

# Banking Bailout Secrets

## Key, Verifiable Information Reveal Secrets of the Bankers

---

**"The Federal Reserve is neither truly federal, nor a full reserve. It is not owned or directly controlled by the United States government. The fact that the words 'United States Federal Reserve System' are printed on every U.S. bank note thus raises serious questions."**

---

Many are asking what is going on with the major banking bailouts in the U.S. and around the world. According to a [Los Angeles Times/Bloomberg poll](#), only 31% of Americans supported the bailout. Why did politicians around the world ignore the will of the majority of citizens who were against what they felt was a form of corporate welfare? Why are the major media selling this bailout as good and necessary medicine for all of us? Why are so few questioning a bailout which costs \$2,500 for every man, woman, and child in the U.S. (assuming that the costs don't eventually far exceed the \$700 billion already authorized)? To answer these questions, it is best first to be informed about some very basic, yet little known knowledge regarding money and how banking works.

How much do you know about the banking system and who prints the money you carry in your pocket? Considering the vital role money plays both in our individual lives and in the world, our educational system teaches us amazingly little about how money is created, how banks operate, and what causes the huge banking scandals and bankruptcies that have occurred. After reading the information below, you will understand why this information is kept quiet and why we feel it is important to reveal these major banking cover-ups. **The world's wealthiest bankers guard their secrets very closely.**

[WantToKnow.info](#) specializes in using only the most reliable information available to reveal what is going on behind the scenes in a number of key areas. Because of the lack of quality information, we have previously published very little on banking and financial cover-ups. However, as this key topic is essential to understanding the big picture, we present here the best information we have found on the secrets of the banking world. The sources are not up to our normal high standards, yet we believe you will find the information highly useful. By using the links provided for verification, you can find strong evidence in support of all that is presented here.

**First, we recommend these revealing free documentaries on the banking cover-up:**

<http://video.google.com/videosearch?q=%22monopoly+men%22> - Monopoly Men (47 minutes)

<http://video.google.com/videosearch?q=moneymasters> - Money Masters (209 minutes)

For another version of the first documentary, [click here](#). Both of these fact-filled documentaries have been given a very rare rating of five out of five stars by Google Video viewers. These films, though they have some weaknesses, do an excellent job of introducing and educating viewers to key, little-known facts which impact our global economy and politics. We encourage you to have a healthy skepticism of what is presented, yet also to have an open mind to the possibility that much of what is presented is based on verifiable evidence.

## The Federal Reserve: Neither Truly Federal Nor a Full Reserve

**Do you know who prints the money in your wallet or purse?** Take a look at the top of any U.S. bills and you will find "Federal Reserve Note" printed along the top. In a small black circle on the left side of these notes, you will read "United States Federal Reserve System." It is the Federal Reserve which prints all bank notes in the United States. Yet who owns the Federal Reserve?

Though the [Board of Governors](#) of the Federal Reserve is categorized as an independent government agency, "The Fed" is not owned by the government. In *Lewis v. United States*, the U.S. Court of Appeals for the Ninth Circuit stated that "the Reserve Banks are not federal instrumentalities for purposes of the FTCA [the Federal Tort Claims Act], but are independent, privately owned and locally controlled corporations." To verify this fact, please see the Ninth Circuit's decision [680 F.2d 1239](#) at the end of paragraph five. The same decision in paragraph 13 states, "Reserve Banks, as privately owned entities, receive no appropriated funds from Congress."

It's quite revealing that though the official website of the Federal Reserve contains a [detailed description of the Federal Reserve](#) that is over 20 pages in length, ownership of the Federal Reserve Banks is never even mentioned. Could it be that this information is conveniently withheld to keep the public from understanding who

owns the banks which issue all U.S. dollars?

**Though Federal Reserve Board members are appointed by the U.S. President and confirmed by the Senate, the Federal Reserve is a privately owned institution controlled mainly by large private banks.** Once board members are appointed, the U.S. government has no control over their decisions other than the president's ability to remove a board member. Yet a study of [the history and functions](#) of the Federal Reserve reveals that powerful bankers such as J.P. Morgan have had inordinate power and control over the formation and management of the monetary policy of the United States through their power over the Fed. **Congress has virtually no influence over this incredibly powerful institution.**

Neither does the Fed have reserves to back all of the credit it issues. None of the money in circulation is backed by anything of real value such as gold or silver. The backing of U.S. currency by a [gold standard was removed](#) under President Nixon in 1971. In fact, the Fed, like all banks, at any one time has only 3 to 10% of all credit issued held in reserve as bank notes. So the Federal Reserve is neither truly federal, nor a full reserve. It is not owned or directly controlled by the United States government. The fact that the words "United States Federal Reserve System" are printed on every U.S. bank note thus raises serious questions.

**The foundation for the Federal Reserve system was crafted in the utmost secrecy in 1910 at the [Jekyll Island resort](#) by several powerful men with very close ties to the [Rockefellers](#), the [J.P. Morgan](#) family, and the [Rothschilds](#)** — the richest and most powerful families in the world at that time. A version of the legislation crafted eventually passed in 1913 over the objections of many who feared that turning over control of the nation's money supply to a consortium of private bankers would inevitably only produce more riches for the ultra rich at the expense of the general public.

Virtually everyone agrees that the Fed is highly secretive. [Wikipedia](#) lists other criticisms of the Federal Reserve in the below two paragraphs:

"A large and varied group of criticisms have been directed against the Federal Reserve System. One group of criticisms, typified by the [Austrian School](#), criticize the Federal Reserve as unnecessary and counterproductive interference in the economy. Other arguments include arguments in favor of the [gold standard](#) and criticisms of an alleged lack of accountability or culture of secrecy within the Reserve. Finally, a group of conspiracy theories make various charges against the Federal Reserve, generally claiming the Federal Reserve System is actually a scheme to enrich a few wealthy bankers at the expense of the public."

"Economists of the Austrian School such as [Ludwig von Mises](#) contend that the Federal Reserve's artificial manipulation of the money supply leads to the boom/bust business cycle that has occurred over the last century. Many [economic libertarians](#) ... believe that the Federal Reserve's manipulation of the money supply to stop "gold flight" from England caused, or was instrumental in causing, the Great Depression.

**"Nobel Economist [Milton Friedman](#) said he 'prefer[s] to abolish the federal reserve system altogether.' [13]. Ben Bernanke, Chairman of the Board of Governors of Federal Reserve, stated: 'I would like to say to Milton [Friedman] and Anna [J. Schwartz]: Regarding the Great Depression. You're right, we did it. We're very sorry. But thanks to you, we won't do it again.' [22] [23]"**

## The Fractional Reserve System: Creating Money Out of Thin Air

Another aspect of banking about which most people know little to nothing is the fractional reserve system. [Fractional-reserve banking](#) refers to the common banking practice of issuing more money than the bank holds as reserves. Banks in modern economies typically loan their customers *many times* the sum of the cash reserves that they hold." **Did you know that for every dollar in your checking or savings account, the bank can legally loan out \$10 or more?**

Here's a description of the origins of fraction reserve banking from a standard university macroeconomics text [\[1\]](#):

"When the ancients began to use gold in making transactions, it became apparent that it was both unsafe and inconvenient for consumers and merchants to carry gold and have it weighed and assessed for purity every time a transaction was negotiated. It therefore became commonplace to deposit one's gold with goldsmiths whose vaults or strongrooms could be used for a fee. Upon receiving a gold deposit, the goldsmith issued a receipt to the depositor. Soon goods were traded for the goldsmiths' receipts and the receipts became the first kind of paper money.

"At this point the goldsmiths – embryonic bankers – used a 100% reserve system; their circulating paper money receipts were fully backed by gold. But, given the public's acceptance of the goldsmiths' receipts as paper

money, the goldsmiths became aware that the gold they stored was rarely redeemed. Then some adroit banker hit on the idea that paper money could be issued *in excess of* the amount of gold held. Goldsmiths [then began to issue] additional 'receipts' ... into circulation by making interest-earning loans in the form of gold receipts. This was the beginning of the *fractional reserve system* of banking."

**The college text from which the above quote is taken does not question the propriety of goldsmiths creating these new "receipts" or money without any gold backing, without any authority, and indeed without any real reason to do so other than to enrich themselves. In fact, the text even praises the questionable behavior of the one who began this hidden form of corruption as "adroit."**

The unsuspecting public had no idea that goldsmiths were issuing paper receipts accepted as money which were backed by no gold deposits at all for ten times or more the amount of gold that had been entrusted to them. The goldsmiths were secretly creating money out of thin air. They thus made themselves fantastically wealthy without anyone noticing what was going on. In order to better hide this deceit and divert people's attention, the goldsmiths stopped their old practice of charging for storing gold and instead began to pay customers a small interest on their gold deposits to keep them happy. Thus it was that modern day bankers were born.

Amazingly, the system has changed little today. Macroeconomics professors, college texts, and all involved with banking almost never question the ethics or morality of this fractional reserve system. No one even questions in any meaningful way the ethics and corruption involved in creating money out of thin air. In fact, the fractional reserve system was formalized into law centuries ago and continues to be both legal and the accepted common practice around the world today.

Have you ever wondered how banks can afford to own those massive buildings downtown if they are only charging 15% or so on loans and paying 5% in interest on deposits? If bankers were not allowed to create money out of thin air, they would be making only 10% or so a year on every loan they issued, far from enough to build the towering skyscrapers owned by banks in practically every major city. But **by creating credit (money) using the fractional reserve system, bankers can legally claim credit to 10 times or more the amount of any loan.** Now you can understand the foundation upon which global banking empires are built.

As this system has been used for centuries by every country in the world, it clearly works to maintain a relatively stable economic order. We are not advocating a dramatic change of this system. We do, however, feel that suppressing and otherwise hiding this key information is a massive deception which does not serve the public and only serves to allow the bankers to easily become excessively powerful and corrupt. You can help to inform others of what is going on by educating yourself with the above videos and spreading the word on the banking and financial cover-up. Thanks for caring.

**Important Related Topic:** For a highly decorated U.S. General's essay revealing huge manipulations and profiteering by major banks in wartime, [click here](#). For a more thorough history of the development of banking and more, [click here](#). For a top professor's 10-page summary of the powerful role of bankers throughout history, [click here](#). For excellent further information on this vital issue with realistic proposals for empowering change, see the American Monetary Institute's website at <http://www.monetary.org>.

[1] McConnell, Campbell R. & Brue, Stanley L., *Macroeconomics: Principles, Problems, and Policies*, Thirteenth Edition, McGraw-Hill, Inc., 1996, p. 277

**Note:** WantToKnow.info believes it is important to balance disturbing cover-up information with inspirational writings which call us to be all that we can be and to work together for positive change. Please visit our Inspiration Center at <http://www.WantToKnow.info/inspirational> for an abundance of uplifting material.

See our archive of revealing news articles at <http://www.WantToKnow.info/indexnewsarticles>

Your tax-deductible donations, however large or small, help greatly to support this important work. To make a donation by credit card, check, or money order: <http://www.WantToKnow.info/donationswtk>

Explore these empowering websites coordinated by the nonprofit [PEERS network](#):  
<http://www.momentoflove.org> - Every person in the world has a heart  
<http://www.WantToKnow.info> - Reliable, verifiable information on major cover-ups  
<http://www.inspiringcommunity.org> - Building a Global Community for All

<http://www.weboflove.org> - Strengthening the Web of Love that interconnects us all  
<http://www.transformationteam.net> - The Transformation Team: Conscious community in action  
Educational websites promoting transformation through information and inspiration

To reply to this message, visit <http://www.WantToKnow.info/contactus.php>  
To subscribe to or unsubscribe from the WantToKnow.info list (one email every few days):  
<http://www.WantToKnow.info/subscribe>

Banking Bailout Secrets