

# The Case of Bank of America: Defeat The Cannibals, Before They Eat Us

by John Hoefle

Oct. 24—The world as we know it is breaking apart. Behind the smoke and mirrors of official statements, news reports, and related propaganda designed to make us believe that our financial system still stands, the battle rages over what must be done before the smoke clears, and the people of the world see what has been done to them.

The financial oligarchy, acting through that historical continuity of evil known today as the British Empire, knows that it needs a global financial dictatorship, one sufficiently brutal to carry out its genocidal intent to reduce world population from 7 billion people to under 1 billion. Mass murder, through policy, war, starvation, and neglect, is on the agenda, as is destroying the cultural and political structures that stand in the way.

On the other side stands humanity, straining to cast off the chains imposed upon us by the oligarchy, and move forward to structures which promote equality and fairness for peoples of all nations. It is the relentless force of this desire for freedom, that terrifies the oligarchy and fuels its murderous rage. If humanity wins, the oligarchs and their ancient system lose.

For most people, this force manifests itself as impulse, more emotion than intellect. But it is real—far more real than the derivatives and other phony financial values the oligarchy would have us destroy ourselves to protect.

The British Empire calls its destruction of the world for its own selfish purposes the “Great Game.” The nature of that game is clearly visible in Europe, where nations are being ordered to surrender what remains of their sovereignty, and impose brutal austerity on their people, in the name of financial policy. We see the same thing in the United States, where the people are being sacrificed to the banks, and a police state established to enforce the austerity planned for the future.

Either humanity breaks free, defeating the empire through the reimposition of Glass-Steagall, a credit system, and economic development, or the world col-

lapses into chaos. That is the reality behind the smoke and mirrors.

## The Treasonous Fed

The Federal Reserve was established in 1913 by the British Empire and its agents in America, as part of its never-ending battle to reverse the American Revolution and the principles that revolution let loose upon the world. In the oligarchical system, the bankers run the world through their control over money and finance. Nations, just like people, are enticed into taking on great debt, and then that debt is used to control them.

The American System, established by Alexander Hamilton, is just the opposite, with the nation controlling its finances through credit, and controlling the banks through tight regulation. The Fed was established as a Trojan Horse, its nominal “independence” a direct attack on the American System.

The traitorous, oligarchical nature of the Federal Reserve can be seen in the way it has spent trillions of dollars to bail out banks and markets around the world, working to protect the system while throwing taxpayers to the wolves. The Fed is not helping the American economy; it is looting it on behalf of its imperial masters.

The most recent example of this is the Fed’s approval of a scheme in which Bank of America would move some \$22 trillion of derivatives from its holding company into its commercial bank subsidiary. The derivatives come from Merrill Lynch, which Bank of America had acquired during the Panic of 2008. Although history has shown that allowing commercial banks to speculate in derivatives is an insane idea, the Fed—a staunch defender of derivatives—approved the move, over the strenuous objections of the Federal Deposit Insurance Corporation (FDIC).

The counterparties on the Merrill Lynch derivatives wanted the bets moved inside the commercial bank because that’s where the money is, in the form of the

bank's huge deposit base. That is, *the derivatives speculators are maneuvering to raid those customer deposits, in precisely the manner Glass-Steagall was passed to prohibit.* And the Fed is helping them do it.

## The Destruction of Banking

Bank of America Corporation's commercial bank, Bank of America National Association, is already overloaded with derivatives. As of mid-year, the holding company had \$75 trillion in derivatives, of which \$53 trillion were already in the commercial bank. Putting the remaining \$22 trillion inside that bank should not be permitted, but the level of derivatives is already well past the danger line. (Derivatives are a lot like nuclear weapons; after a certain point, having more makes no real difference. Dead is dead.)

What Bank of America has done, is the norm among the big derivatives banks. The biggest, JP Morgan Chase & Co., has \$79 trillion in derivatives, 99% of which are in its lead commercial bank, JP Morgan Chase Bank. Rounding out the top five, after Morgan Chase and Bank of America, are Morgan Stanley, with \$56 trillion; Citigroup, with \$55 trillion; and Goldman Sachs, with \$53 trillion. Four other banks top \$1 trillion in derivatives: HSBC North America, with \$3.9 trillion; Wells Fargo, with \$3.7 trillion; Bank of New York Mellon, with \$1.4 trillion; and State Street Corporation, also with \$1.4 trillion. With the exceptions of Morgan Stanley and Goldman Sachs, all these banks have virtually all of their derivatives exposures inside their commercial banks; at Goldman, it's 89% inside the bank, while at Morgan Stanley it's 3%.

These derivatives are just gambling bets, with no real value on their own. The main purpose of derivatives was to allow the financial oligarchy to build a giant financial bubble, turning what was once the most advanced industrial economy in the world, into a now-bankrupt casino. The derivatives game also allowed for the creation of a handful of giant banks, banks which view the global casino as their markets, and the local economies they supposedly represent as suckers to be looted for gambling money. And should the big boys be unable to cover their gambling debts, the Fed rides to the rescue—with even more taxpayer money.

In this manner, the Fed, the oligarchy, and the Inter-Alpha Group of banks, have destroyed the U.S. banking



*Bank of America's scheme to move trillions in derivatives into its commercial bank subsidiary—approved by the Fed!—is a giant raid on customer deposits by the speculators, in precisely the manner that Glass-Steagall was enacted to prohibit.*

system, and taken control over the issuance of credit inside the United States, and most of the world. They have done this deliberately, to stop progress and preserve their ancient, evil system.

## Eating Their Own

Today the big four U.S. banks—Morgan Chase, Bank of America, Citigroup, and Wells Fargo—contain about half of the bank deposits in the United States. They are, it might seem, at the height of their power, dominating the market, taking their profits, while passing their losses to others. But looks are deceiving, for they are creatures of a system which is dead.

Think of the financial oligarchy as a pack of wolves which grew large during a period when food was plentiful, but is far too large to be viable when the food supply suddenly collapses. For the banks and other financial institutions, the days of the bubble were heady indeed, and the number of players expanded significantly, as the money flowed endlessly. Then the bubble popped in the Summer of 2007, its after-effects surfacing more publicly over the next year. The markets seized up, as did the losses, as “investors” stampeded for the exits.

That stampede was halted, temporarily, by the unprecedented bailout operations launched by the Fed, the U.S. Treasury, the European Central Bank, and others. Vast losses were transferred from the private sector to the governments and their taxpayers. By bankrupting the governments, the banks bought themselves a little

time, but not much, since the governments also owe the banks huge amounts of money. Not only were the governments loaded down with new debts, but their tax bases were rapidly eroding as their economies shut down, a process that accelerated with the austerity demands. You can move the debt around all you want, roll it over, repackage it into new forms, ad nauseam. What you can't do, is repay it.

So the banking system is like our pack of wolves, with far more institutions than it can support now, even before the oligarchy wipes out six-sevenths of the world's population. The downsizing has already begun, through layoffs, mergers, and the shutting down of smaller firms—but that is not enough. Some of the big players are going to have to go. The oligarchy will soon begin to eat its own, as it is already eating us.

### Focus on the System

We are beginning to get a taste of this, with all the maneuvering around Bank of America. The bank is hopelessly broke, and should be broken up into a number of smaller banks, but the same can be said about all of the trillion-dollar banks. But that breakup must be

done in the context of the reorganization of the financial system as a whole. To single out one bank, blame it for problems that are systemic in nature, and then punish it while leaving the system untouched, is a fool's game.

One of the oligarchy's favorite tricks is selling poison as medicine. They create a crisis, then use that crisis to implement solutions that just make things worse. They built the bubble that way, triggering a series of crises, with more deregulation and less oversight after each one. They did this over decades, until there was no more effective regulation. Then, after that process blew up the world, they did it again, using the crisis to destroy nations and their peoples through the bailout.

Today, they are openly demanding that the nations of Europe surrender their sovereignty as a solution to the crisis. Fascism is on the rise, in Europe and the United States. We are told it is to save our economy, or save us from terrorism, but it is really the imposition of the British Empire's global dictatorship.

It is time to break with this oligarchic system, before it destroys us.

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## Lyndon LaRouche on Glass-Steagall and NAWAPA:

"The greatest project that mankind has ever undertaken on this planet, as an economic project, now stands before us, as the opportunity which can be set into motion by the United States now launching the NAWAPA\* project, with the preliminary step of reorganizing the banking system through Glass-Steagall, and then moving on from there."

"Put Glass-Steagall through now, and I know how to deliver a victory to you."

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\*The North American Water and Power Alliance

