

CONfinance

The *Corporations Act 2001* in Australia states:

providing finance means:

- 1 (a) *lending money; or*
- 2 (b) *giving guarantees or security for loans made by someone else; or*
- (c) *drawing, accepting, indorsing, negotiating or discounting a bill of exchange, cheque, payment order or promissory note so that someone can obtain funds.*

Based on English grammar, are the following sentences true with respect to part (c) of **providing finance** ... so that someone can obtain funds?

		Yes	No
3	<i>drawing a bill of exchange so that someone can obtain funds?</i>		
4	<i>accepting a bill of exchange so that someone can obtain funds?</i>		
5	<i>indorsing a bill of exchange so that someone can obtain funds?</i>		
6	<i>negotiating a bill of exchange so that someone can obtain funds?</i>		
7	<i>discounting a bill of exchange so that someone can obtain funds?</i>		
8	<i>drawing a cheque so that someone can obtain funds?</i>		
9	<i>accepting a cheque so that someone can obtain funds?</i>		
10	<i>indorsing a cheque so that someone can obtain funds?</i>		
11	<i>negotiating a cheque so that someone can obtain funds?</i>		
12	<i>discounting a cheque so that someone can obtain funds?</i>		
13	<i>drawing a payment order so that someone can obtain funds?</i>		
14	<i>accepting a payment order so that someone can obtain funds?</i>		
15	<i>indorsing a payment order so that someone can obtain funds?</i>		
16	<i>negotiating a payment order so that someone can obtain funds?</i>		
17	<i>discounting a payment order so that someone can obtain funds?</i>		
18	<i>drawing a promissory note so that someone can obtain funds?</i>		
19	<i>accepting a promissory note so that someone can obtain funds?</i>		
20	<i>indorsing a promissory note so that someone can obtain funds?</i>		
21	<i>negotiating a promissory note so that someone can obtain funds?</i>		
22	<i>discounting a promissory note so that someone can obtain funds?</i>		

→ If YES: this represents 22 ways of providing finance

- Is *lending money* only **ONE** of 22 ways corporations *provide finance*? Yes No
- Does this mean corporations can *provide finance* twenty one (21) other ways? Yes No
- Does this mean corporations can *provide finance* without *lending money*? Yes No
- If finance can be provided without *lending money*, is repayment required? Yes No

The *Banking Act 1959* states:

Australian currency includes notes, coins, postal notes, money orders, bills of exchange, promissory notes, drafts, letters of credit and travellers' cheques payable or expressed in Australian money, and also includes rights, and instruments of title, to Australian money.

Background

Where does the money come from if finance can be provided without lending?

*“... under the present system banks do not have to wait for depositors to appear and makes funds available before they can on-lend, or intermediate, those funds. Rather, **they create their own funds, deposits, in the act of lending.** This fact can be verified in the description of the money creation system in many central bank statements, and **it is obvious to anyone who has lent money and created the resulting book entries.**”*

The Chicago Plan Revisited, Jaromir Benes and Michael Kumhof, IMF Working Paper August 2012

The above statement still describes lending... but are the funds they “lend” **created funds**? Yes No

- *“Banks create money when they lend it” (Money Banking & Monetary Policy... Federal Reserve Bank of Dallas, May 2007)*

- *“... banks extend credit by creating money.” (Quarterly Bulletin, Q1 Vol 48. No. 1. Bank of England, 2008)*

This money creation process appears to take place at the time of “lending” - Is this because the bank needs the “borrower” to participate in the money creation process? Yes No

- *“Commercial banks create checkbook money whenever they grant a loan, simply by adding new deposit dollars to accounts on their books in exchange for a borrower’s IOU.” (I Bet You Thought... Friedman, David H. Federal Reserve Bank of New York, Dec 1977)*

- *“What they do when they make loans is to accept promissory notes in exchange for credits to the borrowers’ transaction accounts.” (Modern Money Mechanics... Dorothy M. Nichols - Federal Reserve Bank of Chicago, May 1961)*

Is this the same as **“accepting a promissory note so that someone can obtain funds”** as defined within the *Corporations Act 2001*? Yes No

Originally, bankers promised to pay... based on the people’s gold and silver held in their vaults:

“...bankers discovered that they could make loans merely by giving their promises to pay, or bank notes, to borrowers. In this way, banks began to create money...” (Modern Money Mechanics... Dorothy M. Nichols - Federal Reserve Bank of Chicago, May 1961)

Today, with no gold and silver deposited in their vaults, is your promise to pay treated as cash? Yes No

- *“...credit of promissory notes (money of account) become money when banks deposit promissory notes with the intent of treating them as cash.” (Walker F. Todd. Affidavit, Chagrin Falls, Ohio, USA, 05 Dec 2003 - 20yrs as attorney & legal officer of Federal Reserve Bank of New York & Cleveland)*

“It was a small step from printing notes to making book entries crediting deposits of borrowers, which the borrowers in turn could “spend” by writing checks, thereby “printing” their own money.” (Modern Money Mechanics... Dorothy M. Nichols - Federal Reserve Bank of Chicago, May 1961)

Does this bank deposit promises to pay as cash? Yes No

Would you feel **conned or deceived if you were told you received a loan**... but the money actually came from the deposit of your promise to pay which was treated as cash? Yes No

Test for *lending money*

Could this bank produce documentation of **prior rights, title, and ownership** to the money it purports to lend? Yes No

Could this bank produce documentation of the **history and origin of the funds** it purports to lend, i.e. provide a *letter of origin / history of funds* through three generations? Yes No

Could this bank produce documentation of the actual transaction and transfer of said funds (prior rights ,title, and ownership) from lender to any borrower showing invoices & receipts Yes No