THE DOCUMENTS FOR

HOW THEY'LL USE THE BANKING CRISIS TO CONTROL YOU

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Introduction

I've been trying to warn about the systemic problems with our economy since WAY before the 2008 crash. I wasn't surprised when it happened, and I still don't believe THAT ONE was the big one. It was a sign that something was broken and needed to be changed, but the "RECOVERY" ended up being a massive bailout to DOUBLE DOWN on what was broke. To be clear, I don't believe what is happening right now is THE BIG ONE. Like in 2008, this is yet another sign. It's a whisper of what's to come… and I don't like what that whisper is saying.

—Glenn Beck

What is happening with our banks?

- By last Friday, the four biggest banks in the country lost a combined $52 BILLION in market value.
- JPMorgan lost $22 billion, Bank of America $16 billion, Wells Fargo $10 billion and Citigroup $4 billion.
    - https://www.wsj.com/livecoverage/stock-market-news-today-03-09-2023/card/four-biggest-u-s-banks-lose-47-billion-in-market-value-8fmAmiqs4PDb1F60OSFg
- After the collapse of Silicon Valley Bank on Friday then Signature Bank on Sunday—the second and third largest bank crashes in U.S. history—trading was halted for multiple banks on Monday morning.
    - https://twitter.com/disclosetv/status/1635273551409471488
- Bank shares were in a freefall.
    - First Republic lost nearly 62%
    - PacWest dropped 45%
    - Western Alliance: 47%
    - Zions: 26%
    - KeyCorp: 27%

    - Charles Schwab: 11%
    - Bank of America: nearly 6%
    - https://www.cnbc.com/2023/03/13/first-republic-drops-bank-stocks-decline.html
- What was going on? Were Silicon Valley Bank and Signature THAT significant? Fear was the primary driver for pretty much ALL of this, but if you take a closer look at what happened in Silicon Valley, it reveals that WHISPER mentioned above. Is this a one-off fluke, OR is it a sign of an actual systemic problem?
- To answer that we have to go back to 2020.

Back to 2020…

- In 2020 the Fed's answer to the pandemic shutdown was to do what they usually do. They kept the interest rates at basically zero while encouraging banks to loan money through Quantitative Easing.
- This is one of the ways the Fed manipulates the money supply. They inject cash into the system by purchasing things like Treasury Bonds and mortgage-backed securities. The CHEAP money flows through banks, companies, start-ups and then the little guys like you and me to buy homes, cars, shop on Amazon… and on and on.
- How did the Fed actually FUND all this quantitative easing? We'll come back to THAT in a second.
- But Silicon Valley bank was a big beneficiary of all this, and we saw similar things happen during the 2008 "recovery."
- In 2018, before the pandemic, Silicon Valley Bank had $49 billion in deposits. By 2021 they had $190 billion.
- Business was GOOOOD. So what were they going to do with all of that excess cash? Like a lot of the other banks at the time, they invested it into variable-rate U.S. Treasury Bonds.
- It's similar to how people like you and me operate. If we have an excess of cash that month or year, we invest it—on a much smaller

scale of course—in things like the stock market, our 401k, or maybe even crypto. We think about the future. That's what these banks were doing with U.S. Treasury Bonds. Everyone was making money, and everything was going well… until it wasn't.

- You and I felt it just like they did. You can't inject massive amounts of cash, as the Fed always does, without causing inflation. We couldn't afford to put gas in our cars, buy groceries… the cost of a used car was INSANE. The operating costs of the tech companies and startups that used Silicon Valley Bank, likewise, shot through the roof. The bank's balance sheet began to tumble.
- The Fed went into their usual autopilot mode and began raising interest rates to counteract the runaway inflation. So, all of that money that they were just flooding the system with, they were NOW trying to suck back in.
- That's what the Fed does when the economy is too hot. There's too much money running through the system—which is THEIR FAULT by the way—so they raise interest rates, pull the money back in, and cool the economy. So what happens to all the Treasury Bonds that all these banks invested into when times were good?
- By November of last year, JPMorgan addressed the elephant in the room. They warned that ON TOP of Silicon Valley Bank's cash problem THEY ALSO had $16 BILLION in unrealized losses. When these banks bought U.S. Treasury Bonds at zero percent, they ASSUMED that runaway inflation wasn't coming in a couple short years. They ASSUMED the Fed wouldn't do a 180 and raise the interest rate SEVEN TIMES in 2022. "Unrealized losses" is a fancy term to describe all the money that was lost as the interest rate went from zero to around FIVE.
    - https://nypost.com/2023/03/12/jpmorgan-analysts-warned-about-silicon-valley-banks-16b-in-unrealized-losses-in-november/
- Panic was beginning to set in, both at the bank AND the people that had their money there. Silicon Valley Bank attempted to calm those fears by selling off some of their bonds, but they took a $1.8 BILLION

loss… then more panic ensued. A run on the bank commenced and the collapse sealed the deal.

- Joe Biden says everything is fine. We should all "feel confident" in the United States banking system. He says the FDIC will ensure everyone gets their money and it won't cost you and me a dime.
  - https://www.foxnews.com/politics/biden-americans-confidence-banking-system-federal-response-svb-collapse
- I wonder if he has seen the actual numbers.
- The FDIC has $128 billion in cash. For just the banks that have collapsed SO FAR, they need $264 billion. So half of them will get their money?
- The Biden Administration, the bankers, the high end investors… I have no doubt that they all know that this is more than just some random one-off. THEY SEE what is starting to happen.
  - https://justthenews.com/government/congress/fdic-has-128b-cash-hand-while-deposits-failed-banks-are-264b
- Last week, BEFORE these bank collapses, Jerome Powell said that interest rates would have to continue to go up.
- They have no choice. Inflation is still going up. But that will make the problems that were part of the Silicon Valley Bank collapse WORSE. Banks will continue to lose money from their "unrealized losses" and their now WEAKER Treasury Bonds they invested in. The higher the interest rates go, the more they will lose.
- Check out this from the FDIC:
  - https://www.cnbc.com/2023/03/07/fed-chair-powell-says-interest-rates-are-likely-to-be-higher-than-previously-anticipated.html
- They reported that, by the end of 2022, the American banking system was on the hook for $620 BILLION in unrealized losses. And the interest rates are still going up.
  - https://www.fdic.gov/news/speeches/2023/spmar0623.html
- Can they really claim that we don't have a much larger, SYSTEMIC, problem right now?

Where are we now?

- The White House tweeted this a few days ago. The economy is "moving in the right direction under President Biden's leadership."
    - https://twitter.com/WhiteHouse/status/1634947370323410945
- Meanwhile, Moody's just cut the U.S. banking system from stable… to negative.
    - https://www.cnbc.com/2023/03/14/moodys-cuts-outlook-on-us-banking-system-to-negative-citing-rapidly-deteriorating-operating-environment.html
- Take a look at this graph that shows Silicon Valley Bank's profits over the past several years.
    - https://www.wsj.com/articles/silicon-valley-banks-meltdown-visualized-3da2263b
    - Refer to graph "SVB Financial deposits, quarterly net change."
- Being in the black was never their issue, and the pandemic era was like a boomtown.
- Then, as I told you earlier, the economy took a dive, inflation spiked, then people tried to pull $42 BILLION. If you're a banker… this is the scariest graph you can imagine. This is nightmare fuel for banking executives.
- If that is the scariest scenario for a bank, let's look at another graph from the United States Federal Reserve.
    - https://fred.stlouisfed.org/series/RESPPLLOPNWW
- You see that massive nosedive at the end, the one that looks a lot like Silicon Valley Bank last week… that's not good.
- This is THE FED, as in the top banks in the country, showing data that has them at NEGATIVE $40 BILLION… and growing. Houston we have a problem. Soooo, what the heck is this?
- The Fed calls this graph the "Earnings Remittances Due to the U.S. Treasury." It's a measure of something mandated in the Federal Reserve Act.

- From the Fed website: “The Federal Reserve Act requires the Reserve Banks to remit excess earnings to the U.S. Treasury after providing for operating costs, payments of dividends, and any amount necessary to maintain surplus. During a period when earnings are not sufficient to provide for those costs, a deferred asset is recorded.”
- In other words, once the Fed banks make all their money, are in a surplus AND have accounted for all of their operating costs they are THEN required to give the excess to the U.S. Treasury. It’s usually used to help offset the federal deficit.
    - https://www.federalreserve.gov/newsevents/pressreleases/other20230113a.htm
- Just look at that graph. Like Silicon Valley Bank, staying in the black has NEVER been an issue. The data shows that from 2011, until the end of 2022, the Fed banks were making money; as much so, that they were delivering the excess to the Treasury as per the Federal Reserve Act.
- But then it took a nosedive like we have never seen in the history of the Federal Reserve. So what’s going on?
- The answer is as easy as it is infuriating… and frightening. As inflation went up, the Fed responded as per their mandate… they raised interest rates. That included the rate that banks use to lend each other money called the Federal Funds Rate.
- This next chart shows the Federal Fund rate over 10 years. It went to zero, following the 2008 crash, then ticked up a bit during the “recovery”, then bottomed back down to stimulate growth during the pandemic.
    - https://ycharts.com/indicators/effective_federal_funds_rate
    - Click 10 year
- Similar to how banks invest in variable rate Treasury Bonds to make extra cash when times are good, THE FED funded quantitative easing with variable rate assets.
- See this from the Congressional Budget Office: “Most of the assets purchased by the Federal Reserve pay interest at fixed rates, but the

bank reserves issued by the Federal Reserve to pay for those assets have variable interest costs.”
    - https://www.cbo.gov/system/files/2022-09/57519-balance-sheet.pdf
    - See page 23
- In other words, in an attempt to inject cash into the system through quantitative easing, and THEN by attempting to reign in inflation soon after, the Fed DROVE THEMSELVES INTO THE RED. They did exactly what is now hammering the entire U.S. banking system. The same system Moody’s just downgraded to negative.
- And they say this isn’t a sign of a larger problem? They say this isn’t something systemic?
- Inflation is still out of control. The Fed will have no choice but to continue to raise interest rates, pushing both THEMSELVES and every other bank caught in this web to incur losses.
- But if they don’t raise interest rates then inflation will continue to rise. What happens to small and medium banks in this scenario? How do they survive? But maybe the bigger question… does the Biden Administration event WANT them to?
    - https://www.wsj.com/articles/a-regulator-who-hates-banks-saule-omarova-socialist-central-bank-11635101487

Is this purposeful?

- Remember the Socialist that Biden nominated for Comptroller of Currency? She believed that the U.S. banking system needed to be completely revamped. Small banks would go away, and THE FED would be the granter of loans.
- If that’s the eventual goal, how do you get there AND what’s the eventual goal?
- In Marvel terms:
    - A Major Banking Crisis = Infinity War

    - A Central Bank Digital Currency = ENDGAME
- I don't believe they care if some of these banks collapse. As long as they aren't the banks connected to the Fed, everything will move towards their desired end point.
- That endpoint is a Fed controlled digital currency. It's the ultimate control mechanism. This is coming.
    - https://cointelegraph.com/news/amendments-to-us-commercial-code-differentiate-crypto-and-electronic-money
- Recent amendments to the U.S. Commercial Code included the addition of the words "electronic money."
- If this can go forward, the Biden Administration WILL HAVE to get more aggressive on anything that undermines a CBDC. That means going after anything that is hard to regulate like Bitcoin.
    - https://www.cnn.com/2022/09/16/business/crypto-regulation-biden/index.html
- We've already been seeing that over the past couple of years, but it also means going after banks that are not following their orders from Washington and are open to dealing with crypto investors.
- Signature Bank was shut down soon after Silicon Valley Bank.
- Did you know that they had become THE BANK for crypto investors? Why did this bank get shut down?
- This New York Times article mentions that the bank was able to stabilize this initial panic. Things were looking up. It says the bank was able to quote "weather the storm". It also says that banking executives were "SHOCKED" when the government told them they were seizing the bank. Isn't that interesting?
    - https://www.nytimes.com/2023/03/12/business/signature-bank-collapse.html
- Silvergate Bank announced it was shutting down on Wednesday. CRYPTO was their focus. Why did mostly no one hear about this one?
- Their statement said: "In light of recent industry and regulatory developments, Silvergate believes that an orderly wind down of Bank

operations and a voluntary liquidation of the Bank is the best path forward."

- Are the Fed and Treasury doing to crypto what the EPA is doing to coal; effectively regulating them out of existence?
    - https://www.cnn.com/2023/03/08/business/silvergate-winds-down-crypto/index.html
- In short, crypto just lost BOTH of its main banks… in ONE WEEK.
- Banks and law firms are getting a clear message from regulators: "distance yourselves from crypto companies," said Ric Edelman, founder of the Digital Assets Council of Financial Professionals. "This is blatant bias without legal standing, and if sustained, it will harm U.S. innovation for decades to come."
- The banking situation is a product of our own government's doing, and I can't see how it will get any better. Ultimately it will continue to go the way the Fed wants it to. A CBDC is the ENDGAME.
    - https://archive.ph/y7P5f#selection-1119.1600-1119.1907