

Most Americans Don't Know that the Federal Reserve Banks Are Private Corporations

By [Washington's Blog](#)

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Region: [USA](#)

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Everyone Knows that the Federal Reserve Banks Are PRIVATE ... Except the American People

The country's most powerful "agency" – the Federal Reserve – is actually [no more federal than Federal Express](#).

The [U.S. Supreme Court ruled](#) in 1928:

Instrumentalities like the national banks or the federal reserve banks, in which there are private interests, are not departments of the government. They are private corporations in which the government has an interest.

The long-time Chairman of the House Banking and Currency Committee (Charles McFadden) said on June 10, 1932:

Some people think that the Federal Reserve Banks are United States Government institutions. They are private monopolies

The Fed itself [admitted](#) (via Bloomberg):

While the Fed's Washington-based Board of Governors is a federal agency subject to the Freedom of Information Act and other government rules, the New York Fed and other regional banks maintain they are separate institutions, owned by their member banks, and not subject to federal restrictions.

For that reason, the New York Fed alleged in the lawsuit brought by Bloomberg to force the Fed to reveal some information about its loans – [Bloomberg LP v. Board of Governors of the Federal Reserve System](#), 08-CV-9595, U.S. District Court, Southern District of New York (Manhattan) – that it was not subject to Federal Freedom of Information Act.

As Bloomberg [reported](#) in a separate article:

The Federal Reserve Bank of New York ... runs most of the lending programs. Most documents relevant to [a freedom of information lawsuit filed by Bloomberg news] are at the New York Fed, which isn't subject to FOIA law [a law which applies to Federal agencies], according to the central bank. The Board of Governors has 231 pages of documents, to which it is denying access

under an exemption for trade secrets.

San Francisco Federal Reserve research analyst David Lang confirmed in 2011:

[Question]: "I had a really quick question, the Federal Reserve Bank of San Francisco specifically, is that formed as a private corporation itself?"

David Lang: "Ah yes it is actually. yes our state chartered banks, banks under a charter share that and we pay a dividend on those shares."

The senior counsel for the Federal Reserve confirmed in a court hearing in the Bloomberg lawsuit that the Federal Reserve Banks [are "independent corporations"](#), which are ["not agencies"](#), [are "privately held"](#), and [have "private boards of directors"](#).

And Federal Reserve law enforcement officers [agree](#).

Postscript: The Bank of International Settlements (BIS) – which is the "Central Banks' Central Bank" – is, in turn, [owned](#) by the Fed and other central banks:

The BIS is a closed organization owned by the 55 central banks. The heads of these central banks travel to the Basel headquarters once every two months, and the General Meeting, the BIS's supreme executive body, takes place once a year.

So the private banks own the Fed (and other central banks), and the central banks own BIS.

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