8. INTENT OF AGREEMENT

One of the requirements to become a certified public accountant is to take a business law course. The course I took in college taught that a loan contract has the following essential elements: 1) an agreement with mutual understanding, 2) competent parties, 3) based on the approval, willingness, of both parties, 4) supported by consideration (money). The lender has to give up money to the borrower, 5) made for a lawful purpose, 6) in legal form. An agreement must have full disclosure of material facts. Do I loan you my money or do you give me your money for free and I return it back to you as a loan? It is material who provided the money loaned.

The course taught that an "offer" expresses the intent and willingness of the one making the offer to do or not do certain things. The three requirements of an offer are: 1) Contractual intention (the state of mind as to where the money is coming from to make the loan), 2) definiteness (known positively, for certain, sure), 3) communication of the offer to the other party. If an offer is vague or indefinite or if essential provisions are lacking, there is no offer or acceptance or agreement. For an agreement to be valid, there must be mutual understanding.

Independent certified public accountants audit banks, acting like police to protect the public. The CPA must follow audit guidelines. These guidelines require the CPA to know the intent of the borrower's agreement and be sure the agreement and economic effect of the bank bookkeeping entries are in agreement. As judge and jury, you must decide if the agreement stated "loan" or implied loan by the words interest, borrower, and lender, and whether the bookkeeping entries show an exchange but charged you as if there was a loan, significantly changing the cost and the risk. The CPA must have the competence to know the difference and must have investigated this requirement in the audit investigation.

As the judge and jury, you must make a decision on whether there is a valid agreement or whether there was an intentional breach. The facts are simple: the bank advertised and wrote an agreement implying that they would loan money, credit, or a check to the borrower if he signed an agreement, a promissory note, to repay the loan. The judge and jury will now consider the intent of both parties on a typical $10,000 bank loan.

Intent can be stated as simply as whether the bank led the alleged borrower to believe the bank would loan a bank check (cash equivalent) if the borrower agreed to sign the promissory note to repay the loan? Most borrowers I talk to believe the reason they signed the promissory note was simply to agree to repay the check loaned to them. That was the intent of signing it. Only the alleged borrower signed the agreement, so only the alleged borrower's signature is relevant to the intent.

The bank had a far different intent in writing the agreement. The bank intended to receive actual cash value of $10,000 for free from the alleged borrower and return the $10,000 back to the borrower as a loan. The law allows the bank to create new tokens (checkbook money called bank liabilities, deposits, and IOUs) to match cash or government bonds the bank owns. The bank simply used the promissory note to obtain government bonds for free and used the government bonds to create 10,000 new tokens (new money) as if someone deposited cash.

The money supply increased by the amount of the promissory note. The bank exchanged the promissory note having actual cash value of $10,000 for bank tokens (checkbook money) having actual cash value of $10,000. The bank received $10,000 for free from the alleged borrower and returned it back to the alleged borrower as a loan. The bank required the alleged borrower to repay the alleged loan in cash or tokens.

If the alleged borrower knew the bank loaned nothing of value for the promissory note, they would use their vote to change the system. When we took an opinion poll of the American people and told them the whole truth, they agreed they never had the intent to give the bank $10,000 of actual cash value for free and have it returned back to them as a loan. They had no idea, so they could not have had intent to fund the bank loan check. The borrower believed the tokens loaned were financed by other depositors. The alleged borrowers had no idea they financed their own loan and had to pay back the principal and interest to a third party who never loaned any actual cash value.

The bank knew the truth and what their intent was. The bank wrote the agreement, they advertised and had the intent proven by the bookkeeping entries. They claimed there was a loan when, in fact, the economics prove that no loan existed. That there was an exchange and a charge as if there was a loan, I believe, shows that the bank intended to make false statements, false representations, to conceal the exchange in the agreement with the intent to reinforce a false impression, and failed to correct a false impression by showing the true intent in the written agreement and bank advertising.

Why did the bank change and conceal the true intent? It obviously changes the cost and the risk of the alleged loan. The exchange allows the bank to obtain the assets of the nation for free and to force us to pay them interest on what they received from us for free. If the bankers' intent was not concealed, informed Americans would be outraged and vote out everyone aiding and abetting the bankers.

Can we prove the intent of the borrower? Sure we can. What borrower do you know that is stupid enough to agree to give the bank a gift of $10,000 of actual cash value and have the bank immediately return it back to the same person as a loan? Americans are not that stupid; they have to be tricked into it. Can we prove the intent of the bank? Yes, by the bookkeeping entries, the stamp on the back of the promissory note (as will be discussed later), and bank policy.

About the author

Tom Schauf has a diverse background. He graduated from Northern Illinois University with a Bachelor of Science with double majors in accounting and finance.

After graduation, he worked as a staff accountant for Motorola. He worked for a small certified public accounting firm, owned and operated his own business brokerage firm and certified public accounting practice.

Over a period of nearly ten years, he has testified in a number of cases as an expert witness in business valuation, and has taught the arts of business acquisition and negotiations to buyers, CPAs, and lawyers on a national level in colleges and major universities.

He has taught lawyers and thousands of CPAs the art of valuation and negotiations in his copyrighted course designed to meet continuing education requirements.

He has been a controller, and head of purchasing and personnel for a major manufacturing company. He was also a real estate broker and aircraft flight instructor (CFII).

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