GETTING BACK TO BASICS.

Revising Adam Smith (1723-1790)

The first theme in *The Wealth of Nations* is that regulations on commerce are ill-founded and counter-productive. The prevailing view was that gold and silver was wealth, and that countries should boost exports and resist imports in order to maximize this metal wealth.

Smith’s radical insight was that a nation’s wealth is really the stream of goods and services that it creates. Today, we would call it gross national product. And the way to maximize it, he argued, was not to restrict the nation’s productive capacity, but to set it free.

Another central theme is that this productive capacity rests on the division of labor and the accumulation of capital that it makes possible. Huge efficiencies can be gained by breaking production down into many small tasks, each undertaken by specialist hands. This leaves producers with a surplus that they can exchange with others, or use to invest in new and even more efficient labor-saving machinery.

Smith’s third theme is that a country’s future income depends upon this capital accumulation. The more that is invested in better productive processes, the more wealth will be created in the future. But if people are going to build up their capital, they must be confident that it will be secure from theft. The countries that prosper are those that grow their capital, manage it well, and protect it.

A fourth theme is that this system is automatic. Where things are scarce, people are prepared to pay more for them: there is more profit in supplying them, so producers invest more capital to produce them. Where there is a glut, prices and profits are low, producers switch their capital and enterprise elsewhere. Industry thus remains focused on the nation’s most important needs, without the need for central direction.

But the system is automatic only when there is free trade and competition. When governments grant subsidies or monopolies to favored producers, or shelter them behind tariff walls, they can charge higher prices. The poor suffer most from this, facing higher costs for the necessities that they rely on.

A further theme of *The Wealth Of Nations* is that competition and free exchange are under threat from the monopolies, tax preferences, controls, and other privileges that producers extract from the government authorities.

For all these reasons, Smith believes that government itself must be limited. Its core functions are maintaining defense, keeping order, building infrastructure and promoting education. It should keep the market economy open and free, and not act in ways that distort it.
Production and exchange

*The Wealth Of Nations* begins with Smith explaining production and exchange, and their contribution to national income. Using the example of a pin factory, Smith shows how specialization can boost human productivity enormously. By specializing, people can use their talents, or acquire skill. And they can employ labor-saving machinery to boost production. Then they exchange those specialist products, spreading the benefits of specialization across the whole population.

How far and how fast the benefit spreads depends on how wide and efficient is the market. Often, employers try to rig markets in their own interests, and call on governments to help them. But the best interests of ordinary people are served if policymakers avoid such interventions and promote open competition.

The accumulation of capital

Smith goes on to say that building up capital is an essential condition for economic progress. By saving some of what we produce instead of immediately consuming it, we can invest in new, dedicated, labor-saving equipment. The more we invest, the more efficient our production becomes. It is a virtuous circle.

Thanks to this growth of capital, prosperity becomes an expanding pie: everyone becomes richer. But capital can be lost, through mistakes, or theft, or profligate government spending. Governments should aim to allow people to build up capital in the confidence that they will enjoy its fruits, and should be aware that their own taxation and spending will eat into the nation’s productive capital.

Economic policy

Just as individuals gain from specialization, says Smith, so do nations. There is no point trying to grow grapes in Scotland, when they grow so plentifully in France. Countries should do what they are best at, and trade their products. Restrictions on international trade inevitably make both sides poorer. Legislators think too much of themselves when they believe that by intervening, they can direct production better than the market can.

The role of government

Smith is critical of government and officialdom, but is no champion of laissez-faire. He believes that the market economy he has described can function and deliver its benefits only when its rules are observed – when property is secure and contracts are honored. The maintenance of justice and the rule of law is therefore vital.

So is defense. If our property can be stolen by a foreign power, we are no better off than if
our own neighbors steal it. And Smith sees a role for education and public works too, insofar as these collective projects make it easier for trade and markets to operate.

Where tax has to be raised for these purposes, it should be raised in proportion to people's ability to pay, it should be at set rates rather than arbitrary, it should be easy to pay, and it should aim to have minimal side effects. Governments should avoid taxing capital, which is essential to the nation's productivity. Since most of their spending is for current consumption, they should also avoid building up large debts, withdraw capital away from future production.

**The Wealth Of Nations today**

Smith’s world was very different to ours, of course, before the Industrial Revolution changed everything. At yet, by showing how the freedom and security are to work, trade, save and invest promotes our prosperity, without the need for a directing authority, *The Wealth Of Nations* still leaves us with a powerful set of solutions to the worst economic problems that the world can throw at us. The free economy is an adaptable and flexible system, which can withstand the shock of the new, and cope with whatever the future brings.

In over two hundred years the theories and the concepts drawn from the Smith observations and studies have proven well founded and they are as relevant today as they were when he wrote them. In our rush to innovation, we of the modern world moved away from basics. We therefore need to identify what those basics are and get back to them.

**Adam Smith ... revisited by Winston Shrout.**

*(One might consider the following a moral perspective, but in fact it really accentuates the need for integrity and decency to be sustained in commerce. Winston is a great thinker and one quickly sees the importance of what might appear to ordinary men to be trite issues... KS)*

I consider the program outlined by Smith a good intermediate step, one which if adopted would get international commerce back on a sound commercial direction. But I do look at it as an intermediate.

Centralization removes responsibility from the individual. When that happens, charity which is the true love of God vanishes and people turn to their own devices. But centralization by government could function to restore us to natural law, as I will address here. It depends on the intent of the operators.

In the days of Smith, I do not know how words were used exactly in the 18th century, but perhaps a more specific defining of terms might lead to improvements in concepts. And
again it has to do with specifying the real as opposed to the fiction.

I have tried to include in what I have taught over the years the most basic concept which is that any law, procedure, practice, or whatever which is based on the natural law, the Law of Nature, does have a chance for success (short of earthquakes and tornados). Anything not based on natural law will fail at some time.

First of all, we all know how babies are made. Aside from the test tube babies and perhaps the clones, the creation of a man or woman follows along a pretty well defined course. This is natural, and when properly followed, the natural course is that ‘God’ will insert a life force into the new baby so that it will be animated … walking, talking, working, feeling entity. A group of such entities who follow this course of nature form into what we call families. Families combine into communities/tribes and eventually into nations. Aside from the genetics involved, such relationships foster ‘love’ … love for ones mate, love for the children, love for family and love of nation.

A nation then is a ‘thing’, the members of which have a common ancestry and a common genetic heritage, a situation where love is the deciding factor.

To love one’s nation is godlike, but to love a country is idolatry as a nation comes from the Creator and a country is the workmanship of ones own hands.

That there are many different ‘nations’ on the face of the earth is obvious. How we came to have this diversity is much talked about, but after all of the theories, the plain fact is that we have many different nations/races on the surface of the planet with inherent genetic patterns which affect the way they walk, talk, and work.

Once we start to interact between the various nations, because of the diversity, then we have to consider some vehicle to ‘translate’ from one national interest to another. This necessitates a political entity that we call a country. The word ‘nation’ and ‘country’ are not interchangeable.

I am not sure that Adam Smith made that distinction. I don’t know his orientation.

The three basic elements necessary for people to live and thrive are food, clothing, and shelter. Those people who live near the equator in tropical environment have food readily available, clothing is a minimum, and shelter is basically shade provided by the trees. As we move further away from the equator we find life much more difficult, even to the extremes suffered above the Arctic Circle.

So, countries (which are only fictional constructs) were formed in order to get bananas to the Eskimos. If the Eskimos did not desire bananas, then there would be no need for a government. But if the Eskimos did desire bananas, then trade would have to be
established and some equitable device would have to be developed for compensation for the labor of gathering and shipping bananas. Thus commerce has been developed with all of its various departments.

The Eskimos are a nation and the Tahitians are a nation. The vehicle which has been chosen for an interchange between the two nations is the countries which “re-present” the nations, one to another. A country is a buffer between people/nations of diverse genetic background. The fiction/country is created to swallow up the diversity of the various genetic backgrounds.

With that, now we have the concepts of Adam Smith coming into play, not as nations but as countries … the nation being the real and the country being the fiction. Maybe Smith should have titled his work as ‘Wealth of Countries’ rather than ‘Wealth of Nations’. It might make better sense if it were styled that way.

For instance, the USA is not a nation. It is a country. This is due to the diversity of the people who comprise the USA. It has been styled the ‘melting pot’ of the nations. This is obvious.

When the Europeans came to America they found that there were several ‘nations’ already here. Actually North and South America had a variety of nations in existence already. If it had not been for smallpox and plague, the European nations would never have gotten a foothold as the numbers of people who were in the Americas far outnumbered the combined population of Europe. So, the Europeans came with the Manifest Destiny (actually smallpox and plague) and used the sword to destroy or subjugate the nations already in existence. That was very aggressive commerce. War is a function/mechanism of commerce.

So, the goal of the US government/country has been to rally the various nations of this melting pot into one focus. It has not been easy. Will it ever happen? I doubt it, because that goal has turned a portion of one nation against its own national origin. For instance in WWII we had German Americans fighting their near relations. We had Japanese Americans fighting against their national home. We have turned blood against blood. It is not natural to do so.

The only way to smooth over this infighting of one nation against itself is the overriding buffer of commerce. If trade and commerce are properly carried on, then a man of Siberia feels free to interact anywhere on the planet and not be at variance with his own blood. The man in Argentina can see to the needs of the man in Somalia without any fear. Love becomes the deciding factor and allows for the ‘unconditional’ love that is so needed. In unconditional love, people can just be people without fear of being persecuted by the government or country which created the fictional borders that divide people.
In the original spiritual ethic men were directed to love God. They were forbidden by this ‘God’ to worship the things that were created by the hand of man. Love of a ‘thing’ was called idolatry. Love of the Creator of life was encouraged. The goal was to move people to imitate the unconditional love demonstrated by the Creator. Unfortunately, in many instances, people turned to the worship of things. For instance, it appears that the ancient Egyptians turned to the worship of the sun rather than the worship of the Creator of the sun.

And as a carry over, in our modern times, people have turned to the worship of money rather than to the creator of the wealth. As Keith has pointed out in the mortgage debacle, the maker of the note or the credit created by the signature of the maker/man, has been completely dismissed. Now the bankers and financiers have turned to the ‘thing/money’ as the value rather than the creator/maker. This is idolatry plain and simple, and as time has proven, it has failed.

Remember: nations do not create borders … countries create borders. Countries are fictions and the borders they create and ‘protect’ are fictions. Just ask any hawk to point out the border between the US and Mexico. The mother hawk will kill a rabbit in the US and take it to her young ones in Mexico. That is natural commerce. And just think: the mother hawk did that without any import or export tariff or tax … imagine that! It is just needs and wants.

So, that is why I consider the comments of Smith to be an intermediate step toward normalization of commerce. But it is not the end, only a step. Will it be helpful to resolve some of our disputes? Yes. As we evolve toward a planetary resolution of getting bananas to the Eskimos, we will have to elevate our thinking and procedures. The scripture says that: the earth is full and there is plenty for all. Commerce only addresses the procedures for securing to all people on the planet access to that ‘plenty’.

In our present system of commerce we deal with ‘weights and measures’. We have adopted this so that we can come to equity or fairness in our dealings. But at some point we will be faced with the concept of ‘just needs and wants’ in order to fully realize the benefit of ‘the earth is full and there is plenty for all’. It is the ‘weights and measures’ which created the fiction by reducing the ‘plenty’ into a number on an accounting spreadsheet. For instance, how many dollars will a man pay for a bushel of wheat? Well, it all depends on whether he is hungry or not. If he already has a whole warehouse full of wheat, another bushel might be worth $1. But if he has no wheat at all, he might be willing to give $100 for that bushel. Thus we have created an inequity because of the necessity of producing the $100 rather than just the $1. The concept ‘all the market will bear’ is demonic.

What we are dealing with in our present circumstances is to get the various countries to
take back control of commerce into equity (perhaps the Adam Smith model). The banks and various financial powers have been using admiralty practice (which involves bankruptcy and limited liability insurance schemes, etc.) to destroy the power of the countries. Admiralty practice belongs on the ‘salt’ water’ which is poison to the living man. Hence, Admiralty law is poisonous to the natural man. Admiralty law can only apply to the fictions.

The Jesus man walked on the water, whereas the man in fear, Peter, sank in the water and had to be rescued by the man of faith. The natural man walks on the salt water/Admiralty, while the fictional man sinks in Admiralty and is drowned by his fears.

If the countries can move back into equity/fairness, then we have made a major step forward. This is what is called justice. Fresh water comes from the land and is necessary for the life of man. If the man imbibes ‘salt water’, he will shortly die. That is why Admiralty/salt water can only involve the fiction entity.

And while fictions are good in their place, to replace real with a fiction and allow the fiction to be the controlling factor, the real man will suffer and die.

When the countries can guarantee equity to all of the nations, then we can move into law, and then the countries will be justified and the nations will be sanctified. To have it the other way around is suicide.

Law involves itself with the compact of life. That is the agreements and duty that mankind has made with the Creator. The Creator is the one who has made the earth ‘full’ and given ‘plenty’ for all. It is to the Creator that all people owe their existence … not to a country.

When these concepts are infused into the minds and hearts of people, then every man will be a Christ/Buddha and every woman will be a Mother Teresa.

Will we get there before it is ‘too late’. Well whether or not we can is uncertain, but we at least have to make the effort. Perhaps the Creator will tend toward leniency if we are moving in that direction.

I believe that we can do a ‘marvelous work and a wonder’. Otherwise I, for one, would just be out in the garden talking to the birds.

Winston Shrout, 9/18/11
A Current Market View of the Securitization of Mortgages.

Mortgage-backed securities (MBS) are debt obligations that are backed by the cash flows from pools of mortgage loans on residential and commercial property. These mortgages were originally extended to homeowners and investors by banks and other lending institutions, then purchased and assembled into pools by a variety of government and private entities. These entities then issue securities with tranches of various maturities and credit quality. The coupons and principal payments from the residential mortgages provide the cash flow to repay the residential mortgages, while rental income provides the revenue stream to repay the commercial mortgages.

Looking at the American system, which has actually gone global, first developed in late 1970s, the residential mortgage backed securities (RMBS) market has grown tremendously in the past few decades and is currently estimated to be an $8 trillion market. The majority of RMBS are issued by government sponsored entities (GSEs) Ginnie Mae, Fannie Mae or Freddie Mac, and are (now that the government has taken over Fannie and Freddie) explicitly backed by the Federal government. These securities are generally referred to as “agency” paper/RMBS. The rest of the RMBS market has been structured and issued by private institutions such as banks, thrifts, broker-dealers and homebuilders. The RMBS transactions are generally backed by homogeneous pools exclusively comprised of either prime, subprime, adjustable rate mortgages or home equity loans. These securities are often referred to as “private label” or “non-agency” paper/RMBS and represent an estimated $1.8 trillion of the RMBS market.

The Secondary Market has also opened its marketplace for the trading of commercial mortgage backed securities (CMBS). The mortgage pools backing CMBS are also grouped together relatively homogeneously, consisting of pools of multi-family, office, retail, industrial and medical properties, with principal and interest payments backed by streams of rental income. CMBS are all issued by private entities, and the market is estimated to be over $700 billion in CMBS outstanding.

RMBS Liquidity

The agency RMBS market, due to a combination of implicit and explicit government guarantees continues to function in an orderly manner, with tight bid-ask spreads and a significant number of market participants. RMBS issued by the private sector, however, have come under significant pressure not only from the downturn in housing prices and the fallout from the sub-prime mortgage crisis, but also from a variety of legal and regulatory changes/proposals that have caused considerable uncertainty regarding the future performance of the underlying loans.

With many traditional market makers on Wall Street either closed or no longer making markets for RMBS securities, investors have had no place to turn for price discovery, or outlets to sell their positions. Further, there remains significant uncertainty about the
future direction of TARP and how that will impact the distressed mortgage market. With all this ongoing uncertainty about the future economic, legal and regulatory environment, opportunities exist on for non-traditional investors to step in and potentially profit from all the dislocation in the markets. Today, there are new distressed mortgage investors coming into the market constantly.

**General RMBS Structure**

Most RMBS securities are sliced up into many (typically 10-30) different tranches, each of which is relatively small compared with the entire issuance. The senior tranches are traditionally time-tranchered, meaning that each tranche has a different expected maturity and expected time window for principal repayment. The actual maturities vary based upon realized prepayments, but are marketed based upon an assumed prepayment model. The lower tranches, usually referred to as credit-tranchered, are riskier and subordinated to the all the senior tranches. There is a critical trigger applicable to the credit tranches that kicks in, typically after the third year, which allows for potential early repayment of the credit tranches if the pool performance has been sufficiently robust.

**Major RMBS Types**

The pools of mortgages which are securitized to form RMBS are traditionally homogenous in composition, by both borrower type and mortgage structure. The following five collateral types were the most common residential mortgage types:

**Prime**
These loans were generally plain-vanilla fixed and floating-rate 30-year mortgages, issued to homeowners with the highest credit quality - individuals with high FICO scores, called "prime" borrowers. These mortgages were taken out by the majority of homeowners and form the greatest percentage of RMBS collateral. Agency RMBS can only be backed by prime mortgages. Non-agency prime mortgages, otherwise known as “jumbo”, are underwritten with loan balances which exceed conforming loan limits set by Fannie Mae and Freddie Mac. While defaults continue to rise, prime RMBS have seen the least collateral deterioration, and many of the higher rated tranches continue to perform well.

**Sub-Prime**
Sub-prime borrowers generally have low FICO credit scores. Statistically, they have a higher probability of default and thus generally have higher interest payments- generating higher coupons for sub-prime RMBS purchasers- which help drive initial demand in the market. Sub-prime defaults have skyrocketed, eroding the collateral and cashflows of the RMBS they are backing.

**Alt-A**
These loans were generally extended to borrowers with “prime” creditworthiness. However, certain other lending parameters were relaxed such as documentation, debt service to income ratio, loan-to-value ratio, inclusion of teaser rates, etc.-leading many of these loans (and hence their RMBS securities) to be riskier. In the current crisis, Alt-A
loans have had higher default rates than Prime, but lower than Sub-Prime.

**Adjustable Rate Mortgages**

Often called option ARMs, pay option ARMs or negative amortization loans, these mortgages were often offered to home buyers with low introductory “teaser” rates to make them more affordable for the buyer. With their low initial rates, mortgage payments were sometimes half as much as a traditional mortgage, while accruing additional principal to make up the difference. After 2-3 years many mortgages are re-set to much higher, often unaffordable rates, contributing to defaults as the now higher payments cannot be met.

**How Mortgage Securitization Moved to Perpetual and Revolving Fraud.**

The process of securitization did three things.

1. It opened up the mortgage market to public investment in what appeared to be a totally secured market where invested funds were backed by bricks and mortar. This was a lie as the banks had not secured either themselves or the investors.

2. In contrast to the appearance, the bricks and mortar became leveraged to the maximum level the banks could manage to create.

3. The underwriting was drawn from the Public Side and the income went to the Private Side of the bank’s ledgers. Not only was the underwriting drawn from the public side, that drawing was a mere pretense as the use of the Public Funds by Private Entities was never authorized and therefore could never be called to sustain the mortgages or provide the protection promised to investors. When those banks had to answer their own internal fraudulent arrangements, it bankrupted them.

In considering these issues, the most damaging has been No. 3, not just because of the damage to the banks themselves, but because of the damage to the collating and recording of National Wealth and the extraordinary loss of receipts to the National Treasury. The entire system began with a fraud that stole from the Treasury then expanded into a fraud that stole from the investors and then expanded into a system where it eventually steals from the Mortgage Note Maker.

Fiat currencies may well be backed by debt, but the debt must be backed by value. What happened here is the debt was created and so the funds were created, but then the value was fraudulently withdrawn and subverted to the private side of the bank’s books as profits. Therefore the debt that was created through the mortgage note was not backed by the value of the property, but only the promise to pay, thus the investor was deprived of the security of the promised value, and the National Treasury was deprived of the proper pass back. The Bank used the Treasury’s underlying capital funds to ledger the
transaction into value, then took the income and value and converted them to profits. What the banks created and the regulators allowed was a system of multi faceted and multi layered frauds that were perpetrated in the name of Profit.

**Understanding the True Role of Banks.**

To understand the iniquity of this system one must first understand the true nature of what a bank is and the license banks have that allow them to convert signature to value. In reality, the bank is third party debt collector for the National Treasury.

WHEN A BANK ARRANGES A MORTGAGE NOTE, THEY DO NOT LEND THEIR OWN MONEY. THE MONEY OUGHT TO DRAWN FROM THE NATIONAL TREASURY AND THE REPAYMENTS AGAINST THE NOTE SHOULD BE PAID TO THE TREASURY. In failing to do this, the value of the note is not registered as an Asset of the Treasury and the repayments are not settled as a discharge to the benefit of the Treasury.

Banks do not actually lend money on secured debts, period. Actually, all banks are chartered as a third party debt collector for the Treasury/Central Banks. ALL MORTGAGE AND SECURED DEBT payments are technically payments on the Treasury Debt. What is looked at as a “loan” is simply a guarantee by the ‘buyer’ that they will personally assume X amount of the National debt. Actually payment of the custodial use of the gold owing to International Collateral Combined Accounts. All of these “mortgages” are actually guarantees for these payments for the custodial debt for use of the gold. The banks are using this fraudulent scheme and withholding the payments for the custodial use by holding the real payments in the bank and not passing it along to the Treasury/Central Bank. *The Banks are using the banking charter in a fraudulent manner, and are actually thieving the money paid by the citizens that is owed for the use of the gold.*

THEY ACTUALLY CREATE THE MONEY AGAINST THE SIGNATURE OF THE MORTGAGE NOTE MAKER. THEY DID NOT LEND ANYTHING. THE PERSON WHO SIGNED THE MORTGAGE PAPERS IS THE MORTGAGE NOTE MAKER.

The scheme broadens when the note is not “registered”. The banks under their charter have a duty to perform per charter. How they avoid this is by keeping the note and mortgage contract on the private side by not registering those in the public. *The registration creates the ‘exemption’ so that the debt/credit can actually go Treasury Direct.* By holding the note and contract privately, the banks are in violation of the public charters ...THEY ARE NOT PRIVATE BANKS...THEY ARE PUBLIC BANKS UNDER CHARTER AS THIRD PARTY DEBT COLLECTORS on behalf of their National Treasuries. *(YES, the Treasuries belong to the Nation, not the country)* They are supposed to be collecting the money from these loans and paying back to the Treasury. Failure to make these pass backs by moving transactions to the Private Side is fraud against the Treasury. Worse, the banks have already entered in their ledgers the liabilities of the transaction against the Treasury.
Apart from cheating the Treasury from wrongful use of a public charter, but in acting in the private for private gain, they are also cheating the people. Although the people are not aware, the banks, the courts, and all chartered companies/corporations are simply there as third party debt collectors for the debt of the State on the custodial use of the International Collateral Combined.

**This is what has thrown the matter into the present problem.** Since the note and mortgage contract are being held on the private side, the banks have conspired with the bonding agencies and gotten Triple A rating for this private paper, and then went and sold the paper publically. This is an act of ‘conspiracy’, almost certainly created by lack of due diligence on the part of the bonding companies. The individuals and even governments which have bought this so called “Triple A Paper” have legal recourse against the bonding companies … The entire process is no more than a pure conspiracy to defraud.

**WHY IS THIS?**

**IT IS BECAUSE THE BANK HAS A LICENSE TO DO "CONVERSION". THAT IS, TO CONVERT THE SIGNATURE OF THE MORTGAGE NOTE MAKER INTO MONEY OF ACCOUNT. IN OTHER WORDS THE MORTGAGE NOTE IS NOT A LOAN FROM THE BANK, BUT A CONVERSION OF THE SIGNATURE OF THE NOTE MAKER TO VALUE.**

Here again, we need to look at just what conversion is, how it should work. First, a bank cannot “convert” a debt. A note is evidence of a debt … a ‘promise’ to pay something in the future. There is actually nothing to convert.

Conversion has nothing to do with a debt. Conversion means to take a private asset (something real such as gold held in the International Collateral Combined Accounts) and use it for the creation of “credit”, not debt. The banks can extend credit, but the provider of the asset is the principal for the conversion of the asset into credit which is usable in commerce. The party which uses the credit is the debtor, etc., just standard commerce. This is why the banks also cheat the investors in selling the mortgage papers. There is no actual underwriting because the mortgages are not being registered correctly at the Treasury.

**BUT …, let us take this further. The banks cannot ‘convert’ the promissory note of the home buyer into anything … impossible to do. So, it is not really conversion of the mortgage note that is going on here, BUT THE **SIGNATURE** ON THE NOTE!!!**

By giving an ‘unconditional’ signature on the note and mortgage, the unwary home buyer has just given the bank permission to convert the signature into credit using the ‘exemption’ due to the ‘registration’ of the live birth in the commercial registry leading to the Birth Certificate/Bond.

Going backwards, when a child is born, the parents put up the body of the child (meaning its future labor) as an asset. In essence, a birth ‘certificate’ is created as a bond against
the future labor. This is all handled under a *cestui que vie* trust, the Social Security account via the “Social Security Number” supplied by the IRS/IMF tying the cestui que vie trust directly into the UN. The signature on the application for the SS account is handled by the SSA/IRS/IMF the same way the banks are doing it. That baby/birth certificate is in fact registered for the “exemption”.

When an unwitting home buyer puts his ‘unqualified’ signature on the note and contract, he has given the bank unlimited use of the exemption (future labor, products, proceeds, fixtures, etc.) and direct access to the assets of the cestui que vie trust.

So, to understand the underlying situation with “conversion”, one needs to consider what is or can be ‘converted’. Again, the bottom line is that the private ‘asset’ which is being converted here is the signature on the note, not the note itself.

**WHEN THE BANK SAYS THEY LOANED THE MONEY, THIS IS FRAUD. THEY LOANED NOTHING.**

Where a bank has implied or stated that they are lending their money, this is fraud against the government and fraud against the note maker. The bank converts the signature for value through Treasury Direct and ledgers the value. The bank does not lend money, it issues money against Treasury Direct.

If such a statement is made in the documents relating to the issue of the loan, this is fraud and the loan cancelled and all monies paid on that implied loan or against and all losses due to the fraud become recoupable by the note maker.

Aside: when the bank ‘created’ the money from the note, they did not ‘create’ the money needed to pay the interest as per the mortgage contract too. In doing so, they created an impossibility to pay the mortgage … or else one homeowner would be at the throat of another homeowner to get the money to pay the impossible situation otherwise. The banks set the people at war against each other in competition for the needed money. But remember the maxim of law: the law does not require impossibilities. Hence the banks broke the law in spirit and fact.

Yes, the note is entirely in the private side for failure to register it in the commercial registry. The public banks are taking in private documents through title and escrow companies (using title and escrow as a buffer so as to stay at arms length from the fraud … but the banks own the title and escrow through their attorneys and cannot avoid liability).

The note is worthless without the original signature of the maker. This is just pure negotiable instrument law. So, you see, it is the signature which is the real asset in all of these situations. The signature is the access to the assets of the cestui que vie trust. When Jack Smith signs a note, that allows the bank to go to JACK SMITH 40164xxxx. JACK SMITH is the pass through, Treasury Direct … as a direct frontal attack on the Treasury. The bank is essentially stealing the credit created by the custodial use of
International Collateral Combined gold by the US government.

Technically, at the highest level, it is an avoidance of the Rothschild controlled Federal Reserve System / Bank of England / Bank for International Settlements owned and operated Central banks to pay the tax on the gold owed to International Collateral Combined Accounts or Global Debt facility by using the signature of the Buyer as permission to steal. Thereby, the Central Banks can claim immunity, as the “signature” is not theirs, but the signature of a man against his birth certificate in the National Treasury. ***NOTE that only the buyer signs the note and mortgage contract, and you will never see the signature of any bank official anywhere on them.

Look at the UCC law on signatures … UCC 3-401, etc. It is the way people are signing documents which cause them the problems, not the document itself.


Yes, look at sections on Holder in Due Course sections of UCC 3-300 series. Who is the owner or holder of the “signature” … see above. What The banks are doing is ledgering the income to the Private side and ledgering the value liability to the Public side.

What is really happening right through the “secured debt financing” is basically the same in all countries to day. It is ‘theft by deception at three levels. 1. Against the Treasury. 2. Against the Note Maker. 3. Against the Investors who buy this so called “AAA rated Paper”. People are led to believe a lie. When they give credibility to the lie, the lie turns into a perceptive truth. If you tell a lie long enough it will be accepted as a truth.

The truth is very different.

THE LIE IS BANKRUPTING ENTIRE COUNTRIES.


TO CLAIM OTHERWISE THE BANK MUST PRODUCE DOCUMENTARY PROOF THAT IT LOANED THE MONEY. NO BANK IS ABLE TO DO THIS, FOR TO DO SO, THEY MUST ALSO SHOW THAT THEY LOANED THE MONEY FROM THEIR OWN CAPITAL FUNDS. NO BANK DOES THAT.
For the Bank to claim otherwise, they would have to prove that they are the owner of the “signature” that created the note and contract … they never signed it so they have no claim. Their only real defense would be that they own the ‘signature’ on the documents. That would be a totally ridiculous defense.

THE ONLY WAY THE BANK CAN PROVE IT IS THE OWNER OF THE MORTGAGE IS TO PROVE IT LOANED THEIR OWN MONEY.


The Remedy and Recovery Process… Just Back to Basics.

The Banks are making these Notes and then selling them and keeping the profits. The Investors in the notes bought them in the belief that the note is underwritten by property value, i.e. bricks and mortar. In actual fact, the money received only becomes of value if the money from the sale of the Note is paid to and, accepted by the National Treasury.

It would appear that ultimately, the First remedy for Treasuries is to make claims against the public hazard bonds held against the banks. When the insurance companies have to cough up the money on the insurance claims by the Treasury, the insurance companies will put the banks straight. The Second remedy is to rectify the criminal activity of the Banks, in which the Banks must deposit into the Treasury the value they have stolen from the Treasury through the sale of mortgage papers. This can be effected retrospectively without excessively damaging the banks who have already damaged themselves into a hopeless situation. This way the Treasury will be refunded almost to the level it should have been if the fraud by banks did not occur

This financial reconstruction can be executed by creation of a series of International Bills of Exchange to be deposited by the Banks in the Treasury. In doing so, these are automatically underwritten against the International Collateral Combined (because they already are on the ledgers of the Banks) and the values brought onto the balance sheets of the Treasury. The Bill of Exchange is in fact an “exchange” of credit for debt. This has the effect of asset minus debt = zero. The BOEs can replace the debt instrument in general accounting to balance the books. When the books are balanced to zero now we have equity. This takes away the power of the account payable that the banks are holding off ledger … forces the issue to bring the account payable to the account receivable which shows the zero balance. All that is left to determine is where to send the interest. Remember that interest accrues to principal … and the Collateral Accounts are the representative of the principal … the people. The interest is the tax which creates the “fact”. You can’t go into equity with clean hands
without a “fact”. Now, that interest/tax can be returned to the principal/people in the form of humanitarian efforts to benefit the people. This is the moral way to handle this. It is inconceivable of the worlds people would object to the use of the interest in this way.

These operations are totally within Admiralty/Maritime law. Insurance is in the Admiralty … limited liability insurance and therefore can be executed administratively. There is no need for a long drawn out legal confrontation.

The Governments are not bankrupting countries. The Banks are doing that. What is more interesting is that the so called debt crisis is, in reality, all smoke and mirrors, just a mirage that can be corrected by rectifying book entry procedure. Force the Banks to register all secured loans in the National Treasury so it becomes an asset of the Treasury. It is already a liability of the Treasury because the banks have recorded it in their ledgers as a Treasury Liability, but an Asset of the Bank. It did that when it created the funds extended to the Note Maker.

We need to start focusing in on the insurance companies and the banks for the final resolution to this problem. The only thing stronger than the banks here are the insurance companies who are bonding these illegal activities.

Remember: bonds are only created to protect the “innocent” YOU CANNOT BOND CRIME!!! But, that is what is happening. If the insurance companies are bonding criminal activities of the banks … then we must first go after the insurance companies, and then the banks will be forced to fall in line. That will rectify the continuing problem, it will not recover a disastrous situation. It will force the banks to go back to honesty instead of orchestrated theft.

The processes of recovery are easy and can be executed within days.

The process does not create further debt upon the nation or the Treasury, it merely adjust the book keeping back to where it should have been all along.

Where banks have registered the mortgages with the National Treasury, the IBOE could be made against the value held in the Treasury and issued to the Central Bank.

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