



The Council for Education
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VIA ELECTRONIC SUBMISSION

February 21, 2025 Federal Reserve Board of Governors
Attn: Ann E. Misback, Secretary of the Board
Mailstop M- 4775
2001 C St NW
Washington, DC 20551

Subject: Public Comment on Reporting Form Revisions and Supervisory and Regulatory Survey (FR 3052; OMB No. 7100-0322)

To: Federal Reserve Board

The Council for Education (CED), in conjunction with the International Committee of Fiat Currency (ICoFC), submits the following comments in response to the Proposed Agency Information Collection Activities: Comment Request.

I. Introduction

The Council for Education, a 501(c)(3) public interest law firm (IRS. Rev. Proc. 92-59, 1992-2 CB 411), operates as a self-regulatory body under the Cross Border Monetary Arbitrage Scheme™ (CBMAS™), overseeing international auditing standards via the New Bank Committee™ (NBC). It audits and, when necessary, litigates the New Bank Committee™ (NBC) operations to further the public interest.

The New Bank Committee™ proposes that the Bank for International Settlements and the Open Market Committee of the Federal Reserve Bank reconsider amending FR 3036, a component of the US portion of a global data collection, and consider the New Bank Committee's™ real-time data capture of foreign exchange (FX) transactions under the operations of CBMAS™ data centers managed by joint working groups of US and international banks.

As banking has become more complex, the calculation and interpretation of bank net worth have also become susceptible to counterfeit fiat currency in the global finance community. The Basel Committee on Banking Supervision (BCBS), a regulatory body of the Bank for International Settlements (BIS), has established guidelines for capital adequacy to ensure banks maintain sufficient net worth to absorb potential losses.

We believe that the three-year annual survey is insufficient and that several banks and financial institutions are insolvent but continue to purchase US Treasury bonds, which inflates the worldwide US dollar debt, reported off-balance sheet to over \$80 trillion¹.

II. Argument

Issue: Whether the current FR 3036 data collection methods are adequate to identify and manage risks associated with repledging of collateral in derivative swaps and the potential accumulation of hidden US dollar debt, and if a more frequent, real-time data collection and analysis mechanism is necessary.

Rule: The Federal Reserve Board is mandated to maintain financial stability and oversee risks in the financial system. Existing regulations and guidelines may be insufficient to address modern, complex financial instruments and practices. Real-time data and AI-based analysis are increasingly crucial for effective risk management in the global economic system.

Application: The current three-year survey cycle of FR 3036 does not provide timely data for assessing rapidly evolving risks, such as those arising from repledging in derivative swaps and the accumulation of off-balance-sheet debt.

Repledging in relation to Novation of Derivative Swaps: This involves scenarios where a US Bank party to a derivative swap, particularly those with offshore obligations, and a novation occurs. In a novation, a new counterparty assumes the rights and obligations of an existing counterparty. During this process, collateral initially pledged by one counterparty might be repledged to unsecured US debt obligations with the new counterparty risk. This is particularly relevant in complex derivatives transactions involving multiple jurisdictions and entities.

A comprehensive risk management framework of data centers managed under the New Bank Committee's™ CBMAS™ framework is necessary to monitor and manage counterparty risks associated with repledging, including those related to novation and derivative swaps. The New Bank Committee's™ CBMAS™ provides a potential solution through real-time data capture and AI-driven analysis managed by joint working groups. The CBMAS™ offers a framework for auditing cross-border novation agreements and identifying potential risks. The proposed CBMAS™ banking rule is described in the New Bank Committee's™ Operating Agreement before the Federal Open Market Committee (FOMC). The URL link is here: <https://cfored.ac-page.com/services>.

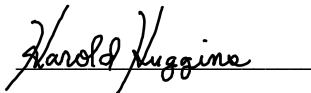
¹ See, "Foreign exchange swap positions point to over \$80 trillion of hidden US dollar debt, reported off-balance sheet." Bank for International Settlements, BIS Analysis Shines Light on Persistent Risks in Foreign Exchange Trades, Hidden Dollar Debt: BIS Quarterly Review, (Dec. 5, 2022), <https://www.bis.org/press/p221205.htm>

III. Conclusion

The Board of Governors of the Federal Reserve System should adopt a compulsory, mandatory AI-based CBMAS™ banking rule to develop real-time analytics models of stress testing and scenario analysis to assess the potential impact of adverse events under a joint working group mandate to preserve the market's integrity² under the Generally Accepted Accounting Principles (GAAP)³. This would involve amending FR 3036 to require more frequent and comprehensive data collection and analysis. The Board should explore the feasibility of integrating the CBMAS™ framework for real-time data capture and risk management, improving the ability to detect and mitigate risks associated with complex financial transactions.

Thank you for your time and consideration.

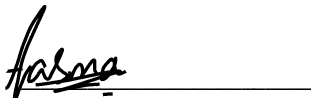
Sincerely,



Harold Huggins

Director, Council for Education

New Bank Committee™ Member



Aasma Yaseen, MPhil

Chairwoman of the International Committee of Fiat Currency

Chief Operating Officer of the Council for Education

New Bank Committee™ Member

² See, *Cheney v. Cyberguard Corp.*, 213 F.R.D. 484 (S.D. Fla. 2003), "[W]here plaintiff testified that he would not have purchased the stock had he known company overstated its revenues and earnings, and thus he relied on the integrity of the market." Fed.Rules Civ.Proc.Rule 23(a)(3), 28 U.S.C.A.

³ *Cheney v. Cyberguard Corp.*, 213 F.R.D. 484, 488 (S.D. Fla. 2003) ("This revenue recognition policy violated GAAP and was never disclosed to CyberGuard investors."); PRICEWATERHOUSECOOPERS LLP, UNIVERSITY OF CALIFORNIA REPORT ON FINANCIAL STATEMENTS AND EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE FOR THE YEAR ENDED JUNE 30, 2017 ("The financial statements of the University's discretely presented component units were not audited in accordance with Government Auditing Standards."); REPORT OF INDEPENDENT AUDITORS 1, Oct.17, 2017.

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RE: Submission Number 17249-062-965-108, submitted on Thursday, August 29, 2024 at 07:23:49 AM EDT

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RE: Wells Fargo & Company ("Wells Fargo") 2025 Annual Meeting—Shareholder Proposal – Proposal for Joint Working Group to Develop Comprehensive Risk Assurance Policy (the "Proposal")

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