Introduction to a New and Highly Innovative Financial Mechanism: *The Private Banking Facility (PBF)*

Introduction & Preliminary Overview

The world's economies are in a state of change producing a *deleveraging* of market values across a broad spectrum of industries; i.e., oil, real estate, the money supply and cost thereof, etc., to name only a few. For the last fifty years, consumerism and easy credit has driven the western economies' economic system.

Changing demographics coupled with free market supply and demand factors, in conjunction with out-of-control debt, (most specifically at the government level), has kept government economic stimulus programs from reflating the economy as *deleveraging* forces of free market prevail. Add to this scenario, heretofore unprecedented developments in modern times affecting regional and worldwide stability: i.e., questions regarding the EU; continuing warfare, bloodshed, and chaos in the Middle East and elsewhere; potential instability in Southeast Asia; the war on terrorism; etc. The list of trouble spots may indeed, appear to be endless at times, causing serious questions concerning political, military, social, and economic factors.

Why? The answer, in part, is *fear* pursuant to the unknown, and ***fear*** is not of Aloahiym **[Hag 2:5; Rom 8:15; Heb 2:15; 2 Tim 1:7].** Reading the Scriptures with understanding necessarily removes this fear **[Psalm 119:130; 32:8-11; Prov 5:1; others],** and brings clarity, confidence, and to a certain extent, even foreknowledge of events before they occur **[Amos 3:7; Isa 53:1; Luke 2:26; others].**

Psalm 111:10 The reverence (*NOT* "fear") of YAHUWAH *is* the beginning of wisdom (*divine counsel with prudent understanding): ***a good understanding have all they that do *his commandments:* his praise endureth forever.

The other part of this answer is proper and diligent exercise *of YAHUWAH'S Righteous discernment* of the darkness unfolding on the world stage **[Eph 4: 17-24; Heb 5: 12-14; others].** Discernment of this darkness without prudent action to evade and remain out of it, however, is useless. Hence, the greatest challenge resulting from this *deleveraging* force of the free world's markets is recognition and understanding of how to change with it . . . so as to survive and prosper in today's financial environment.

Background

The ***Legal Reserve System,*** administered by all 50 United States, predates the ***Federal Reserve System*** created by the Federal Reserve Act of 1913. These two systems are symbiotic in their relationship to each other, yet operate independently. The Federal Reserve controls the credit creation of Money and oversees the Federal Deposit Insurance programs for Member Banks. The State Department of Insurance in each of the fifty states as well as at the federal level (the Federal Insurance Office, or *FIO* housed within the US Department of Treasury) oversees and administers the Legal Reserve System that requires member Life

Insurance Company(s) to participate and maintain adequate capital reserves to meet and satisfy their contractual responsibilities.

Under the *Legal Reserve System,* no Legal Reserve Life Insurance Company Member has ever failed to meet their contractual obligations even during the Great Depression. The *Federal Reserve System* on the contrary has required multiple taxpayer assisted bailouts to remain solvent, the most recent being the credit meltdown of 2008.

During World War II, the Life Insurance Industry purchased United States Bonds used to fund the cost of War. In more modern history starting with the Vietnam War and the subsequent federal War on Poverty, government spending has increased to unprecedented levels with corresponding increases in the national debt. Since the credit meltdown of 2008, the national debt has increased from $8 to over $19 Trillion dollars *(Source: US National Debt Clocks.Org)* an amount greater than the US 2015 Gross Domestic Product (GDP) of a little over $18 Trillion dollars in current dollars, representing 107.02 % of GDP today.

Website: ***http://www.nationaldebtclocks.org/debtclock/unitedstates***

Unable to raise taxes in a *deleveraging* economy due to marginal levels of growth in personal disposable income and corporate profits, the government will use another form of bailout to finance the cost of the growing national debt and its entitlement programs. Recent changes in tax law enforcement affecting Tax Qualified Accounts and other Assets held in Wall Street Banks and Investment Firms have made it easier for the government to confiscate Assets in order to remain solvent.

Given the earlier lessons of Cypress, Greece, the EU, with the rest of Europe hanging in the balance, now including Turkey given the latest attempted military coup, the threat of confiscation of private capital by the public sector, particularly of pension and other Qualified Funds, is a looming and realistic threat.

Question: *What is a Prudent Response to growing international manipulation over the money supply and the Accumulation of Private Wealth outside of government control, and how is it to be accomplished?*

Answer: *Utilize the solvency of the Legal Reserve System to create a **Private Banking Facility (PBF)** wherein risk-return ratios (growth and earnings) are optimized with predictability without government intrusion, foreign or domestic, and wherein maximum asset protection, both physical and legal, is assured.*

Despite government monetary stimulus programs, the demand for durable goods is steadily diminishing and causing commodity prices to fall, particularly in the oil industry that has experienced significant declines over the last few years. Government monetary intervention through the Credit Creation of money only serves to exacerbate the problem of *deleveraging* as credit bubbles are appearing again and threatening to burst as before, thereby driving *deflation* of asset values. This is a repeat of 2008, only potentially far worse. Evidence of this is found in various commodity markets including equity and bond securities' portfolios, housing, prime and sub-prime lending markets, sectors of manufacturing, etc.

Internationally, governments are engaged in currency wars in order to remain competitive in global trade and/or advance their respective private agendas, with Europe and Russia, Japan, and China as prime examples. These actions have historically been a harbinger to military conflict when diplomacy fails and a world event triggers another war. In the face of global economic instability and without regard to politics, investors are rushing to safety looking for an investment that is safe from market fluctuation, credit default risk, and risk of (any) government confiscation. Economies that are *deflating* (specifically Europe; Japan; with China on the edge) provide negative incentives for real capital growth.

What is the Private Banking Facility (PBF)?

A new financial Composium called a ***Private Banking Facility (PBF)*** is being formed pursuant to a Ministry-Led Venture that shall hold a new class of *proprietary* Monetary Assets. These assets combine into one series of financial instruments, a single income producing asset that provides: Safety, Growth, Income, Liquidity, and Tax efficiency with predictable certainty.

Built on the safety (solvency) and stability of the Life Insurance Industry's Legal Reserve System, this new Monetary Asset is created by and for ***PBF Participants*** pursuant to a new model of a financial institutional structure consisting of a consortium of financial service providers, collectively called the ***Private Banking Facility (PBF).*** This Venture is <u>NOT</u> the result of a government orchestrated creation of money supported by the good faith promise of more government issued debt, as is the case with the Federal Reserve.

The New Class of Proprietary Assets:

- ✓ Buttresses (supports and protects) a new federally regulated & nationally chartered FDIC insured Commercial Bank with protection well over the statutory FDIC protective umbrella

- ✓ Brings liquidity to a pool of securitized earning assets in blocks of $100 Million USD through a symbiotic relationship formed AND quantified between the Legal Reserve and the Federal Reserve, In other words, these assets have a daily determinable & quantifiable market value, and can be negotiated for sale or transfer among private parties ***within the PBF.***

- ✓ Provides for indemnification of both capital and earnings against market and/or credit default risk

- ✓ Provides for Continuous Capital Formation and Collateral Aggregation for supply of investment capital as well as increased quantities of individual accounts holding Qualified Funds as defined by federal law

- ✓ Provides for real gains in tangible net worth of Qualified Fund account holders with before and after tax dollars

- ✓ Onshore continental USA maximum legal asset protection against unauthorized government intrusion through a proven Domestic Asset Protection legal structure domiciled and venued in the State of Wyoming

Liquidity: The ***PBF*** will create liquidity in a private market for these instruments through a process known as *Continuous Capital Formation.* This process relies upon *Collateral Aggregation* and funding through the ***PBF*** as the ***PBF*** issues financial instruments in the form of deferred liabilities. Thus, the process of *Continuous Capital Formation* supported by Collateral is ongoing with no limits.

Security: Holders of these deferred liabilities issued through the ***PBF*** exclusively receive a priority claim pursuant to an *irrevocable guaranteed contractual claim* on the total capital reserves of the Legal Reserve System's portfolio of almost $6 Trillion USD invested in the US economy (Life Insurance only, 2014 estimate), that is ***NOT*** subject to Market Value Adjustment (MVA) or Credit Default Risk.

Current Risk Exposure of *ANY* Account Holders Not Part of the PBF:

It is important to note that the majority of the more than $23.7 Trillion USD of Qualified Funds on deposit in the United States *(Source: Employment Benefit Research Institute, 2012 estimate, www.ebri.org)* are currently exposed to market and credit default risk through government created monetization of these assets. Greece and Puerto Rico are recent examples in particular of government monetary intervention through credit creation of money. Thus, ***Safety*** has become the number one concern for related Qualified Account Holders. This is not the case with assets held by the ***PBF*** since the ***assets are indemnified against market and credit default risk*** pursuant to protection provided by the Legal Reserve System.

The ***PBF*** financial instruments delivers this ***Safety*** as they are backed by Collateral undergirded by *Guaranteed Legal Reserve Life Insurance Contracts* aggregated through a defined legal structure operating under a Wyoming banking statute exception allowing management of Charitable Assets. The ***PBF*** is a WY organization and the issuer of the Earning Assets backed by the security interest in these aggregated blocks of Collateral Assets. Qualified Funds are used to purchase these Earning Assets issued by the ***PBF*** wherein the assets acquired do not violate IRS provisions in connection with prohibitive transactions, resulting in significant before and after tax gains on the part of the Qualified Funds account holder.

The net result is a movement away for the ***PBF Participant*** from dependence on a commodity subject to fluctuating market value and adjustment (*Commodity Based Assets* subject to Market Value Adjustment, or *MVA*) to reliance and support resting on Collateral that is contractually and statutorily guaranteed under US law, supported with capital reserves of the Life Insurance Industry's Legal Reserve System, (that is ***NOT*** subject to MVA and credit default risk), otherwise referred to as *Collateral Based Assets.*

In short, ***Commodity Based Assets*** are subject to varying amounts of quantified value depending on the receipt of *realized* Fair Market Value (FMV) at the moment of sale for liquidity purposes. ***Collateral Based Assets*** are statutorily fixed by contract pursuant to a carefully defined and determinable time period, and do not fluctuate in value at the time of maturity, supported by the Legal Reserve System that is required by law to maintain adequate levels of capital reserves so as to satisfy any and all contractual obligations.

Composition of the Private Banking Facility (PBF)

The ***PBF*** is an organization to be comprised of a Wyoming Chartered Life Insurance Company, and a federally chartered FDIC insured Commercial Bank, in conjunction with assorted WY based service-support component companies, operating to ensure a smooth and seamless process of Capital Formation with simultaneous Collateral Aggregation. The ***PBF*** is used to monetize assets through a symbiotic relationship (as it refers to the associated parties above), combining the ***strength and stability*** of more than *$6* Trillion USD in ***Legal Reserve System*** assets (in the United States alone) through the ***liquidity*** of the ***Federal Reserve Banking System.***

The effect of the ***PBF Participants*** will dramatically and dynamically change the way America saves and invests by bringing back confidence, predictability, and assurance within a financial and legal structure that provides maximum Safety, Growth, Income, Liquidity and Tax efficiency for ***PBF Participants.*** The net result is safety and growth measured in fixed, quantifiable real terms, without compromising the integrity of asset value.