

# Chapter Six

## Debt

**"Debt has grown too large to be sustained out of cash flow. As soon as the balance sheet is depleted, a deeper crisis of asset liquidation will catch the world by surprise."** *Wall Street Journal*, James. D.Davidson, 11 February 1993.

It's no coincidence that in the century when the Bank of England was founded, the world debt increased 47%. Within 100 years the world debt increased 466%, and after another 100 years the world debt had increased 12,000%. According to figures from Columbia Engineering Professor Rautenstrauch, taking the year 1800 as the start, and one hundred years as the datum, the world debt is now increasing as the fourth power of time, i.e., for every unit of time you multiply the debt by itself *four times*. Frightening isn't it? In the Ludwig von Mises Institute's *The Free Market*, May 1992 issue, we are told that,

"For years now, price inflation has coexisted with something called asset deflation. The CPI has gone up but real estate has gone down.....What precedes the bust is a boom and boom-time capital structures tend to be frail.....In a full-blown credit bubble, prices of assets are bid up.....Debt exaggerates success and magnifies troubles.....In the past decade, the debt disease has been misdiagnosed. It has been identified as a disorder of the borrower and not of the lender.....recognize that the boom of the 1980's *did* lead ineluctably to the deep and long recession of the 1990's.....The problem of the 80's was the monetary and banking system and the blame comes down squarely on the Federal Reserve masters of that system. In fact, as the German economist and former banker Kurt Richebacher has pointed out, the US boom of the 1980's was uncannily similar to the boom of the 1920's. In both decades, inflationary bank credit generated by the Federal Reserve went mainly into real estate, and a bit later in the 80's into the stock market.....The culprit then, is and was, not taxes or greed but above all inflationary credit expansion generated by the Fed.....So excessive were the credit practices of the 1980's that they came to appear normal. They were not.....After all, it was for the purpose of preventing too much money from falling into ungrateful hands that recessions were invented."

At about the same time Harry Schultz in his *HSL* for June-July 1992 was saying much the same thing:

"The world's creaky monetary system, its crushing debt structure, its over-appraised stock markets, its (fiat) unbacked currencies gyrating wildly, its politicians pumping up paper money supply to save their seats, its rivers of red ink deficit financing government budgets, all are destined for a major upheaval."

Now, some two years later (1994) *pon Magazine*<sup>71</sup>

"Voo

According to the *Guinness Book of Records*, the *pon Magazine* is the most highly priced financial advisor - and has been for many years. It is considered by many to be the world's best. Let's consider what Harry Schultz has to say. Schultz writes, "reflation does not mean inflation. It means the reduction of money destructions. The G-7 (Group of Seven) nations have been boxed in by business stagnation, growing deficits, and the resulting benefits they can't afford, massive debts, and interest rates at levels that don't exceed low inflation rates. Until recently these nations have been regarded as political brownie points they are now looking for ways to create jobs and help business. The reflationary policies that are being adopted mean we have to change our investment patterns and bonds - anything based on paper is not good for monetising debt. That means they are doing it out of sight of the children). The US economy, and Germany is spending like there is no tomorrow. In the US, despite the fact that the economy is not growing, not shrinking. The same song, secco, in Europe. There's nothing new about money creation. It's just that it's created out of thin air". The US has been doing well, but the rest of the world is behind. Schultz writes, "The reflationary policies of the G-7 are not good for the financial sector, not the real economy, not the stock market, unit trusts and so on. They are not good for the eventual market collapse, though, because the buyers are a dying breed."

Lord William Rees-Mogg and James Grant in their book *The Great Reckoning*, proclaim that rich countries are in trouble. They say, that, they say, is what is going to happen. The US is in trouble (along with most of the borrowers). The UK is in trouble. These two very well informed men believe that the impending collapse of the United States dollar will bring about a new world order. They believe that the US, which is still a wealthy and successful country, will stand for too much forced austerity and that the little black hearts, will try to inflate the economy to keep it going. This is the Great Game going on.

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<sup>71</sup> August 6-8, 1993, p.17.

<sup>72</sup> They publish *Strategic Investment*, a financial magazine. Address: DC 20013-2291 or 17 Pall Mall, London, SW1Y 5AU.

Now, some two years later (1994) ponder this from Leon Richardson in *Asia Magazine*<sup>71</sup>

#### "Voodoo-flation"

According to the *Guinness Book of Records*, Harry Schultze is the world's highest-priced financial advisor - and has been for a decade. His *HSL Newsletter* is believed by many to be the world's best. Let's dip in. "Reflation is the big in-word today," Schultze writes, "reflation does not mean higher prices, so much as it means paper money destructions. The G-7 (Group of Seven industrialised) nations find themselves boxed in by business stagnation, growing unemployment, social services and jobless benefits they can't afford, massive debt and the need to fund it, economic growth levels that don't exceed low inflation rates and social pressures to improve things." Until recently these nations have been taking the deflationary option, but to gain political brownie points they are now loudly announcing that they are "reflating" to create jobs and help business. The reflation path - let's be honest and call it inflation - means we have to change our investment style. We must now move out of cash, stocks and bonds - anything based on paper money. The US and all the G7 nations are monetising debt. That means they are destroying money and its buying power (but doing it out of sight of the children). Worldwide, Japan is shoving billions into its economy, and Germany is spending like a drunken sailor in eastern Germany, using money it doesn't have. In the US, despite all the talk and promises, the deficit will grow, not shrink. The same song, second verse, for Australia, the UK and most of Europe. There's nothing new about monetising debt, which most call "creating money out of thin air". The US has been doing it for several years, and Australia is not far behind. Schultze writes, "The reflation, via monetising, has mainly gone into the financial sector, not the real economy." Thus business limps along feebly, but the stock market, unit trusts and so on remain strong. This policy cannot prevent the eventual market collapse, though, because, as Schultze points out, "government bond buyers are a dying breed."

Lord William Rees-Mogg and James Davidson in their recent book *The Great Reckoning*, proclaim that rich countries experience deflationary depressions and that, they say, is what is going to happen until the debt superstructure is liquidated (along with most of the borrowers) when, in their view, things will return to normal. These two very well informed authors<sup>72</sup> are in no doubt about the impending collapse of the United States and society as we know it. Richardson, himself a wealthy and successful businessman, doesn't think The People will stand for too much forced austerity and because of that the politicians, bless their little black hearts, will try to inflate their respective economies and keep the Great Game going.

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<sup>71</sup> August 6-8, 1993, p.17.

<sup>72</sup> They publish *Strategic Investment*, a financial advice newsletter, PO Box 2291, Washington DC 20013-2291 or 17 Pall Mall, London, England SW1Y5NB which is highly recommended.

It doesn't matter which side is correct in this argument because either way you, the investor, are in deep trouble. Richardson made these recommendations: (1) Reduce your cash holdings. All currencies are interlinked, and if foreign currencies fall in exchange value, the rub-off will be felt in Asia. (2) Eliminate or reduce your foreign-bond holdings, as bonds will fall first. Even if you hold so-called sound, strong-currency European bonds, it is best to sell all those with over five years to maturity. Liquidate holdings of weak-currency bonds such as US Treasuries. (3) Reduce stock market holdings. The world's stock markets have had a 19-year bull market, but nothing goes on forever. South-east Asian stocks look good, but exit US, British and German stocks. (4) Inflation will boost commodity prices, and there is currently a mountain of under-priced commodities. These must rise with inflation so get in early. (5) It is now time to get yellow fever. Buy gold mine stocks, and a bit of physical gold and silver as an inflation hedge. Gold mine stocks will be the big winner over the balance of this century.

### What can **YOU** do about it?

Face the facts, start to think for yourself, act for yourself instead of being acted upon by others, and plan your life accordingly, keeping in mind at all times that planning is what you do while life overtakes you.....

### What specifically?

The answer to that depends on what you believe. Understand that it doesn't matter to this writer what you believe. You believe whatever you like. You pays your fare and you takes your ride. If you believe that there is something more profound in sight and that, in absolute and final contradistinction to the Great Game there is a Great Plan, and you are *thinking* about the end game, then go to PLAN A. If you (only) believe that at some future time this madness will be gone and the Millennium will take over and you will be around and participating in that period then go to PLAN B. If, however, you believe that the present system is going to go on endlessly then go to PLAN C.

The reasoning for all three plans is explained further on - select whatever you feel like believing and ignore the rest entirely as you see fit, but don't try to say later that you weren't told. This writer earnestly recommends that you read the whole of this book *before* you delve into the three plans.



- WELCOME! DO

## Chapter Seven

### The Banks

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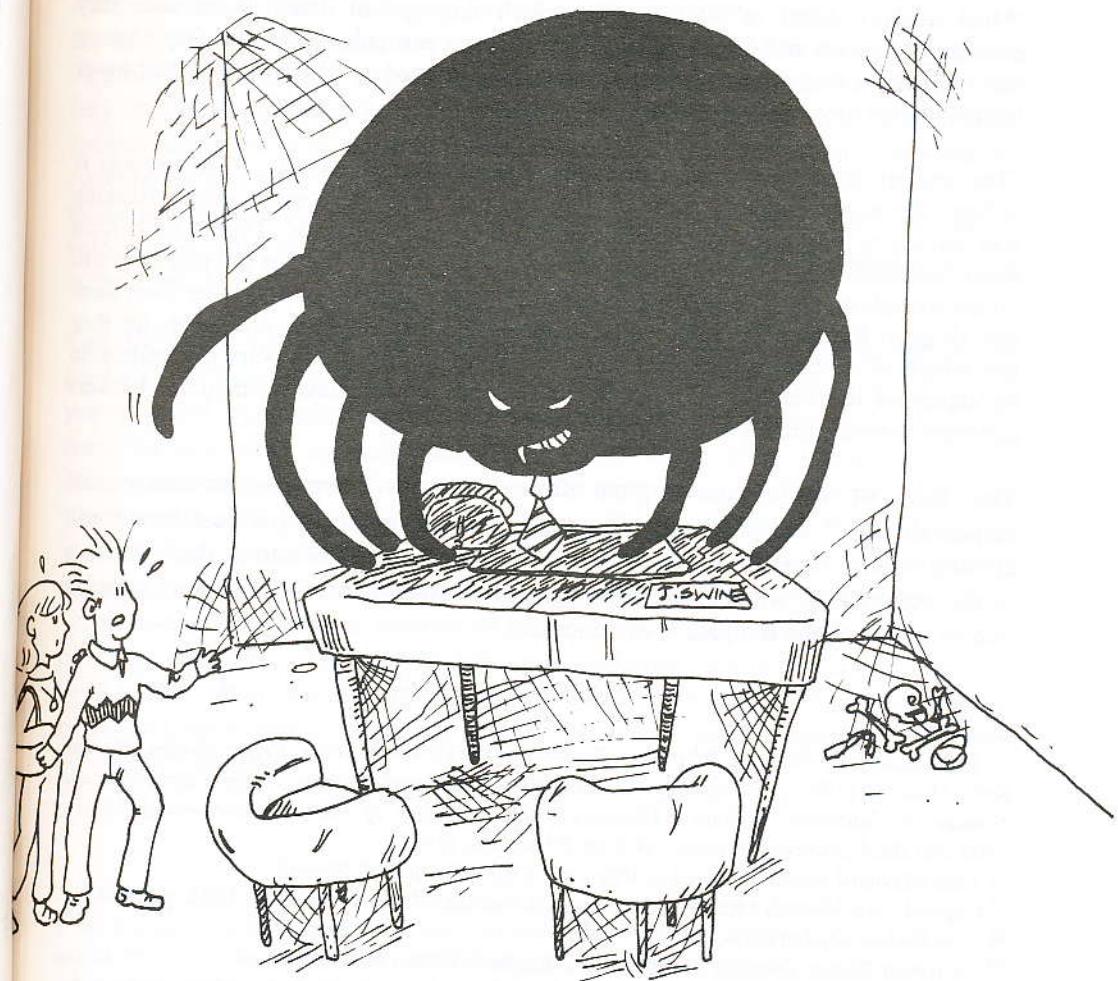
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- WELCOME! DO SIT DOWN! -

The Banking system is a giant con.<sup>73</sup>

"Capitalism is the extraordinary belief that the nastiest of men with the nastiest of motives will somehow work for the benefit of us all."<sup>74</sup>

"He has a reputation for extreme intelligence, a quality not widely admired by commercial bankers. The senior management have rarely been prepared, by experience or training, to guide a massive financial empire. As for the branch manager, his job is impossible."<sup>75</sup>

"Most bankers dwell in marble halls, which they get to dwell in because they encourage deposits and discourage withdrawals, and particularly because they observe one rule which woe betides the banker who fails to heed it, which is you must never lend money to anybody unless they don't need it."<sup>76</sup>

"The modern banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented. Banking was conceived in iniquity and born in sin. Bankers own the earth. Take it away from them, but leave them the power to create money, and with a flick of the pen they will create enough money to buy it back again.....Take this great power away from them and all great fortunes like mine will disappear, and they ought to disappear, for then this would be a better and happier world to live in.....But if you want to continue to be slaves of the bankers and pay the cost of your own slavery, then let bankers continue to create money and control credit."<sup>77</sup>

They have, of course, gone to great efforts to portray themselves as paragons of respectability<sup>78</sup> and soundness,<sup>79</sup> spending untold amounts (of cost-free credit created "out of thin air" by themselves) on their shop fronts and in their services to the community. Most Bank HO's around the world look like ancient temples and so they are, the temples<sup>80</sup> of Mammon.<sup>81</sup>

<sup>73</sup> *The Mystery of Banking*, Murray N.Rothbard (1983); *War Cycles, Peace Cycles*, Richard Kelly Hoskins (1993), *Triumph of the Bankers; Money and Banking in the Eighteenth and Nineteenth Centuries*, William F.Hixson (1993); *A Matter of Interest: Reexamining Money, Debt and Real Economic Growth*, William F.Hickson, (1991).

<sup>74</sup> John Maynard Keynes, quoted in *Why They Call it Politics*, R.Sherrill.

<sup>75</sup> *Capital City*, Hamish McRae and Frances Cairncross, Methuen, London, 1985, pp.34-35.

<sup>76</sup> *New Yorker*, Ogden Nash, 1935.

<sup>77</sup> Sir Josiah Stamp, Director of the Bank of England, 1928-1941.

<sup>78</sup> The mob, as we see on TV and in books and movies such as *The Godfather* crave for respectability.

<sup>79</sup> In Australia seven Banks went bust between 1842 and 1845 ruining their shareholders, in 1891-93, 54 out of 64 Banks were forced to close or refused to honour their obligations. In the USA during the great depression 659 failed in 1929, 1,352 in 1930 and 2,294 in 1931 and so on endlessly.

<sup>80</sup> For a full understanding of temples read Hugh Nibley's *Temple and Cosmos*, Deseret Book Company, 1992, ISBN 0-87579-523-4.

"Not for nothing did the world's first headquarters, the Bank of England, employ preference to the famous James Wyatt. Sir Wyatt led a double life as a Gothic revival religion, which might not have been wise. Pagan classical was better suited to the century. Better still, its history was rooted to your customers that you were no fly by part of commercial life?"<sup>82</sup>

All the beloved Banks indulge in some another; examples abound, e.g., the V's they support worthwhile causes, e.g. or they make themselves indispensable sponsorship funding of Australia's SB Association sponsors English language to see and understand that all this great untoouchable, a bit like the mob kicking in the USA.<sup>83</sup>

You don't have to be an investigative Banks. And they lie *all the time*.<sup>84</sup> I you they will "look after you" if only them "to look after in trust" and you nothing in writing about all this super you the truth about the mortgages which starts to drop when they force you into the promises and assurances upon which "your lawyer" and offer a handsome dirty rag, or worse. The lying and beast. They shred documents and the court and they treat subpoenas and incredible? Read on.

<sup>81</sup> An Aramaic word meaning riches but John one of the 1,000 department heads in Hell, race under the leadership of Satan, and that he

<sup>82</sup> *The Australian*, 12 May, 1993, p.31.

<sup>83</sup> At least when they openly sold indulges Luther killed the golden goose, they didn't still claiming to be acting in God's name.

<sup>84</sup> This writer has been involved one way or single case the Bank and their lawyers have in addition one is aware of literally hundreds

"Not for nothing did the world's first bank to commission a purpose-built headquarters, the Bank of England, employ relatively unknown John Soane in 1788, in preference to the famous James Wyatt. Sloan was a "modern", but he was a classicist. Wyatt led a double life as a Gothic revivalist. The Gothic manner was associated with religion, which might not have been wholly appropriate to a temple of Mammon. Pagan classical was better suited to the needs of the ambitious bankers of the 18th century. Better still, its history was rooted in antiquity. What better way to indicate to your customers that you were no fly-by-night coffee-house operation but a fixed part of commercial life?"<sup>82</sup>

All the beloved Banks indulge in some good community work of one sort or another; examples abound, e.g., the Westpac SAR helicopter in Australia and they support worthwhile causes, e.g. opera companies desperate for funding, and they make themselves indispensable (and beyond unsafe criticisms), e.g., sponsorship funding of Australia's SBS television where the Australian Bankers Association sponsors English language teaching. You don't need to be a genius to see and understand that all this great community work makes them somewhat untouchable, a bit like the mob kicking in millions to the Roman Catholic Church in the USA.<sup>83</sup>

You don't have to be an investigative journalist to strip away the facade of the Banks. And they lie *all the time*.<sup>84</sup> It starts when you go to them and they tell you they will "look after you" if only you will hand over all your title deeds for them "to look after in trust" and you, trusting them, don't notice that there's nothing in writing about all this superb trust arrangement. Then they don't tell you the truth about the mortgages which you sign "as a formality" but the penny starts to drop when they force you into bankruptcy and they openly lie about all the promises and assurances upon which you relied. And then they telephone "your lawyer" and offer a handsome annual retainer so he/she drops you like a dirty rag, or worse. The lying and deceit is endemic. It's part and parcel of the beast. They shred documents and they fabricate evidence. They lie on oath in court and they treat subpoenas and court orders with contempt. Sounds incredible? Read on.

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<sup>81</sup> An Aramaic word meaning riches but John Milton in *Paradise Lost* tells us that Mammon is one of the 1,000 department heads in Hell, doing their worst to adversely impact the human race under the leadership of Satan, and that he is responsible for greed and money matters.

<sup>82</sup> *The Australian*, 12 May, 1993, p.31.

<sup>83</sup> At least when they openly sold indulgences, before that Pauline pain in the butt Martin Luther killed the golden goose, they didn't pretend to be other than what they were, even if still claiming to be acting in God's name.

<sup>84</sup> This writer has been involved one way or another in 18 Australian Bank cases and in every single case the Bank and their lawyers have lied and/or perjured themselves (see *The judges*); in addition one is aware of literally hundreds of similar cases.

# **The Reserve Bank of Australia**

Mr. Ken Collin of Mosman in Sydney wrote a letter to *The Sydney Morning Herald* on 9 September 1993 in which he said:

"Mr.B.W.Fraser, Governor of the Reserve Bank, in a talk to the CEDA symposium entitled *An Australia that works: A vision for the Future*, in Sydney (August 4) said, inter alia, as reported in the *Reserve Bank Bulletin*, August 1993, at page 5; "Some retirees, too, show signs of inflation "illusion", in that they believe their living standards are now being squeezed as interest rates come down." I am such a retiree living predominantly on interest from superannuation received at age 63; can he explain how a drop in interest rates from about 18%, 2 years ago, to about 6% now, is not a squeeze? Income had reduced to one-third of the previous level and prices have not reduced - ask any homeowner and worse if he also owns a 10-year-old car, and ask any housewife as regards food."

Quite. Mr.Collin, you will be pleased to know that interest rates will climb in late 1994, not for you and/or your fellow retirees, but for The Banks to be able to continue the phantom currency and derivatives merry-go-round in their own selfish best interest. But the end is nigh. The higher interest rates, particularly in the USA, will do a number of things at the one time, i.e.,

1. stop any possibility of any *real* easing of the depression
  2. cause more unemployment
  3. create inflation

The Banks' determination to *deflate*, in order to preserve their loan repayments at real-wealth values, is paramount in their strategy and tactics, and in spite of the foregoing, will in the next few years wipe out *all* superannuation which is, in any case, about to be transferred to the government in both the USA and Australia.

On 21 January 1994 *The Australian* ran a front page (main headline) story that told us: "Reserve hails a strong recovery" and then went on to quote The Reserve Bank of Australia, in its quarterly review of the economy, to inform us that unemployment will fall and that Nirvana beckons. A rash of stories in the mainstream print media and on television across Australia followed to convince us of the new line, i.e., that "All is well!" But it simply isn't true as you can see from the contents hereof.

## Australian Banks, N

*Acres USA* published this interview in 1992. He was a highly decorated US army officer.

- Q: "What was the purpose of the Panamanian invasion?"

A: "The real purpose has been veiled. It's a no-good drug smuggler and we've got to get rid of him."

Q: "Chastise him! Yes, that's what we want to do."

A: "Several months before this happened, I had a statement. He said, 'I have George Bush's name on my list of people to be sent in the paratroops at that time.' The US government mentioned by name. The US government has been his best customer. Armatage was the man who handed over the video that we have you see. He was working for Armatage. In my book there are names of all the men who worked for him. His government contacts were. They went down into Panama and told him he had to cooperate. Well, the thing that really got him was that he said he was going to nationalize the Canal. The Canal has more than \$12 million invested in it. There's meaning in hotels and this kind of thing. He was going to nationalize those U.S. holdings. Before the paratroops went in, a Major Garcia held him in captivity. He was held in captivity, and he sent three messengers to the U.S. embassy headquarters on the Pacific side. He wanted to know if Noriega was in captivity and I wanted to know if he was. It was just before the paratroops went in. He refused. We said No. Eventually he was released by Garcia personally. The people who caused the invasion were up sending in troops who caused millions of dollars of damage. When Manuel Noriega was captured, he had U.S. individual holdings, bang, they were gone. He was going to lose his investments."

Q: "Is there any legal basis for going after him? What's the purpose of trying him in the United States?"

<sup>85</sup> Published in *The Reaper*, 15 April 1992.

<sup>86</sup> Drug warlord operating from the opium

# Australia

## Australian Banks, Noriega, Bush and drugs

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*Acres USA* published this interview in April 1992<sup>85</sup> with Lt/Col. "Bo" Gritz who was a highly decorated US army officer and presidential candidate in 1993.

- Q: "What was the purpose of the Panama invasion and seizure of Noriega."
- A: "The real purpose has been veiled. The eye-wash explanation was that he was a no-good drug smuggler and we were going to go down and seize him."
- Q: "Chastise him! Yes, that's what we read in the papers. Now what are the facts?"
- A: "Several months before this happened, before *Just Cause* began, Noriega made a statement. He said, "I have George Bush by the cahones". Well, Bush didn't send in the paratroops at that time. Richard Armatage, who was the bag man for the US government mentioned by Khun Sa,<sup>86</sup>.... Khun Sa said that the US government has been his best customer for more than 20 years, that Dick Armatage was the man who handled the money *with the banks in Australia*. In the video that we have you see Khun Sa saying all of these things about Armatage. In my book there are affidavits signed by Khun Sa testifying to who his government contacts were. There's more than just Armatage. But Armatage went down into Panama and told Manuel Noriega that he better get in line and cooperate. Well, the thing that really caused *Just Cause* to occur is that Noriega said he was going to nationalize US private holdings in Panama. George Bush has more than \$12 million invested in Panama himself in the tourist trade, meaning in hotels and this kind of thing. So when Manuel Noriega said he was going to nationalize those U.S. holdings, immediately we sent the paratroops in. Before the paratroops went in, after Armatage had gone down, there was a coup in Panama and a Major Garcia has seized Manuel Noriega, had him in captivity, and he sent three messengers to the Amador - which is our headquarters on the Pacific side of the Canal Zone - saying I have Manuel Noriega in captivity and I want to turn him over to the Americans. Now this was just before the paratroops went down, and we wouldn't take him. We refused. We said No. Eventually, Noriega's troops came in. Noriega executed Garcia personally. The people who were with him were also shot. Bush ended up sending in troops who caused the deaths of 6,000 Panamanians and billions of dollars of damage. When Manuel Noriega said *I am going to nationalize U.S. individual holdings*, bang, that was it. George Bush was not going to lose his investments."
- Q: "Is there any legal basis for going into a country to seize a man like Noriega for the purpose of trying him in the US?"

<sup>85</sup> Published in *The Reaper*, 15 April 1992, p.16.

<sup>86</sup> Drug warlord operating from the opium golden triangle in NE Thailand.

- A: "There certainly is not. It is unprecedented. I am wondering if Saddam Hussein would be justified in coming in and seizing George Bush and taking him back to Baghdad for trial."

Q: "Who got rid of Kennedy? is the Stone film *JFK* halfway accurate, fully accurate?"

A: "I think the Stone film is 90% accurate. When Kennedy was killed on November 22, 1963, I was a captain teaching assassination and guerilla warfare at the Special Warfare Center, Unconventional Warfare Department, Fort Bragg, North Carolina. I recognized the signature of a trianglization shooter team even as I would recognise my wife's own handwriting, even though she didn't sign a note to me. And there is no question, we had a team known as RZ Rifle. The team was designed to kill Castro. The team was based out of Mexico City. It was well known by Nixon. It was well known by Allen Dulles. It was well known by J.Edgar Hoover. That trianglization team was brought to America and instead of killing Castro, it killed John Fitzgerald Kennedy. The team was made up of Americans working as CIA contract operatives and Cubans. It was designed to deal with Castro, but it ended up being a weapon of destruction for the President of the United States."

And that was covered up by the highest judge in the United States, the Chief Justice of the Supreme Court.....American investigative columnist Michael Collins Piper in his recently published *Final Judgement*<sup>87</sup> tells us that Kennedy was killed by drug czar Meyer Lanski<sup>88</sup> who cooperated with both the CIA and Israel's Mossad to kill the American President. Piper asserts that the Kennedys were planning to move against the private Banks' Federal Reserve money monopoly and that George Bush was connected with the murder. Do you think The Banks are capable of such an act? In 1993 this writer was on radio, kicking the tripe out of The Banks, in an Australian capital city, while his wife was buying something for him in a men's store. The owner recognised our name and turned on his radio to hear my interview. Another customer, a well presented male, listened and told both my wife and the shop owner (who knew him) that he had worked for Westpac and that he knew that The Banks would stop at nothing including murder to get their way. He may, of course, have been spinning a yarn but by the time you get to the end of this book you will certainly begin to wonder. That Kennedy was murdered by US government agents is surely no longer in doubt. That the top judge in the land would cover it up is enough to make anyone wonder. But the fact that the mainstream media continues, after all these years, to bray the lie about the murder leads one inescapably to the conclusion that Gritz is correct.

## The World's s

BCCI '89 is a classic example *but not* of Time magazine July 29 1991 published operations called *The World's Sleaziest Bank*. surfaced not only about that international lawyers, the governments around the world which knew about what was going on were forced into action. But were they forced this fundamental question- who gained from known as international banking, it's dog

"I could tell you what you want to know, but they could be killed." - a former top BCCI official on the phone. We've found some bugs in BCCI enforcement." - a New York City investigator part of Time's otherwise most revealing article on p.29 in which that magazine (which has a dismissive assessment of allegations made by the author) originated) that the collapse of BCCI was not about interests. The manner in which that public view is itself classic Goebell's. The people in Pakistan are stated but the cartoon and the deployment of "extraordinary conspiracy theories" was a deliberate attempt to discredit the writer. The mind that the allegations are nonsense. BCCI was a criminal organisation but the writer claims that all Banks are criminal organisations. They can to coerce, bribe or force them to do what they want. Reserve System and abolishing the Islamic banking system free. It is highly likely that this is what the writer means since that Bank wasn't doing anything wrong. It's day of their misbegotten lives. It's all about the writer's personal beliefs. This writer thinks that is the case. The writer made extraordinary statements in 1993 by the US government against Malaysia and its Prime Minister. The writer attended a conference in Canada with Bill Clinton.

<sup>87</sup> New Zealand publisher's agent: Global News Service Inc. PO Box 5089, Invercargill, New Zealand.

<sup>88</sup> Which is the allegation in LaRouche's *Dope, Inc.*

<sup>89</sup> Bank of Credit & Commerce International.

<sup>90</sup> Clearly inferring that *all* Banks are sleazy, vulgar, sordid".

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*Judgement*<sup>87</sup> tells us that Kennedy  
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. Piper asserts that the Kennedys  
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d with the murder. Do you think  
this writer was on radio, kicking  
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## The World's *sleaziest* Bank

BCCI<sup>89</sup> is a classic example *but not at all a solitary case*, of Banks per se. Time magazine July 29 1991 published a spread on this Bank's criminal operations called *The World's Sleaziest Bank*<sup>90</sup>. Since then a great deal more has surfaced not only about that international Bank but about the top Washington lawyers, the governments around the world, and the international banking system which knew about what was going on and did nothing about it until they were forced into action. But *were* they forced into action? We need to ask ourselves this fundamental question- *who* gained from the collapse of BCCI? In the jungle known as international banking, it's dog eat dog and the devil take the hindmost.

"I could tell you what you want to know, but I must worry about my wife and family - they could be killed." - *a former top BCCI officer*. "We better not talk about this over the phone. We've found some bugs in offices that haven't been put there by law enforcement." - *a New York City investigator probing BCCI*. The most intriguing part of Time's otherwise most revealing expose of that Bank was a box at the end on p.29 in which that magazine (which is *the establishment* in the USA) made a dismissive assessment of allegations made in Pakistan (from whence the Bank originated) that the collapse of BCCI was brought on by Western banking interests. The manner in which that little box was written and displayed for public view is itself classic Goebell's journalism. The allegations from senior people in Pakistan are stated but the heading of the box and the associated cartoon and the deployment of "extraordinary", "sinister theories" and "elaborate conspiracy theories" was a deliberate attempt to form a picture in the reader's mind that the allegations are nonsense. But are they? The undisputed fact is that BCCI was a criminal organisation but this writer would (dis)respectfully suggest that *all* Banks are criminal organisations. The mainstream bankers are doing all they can to coerce, bribe or force the Islamic nations into joining the Federal Reserve System and abolishing the Islamic Banking System which is interest-free. It is highly likely that this is what all the uproar about BCCI was really about since that Bank wasn't doing anything that all the major Banks do every day of their misbegotten lives. It's all about compulsion and power. On balance this writer thinks that is the case. That prognosis then gives the clue to the extraordinary statements in 1993 by the Australian Prime Minister (Keating) against Malaysia and its Prime Minister when he wouldn't attend the ASEAN conference in Canada with Bill Clinton to launch the AFTA deal for The Banks.

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<sup>89</sup> Bank of Credit & Commerce International.

<sup>90</sup> Clearly inferring that *all* Banks are sleazy which Collins Dictionary defines as "dirty, vulgar, sordid".

## The Bank of England

It's name, like everything in banking, is mis-leading. The Bank was *never* owned by either the English government or The People. It was founded and controlled by a small handful of thieves and conmen. Even now, ostensibly nationalised, the directors are appointed by the British Government which always acts on the advice of its Treasurer and he does what The City tells him to do.

"Paterson (the founder) offered a solution (for the shortage of money): A banking company would be organised with the capital of 1.2 million English pounds. The whole sum would be loaned to William of Orange and the government's promise to repay would be the security for a note issue of the same amount....the notes would go out as a loan to worthy private borrowers. Interest would be earned on those notes and on the loans to the government. Again, the wonder of banking. In 1694, it was agreed and the Bank of England was born." <sup>91</sup>

It was all a con. Credit created "out of thin air" and loaned not once but twice, and then endlessly, and interest charged coming and going effectively transferring both the sovereign money-making power of the English government to a small handful of private bankers but also transferring the real-wealth assets of The People to that little group of pirates. And now it is international in scope except for the Islamic banking system.

"A credit in the Bank of England's books is regarded by the financial community as "cash", and this pleasant fiction has given the Bank the power of creating cash by the stroke of a pen and to any extent that it pleases, subject only to its own view as to what is prudent and sound business. It may sometimes happen that the borrowers may require the use of actual currency, and in that case part of the advance made will be taken out in the form of notes, but as a general rule the Bank is able to perform its function of providing emergency credit by merely making entries in books." <sup>92</sup>

In the century when the Bank of England was founded, the world debt increased 47%. Within 100 years the world debt increased 466%, and after another 100 years the world debt had increased 12,000%. According to figures from Columbia Engineering Professor Rautenstrauch, taking the year 1800 as the start, and one hundred years as the datum, the world debt is now increasing as the fourth power of time, i.e., for every unit of time you multiply the debt by itself four times.

Do you think that can go on endlessly?

<sup>91</sup> Money, Professor John Kenneth Galbraith, 1975, pp.31-32.

<sup>92</sup> International Finance, Hartkey Withers, London.

"Just as perplexing is why the Bank of England intervene (in BCCI). Britain's main financial regulator, the Bank of England, had been conducting negotiations with Abu Dhabi's current owner, Shiek Zayed bin Sultan al-Nahyan. More suspicious experts raise the questions about the Bank's role in the BCCI affair. Leaders in Parliament have expressed concern over the Bank's role in the affair, which among other things, has endangered the safety of the British public and four utilities." <sup>93</sup>

Do you smell a rat in all this? On 18 November 1991, the Bank of England agreed to plead guilty to fraud, racketeering and conspiracy to commit mail fraud, and to pay a \$US 13 million fine and to turn over all relevant documents to the US government. The Bank had been involved in the collapse of First American Bank of Washington, the International Bank of Georgia, the First National Bank of Georgia. The Bank had helped the Medillin drug cartel of Colombia to launder their money.

"The investigators into the collapsed Bank of America in New York have been working recent weeks, with prosecutors saying they believe the Bank of America was the key element in the war on drugs. The trial of the bank's former chairman, James C. Edwards, and his law partner, Clark M. Clifford, is set to begin next week. The indictment of powerful Washington lawyer, James C. Edwards, and his law partner, Clark M. Clifford and his law partner regulators about BCCI's role in First American Bank of Georgia." <sup>94</sup>

Why should we believe that this particular bank is more guilty than all the others? Just for a moment please consider the facts.

1. All Banks create credit "out of thin air" and they pretend that it is money lent to the borrowers.
2. Although one can prove it from historical publications and from economists, the banks publicly deny it.

<sup>93</sup> Time, 29 July 1991, pp.24-29.

<sup>94</sup> These are the very allegations made against the Bank of America.

<sup>95</sup> The Australian, 13 August 1992, A.P., New South Wales.

## England

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ended, the world debt increased by 466%, and after another 100

According to figures from taking the year 1800 as the base, the world debt is now increasing at such a rate that you multiply the debt by

"Just as perplexing is why the Bank of England and other authorities took so long to intervene (in BCCI). Britain's main financial regulator waited for more than a year after seeing a Price Waterhouse audit that raised serious doubts about BCCI's viability before seizing its 25 branches in Britain. One explanation: the Bank of England was conducting negotiations with Abu Dhabi authorities, apparently hoping that BCCI's current owner, Sheik Zayed bin Sultan al-Nahayan, would shore up the bank. But more suspicious experts raise the questions about BCCI's links to Western intelligence agencies. Leaders in Parliament have expressed outrage at the regulatory failure, which among other things, has endangered deposits from as many as 45 municipalities and four utilities." 93

Do you smell a rat in all this? On 18 December 1991, the liquidators of BCCI agreed to plead guilty to fraud, racketeering, and drug money laundering, to pay a \$US 13 million fine and to turn over all the bank's US assets (\$US 500 million) to the US government. The Bank had illegally obtained control of the First American Bank of Washington, the Independent Bank of California and the National Bank of Georgia. The Bank had previously been charged with helping the Medelin drug cartel of Colombia to launder money and to evade US taxes. 94

"The investigators into the collapsed Bank of Credit and Commerce International has accelerated in recent weeks, with prosecutors saying the bringing of BCCI criminals to justice is a key element in the war on drugs. The taint from the bank is spreading to include indictments of powerful Washington lawyers and probes of leading officials in Saudi Arabia, one of the United States' closest allies.....A New York County grand jury and a federal grand jury in Washington late last month indicted former Defence Secretary Clark M.Clifford and his law partner Robert Altman on charges of deceiving regulators about BCCI's role in First American." 95

Why should we believe that this particular Bank is any different or any worse than all the others? Just for a moment push aside their superb PR image and look at the facts.

1. All Banks create credit "out of thin air" which they sell to us as "money" and they pretend that it is money from "savers" being loaned to the borrowers.
2. Although one can prove it from their own documents, from government publications and from economists of impeccable reputation, the Banks publicly deny it.

<sup>93</sup> *Time*, 29 July 1991, pp.24-29.

<sup>94</sup> These are the very allegations made against The Banks by LaRouche's *Dope, Inc.*

<sup>95</sup> *The Australian*, 13 August 1992, A.P., New York.

3. The Banks do not pay income tax on *your* real-wealth assets when they take them off you when you can't pay your debts to the Banks. This is a trillion billion dollar fraud in the USA and Australia.
4. The international drug trade (the *real* commodity trading in the world) couldn't possibly run its massive and evil trade the way it obviously does without The Banks being involved; this is what La Rouche's *Dope, Inc.* appears to conclusively prove and may explain why the man is in jail in the USA.
5. Banks per se habitually break the law and are therefore basically criminal.

Now, *please* push aside any racial and religious bias and consider this:

6. Many Moslem countries do *not* use the Western debt-financing Banking system. Some countries such as Malaysia<sup>96</sup> use both. Countries such as Iraq, Iran and Libya use only the Moslem financing system as laid out in the *Koran* and that is *non-debt, interest-free* financing. This immediately raises some immensely profound questions. Those of us in so-called Christian countries have been overwhelmed (deluged) with TV and print media stories against those Moslem countries, and, as Dr. Goebells taught us, if you are going to lie make it a whopper and repeat it endlessly. Always ask yourself *who stands to gain* in the situation?

Clearly there was (and is) no gain to the international Banks from the Moslem debt-free financing system. There is plenty of gain for The People but not for The Banks. Even a cursory study of life and economic conditions in England pre-Bank of England days, for which records of prices and wages are readily available, proves that before interest-debt (usury) became endemic and compulsory as it is now throughout the Western world, The People in England lived and worked under an economic system very close to that practiced in those Moslem countries.

For people who are criminal by desire and temperament it would seem quite natural for them to set out to destroy the system which is anathema to their own

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<sup>96</sup> With whom Australia had reasonable trading relations until ALP PM Paul Keating somewhat over-played his instructions by speaking contemptuously about the Malaysian PM (who declined to attend the Seattle meeting set up by President Bill Clinton in November 1993) by saying that ASEAN was "bigger" than any country and calling Dr. Mahatia "recalcitrant"; is there, perchance, any connection between the fact that Keating has been forgiven his \$4.8m pig farm debts by the Commonwealth Bank and the fact that Malaysia hasn't yet fully embraced the Western banksters debt financing system *and* Moslems abhor pork?

self perceived best interests and on basis of what happened and is continuing to happen. A writ was issued in the High Court by the Hon. Justice of Appeal Sir Desmond Morris, against the Egyptian Fayed brothers, against London-based Financial Officer for Qantas in November 1993 while employed as Finance Director for Qantas, \$1.2 million by Lonrho's "Tiny" Rowland for leaking confidential information on his employer to bring his employer to grief in regards to the Middle East conflict. The writ was subsequently taken off the Fayeds.

## "The City"

We have all laughed heartily at Sir Desi Morris, Minister of State for Transport in the Conservative Government of John Major, who was selected by PM John Major to be the new Governor of the Bank of England. Sir Desmond explained to the House of Commons that he had been born in a sovereign State, much like the Vatican City, which is only 110 square miles in area, and that he had been born in a place where the British Parliament and the British Government had no power over him (and may with-hold) funds. "The City" is run by fourteen men who constitute "The Committee of 13" and built fortunes from, all the Crooked Mile in London (now today's Hong Kong). "The City" has a turnover of some twelve million. "The City" has some 1,500 banks, the financiers, the London Stock Exchange, the major insurance companies, and the major shipping companies.

"A large number of people in Britain are involved in the City of London, the economy. It is inhabited by rich tycoons, interested only in making money, with no sense of responsibility for the nation. They make vast fortunes from share speculation, commodity speculation, activities which require neither intelligence nor effort, and the welfare state, and they probably try to keep any other party out of power."

The key points about "The City" are that it is the focal point for world banking and financing, it is the focal point for the distribution of loans of credit around the world, and it is the focal point for the distribution of wealth around the world.

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<sup>97</sup> *The Australian*, 10 January 1994, p.24.

<sup>98</sup> *Capital City*, Hamish McRae and Francis Gaskins, 1993.

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self perceived best interests and on balance that's what this writer believes has happened and is continuing to happen. In London, early in January 1994, a writ was issued in the High Court by the House of Fraser department store, owned by the Egyptian Fayed brothers, against Mr. Graham Jones, who resigned as Chief Financial Officer for Qantas in November 1993. It is alleged that Mr. Jones, while employed as Finance Director for the House of Fraser was secretly paid \$1.2 million by Lonrho's "Tiny" Rowland, an arch enemy and competitor, to give confidential information on his employers to the Bank of England and others to bring his employer to grief in regards to their small Bank, Harrods Bank, which was subsequently taken off the Fayeds and given to an "independent trustee".<sup>97</sup>

## "The City" of London

We have all laughed heartily at Sir Desmond, the drippy banker in *Yes, Prime Minister*, who was selected by PM Jim Hacker to be the Governor of the Bank of England. Sir Desmond explained to Jim how "The City" really worked and we laughed enormously. But it happens to be deadly accurate. "The City" is a sovereign State, much like the Vatican, comprising 677 acres in the heart of London's 610 square miles. It is quite independent of both the Queen of England and the British Parliament and the British government, to all of whom it provides (and may withhold) funds. "The City" is controlled by a secret committee of fourteen men who constitute "The Crown", and it is that body which controlled, and built fortunes from, all the Crown Colonies around the World (such as today's Hong Kong). "The City" has some 6,000 inhabitants whereas London has some twelve million. "The City" contains the Bank of England, the major Banks, the financiers, the London Stock Exchange, the Fleet Street media mob, the major insurance companies, and the major trading companies.

"A large number of people in Britain see the City as a parasitical growth on the economy. It is inhabited by rich, arrogant young men and cigar-smoking tycoons, interested only in making money for themselves. They have no sense of responsibility for the national good, no ideas and no morals. They make vast fortunes from share speculation, property speculation and commodity speculation, activities which are no more than legalised gambling and require neither intelligence nor effort. They loath the working classes and the welfare state, and they pay the Conservatives millions of pounds to try to keep any other party out of power."<sup>98</sup>

The key points about "The City" are that it is the centre of international banking and financing, it is the focal point for cheque clearing around the world, for bond loans of credit around the world, and now for international currency trading and

<sup>97</sup> *The Australian*, 10 January 1994, p.24.

<sup>98</sup> *Capital City*, Hamish McRae and Frances Ciarcross, Methuen, London, 1985, p.245

securities trading. This information becomes *vital* when combined with all the other information in this book. The main contention of much rubbish Lyndon LaRouche (with whom this writer has no connection whatever) is that there is an "old family" oligarchy in London which is actually running the USA. The fact that the Bank of England had a direct hand in the deliberate collapse of the New York Stock Exchange in 1929, through the Federal Reserve Banks in New York which are themselves owned by secret British and European shareholders, points the way to the future. The collapse of the latter is what is going to bring down the stock markets around the world, bring on the Greater Depression and lead us into WWIII. It may all originate in London's "City".

## The golden handshake Bank

The saga of the State Bank of South Australia, when combined with the other State Banks (ostensibly owned by The People) indicates that the most ruthless and least humane of all the Banks are those set up originally to provide cheap low interest loans for The People. That the enemy has subverted and perverted the original ideals of those Banks is surely now beyond question. *The Weekend Australian Review* of September 18 1993 called it "the biggest debacle in Australian banking history" but the real story was published by *The Advertiser* on page one in Adelaide on July 7 1992; David Hellaby wrote that: "Suspected criminal activity on an "incredible" scale has been uncovered by the Auditor-General's inquiry into the State Bank Group.....Inquiry sources have told *The Advertiser* they have uncovered evidence of suspected criminal activity on a scale too large for either the ASC<sup>99</sup> or State Police to handle." Hellaby was taken to Court by the Bank to disclose his sources, refused and after an unsuccessful appeal to the High Court, was fined \$5,000 for contempt of Court. He suffered death threats and was at risk of going to jail. This is what the South Australian Auditor-General had to say about this Bank by way of summary:

"For the reasons described in Chapter 23 - "*Internal Audit of the State Bank*" of this Report, the internal audits of the accounts of the Bank were not appropriate and adequate.....Instances of directors and officers having failed to act with proper care and diligence are identified in various Chapters of this Report. Possible conflicts of interest, breaches of fiduciary duty or other unlawful, corrupt or improper activity on the part of the directors or officers of the Bank are the subject of comment and recommendations in my Report, and in a separate confidential Report to be presented by me with my final Report."<sup>100</sup>

<sup>99</sup> Australian Securities Commission.

<sup>100</sup> *Report of the Auditor-General on an Investigation into the State Bank of South Australia*. State Print-Publications, 282 Richmond Road, Netley SA 5037, Volume 1, p.30, paragraphs 1.5.7.7 and 1.5.7.8, 1993.

Several months later the separate Royal Commission was scathing about that Banks and its office-trotters in the public trough for handsomely from the Bank. None of that, of course, stopped Owen from stripping South Australian farmers Owen (and others) fought that Bank all the way to the High Court. At the time of writing Owen, a Vietnam veteran (and others) received death threats from a voice.

## The wit

Then there is the venerable Commonwealth Savings Bank being The Peoples' Bank set up by the people in opposition from the private Banks, so-called conservative parties, and the like. Dennison Millar<sup>101</sup> who financed Australia's great Nullarbor Railway @ 0.75% p.a. is still being called "the witch Bank" throughout the country by The People who have dealt with it in a friendly manner. Customers such as Mr. Paul Keating, Andrew Peacock and other politicians.

"The opulence and grandeur of 48 Martin Place - are imposing: huge marble columns supporting windows splash light on the bronze finish, reminiscent of the 1928 building's magnificence. H.Rushkin Rowe originally designed the building for NSW. It is acknowledged as their most important and most prestigious buildings."<sup>102</sup>

It is assumed that the Commonwealth Bank absorbed the NSW Government Savings Bank in 1912 to increase its assets and customer base and to dominate the market. The Savings Bank had more than 1,300,000 customers in operation (the Commonwealth Bank had 1,000,000) making it the second strongest institution of its kind.

<sup>101</sup> Died suddenly in 1924 at the same time as his son, the architect, who had handed over to the private Banks, twelve years earlier.

<sup>102</sup> The Bank was started in 1912 with a capital of £100,000 by the NSW government and between 1914 and 1918 contributed £1,000,000 to the war supplies.

<sup>103</sup> *The Australian*, 12 May, 1993, p.31.

es vital when combined with all the contention of much rubbish Lyndon connection whatever) is that there is an actually running the USA. The fact in the deliberate collapse of the New Federal Reserve Banks in New York and European shareholders, points latter is what is going to bring down the Greater Depression and lead us "City".

## shake Bank

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*Final Audit of the State Bank*" of this the Bank were not appropriate and having failed to act with proper care of this Report. Possible conflicts of foul, corrupt or improper activity on are the subject of comment and confidential Report to be presented

to the State Bank of South Australia, 5037, Volume 1, p.30, paragraphs

Several months later the separate Royal Commission Report into the Bank was scathing about that Banks and its officers and managers, all of whom had their trotters in the public trough for handsome salaries and pay-outs on departure from the Bank. None of that, of course, in any way inhibited the Bank from asset stripping South Australian farmers Owen and Jenny Arnold (see *The judges*) who fought that Bank all the way to the High Court to save their farm and home. At time of writing Owen, a Vietnam veteran, had also (like David Hellaby and others) received death threats from a well modulated (non local farmer) male voice.

## The witch Bank

Then there is the venerable Commonwealth Bank of Australia (CBA). From being The Peoples' Bank set up by the ALP Fisher government in 1912 against horrific opposition from the private Banks, the captive media of the day and the so-called conservative parties, and under the inspired leadership of (Sir) Dennison Millar<sup>101</sup> who financed Australia's share of WW1<sup>102</sup> and financed the great Nullarbor Railway @ 0.75% p.a. interest after WW1, that Bank has sunk to being called "the witch Bank" throughout Australia and being thoroughly hated by The People who have dealt with it in recent years. Except, that is, for special customers such as Mr. Paul Keating, ALP Prime Minister of Australia - see *The politicians*.

"The opulence and grandeur of 48 Martin Place - the bank's international headquarters - are imposing: huge marble columns support the 7m high ceiling, stained glass windows splash light on the bronze finishes and the ornate pressed-metal ceiling is reminiscent of the 1928 building's magnificent past. Architects Herbert E. Ross and H. Rushkin Rowe originally designed the building for the Government Savings Bank of NSW. It is acknowledged as their most important work and remains one of Australia's most prestigious buildings."<sup>103</sup>

It is assumed that the Commonwealth Bank deliberately started a run on the NSW Government Savings Bank in 1930 for the sole purpose of capturing its assets and customer base and to destroy NSW Premier Jack Lang. The NSW Savings Bank had more than 1,300,000 depositors after 100 years of successful operation (the Commonwealth Bank had been in action only 18 years) and it was the second strongest institution of its kind in the world. Once the run on the NSW

<sup>101</sup> Died suddenly in 1924 at the same time The Public Credit of the Australian people was handed over to the private Banks, twelve years after the Federal Reserve Act became law in the USA.

<sup>102</sup> The Bank was started in 1912 with a ten thousand pound cheque from the Australian government and between 1914 and 1918 created 300 million pounds of credit "out of thin air" for war supplies.

<sup>103</sup> *The Australian*, 12 May, 1993, p.31.

Bank had started the Commonwealth Bank under Sir Robert Gibson refused to cash the NSW Savings Bank's War Loan and Commonwealth Loan Bonds and thereby ruined the Bank and took it over for a song.<sup>104</sup> This is an important piece of information because it demonstrates, as if further proof were needed, that the bankers, even those on the public payroll, are not remotely interested in providing low cost loans to The People for whom the Bank was created in the first place. It also proves their ruthlessness. Whether or not the austere looking Gibson was taking orders from London or even the devil we will never know in this life but the plain fact is that he did not act in the best interests of The People who literally owned *both* the Banks in this particular little drama. In his book *Servant of the House*, p.100, Frank C.Green, Clerk of the House, said: "The true story of the engineering of the run on the New South Wales Savings Bank has not yet been written, but it was very astutely organised, and Lang knew how and by whom it was done, and that it was the beginning of the end for his government."

*The Story of the Commonwealth Bank* by D.J.Amos FCIS, of Adelaide, was first printed in pamphlet form in 1931; we are quoting from the twelfth edition 1948.

#### "THE NOTE ISSUE

In 1910, the *Australian Notes Act* called in all notes issued by the private banks and by the Queensland Government. To all practical intents and purposes it confined the power of issuing bank notes to the Commonwealth Government. But money is also created by banks making advances of credit to people, then entering these "advances" upon the opposite side of the ledger as "deposits", and telling their "depositors" to draw against these credits by means of cheques provided by the banks. The money thus brought into existence is destroyed whenever a bank chooses to call in its "advances" and by so doing lessen its "deposits". Money is likewise created every time a bank purchases securities (whether Government stock of shares in private companies), and it is also destroyed every time a bank sells them. The reader must constantly bear in mind that these means of increasing or decreasing the currency at will were left in the hands of the private banks. "The reason", says Mr.Butchart in his now world-famous lecture, "why the Government legislated regarding the bank note, is that they thought they understood it, and the reason why the Government did not legislate regarding the bank deposit (credit) is because they had no clear understanding about it at all." Between 1914 and 1920 the Commonwealth Government increased the note issue from 9.5m pounds to 59.5m pounds, but all those notes did not go into permanent circulation. Sooner or later they fell into the hands of the associated banks, who imprisoned in their vaults all of the notes that were not absolutely necessary for the nation's "small change". Upon this imprisoned national currency they based an enormous increase in bank credit - a currency which comes into existence as debt due to the banks - for the use of which they charged a heavy rate of interest. By 1920 the banks held nearly 32m pounds in Australian notes, and the following table shows exactly what happened:

<sup>104</sup> *The Turbulent Years*, Jack Lang, Alpha Books, 1970, pp.119-123, SBN 85553 000 6.

#### CURRENCY IN CIRCULATION

Year	Australia
1914	11
1915	9
1916	13
1917	16
1918	18
1919	20
1920	22
Maximum Increase	11

<sup>105</sup> *Commonwealth Year Books*, Professor Co

<sup>106</sup> In 1994 the Banks are creating \$21 of crea

whereas in 1920 it was only \$5.6 of credit to

States.

<sup>107</sup> *Commonwealth Year Book*, No.14, p.691.

During those same years the price index of capital cities of Australia rose from 114 to 222. The price increase is generally said to have been the cause, since there was an actual shortage of money for many years, but, in the absence of social macroeconomics, it was an important factor. The Commonwealth Government increased the note issue in various ways:

- (a) A considerable quantity of them were issued in gold (sometimes 3 pounds in Australia) and paper currency value not weight). The Commonwealth Government was compelled to hold a large note issue.
- (b) A number of short-term loans at high interest rates.
- (c) A number of fixed deposits, bearing interest at different banks. These fixed deposits were held by the Commonwealth Government.
- (d) More than half of the notes were held by the Commonwealth Government as State securities at various rates of interest.

The last two items, i.e., (c) and (d) formed a large part of the trust for the nation, which in 1920 amounted to \$1.2 billion, giving an annual income to the Government of \$60 million, derived from the profits on the Australian Notes Account.

<sup>105</sup> *Commonwealth Year Books*, Professor Coates, 1920.

<sup>106</sup> In 1994 the Banks are creating \$21 of credit to the economy, whereas in 1920 it was only \$5.6 of credit to the economy.

States.

<sup>107</sup> *Commonwealth Year Book*, No.14, p.691.

CURRENCY IN CIRCULATION IN MILLIONS OF POUNDS <sup>105</sup>

Year	Australian Notes	Bank Credit
1914	11	115
1915	9	117
1916	13	133
1917	16	123
1918	18	140
1919	20	177
1920	<u>22</u>	<u>160</u>
Maximum Increase <sup>106</sup>	11	62

During those same years the price index number for food and house rent in the capital cities of Australia rose from 1140 to 1785, and the increase in the note issue is generally said to have been the cause. It is very doubtful if it was the only cause, since there was an actual shortage of many commodities during the war years, but, in the absence of social machinery for controlling prices, it probably was an important factor. The Commonwealth notes were issued in the following ways:

- (a) A considerable quantity of them was given to the banks in exchange for gold (sometimes 3 pounds in Australian notes were given for 1 pound (paper currency value not weight) in gold), for, by legal enactment, the Government was compelled to hold a reserve in gold equal to 25% of its note issue.
- (b) A number of short-term loans at interest were made to the States.
- (c) A number of fixed deposits, bearing interest at 3% to 5% were made in different banks. These fixed deposits amounted in 1920 to 5.46m pounds.
- (d) More than half of the notes were invested in Commonwealth stocks and State securities at various rates of interest.

The last two items, i.e., (c) and (d) formed the Australian Notes Account, held in trust for the nation, which in 1920 amounted to 37.80877m pounds, and returned an annual income to the Government of a little more than 1.5m pounds - the profits on the Australian Notes Account.<sup>107</sup>

<sup>105</sup> Commonwealth Year Books, Professor Copland, *Currency and Prices in Australia*.

<sup>106</sup> In 1994 the Banks are creating \$21 of credit "out of thin air" to every \$1 of currency whereas in 1920 it was only \$5.6 of credit to every \$1 of currency. It's worse in the United States.

<sup>107</sup> Commonwealth Year Book, No.14, p.691.

under Sir Robert Gibson refused to and Commonwealth Loan Bonds and a song.<sup>104</sup> This is an important piece if further proof were needed, that the roll, are not remotely interested in whom the Bank was created in the s. Whether or not the austere looking even the devil we will never know in act in the best interests of The People s particular little drama. In his book Clerk of the House, said: "The true South Wales Savings Bank has not yet d, and Lang knew how and by whom it end for his government."

J.Amos FCIS, of Adelaide, was first  
oting from the twelfth edition 1948.

SSUE

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Money is likewise created every  
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and the following table shows

By utilising Australian notes in this manner the Commonwealth Government avoided debt, interest charges, and taxation, and, before it finally entrusted the Australian Notes Account to the Commonwealth Bank, it made enough money out of that account to pay the greater proportion of the construction cost of the East-West Railway (across the Nullarbor), the remainder coming out of revenue.<sup>108</sup> *You might ask why this isn't being done today? And then ask who benefits from the existing system?*

### THE RISE OF THE BANK

In October 1911 the Labor Government of Mr. Andrew Fisher introduced a Bill to provide for the establishment of the Commonwealth Bank, *with power to carry on all the business generally transacted by banks, including that of a savings bank*, to be administered under the control of one man (called the "Governor" of the Bank), appointed for seven years. The Bank was to have power to raise a capital of 1m pounds by the sale of debentures (the security for which was the National Credit), and the profits were to be equally divided into two funds - a reserve fund, to meet any liabilities incurred by the Bank, and a redemption fund, to redeem the debentures or other stock issued by the Bank in order to obtain its capital; afterwards, this half of the profits could be used to reduce the National Debt. The intention of the Bill was to make the National Credit available to anyone with decent security to offer, to reduce the charges made on overdrafts, bills of exchange, and current accounts by the private banks, to provide a safe investment for savings, and to help in the reduction of the public indebtedness. As soon as the Bank was firmly established, it was proposed to entrust to it the note issue - the profits on which were to be paid into the general revenue of the Commonwealth - and from the start it was to be the Bank of the Commonwealth Government.<sup>109</sup> The Bill, in spite of bitter opposition, passed through Parliament practically without amendment and became law. It should be noted that the very people who are now crying that the country will be ruined if there is any relaxation in the close monopoly that the private banks exercise over our currency, were loudest in their opposition to the formation of the Commonwealth Bank. The country, according to them, was going to be flooded with "Fisher's flimsies"; there were to be "sovereigns for everybody", prices would rise; the value of money would depreciate to nothing, and we should all go very quickly to the dogs. Let us see what actually happened. In June 1912 (Sir) Dennison Miller resigned his prominent position in the Bank of New South Wales and was appointed Governor of the Commonwealth Bank. He issued no debentures but opened savings banks throughout Australia, and used the money he obtained in this way as his capital, thus avoiding being indebted, and paying interest, to anybody but his depositors. The Bank was not opened for general business until January of the next year, when in one day the Commonwealth Government transferred two million pounds from private banks to the Commonwealth Bank, without causing any financial disturbance, the cheques being simply cleared through the exchanges "in the ordinary way".

<sup>108</sup> *Hansard*, Vol.129, p.1930.

<sup>109</sup> This shows you what a joke it is for the ALP Keating government to sell to The People their own Bank by way of share sales; it is one more example of the transfer of The Peoples' real-wealth savings to the government and the private bankers.

Sir Dennison Miller's idea was to make the Bank, and, at the time being at any rate, to banks as little as possible. Nevertheless, he charges on current accounts, and to keep them reasonable limits. *Again, why isn't this so* with it *Amending Act No.24 of 1914* giving million pounds, and to take over other bank during this period, make use of either of these people of the Commonwealth during the war primary producer from stark ruin...it funded provided 3.56951 million pounds for the p 1920 the *Amending Act No.43 of 1920* cam issue was entrusted to a department of the Department" was to be kept distinct from a to be managed by a board of directors co officer of the Treasury, and two other direct long as he had the support of the Treasury effectively managed the country's currency. strangled, the benefits to the people of Aus pools for 1.5 million pounds, 4 million po pounds for harbours, roads and tramways. between December 1920 and June 1923, 3. Issue Department - while by 1924 it had n business which became available for redem 1921 Miller was asked if he, through the C during the war for 350 million pounds he have financed the country for a further like if that amount was available for productive the affirmative.<sup>110</sup> In the latter half of 1 started their policy of deflation, in order t levels that they, who possessed the monop nations for themselves<sup>112</sup> but Miller betw million pounds of additional currency the private banks forced the Commonwealth Ba clear its cheques, refusing to allow the Ba banks must have watched the progress of t rage and fear which was translated into ac of Australian economic history. During t the privilege of getting three one pound A they deposited with the Treasury, so that t reserves by three, and therefore their loan

<sup>110</sup> *The Commonwealth Bank of Australia* Vol.161, pp.976-977.

<sup>111</sup> *Australia's Government Bank*, Dr.L.C.Ja Treasurer Spender.

<sup>112</sup> That is precisely what they are doing toda i.e., world-wide depression brought on by Bar

the Commonwealth Government avoided before it finally entrusted the Australian made enough money out of that account in cost of the East-West Railway (across revenue. <sup>108</sup> You might ask why this benefits from the existing system?

## THE BANK

Mr. Andrew Fisher introduced a Bill to establish a Bank, with power to carry on all including that of a savings bank, to be called the "Governor" of the Bank, to have power to raise a capital of 1m (of which was the National Credit), and two funds - a reserve fund, to meet any loan fund, to redeem the debentures or half its capital; afterwards, this half of the debt. The intention of the Bill was to give decent security to offer, to reduce the rate, and current accounts by the private banks, and to help in the reduction of the debt. Firmly established, it was proposed to which were to be paid into the general account. At first it was to be the Bank of the Commonwealth. In spite of bitter opposition, passed and became law. It should be noted that the country will be ruined if there is any private banks exercise over our currency, on the Commonwealth Bank. The Commonwealth Bank was loaded with "Fisher's flimsies"; these would rise; the value of money would quickly to the dogs. Let us see what Sir Dennison Miller resigned his prominent position and was appointed Governor of the Bank. He had opened savings banks throughout the country as his capital, thus avoiding loss to his depositors. The Bank was not in the next year, when in one day the sum of £10 million pounds from private banks to the social disturbance, the cheques being cashed in a summary way.

Sir Dennison Miller's idea was to make the Bank a Government Bank and Savings Bank, and, at the time being at any rate, to enter into competition with the private banks as little as possible. Nevertheless, he forced them to practically abolish their charges on current accounts, and to keep their charges on loans and overdrafts within reasonable limits. Again, why isn't this so today? Then, in 1914 came the war and with it *Amending Act No. 24 of 1914* giving the Bank power to raise its capital to 10 million pounds, and to take over other banks and savings banks. The Bank did not, at this period, make use of either of these powers, but the services it rendered to the people of the Commonwealth during the war were immense.....It saved the Australian primary producer from stark ruin....it funded the purchase of ships for Australia....it provided 3.56951 million pounds for the payment of her soldiers. <sup>110</sup> In November 1920 the *Amending Act No. 43 of 1920* came into force, by which the Australian note issue was entrusted to a department of the Commonwealth Bank. This "Note Issue Department" was to be kept distinct from all other departments of the Bank, and was to be managed by a board of directors composed of the Governor of the Bank, an officer of the Treasury, and two other directors. The Governor had casting vote and as long as he had the support of the Treasury official representing the government, he effectively managed the country's currency. Until 1924 when the Bank was effectively strangled, the benefits to the people of Australia flowed on. It financed jam and fruit pools for 1.5 million pounds, 4 million pounds for Australian homes, 9.360 million pounds for harbours, roads and tramways. It paid to the Commonwealth Government between December 1920 and June 1923, 3.097 million pounds - the profits of its Note Issue Department - while by 1924 it had made 4.5 million pounds profit on its other business which became available for redemption of debt. When during an interview in 1921 Miller was asked if he, through the Commonwealth Bank, had financed Australia during the war for 350 million pounds he replied: "Such was the case; and I could have financed the country for a further like sum had the war continued." Again, asked if that amount was available for productive purposes in times of peace, he answered in the affirmative. <sup>111</sup> In the latter half of 1920 the banks in other parts of the world started their policy of deflation, in order to raise the value of currency to such high levels that they, who possessed the monopoly of it, could secure the real wealth of the nations for themselves <sup>112</sup> but Miller between June and December 1920 released 23 million pounds of additional currency thereby deferring deflation in Australia. The private banks forced the Commonwealth Bank to use the Bank of New South Wales to clear its cheques, refusing to allow the Bank to use their Clearing House. The private banks must have watched the progress of the Commonwealth Bank with ill-concealed rage and fear which was translated into action in 1924, a disastrous year in the annals of Australian economic history. During the war the private banks had been granted the privilege of getting three one pound Australian notes for every one dollar in gold they deposited with the Treasury, so that they were thus enabled to increase their cash reserves by three, and therefore their loans, which were based on their cash reserves,

<sup>110</sup> *The Commonwealth Bank of Australia*, C.C.Faulkner, p.157 and p.162; *Hansard*, Vol.161, pp.976-977.

<sup>111</sup> *Australia's Government Bank*, Dr.L.C.Jauncey, p.275; *Hansard*, Vol.161, pp.976-977, Treasurer Spender.

<sup>112</sup> That is precisely what they are doing today and their policy will have exactly same effect, i.e., world-wide depression brought on by Bank inspired deliberate deflation.

ting government to sell to The People example of the transfer of The Peoples' bankers.

by a similar figure. The private trading banks, I might mention, do *not* lend out their cash reserves at interest. They keep them to meet any demands for *cash* made upon the banks, and give *credit* for from nine to twelve times the amount of those cash deposits. Therefore, if the private banks got 300 pounds cash in Australian notes for one hundred pounds in gold, they could give credit for about 3,000 pounds instead of 1,000 pounds and so earn three times the interest they were doing before - a very profitable arrangement for the banks. The additional two pounds was treated as a loan to the banks (at rates varying between 3% and 4%) and was repayable not later than twelve months after the end of the war. This three-to-one arrangement was later reduced to two-to-one, and war bonds were deposited by the banks as security for the additional one pound loaned; but the banks in many cases did not draw the additional notes - they traded on their "rights" to these notes as if they actually possessed them and so avoided paying interest to the Government. These "rights to draw", according to Anstey, amounted to eight million pounds on June 23, 1923 and the Commonwealth Bank which now controlled the note issue, demanded that the banks should exercise their "rights", draw the notes, and pay interest thereon. With one voice the private banks refused, and prepared for battle. Sir Dennison Miller had died in June 1923 - mourned as few public men in Australia have been mourned - so that their most formidable adversary had been removed from their path, while a Liberal Government, the Bruce-Page administration, was now in power. Early in 1924 the private banks demanded that their "rights to draw" should be extended by another three million pounds. The Chairman of the Notes Issue Board of the Commonwealth Bank described the proposition as "madness", and the Treasurer upheld that view; but the banks' demand was conceded."

Amos then went on in some detail to prove how the Bank was strangled by a combination of the private Banks and the so-called conservative politicians led by Stanley Bruce who was rewarded by being made Lord Bruce and who lived in London thereafter. It's a scandalous story of how the Peoples' Bank became the monster, anti-people Bank it is today.

## The Italian connection

The 343 page *Rigg Submission*,<sup>113</sup> Volume Thirteen of the Commonwealth Parliamentary so-called Bank Inquiry,<sup>114</sup> details three shocking cases involving that Bank, i.e., the asset stripping of Donna Batiste, of Wilford Taylor, and of Tony Rigg. The Donna Batiste case is illustrative. The former Sydney socialite, who lost her penthouse at the Regent Hotel and her Rolls Royce, had set up a mineral water business in Tasmania (Huon Valley Springs Pty Ltd). The Bank appeared to facilitate the transfer of her assets to an Italian company. At the time the Bank's Managing Director, one Vern Christie, took a personal hand in the

manoeuvring which seems odd considering compared to what one would expect the at that time, in conjunction with the Italian Banque Nationale de Paris and Dresden based merchant Bank Australian European March 1989 when the CBA assumed 1 AEFC Limited. Banca Nazionale del Lavoro Institut Nazionale Di Credito Per IL La had loaned funds to the CBA. Vern Christie director of the Battery Group and ended case where Occidental and Regal Insurance the Battery Group, and others to recover from the insurance group's funds and who the CBA. Vern Christie died suddenly on that he had suffered a heart attack. The made no finding of the cause of Mr.Christie's death inquest and suppressed publication of the was lifted on 2 January 1992. Mr.Christie's poisoning allegedly self administered. published (i) a nine page internal CBA report dated 28 June 1984 (ii) a 12 page internal CBA report dated 28 June 1984 and senior manager J.B.Gledhill dated conclusively that the CBA was engaged in currency loans, i.e., sham loans meaning borrowing funds overseas, and charging interest rates doing nothing of the sort but was loaning to its very own HO in Sydney.

On 10 August 1991 *The Sydney Morning Herald* reported wherein the CBA admitted that its difficulties and problems we are experiencing are essentially

<sup>113</sup> Written by retired barrister Jim Renton.

<sup>114</sup> Which was somehow suppressed after thousands of people asked *their* parliament for a copy of the document.

<sup>115</sup> Owned by the Italian government and/or the Italian government and/or the Sienese which itself was specially chartered by the Italian government and operates under that fascistic regime. It has working relationships around the world.

<sup>116</sup> Used by the Nazis to illegally rebuild the German economy. Investigation, Office of the Military Government, Box FOP/646/460, pp.8, 84-86 and 209) and 1 Thyssen's Veringte-Stahlwerke and 33 major

<sup>117</sup> This Bank (in Atlanta USA) was named after Dr. John Coleman as being closely involved in weapons programmes leading to the Gulf War.

ks, I might mention, do not lend out their meet any demands for cash made upon the times the amount of those cash deposits. pounds cash in Australian notes for one credit for about 3,000 pounds instead of interest they were doing before - a very additional two pounds was treated as a loan (and 4%) and was repayable not later than This three-to-one arrangement was later deposited by the banks as security for the many cases did not draw the additional notes as if they actually possessed them ment. These "rights to draw", according on June 23, 1923 and the Commonwealth demanded that the banks should exercise est thereon. With one voice the private ennison Miller had died in June 1923 - ve been mourned - so that their most their path, while a Liberal Government, power. Early in 1924 the private banks be extended by another three million Board of the Commonwealth Bank he Treasurer upheld that view; but the

the Bank was strangled by a o-called conservative politicians led g made Lord Bruce and who lived in how the Peoples' Bank became the

## nnnection

ne Thirteen of the Commonwealth tails three shocking cases involving Batiste, of Wilford Taylor, and of native. The former Sydney socialite, and her Rolls Royce, had set up a Valley Springs Pty Ltd). The Bank to an Italian company. At the time Christie, took a personal hand in the

of people asked *their* parliament for a

manoeuvring which seems odd considering the relative low amount of the loan compared to what one would expect the MD to be concentrating on. The CBA at that time, in conjunction with the Italian Bank Banca Nazionale del Lavoro,<sup>115</sup> Banque Nationale de Paris and Dresdner Bank AG,<sup>116</sup> owned the Australian based merchant Bank Australian European Finance Corporation Ltd.(AEFC) until March 1989 when the CBA assumed 100% ownership of what then became AEFC Limited. Banca Nazionale del Lavoro<sup>117</sup> owned an Italian merchant Bank Instituts Nazionale Di Credito Per IL Lauore Italiano All 'Estore (ICLE) which had loaned funds to the CBA. Vern Christie retired from the CBA, became a director of the Battery Group and ended up a defendant in the Victorian Court case where Occidental and Regal Insurance Group sued the Bank of Melbourne, the Battery Group, and others to recover \$65 million fraudulently withdrawn from the insurance group's funds and which was paid to the ANZ Bank Ltd and the CBA. Vern Christie died suddenly on 13 February 1991 and it was put about that he had suffered a heart attack. The Westmead Coroner, Mr.John Hiatt, made no finding of the cause of Mr.Christie's death, dispensed with a formal inquest and suppressed publication of the coronial file. The suppression order was lifted on 2 January 1992. Mr.Christie, it transpired, died of strychnine poisoning allegedly self administered. In *How To Screw Your Bank* are published (i) a nine page internal CBA memo signed by one J.M.McAnay dated 28 June 1984 (ii) a 12 page internal CBA memo signed by J.O'Brien, J.Knezovic and senior manager J.B.Gledhill dated 6 May 1982. Those documents prove conclusively that the CBA was engaged in fraudulent or spurious foreign currency loans, i.e., sham loans meaning that the Bank while claiming to be borrowing funds overseas, and charging its customers accordingly, was in fact doing nothing of the sort but was loaning credit created "out of thin air" in their very own HO in Sydney.

On 10 August 1991 *The Sydney Morning Herald* published a front page story wherein the CBA admitted that its dealings were "tainted" and "all of the problems we are experiencing are essentially of our own making."

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<sup>115</sup> Owned by the Italian government and/or the 522 year old Italian Bank Monte dei Paschi di Siena which itself was specially chartered by Mussolini on March 12, 1936 as a public-law credit institution and operates under that fascist government charter today with interlocking working relationships around the world.

<sup>116</sup> Used by the Nazis to illegally rebuild the German armed forces (*Report on Dresdner Bank Investigation*, Office of the Military Government of Germany, Foreign Office Library, London, Box FOP/646/460, pp.8, 84-86 and 209) and later to take over Hitler's industrial ally Fritz Thyssen's Veringte-Stahlwerke and 33 major Austrian firms.

<sup>117</sup> This Bank (in Atlanta USA) was named by former senior British secret service and CIA officer Dr. John Coleman as being closely involved wth BCCI and the CIA in funding Iraq's weapons programmes leading to the Gulf War.

The NSW Independent Commission Against Corruption (ICAC) had this to say about this Bank:

"33.4

COMMONWEALTH BANK

Also named among the major clients of All Cities Investigations Pty.Ltd. was the Commonwealth Bank. Both Julianne Murray and Suzanne Gatt spoke of Sue Allen, whom they described as a supervisor at the Bank, as an officer with whom they dealt. Ms.Murray said that she telephoned for urgent checks, and according to Ms.Gatt, it was Sue Allen who telephoned "if there was ever a problem with anything".

**At first, no submission in response**

The participation of the Commonwealth Bank in the trade in confidential government information was not the subject of separate investigation. However, because the Bank and its officers were mentioned in evidence, they were written to, given copies of the relevant transcript, and invited to reply to the evidence or make submissions. The Bank was informed:

"....it is considered that the evidence, and the submissions (*of counsel assisting the Commission*) reflecting the evidence, raise serious issues of concern for the Commonwealth Bank of which it should be notified and which it may care to address.

The Bank replied that it "does not consider it necessary to make any submission to the Commission on the above matter". Ms. Allen did not respond at all.

#### A second opportunity taken up

In June 1992, while this Report was in the course of preparation, the Commission wrote to the Commonwealth Bank again, explaining that there could be a finding that the Bank had engaged in conduct liable to allow, encourage or cause the occurrence of corrupt conduct, and affording the Bank a further opportunity of making submissions. On this occasion the Bank did so. By its solicitor's reply dated 16 June 1992, the Bank asserted that its senior management was unaware that illegal means were used by mercantile agents engaged to locate missing debtors. The reply stated that the Bank became aware of the Federal Police investigation and the seizure of files from the premises of a mercantile agent in 1989, through a newspaper article in March of that year. That article said that "financial institutions, including banks, used illegal means to gather information on missing debtors". According to the bank solicitor, the Bank then stopped using mercantile agents. The practice of using mercantile agents was resumed later in the same year, but only after the agents had been informed that they had been told by the Bank that "under no circumstances is information in relation to a debtor to be sought from other than legally available sources.

The solicitor, Mr. L. E. Taylor, went on to

"There is no evidence that the Bank's conduct which was liable to allow the occurrence of corrupt conduct..... called to give evidence before the

## Taking stock

At that stage the Commission had the s  
Commonwealth Bank had specifically o  
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Against that was the assertion by the soli  
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also to be the subject of consideration an  
Accordingly, despite the late hour, the  
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declined the invitation to have evidence tal

Sue

When Ms. Allen was written to in June 1998, she advised that she had given information to the police in her statement to the Commission. Susan Elizabeth Allen said in her police statement that she had been employed by Commonwealth Banking Corporation since 1983 as a Senior Collections Officer, Debt Recovery. She knew the organisation of staff in the Debt Recovery department since 1983, and knew and dealt with Mr. Hancock during his employment with the Commonwealth Banking Corporation. Ms. Allen said she did not know there was any information through Mr. Hancock's company. She told the Federal Police, "I have no idea what happened in the other departments". She told the Commission,

st Corruption (ICAC) had this to say

## LTH BANK

Cities Investigations Pty.Ltd. was the and Suzanne Gatt spoke of Sue Allen, nk, as an officer with whom they dealt. t checks, and according to Ms.Gatt, it er a problem with anything".

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of preparation, the Commission ng that there could be a finding that encourage or cause the occurrence of opportunity of making submissions. 's reply dated 16 June 1992, the aware that illegal means were used btors. The reply stated that the Bank and the seizure of files from the newspaper article in March of that including banks, used illegal means gning to the bank solicitor, the Bank of using mercantile agents was gents had been informed that they ances is information in relation to a le sources.

The solicitor, Mr. L. E. Taylor, went on to say:

"There is no evidence that the Bank did knowingly engage in conduct which was liable to allow encourage or cause the occurrence of corrupt conduct.....No officer of the Bank was called to give evidence before the Commission."

## Taking stock of the position

At that stage the Commission had the sworn evidence of two witnesses that the Commonwealth Bank had specifically ordered and purchased from Mr.Hancock's company, information from the State and Commonwealth government sources; and that it used the code that was devised to conceal the nature of the transactions. Against that was the assertion by the solicitor for the Bank that senior management had no knowledge of any such conduct on behalf of the Bank, and that from the date of the newspaper article appropriate steps were taken to ensure that it did not occur. There were by then a number of financial institutions on whose behalf the proposition had been advanced that improper dealings had taken place between their employees and mercantile agents without the knowledge of management. The Commission was also familiar with statements of policy and letters to agents from other financial institutions, which on investigation had been shown to give a false impression (see Chapter 9). It was clear that no conclusion could properly be drawn from such assertions without proper investigation. As Mr.Taylor correctly pointed out, no officer of the Bank had been called to give evidence. There was evidence, however, of the conduct of bank officers on behalf of the Bank, and it was appropriate that it be reported on. At that late stage the Commission had no desire to engage in another full scale investigation of the participation of a financial institution in the illicit trade in confidential government information. However, if the Bank wanted its explanation also to be the subject of consideration and report, it was entitled to the opportunity. Accordingly, despite the late hour, the Bank was informed that if it wished the Commission to do so, it would call witnesses on the point nominated by the Bank. I was determined that on this, as with on other issues, there would, in the absence of evidence, be no finding either way "by default". After consideration, the Bank declined the invitation to have evidence taken from any of its officers.

## Sue Allen

When Ms.Allen was written to in June 1992, she also responded, confirming information she had given in statement form to the Australian Federal Police in 1989. Susan Elizabeth Allen said in her police statement that she had been with the Commonwealth Banking Corporation since 1973, worked in its Card Centre, and was then Senior Collections Officer, Debt Recovery, Office Manager. Her duties included the organisation of staff in the Debt Recovery Section. She had been with Debt Recovery since 1983, and knew and dealt with XD Pty Ltd and later with All Cities. Ms.Allen said she did not know there was any illegality involved in obtaining information through Mr.Hancock's companies. This was expanded upon in two ways. She told the Federal Police, "I have no idea that it was coming from Commonwealth departments". She told the Commission, "I believed at the time that it was perfectly

legal for government bodies such as the Department of Social Security to disclose information on its files." In her statement, she said:

"The normal procedure for using All Cities Investigations Pty Ltd was that after all our enquiries had been unsuccessfully conducted, we requested All Cities Investigations to conduct a missing persons check. This was requested by a clerk who had the file on the particular person. The clerk would request a 1, 2, 3 or 4 check to be done by placing the appropriate number in the top right hand corner. To the best of my knowledge a number 1 and 2 check was a social security and Transport search, a number 4 check was an Immigration check, and I can't recall what a number 3 check was. It was common knowledge among the collection section what these check numbers were for."

### Conclusion

In the circumstances, I have no difficulty in finding that the Bank participated in the illicit trade in confidential government information through All Cities Investigations Pty Ltd. That participation was by bank officers acting in the course of their duty, and as part of established procedure. As a major client of a major dealer, the Bank must be regarded as a significant contributor to the trade. Whatever was or was not known by senior management, and whatever appreciation there was or was not as to any illegality or impropriety involved (matters on which in the absence of evidence I make no finding), there is no doubt that the conduct of the Bank, through its staff including Ms. Allen, provided encouragement and support for the corrupt conduct involved in the illicit trade. It is to be noted that the Commonwealth Bank was also mentioned by witnesses as having participated in the information exchange arrangement described earlier in this Report. The transcript of that evidence was provided to the Bank. The Bank declined to respond."<sup>118</sup>

ICAC summed up as follows:

**"33.8**

### FINDINGS OF FACT

I record the following principal findings of fact arising from the matters dealt with in this chapter:

95. From 1980 until at least 1989, Terence John Hancock participated in the illicit trade in government information knowing that the trade involved the payment of money to public officials for the unauthorised release of information which came into their possession by reason of their employment. The information traded came from the records of the DMT/RTA<sup>119</sup> and the New South Wales Police, as well as several Commonwealth government departments and agencies.

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<sup>118</sup> Independent Commission Against Corruption, *Report on Unauthorised Release of Government Information*, Vol.2, August 1992, pp. 535 - 539.

<sup>119</sup> Department of Motor Transport/Road Transport Authority.

- 96. Those from who information include John Bede Mooney, DMT/RTA.
- 97. Mr. Mooney released the information without authority and in breach of the law.
- 98. For some period between 1980 and 1989, he was a duly authorised officer, publishing information from All Cities investigations.
- 99. The purchase of confidential information from the Commonwealth Bank was conducted by officers of the Commonwealth Bank.

**33.9**

### CORRUPTION

On the basis of the findings set forth in this chapter, I am satisfied that the Commonwealth Bank engaged in conduct liable to allow such conduct."<sup>120</sup>

It is a standard ploy of the Commonwealth Bank to refuse to answer any questions from anyone. This is particularly true of the bank wholly owned by The People of Australia, whom the Commonwealth Government has employed for many years as Treasurer and/or Prime Minister. The People's Bank has been part of the political process since it was founded. The management refuses to answer any questions from anyone, from an art to a science. Even when the managing director is in contempt by the Bank's management, the managing director on a number of occasions has been badly treated and asset stripped of his assets. The Bank has not adequately protected by the politicians. The ALP should be the prime mover in making sure that the Bank is adequately protected by the politicians.

Keep all this in mind when you look at the Commonwealth Bank.

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<sup>120</sup> New South Wales Independent Commission Against Corruption, *Report on Unauthorised Release of Government Information*, Vol.2, August 1992, pp. 535 - 539.

partment of Social Security to disclose  
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igations Pty Ltd was that after all our  
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#### FACT

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h Wales Police, as well as several  
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uthority.

- 96. Those from who information was corruptly purchased by Mr.Hancock include John Bede Mooney, a public official serving with the DMT/RTA.
- 97. Mr.Mooney released the information he corruptly sold to Mr.Hancock without authority and in breach of his duty as a public official.
- 98. For some period between 1980 and 1989, the Commonwealth Bank, through duly authorised officers, purchased confidential government information from All Cities investigations Pty Ltd.
- 99. The purchase of confidential government information by the Commonwealth Bank was conducted by officers including Susan Elizabeth Allen.

#### 33.9

#### CORRUPT CONDUCT

On the basis of the findings of fact recorded above, and for the reasons set forth in this chapter, I am satisfied that Terence John Hancock, engaged in corrupt conduct. I am also satisfied that the Commonwealth Bank and Susan Elizabeth Allen engaged in conduct liable to allow, encourage or cause the occurrence of corrupt conduct." <sup>120</sup>

It is a standard ploy of the Commonwealth Bank of Australia to refuse to answer any questions from anyone. This is shocking when we recall that this Bank was wholly owned by The People of Australia who were 100% shareholders for whom the Commonwealth Government, headed by Paul Keating for the last 11 years as Treasurer and/or Prime Minister, as trustee for The People. Now that The People's Bank has been partly privatised it is a public company and *still* the management refuses to answer any questions. They have brought stone walling from an art to a science. Even a Senate committee was treated with arrogant contempt by the Bank's management. Over the last year this writer has written to the managing director on a number of occasions in behalf of customers being badly treated and asset stripped only to be rebuffed with a curt refusal to answer any of the questions posed to the Bank. But why should they answer or give even the most rudimentary information when they are fully and more than adequately protected by the politicians of all political parties. That the once great ALP should be the prime mover and custodian of this symphony of silence is enough to make anyone despair.

Keep all this in mind when you later read the dreadful saga of the Muirheads.

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<sup>120</sup> New South Wales Independent Commission Against Corruption, *Report on Unauthorised Release of Government Information*, Vol.II, August 1992, pp. 553 - 554.

## Wonderful Westpac

Westpac Banking Corporation which at time of writing has a US Wells Fargo driver handling the rickety stagecoach at a whopping fee, and its corporate lawyers Allen Allen & Hemsley,<sup>121</sup> were nicely positioned by the release of the now infamous *Westpac Papers* which comprise a set of reports and highly revealing statements (37 pages) from the lawyers to the Bank dated 26 November 1987.<sup>122</sup> Referring to those documents lawyer Mr.Francis Galbally, testifying before the federal Parliamentary Committee on Finance and Public Administration (the so-called Bank Inquiry) on 15 March 1991, concluded his evidence by saying, "In my view, in those circumstances, there is a *prima facie* case that Westpac, the senior advisers of Westpac and the (legal) advisers have been guilty of aiding and abetting the initial deception or being an accessory after the fact, or being a party to a conspiracy."<sup>123</sup> Between the two dates cited above we were regaled with the public spectacle of Westpac's then Chief General Manager of Retail Financial Services, one Stewart Fowler, being called a liar by Mr.Justice Keely in the Federal Court of Australia in Melbourne.<sup>124</sup> That was obviously no bar to the ultimate promotion and Mr.Fowler became the Bank's Managing Director. In *Tannhauser v Westpac* (QG 29 of 1989) (12 January 1991) in the Federal Court of Australia in Brisbane Mr.Justice Pincus called Westpac's senior manager Mr.Albert Look, a liar. In *Ferneyhough v Westpac* (G105 of 1989) (18 November 1991) in the Federal Court of Australia in Perth Mr.Justice Lee found that the Bank had misled its clients, again Mr.Look was involved.<sup>125</sup>

The NSW Independent Commission Against Corruption (ICAC) found as follows against Westpac:

### "32.6

### FINDINGS OF FACT

I record the following principal findings of fact arising from the matters dealt with in this chapter:

92. For a period of about ten years to 1989, through duly authorised officers, Westpac Banking Corporation purchased confidential government information from XD Investigations (later All Cities Investigations Pty Ltd).

<sup>121</sup> Note the name, it crops up here and there in regard to judges and politicians.

<sup>122</sup> Published in *How To Screw Your Bank*.

<sup>123</sup> *The Age*, 16 March 1991.

<sup>124</sup> *The Sydney Morning Herald*, front page, 15 July, 1988.

<sup>125</sup> One has not yet found another Bank case on which these judges have sat and found against a Bank; keep Mr.Justice Lee's name in mind as you proceed to *The judges*.

93. The purchase of confidential g Corporation was authorised by Coll Richard Michael Perkins, and continued moved to higher levels in the Bank's officers Justine Moira Petita Richardson officers knew that the information ha Cities Investigations Pty Ltd unofficial and had been released without authority

94. Thereafter until late 1990 on Mrs.Crew, with the knowledge and a Westpac Banking Corporation, confi released to them without authority by departments and agencies. That inform exchange arrangement, under which the Westpac Banking Corporation was disc

### 32.7

### CORRU

On the basis of the findings of fact recorded in this chapter, I am satisfied that each of Langdon, Richard Michael Perkins, Justice Pincus engaged in conduct liable to allow, encourage and condone such conduct."<sup>126</sup>

AMP holds 15% of Westpac, is owned by media magnate Kerry Packer who is the second largest shareholder. Both Langdon and Richard Michael Perkins are common directors with AMP. Up to now, Westpac has had a deficit of \$150m on its direct investment portfolio over the last three years; it's purchase of the Bank's life insurance subsidiary for \$245m is a lemon (see *Insurance News* 20 January 1992).

### Artif

The ANZ Bank loaned \$108m to Westpac in 1991. It is not clear if adequate documentation or security was provided by Westpac or if the loan was found or accounted for. The Bank made a profit of \$100m on the loan from the Bank on 28 October 1991. The Bank has been charged in the Melbourne Magistrate's Court with 105 counts of false accounting and 105 counts of false accounting. The charges relate to the conduct of Allen Bowles of the Victorian Police Force.

<sup>126</sup> Report on Unauthorised Release of Government Information, August 1992.

<sup>127</sup> *The Age*, front page, 29 January 1992.

# Westpac

of writing has a US Wells Fargo whopping fee, and its corporate positioned by the release of the comprise a set of reports and highly lawyers to the Bank dated 26 nents lawyer Mr.Francis Galbally, Committee on Finance and Public on 15 March 1991, concluded his instances, there is a prima facie case the (legal) advisers have been guilty being an accessory after the fact, or the two dates cited above we were s then Chief General Manager of , being called a liar by Mr.Justice Bourne.<sup>124</sup> That was obviously no er became the Bank's Managing of 1989) (12 January 1991) in the ice Pincus called Westpac's senior *gh v Westpac* (G105 of 1989) (18 alia in Perth Mr.Justice Lee found ook was involved.<sup>125</sup>

corruption (ICAC) found as follows

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rising from the matters dealt with in

through duly authorised officers, ntial government information from y Ltd).

o judges and politicians.

88.  
these judges have sat and found against eed to *The judges*.

93. The purchase of confidential government information by Westpac Banking Corporation was authorised by Collections Managers Brian John Langdon and Richard Michael Perkins, and continued with their knowledge and approval as they moved to higher levels in the Bank's hierarchy. It was carried out by collection officers Justine Moira Petita Richardson and Gwen Crew. Those managers and other officers knew that the information had been obtained by XD Investigations or All Cities Investigations Pty Ltd unofficially through contacts who were public officials, and had been released without authority.

94. Thereafter until late 1990 or early 1991, each of Mrs.Richardson and Mrs.Crew, with the knowledge and approval of Mr.Perkins, obtained on behalf of Westpac Banking Corporation, confidential government information which was released to them without authority by officers serving in a number of government departments and agencies. That information was released as part of an information exchange arrangement, under which confidential information relating to clients of Westpac Banking Corporation was disclosed.

## 32.7

### CORRUPT CONDUCT

On the basis of the findings of fact recorded above, and for the reasons set forth in this chapter, I am satisfied that each of Westpac Banking Corporation, Brian John Langdon, Richard Michael Perkins, Justine Moira Petita Richardson and Gwen Crew engaged in conduct liable to allow, encourage or cause the occurrence of corrupt conduct."<sup>126</sup>

AMP holds 15% of Westpac, is the largest proprietor, followed by media magnate Kerry Packer who is the second largest proprietor. Westpac shares four common directors with AMP. Up to the January 1993 AGM of Westpac, AMP had a deficit of \$150m on its direct investment in Westpac over the previous two years; it's purchase of the Bank's life and non-corporate superannuation business for \$245m is a lemon (see *Insurance*).

## Artful ANZ

The ANZ Bank loaned \$108m to the McLean Group in Melbourne without adequate documentation or security and \$17m of that money has never been found or accounted for. The Bank manager involved, one Brenton May, resigned from the Bank on 28 October 1991.<sup>127</sup> On 16 February 1994, Mr.May was charged in the Melbourne Magistrate's Court with 93 counts of taking financial advantage, 105 counts of false accounting and 25 counts of theft. Commander Allen Bowles of the Victorian Police Corporate Crime Group told the Court the

<sup>126</sup> *Report on Unauthorised Release of Government Information*, ICAC, vol.II, pp.529-530, August 1992.

<sup>127</sup> *The Age*, front page, 29 January 1992.

223 charges involved about \$92 million. He said the total amount "at risk" to the ANZ was \$108 million. Journalist Peter Smark subsequently wrote, "But this year's John Dorman Elliott<sup>128</sup> Bare-Faced Effrontery Medal (Banking Division) goes, I'm delighted to say, to first-time winner, M.D.Bridland, chairman of the ANZ", for his attempts to push this scandal aside.<sup>129</sup> In September 1993 the Queensland Major Fraud Squad raided the ANZ State HO in Brisbane and scooped up files relating to former Elizabeth Street Branch Manager Byron Lye, Bank customer John Moore and allegedly fraud and/or corruption involving millions of dollars. Mr.Moore has sued the Bank and Mr.Lye in a civil action alleging among other facts that the Bank manager had entered into an adulterous relationship with Mrs.Moore and subsequently defrauded the husband and his company.<sup>130</sup> Mr.Lye was arrested by the Fraud Squad on 26 October 1993 and charged with fraud. The front page of *The Courier Mail* on Thursday 20 January 1994 regaled us with the news that:

#### **"Police bungle \$1mil court case**

Senior police were yesterday ordered to find out how and why the force bungled a \$1 million court case..... Charges against former Bank of Melbourne state manager Byron Lye, 50, of Strathpine, and former loans officers Mary Patricia Hill, 39, of Ashgrove, and Nicholas Kolatasis, 33 of Coorparoo, relating the misappropriation of nearly \$1 million, were dismissed in the Brisbane Magistrate's Court yesterday. The case was unable to proceed because the arresting police were on holidays.....Police prosecutor Kelly McInerney told the court she was unable to proceed ....she said the police brief was not complete, only three statements by witnesses had been signed and she had been able to summons only two witnesses...she said she had been given the brief last Thursday."

The following day the same newspaper informed us that "Police to try again in \$1m bungled case....Police have issued new summonses against the three (former Bank employees) who were allegedly involved in misappropriating \$959,810 from the Bank of Melbourne.....But Detective Inspector Roy Wall of the major crime squad said yesterday the summonses had not yet been served and the case would not proceed until police had a full brief of evidence and all witnesses were available."

ICAC found that,

"Evidence relating to the business of Kevin Rindfleish showed that the ANZ Banking Group, through its Cardholder Services Division, was heavily involved in the illicit trade in government information.

<sup>128</sup> Former chief executive of Elders (and former President of the Liberal Party of Australia) who is facing prosecution over \$32m dealt with later in this book.

129 *The Age*, 1 February 1992.

130 No.1377 of 1993, Queensland Supreme Court.

This applied in particular to information such as social security information. Bank officers could not release Rindfleish they could, and that on occasions information released by other government departments passenger movements from the Department

29.5

## FINDINGS

I record the following principal findings of this chapter:

84. For a period of approximately ten years, Limited, through duly authorised officers, information from Kevin James Rindfleish.

85. The purchase of confidential government information by the Canadian Security  
Group Limited, was authorised by Collector General Edwards, who had been  
carried out by numerous collections of information by his predecessors. Mr. Edwards and several of  
his predecessors had been obtained by Kevin Rindfleish by means of forged documents.

29.6

## CORRUPT

On this basis of the findings set forth in this chapter, I am satisfied that ex-Peter William Edwards engaged in conduct which amounts to the occurrence of corrupt conduct." 132

ICAC had this to say about Esanda Financial Services and ANZ Banking Group Limited:

"From at least 1968 until a time in April, sought and used confidential government staff involved, was improperly released and

42.1

## INTROD

The practice was standard in Department, and continued even after so called by the Commission, and had sworne policy and had stopped.

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<sup>131</sup> Department of Motor Transport and Roa

<sup>132</sup> Report on Unauthorised Release of Gove  
1992.

lion. He said the total amount "at risk" to the Peter Smark subsequently wrote, "But this Effrontery Medal (Banking Division) goes to M.D.Bridland, chairman of the ANZ", for e.<sup>129</sup> In September 1993 the Queensland state HO in Brisbane and scooped up files launch Manager Byron Lye, Bank customer r corruption involving millions of dollars. Lye in a civil action alleging among other ered into an adulterous relationship with ed the husband and his company.<sup>130</sup> ad on 26 October 1993 and charged with ail on Thursday 20 January 1994 regaled

### \$1mil court case

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informed us that "Police to try again in summonses against the three (former l in misappropriating \$959,810 from the or Roy Wall of the major crime squad i served and the case would not proceed witnesses were available."

dfleish showed that the ANZ Banking on, was heavily involved in the illicit

resident of the Liberal Party of Australia) n this book.

This applied in particular to information from the DMT and RTA<sup>131</sup>, and also to social security information. Bank officers concerned also believed that through Mr. Rindfleish they could, and that on occasions they did, obtain information improperly released by other government departments and agencies, including details of overseas passenger movements from the Department of Immigration.

### 29.5

### FINDINGS OF FACT

I record the following principal findings of fact arising from the matters dealt with in this chapter:

84. For a period of approximately ten years to early 1991, the ANZ Banking Group Limited, through duly authorised officers, purchased confidential government information from Kevin James Rindfleish.

85. The purchase of confidential government information by the ANZ Banking Group Limited, was authorised by Collections Manager Peter William Edwards, and carried out by numerous collections officers working under him and under his predecessors. Mr. Edwards and several other officers knew that the information had been obtained by Kevin Rindfleish by means of corrupt payments.

### 29.6

### CORRUPT CONDUCT

On this basis of the findings of fact recorded above, and for the reasons set forth in this chapter, I am satisfied that each of the ANZ Banking Group Limited and Peter William Edwards engaged in conduct liable to allow, encourage or cause the occurrence of corrupt conduct."<sup>132</sup>

ICAC had this to say about Esanda Finance Corporation Limited, owned by the ANZ Banking Group Limited:

"From at least 1968 until a time in April 1991, Esanda Finance Corporation Limited, sought and used confidential government information, which, to the knowledge of its staff involved, was improperly released and obtained.

### 42.1

### INTRODUCTION

The practice was standard in Esanda's New South Wales Collections Department, and continued even after some witnesses from that department had been called by the Commission, and had sworn that the practice was contrary to company policy and had stopped.

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<sup>131</sup> Department of Motor Transport and Road Transport Authority.

<sup>132</sup> Report on Unauthorised Release of Government Information, ICAC, vol.II, p.491, August 1992.

42.5

## FINDINGS OF FACT

I record the following principal findings of fact arising from the matters dealt with in this chapter:

131. From at least 1968 until 1991, Esanda Finance Corporation Limited, through duly authorised officers, purchased confidential government information from private investigators including McGrath Mercantile, ESH Mercantile, Combined Mercantile and Field Mercantile.

132. The purchase of confidential government information by Esanda Finance Corporation Limited was authorised by managers, Ronald Wayne Shiels, Graham William Kirchner, Edward Thomas Bartolo, Andrew George Wills and Stephen Douglas Mitchell, and by supervisors Alexander Wilson McMaster, Leslie Cross and Anthony Joseph Kahwaji, all with knowledge that the information had been corruptly obtained. Some of those officers, and other staff members, Stephen John Kidd, Sharon Lee Reardon and Anthony John Foster, made the purchases themselves, all with knowledge that the information had been corruptly obtained.

42.6

## CORRUPT CONDUCT

On the basis of the findings of fact recorded above, and for reasons set forth in this chapter, I am satisfied that each of Esanda Finance Corporation Limited, Ronald Wayne Shiels, Graham William Kirchner, Edward Thomas Bartolo, Andrew George Wills, Stephen Douglas Mitchell, Alexander Wilson McMaster, Leslie Cross, Anthony Joseph Kahwaji, Stephen John Kidd, Sharon Lee Reardon and Anthony John Foster, engaged in conduct liable to allow, encourage or cause corrupt conduct." <sup>133</sup>

Esanda attempted to assert that it and Mr.Morton had not authorised the illicit trade. In chapter 43 dealing with that assertion we are given an admission by Esanda's New South Wales State Manager Credit Control, Mr.Ronald Shiels, that he shredded a document required by the Commission *after* being served with a summons to produce documents. "He described his motivation as "to protect Esanda from adverse publicity."<sup>134</sup> After considerable questioning ICAC found against Mr.Morton. ICAC also found (chapter 44) that Esanda officers discussed destroying documents and that one of the officers made a decision to destroy certain invoices but the decision was not acted upon.

One might reasonably ask that if these Banks behaved corruptly and/or illegally and in contempt of legal process *only* in these instances, are they nothing more than isolated and peculiar examples, i.e., is this proven conduct one-off (several-off actually) and not indicative of banking per se?

<sup>133</sup> Report on Unauthorised Release of Government Information, ICAC, vol.III, pp.749-750, August 1992.

<sup>134</sup> Ibid, p.756.

## The State Ba

On 15 December 1993, Mr.Dennis Steven Legislative Assembly, said the following as

"We have before the House today a matter many citizens in the ACT. The Government notice of interest in the purchase of the State the *Sydney Morning Herald* yesterday 14 December until a series of events are disclosed. These financial position of the State Bank. The Victorian, New South Wales, a registered association founded in the New South Wales, Victoria and Queensland uncollectable loans of up to \$3 billion above the State Bank. This \$3 billion figure was arrived at by by the bank from bank clients, who have said pay the moneys claimed - but in any case, said State Bank is taken over by the Government more importantly their policy holders in our State Bank's financial position has not been members of the Victims of the State Bank or the number of claims they have made that bank dealings with bank clients. These serious allegations against a Government owned bank, should have been made. However, I am informed that none have. I have that contain, as an example, evidence of a crime committed by a State Bank officer in New South Wales. Members to table relevant documents. Consider company - Fouron Pty Limited, Australian owned by the State Bank of New South Wales. Mr.Allan Hugh Whitehead, Mr.Richard Williams are directors of Fouron Pty Limited. The annual information show that these three Fouron Pty Limited, New South Wales. The 1992 annual report shows that Fouron borrowed \$216,963,011 and loaned the \$216 million all came from Fouron's 'Ultimate' New South Wales is referred to in the Fouron that Fouron collected loans of \$348,077 million borrowings. This one quarter of 1% hardly million, either for Fouron Pty Limited, or the State of New South Wales. The annual return shows a retained profit of \$385,611 from Fouron and related companies. State Bank, owned and held in trust for the people and Treasurer set up a \$2 shelf-company to w

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Lee Reardon and Anthony John Foster,  
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*Information*, ICAC, vol.III, pp.749-750,

## The State Bank of NSW

On 15 December 1993, Mr.Dennis Stevenson, independent MLA for the ACT Legislative Assembly, said the following as a matter of public importance:

"We have before the House today a matter that can have serious consequences for many citizens in the ACT. The Government Insurance Office intention to lodge a notice of interest in the purchase of the State Bank of New South Wales, reported in the *Sydney Morning Herald* yesterday 14 December, in itself has no major impact until a series of events are disclosed. These events raise questions about the true financial position of the State Bank. The Victims of the State Bank of New South Wales, a registered association founded in the ACT in 1993 but now with members in New South Wales, Victoria and Queensland, claim that the State Bank has uncollectable loans of up to \$3 billion above those which are currently admitted by the Bank. This \$3 billion figure was arrived at by adding up the loan repayments claimed by the bank from bank clients, who have said that they either do not owe or cannot pay the moneys claimed - but in any case, say that the loans are uncollectable. If the State Bank is taken over by the Government Insurance Office, their shareholders, but more importantly their policy holders in our region, could be seriously affected if the State Bank's financial position has not been correctly reported. In speaking with members of the Victims of the State Bank of New South Wales, I was alarmed at the number of claims they have made that bank officers have committed fraud in their dealings with bank clients. These serious allegations, particularly in connection with a Government owned bank, should have been fully investigated by authorities. However, I am informed that none have. I have in my possession copies of documents that contain, as an example, evidence of at least one serious offence, if not fraud, committed by a State Bank officer in New South Wales. I will be seeking leave from Members to table relevant documents. Company search documents show that a \$2 company - Fouron Pty Limited, Australian company number 003 066840, is wholly owned by the State Bank of New South Wales. Public company records show that Mr.Allan Hugh Whitehead, Mr.Richard William Turner and Mr.Peter Gerard Friend are directors of Fouron Pty Limited. The 1992 State Bank annual return and other information show that these three Fouron directors are also executives of the State Bank of New South Wales. The 1992 annual return of Fouron Pty Limited shows that Fouron borrowed \$216,963,011 and loaned out that exact same amount. Apparently the \$216 million all came from Fouron's 'Ultimate Parent Entity' as the State Bank of New South Wales is referred to in the Fouron annual return. The return also shows that Fouron collected loans of \$348,077 and repaid that exact same amount in borrowings. This one quarter of 1% hardly seems a good return on loans of \$216 million, either for Fouron Pty Limited, or their parent, the State Bank of New South Wales. The annual return shows a retained profit for a 15 month period to 1992 as a minute \$344. The directors of this shelf-company received or were due, director's fees of \$385,611 from Fouron and related companies. Why then did the New South Wales State Bank, owned and held in trust for the people of New South Wales by the Premier and Treasurer set up a \$2 shelf-company to which bank officers loaned \$216 million?"

As the State Bank is in the business of loaning money, why was a separate company set up to conduct material activities outside the bank? The answer to these questions is given in a State Bank document dated 18 January 1991 which states in part:

"Funds were lent to this company for on-lending to our customers as the security property in Goulburn Street operates an erotic theatre, the "Eros Theatre", and a Peep Show (no concessions State Bank staff). It was considered at time of original application that State Bank would not want to be associated with financing a building housing these businesses, as Nick Greiner had just led the Liberal Party to power and was talking openly and critically of closing such places."

The customer referred to as the purchaser of the property containing these businesses is Halbera Pty Limited, to which the State Bank loaned \$1.7 million through Fouron. I am informed by reliable sources that one of the activities of Halbear Pty Limited, listed on official company records as an investment company, included the operation of the brothel at those same premises previously occupied by the infamous Goulburn Club, located at 55-57 Goulburn Street, Sydney, this property being held as security by Fouron over Halbear. This means that employees of the State Bank of New South Wales had set up an elaborate front business to conduct dubious activities that they wished to hide from the owner of the Bank, the Premier, Nick Greiner, and through him, the people of New South Wales and the ACT. This accounts for a loan of \$1.7 million, but the question remains: Who was loaned the other \$214 million, for what purpose, and most importantly, were those loans secured? Company documents show that Halbear Pty Limited, Australian company number 003 443338, was established in January 1988 and dissolved in September 1993. During this five year period up to January this year, Halbear Pty Limited failed to submit a single annual return to the Australian Securities Commission. This raises the serious question: Was any action taken during the 5 year period to recover the \$1.7 million debt from a company that was repeatedly breaking the law by not submitting annual returns? Such action would simply be standard banking practice to protect their loan. After Australian Securities Commission deregistration proceedings during 1993, Halbear Pty Limited submitted a 1989 annual return on 3 September this year (1993). It was dissolved two weeks later. Halbear company records list its two shareholders as Salvatore (Sam) Francipane and Raymond De Rubeis. Documents connect the activities of Fouron Pty Limited, a director of Halbear Pty Limited, namely Sam Francipane, and the State Bank of New South Wales. These documents were prepared at the instructions of a company titled G.A.Listing and Maintenance Pty Limited, Australian company number 001 238651, by Dr.Judie Walton of the Document Examination Company, and were presented on 14 June this year. Dr.Walton is accepted in court proceedings as an expert in relation to the authenticity of documents and in particular whether documents have been forged or altered. After the examination of documents, Dr.Walton concluded without qualification, that on key G.A.Listing and Maintenance Pty Limited documents purporting to contain the signatures of two directors of that company, namely Sam Francipane and George Athanasakos, Athanasakos' signature was a forgery, while the signature of Francipane was genuine. The relevant point here is that the Francipane signature purported to witness the signature of Athanasakos which was a forgery.

One document, registered 16 November 1951, by a South Wales officer, bears the forged signature of a man who is described as being a bank manager. It is suggested that either the document was signed not in the course of his official duties or that it is an offence, or signed in front of the bank officer. The forged signature appears on documents prepared by the Document Examination Department. It is suggested that forgery, fraud and a criminal conspiracy have been committed. The forged signatures have drawn from pose questions that must be asked. It is suggested that the forged signatures paint a picture of graft and corruption that can only be explained by a criminal conspiracy.

Mr. Stevenson then went on to detail how he matters, investigated and dealt with his regulatory bodies and the NSW government. For more on this Bank see *Interest*. published a story on p.9 about the top manager of the Bank of Wales, Mr. John O'Neill, receiving a \$60,000 bonus and a \$74.6 million in 1993. Mr. O'Neill's pay record

The Bank's director's fees rose from \$775 in 1994 we were told by *The Sydney Morning Herald*.

"Sex and bankin

The lending activities of the Chinatown branch from 1988 and 1991 - when two branch managers were accused of lending irregularities, as well as alleged lending by the bank to customers who came under close scrutiny during a two-week period. The Court yesterday. Other allegations made concerned State Bank lending money through a \$2 million loan to a customer who was shown to be showing, adult videos and other "activities of a sexual nature". Allegations also concerned alleged forgery and unexplained sacking of staff. An action was mounted by a property developer against solicitor Mr. Salvatore Francipane.....Mr. Francipane, who at the time physically located at the Chinatown branch, which invites customers to "Come and see what we have to offer". From interests associated with Mr. Francipane, he was elected to the State Parliament as the boss of the 14K Triad. In the past two years, Mr. Biscoe (QC) has been the Chinatown branch loans officer Ms. Lillian Chan. On February 26, 1991, read to the court that the Chinatown branch had lent \$2 million to a customer of the Triads and that the bank should "treat him like a king".

This Bank was subsequently bought by Colonial Mutual Life for \$576.5m and was the subject of *Victims News*<sup>135</sup> for the following information:

135 Victims of the State Bank of NSW Association

ing money, why was a separate company bank? The answer to these questions is early 1991 which states in part:

nding to our customers as the security theatre, the "Eros Theatre", and a Peep t was considered at time of original be associated with financing a building just led the Liberal Party to power and ch places."

he property containing these businesses k loaned \$1.7 million through Fouron. I the activities of Halbear Pty Limited, tment company, included the operation lly occupied by the infamous Goulburn ey, this property being held as security loyees of the State Bank of New South to conduct dubious activities that they e Premier, Nick Greiner, and through ACT. This accounts for a loan of \$1.7 aned the other \$214 million, for what s secured? Company documents show number 003 443338, was established in 3. During this five year period up to o submit a single annual return to the the serious question: Was any action 1.7 million debt from a company that ng annual returns? Such action would their loan. After Australian Securities 993, Halbear Pty Limited submitted a 93). It was dissolved two weeks later. ers as Salvatore (Sam) Francipane and activities of Fouron Pty Limited, a Francipane, and the State Bank of New at the instructions of a company titled ralian company number 001 238651, ion Company, and were presented on t proceedings as an expert in relation cular whether documents have been ments, Dr. Walton concluded without aintenance Pty Limited documents cectors of that company, namely Sam os' signature was a forgery, while the ant point here is that the Francipane hanasakos which was a forgery.

One document, registered 16 November 1990 and signed by a State Bank of New South Wales officer, bears the forged signature of George Athanasakos. This means that either the document was signed not in the presence of that officer, which in itself is an offense, or signed in front of the bank officer which suggests a conspiracy. These documents prepared by the Document Examination Company thereby show that forgery, fraud and a criminal conspiracy have occurred. Individually, the documents I have drawn from pose questions that must be answered, but when linked together they paint a picture of graft and corruption that cannot and should not be tolerated."

Mr. Stevenson then went on to detail how his efforts to have these, and associated matters, investigated and dealt with have been ignored or fobbed off by regulatory bodies and the NSW government of (lawyer) Liberal Party John Fahey. For more on this Bank see *Interest*. On 16 January 1994 *The Sun-Herald* published a story on p.9 about the top dog in the State Bank of New South Wales, Mr. John O'Neill, receiving a \$60,000 pay rise when his management lost \$74.6 million in 1993. Mr. O'Neill's pay rose to and is now almost \$500,000 p.a.

The Bank's director's fees rose from \$775,000 to \$1.15 million. On 17 February 1994 we were told by *The Sydney Morning Herald* (pp.33 and 36) as follows:

#### "Sex and banking in Chinatown

The lending activities of the Chinatown branch of the State Bank of NSW between 1988 and 1991 - when two branch managers were removed from their positions over lending irregularities, as well as alleged lending links with the Chinese Mafia - will come under close scrutiny during a two-week action which started in the Supreme Court yesterday. Other allegations made before Mr. Justice Giles included the State Bank lending money through a \$2 intermediary to a company running peep shows, adult videos and other "activities of a sexual nature", alleged mortgage fraud, alleged forgery and unexplained sacking of staff. The allegations were made in an action mounted by a property developer, Mr. George Athos, against his former solicitor Mr. Salvatore Francipane.....Mr. Francipane and his secretary spent a lot of time physically located at the Chinatown branch and in 1988 bought the Eros Cinema, which invites customers to "Come and witness the ultimate experience in adult erotica" from interests associated with Mr. Frank Hing. Mr. Hing has been named in State Parliament as the boss of the 14K Triads and has raised his profile in Chinatown in the past two years, Mr. Biscoe (QC for Mr. Athos) told the court.....A senior Chinatown branch loans officer Ms. Lillian Yeo noted in an internal memo dated February 26, 1991, read to the court that the directors of Halbear were also members of the Triads and that the bank should "tread very carefully" in relation to Halbear."

This Bank was subsequently bought by Melbourne based insurance company Colonial Mutual Life for \$576.5m and we are indebted to the October 1994 issue of *Victims News*<sup>135</sup> for the following information:

<sup>135</sup> Victims of the State Bank of NSW Association, PO Box 230, Bondi Junction NSW 2026.

### "Collins<sup>136</sup> & Fahey<sup>137</sup> offload the Lemon for Peanuts

Mr.Fahey and Mr.Collins offload the lemon of a Bank for peanuts and in a fire sale with only one interested buyer. It has been reported that the State Bank has been sold for \$576.5 million. How was this determined, considering a State Bank 1994 Interim Report gave the net assets of \$697 million? When taking into account that the Bank has already set aside \$310 million to provide for bad loans and the new owners must meet the first \$60 million of bad loan losses one comes to the figure of \$206.5 million as the base price for the sale. Any bad loans over and above the \$370 million will be met 10% by CML and 90% by the NSW Government. A further \$200 million loan losses could reduce the real sale price to \$6.5 million. In real terms the State Bank is being given away for \$6.5 million.....this has serious implications for our economy.....For example, any penalty from past breaches of the *Credit Act*. Its liability will still be around \$15 billion after three years and will not expire for ten years."

The Fahey NSW Government was given a report on this Bank by Bankers Trust (keep their name in mind as you read on) in August 1993 and a final report in October the same year. We are still waiting to obtain a copy of that report.

## The Credit Acts

This may be the archilles heel of The Banks. The Acts vary from State to State but they do seem the way to bring the monsters to heel as you will see in the chapter on Doug Thorley where his first hand evidence caused the Nab & Grab to hand in their licence for Custom Credit Corporation rather than face a tribunal hearing and adjudication. At time of going to print the NAB is before the Victorian Credit Tribunal fighting against claims and fines totalling \$90 million. Westpac in early 1993 was ordered by two Credit Tribunals to pay a penalty of \$3.6 million because it had charged interest on personal loans when the loans failed to meet the requirements of the Credit Act. At time of writing ANZ was before the Queensland Credit Tribunal on 22 February 1994 to determine an alleged similar situation with their personal loans. The ACT Credit Tribunal has yet to hear cases relating to the NSW State Bank's series 1000, 2000 and 300 loans between 28 February 1985 and 31 May 1992 for breaches of ss.85 and 85 of the *Credit Act 1985*. How can it be that these major Banks have no clear understanding of the Credit Acts in the respective States and Territories which, if anything, favour the lender more now than at any time in the past, as you will see elsewhere herein? Is it possible, mayhap, that they don't care and don't expect to be caught out because they think they have the game all sewn up?

<sup>136</sup> A Lawyer (QC) and NSW Treasurer.  
<sup>137</sup> A lawyer and NSW Premier.

## "Foreign banks"

Four foreign banks were accused by India and "the biggest players" in last year's \$1.5 billion scandal. The all-party committee of MP's said the Australian-owned ANZ Grindlays, and Citibank - US - should have their licences suspended to single out foreign banks for punishment in the scandal.....evidence emerged in 1993 that billions of dollars had been siphoned out of the banking system into brokers, banks and private sector companies.

"Shares in the ANZ Banking Group Ltd and Reserve Bank of India reiterated threats against ANZ Grindlays Bank Plc for its role in the scandal. The ANZ Grindlays is contesting a direction from the Reserve Bank of India to cover up the ANZ Grindlays to stock broker Harshad Mehta."

At the end of July 1994 ANZ Grindlays' share of India for its role is what was covered involving \$US1.2 billion. The largest fine

## The NAB

It proves what liars they are when you then the independent MLA for Greater Sydney, Mr. Hoins, asked the Bank's Group Manager, Group Corporate Affairs, Mr. John P. O'Brien, on 10 June 1992 asking him to reply to this question in the Federal Court of Australia in *Pavlos v ANZ Grindlays Bank Plc* (1992) and which the Bank has never answered:

"Dear Mr.Collins, Thank you for your letter of 23 December 1993. Mr.Hoins has this day sent me the publication "Commercial Bank Management" 141 in which he states that the appropriate time after I have read the publication

<sup>138</sup> *The Australian*, 23 December 1993, p.5.

<sup>139</sup> *The Business Australian*, 23 December 1993, p.5.

<sup>140</sup> Must be chiefie groupie.....

<sup>141</sup> The small publisher who was producing the book "Commercial Bank Management" 141 in which he states that the Banks are all creating credit "out of thin air".

## the Lemon for Peanuts

a Bank for peanuts and in a fire sale reported that the State Bank has been sold considering a State Bank 1994 Interim Then taking into account that the Bank for bad loans and the new owners must comes to the figure of \$206.5 million over and above the \$370 million will be repaid. A further \$200 million loan million. In real terms the State Bank is has serious implications for our past breaches of the *Credit Act*. Its three years and will not expire for ten

port on this Bank by Bankers Trust August 1993 and a final report in obtain a copy of that report.

## Act

The Acts vary from State to State to heel as you will see in the evidence caused the Nab & Grab to corporation rather than face a tribunal to print the NAB is before the courts and fines totalling \$90 million. Credit Tribunals to pay a penalty of on personal loans when the loans Act. At time of writing ANZ was 2 February 1994 to determine an ans. The ACT Credit Tribunal has Bank's series 1000, 2000 and 300 1992 for breaches of ss.85 and 85 these major Banks have no clear five States and Territories which, if any time in the past, as you will see they don't care and don't expect to game all sewn up?

## "Foreign banks in Bombay scandal"

Four foreign banks were accused by Indian MP's yesterday of being "the originators" and "the biggest players" in last year's \$1.8 billion Bombay securities market scandal. The all-party committee of MP's said the banks - Standard Chartered of the UK, Australian-owned ANZ Grindlays, and Citibank and the Bank of America, both of the US - should have their licences suspended.....Standard Chartered said it was wrong to single out foreign banks for punishment when Indian banks were equally involved in the scandal.....evidence emerged in April 1992 that funds were being illegally siphoned out of the banking system into the stock market through the collusion of brokers, banks and private sector companies." <sup>138</sup>

"Shares in the ANZ Banking Group Ltd fell to a low of \$4.67 yesterday after the Reserve Bank of India reiterated threats of punishment action against a subsidiary, ANZ Grindlays Bank Plc for its role in the Indian banking scandal.....the committee was not able to say where all the money (\$1.8 billion) went.....Meanwhile, ANZ Grindlays is contesting a direction from the Reserve Bank of India to pay \$250 million to the National Housing of India to cover payments allegedly improperly credited by the ANZ Grindlays to stock broker Harshad Mehta." <sup>139</sup>

At the end of July 1994 ANZ Grindlays was fined A\$1.4m by the Reserve Bank of India for its role in what was called the country's worst share scandal, involving \$US1.2 billion. The largest fine was on US-based Citicorp, A\$22m.

## The Nab & Grab

It proves what liars they are when you consider the following: Denis Collins, then the independent MLA for Greatorex based in Alice Springs wrote to the Bank's Group Manager, Group Corporate Relations,<sup>140</sup> one Haydn E.Park on 2 June 1992 asking him to reply to this writer's *14 Questions* which were tabled in the Federal Court of Australia in *Pavloman v National Australia Bank* (SG2 of 1992) and which the Bank has never answered. This is what Park said in reply on 10 June 1992:

"Dear Mr.Collins, Thank you for your letter of June 2 and the views expressed. Mr.Hoins has this day sent me the publication "How To Screw Your Bank" and "Commercial Bank Management" <sup>141</sup> in order to answer his 14 questions. At the appropriate time after I have read the publications and done some further research my

<sup>138</sup> *The Australian*, 23 December 1993, p.5.

<sup>139</sup> *The Business Australian*, 23 December 1993, p.19.

<sup>140</sup> Must be chiefie groupie.....

<sup>141</sup> The small publisher who was producing the Bank managers' training books which proved that the Banks are all creating credit "out of thin air" has since folded his tent and disappeared.

intention is to respond to Mr.Hoins. Whilst I believe the questions are a bit academic and of theoretical interest only, they are of discussion interest in the main. Your interest in these matters had been noted."

They have never answered the *14 Questions*. This writer has been at him for over two years to do so. The *14 Questions* are not at all academic, and far from being of theoretical interest they go to the very heart of the banking system and deal with The Banks creating credit "out of thin air", i.e., at no cost to themselves.

They won't answer them because they dare not.

Mr.John Salmon worked for the NAB for 36 years as a Bank Manager and a Bank Consultant during which the last sixteen years were at managerial level and twenty-five years were in Queensland country branches outside of Brisbane. For the last seven years Mr.Salmon has been a Bank Consultant assisting Bank victims.<sup>142</sup> On 31 December 1986 he received an effusive personal commendation from none other than "Nobby" Clark the then Managing Director of the Bank.<sup>143</sup> Mr.Salmon is on affidavit and has given evidence to the so-called Bank Inquiry stating that the Bank, and to his personal knowledge the other three major Banks, destroyed "vital incriminating documents", fabricated evidence against clients, committed fraud, tax evasion and committed criminal acts. In letter dated 26 February 1991 to Mr.David Elder, secretary of the so-called parliamentary Bank Inquiry, Mr.Salmon made the following serious allegation:

"During one of these Performance Evaluations (for which he was responsible) that occurred in the p.m. of the day in question, the Manager International Operations informed me that in the a.m. of that same day he had supervised a transaction that involved the authorisation by the Bank's Administration instructing an overseas bank to pay a certain sum to the company. From the documents before him, he was able to glean that the amount in question represented interest paid on monies held by the National Australia Bank *while the funds were in Australia.....*The Manager International Operations made a passing comment at the time that he was aware of the illegality of the transaction however if there was a mutual and highly beneficial association, then that was what the bank was prepared to do. I should mention that this former Manager is a current employee of the bank and continues to enjoy managerial status."

In a letter to this writer dated 6 May 1994, Mr.Salmon said this:

"Following deregulation of the banking industry, the four majors embarked on a lending frenzy. National Australia Bank managers were told in November 1984

by the Chief State Manager for Queensland a  
and to go out and lend. Branch Manager  
increased by a much as 150% overnight. The  
highly susceptible and vulnerable to the banks  
primary industry, the man on the land. Not  
they were a section of the community that relied  
manager for advice. Many adopted the view  
exactly what Sachs LJ said in Lloyds Bank Ltd v

"It not infrequently occurs in provincial towns  
that a relationship is built of whose a  
Confidential trust is placed in them based on  
goodwill and knowledge."

In 1985/86 the bank's Base Rate was 20.25%  
additonal 10.5% making the actual rate of interest

By letter dated 4 April 1989 addressed to the  
Queensland, the then Executive Director  
Managing Director, Mr. Donald Robert A...  
in interest being charged by the Bank and  
the Base Rate was loaded from between the  
maximum of an additional 10.5%. The  
self-defence measures in that Bank to ensure  
and then concludes with these words:

"Should you have any query on the issue  
don't hesitate to contact me, as I see the  
issue being very sensitive and vital  
profits being generated within the bank."

In the Senate on 12 November 1990  
disclosed the typical but personally disastrous  
NAB. He completed his expose by stating:

"In both instances the bank has used its power  
financial interests against, and to the detriment  
its fraud, deceit and greed, the National  
wealthy customers to penury. To add insult to injury  
now attempting to force Mr.and Mrs.Some  
aware that they have no assets left, with the  
previously unblemished reputation and probity of the

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<sup>142</sup> 3 Lewana Street, Mansfield, Brisbane Q.4122 (07) 343 4743.

<sup>143</sup> Who battled valiantly against The Banks, and the  
Bank Inquiry, resigned from the Senate in 1990.

believe the questions are a bit academic discussion interest in the main. Your

This writer has been at him for over  
at all academic, and far from being  
part of the banking system and deal  
", i.e., at no cost to themselves.

6 years as a Bank Manager and a  
years were at managerial level and  
branches outside of Brisbane. For  
a Bank Consultant assisting Bank  
received an effusive personal  
Clark the then Managing Director  
and has given evidence to the so  
and to his personal knowledge the  
"criminating documents", fabricated  
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43 4743.  
the State Bank of South Australia.

by the Chief State Manager for Queensland at the time that funds were in abundance <sup>144</sup> and to go out and lend. Branch Managers' Delegated Lending Authorities were increased by as much as 150% overnight. That section of the community which was highly susceptible and vulnerable to the bank's lending frenzy were those involved in primary industry, the man on the land. Not only were they rich in property equity but they were a section of the community that relied heavily on the integrity of their bank manager for advice. Many adopted the view that his word was gospel and that is exactly what Sachs LJ said in *Lloyds Bank Ltd v Bundy* (1974) 3 WLR:

"It not infrequently occurs in provincial and country branches of great banks that a relationship is built of whose affairs they have an intimate knowledge. Confidential trust is placed in them because of a combination of status, goodwill and knowledge."

In 1985/86 the bank's Base Rate was 20.25% but the NAB was loading that with an additional 10.5% making the actual rate of interest 30.3%"

By letter dated 4 April 1989 addressed to Mr.R.C.Kidman, General Manager for Queensland, the then Executive Director (Banking) for the NAB and now Managing Director, Mr. Donald Robert Argus, gave the details of the variations in interest being charged by the Bank around Australia. That letter shows that the Base Rate was loaded from between a minimum of an extra 4.5% to the maximum of an additional 10.5%. The two page letter deals extensively with self-defence measures in that Bank to expected consumer protection legislation and then concludes with these words:

"Should you have any query on the implication of this initiative, please don't hesitate to contact me, as I see the management of this particular issue being very sensitive and vital in a climate of potential super profits being generated within the Banking Industry generally."

In the Senate on 12 November 1990 Democrat Senator Paul McLean <sup>145</sup> disclosed the typical but personally distressing saga of the Somersets and the NAB. He completed his expose by stating:

"In both instances the bank has used its privileged position of trust to protect its own financial interests against, and to the detriment of, the interests of its customers. By its fraud, deceit and greed, the National Australia Bank has reduced previously wealthy customers to penury. To add insult to injury the National Australia Bank is now attempting to force Mr. and Mrs. Somerset into bankruptcy. It is doing this, well aware that they have no assets left, with the sole intention of further discrediting their previously unblemished reputation and preventing further legal action against the

<sup>144</sup> From where? The source of unlimited funds was their own credit creation at no cost.

<sup>145</sup> Who battled valiantly against The Banks, and was thoroughly and wrongly rubbished by the Bank Inquiry, resigned from the Senate in disgust.

bank. This type of financial thuggery must be resisted by all fair minded Australians. I seek leave to table 33 documents in support of that case study." <sup>146</sup>

On 2 July 1993 Mr. Salmon swore an affidavit which states:

"On Tuesday 23rd February 1993 @ 10.00am I accompanied Edward Plantagenet Somerset and his wife Elsie Joy Somerset to an appointment Mrs. Somerset had arranged with Director of Public Prosecutions, R.N. Millar, Q.C. The purpose of the meeting was to discuss whether bank employees, both past and present of the National Australia Bank would be prosecuted as a result of allegations they, the Somersets, had made. The Somersets purchased two properties in Toowoomba in the latter part of 1984 known as "Gunnadoo" and "Glenhaven" and to finalise the purchase of these properties, the National Australia Bank approved three loans aggregating \$575,000.00 which were drawn down in March, 1985. The Somersets maintained that they were fraudulently duped in the negotiations to purchase by the representations made (by) certain National Australia Bank employees. The interview lasted approximately 80 minutes. Director R.N. Millar advised the Somersets that on the information available to him, no action would be instituted against any of those bank personnel involved. At the near end of the interview, I asked the Director did he consider bank employees to be immune to criminal prosecution as a result of their actions in banking matters. He responded to this question by saying, and I quote, "Where bank fraud is condoned by the bank's administration, it was impossible to prosecute bank employees unless the bank employee admitted his guilt in the particular transaction and pleaded guilty. They, the bank employees, were entitled in law to refuse to answer police questions."

In an internal NAB memo dated 2 April 1986 from himself to the Lending Controller, Northern and Rural Zone in Queensland, the Regional Manager, one R.J.P. Arkell wrote this:

"This matter (the Somersets) is becoming very messy and quite frankly will cost us a lot of money. I am firmly of the opinion that we must act as soon as possible and then pursue (sic) him to Bankruptcy and if Solicitors advise he or his legal advisors have breached the criminal code to continue litigation in the criminal courts. This action must be pursued (sic) on behalf of the industry, as these people are apparently making a mockery of the law." <sup>147</sup>

The Somersets were declared bankrupt on 14 November 1991.

In January 1991 the Bank submitted in evidence to the so-called Bank Inquiry in Canberra its beautifully printed story-line which is dealt with elsewhere herein where the Bank insisted that all it is doing is bringing together "savers" and borrowers in Australia and that it loans the savings of the former to the latter. It

<sup>146</sup> Senate Hansard, 12 November 1990, pp. 3950-3953.

<sup>147</sup> Apart from his functional illiteracy, note the incredible similarity to the editorial in *The USA Bankers' Magazine* 24 August 1924 quoted on p.29 of this book. Doesn't that make you wonder?

was, and is, an outrageous lie and blatant about which the politicians should run a August 1994 to the Senate Committee Scheme John Salmon stated that:

"Since 1987, I have realised that banks of generating profits. It is well to remember Foreign Currency loans were sold by the Commonwealth Bank to farmers who were easy targets. The farmers were banks. These loans were the biggest on the borrowing community of this country in their life's work and often resulted in

"The process of creation of money by banks is the "deposit of money by customers with more than they have" because of the money multiplier deposits".....Nowadays it is a mischievous because it wrongly suggests:-

- (a) that notes and coin are, but deposits are not
- (b) that banks merely borrow and lend
- (c) that deposits come into existence prior to notes and coin, and only secondarily

## The missing \$400 million

The National Australia Bank (NAB) overruled by the New Zealand High Court recently upheld its decision after a six month trial before Mr. Justice Hawkins who had been the Chief Executive. The heart of the matter is a contrived (fake) and the BNZ. The BNZ, which is reported to have picked up a cool \$400,000 for facilitating the mystery fee of \$65 million which has preferred to go to jail rather than disclose. Chairman Grant Adams apparently knew what he was doing and refused to say anything and is waiting to jail. John Elliot, then the CEO of the BNZ, was also found guilty of perjury and given a suspended sentence.

<sup>148</sup> *The Australian Trading Banks*, Professor G. H. M. Meek, 1986, pp. 11-12.

ted by all fair minded Australians. I  
case study." <sup>146</sup>

which states:

I accompanied Edward Plantagenet  
an appointment Mrs.Somerset had  
N.Millar, Q.C. The purpose of the  
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that make you wonder?

was, and is, an outrageous lie and blatant contempt of the Australian Parliament about which the politicians should run and hide their faces. In a letter dated 8 August 1994 to the Senate Committee Investigating the Rural Adjustment Scheme John Salmon stated that:

"Since 1987, I have realised that banks have no scruples in the course of generating profits. It is well to remember that approximately 3600 Foreign Currency loans were sold by banks - particularly Westpac and the Commonwealth Bank to farmers and small business people who were easy targets. The farmers were rich in equity and trusted their banks. These loans were the biggest financial scam ever perpetrated on the borrowing community of this country, costing many families their life's work and often resulted in suicide and family break-up."

"The process of creation of money by banks is still commonly described as involving the "deposit of money by customers with banks' which can then "lend out more money than they have" because of the money lent out "comes back to them as deposits".....Nowadays it is a mischievously misleading description. It is misleading because it wrongly suggests:-

- (a) that notes and coin are, but deposits are not, money
- (b) that banks merely borrow and lend money created by someone else
- (c) that deposits come into existence primarily through bank customers paying in notes and coin, and only secondarily through bank lending...." <sup>148</sup>

## The missing \$65 million fee

The National Australia Bank (NAB) owns the Bank of New Zealand (BNZ). The New Zealand High Court recently upheld the conviction and jailing for six years, after a six month trial before Mr.Justice Tompkins, of former high flyer Allan Hawkins who had been the Chief Executive Officer of Equiticorp Limited. At the heart of the matter is a contrived (fake) foreign exchange deal involving Elders and the BNZ. The BNZ, which is reported to have done this sort of thing before, picked up a cool \$400,000 for facilitating the fiddle. The fiddle amounted to a mystery fee of \$65 million which has gone missing and about which Hawkins preferred to go to jail rather than disclose details thereof. His former Deputy Chairman Grant Adams apparently knows the details of the huge fee but has refused to say anything and is waiting to see if the High Court will also send him to jail. John Elliot, then the CEO of Elders, slips into prominence yet again

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<sup>148</sup> *The Australian Trading Banks*, Professors H.W.Arndt and C.P.Harris, *The Creation of Money*.

because then NCSC<sup>149</sup> Chairman Henry Bosch "was convinced that Hawkins did a deal with Elliott to tip the balance Elder's way" (referring to the takeover attempt on BHP, Australia's biggest company, by Elders) and the fact that the mystery fee passed through Elder's accounts en route to whomever finally received it. It appears that Mr. Elliott knows about the \$65 million fee but won't talk. On Friday 24 December 1993, Mr. Elliott and two former senior executives of Elders IXL Ltd were charged by the National Crime Authority with the theft and conspiracy over two allegedly sham foreign exchange deals in 1988 involving \$66.5 million. It was alleged by Mr. Brian Walters for the NCA in Court that, among other details, the Bank of New Zealand took a fee of \$375,038 for arranging the fake transactions. Mr. Elliot was granted bail of \$250,000; the magistrate imposed a condition that Mr. Elliott provide the NCA of any travel details seven days before departure and adjourned the matter until 14 April 1994.

On 20 June 1994 Mr.Ken Jarrett, one of Mr.Elliott's long-term lieutenants, having turned Crown witness for the NCA against Mr.Elliott, pleaded guilty of the lesser charge of dishonesty and was later, apparently to his considerable shock since he thought the Director of Public Prosecutions had agreed that he wouldn't be jailed (the judge didn't agree), jailed for eighteen months. The pot boils.....

The NAB had the following adverse assessment handed down by the NSW ICAC:

"The National Australia Bank has received confidential government information and used it for the purpose of pursuing debtors over many years. At first the information was obtained through direct contact between employees of the Bank and officers of the departments and agencies concerned. That was on an exchange basis.<sup>150</sup> From some time in 1987 until May 1989, the Bank purchased the information from All Cities Investigations. After the prosecution of Mr. Hancock of All Cities for alleged offences under Commonwealth legislation arising from his handling of social security information (see Chapter 33), the Bank reverted to its earlier procedure, obtaining the information through direct contact between its employees and officers of the relevant departments and agencies.

Those periods of handling confidential government information were described in the evidence of two skip tracers employed by the Bank, Pamela Chapman and Agnes (Nessie) Barrett.

31.6

## FINDINGS

I record the following principal findings this chapter:

89. For a period of approximately two years Australia Bank, through its duly authorized agents, obtained government information from All Cities Insurance Co.

90. The purchase of confidential government information by Collections Officers from Mr. Skelton and several of the other officers obtained by All Cities Investigations Pty Ltd from public officials, and had been released without charge.

91. Both before 1987 and after 1989, the knowledge and approval of Mr.S. Australia Bank, confidential government information was disclosed without authority by officers serving in agencies. That information was released under arrangement, under which confidential information Australia Bank was disclosed.

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CORRUPTION

On the basis of the findings of fact recorded in this chapter, I am satisfied that each of Skelton, Pamela Joy Chapman, Agnes E. in conduct liable to allow, encourage or

The NAB in January 1991 made a submission to the House of Representatives Standing Committee on Economics (the so-called Bank Inquiry) and on 12 March 1991, in its report **Needs of Savers and Borrowers** it said:  
"savers" with borrowers *but that is not what savers expect*.  
Banks create credit "out of thin air" and lend it to customers who are criminally misappropriated.  
invested with the Banks by "savers" who are not paid back.

The overwhelming evidence for that dated 2 January 1993 to the Chief Ju in *The judges*

<sup>149</sup> National Companies and Securities Commission.

<sup>150</sup> So much for your loving trusting Bank manager to whom you poured out your little heart.

151 Report on Unauthorised Release of Gas

### 31.6

### FINDINGS OF FACT

I record the following principal findings of fact arising from the matters dealt with in this chapter:

89. For a period of approximately two years from 1987 to 1989, the National Australia Bank, through its duly authorised officers, purchased confidential government information from All Cities Investigations Pty.Ltd.

90. The purchase of confidential government information by the National Australia Bank was authorised by Collections Manager Colin Douglas Skelton, with the knowledge of New South Wales Card Services Manager Brian Pickering, and was carried out by Collections Officers Pamela Joy Chapman and Agnes Elizabeth Barrett. Mr.Skelton and several of the other officers knew that the information had been obtained by All Cities Investigations Pty.Ltd. unofficially through contacts who were public officials, and had been released without authority.

91. Both before 1987 and after 1989, each of Mrs.Chapman and Mrs.Barrett, with the knowledge and approval of Mr.Skelton, obtained on behalf of the National Australia Bank, confidential government information which was released to them without authority by officers serving in a number of government departments and agencies. That information was released as part of an information exchange arrangement, under which confidential information relating to clients of the National Australia Bank was disclosed.

### 31.7

### CORRUPT CONDUCT

On the basis of the findings of fact recorded above, and for the reasons set forth in this chapter, I am satisfied that each of National Australia Bank, Colin Douglas Skelton, Pamela Joy Chapman, Agnes Elizabeth Barrett and Brian Pickering, engaged in conduct liable to allow, encourage or cause the occurrence of corrupt conduct." <sup>151</sup>

The NAB in January 1991 made a superbly illustrated submission to The House of Representatives Standing Committee on Finance and Public Administration (the so-called Bank Inquiry) and on p.2.1 under the heading of **Meeting the Needs of Savers and Borrowers** it states baldly that all the Banks do is match "savers" with borrowers *but that is a bald-faced and quite deliberate lie*. The Banks create credit "out of thin air" and it is *that* which they loan to unsuspecting customers who are criminally misled into believing that the loan is money invested with the Banks by "savers" when it is nothing of the sort.

The overwhelming evidence for that statement is contained in this writer's letter dated 2 January 1993 to the Chief Justice of the High Court which is reproduced in *The judges*

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<sup>151</sup> Report on Unauthorised Release of Government Information, vol. II, pp.498-506, ICAC.

ICAC had this to say about Custom Credit Corporation:

"For many years it has been a regular practice for Custom Credit Corporation Limited to purchase from commercial agents information improperly obtained from government departments and agencies. In November 1990, search-warrants were executed at the premises of a number of the company's principal suppliers of that information, and at the Parramatta offices of the company itself. Documents then recovered, and evidence subsequently given by several Custom Credit officers, showed not only the nature and extent of the practice, but also that it was known at managerial level, and that the impropriety and illegality involved were fully appreciated.

### 38.8

### FINDINGS OF FACT

I record the following principal findings of fact arising from the matters dealt with in this chapter:

110. For a period of not less than eighteen years to late 1990, Custom Credit Corporation Limited, through duly authorised officers, purchased confidential government information from a number of private inquiry and commercial agents.

111. The purchase of confidential government information by Custom Credit Corporation Limited, was authorised by Collections Managers Tadeusz Barnes and Barry Stephen Doyle, and several supervisors, and carried out by those managers and supervisors, several other managers, and numerous collections officers working under them and their predecessors. Mr.Barnes, Mr.Doyle and several of the other officers concerned, knew that the information had been corruptly obtained.

### 38.9

### CORRUPT CONDUCT

On the basis of the findings of the fact recorded above, and for the reasons set forth in this chapter, I am satisfied that each of Custom Credit Corporation Limited, Tadeusz Barnes, Barry Stephen Doyle, Darren Eric Hooper, Colleen Ann Ryan, Andrew Lorrigan, Matthew Scott Bromley, Robert William Gray, Stephen Stead, Deborah Lee Clow, Julie Anne Harrison, Mae Ann Scheather, Jennifer Louise Wong, Sharon Lee Griffiths, Narelle May Janel Brown, Paul Simon Bamforth, Andrew Brian Tierney and Kathleen Rose Cartwright, engaged in conduct liable to allow, encourage or cause corrupt conduct." <sup>152</sup>

You need to keep the above in mind when you read the fascinating saga of Doug Thorley and Custom Credit Corporation (in liquidation) and the NAB and the \$2m West Australian police car gift from that Bank to the very police responsible for investigating that Bank and its finance company.

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<sup>152</sup> Report on Unauthorised Release of Government Information, ICAC, vol.II, pp.665-666, August 1992.

## The Hong Kong and God's banker

In 1981 Australian entrepreneur Alan Bond had a successful business deal in Hong Kong so he talked Michael Bato, then Managing Director of the Australian arm of the Bank into a deal to buy a 50% share in a local Swan brewery. Bato subsequently got control of the loan. Bond got Bato's boss, Eddie Sandberg, to sack Bato. The Bank of Australia was then bankrupted, with this Bank leading the way. "It's not my fault, I did quite well, thank you. Sandberg resigned and moved onto various boards. Bato then joined Michael J.Bato and Associates. Later he became a police....living in Spain and East Germany. In 1993 on arrival at London Airport on a flight from Australia he was arrested for transferring \$26.4 million from Carrian and A\$2.4 million from another bank. He was called Eda. The foregoing is but the tip of the iceberg."

## God's banker

In 1981 Roberto Calvi, President of the Bank of Italy was publicly named as a member of the secret committee of the Society of Jesus and was given a four year suspended sentence for secretly transferring \$26.4 million to Switzerland. In 1982 he committed suicide in the Italian Court he was confirmed as Chairman of the Bank of Italy. He was known as "God's banker" because of his close working relationship with the Opere di Religione (IOR), otherwise known as the Jesuit Order. American Archbishop Paul Marcinkus was Calvi's right-hand man at the Vatican ever since the Bank of Italy agreed to give him \$1 billion to explain loans of \$1,400m between IOR and the Bank of Italy. In April 1982 an American police officer, Deputy Chairman. On 15 June 1982 Calvi was found hanging from a bridge in the River Tiber. The official verdict was suicide but that was not the end of the story.

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<sup>153</sup> The Carrian Group in HK, which featured prominent members of the Calvi family, an auditor from the Malaysia Bramaputra and a former member of the New Territories shortly after arriving in Hong Kong. The auditor (from a very well known accountancy firm) was found dead in a luxury apartment's swimming pool with a 56 point stab wound.

Corporation:

for Custom Credit Corporation Limited information improperly obtained from November 1990, search-warrants were issued by the company's principal suppliers of that time. Documents then prepared by several Custom Credit officers, in practice, but also that it was known at that the illegalities involved were fully

#### FACT

arising from the matters dealt with in

in years to late 1990, Custom Credit had officers, purchased confidential trade inquiry and commercial agents.

ent information by Custom Credit collections Managers Tadeusz Barnes and was carried out by those managers and various collections officers working under Boyle and several of the other officers corruptly obtained.

#### DUCT

above, and for the reasons set forth in Credit Corporation Limited, Tadeusz Cooper, Colleen Ann Ryan, Andrew Gray, Stephen Stead, Deborah Lee, Jennifer Louise Wong, Sharon Lee Bamforth, Andrew Brian Tierney and liable to allow, encourage or cause

I read the fascinating saga of Doug (liquidation) and the NAB and the Bank to the very police responsible company.

Information, ICAC, vol.II, pp.665-666,

## The Hong Kong and Shanghai Bank

In 1981 Australian entrepreneur Alan Bond was strapped for money for his latest foray so he talked Michael Bato, then Managing Director of Wardley Australia (the Australian arm of the Bank) into a \$A135 million loan for the take-over of Swan brewery. Bato subsequently got cold about Bond and moved for repayment of the loan. Bond got Bato's boss, Ewan Launder and the CEO of the Bank, Michael Sandberg, to sack Bato. The Bank then became a prime lender for Bond. In the subsequent crash of the HK property market,<sup>153</sup> Bond has been bankrupted, with this Bank leading the charge, although he seems to be living quite well, thank you. Sandberg resigned from the Bank, was given a knighthood and moved onto various boards. Bato runs his own little investment Bank, Michael J.Bato and Associates. Launder fled the colony to avoid the police....living in Spain and East Germany before being arrested in September, 1993 on arrival at London Airport on charges that he accepted bribes of A\$6.6 million from Carrian and A\$2.4 million from another collapsed HK company called Eda. The foregoing is but the tip of the iceberg.

## God's Bank

In 1981 Roberto Calvi, President of the Italian Bank Banco Ambrosiano was publicly named as a member of the secret Masonic lodge Propaganda Due (P2) and was given a four year suspended sentence and fined \$15m for illegally transferring \$26.4 million to Switzerland. A week after his conviction in an Italian Court he was confirmed as Chairman of the Bank. Calvi was known as "God's banker" because of his close working relationship with the Instituto per le Opere di Religione (IOR), otherwise known as the Vatican Bank, headed by American Archbishop Paul Marcinkus who has remained cloistered inside the Vatican ever since the Bank of Italy attempted to get the American prelate to explain loans of \$1,400m between IOR and Calvi's Bank to Vatican owned companies in Panama. In April 1982 an attempt was made on the life of Calvi's Deputy Chairman. On 15 June 1982 Calvi arrived in London. On 17 June 1982 the Bank of Italy seized control of Calvi's Bank. Calvi's fellow directors resigned and Calvi's private secretary who had kept the books for the secret Masonic lodge P2 was thrown or jumped out of the Bank's fourth floor window. On 18 June 1982 Calvi's body was found hanging under Blackfriar's Bridge in London. The official verdict was suicide but that was clearly nonsense on the facts.

<sup>153</sup> The Carrian Group in HK, which featured prominently in the crash, would justify a book in itself; an auditor from the Malaysia Bramaputra Bank was found strangled with his own tie in the New Territories shortly after arriving in HK to audit the company's books and the firm's auditor (from a very well known accountancy firm) committed suicide by jumping into his luxury apartment's swimming pool with a 56 pound concrete manhole cover as a collar.

## The Franklin S&L scandal

In the USA there have been innumerable cases of Bank fraud and criminality quite separate from BCCI. The sickest example is that published by former Nebraska State Senator John DeCamp, a highly decorated Vietnam veteran and lawyer, who organised Operation Baby Lift which evacuated 2,000 orphaned Vietnamese children. The story relates to the shutting down of Omaha <sup>154</sup> Nebraska's Franklin Community Federal Credit Union which was raided by federal agencies in November 1988, sending shock waves all the way to Washington DC....it was found that \$40 million was missing. The manager was one Lawrence E. "Larry" King, jnr. a Republican party activist of considerable influence. The depraved sex scandal details are too horrific to repeat here; suffice to say that they involve inhuman homosexual activity forced on young boys by King and his political and financial cronies. Some of the boys were represented by DeCamp who provides the lurid evidence if you wish to read it; it's not pleasant. The fantastic collapse of the Savings and Loans organisations in the USA <sup>155</sup> for which the American taxpayer is now going to pay dearly is now a matter of record. It is suggested by DeCamp that the S&L's were used by the CIA for slush funding and private gain.

"But the CIA <sup>156</sup> would not always return the money. In 1990 a US congressional committee was forced to investigate allegations that the CIA's financial machinations had been a factor in the collapse of several S&L's. In an explosive series of articles in the *Houston Post*, investigative reporter Pete Brewton wrote that during "an eight month investigation into the role of fraud in the nation's savings and loan crisis, the Post has found evidence suggesting a possible link between the Central Intelligence Agency and organised crime in the failure of at least 22 thrifts, including 16 in Texas."<sup>157</sup>

De Camp also wrote that Lt/Colonel Oliver North <sup>158</sup> attended at least two of King's parties where young boys were present and that were direct links between North's secret operations and King; also provided is evidence that George Bush attended King's parties.

"In February 1989, Hill and Knowlton's Charles Perkins rushed to New York, for a fraction of the firm's usual fee, to help with public relations for Covenant <sup>159</sup> House. The youth organisation's director, Father Bruce Ritter, was alleged to have molested youth who took refuge with him. Lauded by the Reagan and Bush Administrations as a showcase for the privatization of social services, Covenant House had expanded into

<sup>154</sup> The location of Strategic Air Command HQ.

<sup>155</sup> In Australia, a cross between a credit union and a building society.

<sup>156</sup> George Bush was Director of the CIA before becoming the US President.

<sup>157</sup> *The Franklin Cover-Up*, John De Camp, ISBN 0-9632158-0-9, pp.172-173.

<sup>158</sup> Who turned lying and illegal acts into a national virtue and made a PR career out of it.

<sup>159</sup> The word literally means an agreement between man and God.

Guatemala as a gateway to South America, the purpose was procurement of sources, the purpose was procurement of in a paedophilia ring.<sup>160</sup> The flagship operation was launched by a former business partner of Roberto Alejos Arzu, who had ties to the CIA. In 1990. The *Voice* quoted Jean-Marie Le Pen: "It's like having Idi Amin in your kitchen".

In an article on p.20 of *The Australian* in 1990, readers of the paper were regaled with the story about the collapse of the largest Bank, Banco Espanol de Crédito. The reason given was because, it is said, there was a shortfalls in the bank's reserves. The dismissed director was also a Deputy Chairman of the bank. He had invested \$US18m and in return made a fortune. What happened to the pension funds, to the Spanish Bank? Was it a case of CIA financing? Not according to US congressional House Standing Committee on Banking, Housing and Urban Affairs, Senator McLean in the Senate on 14 August 1990: "The CIA and other Banks were involved in scams with the Central Intelligence Agency and development programmes."

## The money (con't)

All the major Banks play this little game. The game is to make a profit. The mind that overlaying this incredible situation is that the Central Intelligence Agency has added a new and perhaps important dimension to the world's financial markets. It is that derivatives market which we have to consider. Carefully consider what happened to the Japanese Yen. Money Masters, Banks, Power and Politics, a book recently commissioned by the Finance Sector.

"So concerned did the Reserve Bank become that it established a task force of (Banks') foreign exchange dealers that were to be responsible for dealing with dealers against fraudulent activities. The task force was disbanded in 1990."

<sup>160</sup> Senior NSW police have recently admitted to being members of secret paedophilia rings in Sydney involving several prominent persons. There are two such rings in Macquarie Street, Sydney.

<sup>161</sup> *The Franklin Cover-Up*, p.180.

<sup>162</sup> Who placed before the US Congress a resolution to impeach George Bush for treason against the United States. The resolution was studiously ignored; the same grounds apply to the Australian Government and the Chief Justice of the High Court, Sir William Hordern.

<sup>163</sup> William Heinemann Australia, 1988, ISBN 0-7336-0001-8.

## &L scandal

ases of Bank fraud and criminality ample is that published by former ghty decorated Vietnam veteran and t which evacuated 2,000 orphaned the shutting down of Omaha <sup>154</sup> credit Union which was raided by ling shock waves all the way to ion was missing. The manager was olitian party activist of considerable re too horrific to repeat here; suffice l activity forced on young boys by Some of the boys were represented ce if you wish to read it; it's not ngs and Loans organisations in the now going to pay dearly is now a p that the S&L's were used by the

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building society. mming the US President. 632158-0-9, pp.172-173. rtue and made a PR career out of it. an and God.

Guatemala as a gateway to South America. According to intelligence community sources, the purpose was procurement of children from South America for exploitation in a paedophilia ring. <sup>160</sup> The flagship of Guatemalan mission of Covenant House was launched by a former business partner of Nicaraguan dictator Anastasio Somoza, Roberto Alejos Arzu, who had ties to the CIA, according to *Village Voice* of Feb.20, 1990. The *Voice* quoted Jean-Marie Simon, author of *Guatemala:Eternal Spring, Eternal Tyranny*: "It's like having Idi Amin on the board of Amnesty International." <sup>161</sup>

In an article on p.20 of *The Australian Financial Review* on 4 January 1994 we were regaled with the story about the dismissal of the top guys at Spain's third largest Bank, Banco Espanol de Credito. The Spanish central bank stepped in because, it is said, there was a shortfall in the Bank's capital of \$5.3 billion. One dismissed director was also a Deputy Chairman of J.P.Morgan & Co. which had invested \$US18m and in return made \$US50m in fees. The fallout will continue for quite a while as Morgans had introduced many large corporations, and pension funds, to the Spanish Bank. And is it any better in Australia or the USA? Not according to US congressman Henry Gonzales, Chairman of the House Standing Committee on Banking <sup>162</sup> who was quoted by Senator Paul McLean in the Senate on 14 August 1991 as saying that the major Australian Banks were involved in scams with the BCCI and Saddam Hussein's weapons development programmes.

## The money (currency) market

All the major Banks play *this* little game. As you read this small section, keep in mind that overlaying this incredible story is the now rampant derivatives market which has added a new and perhaps fatal twist to what you are about to read. It is that derivatives market which will be the trigger to cause the impending collapse. Carefully consider what Dr.Ian Reinecke discloses in his book *The Money Masters, Banks, Power and Economic Control* <sup>163</sup> which was commissioned by the Finance Sector Union (FSU):

"So concerned did the Reserve Bank become at some of the practices adopted by the (Banks') foreign exchange dealers that it formally warned the market's eighty-seven dealers against fraudulent activities. The three activities the bank nominated to head its

<sup>160</sup> Senior NSW police have recently admitted that police have been protecting paedophilia rings in Sydney involving several prominent and wealthy men; there is persistent rumour that there are two such rings in Macquarie Street, Sydney with one involving lawyers and judges.

<sup>161</sup> *The Franklin Cover-Up*, p.180.

<sup>162</sup> Who placed before the US Congress five notices of impeachment against US President George Bush for treason against the US Constitution and which sit there today being studiously ignored; the same grounds apply against Australian Prime Minister Paul Keating and the Chief Justice of the High Court, Sir Anthony Mason.

<sup>163</sup> William Heinemann Australia, 1988, ISBN 0 85561 238 X.

hit list had descriptions that conveyed their fraudulent nature. The first was referred to as the golden circle. It involved a group of dealers, by arrangement engaging in the practice of selling currency back and forth between them. In a game which none of the closed circle of participants could lose, the dealers profited by pocketing the difference.<sup>164</sup> The second was insider trading, the practice of putting to use insider tips that large corporate orders to buy and sell were about to be placed. This allowed those in the know to predict the resulting fluctuation of currency prices and to place their orders accordingly. The third practice was called screen pricing, and it involved talking currencies up and down on the basis of unsubstantiated rumours. The effect of this information was to influence the spread - the upper and lower limits - between buying and selling prices as shown on the screens."<sup>165</sup>

The sheer magnitude of this daily wheeling and dealing by the Banks is staggering. In 1984 London was trading a *daily* average of \$US49 billion, a figure which by 1986 had risen to \$US90 billion.<sup>166</sup> In the same period, New York's currency dealing rose from \$US8 billion to \$US50 billion, Tokyo's from \$US8 billion to \$US50 billion and Australia and other minor centres from \$US4 billion to \$US10 billion of which the Australian component is estimated to be \$US3 billion *daily*. You have already seen that in Australia we have less than A\$17.5 billion in currency *for all purposes* in the whole of the land, and you now know (from the evidence above) that The Banks have previously traded in *non-existent* currency, i.e., they or their employees have merely pretended that they had currency and then obtained profits on *non-existent* funds. Your own common sense tells you that such a situation can't go on forever. At time of writing it was reported that Kerry Packer, Australia's richest man, was closing down his currency trading operation. Why would he do that if it was such a good thing? Does he know something we don't (yet) know? On pp.73-74 of Reinecke's book is evidence that according to the Bank of England, only 9% of all foreign currency dealings (world-wide) relates to direct trading between customers. 91% of the speculative wheeling and dealing is done by The Banks.

Senator John Coulter recently stated that \$1 trillion is moved around the world daily by speculators, who, as we have seen, are mainly The Banks. Australian currency is the third most traded yet how can that be since there is less than \$17.5 billion in Australian currency *for all purposes*. What are they trading so frenetically? They are trading "make-believe money", i.e., "on-screen" funds which actually don't exist. At least with the board-game Monopoly one can hold the paper money in one's hands, even if it is worthless outside the game itself.

<sup>164</sup> This tells you that a lot of currency trading takes place when there isn't any currency in existence, i.e., it is nothing more than a computer keyboard entry - what does *that* mean to you?

<sup>165</sup> *The Money Masters*, pp.82-86.

<sup>166</sup> These figures give some support to the contention of Dr.John Coleman and Lyndon LaRouche that London is the heart(less) control centre of the world-wide ruling junta.

## The American War

The American colonists revolted because colonists' currency, thereby forcing the colonists to the London Banks. It is *not* true that "the colonies had no representation". The British Board of Trade prohibited the use of colonial currency in New England in pre-Revolutionary America. The 1764 prohibition by George III extended to all the colonies. The English then enforced an order that no American could trade with anyone but the English. Americans to pay for all their trade in ships to the Bank of England<sup>167</sup> for credit. The details of this policy are best described by Canadian Professor William F.Hixson's book on the period<sup>168</sup>.

"The fiscal crisis caused by King William III forced the American colonies to adopt alternative forms of money. King William in 1694 chartered the Bank of England, which was empowered to create paper money to lend it to the colonies. The colonies resisted the new system of money creation in the colonial legislatures. As Hixson sees it the wrong solution and England the right one. The issues of recent centuries were caused and aggravated by a "preposterous" policy of governments handing over the creation of money to private entities which have neither the will nor the knowledge to manage a sound system. Hixson's chapters on the financing of the American Revolution are particularly fascinating. He quotes Sir Robert Walpole, a practitioner of the art of government (King George II), as saying that Parliament's denial to the colonies of their right to print money was the cause of the revolution, and that the issues of the Continental and state money of the later years of the revolution were brought in by the British. Hixson claims that the American Revolution cost the Americans \$250 million, \$160 million paid off by Britain to suppress the rebellion cost her some \$50 million. Since Britain financed the war almost entirely from the colonies, she reduced her national debt below what it was before the war by paying the heirs of the British bondholders."

<sup>167</sup> London private bankers and nothing wha

<sup>168</sup> *Economic Reform*, Newsletter of the Canadian Institute for Economic Research, October 1993, p.8, Ontario, Canada.

<sup>169</sup> *Triumph of the Bankers: Money and Power in the Modern World*, Praeger, Westport, Connecticut and London.

## The American War of Independence

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ing and dealing by the Banks is daily average of \$US49 billion, a billion.<sup>166</sup> In the same period, New ion to \$US50 billion, Tokyo's from and other minor centres from \$US4 alian component is estimated to be that in Australia we have less than the whole of the land, and you now banks have previously traded in non- es have merely pretended that they non-existent funds. Your own on can't go on forever. At time of Australia's richest man, was closing could he do that if it was such a good t (yet) know? On pp.73-74 of the Bank of England, only 9% of relates to direct trading between and dealing is done by The Banks.

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ion of Dr.John Coleman and Lyndon of the world-wide ruling junta.

The American colonists revolted because the London Banks killed off the colonists' currency, thereby forcing the colonies to borrow from and be indebted to the London Banks. It is *not* true that they revolted over "no taxation without representation". The British Board of Trade Bill in March 1751 restrained the colonial currency in New England in preference to that of the English Banks, and the 1764 prohibition by George III extended the restraint to all the American colonies. The English then enforced an embargo which stopped the Americans from trading with anyone but the English and followed that by forcing the Americans to pay for all their trade in specie (gold or silver) or do deals with the Bank of England <sup>167</sup> for credit. The definitive facts about this period of history are best described by Canadian Professor John Hotson <sup>168</sup> who in reviewing William F.Hixson's book on the period <sup>169</sup> wrote:

"The fiscal crisis caused by King William's war with France caused England and its American colonies to adopt alternative solutions to the growing shortage of coin money. King William in 1694 chartered the Bank of England as a private bank empowered to create paper money to lend to him and his subjects. The Americans vested money creation in the colonial legislatures which could spend, lend, or transfer it into circulation. As Hixson sees it the historians who think the colonies had the wrong solution and England the right one are dead wrong. The recurring depressions of recent centuries were caused and/or aggravated and prolonged by the "preposterous" policy of governments handing over their powers of money creation to private entities which have neither the will nor the means to provide a stable monetary system. Hixson's chapters on the financing of the American Revolution and Civil War are particularly fascinating. He quotes Benjamin Franklin, then the world's leading practitioner of the art of government (Pennsylvania) money creation, to show that Parliament's denial to the colonies of their right to create their own monies was among the causes of the revolution, and that the revolution could only be financed by large issues of the Continentals and state monies. He demonstrates that the hyper inflation of the later years of the revolution was caused by shiploads of counterfeit notes brought in by the British. Hixson calculates the Revolutionary War cost the Americans \$250 million, \$160 million plus \$90 million in interest on a debt of \$57 million, all of which was paid off by the 1830's. In contrast, Britain's attempt to suppress the rebellion cost her some \$500 million between 1775 and 1783. However, since Britain financed the war almost entirely with borrowed money, and never reduced her national debt below what it was in 1783, the British taxpayer is still paying the heirs of the British bondholders for financing that lost war!"

<sup>167</sup> London private bankers and nothing whatever to do with the British government.

<sup>168</sup> *Economic Reform*, Newsletter of the Committee on Monetary and Economic Reform, October 1993, p.8, Ontario, Canada.

<sup>169</sup> *Triumph of the Bankers: Money and Banking in the Eighteenth and Nineteenth Centuries*, Praeger, Westport, Connecticut and London, 1993.

If the rate of interest paid averaged only 4% taxpayers have paid bondholders \$4 billion in interest over the past 200 years and still owe the original debt."

"While visiting England, Benjamin Franklin was asked how he accounted for the prosperous condition of the Colonies. His reply was, "This is simple. It is only because in the Colonies we issue our own money. It is called "Colonial Script" - and we issue it in the proper proportion to the demands of trade and industry." Soon that information was brought to the Rothschild's Bank which coerced the English Parliament to pass a Bill providing that no Colony could issue its own money. Franklin said, "Within one year from that date the streets of the Colonies were filled with the unemployed." Franklin later said that this was the original cause of the Revolutionary War. In his own language, "The Colonies would gladly have borne the little tax on tea and other matters had it not been that England took away from the Colonies their money, which created unemployment and dissatisfaction."<sup>170</sup>

On 23 August 1775 George III issued his Proclamation of Rebellion<sup>171</sup> and on 4 July 1776 the Declaration of Independence was signed and promulgated. The signers of that famous Declaration are worth remembering.....of the 56 signatories,<sup>172</sup> five were captured by the British and tortured before they died. Twelve had their homes ransacked and burned. Two lost their sons in the army, and another had two sons captured. Nine of the 56 fought and died from wounds and/or hardship during the war. Carter Braxton, a wealthy planter and trader from Virginia, lost all his ships to the Royal Navy; he sold his home to pay his debts and died in poverty. Thomas McKean was forced to constantly move his family because he was hounded by the British, who took all his possessions; he served in the Congress without pay and ended in poverty. John Hart was driven from his dying wife's bedside, their 13 children fleeing for their lives; he lived in caves and forests for a year, returning to find his wife dead and his children missing....he died in poverty a few weeks later. Thomas Nelson jnr. had his home destroyed and died bankrupt. Similar fates were suffered by Livingstone and Morris. Benjamin Franklin died on 17 April 1790 aged 84. Both Thomas Jefferson and John Adams became Presidents of the United States and both died in their beds 50 years later to the day. Twenty-four of the signers were lawyers,<sup>173</sup> eleven were merchants and nine were farmers.

And all that effort, sacrifice and human cost has been thrown away by other lawyers and greedy men and women to the ruination not only of the once great USA but of Australia and every Western country. The *real* British bondholders and their present day descendants may well have had their revenge on the American colonies.

170 *Lightning Over The Treasury*, J.R. Elson.

<sup>171</sup> This much maligned man often stated that his ministers were thieves, liars and money grubbers.

<sup>172</sup> You will read something interesting about them in *The theocratic approach*.

<sup>173</sup> You would be flat out finding 24 such lawyers in the USA or Australia today.

Thomas Jefferson later said:

"I believe that banking institutions are more powerful than armies. Already they have raised up a monetary system at defiance. The issuing power (of money) has been restored to the people to whom it belongs. Let the banks to control the issue of currency, first and corporations that will grow up around them until their children will wake up homeless. I hope we shall crush in its birth the aristocracy which already dare to challenge our Government and the laws of our country" 175

And that is precisely what we are seeing going to get worse. Jefferson also said:

"The eyes of our citizens are not sufficient to discern all the evils which, if it could do good in any form is utterly incompatible with the public safety. Banking establishments are more dangerous than the principle of spending money to be paid by swindling futurity on a large scale."

Spot on. And that's what has happened to our country: unemployment, deliberate ruination of our economy, degradation of our children with drugs.

"The colonies had no private banks, and the country's attempts to impose banks on independent U.S. embarked on various dependant on private banks for money creating world's worst banking system."

Only the crisis of the Civil War was so  
bankers upon the money supply with the  
Notes, the famous "greenbacks". Hixson

"What Professor Henry Simons came to largely in place by 1914. It endured until cataclysm of that year and ensuing year

<sup>174</sup> According to *Operation Vampire Kill*, Association of Phoenix, 1993, 4,000 homes, 2 by the Banks in the USA every week.

175 *The Writings of Thomas Jefferson*, Thomas

<sup>176</sup> 1929 is the year when the US government

yet again.

taxpayers have paid bondholders \$4  
ill owe the original debt."

was asked how he accounted for the  
eeply was, "This is simple. It is only  
ney. It is called "Colonial Script" - and  
ands of trade and industry." Soon that  
s Bank which coerced the English  
Colony could issue its own money.  
the streets of the Colonies were filled  
at this was the original cause of the  
Colonies would gladly have borne the  
een that England took away from the  
ment and dissatisfaction." <sup>170</sup>

oclamation of Rebellion <sup>171</sup> and on 4  
was signed and promulgated. The  
worth remembering.....of the 56  
British and tortured before they died.  
ed. Two lost their sons in the army,  
the 56 fought and died from wounds  
nston, a wealthy planter and trader  
Navy; he sold his home to pay his  
was forced to constantly move his  
sh, who took all his possessions; he  
ed in poverty. John Hart was driven  
en fleeing for their lives; he lived in  
nd his wife dead and his children  
er. Thomas Nelson jnr. had his home  
were suffered by Livingstone and  
April 1790 aged 84. Both Thomas  
s of the United States and both died  
ty-four of the signers were lawyers,  
ers.

st has been thrown away by other  
ruination not only of the once great  
country. The *real* British bondholders  
ll have had their revenge on the

ministers were thieves, liars and money

*The theocratic approach.*  
the USA or Australia today.

Thomas Jefferson later said:

"I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a money aristocracy that has set the government at defiance. The issuing power (of money) should be taken from the banks, and restored to the people to whom it belongs. If the American people ever allow private banks to control the issue of currency, first by inflation, then by deflation, the banks and corporations that will grow up around them will deprive the people of all property until their children will wake up homeless on the continent their fathers conquered.<sup>174</sup> I hope we shall crush in its birth the aristocracy of the moneyed corporations which already dare to challenge our Government to a trial of strength and bid defiance to the laws of our country" <sup>175</sup>

And that is precisely what we are seeing in the USA and Australia today *and it's going to get worse*. Jefferson also said:

"The eyes of our citizens are not sufficiently open to the true cause of our distress. They ascribe them to everything but their true cause, the banking system; a system which, if it could do good in any form is yet so certain of leading to abuse as to be utterly incompatible with the public safety and prosperity. I sincerely believe that banking establishments are more dangerous than standing armies....and that the principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a large scale."

Spot on. And that's what has happened and *that's why we have massive unemployment, deliberate ruination of our farmers and manufacturing and degradation of our children with drugs*. Hotson goes on,

"The colonies had no private banks, and they fought a war in part to escape the mother country's attempts to impose banks on them. Very unfortunately, the newly independent U.S. embarked on various experiments which not only made her dependant on private banks for money creation, but which has given the U.S. "the world's worst banking system."

Only the crisis of the Civil War was sufficient partially to break the grip of the bankers upon the money supply with the issue of \$450 million of United States Notes, the famous "greenbacks". Hixson concludes:

"What Professor Henry Simons came to call a "preposterous financial system" was largely in place by 1914. It endured until 1929 <sup>176</sup> and was largely responsible for the cataclysm of that year and ensuing years. The system was tinkered with a bit and

<sup>174</sup> According to *Operation Vampire Killer 2000*, The American Citizens & lawmen Association of Phoenix, 1993, 4,000 homes, 2,000 farms and 2,500 businesses are taken over by the Banks in the USA *every week*.

<sup>175</sup> *The Writings of Thomas Jefferson*, Thomas Jefferson, 1793.

<sup>176</sup> 1929 is the year when the US government changed the currency as they are about to do yet again.

patched here and there in the 1930's but essentially it is beset today by the same illiquidity problems that confronted it in 1914. And it is still largely a system wherein not the federal government but private banks control the money creation process. It remains today a preposterous system, and the trouble it can cause is far from at an end."

Professor Hotson concludes with:

"The word "preposterous" literally means "ass backwards" and originally referred to homosexual, rather than monetary, practices. The year 1994 will mark the 300th anniversary of the chartering of the Bank of England and ass backwards finance by which governments and the rest of us rent the money supply from private citizens and pay them every growing tribute on our ever growing debts. Surely 300 years is long enough for mankind to hang, not on "a cross of gold" but a "cross of debt money."

Here he obliquely raises an interesting point. In researching this book, and you will find the same if you replicate this writer's work, there is an uncanny and many times repeated relationship between the movers and shakers of this corrupt financial/legal system and homosexuality and/or paedophilia. Earlier writers have remarked on the singular fact of sexual depravity and perversity in secret societies. It's as if it all goes hand in hand, or whatever.

## The American 1863 Banking Act

The first American Bank Bill was signed into law by President Washington on 25 February, 1791.

"This Bill delivers us up bound to the National Bank, who are free to use all arrangements, but on their own terms, and the public are not free, on such refusal, to employ any other bank." <sup>177</sup>

The charter of that first US central bank expired in 1811. America was at war with Britain one year later, brought on by the British boarding and firing upon American ships on the high seas, taking back deserters and generally asserting imperial power; the British lost *that* war but won the real war of controlling the financing of the USA. President (and General of the Army) Andrew Jackson, during the 1828 presidential campaign told a group of senior bankers to their faces in the White House:

"Gentlemen, I have had men watching you for a long time and I am convinced that you have used the funds of the bank to speculate in the bread stuffs of the country. When you won, you divided the profits amongst you, and when you lost, you charged it to the bank. You tell me that if I take the deposits from the bank and annul its

<sup>177</sup> Writings of Jefferson, H.W.Derby, New York, 1861, vol.7.

charter I shall ruin ten thousand families. That sin! Should I let you go on you will ruin fifty sin! You are a den of vipers and thieves. <sup>178</sup> by the Eternal God, I will rout you out!"

Jackson's veto of the then existing Bank of a masterly statement of the truth of the p and applies equally today both in the USA

"Having considered the Bill with sole Constitution....I come to the conclusion that the powers and privileges possessed by the Constitution, <sup>179</sup> subversive to the rights of the people.....It enjoys an exclusive privilege Federal Government, monopoly of the fo necessary consequence, almost a monopoly. The Act seems to be predicated on the er have a prescriptive right to not only the fav their benefit does this Act exclude the whol purchase of the monopoly. If the bank stockholders would be established as a political power and immense pecuniary governments. <sup>181</sup> Should its influence b operation of such an Act as this, in the interests are identified with those of fore tremble...for the independence of our cou wherever they might choose to exert it.....S into the hands of the subjects of a foreign currency, receiving our public monies, dependence, it would be more formidable power of the enemy. It is maintained by

<sup>178</sup> On 20 July, 1993 *The Australian* on p. Linda Davies about her career as a banker in sealed off ostensibly to protect the bankster may not enter without invitation) wherein s Nest of Vipers", was rightly regarded as one

<sup>179</sup> Keep that statement in mind as you read

<sup>180</sup> To this day monopolies are illegal in Bri the judiciary ignore it with a panache which

<sup>181</sup> At time of writing, the Managing Direct D.V.Murray, objected to being brought before the Bank had been made a corporation and was not answerable to Parliament (the Commons annually to the Parliament) and, at the same TV on the ground that the Bank was major precluded him answering certain probing questions him to pass on the obvious contradiction.

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### **193 Banking Act**

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861, vol. 7.

charter I shall ruin ten thousand families. That may be true, gentlemen, but that is your sin! Should I let you go on you will ruin fifty thousand families, and that would be my sin! *You are a den of vipers and thieves.*<sup>178</sup> I have determined to rout you out, and by the Eternal God, I will rout you out!"

Jackson's veto of the then existing Bank of United States Bill on 10 July, 1832 is a masterly statement of the truth of the power handed to The Banks for nothing and applies equally today both in the USA and Australia:

"Having considered the Bill with solemn regard to the principles of the Constitution....I come to the conclusion that it ought not to become a law.....Some of the powers and privileges possessed by the existing bank are unauthorised by the Constitution,<sup>179</sup> subversive to the rights of the States, and dangerous to the liberties of the people.....It enjoys an exclusive privilege of banking under the authority of the Federal Government, monopoly of the foreign and domestic exchange, and, as a necessary consequence, almost a monopoly of the foreign and domestic exchange<sup>180</sup> The Act seems to be predicated on the erroneous idea that the present stockholders have a prescriptive right to not only the favour but to the bounty of government....for their benefit does this Act exclude the whole American people from competition in the purchase of the monopoly. If the bank were rechartered in perpetuity the present stockholders would be established as a privileged order, clothed with both great political power and immense pecuniary advantages from their connection with governments.<sup>181</sup> Should its influence become concentrated, as it may, under the operation of such an Act as this, in the hands of a self-elected directory, whose interests are identified with those of foreign stockholders, will there not be cause to tremble...for the independence of our country in war. Their power would be great wherever they might choose to exert it.....Should the stock of the bank principally pass into the hands of the subjects of a foreign country, what would be our condition? All its operation would be in aid of the hostile fleets and armies without. Controlling our currency, receiving our public monies, and holding thousands of our citizens in dependence, it would be more formidable and dangerous than the naval and military power of the enemy. It is maintained by some that the bank is a means of exercising

<sup>178</sup> On 20 July, 1993 *The Australian* on p.43 published the second of a two part story by Linda Davies about her career as a banker in the City of London (which, incidentally, is being sealed off ostensibly to protect the banksters from the IRA and into which even the Queen may not enter without invitation) wherein she wrote, "My new employer, nicknames "The Nest of Vipers", was rightly regarded as one of the most ruthless of all the city banks."

<sup>179</sup> Keep that statement in mind as you read *The judges*.

<sup>180</sup> To this day monopolies are illegal in Britain and Australia under the Monopolies Act but the judiciary ignore it with a panache which has to be experienced to be believed.

<sup>181</sup> At time of writing, the Managing Director of the Commonwealth Bank of Australia, one D.V.Murray, objected to being brought before a Senate Committee on the grounds that the Bank had been made a corporation and was no longer controlled by the government and was not answerable to Parliament (the Commonwealth Bank Act 1959 requires the Bank to report annually to the Parliament) and, at the same time, objected to answering questions on national TV on the ground that the Bank was majority owned by the Australian government which precluded him answering certain probing questions; the mindless (or worse) media allowed him to pass on the obvious contradiction.

the Constitutional power "to coin money and regulate the value thereof" by which Congress has established a mint to coin money and passed laws to regulate the value thereof. The money so coined with its value regulated, and such foreign coins as the Congress may adopt, are the only currency known to the Constitution. But if they (the Congress) have the power to regulate the currency, it was conferred to be exercised by themselves, and not to be transferred to a private corporation. If the bank be established for that purpose with a charter unalterable without its consent, Congress have parted with its power for a term of years, during which the Constitution is dead letter. It is neither necessary nor proper to transfer its legislative power to such a bank, and therefore unconstitutional. It is to be regretted that the rich and powerful too often bend the Acts of Government to their selfish purposes....In the full enjoyment of the gifts of Heaven<sup>182</sup> and fruits of superior industry, economy and virtue, every man is equally entitled to protection by law;<sup>183</sup> but when the laws undertake to add to those natural and just advantages, artificial distinctions, to grant titles, gratitudes, or exclusive privileges, to make the rich richer and the potent more powerful, the humble members of society - the farmers, mechanics and labourers<sup>184</sup> who have neither the time nor the means of securing favours to themselves, have a right to complain of the injustice of their government. There are no necessary evils in government. Its evils exist only in its abuses. If it could confine itself to equal protection, and as Heaven does its rain, shower its favours alike on high and low, the rich and the poor, it would be an unqualified blessing. In the Act before me there seems to be a wide and unnecessary departure from those principles. Nor is our government to be maintained or our Union preserved by invasions of the rights and powers of the several states. In thus attempting to make our Government strong we make it weak. It's true strength consists in leaving the individual and states as much as possible to themselves - in making itself felt, not in its power but in its beneficence; not in its control but in its protection, not in binding the states more closely to the center, but in leaving each to move unobstructed in its proper orbit.<sup>185</sup> Experience should teach us wisdom. Most of the difficulties our Government now encounters, and most of the dangers which impend over our Union, have sprung from an abandonment of the legitimate objects of Government by our National Legislature and the adoption of such principles as are embodied in this Act. Many of our rich men have not been content with equal protection and equal benefits, but have sought us to make them richer by Acts of Congress....It is time to pause in our career to review our principles, and, if possible, to revive that devoted patriotism which distinguished the sages of the revolution and Fathers of the Union. If we cannot at once, in justice to interests invested under improvident legislation, make our Government what it ought to be, we can, at least, take a stand against the prostitution of our Government to the advancement of the few at the expense of the many, and in favour of compromise and

gradual reform in our code of laws and my duty."<sup>186</sup>

The foregoing shows what one man of venal valets of The Banks get into power congress/parliament then The People

In 1836 the charter of the second Bank

## The American Civil War

The American Civil War was fought to end slavery. The South seceded to prosecute the war in which nearly half a million people were killed. The North was devastated and untold misery inflicted on the South. Some Southerners were seen to be a country bumpkin like the slaves. Jackson had accused Lincoln of being a "damn dog". In February, 1862 Congress passed Lincoln's Homestead Act. Lincoln had refused war funding except at the insistence of the Northern bankers. The reaction of the London bankers was to withdraw their money from the US. Captive mainstream media made the Southern cause look bad. The Banks:

"If this mischievous financial policy, to create a nation's wealth in the hands of a few men, shall become endurated and established in the United States, it will furnish its own money without cost. It will have all money necessary to carry on a war without precedent in the history of the world. It will destroy every monarchy on the globe."

Then followed the banksters themselves after the prey:

"The great debt that the Capitalists will force upon us will control the value of money. To accomplish this, they will change the banking basis. We are now waiting for the States to make that recommendation."

<sup>182</sup> Read *Work We Must, But The Lunch Is Free*, High Nibley, 1989, *Approaching Zion*, ISBN 0-87579-252-9.

<sup>183</sup> Except when you are fighting a Bank in the USA, Britain or Australia.

<sup>184</sup> The very people Paul Keating and Bill Clinton say they are protecting.

<sup>185</sup> What a statesmanlike stance!.....and how vastly different from the pap which we get fed these days from Washington, London and Canberra.

<sup>186</sup> Compilation of The Messages and Papers of the Presidents, Congress, Washington D.C., vol.2, pp.57-58.

<sup>187</sup> London Times, editorial, 1863; their comments were accidental, and they are not merely talking about the Bank of England.

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gradual reform in our code of laws and system of political economy. I have now done my duty."<sup>186</sup>

The foregoing shows what one man of integrity and courage can do but once the venal valets of The Banks get into positions of government and elected slots in congress/parliament then The People are dead in the water.

In 1836 the charter of the second Bank of the United States expired.

## The American Civil War

The American Civil War was fought between 1861 and 1865. It created an enormous pressure on both the North and the South for money from any source to prosecute the war in which nearly 700,000 men died, much of the South was devastated and untold misery inflicted on The People. Lincoln, considered by some to be a country bumpkin lawyer, was in fact no fool. He readily understood what Jackson had accomplished years before and why. On 25 February, 1862 Congress passed Lincoln's Act which defied the Banks which had refused war funding except at extortionate interest, and so was born the Lincoln "greenbacks" which paid the US Army and the war requirements. The reaction of the London bankers was immediate and instructive. As usual, the captive mainstream media made the running, like jackals after a stag, in behalf of the Banks:

"If this mischievous financial policy, which has its origins in the North American Republic, shall become endurated down to a fixture, then that Government will furnish its own money without cost. It will pay off its debts and be without debt. It will have all money necessary to carry on its commerce. It will be come prosperous without precedent in the history of the world. That Government must be destroyed or it will destroy every monarchy on the globe."<sup>187</sup>

Then followed the banksters themselves, crying amongst themselves like hyenas after the prey:

"The great debt that the Capitalists will see to it is made out of the war must be used to control the value of money. To accomplish this government bonds must be used as a banking basis. We are now waiting for the Secretary of the Treasury of the United States to make that recommendation. It will not do to allow greenbacks, as they are

<sup>186</sup> *Compilation of The Messages and Papers of The Presidents*, James Richardson, U.S. Congress, Washington D.C., vol.2, pp.576-591.

<sup>187</sup> *London Times*, editorial, 1863; their concern about monarchies is instructive and not at all accidental, and they are not merely talking about the British monarchy.....see *The Protocols of Zion*.

called, to circulate as money for any length of time as we cannot control them. But we can control the bonds and through them the banking issues." <sup>188</sup>

"Dear Sirs, A Mr. John Sherman has written us from a town in Ohio, USA, as to the profits that may be made in the National Banking business under a recent Act of your Congress (*National Banking Act 1863*), a copy of which accompanied his letter. Apparently this Act has been drawn upon by the plan formulated here last summer by the British Banker's Association and by the Association recommended to our American friends as one that if enacted into law, would prove highly profitable to the banking fraternity throughout the world. Mr. Sherman declares that there has never been such an opportunity for capitalists to accumulate money, as that presented by this Act as that the old plan of the State Banks is so unpopular, that the new scheme will, by contrast, be most favourably regarded, notwithstanding the fact that it gives the National Banks an almost total control of the National Finance. The few who can understand the system will either be so interested in its profits, or so dependant upon its favours, that there will be no opposition from that class. While on the other hand, the great body of the people, mentally incapable of comprehending the tremendous advantage that capital derived from the system, will bear its burden without complaint, and perhaps without even suspecting that this system is inimical to their interests. Please advise us fully as to this matter and also state whether or not you will be of assistance to us, if we conclude to establish a National Bank in the City of New York. Awaiting your reply, we are, Your Respectful servants." <sup>189</sup>

In that London banker's letter you have a crystal clear statement of the position today. Note the cynicism...that The People will accept the rotten system without complaint because they won't know the truth about the system. Lincoln strongly opposed the 1863 Act which gave the private banksters the right to create credit and use that as money in the United States. He said at the time:

"I see in the near future a crisis approaching that unnerves me, and causes me to tremble for the safety of our country - corporations have been enthroned, and an era of corruption will follow, and the money power of the country will endeavour to prolong its reign by working upon the prejudices of the people, until the wealth is aggregated in a few hands and the republic is destroyed."

President Lincoln, shortly before he was murdered <sup>190</sup> said:

"The government should create, issue, and circulate all the currency and credit needed to satisfy the spending power of the Government and the buying power of the consumers. The privilege of creating and issuing money is not only the supreme prerogative of Government, but it is the Government's greatest creative opportunity.

<sup>188</sup> *The Hazard Circular*, published by the London Banks in 1863.

<sup>189</sup> Letter from Rothschild Brothers of London, 25 June 1863 to Messrs. Iklheimer, Morton and Vandergould, No. 3 Wall Street, New York City, USA.

<sup>190</sup> It is now generally accepted that members of his own government, as with the murder of President John F. Kennedy in 1963, were involved in his murder even though establishment historians deny it.

By the adoption of these principles, the public will be satisfied. The taxpayers will be saved in the administration. Money will cease to be

Lincoln was re-elected but was murdered. The 1863 Act could be repealed. The Act through the Congress never

"My agency, in promoting the passage of this bill, was a mistake in my life. It has built up a money power in this country. It should be repealed, but before that it will be arrayed on one side, and the banks on the other, as has never been seen before in this country." <sup>191</sup>

In 1872 Horace Greeley, when later he advised against the 1863 Banking Act and the former black

"We have stricken the shackles from the hands of the labourers to a common level, not so much by legislation as by practically reducing the whole working class to a condition of serfdom. While boasting of our noble democratic institutions, we have fact that by our iniquitous money system we have created a money power which, though more refined, in not less powerful than the old slave power."

And that's where we are today, later.....slaves to the banksters. Can you imagine the political and financial system with which you are confronted? Can you imagine the dangers inherent in that system for the individual?

## The 1907 Panic

Long gone ALP politician Frank Ansley

"The men controlling the great trusts and combines have become the law unto themselves. They have created a scheme of complete dominance over the nation. They have waged a war of extermination against every man, woman and child who stood in their way. (Teddy) Roosevelt set his teeth. He proposed a graduated income tax that loaded the trust with penalties to the tune of \$100 million. The banks (under Rockefeller), the Steel Trust (under Carnegie) and the railroads (under Armour) entered into

<sup>191</sup> Lincoln's Secretary of the Treasury, Salmon P. Chase

<sup>192</sup> John Rockefeller's company.....it supplied oil to Britain during WWI. The supply was exposed and stopped.

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By the adoption of these principles, the long-felt want for a uniform medium will be satisfied. The taxpayers will be saved immense sums of interest. The financing of all public enterprises, and the conduct of the Treasury will be come matters of practical administration. Money will cease to be master and become servant of humanity."

Lincoln was re-elected but was murdered on Good Friday 14 April, 1865 before the 1863 Act could be repealed. The man who allowed himself to be the pilot of that Act through the Congress never forgave himself, subsequently saying:

"My agency, in promoting the passage of the National Bank Act, was the greatest mistake in my life. It has built up a monopoly which affects every interest in the country. It should be repealed, but before that can be accomplished, the people should be arrayed on one side, and the banks on the other, in a contest such as we have never seen before in this country." 191

In 1872 Horace Greeley, when later speaking of the comparison between that 1863 Banking Act and the former black slaves, said:

"We have stricken the shackles from four million human beings and brought all labourers to a common level, not so much by the elevation of the former slaves as by practically reducing the whole working population, white and black, to a condition of serfdom. While boasting of our noble deeds, we have been careful to conceal the ugly fact that by our iniquitous money system we have nationalized a system of oppression which, though more refined, in not less cruel than the old system of chattel slavery."

And that's where we are today, all over the Western world 120 years later.....slaves to the banksters. Can you still be in any doubt about the banking and financial system with which you have to deal in your quest for "money", and the dangers inherent in that system for you and your investments and assets?

## The 1907 Bank stunt

Long gone ALP politician Frank Anstey in his *Money Power* tells us that:

"The men controlling the great trusts and the principal banks of America organised a scheme of complete dominance over the industrial life of the American nation. They waged a war of extermination against every competitor. Against this policy President (Teddy) Roosevelt set his teeth. He prosecuted and secured against Standard Oil 192 that loaded the trust with penalties to the extent of \$29m. At once the Standard Oil banks (under Rockefeller), the Steel Trust banks (under Morgan), and the Beef Trust banks (under Armour) entered into an offensive Alliance. This triple alliance

<sup>191</sup> Lincoln's Secretary of the Treasury, Salmon P. Chase.

<sup>192</sup> John Rockefeller's company.....it supplied fuel to the German U-boats in the early years of the Battle of the Atlantic during WWII through a Caribbean outlet until the sales were exposed and stopped.

dominated the financial world of America. It had a majority on the Clearing House Association of all the big cities. The New York Clearing House Association commenced proceedings. It commanded every independent bank to come to heel and take orders. Those who refused were expelled from the Clearing House (October 20, 1907), on the ground that such banks were no longer worthy of public confidence. 193 Such action destroyed confidence in the blackballed banks and caused a run. Charles Barney of the Knickerbocker Bank, and Howard Maxwell of the Brooklyn, committed suicide. All the other banks capitulated. Within three days (from October 20 to 23, 1907) every bank in the United States had been brought to heel, taught obedience, and mobilised for action. The representatives of banks expelled on the 20th, having duly made submission, were re-admitted to membership. Every bank received its orders, its ammunition, and the hour of action. Next day (October 24th, 1907) the strike of the Bank Trust against the nation commenced. Every bank, from the Atlantic to the Pacific, refused to pay out gold; refused to pay anything but paper currency of its own creation - a currency with which every bank throughout the United States had previously been stocked - an incontestable proof of preparedness. On October 25th, 1907 Pierpoint Morgan declared, on behalf of the Banking Association of America: "We will continue to trade in paper currency and pay no more gold until we get from President Roosevelt the necessary guarantee against adverse legislation. The people can take paper money or leave it; they will get nothing else. The mills, mines, and other industries controlled by ourselves and allied interests will slacken down or close until we get effective guarantees against anti-trust prosecutions." This was the ultimatum of the Money Trust to the subject nation. Speaking in the United States Senate, Senator James Mill said: "This reckless and remorseless brutality comes from men who speak our language, who were born under the same skies and nurtured in the principles of a common faith. It comes from the cold, phlegmatic heart of avarice - avarice that seeks to paralyse labour and increase the burden of the nation's debt - avarice that refuses to be satisfied without the suffocation and strangulation of all the labour in the land."

Yet, 50 years later, the lady writer commissioned and paid by New York speculator and financier Bernard Baruch, whom you will meet again in this book, wrote this three years before he published his own autobiography in 1960:

"But this, in 1907, was worse than panic - for the Westinghouse Electric Company and its hapless employees; for the Knickerbocker Trust Company and its president, who killed himself. It looked like ruin for the "whole credit structure of the country", ruin - so some feared - even for Morgan himself. But Morgan was at the helm. Crisis was an old story to Morgan, he who had got his start in the panic of 1857.....And in the evenings in his great library, there among the Florentine paintings, he organized

<sup>193</sup> This is the great key to the international bankers, i.e., they control the clearing of all cheques world-wide and if they refuse to allow access any Bank, insurance company or finance institution then that organisation is dead in the water, unable to clear its own cheques. In Australia it happened to the sovereign federal government owned Commonwealth Bank once it was formed in 1912 against the strong opposition of the private Banks and it was one of the weapons used 20 years later against NSW Premier Jack Lang to have him dismissed by the London appointed State Governor and take the NSW Savings Bank off The People.

<sup>194</sup> An outrageous lie; the Federal Reserve B

<sup>195</sup> Because the Bank panics were all arranged

196 *Mr. Baruch*, Margaret L. Coit, Houghton

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the banking community for the fight - and finally the victory. What it amounted to was that under the leadership of the House of Morgan the bankers took care of all banks that were basically sound so that business could continue - doing privately what was done publicly by the Federal government during the panic of 1933.<sup>194</sup> And "slowly, the great credit structure of the country righted itself." Baruch was out of it. He could boast, and truly, that he had never been caught in a panic.<sup>195</sup> Copper was piling up by the railroad tracks, and Baruch was buying. He knew that there would always be a need for copper in the world. His telephone jingled. The Guggenheims were on the line. They knew their Baruch. To him they had come - an unattached operator - for the cash no bank could give them. One-half million dollars was needed to meet their immediate payroll. Baruch was ready. Since the panic started, he had been increasing his cash balances and had warned his banker that he might want his deposits at any moment. So there it was, the solid currency, ready to be boxed and shipped by express to Salt Lake City and stuffed into pay envelopes. The Guggenheims came through to become the biggest copper-working concern in the world, and to develop the greatest man-made excavation (in Utah). Baruch's part in their salvation was not to go unnoticed, even by Morgan himself. Baruch had played a secret role in ending the crisis."<sup>196</sup>

Reads well but it's not true. Baruch was a major shareholder in the Utah Copper Company and it was him who introduced the Guggenheims into the company. Baruch certainly played a secret role in "ending the crisis", as he did 23 years later with the Great Depression but in both cases it was brought on quite deliberately by Morgan with Baruch and his ilk assisting for, at first, the crumbs from the robber baron's table and later larger portions of the pie as The People were thrown into the gutter and their families starved. And their heirs and successors are about to do it yet again. Isn't it interesting that, as in 1929-31, Baruch was able to cash up *before* the crisis so that he was in a prime position to buy in cheap and extend his financial octopus across America....because he *knew* what was about to happen.

We will meet Mr. Baruch again in this onfolding story and you will see that he had some unlikely bedfellows and customers who assisted him in becoming a multi millionaire or billionaire. Of course, it always helps if you pay the writer for the story which is served up as history to The People but it simply isn't true.

And that raises the awful question, i.e., why lie about it at all?

What is the motivation in guys like Baruch?

<sup>194</sup> An outrageous lie; the Federal Reserve Banks were then and are now privately owned.

<sup>195</sup> Because the Bank panics were all arranged by him and his mates.

<sup>196</sup> *Mr. Baruch*, Margaret L. Coit, Houghton Mifflin Company, Boston, 1957, p.123.

## The 1913 noose for the world

The Federal Reserve Act of 1913 gave total and absolute control of America's money supply to the private Banks which own the Federal Reserve System and that system has slowly but surely spread around the Western world like cancer.<sup>197</sup>

"The Federal Reserve Bank,<sup>198</sup> which should have been the farmer's greatest protection, has become his greatest foe. The deflation of the farmer was a crime deliberately committed. In my long political career, the one thing I genuinely regret is my part in getting the banking and currency legislation into law."<sup>199</sup>

"This Act establishes the most gigantic trust on earth....when the President<sup>200</sup> signs this Act the invisible government by the money power, proven to exist by the Money Trust Investigation, will be legalised....the new law will create inflation whenever the trust wants inflation....from now on depressions will be scientifically created."<sup>201</sup>

Then the originating game was refined and the screws turned:

"The bill as it stands seems to me to open the way to a vast inflation of the currency....I do not like to think that any law can be passed which will make it possible to submerge the gold standard in a flood of irredeemable paper currency."<sup>202</sup>

And *that*, yet again, is exactly what has happened and continues to this day.

"It is indisputable that the commercial-banking community wields considerable power within the Federal Reserve.....further, the decision-making body, which decided whether the system will press the accelerator or the brake, is the Federal Open Market Committee....here, then, is the private banker influence."<sup>203</sup>

<sup>197</sup> Only one year before the Commonwealth Bank of Australia (CBA), created by the ALP Fisher government, had opened its doors and was *not* operating in accordance with the international bankers gameplan, i.e., it was making credit money available at very low interest to the government of Australia....all that changed in 1924 when it was brought under the Federal Reserve System.

<sup>198</sup> Most recent published ownership list shows the following international Banks as owners: Rothschild Banks of London & Berlin, Lazard Bros Bank of Paris, Israel Moses Seif Banks of Italy, Warburg Bank of Hamburg & Amsterdam, Lehman Bros. Bank of New York, Kuhn, Loeb Bank of New York, Chase Manhatten Bank of New York (David Rockefeller) and Goldman, Sach Bank of New York.

<sup>199</sup> William Jennings Bryan, Democrat presidential candidate, 1896, 1900 and 1908.

<sup>200</sup> Woodrow Wilson, a bisexual university professor from Princeton.

<sup>201</sup> *United States Congressional Record*, Charles A. Lindberg snr., 22 December, 1913

<sup>202</sup> *United States Congressional Record*, Henry Cabot Lodge, snr., 10 June, 1932.

<sup>203</sup> *A Primer On Money*, Congress of the United States, House Committee on Banking and Currency Document 72-504, pp.4-5.

The Federal Open Market Committee already been mentioned. It consists every four weeks or so to set the interest rates of the International Banks. Conclusive public evidence of the influence of the International Banks was given to a Joint House and Senate Committee of the United States Congress on 30 September 1933 by the Chairman of the Federal Reserve Board. Congressman

PATMAN: "Mr. Eccles, how did you get your money to buy these government securities?"

ECCLES: "We created it."

PATMAN: "Out of what?"

ECCLES: "Out of the right to issue credit."

PATMAN: "Is it not a fact that the Federal Reserve System is controlled by the Congress or the Presidents?"

ECCLES: "In the field of money and credit."

That the banking system operates in the same way as the International Banks is openly admitted in the Australian *Constitutions* is openly admitted.

"A convincing argument can be made that the banking system is not consistent with the basic constitutional principles of the Commonwealth."

<sup>204</sup> *State of the Economy and Policies for Financial Recovery*, LDS Church, Salt Lake City, 1933, p.524; Eccles is of more than passing interest because he was a prominent Utah Mormon banker who served as the Director of the Federal Treasury during the Great Depression. He was also one of the most corrupt financial organisations in the country. Alfred A. Knopf, New York, 1951. The Mormon prophet Joseph Smith and his successor, Brigham Young, attested to being a prophet of God in order to justify their banking practices. Joseph Smith said about banking: "For the accommodation of the people, Congress show their wisdom by granting a national bank to the nation, where the capital stock shall be held in trust for the states and territories for the branches; and when the bank is to be established, by the people, with wages at the rate of two dollars per day, and shall never issue any more bills than the amount of the capital stock." The net gain of the Central bank shall be apportioned among the states and territories to the states and territories' revenue. Brigham Young said: "The nation, which will mercifully cure that fatal disease of the people's money in their own pockets." LDS Church, *Principles of Zion*, Salt Lake City, 1847. The Prophet's view of banking could not be further from the reality of the Federal Reserve System which was in Eccles' day and remains today.

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The Federal Open Market Committee, a misnomer if ever there was one, has already been mentioned. It consists of private bankers sitting in Washington every four weeks or so to set the interest rates and creation of credit by The Banks. Conclusive public evidence of the real and total power of the private Banks was given to a Joint House Banking and Currency Committee of the United States Congress on 30 September 1941 by Marriner Eccles, Chairman of the Federal Reserve Board. Congressman Wright Patman asked:

PATMAN: "Mr. Eccles, how did you get the money to buy those two billion of government securities?"

ECCLES: "We created it."

PATMAN: "Out of what?"

ECCLES: "Out of the right to issue credit money."

PATMAN: "Is it not a fact that the Federal Reserve System has more power than the Congress or the President?"

ECCLES: "In the field of money and credit, yes." <sup>204</sup>

That the banking system operates in blatant defiance of the United States *and* Australian *Constitutions* is openly admitted as follows:

"A convincing argument can be made that raising the priority of price stability would be consistent with the basic constitutional monetary powers granted to the

<sup>204</sup> *State of the Economy and Policies for Full Employment*, United States Congress, 1963, p.524; Eccles is of more than passing interest in this story, as you will read further on, because he was a prominent Utah Mormon banker and financier who held high posts in the US Federal Treasury during the Great Depression before going on to head what is now known as one of the most corrupt financial organisations in the world; read his *Beckoning Frontiers*, Alfred A. Knopf, New York, 1951. The Mormon Prophet Joseph Smith, whom individuals like Eccles attest to being a prophet of God in order to hold an LDS Temple recommend, said this about banking: "For the accommodation of the people, in every state and territory, let Congress show their wisdom by granting a national bank, with the branches in each State and Territory, where the capital stock shall be held by the nation for the Central bank, and by the states and territories for the branches; and whose officers and directors shall be elected yearly by the people, with wages at the rate of two dollars per day for service; which several banks shall never issue any more bills than the amount of capital stock in her vaults and the interest. The net gain of the Central bank shall be applied to the national revenue, and that of the branches to the states and territories' revenues. And the bills shall be par throughout the nation, which will mercifully cure that fatal disorder known as *brokerage*, and leaves the people's money in their own pockets." LDS *History of the Church*, vol. 6, p.206. That Prophet's view of banking could not be further removed from what the US Federal Reserve System was in Eccles day and remains today.

government. There can be little doubt that the Founding Fathers intended to establish a bimetallic commodity standard and to preclude the issue of fiat money<sup>205</sup> by either the states or the federal government. The apparent intention of the framers to prevent the issue of fiat money by the government did not succeed, and we now have in essence a fiat money system."<sup>206</sup>

How did this happen? How can it be? Read *The politicians*.

## The 1915 Bank foreclosure

On Saturday 30 July 1994 *The Weekend Australian* published a story on p.17, originating in New York and Washington from AP and AFP, titled *US prepares to go it alone in Haiti invasion*. In a box in tiny print after some background data on Haiti we were told this:

**"US INVASION HISTORY 1915 (actual) Reason:** Officially, to protect American residents and restore order and democracy. Unofficially, to ensure that Haiti's debt to the National City Bank of New York was repaid. **Result:** The US Marines slaughtered some 2,000 ex-soldiers of a former regime, some of them by torture, and established a puppet government that for practical purposes made Haiti a US protectorate. **1994 (proposed) Reason:** Officially, to restore democracy which was denied to Haitians following a military coup which prevented the popularly elected President Aristede from holding power. Unofficially, according to critics, President Clinton needs a winnable mini-war to restore his flagging foreign policy credentials."

Now, that tells us a number of things at the one time, i.e.,

- (i) The Banks *are* ruthless.
- (ii) The government, including the police and the armed services, are at the beck and call of the Banks.
- (iii) Politicians and governments *always* lie to us.
- (iv) If the Banks will do that then what do you think they will do to *you*?

<sup>205</sup> Paper money and credit created "out of thin air" by making book entries to create deposits as loans to The People, that credit being completely unbacked by real-wealth or assets of any kind.

<sup>206</sup> *A Proposal to Clarify the Fed's Policy Mandate*, Robert P. Black, President of the Federal Reserve Bank of Richmond, *Cato's Journal*, vol.5, No.3 (Winter 1986), pp. 787, 791-792.

## The Great

Did The Banks create the Great Depres

1. admit to *having* total and complete control of the supply
2. are ruthless
3. are capable of criminal acts
4. have been *given* total control of the economy

"If recession should threaten serious consequences (at present) there is little doubt that the banks will ease the money market and so check the decline."

And what *really* happened?

"When everything was ready, the New York Stock Exchange called loans. This meant that the stock brokers had to sell shares on the market in order to pay the loans. This brought a banking collapse all over the world. The oligarchs who were heavily involved in brokering stocks had exhausted their coin and currency and the banks would not come to their aid although they had given them an elastic currency."<sup>208</sup>

New York multi-millionaire speculator J.P. Morgan wrote this:<sup>209</sup>

"Nothing did more to spur the boom in stocks than the decision of the New York Federal Reserve Bank, in the spring of 1928, to keep interest rates low. Benjamin Strong, governor of the bank, had decided that the country could afford such a policy, which was taken largely at the behest of the British. Ostensibly, this easy-money policy was to help England to compete with America in England. It's primary effect, however, was to further inflate our already inflationary economy. The result was that there was more money available for financing stock speculation, and that was completely out-of-hand. I do not make

<sup>207</sup> Harvard Economic Society, 19 October 1928.

<sup>208</sup> *The United States' Unsolved Monetary Problem*, 1932.

<sup>209</sup> You will meet him again further on in the chapter.

<sup>210</sup> At that time privately owned by Baruch.

## The Great Depression

Did The Banks create the Great Depression? We have seen that they:

1. admit to *having* total and complete control of the western world's money supply
2. are ruthless
3. are capable of criminal acts
4. have been *given* total control of the money supply by the politicians

"If recession should threaten serious consequences for the business (as is not indicated at present) there is little doubt that the Federal Reserve System would take steps to ease the money market and so check the movement." <sup>207</sup>

And what *really* happened?

"When everything was ready, the New York financiers starting calling 24 hour broker call loans. This meant that the stock brokers and the customers had to dump their stock on the market in order to pay the loans. This naturally collapsed the stock market and brought a banking collapse all over the country because the banks not owned by the oligarchy were heavily involved in broker call loans at this time, and bank runs soon exhausted their coin and currency and they had to close. The Federal Reserve System would not come to their aid although they were instructed under law to maintain an elastic currency." <sup>208</sup>

New York multi-millionaire speculator Bernard Baruch in his autobiography wrote this: <sup>209</sup>

"Nothing did more to spur the boom in stocks than the decision made by the New York Federal Reserve Bank, in the spring of 1927, to cut the rediscount rate. Benjamin Strong, governor of the bank, was chief advocate of this unwise measure, which was taken largely at the behest of Montagu Norman of the Bank of England. <sup>210</sup> Ostensibly, this easy-money policy was designed to stop the flow of gold out of England. Its primary effect, however, was to cause a revaluation of all securities, and to further inflate our already inflationary credit system by making large sums of money available for financing stock speculation. From this point on, the market got completely out-of-hand. I do not make this criticism as the result of hindsight, which

<sup>207</sup> Harvard Economic Society, 19 October, 1929.

<sup>208</sup> *The United States' Unsolved Monetary and Political Problems*, William Bryan.

<sup>209</sup> You will meet him again further on in this book; you should note the vast difference in his advice to his friend and client Winston Churchill at the time.

<sup>210</sup> At that time privately owned by Baruch's mates.

is so often the case with criticism. At the time of the Bank's action I warned of its consequences, and a full year before the crash, I wrote to Senator Willam H.King, of Utah, about the soaring prices on the Stock Exchange.

"The original difficulty started in 1927 when the Federal Reserve System reduced its rate to 3.5% either for the purpose of forcing gold out or stimulating our exports. Whether that was wise or not, they evidently had in mind the accomplishment of some definite constructive purpose. But they overlooked the fact that when they artificially reduced the rate...there would be a re-evaluation of securities and an artificial stimulus to business. Whatever their purpose was, they should have acted very promptly in raising the rate and that would have stopped the things they are now objecting to and which they caused."

In spite of the feverish quotations on the Stock Exchange, I knew that sooner or later the market had to break." <sup>211</sup>

Baruch then went on to explain how he commenced to selectively sell off his stocks and accumulate cash but as you will see further on he didn't tell his friend and client Winston Churchill and to the contrary lulled *him* into believing that all would be well with his own investments being handled by Baruch.

## **The International Monetary Fund (IMF)**

This is the world-wide (final) management arm of the oligarchical banksters; the enforcer body, the heavies who move in when one's country is finally (as planned all along) on its knees and can't cope with any more Bank debt/interest financing.

## **The Bank for International Settlements (IBS)**

This is worth a close look. It is a super-Bank. It recently admitted in its latest *Annual Report* that Bank deregulation was a mistake. It started business in May 1930 with the stated but patently untrue object of facilitating the transfer of large sums of money involved in the reparations under the 1919 Versailles Treaty. Its real purpose was to facilitate the rearming of Germany, Soviet Russia, and Japan to the subsequent benefit of the private bankers. At its commencement the new Bank consisted of the Governors of the Central Banks of Belgium, France, Germany, Great Britain and Italy, with a nominee of the Bank of Japan and a

<sup>211</sup> *The Public Years*, Bernard M.Baruch, Oldhams Press Limited, London, 1960, pp.208-209.

representative of the United States Fed seven directors nominated by the first governments. It's real function today is which is the "money" we use every means it controls the national economies Credit and by deciding who gets what a Crediter <sup>212</sup> for this compilation of C.H.Douglas over a period of about 50

"While no doubt the working banker beyond all reasonable doubt, to say that the series of bottlenecks in the organisation operating through the financial system to the control of financial interests. In the purchasing power which are required to obtained without access to the mechanism control of this system. The Joint Stock B this point. Their own adherence to the dependency upon the Bank of England somewhat similar arrangements in regard turn are, by the costing system, forced to in the national currencies, and these trans come under the control of the Bank for places the power of veto on the interc nations within this institution. The poss between one country and another through as is growing up independent of effective which are not those of the populations aspects of the annexation of financial would secure agreement with the prop undesirable results in cumulative measur results if its power became absolute. I those in control of financial policy an making the world safe for bankers, rather those curious ironies which seem to be p cannot be made safe without removing which he now occupies. Nothing effect major risks which is not an attack upon othodox Finance is the centralisation Credit is its antithesis. While the details until such time as they might come into place, they must provide a financial ref distributing and consuming systems, wh to do."

<sup>212</sup> 21 Hawkhead Crescent, Edinburgh, Sco

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representative of the United States Federal Reserve to which there were another seven directors nominated by the first named and another nine nominated by governments. It's real function today is to be the world clearing house for Credit, which is the "money" we use every day, between the Banks which effectively means it controls the national economies of the world by withholding and granting Credit and by deciding who gets what and when. We are indebted to *The Social Crediter*<sup>212</sup> for this compilation of comments on the IBS by the acute observer C.H.Douglas over a period of about 50 years:

"While no doubt the working banker would be tempted to deny it, it seems true beyond all reasonable doubt, to say that the system is directed to the constitution of a series of bottlenecks in the organisation of the economic system, these bottlenecks operating through the financial system to place both production and distribution under the control of financial interests. In the modern world, the considerable sums of purchasing power which are required to finance industrial undertakings cannot be obtained without access to the mechanism of public credit which has come under the control of this system. The Joint Stock Banks therefore may be said to be in control at this point. Their own adherence to the system in Great Britain is insured by their dependency upon the Bank of England for currency, and in other countries by somewhat similar arrangements in regard to the central banks. These central banks in turn are, by the costing system, forced to make provision for considerable transactions in the national currencies, and these transactions as between nations are destined to come under the control of the Bank for International Settlements, which obviously places the power of veto on the interchange of industrial commodities as between nations within this institution. The possibility of manipulating economic prosperity as between one country and another through an international financial organisation, such as is growing up independent of effective national control, and having ends to serve which are not those of the populations affected, is perhaps one of the most serious aspects of the annexation of financial credit. Only the exercise of childlike faith would secure agreement with the proposition that a system which has produced undesirable results in cumulative measure as its power increases, would produce better results if its power became absolute. It seems difficult to doubt that the efforts of those in control of financial policy are primarily, if not entirely, concerned with making the world safe for bankers, rather than with making the world safe. By one of those curious ironies which seem to be present in great crises it happens that the world cannot be made safe without removing the banker from the commanding position which he now occupies. Nothing effective can be done to protect civilisation from its major risks which is not an attack upon the power of finance. The characteristic of orthodox Finance is the centralisation or monopoly of Credit. The distribution of Credit is its antithesis. While the details of such a system are better left for discussion until such time as they might come into the region of practical politics, I do not think there is much doubt of the principles they should be obliged to follow. In the first place, they must provide a financial reflection of the physical state of the producing, distributing and consuming systems, which the existing financial system signally fails to do."

<sup>212</sup> 21 Hawkhead Crescent, Edinburgh, Scotland EH166LR.

## World Bank

Patricia Adams in her book *Odious Debts*<sup>213</sup> says that the World Bank and other Multinational Development Banks (MDB's) were responsible for funding 1,614 mega-projects in the Third World with an average value of \$US620 million. All required foreign financing, none was economically viable<sup>214</sup> and almost all have caused environmental damage. Some of the money provided was removed from the countries by well-placed citizens and/or dictators which accounts for some \$US300 billion or half of the total debts. These massive projects have accrued debts of one trillion dollars. The World Bank is the largest lender, lending at the rate of \$US400 million per week, total loans \$US180 billion. The World Bank was created in 1944, is completely unaccountable, is immune to police and legal investigation and is managed in complete secrecy. It's new Washington HQ cost \$US250 million.

## The Bundesbank

Reuters issued a story in the first week of 1994<sup>215</sup> which, allied with other information, tells us a great deal about what to expect over the immediate future. The German Central Bank seems determined to hold down inflation<sup>216</sup> for the purpose, as explained elsewhere herein, of ensuring the value of The Banks' loans around the world stay good and aren't paid in devalued currency. On that basis, the Bank asserts, interest rates should fall.<sup>217</sup> The sting in the message, however, was in the tail right at the end. "We must achieve the consolidation of public finances, including the social security system, by limiting spending", said Mr.Hans Tietmeyer, President of the Bank since last October. The Banks are determined worldwide to cut social security, pensions and government spending to balance their own chaotic books. We are looking down the barrel of exactly what the Bank of England did in the USA in 1929 and in Australia in 1932, i.e., slash government spending to balance The Banks' own book-keeping, preserve their interest payments or, to call it by its proper name, the transfer of The Peoples' real-wealth to the Banks. So Tietmeyer wasn't speaking for or to the Germans but to all of us. For whom the bell tolls....

<sup>213</sup> Earthscan, 1991.

<sup>214</sup> In Australia and the USA, by contrast, The Banks and their handmaidens the politicians are demanding that farmers must be viable to be supported in any way with loans relief and/or financing moratorium.

<sup>215</sup> *The Australian*, 4 January 1994, p.26.

<sup>216</sup> Low inflation means nil rise in property values.

<sup>217</sup> Low interest rates are a disaster for small investors, particularly those on fixed incomes.

## The Pak

On the very same day we learned that her first legislation since assuming office giving total 100% power funding to the government. And who had legislation in place? None other than the formerly Vice President of the World Bank before Mrs.Bhutto took over after Central Bank bleated endlessly about and not the other way around. The rest of the world.

## The European Bank

Set up in London in 1991 to rebuild the communist system, the 700 employees cost A\$123 million. The Bank spent twice as much on the 400 million people in eastern Europe as it spent \$US435 million in lending \$U.S. 100 million. The CEO, who had come from a decade of being a CEO<sup>218</sup> and he was described by the London Times as a "frequent flier" who frequently used private jets and spent \$200 on transport to buy \$100 of sun-tan oil (being paid twice for his first class airfares), gave speeches against the Bank's own ruler in 1993.

If anyone is involved in the international banking system, it is not possible for the international community to support of The Banks, governments and movies which show the valiant police and scruffy individuals across America, the establishment is doing to stop the banks from existing. They wouldn't exist but for The Banks. If they proved that the international community supported The Banks as conduits for their murder and destruction.

<sup>218</sup> Here's the Paris connection again... see

## Bank

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estors, particularly those on fixed incomes.

## The Pakistan drama

On the very same day we learned that Mrs.Bhutto, Prime Minister of Pakistan, in her first legislation since assuming office last October, had cancelled the legislation giving total 100% power to that country's Central Bank to refuse funding to the government. And who had put that "all power to the Central Bank" legislation in place? None other than the caretaker Prime Minister who was formerly Vice President of the World Bank. He put his legislation in place just before Mrs.Bhutto took over after winning the election late last year. That Central Bank bleated endlessly about how *they* had to control the government and not the other way around. The Banks are going to pull on deflation around the world.

## The European Bank for Reconstruction

Set up in London in 1991 to rebuild East Germany after the collapse of that communist system, the 700 employees, were housed in a building which cost A\$123 million. The Bank spent twice as much on its own staff and buildings as on the 400 million people in eastern Europe it was supposed to be assisting. It spent \$US435 million in lending \$US200 million. Jacques Attali, the inaugural CEO, had come from a decade of being a senior adviser to President Mitterand,<sup>218</sup> and he was described by the London *Financial Times* as a big spender who frequently used private jets and spent \$110,000 on a staff Christmas party, spent \$200 on transport to buy \$100 of supermarket groceries, cheated on his air fares (being paid twice for his first class tickets to Tokyo) and took money for speeches against the Bank's own rules. Attali was forced to resign on 24 June, 1993.

## Drugs

If anyone is involved in the international drug trade it is The Banks. It is simply not possible for the international drug business to flourish without the active support of The Banks, government and the police. We are deluged with TV movies which show the valiant police and other quasi military agencies busting scruffy individuals across America, and occasionally in Australia, showing what the establishment is doing to stop the drug trade when the drug trade couldn't and wouldn't exist but for The Banks. If BCCI and the S&L scandals proved anything they proved that the international drug cartels are financed by and/or use The Banks as conduits for their murderous trade. This is what LaRouche set out to

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<sup>218</sup> Here's the Paris connection again....see *The Protocols of Zion*.

prove in *Dope, Inc.* and which probably landed him in jail on what may be spurious tax evasion charges.

"Manhattan District Attorney Mr. Robert Morgenthau said: "Last year we prosecuted - in New York County alone - 30,000 drug cases. We can do that until the cows come home until we interrupt the money chain. Drugs come into the United States and money goes out. It is very important to prosecute the people who transmit that money." Money laundering is pivotal in the drug trade because it allows criminals to deposit illegal profits into the banking system under a guise of legality. An estimated \$US300 billion (A\$408 billion) in drug profits are laundered each year, according to a report by a US Senate subcommittee on narcotics, terrorism and international operations."<sup>219</sup>

And there is a strange, silently insidious, Bank activity that hitherto hasn't made sense but most certainly does in the drug trade scenario, i.e., Banks frequently take farms off farmers and then allow the farms to fall into ruin. This writer fought in the Federal Court of Australia against the Nab & Grab (the biggest, and most "successful" Bank in Australia) in behalf of a sheep farmer who had three properties; one had been sealed up by the Bank while he was on the road driving sheep and all his wedding gifts, all their clothing and the whole house ruined by rats (as we attempted to prove in Court with shocking colour photographs); the Bank left the whole property to fall in ruin<sup>220</sup> which simply doesn't make sense. Why would they do such a thing? Where is the gain for them or anyone else?

"The President in Washington sends word that he wishes to buy our land.....but how can you buy or sell the sky?.....the land? The idea is strange to us. If we do not own the freshness of the air and the sparkle of the water, how can you buy them? Every part of this earth is sacred to my people. Every shining pine needle, every sandy shore, every mist in the darkwoods, every meadow, every humming insect. All are holy in the memory and experience of my people. We are part of the earth and it is part of us. The perfumed flowers are our sisters. The bear, the deer, the great eagle, these are our brothers. The wind gives our children the spirit of life. So if we sell you our land, you must keep it apart and sacred, as a place where man can go to taste the wind that is sweetened by the meadow flowers."<sup>221</sup>

Is it possible that what we are seeing, but not comprehending, is a deliberate campaign by The Banks worldwide to dispossess the farmers not only of their

<sup>219</sup> *The Australian*, 13 August, 1992.

<sup>220</sup> They also got the NSW government to shoot 4,700 sheep (while the farmer was in Court fighting "his" Bank) because some of them had lice for which one understands the usual treatment is dipping. The sheep didn't belong to the Bank and had to be removed one way or another. The local senior agricultural bureaucrat responsible admitted the facts when this writer got him out of bed one cold morning on the telephone but he subsequently denied his admission and *his* boss refused the writer retrospective permission to tape record the conversation which would have proved the truth one way or the other.

<sup>221</sup> Chief Seattle on the sale of American Indian land.

land but of their means to earn a living drugs.....? Yes, of course, it's a shocking think of for such extraordinary and speaking generally, don't know anything that means of livelihood from them and at least possible that *some* of them will. Why would the Banks want to do such a

- (a) to further expand the drug trade
- (b) to degrade The People
- (c) to extend *their* control of the pop

An extremist view, you think? Consider

"Capital must protect itself in every possible way. Debts must be collected, lands and money must be available. When, through the processes of time, they will be come more docile and more easily controlled by the strong arm of government, applied by the leading financiers. This truth is well known. By forming an imperialism of Capital to go through the political party system, we can get over questions of no importance. Thus, by what has been so well accomplished."<sup>224</sup>

## The monopolies

*The Statute of Monopolies 1623-4* is the first law in the United States and Territories and it makes it illegal to have monopolies. The brutal fact that the judges are ignoring it. Jim Renton has more than adequately proved that the *Australia Act 1976* cannot and may not be able to stop the *Statute of Monopolies 1623-4*. The American Courts have the same effect. The Banks openly state, and throughout the Western world that they have the right to create, issue and withdraw the currency. The Banks are acting illegally. And the judges are in defiance of the spirit and letter of the law. The People.

<sup>222</sup> Others, sadly, shoot themselves and their families.

<sup>223</sup> Here you have their secret combinations operating.

<sup>224</sup> *The U.S.A. Bankers' Magazine*, editorial, 224

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land but of their means to earn a living and thereby force them into growing drugs.....? Yes, of course, it's a shocking thought, but what other reason can you think of for such extraordinary and non-commercial action? The farmers, speaking generally, don't know anything but farming so if the money power takes that means of livelihood from them and beggars them and their family then isn't it at least possible that *some* of them will fall into the trap of growing drugs 222 ? Why would the Banks want to do such a thing?

- (a) to further expand the drug trade
- (b) to degrade The People
- (c) to extend *their* control of the population

An extremist view, you think? Consider that which *they* have said:

"Capital must protect itself in every possible way by a combination 223 and legislation. Debts must be collected, lands and mortgages must be foreclosed as rapidly as possible. When, through the processes of law, the common people lose their homes they will be come more docile and more easily governed through the influence of the strong arm of government, applied by the central power of wealth under the control of leading financiers. This truth is well known among our principal men now engaged in forming an imperialism of Capital to govern the World. By dividing the voters through the political party system, we can get them to expend their energies in fighting over questions of no importance. Thus, by discreet action we can secure for ourselves what has been so well accomplished." 224

## The monopoly

*The Statute of Monopolies 1623-4* is the law in Britain, in NSW and in other States and Territories and it makes it illegal for *anyone* to hold a monopoly. The brutal fact that the judges are ignoring it doesn't alter the fact and retired barrister Jim Renton has more than adequately proved from the history of the law that the *Australia Act 1976* cannot and may not cancel out either *Magna Carta* or *The Statute of Monopolies 1623-4*. The Anti-Trust legislation in the USA has the same effect. The Banks openly state, and more to the point, demonstrate daily throughout the Western world that they have arrogated to themselves the power to create, issue and withdraw the cost-free credit of The People. Thus, The Banks are acting illegally. And the judges are aiding and abetting The Banks in defiance of the spirit and letter of the history of the law intended to protect The People.

222 Others, sadly, shoot themselves and their families.

223 Here you have their secret combinations openly mentioned for all to see and comprehend.

224 *The U.S.A. Bankers' Magazine*, editorial, 24 August, 1924.

## The code of silence

The Reserve Bank of Australia's major domo, Bernie Fraser, denies that The Banks are creating credit "out of thin air" but his own subordinates have confirmed that it is so by letter and taped telephone conversations. The Banks' various paid hands continue to deny that The Banks create credit "out of thin air" and that line is resolutely pressed by the captive mainstream media and specially funded "think tanks" even though the evidence is overwhelming that they do, including evidence from within The Banks themselves. And how do you, or anyone else, explain away the Australian Bankers' Association own document, being circulated to all Australian High Schools, which confirms that The Banks do indeed create credit "out of thin air" and use that as money? Why this constant lying? Because they are frightened stiff that if The People ever really begin to understand the rotten system then they may just rise in revolt and once you understand the breath and depth of the scam then the whole immense question of mega billion dollar taxation evasion by The Banks raises its ugly head. And *then* the taxpayers, the great multitude of PAYE employees who can't escape the income tax net throughout the Western world, and the 35 million unemployed,<sup>225</sup> will *understand* that *they* are the patsies, the mugs, in the Great Game which is being played right before their eyes. Hence the disarming of The People.

"There is no more direct way to capture the control of a nation than through its credit system."<sup>226</sup>

## The Trade Practices Act

The Australian Trade Practices Act s.51AA and 51AB are supposed to protect The People against unconscionable conduct. s.51AA says that unconscionable conduct is forbidden in accordance with the unwritten law, i.e., the common law. s.51AB says that unconscionable conduct is forbidden in the supply of goods and services. The Banks for all practical purposes have been exempted from these laws by the politicians and the judges. This proves how much control the Banks have over Australia.<sup>227</sup> In the USA the anti-trust legislation was nullified by the 1913 Federal Reserve Act giving all power to the private Banks based in New York but mainly owned by foreigners in England and Europe.

<sup>225</sup> Dr. John Coleman says there are 40m unemployed in the USA alone; we have seen herein that the real figure for unemployed in Australia is 3m, contrary to the bare-faced lying of the government and the indifference of the so-called opposition, so Coleman may well be correct in which case worldwide unemployment must be in catastrophic numbers.

<sup>226</sup> Phillip A.Benson, President of the American Bankers' Association, New York, 8 June, 1939.

<sup>227</sup> Refer *Australian Trade Practice Law*, CCH, 1993, ivA.

## The great secret you

They don't want *you* to know that they create your own money, i.e., that *you* provide

1. You apply for a loan from "your" Bank
  2. "Your" Bank makes you feel like bread, degrades you and humiliates you
  3. "Your" Bank demands (and you provide) information to "your" Bank
  4. The Bank doesn't tell you that it creates "air"<sup>228</sup> and if you kick over the money, you are told that it is your interest for the money you are given
  5. Because your loan has to be secured by your Bank's shareholders (neither of whom provided the money for your loan) "your" Bank takes most of the risk and that comes from the sweat of little fingers into
  6. After a suitable period of growth, you are required to repay the wealth<sup>229</sup> (because *you* are now rich)
  7. You are then required to repay the wealth<sup>230</sup> (because *you* are now rich)
- 
- <sup>228</sup> "Whatever their other errors, a long line of economists has agreed that the creation of 'fountain pen money', money created by the banking system, is the chief cause of economic instability." *Monetary Studies*, Department of Banking and Finance, Board of Governors of the Federal Reserve System, Washington, D.C., 1970, p. 10. See also *Monetary Studies*, Department of Banking and Finance, Board of Governors of the Federal Reserve System, Washington, D.C., 1971, pp. 10-11.
- <sup>229</sup> "There can be no doubt that all depositors are compelled to contribute to the creation of bank money by the simple fact that the Bank of England is the sole issuer of banknotes and the only bank which can issue them." Sir John Maynard Keynes, Board Member, Bank of England.
- <sup>230</sup> If you are confused at this stage, stop and think. When you withdraw money in *your* cheque account and you write a cheque, you are not giving up real money or someone's else's credit in your account. The bank doesn't.

## **silence**

mo, Bernie Fraser, denies that The "Bankers' Association" but his own subordinates have telephone conversations. The Banks' own document, which confirms that The Banks create credit "out of thin air" and use that as money? Why this is so stiff that if The People ever really rise in revolt and once the scam then the whole immense occasion by The Banks raises its ugly multitude of PAYE employees who can't afford to live in the Western world, and the 35 million patsies, the mugs, in the Great eyes. Hence the disarming of The

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and 51AB are supposed to protect us. 51AA says that unconscionable practices are forbidden in the supply of goods and services have been exempted from these laws. This proves how much control the Banks have over the trust legislation was nullified by the Bankers' Association based in New York and Europe.

In the USA alone; we have seen herein, contrary to the bare-faced lying of the position, so Coleman may well be correct at catastrophic numbers.  
Bankers' Association, New York, 8 June,

3, ivA.

## **The great secret the Banks don't want you to know**

They don't want *you* to know that the loan funds you have borrowed are, in fact, your own money, i.e., that *you* provide your own loan funds. This is how it works:

1. You apply for a loan from "your" Bank.
2. "Your" Bank makes you feel like a beggar asking for only a little bit more bread, degrades you and humiliates you.
3. "Your" Bank demands (and you supinely give) all your confidential information to "your" Bank.
4. The Bank doesn't tell you that it is loaning you credit created "out of thin air"<sup>228</sup> and if you kick over the traces enough to ask from whence comes the money, you are told that it is from "savers" who have to be paid high interest for the money you are being loaned.<sup>229</sup>
5. Because your loan has to be secured, to protect the "savers" and the Bank's shareholders (neither of whom are putting in any money towards your loan) "your" Bank takes mortgages over all your assets and, in addition, personal guarantees and whatever else they can get their sticky little fingers into.
6. After a suitable period of grovelling, you are granted the loan.
7. You are then required to repay the Bank a monthly amount in real-wealth<sup>230</sup> (because *you* are not permitted to create credit "out of thin air") and that comes from the sweat of your brow.

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<sup>228</sup> "Whatever their other errors, a long line of financial heretics have been right in speaking of "fountain pen money", money created by the stroke of a bank president's pen when he approves a loan and credits the proceeds to the borrower's checking account", *Banking and Monetary Studies*, Department of Banking and Economic Research, Office of the Comptroller of the Currency, United States Government, Washington DC, 1963, p.408.

<sup>229</sup> "There can be no doubt that all deposits are created by the banks", Lord John Maynard Keynes, Board Member, Bank of England.

<sup>230</sup> If you are confused at this stage, stop and ask yourself what happens if there isn't any money in *your* cheque account and you write cheques thereon?, i.e., *you* are required to have real money or someone's else's credit in your account to back your cheques but the Bank doesn't.

*Some of the information contained herein will be irrelevant to you and your lifestyle and have assets but stick with it and the reason why reality and without that you are walking around*

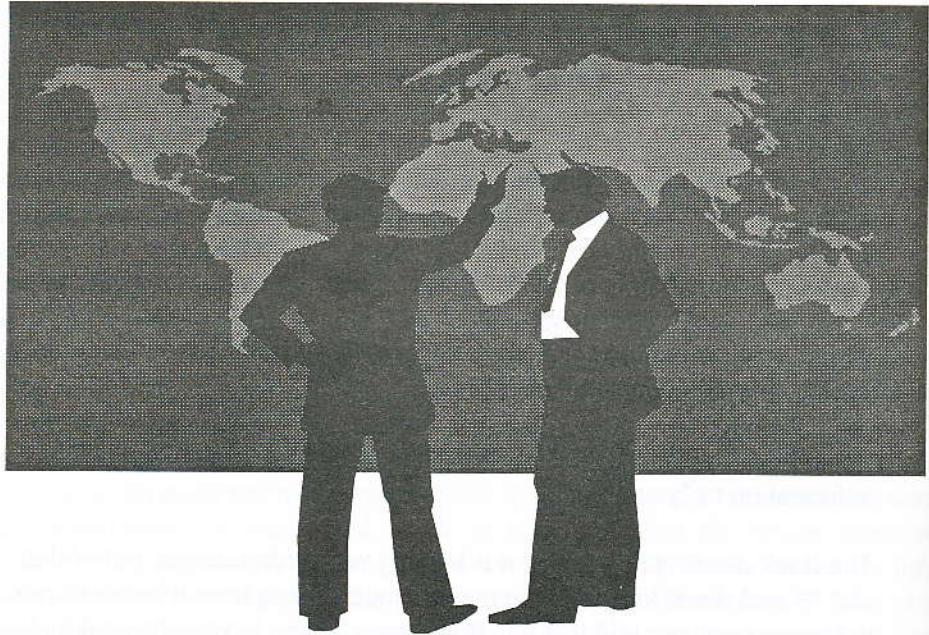
Big business, medium size business and the largesse of "their" Bank. But with big government, international politics and the Lockwood in *War on the Waterfront* 231 iron strike at Port Kembla in NSW in the biggest company (BHP) in selling scrap to lawyer (Sir) Robert Menzies and his cabinet every time Japan was slaughtering the Chinese in the Pacific. Lockwood also exposes the German director until 1916 (the year of the Imperial German Consul 232 and that the metals industry even during the Great War Seikyo (Japan Steel Works Ltd.) to which was owned by Mitsui and Vickers Armstrongs. A shell (made by Vickers) fired at the German 10" signifying the German Krupp fuse 1910. A payment had to be made to the British shell at them. Many of the shells supplied testified to by Admiral Lord Chatfield (who at the Battle of Jutland) and the German gunnery of the Grand Fleet, were surprised by the Germans, having been defeated in 1918 for money and the case was settled out of court.

But the interdependence operates very well. A newspaper will not, for example, publish stories such as the Banks. No one is silly enough to do that.

And that's how the interdependence works. It scratch yours. It reaches its apogee when it is and prostituted by The Banks (and other

<sup>231</sup> Hale and Ironmonger, 1987, ISBN 0 86802 123 1

<sup>232</sup> Hugo Karl Emil von Muecke, Prussian.



## Can it be true?

There are only two ways to know the truth, i.e., from

1. Your own personal experience.
2. Study and research.

This writer has done *both* over several years. If you make enquiries around you from the various associations and organisations which have sprung up over the decades to attempt to ameliorate the dreadful impact of The Banks on The People then you will find *thousands* of cases the details of which will shock you. To even attempt to do justice to the hundreds of cases in which this writer has first hand personal knowledge would take several volumes this size and simply can't be done (mainly due to cost) but you will soon find enough evidence if you ask around.