**SUBMISSION TO THE LEADER OF THE OPPOSITION, BILL SHORTEN**
**by Allan K Warren - 15th JANUARY 2019**

**DUPLICITY OF THE AUSTRALIAN PARLIAMENT'S 'BAIL-IN' LEGISLATION AND BANK GUARANTEE DEPOSIT LAW**

This submission seeks to explain how the Australian people are being lied to and misled by our national political leaders and their banking regulators in respect to two laws and other policies they have put in place to allegedly stabilise the financial system in the forthcoming global debt/credit crisis. They will do "whatever it takes", including seizure of deposits of any size without the protection of a guarantee or right of compensation. Exposed below are the real reasons why the Australian Parliament, Liberal and Labor parties together, have put in place laws to facilitate the vast transfer of wealth from ordinary people to the unaccountable and unregulated global cartel of central bankers. This happened in the aftermath of the 2008 global credit crisis under the pretext of 'Bail Out' of banks 'too big to fail'. Bankers are now poised to repeat this transfer under the guise of 'Bail-In'.

Two important Australian laws need to be made visible and exposed for that they really are rather than the public being blinded into a false sense of security by what key officials verbally assert these laws can or cannot do. These laws are the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act , February 2018 (FSLA), and the Financial Claims Scheme (FCS).

Both laws relate to the savings and deposits of millions of Australians held in Authorised Deposit-Taking Institutions (ADIs) e.g. banks, building societies and credit unions. Deposits in these ADIs are at risk of being confiscated by the Australian Prudential Regulatory Authority (APRA) and given to the private bankers to compensate them for their business losses. This is called 'Bail-In' law whereby shareholders and depositors are stripped of their wealth to 'save' or 'stabilise' failing ADIs.

By 2008 global bankers had lost billions in derivatives gambling which originated in leveraged mortgage bond markets. They recouped their losses with the help of politicians. Taxpayers were forced to assist in payment of these gambling losses on the pretext that the banks were 'too big to fail'. The result was a massive transfer of wealth to the already very rich with the taxpayers loaded with debt that cannot be repaid. Interest payments on this debt now serve to add ongoing wealth to the bankers.

In 2008 many governments around the world promised their citizens that their savings and other accounts would be protected against bank failure by deposit guarantees up to a fixed limit. In Australia, the then Prime Minister Rudd introduced a deposit guarantee now limited up to $250,000 per person per ADI if that financial institution "was to fail". To-day this FCS law is being deceitfully used by government to falsely claim that it will protect deposits from the new 2018 'Bail- In' law (FSLA).

There is a danger that the Australian public risk being duped by government on a grand scale. This threat comes from the collaboration between our elected representatives in Canberra and the international banking fraternity. The government's refusal to properly answer community concerns about the true power and intent of the FSLA raises this threat further. The Federal Member for Dobell,

Karen McNamara (Labor) through her staffer, refused to address my concerns and told me I had failed to make a case and I was only quibbling about definitions of words in the FSLA. I was advised to put my case in writing and hence I do so. The question arises: "Are parliamentarians more concerned in serving lobbyists along party lines than in protecting their constituents?"

The FSLA has its origins in the Labor Party under Rudd/Gillard. The Turnbull/Morrison Government has refused to make a simple and short amendment to the Act so that it states in law what our key officials are meaninglessly asserting verbally. The FSLA needs to be amended to make explicit that the deposits held in ADIs cannot be confiscated by it. The authors and promoters of it emphatically state deposits cannot be capture by its powers. But this is a lie. So, why the lies? To date they have refused to make the necessary amendment to support their verbal assurances.

Prime Minister Morrison has tried to avoid this serious matter as just a fringe issue at the edge of democracy. He has downplayed the power of the FSLA over deposits. He misleads that it is just to update the 1959 Banking Act. He was the Treasurer when it was made into law in February 2018. Both he and then Prime Minister M Turnbull know what its real powers are – as does Opposition Leader Bill Shorten and his financial team. All these players claim that deposits are protected by the FCS and deposits are not exposed to confiscation under the FSLA. If their claims are found to be untrue then is this not tantamount to treachery and conspiracy against the people of Australia?

Under Shorten, Labor leadership did not make a submission to the party caucus meeting on the FSLA Bill, as is normal Labor procedure for all pending legislation. So Labor MPs were left ignorant of Shorten's intentions in passing the Bill. So who is Shorten serving – lobbyist's or the people? Shorten needs to demonstrate he has the integrity worthy of being Prime Minister by informing the public of the real powers and intent of the FSLA and of the feebleness and illusionary nature of the FCS. He must move immediately to amend the FSLA.

Senator Jane Hume (Lib), has adamantly denied that the FSLA is even 'Bail-In' law. She is an ex-Rothschild Bank Australia, Deutsche Bank and National Bank of Australia executive. She is the chairperson of the government's Economic Review Committee and pushed this legislation through the Senate in a night sitting with only 8 Senators present. Anyone with her background would know this is 'Bail- In' law. Senator Kerry Stokes (Lib), a high ranking barrister has subsequently baldly stated that the FSLA is 'Bail-In' legislation. It doesn't require a barrister's analytical skills to know this to be the case but it does raise the question as to what is Hume's agenda?

The FSLA definition of what financials can be legally confiscated is vague and deliberately misleading. This means definitions can be instantly manipulated to suit the depth of the financial crisis and also entrap depositors before they realise their money has been 'stolen' by the government. This article stresses these mechanisms in the FSLA allows the government to confiscate deposits in ADIs at will. They are hidden in the vague wording 'any other instrument' and in the Explanatory Memorandum to the Act. The government adamantly denies this to be the case. The 2018 Royal Commission into the banking industry has exposed how bankers were stealing money from accounts of the dead. This

submission exposes how our elected representatives to parliament, acting in unison with the banking regulators, are potentially poised to secretly steal our bank deposits using the FSLA to do so.

The FSLA is allegedly intended to help prevent an Australian ADI from failing in the coming global financial crisis. This law allows APRA to confiscate the assets of bond and share holders of an ADI and convert them into capital that is then owned by the bank. These bonds and shares fall within Tier 1 and Tier 2 bank liabilities in the FSLA definitions. Shareholder's wealth can be reduced to zero by the write-off and conversions provisions within the Act. In the event of a severe financial crisis and more funds are needed by the ADI, APRA then seizes the deposits of customers to do whatever it takes to save the ADI from failure. Deposits are confiscated as being 'any other instrument' needed to save the ADI. Customer accounts can be also written down to zero and the monies given to the bank as new capital. If more than one ADI is at risk of failure as the financial crisis contagion spreads then APRA will seize deposits industry-wide from all or any ADIS. Sound and health building societies will be stripped of deposits to prop up failing banks.

The FCS is something entirely different and separate from the FSLA. The FSLA is intended to confiscate the wealth of citizens and give it to the bankers to 'stabilise' banks if they are at risk of collapse. The FCS's alleged purpose is to compensate customers up to a fixed amount after an ADI has actually collapsed with savings and deposits written off in the process. The Government and the financial regulators have repeatedly lied in chorus to the Australian public that deposits would be protected by the FCS against seizure under the FSLA. This is simply not true for obvious reasons. These lies have become problematic for the key officials involved in this industry.

The Australian Government has not bothered to earmark even $1 to the FCS despite advice from the International Monetary Fund (IMF) to do so. This alone indicates that the government has no intention of using the FCS to protect peoples' deposits. The Bank of International Settlement (BIS), the central bankers' bank based in Switzerland, has already decided that the Australian Government does not have the funds to honour its deposit guarantee in the event of failure of even one of the big 4 banks. In any event the FCS is only implemented on the discretion of the government. When the global financial crisis does arrive and ADIs do fail it probably will announce that there is too much stress in the financial markets to activate the FCS. There is no legal obligation for the government to pay compensation for deposits lost by a failed ADI. It is reliant on the government's discretion to activate it. Yet politicians are telling their constituents there is a law protecting their deposits. The FCS creates this illusion. The government recklessly believes during times of financial crisis it can borrow billions of additional dollars from overseas to fund the discretionary activation of the FCS. This means deposits would be bailed out by the taxpayer whilst those deposits are being bailed in to save failing ADIs!

The FCS is capped at $20billion per ADI. For example, if the Commonwealth Bank holds $600billion in deposits and fell into bankruptcy, the FCS, if activated would only compensate the first $20billion. The remaining $580billion is lost from customer accounts and re-emerges as profits elsewhere in the global banking system – most probably as counter settlement in the derivatives market.

If, on the other hand, the Commonwealth Bank was on the verge of failure, APRA's intent would be to secretly activate the 'Bail- In' provision of the FSLA so as to 'stablise' it. Instruments including bonds, shares and deposits would be seized before shareholders and depositors realized what had happened. Tier 1 and Tier 2 capital instruments and then 'any other instrument' (i.e. inclusive of deposits) are 'written-off' until sufficient fund levels 'save' the bank. In this case the bank did not fail. The government has no legal obligation whatsoever to compensate savers for their savings 'stolen' but not lost. The FCS does not apply to protect deliberately confiscated deposits, including sums under $250,000.

Despite genuine efforts by segments of the community to seek the truth, proof and probity of what the very top levels of government and the regulators are telling the public about the powers and intent of the FSLA and FCA, distrust and fears for the worst deepen. Both the Labor and Liberal/National Party remain entrenched in denials that the FSLA can capture deposits for 'Bail-In' to stablise ADIs. They also continue to falsely assure the public that deposits under $250,000 per person per ADI cannot be seized under the FSLA or if lost by a failed ADI will be refunded to them under the FCS within 7 days.

As at September 2017 customers hold $2.7Trillion in Australian ADIs. The top 4 of the 147 ADIs had 80% of these deposits i.e. $2.16T. At best, the government would only compensate depositors the loss of 4 times $20Bil or $0.08Trillion. In the coming collapse of the global banking system these Australian banks will face a credit crisis and will be in serious danger of collapse as they were in 2008. None of these banks have access to sufficient local stable dollar deposits and rely on short term funding from the wholesale global capital markets to make up their balance sheets. And they are massively exposed to the toxic derivatives market which is larger than when it caused the collapse of the financial markets in 2008.

The Rudd Government lied to the Australian public during the 2008 global debt crisis. We were told our banks were strong and stable. They were not. Secretly, the 4 big banks told Rudd they were unable to repay part of their 90 day overseas debt obligations and would default if Wall Street did not extent further credit to them. Unbeknown to Australians, Rudd promised the global bankers the taxpayers would guarantee these banks and so credit was extended to them. In effect the 2008 credit crisis did collapse Australia's biggest four banks. A host of other ADIs were also at risk. Rudd secretly intended to sacrifice taxpayers to save the banks if Wall Street did not extent credit.

The FSLA was conceived at the International G-20 nations' meeting following the 2008 global debt crisis. Trillions of dollars had been lost in recklessly leveraged mortgage lending and corrupted derivatives trades where toxic assets were sold globally to unsuspecting investors. This created a credit crisis wherein no bank trusted another nor would lend to each other. Australia's big 4 banks got caught up in this vicious cycle and faced bankruptcy by nearly defaulting on their overseas loans. Taxpayers around the world were forced to pay towards bank losses whilst the winners got to keep their betting profits from these derivatives gambling. Couple to this was excessive and deepening debt by governments and corporations, denominated in foreign currency and the $US.

In response to the global 2008 derivatives crisis, come credit crisis, the 2009 G-20 meeting decided to create a new advisory board; the Financial Stability Board (FSB) under the aegis of the International Bank of Settlement (IBS) The Governor of the Bank of England heads the IBS. The Governor of the Reserve Bank of Australia (RBA) sits on the FSB. The recently re-appointed CEO of APRA, Mr Wayne Byers was previously with the IBS. He has the power to implement the FSLA to seize deposits in ADIs in Australia. He too denies that the FSLA has any such legal power. The IBS can easily manipulate APRA's policy decisions and APRA serves as the IBS's tentacles into the Australian banking system, all the way down to customers' deposits. The IBS insists that the government does not interfere with APRA's operations.

It has been the stratagem of global central bankers for many past decades to load emerging economies and naïve foreign governments with as much debt as possible using the international reserve currency, the $US. This debt trap is two pronged. Currency markets are manipulated as is the gold market with loan levels pushed high. Bankruptcy risk forces the borrowing nations to forfeit their assets to the bankers. This modus operandi is still used by them today and continues to be successful thievery by stealth, providing they have complicit local politicians subservient to their tactics. These tactics destroyed the economics in South America in the 1970s and many others todate.

Recently, the Deputy Governor of the RBA made a public statement to the effect that Australia could extent its already heavy debt to foreign banks as a monetary policy option to manage the economy. One must question why he would suggest such an irresponsible idea. Central bankers know that you don't go into extended debt unless you control the printing press and you print the debt in your own currency. In those circumstances a government cannot technically slip into bankruptcy though it will cause inflation. They also know that extending debt is how to entrap nations into servicing unsustainable debt which must end in impoverishment and wealth transfer to the top.

The recent findings of the Royal Commission into the banking sector have exposed banks behaving in their own interests and acting below community standards and expectations. APRA's governance over that behavior has been poor. The ambit of the Royal Commission's Terms of Reference didn't include examination of Treasury, the RBA and the Council of Financial Regulators (CFR), so they escaped detailed scrutiny. The concern therefore is that the underlying systemic failures at the core of the banking system have not really been addressed by the Royal Commission. Nor has the potential corrupting influences from banking industry lobbyists and central bankers.

University research studies in the USA found that American citizens have an astonishing low 1% influence on the policy decisions of their elected representatives. The remaining 99% of influence was mainly held by lobbyists, including financial donors to political parties and unions. Probably similar percentages apply in Australia and the FSLA would exemplify this lobbyist power. Nor could I influence my local member for Dobell on this grave matter that affects all constituents.

The secrecy provisions in the Explanatory Memorandum (EM) to the FSLA, Para 12.59 states:

> "The Bill is compatible with human rights as it is compatible with government's right to make laws and punish offenders."

The secrecy paragraphs 12.51 to 12.59 are draconian and serve the financial lobbyists well. They allow APRA to secretly activate the Bail-In of deposits so as to ensure the bank can steal them before customers know what is happening. Para 12.52 restricts the public's access to information relating to APRA's conduct so as to ensure they cannot protect themselves. Furthermore, it is a criminal offence for anyone to alert the public that APRA has activated the 'Bail-In' law, with punishment of up to 2 year gaol for offenders. Such are the laws made by our elected parliamentarians under the guidance of global bankers in accordance with our human rights. And to repeat, the Bank of International Settlements insists that the Australian Government does not interfere with APRA's carrying through the FSLA Act once implemented.

The Australian Government did not require a FSLA Act as a law tool to stabilize a failing ADI. It already has a financial industry-wide arrangement in place for this contingent. The FSLA Act was insisted upon by the global bankers to ensure that Australian ADI resources, including deposits will be liquidated and exhausted if necessary to settle accounts in their favour as a matter of first priority.

Corruption and recklessness in derivatives markets were the root cause of the 2008 credit crisis. This is the world of 'financial terrorism' made treacherous because of the acquiescence or ineptness of local politicians in victim nations. The coming financial crisis is multiple times the size of the 2008 crisis. The cause is the failure of central bankers to properly address their own past malfeasances. Their 'moral hazard' was not genuinely addressed and their greed reigned supreme. They have been emboldened by the weakness of the regulators and the complicity of politicians whom they successfully lobby.

Former Justice Tony Fitzgerald, Commissioner of the Royal Commission into police corruption in Queensland, in recent argument in support of a National Integrity Commission, opined that politicians are addicted to lobbyists' influence and they consider ethics and empathy a barrier to their personal career success. This means that deposits in financial institutions are at risk because of the influence of powerful financial lobbyists coupled to the duplicity of our key officials and career orientated politicians. Together they have stripped ethics and empathy out of our financial banking system so that depositors stand to lose and the bankers can profit from seized deposits.

To better understand how Australian politicians and their banking regulators have duped the public and set the traps to steal their bank deposits one needs some basic banking laws. When a person opens up any type of account or enters into any agreement with an ADI they have contracted to agree to the 'Terms and Conditions' (T&Cs) of the relevant bank or other ADI. Thereafter any transaction between that individual and the ADI is called an 'instrument'- make a deposit or do a withdrawal from an account, a 'financial instrument' has been created in accordance with the 'terms' of the contract. Buy 10 shares in a bank, a 'capital instrument' has been created in accordance with those terms. These appear on the bank's balance sheet as liabilities. When the bank lends out fiat currency as credit or home loan it becomes a bank asset. These are also 'financial instruments'.

Also important to know is that a deposit has no legal status. When a person creates an account with a bank and deposits say $100 into it they enter into a contract with the institution which is covered by the

Terms and Conditions (T&C) set by the institution. While the depositor sees his/her $100 as his/her asset, it is in law an unsecured loan to the bank. It is known as an 'instrument' subject to the T&Cs of the bank and will only be returned to the depositor (on demand) subject to this contract. 99.9% of the public don't know that the bank can change the T&Cs without even notifying the customer directly. The bank may simply place a small notification in a newspaper that very few people would see. Banks will change their T&Cs on a recommendation from APRA, RBA, and Treasury or by one of a number of other authorities. Currently, most deposit account's T&Cs have no 'term' that enables these 'financial instruments' to be converted into 'capital instruments'. Hence, the government claims deposits can't be seized for 'Bail- In' purposes. But APRA can simply request ADIs to change the T&Cs on customer deposits so that they can be converted to 'capital instruments'. This will be done secretly so that depositors will not know.

The words in the FSLA Act 'any other instrument' does no differentiate between 'capital' or 'financial'. To date, the government opines 'other' means 'capital' and absolutely excludes 'financial'. In the event of a minor ADI at risk of bankruptcy with only a small amount of new capital needed to stablise it only a portion of shareholder's equity may needed to be seized. Deposits would not need to be 'Bailed-In' to save the ADI. The government could then use this opportunity to falsely prove deposits are exempt from Bail In law, whereas in reality they weren't needed.

The global financial crisis that looms over Australia is enormous. There will be multiple banks at risk of failure, each with high levels of overseas debt. The Big 4 were not stable in the 2008 Global Financial Crisis. They will be far less stable in the near future's next global financial crisis. Deposits will be seized to 'Bail In' ADIs to allegedly keep them stable during this crisis This is the G-20 plan and the reason why the Financial Stability Board insisted the Australian government enacted FSLA law. There is no plan to save deposits.

The little known Explanatory Memorandum to the FSLA Act is informative. Paragraph 5.15 headed 'Conversion and Write Off of Capital Instruments' in part reads:

> "The provision in the prudential standards that set these requirements are currently referred to as 'loss absorption requirements' and requirements for 'loss absorption at the point of non-viability (4). The term 'conversion and write-off provisions is intended to refer to those provisions. However the amendments leave room for future changes to APRA's prudential standards, including changes that might refer to instruments that are not currently considered capital under prudential standards."

The FSLA Act's Explanatory Memorandum clauses gives the lie to each and all of the CFR members as well as to Prime Minister Morrison. Para 5.15 allows APRA to seize deposits for 'Bail-In' of ADIs . And FCS law certainly does not protect deposits under $250,000 in the event of a 'Bail-In'. Nor do they protect any deposits in the event of a bank failure.

Another Senator, Senator Whish-Williams formally proclaims, "The legislation (i.e. FSLA Act) does not implement any sort of bank 'Bail-In' policy that would allow the seizure of deposits in times of financial instability." He further asserts that deposits have a priority claim on the assets of a failed bank and are protected by the Banking Act 1959. These untruths simple embolden the global bankers to steal our deposits.

APRA's stated charter is to protect the interests of depositors and promote stability in the Australian financial system. APRA stands accused of infidelity to duty, treachery and malevolence if there is a lawful capacity for the FSLA Act to Bail In deposits. Despite community calls upon the government and parliament to clarify the powers of the FSLA Act and to make an amendment to it to explicitly exempt bail in of deposits, key officials have entrenched themselves in denial and refusal to do so.

A CEO of one of the big 4 banks gave advice used for this article that his/her bank's deposits do not contain terms (T&Cs) which mean that they can be converted or written-off so are not subject to this legislation (FSLA) and the bank has no plans to change the terms of our deposits to include such terms and we are not aware of prudential (APRA) or legislative proposals to require any such change". As explained above, ADI's T&Cs on deposits will be changed on the request of any one of the regulators so that APRA can seize them for Bail- In as the coming financial crisis unfolds.

The G-20 nations gave legitimacy to the FSB strategy to include deposits for confiscation to 'stabilize', in the event of a crisis, the global financial system. The idea was put to them by 2 Credit Swiss derivatives traders from the now bankrupted Lehman Brothers. Each G-20 nation was required to make the appropriate local laws to enforce 'Bail- In'. Countries known to have already enacted these laws to 'Bail-In' deposits include USA, Japan, 23 EU member nations, UK, NZ and Canada. The political backlash against the proposed legislation to Bail-In deposits in India saw it withdrawn. In Australia, the Prime Minister, the Parliament, ASIC APRA, RBA and Treasury refuse to explain why the FSLA Act is an outlier to the G-20 nations making it at variance with Australia's commitment to the IBS and the FSB. Inexplicably and untenably this emphatic stances gives Australia a privileged position above other G-20 nations not to include deposits as an instrument to be 'Bailed In'. Alternatively, the government is lying.

Ultimately, the FSLA Act is about propping up the derivatives markets and protecting the profits of the global bankers at the expense of the creditors (depositors) and ADI shareholders. Savings and deposits are confiscated to make up the losses from counter-party gambling in derivatives. Globally, these markets are vast, unregulated, corrupt and commonly off the books of the banks. Potentially US$540 Trillion of global derivatives are set to ignite a global financial crisis. Prior to 2008 lobbyists got the US Congress to pass laws that gave derivative settlements prioritized security claims on bank's assets. Those laws triggered the collapse of Wall Street and the contagion became the global financial crisis. Before 2008 Australian banks had AUD$12 Trillion in the derivative markets. In 2018 they had AUD$40.6 Trillion exposed at high risk.

Coupled to derivates is the use of fiat currency, now being created digitally out of thin air at the press of a keyboard mouse. This currency has been used by unregulated private bankers to create an

unsustainable Ponzi Scheme of global debt. All of it is owed back to them led by the Bank of England and the US Federal Reserve Bank. Trillions of dollars of loans have been created lending out non-existent money. This debt is to be serviced by interest paid in real currency sourced from wages, small business incomes and taxpayers around the world.

The global debt initiated by the private central bankers cannot now be repaid by the indebted nations. The interest payments alone have impoverished many countries. Ireland is a tragic example. Apart from an elite insider group of global bankers nobody really knows how this global debt/credit Ponzi crisis will unfold or when. What is being uncovered is potentially one of the greatest scams seen in history under the guise of a 'stability plan' set up to save the banks at the onset of the coming financial crisis. The IBS and its offspring, the Financial Stability Board, is at the centre of this swindle to steal the wealth and savings of ordinary people around the world. But they needed the acquiescence of local politicians and lawmakers to pull it off. Canberra's assistance to them is the FSLA Act.

In summary there are powerful indicators that the Australian Government, Council of Financial Regulators members and heads of our leading ADIs have successfully duped the public into believing that it is highly unlikely that any Australian ADI is at risk of failure. They have been even more successful in convincing ADI customers that their deposits are secure and are protected by the Financial Claims Scheme in the event that an ADI falls into bankruptcy. They have equivocated to conceal the true power of the FSLA Act's 'Bail-In' mechanisms that they will use to steal deposits from ADIs to give to the bankers.

In a repeat of 2008, central bankers have already commenced to off load their toxic assets to unsuspecting bond buyers, such as pension funds and local governments. Their next step is to get compliant G-20 member governments to confiscate real bank wealth (Tier 1 and Tier 2 plus other instruments, including deposits). To do this they must first trigger the debt/credit crisis so that multiple Authorised Deposit-Taking Institutions around the world are at risk of failure. The 'Bail-In' plan is to seize that wealth before they fail. The winners will be the global bankers and their lobbyists.

Our politicians are playing a dangerous game that threatens our national financial security. They are counting on containable damage that only one, perhaps two of our banks will be stressed when the global bankers initiate the credit crisis. They gamble that the financial damage will be limited to Tier 1 and/or Tier 2 capital instruments. Or if worse, only a portion of 'any other instruments' would be needed (ie. only a portion of deposits). In these circumstances APRA may only need to seize deposits above $250,000 per account holder. Government thus would create the illusion that the guarantee on deposits is genuine and key officials won't be caught out for their lies. The reality is likely to be something entirely different!

Mainstream media has abdicated responsibility to examine the sinister implications of the government's crisis resolution powers and other measures that put deposits at risk of seizure in times of financial crisis. Attempts to involve distinguished journalists in the peoples' rights to know have been resisted. By their omission they are supporting the government and the financial interests of the bankers.