / seller of the property being acquired with the credit.

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[9]Back when most transactions were paid for by cheque, merchants could purchase a form of direct credit insurance (as opposed to reinsurance) where they would pay a certain percentage (say, 1/4%) of all their cheques received, for a guarantee by the insurer. The insurer only assumed the default risk but did not put up the funds. The present system is analogous to the old system but with the cheque made payable to the insurer instead of the merchant.

[10]All members of a given national *clearinghouse* such as the Canadian Payments Association recognise and trade in (traffic in) each other's otherwise generic / unsecured deposit liabilities.

The nominal bankers arrive at any given nominal credit transaction with metaphoric *empty pockets,* and do not contribute anything that they do not obtain from the other two parties. The banker arrives with nothing, yet walks away with the legal title to the property from the seller / vendor in one hand, and a promissory note (immediate undertaking and underwriting of liability) and mortgage from the nominal debtor in the other.

Mainstream criticism is virtually non-existent, and almost all non-mainstream criticism of the nominal banking system focuses on the many and varied actual and constructive financial / legal-frauds against the nominal / pretended debtor and issuer of the nominal financial security.

But there is a concurrent and parallel *equity-fraud* against the seller / vendor, and corresponding (additional and compounded) independent / duplicate unjust / unearned enrichment of the bank.

Assume the most simple configuration of three parties - a vendor / seller, a purchaser, and the bank as purported middleman, and that the vendor is the *clear-title* owner of the property being sold.

The purchaser issues a note-and-mortgage-secured-liability (underwriting credit) equal to the purchase price to the bank, and which the bank receives and recognises as an equal increase in its cash-equivalent[11] money assets (just as any other nominal borrower or debtor would receive nominal loan or credit proceeds). The bank also now owns the nominal-security, or what the Criminal Code defines as a "valuable security" with a financial value equal to the amount of debt that it evidences or is underwritten by it (as well as in practice, and under GAAP, etc.).

The bank / banker then agrees that it owes the purchaser the amount of the purchase price via a deposit-account-liability in the amount of the purchase price, but which did not cost the bank anything material to create (in equity), and more so (in law) because it is unsecured.

The purchaser then assigns the bank's deposit-liability-to-the-purchaser, via cheque, to the vendor. At this point the vendor / seller has to endorse the cheque and return it directly or indirectly to the purchaser's bank. The two-signature cheque effectively ratifies the constructively fraudulent transaction, while concurrently constituting an additional cash-equivalent money-asset to the bank. Now the bank / banker agrees that it owes the vendor the purchase price instead of the purchaser.

When the *transactional-dust settles*, the vendor has exchanged their clear-title-interest in the property, for an unsecured deposit-liability of the bank, while the purchaser has exchanged their pre-qualified future income stream for the bank's agreement to accept[12] the purchaser's agreement that they owe the bank the purchase price (plus interest). Is that clear?

Every such transaction is a ***double-cross-leveraged*** **socioeconomic-fraud** where the alleged *middleman* is systemically robbing or defrauding both of the other parties, while making it appear that they are merely reallocating assets and liabilities between the other two parties.

From the nominal bankers' perspective there is only one material reality, and that is that <u>**real equity / secured assets come in**</u>, and only <u>**unsecured liabilities go out**</u>. They are ***asset-sinks*** and **unsecured-*liability-kiters***.[13]

A good test or exposé (and to trace / document the flow of equity) is to assume that both the nominal vendor and the nominal purchaser are lottery winners, where a $1 million house and property is won (by the nominal seller) in a hospital-charity lottery, and the purchaser is the winner of a $2 million cash lottery, but where the prize is paid out in equal monthly instalments over 25 years.

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[11]"Cash equivalent" means, for example that the bank does not make a distinction on its balance sheet between cash and a promissory note - it simply records the amount.

[12]That is why the credit arm of General Motors, for example, is called **General Motors *Acceptance* Corporation**.

[13]The term *kiting* means *to keep* (financial) *paper in the air.*

For whatever reason, however, both parties really wish that they had won the other's prize. The purchaser would prefer to have the $1 million house and property now, and the home winner would prefer to have $2 million in cash over 25 years.

If the parties merely legally exchange their prizes, then everyone is happy, and the parties jointly retain their total $3 million in equity / cash-equivalent assets.[14] And there is no new debt in the system.

If they choose to go through a mortgage and the private and purportedly *neutral* nominal banking system, then the day after the transaction, the bank or banking system owns absolutely the $3 million in cash assets / equity - just as if the bank itself had been the winner of both lotteries - and there is $3 million of new debt / liabilities in the system.

Except in its necessary implications, this is not really all that complicated.

The *acid test* is the (alleged) bank's *balance sheet*. If the bank were making an equity investment, then its cash-equivalent / money assets **would decline** by an equal amount with the making of the equity investment or loan. And there would be **no change in its liabilities**. An equity lender does not incur any liability to anyone by making a loan.

But if it is reinsuring credit, then **its liabilities will increase** by the amount of credit that it has received and re-issued / re-insured, and **its assets will also increase** by the amount of the credit received, plus the *de facto* ***premium(s)*** that it has received (legal title to the property[15], plus the note and mortgage) for its assumption of that liability to the vendor through the nominal debtor.

That is why virtually all such so-called financial institutions (*de facto asset-harvesters* or *asset-sinks*) have assets or assets-under-management (AUM) that consistently (day-after-day, year-after-year) increase at a rate that is normally about **ten times greater** than can be accounted for by their declared *income*. It is systematized and normalized unearned and unjust enrichment in equity, and fraud and racketeering in law.[16]

Money-lending versus credit-reinsurance

In terms of the difference in fact / equity, there is a material difference between banking and insurance / reinsurance, and that difference has been (at least selectively) recognised and acted upon for hundreds of years. It is not just *academic,* or *theoretical,* but the *nexus* of the global financial system in practice. More specifically we are addressing true investment banking (money-lending) on the banking side, and credit-insurance / reinsurance on the insurance side.

Banking, *per se*, means the loaning / investment of money as equity, *per se*, and not the otherwise unfunded (or rather *negative-funded*) issuance / assumption of risk or liability. A good way to demonstrate and appreciate the monumental difference is via the business of *bottomry* - an early combination-form of investment and insurance. (The *bottom* in *bottomry* refers to the *hull* or *bottom* of a ship; also involving pledging the ship and / or its cargo as security but that is not necessary for this most simple / general process example).

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[14]*I.e.*, treating the equity in the clear-title house and property as a cash-equivalent (convertible) asset.

[15]The bank henceforth owns the house and property, while the nominal purchaser obtains a constructive *repurchase option* by paying the bank all the interest and re-payment or payment-again of principal over the term / amortisation period.

[16]Because the nominal securities flagrantly lie about the substance of the transaction, and are *false documents* and constructive forgeries or forgeries-in-law. Much more on this aspect below and under Part 3.

Assume that you are a wealthy 18th-century man or woman in London, and that you are offered the chance to participate financially (in whole or (normally) in part) in a planned commercial venture.

It will cost £100,000 (paid up front)[17] to charter and provision a ship and crew to sail to India (and return) and another £100,000 to purchase a full cargo of peppercorns and other spices in India to bring back to London where they can be readily sold to wholesalers for £500,000. The potential profit is therefore a net £300,000 on a £200,000 investment (a 150% gain).

But there is also a carefully-estimated (and constantly monitored) one-in-three chance that the ship will sink in a storm during the year-long voyage, and so the expected (calculated average) loss is £66,667. The risk insurer also needs to make an average profit to be induced into the risk underwriting, and so we will assume a total *premium* of £100,000. Now the required investment is a total £300,000, and the potential profit is reduced to £200,000.

But the investors gain at least a perceived (personal risk minimization) advantage because with the risk insurance there is still a 2/3 chance that the business venture will be successful (and yield a 60% gain), and a 1/3 chance that they will merely recover their investment.[18]

At this point the nominal investor or player would choose to participate in either the business investment venture, or in the insurance or risk underwriting of the business venture / voyage.

The critical difference is that if they chose to participate / invest in the business venture, then that requires a ***net outflow* / investment of their existing wealth / investment money**. But if they chose instead to participate in the risk insurance underwriting, then they would receive **a *net inflow* of *premium* money up front** in exchange for their legal and financial assumption of the risk(s) of the voyage.

The insurance function is a ***negative*** or ***contra-investment*** **(an *extraction* of *equity*)** because the assumption-of-risk premiums (£100,000) have to be paid up front to the risk underwriters from the funds / equity (total £300,000) contributed by the business venture investors.

Virtually everything (every purported credit transaction) that a modern nominal bank does is under the insurance / reinsurance function (**taking money / equity <u>out now</u>** in exchange for the net / new issuance or assumption of risk / liability) **<u>and not</u>** the business investment function (**putting money / equity <u>in now</u>**).

With the exception of nominal[19] *cash advances* under nominal credit / charge-card accounts (which are in fact cash *loans*), most everything else results in the nominal bank taking net money (equity) out of the system via the reinsurance (*premium* for liability-issuance / assumption) function, and almost never putting it back in under the equity investment (money-lending) function.

The (legitimate) business of banking is the (cash / equity-out loaning / investment of money) financing of the commercial ventures. Banking results in the commensurate **<u>reduction /</u>**

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[17]These numbers / amounts are very high for the period (at least 10x), but make it easier to follow the process and proportions as percentages.

[18]There is no financial *magic* to it however. The driving force is the combination of the actual sinking-risk and the price differential for the spices in London versus India. Without that it would not be possible. Also, there is still a (smaller) actual loss to the investor if the ship sinks because they would not recover their premium from the insurer - only their base investment in the business enterprise, *per se*.

[19]Even here the distinction is somewhat illusory because the receipt or other evidence of debt given by the borrower is an interest-bearing money-asset to the bank, and so it is more accurately described as an exchange in favour of the bank as opposed to an investment per se. It is the collective ability of all the banks acting together to trade in the evidence of debt of the public that gives them their unearned advantage. Also, the labelling of a *cash loan* as a *cash advance* is not an anomaly - virtually everything in finance is labelled the opposite of its substantive function.

depletion of a bank's existing assets with the making of a loan, **and not the issuance or acquisition of a new liability**.

If a true bank (or any true equity lender) has $1 million in cash (loanable) assets, and makes $1 million in loan investments, then that bank will have run out of assets to loan. It may have a means by which to acquire more assets to loan, but its original stock is gone, and it has no outstanding liabilities with respect to those loans. Its $1 million in cash / equity is gone / invested (and at risk of default) but the bank does not incur any liability to anyone by making a loan or investment.

A credit-reinsurer, however, recognises and records a commensurate **increase in its liabilities** as a consequence of its credit-reinsurance function, ***plus a corresponding increase in its assets*** equal to the underwriting-credit received, plus the credit-reinsurance-***premium(s)*** taken / received at the time of the transaction.

Also, the credit reinsurer cannot account for the fact of the asset(s) without relying on the (unsecured / unfunded / *kited*) liability.

In most simple terms and / or the most simple (and objective) test:

When a ***money-lender*** makes a **loan**, then its assets ***decline*** by a commensurate amount, and there is **no change in its liabilities**.

When a ***credit-reinsurer*** **reinsures credit**, then its assets ***increase*** by a commensurate amount, **and so do its liabilities**.

A **money-lender** purchases its assets with and through the investment of existing (equity) assets.

A **credit-reinsurer** purchases its assets with the issuance[20] of new and costless-to-produce (unfunded and unsecured (*kited*)) liabilities.

One engages in *two-sided*-equity-exchange transactions, and the other engages in *one-sided*-equity transactions (the latter of which creates the *asset-sink*).

The most material reality, however, is that all broadly-defined or pretended *creditors* are either one or the other.

There is nothing else out there. And they are 98% **not**-money-lenders.[21]

Because there are so many ways to disguise it and to obfuscate it, the only reliable way to measure it is by the **gross-unsecured-liabilities-outstanding** at any given time.[22] Currently (2019) such is about the USD-equivalent of $250 trillion ($250,000,000,000,000) globally.

A most critical socioeconomic aspect of it, of course, is that from the isolated position of the vast majority of its victims, they cannot tell the difference.

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[20]A *cogno-linguistic* effect lies here in the similarity of the word "assumption" to the word "adoption". The phrases "assumption of a liability" or "to assume a liability" give the strong sense of some already existing thing that is being adopted or assumed by the party so assuming or adopting. But in finance a new liability is a thing that does not come into existence unless and until some party issues or underwrites it. It is real thing of value that is brought to the transaction by the party underwriting the liability. But by referring to it as the *assumption* of the liability, they cognitively distance or separate the thing of value from the party who provides it, and converts them instead or by default into a borrower or debtor.

[21]By total $ amount and not necessarily by number of entities involved.

[22]Even if the bankers were to give the nominal borrowers cash and simultaneous with the receipt of the nominal securities, it will have the same credit-reinsurance result if the bankers are able to trade among themselves in the evidence of debt as a cash-equivalent money asset. The real trick is to induce the nominal owners of the property to exchange their titles for unsecured liabilities of the banking system. That is why the only way to effectively measure the extent of it is by the aggregate unsecured liabilities outstanding at any given time.

A *quid pro quo* (as claimed under the securities) is an equitable exchange of *something for something* (*else*) (and of more or less equal cost and value to both parties), and they assume that it costs the bank $100,000 to loan them $100,000. They don't understand that the banker arrived at the transaction with ***nothing***, and walked away with a $300,000 *premium* ($100,000 from the note (underwriting credit now), plus another $100,000 due on the maturity date, plus $100,000 by the legal title to the nominal physical security)) in exchange for his otherwise unfunded and unsecured agreement that the bank owes them $100,000. The pretended bank's liabilities increased by $100,000, in *offset* of a $300,000 increase in its assets.[23]

In practice, a nominal bank-licence (credit-reinsurance-in-fact) is closely analogous, and identical in result, to a special ATM-card where every time the user makes a *cash-withdrawal* or payment to another account from the machine, they get credit instead for having made a *deposit* in the same amount (and more often in fact from two-to-three-times the amount).

Any *bleeping moron* - or consortium of *global-village-idiots* - could rule the world with an advantage like that. Oh wait. They do.

This is the **foundational business model of the entire global so-called banking system** that is in substance a global **credit-reinsurance system**. It is one great *systematized delusion* based on the *false premise* that the business of banking is *money-lending* when it is in fact *credit-reinsurance*; an ***equity-extraction*** mechanism falsely presented and sold to the global public as an ***equity-investment*** mechanism - the ultimate ***double-reverse-double-whammy***-device.

For every $10 trillion of annual-net-increase in aggregate private bank liabilities globally (about (or rather at least) the current expansion rate in fact), <u>**every single day**</u>[24] the global *de facto credit-reinsurance* system reinsures ((re)<u>**issues**</u> and assumes new <u>**unsecured**</u> liabilities for) a net new USD-equivalent of about $30 billion ($30,000,000,000) of new credit **obtained by it** from nominal or pretended debtors / borrowers (lead-underwriters), and takes (*harvests* or *extracts*) a corresponding minimum of $30 billion a day <u>**out of the system**</u> **from someone else's equity** (mostly promissory notes hypothecating pre-qualified future / anticipated labour and business income) as a 100%-plus *premium* for reinsuring a carefully managed (and nominal-debtor-**re-re**insured) default risk of about 2%, while concurrently and systematically substituting objectively and egregiously falsified securities at the public land-title-registries and elsewhere, that state categorically and on the contrary **that it had invested / put $30 billion of its own equity <u>into the system</u>**.

Always there is a ***deceitful balance*** - *passing-off* credit-reinsurance as banking / money-lending is the ***object*** of the constructive conspiracy to defraud - but it is important also to appreciate the equally fraudulent ***means*** by which it is carried out.

Here is a typical / standard clause in a nominal $2.1 million mortgage / security sworn-under-oath-and-penalty-of-perjury (in Victoria B.C. (Canada)):

> <u>In consideration of the Principal Amount</u> <u>**of lawful money of Canada**</u>, <u>**now paid** by the Mortgagee</u> [bank] <u>to the Mortgagor</u> [nominal borrower], <u>**the receipt whereof is hereby acknowledged**</u>, the Mortgagor [nominal borrower] **doth grant** and mortgage unto the Mortgagee [bank], its successors and assigns <u>**forever**</u>, ALL AND SINGULAR <u>**the Lands**</u> subject only to the Permitted Encumbrances.

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[23]There is also the constructive *repurchase option* issued by the bank to the lead-underwriter which allows the lead-underwriter to recover the physical security by paying the bank all of the interest plus re-payment of the amount underwritten on the maturity date, but that is a kind of additional asset and not a liability to the bank. It only relatively seems like a liability because of the on-going systemic price inflation (*i.e.*, at the end of 25 years the bank is compelled to give back a $300,000 asset (legal title) that the purchaser paid, say, $100,000 for 25 years earlier.)

[24]Based on, or *per*, net new increases in bank liabilities globally of $10 trillion (USD-equivalent) per year.

where (by clause 1 (xiv)) "“Principal Amount” means the principal amount described in PART 1 of this mortgage [*i.e.*, $2,100,000.00].").

As and when the writings were signed, witnessed, sworn-under-oath and notarized, and delivered / registered, the lead-underwriter's liability to the bank became absolute, but the payment and receipt clauses were objectively and verifiably false. The bank had paid in fact no money (nor even assumed any liability), lawful or otherwise, to anyone, it did not concurrently do so, and it was expressly under no obligation to do so in the future.

The security also contained two slightly different versions of this same provision in the *fine print*:

> 8.11 The Borrower agrees that **<u>neither the execution nor registration of this mortgage</u>** …**<u>will oblige the Lender to advance any further money hereunder but the advance of money from time to time will be in the sole discretion of the Lender</u>**. [This provision allows the bank to *charge off* the lead-underwriter's assets as an entry-fee for a wager to account for the bank's otherwise unearned (unaccounted-for) gain (*i.e.*, so that it does not have to pay-back the credit that it receives from the note-issuer)].

The scope and scale of criminal and international racketeering law violations is simply *mind-boggling*, and all *hiding-in-plain-sight*.

Here again, the bankers keep all the economists arguing over the *object* of (pretended) banking - instead of focusing on the objective and scandalously criminal *means* by which it is carried out.

The nominal / pretended borrower nominally owned ten hotel properties in and around the city, employed about 300 people, and was at the time engaging in some kind of nominal financing roughly every three weeks. I asked whether the lawyer had even asked him if the statement / receipt were true before getting him to swear it under oath. He said *No*, absolutely not.[25]

He then thought further about it before adding that he had so sworn and signed about 100 mortgages over the previous ten years, and not a single solicitor had ever asked him whether anything stated in any of the securities was true before getting him to swear and sign them.

In this standard / typical process example, and based solely on the direct mortgage security,[26] as and when the security was executed and delivered / registered, the nominal borrower advanced $2.1 million of real-estate-secured underwriting credit to the bank, while the security itself directly states that the exact opposite was true, <u>and</u> that the bank's consideration / contribution was (had been) a cash / equity investment. The differential was $4.2 million in favour of the bank (and directly capitalized by the bank via the "no obligation to advance" constructive wagering (*game-of-chance*) / racketeering provision).[27]

Extended globally, the total difference or differential is **<u>$60 billion a day</u>** ($30 billion a day ***taken out*** claiming to be $30 billion a day ***put in***) from an ever-inflating global economy that currently produces about a net new $200 billion a day based on a $70 trillion annual GDP (as at 2018). That is a 30% daily systemic / *normalized* ***rake-off*** even before "interest" *called* "interest" (and which itself is leveraged and cross-leveraged to the hilt via illegal and unlawful *front-loading* of fees and accounting fraud, including also and especially the *nominal method* fraud).

Plus the pretended-bankers (or rather the banks' owners) obtain a good portion of the corresponding $30 billion a day in new legal titles to the new production directly or indirectly financed with the proceeds of the reinsurance as an additional *premium* deceptively labelled or

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[25]This was a brand new acquisition / transaction and not any kind of refinance.

[26]The total nominal assets and securities obtained by the bank was *circa* $10 million. See Part 3.

[27]Seen another way - the bank first obtains a whole bunch of assets from the nominal borrower and needs a way to account for them now being the bank's property and not the nominal borrower's property even though the bank has not yet invested anything at all into the alleged transaction. The wagering-format allows the banker to *charge-off* its constructive debt to the nominal borrower for the assets as an *entry-fee* in a *game-of-chance* where the prize is the return of the nominal borrower's assets (in-part) in another form.

pretended as *collateral security*. The financial cost equivalent of producing, *from scratch*, up to 1.5 million new $20,000 automobiles. **Every**. **Single**. **Day**.

That is why despite massive ongoing increases in productivity from technology, we keep falling ever further behind, and the owners of the global nominal banking system own and / or control virtually everything material, while the actual producers of wealth do not.

Persistent manipulation of reality

(As covered in Rule of Law *my butt*, Part 1) Prior to January of 1981 and the amendment of the Criminal Code to provide for a criminal rate of interest conversion[28] (and which *screwed everything up* for them (the *entrenched-money-power* in Canada)), the most obvious legislative *firewall* was under s. 388 of the *Criminal Code* (*false receipts*).

The general phenomenon of false receipts is apparently dealt with under the Criminal Code, as one might expect given the obvious potential for related criminal activity:

> 388. Every one who wilfully
>
> (a) with intent to mislead, injure or defraud any person, whether or not that person is known to him, **gives to** a person anything in writing that purports to be a receipt for or an acknowledgment of property [e.g., money, loan proceeds] that has been delivered to or received by him, before the property referred to in the purported receipt or acknowledgment has been delivered to or received by him, **or**
>
> (b) **accepts, transmits or uses a purported receipt** or acknowledgment **to which paragraph (a) applies**,
>
> is guilty of an indictable offence and liable to imprisonment for a term not exceeding two years.

Did you catch the defect or *manufactured-loophole*?

It is effectively a criminal law against a form of counterfeit money, but which only applies if the party (constructively or in effect) *receiving the counterfeit* is aware that it is counterfeit. Otherwise the party (constructively or in effect) *passing it* does not commit an offence under the section.

Even though the bankers solicit and obtain the financial benefit of the falsified receipt(s), it is only an offence under this section of the criminal law if the nominal borrower is specifically aware that it is a false receipt and intends thereby to dishonestly obtain something by deceiving the other party (which is legally impossible if the other party (banker) wants to be deceived).

With a conventional counterfeit currency-note, the fraud is against the receiver of the counterfeit and committed by the giver / passer of the counterfeit. But a cash-*payment-receipt* in a financial transaction effectively ***reverses the polarity***, such that the fraud is committed by the solicitor / receiver of the counterfeit (falsified receipt) and not the issuer / passer of it who is in fact the victim of it.

So any judge whose attention is brought to the section will pick up on the defect (via *cognitive dissonance* or otherwise) and know that he or she is not to go there at all.

The English Parliament, to which Canada's is a legal and actual extension, has been writing laws for 400-plus years, with the various Parliamentary Committees allegedly agonizing for up

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[28]Under the banks' process and documentation the assets pass to the bank as a 100% loan fee in exchange for the bank's bare agreement to advance unsecured credit in return (and / or rather the bare chance of it). That became illegal under the criminal interest rate law in 1981. So it was not just about so-called conventional loan fees of, say, 1% to 20% of the amount, but the entire transaction (transfer of all the assets) became one big loan fee converted at an astronomical or infinite rate of interest.

to six-months on the meaning and import of every word in a proposed statute before it is enacted into law.

It is near inconceivable that that defect was other than deliberate.

Next, if I were the *entrenched-money-power*, I would use the ***revolving-door-device*** to rotate the private financial people in and out of the government ministries so as to ensure, or go *double-down*, that the Crown is itself violating the same laws, and the more flagrantly the better, in case anybody gets any *crazy ideas* about doing their jobs in the Justice Department.

The following is from a nominal mortgage to the Canadian *Crown* corporation known as the (federal) Farm Credit Corporation (FCC). The rancher / pretended-debtor (lead-underwriter-in-fact) did not expect to receive an advance or alleged loan for about two weeks, and, again as expected (and documented), no credit was subsequently actually advanced (actually returned / reinsured) until two weeks after he was required to swear, sign, and deliver the FCC's standard mortgage form which states, in material part:

> <u>WITNESSETH</u> <u>that</u> the Mortgagor [Debtor] **<u>for and in consideration of</u>** --- One Hundred and Three Thousand Five Hundred --- ($103,500.00) --- Dollars of lawful money of Canada **<u>to him in hand well and truly paid by the Mortgagee</u>** [FCC] **<u>at or before</u> the sealing and delivery of these presents (the receipt whereof is hereby by him acknowledged)....**

Time is of the essence, and the statement / document is egregiously / scandalously false as and when signed and delivered-in-fact (issued). And it is not a *side issue* – evidencing the fact of executed consideration (a receipt) is a primary actual and stated purpose of the writing itself. It is simply a lie put to paper and converted by delivery into a negotiable security / money asset.

But, here again, why do they make it so obvious? Why virtually scream out: "**t*o him <u>in hand</u> <u>well and truly paid</u> …<u>at or before</u>...***", when the statement itself would be so plainly false to everyone present at the signing / swearing of the writing?[29] Why do they *rub our noses* in it?

It is about both **<u>materially involving the Crown</u>**, while also *normalizing* or *regularizing* or systemically involving the equity fraud victim as *particeps criminis* (partners in crime)[30] as an *estoppel* of the victim's equity rights, so that the banks / bankers can trade globally in the falsified securities (without having to set aside a contingency on their accounting books):

> ***particeps criminis*** ... 2. The doctrine that one participant in an unlawful activity cannot recover in a civil action against another participant in the activity. (Black's Law Dictionary (7th ed.))

So one ***arm*** of the **Crown** (Farm Credit Corporation) systematically defrauds the farmers and ranchers employing cartoonishly falsified securities using the same criminal device as the private banks, while another ***arm*** of the same **Crown** (legislature) conveniently sabotages the criminal law on false receipts, and yet another ***arm*** of the same **Crown** (judicial) then purports to legitimise the whole process by ruling / holding that while clearly criminal and technically racketeering, it is *not fundamentally illegal* because the criminal law only provides for offenders to be *severely punished* but does not expressly state: *Don't do it*,[31] and because the otherwise criminal offender was aided and abetted by a member of the BAR (another ***arm*** of the same **Crown**) who also got a nice juicy *kick-back* from the proceeds of the falsified securities.

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[29] Assuming that they read it. In this case the rancher did not actually read it – the lawyer had it opened to the last page which the rancher simply signed believing it was routine – which it is (that is the point).

[30] Notwithstanding the defect in s. 388 (false receipts), the issuer of the security (nominal borrower) is still issuing a *false document* and legal forgery or forgery-in-law (and multiple additional *strict liability* criminal law violations).

[31] The procedure is an offence against s. 347 (*criminal interest rate*) because the bank accounts for its acquisition of the security / cash-equivalent-money-asset as a 100% *loan fee* for its bare agreement to reinsure the credit - or rather the bare chance of it. That is why the government in 1980/81 illegally built *selective-non-prosecution / administrative apartheid* into the new criminal law - so government could *look the other way* on the criminal offences by the bankers.

(Cue *Looney-Tunes* theme music) *Tha - tha - tha - That's all folks*!

The great-grandfathers of the current generation of *entrenched-money-power* left to the latter a finely-balanced system that could be sustained indefinitely with a little maintenance and, above all, *restraint*. But the current generation are the equivalent of a bunch of ***blind-drunk frat-boys*** who never sobered-up after college.

As night follows day, something has to give.