HOW TO FIND THE BANK DEBT OF A CORPORATION (AND OTHER DEBT):

1. Go to [www.startpage.com](http://www.startpage.com) search engine.
2. Click on the SEC link: [www.sec.gov/search/search.htm](http://www.sec.gov/search/search.htm)
3. Enter the company name and click on ‘find companies’.
4. You may need to look inside a multitude of files that are displayed. In this instance, Charter Communications has many many forms. But I want to find the file that has the latest 10-Q report filed with the Securities and Exchange Commission. 10-Q is created quarterly for the SEC by the accountants of the corporation. It has the most up-to-date balance sheet, containing all the assets = liabilities + equity. The corporation’s debts will be in the ‘liabilities’.
5. When you find the file, make note of the SEC CIK#. This is a unique identifier. If you contact the SEC, this number will be helpful. Here you can see the 10-Q from 2019-10-25. This is the most up-to-date.

Click on the button called ‘Documents’ under Format. This will display the 10-Q.

1. You want to see the 10-Q by clicking on the link under Document, whose description is 10-Q. This will give you the entire 10-Q financial report submitted by the corporation to the SEC. Yay!

7. Copy and paste the ENTIRE 10-Q report into your word processor. In this case, it is Microsoft Word, which has the capability to SELECT ALL, and then FIND within the selected document.

8. Click on SELECT ALL.

9. Click on FIND.

10. First, search for ‘credit facility’. This example shows that the document has 4 hits on ‘credit facility’. Look at the first hit. Oh my god! Charter is more in debt than I even knew from the older 10-Q I was looking at with BMRC last Thursday evening.

“We have significant amounts of debt. The principal amount of our debt as of September 30, 2019 was $74.2 billion, consisting of $10.8 billion of credit facility debt, $43.0 billion of investment grade senior secured notes and $20.4 billion of high-yield senior unsecured notes. Our business requires significant cash to fund principal and interest payments on our debt. “

I recently got Spectrum internet service (same as Charter Communications) and maybe I should think about changing, but to what?

 11. Now, search for ‘LONG-TERM DEBT’. This will usually get to the consolidated balance sheet of the corporation and its subsidiaries. This is what you want. For Charter, it looks like this:

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS
(dollars in millions, except share data)**

You want to extract from the consolidated balance sheet, the following:

1. Total assets
2. Total liabilities
3. Equity

The balance sheet balances because: assets = liabilities + equity.

You want to find out how much of the corporation’s liabilities are long-term debt.

Here is Charter’s balance sheet totals:

|  |  |  |
| --- | --- | --- |
| Total assets | $ | 145,267 |
| Total shareholders’ equity | 40,522 |
| Total liabilities and shareholders’ equity | $ | 145,267 |

This is interesting. The accountants at Charter did not give a subtotal for ‘total liabilities’. So we have to subtract ‘equity’ from ‘total liabilities and shareholders’ equity’ to get the ‘total liabilities’. When you do that, you get:

 Total liabilities 104,745

So the balance sheet is: 145,267 assets = 104,745 liabilities + 40,522 equity

12. Now let’s look at what makes up the ‘liabilities’.

 $71.4 billion dollars of long-term debt – from a total of 104.75 billion dollars of liabilities! That’s about 70% of Charters liabilities is long-term debt. Charter is being kept alive by this long-term debt.

13. Let’s see where this long-term debt is coming from:

 You might need to do a little sleuthing. I just kept searching for ‘long-term debt’ and got to a section that listed all the long-term debt of Charter. Pages of debt securities along with a credit facility (like a bank credit card).

I found the following:

“In October 2019, Charter Operating entered into an amendment to its Credit Agreement repricing $4.5 billion of its revolving loan and $4.0 billion of term loan A to LIBOR plus 1.25% and its existing term loan B to LIBOR plus 1.75%. In addition, $4.5 billion of the revolving loan and $4.0 billion of term loan A maturities were extended to 2025 and $3.8 billion of term loan B maturities were extended to 2027. “

I believe this is the ‘credit card’. But in addition to this bank credit, what portion of the debt securities were bought by the banks? Remember, commercial banks not only create bank credit when they make a loan, but also when they buy a security.

In addition, remember that when Charter issues its debt securities (bonds, notes) for the first time in the marketplace, they sell to an INVESTMENT BANK. The investment bank borrows from the commercial banks to buy the first-time securities from Charter at one price, and then the investment bank sells to the bond market for a higher price. With the sale to the bond market, the investment bank can repay its loan to the commercial bank.

But it can get even more kluge. The investment bank, as Charter’s creditor, may easily influence Charter’s executive committee +board of directors to deposit the bond sale proceeds in the commercial bank that lent the funds to the investment bank. Now that commercial bank has not lost any reserves by creating these billions!!!! The commercial bank can continue to fund the investment banks and create more BANK CREDIT. And all the time, the investment bank is making money off of these deals! Now this is the true picture of CAPITALISM. That’s why the stock market began around 1611 in the city of Amsterdam where Stephen Zarlenga identified the beginning of what we know as capitalism today.

See LOST SCIENCE OF MONEY, pp. 238-239: “Amsterdam from the 1600s onwards was the direct origin of our present exchange mechanisms and procedures. She got them from Antwerp, which is said to have gotten them from the Levant…The Exchange offered many type of transactions:

* Stock sold for immediate cash
* Stock sold on margin up to 80%
* Monthly settlement dates
* Future settlement dates
* Put and call options…”

Levant = historic areas of Lebanon, Palestine, Israel, and Syria. The mechanisms perhaps were returned with the Knights Templars, an order which began with the Christian Crusades after the first crusade of 1095, and returned with the knowledge of double-entry bookkeeping. The Knights Templars became very powerful bankers in Europe, with strong trading links to the Middle East. The King of France became very indebted to them, and suppressed them in 1307. Supposedly some of the Knights got away with the gold in a ship and some say they ended up in Scotland…

I couldn’t help putting some history here. History is so important to understand the present.

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Please don’t get discouraged by the details. If we try this together at a BMRC meeting, it will become clearer.

Sue

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