What Do You Actually Own?

Ownership, financial claims, and counterparty risk | Ages 13-18 | U.S. examples

> **Learning goals:** Distinguish possession, a deposit claim, and beneficial share ownership; identify who must perform; separate market loss from repayment, custody, and access problems; explain both a protection and its limits.

PREPARE IN 5-10 MINUTES

Review Banking Lesson 01 and the opening three parts of Securities Lesson 01 [L1-L2]. The latter is advanced: use the simplified cards for the core session. The original lessons and book passages are linked on pages 6-7. Pack 02 is a useful recap; Pack 05 supplies the purchasing-power connection.

Print: Share student pages 1-3 as reference cards; print pages 4-5 per learner. Cutting cards is optional. Paper and pencil are sufficient. For the online check, open the Counterparty Risk Map [M]. No personal account details or real money are needed.

Minutes	Activity
0-2	Read the explanation below and record a prediction.
2-6	Compare the three asset cards; fill the ownership table.
6-10	Choose failure Event 1 or 2, then price Event 3. Consult the protection cards.
10-14	Discuss the three questions on student page 5. Oral answers are fine.
14-15	Complete the exit sentence.

READ ALOUD

Owning property, possessing it, and holding a financial claim are different relationships. A coin in your hand needs no bank to release it. A deposit is an amount the bank owes. Brokerage shares involve a beneficial interest held through a custody system. Ask what you hold, who must act, and what protections apply if something fails. Legal rights can remain valid while access or recovery becomes difficult.

Extensions: Allow 5-10 minutes for assessment, 10 minutes for the shortfall model, or reading/viewing time followed by 15-20 minutes for source work. Use one reading route per session. The documentary and legal-priority work suit older learners.

These are teaching scenarios, not an assessment of any learner's financial holdings. The named protections use U.S. rules; other jurisdictions and account types differ.

Answer the ownership questions

Core worksheet key | Student pages 1 and 4 | Curriculum anchors [L1-L2, M]

A. OUTRIGHT-OWNED SILVER IN PERSONAL POSSESSION

The learner owns and holds the physical coin. Under the stated assumptions, no financial issuer, debtor, or custodian must repay or deliver it. Theft, loss, authenticity, resale costs, and price changes remain relevant. A receipt can support provenance; possession alone is not universal proof of lawful title.

B. AN ORDINARY BANK DEPOSIT

The depositor has a claim for the account balance. The bank is the debtor and maintains the account record; the depositor does not retain ownership of particular banknotes handed over. Normal access depends on bank performance, and eligible insurance applies if the bank fails. Insurance does not turn the account into stored personal cash.

C. STREET-NAME SHARES

The customer is the beneficial owner recorded by the broker. In a typical DTC arrangement, the issuer's registered holder is Cede & Co., DTC's nominee. The simplified chain is customer, broker, depository/nominee, issuer. Other arrangements exist. The investor has a security entitlement with legally recognized rights; it is not simply an ordinary unsecured bank deposit. [E, U1]

> **Keep two dependencies separate:** A broker or custodian must maintain records and enable transfers or delivery. The company whose shares you hold can also perform poorly or fail. Direct registration changes the intermediary arrangement; it does not remove the company's business risk.

VOCABULARY TO INTRODUCE THROUGH THE CARDS

Possession: Physical custody of an item.
Registered holder: The person or entity on the issuer's ownership record.
Beneficial owner: The investor whose economic interest is held through an intermediary.
Counterparty risk: Exposure to another party failing to meet an obligation.
Custody/access risk: Problems safeguarding, recording, delivering, or accessing assets.
Market risk: A change in the price at which a holding can be sold.

Teaching check: Do not equate indirect holding with no rights, or direct title with no dependence. A properly documented, allocated asset held in a vault can belong to a customer while access still depends on the vault. Ask which obligation or process is at issue.

Work through the event cards

Student pages 2-4 | Sources [F, S, E, U1-U3]

EVENT 1 | INSURED BANK FAILURE

The bank cannot meet its obligations, but the scenario's documented $1,000 eligible deposit is within FDIC coverage. The closure alone does not establish a loss of that insured amount. Resolution may involve transferring the account or paying covered funds. Keep possible access disruption distinct from a permanent loss. FDIC coverage is backed by the full faith and credit of the U.S. government. [F]

EVENT 2 | MISSING CUSTOMER SECURITIES

This is a custody/property shortfall, not merely a price fall. The customer's rights and records remain relevant. Customer-property distributions, recovery of missing assets, and eligible SIPC advances may restore holdings. To estimate recovery, identify the allowed claim, valuation, available customer property, eligibility, separate capacity, and applicable limits. Do not infer a final loss from the word "failure." [S]

EVENT 3 | MARKET PRICE DECLINES

Before: 10 x $100 = **$1,000**. After: 10 x $70 = **$700**. Market loss: **$300, or 30%**. The customer still has 10 recorded shares. Under the stated facts, no custody shortfall is shown. SIPC does not compensate ordinary market-value losses. [S]

EVENT 4 | PHYSICAL THEFT

The stated loss is theft of property in the owner's custody. No bank repayment or broker-delivery obligation failed. Personal possession removed one set of dependencies while placing safekeeping responsibility on the owner. No insurance recovery is assumed.

ADVANCED PROTECTION DISCUSSION

FDIC: $250,000 per depositor, per insured bank, per ownership category; accounts within a category are aggregated. **SIPC:** Advances are generally limited to $500,000 per customer in a separate capacity, including $250,000 for cash. This is not a ceiling on the return of all customer property. The mechanisms cover different events. [F, S]

Private insurance: A policy adds a payment obligation, with conditions, exclusions, and a claims-paying entity. Insurer insolvency can cause delayed or incomplete recovery; applicable guaranty schemes may protect eligible claims within statutory limits. Do not assume either unlimited payment or automatic zero recovery. FDIC and SIPC have their own distinct legal frameworks. [N]

Discussion, assessment, and arithmetic

Student pages 5 and 7 | Suggested marking: explanation matters more than terminology

THREE DISCUSSION ANSWERS

1. The owned coin is directly possessed property. The deposit is a right to repayment by the bank, with eligible protection. Look for a named obligation, not just "safe" or "unsafe."
2. Price loss can occur while every share is correctly held. Missing securities concern custody and fulfillment of customer entitlements. Different protections apply.
3. Ask what holding is covered, what event triggers protection, what limits and exclusions apply, who must pay or restore property, and what legal or financial backing supports that obligation.

OPTIONAL ASSESSMENT | 4 POINTS

A. Vault case (2): The customer owns the identified bar but does not physically possess it (1). Delivery depends on the custodian; the stated interruption shows access or custody dependence (1). It does not by itself establish loss of title.

B. Purchasing power (2): Identify a rise in the prices of what the dollars buy (1) and explain that returning the same nominal amount can then buy less (1). Insurance of a covered dollar balance is not insurance of its future buying power.

> **Sample exit:** I hold a deposit claim. I depend on the bank to honor withdrawals, with FDIC protection for eligible insured funds if the bank fails. Even if I receive the full dollar balance, its purchasing power can change.

THE 300 / 240 MODEL | FROM THE RISK MAP [M]

Question	Worked answer
Total recorded claims	3 x 100 = 300 shares
Available fraction	240 / 300 = 0.8, or 80%
Allocation per equal customer in the model	100 x 0.8 = 80 shares
Shortfall per customer before further recovery	100 - 80 = 20 shares

This result follows from the imposed equal-division rule. Actual proceedings involve applicable law, claim valuation, different assets and claimants, recoveries, and protection mechanisms. A student should not label 20 shares a certain final loss or apply a dollar coverage limit directly to a share count.

Teach from the books and documentary

Student pages 6-7 | Assign focused passages, then ask for an evidence-based comparison

ROUTE A | ROTHBARD AND THE DEPOSIT LESSON [B2, R, L1]

Use Money Warehouses, Part I section 12, printed pages 55-58 in the 2024 sixth edition. The opening develops a model of stored gold, transferable warehouse receipts, and book claims. Ask what the receipt represents and who must safeguard or deliver the metal. Compare with the ordinary deposit obligation in Banking Lesson 01.

Answer focus: Storage of owned property and a bank's debt are different relationships. Even storage with valid ownership entails custodian performance. Do not treat the historical/theoretical warehouse model as a description of a modern savings account.

ROUTE B | WEBB AND THE SECURITIES LESSON [B1, W, L2]

Assign chapter III, Security Entitlement, printed pages 9-15 in version 1.4 (February 12, 2024). Webb connects pooled holdings and creditor priority to his warning about systemic losses. Students should identify the precise mechanism, then distinguish statutory conditions from the predicted scale or inevitability of a crisis.

Read the rules together: UCC 8-503 generally provides a pro rata property interest and separation from the intermediary's creditors, subject to 8-511. Section 8-504 generally requires matching assets and restricts security interests absent customer agreement. Section 8-511 gives entitlement holders general priority but includes exceptions, including a secured creditor with control. Applicable enacted law and insolvency rules govern real cases.

Answer focus: A valid entitlement can coexist with a shortfall or a priority problem. Full recovery is not assured in every circumstance. That does not establish that every beneficial owner is always behind every creditor, or that every electronic record eliminates property rights. Grade the explanation of the conditions and evidence. [U1-U3]

DOCUMENTARY EXTENSION | STOP IT! THE GREAT TAKING [D]

Preview the film and choose a passage about custody or legal priority. Students record actual start/end timestamps; no unverified clip is prescribed. Compare one film claim with the securities lesson and Webb passage, then a primary rule. Ask whether the rule supports the mechanism, the proposed likelihood, or both. Preserve the site's user-activated video playback.

Differentiate: For younger learners, read cards aloud and use one-sentence answers. For older learners, compare direct registration with street name, or contrast the general UCC rule with its exception. Assess accurate sourcing and reasoning, not agreement with an author.

Your curriculum is the starting point

MLMF lesson, book, and documentary connections | Click a title or use its printed address

[L1] Banking Lesson 01: Your Bank Deposit Is Actually a Loan

Core: read What Actually Happens and the depositor relationship.

https://www.monetarymastery.net/forums/topics/70804-your-bank-deposit-is-actually-a-loan

[L2] Securities Lesson 01: Do You Really Own Your Stocks?

Core teacher preparation: parts 1-3; parts 4-5 for protection limits.

https://www.monetarymastery.net/forums/topics/70752-do-you-really-own-your-stocks-understanding-beneficial-ownership

[M] Counterparty Risk Map

Core comparison and the 300-share / 240-share shortfall illustration.

https://www.monetarymastery.net/pages/risk

[B2] MLMF reading guide: What Has Government Done to Our Money?

Reading route A: follow the guide to the Mises Institute edition.

https://www.monetarymastery.net/forums/topics/70754-what-has-government-done-to-our-money-murray-rothbard-1963

[B1] MLMF reading guide: The Great Taking

Reading route B: follow the guide to the author's edition.

https://www.monetarymastery.net/topics/70839-the-great-taking-david-rogers-webb-2023

[D] Stop It! The Great Taking - documentary

Advanced viewing after the securities lesson; select and check a passage.

https://www.monetarymastery.net/forums/topics/70728-stop-it-the-great-taking

[L3] Banking Lesson 03: FDIC Increases Moral Hazard

Further discussion: how protection may affect monitoring and incentives.

https://www.monetarymastery.net/forums/topics/70805-fdic-increases-moral-hazard

Collection: Teaching Resources
https://www.monetarymastery.net/forums/forum/90181-teaching-resources

Primary texts and protection rules

Checked November 4, 2026 | Source codes used throughout this pack

[W] David Rogers Webb, The Great Taking - official edition

Version 1.4: chapter III, printed pp. 9-15. Pagination varies by edition.

https://thegreattaking.com/read-online-or-download

[R] Murray N. Rothbard, What Has Government Done to Our Money?

2024 sixth edition: Part I, section 12, opening on printed pp. 55-58.

https://mises.org/library/book/what-has-government-done-our-money

[E] SEC: Holding Your Securities

Direct and indirect holding; registered and beneficial ownership.

https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins-97

[U1] UCC 8-503: Property Interest

Model UCC text: property interest, pro rata holding, and enforcement.

https://www.law.cornell.edu/ucc/8/8-503

[U2] UCC 8-504: Duty to Maintain Assets

Model UCC text: matching-asset duties and security interests.

https://www.law.cornell.edu/ucc/8/8-504

[U3] UCC 8-511: Priority

Model UCC text: the general priority rule and exceptions.

https://www.law.cornell.edu/ucc/8/8-511

[F] FDIC: Your Insured Deposits

Eligible deposits, aggregation, limits, and federal backing.

https://www.fdic.gov/resources/deposit-insurance/brochures/insured-deposits

[S] SIPC: How SIPC Protects You

Customer-property recovery, advance limits, and exclusions.

https://www.sipc.org/media/brochures/HowSIPCProtectsYou-English-Web.pdf

[N] NAIC: Guaranty Associations and Funds

Private insurer insolvency and limits of state guaranty mechanisms.

https://content.naic.org/insurance-topics/guaranty-associations-and-funds