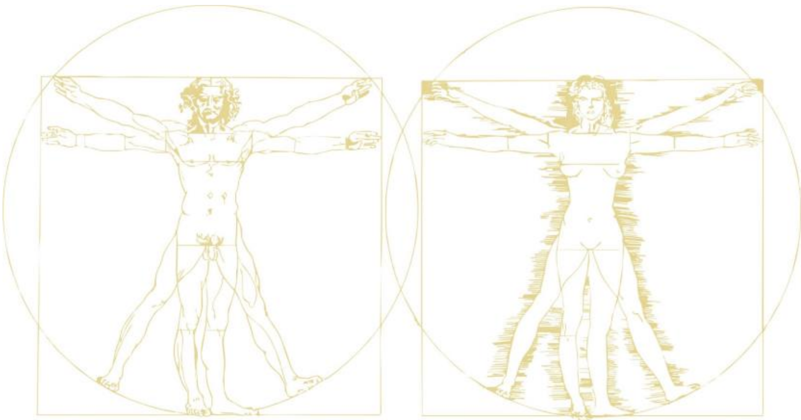

THE SECRETS OF MONEY

Stuff that the bankers (and politicians) hope that you never find out

"There are three

classes of people –

Those who see,

Those who see when they are shown,

Those who do not see."

Leonardo da Vinci

:Abri: de Oosthuizen

INTRODUCTION : The true facts about our Money-system

My aim with this essay, is to bring truth, shine a light on, expose and explain, certain little known facts and hidden - (in some cases, in plain sight), information, about our modern monetary- and banking system, that is crucial to inner-stand, as it impacts on our daily financial well- being.

I am not a trained legal or financial professional, and I am not offering legal or financial advice, or interpretation of any kind, other than my own personal understanding. This information, presented here, is for your own personal education. It is based on my own, and other people`s research into the subject.

It is not speculation or opinion, but my conclusion, based on research and verifiable proof, facts, and common sense reasoning. Sources are cited in red.

Please do not believe a single word written in this essay.

I encourage you to check my facts and information for yourself, make up your own mind, and follow your own conviction.

I wish to teach – not preach.

"The beginning of wisdom is to call a thing by their proper name…."

- Confucius

1. **WHAT IS "MONEY" ?**

Most of us think that we know what money is. How it works. Some may think that they are experts in the use of money.

Sadly, most of us are sorely mistaken. We mostly understand the basic mathematics of how to use money, and have been taught this from a very young age. However, in most cases, we have never been taught the full truth about what we call money.

This is by design, and not coincidence.

After reading and inner-standing the information presented here, you will never look at money in the same way again – for you will know the truth.

The word "money" is defined as follows:

"Money is any good, (thing) that is widely used, and accepted in transactions involving the transfer of goods and services from one person to another."

What is important to know, is that there are generally different names for different forms of money.

Like water has different forms – gas (steam), liquid water, and solid water (ice) – all being different forms of water. The same is true about money.

It would be wise to distinguish between these forms, and be more specific, by using the correct names for the different forms of money, in order to understand it properly.

When used generally, the word, "money", refers collectively to all the different forms of money that is used today.

In this essay, I will be using the correct specific legal term for the types of money that I am referring to.

We can differentiate among <u>three different types</u> of money:

1. **Money = Coins (Commodity-money, money-of-exchange)**

This is some physical thing, - **<u>where the value of the thing itself</u> -** serves as the value of money.

Gold coins, stones, sea shells, beads, gems, or even chickens are examples of commodity-money. Commodity-money is mostly used for direct trade (barter), where I give you 10 chickens, and you give me 1 sheep. Both the chicken and the sheep in this case serve as money.

In most countries, including South Africa, commodity-money has been replaced with fiat money.

2. **Legal Tender = Reserve Bank notes (money-of-account).**

This is a something (*normally a piece of printed paper, like bank notes*), the value of which *<u>is less than the value it represents as money</u>*.

Paper notes (Reserve Bank notes in SA), are an example of fiat-money, because their value is set by acts of parliament, and therefore are "believed" to be, and used as if they are - worth the amount printed on their face. But, in fact, as slips of printed paper, their actual value is almost worthless. It has nothing of value that it is a representation of.

The number printed on the notes *<u>only represent value</u>*, although the actual note, the piece of paper itself, has almost zero value. (They are place-holders for something else, which has value).

3. **Credit - (legal tender, currency, money-of-account).**

This type is known as bank-money, and consists of "the *book-entry credits* that banks extend to their depositors". https://www.cliffsnotes.com/study-guides/economics/money-and-banking/definition-of-money

These are electronic digits, or numbers in your bank account, (which are just a record of how much *THE BANK OWES THEIR CUSTOMER)*, which you can spend in the economy, as and when you want.

If I ask you – If you had access to enough money, would you pay your "debts" when they become due? I`m sure that most men are honest and honorable, and that answer would be a natural – yes.

And, with what - in your experience - can you pay, to purchase goods and services, and pay your debts?

For most people, the answer would be:

1) **South African Reserve Bank issued coins,**
2) **South African Reserve Bank Notes (SARB-notes)** in your wallet, and,
3) the **electronic amounts of debits and credits** reflecting on your bank account statement,

Is there any other means of payment available to you?

No ?

For most – almost all people – that is all that they know and refer to, as money.

Well, actually, it seems we were all wrong.

Before I give the game away, it is important that you understand how our modern monetary-system actually works:

It is based on Debt.

Or rather, an agreement / undertaking / promise to pay - in money, at some time in the future. Also, receipts for, or evidence of, debt, is a more accurate description.

That`s it.

Nothing more.

Nothing less.

Let me explain, by looking a bit closer at these "types" of money.

First of all, you have to know, that, despite the misleading name, the SOUTH AFRICAN RESERVE BANK, does not belong to the people of South Africa. It is a private business, independent of the government, given (by government) the "sole right to issue South Africa`s money" *and it does not hold reserves for the (fake) money that it issues*.

If you get the idea that you are smelling a rat – I can assure you that you are on the right track. The monetary system that we are using today, is merely an evolution of a system which is hundreds, maybe thousands of years old – being installed, controlled and perfected, over time, for the benefit of a few (parasites), and to the detriment of the billions of people who are totally enslaved by the thing we call money.

Without it, it is virtually impossible to survive on this planet. Everything, except the air that we breathe, has a price, and must be paid for by using the existing monetary system. And the really sad thing is this – most people have no idea how money really works.

They do not question what it is.

Or where it comes from.

Or why there is never enough to go around.

(But, I dared to question it, dared to find out more. And what I found was really astonishing. Let`s continue.)

What money is:

> *(1) A tender, *including a tender by the Bank itself, of an undefaced and unmutilated **coin** - which is lawfully in circulation in the Republic and of current mass, **shall be** a legal tender **of payment of money**.*

(and the deconstructed English version of this part):
An unconditional offer of payment by ONLY the SA RESERVE BANK, of a good quality coin, lawfully in circulation in the Republic, shall be a payment of money –
a) In the case of gold coins for paying any amount, the value of each coin shall be the net amount that a bank would be prepared to purchase the gold coin for, on the specific day, and
b) In the case of other coins, in settlement – per individual transaction, of a total not more than
(1) Fifty rand.

(Reserve Bank Act, 90 of 1989 S.17)

(*There is a rule which applies to legal writings, called in Latin – "*Inclusio unius est exclusion alterious*" – which means – when something in a legal writing is specifically named, it <u>specifically excludes</u> everything else which is not named. So, in this case, seeing that the SA Reserve Bank is specifically named, it is the only entity who may issue a legal tender (offer of payment) of a note or coin.)

This is Money

(See SA RESERVE BANK ACT, section 17(2))
You can not legally use money to pay in any single transaction over the amount of fifty rand.

Many years ago, before the SARB came into existence in 1920, other private commercial banks, like Standard Bank, used to issue their own notes – promising to pay the bearer of the note – ***in money*** - the amount stated on the note.

In those days, before there were electronic payments, the banks had to hold in their possession, as reserves, gold or coins (which was the actual lawful money that was promised the notes issued), in case a customer brought the notes back, to redeem/exchange (make good) the bank`s promise of paying – in substance. (The paper note was the evidence, the receipt, that the bank owed the bearer, the one in possession of the note, and would pay it, in money - on demand).

Today, however, you cannot exchange a SARB-note for anything other than other fiat-currency notes, which are also not backed by anything. You cannot exchange these notes for gold or silver.

When you try to exchange these notes for actual money – coins – the banks will look at you like you are mad. **It is a fact that there is not enough money (coins) in existence in the economy, to swop for all the paper (promises to pay money/promissory notes) in circulation, or the currency in your bank account**.

Why? Because, at the heart of the monetary system, is the biggest fraud ever perpetrated on the people of this earth. It is a total scam. A fraud. A trick on the fools.

(The truth is, the money that we use today, in 2021, the legal tender notes, are in reality, receipts / evidence of debt / promise to pay money, NOT MONEY, and not backed by any commodity, or thing of value. So, they are issued fraudulently by the SA RESERVE BANK, as the bank does not have the physical money to redeem what is promised. And this happens with the blessing of the government.)

They are only valuable, when you swap them for a valuable or useful item of the same value. The guy giving up his physical property takes them (the promise of payment) in exchange for his property, because of his *belief* that they are worth the same value as the property.

The gold, that used to back our money, was removed from the monetary system by the bankers and politicians in the 1970`s. It was replaced by something else.

Debt. Or rather, **an evidence of debt**, or, ***the right to be paid***.

So, an evidence of debt, or **the promise to pay the debt, *in money***, at some point in the future, **is what we use as money today**. This is also called “credit”. (see the definition of “credit” further in this essay)

(The numbers in your bank account is a record of what your bank owes to you – it is the bank`s implied promise to pay you that amount, in coins/money, at some point in the future – just an electronic version of the paper note).

We are being scammed, because we are in fact giving up our actual energy, labor, and actual physical valuable products, in exchange for pieces of paper, which only promises to pay actual substance (money) at some point in the future. The actual note itself is worth almost nothing. (The notes cost only a few cents - intrinsic value - to manufacture). The real value is actually in the goods being bought.

The real question is:

- When?, and
- with What?,

is the SA Reserve Bank, and all the commercial banks, going to make good on their promise to actually pay with valuable substance, the debts that they owe?

At this present moment, the SARB is issuing promises to pay, knowing full well that those are empty promises – that they do not have enough actual lawful money of substance (coins) to pay their promises, and the commercial banks are doing exactly the same.

Let`s see what does the law say about what we think of as “money”:

“Legal tender

*(2) A tender, (*including a tender by the Bank itself), of*
*- a **note** of the Bank, or of*
*- an outstanding **note** of another bank (for which the Bank has assumed liability in terms of section 15(3) (c) of the Currency and Banking Act), or,*
*- **in terms of any agreement** entered into with another bank before or after the commencement of this Act,*
shall be a legal tender of payment of an amount equal to the amount specified on the note.

(This is the legalese version as it is written in the law. ***The deconstructed English version is as follows:***
An unconditional offer of payment by the SA RESERVE BANK,
a) Of a SARB-promise-to-pay - note (promissory note), or
b) Of a still-circulating promise-to-pay - note of another bank, for which the SARB has assumed liability to pay, or
c) In terms of any contract entered into between SARB and another bank,
shall be a legal offer of payment of the amount specified on the promissory note.

Notice the difference between a **note** and a **coin**?

The notes are legal tender for payment, whilst **only the coins** are legal tender for **payment of money**.

According to this very same act, you cannot use "money" (coins), to pay in any individual transaction **over the value of fifty rand**. Doing that would be against the law. (Reserve Bank Act, 90 of 1989 S. 17 (2)(b))

The legal definition, in South Africa, of **"note"** is as follows:

'note' **[used as a noun]** means a promissory note as defined in section 87 of the Bills of Exchange act, 34 of 1964, (see below).

PROMISSORY NOTES (ss 87-93)

87 Promissory note defined

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

(2) An instrument in the form of a note payable to maker's order is not a note within the meaning of this section unless and until it is indorsed by the maker.

(3) A note is not invalid by reason only that it contains also a pledge of collateral security with authority to sell it or dispose thereof.

As you can see from the above excerpt from the Bills Of Exchange Act 34 of 1964 S 87, where a promissory note is defined, the SA Reserve Bank notes currently in circulation are no longer, technically, promises to pay, as they no longer meet the definition found in the act. However, they are regarded, by law (fiat), to be legal tender. And the SA Reserve Bank is the only party permitted, by law, to print and issue these legal tender notes, and coins of the Republic.

Does that mean that SARB-notes are *not money*, but merely legal tender, which we use as money, for purchases and payment? You decide.

Also notice, that the SA Reserve Bank, as the issuer of the notes, has the duty and *liability to pay,* on these notes, in other words, it has the obligation to pay the holder of the notes, *a certain amount* **in money** – which is rand and cents.

The SARB owes the bearer of their note, a debt – in rand, of the amount stated on the note. The note is the legal evidence of this debt, and represents the bearer`s right to be paid.

By the way, what is a rand, or cent, anyway? Is it anything other than the *name* of a country`s official "money"? It is a concept only. A creation in the mind. A name, any name, does not exist in the world of reality where we live. (The physical notes and coins exist, as pieces of paper or metal, but, what they represent, does not.

Another question: is a promise to do something, the same as the actual doing of the thing? Is a promise to kiss a girl, the same as actually kissing her? Is the promise to hand over something of substance, the same as the actual act of handing the substance over?

No.

That is why you can never "pay" for anything, using a promise to pay, you can merely discharge the debt, (pushing it into the future) by handing the promise to pay over to someone else, in exchange for their property of the same value.

SA Reserve Bank-notes are legal tender, and not money. They are legal evidences of debt, or debt-instruments. And, by custom and legislation, they are negotiated – traded – exchanged - AS MONEY, for goods and services.

These notes used to have the *words "I promise to pay the bearer on demand….at Pretoria"*, making it easier to recognize them for what they were – promissory notes.

Take a look at this note below. It is an example of a pre-1992 promissory note, as defined in the Bills of Exchange Act, 34 of 1964. This was what we used as, money, not so?

NOTICE THAT, at the time when these notes were in circulation, they were used and accepted, as money - that could be used to purchase goods or services, and to pay our debts.

This is proof that promise-to-pay - notes, issued by the SA Reserve Bank, was – and still is - circulated and used, as, what we refer to, money. I cannot stress this point enough: A PROMISE TO PAY IS LEGALLY REGARDED TO BE EXACTLY THE SAME AS MONEY.

However, that wording has since been removed - in 1992, from the notes, so that today, it does not promise to pay anything on the note itself. So, legally, they are no longer promissory notes, as defined in the Bills of Exchange Act. They are just fancy pieces of printed paper. Monopoly-money with a printed signature which has to be – by law - accepted as payment, within the borders of, and amongst the registered persons / servants of the REPUBLIC OF SOUTH AFRICA-Corporation. Compare it with this note below, a newer, post-1992, note from the SA Reserve Bank, currently in circulation.

Notice how the words, "I Promise to pay…", have disappeared from the old notes, – leaving purely non-asset backed, fiat-notes, make-believe-money. (was this 'promise to pay'- wording removed to disguise the fact that ***promises to pay money** are what we normally use, and **not real money*** ?

The signature on the note is the proof that the SA Reserve Bank has the liability, (owes a debt) to pay, whomever, carries the note. **NOT THE MAN**, acting in the office of the Governor, whose signature appears on the note, personally. He himself is not liable to pay the bearer out of his own pocket – he is signing to assume liability for and on behalf of the SA Reserve Bank.

(**HINT: The law regulating promissory notes (Bills of Exchange Act, 34 of 1964, as amended), is still valid law, in force, in the REPUBLIC OF SOUTH AFRICA today, at the time of writing this, in July 2022**.)

This exact same private Reserve Bank-monetary system is used in almost all countries around the world.

"In the United States, neither paper currency nor [bank]-deposits have value as commodities. Intrinsically, a dollar bill is just a piece of paper. Deposits are merely book entries."

(Federal Reserve Bank of Chicago, Modern Money Mechanics, page 3)

What, then, makes these instruments - checks, paper money, and coins – acceptable, at face value, in payment of all debts and other monetary uses? Here's the Fed's answer, same publication:

"Mainly, it is the ***confidence (faith / trust / belief)*** *people have that they will be able to exchange such money for other financial assets and real goods and services whenever they choose to do so."*

(Federal Reserve Bank of Chicago, Modern Money Mechanics, page 3)

The same is true in South Africa.

Also of interest, is the fact that the SA Reserve Bank has the power to control the supply of money, creating (manipulating) an artificial scarcity in the availability of money and credit.

They do this, supposedly to "protect the value of the currency". Yet, how can you "protect the value" of something that is only a concept? That is not scarce? That one can create at will? That only exists in the mind?

Surely, you can decide, on any given day, what the value of it is?

"One of the duties of the SARB, in terms of the South African model for monetary policy is, however, based on controlling the money supply."

(Governor of the South African Reserve Bank, Dr. Chris Stals, to the NEDLAC Executive Council in Johannesburg on 28/2/97 – from BIS Review 24/1997)

Ever wondered why there never seems to be enough of the stuff? Now you know why.

It is a big racket.

In reality, it`s all smoke and mirrors, which is purposefully so convoluted that mere mortals do not ask any difficult questions.

Again I ask – when?, and with what?, does the SA Reserve Bank, plan to pay their obligations, their debts, to the holders of the issued notes / receipts of debt?

Money of exchange, backed by commodities like gold or silver?

No, this is no longer used to back our money.

<u>The answer is: Never. And with Nothing!</u>

The SA Reserve Bank, as any other person in South Africa, have nothing else available to pay with, other than their own promise / credit / fiat-currency, either physical notes, coins, or electronic book keeping entries (Electronic Funds Transfer), in other words, further promises to pay, issued to pay already issued promises to pay!

It is also important to realize, that the SA Reserve Bank *<u>may not grant loans against it`s own shares</u>* –

(Reserve Bank Act, 90 of 1989, section 13 (a)) – *<u>meaning, it is prohibited to grant a loan of it`s own money</u>*.

The same is true of commercial banks like ABSA, Nedbank, Standard Bank, etc. - *<u>"…..shall not lend money to any person against security of its own shares."</u>*

(Banks Act, 94 of 1990, S 78(1)(b))

So, if the Reserve Bank, or the private banks, are by law prohibited from loaning their own money, whose money are they "loaning"?

Hint: Not the money of their own customers. Read further)

Look again at the examples of the bank debt-notes.

Do you see it is a promissory note, and not money?

Could you buy bread, or fill your car`s fuel tank with this promissory note? Yes.

Could you pay your taxes, or other accounts with it? Yes.

<u>Realize this: The promise to pay money, (at some point in the future), the evidence of debt, IS THE "MONEY"</u> **<u>that circulates</u>**, **<u>that is used in the economy as payment for goods and services</u>**.

There is no commodity, nothing of value, to back the money being issued, other than our belief, or *con*-(think *con-job*)-*fidence* in what we refer to as "money".

Example : If I came to you, and offered to buy your bicycle for R 500, and I gave you a piece of paper - promising to give you actual valuable coins of R 500 (equal in value to your bicycle), at some time in the future, (but which I do not have right now), would you agree to part with your bicycle? No, of course not!

(If you do give me the bicycle, in exchange for my promissory note, have I then "paid" for the bicycle? If I gave up nothing but a promise-to-pay at some point in the future?

No.

BUT - if you *believe* that the piece of paper magically has R 500-value, that you can take my promise, and exchange it with the shop-keeper for bread or beer, you may just be willing to do it.

The shopkeeper takes my promise, a worthless piece of paper, in exchange for giving up real value (his products), because he *believes* that he can trade the piece of paper for diesel for his bakkie, or something else of value, later on, as he requires it.

And, by giving my piece of paper to the shop-keeper in exchange for the bread or beer, my debt (promise to pay) - to you - is extinguished (discharged).

Now the debt (promise to pay) is in the hands of the shop-keeper, and *only he* can lawfully come to me, and demand me to make good on my promise to pay him – with valuable coins.

But, to him it is irrelevant who issued the promise in the first place, or, if the one who issued it, has possession of the actual coins to pay (make good) on the promise.

He is going to hand the promise to the filling station - in exchange for diesel, and the filling station will give it to the attendant - as wages, and so on and so on.

Can you see how my original promise-to-pay money (not actual money), is circulated, and able to discharge multiple debts? This is exactly how our modern monetary system works.

Also consider this – should any party – who holds my note, come to me, and demand payment in money, what can I pay with?

Money, in the form of coins? - Of which you cannot by law - pay for any single transaction greater than R 50? Because that is what the law says?

Round and round the evidence of debt goes, to discharge countless other debts. Remember the saying: "money makes the world go round?"

And all the while, everybody gives up value, but NOBODY ACTUALLY GETS PAID IN MONEY. The debts are discharged when the promise-to-pay is handed over in exchange for actual goods.

It should actually say – “Debt makes the world go round”, but it doesn’t quite have the same ring to it.

Put another way: it means that a promise to pay money = "promissory note" = "owing money" to someone = debt = credit = "money" / "cash".

So since "money" = "to owe money," and a promissory note = "legal evidence of a debt or obligation" - that counts as "money" or “currency”, which can be circulated or deposited.

Exactly the same as a SA Reserve Bank-note.

***(*Take another look at the first photo of the pre–1992 R 5-note, and tell me that I am wrong or mad*. Now you`re in Banking territory. The banks know this, and they have been counting on our ignorance to rob us blind.*)**

According to The Dictionary of Banking Terms, 4th Edition, by Thomas P. Fitch, a **note** is "**legal evidence of a debt or obligation**."

The High Court judgement, in the case of (NEDBANK LIMITED TRADING AS MFC vs PRINCIPLE EDUCATION AND MARKETING CC, 11810/2016), confirms this, where the judge ruled :

“…not by any stretch of the imagination can the agreement itself be construed as a negotiable instrument. ***It is nothing more nor less than objective documentary evidence of the debt owed by the corporation to Nedbank.*** *” – in other words – a promissory note, which is OWING MONEY, which is CREDIT, which is USED AS MONEY.*

It is my humble opinion, the judge failed to realize (maybe on purpose?), and thus find, that the *evidence-of-debt, the agreement itself,* was indeed a promise to pay money, and thus credit, which is also the “money” which paid the debt in the first place.

This is how Wikipedia defines a negotiable instrument:

A **negotiable instrument** is a document, guaranteeing the payment of a specific amount of money, either on demand, or at a set time, with the payer named on the document. More specifically, it is a document contemplated by, or consisting of a contract, which promises the payment of money without condition, which may be paid either on demand, or at a future date.

Examples of negotiable instruments include **promissory notes**, **bills of exchange**, **banknotes**, **demand draft** and **cheques**.

Because money is promised to be paid, the instrument itself can be used by the holder in due course as a store of value. The instrument may be transferred to a third party; it is the holder of the instrument who will ultimately get paid by the payer on the instrument. Transfers can happen at less than the face value of the instrument and this is known as *discounting*; e.g., this may happen if there is doubt about the payer's ability to pay.

Do yourself a favor, and search the term, "negotiable instrument" on any search engine. You will be on your way to discovering the truth about what we mistakenly refer to as "money".

In South African Law, I have found this one definition of a negotiable instrument. This was provided by Professors Denis Cohen and Leonard Gering from the book Southern Cross: Civil Law and Common Law in South Africa
[ISBN 0198260873, p482].

The professors jointly define a negotiable instrument as follows:

A negotiable instrument is a ***document of title***, ***embodying rights to the payment of money*** *or (**) ***the security for money***, which, by custom or legislation, is

i) transferable by delivery, or by endorsement and delivery in such a way that the holder pro-tempore (temporary holder) may sue on it in his own name and in his own right, and

ii) a bona-fide transferee, *ex causa onerosa (having given actual value for it)* may acquire a good and complete title to the document and the rights embodied therein, notwithstanding that his predecessor had a defective title, or no title at all.

((*) security for money – keep this in your mind – it will soon become clear)

So, again, using their own words, if a credit agreement itself is "*documentary evidence of the debt owed",* as the learned judge found, that would qualify it as a note, as defined by the Dictionary of Banking Terms, not so?

Other Court Decisions:

- In THE SUPREME COURT OF APPEAL OF SOUTH AFRICA, *Master Currency v CSARS (155/2012) [2013] ZASCA 17 (20 March 2013)*, [22] "…The promises to pay to bearer that were contained in some banknotes cannot today be regarded as promissory notes embodying an incorporeal right against the issuing bank. In *The Bank of Canada v The Bank of Montreal et al*[1] 1978 (1) SCR 1148 at 1154; 76 (3d) 385 at 388 Laskin CJC said: 'What is said to be **an unconditional promise to pay a**

sum certain in money is itself money. The words on the face of the paper money, "I 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.**'"

- Jackson v Murphy [1887] 4 T.L.R. 92 - Lord Denning judgement says a bill of exchange, once tendered has to be treated as cash.

The principle is that a bill, cheque or note is given and taken in payment and as such is to be treated as cash, and not as merely given a right of action for the creditor to litigate a counter-claim.

- "We have repeatedly said in this court that a bill of exchange or a promissory note is to be treated as cash. It is to be honoured unless there is some good reason to the contrary" (see Lord Denning M.R. in Fielding & Platt Ltd v Selim Najjar [1969] 1 W.L.R. 357 at 361; [1969] 2 All E.R. 150 at 152, CA)

- Warwick v Nairn (1855) 10 Exch 762 where Pollock CB remarked: 'The payment by a bill of exchange is to be taken as the payment of so much cash'

- Denning M.R in Brown Shipley & Co. Ltd. v. Alicia Hosiery, Ltd. [1966] 1 Lloyds Rep. 668, at 669 when he ruled: "For many years the courts in this country have treated bills of exchange as cash. In James Lamont & Co. Ltd. v. Hyland Ld [1950] KB 585, this court declared that where there is an action between the immediate parties to a bill of exchange, then in the ordinary way judgment should be given upon that bill of exchange as for cash and it is not to be held up by virtue of some counterclaim which the defendant may assert, even, as in that case, a counterclaim relating to the specific subject-matter of the contract.

So then, where does the money that we use, come from?

We know it is not a substance, like gold or silver, which is mined anywhere.

And we know it doesn't grow on trees on some farm.

And we already know that a rand and cent, are just names that we use when we refer to our money. Yet, a rand or cent is only a figment of our imagination. It only represents something, and does not exist in the real world, like a stone, or a river, or a fish.

Let`s examine what the various international Reserve Banks, and some distinguished authors, in their own words, explain about the process of creating, what we refer to, as money.

The Federal Reserve Bank of Chicago used to publish Modern Money Mechanics. They stopped largely because of this quote from Page 6, Last Paragraph:

> ***"... 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 [the amount of the "loan"]."***

MODERN MONEY MECHANICS

A Workbook on Bank Reserves and Deposit Expansion

Federal Reserve Bank of Chicago

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Introduction

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.

What Makes Money Valuable?

In the United States neither paper currency nor deposits have value as commodities. Intrinsically, a dollar bill is just a piece of paper, deposits merely book entries. Coins do have some intrinsic value as metal, but generally far less than their face value.

What, then, makes these instruments - checks, paper money, and coins - acceptable at face value in payment of all debts and for other monetary uses? Mainly, it is the confidence people have that they will be able to exchange such money for other financial assets and for real goods and services whenever they choose to do so.

Who Creates Money?

Changes in the quantity of money may originate with actions of the Federal Reserve System (the central bank), depository institutions (principally commercial banks), or the public. The major control, however, rests with the central bank.

The actual process of money creation takes place primarily in banks.(1) As noted earlier, checkable liabilities of banks are money. These liabilities are customers' accounts. They increase when customers deposit currency and checks and when the proceeds of loans made by the banks are credited to borrowers' accounts.

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*.

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.

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.*

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"*In the modern economy, **most money takes the form of bank deposits**. But how those bank deposits are created is often misunderstood:*

*The principal way is **through commercial banks making loans**. Whenever a bank makes a loan, it simultaneously creates a matching deposit in the borrower's bank account, thereby creating new money. The reality of how money is created today differs from the description found in some economics textbooks:*

*Rather than banks receiving deposits when households save and then lending them out, **bank lending creates deposits**.*

In normal times, the central bank does not fix the amount of money in circulation, nor is central bank money 'multiplied up' into more loans and deposits.

*One common **misconception** is that banks act simply as intermediaries, lending out the deposits that savers place with them. Indeed, viewing banks simply as intermediaries ignores the fact that, in reality in the modern economy, **commercial banks are the creators of deposit money**.*

***When a bank makes a loan**, for example to someone taking out a mortgage to buy a house, **it does not typically do so by giving them thousands of pounds worth of banknotes. Instead**, it credits their bank account with a bank deposit of the size of the mortgage. **At that moment, new money is created.** For this rea-*

son, some economists have referred to bank deposits as 'fountain pen money', created at the stroke of bankers' pens when they approve loans.

(Bank of England, Money creation in the Modern Economy, Overview, 2014, Q4)

"Here is how banking lending or credit creation happens (at the point of "conception"):

Banks lend by simultaneously creating a loan asset and a deposit liability on their balance sheet. That is why it is called credit "creation"-- credit is created literally out of thin air (or with the stroke of a keyboard).

The loan is not created out of reserves. (The bank`s own money)

And the loan is not created out of deposits: (Other customers money deposited at the banks)

Loans create deposits, not the other way around.

(Economic Research: Repeat After Me: Banks Cannot And Do Not "Lend Out" Reserves, WWW.STANDARDANDPOORS.COM/RATINGSDIRECT, AUGUST 13, 2013)

"Commercial banks create checkbook money whenever they grant a loan, simply by adding new deposit dollars in accounts on their books in exchange for a borrower's IOU".

(Federal Reserve Bank of New York; Friedman, David H. (1977). I Bet You Thought...., p. 19. OCLC 5356154.)

"Whenever a bank makes a loan, it simultaneously creates a matching deposit in the borrower's bank account, thereby creating new money."

(Bank of England (2014), Money creation in the modern economy, http://www.bankofengland.co.uk/publications/Documents/quarterlybulletin/2014/qb14q102.pdf

"The process by which banks create money is so simple that the mind is repelled."

(John Kenneth Galbraith, Money: Whence it came, Where it Went (1975), p. 29.)

"Thus it can now be said with confidence for the first time possibly – in the 5000 years' history of banking - ***that it has been empirically demonstrated that each individual bank creates credit and money out of nothing, when it extends what is called a 'bank loan'. The bank does not loan any existing money, but instead creates new money. The money supply is created as 'fairy dust' produced by the banks out of thin air.***

The implications are far-reaching."

(Prof. Richard A. Werner, Centre for Banking, Finance and Sustainable Development, University of Southampton, United Kingdom, http://www.sciencedirect.com/science/article/pii/S1057521914001070)

This checkbook-money is ***book-keeping money created mainly by the nation's commercial banks****. Americans prefer using checkbook money because it performs as a more efficient medium of exchange than coin or currency for many transactions."*

(I Bet You Thought, David H. Friedman, Federal Reserve Bank of New York, Public Information Department)

In South Africa, the Governor of the South African Reserve Bank, Dr. Chris Stals, explained to the NEDLAC Executive Council in Johannesburg on *28/2/1997 –*

"In modern sophisticated financial systems, ***surrogates for real money*** *(bank notes and coin)* ***developed****,* ***such as bank cheque accounts, credit cards and electronic transfers.***

Private banking institutions now create more money (means of payment) than the central bank. *In order to fulfil its task of protecting the value of the currency, the Reserve Bank must therefore also have some powers to control the money-creation capacity of the banking sector.* ***In South Africa today, bank notes and coin in circulation account for less than 5 % of the money supply. The rest is money created by banking institutions over which the Reserve Bank has but an indirect control."***

"As previously indicated, ***money is created, in South Africa, mainly through the actions of the private commercial banking institutions. When they give credit to their clients, they create money****. The Reserve Bank's obligation to control the money supply, therefore, extends to a control over the total amount of new credit is extended by banking institutions."*

(Dr. Chris Stals, former Governor of the SA Reserve Bank, from BIS Review 24/1997)

Bearing in mind that our own SA Reserve Bank is but a cousin of its American and British counter-parts, the Federal Reserve Bank and the Bank of England, and that they operate in the same manner, the following quote from one of their publications, is pertinent:

"The Federal Government, with the co-operation of the Federal Reserve, has the inherent power to create money - almost any amount of it*. This power makes technical bankruptcy out of the question."*

(Federal Reserve Bank of Philadelphia, in their publication **-** THE NATIONAL DEBT, page 8)

Do you also see why the politicians (on orders from the bankers), removed the gold which backed our money, from the system? So they could get us to quit using the money-of-exchange that we – the People - produced by our efforts and sweat, and instead get us dependent upon the money-of-account that they create!

"Money", with the force of law (fiat-currency); "Money" that you only have IF your banker says you do! And now there are plans to go total cash-less – in other words full electronic, and fully controlled and scrutinized.

The study of money, above all other fields in economics, is one in which complexity is used to disguise truth or to evade truth, not to reveal it.

(John Kenneth Galbraith, Money: Whence it came, where it went (1975), p. 15.)

So this is where most of our (electronic) money comes from. The commercial banks create it as book-keeping (credit) entries, when they make "loans".

So, how do they do that? To use their own words, the "lending" institutions (commercial banks including credit card companies) **"accept (our) promissory notes, *in exchange* for credits to the borrowers' (our) transaction accounts."**

"credit", when used as a noun, means—

(a) a deferral of payment of money owed to a person, or a promise to defer such a payment; or

(b) a promise to advance or pay money to or at the direction of another person;

(National Credit Act, 34 of 2005)

There you have it.

The credit agreement document that you sign, is not – (as you may have been lead to believe by your bank) - a request to "loan" money from the bank – it is a cleverly designed contract (an original issue financial security instrument, with a promise to pay – promissory note - incorporated therein), to request the bank to "extend" credit. This document, which you issue by signing the agreement – is your promise to pay, your credit, your incorporeal property, and is the actual source of the credit which you receive in an account in your name.

A promise to pay = an evidence of debt = Credit = Money.

Wait a minute !

You mean, the promissory note that you signed when you "borrowed" money from the bank, is actually the source of funds for the "loan"? Yes, indeed.

When the lending institution (read "bank'), "accepts" your promissory note (in the form of a credit application / agreement, (which is your asset, as you signed it), they record it as <u>THEIR asset on their books</u>, (see Bills of Exchange Act 56 of 2000 S 81 (4)), and exchange it for <u>credit</u> in a transaction account in your name, that means that they add new money to the economy when they advance CREDIT to your account. They never give you a receipt for this valuable instrument, and they do not credit your account with this value which you created. In fact, they legally view it as a donation from you to the bank.

The funds for the addition to the account(s) came from recording your promissory note / credit agreement / asset - (the credit-card companies actually deposit your application/agreement - and monetize it even if you are not approved!)

Again, **<u>you, by your signed credit agreement, provided the original credit to the bank - as the source of the "funds" / CREDIT - that is deposited into a transactional account, and then provided to you as if it was a "bank loan", to spend as money. The bank never loaned you a single cent of it`s own, or any of it`s other customer`s money.</u>**

Remember how we discovered earlier, that a promise to pay-note, issued by the SA RESERVE BANK, in the form of bank notes, was money? The same applies to our promissory notes that we issue. When the bank records it as it`s own asset, it becomes part of the country`s total money-supply.

So, now the commercial banks take <u>*your promise to pay*</u>, (your credit, the signed agreement, which is also, money) and <u>*exchanged it for their promise to pay*</u>, in the form of credit extended to you, which you can now spend into the economy.

Oh, yes, and they call it a "loan" which you have to repay. (Did the bank ever repay you for the use of your security instrument, your credit, which is your asset, that you first extended to them?

Maybe it`s time to ask the bank some serious questions, like:

1) According to the agreement, who was supposed to provide what, to whom?
2) According to the agreement, was the bank not to provide it`s own property/funds, or the property/funds of it`s customer?
3) Did the bank not create the impression that it was at risk of loss, if I didn`t repay the "loan"? Was that not the reason why it charged me interest on the amount "loaned"?
4) Where in the agreement does it state that the customer will provide the asset that will fund the "loan"?
5) Where in the agreement did I give the bank permission to record my asset (which I have a security interest in) as it`s own property?
6) When the bank recorded my instrument as it`s own property, did the assets of the bank increase in value?
7) Where in the agreement does it state that I am donating my security instrument to the bank, for free?
8) Can the bank provide any evidence to prove that it provided it`s own valuable asset, as consideration, to become the owner / holder in due course, of my original issue instrument / asset?

Take note of the following rules of law (called maxims), which relate to contracts:

* **A contract founded on *no, or a wrongful consideration*, or *against good morals* (dishonesty), is void, because it is not legally enforceable. (Where did the bank provide *consideration* – payment of value - for your property?)**

* **Uberrimae fidei – which means the utmost of *good faith (honesty)* is required (was the bank honest in its dealings with you? Did they possibly withhold some crucial information from you?)**

* **Dolus vitiates omnia tangit – Fraud vitiates (cancels) everything it touches (did the bank possibly commit *fraud in the inducement*, which occurs when a person (the bank) tricks another person (you) into signing an agreement to one's (your) disadvantage, by using fraudulent statements and representations (by advertising and pretending they were going to "loan" you money), and then extending credit instead. Because fraud negates the "meeting of the minds" required of a contract, the injured party (you) can seek damages from the bank, or terminate the contract.**

*** Non est Factum – *it is not my deed* – when the validity of a written agreement is challenged, because the party signing it *was mistaken about it`s character.***

In contract law, there is an ***absolute defense*** : *Non est Factum* – which means, (Latin for "it is not [my] deed") - a defense in contract law that allows a signing party to escape performance of an agreement "which is fundamentally different from what he or she intended to execute or sign."[1] A claim of *non est factum* means that the signature on the contract was signed by mistake, without knowledge of its meaning. A successful plea would make the contract void *ab initio*.[2]
https://en.wikipedia.org/wiki/Non_est_factum

How can they do that? Well, they're bankers. And they get away with it all the time, because we do not know any better. We are ignorant. I was too, once. But I aim to change that.

Remember, as stated in the judgement referred to earlier, that the agreement itself is "*documentary evidence of the debt owed",* and that, would qualify it as a note, as defined by the Dictionary of Banking Terms, not so?

Your promissory note (credit agreement) is not just a contract or agreement to acknowledge the fact that you (think) you owe the bank any money.

Oh, no - your contract is way more than that. It is a **valuable (*) security** – (here is that word again) - **for money**. A negotiable, derivative instrument.

"derivative instrument" means any—
(a) financial instrument; or
(b) contract,
that creates rights and obligations and whose value depends on or is derived from the value of one or more underlying asset, rate or index, on a measure of economic value or on a default event;

(Financial Markets Act, 19 of 2012)

Surprise-Surprise!

Your contract, as a derivative instrument, is traded (sold) daily by the banks on the securities exchanges, making vast sums of profit for themselves, with your valuable propery (remember your signature.

Where is your profit / proceeds / cut, for this commercial trading with your instrument?

Where was this disclosed in the agreement?

Where did you give the bank permission to do this?

Was that what your intention was, and what you agreed to, when you signed the agreement?

Was the reason that you went to the bank in the first place, not so you could "borrow" money from the bank, when you believed that you did not have money?

If you had known this information beforehand, - that your instrument/asset was a valuable financial security, would you:

1) still volunteer to provide the funds to the bank for the "loan", and
2) agree to re-pay (pay again) the bank for the use of your own credit, the capital plus interest? And,
3) would you deal directly with the seller, and not use the bank`s "services" and pay for the priviledge of being raped financially by the bank? And,
4) If the bank did not risk anything for the loan, is the bank then legally entitled to the capital, or the interest? And,
5) If you fall onto hard times, and cannot "afford" to re-pay on the bogus loan, is the bank legally entitled to sue you for the property, kick you out on the street, take the property from you, sell the property for a pittance?

You were the only one that actually signed the agreement, (the bank did not), and the bank ***pretended*** it gave valuable consideration for it – when it did not, or the bank ***pretends*** that you gave the valuable instrument to the bank as a donation!

Do you think that the bank can record the instrument as their property, and it`s assets INCREASE in the amount of your instrument, or that they would be able to sell it on the international markets - if it had no value?

According to the Bills of Exchange Act, 34 of 1964, Section 81(4), "Every possessor of any such cheque ***[and any other such document]*** shall, for the purposes of this section, ***and until the contrary is proved, be DEEMED (presumed / pretended) either to have given a consideration therefor, or to have taken it as a donee***".

DEEM
Deem, verb. i.
1. To be of opinion; to think; to estimate; to opine; to suppose.

(Webster's Unabridged Dictionary, Author: Various, Release Date: August 22, 2009 [EBook #29765], [Last updated: May 18, 2014])

deemed *adj.* Supposed. In the construction of some documents (particularly statutes) an artificial construction is given to a word or phrase that ordinarily would not be so construed, in order to clarify any doubt or as a convenient form of drafting shorthand.
(Black`s Law Dictionary, 4th Edition, ST. PAUL, MINN., WEST PUBLISHING CO. 1968)

presumption *n.* A supposition that the law allows or requires to be made.

*Almost every presumption is a **rebuttable presumption,** i.e. it holds good only in the absence of contrary evidence*. Thus, the presumption of innocence is destroyed by positive proof of guilt.
(Black`s Law Dictionary, 4th Edition, ST. PAUL, MINN., WEST PUBLISHING CO. 1968)

A presumption is basically a "pretend" in plain English, which may, or may not – be true.

Unbelievable, right?

And the bank treats it as their asset, because of this presumption (pretend).

But who signed the instrument? You did.

You were the maker / drawer / original issuer of the instrument. Not the bank.

The bank took possession of your creation, your valuable instrument, your credit, which has the same cash value as the supposed "loan", ***as if it was their property***, and exchanged it for credits in an account where you have access thereto, and in so doing, created the impression that you owed them the amount of the "loan", which must be repaid to them, capital plus interest.

They did not loan you any money, which first belonged to them! It was an exchange. Your evidence-of-debt in the form of signed paper, for their evidence-of-debt in the form of "credit advanced".

And Voila! There is your bank loan.

And now you have to pay them back, the capital, plus interest?

Example :

Suppose you buy a car for R 100 000 on "finance" from the bank. You deliver to the bank R 100 000 cash value (in the form of your signed paper instrument).

The bank now owes you R 100 000 in value.

To offset what the bank owes to you, the bank, in turn, records the instrument as their own property. The assets of the bank rise by R 100 000.

The bank now converts the value of your paper instrument into electronic credits, and records the R 100 000, in an account, as a bank liability, (WHAT THE BANK OWES YOU). At this point in the whole process, the books are in balance. No-one owes anyone else.

This bank liability is the currency which you can spend, either by card-swipes, EFT- transfers, or withdraw bank notes against this account from an ATM.

Was there an exchange, or a loan? A conversion of one type of “credit = money” into another?

Now you spend this amount by transferring the currency/funds to the seller of the car.

Now the bank claims that it provided you a “loan” which you have to re-pay (pay-again). And you, being none the wiser, start making payments against what you think is a loan – capital + interest + fees.

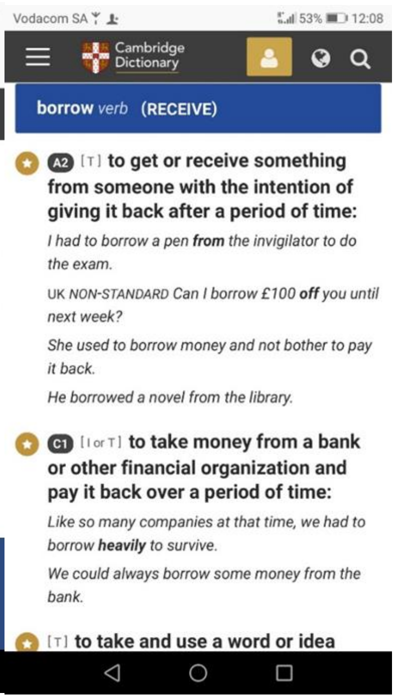
Who owes whom in reality?

Huh?

Where in the agreement does it say that you will be providing the “funds” (through the promissory note that they received from you), to fund your own loan?

Was that ever specified in writing in the agreement?

Do they not have to “loan” you something that actually belongs to them?



So, how on earth can any bank "loan" someone money, if they do not first, own, the money, - if it is not their property, in their possession?

Surely, if you came to me, and asked to borrow my lawnmower – that I must "loan" you my lawnmower, I must ***first own*** a lawnmower to begin with?

Not the bank !

And when you take possession of my lawnmower, and use it at your house, surely there cannot suddenly, out of thin air, *appear another* lawnmower in my garage?

Yet, this is exactly what happens at your bank when they "loan" money.

Magic happens.

The banks are prohibited, by law, from "loaning" you their own money. And they don't loan you anybody else`s money. Yet they suddenly "get' more money which they can "lend" to you.

For the banks, it is legal. It`s called fractional reserve banking. Research it for yourself, and see what I mean.

Their own publications tell us this.

Their GAAP book-keeping records prove it to be true.

To me, it does`nt sound like magic. Lets call it what it is :

DECEIT. FRAUD and TRICKERY. And BULLS**T.

Check your paperwork for the bait (the offer of a 'loan' and switch (the conversion of one type of money into another) :

The banks advertise various "loans" – home loans, car loans, personal loans, (this is the bait), but when they put the paperwork in front of you for your signature, it has suddenly turned into an application for credit, or a 'credit agreement.'

No mention any longer of a "loan", because they know that they never 'loan' you anything.

Do you then really owe the bank any "money", when no actual physical money changed hands between any party to the agreement? No.

When you issued an original issue instrument / security for money / promissory note (credit / the funds for the house / car / credit card / personal loan) on the day when you put your signature to paper?

No, you do not owe the bank any credit, either.

In fact, the bank owes you, for you have issued and delivered the first credit to the bank, and they did not compensate you for it.

Instead, they exchanged your credit, for their credit, and extended their credit to you and called it a "loan". Now you have to make monthly payments towards a "loan" that never existed.

Where is their payment to you for the use of your credit?

How come the banks do not pay you for your credit, but you have to pay for the use of their credit?

They owe you the all your payments back, + interest, + damages, because the bank was never lawfully entitled to it.

Go back to the previous forms of Reserve Bank Notes – no longer in circulation. There is your proof that a promissory note is used as money. The law has not changed. Any legally competent man or woman may legally issue a security for money / promissory note, thereby creating an evidence of debt, thereby creating money.

Have you not already done so when you obtained a home, car, credit card, or any similar product via a " bank loan"? You did, but you did not know what you did.

Did you do anything illegal? No.

Did you think it was a mere contract or agreement that you signed, as proof that you owed the bank the money that you "loaned"?

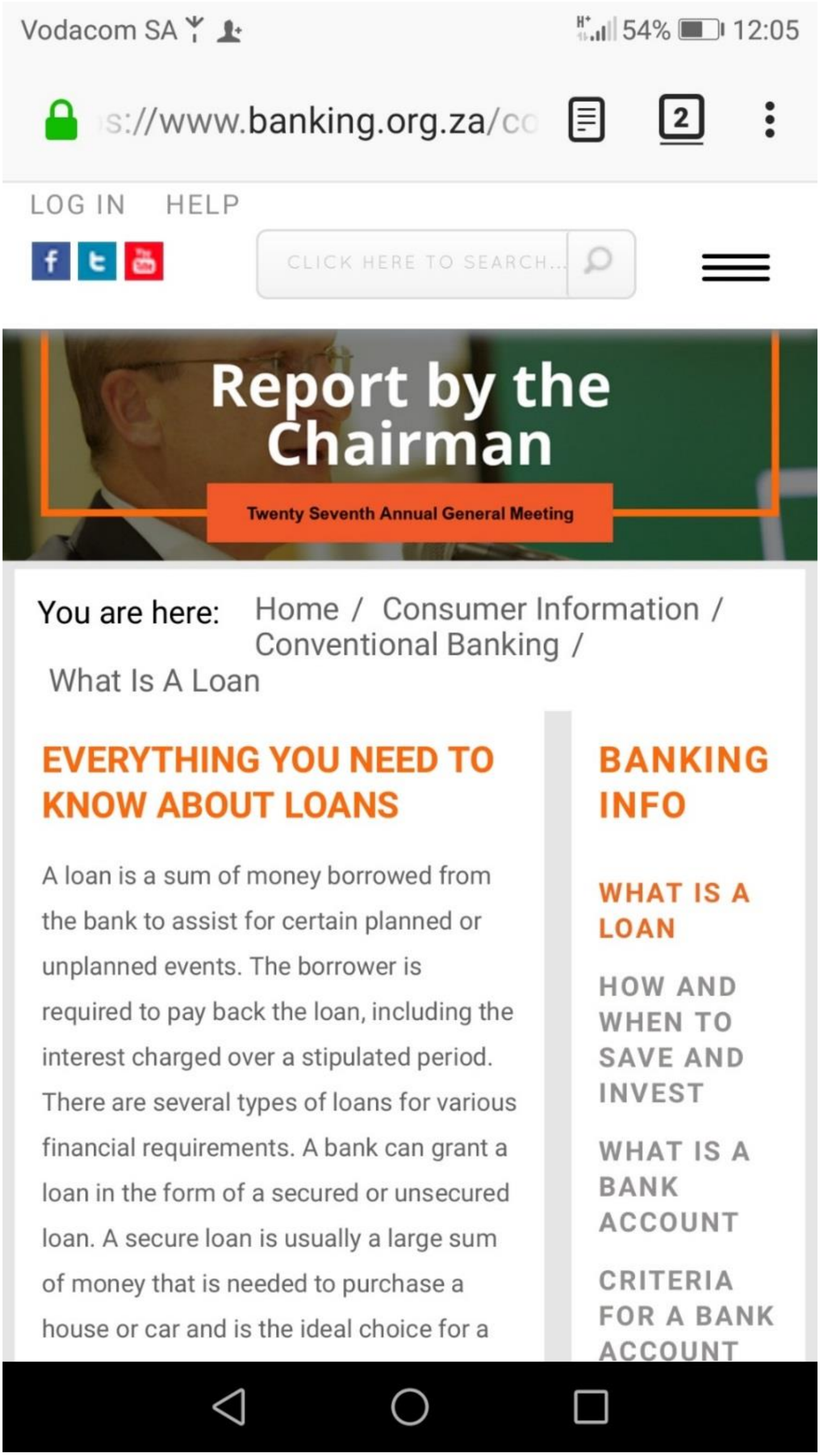
Did the bank disclose to you, the full facts of the transaction at the time ? In my experience, they never do. They rely on our ignorance to get away with their tricks which at times border on criminal conduct.

And still we pay instalments on a loan that never existed, "capital", plus interest, and when you run into financial difficulty, they repossess your property. How nice of them.

They also know that they have been baffling the people for so many years with their tricks:

- that people believe that the money (the notes and the digits in the bank account) is actually worth some intrinsic value,
- That the banking system is too complex for mere mortals to understand, so we don`t question it,
- And that is precisely the reason why they get away with is – we do not question them.

Look what rubbish they spew out online on their official media communications – all so that we keep believing in the lies of a loan.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LOG IN HELP
CLICK HERE TO SEARCH...
Report by the Chairman
Twenty Seventh Annual General Meeting
You are here: Home / Consumer Information / Conventional Banking / What Is A Loan
EVERYTHING YOU NEED TO KNOW ABOUT LOANS
A loan is a sum of money borrowed from the bank to assist for certain planned or unplanned events. The borrower is required to pay back the loan, including the interest charged over a stipulated period. There are several types of loans for various financial requirements. A bank can grant a loan in the form of a secured or unsecured loan. A secure loan is usually a large sum of money that is needed to purchase a house or car and is the ideal choice for a
BANKING INFO
WHAT IS A LOAN
HOW AND WHEN TO SAVE AND INVEST
WHAT IS A BANK ACCOUNT
CRITERIA FOR A BANK ACCOUNT

Expert Opinion :

Below follows portions, taken out of an affidavit by ***Walker F. Todd***, on these matters: (The Plaintiff is a bank, and the Defendant is the bank`s customer)

"2. My qualifications as an expert witness in monetary and banking instruments are as follows.

For 20 years, I worked as an attorney and legal officer for the legal departments of the Federal Reserve Banks of New York and Cleveland.

In addition, for nine years, I worked as an economic research officer at the Federal Reserve Bank of Cleveland. I became one of the Federal Reserve System's recognized experts on the legal history of central banking ***and the pledging of notes, bonds, and other financial instruments at the discount window to enable the Federal Reserve to make advances of credit that became or could become money*****.**

I also have read extensively treatises on the legal and financial history of money and banking and have published several articles covering all of the subjects just mentioned. I have served as an expert witness in several trials involving banking practices and monetary instruments.
**[In other words, this guy knows what he is talking about - author]*

3. Banks are required to adhere to Generally Accepted Accounting Principles (GAAP). GAAP follows an accounting convention that lies at the heart of the double-entry bookkeeping system called the Matching Principle. This principle works as follows:

When a bank accepts bullion, coin, currency, checks, drafts, promissory notes, or any other similar instruments (hereinafter "instruments") from customers and deposits or records the instruments as assets, it **must record offsetting liabilities** that match the assets that it accepted from customers.
The liabilities represent the amounts that the bank owes the customers, funds accepted from customers.

In a fractional reserve banking system like the United States banking system, most of the funds advanced to borrowers (assets of the banks) **are created by the banks themselves *and are not merely transferred from one set of depositors to another set of borrowers*.**

4. ….In classical economic theory, once economic exchange has moved beyond the barter stage, there are two types of money: money of *exchange* and money of *account*.

…With the exception of customary stores of value like gold and silver, the monetary base of the economy largely consists of credit instruments. **Against this background, I conclude that the Note, despite some language about "lawful money" explained below, clearly contemplates both disbursement of funds and even-**

tual repayment or settlement in money of account (that is, money of exchange would be welcome but is not required to repay or settle the Note).
The factual basis of this conclusion is the reference in the Disbursement Request and Authorization to repayment of $95,905.16 to Michigan National Bank from the proceeds of the Note.

That was an exchange of the credit of Bank One (Plaintiff) for credit apparently and previously extended to Defendants by Michigan National Bank.

Also, there is no reason to believe that Plaintiff would refuse a substitution of the credit of another bank or banker as complete payment of the Defendants' repayment obligation under the Note.

This is a case about exchanges of money of account (credit), not about exchanges of money of exchange (lawful money or even legal tender).

5. …**In light of these facts, I conclude <u>that Plaintiff and Defendants exchanged reciprocal credits</u> involving money of account and not money of exchange; no lawful money was or probably ever would be disbursed by either side in the covered transactions**.

7. Legal tender under the Uniform Commercial Code (U.C.C.), Section 1-201 (24) (Official Comment), is a concept that sometimes surfaces in cases of this nature.

The referenced Official Comment notes that the definition of *money* is not limited to *legal tender* under the U.C.C. *Money* is defined in Section 1-201 (24) as "a medium of exchange authorized or adopted by a domestic or foreign government and includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more nations."

The relevant Official Comment states that "The test adopted is that of sanction of government, whether by authorization before issue or adoption afterward, which recognizes the circulating medium as a part of the official currency of that government. **The <u>narrow view that money is limited to legal tender is rejected</u>**.

Thus, I conclude that the U.C.C. tends to validate the classical theoretical view of money.

8. In my opinion, the best sources of information on the origins and use of credit as money are in Alfred Marshall, MONEY, CREDIT & COMMERCE 249-251 (1929) and Charles P. Kindleberger, A FINANCIAL HISTORY OF WESTERN EUROPE 50-53 (1984).

A synthesis of these sources, as applied to the facts of the present case, is as follows: As commercial banks and discount houses (private bankers) became established in parts of Europe (especially Great Britain) and North America, by the mid-nineteenth century they commonly made loans to borrowers by extending their own credit to the borrowers or, at the borrowers' direction, to third parties. The typical form of such extensions of credit was drafts or bills of exchange drawn upon themselves (claims on the credit of the drawees) instead of disbursements of bullion, coin, or other forms of money.

In transactions with third parties, these drafts and bills came to serve most of the ordinary functions of money. The third parties had to determine for themselves whether such "credit money" had value and, if so, how much.

The Federal Reserve Act of 1913 was drafted with this model of the commercial economy in mind and provided at least two mechanisms (the discount window and the open-market trading desk) by which certain types of bankers' credits could be exchanged for Federal Reserve credits, which in turn could be withdrawn in lawful money.

Thus, credit money is not alien to the current official monetary system; it is just rarely used as a device for the creation of Federal Reserve credit that, in turn, in the form of either Federal Reserve notes or banks' deposits at Federal Reserve Banks, functions as money in the current monetary system.

In fact, a means by which the Federal Reserve expands the money supply, loosely defined, is to set banks' reserve requirements (currently, usually ten percent of demand liabilities) at levels that would encourage banks to extend new credit to borrowers on their own books that third parties would have to present to the same banks for redemption, thus leading to an expansion of bank-created credit money.

9. Plaintiff apparently asserts that the Defendants signed a promise to pay, such as a note(s) or credit application (collectively, the "Note"), in exchange for the Plaintiff's advance of funds, credit, or some type of money to or on behalf of Defendant.

However, the bookkeeping entries required by application of GAAP and the Federal Reserve's own writings should trigger close scrutiny of Plaintiff's apparent assertions that it lent its funds, credit, or money to or on behalf of Defendants, thereby causing them to owe the Plaintiff $400,000.

According to the bookkeeping entries shown or otherwise described to me and application of GAAP, the Defendants allegedly were to tender some form of *money* ("lawful money of the United States of America" is the type of money explicitly called for in the Note), securities or other capital equivalent to money, funds, credit, or something else of value in exchange (money of exchange, loosely defined), collectively referred to herein as "money," to repay what the Plaintiff claims was the *money* lent to the Defendants.

It is not an unreasonable argument to state that Plaintiff apparently changed the economic substance of the transaction from that contemplated in the credit application form, agreement, note(s), or other similar instrument(s) that the Defendants executed,
thereby changing the costs and risks to the Defendants.

At most, the Plaintiff extended its own *credit* (money of account), but the Defendants were required to repay in *money* (money of exchange, and *lawful money* at that), **which creates at least the inference of inequality of obligations**

on the two sides of the transaction (*money*, including *lawful money*, is to be exchanged for *bank credit*).

11. To understand what occurred between Plaintiff and Defendants concerning the alleged loan of *money* or, more accurately, *credit*, it is helpful to review a modern Federal Reserve description of a bank's lending process. *See*, David H. Friedman, MONEY AND BANKING (4th ed. 1984)(apparently already introduced into this case):

"The commercial bank lending process is similar to that of a thrift in that the receipt of cash from depositors increases both its assets and its deposit liabilities, which enables it to make additional loans and investments*.* . . . **When a commercial bank makes a business loan, it accepts as an asset the borrower's debt obligation (the promise to repay) and creates a liability on its books in the form of a demand deposit in the amount of the loan.**" (Consumer loans are funded similarly.)

Therefore, the bank's original bookkeeping entry should show an increase in the amount of the asset credited on the asset side of its books and a corresponding increase equal to the value of the asset on the liability side of its books.

This would show that the bank received the customer's signed promise to repay as an *asset*, thus *monetizing* the customer's signature and creating on its books a liability in the form of a demand deposit or other demand liability of the bank.

The bank then usually would hold this demand deposit in a transaction account on behalf of the customer.

Instead of the bank lending its *money* or other assets to the customer, as the customer reasonably might believe from the face of the Note, the bank *created* funds for the customer's transaction account without the customer's permission, authorization, or knowledge and delivered the *credit* on its own books representing those funds to the customer, meanwhile alleging that the bank lent the customer *money*.

If Plaintiff's response to this line of argument is to the effect that it acknowledges that it lent credit or issued credit instead of money, one might refer to Thomas P. Fitch, BARRON'S BUSINESS GUIDE DICTIONARY OF BANKING TERMS, "Credit banking," 3."Bookkeeping entry representing a deposit of funds into an account."

But Plaintiff's loan agreement apparently avoids claiming that the bank actually lent the Defendants *money*. They apparently state in the agreement that the Defendants are obligated to re-pay Plaintiff principal and interest for the "Valuable consideration (money) the bank gave the customer (borrower)."

The loan agreement and Note apparently still delete any reference to the bank's receipt of actual cash value from the Defendants and exchange of that receipt for actual cash value that the Plaintiff banker returned.

12. **According to the Federal Reserve Bank of New York, money is anything that has value that banks and people accept as money; money does not have to be issued by the government.**

For example, David H. Friedman, I BET YOU THOUGHT. . . . 9, Federal Reserve Bank of New York (4th ed. 1984) (apparently already introduced into this case), explains that banks create new money by depositing IOUs, promissory notes, offset by bank liabilities called checking account balances. Page 5 says,

"Money doesn't have to be intrinsically valuable, be issued by government, or be in any special form. . . ."

13. The publication, Anne Marie L. Gonczy, MODERN MONEY MECHANICS 7-33, Federal Reserve Bank of Chicago (rev. ed. June 1992) (apparently already introduced into this case), contains standard bookkeeping entries demonstrating that *money* ordinarily is recorded as a bank *asset*, while a bank *liability* is evidence of *money* that a bank owes. **The bookkeeping entries tend to prove that banks accept cash, checks, drafts, and promissory notes/credit agreements (assets) as *money* deposited to create credit or checkbook money that are bank *liabilities*, which shows that, absent any right of setoff, banks owe *money* to persons who deposit *money*.. Cash (money of exchange) is money, and credit or promissory notes (money of account) become money when banks deposit promissory notes with the intent of treating them like deposits of cash.** *See*, 12 U.S.C. Section 1813 (*l*)(1) (definition of "deposit" under Federal Deposit Insurance Act).

The Plaintiff acts in the capacity of a lending or banking institution, and the newly issued credit or money is similar or equivalent to a promissory note, which may be treated as a deposit of money when received by the lending bank. Federal Reserve Bank of Dallas publication MONEY AND BANKING, page 11, explains that when banks grant loans, they create new money.

The new money is created because a new "loan becomes a deposit, just like a paycheck does."

MODERN MONEY MECHANICS, page 6, says, "What they [banks] do when they make loans is to accept promissory notes in exchange for credits to the borrowers' transaction accounts."
The next sentence on the same page explains that the banks' assets and liabilities increase by the amount of the loans.

14. **Plaintiff apparently accepted the Defendants' Note and credit application (money of account) in exchange for its own credit (also money of account) and deposited that credit into an account with the Defendants' names on the account**, as well as apparently issuing its own credit for $95,905.16 to Michigan National Bank for the account of the Defendants.

One reasonably might argue that the Plaintiff recorded the Note or credit application as a loan (money of account) from the Defendants to the Plaintiff and that the Plaintiff then became the borrower of an equivalent amount of money of account from the Defendants.

15. **The Plaintiff in fact never lent any of its own pre-existing money, credit, or assets as consideration to purchase the Note or credit agreement from the Defendants.**
(Robertson Notes: I add that when the bank does the forgoing, then in that event, there is an utter ***failure of consideration*** for the "loan contract".)

When the Plaintiff deposited the Defendants' $400,000 of newly issued credit into an account, the Plaintiff created from $360,000 to $400,000 of new money (the nominal principal amount less up to ten percent or $40,000 of reserves that the Federal Reserve would require against a demand deposit of this size). The Plaintiff received $400,000 of credit or money of account from the Defendants as an asset.

GAAP ordinarily would require that the Plaintiff record a liability account, crediting the Defendants' deposit account, showing that the Plaintiff owes $400,000 of money to the Defendants, just as if the Defendants were to deposit cash or a payroll check into their account.

16. The following appears to be a disputed fact in this case about which I have insufficient information on which to form a conclusion :

I infer that it is alleged that Plaintiff (the bank) refused to lend the Defendants (client) Plaintiff's (the bank`s) own money or assets, and recorded a $400,000 loan from the Defendants (client) to the Plaintiff (bank), which, arguably, was a $400,000 deposit of money of account by the Defendants (client), and then, when the Plaintiff (bank) repaid the Defendants (client) by paying it`s own credit (money of account) in the amount of $400,000 to third-party sellers of goods and services for the account (on behalf of) of Defendants (client), the Defendants (client) were repaid their loan to Plaintiff (the bank), and the transaction was complete.

17. I do not have sufficient knowledge of the facts in this case to form a conclusion on the following disputed points: None of the following material facts are disclosed in the credit application or Note or were advertised by Plaintiff to prove that the Defendants are the true lenders and the Plaintiff is the true borrower.

The Plaintiff is trying to use the credit application form or the Note, to persuade and deceive the Defendants, into believing that the opposite occurred, and that the Defendants were the borrower and not the lender.

The following point is undisputed: The Defendants' loan of their credit to Plaintiff, when issued and paid from their deposit or credit account at Plaintiff, became money in the Federal Reserve System (subject to a reduction of up to ten percent for reserve requirements) as the newly issued credit was paid pursuant to written orders, including checks and wire transfers, to sellers of goods and services for the account of Defendants.

CONCLUSION :
18. Based on the foregoing, Plaintiff (the bank) is using the Defendant's (the client`s) Note for its own purposes, and it remains to be proven whether Plaintiff has incurred

any financial loss or actual damages (I do not have sufficient information to form a conclusion on this point).
In any case, the inclusion of the "lawful money" language in the repayment clause of the Note is confusing at best and in fact may be misleading in the context described above."

(STATE OF MICHIGAN, IN THE CIRCUIT COURT FOR THE COUNTY OF OAKLAND, Case No. 03-047448-CZ)

As you can see from the above explanation from the expert, that the commercial bank **owes you, the customer/depositor, the cash value of your note**, which they have to pay back to you when you demand it, because it has value, and it is your property.

Did you also notice that the expert said, in paragraph 5 : "***I conclude that Plaintiff and Defendants exchanged reciprocal credits involving money of account and not money of exchange; no lawful money was or probably ever would be disbursed by either side in the covered transactions…"***

This means that we, the customers, have just as much right to use our credit as any bank. In fact, we have been using it (unknowingly) for years. And seeing as how the bank`s credit is defined, in law, as a promise to pay money, then why would our credit be any different?

Did they ever tell you this? Did they ever disclose to you, all the true facts of the so-called "loan" or credit agreement?

*"But a depositor's balance also rises when the depository institution (commercial bank) extends credit – **either by granting a loan to or buying securities from the depositor.** (buying securities from me, the depositor??? Where is the payment for this purchase?)*

***In exchange for the note or security**, the lending or investing institution **(bank) credits the depositor's account or gives a check that can be deposited at yet another depository institution**. In this case, no one else loses a deposit. The total of currency and checkable deposits–the money supply – is increased.*

New money has been brought into existence by expansion of "depository institution (the bank`s) credit……."

….A deposit created through lending is a debt (of the bank) that has to be paid on demand of the depositor, just the same as the debt arising from a customer's deposit of checks or currency in a bank."

(Federal Reserve Bank, Chicago, TWO FACES OF DEBT, page 19, freedom-school.com/two_faces_of_debt.pdf)

Let`s delve a bit deeper into credit.

Isn't "CREDIT" what we use *when we don't have any money*? Isn't it something we apply for, and get from a bank, when we first prove to the bank we don't need it?

You know, you're a little short of cash right now but you'd like to have that new car so you 'buy it on credit', right?

We apply / request / ask for / beg for CREDIT by using a CREDIT-application, right?

WRONG!

"And you recall, our system works only with credit"

(Federal Reserve Bank of New York's publication KEEPING OUR MONEY HEALTHY, page 12)

Ever been taught that in school?

Seeing as how our definitions don't appear to be realistic, let's let the Federal Reserve Bank of Chicago define the term "credit" for us in their publication - TWO FACES OF DEBT, page 1, freedom-school.com/two_faces_of_debt.pdf)

"Debt is Credit".

?? WHAT…… ???

Okay, let's see if we can get this right -

If : a = b, then b = a, so if "debt = credit", then credit = debt!

So page 12 above could read: "And you recall, our system works only with debt."

"Banks create money by 'monetizing' the private debts of businesses, individuals and governments. That is, they create amounts of money against the value of those IOU`s (credit agreements)."

(I BET YOU THOUGHT, Federal Reserve Bank of New York)

So, to follow logically, this means that:

Credit = debt, and debt is monetized, therefore, monetized debt = MONEY?

So, what happened when they removed the gold that backed our money?

The politicians removed it, and failed to declare any-THING (of intrinsic value) to take its place. Yet some-"THING" had to take its place...and that some-"THING" was the NO-THING known as **credit = debt = monetized debt = MONEY!**

And not only was the payments mechanism WIPED OUT by that act, but we, the People, were placed under the greatest CON-game in history, and the mis-leaders knew something had to be done, for if a bad check is an irredeemable check, why isn't irredeemable currency bad currency?

"Currency backing isn't relevant in today's economy. Currency cannot be "re-deemed" or "exchanged" for Treasury gold or any other asset used as backing. The question of just what assets "back" Federal Reserve notes has little but bookkeeping significance."

(I BET YOU THOUGHT, Federal Reserve Bank, New York.)

Not "relevant"??? Why not?

Could it be because you THINK you have money, your banker agrees that you have it, and you THINK you are paid and therefore you THINK you are free???

Could it be that simple?

(By the way the US Treasury owns no gold and hasn't since August 1975, see the Treasury Bulletin by the same date for verification. I doubt very much if the situation at the SARB is any better.)

"Money is such a routine part of everyday living that its existence and acceptance are ordinarily taken for granted. A user may sense [think?] 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".

(The Federal Reserve Bank of Chicago, MODERN MONEY MECHANICS on page 2)

Okay, so now we have discovered that:

- Paper-money that is created by the SARB is a **promise to pay**, or ***evi-dence of debt*** (negative), because they have the liability for it.

- And the electronic money in your account at the private commercial banks, is also a **promise to pay**, or ***evidence of debt*** (negative), because the bank 'owes' the holder of the account the amount which is reflected in the account.

- Also, we have seen that ‘money’ is created by commercial banks by “*loaning money*”, on the strength of someone`s signed promissory note, which is an ***evidence of debt***.

- We have also proven that a promissory note, which is an evidence of debt, is in fact, **MONEY.**

GET THIS : The money, and currency, that we use today to buy stuff or pay for stuff, are nothing more than promises to pay / receipts for debts / EVIDENCE OF DEBT.

There is nothing else that we can use to pay with.

Can you see that THERE WAS NEVER A ‘LOAN’? (What on earth have you been paying for all this time?) The money for the ‘loan’ was paid, by you, to the bank, on the day that you signed the paperwork.

You signed and issued an evidence-of-debt, and thereby created exactly the same amount of money/currency as the ‘loan’, and you handed the signed evidence-of-debt (money/currency) over to the bank.

They accepted your evidence-of-debt – money, and converted the instrument into digits in an account (credit) that you could spend into the economy.

Then you started re-paying (paying for a second time) on the supposed ‘loan’, which never existed in the first place.

And after the re-payment was all done (paid-off in your mind), you didn’t claim back your evidence of debt-money which the bank owes you, and the bank regarded it as abandoned funds, and claimed it as their property under the laws of salvage.

Did you ever agree to knowingly, with full disclosure of all the facts, give your promissory note / instrument / evidence of debt, – to the bank for free ?

More importantly, did you ever agree that the bank record your valuable note on their books, as THEIR ASSET?

If not, how can they record your valuable instrument in their books as THEIR ASSET ? Is this not theft ? No, *it is a presumption that can easily be rebutted.*

…Phew…!

So, seeing as how we only have debt-money available to pay for anything, what else can we then use to pay off our debts?

We have been using debt-money to try pay off debts, because that is all that there is available to us, thereby creating more and more debts.

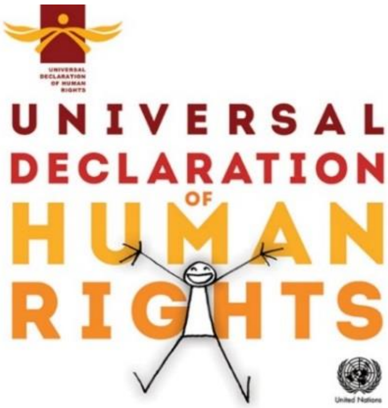
So where is the opposite of DEBT / negative – money, the CREDIT / positive - money ?

If you know basic accounting, you will realize that in order to balance the books, you have to give the same amount of CREDIT as you owe in DEBTS, if not, the books will not balance.

What is there of positive value, that would balance out the negative value of the debt obligation, and settle the accounting?

Hold onto your hats – for this is where the ride gets bumpy.

Here is a clue :



UNITED NATIONS

Universal Declaration of Human Rights

Whereas it is essential to promote the development of friendly relations between nations,

Whereas the peoples of the United Nations have in the Charter reaffirmed their faith in fundamental human rights, in the dignity and worth of the human person and in the equal rights of men and women and have determined to promote social progress and better standards of life in larger freedom,

UNITED NATIONS

Article 03

Everyone has the right to life, liberty and security of person.

*"Whereas the peoples of the United Nations have in the Charter, reaffirmed their faith in fundamental human rights, in the dignity and **worth** of the human person"*

(United Nations, Universal Declaration of Human Rights, preamble)

*"Everyone has the right to life, liberty and **security of person.**"*

(United Nations, Universal Declaration of Human Rights, Article 3)

And also, ***"Everyone has the right to freedom and security of the person :"***

(CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996, *Section 12 (1)*)

So, what does this mean , exactly? What do these words mean in a legal sense?

security :- Protection; assurance; indemnification.

- The term is usually applied to an obligation, pledge, mortgage, deposit, lien, etc., given by a debtor in order to make sure the payment or performance of his debt, by furnishing the creditor with a resource to be used in case of failure in the principal obligation.
- The name is also sometimes given to one who becomes surety or guarantor for another. Bissinger & Co. v. Massachusetts Bonding & Ins. Co., 83 Or. 288, 163 P. 592, 593.

Personal Security :-

- A person's legal and uninterrupted enjoyment of his life, his limbs, his body, his health, and his reputation. 1 Bl. Comm. 129. Sanderson v. Hunt, 76 S.W. 179, 25 Ky.L.Rep. 626.
- Evidences of debt which bind the person of the debtor, not real property. Merrill v. National Bank, 19 S. Ct. 360, 173 U.S. 131, 43 L.Ed. 640

worth :-

- The quality of a thing which gives it value. McLane v. Pittsburg Rys. Co., 230 Pa. 29, 79 A. 237, 238.
- Although "worth" in some connections may mean more than pecuniary value, in law it means that sum of valuable qualities which renders a thing valuable and useful expressed in the current medium of the country; value. Duke v. City of Anniston, 5 Ala.App. 348, 60 So. 447.
- Furnishing an equivalent for. Herb v. Hallowell, 304 Pa. 128, 154 A. 582, 585.

(Blacks Law Dictionary, 4th Edition)

As we can see from the above quotes and definitions, both the UN Universal Declaration of Human Rights (UN-UDHR) and the Constitution of The Republic of South Africa proclaim and confirm – *no guarantee* - our right to have security of the person. Remember, a right is something that cannot be taken from you. The UN-UDHR also states plainly, that they re-affirm **our worth** of the human person.

And the security of person does not only refer to security as safety or protection. It also refers to security in a financial sense, as in Article 22 of the UN-UDHR, it refers to "the right to social security" – and we all know what social security means.

So, unless I`m losing my mind, I will say there is the proof – right there – in black and white that confirms a human being`s positive value, **OUR CREDIT VALUE**, to offset the DEBT value.

In other words, there is only one "thing" that can give positive value to this negative debt-system, and that is a living man`s un-limited worth, or value.

No machine, no plan, no invention of man, can move or do anything by itself. It needs a man to provide the positive energy, the life-force, the labor, before it can do anything.

So in plain English – as simply and as clearly as I possibly can, there is only one source of positive credit, which can offset a debt, on this planet.

A living man`s life-energy.

Boom !

Negotiable Instruments

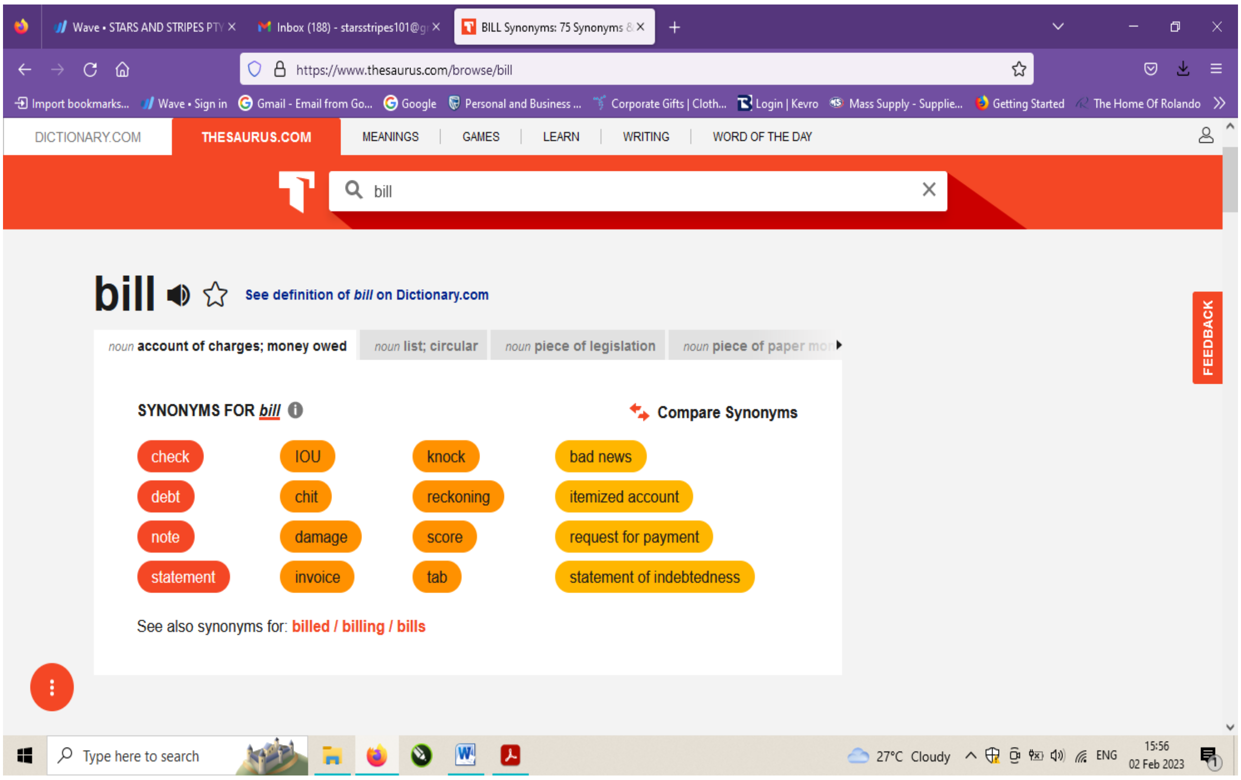
The money-system is controlled by various Acts, and the foundation of all these acts, the most important, is the Bills Of Exchange Act, 34 of 1964, as amended by Act 56 of 2000 (BOE-act). This act was based on the English Bills of Exchange act of 1882.

The BOE-act deals with, and regulates negotiable instruments such as Bills of Exchange, promissory notes, and cheques.

What is a bill or Negotiable Instrument (Instrument) ?
A **negotiable instrument** is **a written promise, or request for the payment of a certain sum of money to order or bearer**. Civ.Code Cal. § 3087.

- A general name for bills, First Nat. Bank v. Rochamora, 193 N.C. 1, 136 S.E. 259, 261;
- notes, checks, Kansas City Casualty Co. v. Westport Ave. Bank, 191 Mo.App. 287, 177 S.W. 1092, 1094; Santa Marina Co. v. Canadian Bank of Com-merce, C.C.A.Cal., 254 F. 391, 393;
- trade acceptances, Federal Commercial & Savings Bank v. International Clay Machinery Co., 230 Mich. 33, 203 N.W. 166, 43 A.L.R. 1245;
- certain bonds, Grosfleld v. First Nat. Bank, 73 Mont. 219, 236 P. 250, 254; Stevens v. Berkshire St. Ry. Co., 247 Mass. 399, 142 N.E. 59, 60;
- letters of credit, and other negotiable **written securities**.

(Black`s law Dictionary, 4th Edition)



Definition : Negotiable Instrument
A Document of title or **evidence of indebtedness** that is freely (unconditionally) transferable in trading, as a substitute for money.

Negotiable instruments are unconditional orders or promises to pay, and include cheques, drafts, bearer bonds, some certificates of deposit, promissory notes, and bank notes (currency).

A negotiable instrument has three principal attributes:
- an asset or property (that is the subject matter of the instrument) passes from the transferor to the transferee by mere delivery and/or endorsement of the instrument,
- A transferee accepting the instrument in good faith and for value (and who has no notice of any defect in the title of the transferor) obtains an indefeasible title and may sue on the instrument in his or her name, and
- No notice of the transfer need to be given to the party liable in the instrument.

http://www.businessdictionary.com/definition/negotiable-instrument.html

What Is a Bill of Exchange?
"A bill of exchange is a written order, once used primarily in international trade, that binds one party to pay a fixed sum of money to another party on demand or at a predetermined date. **Bills of exchange are similar to checks and promissory notes—they can be drawn by individuals or banks and are generally transferable by endorsements.**"

"Bills of Exchange aren't used much today—having been replaced with paper currency, bank wires, and credit/debit cards."
https://www.investopedia.com/terms/b/billofexchange.asp

So, in essence – **a negotiable instrument, which includes a bill, a promissory note and a cheque, is a representation, an evidence of a debt**. If that's the case, then it also qualifies as MONEY to be used in our debt-based money-system, as it is similar to Reserve Bank-notes, and electronic money of account, which are also evidences of debt.

The banks do not tell you, that if it was not for the BOE-act, they would never be able to create the money they do today. They have to use the BOE-act as the basis for converting your note into 'credit', and they know that you have exactly that same power.

Consider this :

- Do you think that a bank, even the SA Reserve Bank, has any life-force value that it can bring to the economy? Especially seeing that all banks are creations of man, corporations.
- The truth is, of its own, no bank can add even a teaspoon full of positive value, were it not for the living men and women that were employed there. They need the labor and value of a man in order to do business. Take all the men away, and see if the bank can do anything under its own power.
- All government offices and departments, all courts and their employees, all police departments and their employees, and all banks are corporations, legal entities, and exist only in the minds of men. They are in reality something that exist in our everyday reality, only ON PIECES OF PAPER.

"How can you hurt a piece of paper…?" – Dr. Johan Joubert.

- It is a well-known, established principle in law, that no-one can give away more than he already has. This includes anything: rights, property, money, and so on.

  So, if a bank, which is a PERSON, and has limited liability, has the magical power – bestowed upon it by the law, which is also a creation of man, to create money, then does not a man himself, who is unlimited, and who is the source of authority over the laws, have the same power to create money? After all, was this power to create not given by man in the first place?

  In other words, if man does not have the right and authority to create money in the first place, he cannot give that right or authority to a bank, or government. Simple as that.

ACCOMMODATION PARTY. One **who has signed an instrument as maker, drawer, acceptor, or indorser** without receiving value therefor, and for purpose of **lending his name** to some other person as means of securing credit. Bachman v. Junkin, 129 Neb. 165, 260 N.W. 813.

ACCOMMODATED PARTY. One **to whom the credit of the accommodation party is loaned**, and is not necessarily the payee, since the inquiry always is as **to whom did the maker of the paper loan his credit as a matter of fact**. Wilhoit v. Seavall, 121 Kan. 239, 246 P. 1013, 1015, 48 A.L.R. 1273; not third person who may receive advantage, State v. Banta, 148 Okl. 239, 299 P. 479, 483. First Nat. Bank v. Boxley, 129 Okl. 159, 264 P. 184, 186, 64 A.L.R. 588.

(Black`s Law Dictionary, 4th Edition.)

If you have not already done so, please download a copy of the Bills of Exchange Act, 34 of 1964, and the amendment Act 56 of 2000.

Study it carefully, read through and study it a couple of times, over a period of a few days, until you know it backwards, and understand how it works. Below follows a brief discussion.

(Bills of Exchange Act 34 of 1964, as amended, section 2)

Definition of and requirements for bill of exchange

(1) A bill of exchange is :

- an unconditional order in writing,
- addressed by one person to another,
- signed by the person giving it,
- requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable future time,
- a sum certain in money,
- to a specified person or his order, or to bearer.

(2) An instrument which does not comply with the requirements specified in subsection (1) or which orders any act to be done in addition to the payment of money, is not a bill.

We can see from above definition, that a bill is an order to pay money to someone, and that, once you accept it (sign it), and deliver it, or notified them that you have accepted liability on the bill (agreed to pay the debt), the bill is now an *evidence of debt* – thus, money, - in the same manner that the Reserve Bank accepts liability on a paper note – which is money.

Definition : 'acceptance'

means an acceptance completed by delivery or notification

Section 15 : Definition and requisites of acceptance

(1) The acceptance of a bill is the signification by the drawee of his assent (agreement) to the order of the drawer.

(2) An acceptance is invalid unless it complies with the following requirements, namely -

- it must be written on the bill and be signed by the drawee,
- the mere signature of the drawee without additional words being however sufficient;

- it must not stipulate that the drawee will perform his promise by any other means than the payment of money.

Section 19 : Delivery as requirement for contract on a bill

(1) No contract on a bill, whether it be the drawer's, the acceptor's, an indorser's, or that of the signer of an aval (surety), shall be complete and irrevocable, until

- delivery of the instrument in question in order to conclude such a contract : provided that if an acceptance or an aval is written on a bill and the drawee or the signer of the aval, as the case may be, gives notice to, or according to the directions of, the person entitled to the bill that he has accepted or signed it, the acceptance or aval then becomes complete and irrevocable.

[Sub-s. (19) substituted by s. 6 of Act 56 of 2000.]

Section 21 : Signature as requirement for liability

No person is liable as drawer, acceptor or indorser of a bill if he has not signed it as such: Provided that-

(a) if a person signs a bill in a trade or assumed name, he is liable thereon as if he had signed it in his own name; and

(b) the signature of the name of a firm is equivalent to the signature, by the person so signing, of the names of all persons liable as partners of that firm.

Endorsement

The act of a person who is holder of a negotiable instrument in signing his or her name on the back of that instrument, thereby transferring title or ownership. An endorsement may be made if favor of another individual or legal entity, resulting in a transfer of the property to that other individual or legal entity. There are several types of endorsements:

- Endorsement in blank is the writing of only the endorser´s name on the negotiable instrument without designating another person to whom the endorsement is made, and with the implied understanding that the instrument is payable to the bearer.
- Collection endorsement is one that restricts payment of the endorsed instrument to purposes of deposit or collection.
- Conditional endorsement is one that limits time at which the instrument can be paid or further transferred or that requires the occurrence of an event before the instrument is payable.
- Restrictive endorsement is one that directs a specific payment of the instrument, such as for deposit or collection only, and that precludes any other transfer of it.

https://www.globalnegotiator.com/international-trade/dictionary/endorsement/

Section 83 : Effect of payment to or crediting of accounts by bankers of amounts of unindorsed or irregularly indorsed cheques *and certain other documents*

[Sub-s. (1) substituted by s. 40 (a) of Act 56 of 2000.]

"(1) If a [banker] in good faith and in the ordinary course of business credits the account of [a] customer [of his] with, or pays to another [banker] the amount of —

(a) any cheque drawn on [him], it;
(b) any other document issued by [a] customer [of his], and intended to enable any person to obtain payment on demand of the sum mentioned in such document from [him] - (or from any [banker], if the document was issued on behalf of the State); or
(c) draft payable on demand drawn by such first-mentioned [banker] upon [himself], or upon [his] agent who is a [banker], whether payable at the head office or some other office of [his] bank or of such agent, [he] shall not incur any liability by reason only of the absence of, or irregularity in, endorsement thereof, **and such cheque, document or draft shall be discharged by such crediting of the account in question or by such payment"**; and

[Sub-s. (2) substituted by s. 40 (b) of Act 56 of 2000.]

"(2) The provisions of sub-section (1) shall mutatis mutandis (in the same manner) also apply to any document which —

(a) was issued on behalf of the State;

(b) is drawn upon or addressed to a servant of the State (hereafter in this section called the drawee); and

(c) is intended to enable any person to obtain payment on demand, of the sum mentioned in such document, from the drawee, or from, or through a [banker], *as if the said document were a cheque, and as if the drawee were a [banker] and the State [his] customer." (banker`s acceptance)*

Definition : SERVANT

- One employed to perform service in master's affairs, whose physical conduct in performance of the service is controlled or is subject to right to control by the master. Brenner v. Socony Vacuum Oil Co., 236 Mo.App. 524, 158

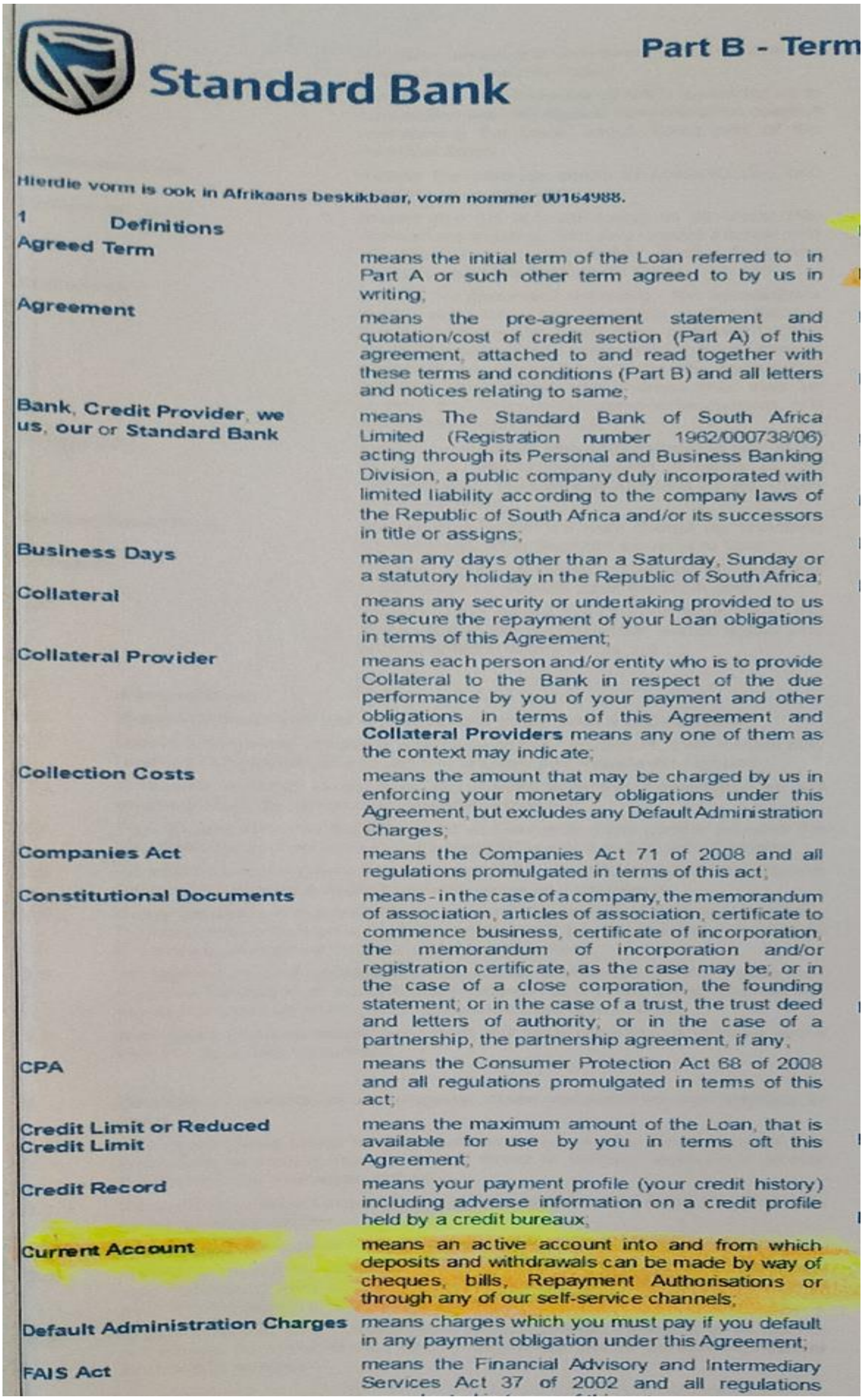
S.W.2d 171, 174, 175; Reiling v. Missouri Ins. Co.,236 Mo.App. 164, 153 S.W.2d 79.

- A person in the employ of another and subject to his control as to what work shall be done and the means by which it shall be accomplished. Pantell v. Shriver Allison Co., 61 Ohio App. 119, 22 N.E.2d 497, 499.
- One who is employed to render personal service to another otherwise than in the pursuit of an independent calling, and who, in such service, remains entirely under control and direction of employer. Henley v. State, 59 Ga.App. 595, 2 S.E.2d 139, 142.
- A person of whatever rank or position in employ and subject to direction or control of another in any department of labor or business. Saums v. Parfet, 270 Mich. 165, 258 N.W. 235, 237.

(Black`s Law Dictionary, 4th Edition.)

Would you say that your PERSON is in the service of the master (State), and entirely under his control?

Note the definition of a current account, in the Terms and Conditions document of Standard Bank. Also, note how it describes that bills can be deposited, and withdrawn from these accounts.



Standard Bank

Part B - Term

Hierdie vorm is ook in Afrikaans beskikbaar, vorm nommer 00164988.

1 Definitions

Agreed Term	means the initial term of the Loan referred to in Part A or such other term agreed to by us in writing;
Agreement	means the pre-agreement statement and quotation/cost of credit section (Part A) of this agreement, attached to and read together with these terms and conditions (Part B) and all letters and notices relating to same;
Bank, Credit Provider, we us, our or Standard Bank	means The Standard Bank of South Africa Limited (Registration number 1962/000738/06) acting through its Personal and Business Banking Division, a public company duly incorporated with limited liability according to the company laws of the Republic of South Africa and/or its successors in title or assigns;
Business Days	mean any days other than a Saturday, Sunday or a statutory holiday in the Republic of South Africa;
Collateral	means any security or undertaking provided to us to secure the repayment of your Loan obligations in terms of this Agreement;
Collateral Provider	means each person and/or entity who is to provide Collateral to the Bank in respect of the due performance by you of your payment and other obligations in terms of this Agreement and **Collateral Providers** means any one of them as the context may indicate;
Collection Costs	means the amount that may be charged by us in enforcing your monetary obligations under this Agreement, but excludes any Default Administration Charges;
Companies Act	means the Companies Act 71 of 2008 and all regulations promulgated in terms of this act;
Constitutional Documents	means - in the case of a company, the memorandum of association, articles of association, certificate to commence business, certificate of incorporation, the memorandum of incorporation and/or registration certificate, as the case may be; or in the case of a close corporation, the founding statement; or in the case of a trust, the trust deed and letters of authority; or in the case of a partnership, the partnership agreement, if any;
CPA	means the Consumer Protection Act 68 of 2008 and all regulations promulgated in terms of this act;
Credit Limit or Reduced Credit Limit	means the maximum amount of the Loan, that is available for use by you in terms oft this Agreement;
Credit Record	means your payment profile (your credit history) including adverse information on a credit profile held by a credit bureaux;
Current Account	means an active account into and from which deposits and withdrawals can be made by way of cheques, bills, Repayment Authorisations or through any of our self-service channels;
Default Administration Charges	means charges which you must pay if you default in any payment obligation under this Agreement;
FAIS Act	means the Financial Advisory and Intermediary Services Act 37 of 2002 and all regulations

Section 87 : Promissory note defined

(1) A promissory note is an

- unconditional promise in writing,
- made by one person to another,
- signed by the maker,
- and engaging (promising) to pay on demand, or at a fixed or determinable future time,
- a sum certain in money,
- to a specified person or his order, or to bearer.

(2) An instrument in the form of a note payable to maker's order is not a note within the meaning of this section, unless and until it is indorsed by the maker.

(3) A note is not invalid by reason only that it contains also a pledge of collateral security with authority to sell it or dispose thereof.

We can see from above definition, that a promissory note (note) is a promise to pay money to someone, and that, once you sign it, in order to accept liability on it (agreed to pay the debt), and delivered it, the note is now an *evidence of debt* – thus, money - in the same manner that the Reserve Bank accepts liability on a paper note – which is money.

Let us use the following example :

Telkom sends you a statement (it is also, a bill, and it is also the payment for the bill…..), which indicates the amount owed. This statement itself, is the bill, an order from Telkom to you, to make payment. ***It is also money for the payment.***

Now, you have a choice :

- Pay with SARB-notes, (which are SA Reserve Bank`s evidence of debt-notes)
- Pay by EFT, using money of account / currency,(which are the commercial bank`s evidence of debt to you),
- do a bankers acceptance on the paper bill, and return it to Telkom,
- Send Telkom a Promissory Note.

(All of the above methods involve *evidences of debt* – what money and currency really is.)

Should you wish to do an acceptance, as you are legally allowed to do, as described in the Bills of Exchange Act, you now have to indorse (sign) on the bill, in order to agree to your liability on the bill. Now send Telkom your accepted bill (which is the payment), via registered mail. Keep your receipts as proof that you have sent it.

Once signed AND delivered (it is out of your hands, and in the mail), the transaction, as far as you are concerned, is irrevocable and complete, as described by Section 19 of the act.

Congratulations. You have just, knowingly, taken a piece of (almost worthless) paper, and converted it – by your signature – into a valuable negotiable instrument, an evidence of debt. In other words – MONEY for a particular purpose of business to set off the amount on the bill.

Once Telkom receives your signed (accepted) bill, they should deposit it, as they would with a Reserve Bank Note, in their bank account. Their bank should credit their account with the amount of the bill. Once credited to Telkom`s account, the bill, and your obligation to Telkom, is discharged.

Study the Bills of Exchange Act 34 of 1964, as amended by Act 56 of 2000, to make sure you follow the procedure to the letter.

CONCLUSION :

As stated in the beginning of this essay, I truly hope that I have inspired you to look at your world with different eyes, to give you a glimpse behind the veil, to show you how you were tricked and lied to all your life.

I hope also, that I have showed you, that there is hope. That there are different ways of doing things, especially when it comes to money.

It is my sincere hope that you use this information as a base to learn more of the truth.

Please do not keep this information to yourself – **share it with as many people as you can, for it is only when people have knowledge that they can begin to stand up and claim their rights, to protect themselves and their families from being robbed and deceived**.

Now that you know, I hope that you will lose your fear of the system.

May this work be of help to you, and a blessing for you in your future.

:Abri: de Oosthuizen