

HIDDEN SECTETS OF MONEY  
MIKE MALONEY  
PART 4  
THE BIGGEST SCAM IN THE HISTORY OF MANKIND

To pay for deficit spending, the treasury borrows currency by issuing bonds. A bond is an I.O.U.

The U.S. Treasury bonds are our national debt. These glorified IOU's are to be paid back by ourselves and our posterity by taxation. When the governments issue bonds, they steal prosperity from the future so they can spend it today.

The treasury holds a bond auction & the world's largest banks compete to buy part of our national debt, and make a 'profit' on it by "earning" interest (usury). The big banks sell the bonds to the FED at a profit. To pay for the bonds, the FED opens up its checkbook and writes bad, bogus, counterfeit checks because they are drawn on an account that has a zero balance. When the FED writes a check, there is no bank deposit on which that check is drawn. When the FED writes a "check", it is creating money. The FED hands those checks to a member bank and at that point "currency" springs in to existence. The banks then take that currency and buy more bonds at the next treasury auction.

UNDERSTND THE PROCESS

1. The Treasury issues bonds (IOU's)
2. The banks buy those IOU's with currency.
3. The FED then writes IOUs (checks) and hands them to the banks in exchange for the Treasury's IOU's (the bonds) and currency is "created".

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PART 5  
BASE CURRENCY

Paper currency (irredeemable notes) is just a supply of “numbers”, a claim check or receipt on an IOU, the government bond.

It is really only a “supply” of numbers. The treasury then deposits the newly created currency into the various branches of the government (see EXCHANGE STABILIZATION FUND—ESF-- pp 273-5.

Jim Marrs—Our Occulted History)

Spending dollars on public works, social programs, war and CIA “off the record” assassinations and black ops. When you deposit your money, the banks can do with it as they please: gamble on the stock market. Commercial banks create checkbook money whenever they grant a loan, simply by adding new deposit dollars on their books in exchange for a (loan?)

So, what is really happening is the FED and the Treasury, a duopoly, are just swapping IOU’s, using the banks as middlemen and “currency” springs in to existence. This process repeats over and over again, enriching the banks and indebting the public by raising the national debt.

The end result is a build up of bonds at the FED and a build up of currency at the treasury. This process is where all paper currency comes from. This is not “money”, it is base currency.

MONEY has to be a store of value that maintains its purchasing power over long periods of time. The quality of money are Portable / Durable / Divisible / Of equal exchange / Of fungible value.

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MONEY vs. COMMODITY CURRENCY

Naturally occurring electrum gold and silver mixture; real money, i.e. gold and silver, becomes corrupted. The stupidity of central banks is shown by **Bundesbank** (take the tour). Government created currencies are not money, they are from SES, usually broken, to rob their own people by transferring the wealth of the middle class to the government.

This inflates away debts, inflates away prosperity. The rise of a dictator out of monetary crisis—you very often get tyranny & total government control. But collectivism does not work—it is dangerous to liberty.

Maximum prosperity can only be achieved through individual freedom, free markets and sound money.

Credit money is collapsing. Central bank swap creates treasury issues: the Treasury writes a check, a bond is created (IOU). This creates currency—its voodoo, or hocus-pocus. All fiat currency values eventually become zero. The ideal goal is that money is trustworthy and in short supply. Metal currency does this. You can have economic growth with a limited supply of sound money. The purchasing power just increases.

What use is money if you don't have freedom?

What is really happening is that the FED and the Treasury, a duopoly, are just swapping I.O.U.s, using the banks as middlemen and "currency" springs into existence. This process repeats over and over against, enriching the

banks and indebting the public by raising the national debt. The end result is a buildup of bonds at the FED and a buildup of currency at the Treasury. This process is where all paper currency comes from. This is not “money”, it is base currency.

Money has to be a store of value that maintains its purchasing power over long periods of time. A currency must have these qualities: portable, durable, divisible, fungible (of equal exchange). The value must be interchangeable with the entity being swapped, not debt. Paper currency that is redeemable in gold or silver is a claim check on the gold and silver.

Paper currency, or base currency that is irredeemable, is just a supply of “numbers”, a claim check or receipt on an I.O.U., the government bond. It is really only a “supply” of numbers. The Treasury then deposits the newly created currency into the various branches of the government (see **Exchange Stabilization Fund**—ESF) pp 271-275.

Jim Marrs in ***Our Occulted History***, shows spending dollars on public works, social programs, war and the CIA “off the record assassinations, black ops are all hidden wealth drains on the marketplace. When you deposit your money, the banks can do with it as they please: gamble on the stock market, etc. Commercial banks create checkbook money whenever they grant a loan, simply by adding new deposit dollars on their books in exchange for a borrower's I.O.U. even though these bank, credit I.O.U. numbers are very different from base currency numbers, because they only exist in computers (electronic ledger currency); they are still currency.

Though fractional reserve banks, loan only \$100, people deposit it to another bank over and over again; that bank loans it out under, say a 10% reserve requirement. \$1000's of dollars can be “created” by bank after bank. 92.96% of currency is created by the banks, not the government. The more currency we have, the more

prices rise. The true definition of inflation is an expansion of the currency supply. Rising prices are merely the visible symptom.

Our entire currency supply is nothing but a supply of numbers, some of them printed, most of them typed in an electronic ledger.

True wealth is your time, your work, your labor. We the People are what give the currency of numbers, digits, and its value. The system robs us on a massive scale. The FED is committing fraud. Before the establishment of the FED, there was no need for income tax. Interest is due on “that government bond” and on every loan the banks made and made and made (10% fractional reserve scam).

There is interest due on every “dollar” in existence. Here’s the devil in the details of usury: if you borrow the very first dollar into existence and that’s the only dollar in existence on the planet, but you promise to pay it back plus another dollar of interest, then from where do you get the 2<sup>nd</sup> dollar to pay the interest? You have to borrow that dollar (a Federal Reserve Note) into existence and promise to pay that 2<sup>nd</sup> one back with interest as well. There is never enough currency to pay the debt.

Know this: there is always more debt in the Federal Reserve System than there is enough dollars in existence to pay the debt. This system is corrupt in its impossibility to ever be free of debt to the owners of the monetary system (aka vampires-- money changers--as Jesus called them when He got out His whip and overturned the merchant tables in the Temple). This fiat system is finite and will come to an end one day, usually very violently.

What would happen if the government stopped borrowing to do its deficit spending? Are the payments on those treasury bonds going to stop? What would happen if the public spotted borrowing and going into debt?

Are your house and car payments going to stop? NO! There is a payment due every month on the principle plus the interest; on every “dollar” in existence...and those payments DO NOT STOP! If we stop borrowing, then no new currency is created to replace the currency we used to make those payments and debt; like matter and anti-matter.

Whether you are making a payment on a loan, or a payment on a bond, the portion of the payment that goes to pay off the principle extinguishes that portion of the debt; but the debt also extinguishes the currency! When currency and debt meet, they are like matter and anti-matter—they annihilate each other. If we just pay off the principle only on all the loans and bonds that exist, the entire currency supply just vanishes. If we don't go deeper into debt every year, the whole thing goes into a deflationary collapse under the weight of those payments.

Balancing the budget, paying down the debt, living within our means is deflationary and is impossible to do under our current monetary system, the system is designed to create ever-increasing levels of debt just to continue to work. The level of debt will grow so high it will collapse under its own weight, or “mountain of debt”.

The founding fathers knew the dangers of central banking. The war for independence was over taxation, gun confiscation, troops looting and plundering anything they wanted, no representation of ‘We the People’ in the governing system, ownership of property and other things tyranny despises. Hyperinflation of the continental taught them the dangers of debt-based, fiat currency, so to protect future generations from INSTITUTIONAL THEFT AND OUT-OF-CONTROL GOVERNMENT; they disabled the national government and the state governments from using Bills of Credit as legal tender in payment of debt. Only the States can declare legal tender and only gold and silver can be declared legal tender. No printable money is allowed.

Our current Federal Reserve System is unconstitutional and it robs us of the liberty and prosperity our forefathers fought and died for. Inflation is a slow, insidious stealth tax that is an intended result of this debt-based monetary system by forcing more currency into circulation to dilute purchasing power. This system empowers and benefits those who create the currency and receive it from the printing press first, because they get to spend it into circulation before it has an effect on the economy.

Only gold and silver is declared money in the U.S. Constitution for the simple reason that you can't print gold and silver. We are all feeling the effects of ignoring the Constitution. Central banks issuing Bills of Credit are inflationary. Purchasing power is being stolen from you and transferred to the banks and the federal government every hour of every day, because of this false monetary system.

The people at the top know this. To quote the Federal Reserve, "the decrease in purchasing power incurred by holders of money due to inflation imparts gains to the issuers of money." THIS IS A FRAUD, a pyramid scheme, a Ponzi scheme, a scam and a lie. Our entire monetary system is nothing but a form of "legalized plunder", as Fredrich Bastiat concludes in his book, *The Law*.

The FED has stockholders, the owners of the private corporation called The Federal Reserve System (FED). The FED's owners receive an annual dividend of 6% paid to the big banks, who are the stockholders. "Using this means, the Federal Government may secretly confiscate the wealth of 'We the People', and not one man in a million will detect the theft." (John Maynard Keynes).

**Step 1:**

1. The Federal Government creates glorified I.O.U.s by printing a Treasury Bond.
2. These Treasury Bonds, or Treasuries, increase our national debt with the public on the hook to pay it back.

**Step 2:**

1. I.O.U.s are swapped to create currency, the Treasury sells the bonds to the big banks.
2. The banks then turn around and sell our national debt at a profit to the FED, which they probably own.
3. The FED then opens it's checkbook that doesn't have a penny in it and buys those I.O.U.s with new I.O.U.s that it writes like checks on a checking account that has the zero balance.
4. Then they give those checks to the banks and currency just springs into existence.

The whole process repeats.

This creates a buildup of bonds at the FED and currency at the Treasury which is really just a supply of "numbers". The Treasury then deposits the "numbers" at the various branches of the government and we get to

**Step 3**

The Federal Government spends the "numbers" on promises, public works, social programs, war, black ops (ESF). The government employees, contractors and soldiers deposit their paychecks into the banks.

**Step 4**

The banks multiply the "numbers" by magically inventing more I.O.U.s through fractional reserve lending, where they steal a portion of everyone's deposits and lend it out. That currency gets re-deposited and then a portion is stolen from that again. This process repeats over and over, magnifying the currency supply exponentially. Then "We the People" work for some of those "numbers".

**Step 5**



Our “dollars” are taxed by the IRS, who then turns our “dollars” over to the Treasury, so the Treasury can pay the principle plus the interest on the bonds that were purchased by the FED with a check from nothing.

### **Step 6**

The debt ceiling delusion, the system is designed to require ever-increasing levels of debt and will eventually collapse under its own weight because politicians always ‘kick the can down the road’. They don’t want it to collapse on their watch (Democrats and Republicans are place holders).

### **Step 7**

The secret owners take their cut. The world’s largest banks own the Federal Reserve Crime Syndicate. Those banks make a profit selling our national debt to their FED. They make a profit when the FED pays them interest on the reserve “numbers” held at the FED, and the FED pays them a 6% dividend on their ownership of the FED.

This system is fundamentally evil. It funnels wealth from the working population to the duopoly—the government and the banking sector. It is the cause of all the artificial booms and busts of modern economies and causes great disparity of wealth between the rich (large property owners) and the working class (very small property owners). This scam is made possible because we don’t use real money. We use base currency and electronic ledger currency. Worst of all, it is a form of enslavement.

Bond is the root word of bondage. Whenever a government issues a bond, it is an I.O.U., a promise to make us pay tax in the future. “No generation has the right to contract debts greater than can be paid off during the course of its own existence.” George Washington. By stealing prosperity from tomorrow so we can spend it today, we enslave ourselves and future generations. This system relies on the ignorance of the public. An informed public can change and replace this system with a just one.

“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” according to Josiah Stamp, Director of the Bank of England. “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 control credit and with the flick of a pen, they will create enough money to buy it back again. But if you want to continue as the slaves of banker and pay the cost of your own slavery, let them continue to create money and to control credit.”

The present or current world monetary system is based on a 300 year old design meant to enrich a few at the expense of the many. END THE FED!