

# The Federal Reserve Bank

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by [Dr. Oren Fenton Potito](#)

In 1913, and even prior to that year, the munitions manufacturers, the war lords and the international bankers, knew that war in Europe was imminent. They knew this because they, in combination, are the principal creators of war—as well as the profiteers from wars.

The Bank of England, with its subsidiary banks in America (under the domination of J. P. Morgan), the Bank of France and the Reichsbank of Germany—composed an interlocking and co-operative banking system, the main objective of which was the exploitation of the people. It matters little to them whether their profits are made by the dispossession of their mortgaged victims or from the blowing up of the accumulated wealth of the nations while prosecuting their program of legalized murder on a world-wide scale.

It is passing strange that munitions factories are not the objects of attack, in time of war, until you know that the bankers own and control the munitions factories—even those of their enemies. Why destroy the source of devastation when it yields such handsome profits? Why so speedily terminate the slaughter, as the destruction of the enemy's munitions factories and arsenals would bring about, so long as money can be created with a fountain pen by the bankers and loaned to the people at interest, by which process, they—the people—pay for the war?

Battleships, airplanes, field guns, fortifications and the uniforms of the fighting men, bought and paid for at tremendous profits with money borrowed on government bonds from the money creating interest gathering International Bankers, are destroyed wholesale—but not so the banker-owned munitions factories. Their destruction would constitute a direct loss to them and would hamper their gathering of profits through the continuance of the war.

Let's clear up to a large degree the perplexing question of why wars, in this supposedly civilized world, are fought and prolonged. Read and weep—or get fighting mad, just as you feel inclined.

By stating specific case, we will move that the Armorers, who are the true internationalists, regardless of their nationalities, work in unison with but two objectives—1st: To prolong wars; 2nd: To disturb peace. We can further show that between 1814 and 1914 the internationalists worked assiduously and successfully at the unholy business of prolonging war.

Their method was simple, but most effective. It was this: If the enemy is running short of essentials with which to destroy your country's fighting men, sell him what he needs out of your own supply. The glorious carnage must not be hampered by nonsensical national loyalties.

So when Germany required glycerine, to make high explosives with which to blow

English, French and Americas boys to bits—or nickel, or copper, or oil, or rubber—Jewish-controlled English and French industries hastened to oblige by shipping these things to the enemy through Norway, Denmark, Switzerland, Spain and Holland. The international Jews of Germany graciously reciprocated by sending back through the same process of transshipment—enemy to neutral to enemy—things required by the enemy to blast German soldiers—iron, steel and essential engine parts.

The Briey basin, which supplied 70 per cent of the ore used by France, and where her great smelters and munitions works were located, passed unscathed into German hands quite early in the war. Then France advanced her lines once more and Briey was returned to her. German forces soon pushed the French lines back again and Briey was back in the German fold to pour out its tide of potential destruction and death.

But all during the conflict no shells from the big guns, nor bombs from airplanes, burst in the Briey basin. It was holy ground, sacred to the international Jews. When an American officer wanted to bomb the arsenal out of existence, and destroy the source of the suffering and death of his gallant troops, he was forbidden to do so. When he asked, "Why," he was given the following fiendish reply: "If we shell Briey the Germans will, in reprisal, shell Dombasle.

The Officer was dumbfounded. He had expected to have been told that the Allies intended to retake the Briey basin and desired to possess it intact, which might have allayed his wrath. But not so. It is stated that had Briey and Dombasle, from whence the metals and munitions for the most part unceasingly flowed, been destroyed when opportunity permitted, shortly after the World War began, the war would have ended in 1915. But the envious international Jews who owned the sources of supply got the warring enemies to agree not to shell the munitions works of each other—more especially the major ones at Briey and Dombasle. Thus the "Glorious War" went on and on—at a profit.

Please remember that only an armistice, not peace was declared in 1918. World War II was fought over two opposing systems of economy; two distinct kinds of money. One kind is based on debt, the other on goods and services. Therefore the internationalists have no common ground on which to fraternize. The interest boys are out to destroy munitions factories and all else which pays them no profits, and vice versa.

Now what do you think about the cry of a banker-subsidized press and war mongers *in toto*, by which the blood pressure of our brave fighting men was raised to the point of combat that they would willingly go across the seas—shed their blood—and in anguish, away from home and loved ones—Die—"For the Preservation of Democracy"?

"What fools we mortals be!"

## **What We Use for Money**

Well, anyway, the bankers of America knew, in 1913, that a war of majestic proportions was about to begin—therefore, in order to be in a position to take the greatest possible advantage of the occasion, they decided to organize for the event. J P. Morgan, the magnificent manipulator of the Rothschild's billions in America; Kuhn-Loeb, bankers, who donated \$50,000,000 to finance the Red Revolution in Russia; and other Internationalists plunged merrily into the business of loaning money to the nations of

Europe—vast sums of money. They knew that their investments were safe, although the nations to whom they loaned the money might be wiped out. They knew that by the use of a patriotically framed "war cry"—such as "A war to end all wars"—or, "A war for the preservation of Democracy"—this Nation could be incited to participate in the carnage, raise an army and go to Europe to fight for the preservation of the banker's loans.

The Jews knew further—that their non-jewish hirelings in Congress could be depended upon and that the Government would, if the European warring nations became unable to repay the loans, raise the money and make good the losses of the International Bankers on their foreign loans. This was, of course, done—in its proper sequence—to the tune of several billion dollars. Mr. Morgan and his pals serenely stepping out of the picture and the people bearing the loss, with interest.

But to properly facilitate the exploitation of the people, the Federal Reserve Banking System was established in 1913. The Federal Reserve System was—and is—a private talmudic Jew banking institution. It is not owned or controlled by the Government, as most people, because of its name, believe. The Government, through the Federal Reserve Board is granted supervisory powers over it, but the Federal Reserve Board is comprised, in the main, of Governors of the Federal Reserve System and how awfully strict has their supervision of themselves turned out to be!!

When a great California banker was asked by Andrae Nordskog the author of *We Bankers*, how it came about that the Secretary of the Treasury was no longer on the Federal Reserve Board, his reply was: "Because we kicked him off the board." Mr. Nordskog then asked why the President of the United States was no longer on the Board and his reply was "Because we kicked him off the board."

Do you remember Amschel Rothschild's boast—"Let me issue and control a nation's money and I care not who writes its laws"?

The United States Government does not own a single share of stock of the Federal Reserve System. All of the profits of the System were to have been turned over to the Government—but the Government has not received one cent of the System's profits.

The following illuminating statement was made in a report of the Federal Reserve System in 1918: "In its previous reports the Board has called attention to the fact that the Federal Reserve Banks are not operated primarily for profit, and it seems proper to reiterate this statement at this time, although it may seem incongruous in view of the fact that the combined gross earnings of the twelve banks for the year 1918 amounted to \$67,584,117.00—the net earnings being \$55,446,979.00."

1918 was probably an average year.

Starting from scratch in 1914, the Federal Reserve System began operations without a penny. Member banks, however, bought Federal Reserve Capital Stock in the amount of \$134,000,000. That \$134,000,000 produced profits in twenty-three years to a grand total, according to the Congressional Record of May 29, 1939, page 8896, of \$23,141,456,197. Not bad, eh!

In 1922 the consciences of the four bankers who are appointed by the President to operate the bank, at a salary of \$15,000 annually, it appears, began to trouble them. In that year they got an amendment through Congress to the effect that the profits need no longer be

paid to the Government, but would go into the reserves of the Bank. So now they do not steal the profits—they just take them.

The Federal Reserve System was designed to forever end bank failures in America. At least, such were the claims of the proponents of the bill. The noble objective was to be accomplished by the establishment of twelve Regional Federal Reserve Banks in as many districts, into which the Nation had been divided. When a money shortage loomed in one Regional District, on account of heavy seasonal demands, sufficient money was to have been transferred from the other Regional Banks to the Bank in that Region to provide ample funds to successfully transact all business demands.

In spite of this altruistic principle, which failed to materialize into fact, **more banks have failed under the Federal Reserve System than at any other period in the history of the Nation—or of the world.** In three years more than 14,000 banks closed their doors with multiplied billions of dollars of the people's hard earned money behind them.

The Federal Reserve System—which abhors Unions—is the most powerful, the most unscrupulous and the most un-Constitutional Union within the boundaries of the Nation. By maintaining the most powerful and most expensive lobby in Washington it dominates our Government—and through its far-reaching privileges it controls the life of every person living in the Nation. It makes of us all its interest paying bondsmen—and a bondsman is a slave. Let us see how this is accomplished.

Please bear in mind the fact that Article 1, Section 8, Paragraph 5 of the Constitution provides that the People of the Nation, through their elected Representative, shall create the money of the Nation. The Constitution has, however, been set aside through the intrigue and power of the Bankers, and they—the Bankers—are now the money creators.

A comparatively paltry \$3,292,245,592 is all the Constitutionally created money there is in the Nation. It is made up of the following: \$346,681,016 of United States notes—or, as they were in derision dubbed, Lincoln Green-backs. They were made in the Nation's Bureau of Printing and Engraving and were issued interest free, to prosecute the Civil War when the Banks refused to loan Congress money at a lesser rate of interest than 28%. This amount is still outstanding—\$103,318,984 of the \$450,000,000 issued having been withdrawn from circulation and destroyed.

This small amount of honest money has saved the Nation more than \$11,000,000,000 in interest. Issued Constitutionally—on the credit of the Nation—without the expensive formality of being backed by Government bonds, they provide us an example of the manner in which all of the Nation's money should be issued. However, to even the score, millions of dollars worth of Civil War Bonds are still outstanding and still draw interest to the Banks.

In addition to the "Lincoln Green-backs" we had, on August 30, 1940, \$1,818,054,531 in Silver Certificates, issued in part, Constitutionally, before silver was demonetized by the "Crime of 1873." These Silver Certificates are supposed to have 100 cents in silver behind every dollar—but actually there is about 37 cents. I have already told you of the bitter, fight of the Bankers against both of the above mentioned kinds of money, because, of course, this money paid the Bankers no interest—until after it was deposited in the Banks and loaned out, with many times—frequently up to thirty times—as much check-book money, from which time on it pays interest to the Bankers, and how!

We have, as a third classification. \$1,129,344,723, in coin of various denominations, which is used for change. These three classifications of money comprise all of the honestly created, Constitutional money, there is in the Nation—with the exception of \$1,163,122 in Treasury Notes of 1890 issue. This makes a grand total of \$3,295,245,392 issued Constitutionally and outstanding but not necessarily circulating—according to the United States Treasury Report of April 30, 1940.

In addition to this lawful money, there is \$5,444,267,255 of unlawful money in the form of Federal- Reserve Notes, Federal Reserve Bank Notes, and National Bank Notes, supposedly in circulation. This money is "unlawful money" as the face of the bills declares by stating that they will be redeemed in "lawful money" on demand.

If anyone but the special-privileged money creators and manipulators attempted to pass unlawful money, they would speedily go to prison for a long, long time—**but our Government goes so far as to become a party to the act of counterfeiting.** To make this unlawful money legal, Congress, in 1935, at the behest of the President, declared all Federal Reserve Notes to be legal tender, thereby giving them the semblance of respectability. They now bear on their fate the stamp of the United States Government, which is intended to cover their depraved nature. The difference between the amount of honestly created money and this figure is made up of these Federal Reserve Notes. These notes are backed by Government bonds and are created in the following manner:

The Government needs, we will say, \$1,000,000,000 for its Works Program. Bonds for that amount are printed in the Bureau of Printing and Engraving, and as soon as—or even before, they are issued—the Federal Reserve Bank, by extending credit to the Government in the amount of the bond issue, buys the bonds. The bonds are carted over to the Federal Reserve vaults, which gives the Government the right to draw checks against the Bank for the amount of the bonds.

The Bank, of course, draws interest from the Government (the People) on the billion dollars from the day the bonds are delivered. Then, when the Bank needs new, or more currency, to transact its business, it takes the bonds over to the United States Treasury for safekeeping and asks the Treasury Department for a billion dollars of new currency. The Bank is accommodated on condition that it will pay the printing bill. It is understood that it need not relinquish the bonds which it holds, but will continue to collect interest on them. The cost of printing new currency is, on the average, depending on the denomination of the notes demanded, \$0.27 per thousand dollars, but, for convenience, we will say \$0.30. Thus, we see, the Federal Reserve Bank obtains \$1,000,000,000 of brand new money for \$300,000. The Bank then loans the currency into circulation to anyone who can provide them with satisfactory collateral. In fact each dollar of that \$100,000,000,000 will be loaned to about thirty different people at the same time.

By doing a little figuring one makes the astounding discovery that the Jews who shout the loudest, "You can't get something for nothing," actually get theirs for less than thirty cents per thousand dollars and rake in interest on their investment at the rate of 9,583%. But even thirty cents per thousand is more than the Banks like to pay, so they manufacture about 95% of the Nation's purchasing power in their own laboratories, *i.e.*: their bank ledgers. More about that shortly.

While we are on the subject of Government bonds, let us consider them a little further.

The questions which present themselves in this regard—"Why Government Bonds?"—"Why \$50,000,000,000 of them?"—"Why should bonds be issued as a basis of currency?"—"Why should the Government not print the money and put it directly into circulation in payment of its projects, buildings, wars, warships and all other Governmental expenditures?"

Does the Banker's King Midas touch hallow, sanctify or increase the value of the Nation's money? You know as well as I that their mystic touch decreases the value of the dollar. Why does the newly created money have to go the round-about way of the Federal Reserve Bank? Why does it have to be put in the Bank—with an equal amount of bonds—and then be borrowed out at high rates of interest?

As an illustration, when Boulder Dam was built, at a cost of \$160,000,000, why should we have to pay \$342,000,000 for it? Why should \$182,000,000 more than the Dam cost go into the pockets of the Bankers? Why should we have to pay from 120% to 150% more for every mile of highway than the highway cost to construct? When a new Post Office is built in Los Angeles, at a cost of \$7,000,000, why should we have to pay \$16,000,000 for it—the Bankers getting the surplus>

Please listen to Thomas A. Edison, for just a minute:

"People who will not turn a shovel full of dirt on the protect (Muscle Shoals) nor contribute a pound of material, will collect more money from the United States than will the people who supply all the material and do all the work. This is the terrible thing about interest.

"In all great bond issues the interest is always greater than the principle. All the great public works cost more than twice as much on that account. Under the present system of doing business we simply add from 120% to 150% to the stated cost.

"But here is the point: If the Nation can issue a dollar bond it can issue a dollar bill. The element that makes the bond good makes the bill good also. The difference between the bond and the bill is that the bond lets the money broker collect twice the amount of the bond and an additional 20%. Whereas the currency, the honest sort provided by the Constitution, pays nobody but those who contribute in some useful way. It is absurd to say our country can issue bonds and cannot issue currency. Both are promises to pay, but one fattens the usurer and the other helps the people.

"If the currency issued by the people were no good, then the bonds would be no good either. It is a terrible situation when the Government, to insure the National wealth, must go in debt and submit to ruinous interest charges at the hands of men who control the fictitious value of gold.

**"Interest is the invention of Satan."**

Every baby, when born, faces an annual interest payment of \$430 on account of our National debt. Every family in the nation owes, on an average, more than \$1,500 a year, for the same reason and our President stated, when opening Congress, that the interest on our National debt is a first charge against the income of the Nation. A pair of shoes pays 156 different taxes and a loaf of bread 57 varieties. If the banks were not more powerful than our Government we would have no national debt. But even that phase of our money situation is not as serious a matter as that which I will now outline.

While there is \$8,759,542,645 of lawful and unlawful United States money of all kinds in the world, there is approximately only about half that amount in circulation in the Nation—the other half being held in foreign capitals and in safety deposit boxes, tin cans and sugar bowls. Of the circulating half there is less than \$1,000,000,000 on deposit in all of the Banks of the Nation, the remainder being in the tills and pockets of the people.

But here is the point: While there is less than \$1,000,000,000 of actual money on deposit in the Banks, there are total bank deposits of about \$70,000,000,000. Well you may ask: "What, then is deposited?" And the answer to that question is the answer to the greatest of all American tragedies.

The bank deposits of the Nation consist of the homes, the farms, the vineyards, the orange groves, the factories, the stores—in brief, the real property and credit of the people of the Nation. Again you may ask: "How come?"

The answer is shocking, but it is true. It comes about by the Bankers making false ledger entries; namely, By entering a bank loan as a bank deposit. Let us illustrate: John Doe (who is typical of all), needs \$1,000 in his business. He goes to the bank to arrange a loan. The Bankers ask him what collateral he can furnish and he is told that Mr. Doe has the deed to his home which he will turn over; or, he will give a mortgage on his farm—his chicken ranch—his business—or what have you.

The papers are arranged and John Doe hands over the collateral and signs a note which the Banker has prepared. If the collateral is not quite satisfactory John is requested to get a co-signer or two—just in case. That done the Banker calls a young fellow over to his desk and hands him a little slip of paper on which is the authorization for the boy to make an entry in the bank ledger. When completed, the entry reads: "Bank Deposit—John Doe—\$1,000."

Now, you see John Doe hasn't deposited \$1,000 at all. He has deposited his property. The banker has created \$1,000 with the stroke of a pen and has charged John Doe interest to the tune of \$70 or \$80 a year as remuneration for his magic trick. John Doe is provided with Bank Pass Book and a Check Book and is advised to sally forth and write checks against his Bank Account. Very little—about 5% of the money—ever leaves the Bank, so you see how it is that with \$1,000,000 of money—which this Banker has obtained at a cost of \$0.30 per thousand dollars—he is all set to prosecute his racket in a really big way. With \$1,000,000 of currency the Bank can make loans up to \$30,000,000—and claims to have on deposit the latter amount.

The Banker likes to think of this as bank credit but in reality it isn't bank credit at all. John Doe has supplied the credit but the Banker uses it and charges poor old John Doe for the privilege of turning it over to him and making it liquid. About 95% of the Nation's business is done with Banker-created fountain-pen money, and the bank check is used as a medium of exchange—money—which Congress alone has authority to issue, to do this 95% of the Nation's business.

This is a well-established fact. There is less than two cents behind each dollar of bank deposits in America. There is only one dollar in cash in the banks to pay on \$70 of Bank deposits.

Compared with the money-manipulating, pen-juggling, crooked-bookkeeping,

unsocially-minded bankers, operating legally if not ethically under our present money system—the Goldsmiths of old were veritable pikers.

They have succeeded in inveigling the President of the United States, and Congress, to commandeer all of the Gold from the People of the Nation on threat of imprisonment—and have had given to them either clear title to it or a first mortgage, in the form of gold certificates, on it (or at least 8/10th of it), and then have buried it in the ground so that their debt-money system would not be hampered by a gold standard policy.

Most certainly, with the gold of the Nation in the possession of the International Bankers, it would be most unwise for the people of the Nation to demand a return to the coinage of gold or to a currency based on gold.

And currency should—and must be—issued debt and interest free, by Congress, against the wealth—the assets—the income—the production of the Nation—for on all of these is the taxing power of the Nation based.

When this is done, Banker exploitation and domination will be a thing of the past in America. This policy was in the minds of the Founding Fathers, who placed Article 1, Section 8, Part 5, in the Constitution which they wrote.

"We (the bankers) must proceed with caution and guard every move made, for the lower order of people are already showing signs of restless commotion. Prudence will therefore show a policy of apparently yielding to the popular will until our plans are so far consummated that we can declare our designs without fear of any organized resistance ....

"Capital must protect itself in every way, through combination and through legislation. Debts must be collected and loans and mortgages foreclosed as soon as possible. When through a process of law the common people lose their homes, they will be more tractable and more easily governed by the strong arm of the law, applied by the central power of wealth, under control of leading financiers. People without homes will not quarrel with their leaders. This is well known among our principal men now engaged in forming an imperialism of capital to govern the world. By dividing the people we can get them to expend their energies in fighting over questions of no importance to us except as teachers of the common herd. Thus, by discreet action we can secure for ourselves what has been generally planned and successfully accomplished."

The above was printed from the banker's manifest, for private circulation among leading bankers only, taken from the Civil Servants' Year Book, *The Organizer* of January, and the *New American* of February, 1934.

So now you know why there are periods, of short duration, when loans are comparatively easy to obtain: why the Bankers call: "Come and get it." They who can create money by making a book-keeping entry with a fountain pen, can just as easily destroy the money which they have created. They who have created a period of "easy money" can with the same facility, create a money stringency.

They will tell you that they wish the Community, State and Nation to be prosperous for, they say, it is during periods of prosperity that the Banks prosper. That is only a half truth—and a half truth is the most damnable of lies. It is true that during a prosperous period their money is more readily loaned at interest on satisfactory security, but it is

during the succeeding period of depression, when money is made tight, that the banker reaps his harvest by foreclosing on the real wealth of his mortgagors. And the Bankers have an innate desire to "go in and possess the land." Remember the Bankers' statement above: "This is well known among our principal men now engaged in forming an imperialism of capital to govern the world."

It is very difficult for one who does not realize how devastatingly destructive to all the finer human and spiritual instincts of man are the forces of avarice and greed, to believe that a group of **judaized Christian** and **satanic Jews**, in whose hands is the power to first expand and then contract credit, with the object of gaining possession of the homes, farms, factories, etc., of their victims, to send them forth homeless and penniless to beg, steal, starve, take the pauper's oath, or commit suicide—but such are the grim facts of the case.

When the money-creating, interest-gathering, mortgage-holding Jew Bankers go into their huddle and come up with the statement that there is money shortage in the Nation and that loans must be called and mortgages foreclosed (if not paid) the Nation is about to be put, once again, through the wringer and wrung dry. Then comes the misery of a people being stung to death by the serpent of the Khazar anti-Christ. A knowledge of cause and effect, relating to the satanic, talmudic-cabalistic concept of debt, and the jew devil's ruthlessness in using it, has brought the world to the brink of chaos.

The lying, Rabbinical Jew, discovered this satanic aspect of money debt and credit from their leader **satan**. It seems evident that they knew it thoroughly long before the birth of Christ. The early writers were aware of the destructive nature of debt. Its tendency to destroy those whom it impoverished as well as those whom it enriched.