The Real Game of Missing Money

The U.S. Government says the money they spend should be secret. What's that about? This is no game. It's real.

We work hard, pay our taxes, obey the law, save for retirement and our kids' future. We put our money into pension funds, IRA / 401ks, credit unions, and our insurance policies. And, into our church, our school, and our town. The money is then used to buy... U.S. Treasury bills and bonds. A secret set of books.

Global surveillance and directed energy weapons. Bail-outs, buy-backs, and big bonuses. Fake news and culture wars. Banks and defense contractors. Secret space programs & underground facilities. Pay day. This is what we get in return.

The Solari Report
2018 Annual Wrap Up
The Real Game of Missing Money
PART II / 2019 VOLUME TWO

by Catherine Austin Fitts

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2018 Annual Wrap Up
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The Real Game of Missing Money

“There is a tide in the affairs of men, which taken at the flood, leads on to fortune. Omitted, all the voyage of their life is bound in shallows and in miseries. On such a full sea are we now afloat. And we must take the current when it serves, or lose our ventures.” – William Shakespeare, Julius Caesar

Table of Contents / Part I

Chapter I. Introduction ......................................................................................................................3

Chapter II. Caveat Emptor: Why Investors Need to Do Due Diligence on U.S. Treasury and Related Securities ...............................................................................................................8

Chapter III. Reports on “Unsupported Journal Voucher Adjustments” for DOD and HUD ....... 54

Chapter IV. U.S. Federal Finances: The Law ....................................................................................76
  1. The History and Organization of the Federal Reserve: The What and Why of the United States’ Most Powerful Banking Organization ..............................................................78
  2. The Appropriations Clause: A History of the Constitution’s (As of Yet) Underused Clause ..... 95
  3. The U.S. Statutes Creating Modern Constitutional Financial Management and Reporting Requirements and the Government’s Failure to Follow Them .............................109
  4. The Black Budget: The Crossroads of (Un)Constitutional Appropriations and Reporting .....124
  7. Classification for Investors 101 ...............................................................................................162

Chapter V. The Missing Money Chronology .....................................................................................176

Chapter VI. Contractors, Investors & Dealers ................................................................................187
  • Top 100 U.S. Government Contractors ..................................................................................188
  • Official U.S. Debt Investors ..................................................................................................194
  • Primary Dealers of U.S. Government Securities ....................................................................197
  • Top Broker-Dealers .............................................................................................................200

Disclaimer: Nothing on The Solari Report should be taken as individual investment advice. Anyone seeking investment advice for his or her personal financial situation is advised to seek out a qualified advisor or advisors and provide as much information as possible to the advisor in order that such advisor can take into account all relevant circumstances, objectives, and risks before rendering an opinion as to the appropriate investment strategy.

NOTE: For additional material available in the online version of this Wrap Up, visit the: www.hudmissingmoney.solari.com website and use the search function to locate the items.
Table of Contents / Part II

Introduction: 2018 Annual Wrap Up ................................................................. 1


Coming Clean Beyond the Fiscal Cliff .............................................................. 65

Solari Heros: The Missing Money A-Team ....................................................... 106

The Missing Money: Movies and Documentaries ........................................... 107

2019: Get Ready, Get Ready, Get Ready! ....................................................... 115
  Scenario #1: Whew! .................................................................................... 116
  Scenario #2: Candle in the Dark ................................................................. 117
  Scenario #3: Mind Control ......................................................................... 117
  Scenario #4: Animal Farm ......................................................................... 118
  Calendar & Events ....................................................................................... 119

News Trends & Stories .................................................................................... 126
  Trends We Track ......................................................................................... 126
  Top Ten Stories, Part I ............................................................................... 131
  Top Ten Stories, Part II ............................................................................... 138
  Take Action, Inspiration & Unanswered Questions ..................................... 143
  Trump Report Card ..................................................................................... 146
  Top News Videos, Part I ............................................................................. 147
  Top News Videos, Part II ........................................................................... 148

Financial Markets Round Up ......................................................................... 150
  Fixed Income ............................................................................................... 151
  Equities ....................................................................................................... 152
  Commodities ............................................................................................... 167

And the Winners Are... .................................................................................. 172
  Hero of the Year ......................................................................................... 172
  Documentary of the Year .......................................................................... 174
  Movie of the Year ....................................................................................... 175
  Let’s Go to the Movies ................................................................................. 176

Best Books for 2019 ....................................................................................... 180

Donations ....................................................................................................... 187

Closing & Credits ........................................................................................... 189
Introduction: 2018 Annual Wrap Up

“We do [these] things not because they are easy, but because they are hard.”

~John F. Kennedy, Rice University, Sept. 12, 1962
I am attracted to the essential—the critical building blocks of our economies and lives that are necessary to all of us. These are the things that we share and that unify us. We all want roads and bridges. Whether directly or indirectly, we all pay taxes. We all breathe the oxygen in the air. We all need food and water to survive. Ultimately, we are better off if we care for the living systems that give us life and if we share responsibility for leaving them in as good—if not better—shape than when we found them.

Taking on the major controversies involving the essential can be hard. It can involve a lot of legal and financial information that is complex. It can involve a lot of people and resources and can seem overwhelming if you have not been trained to integrate information across different places and industries to see the world whole. However, there are no solutions without getting down to, as the song says, the “real nitty gritty.”

The difference between our reality and official reality grows ever wider. That can happen as long as a significant portion of the funds we invest in government—whether as taxpayers, payers of fees and penalties, or investors—can be managed secretly and even stolen. The gap likewise grows wider when secrecy and organized crime govern the taxpayer-supported credit that backs fiat currency and the military that makes credit mechanisms go.

A nation that cannot enforce its laws will not remain a nation. That applies to a nation’s financial laws. In 2018, the Solari team made a significant investment in communicating the deterioration of the federal credit, how that relates to our financial laws, and what that means to our financial situation and credit.

We started off the year publishing our 2017 Annual Wrap Up, including The State of Our Pension Funds, which provided a deep look at the “real deal” on U.S. pension funds and the baby boomers’ retirement. Shortly after launching the final web presentation, the Solari Report website went down beyond repair. It took a month to get a new site launched for recent content. We continue to dedicate a significant portion of our team’s time to returning the historical content to a professional form.

As a result of the website going down, we made The State of Our Pension Funds public. There were advantages to doing so. I started to see comments across the independent media: “Don’t believe that story on pension funds. See the Solari Report piece by FITTS on the pension funds—it explains exactly what is going on.” Give financially savvy entrepreneurs the hard data and the facts—and the debate shifts in a positive direction.

The reverberations from our 2017 publication of Dr. Skidmore’s report on the $21 trillion missing from the Departments of Defense and Housing and Urban Development (DOD and HUD) continued throughout the year. As I worked with commentators and reporters, however, it was clear they needed a grounding in the legal infrastructure of U.S. federal finances—both fiscal and monetary policies and operations. Consequently, we funded a series of seven briefing papers by attorneys Michele Ferri and Jonathan Lurie...
to outline federal financial laws, including the new accounting policy that took the government accounts dark in October 2018—FASAB 56. These briefing papers made it possible for serious reporters to dive into the latest developments in the federal finances within their practical time limits. Ferri and Lurie did an excellent job with this critical component of serious due diligence on the U.S. federal credit.

As we worked through the seven legal pieces, we also published our Quarterly Wrap Ups, which offered major looks at some of the most important related trends in the global economy. These were my choices for sectors whose growth reflects reinvestment of the missing money:

- 1st Quarter Wrap Up: Who’s Who and What’s Up in the Space-Based Economy
- 2nd Quarter Wrap Up: The Rise of the Asian Consumer
- 3rd Quarter Wrap Up: Megacities and the Growth of Global Real Estate Companies

Given the significance of the adoption of FASAB 56 in October, I felt it was necessary to do more to help citizens and investors form their own independent opinion, starting with the recognition that they needed to do so. Consequently, I asked Solari’s general counsel, attorney Carolyn Betts to co-author Caeveat Emptor: Why Investors Need to Do Due Diligence on U.S. Treasury and Related Securities as well as a chronology of key dates related to the missing money story. She did a superb job.

Finally, I decided to change the topic of our 2018 Annual Wrap Up to the Missing Money. It became clear that we needed to create a summary hard copy about this issue. There has been a financial coup d’état of which the undocumentable adjustments at DOD and HUD are a significant piece—roughly equal in amount to the official number for outstanding U.S. debt. Given the “memory wipes” and censorship growing on the Internet, publication of a hard copy that aggregates the documentation at a summary level is advisable.

Changing the topic at the last minute put increased pressure on the Solari team—which they handled with grace and ability. It also meant that after publishing our web presentation in January, I took extra time to produce a longer-than-usual document. One reason was that I wanted to add a personal history. I have been warning people about money going missing in almost every year since 1989. At HUD, the numbers have gone from $5 billion missing in a year to $59 billion missing in a year to over $250 billion; the missing amounts at DOD have gone from $2.3 trillion missing in a year to $6.5 trillion in one year for 2015. It is challenging to express the full arc of what is happening without seeing it over time—I thought a personal history might help communicate the explosion of the secret side of our economy over the past several decades. In 2019, we will do a Solari Report on the tactics used to keep this story suppressed.

I would like to thank the many people and subscribers who have contributed to this effort. If you look at our list of people who have demonstrated enormous courage—the
Missing Money A-Team—it is longer than you might expect, and I could have added many subscribers’ names as well. If you have contributed and would like your name added, let me know and I will do so.

When it comes to the missing money, there are a great number of people on the right side of history. That’s a good thing because, ultimately, the economic squeezes will come back to the issue of monies disappearing from our government through undocumentable adjustments, the bailouts, or various forms of financial shenanigans.

When the day comes when we must face these issues on a wider scale, let history record that these funds existed. We have a legal right to demand their return or to exercise the common law right of offset at the bargaining table and hold the responsible parties accountable.

Will it happen? What will happen is what we make happen. I am reminded of the quote on the statue of A. Philip Randolph in Union Station in the District of Columbia:

“At the banquet table of nature, there are no reserved seats. You get what you can take, and you keep what you can hold. If you can’t take anything, you won’t get anything, and if you can’t hold anything, you won’t keep anything. And you can’t take anything without organization.”
- A. Philip Randolph

To organize and act, we need knowledge—we need a clear picture of what is going on and what it means to each one of us.

I hope the 2018 Annual Wrap Up—whether our section on the missing money or our excellent round-up of the News Trends & Stories and the Financial Markets—will help you get a clearer picture.

In closing, thank you again for your support in 2018 for our work—including the hard work on the missing money. We can do that which is essential because you support us in doing so. Your support is a rare blessing, and we are deeply grateful for it. May we continue to be worthy of it.

Here is to your free and inspired life in 2019!
“The first step in liquidating a people is to erase its memory. Destroy its books, its culture, its history. Then have somebody write new books, manufacture a new culture, invent a new history. Before long that nation will begin to forget what it is and what it was…. The struggle of man against power is the struggle of memory against forgetting.”

~ Milan Kundera

“It’s déjà vu all over again.”

~ Yogi Berra
Chronologies

Chronologies are valuable tools in understanding the financial system and economy. For chronologies of institutions and events involved in $21 trillion missing from the U.S. government since federal fiscal 1998, see:

- Missing Money Chronology
  https://hudmissingmoney.solari.com/missing-money-chronology/

- Chronology – Dillon Read & Co., Inc. & the Aristocracy of Stock Profits

- Chronology – Hamilton Securities Litigation
  http://www.dunwalke.com/media/chronology.htm

TABLE OF CONTENTS

I. Prologue: Philadelphia (December 1950–May 1978)
V. The War on Hamilton (November 1995–September 2001)
VI. The War on Everyone (September 11, 2001–January 2006)
VII. The Financial Crisis (January 2006–November 2009)
VIII. Launching The Solari Report (November 2008–November 2012)
IX. Planet Equity; Planet Debt (November 2012–November 2016)
X. Fortress America (November 2016–May 2017)
XI. The Skidmore Report (May 2017–October 2018)
XII. Never Never Land—The Post FASAB 56 World
I. Prologue: Philadelphia (December 1950–May 1978)

“Who is that as***le?”
- Catherine Austin Fitts as a child contemplating a foreclosure sign by order of the Assistant Secretary of Housing-FHA Commissioner

My childhood home was a brick row house in West Philadelphia at 48th and Larchwood. My father bought our home with a Veterans Administration (VA) insured mortgage after returning from service as a surgeon in WWII. Ours was a city neighborhood filled with families and children who lived and played on our porches, stoops, and sidewalks.

When I was a young girl, there were four boarded-up home foreclosures on the city block catty-corner to our own. The boarded-up houses had been financed with Federal Housing Administration (FHA) insured mortgages. They had large foreclosure signs that boldly announced, “By order of the Assistant Secretary of Housing-Federal Housing Commissioner.”

There was a family of six people living in a one-bedroom apartment in a house across 48th Street. My young mind could not understand why four perfectly good houses could be boarded up and lie empty for years, while six people—who would appreciate and take good care of a home—lived in a one-bedroom apartment. I intuitively understood that dense living conditions and empty homes were harmful for both productivity and equity values in our neighborhood.

Whenever I walked by the foreclosure signs, I would look at the long title, “By the order of the Assistant Secretary of Housing-Federal Housing Commissioner,” and think, “Who is that as***le?” In 1989, when I was sworn in as the Assistant Secretary of Housing-Federal Housing Commissioner in the first Bush Administration, I realized immediately, “Uh-oh, I’m the as***le.”
I saw a great deal destroyed in West Philadelphia. Speculative homebuilder deals that converted quickly to boarded-up foreclosures were one of the classic Housing and Urban Development (HUD) frauds. It was so prevalent through successive housing bubbles throughout my career that it was later immortalized by the TV show, *The Sopranos*.

In West Philadelphia in the 1950s and 1960s, however, HUD frauds were not our worst problem. Narcotics trafficking and the increased enforcement and covert violence that came with it steadily eroded our community. The lies that flowed glibly through our new television sets eroded our culture. We stopped talking to each other on our stoops and stayed inside to watch the screens that artfully persuaded us to borrow and buy more and trust each other less. Taking on greater mortgage debt, some of our neighbors escaped to bigger homes in the suburbs. People spent a great deal of time and money on the hope that they could “get away” to a place that was safe.

Philadelphia was where I learned to live with the absence of safety and with violence. I tell one of those stories in the *3rd Quarter 2017 Wrap Up: Control 101*.

When I was in high school, a series of stabbings occurred near the University of Pennsylvania, emanating towards our area. There was an unusual—and professional—feeling to them. So one day, I took out the newspaper reports and a map to trace the progression. There was indeed a pattern. Each murder was one block south and two blocks west of the previous murder. Each murder occurred after the same regular amount of time. If the pattern continued, the next murder would occur the coming week on the corner where I lived.

Several nights later, my parents were giving a dinner party. I went to visit a friend, and then headed home when the party was expected to wind down. I drove home and parked around the corner. As I parked the car, I saw two men sitting inside the car in front of mine with the motor on and their lights off. I got out of my car, and so did they. I did not see anything else as I ran at Olympic record speed to my house, up the stairs, and up to the front door. The only thing I heard was the sound of footsteps running behind me.

As luck would have it, my father was opening the door for guests returning home. I threw out my arms, gathering all of them with me, as I went flying into the hallway. Presented with a large party of surprised witnesses, the two men took off in a dash. It was one of many times that my appreciation for the thin veil that lies between us and the physical force used to control us may have saved my life.

Growing up in a rough neighborhood has had clear advantages.

Ten years later, my mother’s body was found on the roof of our home in February, 1976. I knew my father agreed with me that it was an assassination when he insisted on receiving the insurance. It was too late to protect his wife, but he was not going to allow his family to be cheated out of the insurance monies. It fell to me to arrive on the scene and take charge of the family and funeral arrangements. I believed that if I handled matters discreetly, I could protect my father from a similar fate. However, he died four years later under suspicious circumstances. The lies surrounding their deaths became part of the accumulated lies that eventually destroyed what remained of our family. In the meantime, the machinery that harvests people and neighborhoods with a lethal combination of drugs, media, mortgage fraud, and enforcement kept getting more powerful. I wanted to know why.
One of the things I learned growing up was that the fastest way for me to understand reality was to identify the actual transactions that were happening and estimate the allocation of time and resources, or, “how the money worked.” I was told as a young child that I tested as a math genius. Converting the gruesome or incomprehensible side of life into a mathematical flow seemed to my childlike mind a practical way of unpacking the mysteries of adult behavior. For many situations, it was the only way to make sense of things as I traveled back and forth between multiple cultures and places. I got a better understanding of what was happening by following transactions than if I relied on people’s description of what was happening or depended on the local and national news media. What people said they were doing and what they were actually doing were distinctly different things. Our culture lived in a state of deep denial, and it seemed to grow deeper every year.

This was one of the reasons I attended Wharton—the business school at the University of Pennsylvania—from 1976-78, receiving my MBA in the spring of 1978. Still trying to understand “how the money worked,” I joined Goldman Sachs as an intern for the summer of 1977 and then, after graduation, headed to New York and a job in investment banking on Wall Street at Dillon Read & Co., Inc.

I was going to learn how the money worked and do something about it.

Related Resources:

Solari Report:
- The Devil’s Chessboard with David Talbot
- The Deep State: Part I and Part II

Videos:
- Dillon Read & the Aristocracy of Stock Profits
  https://vimeo.com/209784343

Articles:
- “The Popsicle Index”
  https://library.solari.com/the-popsicle-index/
- “Meditations at the Crossroads”
  https://library.solari.com/meditation-at-the-crossroads-2/
- “My Family”
  https://library.solari.com/my-family/
- Catherine Austin Fitts: Resume
  https://home.solari.com/resume/

“This game is more fascinating than no-limit stud poker.”
~ Clarence Dillon

One of the things I learned working on Wall Street was about the dangers of working for the federal government. I describe one story in my online book *Dillon Read & Co., Inc. & the Aristocracy of Stock Profits*:

James Forrestal’s oil portrait always hung prominently in one of the private Dillon Read dining rooms for the eleven years that I worked at the firm. Forrestal, a highly regarded Dillon partner and President of the firm, had gone to Washington, D.C. in 1940 to lead the Navy during WWII and then played a critical role in creating the National Security Act of 1947. He then became Secretary of War (later termed Secretary of Defense) in September 1947 and served until March 28, 1949. Given the central banking-warfare investment model that rules our planet, it was appropriate that Dillon partners at various times led both the Treasury Department and the Defense Department.

Shortly after resigning from government, Forrestal died falling out of a window of the Bethesda Naval Hospital outside of Washington, D.C. on May 22, 1949. There is some controversy around the official explanation of his death—ruled a suicide. Some insist he had a nervous breakdown. Some say that he was opposed to the creation of the state of Israel. Others say that he argued for transparency and accountability in government, and against the provisions instituted at this time to create a secret “black budget.” He lost and was pretty upset about it—and the loss was a violent one. Since the professional killers who operate inside the Washington beltway have numerous techniques to get perfectly sane people to kill themselves, I am not sure it makes a big difference.

Approximately a month later, the CIA Act of 1949 was passed. The Act created the CIA and endowed it with the statutory authority that became one of the chief components of financing the “black” budget—the power to claw monies from other agencies for the benefit of secretly funding the intelligence communities and their corporate contractors. This was to turn out to be a devastating development for the forces of transparency, without which there can be no rule of law, free markets or democracy.

I studied Forrestal’s oil painting with his solemn stare during many a private lunch—each time reminded that government service was an important duty and honor in the Dillon tradition, but it was a dangerous business. Congressional Committees had roughed up Clarence Dillon during the Pecora Commission hearings in 1933 that investigated the cause of the stock market crash. Forrestal had died. Douglas Dillon was Secretary of the Treasury when Kennedy was assassinated.
On Wall Street, I also learned about what is now sometimes referred to as “the deep state.” At the time, Dillon Read was run by our chairman Nicholas F. Brady and president John Birkelund. Here’s more from *Dillon Read & Co., Inc. & the Aristocracy of Stock Profits*:

> One of my favorite Dillon Read officers was the son of a former Dillon chairman and, thus, remarkably wise about the ways of the firm. I sought him out after a Birkelund temper tantrum and said that Birkelund was not at all like a “Brady Man” and that I was surprised at Nick’s choice. My colleague looked at me with surprise and said something to the effect of “Brady did not choose Birkelund. Birkelund is a ‘Rothschild Man.’” I then said something about Dillon being owned by the Dillon partners, so what did the Rothschilds have to do with us? My colleague rolled his eyes and walked away as if I was an interloper out of my league among the moneyed classes—clueless as to who and what was really in charge at Dillon Read and in the world.

I also saw the importance to the partners of Dillon’s relationship with RJR Nabisco and the fight for control of RJR that resulted in the book and movie, *Barbarians at the Gate*. Many years later in 2002, when the European Union filed a lawsuit against RJR Nabisco for money laundering with numerous factions of transnational organized crime syndicates, the success of the KKR syndicate (another private equity firm) in paying off the leveraged buyout debt made much more sense than it did at the time. I describe these events in the chapter on RJR in *Dillon Read & Co., Inc. & the Aristocracy of Stock Profits*. From the European Union filing:

> “The RJR DEFENDANTS have, at the highest corporate level, determined that it will be a part of their operating business plan to sell cigarettes to and through criminal organizations and to accept criminal proceeds in payment for cigarettes by secret and surreptitious means, which under United States law constitutes money laundering. The officers and directors of the RJR DEFENDANTS facilitated this overarching money-laundering scheme by restructuring the corporate structure of the RJR DEFENDANTS, for example, by establishing subsidiaries in locations known for bank secrecy such as Switzerland to direct and implement their money-laundering schemes and to avoid detection by U.S. and European law enforcement. This overarching scheme to establish a corporate structure and business plan to sell cigarettes to criminals and to launder criminal proceeds was implemented through many subsidiary schemes across THE EUROPEAN COMMUNITY. Examples of these subsidiary schemes are described in this Complaint and include: (a.) Laundering criminal proceeds received from the Alfred Bossert money-laundering organization; (b.) Money laundering for Italian organized crime; (c.) Money laundering for Russian organized crime through The Bank of New York; (d.) The Walt money-laundering conspiracy; (e.) Money laundering through cut outs in Ireland and Belgium; (f.) Laundering of the proceeds of narcotics sales throughout THE EUROPEAN COMMUNITY by way of cigarette sales to criminals in Spain; (g.) Laundering criminal proceeds in the United Kingdom; (h.) Laundering criminal proceeds through cigarette sales via Cyprus; and (i.) Illegal cigarette sales into Iraq.” — “RJR Nabisco,” *Dillon Read & Co., Inc. & the Aristocracy of Stock Profits* (https://dillonreadandco.com/rjr-nabisco/)
Investment banking suited me. I developed a reputation for taking on the transactions that others thought could not be done—typically, transactions that involved many different constituencies and financial flows. I liked sorting out highly complicated public-private financial flows. I liked working with people from scores of different industries, places, and worlds. I became a managing director and member of the board of directors in eight years—a record time. I could not imagine that I would ever have a career other than as an equity owner of Dillon Read. I did not love everything and everyone in the environment, but I loved my investment banking work.

While at Dillon Read, I had my first run-in with fraudulent apartment deals and municipal housing bonds with credit dependent on mortgages insured by FHA/HUD on Wall Street, also described in my online book *Dillon Read & Co., Inc. & the Aristocracy of Stock Profits*. This may have had something to do with Nick Brady’s first comment to me when I informed him that I was going to be nominated as Assistant Secretary of Housing—Federal Housing Commissioner in 1989: “You can’t go to HUD—HUD is a sewer.” My then-husband was a successful securities attorney who specialized in mortgage securities. As the housing bubble exploded through the 1980s, his business boomed. The banker who led the housing deals was recruited by John Birkelund and after leaving Dillon went to Rothschild, Inc., where John had worked before moving to Dillon Read.

I also had my first introduction to the concept of entrainment technology and subliminal programming. I overheard a discussion of this technology in 1984 in anticipation of its rollout on TV. This brief insight was frightening—and was the reason I gave up watching television that year.

The Dillon Read partners sold the firm to Travelers Insurance in 1987, shortly after I became a partner. With Nick leaving to become Secretary of Treasury at the very end of the Reagan administration, the handwriting was on the wall. With John Birkelund assuming control of the firm, I was no longer welcome at Dillon Read. It was not the only thing to come apart. Shortly after the firm was sold, my marriage ended in separation. I was divorced two years later.

I had an offer from another firm to move when our non-compete contracts ended. I anticipated I could have more, as I had turned down inquiries from headhunters on the basis that I would honor my non-compete contract and my promise to Brady that I institutionalize my relationships and book of business before I left the firm. My other option was to go into the Bush administration as several other partners were planning to do.

There were several reasons why I wanted to work in the federal government. I had become convinced after eleven years on Wall Street—with exposure to many different parts of the economy and financial markets—that the U.S. economy was engineered through Washington, by monetary policy engineered by the Federal Reserve and fiscal policy engineered by Congress and the Executive branch. To understand how the money in one neighborhood in West Philadelphia worked—let alone figure out how to get it to work well—I needed to understand federal finances. Another reason was that I was confident that entering government service would ensure that the business I had built would stay at Dillon Read. Keeping this promise to Brady and the firm was very important to me.

My loyalty was not reciprocated. I went to work at HUD despite the fact that Nick Brady, now Secretary of the Treasury in President George H.W. Bush’s administration, blackballed me with the Bush transition team. I now believe that Brady did so for reasons relating to my parents’ deaths, although it took me many years to come to that conclusion. It was not the first time that
Brady had blackballed me. He tried to decline supporting me when Ray Price, executive director of the Economics Club, insisted that he support me for membership in the Economics Club. Ray stood his ground, and I did join with Brady’s nominal support. Brady also blackballed our partner Peter Flanigan’s effort to put me up for the Links Club in New York. Peter was surprised and embarrassed and had me accepted at the Bond Club instead.

Former Congressman and incoming Secretary of HUD, Jack Kemp, was willing to override Brady’s veto. A member of the transition team insisted that Kemp and Brady loathed each other, which is how I got the interview with Kemp. Kemp had a HUD scandal on his hands and wanted someone clean with strong financial credentials.

Related Resources:

Solari Report:
- Entrainment, Subliminal Programming and Financial Manipulation with Adam Trombley

Videos:
- Blackballed – See first 25 minutes of Dark Journalist interview, August 2018
  https://www.youtube.com/watch?v=yzc0KXO2DVw

Audios:
- The “Kemp Tapes” – In the late 1990s, Catherine’s attorneys asked her to record her recollections of working in the Bush Administration. She recorded a series of cassettes that, over time, passed around the Internet.
  https://home.solari.com/the-kemp-tapes/

Articles:
- “Buffet’s Big Bet on US Federal Mortgage Credit & Housing”
  https://library.solari.com/buffetts-big-bet-on-us-federal-mortgage-credit-housing/

Books:
- Dillon Read & Co., Inc. & the Aristocracy of Stock Profits, by Catherine Austin Fitts, March 2006: A comprehensive business-school-quality case study of the Washington-Wall Street relationship depicting the Hamilton litigation and surrounding events in the larger context of the central banking-warfare model and political economy operating in the U.S. today.
  https://dillonreadandco.com
The first Bush administration began at the end of a housing and mortgage bubble during the 1980s that was marked by significant financial fraud—all of which contributed to the collapse of the savings and loan (S&L) industry.

The U.S. Treasury, under the leadership of now Secretary of Treasury Nick Brady, worked with Congress to pass the Federal Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), which created the Resolution Trust Corporation (RTC) to resolve failed savings and loan institutions and related housing and mortgage portfolios and fraud. Of the 3,234 savings and loan associations in the U.S., 1,043 (32%) failed between 1986 and 1995. During this period, the financial controls in the federal mortgage credit programs were overridden, causing a significant influx of defaulted mortgages and foreclosed assets. This included the largest federal mortgage insurance operations in the federal government, the FHA at HUD. Until the creation of the RTC, the FHA had the largest property disposition operation in the country.

I arrived in Washington in April, 1989. I described my responsibilities as Assistant Secretary of Housing in *Dillon Read & Co., Inc. & the Aristocracy of Stock Profits*:

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“You can’t go to HUD—HUD is a sewer.”
- Nicholas F. Brady, Secretary of the Treasury, Bush I to Catherine, 1989

The first Bush administration began at the end of a housing and mortgage bubble during the 1980s that was marked by significant financial fraud—all of which contributed to the collapse of the savings and loan (S&L) industry.

The U.S. Treasury, under the leadership of now Secretary of Treasury Nick Brady, worked with Congress to pass the Federal Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), which created the Resolution Trust Corporation (RTC) to resolve failed savings and loan institutions and related housing and mortgage portfolios and fraud. Of the 3,234 savings and loan associations in the U.S., 1,043 (32%) failed between 1986 and 1995. During this period, the financial controls in the federal mortgage credit programs were overridden, causing a significant influx of defaulted mortgages and foreclosed assets. This included the largest federal mortgage insurance operations in the federal government, the FHA at HUD. Until the creation of the RTC, the FHA had the largest property disposition operation in the country.

I arrived in Washington in April, 1989. I described my responsibilities as Assistant Secretary of Housing in *Dillon Read & Co., Inc. & the Aristocracy of Stock Profits*:
As Assistant Secretary for Housing-Federal Housing Commissioner, I was responsible for the operations of the Federal Housing Administration (FHA), which was the largest mortgage insurance fund in the world. FHA at that time had annual originations of $50-100 billion of mortgage insurance and an outstanding official portfolio of $320 billion of mortgage insurance, mortgages and properties. (CAF note: Today, it is officially $1.1 trillion.) Leading the FHA necessitated significant understanding of how homes are built, how mortgages finance thousands of communities throughout America and how investors finance the process by buying securities in pools of mortgages. My responsibilities included the production and management of assisted private housing; management of an organization of 7,000 employees in 80 offices nationwide; and development of network information systems and tools. In addition, I served as advisor to the Secretary of HUD on financial markets regulatory responsibilities, including the RTC Oversight Board, Federal Housing Finance Board, Home Loan Bank Board System, and the mortgage GSEs—Fannie Mae and Freddie Mac.

While my experience as Assistant Secretary cleaning up significant mortgage fraud that lost the government billions during the 1980s confirmed that HUD’s financial reputation was deserved, leading the FHA provided invaluable insight into how government management of the economy one neighborhood at a time really harms communities. Hence, access to the “real deal” on real estate and the mortgage markets was an opportunity. If you want to see the real economy in a place, you absolutely want an accurate map of the financial flows in that system—starting with the real estate.

Shortly after arriving at HUD in April 1989, I began to learn about the FHA Coinsurance program. Since 1984, HUD/FHA had allowed private mortgage bankers to issue federal credit to guarantee multi-family apartment projects. After issuing $9 billion in mortgage guarantees, HUD/FHA was to lose something approaching 50% of the value of the portfolio—a level of losses hard to explain with mortal logic. When my staff approached me with a proposal to bail out a mortgage company so they could continue to lose money for us, I asked why we should spend money to lose more money in a way that would harm communities, not to mention the transaction they were proposing was illegal. After a long silence during which 30 staff members intently studied their feet, one brave soul explained to me that the mortgage bank was owned and run by a major Republican donor. Shocked, I said, “I am a major Republican donor,” and pointing to my presidential cuff links that were adorning my French cuffs, “I got a pair of cuff links. You get cuff links. You don’t get $400 million of federal credit to throw down the drain.” My staff looked at me like I was so naive and clueless that there was no point in trying to communicate with me—better to let me learn the hard way.

Within minutes, a screaming Jack Kemp, furious that I had not provided illegal subsidy to keep the mortgage banking company going (despite his orders to stop anything corrupt or illegal), called me on the carpet. The problems were compounded by the opinion of HUD General Counsel Frank Keating, who had
joined from DOJ, that we did not have to honor our contracts. Rather we could abrogate contracts and ignore the law. If those who had been harmed sued us, Frank said, by the time they won “we will be gone.” Frank was to help write and pass new laws and administrative policies to use HUD as a player in War on Drugs activities to generate enforcement revenues. After many dirty tricks and much ranting and raving, HUD was to turn the defaulted coinsurance portfolio over to a private contractor named Ervin & Associates, a newly created company founded by John Ervin, a former employee of Harvard’s HUD property management company, NHP, Inc. (formerly National Housing Partnerships.)

The coinsurance program was so corrupt that even the Mortgage Bankers Association lobbied HUD to clean it up. After issuing $9 billion of federal insured multifamily mortgages in five years before I shut it down, the coinsurance was ultimately to have a default rate of 50% despite a rich provision of capitalized interest. I describe what happened in more detail in the “Kemp Tapes.”

My concern for money disappearing illegally from the federal government began when I first arrived at FHA. One way to summarize my professional life since the day of my arrival in Washington in 1989 is that I have watched, documented, and tried to stop money disappearing from the federal government ever since.

There are as many ways to steal money from HUD and the federal government as there are recipes in the Joy of Cooking cookbook. As long as the federal government can collect taxes and sell Treasury securities and the Federal Reserve banks operate a fiat currency system supported by a global military, both without real audits or lawful disclosure by agency and Congressional district, there are always more assets and money that can go missing. The existing federal credit mechanism is a harvesting system—it comes with a license to steal. That is why elections are hotly contested—not because the executive branch controls and governs the U.S. government. Rather, it is because the political officials who control the executive branch control a portion of the private patronage that comes with being the operator of a financially secret operation managing trillions in credit, assets, spending, and related data and regulations.

The FHA mortgage insurance operations are generally divided between two funds. The coinsurance program described above was run from the FHA General Fund, which included the multifamily, hospital, and other high-risk insurance programs. The larger fund was the Mutual Mortgage Insurance (MMI) Fund, which funds the single-family residential mortgage insurance originated by FHA. The official amount of outstanding mortgage insurance in force in the MMI Fund as of fiscal 2018 was approximately $1.1 trillion, with the fiscal 2018 budget requesting authority to issue $400 billion in new mortgage insurance.

The MMI Fund is required by law to be financially self-sustaining; that is, mortgage premiums have to cover losses on defaults and the cost of operations. One of my immediate challenges in 1989 was to determine what our finances actually were. The accountants for the FHA reported to a different Assistant Secretary, and I was not allowed to speak with them. After several months of politicking, I was able to get them moved over to my operation, only to discover that the MMI Fund was losing $11 million a day. It took several more months to determine where the losses were occurring. We were generating a profit in eight of ten federal regions and losing the profits (and more) in the two regions—Regions VI and VIII—defined by S&L and Iran-Contra fraud. Region VI included both Texas and Arkansas.
The management of the single-family operations at FHA is traditionally run by the Deputy Assistant Secretary of Housing-Single Family (DAS-Single Family), who reports to the Assistant Secretary of Housing-Federal Housing Commissioner, who reports to the Secretary of HUD. The HUD Secretary and the Assistant Secretary of Housing-Federal Housing Commissioner are both Presidential appointees. They are nominated by the President and approved by Senate confirmation after an extensive FBI background check.

The Deputy Assistant Secretary of Housing is traditionally recommended for appointment to the Secretary by the Assistant Secretary of Housing, reviewed and approved by the White House, and then appointed by the Secretary after a background check.

When I arrived at HUD in April 1989, before I was confirmed as Assistant Secretary of Housing, one of my first jobs was to review and recommend the people for my four main deputy positions, including the DAS-Single Family. One of the resumes that our transition team forwarded to me was for Ronnie Rosenfeld, who I recommended to HUD Secretary Jack Kemp for appointment as the DAS for Single Family.

Shortly thereafter, I received a call from the executive director of the National Association of Home Builders (NAHB). The message said it was urgent. Could he and the president of NAHB meet with me as soon as possible? Soon enough, I found myself in my small temporary office (I had not yet been sworn in) with the executive director and the president of NAHB.

The NAHB president was quite upset. It seemed, she said, that I had made a terrible error. I had recommended Ronnie Rosenfeld for nomination as DAS for Single Family when in fact that appointment, she said, was hers to make. The DAS for Single Family essentially reported to her. She did not seem to be aware that the growing HUD scandals that were part of the S&L crisis and Iran-Contra signaled a new day. In the meantime, I was beginning to understand why we were not in compliance with our existing financial management laws.

I explained that the new Administration was planning on running things by the book and that the DAS for Single Family was going to be appointed by the Secretary with approval of the White House. I was only going to recommend to the Secretary candidates qualified to do an excellent job based on merit. She needed to understand that the line management of a $320 billion-plus government insurance program would report to government officials—not to the president of the NAHB.

The president stood up, pointed her highly lacquered finger in my face and, using the F-word liberally, explained, “I will have you fired.” I looked her in the eye and said, “You know you probably can, but it will take you a while. In the meantime, I am going to get this operation on a sound financial footing.” I then picked up the phone, called security, and requested that a security guard physically evict her from the building. Inspired by my call, the executive director quickly hustled the spitting and yelling president out of my office and down the hall to the elevators.

Before Ronnie arrived on the job, I moved out from the Single Family office the fellow who was processing land development deals with the company said to be owned by the NAHB president and, with the assistance of now Deputy Assistant Secretary of Housing Ronnie Rosenfeld, shut down the program. I was fired approximately eighteen months later, in part for my refusal to implement illegal orders, but by that time I had the FHA on a sound financial footing. However, that solid financial footing was not to last. If anything, it turned out that I righted the ship so that a new and larger round of stealing with the 1990s housing bubble could begin.
One of my greatest frustrations when leading the FHA was in trying to get reliable data regarding our mortgage insurance programs—particularly breakdowns contiguous to local communities and political jurisdictions. I would consistently find communities where government policies were not coordinated by place—even though the opportunities to do so and to save money were compelling. Accurate data by county or by Congressional district were essentially impossible to get, and more than a few private contractors and accounting firms would turn apoplectic if you tried to get such data. I discovered that “place-based financial data” were the federal government equivalent to cigarettes in a prison. How anyone was supposed to responsibly operate a mortgage insurance portfolio of hundreds of billions of credit risk without reliable property, mortgage, or local economy data was beyond me. Perhaps that was why my position had been held by eight people in the prior eight years. By the time they realized what they needed to do their job, they were gone.

After taking administrative and internal steps to move the FHA Funds and operations to a sound financial footing, I and my team drafted a reform proposal and persuaded the HUD Secretary and the Office of Management and Budget (OMB) to support a Chief Financial Officer for the agency, a Comptroller for FHA mortgage insurance operations, audited financial statements, and reporting of credit and liability programs on an accrual basis. This included proposals that appropriations would be required to originate mortgage insurance and other credit expected to generate losses—the equivalent of a loan loss reserve.

During this time, I received advice and support from the General Accounting Office (now the Government Accountability Office), including the Comptroller General Chuck Bowsher. Chuck was well respected in Congress and within the Administration. He was instrumental in Congress’s passage of the Single Audit Act of 1984, requiring annual audits for state and local governments. My coordination with OMB, on the other hand, involved working with William Diefenderfer, who I described in my article, “William M. Diefenderfer: The financial hit man of student loans” (https://home.solari.com/william-m-diefenderfer-the-financial-hit-man-of-student-loans/).

As I explained in that article, having Diefenderfer later serve on my company’s Board of Directors “was one of the worst personnel decisions I have ever made.”

My reforms for the mortgage insurance operations were adopted through the HUD Reform Act of 1989. OMB and Congress then introduced them government-wide with the Chief Financial Officers (CFO) Act of 1990 and the Federal Credit Reform Act of 1990.

The CFO Act was signed into law on November 15, 1990. The CFO Act required annual, audited financial statements for the United States Government and its federal reporting entities. In order to apply the statutes of the CFO Act, Brady as Secretary of the Treasury, Dick Darman as head of OMB, and Chuck as the GAO Comptroller General established the Federal Accounting Standards Advisory Board (FASAB) to develop the “applicable accounting principles” for the newly required financial statements.

No one could have guessed at the time of its creation that the FASAB would be used three decades later to destroy federal financial reporting and Constitutional government through an obscure accounting policy called FASAB Statement 56.

Throughout the process of implementing these reforms, my relationship with Secretary Kemp deteriorated steadily. Kemp was challenged by the operational complexity of HUD and the desire to say he was running HUD according to the law, on the one hand, while, on the other hand, man-
aging the political necessity of keeping the money flowing out the back door. This engendered multiple personality disorder management of the first order—with Kemp giving me an order to do something and then ordering one of my deputies in confidence to make sure I failed. He demanded that people be fired or framed arbitrarily, which I would not do—and he would insist that I take responsibility for whatever their supposed foible was. I received complaints that my skirts were too short and that my house was bigger than his house—he would not come over if invited as he would “find it castrating.” My greatest offense, however, did not come directly from me. The word got around Washington that if you wanted anything accomplished in the operations at HUD, you had to see Fitts, not Kemp. There was a great deal of truth to that statement. Kemp’s refusal to learn the operations or respect the laws and regulations that bound the bureaucracy, and his attempts to over-ride the complexity with temper tantrums and bullying had inspired a backlash of passive-aggressive behavior. One particularly long temper tantrum was laced with the comment, “The law? The law? I don’t have to obey the law. I report to a higher moral authority!” Whatever “get-out-of-jail-free card” Kemp had, the people who worked for him did not share it.

This period provided me with tremendous insight on the media. I was dealing at the heart of the cash and credit flows involving hundreds of billions of dollars of government resources that were driving trillions in the capital markets. What was happening in the financial flows was entirely divorced from what was being described in the national and global media. The numbers did not lie, but the nightly news did. More important were the material omissions of what was not discussed. At one point, a top investigative reporter from the *New York Times* contacted HUD, requesting permission to write a policy piece about the work I was doing. She had heard about it from members of the OMB team. After some resistance from the Secretary’s office, she proceeded with the piece. She then proceeded to run into resistance for weeks from her editor who kept asking her to run down false rumors about me and my operation. Finally, she submitted the story, only to receive a call from the print shop in New York. The editor was changing the article under her byline without telling her—adding in things that were not true. She reported this to the New York leadership. The result was that she resigned from the *New York Times* and never worked as a reporter again. I found out later that the source of the false stories—the person who had lobbied the Washington editor for weeks—was Roger Stone, then a partner at Black, Manafort & Stone, a lobbying firm rumored to be the ultimate in “swamp critters.” I assume he was acting on behalf of Kemp and his staff.

When the Bush Administration went to war with Iraq, it was time for me to go. I left convinced that for communities to work, taxpayers, small businesses, and entrepreneurs would need to build private data, systems, and economics. Get the federal government out—and keep it out. New technology meant entrepreneurs and markets could help create higher learning metabolisms and productivity in communities. We could end poverty without spending government resources—indeed, we could lower taxes.

I did not yet understand that pouring government subsidies and loans into places was often about central control and private profits, not about sound investment. As long as you could print money, let the party and the waste roll on.

**Related Resources:**

*Videos:*
- C-SPAN – HUD Reform Press Conference
  https://video.solari.com/video_listing/hud-reform/
- C-SPAN – Housing for America’s Future
  https://video.solari.com/video_listing/c-span-housing-for-americas-future/
· C-SPAN – Discrimination in Home Mortgage Lending

Audios:
· The “Kemp tapes” – In the late 1990s, Catherine’s attorneys asked her to record her recollections of working in the Bush Administration. She recorded a series of cassettes that, over time, passed around the Internet.
  https://home.solari.com/the-kemp-tapes/

Articles:

· “It’s hard out here for a pimp: Kemp, Cuomo & Pedophilia in Bush I”

· “Austin Fitts better be good with hammer and nails,” *Business Week*, Nov. 27, 1989

· “My experience with FHA-HUD: Background information for understanding tapeworm economics” – In 2003, I was challenged to document my statement that HUD was “not working.” In fact, it was the official story of how it was supposed to work that was a lie—it was working as it was supposed to work, with billions flowing out the back door. The proof was to be seen in the fact that numerous legitimate reform efforts had been systematically stopped. When the material was reviewed in detail with a business leader who had been instrumental in the smear attack on me and Hamilton, I was told that he realized how he had been used and had to excuse himself to go to the men’s room—he was that upset.
  http://www.dunwalke.com/gideon/fhalist.htm

· “The U.S. Statutes Creating Modern Constitutional Financial Management and Reporting Requirements and the Government’s Failure to Follow Them”

Related Reading:
· HUD Reform Act of 1989 (see, in particular, Subtitles B and C on Management and FHA Reform)
  https://www.govinfo.gov/content/pkg/STATUTE-103/pdf/STATUTE-103-Pg1987.pdf

· Wikipedia: “Savings and loan crisis”

· Wikipedia: “Iran-Contra affair”
  https://en.wikipedia.org/wiki/Iran–Contra_affair

"F**k you!"
- Mike Eisensohn of Harvard Management to Catherine Austin Fitts after learning of her competitive bidding design for the first $750 million HUD auction, which included defaulted mortgages on properties managed by NHP, Harvard’s HUD management company

“As long as I can get government subsidies, what do I care if people have education or jobs?”
- Dick Ravitch, Chairman, AFL-CIO Housing Trust and later Lt. Governor of New York

Working in the Bush Administration had made two things clear about the reforms underway to reengineer the financial system. My first observation was that the securities markets were going to grow, including the securitization of the mortgage and real estate industry. This was confirmed after I left HUD, when Richard Breeden, Chairman of the Securities and Exchange Commission, asked me to join his Emerging Markets Task Force. After approaching countries throughout Eastern Europe and Asia about starting stock markets, his staff had discovered that their priority was also to start liquid mortgage markets. The second thing that was abundantly clear to me was that the Internet and digital communications would have a dramatic impact on all aspects of the global and domestic economies.
I was approached by National Housing Partnership (NHP), a large multifamily property manager owned by the Harvard Endowment and an investment company run by one of Harvard's board members, “Pug” Winokur. The CEO of NHP asked me to start an investment banking company to handle a major portion of NHP's investment banking transactions. My research indicated that—thanks to advances in digital software and database technology—the cost of starting an independent investment banking operation had dropped dramatically.

I finalized a written contract with NHP and its CEO, proceeding with a verbal commitment and shaking of hands. To my surprise, Harvard's representative then interceded and tried to renegotiate and then abrogated the contract. When I insisted that NHP honor its contract for one transaction underway, I ended up poisoned, barely able to walk for months until enough water and sleep put me back on my feet—no doctor being able to figure out what in the world was wrong. I proceeded without the NHP contract, instead winning a competitive bid for my new company, Hamilton Securities Group, to serve as lead financial advisor to the FHA/HUD.

Growing up in Philadelphia, I occasionally interacted with the Italian mafia and their children. Throughout my career, I have also interacted with the Harvard Endowment and its representatives. When it comes to mobsters and fraudsters, I prefer the Italian mafia to Harvard. In my experience, the Italian mafia puts on fewer airs and has more respect for families.

After starting Hamilton Securities, I was asked by Secretary Brady to join the Federal Reserve as a governor. When I declined, John Sununu, then chief of staff to President Bush, arranged for the President to appoint me to the board of directors of the Student Loan Marketing Association (Sallie Mae). While on that board, the Chairman invited me to join the Council on Foreign Relations but wanted me to ask Nick Brady to sponsor me. I declined to do so.

One of Hamilton's earliest assignments was the recapitalization of Battery Park City Authority in New York City—a success story of which I became particularly proud. Harry Albright, former chairman of the Dime Savings Bank, was the Chairman of Battery Park City Authority. I developed tremendous respect for Harry, who then invited me to join the board of the First American Bank after District Attorney Morgenthau appointed him to clean up the situation following the failure of the Bank of Credit and Commerce International (BCCI). First American and the Department of Justice (DOJ) were in litigation over the assets in the financial carcass. The first thing Harry did was have First American's Washington litigation counsel send out thousands of pages of legal documents in a Brinks truck to my home in McLean, Virginia.

I will never forget the long weekend I spent reading those legal documents. I had rented a modern home in Virginia that stood on a butte overlooking the Potomac River. The living room was all glass, and the local hawks and one eagle regularly entertained me with flybys in front of the windows. Being a speed reader, I consumed legal documents for three days straight in my sunny solitude. When it was over, my paradigm had shifted.

I understood that the banking shenanigans at First American and BCCI could only have happened with the help and approval of the U.S. government, including enforcement, intelligence, and central banking agencies—and no doubt the G7 central banks as well. The financial fraud flowing out of the Iran-Contra years was a top-down phenomenon. Given the harm done, it was particularly egregious for the DOJ to claim the carcass for their asset forfeiture fund at the cost of the First American depositors. Helping Harry protect the depositors was certainly worth doing.
When I left the board several years later, I had dinner with Harry in New York. He talked about the extent to which the United States economy had become dependent on arms sales and financial engineering. Harry was too discreet to say “financial fraud”; however, after dealing with DOJ on the BCCI/First American scandal, we both knew what he meant when he said “financial engineering.” He was deeply worried about where America was heading. My own worries included the rumors that the asset forfeiture fund at DOJ was financing secret, highly classified intelligence operations.

As financial advisor to FHA/HUD, Hamilton Securities designed and led $10 billion of mortgage auctions for FHA. By improving the recovery rates on defaulted mortgages from 35% to an above-industry-average of 70% to 90%, loan sales were able to generate $2.2 billion of savings for the FHA Funds. According to reviews by the GAO, the results were favorable for the real estate and local communities. However, the improvements for FHA Fund performance were not popular with the people who had been profiting from low recovery rates, such as NHP and the Harvard Endowment. Government and community failure is very profitable for those invested in it—a bigger group than you might think. I describe these issues in greater detail in the “Hamilton Securities Group” chapter of *Dillon Read & Co., Inc. & the Aristocracy of Stock Profits* (https://dillonreadandco.com/hamilton-securities-group/).

The beneficiaries of failure included servicers on the defaulted portfolios such as John Ervin & Co. Without HUD’s large portfolios of defaulted mortgages, Ervin would have no business. Another beneficiary included the HUD Inspector General’s (IG’s) office. Distressed mortgages held by HUD meant the IG’s office could make money doing enforcement actions and applying civil money penalties. When FHA staff explained to the HUD IG that the money they were making was less than the FHA Fund was losing by not selling, the IG explained that they did not care about the FHA Funds or the taxpayers—they cared only about what they could make. In other words, the agency’s own auditor was financially vested in keeping more money flowing out the back door to developers who were not paying their debt service. This was, in part, thanks to the Congressional appropriators who were willing to increase government budgets as a result of their rising penalties, fines, asset forfeitures, and seizures—and the settlements that could be negotiated on threat of these actions and indictments.

The DOJ and the enforcement arm of government agencies were now—thanks to the U.S. Congress—Sheriff of Nottingham style moneymakers. “Just-us” racketeering was open for business, supported by plans to build private prisons and rendition centers globally. “Play ball or else” was the implicit threat.

Unfortunately, Hamilton’s goals of decentralized wealth creation conflicted with the numerous efforts underway to centralize control of capital and wealth, reflected in the push for globalization, the rejection of place-based development, the expansion of the private prison model, and the subversion of pension funds.

**Globalization:** The Clinton administration was committed to globalization, implementing NAFTA and the next round of GATT, which led to the creation of the World Trade Organization (WTO) at the end of 1994. While Hamilton’s work on place-based economic development focused on helping the American people succeed in the face of globalization, the administration rejected our proposals and instead encouraged significant increases in consumer, mortgage, student loan, and government debt. When Sir James Goldsmith came to America to
try to prevent the adoption of these globalist policies, he provided a brilliant description of the inhuman policies underway.

Sir James Goldsmith’s 1994 globalization warning:  

Rejection of Place-Based Development: Hamilton proceeded to build software tools that would allow the general population to map out government financial flows in their neighborhood and Congressional district. We also continually found opportunities to save the federal government money by reengineering financial flows locally. Our due diligence showed that HUD could use the FHA’s foreclosed inventory to create three to five homes for the price of one new construction public housing unit. However, we were met with the complaint, “But how would we generate fees for our friends?”

Private Prison Expansion: Hamilton invested in a company to build local training and data servicing companies in low-income communities. Unfortunately, this threatened narcotics trafficking operations, related asset seizures, penalties and fines, as well as gentrification. As one Deputy Assistant Secretary of Housing in the Clinton administration explained to us, “Black people are hopeless. We are moving them out, and moving the Hispanics in.” One member of the HUD IG communicated that his colleague rejected our ideas as “computers for ni**ers.” HUD teamed up with the DOJ to start dropping SWAT teams into African-American neighborhoods as stock market investors started to speculate on private prison stocks. Ultimately, the DOJ’s for-profit subsidiary (created to market federal prison labor to federal agencies) created a dedicated data servicing division. The people who could have been doing data servicing in their community and generating taxes were instead in a private prison. The staggering cost to taxpayers was estimated in 1996 by the GAO to be approximately $154,000 per prisoner. (To learn more about the costs to taxpayers and profits to private prison investors, see the case study of Cornell Corrections in Dillon Read & Co., Inc. & the Aristocracy of Stock Profits.)

Pension Fund Subversion: One of Hamilton’s subsidiaries worked with a group of pension fund leaders on the feasibility and advisability of environmental, social, and governance (ESG) investing. We concluded that our economic problems were caused by federal investment having a negative return on investment. The solution was not for pension funds to change but rather for government to reengineer its investments to a positive return in a way that would make the pension funds money. Unfortunately, the pension funds were used instead to engineer a “financial coup d’état”—starting with a housing bubble. Over the next decade, Americans built and bought larger homes that they could not afford, financed with their own retirement savings.

By the end of this period, FHA had made enormous progress in cleaning out its portfolio of distressed mortgages, inspiring Barron’s Washington editor to publish an article titled, “At last, HUD does something right.” The traditional HUD constituents, however, were not happy with fiscal and financial responsibility at FHA. A lot less money was flowing out the back door.
Related Resources:

Solari Report:
· Hamilton Securities with Jon Rappoport

· Navigate the Housing Bubble, Parts I and II

Audios:
· The “Kemp tapes” – In the late 1990s, Catherine’s attorneys asked her to record her recollections of working in the Bush Administration. She recorded a series of cassettes that, over time, passed around the Internet.
  https://home.solari.com/the-kemp-tapes/

Articles:
· “Sub-prime mortgage woes are no accident”
  https://library.solari.com/sub-prime-mortgage-woes-are-no-accident/

· “About Hamilton Securities”
  http://www.dunwalke.com/gideon/about/index.html

· “Edgewood Technology Services (Part One)”
  “Edgewood Technology Services (Part Two)”
  “Edgewood Technology Services (Part Three)”
  https://home.solari.com/real-deal-edgewood-technology-services-part-one/

· “My experience with FHA-HUD: background information for understanding tapeworm economics”
  http://www.dunwalke.com/gideon/fhalist.htm

Books:
V. The War on Hamilton (November 1995–September 2001)

"Everybody has a plan until they get punched in the face."

~ Mike Tyson

I never intended to spend 30 years of my life trying to prevent U.S. federal financial fraud or, when I needed help to prevent it or the harm it was causing, warning my fellow citizens and investors about it. I never expected to spend countless hours, year after year for three decades, reading complex, purposefully obtuse federal financial audits. I never expected to deal with physical harassment, poisonings, house break-ins, trolls, disinformation shills, limited modified hangout experts, hackers, and the endless, mind-numbing parade of swamp critters that protect the monies rolling out of the back doors of the U.S. government. Those were never on my list of life goals. I did it because the federal finances are at the heart of the matter—a door that every American citizen has to walk through if we are going to be able to survive, let alone be healthy and free.

What destroyed my family and my neighborhood, as well as millions of other families and neighborhoods? I came to understand that it all led back to the nature of the governance system and its ability to operate above the law—with all of us financing the machinery of lawlessness. This was a core issue at the heart of what was needed to bring real solutions—whether to heal the environment, end war without ceasing, heal the divide-and-conquer culture wars, fund our pension and retirement obligations, provide decent educations at reasonable cost, move from a debt to equity model and sound money, or address our health care issues. I had come to realize that all roads lead back to this one overriding financial mechanism.
When I started Hamilton, I wanted to build an investment bank that would create real wealth—that would take new technology and apply it in practical ways that would help individuals, families, businesses, and communities be more productive. Indeed, our prototyping at Hamilton indicated that the wealth potential was explosive. That is how we end poverty—by creating wealth.

Those hopes ended with the failure of the Clinton administration and Congress to reach a budget deal and with the U.S. federal government shutdown at the end of 1995. As the president of CalPERS, the largest pension fund in the country, explained to me in the spring of 1997, “They have given up on the country. They are moving all the money out starting in the fall.”

The financial coup d’état had begun. Among many other things, that meant bubbling the housing market in a manner that would generate significant funds and doing so with a significant round of new mortgage fraud. This was a coordinated effort by the leading member banks of the New York Federal Reserve and the federal agencies involved in housing and finance, including Treasury, the DOJ, and HUD.

Hamilton and the honest government officials we worked for at HUD represented one set of obstacles getting in the way of attempts to significantly increase mortgage fraud. Another was Gary Webb’s Dark Alliance story, which brought transparency to drug trafficking during the Iran-Contra period. Hamilton’s software tools and databases showed suspicious patterns of mortgage defaults in communities such as South Central Los Angeles, which threatened to expose even more about these fraudulent operations.

For example, following HUD’s initial attempts to produce audited financial statements as required by the CFO Act, I had a mortgage banker show up in my office at Hamilton insisting that the FHA’s outstanding mortgage insurance in force was many multiples of what was shown on the newly issued FHA/HUD balance sheet.

In short, financial transparency of federal financial flows in local communities threatened many constituencies—from narcotics operations to mortgage fraud to traditional political patronage. Failure generated many “fees for our friends,” as long as more government debt was available to finance it. Transparency about the extent of the global mortgage fraud could halt liquidity in the U.S. mortgage and fixed income markets. As the derivatives markets grew, the danger of such a liquidity event grew.

To clear the honest government officials and Hamilton out of HUD, the loan sale program was targeted by a series of fabricated investigations and qui tam (whistleblower) and related civil lawsuits. Hamilton Securities ultimately managed 18 audits and investigations, 12 tracks of civil litigation, endless smear campaigns, and targeting and harassment of employees and vendors. The multitude of covert tactics and dirty tricks my team and I encountered was mind-boggling—it was quite an education. The intentions and allegations were phony—although it took eleven years and many millions of dollars to prove it. Ultimately, my investment in building a website to document what was happening was a major factor in our success. No indictments were ever forthcoming and no penalties ever assessed. The process in such cases is designed to reverse the notion that the accused should have an opportunity to address their accuser before irreparable harm is done. Instead, the goal was to engage in irreparable harm so that the accuser would never have to back up their phony allegations and would have plenty of time for a fishing expedition, which was bound—or so the thinking went—to find something, anything.
To try and head off an extended litigation process, I made a significant investment of time working with reporters from the Washington Post. The reporters, who had been lobbied extensively by John Ervin (the government’s so-called “whistleblower”), did a significant amount of investigation. One reporter told me their conclusion that Hamilton’s “guilt” was for making money for the taxpayers. However, the HUD IG apparently had insisted that we were guilty of criminal acts. When I asked the reporters why they would not run with that story, one said, “In an office that leaks like a sieve, why will they not produce any evidence?”

I later became convinced that private corporations managing the PROMIS software system at DOJ had falsified documentation to help start the investigation. Such documentation would be classified—one explanation for why the HUD IG might not leak it. It would also explain why one phase of the investigation collapsed after we produced records from Hamilton Securities and my bank under subpoena discovery. There was no trail to any bogus offshore accounts.

The Washington Post reporters did indeed write a story. I was told it was quite favorable to us. However, it was pulled the night before it was supposed to run—and the reporters stopped speaking with us. I was later snubbed by Post publisher Katherine Graham at a party at her house. It was immediately thereafter that DOJ and HUD felt free to seize our offices on a false pretext. While inside Hamilton’s offices, the HUD IG General Counsel tried to engineer another false frame. The story of how it failed is one of the many miracles that occurred during that time.

After my New York Times experience in the Bush administration and this experience with the Washington Post, I turned my back on corporate media. From then on, my plan was to communicate directly with people. As for the corporate media, “Fool me once, shame on you. Fool me twice, shame on me.” When it came to money being stolen from the federal government, I was confident that the corporate media worked for the team doing the stealing. Indeed, Warren Buffett was on the Washington Post board and continued to enjoy mysteriously above-market returns as the housing bubble and financial fraud grew.

After our offices and copies of all of our software and databases were seized, including our place-based disclosure tool called Community Wizard, a contact called to tell me that all of Hamilton’s materials had been reviewed for integration into the design for a new search engine that would be launched by the CIA; it would be named Google. I just marked it as covert gossip, although I noticed that when Google emerged and eventually went public, they were using a similar A/B share stock model that Hamilton had used, which had—I believed—literally saved my life. Even more noteworthy was what happened with Facebook. When my CFO at Hamilton had wanted to invest in a human resources software system, I had insisted instead that employees learn HTML and proceed to create and maintain their own files on the in-house intranet. When Facebook later launched, I realized that it solved the intelligence agencies’ data servicing problems; our research had showed that federal data servicing needs were skyrocketing—Facebook solved their problem by getting as many global citizens as possible willingly to update and maintain their own files.

As money gushed out of the federal government, it gushed into the buyout and private equity firms and into the stock market. It was the global investment equivalent of “supermarket sweepstakes” where the contestants have five minutes to fill up their shopping baskets. When I still had hopes of continuing business activities, I headed to a conference for the technology and related venture industry in Arizona organized for subscribers of Esther Dyson’s newsletter. I found venture capitalists throwing enormous amounts of early stage financing at companies that had no chance of succeeding. They were insisting that companies raise many multiples of
what they needed to finance their operations. Only when the Internet bubble burst several years later did I understand what was happening. The venture capitalist invests $1MM. The company is then plumped up for an IPO. They sell the stock to the pension funds and retail investors for $100MM. Then the company goes bust—but the early investors walk away with $99MM. For all I know, they increase their winnings by shorting the stock when it goes down. It is called a "pump and dump."

There were days it felt like the entire leadership of the U.S. financial system had gone mad. Everyone was interested in nominal—and, with rare exception, no one was interested in real.

I was offered an opportunity to settle my litigation in 1998—after several efforts to falsely frame us had failed—but under conditions that would let the bogus allegations hang in the marketplace. I decided instead to fight and force the government and its so-called "whistleblower" John Ervin into court, requiring them to put forward a shred of evidence to back up their smears. Hamilton sued the government to collect outstanding bills and finally sued Ervin for tortious interference. It's a shaggy dog story that is much easier to understand now that the world has watched the FBI and the Department of Justice try to falsely frame the President of the United States with a salacious dossier cooked up by a former British intelligence agent with funding from the Clinton campaign. It used to be hard to believe that the Department of Justice would simply make stuff up—now, it's common knowledge.

The decision to fight necessitated selling my home and moving out of Washington. The physical harassment was interfering with my personal life and health. I felt I would be better off living on an unpredictable schedule in multiple places—thus dramatically increasing the cost of surveillance and harassment. My hope was that it would require the DOJ, HUD, or whatever agency was funding the surveillance or harassment to request a contract reauthorization—something I believed would be difficult to get, given the failure of the phony frames. I sold my house and began a multiple-year process of liquidating my art, antiques, furniture, and library. eBay had just started, and I was able to provide work for former employees who started an eBay business liquidating Hamilton and my possessions. My company Solari, launched in March 1998, leased three SUVs, and we rotated them between my remaining employees and me while I proceeded to begin a decade-long process of driving hundreds of thousands of miles around America trying to understand what was happening in the real economy. I wanted to meet and get to know others who were trying to understand how to bring real solutions, and see what we could do about it. It also afforded me the opportunity to meet and spend time with the elder generation in my family. Before they passed away, I downloaded an extraordinary amount of family history. Between the wise elders in my family and the intelligence gathered from doing "pro formas" on how the money works in thousands of communities in all fifty states, I emerged with a much deeper understanding of the real economy.

In 1999, I was finally interviewed by one of the HUD and DOJ investigation teams (several had cycled off when they could not find anything wrong). It became clear that the people leading the investigation had no understanding of the relevant programs and facts. I spent most of the interview teaching them and then helping them formulate their questions so they made sense. The Assistant U.S. Attorney (AUSA) afterwards apologized to my attorneys and said that he would recommend that the process come to an end. However, when I called an attorney I was working with, who was an expert on black budget litigation, he explained that the DOJ would demote the AUSA and assign a new “hit man.”
Sure enough, the sympathetic AUSA was demoted, and a new AUSA, Rudy Contreras, was assigned. Meanwhile, however, I had been inspired by Gary Webb’s use of the Internet to make all of his underlying legal documents accessible, and we had decided to launch a website. By publishing chronologies, dockets, legal documents, and summaries, our team could simplify and explain a highly complex legal and financial situation, thus making it manageable for a variety of parties. After almost five months of round-the-clock work scanning documents and writing legal summaries, we launched the Solari website on the litigation. Shortly thereafter, the qui tam was unsealed, and the Judge who had maintained the qui tam under seal for many years without any evidence of wrongdoing resigned suddenly from the bench. Judge Stanley Sporkin was the former general counsel of the CIA, when the CIA and DOD entered into a Memorandum of Understanding regarding narcotics trafficking by CIA assets. I was so appalled at some of his later escapades that we published a hot seat dedicated just to Judge Sporkin.

In the process of trying to get to the bottom of things, Hamilton’s general counsel Carolyn Betts discovered that billions were going missing from HUD. It started with the HUD IG testimony in March 22, 2000, indicating that there were $59 billion in undocumentable adjustments from HUD during fiscal year 1999, with many more billions missing from the open balance (meaning fiscal 1998). Despite this testimony, no effort would ever be made to determine what had happened or to get any missing money back, and no audit would be completed (https://www.whereisthemoney.org/59billion.htm).

This money at HUD had gone missing during the period when the world was distracted by Monica Lewinsky and stories of sex in the oval office. However, it was clear to my team that honest people were being forced out by criminal means so that billions in assets could be shifted out of the government—and in a manner that would communicate to the wider Washington bureaucracy that it would be dangerous to stand in the way of the federal financial fraud tsunami. We set to work with a series of reporters and researchers to help investigate and warn investors and citizens that the government coffers at both HUD and DOD were being emptied and that the housing bubble was threatening the financial health of millions of investors and citizens around the world. We called it a “financial coup d’état.” One of the best-known efforts was Kelly Patricia O’Meara’s outstanding “Missing Money” series for Insight magazine that was published from 2000-2004. You can find that series at our Missing Money website at https://missingmoney.solari.com.

In 2000, I met with the Chief of Staff to the Chairman of the Senate Subcommittee that oversees HUD appropriations. The mortgage bubble was in full bubble mode. The staff member asked me what I thought was going on at HUD. I deferred my response and asked them the same question in return. The staff member looked me dead in the eye and said, “HUD is being run as a criminal enterprise.” HUD’s matrix structure means that the majority of its operations are run by large defense contractors, New York Fed member banks, the U.S. Treasury, and the Department of Justice—and those parties indeed were intentionally running HUD as a criminal enterprise.

Paul Rodriguez, editor of Insight, published “Thankless Task” in May, 2001 about the targeting of Hamilton Securities Group (https://dunwalke.com/gideon/articles/Insight-CAFitts-HUD’s_Victim_2001-05-21.pdf). His first article went up on the Internet on Friday afternoon. By Tuesday, the HUD Inspector General was “retired.” Several weeks later, Rodriguez’s associate, investigative reporter Kelly Patricia O’Meara, sent a series of questions to the HUD Inspector General’s office about their latest fiscal 2000 financial audits (which I had just extensively reviewed), which declined to publish the amount of undocumentable adjustments. Two hours later, the HUD Inspector General’s office faxed a message to Hamilton’s attorneys informing them...
that the investigation of Hamilton was closed. Rodriguez’s second *Insight* article, in July 2001, described the successful outcome: “HUD Gives Up With Fitts” ([https://dunwalke.com/gideon/articles/Insight-HUD_Gives_Up_With_Fitts-2001-07-30.pdf](https://dunwalke.com/gideon/articles/Insight-HUD_Gives_Up_With_Fitts-2001-07-30.pdf)). However, HUD Secretary Andrew Cuomo cut a deal with Ervin to make sure he would have funds sufficient to continue to litigate against Hamilton by himself. It was, after all, still a business—making sure the money could flow freely out HUD’s back door.

One of my challenges was that globalization was by then well underway—and the climate of frenetic greed again made it feel like we were living in a “supermarket sweepstakes,” with everyone trying to fill up their shopping basket with foreign and privatized assets. America was also enjoying the housing bubble. There was widespread support for the bubble and criminal cash flows to continue.

The red button story –
[https://www.youtube.com/embed/jTm3Jbr6ePQ](https://www.youtube.com/embed/jTm3Jbr6ePQ)

I and my team kept counting more money going missing from federal coffers. In the fall of 2001, I was working with Kelly Patricia O’Meara on a cover story in *Insight* about what was, by then, $3.3 trillion missing from DOD and HUD. The story was scheduled to publish on Friday, September 14th and would be delivered to every Congressional office. On Monday, September 10th, Donald Rumsfeld held a press conference at the Department of Defense, confessing that DOD was missing $2.3 trillion. Kelly and I assumed he was trying to get ahead of her blockbuster story. That night I said to Kelly, “nothing can stop this story from going mainstream now.”

Rumsfeld on the missing trillions –
[https://www.youtube.com/embed/xU4GdHLUHwU](https://www.youtube.com/embed/xU4GdHLUHwU)

Those were “famous last words.” I learned on September 11, 2001 never to say “never,” especially when it came to trillions missing from the U.S. government.

**Related Resources:**

**Solari Report:**

- Coming Clean with Eunice Boston
  [https://library.solari.com/were-making-coming-clean-the-interview-with-eunice-boston-available-to-all-solari-readers/](https://library.solari.com/were-making-coming-clean-the-interview-with-eunice-boston-available-to-all-solari-readers/)

- The CIA, NSA & Google with Nafeez Ahmed

- Hamilton Securities with Jon Rappoport

- Navigate the Housing Bubble, Parts I and II
Articles:

- “Buffet’s big bet on US federal mortgage credit & housing”
  https://library.solari.com/buffetts-big-bet-on-us-federal-mortgage-credit-housing/

- “HUD ethnic cleansing and the Dark Alliance allegations”

- “The Fed did indeed cause the housing bubble” [letter to the editor, Wall Street Journal]
  https://library.solari.com/the-fed-did-cause-the-housing-bubble/

- Missing Money series by Kelly Patricia O’Meara, Insight, 2000-2004
  https://missingmoney.solari.com/news-coverage/

- Missing Money archive (including Kelly Patricia O’Meara’s Missing Money series)
  https://Missingmoney.solari.com

- “Narco-dollars for beginners: how the money works in the illicit drug trade” by Catherine Austin Fitts, Narco News, Oct. 24, 2001

- “Hamilton Securities litigation”
  https://dillonreadandco.com/gideon

- Hamilton Securities litigation – Summary of Events as of February 2001 (including documentation of HUD IG General Counsel falsification of documents in Hamilton’s offices)
  https://www.dunwalke.com/media/summary.html

- Stanley Sporkin hotseat
  https://www.whereisthemoney.org/hotseat/stanleysporkin-DRAFT1x.htm

Books:

- Dillon Read & Co., Inc. & the Aristocracy of Stock Profits, by Catherine Austin Fitts, March 2006: A comprehensive business-school-quality case study of the Washington-Wall Street relationship depicting the Hamilton litigation and surrounding events in the larger context of the central banking-warfare model and political economy operating in the U.S. today.
  https://dillonreadandco.com

Related lawsuits:

- Qui tam filed against Harvard regarding Russian privatization
VI. The War on Everyone (September 11, 2001–January 2006)

“Rush hour cometh!”
- Reverend Melvin Bufford, opening of Sunday sermon, September 16, 2001

“Cui bono?”
- Title of Catherine’s first article on 9/11, published on September 17, 2001

As the propagandists love to say, on September 11, 2001, “the world changed.” Suddenly, money could pour out of both the front and back doors of the U.S. government into the military-industrial complex with abandon. America was going to war, and money was no object. DOD won an immediate $48 billion increase in appropriations. Suddenly, no one cared that there was $3.3 trillion missing from DOD and HUD. The spigot was open for fresh new cash. A recent estimate by Neta C. Crawford published by the Watson Institute at Brown University calculates that America has spent $5.9 trillion to date on the War on Terror, including war in the Middle East.

Costs of war: United States budgetary costs of the post-9/11 wars through FY2019: $5.9 trillion spent and obligated

The Corbett Report did an excellent video to help illuminate the “financial coup d’état” aspects of 9/11. A great deal happened that day to make sure the trail on the money missing from DOD and HUD went cold, including bombing the offices of the largest mortgage and government securities dealers in the country, SEC and FBI offices in New York with ongoing investigations of Wall Street firms involved in the mortgage and securities fraud, as well as Office of Naval Intelligence (ONI) offices at the Pentagon that were investigating the missing money.
9/11 trillions: Follow the money
https://www.corbettreport.com/episode-308-911-trillions-follow-the-money/

Working with a firm in London, I published a series of articles about the financial coup d’état underway. This was also part of presentations I made to members of the investment community and global citizens in Europe and Asia during this period. Many years later, in 2009, I told the story of my first presentation in London after 9/11.

Financial Coup d’État
By Catherine Austin Fitts

In the fall of 2001 I attended a private investment conference in London to give a paper, “The Myth of the Rule of Law or How the Money Works: The Destruction of Hamilton Securities Group.”

The presentation documented my experience with a Washington-Wall Street partnership that had:

- Engineered a fraudulent housing and debt bubble;
- Illegally shifted vast amounts of capital out of the U.S.;
- Used “privatization” as a form of piracy—a pretext to move government assets to private investors at below-market prices and then shift private liabilities back to government at no cost to the private liability holder.

Other presenters at the conference included distinguished reporters covering privatization in Eastern Europe and Russia. As the portraits of British ancestors stared down upon us, we listened to story after story of global privatization throughout the 1990s in the Americas, Europe, and Asia.

Slowly, as the pieces fit together, we shared a horrifying epiphany: the banks, corporations, and investors acting in each global region were the exact same players. They were a relatively small group that reappeared again and again in Russia, Eastern Europe, and Asia accompanied by the same well-known accounting firms and law firms.

Clearly, there was a global financial coup d’état underway.

The magnitude of what was happening was overwhelming. In the 1990s, millions of people in Russia had woken up to find their bank accounts and pension funds simply gone—eradicated by a falling currency or stolen by mobsters who laundered money back into big New York Fed member banks for reinvestment to fuel the debt bubble.

Reports of politicians, government officials, academics, and intelligence agencies facilitating the racketeering and theft were compelling. One lawyer in Russia, living without electricity and growing food to prevent starvation, was quoted as saying, “We are being de-modernized.”
Several years earlier, I listened to three peasant women describe the War on Drugs in their respective countries: Colombia, Peru, and Bolivia. I asked them, “After they sweep you into camps, who gets your land and at what price?” My question opened a magic door. They poured out how the real economics worked on the War on Drugs, including the stealing of land and government contracts to build housing for the people who are displaced.

At one point, suspicious of my understanding of how this game worked, one of the women said, “You say you have never been to our countries, yet you understand exactly how the money works. How is this so?” I replied that I had served as Assistant Secretary of Housing at the U.S. Department of Housing and Urban Development (HUD) in the United States where I oversaw billions of government investment in U.S. communities. Apparently, it worked the same way in their countries as it worked in mine.

I later found out that the government contractor leading the War on Drugs strategy for U.S. aid to Peru, Colombia, and Bolivia was the same contractor in charge of knowledge management for HUD enforcement. This Washington-Wall Street game was a global game. The peasant women of Latin America were up against the same financial pirates and business model as the people in South Central Los Angeles, West Philadelphia, Baltimore, and the South Bronx.


We were experiencing a global “heist”: capital was being sucked out of country after country. The presentation I gave in London revealed a piece of the puzzle that was difficult for the audience to fathom. This was not simply happening in the emerging markets. It was happening in America, too ([https://dillonreadandco.com/](https://dillonreadandco.com/)).

I described a meeting that had occurred in April 1997, more than four years before that day in London. I had given a presentation to a distinguished group of U.S. pension fund leaders on the extraordinary opportunity to reengineer the U.S. federal budget. I presented our estimate that the prior year’s federal investment in the Philadelphia, Pennsylvania area had a negative return on investment.

We presented that it was possible to finance places with private equity and reengineer the government investment to a positive return and, as a result, generate significant capital gains. Hence, it was possible to use U.S. pension funds to significantly increase retirees’ retirement security by successfully investing in American communities, small business, and farms—all in a manner that would reduce debt, improve skills, and create jobs.

The response from the pension fund investors to this analysis was quite positive until the President of the CalPERS pension fund—the largest in the country—said, “You
don’t understand. It’s too late. They have given up on the country. They are moving all the money out in the fall [of 1997]. They are moving it to Asia.”

Sure enough, that fall, significant amounts of money started leaving the U.S., including illegally. Over $4 trillion went missing from the U.S. government (https://library.solari.com/will-defense-run-the-real-stimulus-package). No one seemed to notice. Misled into thinking we were in a boom economy by a fraudulent debt bubble engineered with force and intention from the highest levels of the financial system, Americans were engaging in an orgy of consumption that was liquidating the real financial equity we needed urgently to reposition ourselves for the times ahead.

The mood that afternoon in London was quite sober. The question hung in the air, unspoken: once the bubble was over, was the time coming when we, too, would be “de-modernized”?

In 2009—more than seven years later—this is a question that many of us are asking ourselves.

The explosion in size and scope of the budget for the national security state led me to focus more attention on the black budget and to follow reports of extensive underground bases and a secret space program. In part, this was inspired by an effort of the U.S. Navy and an affiliated think tank in 1997-1999 to try to persuade me that “aliens exist and live among us.”

See 2015 Secret Space Program Panel (story from 1:48-1:56)
https://www.youtube.com/watch?v=cydtragHNy8

The general theory involved is a theme that runs through many justifications for government secrecy. The idea is that the U.S. and other global militaries are dealing with unusual and dangerous phenomena. Consequently, the proponents of this premise call for secrecy, making it essential to centralize control over all aspects of the government and economy, with no expense spared and no questions asked. However, they never offer any explanation for why this has to come with trillions of dollars of waste and destructive corruption by insiders. Allowed to grow for decades, secrecy misused accumulates significant legal liabilities while generating huge and hideous profits. This is why I often say that secrecy has become a financial addiction.

It is a very similar dynamic to the one being used currently for climate change. “There is a terrible threat. Be afraid, be very afraid. Turn over more money to us, and we can fix it. Don’t ask questions—you don’t want to know. This is an emergency—just give us your money.”

I attended a speech in my community given by a Tennessee Republican Congressman running for Governor during the 2002 campaign. He was on the budget and defense appropriations committee. He admitted that he knew that there was $3.3 trillion missing from HUD, but stated there was nothing he could do about it. That led me to organize a local group to support me in sending detailed information to his office about what he could do—along with launching a letter-writing campaign to all Tennessee media outlets. The story about the missing money started to get traction because a group of veterans in the Knoxville area who were supporting themselves, they said, by finding and returning soda pop bottles, realized the story’s import and started to blanket their email
https://library.solari.com/real-deal-saving-tennessee/

Meanwhile, I continued to work on civil litigation on behalf of Hamilton, all the while tracking the money that kept going missing from HUD and DOD and the continued mortgage fraud and mortgage bubble. My research into Enron—which I suspected of laundering money going missing from HUD and DOD—drew attention when Enron went under.

Kelly Patricia O’Meara’s powerful series on the Missing Money came to an end in 2004 after she left Insight. However, her efforts had proved the extent to which DOD and HUD would protect the private corporations and banks running their accounting, payment, and banking systems.

After Kelly left Insight, I had the opportunity to work with Congresswoman Cynthia McKinney and her staff to help prepare questions for DOD Secretary Rumsfeld about the missing money. McKinney’s courage was significant and was rewarded by her being pushed out of government. Trillions in missing money can fund a great deal of political and covert operations.

“The Cynthia McKinney grills Rumsfeld on Pentagon’s missing trillions”
https://www.youtube.com/watch?v=Aupqwx6vaCs

Throughout these years, much of my writing on the missing money and related topics was published by Scoop Media in New Zealand. Scoop’s publisher, Alastair Thompson, understood the implications and risks to global citizens of the explosive growth in a secret U.S. national security state. He made a major contribution in providing coverage, given that a platform was lacking in the United States. Not surprisingly, during this period I received a call from a former CIA officer warning me, “The CIA does not like your friends at Scoop.”

To keep up with all the missing money, we put up a website with the help of some entrepreneurs in California to help people fathom how much money this was—it had a counter to show how much money went missing every second for $1.1 trillion to go missing in a year. You can still see the counter running at Where Is the Money? (https://whereisthemoney.org/).

With the war in the Middle East, a new phase of money going missing opened up as the U.S. military continued to globalize through the War on Terror. Investigative journalism duo Donald Barlett and James Steele, famous for their reporting on the demise of the U.S. middle class and local economies, brought considerable gravitas to the stories of missing money in Iraq—but the money just kept on disappearing.

As the reports of missing money kept coming, we created a special site at Solari.com just to publish the stories. This has now become https://missingmoney.solari.com. We try to make it easy for investors and citizens who are challenged to understand that this problem has been growing for 30 years without them being aware of it—and that it explains a surprising number of events during their lifetime.

After Hamilton finally won its case in the court of claims as well as the vast majority of allegations in the qui tam while pursuing Ervin, the federal government threw in the towel and
requested a global settlement at the end of 2005. I was pretty sure that meant the deep state was ready to pull the plug on the mortgage bubble at long last. Keeping it going as long as they had was a remarkable feat of financial engineering. The financial coup was a huge success. Trillions more continued to disappear while the offshore havens grew ever more replete with assets. The need to make an example out of honest players like me and Hamilton Securities was over.

I was right that Wall Street and Washington were about to pull the plug on the mortgage bubble—but I underestimated how much more could be stolen in the bailouts ahead. Now that trillions in fraudulent securities had been issued globally to help finance the financial coup d’état, it was time to pull the plug and make top investors whole by sticking the bill to the taxpayers—essentially rolling them over through Treasury and the Federal Reserve into the Treasury market.

Related Resources:

Solari Report:

· The Many Faces of Secrecy with Amy Benjamin

Videos:

· C-SPAN – Gold Standard

· C-SPAN – 9-11 Victims Family Hearings

· America: Freedom to Fascism (documentary by Aaron Russo) – Catherine describes $3.3 trillion missing from DOD and HUD
  https://www.youtube.com/watch?v=uNNeVu8wUak

Audios and Interviews:

· “America’s black budget and the manipulation of mortgage & financial markets,” Catherine Austin Fitts, May 2004

· “Enron: The anatomy of a cover-up,” Catherine Austin Fitts, March 2002
  https://library.solari.com/enron-the-anatomy-of-a-cover-up/

· “The real deal about Enron, Parts 1–7”
  http://www.scoop.co.nz/stories/HL0304/S00031.htm

Articles:

· “The myth of the rule of law or how the money works: The destruction of Hamilton Securities Group” by Catherine Austin Fitts – Published by Sanders Research Associates in London in the fall of 2001, this article was one of my efforts to warn the global financial community about collateral fraud in the U.S. mortgage market.
  https://www.dunwalke.com/gideon/q301.pdf
“Where is the collateral?” [https://www.whereisthemoney.org/S00223_collateral.htm](https://www.whereisthemoney.org/S00223_collateral.htm) by Chris Sanders of Sanders Research Associates in London, *Scoop Media*, Oct. 2003 – This article connects the dots through the litigation, the missing money, questionable HUD deals, the impact on investors, with Sanders’ sequel titled: “So, where is the collateral?” [https://whereisthemoney.org/collateral_II.htm](https://whereisthemoney.org/collateral_II.htm).

“The negative return economy: a discourse on America’s black budget” by Chris Sanders and Catherine Austin Fitts, August 2004 [https://library.solari.com/the-negative-return-economy/](https://library.solari.com/the-negative-return-economy/).


**Websites:**

- Where Is the Money? [https://whereisthemoney.org](https://whereisthemoney.org)
- The Missing Money [https://missingmoney.solari.com](https://missingmoney.solari.com)

**Investigations:**

VII. The Financial Crisis (January 2006–November 2009)

“I really didn’t believe the figure [of total commitments made during the financial crisis] until I saw the backup documents that had been provided by each of the agencies themselves. This total commitment was almost double the entire economic output of the United States. If there were ever a single number that demonstrated the panic felt by the regulators during the financial crisis, it was that $23.7 trillion.”

- Neil Barofsky, Special Inspector General to the TARP Program, U.S. Department of Treasury

Hamilton Securities settled outstanding civil litigation with the Department of Justice and HUD in January 2006. With the settlement completed and the monies owed Hamilton returned, less attorney fees, I began the process of cleaning up the mess created by my descent from wealth to poverty as a litigant and social outcast with high regulatory and corporate litigation expenses and no income. The first step was to pay Hamilton’s taxes. I called our CPA and told them I wanted to pay the taxes immediately—I did not want to wait for the tax due dates. I would be paying out significant amounts to those who had helped me survive—lending either time or money—and I wanted to make sure I took care of any taxes first. My CPA called me back and said, “You are not going to believe this, but your files have disappeared.”

Missing money, missing tax files—I lived in a world where things just kept going missing. During the settlement negotiations, my attorneys had informed me that the Department of Justice had repeatedly underscored that the settlement did not constitute a waiver of their right to pursue Hamilton on issues related to taxes. I found the fact that Hamilton’s Northern Virginia CPA reported our files missing to be a remarkable coincidence.

Thus began a long, slow, and extremely time-consuming and expensive process of finding and reassembling our financial and tax records. These events constitute another long shaggy dog story.
The end result was that Hamilton finished the process of tax compliance in 2010. Hamilton’s total tax liabilities were $0, but our accounting, CPA, and legal bills to file our federal, state, and local tax returns were approximately $150,000. Complexity is expensive—purposefully so.

In January 2006, the Bush administration had two more years to run. I was doing more and more Internet and radio shows to explain what was happening in America—with regular attention to the missing money and its relationship to mortgage fraud and the black budget. One of the things I encouraged people to do was to bank local, an effort I had started in 2004 with a campaign called, “Where would Jesus bank?” One of my slogans at the time was, “Who’s your banker, who’s your farmer, where’s your money?” I hoped that it would focus my audience on the importance of financing reliable farmers and bankers and decentralizing the sources of their food and financial transactions.

I also made several unsuccessful attempts at creating tools to help Americans map out their local financial ecosystems. However, the online hacking problems were significant. Moreover, the resistance to developing local financial literacy was surprisingly strong in our audience. Between 2004–2006, I took what was left of Hamilton’s legacy software and databases after I got them back from court control (the most valuable pieces were mysteriously missing) to a number of institutions in the hopes that they would make them public. No one wanted to touch them—too dangerous.

In April 2006, I published *Dillon Read & Co. Inc. & the Aristocracy of Stock Profits*. I wrote it for several reasons. First, it had become clear to me by 2005 that much of the financial fraud and corruption was being engineered through the Federal Reserve and the federal government—but most Americans did not understand the economic model. I felt that it could help to provide a case study that showed how government funding was being used to promote expensive and unproductive public-private partnerships that generated big profits on Wall Street and kickbacks in the form of campaign contributions. Second, I had come to believe my promotion of small business in low-income communities had created a competition with the investors benefiting from private prisons and gentrification, and again, I wanted to explain the model. Finally, I needed to help people understand why I had been targeted. The whole, long noisy affair had left a question mark in the marketplace: Why was it so important to make an example out of Catherine Austin Fitts and Hamilton Securities? To understand what had happened, you needed to understand the financial coup d’état underway.

The response to the book was quite gratifying. However, every time I tried to publish it in hard copy, the headwinds would begin. I interpreted the third and final threat as one that threatened a family member. I decided not to publish it in book form but to keep it online. Feelings were still too raw. Among other things, I had to make a choice between my pathway and my family. If I was going to continue on this path, I had to do it alone and put more space between myself and my family. Bringing transparency to the financial coup underway was not their choice. They certainly did not choose to have their lives threatened.

In the process of doing more Internet and radio shows, I received repeated requests to provide investment advisory services. In 2007, I started Solari Investment Advisory Services, LLC. For the next ten years, I provided individual investment advisory services and then converted the business to providing ESG (environmental, social, and governance) investment screens to other investment advisors.

My first job helping individuals and families was helping people navigate the financial crisis. Wall Street had started to quietly bet against the subprime mortgage market in 2006, with the market collapsing in 2007. Events blossomed into the financial crisis in 2008. The leadership who runs the U.S. Treasury and Federal Reserve brought it up—and then they brought it down.

One of the radio shows I was doing regularly was a spot called “Community Business” on Flash-
points/KPFA radio in the San Francisco Bay Area that ran between 5:00 and 6:00 pm on weekdays—prime time for commuters on their way home. The host was Dennis Bernstein, who had extensive experience with mortgage fraud and the Iran-Contra scandal. Dennis and I had done a long series on Enron, and it was his reporting with Congresswoman McKinney and myself that brought repeated attention to the missing money and the very serious financial problems at HUD and DOD. The undocumentable adjustments kept piling up (see https://missingmoney.solari.com/dod-and-hud-missing-money-supporting-documentation/), but no one seemed to care or understand the practical implications. Dennis did understand, and I deeply appreciated his interest.

Occasionally, a member of the independent media would publish a tally, and numbers began floating around the Internet that the undocumentable adjustments were up to $8.5 trillion. However, the real number was hard to ascertain because HUD refused to publish its undocumentable adjustments.

As the subprime mortgage markets—and then the mortgage markets—were melting down by the summer of 2008, Hank Paulson, former Chairman of Goldman Sachs and at the time Secretary of the Treasury, was arranging one package after another to transfer vast amounts of taxpayer resources to private banks in exchange for massive amounts of questionable if not fraudulent securities. In the summer of 2008, I was suddenly attacked by spurious allegations and thrown off of KPFA radio in what was clearly a pretext. It’s another shaggy dog story. Right after I was thrown off the radio, guess what happened next?

The Bohemian Grove met for its annual gathering north of San Francisco—and then the U.S. government announced that Freddie Mac and Fannie Mae, the mortgage government-sponsored enterprises (GSEs), would be nationalized. Among many other global investors, the Russian interests were protected, as we will see momentarily.

Shortly thereafter, one of the top San Francisco money managers published a comment on their webpage. They had invested approximately $1 billion in Fannie Mae stock that April—several months before. They said they had done extensive due diligence, yet they had no idea there was a problem. Apparently, statements over the previous five years by the former Assistant Secretary of Housing—several times a month on San Francisco Bay Area radio—that there was a serious, system-threatening problem had taken place in a parallel universe. Every trucker I met or spoke to in America knew the mortgage market was on thin ice, but we were in a world where we the “deplorables” lived in reality, while the East and West Coasts were swimming in a parallel universe of Federal Reserve and U.S. Treasury money in which nothing could go wrong.

The potential Freddie and Fannie collapses would have had major international implications because both their stock and bonds were held globally. In 2005, an advisor to Putin had tried to recruit me when I was in Canada, arguing that I would forever be an outcast in America and that the Russian Orthodox team leading Russia was more aligned with my values and vision of a human future. He was most persuasive. I explained, however, that no one likes a traitor; as despised and dishonored as I might be in America, for me, there was no “away.” I was an American, and it was my job to help my team get better.

When I returned home, I kept having a nagging feeling that I was missing something. I got online, and after much research, I realized that Russia was the second largest foreign holder of Freddie Mac securities. Russia and its institutions held major positions in U.S. mortgage securities. It felt to me like someone was making a last-ditch effort to get out of paying Hamilton the money the U.S. government owed me. Shortly thereafter, the Department of Justice approached my attorneys to negotiate the settlement that closed in January, 2006.
In the scheme of the trillions going missing, the $2.2 million plus interest accounts payable that the U.S. owed Hamilton Securities might seem like tiny dollars. Indeed, it was significantly less than the cost of the litigation. However, DOJ fought for every penny—as if every penny awarded us was proof that Hamilton’s transactions were as accomplished and significant as they were, and as if I was right about the money that had been and now was disappearing out of HUD’s back door—which I was.

There is no doubt that if the litigation had not been settled before the mortgage market bubble was finally crashed, starting with Goldman’s big short in the third quarter of 2006, the liability of DOJ and HUD (and whomever was engineering from behind the scenes) would have been significantly increased. Mine, too—if the poisoning in 2004 had threatened my life, I can only imagine what could have happened if I had still been in negotiations with the litigation open in 2007–2009. Of course, if I was in Moscow working with the Russians, I would have had no credibility—no need to settle with a traitor in that case. It is one of an increasing number of situations where the U.S. establishment and media play “the Russian card” to their advantage. Who needs facts? Just play the Russian card.

When it comes to missing money, it’s a global world in which things are never what they seem. But for as long as I have lived, the more money that goes missing, the more money is available to lobby, legislate, enforce, and fund more secrecy.

**Related Resources:**

**Solari Report:**
- “Enforce the U.S. Constitution” | Dr. Cynthia McKinney
  
  Just a Taste: [https://www.youtube.com/watch?v=IPaP8cBdulk](https://www.youtube.com/watch?v=IPaP8cBdulk)
  

**Videos:**
- See Congressman Alan Grayson Interviews – Missing Money Video
  [https://library.solari.com/missing-money-video/](https://library.solari.com/missing-money-video/)

**Articles:**
- “$29,000,000,000,000: A detailed look at the Fed’s bailout of the financial system,”
  Levy Economics Institute, December 2011

- “Censored” (letter to KPFA)
  [https://library.solari.com/censored/](https://library.solari.com/censored/)

- “The Housing and Economic Recovery Act of 2008” by Catherine Austin Fitts, August 2008 – This article describes U.S. mortgage fraud within the context of the global political economy.

- “Freddie and Fannie become penny stocks”
  [https://library.solari.com/freddie-fannie-penny-stocks/](https://library.solari.com/freddie-fannie-penny-stocks/)

- “Where would Jesus bank?”
  [https://library.solari.com/where-would-jesus-bank/](https://library.solari.com/where-would-jesus-bank/)

- “How to find a good local bank”
  [https://library.solari.com/how-to-find-a-good-local-bank/](https://library.solari.com/how-to-find-a-good-local-bank/)
VIII. Launching The Solari Report
(November 2008–November 2012)

“A financial coup d’état? I could agree with that…. Because the people here really aren’t in charge. Wall Street is in charge.”
- Congresswoman Marcy Kaptur when asked if the bailouts constituted a financial coup d’état

I launched The Solari Report in December of 2008 from a chair in a hospital room in Philadelphia, where I was caring for a friend, Georgie LaRue, who was recovering from surgery. It was an unusual evening. I was quite worried that Georgie might not make it—but she did. The prayers from Solari readers lifted our spirits, as did the new subscriptions streaming in on my laptop. It was another reminder that no matter how dark things seem, moving forward is the best direction.

The mood in the financial markets was ominous. Bernie Madoff was arrested a week later. You could feel the liquidity shortages pulling the plug on a growing number of operations. Because of my understanding of the federal finances and the securities markets, I knew the world was in serious trouble. I had most of my clients out of major stock market positions. Money had continued to disappear, financed in part by significant mortgage securities fraud. If the mortgage securities fraud was as bad as it was, I believed it was more than likely that U.S. Treasuries were being issued off balance sheet as well.

Years before, a researcher had sent me documents of a private placement of U.S. Treasuries allegedly issued off-books to mobster Meyer Lansky when he was running the deep state’s money...
laundering operations. The bonds were signed by a former Dillon Read partner and Wilmer Cutler associate who had served as the Assistant Secretary of Domestic Finance at Treasury. He was famous at Dillon Read for being slick with the truth. It was said he had been thrown out of prep school for lying. He seemed to have some hook into our Chairman Nick Brady—I never knew what it was. He now ran a large publicly traded accounting firm. The researcher who contacted me wanted to know: Were the documents authentic? I could not confirm them—but I would have bet money that they were.

It was clear that the American people would never have supported President Bush in sticking the bill for trillions in securities fraud and related derivatives to the taxpayer. However, when I got a load of the Obamas and the level of entrainment and mind control used to get Obama elected President of the United States, I knew that this was a profiled character and couple that could do what the Bushes could not. They could get the young people on board for harvesting what remained of their parents’ and grandparents’ financial security and wealth—and their inheritance. Imagine a politician who could lead progressives to transfer the equivalent of America’s retirement savings as a combination of gifts and loans to the banks and private investors. It was a remarkable political feat, which speaks volumes regarding the success of the media and telecommunications industries in doing targeted surveillance, entrainment, and mind control.

How many control files created with pornography, financial fraud, and other forms of entrapment did it take to make this level of financial fraud go?

Despite the financial horror and the next round of the financial coup d’État, there was relief in facing an Obama presidency. For many decades previously, I had spent presidential elections listening to why I should support the Bushes or the Clintons or another person associated with the assassination of someone in my family or the destruction of Hamilton Securities. In my piece, “Meditations at the Crossroads,” published in 2004 (when I had reason to express my irritation with the latest round of cheap, lawless tricks related to the litigation), I reflected on some of the conclusions that I had finally reached about my mother’s death.

Meditations at the Crossroads
https://library.solari.com/meditation-at-the-crossroads-2/

Yet, friends and colleagues would still argue that I should support the “responsible” syndicates. Politics in America always left me baffled. Why the refusal to shun? Why the willingness to treat my loved ones as expendable? Why the willingness to excuse killers who win by killing? Why the willingness to allow the equivalent of America’s entire retirement savings to be given away? When 9-11 occurred, America’s pension funds were fully funded. Now they are 70% funded and falling.

No matter how dreadful he was, Obama saved us from four or eight more years of the Clintons. Yes, he doubled down on the financial coup d’état and the stealing of the remaining wealth of the United States, but he did so with a gracious, stylish manner! The Clinton and Bush death lists slowed down.

The bailouts ended up completely trumping the missing money—totaling over $24 trillion—and Obama won the Nobel Peace Prize. I assume that award expressed the gratitude of the European banks, who knew that the initial refusal of Congress to bail out the phony mortgage paper would have stuck them with the losses. Obama played an essential role in turning that initial vote, building popular support for continuing bailouts and the launching of successive rounds of quantitative easing by the Federal Reserve.
Having launched The Solari Report, I now had a catbird seat to monitor events, publish my commentary, and try to help my clients and subscribers navigate through uncertain times. Throughout this period, I observed a direct competition as to which company would be the number-one user on our website that day—it would always be either the Federal Reserve, Fannie Mae, or Goldman Sachs. The only exception was when a firm went under, and then that firm (such as Bear Stearns or Lehman Brothers) would, for a short time, take first place as the largest user. A pattern emerged where I was asked to comment on the latest news by Internet shows, only to see my various phrases pop up almost immediately in the financial press.

In the meantime, I regularly heard from members of the Internet audience that I was not a credible source. Based on my webstats, I figured most of them were well-paid Cointelpro. After all, I was writing a surprising number of establishment scripts—they just were not paying me for it.

Related Resources:

**Solari Report:**

- JP Madoff with Helen Chaitman

**Videos:**

- Missing money video collection – See Congressman Alan Grayson (~4:30)
  [https://library.solari.com/videos/ssp_TotalVidsqs.mp4](https://library.solari.com/videos/ssp_TotalVidsqs.mp4)

- Congresswoman Marcy Kaptur: “It’s a financial coup d’état”

- Infowars: The Looting of America – An interview of Catherine Austin Fitts with Aaron Dykes
  [https://www.youtube.com/watch?v=siNa3CZ6om0](https://www.youtube.com/watch?v=siNa3CZ6om0)

**Articles:**

- “Bailout mo’ money”
  [https://library.solari.com/bailout-mo-money/](https://library.solari.com/bailout-mo-money/)

- Book review: Bailout by Neil Barofsky

- “Where did the people go?”

- “Where is the money? Let’s get it back!”
  [https://library.solari.com/where-is-the-money-lets-get-it-back/](https://library.solari.com/where-is-the-money-lets-get-it-back/)

- “Missing you, Georgie…”
  [https://library.solari.com/georgie-larue-5/](https://library.solari.com/georgie-larue-5/)

- The Financial Coup in Comic Relief:
ENFORCE THE CONSTITUTION
OR KISS YOUR MONEY GOODBYE!

FROM FISCAL 1998 TO 2011, MR. GLOBAL* TRANSFERRED AN ESTIMATED $40 TRILLION+ OF THE TAXPAYER’S MONEY INTO HIS (AND HIS FRIENDS’) POCKETS THROUGH WORLDWIDE WARS, THE BLACK BUDGET AND A GLOBAL FINANCIAL COUP D’ÉTAT.

They absconded with even more money over the last 30 years plus, they captured ancient museum artifacts and priceless art, land, mining interests, oil fields, big government contracts, and market share.

Untold trillions shipped abroad went missing.

They lied...

And they killed...

They covered up to get laws passed.

They engaged in racketeering in the emerging markets to lock up natural resources, and privatized companies and assets.

They laundered hundreds of billions of dollars in “not-for-profits” and “foundations” in order to engineer a “soft revolution” for global control.

The money was “invested” in grants, GMO seeds, and photo ops to make them look like they were “helping” the people.

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The Solari Report / 2018 Annual Wrap Up / Part Two

The Solari Report / 2018 Annual Wrap Up / Part Two

THE DAY BEFORE 9-11, DONALD RUMSFELD TOLD THE AMERICAN PEOPLE THAT $2.3 TRILLION WAS MISSING FROM THE PENTAGON:

"According to some estimates, we cannot track $2.3 trillion in transactions."

*Today the money missing from the Pentagon is more than $15 Trillion.

EVEN THOUGH THE "WAR POWERS CLAUSE" IN THE CONSTITUTION GIVES CONGRESS THE POWER TO DECLARE WAR, MANY OF THE SO-CALLED "WARS ON TERROR" THAT FOLLOWED 9-11 WERE NOT VOTED ON BY CONGRESS.

NOW WE KNOW THAT MANY OF THE WARS FAILED TO COMPLY WITH THE LAW, OR THE CONSTITUTION. MILLIONS OF PEOPLE DIED, INCLUDING OUR KIDS WHO FOUGHT IN THE WARS — BUT NOT MR. GLOBAL’S KIDS!

THEIR BANKS ISSUED TRILLIONS OF DOLLARS OF FRAUDULENT SECURITIES. WHEN THE SCHEME COLLAPSED, "WE THE PEOPLE" BAILED THEIR BANKS OUT WITH $27 TRILLION OF TAXPAYER MONEY. THEY SAID IT WAS ALL PAID BACK. HAHA!

"It's all yours, Mr. Global."

THERE ARE $15 TRILLION OF UNDOCUMENTABLE ADJUSTMENTS AT U.S. GOVERNMENT AGENCIES: DOD, NASA AND HUD — $6.5 TRILLION AT THE DEPARTMENT OF DEFENSE IN FISCAL YEAR 2015 ALONE!

AND OF COURSE, THERE WAS ALSO QE I, II AND III, INSIDER TRADING THROUGH THE ESF, ECB BOND BUYING, 0% LOANS TO INSIDERS, AND DECADES OF NARCOTICS TRAFFICKING AND RELATED MORTGAGE FRAUD NOT YET CLEANED UP BY THE BAILOUTS — INCLUDING OVER $500 BILLION LOOTED FROM THE RESOLUTION TRUST CORPORATION!

THEN THERE WERE ALL THE TECHNOLOGY TRANSFERS, SPACESHIPS, SATELLITES, HIGH-TECH WEAPONS AND UNDERGROUND BASES — FINANCED BY THE BLACK BUDGET.
The Real Game of Missing Money

WANT TO GUESS THE TOTAL ASSET VALUE NOW TRANSFERRED TO PRIVATE CORPORATIONS AND INVESTORS? $50 TRILLION? $100 TRILLION? MORE?

All along, the government refused to comply with the U.S. Constitution.

MONEY WAS SPENT OUTSIDE OF APPROPRIATIONS, FINANCIAL STATEMENTS WERE PUBLISHED WITHOUT AUDITS, AND WITH MISSING MONEY...

PRIVATE EFFORTS TO PUBLISH DETAILED FINANCIAL REPORTS, INCLUDING FOR LOCAL AREAS, WERE DESTROYED BY COVERT CRIMINAL MEANS.

NOW... PEOPLE WANT THEIR PENSION PAYMENTS. THEY WANT HEALTH CARE, TAX REFORM AND NEW INFRASTRUCTURE. THEY WANT TO KNOW WHY THERE ARE TRILLIONS TO BAILOUT BANKS, BUT NO MONEY FOR THEIR KIDS EDUCATION? THEY DON'T WANT THEIR KIDS TO BE DRAFTED FOR MORE WARS.

WHY SHOULD THEY PAY THEIR TAXES WHEN THE GOVERNMENT IS BREAKING THE LAW AND TRILLIONS OF DOLLARS ARE GOING MISSING FROM GOVERNMENT ACCOUNTS?

THIS IS A DANGEROUS SITUATION! WHAT WILL THEY DO TO MAKE SURE THEY CAN KEEP ALL THE TRILLIONS?

CHANGE THE CONSTITUTION!

THEY WILL TRY TO CHANGE IT:

BEFORE IT CAN BE ENFORCED AGAINST THE PRIVATE FEDERAL RESERVE BANKS AND THEIR MEMBERS, THE DEFENSE CONTRACTORS AND THE INDIVIDUALS RESPONSIBLE AND LIABLE.

BEFORE ASSETS ARE RECLAIMED THROUGH CITIZEN-INSPIRED ASSET FORFEITURE OR COMMON LAW RIGHTS OF OFFSET.

BEFORE TAX PAYMENTS ARE RE-Routed OUTSIDE MR. GLOBAL'S CONTROL.

BEFORE GIS MAPPING SOFTWARE MAKES DISCLOSURE EASY AND UNDERSTANDABLE AND FURTHER THEFT DIFFICULT. THEY WILL KILL THE CONSTITUTIONAL MECHANISMS THAT COULD BE USED TO RETURN FINANCIAL SOVEREIGNTY TO THE U.S. GOVERNMENT AND THE AMERICAN PEOPLE.
WHEN THEY CHANGE THE U.S. CONSTITUTION, THEY WILL BE SURE TO ADD A BALANCED BUDGET AMENDMENT.

THEY WILL SAY THAT THE IRRESPONSIBLE PEOPLE HAVE RUN UP TOO MUCH DEBT AND OBLIGATIONS.

THAT WE MUST BALANCE THE BUDGET WITH OUR REMAINING ASSETS. AND THAT THERE IS NO MONEY — EASY, CANCEL HEALTHCARE, CUT PENSIONS — IT’S THE RESPONSIBLE THING TO DO.

SO, OF COURSE MR. GLOBAL WANTS TO CHANGE THE CONSTITUTION.

Hee, hee, Now I can keep it all.

WITH THE PUSH FOR A CONSTITUTIONAL CONVENTION, HERE’S THE BIG MONEY QUESTION: ARE WE GOING TO BALANCE THE BUDGET WITH OUR HEALTH CARE, PENSIONS, HOMES AND PERSONAL WEALTH, OR ARE WE GOING TO BALANCE IT WITH THE MONIES AND ASSETS STOLEN FROM GOVERNMENT ACCOUNTS?

IF YOU WANT FEDERAL, STATE AND LOCAL GOVERNMENTS TO KEEP THEIR PENSION FUND, HEALTHCARE, AND OTHER LEGAL COMMITMENTS, THEN YOU WANT TO FIND THE MISSING MONEY AND GET IT BACK. YOU WANT TO STOP THE DRAIN OF MORE MONEY GOING MISSING EVERY YEAR.

YOU WANT TO ENFORCE THE U.S. CONSTITUTION, NOT CHANGE IT!

OTHERWISE, YOU CAN KISS TRILLIONS OF DOLLARS GOODBYE.

THE NEXT TIME SOMEONE TELLS YOU WE NEED TO CHANGE THE CONSTITUTION, TELL THEM: “WE NEED TO ENFORCE THE CONSTITUTION.”

THEN ASK THEM, IF WE ARE NOT GOING TO ENFORCE THE CONSTITUTION, WHY DO WE NEED TO CHANGE IT?
IX. Planet Equity; Planet Debt (November 2012–November 2016)

“In a recent online survey asking for votes on the top story of 2014, I voted for the Alibaba IPO…. English teacher Jack Ma started Alibaba in the mid-1990s in his living room in China. Twenty years later he launched the largest IPO in the history of the world for a company that has a market valuation which is larger than the GDP of many countries. Alibaba’s story speaks to the growth of Asia, of the online market exploding in size with smartphones and mobile payment systems, and of the access and liquidity these developments offer millions of small businesses and consumers. In the process, despite running what is one of the largest companies in the world, Jack Ma spoke to a global media audience and to the largest, most influential investors in the world about the importance of serving the dreams and aspirations of the little guy.”

– Catherine Austin Fitts, Planet Equity, 2014 Annual Wrap Up

“When trade stops, war starts.” – Jack Ma

Having gutted our way through the fiscal crisis without a plausible explanation of what had happened, let alone why no one had been held accountable, many citizens and investors realized that something was more than amiss. It was challenging for many of us to get our minds around a full-blown financial coup d’état—despite the fact that there were financial signals everywhere. The Middle East wars and the War on Terror were on their way to spending a total of $5.9 trillion by 2019, not including the money that was going missing in Iraq and Afghanistan. At the same time, the funding ratios on American pension funds—near fully funded in 2001—were dropping at alarming rates.

New symptoms of the financial coup d’état appeared regularly. When you spend your life being disbelieved by almost everyone around you, related to something that seems fairly obvious to you, you appreciate those charming anomalies that bring hope that others may get to thinking.
First, even though the mortgage bubble had burst, mortgage servicing fraud kept going strong. At one point it was so bad that one popular financial blogger wrote a post, “If this is true, kaboom!” His post started with, “Catherine Austin Fitts has been saying this for a long time…..” He then proceeded to describe the extraordinary levels of mortgage servicing fraud and the possibility that the collateral fraud was as significant as I had been saying. His post was quite insightful and funny. I linked to it and sent him an invitation to join me on The Solari Report. He took the post down and never replied to my invitation.

Shortly thereafter, I drove over to Franklin Sanders’ office at The Moneychanger to record the next precious metals market report for The Solari Report. I remarked to him how surprising it was that it had taken this blogger over ten years to figure out that the collateral fraud was as bad as I said. After all, when the bailouts of a mortgage bubble require an amount greater than 300% of the outstanding single-family residential mortgages in the United States, you know there is a collateral fraud problem.

To my amazement, Franklin confessed that he had not believed me either. I was shocked that he had not asked me to unpack the issues with him as we worked together for many years. I would have thought the process of helping him understand why I knew what I knew would be helpful to both of our analyses.

I started to talk it through with him and realized that Franklin could not fathom the extent of the financial coup—in part because he did not understand the impact of covert surveillance and operations in our day-to-day life and how the control systems work. He had not worked in Washington or on Wall Street and did not have a background on how this much worthless mortgage and fixed income paper could be kept afloat. Good men struggled to see and understand what had become a parallel universe—some people were calling it a “breakaway civilization.”

It reminded me of the time Franklin could not understand his neighbors’ reluctance to object to government policies at a local meeting. Franklin lives in a very rural part of Tennessee, so I got him online and showed him the agricultural subsidy database (see EWG Farm Subsidy Database at https://farm.ewg.org) and other online systems (the best of which have been taken private, except for the Comprehensive Annual Financial Reports at https://en.wikipedia.org/wiki/Comprehensive_annual_financial_report). They documented the extent to which his neighbors and his county were all receiving significant subsidy from the U.S. government. He was stunned. I know I had explained this many times, but he needed to see the hard data on his county and specific neighbors active in farming. I am not picking on Franklin—to this day, it is at most one in a thousand who will take a few hours and dig into the publicly available information of how the money works around them in their town, county, and state, or spend time dealing with local budgets.

It was one of those times when I was reminded that there would be very few people in the wilderness who could or would help me. I would simply need to keep sticking to the truth as best I could see or estimate it and understand that good people could not fathom the invisible invasion that digital technology and AI made possible and that was underway. The hardest thing to do is look in the mirror and say, “I’m the patsy.” I had to do it to stay alive. I could see why others not under life-and-death pressure would avoid doing so.

A second indication that the financial coup d’état had succeeded was that fear porn messaging escalated to distract people from paying attention and those who became hooked on it continually were disappointed when the collapse never came. Fear porn is media that encourages people
to fear the future with a goal of inspiring behavior that reduces the viewer’s power, assets, and ability to succeed. The establishment prefers for its citizens to buy bonds and stocks that finance establishment companies and government agencies. However, if a citizen is anti-establishment, an effort is made to channel them into behavior and investments that will weaken them, preferably in a manner that makes money for operations set up or encouraged for that purpose. The thinking is to find profitable ways of liquidating those who do not support you.

Fear porn operations had cost many people a great deal of time and money, yet these operations still held sway. Fear porn promised accountability—the bad guys were going to “get theirs.” Everything was going to fall apart in a giant global collapse and then those big bad banks and corrupt politicians would be in real trouble. My pointing out that the bad guys not only had just successfully made off with trillions in missing money and bailouts but were more powerful than ever did not make people feel very good.

By 2012, I was convinced that we were in for growth in long-term equity markets. It was clear that part of the financial coup included moving money from the G7 countries for global investment. What better way to proceed than by creating U.S. dollars with Treasury bonds or mortgage securities and using them to buy up and securitize all the equity around the world? To attract investors, prices were likely to rise.

As part of the bailouts, global debt had exploded. The developed world was highly leveraged coming into the bailouts, and now the emerging nations had joined the highly leveraged club. The way to manage this increase in debt was to grow the equity. Since fiat currency could keep printing more monetary and fiscal stimulus, a lot of equity could be securitized and generate essentially an infinite rate of return to the insiders.

Ultimately, we were looking at the equivalent of a debt-for-equity swap. The leadership had three choices. They could write off the debt, write up the equity, or go to war—or some combination of all three. My bet was that writing up the equity as much as possible was a no-brainer—and a great way to channel excess monetary stimulus to keep inflation low. This meant creating and securitizing equity throughout the emerging markets and securitizing a much greater volume of global real estate.

Proposing strong equity markets made me persona non grata to the anti-establishment crowd, the fear porn believers, and the gold bugs. Nor did it endear me to the establishment folks who were clearly committed to secrecy. I suspect that my success in the litigation had resulted in some sore losers—I was clearly “out” for good. I continued to have run-ins with various forms of expensive and draining covert harassment. The financial and emotional drain of these events were offset by the courage and leadership of the Solari team that continuously “turtled forth” in the face of mysteriously failing computers, mail, printers, courier services, and electrical systems, as well as endless website and social media cybersecurity challenges and more—the list is endless.

My favorite example during this period was when we published the 2015 Annual Wrap Up – Space, Here We Go! Because the printer’s printer had mysteriously broken down, occasioning a major delay, I asked our graphic designer to FedEx me the first 50 copies off the press from Los Angeles to Hickory Valley. The box never got to Hickory Valley. Nineteen days later, it showed up in Los Angeles, returned with only 16 copies in it—34 copies were gone. The graphic designer called me saying, “You don’t understand. This can’t happen.” I told him not to worry—this Solari Report was so good that the military-industrial establishment had insisted on hard copies.
He should take it as a compliment and proof that our position was accurate—investment in space was scheduled to grow. When we shipped the rest of the Wrap Ups by a different courier, they refused to deliver them, insisting they could not “due to snow.” We drove to the local office—no snow in sight—and insisted they give them to us since the tracking showed they had them in their warehouse. When they refused, we threatened to call the sheriff—and they relented. As Allard Lowenstein once said, “People who have nothing to hide do not lie, cheat, and smear to hide it.”

If the people who controlled the courier services understood the importance of our investment in space, so could the independent financial media. For several years, I made a concerted effort to get the independent financial community to understand the black budget and related investment in space and integrate it into their analysis. If they had done so before 2012, they would have understood that gold prices were not going to skyrocket and that the establishment—replete with $50 trillion of fresh resources—was in strong shape. This commitment to raising awareness about the black budget led to my speech at the Secret Space Program (SSP) conference in 2014.

Secret Space Program –
https://www.youtube.com/embed/w0mimIp8mr8

Shortly after the conference, I experienced a sting operation in California that was particularly sordid, arranged by someone who I met at SSP 2014 who I had mistakenly thought was a credible researcher. I shut down what I was doing in California and gave up hope of coexisting with the corporate media and the U.S. intelligence agencies. It appeared that Hollywood and Silicon Valley’s dependence on the low-cost capital of organized crime and black budget technology was too great. No doubt the plan was good for the insiders, as tech stocks continued to fly.

I also had to separate The Solari Report from Foster and Kimberly Gamble of Thrive. They tried to persuade me in the summer of 2014 that the U.S. dollar was about to collapse. I believed that they had been sold a bill of goods based on so-called “inside information” and that the narrative they were promoting could do significant financial harm to anyone who listened, which could include my subscribers. Such narratives, along with similar fear porn, were being promoted significantly that summer. I was convinced the U.S. dollar was about to rise strongly—which it did. I ended up having quite a heated dialogue with Greg Hunter on USAWatchdog, resulting in a $1 bet. I have that dollar framed with his nice card in my office.

Those who had been harmed in the financial crisis wanted the dollar to go down, gold to go up, and stocks to drop. They wanted the establishment to fail. However, the financial coup had succeeded, and the Chinese were years away from building out significant global liquidity for their currency, bonds, and payment systems. They had only one aircraft carrier and did not yet have a global GIS satellite system. The long-term threats to the dollar were significant—but for now, the dollar was “dangerous but dominant.” The U.S. establishment’s strength was a reality that needed to be faced if we were to navigate the road ahead. While I insisted the economy would slow-burn forward, many in the independent financial media declined to integrate the black budget into their analyses and kept promoting the notion that the economy and financial markets were on the brink of collapse.

As the equity markets rose in size and price, colleagues and clients pressured me to provide an ESG (environment, social, governance) screen. After a review of the ESG industry, which I published in the 3rd Quarter 2016 Wrap Up, I grew convinced that the industry was screening without an adequate understanding of organized crime, the covert economy, and their intersection with government and the global financial markets. The result was that Solari Investment
Advisory Services, LLC developed investment screens, which we continued after shutting down our individual advisory business in 2018.

With my commitment to spend time in California behind me, I continued to spend time in the heartland of the United States and began spending more time in Europe and Asia. My investment screens and The Solari Report would benefit from more on-the-ground intelligence globally. The way I can best understand what is happening in an economy is by moving around inside of it. Whenever I am criticized for spending too much time outside of the United States, I try to explain that the dividing line in this struggle is between human and inhuman. I am, first and foremost, for humanity. For humans to achieve and maintain a human civilization on our planet, this will involve all of us.

For much of this period, there was nothing more to say about money that was going missing. HUD continued to refuse to publish its undocumentable adjustments. Occasionally, someone would nail DOD for failing—yet again—to produce an audit. However, what else could you say? There were trillions missing. Most people did not consider the story relevant to their lives.

And then the financials for fiscal 2015 were published. DOD had undocumentable adjustments of $6.5 trillion—by a multiple of three times, their biggest annual adjustments yet. HUD, silent since fiscal 1999, ‘fessed up to $278.5 billion of undocumentable adjustments for fiscal 2015. What was particularly shocking was that Lockheed Martin, lead supplier of payment and information systems to DOD, spun its IT division out to Leidos after fiscal 2015 ended and before the financial statements were published. This inspired me to publish a comment on The Solari Report on August 15th, “Lockheed Cuts and Runs” (https://home.solari.com/lockheed-cuts-runs/). I then started to speak and comment regularly on what was now $12-plus trillion missing from HUD and DOD and tried to get the issue injected into the campaign discussions. Congressional races are an ideal time for Americans to press their representatives on this topic.

I was in the Netherlands the night of the 2016 presidential election. I initially was appalled at the idea of Donald Trump being considered a serious candidate for the Republican nomination. As Don Coxe so wisely put it, the Presidency of the United States is not an entry-level position. However, Trump worked hard on his campaign and seemed to listen and learn. The choice came down to Hillary Clinton and Trump. When Trump threatened to have Clinton jailed during one of the debates, I decided I would vote for Trump and donate to his campaign. The person who persuaded me of the soundness of this decision was Michael Moore, who stated in his presentation before the election that Trump's election would be the biggest “F**k You” in recorded history. I realized that if a system has a negative return on investment, and everything that has been tried to fix it has failed, you might as well break it. If Trump could not recruit a team that could fix it, he might break it. Whatever happened, it would be better than Hillary Clinton. If a society continues to support the organized crime that is destroying it, there is no hope. No matter how slim, Trump offered some hope.

Immediately after the election, I stopped in Dublin on the way back from Europe to the United States. As I had breakfast in my hotel, I read a wide selection of newspapers from around the world. The outpouring of shock regarding the election underscored that there was very little understanding of why Trump had won and of the deeper economic and policy issues at work.

I took a deep breath and decided I would explain the “real deal” on the election. I wrote The Productivity Backlash. I strongly recommend it to you if you do not yet understand what is
happening in the heartland of America—in the flyover country ignored by the richly subsidized coastlines of America. If and when the U.S. dollar market share starts to decline significantly, it may help you to understand what it means if the subsidy gets pulled.

I headed home grateful that the steady growth of the Clinton death list had been halted. The chances that I and my colleagues would be added to it, at least, were diminished. But years of wasteful culture wars and fake news lay ahead, laid down like flak in the war for more central control.

Related Resources:

Solari Report:

- Planet Debt: 1st Quarter 2015 Wrap Up
  https://library.solari.com/q1-2015-wrap-up/

- Planet Equity: 2014 Annual Wrap Up
  https://library.solari.com/wrap-up-ready/

- Unpacking Divide and Conquer with Junious Ricardo Stanton

  https://home.solari.com/homan-square-is-someone-prototyping-domestic-rendition/

- Unpacking Baltimore with Junious Ricardo Stanton

Articles:

- “Open letter to my Congressman” (on place-based financial transparency)
  https://home.solari.com/open-letter-to-my-congresswoman/

- “Coming clean: Beyond the fiscal cliff”

- “Lockheed cuts and runs”
  https://home.solari.com/lockheed-cuts-runs/

- “Crazy man versus criminal: Cut and run, Monica Lewinsky II, & real trouble ahead”

- “The productivity backlash”
  https://home.solari.com/the-us-presidential-election-the-productivity-backlash/

Conferences:

- Secret Space Program 2014 – Catherine on the Black Budget and Dr. Joseph Farrell on the Hidden System of Finance
  https://secretspaceprogram.org/presentations-2014/
The two candidates that we have just had offered to us in this election, both of them made comments and one of them had a profession that dictated this…that they were going to continue to play by that playbook. Now one wonders what one of them is going to do because he [Trump] is bouncing all over the place. Is he going to rewrite the playbook? Is he going to play by the playbook? Is he going to throw it out the door? What's going to happen? That uncertainty certainly unnerved the markets initially, they recovered today. And they will continue to recover as long as he remains somewhat conciliatory and doesn't look like he is going to throw the playbook out. Just imagine if he suddenly decided that he would and it might be beneficial to the country that he did. Then you see what I am talking about now because the markets will go all over the place again. Because the markets are part of this state. The markets are part of waging war. They are part of the warfare state. Our entire financial system now is geared to this warfare state. It has an umbilical cord extending from it. That's how it survives. That's how it makes a lot of its profits…directly or indirectly. Not for nothing was HSBC found out for laundering drugs. You know where a lot of those drugs were coming from? …Afghanistan. This is a vicious many-headed animal that we have allowed to grow up—as Eisenhower predicted—and if we are not careful it is going to eat all of our lunches before it is through with us.”

~ Colonel Lawrence Wilkerson, during the 2016 election

Returning to the United States after the election, I dove into the publication of the 2016 Annual Wrap Up – Global Harvest and What It Means to Investors. I was and am convinced that the politics of food are going to grow steadily more important and powerful. I wanted to make sure our subscribers understood the changes underway and were prepared to ensure that they and their family secured quality food supplies over the next two decades and adjusted their investments accordingly. I then published the 1st Quarter 2017 Wrap Up – The Clash of Civilizations on whether the new Administration could address the fundamental problems facing the United States—including the missing money.
I continued to speak publicly about the extraordinary amounts of money that had gone missing at HUD and DOD in fiscal 2015 and from 1998 to date. Many people did not believe me. In response, I kept sending or posting links to the underlying government financial documents. It is always a remarkable experience to quote directly from public government reports and have people refuse to believe you and refuse to take the time to read the reports. As luck would have it, I have a group of intelligent subscribers. Some had the interest to dig in and read them and confirm my basic points.

In May 2017, I got an email from Dr. Mark Skidmore at Michigan State University. He had heard me describe the 2015 undocumentable adjustments. Knowing I must be wrong, he checked the DOD documents and confirmed I was right. He offered to help. The result was a decision for Dr. Skidmore and his students to do a thorough survey of HUD and DOD financial statements from 1998 to 2015 to establish a more reliable count of the missing money for the period. I had one condition—that I store and republish all documents on the Solari servers before we published anything.

I think Dr. Skidmore thought I was being overly cautious. In fact, I just had 28 years of experience with the lies, cheating, hacking, trickery, and violence that occurred in and around this issue. As I suspected, the government removed many of the financial reports that we downloaded and which supported the case of missing money. When the DOD and HUD IGs took down the documents, our copies continued to publish. Likely embarrassed by the fact that we had not depended on their website and Dr. Skidmore’s public shock, they republished the previously deleted reports on different URLs. They said they happened to be “reorganizing” their websites. Miraculously, both the DOD and HUD IGs decided to reorganize their web documents at precisely the same time. What a coincidence!

Related Resources:

Solari Report:
- Edward Bernays & the 10 Big Lies of the 21st Century with Junious Ricardo Stanton
- Exchange Stabilization Fund with Rob Kirby
- Interest Rate Swaps with Rob Kirby
  https://home.solari.com/interest-rate-swaps-with-robert-kirby/

Articles:
- “The financial coup & missing money: Quotes”
  https://home.solari.com/the-financial-coup-missing-money-quotes/
- “U.S. Army fudged its accounts by trillions of dollars, auditor finds”
  https://www.reuters.com/article/us-usa-audit-army-idUSKCN10U11G
- “The productivity backlash”
  https://home.solari.com/the-us-presidential-election-the-productivity-backlash/
XI. The Skidmore Report (May 2017–October 2018)

“Let me tell you: You take on the intelligence community—they have six ways from Sunday of getting back at you.”

~ Senate Minority Leader Chuck Schumer

Thus began the process of Dr. Skidmore and his students reviewing the public financial reports of HUD and DOD for the federal fiscal years 1998-2015. While I had identified a total of $12-plus trillion of undocumentable adjustments, they kept finding more. Each time I received a call from Dr. Skidmore, I would hear him say in amazement, “We found another trillion.” Finally, the total count went to $21 trillion, more than the outstanding U.S. debt.

Finally on September 28, 2017, Dr. Skidmore published his report on the findings. It was published on The Solari Report with copies of supporting documentation and links to the HUD and DOD websites where the original documentation had been sourced. It was followed by seven updates as DOD scrambled to justify their absence of audits. During this period, both Dr. Skidmore and I did regular radio and Internet shows to describe the situation.

Right after the report was published, the New York press reported a fire at the New York Fed on a Saturday. The first report I read said that someone was using an old fireplace. I should have kept a copy. Lockheed could spin out its liabilities to a new company, but the other part of the payment systems run by the New York Fed as depository for the U.S. government and manager of the Exchange Stabilization Fund could not. Meanwhile, DOD announced its new audit—as if this was a new thing.

With sufficient attention on the missing money, I believed it was time to connect the dots to what was happening to our pension funds. I researched and published our 2017 Annual Wrap Up – Does Your Pension Fund Have a Deep State Drain? on the state of the U.S. pension funds. Shortly after I published it, our site went down. The situation was so bad, I made the 2017 Annual Wrap Up public and proceeded with our team to build a new website rather than fix the old one. Our business—which had been growing steadily at 20%-25%—dropped dramatically until we had the new site back up and running. We continue to bring up our full library—the amount
of work and expense have been significant. I say this to underscore the importance of connecting the dots between the missing money and our retirement savings.

Here is an excerpt from The State of Our Pension Funds in the 2017 Annual Wrap Up:

“If it’s not a problem for $21 trillion to go missing from DOD and HUD and it is possible to come up with more than $20+ trillion to give or loan to the banks when there is no legal obligation to do so and when we can transfer trillions of the most valuable technology in the world to private corporations at zero cost to them and great cost to the taxpayers, I assure you that fixing whatever pension fund problem there is, is not difficult. However, the political will must exist and want to. That is the problem. If we can print money to give $20+ trillion to the banks and let $21 trillion go missing from the federal government, why is it a problem to print $5 trillion to fund the pension funds?”

One of the reasons is because the pension funds are a SOURCE of revenues to finance the missing money and bailouts. It is challenging when your source becomes a use. Where will you source the revenues instead? As the German finance minister explained at the G20 meeting in China in 2017, “The debt finance growth model is over. There are no changes that aren’t real reforms.”

I would add that this also holds true for addressing the fraudulent inducement of American students with $1 trillion of student loan debt or the bankrupting of millions of Americans with an overly expensive health care system and suppression of economic health care treatments, among other items.

One of the things that became apparent after Dr. Skidmore’s report was published was that investors, reporters, researchers, and interested citizens were not able to follow the story without a deeper understanding of the federal laws related to both monetary and fiscal operations in the U.S. government. Consequently, I commissioned attorneys Michele Ferri and Jonathan Lurie to research and publish a series of seven articles to make the federal laws in this area easier to understand. You can find their work in U.S. Federal Finances: The Law in Part 1 of this 2018 Annual Wrap Up and at our Missing Money website.

In early 2018, the state of Tennessee audited Solari Investment Advisory Company, LLC. It was part of a three-year cycle in which the state audited all of the investment advisory companies in the state. Based on the hourly rates the SEC uses for such situations, the legal and bookkeeping costs of the audit exceeded our expected revenues for the year. Coming as it did approximately two weeks after the Solari Report site was destroyed and during a period when I was scheduled to be in Australia and New Zealand, the costs were particularly demanding. In addition, the proposals requiring us to adopt cybersecurity software, I believed, would badly compromise clients’ privacy regarding their private assets held outside of banks, insurance, and brokerage firms—including cash and precious metals. One concern was that the state had recently hired as their IT contractor a firm I have had personal experience with—and have found to be highly unethical in repeated dealings. Consequently, I closed the individual investment advisory company to focus on investment screens. Given the uncertainty ahead, anything I and the Solari team could do to reduce our regulatory requirements and risk was essential.

The missing money issue came to a head in October 2018. DOD was struggling to complete an audit. Before they finalized the process—as they could not complete an audit—the Federal
Accounting Standards Advisory Board (FASAB) issued its Statement 56 with adoption by the GAO and OMB—essentially authorizing secret books with the approval of both the Trump administration in the White House and the Republican and Democratic leadership in the House and Senate. In a nutshell, Statement 56, in combination with other classification and black budget laws, gives government agencies and private corporations the ability to make their financial information secret, resulting in financial statements that are misleading, provided that they do so based on an argument that the information they are leaving out or doctoring is related to a national security concern. DOD exercised the use of FASAB 56 before finalizing the audit process. What that meant is that the financial report DOD published at the completion of its non-audit was essentially meaningless.

No one noticed the adoption of FASAB 56 on October 4, 2018 to end federal financial reporting—essentially shredding the Constitution. Two days earlier, Jamal Khashoggi, a journalist for the Washington Post and former general manager and editor-in-chief of Al-Arab News Channel, was assassinated at the Saudi consulate in Istanbul. In addition, Congress was in the middle of the Kavanaugh nomination hearings and related allegations over the sexual practices of teenagers. Whether murder or sex, the shriek-o-meter made sure the most important story of the year was not mentioned or noticed, let alone understood.

Is it possible that one of the reasons for such noisy events was to slip through FASAB 56 without comment? With the Bush faction and the neocons working their way into the Department of Justice, the courts, and the nuts and bolts mechanisms of the deep state, their mastery of the machinery was evident. How many wars can be started by funneling money under the umbrella of FASAB 56 to foreign militaries and mercenaries? Now that we have spent 18 years and $5.9 trillion on war in the Middle East, is the seven-countries plan back in play?

Wesley Clark discussing seven-country plan –
https://www.youtube.com/embed/9RC1Mepk_Sw

Related Resources:

Solari Report:
· 2017 Annual Wrap Up: Does Your Pension Fund Have a Deep State Drain? see The State of Our Pension Funds
https://pension.solari.com/pension-fund-stats/

· The Missing Money – $21 Trillion in Undocumentable Adjustments and Counting with Dr. Mark Skidmore

· The Missing Money – How Would You Write the Movie? With Rob Kirby

Articles:
· FASAB Statement 56 – Understanding New Government Financial Accounting Loopholes
XII. Never Never Land – The Post FASAB 56 World

“Glory glory, hallelujah
Since I laid my burden down
Glory glory, hallelujah
Since I laid my burden down”
- Lay My Burden Down, old gospel song

The adoption of FASAB 56 in October 2018 has dramatic implications that most Americans and global investors are struggling to fathom. In frustration, I sent the following description to Matt Taibbi as he was writing a piece on FASAB 56 for Rolling Stone:

“The story is simple and obvious. What is it about secret financing for secret armies that you do not understand? The U.S. government just officially changed its governance model from a constitutional republic to fascism through an obscure accounting policy. No need to bother with a Constitutional convention. The U.S. Treasury is free to tax and then borrow from our pension funds and global and domestic investors and then transfer the money and assets financed and technology found or created without limit or oversight to private corporations and investors without compensation or oversight. This is privatization by the “just do it method.” Think of this as the extension of the bailouts to a permanent open bailout structure. The White House and Congress just opened a pipeline into the back of the U.S. Treasury and announced to every private army, mercenary, and thug in the world that we are open for business. Every mercenary on the planet is now generating proposed schemes to create business for themselves that pumps up U.S. corporate profits and campaign contributions. Why do you think Mattis is suddenly out and ads are suddenly running that ‘Blackwater is Coming’? My advice: Ask now former DOD Secretary Mattis—who opposed mercenary armies—how he feels about using his credibility to arrange significant increases in DOD appropriations and then getting the boot as soon as the mechanism to finance secret private armies goes into place.”
I should have added General Kelly as well. With large appropriations achieved, the General—who also had the good sense to oppose mercenary armies—was replaced by the head of OMB who had led the Administration approval for FASAB 56.

As the Department of Defense and the U.S. government were failing once again in 2018 to supply audited financials as required by law, U.S. Treasury debt grew by 6%. U.S. Treasury debt is expected to grow by 8% in 2019. That is despite many years of what is being called an “economic recovery.” If the economy slows or goes into recession, the debt growth is going to accelerate. If you add unfunded liabilities, the picture deteriorates further.

One important question is, who will buy this debt? Especially if they know that assets are free to transfer out through the back door? As I write this, U.S. Secretary of the Treasury Steve Mnuchin is being sued for his role as a private investor in allegedly asset stripping Sears before it went under. Given the power of FASAB 56 to implement a similar process in the U.S. government, it is telling that Treasury did not stop the implementation over concern for the credit or marketability of the U.S. debt.

Currently, U.S. investors own 33% of U.S. Treasuries, the Federal Reserve Bank owns 11%, and the U.S. government owns 27%, for a total of 71% owned domestically. That leaves 29% owned by foreign investors who are currently net sellers. In addition, the U.S. government holdings are expected to shrink as the cash flow in the Social Security Trust Fund goes negative, and in the next two years, markets will experience a significant volume of corporate maturities. Given high government debt levels, the competition for capital is going to be fierce.

In December, the ascension of the Bush team and neocons continued. William Barr, Attorney General during the George H.W. Bush administration, was nominated for Attorney General in the Trump administration. Barr served in the office of legal counsel at the CIA in 1976 when George H.W. Bush was confirmed as Director of Central Intelligence as a result of support from Dick Cheney, the Chief of Staff, and Donald Rumsfeld, then Secretary of Defense. Barr’s job included helping Bush shut down the Church Committee hearings. As his confirmation hearings proceeded, I wondered, did he see the lists of Americans scheduled for assassination to shut the Church Committee hearings down? Did he see my mother’s name on the list? It’s amazing how events keep coming back around to a few simple things. Perhaps time is circular.

As I pondered the challenges of explaining to global investors and citizens the importance of integrating FASAB 56 into their strategies, I decided to focus the Solari Report 2018 Annual Wrap Up on the $21 trillion missing money. We needed a hard copy that integrated important material on these events. Investors also needed to take responsibility for what was underway. We have always known this day would come. Now it’s here.

I called my attorney, Carolyn Betts, and we wrote “Caveat Emptor: Why Investors Need to Do Due Diligence on U.S. Treasury and Related Securities.”

It is long, it is dense, and it is important. You should read it.

The time has come for me to pass the baton to you. I am not going anywhere. However, I stopped financing this machinery as much as possible decades ago. So have lots of other people. You probably are financing it—as are our banks, insurance companies, pension funds, towns,
states, countries, money managers, churches, charities, and families. Your political leadership is certainly financing it.

Name everything you don’t like that the U.S. government is doing, that it is financing, or that you think its military and intelligence are probably doing. You are likely financing it. And you have the power to stop financing it—or to finance less of it. You also have the power to start asking questions of all the institutions who represent you and have access to your financial resources—including your bank, your pension fund, your state and local representatives, your money managers, your insurance company, and the charities and endowments you support.

If you won’t stop financing it, and if you won’t ask questions, there is little more I can do.

The U.S. government has undocumentable adjustments of $21 trillion. That is $65,000 for you and each of your family members, friends, and neighbors. Add the debt and the bailouts, and it keeps rising.

It’s your money. Your assets are on the line. It’s your life. Your future and your children’s and grandchildren’s future is on the line. It’s your action.

Whatever you decide to do, the Solari team and I will be here doing our best to help.

Related Resources:

Solari Report:
- Caveat Emptor: Why Investors Need to Do Due Diligence on U.S. Treasury and Related Securities

Videos:
- USAWatchdog with Greg Hunter Interviews Dr. Mark Skidmore on FASAB 56, January 2019
  https://www.youtube.com/watch?v=V3eHf8JJRZs

Articles:
- “Has the government legalized secret defense spending?” by Matt Taibbi, Rolling Stone, January 16, 2019
  https://www.rollingstone.com/politics/politics-features/secret-government-spending-779959/?fbclid=IwAR1xXuwT6l-aJDKlanE8d_h29zmYTUTm0t6YBGVKpJEHMRwR2PqR_lSGav3E

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Coming Clean Beyond the Fiscal Cliff

[CAF Note: We originally published this article in January 2013. I wrote it over the Christmas holidays in 2012 because it was obvious that, despite enormous noise throughout the media, most people had not looked at the deeper issues in the U.S. budget that presented obstacles to change. We are now living through another period of high noise. The Presidential election represented a debate between those who wanted to keep the unipolar empire going and those who thought it was necessary to pull back to North America. If you listened to the President’s inauguration speech, Trump talked about withdrawing from the business of telling other countries what to do and putting our own house in order. What we all need to recognize is that the financial picture requires that we change—this is not just the current leadership. So, in the hopes it will help you cut through the noise and understand the challenges that the Administration and Congress face, I am republishing “Coming Clean Beyond the Fiscal Cliff.” The reality is that the swamp is not just in DC—it extends from sea to shining sea. Overcoming the obstacles to real change requires all of us taking responsibility.]

By Catherine Austin Fitts

“Information is the hardest currency.”
~Andrew Vachss

Washington’s negotiations to address the fiscal cliff of automatic tax increases and spending cuts legislatively triggered at the close of 2012 are the latest in an ongoing effort to address increasing U.S. federal government deficits and debt levels. Enormous monetary and fiscal stimulus has failed to produce an economic recovery. In short, the U.S. government and central banks have failed to dig out. Instead, they are now dug in deeper. What to do now?

What is missing from this and other debates on the reengineering of the U.S. federal finances is an understanding or discussion of the structural problems in the federal finances that have been accumulating since WWII, when the United States—with 6% of the world’s population—found itself the master of 50% of the world’s resources.
The purpose of this article is to provide an overview of some of these structural issues in the hope that more citizens will be encouraged to consider how the federal finances flow through the immediate world around us—our household budgets; our businesses, farms, or places of work; our municipalities—and understand the government-sponsored organized crime and fraud draining us, so we can begin to implement real solutions.

Ultimately, the fiscal cliff is the tip of the iceberg of our economic and cultural woes. Our problems are deeper. The more of us there are who are prepared to look honestly at our situation and take responsibility for it, the sooner authentic solutions will become possible and emerge.

As we look over the fiscal cliff into our financial abyss, now is a good time to “Come Clean” about the real state of our lives, our communities, and our economy, starting with the U.S. federal finances that flow deeply and intimately throughout every aspect of our lives.

**First, a Story**

Imagine that you live in the historical mansion of a large, privileged family on a fine property—rich with good land, good water, and natural resources that your ancestors originally acquired through surreptitious means.

Imagine that the mansion and estate have serious structural problems that have accumulated over many years. The reasons are complex.

There is enormous distrust within the family. As the vigor of the generations dissipated and expenses rose, numerous members began turning to activities that were unproductive at best, or fraudulent and criminal at worst.

Those in charge of family finances, highly distrusting of the collective family intelligence and wisdom, mortgaged the estate and cut reinvestment in infrastructure to liquidate as much capital as possible to reinvest abroad—albeit in hidden legal forms. They engaged in numerous criminal activities, including ones that significantly harmed the neighborhood economy.

Almost no one in the family objected as allowances continued to be funded—even increased—and promises continued to be made. As long as everyone was getting his or her check, almost everyone was willing to ignore the deterioration of the real human and physical assets and equity on the family balance sheet. They were also willing to ignore the harm done to their neighbors.

The occasional relative who demanded a financial accounting of what was happening, or was not satisfied with petty bribes of various kinds, was sent packing or to work abroad, or even occasionally dealt with in a way that we pretend never happens—they developed diseases, were admitted to mental institutes, were said to have committed suicide, or just disappeared. These instances were
sufficient to strike terror throughout the family, leaving those in command of the family trusts unquestioned, as their offshore accounts and numerous enterprises grew.

The result was a fragile peace that grew thin, as the deterioration in the infrastructure of the estate and the structure of the mansion accelerated. Innovation was not encouraged. The managers were interested in their own global competition. They did not want any pesky entrepreneurs taking risks that could in any way attract attention or create liabilities for their grand plans. Indeed, young members were encouraged to use student loans to get their advanced education, ensuring their dependence on their allowance and reluctance to branch out on their own. Thus, the family members’ general understanding of the world around them and how to navigate it deteriorated rapidly.

Now the day has come when the deterioration in the management of the estate, the growing debt, the structural problems in the mansion, and the diminution of the family trusts necessitates a dramatic reduction in allowances.

Those in control face a marketing challenge. How do they arrange a dramatic reduction in allowances without providing an accounting of where the monies have gone, thus threatening their offshore holdings and enterprises, or exposing criminal liabilities to their global enemies? How do they maintain control without the continual flow of allowances to placate family members? And what will happen when the family members discover that their retirement savings and benefits are empty promises?

A task force of family lawyers and counselors is commissioned to make recommendations as to what can be done. They are instructed by the controlling family members to only make recommendations that involve cutting allowances or require contributions from those receiving them.

Under no circumstances are they to ask for a real accounting or to delve into the issues related to where family capital has been shifted abroad, the fundamental flaws in the family governance systems, property infrastructure needs, or the need for serious investment in the mansion foundation, let alone examine how to reinvigorate the prosperity of the land and property and the productivity and health of family members.

They are to deal only with whose allowances are to get cut and by how much—and how much various family members should contribute to a fund to restore the property.

The family lawyers and counselors want to keep their jobs and they certainly do not want to be “suicided.” So, for months, they argue over proposals—none of which address the real problems, let alone solve them.

After months of this, the family members reach a unique consensus, deciding that their lawyers and counselors are incompetent and should be replaced by new ones. Who will, of course, be subject to the same restrictions….
U.S. Federal Finances: 22 Challenges

Here are the most significant challenges we must address to put our federal fiscal house in order. Each includes a brief description. The links that follow provide more discussion of the particular challenge, including examples and stories from my experience as well as other recommended references.

Disclosure

We do not have reliable financial information about federal financial operations that provides government officials or citizens with the data they need to easily understand federal operations, make informed choices, or hold their legislative representatives and their fellow taxpayers accountable.

The current government budgets and financial statements reflect “overt” operations. They exclude a significant amount of classified or illegal government activities—“covert operations”—whether paid for out of classified intelligence agency and military budgets or the “black budget.”

The financial statements that reflect “overt operations” have not been able to pass independent audits for almost two decades (as required by law) and report that trillions of dollars have gone missing in transactions that are “undocumentable.” This has included years when such “undocumentable” transactions exceeded total annual tax receipts.

In addition, it is nearly impossible to track federal expenditures by place using federal reporting structures; and thus, it is very difficult for communities to hold their congressional representatives accountable. Some information about local sources and uses of federal funds can be indirectly gleaned from financials prepared by state and local officials (see “Comprehensive Annual Financial Reports,” https://en.wikipedia.org/wiki/Comprehensive_annual_financial_report). But it is impossible to get a comprehensive picture from these or any government-issued financial reports. Perhaps by design.

As a government official, I struggled with the problems of trying to understand the origination of government mortgage credit by place without basic financial information. If reliable government budgets and financial statements were easily accessible to citizens by county or congressional district, mortgage fraud would never have become as bad as it did during the last few decades.

When I joined the Bush Administration in 1989 as Assistant Secretary of Housing, I read the budget for the Federal Housing Administration (FHA). It described a $300 billion portfolio of mortgage insurance in force with about $50-100 billion a year of annual originations. I asked the person responsible for the comptroller function to direct me to the place in the budget where it explained how much we were making and losing. I was told there was no such place. I asked where the financial statements were. I was told that the accountants had them, that they reported to a different Assistant Secretary and that I was not allowed to speak with them. The Government Accounting Office (GAO) had audited our financial statements several years ago. We could not afford an outside auditor, let alone every year. Besides, we operated on a cash basis. The Office of Management and Budget (OMB) would never permit accrual statements.
After months of working with a variety of parties at HUD, OMB and in the Administration, and with much support from GAO, the accounting group was moved over to my area and legislation was introduced and passed that required a comptroller for the FHA Funds, a chief financial officer for the department, and a legal requirement for annual audited financial statements and actuarial statements.

When we got access to our financial information, it turned out that we were losing $11 million a day in the single-family fund, the Mutual Mortgage Insurance Fund, and more in the multifamily and special risk fund called the General Insurance Fund. What is more, I discovered that we had never tracked our financial results on a place-based basis. In other words, ten regional and eighty field offices had no idea how they were doing. So we put together crude place-based cash flows.

What we found was simply astonishing. First, the national data on which the portfolio was based turned out to be the irrelevant product of averaging. A look at all ten regions and eighty field offices showed that no one part of the portfolio fit the image depicted by the national averages. Our vision of our business had been substantially distorted by the way in which the data had been presented. Second, it turned out that over 100% of our losses were generated in two regions.

The first was headquartered in Texas, and included Oklahoma, Louisiana and Arkansas. We discovered that the Texas region had lost over $2 billion the year before. They had no idea. The second was headquartered in Colorado. What the numbers showed was that S&L fraud and HUD fraud were perpetrated by the same networks and in the same places involving the use of federal credit.


How does Congress make choices or educate and align constituencies without reliable, independent feedback regarding their financial and economic decisions? It's difficult—and in turn, many decisions are made based on inaccurate information.

**Legality**

A significant portion of federal government spending operates in violation of the laws governing federal financial management and reporting and the United States Constitution, which stipulates that no payments can be made that are not provided for in an appropriations bill approved by Congress. Specifically, Article 1, Clause 7 states: “No Money shall be drawn from the Treasury but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.”

Let me give you some examples from my own experience:

*We [my company, Hamilton Securities Group] were blessed with an advisory board of very capable and committed pension fund leaders. In April 1997, we had an advisory board meeting….I gave a presentation on the extraordinary waste in the federal budget. As an example, we demonstrated why we estimated*
that the prior year’s federal investment in the Philadelphia, Pennsylvania area had a negative return on investment. It was, however, possible to finance places with private equity and then reengineer the government investment to a positive return and, as a result, generate significant capital gains. Hence, it was possible to use U.S. pension funds to increase retirees’ retirement security significantly by investing in American communities, small business and farms—all in a manner that would reduce debt and improve skills and job creation. This was important as one of the chief financial concerns in America at that time was ensuring that our retirement plans performed financially to a standard that would meet the needs of beneficiaries and retirees. It was also critical to reduce debt and create new jobs as we continued to move manufacturing and other employment abroad. If not, we would be using our workforce’s retirement savings to finance moving their jobs and their children’s jobs abroad.

The response from the pension fund investors was quite positive until the President of the CalPERS pension fund—the largest in the country—said, “You don’t understand. It’s too late. They have given up on the country. They are moving all the money out in the fall (of 1997). They are moving it to Asia.” He did not say who “they” were but did indicate that it was urgent that I see Nick Brady (former Chairman of Dillon Read and former U.S. Secretary of the Treasury)—as if our data that indicated that there was hope for the country might make a difference. I thought at the time that he meant that the pension funds and other institutional investors would be shifting a much higher portion of their investment portfolios to emerging markets. I was naive. He was referring to something much more significant.

The federal fiscal year starts on October 1st of each year. Typically the appropriation committees in the House and Senate vote out their recommendations during the summer. When they return from vacation after Labor Day, the various committees reconcile and a final bill is passed in September. Reconciling all the various issues is a bit like pushing a pig through a snake. Finalizing the budget each fall can make for a tense time. When the new bill goes into effect, new policies start to emerge as the money to back them starts to flow. October 1st is always a time of new shifts and beginnings.

In October 1997, the federal fiscal year started. It was the beginning of at least $4 trillion going missing from federal government agency accounts between October 1997 and September 2001. The lion’s share of the missing money disappeared from the Department of Defense accounts. HUD also had significant amounts missing. According to HUD OIG reports, HUD had “undocumentable adjustments” of $17 billion in fiscal year 1998, and $59 billion in 1999. The HUD OIG refused to finalize audited financial statements in fiscal year 1999, refused to find out the basis of the undocumentable adjustments or to get the money back and refused to disclose the amount of undocumentable adjustments in subsequent fiscal years.

Catherine Austin Fitts, Dillon Read & Co. Inc. & the Aristocracy of Stock Profits (https://dillonreadandco.com/)
See also:

- DOD IG: $1.1 trillion missing (https://www.whereisthemoney.org/1.1trillion.htm)
- HUD IG: $59 billion missing (https://www.whereisthemoney.org/59billion.htm)
- Enforce the Constitution (https://constitution.solari.com/)
- The Missing Money (https://missingmoney.solari.com/)

Here is more I wrote in the process of trying to hold a Congressman on the budget and appropriations committees accountable:

In June 2001 the Senate Governmental Affairs Committee, published its study, “Government at the Brink.” The study describes the failure of federal government agencies to maintain reliable financial systems and/or to publish independent annual audited financial statements as required by law. The President’s initial 2002 budget (before increases for 9-11) proposed that approximately 85% of all federal appropriations be awarded to the very same agencies the Thompson study states either (a) fail to maintain reliable financial systems, (b) fail to publish trustworthy or, in some cases, any, independent certified financial statements (as required by law), or both.

At that same time, Congressman Steve Horn (R-Calif.), Chairman of the House Government Reform subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations issues a report card regarding attempts by federal agencies to produce reliable annual audited financial statements.

Other reports from sources like agency inspectors general and government whistleblowers charge that the problems are much deeper than mere accounting: they allege stolen and missing inventory (planes, tanks, etc.) and in some cases actually admit that they rely on black budget funding (i.e., funding that is “off balance sheet” and not subject to Congressional oversight). The existence of such reports requires that we ask whether the very government officials and contractors who are paid handsomely to protect and manage our resources in accordance with the law are looting the federal government.

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Total undocumented accounting adjustments for reported periods for the Department of Defense (fall of 1997 to date) amount to a whopping $3.3 trillion, or $11,700 for every American. (Many American families don’t even have $11,700 in savings in their bank accounts.) The Department of Defense has failed to produce independent
audited financial statements since the requirement went into effect in 1995. HUD’s Inspector General refused to certify HUD’s fiscal 1999 financial statements. Since both agencies have refused to explain the undocumented adjustments in adequate detail for some years and declined to report or make public undocumented adjustments, we have no evidence to document that large amounts of assets or money are not being stolen.

Catherine Austin Fitts, “Saving Tennessee” (http://www.scoop.co.nz/stories/HL0207/S00031.htm)

The missing money problem is systemic and bipartisan. In “Treasury Checks and Unbalances,” which appeared in the April 2004 edition of Insight magazine, Kelly Patricia O’Meara demonstrated this fact quite conclusively. As she reported, according to the GAO (the General Accounting Office, which changed its name in mid-2004 to the Government Accountability Office), the year-end financial reports submitted by four U.S. Secretaries of the Treasury were unreliable and essentially “unauditable” despite the assurances of the accuracy of these reports by these Treasury officials.

Kelly continued: “It is the job of the U.S. General Accounting Office (GAO) to audit the federal government’s financial statements, and this year, as in all previous years in which the auditing requirement was in force, ‘certain material weaknesses in internal control and in selected accounting and reporting practices resulted in conditions that continued to prevent us from being able to provide Congress and American citizens an opinion as to whether the consolidated financial statements of the U.S. government are fairly stated.’ Indeed, the GAO further reports, ‘As a result of material deficiencies in the federal government’s systems, record-keeping, documentation and financial reporting, readers are cautioned that amounts reported in the consolidated financial statements and related notes may not be reliable.’”

So, the books can’t be audited and what information is made available “may not be reliable.”

Contrast this with the statements of the various Secretaries of the Treasury.

Robert E. Rubin, 1997—“We believe that the publication of these audited statements is an important step in providing American citizens with more information about the operations of their government.”

Robert E. Rubin, 1998—“We believe that the publication of this financial report is an important step in providing the American public with useful information about their government’s assets, liabilities and operations.”

Lawrence H. Summers, 1999—“We are committed to producing and reporting financial information that meets the highest standards of integrity and to provide to the American people the accountability and professionalism they expect from their government.”

Paul H. O’Neill, 2000—“I am committed to producing and reporting financial information that meets the highest standards of integrity and to provide the American people the accountability and professionalism that they expect from the government.”

Paul H. O’Neill, 2001—“I believe that the American people deserve the highest standards of accountability and professionalism from their government, and I will not rest until we achieve them.”
“I intend to continue the commitment to producing and reporting financial information that meets the highest standards of integrity and to provide the American people the accountability and professionalism that they expect from their government.”

Remember—these unreliable and essentially “unauditable” financial reports from the U.S. Treasury were being issued before the bailouts.

A Congressman, who was on the budget and appropriations subcommittee in 2002, told me that he was helpless to address trillions in unconstitutional transactions. How, then, is Congress supposed to grapple with them in 2013?

**Operations**

A significant portion of governmental accounting functions, payment systems, and financial operations have been outsourced to private banks and corporations. Indeed, the government has become so dependent on outside corporations that government officials do not have the knowledge or operational capacity and independence to assert control. And worse yet, the same private contractors and banks that control the government’s data and financial operations also control access to the bond markets that finance the government’s operations! So, who is really in charge?

It is critical to understand that government officials who are technically responsible for financial operations do not have control, nor can they necessarily rely on the government for “protection.” So, how can they fulfill their fiduciary responsibility to the citizenry?

The New York Fed member banks serve as depository for the U.S. federal accounts and manage the U.S. Treasury Exchange Stabilization Fund. The Treasury is also dependent on them for an enormous number of servicing functions, such as for processing bonds, mortgages, and foreclosures. Finally, the New York Fed member banks and the other primary dealers market Treasury and agency debt to fund ongoing deficits.

Within the agencies, private defense contractors provide the primary information and payment systems. Hence, the largest contractor at DOD, where over $3.3 trillion has gone missing, runs many of their accounting and payments systems while it is also selling large weapons systems to DOD. The DOD’s supplier of accounting software and systems is also their largest supplier of weaponry and services, as well as the manager of numerous highly classified and secret weapons programs.

As agents, these banks and contractors are the custodians of vast amounts of data from scores of federal agencies, including military and intelligence agencies, and in turn have access to the full range of confidential data about citizens and their taxes and transactions. In effect, the sovereignty of the United States Government and its citizens has been transferred to those who control the data and telecommunications systems. There has been a financial coup d’état.

The largest defense contractor at HUD on several occasions refused to give senior government officials or me access to data on HUD subsidies that they were managing and for which they operated the payment systems. In essence, the defense contractor was in control, and the government officials were subservient to them. I assume this was because the HUD subsidies were being run in a manner that was very different from the budget and financial statements described.
In March 2000, the HUD Inspector General testified that HUD would not publish financial statements for fiscal 1999 and that the undocumentable adjustments made so far to balance the books was $59 billion. A close reading of the undecipherable preliminary audit indicated that, in fact, the number was $17 billion in fiscal 1998 and $70 billion on the asset side and $59 billion on the liability side in fiscal 1999. As a practical matter, since HUD was assuring us that their systems did not work and that they had simply not bothered to check their accounts and cash balances in the old fashioned way using paper and pencil, we had no numbers of any meaning. In fact, anything was possible. Worse yet, GAO reports of the Treasury accounting systems both as to their reliability and control by private contractors are also disturbing. With little or no information sovereignty, the internal controls are insufficient to assure that cash balance reconciliation between an agency such as HUD and Treasury are accurate.

When an agency can issue government guarantees and not record what they have issued correctly and then write checks that are not recorded correctly, then one or more of the players that handle the money, namely the U.S. Treasury, the Federal Reserve Bank of New York, AMS and Lockheed, may be in a position to steal literally hundreds of billions of dollars with no one the wiser except those enjoying the fruits.

Such a thought seemed far-fetched not that long ago. Indeed, in 1994 after the first FHA/HUD financial audit was published, a mortgage banker came to see me. He was a serious engineering type who clearly worked hard and mastered the details of his business. He was distressed, he said. For decades he had been keeping a tally of total outstanding FHA/HUD mortgage insurance credit. He had brought printouts of his database for me. It turned out that the government’s published financial statements showed the amount outstanding was substantially less than the actual amount outstanding. He was sure. I assumed that the guy was crazy. If what he said were true, then the U.S. Treasury and the Federal Reserve would have to be complicit in significant fraud, including securities fraud. This was inconceivable. To this day, I regret not accepting a copy of the printouts from his databases. I wonder if they might have illuminated what our [Community] Wizard and other portfolio tools were about to find. They might have helped explain why our efforts to distribute information on the HUD outstanding mortgage and defaulted mortgage portfolios inspired such opposition and distress.

The indications are growing that Treasury and OMB are engaging in fraudulent transactions and that the key financing, accounting and payments systems are run by contractors who are either in on the deal or turn a blind eye. What this means is that the financial disclosure provided by the federal government may be essentially meaningless. It does not take long to realize that in a world with no financial controls with the fox in control of the chicken coop anything is possible. Life in the federal government is an endless series of shortcuts under impossible competitive stress and risk. With no internal financial controls, things can go far off course with no way for reasonable people to stop it.

Catherine Austin Fitts, “The Myth of the Rule of Law”

There are several other issues regarding government contracts that present challenges to anyone
wanting to reengineer the federal budgetary process.

The first is that much of defense contracting has been organized and priced on a “cost-plus basis.” That is, contractors are reimbursed for their stated costs plus a set mark-up. Experts familiar with the defense procurement process believe that this has resulted in ballooning expenses, poor performance, and less innovation.

Second, government contractors are rarely disqualified despite criminal behavior or corporate malfeasance or even criminal conviction. One of the more infamous cases concerned a government contractor that was sued on multiple occasions for sex slave trafficking, including by the project contract manager—accusations confirmed by defense department criminal investigators. The contractor in question continued on as the largest contractor at the U.S. State Department, was protected by senior state officials, and then was awarded a sole-source contract to manage the criminal justice system in Iraq.

Third, there is often no more carefully hoarded information within a federal agency than the agency contract budgets. If our government is going to be run by government contractors, then we need to know who they are, what they are responsible for, and how that relates to any financial reporting and accounting problems we are having.

David Walker was head of the GAO, chief auditor to the U.S. Congress, while the U.S. government consistently failed to comply with laws requiring audited financial statements and over $4 trillion went missing. One reporter with whom I was working was promised by Walker that he would publish the names of government contractors associated with these losses. This was after petitions under the Freedom of Information Act to the agencies failed to result in even basic disclosure of the relevant contractors and their contracts. Mr. Walker failed to ever honor that commitment. Today, with the names of those contractors still invisible, Mr. Walker serves as the CEO of the Pete Peterson Foundation, where he pontificates on fiscal accountability and the need for Americans to tighten their belts.

Fourth, perhaps the greatest risk of all is the outsourcing of our military capacity. Overall, federal employment has declined in recent decades. One reason for this is the increased dependency of the military on outside contractors. Given the importance of the U.S. active and reserve military for national defense, the idea that these functions are dependent on private corporations whose investors also control governmental purse strings is truly frightening to contemplate.

Fifth, private contractors often operate without legal liability, creating governmental and military operations for which no one is liable. One famous example of this “nether world” came out when Gary Webb published his Dark Alliance news series and book on government narcotics trafficking in South Central Los Angeles.

In response to citizen concern inspired by Webb’s story, then Director of the CIA, John Deutch, agreed to attend a town hall meeting in South Central Los Angeles with local Congressional representatives in November 1996. Confronted by allegations in support of Webb’s story, Deutch promised that the CIA Inspector General would investigate the “Dark Alliance” allegations.

This resulted in a two-volume report published by the CIA in March and October of 1998 that included disclosure of one of the most important legal documents.
of the 1980s—a Memorandum of Understanding (MOU) between the Department of Justice (DOJ) and the CIA dated February 11, 1982 in effect until August 1995…. 

No history of the 1980s is complete without an understanding of the lawyers and legal mechanisms used to legitimize drug dealing and money laundering under the protection of National Security law. Through the MOU, the DOJ relieved the CIA of any legal obligation to report information of drug trafficking and drug law violations with respect to CIA agents, assets, non-staff employees and contractors. Presumably, this included the corporate contractors who, by executive order, were now allowed to handle sensitive intelligence and national security outsourcing.

With the DOJ-CIA Memorandum of Understanding, in effect from 1982 until rescinded in August 1995, a crack cocaine epidemic ravaged the poorer communities of America and disenfranchised hundreds of thousands of poor people into prison who, now classified as felons, were safely off of the voting roles. Meantime, the U.S. financial system gorged on what had grown to an estimated $500 billion-$1 trillion a year of money laundering by the end of the 1990s. Not surprisingly, the rich got richer as corporate power and the concentration of investment capital skyrocketed on the rich margins of state sanctioned criminal enterprise.

*Catherine Austin Fitts, Dillon Read & Co. Inc. & the Aristocracy of Stock Profits*

Sixth, there are numerous reports that government contractors are being allowed to use tax avoidance mechanisms that reduce their tax liability substantially. So, while taxpayers provide their revenues, these contractors avoid their fair share of taxes.

Finally, while the government is becoming more dependent on corporate America, corporations are becoming more dependent on government subsidies, contracts, and purchases—thus radically increasing the dependency of the commodities, bond, mortgage, stock, and derivatives markets on the federal budget. The financial markets have become a “proprietary” for various government agencies (i.e., a business secretly owned by and run as a cover for an intelligence organization). Hence, it is not surprising that in the second Bush Administration, the National Security Council invented their right to exempt corporations that they specify from obligations to comply with SEC disclosure laws. Very few investors are aware of this, let alone that their retirement savings and personal assets are deeply dependent on ever increasing government borrowings because the corporations and banks in which they or their pension funds are investing are primarily U.S. government contractors.

**On and Off Budget**

Assets, revenues, and expenses can be accounted for on-budget or off-budget, or simply not accounted for at all. Decisions as to what is on- and off-budget are often crafted in a way that is not in the best interests of the citizenry. Rather, they are designed to benefit insiders at the expense of everyone else.

Let’s look at some examples:
· The government’s cost of waging war is on-budget. But, the assets acquired in those wars are preserved for the benefit of insiders, often through local “agents” that outsource and “privatize,” joint venture, or simply function as puppets.

· Policies and regulations are crafted to transfer benefits to insiders while transferring (externalizing) liabilities to the taxpayers. We can see the results of this process in increasing health care and unemployment costs, for example.

· Trillions of dollars that have been used for bank bailouts are off-budget or engineered with FDIC insurance, Fannie and Freddie takeovers, FHA insurance, and the Federal Reserve actions that ultimately result in the expense coming back on the budget and in turn being subsidized by the citizenry (see “Bailout ‘Mo Money” in the Solari Library). To add insult to injury, the resulting bank profits are only lightly taxed while bonuses increase.

· The government funded the space program for decades and paid defense contractors trillions to learn and acquire all the technology involved. Now that we are ready to proceed with energy and mining projects in space, space exploration is being privatized. So, the benefits of valuable IP that was paid for by the taxpayer will now accrue to these corporations.

Essentially, the U.S. federal budget is designed to absorb liabilities (risk and expense) into the public sector while transferring assets to the private sector. This imbalance must be addressed to make the federal budget and finances economically viable.

Globally, the process of “piratization” is pushing federal finances in the opposite direction from accountability and viability—see my popular blog post, “Financial Coup d’Etat.”

Currently, there is no political process to facilitate fiscal responsibility, short of war, wholesale tax revolt, or collapse.

**Restoration**

There are trillions of dollars missing from federal accounts, as documented by the federal government itself.

_The reports of significant money missing from the United States government over the years are many, including Kelly Patricia O’Meara’s series for Insight Magazine on money missing from the U.S. government and Donald L. Barlett and James B. Steele’s investigative reporting published in Vanity Fair on monies missing in U.S. operations in the Middle East. For a time, there were so many stories on monies disappearing from the U.S. government that we kept track of them on a part of the Solari website dedicated to stories about money missing from the federal government: Solari: The Missing Money (https://missingmoney.solari.com/)._ 

_Kelly O’Meara’s series on the missing money attracted significant attention in 2000 and 2001. Things seemed to be coming to a head on September 10, 2001, when Donald Rumsfeld conceded in a press conference that DOD was missing_
trillions. However, that fact was not to attract much attention given 9-11 events the following day. Rather, the tragedy was used to justify the loss of financial records at the Pentagon (we are apparently to presume that the Pentagon is incapable of making or keeping backups) and the inability of the Army to produce financial statements in 2001.

One Tennessee congressman on the House Budget and Defense Appropriations Subcommittee confirmed to me that these billions were missing, but said that he was helpless to do anything about it, despite being a member of the budget committee and defense appropriations subcommittee. (See “Letter to Congressman Van Hilleary.”)

The missing money phenomenon was overwhelmed by the bailouts that began in the second Bush administration and continue through the Federal Reserve today (see “QE3- Pay Attention if You Are in the Real Estate Market”).

Catherine Austin Fitts, “The Housing and Economic Recovery Act of 2008: An Analysis”

Perhaps the military-industrial-intelligence complex saw the opportunity to bypass the complexity of using dummy corporations and criminal enterprises to steal trillions covertly in order to fund their black operations and insider perks, and decided to take advantage of the bubble in the mortgage markets where knowledge of the fraudulent securities positions and the derivatives piled on top could be used to blackmail the banksters—resulting in money flowing out the front door through bailouts and the deflection of Fannie Mae’s and Freddie Mac’s liabilities to the taxpayer. Or perhaps that is why the bubble was created in the first place—the military-industrial-intelligence complex needed the cash—and, as always, the banking system was there to accommodate (for their cut of course).

I have always said, “crime that pays is crime that stays.” We need restoration of assets that have been stolen, whether by identifying them and reclaiming them or asserting liability of the parties involved and simply claiming ownership to their assets or asserting a common right of offset of any government or taxpayer liabilities to them.

Ultimately, the federal budget is like a milk bucket with a hole in the bottom of the bucket. The folks who milk the cows are tired of hearing that the bucket is empty and there is not enough milk. They do not want to put more milk in the bucket until they understand where the milk has been going and they are persuaded that the hole has been repaired.

Now do you appreciate why the federal government is increasingly interested in deploying drones domestically and promoting gun control as they contemplate the fiscal cliff?

Legacy Economics

The budget and the federal regulatory structure operate in accordance with a legacy industrial-based economic paradigm that is increasingly outmoded in the face of technological advances and globalization. Despite these trends, significant technologies continue to be suppressed.

The world is changing. Washington is often lobbied by a wide group of constituencies that want
government to protect them from the risks and expense of that change. So, for example, as video on the Internet shifts market share away from Hollywood, the entertainment industry lobbies for greater control of the Internet.

This often puts Washington on the wrong side of numerous highly sensitive technology questions—involving mistakes in both adaptation or suppression. For example, Washington is leading the charge in the U.S. and globally to adopt genetically modified organism (GMO) technology—corrupting the global seed supply, destroying agricultural diversity, and paving the way for both the industrialization and control of the global food supply. My guess is that the suppression of breakthrough energy technologies cannot last. As we move away from fossil fuel for which the U.S. dollar is the exchange currency, the pressure is on to backstop the U.S. dollar with an asset other than oil—thus, the push for GMOs.

This means that the general economy is paying for the U.S. governmental mechanism to engineer control for a private syndicate that is compromising the fundamental nature of life.

Globalization has been engineered through international agreements that are then used to supersede national laws and national sovereignty. The result has been global devaluation of the value of labor relative to capital that has centralized wealth in a manner that has shrunk total wealth. One of the most persuasive descriptions of this process was provided by Sir James Goldsmith in 1994, when he came to the United States to lobby Congress against the adoption of the Uruguay Round of GATT.

Sir James Goldsmith’s 1994 Globalization Warning:

Integration of new technology is expected to significantly increase middle class unemployment over the new decade. As I write this, the latest Kiplinger Letter is warning of the danger of a significant squeeze on middle class incomes as a result of robotics and other automation trends. Expect this to put additional stress on the federal budget without a parallel effort to use technology to lower expenses and increase the productivity and self-sufficiency of individual households and small businesses.

Health

Federal laws and regulations encourage or require practices affecting nutrition, health, and pharmaceuticals that significantly and adversely impact the health and well-being of the general population, causing healthcare costs to explode, resulting in economic stress and damage to households and small business. These issues, along with an aging baby boomer generation, are at the heart of the politics surrounding Social Security and Medicare.

Catherine on Federal Health Care Policy in 2010:
https://www.youtube.com/embed/OhjV7KIWCbk

If you want to understand the fundamental problem with the American health system, watch my favorite food documentary, Fat, Sick and Nearly Dead.
Australian Joe Cross heals himself of an autoimmune disease on a juice fast as he drives across America, engaging with the people he meets about diet and nutrition. At a truck stop in Arizona, he meets Phil Staples, an Iowa trucker with the same autoimmune disease.

Persuaded by Joe, Phil starts a juicing regimen and within six months is also healed, along with losing half his body weight and transforming into the picture of vibrant health. Near the film's end, Phil sits with his brother, who has just returned from the hospital as part of his recovery from a heart attack. Juicing costs $14 a day with conventional vegetables, $28 a day for organic. Phil's brother's heart attack cost $55,000. He sits and describes his pile of pharmaceuticals to Phil. It is relatively easy to add up the dramatic difference in health care costs between Phil and his brother resulting from their vastly different diet and lifestyle choices.

The deterioration in the quality of the food and water supply is a driving force in exploding health care costs, particularly as the baby boomers age. See the documentaries *Obesity: Killer at Large* and *Sugar: The Bitter Truth* and our interview on The Solari Report with Dr. Robert Lustig.

One of the most important factors is the increase of GMOs in the seed and food supply. See Jeffrey Smith's documentary, *Genetic Roulette*, as well as our Solari Report interview with Jeffrey.

This is exacerbated by the deterioration of household purchasing power, forcing a significant number of people onto food stamp subsidies, where dependency on highly processed foods to achieve the necessary caloric intake within a limited budget is typical. The number of food stamp beneficiaries grew from 33,489,975 in fiscal 2009 to 46,609,075 in fiscal 2012. Over the same time period, according to the U.S. Treasury, spending on the program increased from $55.6 billion to $80.4 billion. This development is not unrelated to increases in regulatory and compliance pressures on small farmers, which in turn helps to consolidate agricultural profits into large corporations.

There are numerous additional factors as well:

- One factor is environmental pollution, including a secret (albeit obvious) global spraying program. See Michael Murphy's documentary, *Why in the World Are They Spraying?* as well as our outstanding Solari Report interviews with Cliff Carnicom, Dr. Gwen Scott, Dr. Samuel Milham, and Blake Levitt.

- Another factor is suppression of critical knowledge, such as the fact that expensive cancer treatments are not effective in many cases and that significantly less expensive treatments are available. Read Suzanne Somers' *Knockout: Interviews with Doctors Who Are Curing Cancer* or listen to our Solari Report interviews with Dr. Laura Thompson, Nora Gedgaudas, or Lynette Louise.

- Suppression of technology also prohibitively increases the cost of health care. For an excellent example of this phenomenon, see *The Rise and Fall of a Scientific Genius: The Forgotten Story of Royal Raymond Rife*.

- Vaccine policies result in babies and young children receiving significant dosages of heavy metals that weaken immune systems and are believed to significantly increase the incidence of autism and other conditions; these in turn significantly increase household expenses and adversely impact household health and economics. See Gary Null's documentary, *Vaccine Nation*.
To the extent that these factors are reducing the life expectancy of older Americans, they also may be reducing some of the stress on the budget. A recent study shows that the life expectancy of the least educated Americans has fallen five years among women and three years among men since 1990. See [http://solari.com/life-spans-shrink-for-least-educated-whites-in-the-u-s/](http://solari.com/life-spans-shrink-for-least-educated-whites-in-the-u-s/).

The issue of life expectancy is a critical issue for the federal budget. For many years, the baby boomer generation has been paying funds into the Social Security Trust Fund. Those funds have been used to purchase Treasury securities that have financed government operations (yes, the Social Security Trust Fund has been spent). In short, the U.S. government needs a continual inflow of these funds to keep going. Now that the boomers are retiring or need Social Security payments to fund living expenses in the face of declining incomes, those cash flows are turning negative. This presents a serious problem. The government needs an inflow of the next dollar. Instead of getting that inflow, it is getting a request for a dollar. That is a $2-dollar problem. Where is it going to raise sufficient capital to finance the replacement of the inflow and to fund the outflow?

The pressure to implement higher retirement ages and to access private and public pension funds, including 401(k)s and IRAs, is growing.

**Black Budget**

Significant funds have been diverted into the “black budget” since WWII—with no public accountability in terms of amounts, sources, or uses.

The black budget has numerous sources. First, there is funding allocated in secret by Congressional “oversight” committees. Second, there are funds clawed from other agency appropriations. Third, there is an endless series of other sources of funding, including seizures of assets, proceeds from the marketing of hard narcotics, and engineering of mortgage and other financial fraud in your community and from many other illicit businesses operated globally by the intelligence cartel. Finally, I suspect one of the largest sources and uses has become market manipulations through the Exchange Stabilization Fund.

[George H. W.] Bush climbed through Republican politics to become Director of the Central Intelligence Agency (CIA) during the Ford Administration. After spending four years displaced by the Carter Administration, Bush was now Reagan’s Vice President with Executive Order authority for the National Security Council (NSC) and U.S. intelligence and enforcement agencies. Bush’s new authority was married with expanded powers to outsource sensitive work to private contractors. Such work could be funded through the non-transparent financial mechanisms available through the National Security Act of 1947, and the CIA Act of 1949.

This was a secret source of money for funding powerful new weaponry and surveillance technology and operations owned, operated or controlled by private corporations. Carter’s massive layoffs at the CIA had created plenty of private contractor capacity looking for work. An assassination attempt on President Reagan’s life two months after the inauguration meant that Vice President Bush and his team were called on to play an expanded role.
Catherine Austin Fitts, Dillon Read & Co. Inc. & the Aristocracy of Stock Profits

The federal mortgage funds have long been subject to significant fraud with the full help and support of the U.S. Treasury, Department of Justice, and New York Fed and its member banks. I believe that this fraud has been used to finance the black budget.

In 1994, after the first FHA/HUD financial audit was published, a mortgage banker came to see me. He was a serious engineering type who clearly worked hard and had mastered the details of his business. He was distressed, he said. For decades he had been keeping a tally of total outstanding FHA/HUD mortgage insurance credit. He had brought printouts of his database for me. It turned out that the government’s published financial statements showed the amount outstanding was substantially less than the actual amount outstanding. He was sure. I assumed that the guy was crazy. If what he said were true, then the U.S. Treasury and the Federal Reserve would have to be complicit in significant fraud, including securities fraud.

Catherine Austin Fitts, “The Myth of the Rule of Law”

For more on this topic, see my online book, Dillon Read & Co. Inc. & the Aristocracy of Stock Profits as well as excellent Solari Report interviews with Joseph Farrell, Adam Trombly, and Richard Nolan and audio seminars on the housing bubble.

The opportunities for financial abuses and the impact on the general economy are beyond significant. Given the amounts involved, very advanced technologies undoubtedly have been developed, mostly to the benefit of the private contractors who have been paid to develop them. The value is literally in the trillions of dollars.

Monetary Policy

The federal government has delegated the management of monetary policy to a privately controlled central bank, resulting in the debasement of $20-$30+ trillion of U.S. savings since its creation.

This is a significant topic that is well worth exploring. Much of global geopolitics is driven by what the U.S. government and military must do to ensure that the dollar’s status as reserve currency is maintained.

Currency debasement is an especially sensitive issue as Congress approaches the fiscal cliff. Managed inflation has produced profits and increased asset valuations that do not reflect an increase in real wealth. If the money supply is growing at 10% and a real estate value is increasing at 2%, then in fact, real value is falling. Hence, paying an increased capital gains tax to the government on what is in effect a nominal increase (but really a decrease in the purchasing value of real assets engineered by the government) is quite frustrating.

The following documents are available in the Solari library:

- To better understand how debasement of the U.S. currency has drained you and your family, see: “Positioning Your Assets.”
Or to understand how this has drained your community, see: “Is Your Community Waving Goodbye to $3.3 Billion?”

For what you can do about it, see: “The Solari Report Building Wealth Collection.”

Building Empire

Global “empire building” and the deployment of our military to support that effort has resulted in a huge loss of domestic investment, GNP, and tax revenue.

Since the end of the Cold War, the deployment of military, intelligence, and special forces assets globally has increased significantly, as have related expenditures. This has shifted expenditures from domestic economic activity to global activity as the Army, contractors, and support functions move abroad. This is compounded by the fact that the most recent U.S. invasions of Afghanistan and Iraq have exceeded their original costs by many multiples, with numerous reports of monies disappearing mysteriously along the way.

Trying to limit the “mission creep” of this part of the budget has seemed impossible and has been the subject of numerous books, including Top Secret America: The Rise of the New American Security State by Dana Priest and William Arkin and Blank Check by Tim Weiner.

Congress is now in the position of trying to rein back an insatiable security state—a dangerous thing to do.

Economic Health

The vast majority of the people lobbying the federal government are focused on what is in the specific interest of those who are paying their way, as opposed to what makes the pie bigger for everyone. Unfortunately, those lobbyists and the interests they serve have become our elected officials’ real “constituency.” Consequently, we find few in government or elsewhere whose primary focus and concern is the overall economic health of the domestic economy or the welfare of those they have been entrusted to represent.

The Housing Bill that nationalized Fannie Mae and Freddie Mac in 2008 was a perfect example of the political allocation of federal resources with complete indifference to the economic health of the country.

The Peter G. Peterson Foundation is now marketing a new documentary called I.O.U.S.A. I have only seen the trailer. Based on reading the website and watching the trailer, I’d say that it is slick, Orwellian hogwash.

If the national debt was almost ten trillion dollars before the housing bill and, if my estimate is right, approximately ten trillion dollars has been stolen since 1997, then do we have a debt problem or do we have an aristocracy problem?

One of the beauties of I.O.U.S.A. is that all the luminaries interviewed as experts on this “debt problem” were in a position to stop or warn us that the $10 trillion dollars was leaving. They did not.
The implication is that the American people are slobs who are irresponsible and wrecked the place while the leaders who ran the country were helpless to do a thing about it.

Let’s set the record straight:

- If energy technology had not been suppressed for the past 100 years, our energy costs would be a pittance compared to what they are now, and our savings would be much higher.

- If countless medical discoveries had not been suppressed, we would not be looking at such ridiculous costs for health insurance, Medicare, and Medicaid.

- If government had produced proper financial statements as required by law and had also produced such disclosure contiguous to Congressional districts, the housing bubble and a lot of other bubbles could never have happened.

- If the currency and monetary systems had been run in the manner envisioned by the Founding Fathers rather than by private bankers, we would not have any debt.

- If the American media and government had communicated honestly about our problems for the past few decades, we would not be in this pickle.

- If wasteful defense spending and disappearing money had not defined the Pentagon for quite some time, things would look very different.

I once had a wonderful employee when I was the Assistant Secretary of Housing. He told me that the way to clean up a big mortgage mess was to view the problem as the solution. He said, “In the destruction of the old, let there be the creation of the new.”

America does not have a debt problem. We have a political problem. We have created a system where secret governments can steal and have Congress, the U.S. Treasury, and the Federal Reserve replace whatever they stole. The theory is that the end of the world will come unless we bail them out. That is not true, for all the reasons you learned in kindergarten about letting bullies have their way.

The implication of the trailer for *I.O.U.S.A.* is that we must turn to these great financial leaders to lead us out of our mess. But if they were truly leading, how did we get in this mess in the first place? How did billions of fraudulent securities get sold around the world? Why were several generations of Americans fraudulently induced to take on student debt and mortgage debt they could not afford?


**Federal Enforcement**

Federal enforcement is focused on centralizing political control and generating revenues for itself, increasingly placing those revenues into profit-sharing arrangements with successful managers of money laundering, financial fraud, and organized crime.
Here is one story from one of my personal experiences with this phenomenon:

We were warned that the HUD Inspector General’s office had a very negative response to the “neighborhood networks” model of community learning centers, with one of the enforcement team members referring to such efforts as “computers for niggers.” Essentially, the vision we were proposing was in competition with their enforcement business, which consisted of dropping 200 person “SWAT” teams into a neighborhood to round up and arrest lots of young people who were in the wrong place at the wrong time and could not afford an attorney. This required a fundamentally different approach and philosophy. One model proposed helping the people in a place improve. The other proposed rounding them up and pushing them out so that new people could be moved in.

The highly successful HUD loan sales had also run into a problem with the staff of the HUD Inspector General’s Office. According to HUD staff, the HUD OIG staff wanted the HUD loan sale staff to withdraw loans from sale portfolios so they could pursue civil money penalties against the building owners. If the loans were sold, it would be better for the FHA fund and for building residents and the surrounding communities. However, it would make less money for the “Sheriff of Nottingham” business in HUD OIG. The IG and General Counsel staff were apparently indifferent to overall best interests of the government on a government-wide basis let alone taxpayers and communities.

Years later, when HUD Inspector General Susan Gaffney was asked during a deposition what the recovery rates were on HUD’s defaulted mortgage portfolio before, during and after the loan sale program that The Hamilton Securities Group pioneered, she said she had no idea. Her attitude suggested that this was not an important piece of information. Which suggests that she found something that had billions of dollars of impact on the FHA Funds each year to be of no interest. The focus in federal enforcement was on activities that made money and garnered funding support and headlines directly for the enforcement teams. This “for-profit” philosophy was surprisingly blatant. I was reminded of the Congressman who jumped up from dinner to cast his vote in appropriations committee and as he rushed off said to me, “Let’s face it, honey, I’m only here to protect my shit.”

Catherine Austin Fitts, Dillon Read & Co. Inc. & the Aristocracy of Stock Profits

The implosion of the latest housing bubble in recent years has focused many Americans on the complete absence of any prosecution of the extensive financial fraud involved. The most recent outrageous example is a $1.92 billion settlement with HSBC for money laundering, including sizeable laundering with Mexican drug cartels, in which not even one corporate officer was held legally responsible by the Department of Justice. Meanwhile, 1.5 million people were arrested in America for non-violent drug charges in 2011.

How does the U.S. government go about asking its citizens to pay more taxes to fund a financial operation that depends on being the global leader in money laundering and keeping American communities accessible for narcotics trafficking? Have we crossed the line between a sovereign government and a racketeering operation?
Managed Markets

The U.S. stock, bond, and commodities markets—and, therefore, global markets—are all deeply dependent on cash flows and credit flowing from the federal budget and, in turn, cash flows from fraudulent and criminal activities.

Agricultural subsidies set the cash flows for all of the farm futures.

Government contracts and purchases set the income for an endless series of corporations with stocks and bonds trading in those markets.

The U.S. government is the largest issuer of currency and debt in the world, with those markets organizing around its actions and the actions of the Federal Reserve, which functions as its agent in these areas.

The federal credit insures directly or indirectly most U.S. mortgage credit and a significant portion of U.S. bank deposits.

The U.S. Treasury Exchange Stabilization Fund, managed by the New York Fed, has broad authority to intervene in the markets, backstopped by U.S. government credit.

In one sense, the capital markets have become a securitization of the U.S. federal budget. This situation is further complicated by the fact that all the major markets have become significantly dependent on interest rate derivatives to help engineer a low cost of capital across many markets.

Consequently, reengineering the federal budget means having to reengineer the capital markets and a highly unregulated, complex derivatives book of many trillions of outstanding derivatives, much of which the U.S. government appears to be financially backstopping whether through the Exchange Stabilization Fund or through bailouts.

If the ability of the interest rate swap market to hold down interest rates should blow up and/or interest rates should rise significantly, the U.S. budget as well as budgets throughout the developed world have the potential to blow wide open in scenarios that could easily lead to a financial meltdown more serious than what we experienced in 2008 or World War II.

These risks inspire advocacy for continued market management by the federal government and global central banks and tight coordination between that management of markets and the management of the federal budget. In 2008, with the collapse of AIG, the U.S. Treasury had to confront the risk of not bailing out a company that was intimately involved in the black budget, mortgage fraud, and the derivatives market.

While managed markets have served a number of strategic geopolitical goals (for example, see the excellent interviews on The Solari Report with Jim Norman on the management of the global oil price) and have advantaged large banks and corporations “in the know” (see our Solari Report interviews on the management of the gold price), they have been exceptionally damaging to household and small business productivity and wealth. Managed markets misallocate capital, create perverse incentives, and break down trust.
Bottom line: think of a tornado of financial paper and derivatives full of collateral fraud that is sucking up all of the federal cash flows and an increasing amount of all other assets and income flows in a drive toward securitization to keep the ball rolling and to prevent global financial markets from imploding—and, in the process, destroying the fundamental conditions of real wealth.

How, exactly, does Congress address this inherent conflict between the centralization of wealth into the securitized tornado and the creation of conditions for a healthy, decentralized economy? Derivatives dependency and blackmail are at the heart of the Congressional fiscal cliff conundrum.

**Military**

Federal finances depend on the U.S. dollar’s status as the global reserve currency and the ability of the Treasury and federal agencies to borrow from and transact in financial markets despite their not complying with the basic standards required of state and local governments and private companies when they access those same markets.

This is made possible by the tactical threat and use of force. Essentially, the U.S. military, with its strategic control of sea lanes, space, global trade, and communications, is the enforcement arm for the banking cartel run by the Federal Reserve, as proxy for the U.S. Treasury.

These dependencies of the central banks on the military—and of the military on the central banks—make it extremely difficult for the central banks and the military to hold each other to standards of efficient and accountable use of resources. This makes reengineering defense appropriations a very necessary yet delicate task.

**Small Business**

The use of the federal budget to centralize political and economic control has had devastating consequences for small businesses and farms, resulting in significant decreases in employment, income, and household wealth—and, therefore, tax revenues.

Government regulation and enforcement (including antitrust policy, health care, food safety rules, and Agenda 21), as well as policies that impact the allocation of capital, are designed to benefit the government, large agribusiness, and corporations at the cost of small business. This is not unrelated to the fact that the greatest source of political contributions comes from capital gains—profits on corporate stocks and bonds, on securities and financial assets, and on real estate. Consequently, facilitating large corporate access to federal largesse or promoting policies that allow corporations to increase local market share results in corporate profits that generate campaign contributions. Not surprisingly, one recent study, based on data compiled by the Organisation for Economic Co-operation and Development (OECD), placed the United States second to last out of 22 rich nations in the percentage of workers who run their own businesses.

The growth of student loan debt is related to this phenomenon, leaving graduates in a position where they feel pressured to work for the military or large banks and corporations instead of taking entrepreneurial risks and starting or joining small businesses.

For a very interesting description of the relationship of the health of small farmers to the domestic GNP, see Charles Walters’ fascinating book on the U.S. economy, *Unforgiven*. 
Corporate Taxes

While benefits and contracts to private corporations from the federal budget have risen, the corporate portion of U.S. tax receipts has not risen. In 1995, business tax receipts equaled 27% of individual tax receipts. In 2011, business tax receipts equaled 17% of individual tax receipts. However, the political process has become so dependent on corporate contributions (and in turn on serving corporate interests) that there is barely a mention of increasing corporate taxes or of making sure that corporate behavior is not shrinking the health of the pie from which taxes are drawn.

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War & Organized Crime

The dependence of the U.S. economy and the federal finances on war and organized crime is significant and, to date, enjoys the popular support of the general population.

I have written about the federal government’s involvement in narcotics trafficking and financial fraud, and support in the general population for that involvement. Here are four excerpts:

To: The Wall Street Journal
Re: “The Fed Didn’t Cause the Housing Bubble”
By: Alan Greenspan, former Chairman of the Federal Reserve
Dated: Wednesday, March 11, 2009

Ladies and Gentlemen:
In his article on your opinion page, “The Fed Didn’t Cause the Housing Bubble,” Alan Greenspan attributes the housing bubble to lower interest rates between 2002 and 2005. That’s amazing to me.

My company served as lead financial advisor to the Federal Housing Administration between 1994 and 1997. I watched both the Administration and the Federal Reserve aggressively implement the policies that engineered the housing bubble. These are described at my website and in my on-line book, Dillon Read & the Aristocracy of Stock Profits.

One story, for example, is the following: “In 1995, a senior Clinton Administration official shared with me the Administration’s targets for Fannie Mae and Freddie Mac mortgage volumes in low- and moderate-income communities. We had recently reviewed the Administration’s plans to increase government mortgage guarantees—most of these mortgages would also be pooled and sold as securities to investors. Even in 1995, I could see that these plans would create unserviceable debt loads in communities struggling with the falling incomes expected from globalization. Homeowners would default on mortgages while losses on mortgage-backed securities would drain retirement savings from 401(k)s and pension plans. Taxpayers would ultimately be hit with a large bill . . . but insiders would make a bundle. I looked at the official and said that the Administration was planning on issuing more mortgages than there were houses or residents. “Shut up, this is none of your business,” the official snapped back.

From: “Sub-Prime Mortgage Woes Are No Accident”

One of the dirty little secrets behind the housing bubble is the long standing partnership of narcotics trafficking and mortgage fraud and the use of the two in combination to target and destroy minority and poor communities with highly profitable economic warfare. This model is global. It is operating in countries throughout the world as well as in U.S. communities.

“One December 18, 1997, the CIA Inspector General delivered Volume I of their report to the Senate Select Committee on Intelligence regarding charges that the CIA was complicit in narcotics trafficking in South Central Los Angeles. Washington, D.C.’s response was compatible with attracting the continued flow of an estimated $500 billion–$1 trillion a year of money laundering into the U.S. financial system. Federal Reserve Chairman Alan Greenspan in January 1998 visited Los Angeles with Congresswoman Maxine Waters—who had been a vocal critic of the government’s involvement in narcotics trafficking—with news reports that he had pledged billions to come to her district. In February Al Gore announced that Water’s district in Los Angeles had been awarded Empowerment Zone status by HUD (under Secretary Cuomo’s leadership) and made eligible for $300 million in federal grants and tax benefits.”

Alan Greenspan is a liar. The Federal Reserve and its long standing partner, the U.S. Treasury, engineered the housing bubble, including the fraudulent inducement of America as part of a financial coup d’état. Our bankruptcy was not an accident. It was engineered at the highest levels.

Your publication of Greenspan’s breezy and bogus history of the housing bubble insults your readership.

Best Regards,
Catherine Austin Fitts

The power of the killing machine rests in part in the broad based popular support it receives through the investment system and the financial markets. How are we to plead ignorance if the profits and growth in our 401(k) plans and investment portfolios have been enriched from prison stocks and the securities of the banks, homebuilders, property managers, mortgage bankers and other groups who managed this process of ethnic and
economic cleansing and the gentrification it made possible? What can our “socially responsible” investment managers say when they invest in the stocks of banks, like Citibank and JP Morgan-Chase, and government contractors, like IBM and AT&T, who are running critical parts of government as these manipulations occur—including the disappearance of $4 trillion from government bank accounts and the manipulation of the gold markets and inventory in a silent financial coup d’état? What can all those who benefited financially in the stock market, or from cheap mortgage and consumer loans, or reduced ATM and checking fees say? We disassociated the source of our financial benefits from what we saw happening around us that we knew was wrong.

In the summer of 2000, I asked a group of 100 people at a conference of spiritually committed people who would push a red button if it would immediately stop all narcotics trafficking in their neighborhood, city, state and country. Out of 100 people, 99 said they would not push such red button. When surveyed, they said they did not want their mutual funds to go down if the U.S. financial system suddenly stopped attracting an estimated $500 billion-$1 trillion a year in global money laundering. They did not want their government checks jeopardized or their taxes raised because of resulting problems financing the federal government deficit. Our financial profiteering and complicity is not limited to aristocrats and the elites who do their bidding. Our financial dependency on unsustainable economics is broad, ingrained and deep.

Catherine Austin Fitts, Dillon Read & Co. Inc. & the Aristocracy of Stock Profits

Shortly after arriving at HUD in April 1989, I began to learn about the FHA Co-insurance program. Since 1984, HUD/FHA had allowed private mortgage bankers to issue federal credit to guarantee multi-family apartment projects. After issuing $9 billion in mortgage guarantees, HUD/FHA was to lose something approaching 50% of the value of the portfolio—a level of losses hard to explain with mortal logic. When my staff approached me with a proposal to bail out a mortgage company so they could continue to lose money for us, I asked why we should spend money to lose more money in a way that would harm communities. After a long silence during which 30 staff members intently studied their feet, one brave soul explained to me that the mortgage bank was owned and run by a major Republican donor. Shocked, I said, “I am a major Republican donor,” and pointing to my presidential cufflinks that were adorning my French cuffs, “I got a pair of cuff links. You get cuff links. You don’t get $400 million of federal credit to throw down the drain.” My staff looked at me like I was so naive and clueless that there was no point in trying to communicate with me—better to let me learn the hard way. Within minutes, a screaming [Secretary of HUD] Jack Kemp, furious that I had not provided illegal subsidy to keep the mortgage banking company going (despite his orders to stop anything corrupt or illegal), called me on the carpet.

Catherine Austin Fitts, Dillon, Read & Co. Inc. & the Aristocracy of Stock Profits

My favorite description of HUD was to come many years later from staff to the Chairman of the Senate HUD appropriations subcommittee—Senator Kit Bond. When asked what was going on at HUD, the Congressional staffer said, “HUD is
Part of the push for global empire reflects a use of force to expropriate global assets, ensure access to cheap natural resources and to markets, as well as force global institutions to pay a global tax through the debasement of the U.S. debt and currency. As the U.S. grapples with its budget problems, the pressure to resolve these problems with more aggressive force will increase.

**Force**

The political process has devolved into a competition between people who are above the law and have the ability to kill with impunity, and those who respect the rule of law and the sanctity of life. Money is being allocated based on brute force as opposed to competition between constituencies who respect and subscribe to the rule of law and ethical behavior.

Because it is difficult for many people to understand the extent to which politics have become legally, financially, and physically invasive and violent in the United States, I have made an effort to expose this problem on The Solari Report—both on our weekly interviews and on our blog.

Here is one excerpt from the Solari Report blog:

*How Do We Enforce the Rule of Law? If I can listen to your board meetings with Echelon, hack your bank and government accounts with PROMIS type software, trigger an earthquake in your town with my electromagnetic weapons, zap you or your family from my surveillance satellite and arrange sex slave benefits and big bucks for you if you do what I want (all without having to assume criminal and civil liability as a practical matter), then the structural governance of assets by trusts matters not a bit—the trustees of whatever it is will do whatever I want them to do. So we need to step back and determine how can the rule of law be enforced given the current state of advanced, invisible weaponry and surveillance technology. Indeed there are ways, but they are not obvious until we start dealing with the practical aspects of economic and political warfare as they are currently practiced.*

*Catherine Austin Fitts, “Financial Ecosystems, Capitalism 3.0”*

I highly recommend reading my blog post on control files and the related interview on The Solari Report with Nick Bryant, author of *The Franklin Scandal: A Story of Powerbrokers, Child Abuse and Betrayals*, which touches on the use of pedophilia to create control files on politicians. Remember J. Edgar Hoover’s “dirty pictures?”

I also recommend my article “The Databeast” and interviews we have done with Katherine Albrecht on protecting your privacy and public and private efforts to compromise.

Best of all, we did an excellent interview with Adam Trombley on “Entrainment Technology, Subliminal Programming, and Financial Manipulation.” Here is an excerpt:

*Catherine: One of the questions we got is: “Praying that you can give us real examples of what the techniques are so we can recognize them. Is it public knowl-
edge that casinos pump out oxygen to increase gambling?” I didn’t know that. Have you ever heard that?

Adam: Oh yes. There are all kinds of things casinos do. I have a friend who’s an expert in it, but I’m not. There’s definitely a constant broadcast going on. You can go in with a high resolution digital recorder, take it someplace where somebody knows how to see a signal and just look for repeating wave forms and look for them in the alpha range, look for them in the stimulation pleasure areas of the brain. People who are scientists or engineers who are listening to this who want somebody to check what I’m saying and what you’re saying about this, hook up your instrumentation to the cable of your television, hook up your instrumentation to the harness of your house, and see for yourself what’s happening in terms of entrainment. This is not rocket science but it’s very sophisticated.

Catherine: Let me move on to another kind of financial fraud issue. One of the things I’ve noticed is that certain internet radio shows focused on investment—particularly precious metals—are using this kind of technology through the internet to push, for example, gold going to the moon, gold going to $12,500. They have all these wild scenarios but their sites are always juicy and you feel a lot of resonance that you don’t in a lot of the other sites. Is my intuition legitimate?

Adam: Yes, it is. If you go to a website with music playing, turn off the sound, is my recommendation. With a website where there is music playing, there is no entrainment being used, but you can turn off the sound. The fact is that yes, it can be done over the internet; it can be done over your computer, just as easily as anything else. It’s something that you inter-modulate with the signal. It’s not your imagination. They can make people feel like that. That gold will be some ridiculous price, that is even beyond what it’s really worth. The fact is that they can convince you that something that you know is bad for you is actually good for you. This happens all the time. Gold may go up to $12,000 and it may not. In the same way these people can do this pump and dump, which you illuminated for us when you sat down with [us] all those years ago, and informed us of what was really happening in the marketplace in ways we had no idea about. People are stimulated to buy something, buy, buy, buy. And they literally know that a signal that they squeak through a certain window of frequencies can create a pleasure sensation in your body, as we talked about over and over again tonight. And it’s pleasurable. Right now it’s gold, so let’s pump gold up and then they have the other signal that says sell, and all of a sudden there’s anxiety. So they get people to sell, to buy; it’s like puppets on a string….

Catherine: One other pattern that really makes me nervous, because I’ve experienced it, is the use in conjunction with the telephone to market either an investment or a person who then persuades you to go along with that investment. You’re falling prey to the technology and not to the investment that’s attractive. How do they do it over the phone? I don’t understand how that works.

Adam: Same thing. It’s always a simple process of frequency entrainment. One
of the first places I saw it in my own life, entrainment being used over the phone, when I was CEO and President of a computer company in the early 80s and I started noticing a weird thing happening when I was on the phone, and I had some friends come over from UC Berkeley and they brought their instrumentation and they tested my phone line and said, “Holy mackerel there’s these entrainment carriers on your phone line.” So it just came across the same way; sub-audio, sub-conscious, and dictating my state of mind. There were people who wanted me to be compliant with certain programs they had in their agenda, and I turned out to be a bad candidate, like your listener who doesn’t get hypnotized easily. We don’t have to be hypnotized. Let’s be really clear about that.

_Catherine:_ I think the key with investments is to always sleep on it and do the math. Math is a wonderful tool, do the numbers. I constantly say to my clients, you can’t be too careful about the quality of the people you do business with and you really want to be very careful over a multi-year period and do business with people you trust. Or the people you know, know and trust. Between math and careful networking you can protect yourself from a lot of it. I think that step number one is, knowing that it exists and knowing that you really need to do your homework and have intellectual mastery of what you’re doing and why you’re doing it. Intuition is wonderful but you have to sleep on it with this kind of technology around.

_Adam:_ Thank God that you’re telling the truth about this, I really want to say this to you and all your listeners, I really am grateful that you are speaking the truth about what’s actually happening. I’ve seen the impact on people who cheer you when you say the way that this is organized, it’s really organized crime. The people in the United States have just had more than 15 trillion dollars stolen from us just by a slight of hand, by both Republican and Democratic Administrations. I think it’s extremely important and thank God for you because you’re the only person I know who’s really telling the truth about this. And I thank you for that.

_Catherine:_ I appreciate it but I’m still trying to find the truth!

_Adam:_ That’s the beautiful thing about it. Anybody who’s got any wisdom at all knows that the first thing you’ve got to do in the morning is say, “I don’t know exactly what’s going on.” Everyday Plato said the first step on the path of wisdom is the confession of ignorance. And every morning I wake up and I remind myself that I don’t know everything. There’s so much I don’t know it’s embarrassing.

_Catherine:_ I just can’t get over the fact that we live on this planet struggling as we do, and we know 3% of what there is to know and understand about how our planet works.

Arguably, the most significant problem that Congress now faces in reengineering the budget is that there are a significant number of people who are beneficiaries of those who have control files on most politicians and are prepared to use dirty tricks and violence to get their way. What this means is that the only people who can be taxed or cut are the lawful—the people who don't play dirty.

Now is the push for gun control making more sense?

The Great Governance Mystery

Who is really in charge? And why are they behaving this way? The reality is that we really don’t know.

The federal finances are a symptom of a governance system with secret goals that are very different from the ones publicly stated by the front men. Those who are benefiting the most from that system consider themselves above the law. From their perspective, the system is working perfectly and as designed. Any financial system is merely part of a human governance system. It is inconceivable that we can reform a financial system without addressing the overarching governance system and a general agreement on a system of laws and practical enforcement of those laws.

Jon Rappoport and I recently discussed this issue on The Solari Report:

Catherine: Well, I want to talk a little bit about sort of that control—just enough so we can see it. And one of the reasons that I was so keen to have the conversation with you that we’re having tonight—that we had when I saw you in California—was I had an unbelievably frustrating time in San Francisco because I kept bumping into people with grand solutions for the problems of everything that were going to make things worse.

For example, we did a series of financial salons for Sea Lane when I was in the Bay Area, and at one salon somebody came and was talking about the importance of B corporations and impact investing for solving the world’s ills. And B corporations are a kind of corporation where the founders agree to all sorts of terms and conditions, and it’s audited and approved by a not-for-profit, which is separate. And the long and short of it is it’s a way of making the world much more complicated for the honest guys and significantly increasing the risks.

And since the honest guys didn’t create the problem in the first place, the last person who needs more complexity and risks up against the bad guys are the good guys. So to me, it’s something that can be terribly misused, and it just makes matters much worse, because the last thing we need is more complexity and more rules and regulations. We need less. Impact investing is the idea that I’m going to take my money and help clean up the mess created by the people who just stole $40 trillion. To me a real solution is, “Well, let’s get the $40 trillion back.” But not taking my money and using it to finance their next scam, which I fear is the way some of this is going to be used. And so I said to the person in the middle of the salon—I said, “Wait a minute.” I said, “We have a problem, and that problem is that there is a group of people governing the planet. We’re not allowed to know who it is. That’s a guessing game. We don’t know, but we know they’re free to act outside the law, and they’re free to kill with impunity whenever they want. That’s got
everybody scared to death, and that’s why all these horrible things in the financial system are happening. And the reality is you can’t solve that problem by more complex financial engineering.” And the person looked at me and said, “I know, but that’s too depressing to deal with. I just want to do something positive.”

Jon: Wow! Wow!

Catherine: I heard that again and again—I went through the same thing—several conversations on county banks, which ultimately I’ll do a Solari Report or write an article about. It was at the next salon that we had the county bank argument, and I said to somebody, “You know, all you’re going to do is make fascism easier to implement.”

And they said, “Well, I just want to do something positive. I don’t want to get into the dangerous people who have the”—you know. And I thought, “Oh, this is really scary, because we’re trying to solve a political problem with a financial solution. You can’t solve a political problem with a financial solution.” And all you can do is make life more complicated for the honest people and just load more up on the— I mean, it’s amazing the honest people are getting anything done at all.

It’s quite remarkable what they’re able to accomplish without support and at great risk. So there’s an upside-down thinking, and as I was striving to see when I was thinking about this, I have this little matrix of who and what and global and local. It’s your rows are local and global, and then your columns are who and what. And so everybody keeps talking about what—you know, so what things— so banking or community currencies as opposed to, “Well, who’s really doing this, and how do we change that?” My theory is you can have the stupidest financial system in the world, and if you have really people of great character and intelligence and ability leading it, they’ll get it to work. It’s not ideal, but they’ll get it to work. And if you put criminals on top of the most eloquently and beautifully designed financial system, you’re going to get slaughtered. So you can’t solve this with financial engineering, because that ain’t the problem. The problem we have is who’s running it and how they’re running it, and the reality is we don’t even know why they’re behaving the way they’re behaving. We can guess, but we don’t really know. So it’s very hard. This is like your doctor deciding to operate and do surgery on you when he really doesn’t know what’s wrong. It’s like, “Well, you know, I don’t really know why you’re sick, but I’m going to cut off your arm because I want to do something positive.” It doesn’t make any sense.

Jon: No.

Catherine Austin Fitts and Jon Rappoport, “The Power of It,” The Solari Report

The more we can understand about who is really running things and what their goals and concerns are, the more we can determine the pathways to building new, more positive alignments.

Performance

The remarkable and miraculous secret is that if our governmental resources were invested to optimize return on investment, the wealth creation possibilities would be exponential. Investment of
federal resources is driven by a cocktail of political considerations focused on centralizing control of resources, as opposed to economic performance and fiduciary responsibility. This means that return on investment to taxpayers is ignored. This also means there are limited criteria and incentives to ensure that federal resources optimize human and environmental resources. Essentially, the federal budget is the vehicle used to engineer a financial system that is not aligned, reported, or optimized in tandem with our living ecosystems. Combined with fiat currencies, this is the single greatest reason for damage to our living ecosystems globally.

The wealth potential that could result from a reengineering of the current governmental investment model is compelling. Consequently, it is worth giving serious consideration to structural changes that will make the pie bigger instead of merely liquidating our world.

The current state of performance standards for government spending and investment was best described to me by Richard Ravitch, real estate developer and Chairman of the AFL-CIO Housing Trust and later Lieutenant Governor of New York, who said to me over dinner at the Jockey Club in Washington in 1997: “As long as I can get government subsidies, what do I care if people have education or jobs?”

The challenge of envisioning, let alone implementing, performance or reporting standards for government finances is not an academic one. The current government budget is successfully operating according to performance goals—those goals are merely outside the law and the “official reality” as we believe them to be. Government finances are propping up a 500-year-old global central banking–warfare model whereby the centralization of control of global resources by global banks and corporations is being facilitated.

To put it simply, the federal budget manifests the current state of affairs, whereby unproductive and unhealthy behavior in the private and public sectors—whether in the “military-industrial complex” or at the municipal and household levels—is subsidized with our nation’s equity as well as equity drained globally. This means that a negative return on investment to taxpayers is facilitating an increasingly negative total economic return throughout the economy. This has resulted in an entire economy and various markets increasingly becoming dependent on government money. Consequently, a reengineering of the federal budget to performance standards designed to optimize economic health would necessitate a fundamental reengineering of the entire economy. That is a tall order—one that likely explains the decision to shift all of the capital promised to retirees offshore and into other economic entities before the boomers started to retire.

Appreciating the absence of economic performance standards is a prerequisite to appreciating the extent to which the government budget is centralizing control of wealth in a manner that destroys wealth and, therefore, the tremendous wealth potential of real change. Change requires hope and there is plenty to be hopeful for once you understand that there is never enough money when returns are negative, but money is increasing where returns are positive.

I have several writings that describe use of the federal budget to prop up uneconomic private activities and the potential for changing the investment model:

- “The Myth of the Rule of Law”
- *Dillon Read & Co. Inc. & the Aristocracy of Stock Profits*
- “The Story of Edgewood Technology Services,” Parts 1-3
In these writings, I describe the economics involved in government housing, welfare, prison, and municipal programs in the early 1990s.

Federal spending seemed intentionally designed to ensure that there could be no flexibility between categories. We were spending $55,000 a year for a woman and 1.8 children to live in a place and in a manner such that they would and indeed could never become taxpayers and get off the dole. We were spending $150-250,000 to build public housing while HUD foreclosed homes that could be bought and fixed up for $50,000 and were available a block away. We were paying large corporations $35-150 dollars an hour to do things that people who lived in those neighbourhoods could be trained to do. The implications were enormous: theoretically, at least, there was the opportunity, using more accurate place based information, to place public finances on a sounder footing in which the taxpayers’ investment returns were positive. Therein lay a problem however, because there was no political constituency for place-based financial statements. Return on investment to special interests was not compatible with a positive return on investment to taxpayers. There were two kinds of special interests. The first were technically legal. The second were illegal. The second was growing. My refusal to follow illegal orders and success at cleaning up Iran Contra fraud ultimately led to my leaving the Administration in 1990. I was told the day after I left that the preparation of place-based financial accounting and statements had been terminated.

Catherine Austin Fitts, “The Myth of the Rule of Law”

In late 1995, The Hamilton Securities Group began work on Community Wizard, a software tool designed to facilitate community Internet access to all public data and some private data on local resource use, including federal tax, expenditures and credit data. The initial response to the tool from Congress, HUD and our technology networks was astonishing. People were ecstatic to realize that they did not have to continue to live and work in the dark financially. It was a relatively easy thing for new software tools to help people learn about the flow of money and resources in their community. Additional software tool development also resulted in numerous tools to analyze subsidized housing in a place-based context, including detailed pricing tools that combined significant databases on government rules and regulations with all of our pricing data from the various loan sales, with databases about mortgage, municipal and stock market financing of homebuilding and home ownership. Such tools would allow people to take a positive and proactive role in insuring that government resources were well used. Such tools would allow investors to improve the performance of local investments.

Catherine Austin Fitts, Dillon, Read & Co. Inc. & the Aristocracy of Stock Profits

Luis Mendez, one of my partners at Dillon Read, visited me in Washington in 1996. [I] explained to him that there was currently no mechanism to optimize government investment and operations within a place. There was no political
The result of this situation is summed up by this statistic: twenty or thirty years ago, 70 cents of every dollar of federal spending went into the pocket of someone in the neighborhood it was targeted at. Today that number is less than 30 cents. What that means is that investment in community development has enjoyed about a 300 – 400% increase in overhead, at the same time that technology has actually made it possible for overhead to drop dramatically. The public policy solution has been to outsource government functions to make them more productive. In fact, this jump in overhead is simply a subsidy provided to private companies and organizations that receive hereby a guaranteed return regardless of performance. We have subsidies and financing to support housing programs that make
The Real Game of Missing Money

no economic sense except for the property managers and owners who build and manage it for layers of fees. We have a horde of service providers to federal programs who are “expert” at helping communities of people who rarely show signs of improvement….

The truth is that the private sector is eating government programs and administration alive. This means that fundamental economic productivity is decreasing while government investment earns a constantly decreasing rate of return to taxpayers. This has been going on for a long time. For example, in 1988, I was invited to a budget briefing for business leaders by Secretary of Defense Weinberger at the Pentagon. For eight hours he and his corporate guests painted a clear and detailed picture as to how the top corporations in America would protect themselves during globalization. This would be accomplished by substantially increasing the amount of cost-plus fixed price contracts they would be guaranteed from Washington.

I had little appreciation then for what this meant Wall Street might be cooking up in the mortgage and mortgage securities market.

Catherine Austin Fitts, “The Myth of the Rule of Law”

In the 1990s, I helped HUD institute a network of computer centers in HUD housing. My company also started a data servicing company, Edgewood Technology Services, in a residential community in the Washington, DC area. We were able to document that a woman living on welfare and HUD housing subsidies with an average of 1.8 children who was costing the U.S. taxpayers approximately $55,000 a year could become a taxpayer with a relatively modest investment of time and effort. I provided the resulting documentation to the White House Budget office (OMB), showing that a portion of the welfare and unemployed population could learn marketable skills and become taxpayers working from residential communities with sufficient telecommunications access. Given the federal government’s explosion of data servicing needs, there was a pathway to improve both the economy and save significant costs for the federal budget.

This model was rejected for a model that was both harmful to the overall economy and significantly drove up the expense on the budget. What was adopted was predatory subprime mortgage lending, a significant expansion of the War on Drugs, and mandatory sentencing and private prisons, which I describe at length in Dillon, Read & Co. Inc. & the Aristocracy of Stock Profits.

Now, instead of a woman with 1.8 children costing the federal taxpayers $55,000, she, or one of her children, would be rounded up and sent to prison at a cost, according to GAO in 1996, of an average $154,000 per year (reflecting system wide costs for criminal justice and prisons). If one or more children then were turned over to foster care, the costs would be far greater.

I served as a managing director and member of the board of Dillon, Read & Co. Inc. After I left to serve in the first Bush Administration and then started Hamilton Securities in Washington, Dillon Read invested in a start-up private prison company, Cornell Corrections, whose success depended entirely on a rush of federal prison companies issued after legislation to increase mandatory sentencing. The costs to taxpayers were significant. Here is one example of how an uneconomic activity propped up with government money can make Wall Street rich:
I estimate Dillon’s total profits for their stock investment in Cornell to have been $6.7 million for Dillon employees who invested and $19.4 million for the investors in Dillon’s funds, which also included Dillon officers and directors. This represented an annual return on investment of approximately 35–45%. These are the kind of profits you get when you buy stock for a price of $3.8 million and several years later sell that stock for $29.9 million—or an almost 800% increase on your investment. In addition, I estimate that Dillon also generated at least $6 million in fees for investment banking and investment advisor services. This results in an estimated total of $32.1 million in profits for Dillon, its leaders and its investors over a seven-year period.

I remember reading some of the Carlyle Group’s marketing material about their success in leveraged buyouts of companies that did lots of contracts and business with the federal government. They claimed to have achieved annual investment returns of 35%, in the range of the returns that I estimate Dillon to have made on Cornell Corrections. If you understand the story of Cornell Corrections, you will get a good understanding of the type of investment that achieves 35% investment returns for private investors on the stocks of companies that enjoy growth in government contracts and the fruits of “privatization.”

It is imperative in understanding investments like these to look not just at the companies involved, but to look through to the individuals who make the critical decisions. In Dillon Read’s case, the key leaders were also personal investors. We do not know if, as sometimes happens in cases like this, the firm financed or arranged financing for their purchases in an arrangement where, in essence, they can buy for “no money down.” An estimate of their personal profits is as follows:

Estimated Personal Profits of Seven Largest Dillon Direct Investors* including footnotes

<table>
<thead>
<tr>
<th>DILLON INVESTOR</th>
<th>SHARES</th>
<th>OPTIONS</th>
<th>AMOUNT</th>
<th>PROFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>John P. Birkeland</td>
<td>39,579</td>
<td>3,736</td>
<td>$96,990.16</td>
<td>$773,748</td>
</tr>
<tr>
<td>John Haskell, Jr</td>
<td>36,730</td>
<td>3,505</td>
<td>85,382.75</td>
<td>722,677</td>
</tr>
<tr>
<td>David W. Niemiec</td>
<td>35,018</td>
<td>3,279</td>
<td>76,989.51</td>
<td>693,406</td>
</tr>
<tr>
<td>Fritz Hobbs</td>
<td>30,455</td>
<td>2,803</td>
<td>56,986.04</td>
<td>613,024</td>
</tr>
<tr>
<td>George A. Wiegers</td>
<td>28,176</td>
<td>2,571</td>
<td>44,988.85</td>
<td>574,883</td>
</tr>
<tr>
<td>Peter Flanagan</td>
<td>28,178</td>
<td>2,687</td>
<td>48,871.40</td>
<td>571,134</td>
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<tr>
<td>Kenneth M. Schmidt</td>
<td>24,778</td>
<td>2,454</td>
<td>35,622.38</td>
<td>509,494</td>
</tr>
</tbody>
</table>

* Does not include potential losses and compensation resulting from other profits on Cornell Corrections. Treat stock as shares for purposes of estimate. Options are included in shares rounded.

**Average of high was used in the sales price estimate of $24.10/share.
To generate these profits for Dillon and the Dillon leadership at a stock market valuation of $25,962 (the value “per bed” at the time of the October 1997 offering) when Dillon had invested when Cornell had no prisons and prisoners, the following table estimates how many people had to go to prison for an extended period:

**Estimated Number of People Incarcerated for Extended Period to Generate Dillon Stock Profits**

<table>
<thead>
<tr>
<th>DILLON PARTNER</th>
<th>PEOPLE IN PRISON</th>
</tr>
</thead>
<tbody>
<tr>
<td>John P. Birkelund</td>
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</tr>
<tr>
<td>John Haskell, Jr.</td>
<td>31</td>
</tr>
<tr>
<td>David W. Niemiec</td>
<td>30</td>
</tr>
<tr>
<td>Fritz Hobbs</td>
<td>26</td>
</tr>
<tr>
<td>George A. Wiegens</td>
<td>24</td>
</tr>
<tr>
<td>Peter Flanigan</td>
<td>24</td>
</tr>
<tr>
<td>Kenneth M. Schmidt</td>
<td>21</td>
</tr>
<tr>
<td>All Dillon Read Investments</td>
<td>1,152</td>
</tr>
</tbody>
</table>

Another useful calculation is to look at how many taxpayers will have to work their entire lives to pay the taxes for this many people to be imprisoned. Let’s assume that the average taxpayer pays $150,000 of federal taxes in an entire lifetime. Based on the General Accounting Office’s (now the Government Accountability Office, the Congressional Auditor) study in 1996 that indicated the total annual federal, state and local system expenditures per prisoner were approximately $154,000, that means that ten taxpayers would have to work their whole lives to pay for one prisoner with a mandatory sentence of ten years. On this basis, the following table estimates how many people would have to work their whole lives to pay the taxes to fund the incarcerations necessary to generate Dillon’s profits on Cornell Corrections.

**Estimated Number of People Working Their Entire Lives to Pay Taxes to Fund Prisoners Incarcerated for Extended Period to Generate Dillon Stock Profits**

<table>
<thead>
<tr>
<th>DILLON PARTNER</th>
<th>TAXPAYER LIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>John P. Birkelund</td>
<td>340</td>
</tr>
<tr>
<td>John Haskell, Jr.</td>
<td>310</td>
</tr>
<tr>
<td>David W. Niemiec</td>
<td>300</td>
</tr>
<tr>
<td>Fritz Hobbs</td>
<td>260</td>
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<tr>
<td>George A. Wiegens</td>
<td>240</td>
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<tr>
<td>Peter Flanigan</td>
<td>240</td>
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<tr>
<td>Kenneth M. Schmidt</td>
<td>210</td>
</tr>
<tr>
<td>All Dillon Read Officers and Directors investing</td>
<td>11,523</td>
</tr>
</tbody>
</table>
The potential for capital gains in the stock market made this process quite popular at the time, well beyond a handful of insiders:

I walked into the Colony Club to a birthday celebration in New York in 1998. A rush of friends wanted to know what I thought of prison REITS. They were all in them, the brokers were pushing them, they were the “new hot thing” and they were anticipating delicious profits. I said get out, the pricings assumed incorrectly that piling people into prisons—the innocent and the guilty alike—was like warehousing people in HUD housing. Sure enough, the stocks were to later plummet. But not until the Wall Street Journal ran a story about decorators using prison equipment to do bathrooms and kitchens on Park Avenue and Esquire ran a fashion layout in front of a series of jail cells. **Catherine Austin Fitts, Dillon, Read & Co. Inc. & the Aristocracy of Stock Profits**

The phenomenon of government money propping up fundamentally uneconomic activities is a theme that works throughout our economy today. Food stamps are another good example:

In November [2012], the U.S. Department of Agriculture reported that a record 47,102,780 individuals receive food stamps.

According to U.S. Census Bureau data, that figure exceeds the combined populations of: Alaska, Arkansas, Connecticut, Delaware, District of Columbia, Hawaii, Idaho, Iowa, Kansas, Maine, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Oklahoma, Oregon, Rhode Island, South Dakota, Utah, Vermont, West Virginia, and Wyoming.

Since January 2009, the number of individuals on food stamps has skyrocketed from 31.9 million to the current record high 47.1 million. By comparison, in 1969 just 2.8 million Americans received food stamps.

By Wynton Hall

In approximately 37 states, if you receive food stamps and you call in on the hotline, you are not connected to somebody in your state, or even in the United States; you are connected to somebody in India working for JP Morgan Chase. This means that the government is paying a significant number of people unemployment compensation while it is also paying somebody in India to do a job with a large government markup that many of the people drawing unemployment (and some of the people drawing welfare) could be doing. This means that the taxpayer is paying twice.

This also means that government safety rules are shutting down a significant number of small farming operations at the same time that land goes fallow and people eat highly processed food shipped in at long distance, paid for by food stamps. In essence, the government is paying people to eat corporate food as opposed to allowing them to economically grow food for themselves and their neighbors. That is a control system—one that is fantastically expensive for taxpayers, not to mention costly in terms of the health expense of people not having access to local, fresh food.

My story about Dillon Read begins with an old New Jersey street saying that, sadly, describes the U.S. economy today: “Make a law, make a business.”
Trust

Financial systems operate on trust—on faith in the laws and their enforcement as well as general morality. The growing loss of faith in the government is having a profoundly corrosive impact on the U.S. economy.

From the point of view of many entrepreneurs, small farmers, and business people, the U.S. government offers them two options: complete dependence or financial warfare. The message is “crime pays” and “lawful people are a target to be kept in the dark and harvested financially.” This is hardly the basis for the kind of trust that leads to reinvestment in the long-term economy and the creation of productive employment.

Who’s the Leader?

Ultimately, we must each decide what kind of leader we choose to be and what leaders we choose to follow. Will leadership be defined by force—by those who have the ability to kill with impunity? Or will it be defined according to contribution to civilization and economy—that is, by standards of excellence in intention, performance, and ethical conduct? Ultimately, we must each decide who is the leader.

Lest you consider that this is all a problem created by our leadership, examine the following story.

In 1999, I was at a revival for Christian women. One of the presidential candidates made a guest appearance. A friend of mine, an Afro-American minister, who used to work for the Drug Enforcement Agency (DEA), leapt to her feet to applaud him with tremendous enthusiasm. I was surprised at her response given that she understood his success in attracting narco dollars—not to mention his and his colleagues’ silence on Gary Webb’s Dark Alliance reports and the subsequent CIA admission of drug dealing by the government.

She looked at me and said, “He is going to be the winner.” So I said, “You mean, I am a loser because I tried to stop the corruption and he is a winner because he profited from it and helped it grow. So you will clap for him and not for me.” She replied, “That’s right. You are a loser. He is a winner.”

Catherine Austin Fitts, “Narco Dollars for Beginners”

There is no more important question than what leaders we each choose in our daily lives with our actions, transactions, and votes to support.

One of the most important books I have ever read to inform solutions to our current dilemma was The Evolution of Cooperation by Robert Axelrod. It describes Axelrod’s research to determine whether or not it is possible to build an economic model in which cooperation is more profitable than other forms of competition. The book’s promotional description says:

“The Evolution of Cooperation provides valuable insights into the age-old question of whether unforced cooperation is ever possible. Widely praised and much discussed, this classic book explores how cooperation can emerge
in a world of self-seeking egoists—whether superpowers, businesses, or individuals—when there is no central authority to police their actions. The problem of cooperation is central to many different fields. Robert Axelrod recounts the famous computer tournaments in which the ‘cooperative’ program Tit for Tat recorded its stunning victories, explains its application to a broad spectrum of subjects, and suggests how readers can both apply cooperative principles to their own lives and teach cooperative principles to others.”

In a series of computer simulations, Axelrod discovered that a player adopting a “Tit for Tat” strategy emerged the winner. In a “Tit for Tat” strategy, a player always cooperated unless aggressed upon, at which point he or she would counter aggressively. However, if given the option to cooperate, the player would return to cooperating. The reason that the “tit for tat” player won over time was that he or she attracted the highest quality players as potential partners.

A necessary condition to the success of this practice of cooperation was transparency. The general society or market had to be able to clearly identify the various players. They needed to be able to understand the historical record of the players—those who cooperated productively and those who did not. In other words, the market needed information to be able to sort the ethical, competent players from the pack.

Which brings me to the point of writing this article. If those who engineer fraudulent inducement of debt can be socially acceptable given the source of their wealth, then there are no solutions. Whether moral or legal—crime pays and crime that pays is crime that stays.

If the dirty players are consistently presented to the market as ethical, competent players, as “winners,” then the market cannot choose.

Ultimately, the enforcement that counts in our society is who is honored, who is accepted and who is shunned. This is why transparency of government money, credit and regulations that impact the general economy is essential.

Facing that fact while learning what is happening to the young people of America is part of facing the intimacy of the evil with which we are all struggling—as neighbors, family and friends continue to believe that it is socially acceptable to create financial wealth for themselves by poisoning our food system, originating debt bubbles, destroying our ecosystems and building a global surveillance and war machine.

As a professional investment advisor, I find it challenging to invest in an economy in which so many powerful people are financially dependent upon human failure. Worst among them are those who are financially vested in the failure of our young people, for that is ultimately the failure of the future itself.

Catherine Austin Fitts, “The Financial Hit Man of Student Loans”

Right now, the majority of Americans choose to support, admire, and follow the very people engineering the machinery that is harming their families and themselves. Until that changes, our society will remain “married to the mob.”
What Can I Do?

Facing the challenges of the reengineering of the federal budget can seem overwhelming and can even reduce us to a sense of hopelessness. You ask yourself, “I am only one person, what can I do?” Let me assure you that indeed each one of us can do a lot.

First of all, we can act to protect our families and ourselves as much as possible from being drained and defrauded. Tremendous energy and resources can be gained when you stop feeding the parasite, and instead feed yourself and those whom you love. This includes putting as much distance as possible between you, your health, and your resources and the people and institutions that are currently harming and harvesting you. It also includes shifting where we invest our time and resources, including building new skills.

Second, we can save time by not pursuing fake solutions—things that make us feel good temporarily but lead to no real change and distract us and drain more resources.

Third, our shift of consciousness can have a profound impact on the general shift in consciousness that is underway. Indeed, a shift in consciousness is required for real solutions to gain popular momentum.

Finally, we can organize with family, friends, neighbors, colleagues, and local organizations to bring transparency to federal finances in our area and look for ways to reengineer those finances that help rebuild the economy in a manner that serves us well and those around us. Finding ways of attracting young people and advanced technology back to Main Street and shifting current expenditures on things which drain communities—such as lottery sales and hard narcotics—back into productive activities and enterprises is critical to this effort.

I call this process “Coming Clean.” As each one of us comes clean and withdraws from that which is harmful to ourselves and to others and instead engages with that which brings life and vitality, the easier it is for the next person to do so as well.

There is a wealth of information at the Solari website (solari.com) and available to subscribers of The Solari Report to help you explore the many options for you to Come Clean. In response to requests of subscribers, we will publish a collection on Coming Clean in book form this Spring. If you sign up for our updates, you will be notified when it is available. You can sign up for updates at https://solari.com/updates/ and subscribe to The Solari Report at https://shop.solari.com/.

I have found that Coming Clean is a lifelong process—a journey. Start with what saves you time and gives you energy and work out from there. Each person is different, with each of us having our own unique talents and situations.

Conclusion

I do not have confidence in solutions that can be crafted inside the Washington beltway. The current financial challenges in the federal budget reflect deeply ingrained conflicts and even violent tensions within our society. I do have confidence in extraordinary environmental health and financial wealth that is possible if each one of us takes responsibility to proceed to Come Clean and build our future regardless.

Consider this an invitation to begin. As the composer John Cage once said, “Begin anywhere.”
Solari Heros: The Missing Money A-Team

“Why is no one doing anything?”
- What you say if you want Catherine Austin Fitts to rhetorically chop your head off

Please meet the brave and brilliant men and women who have made extraordinary contributions to protect your rights and resources in the face of U.S. federal financial fraud.

Donald L. Barlett
Carolyn Betts, Esq.
Oswald Blake
Harry Blazer
Eunice Boston
James Corbett
Richard Dolan
Dr. Joseph P. Farrell
Claude Goddard, Esq.
Congressman Alan Grayson
Greg Hunter
Congresswoman Marcy Kaptur
Rob Kirby
Congresswoman Cynthia McKinney
Kelly Patricia O’Meara
Congressman Ron Paul
Jon Rappoport
Paul Rodriguez
Dr. Mark Skidmore
The Solari Team
James B. Steele
Alastair Thompson
Robin Willits
The Real Game of Missing Money

The Missing Money: Movies and Documentaries

“You do not actually think they spend $20,000 on a hammer or $30,000 on a toilet seat, Mr. President?” - Independence Day scene at Area 51

Movies

Independence Day (1997)
https://www.youtube.com/embed/QdmH47VNiS4

Rosemary’s Baby (1968)
https://www.youtube.com/embed/Ffw1u0aXn0o
Roman Polanski’s horror masterpiece predates most of the other devil possession movies. The titular Rosemary is going through a difficult pregnancy while slowly realizing that her friends and neighbors are not exactly what they seem to be. The supernatural in this story can easily be replaced by a human invigilation and politically motivated deceit.

The Parallax View (1974)
https://www.youtube.com/embed/KSMfrfj9FQ
Warren Beatty stars as an investigative reporter who looks into an assassination of a U.S. senator, only to discover a vast conspiracy involving a major international corporation that is responsible for many shocking world headlines. This is one of the early, good Deep State movies, long before the subject became so ubiquitous.

Wall Street (1987)
https://www.imdb.com/videoembed/vi3774546201
Michael Douglas appears in his iconic role as Gordon Gekko, a ruthless corporate raider who delivers his famous “Greed Is Good” speech. Gekko takes under his wing a young stockbroker (Charlie Sheen), introducing him to insider trading and the price of success. One of the most celebrated movies about the power of finance.
Dave (1993)
https://www.youtube.com/embed/ZARAldXlSyA
When a U.S. president goes into a coma, his double, Dave, takes over the official duties, only to wreak havoc on the ruthless way the governmental business is normally run. Dave is a gentle everyman who brings humanity and common sense to the White House, much to the dismay of his presidential staff and the amusement of audiences.

Contact (1997)
https://www.youtube.com/embed/SRo3jK37Vc
Jodie Foster stars as an astronomer seeking contact with extraterrestrial intelligence via a SETI-like program. Her scientific approach is on a collision course with a famous pastor’s search for truth in religion. Their beliefs get upended when a message from deep space provides a blueprint for a machine that enables contact with the other civilization. A very intelligent story (based on Carl Sagan’s novel), in which—for once—aliens are not horrifying creatures but a higher intelligence that wants to communicate rather than to destroy.
Scene on how the government spends our money:
https://www.youtube.com/embed/Et4sMJP9FmM

Wag the Dog (1997)
https://www.youtube.com/embed/gNDmDZi05dY
To cover a presidential sex scandal just before an election, a White House spin doctor (Robert de Niro) hires a Hollywood producer (Dustin Hoffman) to fabricate a war with Albania by creating a convincing footage. The movie was released in December, 1997—one month before Bill Clinton’s Lewinsky scandal broke.
Scene on “how to go to war”:
https://www.youtube.com/embed/hmM8rE_LdFA

Rogue Trader (1999)
https://www.youtube.com/embed/vqqSVVLfmds
The film tells one of the most shocking stories in the history of finance, which is by now a classic example taught in any finance course. It’s the tale of a trader from Barings Bank’s branch in Singapore, who single-handedly brought down a venerated British bank through his unsupervised trades in options and futures, losing $50 million in one day.

Eyes Wide Shut (1999)
Trailer: https://www.youtube.com/embed/H2aWfiN956U
A masked initiation scene:
https://www.youtube.com/embed/s_b-zpSnoHs
Stanley Kubrick’s last masterpiece with Tom Cruise and Nicole Kidman as a couple who embark on sexual and moral discovery. The doctor’s one-night odyssey takes him into the world of secret societies, which he did not even suspect of existing in modern-day New York. The movie’s release was a 1999 scandal due to overt sexual scenes that were only available in the international version of the movie.

Erin Brockovich (2000)
The movie that earned Julia Roberts an Oscar also resonated with audiences in its portrayal of Ms. Brockovich, a real-life crusader against corporate greed and moral indifference. The film tells the story of an uneducated mother who takes on litigation against an ecological disaster caused by a big corporation.
Watch the iconic scene of an attempted settlement:
https://www.youtube.com/embed/BGX4nMrnxg0

https://www.youtube.com/embed/6TetUbh6jrU
The anatomy of drug trafficking in 1990s America. A conservative judge who has a presidential
mission to lead a war against drugs discovers that his own daughter is a crack addict. A wife of a
drug boss tries to continue the family business while he is in jail. DEA agents are protecting their
informant. Nothing is black and white in this story, and lawmen are as tainted as the criminals.

**Taken (2002, 1 season)**
https://www.youtube.com/embed/rSBQ_61H4_4
Produced by Steven Spielberg, this miniseries spans four generations in the life of several families.
A WWII soldier is abducted by aliens during the war; the Roswell incident transforms another
man from an Air Force captain into an evil conspirator; another woman is impregnated by an
alien visitor. As the decades go by, the heirs of each of these people are affected by aliens’ plans
and manipulation.

**The Day After Tomorrow (2004)**
https://www.youtube.com/embed/Ku_IseK3xTc
A series of climate disasters plunge the world into a new Ice Age. While the world is slowly
freezing to death, corporations and governments fight for access to information and the means to
escape south.

**Syriana (2005)**
https://www.imdb.com/videoembed/vi780992793
A very personal project for George Clooney, the 2005 cinematic bombshell of a movie was based
on a memoir, “See No Evil,” written by former CIA operative Robert Baer. Clooney, who ex-
cecutive-produced the film, made no secret of his political fist-shaking in this fearless story that
tackles global oil corruption, roots of fundamentalism, and governmental collusion.

**The Good Shepherd (2006)**
https://www.youtube.com/embed/jl_9ayxs69A
Matt Damon stars as a man who only wants to do good but eventually finds that honor and
discretion are not enough when his employment follows from OSS to the CIA. The film portrays
the intelligence organization through the life vicissitudes of one man. There is an iconic scene of
Joe Pesci’s character talking to the quiet CIA man (Damon) who actually runs things here.

**Michael Clayton (2007)**
https://www.youtube.com/embed/5kJRYBhG43Q
George Clooney stars here as a fixer, brought in by a law firm when one of their own has a sus-
picious breakdown during a negotiation involving a chemical company. With billions at stake,
bodies soon follow.

**The International (2009)**
https://www.youtube.com/embed/LFqx2sROwsE
An Interpol agent attempts to expose a major bank’s role in international arms dealing. We get to
watch war, arms dealing, a corrupt global banking system, and Clive Owen.
https://www.youtube.com/embed/0xaoEjhsSX0
In the Loop (2009)
https://www.youtube.com/embed/dQrqMkCuHqA
A political satire about a group of skeptical American and British operatives attempting to prevent a war between two countries. An idealistic staffer for a new presidential candidate gets a crash course on dirty politics during his stint on the campaign trail.

2012 (2009)
https://www.imdb.com/video/embed/vi3444113945
Another helping of a disaster scenario from *Independence Day* director Roland Emmerich. The scenario: shifting poles cause massive floods. The chosen few: government leaders, the world’s billionaires, military brass from superpower countries, and some service workers. They will get spots on modern arks while the world perishes. There is a great scene of some Saudi princes, Russian oligarchs, and the Queen of England with her corgis all boarding the ship together. The rich and mighty will always be saved.

Margin Call (2011)
https://www.youtube.com/embed/uj4QrAcwVi0
The official description—“the story follows key people at an investment bank, over a 24-hour period, during the early stages of the 2008 financial crisis”—could not be duller, but *Margin Call* actually offers fascinating insight into the Lehman Brothers collapse and the 2008 bank wipeout.

Too Big to Fail (2011)
https://www.youtube.com/embed/-g2gdYhjlsM
This HBO movie chronicles the 2008 financial meltdown, with Treasury Secretary Henry Paulson as the focus of the story.

The Ides of March (2011)
https://www.youtube.com/embed/y494hUO-aw8
An idealistic staffer for a new presidential candidate gets a crash course on dirty politics during his stint on the campaign trail. This star-studded political drama featured George Clooney, Ryan Gosling, Paul Giamatti, and Philip Seymour Hoffman.

The Wolf of Wall Street (2013)
https://www.imdb.com/video/embed/vi2312218649
A tour-de-force satirical tale of the rise and fall of a penny stockbroker who rises to the top of the Wall Street food chain. An explosive cocktail of corruption, drugs, and sex, portrayed fearlessly by Leonardo DiCaprio, Jonah Hill, Margot Robbie, and Matthew McConaughey.

The Big Short (2015)
https://www.youtube.com/embed/vgqG3ITMv1Q
Scenes from the movie:
https://www.youtube.com/embed/EqjrWefjkUk
A group of investors bet against the U.S. mortgage market two years before the crash. Director Adam McKay (who in 2018 made the brilliant Dick Cheney exposé *Vice*—see below) uses comedy, direct-to-audience explainers by Margot Robbie and Selena Gomez, and a plethora of stars—from Brad Pitt to Ryan Gosling—to explain to the American public the great real estate scam of 2008.
Equity (2016)
https://www.imdb.com/videoembed/vi1848816665
This movie is unusual in putting the female characters front and center in the story of a central banker (Anna Gunn) who has to climb back to the top after a failed IPO, and who has to untangle a corruption scandal that threatens to take her down again.

Eye in the Sky (2015)
https://www.imdb.com/videoembed/vi1137947161
Helen Mirren stars as a British army colonel who commands a drone operation to capture terrorists in Kenya, but at the price of harming civilians, triggering a US-UK dispute over the implications of modern warfare.

Vice (2018)
https://www.youtube.com/embed/jO3GsRQO0dM
The political movie of the year in 2018. Christian Bale outdoes himself in this chilling portrayal of Dick Cheney’s rise from an unassuming, laid-back bureaucrat to the real power behind George W. Bush for the eight years that irreparably changed both the U.S. and global politics. Sam Rockwell, Steve Carell, and Amy Adams round up the cast of this comedy-drama from director Adam McKay (The Big Short).

Designated Survivor (2016- )
https://www.youtube.com/embed/N_f1v0Nx5Sw
If you want to see the latest film version of the White House’s underground tunnels and the secret command center, watch the opening episode of a popular TV series that has a low-grade official suddenly become the new U.S. president when the entire American government gets wiped out in a terrorist attack.

Billions (2016- )
https://www.youtube.com/embed/_raEUMLL-ZI
A new TV show that mixes power and finance in the hub of it all—New York. The conflict between a smart U.S. attorney and an ambitious hedge fund king provides the axis of this saga of money and influence.

HONORABLE MENTIONS:

GoldenEye (1995)
Bond has to stop a villain from using a satellite weapon system that could fire an electromagnetic pulse toward Earth.
https://www.imdb.com/videoembed/vi2674918169

Tomorrow Never Dies (1997)
The villain uses satellites to sow discord between China and Britain.
https://www.imdb.com/videoembed/vi1373479961\
Documentaries and Videos

https://www.youtube.com/embed/cKDQ_dpdOjE
The Disclosure Project is a research project aiming to fully disclose the facts about UFOs, extraterrestrial intelligence, and classified advanced energy. The first public Sirius Disclosure event in 2001 included Dr. Greer’s introductory remarks at a gathering of military, police, FAA, CIA, and NSA professionals sharing their UFO experiences.

Enron: The Smartest Guys in the Room (2005)
https://www.youtube.com/embed/-w6duQhWuVk
One of the most famous financial documentaries, the movie examines the downfall of Enron—an energy trading company that was built on corrupt business practices, brought an energy crisis to the state of California, and left 20,000 people jobless overnight.

No End in Sight (2007)
https://www.imdb.com/videoembed/vi4003004697
Talking heads in this documentary on the Iraq invasion include some Bush administration insiders and military personnel on the ground in Baghdad—all of them relating the arrogance and ineptitude of the decision-makers.

The Ascent of Money (2008)
https://www.youtube.com/embed/AtxN6AeWRsk
This six-part PBS documentary series explains the official financial history of the world.

Capitalism: A Love Story (2009)
https://www.youtube.com/embed/JeROnVUADj0
This Michael Moore documentary looks into the price a society (meaning us) pays for the pursuit of happiness by corporations.

Inside Job (2010)
https://www.imdb.com/videoembed/vi751502873
Interviews with bankers, political figures, insiders, analysts, and journalists provide an in-depth analysis of the 2008 financial meltdown.

Top Secret America (2011)
https://www.youtube.com/embed/i4HruCwPCQ0
A conversation with former FBI agent and whistleblower Coleen Rowley concerning “Why Top Secret America Misfires.” The Washington Post’s in-depth story on “Top Secret America” examines post-9/11 secret intelligence projects and the fact that major corporations are moving away from production to providing services and staffing for military projects.

ESF video series (2011)
https://www.youtube.com/embed/qTEFVwCNYfc
This is Eric deCarbonnel’s five-video series on the U.S. Treasury’s Exchange Stabilization Fund (ESF)—the government agency that controls the Federal Reserve, runs the CIA’s black budget, and is the architect of the world’s monetary system (IMF, World Bank, etc.). DeCarbonnel charts ESF involvement in virtually every major U.S. scandal since the ESF’s creation in 1934: the
London gold pool, the Kennedy assassinations, the Iran-Contra affair, CIA drug trafficking, HIV, and others.

**Mirage Men (2013)**  
https://www.youtube.com/embed/pfR18lm4ADs  
*Mirage Men* describes how the U.S. government created a UFO myth as a powerful weapon of mass deception to cover up clandestine technologies and operations. People who manufactured this mythology and those who fell a victim to these deceptions tell their stories about this shadow world.

**Global Financial Meltdown (2013)**  
https://www.youtube.com/embed/VQzEWeGJLP0  
An independent documentary on the cause of the 2008 financial crisis.

**Der Banker: Master of the Universe (2013)**  
https://www.youtube.com/embed/NaRb5wRYnW4  
A 2013 documentary where a German banker is chillingly straightforward when he shares his knowledge of modern banking’s power to prop or topple entire national economies.

**Secret Space Program presentations (2014, 2015)**  
https://player.vimeo.com/video/144248888  
https://secretspaceprogram.org/presentations-2014/  
Conference presentations include issues of interstellar travel, UFO encounters with the world’s militaries, the black budget, cosmic war, the secret space program, and others.

**2014 PRESENTATIONS:**

- **Catherine Austin Fitts:** “The Black Budget—What Does It Mean to U.S. Federal Budget, the Economy, and You?”  
  https://www.youtube.com/embed/w0mimIp8mr8

- **Joseph P. Farrell:** “Bullion, Brains, and Bonds”  
  https://www.youtube.com/embed/1svGIBKaE_0

- **Joseph P. Farrell:** “UFO, the Tower of Babel Moment, and Space Collateralization”  
  https://www.youtube.com/embed/6m6ZVVICK-0

- **Richard Dolan:** “UFO Encounters with the World Militaries: Implications”  
  https://www.youtube.com/embed/buNCOIB-HeM

**2015 PRESENTATIONS:**

- **Joseph P. Farrell:** “Cosmic War, Cosmic Versailles”  
  https://www.youtube.com/embed/Se7i0gWDLp0
Joseph P. Farrell: “Cosmic Versailles, Cosmic Tribute, and Cosmic War”
https://www.youtube.com/embed/AvUuRUEsRYs8

Catherine Austin Fitts: “The Space-Based Economy”
https://www.youtube.com/embed/ewcZts6WHUw

Final 2015 Conference Panel Discussion:
https://www.youtube.com/embed/cydtrgHNY8

The Spider’s Web: Britain’s Second Empire (2017)
https://player.vimeo.com/video/178628760
http://spiderswebfilm.com/
A documentary on Great Britain’s inner circle of power through a web of offshore tax havens that help the rich and powerful across the world to amass wealth, control political and financial outcomes, and build up more wealth through offshore companies in ex-British colonies and islands like Jersey.

All The Queen’s Horses (2017)
https://www.youtube.com/embed/q57ZKn-C-To
https://www.allthequeenshorsesfilm.com
In her position as treasurer of the city of Dixon, Illinois, Rita Crundwell forced cuts to the police budget and made staff reductions, all while defrauding the city of $50 million to fund her lavish parties, world travel, and a hobby of horse breeding. A landmark 2012 court case throws light on the total negligence of overseers who allowed the largest municipal fraud in U.S. history.

Dirty Money (2018)
https://www.youtube.com/embed/CsplLlZHbj0
Documentary stories exposing corporate greed, corruption, and other crimes of global capitalism.

The China Hustle (2017)
https://www.youtube.com/embed/55892jT06aI
We are dividing into multiple worlds—not just those marked by separate languages and cultures, but by different visions of what a human being is.

Are we sovereign individuals with rights that emerge from divine authority, or are we simply a natural resource to be exploited for pleasure, profit, and entertainment? If massive monetary inflation could be offset by global labor deflation, will the next round be continuous labor deflation through robotics and the integration of digital technology into humans—including on an involuntary basis?

As we debate our sovereign rights and freedoms, we are experiencing an unprecedented effort to assert central control—often by covert means—and to brainwash and mind control the general population into financing and supporting the forces acting against us. As we finance this “invasion,” secrecy, corruption, and organized crime continue to grow. At the same time, our culture continues to be debased.

For our scenario plans for 2019, I have chosen two variables.

- The first is our **humanity**: Will we maintain a human civilization or become progressively more inhuman?

- The second is the level of **transparency**, particularly as it relates to the nature of our governance and resource management, including our financial flows: Will our governance and the funds and resources we provide to government be disclosed in an open way or kept secret?

By lining up these two variables in a matrix, we create four scenarios:

- Scenario #1: Whew!
- Scenario #2: Candle in the Dark
- Scenario #3: Mind Control
- Scenario #4: Animal Farm
All four scenarios exist in our current world. The question is, which ones will we nurture, support, and finance, and which ones will we cut off, shun, and starve?

Traditionally, my scenarios focus on the issues that inform investment strategies for the coming year. This year, however, I believe it is essential that we face up to the fundamental dependency of the G7 nations on the war machine—and the extent to which that machinery is operating outside of domestic and international law.

Do we want to make money by investing in the destruction of our own health and freedoms or in the mind control and bankruptcy of our children and grandchildren?

I don’t. This is one of the reasons why I shifted the focus in my investment advisory business in 2018 to building and managing an Environmental, Social, and Governance (ESG) investment screen. I have no interest whatsoever in profiting from the end of human civilization.

It was one of the rules I was taught early on Wall Street: “Never bet against yourself.”

Scenario #1: Whew!
Human–Transparent
(Weighting = 5%)
https://hudmissingmoney.solari.com/whew/

This is the wonderful day we wake up and we are back in a world where people regularly say, “Hey! It’s a free country.” We believe in our opportunities, we have faith in each other. The unceasing perversion and corruption have ended. Mind control technology is illegal, and related enforcement works. Our governance and political structures are trustworthy.

I spend about 25% of my time in this world. I was just in this world at a salon at Thomas Meyer’s home. The conversation was open and free-ranging. The people enjoyed the conversation and respected each other’s feelings and opinions. The food was delicious. The sunlight shone in from the garden. The piano and violin music that opened and closed our afternoon was inspiring. The company was heartwarming. The integrity of the people who I knew personally was high.

The event felt just like the events when Solari Report subscribers get together. We are in a world that is both free and welcoming. We can let our hair down and just say “Whew!” Spending as much time as I do in these environments is one of the benefits of publishing The Solari Report.

What are the chances for the Whew! scenario? I rate them as low—5%. The adoption of FASAB 56 was a major blow against the odds for this scenario in the near future. Significant secret money for secret armies means things are going to get a lot worse before they get better. Fight for this scenario in 2019—do everything you can to make it happen—but for planning purposes, be prepared to manage in a world sliding toward a non-transparent and inhuman state.

My 5% probability represents hope for pushback—including the “Midianite thing” slowing down totalitarian forces. Look for opportunities to support local politicians and citizens fighting hard for responsibility and against local secrecy and central control.
Scenario #2: Candle in the Dark  
Human–Non-Transparent  
(Weighting = 25%)  
https://hudmissingmoney.solari.com/candle-in-the-dark/

This is the world where we are free to be our human self, but we have to build this in our own little bubbles.

This scenario is a bit like being a monk during medieval times. We travel from one monastery to another. The good ones have a wonderful culture and civilization. However, it is easy to get robbed on the road between the walled cities. You have to take precautions. It is a non-transparent world, and each territory has multiple roving covert operations and financial predators. The lawlessness detracts from people’s ability to earn income and build savings or wealth.

I spend about 50% of my time in this world—living and working in a bubble at my house or in the homes of friends and allies. I give this scenario a 25% probability for the near future, as many more people in the general population embrace mind control. The greater the number of people who are entrained, the easier it is for the leadership to adopt intrusive technology such as 5G and covert operations designed to reduce health and other freedoms. That makes it harder and more expensive, even dangerous, for some of us to preserve and nurture our “candle in the dark.”

You can see the inversion—the projective identification—used to market vaccinations. The unvaccinated are not threatening the health of the vaccinated. Rather, the mind control of the vaccinated is threatening the health, financial security, and future of the entire population.

Scenario #3: Mind Control  
Inhuman–Transparent  
(Weighting = 40%)  
https://hudmissingmoney.solari.com/mind-control/

This is a world where everyone pretends we are in the Whew! scenario—but we are not. Cooperation of the general population is achieved with heavy mind control and entrainment combined with financial secrecy. Extensive surveillance and monitoring allows the covert to rule. This makes it easier to institute central controls and inhuman policies steadily over time.

Confidence in mind control means that the leadership is less afraid and more transparent about what they are actually doing. It’s okay to destroy Libya and steal their gold because feminists feel that Hillary Clinton is demonstrating leadership qualities—it’s a woman’s turn to do so—and liberals consider it fashionable to have an African-American president, even when he is genociding Africans.

I spend about 25% of my time in populations that are headed this way or have arrived in the equivalent of the communities in movies such as The Truman Show or The Stepford Wives. I try to avoid these environments. One of the dangers is that these populations can be weaponized to target individuals and the general population in a variety of ways.
One of the reasons I spend time in this scenario is because Solari Report subscribers are regularly targeted by all manner of hope porn, fear porn, and disinformation—or by predatory financial pitches or downright financial fraud. That means watching this material, dealing with some of the people involved, and determining ways of helping others filter and avoid this scenario.

Another reason is because hypermaterialism is growing. All of us are spending time managing interactions with people who don’t appreciate the covert side of the economy and have no idea that the spiritual world exists. Indeed, they do not even understand invisible technologies of the material kind. So, for example, they are unaware of the dangers of EMF radiation or GMO food. They only see what is both material and visible. For those of us whose insights are not so limited, the increase in hypermaterialism is a frightening phenomenon.

Over the coming year, I assume a 40% chance of the mind control scenario dominating our environment.

**Scenario #4: Animal Farm**

*Inhuman—Non-Transparent*

*(Weighting = 30%)*

[https://hudmissingmoney.solari.com/animal-farm/](https://hudmissingmoney.solari.com/animal-farm/)

This is a world where the central controls and secrecy are so strong and the treatment so inhuman that people feel the tyranny—and often take their anger and frustration out on each other.

Genocide, imprisonment, slavery, trafficking, the organization and management of drug-addicted populations, disaster capitalism, systemic financial fraud and predatory lending, the targeting of innocent civilian populations for sanctions that reduce nutrition and necessities below those needed for a human existence, or targeting and destruction of countries such as Libya—these are some of the many examples of Animal Farm scenarios in our world.

I am lucky. I spend essentially no time in these worlds. I work hard to bring transparency to them—as I believe transparency of both the practices and the people responsible lowers the odds of the Animal Farm scenario growing and dominating.

When I realize I am in an Animal Farm world, I get out fast. If I feel this kind of anger and sarcasm in a conversation—whether in person or on social media—I exit as quickly as I can. In times such as these, anger often reflects a bad combination of ignorance and/or mind control. Usually, insight or interaction cannot make a positive contribution.

Over the next year, I give the Animal Farm scenario a 30% chance of dominating. Unfortunately, FASAB 56 significantly increases the chance that the push for war could succeed in starting wars in which there are no winners with the exception of a handful of profiteers. Whether FASAB 56 or an increase in war and war investment, these developments will accelerate depopulation strategies and use of slave labor.

Financing this means you are betting against a human future. What good will money do in an inhuman world? You decide.
# 2019 Solari Calendar & Events

<table>
<thead>
<tr>
<th>DATE</th>
<th>EVENT</th>
<th>CATEGORY</th>
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<tbody>
<tr>
<td>01/01</td>
<td>New Year's Day</td>
<td>HOLIDAYS</td>
</tr>
<tr>
<td>01/21</td>
<td>Martin Luther King, Jr. Day</td>
<td>HOLIDAYS</td>
</tr>
<tr>
<td>02/02</td>
<td>Groundhog Day</td>
<td>HOLIDAYS</td>
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<tr>
<td>02/05</td>
<td>Chinese New Year – Year of the Pig</td>
<td>HOLIDAYS</td>
</tr>
<tr>
<td>02/14</td>
<td>Valentine’s Day</td>
<td>HOLIDAYS</td>
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<tr>
<td>02/18</td>
<td>President’s Day</td>
<td>HOLIDAYS</td>
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<tr>
<td>03/10</td>
<td>Daylight Saving Time starts in the US</td>
<td>HOLIDAYS</td>
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<tr>
<td>03/08</td>
<td>International Women’s Day</td>
<td>HOLIDAYS</td>
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<tr>
<td>03/31</td>
<td>Daylight Saving Starts in the UK and Europe</td>
<td>HOLIDAYS</td>
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<tr>
<td>03/15</td>
<td>St. Patrick’s Day</td>
<td>HOLIDAYS</td>
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<tr>
<td>04/20</td>
<td>Passover</td>
<td>HOLIDAYS</td>
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<tr>
<td>04/21</td>
<td>Easter Sunday</td>
<td>HOLIDAYS</td>
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<tr>
<td>04/22</td>
<td>Earth Day</td>
<td>HOLIDAYS</td>
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<tr>
<td>05/01</td>
<td>Labor Day holiday in many international markets</td>
<td>HOLIDAYS</td>
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<tr>
<td>05/02</td>
<td>500 Year Anniversary of the Death of Leonardo da Vinci</td>
<td>HOLIDAYS</td>
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<tr>
<td>05/05</td>
<td>Cinco de Mayo, Start of Ramadan</td>
<td>HOLIDAYS</td>
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<tr>
<td>05/12</td>
<td>Mother’s Day in the US</td>
<td>HOLIDAYS</td>
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<tr>
<td>05/27</td>
<td>Memorial Day</td>
<td>HOLIDAYS</td>
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<tr>
<td>05/16</td>
<td>Father’s Day in the US</td>
<td>HOLIDAYS</td>
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<tr>
<td>07/04</td>
<td>Independence Day in the US</td>
<td>HOLIDAYS</td>
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<td>07/14</td>
<td>Bastille Day National Holiday in France</td>
<td>HOLIDAYS</td>
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<tr>
<td>09/02</td>
<td>Labor Day</td>
<td>HOLIDAYS</td>
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<tr>
<td>09/30</td>
<td>Rosh Hashanah</td>
<td>HOLIDAYS</td>
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<tr>
<td>10/03</td>
<td>Daylight Saving Time ends in the US</td>
<td>HOLIDAYS</td>
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<tr>
<td>10/09</td>
<td>Yom Kippur</td>
<td>HOLIDAYS</td>
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<tr>
<td>10/14</td>
<td>Columbus Day</td>
<td>HOLIDAYS</td>
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<tr>
<td>10/27</td>
<td>Daylight Savings Time ends in Europe and the UK</td>
<td>HOLIDAYS</td>
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<tr>
<td>10/31</td>
<td>Halloween</td>
<td>HOLIDAYS</td>
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<tr>
<td>11/04</td>
<td>Daylight Savings Day Ends in the US</td>
<td>HOLIDAYS</td>
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<tr>
<td>11/11</td>
<td>Veteran’s Day</td>
<td>HOLIDAYS</td>
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<tr>
<td>11/28</td>
<td>Thanksgiving</td>
<td>HOLIDAYS</td>
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<tr>
<td>12/23</td>
<td>Hanukkah</td>
<td>HOLIDAYS</td>
</tr>
<tr>
<td>12/25</td>
<td>Christmas Day</td>
<td>HOLIDAYS</td>
</tr>
<tr>
<td>12/31</td>
<td>New Year’s Eve</td>
<td>HOLIDAYS</td>
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<td>DATE</td>
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</table>
| 01/01 | Qatar withdraws from OPEC
Same sex marriage becomes legal in Australia
Free access to abortion in Ireland
Brazilian new president Jair Bolsonaro is inaugurated for 4-year term | INTERNATIONAL EVENTS    |
<p>| 01/06 | Election results in Democratic Republic of Congo                      | INTERNATIONAL EVENTS    |
| 01/25 | <strong>The World Economic Forum in Davos, Switzerland</strong>                   | INTERNATIONAL EVENTS    |
| 02/03 | Presidential elections in El Salvador                                 | INTERNATIONAL EVENTS    |
| 02/16 | General elections in Nigeria                                          | INTERNATIONAL EVENTS    |
| 02/24 | General elections in Thailand                                         | INTERNATIONAL EVENTS    |
| 03/05 | National People’s Congress in Beijing, China                          | INTERNATIONAL EVENTS    |
| 03/29 | UK is leaving the European Union (Brexit)                             | INTERNATIONAL EVENTS    |
| 03/31 | Presidential elections in Ukraine                                    | INTERNATIONAL EVENTS    |
| 04/09 | Parliamentary elections in Israel                                     | INTERNATIONAL EVENTS    |
| 04/17 | General and presidential elections in Indonesia                        | INTERNATIONAL EVENTS    |
| 04/22 | Earth Day                                                             | INTERNATIONAL EVENTS    |
| 04/30 | Emperor Akihito of Japan will abdicate                                | INTERNATIONAL EVENTS    |
| 05/23 | European Parliament election                                          | INTERNATIONAL EVENTS    |
| 05/26 | Regional and local elections in Spain                                 | INTERNATIONAL EVENTS    |
| 06/06 | 75th anniversary of D-Day                                            | INTERNATIONAL EVENTS    |
| 06/09 | Women Deliver conference in Vancouver, Canada                         | INTERNATIONAL EVENTS    |
| 06/28 | <strong>G-20 annual summit in Japan</strong>                                       | INTERNATIONAL EVENTS    |
| 07/22 | 4th World Congress on Healthcare &amp; Technologies in London, UK        | INTERNATIONAL EVENTS    |
| 08/25 | G-7 summit in Biarritz, France                                       | INTERNATIONAL EVENTS    |
| 09/01 | 80th anniversary of the start of WWII (key events to take place in Poland) | INTERNATIONAL EVENTS    |
| 09/17 | <strong>United Nations General Assembly with world leaders attending in New York, US</strong> | INTERNATIONAL EVENTS    |
| 09/21 | International day of peace                                           | INTERNATIONAL EVENTS    |
| 10/01 | 70th anniversary of founding People’s Republic of China               | INTERNATIONAL EVENTS    |
| 10/06 | Parliamentary elections in Portugal                                   | INTERNATIONAL EVENTS    |
| 10/21 | Federal elections in Canada                                           | INTERNATIONAL EVENTS    |
| 10/26 | Climbing Uluru becomes permanently banned                             | INTERNATIONAL EVENTS    |
| 10/27 | Presidential and parliamentary elections in Argentina                 | INTERNATIONAL EVENTS    |
| 10/31 | New President of the European Commission will be appointed           | INTERNATIONAL EVENTS    |
| 11/05 | State and local elections in the US                                   | INTERNATIONAL EVENTS    |
| 11/11 | COP 25 (Conference of the Parties to the United Nations Framework Convention on Climate Change) in Chile | INTERNATIONAL EVENTS    |
| 01/01 | Thailand takes over chairmanship of ASEAN (Association of Southeast Asian Nations)- summits to be held in April or June and November | KEY FINANCIAL EVENTS    |
| 01/22 | Bank of Japan meeting                                                 | KEY FINANCIAL EVENTS    |</p>
<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>01/24</td>
<td>European Central Bank’s first meeting of the year in Frankfurt, Germany</td>
<td>KEY FINANCIAL EVENTS</td>
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<tr>
<td>02/07</td>
<td>The Bank of England’s first meeting of the year</td>
<td>KEY FINANCIAL EVENTS</td>
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<tr>
<td>04/05</td>
<td>The World Economic Forum on Middle East and North Africa in Dead Sea, Jordan</td>
<td>KEY FINANCIAL EVENTS</td>
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<tr>
<td>04/10</td>
<td>European Central Bank’s meeting</td>
<td>KEY FINANCIAL EVENTS</td>
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<tr>
<td>04/12</td>
<td>Spring Meetings of the IMF and World Bank Group in Washington, DC</td>
<td>KEY FINANCIAL EVENTS</td>
</tr>
<tr>
<td>04/15</td>
<td>US Tax deadline</td>
<td>KEY FINANCIAL EVENTS</td>
</tr>
<tr>
<td>04/24</td>
<td>Bank of Japan meeting</td>
<td>KEY FINANCIAL EVENTS</td>
</tr>
<tr>
<td>05/06</td>
<td>St. Petersburg International Economic Forum in St. Petersburg, Russia</td>
<td>KEY FINANCIAL EVENTS</td>
</tr>
<tr>
<td>07/01</td>
<td>The Bank of England gets a new governor</td>
<td>KEY FINANCIAL EVENTS</td>
</tr>
<tr>
<td>07/25</td>
<td>European Central bank meeting</td>
<td>KEY FINANCIAL EVENTS</td>
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<tr>
<td>07/29</td>
<td>Bank of Japan meeting</td>
<td>KEY FINANCIAL EVENTS</td>
</tr>
<tr>
<td>08/29</td>
<td>Meeting of global central bankers in Jackson Hole, WY at the Kansas City Fed-sponsored 2018 Economic Symposium.</td>
<td>KEY FINANCIAL EVENTS</td>
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<td>09/12</td>
<td>European Central bank meeting</td>
<td>KEY FINANCIAL EVENTS</td>
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<td>09/04</td>
<td>The World Economic Forum on Africa in Cape Town, South Africa</td>
<td>KEY FINANCIAL EVENTS</td>
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<tr>
<td>09/12</td>
<td>The Bank of England’s meeting</td>
<td>KEY FINANCIAL EVENTS</td>
</tr>
<tr>
<td>09/18</td>
<td>World Economic Forum Annual Meeting of New Champions in Tianjin, China</td>
<td>KEY FINANCIAL EVENTS</td>
</tr>
<tr>
<td>10/01</td>
<td>US government fiscal year 2019-2020 begins</td>
<td>KEY FINANCIAL EVENTS</td>
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<tr>
<td>10/18</td>
<td>IMF and World Bank Group Annual meeting in Washington, DC</td>
<td>KEY FINANCIAL EVENTS</td>
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<tr>
<td>10/30</td>
<td>Bank of Japan meeting</td>
<td>KEY FINANCIAL EVENTS</td>
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<td>11/11</td>
<td><strong>Asia Pacific Economic Cooperation (APEC) summit in Santiago, Chile</strong></td>
<td>KEY FINANCIAL EVENTS</td>
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<td>12/12</td>
<td>European Central Bank meeting</td>
<td>KEY FINANCIAL EVENTS</td>
</tr>
<tr>
<td>03/01</td>
<td>10K for Fiscal Year Ended 12/31/18</td>
<td>10K's FILING CALENDAR</td>
</tr>
<tr>
<td>04/30</td>
<td>Proxy statement 10-K/A: for Fiscal Year Ended 12/31/18</td>
<td>10K's FILING CALENDAR</td>
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<td>05/10</td>
<td>10Q</td>
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<td>10Q</td>
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<td>03/18</td>
<td>10-Q: for Fiscal Year Ended 12/31/18</td>
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<td>10-K: for Fiscal Year Ended 12/31/18</td>
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<td>10Q</td>
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<td>08/14</td>
<td>10Q</td>
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<td>EVENT</td>
<td>CATEGORY</td>
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</tr>
<tr>
<td>11/14</td>
<td>10Q</td>
<td>10K’s FILING CALENDAR</td>
</tr>
<tr>
<td>01/29</td>
<td>Federal Reserve Open Market Committee meets</td>
<td>FEDERAL RESERVE ACTIONS</td>
</tr>
<tr>
<td>03/19</td>
<td>Federal Reserve Open Market Committee meets</td>
<td>FEDERAL RESERVE ACTIONS</td>
</tr>
<tr>
<td>06/18</td>
<td>Federal Reserve Open Market Committee meets</td>
<td>FEDERAL RESERVE ACTIONS</td>
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<tr>
<td>09/17</td>
<td>Federal Reserve Open Market Committee meets</td>
<td>FEDERAL RESERVE ACTIONS</td>
</tr>
<tr>
<td>12/10</td>
<td>Federal Reserve Open Market Committee meets</td>
<td>FEDERAL RESERVE ACTIONS</td>
</tr>
<tr>
<td>01/01</td>
<td>Unmanned NASA space probe reaches the Ultima Thule icy object in Kuiper Belt</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>01/03</td>
<td>China is first nation that landed a Chang’e-4 probe on the far side of the moon</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>01/17</td>
<td>Space X test-launches the Crew Dragon spaceship (no crew)</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>01/21</td>
<td>First total lunar eclipse known as the “Super blood wolf moon” visible in North and South America, Europe and Africa.</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>TBA</td>
<td>CHEOPS space telescope will launch to study extra-solar planets</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>01/30</td>
<td>Chandrayaan-2 India’s lunar probe launches</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>02/03</td>
<td>SpaceX Israeli moonlander to launch via Space X to land on the Moon</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>02/TBD</td>
<td>Space X plans to launch 12,000 satellites into orbit to create a sat-net for better internet service. FCC already approved the network. UK’s One Web plans a similar launch</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>03/05</td>
<td>Mercury retrograde</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>03/20</td>
<td>Spring Equinox (first day of Fall in Southern Hemisphere)</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>03/TBD</td>
<td>Boeing to test Starliner spaceship</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>03/TDB</td>
<td>Space X Falcon Heavy rockets to launch military satellites, ArabSat6 and a Deep Space Atomic Clock</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>05/06</td>
<td>Eta Aquarids meteors shower</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>06/17</td>
<td>Space X to launch manned Crew Dragon spaceship</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>07/02</td>
<td>Total solar eclipse visible in South America and the Pacific</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>07/08</td>
<td>Mercury retrograde</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>09/23</td>
<td>Autumn Equinox (first day of Fall in Northern Hemisphere)</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>10/31</td>
<td>Mercury retrograde</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
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<tr>
<td>11/11</td>
<td>Rare Mercury transit – small dot crossing the Sun is Mercury</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
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<tr>
<td>Late 2019</td>
<td>Space X Starship to test launches in Texas</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>12/21</td>
<td>Winter Solstice (first day of Winter in Northern Hemisphere)</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>12/26</td>
<td>Solar eclipse visible in South Asia and Arab Peninsula</td>
<td>KEY SPACE AND ASTRONOMICAL EVENTS</td>
</tr>
<tr>
<td>01/01</td>
<td>CES (Consumer Electronics Show) in Las Vegas, Nevada</td>
<td>SELECTED TECH EVENTS</td>
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<tr>
<td>02/25</td>
<td>Mobile World Congress in Barcelona, Spain</td>
<td>SELECTED TECH EVENTS</td>
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<tr>
<td>03/04</td>
<td>RSA Conference (Cyber Security) in San Francisco, California</td>
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<tr>
<td>03/06</td>
<td>Satellite 2019 conference in Washington, D.C.</td>
<td>SELECTED TECH EVENTS</td>
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<tr>
<td>03/18</td>
<td>Game Developers Conference in San Francisco, California</td>
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<tr>
<td>04/07</td>
<td>European Geosciences Union (EGU) General Assembly in Vienna, Austria</td>
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<tr>
<td>DATE</td>
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<td>04/12</td>
<td>AVR 360 Show in London, UK</td>
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<td>04/15</td>
<td>AI Conference in New York, NY</td>
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<td>04/15</td>
<td>TED 2019 in Vancouver, Canada</td>
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<tr>
<td>06/11</td>
<td>VR &amp; AR World London in London, UK</td>
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<tr>
<td>06/11</td>
<td>E3 Gaming show in Los Angeles, California</td>
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<tr>
<td>06/18</td>
<td>AI conference in Beijing, China</td>
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<tr>
<td>06/26</td>
<td>CEBIT Information technology fair in Hannover, Germany</td>
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<td>06/26</td>
<td>Mobile World Congress in Shanghai, China</td>
<td>SELECTED TECH EVENTS</td>
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<tr>
<td>07/22</td>
<td>Scientific Committee on Antarctic Research 13th International Symposium in Incheon, South Korea</td>
<td>SELECTED TECH EVENTS</td>
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<tr>
<td>08/03</td>
<td>Black Hat USA tech security conference in Las Vegas, Nevada</td>
<td>SELECTED TECH EVENTS</td>
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<tr>
<td>09/26</td>
<td>International Conference on Advanced Materials Science and Nano technology in Dubai, UAE</td>
<td>SELECTED TECH EVENTS</td>
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<tr>
<td>11/04</td>
<td>Web Summit in Lisbon, Portugal</td>
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<tr>
<td>01/24</td>
<td>Sundance Film Festival in Park City, Utah</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>02/03</td>
<td>Super Bowl of NFL playoffs in Atlanta, Georgia</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>02/07</td>
<td>Berlin International Film Festival in Berlin, Germany</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>02/16</td>
<td>Carnevale di Venezia in Venice, Italy</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<td>02/19</td>
<td>The Lantern Festival in Pingxi, Taiwan</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>02/24</td>
<td>91st Academy Awards (Oscars) in Los Angeles, CA</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>02/26</td>
<td>Centennial celebrations at Grand Canyon National</td>
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<tr>
<td>03/02</td>
<td>Carnival in Rio de Janeiro, Brazil</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>03/05</td>
<td>Mardi Gras in New Orleans, Louisiana</td>
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<tr>
<td>03/08</td>
<td>South by Southwest Festival in Austin, Texas</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>04/06</td>
<td>Grand National race in Liverpool, UK</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>04/27</td>
<td>Kings’ Day in Amsterdam, The Netherlands</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>05/05</td>
<td>Kentucky Derby in Louisville, Kentucky</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>05/06</td>
<td>MET gala in New York</td>
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<tr>
<td>05/11</td>
<td>La Biennale di Venice in Venice, Italy (art- theme is “May You Live in Interesting Times – Fake News”</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
</tr>
<tr>
<td>05/14</td>
<td>Eurovision Song Contest in Israel</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>05/15</td>
<td>Cannes Film Festival in Cannes, France</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>05/18</td>
<td>Museum night in all European countries</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>05/21</td>
<td>Chelsea Flower show in London, UK</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>06/01</td>
<td>UEFA Champions final (European soccer) in Madrid, Spain</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>06/13</td>
<td>Art Basel Hong Kong in HK, China and in Basel, Switzerland</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>06/14</td>
<td>Bach Festival in Leipzig, Germany</td>
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<td>CATEGORY</td>
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<tr>
<td>06/26</td>
<td>Glastonbury Festival in Glastonbury, UK</td>
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<td>07/01</td>
<td>Wimbledon Tennis Championships in Wimbledon, UK</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>07/06</td>
<td>Tour de France, starting in Brussels, Belgium</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>07/17</td>
<td>Bregenz Music and Opera Festival, Austria</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>07/18</td>
<td>ComicCon International convention in San Diego, California</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<td>07/20</td>
<td>Salzburg Festival of music and drama in Salzburg, Austria</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<td>07/25</td>
<td>Bayreuth Wagner Festival in Bayreuth, Germany</td>
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<td>08/02</td>
<td>Edinburgh International Festival in Edinburgh, UK</td>
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<tr>
<td>08/26</td>
<td>US Open Tennis Championship in New York</td>
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<tr>
<td>08/28</td>
<td>Venice International Film Festival in Venice, Italy</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>09/06</td>
<td>Beethoven Festival in Bonn, Germany</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>09/21</td>
<td>Octoberfest in Munich, Germany</td>
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<td>10/14</td>
<td>Man Booker Prize to be announced in London, UK</td>
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<tr>
<td>11/13</td>
<td>NY Marathon</td>
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<tr>
<td>12/07</td>
<td>Art Basel Miami in Miami, Florida</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>12/10</td>
<td>Nobel Prize in literature will be awarded (or not)</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>TBA</td>
<td>Museum of the Future to open in Dubai, UAE</td>
<td>ENTERTAINMENT and CULTURAL EVENTS</td>
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<tr>
<td>01/11</td>
<td>La Scala – La Traviata</td>
<td>SELECTED OPERA PREMIERES WORLDWIDE</td>
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<tr>
<td>02/09</td>
<td>Vienna Opera- Luci di Lammermoor</td>
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<tr>
<td>03/31</td>
<td>La Scala – Manon Lescaut</td>
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<tr>
<td>04/11</td>
<td>Paris Opera- Carmen</td>
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<tr>
<td>05/08</td>
<td>Paris Opera Gala – 350th anniversary</td>
<td>SELECTED OPERA PREMIERES WORLDWIDE</td>
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<tr>
<td>05/16</td>
<td>La Scala -Idomeneo</td>
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<td>Vienna Opera – Die Frau Ohne Schatten and 150th anniversary of the opera house</td>
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<tr>
<td>06/08</td>
<td>Paris Opera- Don Giovanni</td>
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<td>06/20</td>
<td>Vienna Opera- Othello</td>
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<td>06/27</td>
<td>Munich Opera- Salome</td>
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<td>06/28</td>
<td>Oregon Bach Festival in Eugene, Oregon</td>
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<tr>
<td>06/29</td>
<td>Santa Fe Opera- The Pearl Fishers</td>
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<tr>
<td>06/28</td>
<td>Santa Fe Opera - La Boheme</td>
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<tr>
<td>07/07</td>
<td>Catherine at Sofia Opera for Parsifal</td>
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<tr>
<td>07/13</td>
<td>Santa Fe Opera – Cosi fan Tutte</td>
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<td>07/17</td>
<td>Bregenz Festival - Rigoletto</td>
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<tr>
<td>07/18</td>
<td>Bregenz Festival – Don Quichote</td>
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<tr>
<td>07/23</td>
<td>Munich Opera- Agrippina</td>
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<tr>
<td>DATE</td>
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<td>CATEGORY</td>
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<tr>
<td>07/27</td>
<td>Santa Fe Opera – The Thirteenth Child</td>
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<tr>
<td>08/12</td>
<td>Bregenz Festival – Eugene Onegin</td>
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<td>09/02</td>
<td>La Scala – Rigoletto</td>
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<tr>
<td>11/28</td>
<td>Paris Opera- Prince Igor</td>
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<tr>
<td>05/05</td>
<td>Flaming Sword NATO exercises: Eastern and Northern European countries, UK, US</td>
<td>MILITARY EXERCISES</td>
</tr>
<tr>
<td>06/03</td>
<td>Saber Strike NATO exercise with 18,000 troops from 19 nations</td>
<td>MILITARY EXERCISES</td>
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<tr>
<td>08/00</td>
<td>Tsentr-2019 Russian large scale Arctic military games, Russia plans over 4000 military exercises throughout 2019</td>
<td>MILITARY EXERCISES</td>
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<tr>
<td>TBA</td>
<td>Increased military exercises to be conducted by China</td>
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<tr>
<td>01/22</td>
<td>Euro turns 20</td>
<td>ANNIVERSARIES</td>
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<tr>
<td>01/27</td>
<td>75th anniversary of the lifting of the siege of Leningrad</td>
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<tr>
<td>05/02</td>
<td>500th anniversary of the death of Leonardo da Vinci</td>
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<td>200th anniversary of the birth of Queen Victoria</td>
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<td>06/06</td>
<td>75th anniversary of D-Day Landing</td>
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<tr>
<td>06/28</td>
<td>100th anniversary of Treaty of Versailles</td>
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<td>07/20</td>
<td>50th anniversary of landing Armstrong and Buzz Aldrin landing on the Moon</td>
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<tr>
<td>09/20</td>
<td>500th anniversary of Ferdinand Magellan starting to circumnavigate the globe (only 18 sailors out of 250 survived)</td>
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<td>10/04</td>
<td>350th anniversary of Rembrandt’s death</td>
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<tr>
<td>10/29</td>
<td>50th anniversary of the first internet message- sent from UCLA to Stanford University</td>
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<tr>
<td>08/01</td>
<td>75th anniversary of the Warsaw Uprising</td>
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<tr>
<td>08/15</td>
<td>250 anniversary of birth of Napoleon Bonaparte August 100th anniversary of first regularly scheduled</td>
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<tr>
<td>10/02</td>
<td>150th anniversary of birth of Mahatma Gandhi</td>
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<tr>
<td>12/13</td>
<td>150th anniversary of birth of Henri Matisse</td>
<td>ANNIVERSARIES</td>
</tr>
<tr>
<td>01/</td>
<td>Solari Report 2018 Annual Wrap Up</td>
<td>SOLARI REPORT</td>
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<tr>
<td>04/</td>
<td>Solari Report 1st Quarter Wrap Up</td>
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<tr>
<td>07/</td>
<td>Solari Report 2nd Quarter Wrap Up</td>
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<tr>
<td>10/</td>
<td>Solari Report 3rd Quarter Wrap Up</td>
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News Trends & Stories
Trends We Track

"Don't follow trends, start trends."
-Frank Capra

Every day, we post links to stories in our News Trends & Stories section. Analyzing this flow provides intelligence about the deeper news. Here are the trends we are tracking currently.

ECONOMY AND FINANCIAL MARKETS

I. Global 2.0: From Slow Burn to Real Burn to AI Invasion
   A. Controlled Demolitions Accelerate
      · Pension Funds
      · Entitlements
      · Bankruptcies
      · Piratization and Thermal and Weather Warfare
      · Disintermediation in Retail
   
   B. Currency and Liquidity Wars
      · War on Cash
      · Cryptocurrency
      · Precious Metals
      · China, Russia, and the Build-out of Global Liquidity
      · Increased Sanctions and Alternative to SWIFT System
      · The Future of the Euro
      · Fed and ECB: Interest Rate and Bond Squeeze
C. The Debt Growth Model—Weaponized as Quantitative Easing Ends and Rates Rise

- Bonds and Interest Rates
- Equity Public and Private
- Commodities
- U.S. Dollar
- U.S. Budget: Military Expense, Audits, and Missing Money
- U.S. Interest Payments Accelerating
- Transition from Quantitative Easing
- Inflation and Deflation
- Land and Real Estate Ownership
- State and Local Finances
- U.S. Bear Trap in Emerging Markets
- Mortgage Fraud and “Natural Disasters

D. Financial Controls
E. Tax Wars and Offshore Havens
F. Impact of Environmental Risks and Debasement
G. Student Loans and Consumer Debt
H. Housing Markets

II. Global 3.0 Rising

A. Reshoring to North America
B. Robotics, Drones, Genetics, and Automation
C. Explosion in Material Science
D. Surveillance Capitalism
E. Amazon and the Reengineering of the U.S. Government
F. Global Purges
G. Technocracy Rising

III. How Will Investors Handle the Transition?

A. Growth of ESG Screening
B. Technocracy: Allocation Without Markets and a Real Pricing Mechanism
C. The Cost of Secrecy

IV. Inside the Pressure Cooker: Will We Expand or Shrink the Pie?

A. Return on Investment to Taxpayers: Positive or More Negative?
B. Response to Missing Money: DOD Audit, FASAB Policy
C. Piratization: Will the Rape of Russia Happen Here? A Domestic Phoenix Program + AI Invasion?
D. Weather Warfare, Fires, and False Flags
E. Equity Creation: Greater than Controlled Demolitions?

GEOPOLITICS

I. Governance and Sovereignty

A. Enforce the Constitution
B. State and Local Officials Take Action
C. Con-Con Con and Efforts to Shred the Constitution
D. Decentralization: Can We Re localize?
E. Individual and National Sovereignty
F. Voter Fraud
G. The Cost of Secrecy
II. The AI Invasion
   A. Growth of AI
   B. Net Neutrality
   C. 5G
   D. Piratization
   E. AI and the Sheriff of Nottingham
   F. Weapons of Math Destruction
   G. 325 Million Targeted Individuals Divided into Two Groups
   H. Free Speech and Corporate and Social Media Meltdown

III. The Trump Administration: The Second Year
   A. Budget and Missing Money; Debt Acceleration
   B. Federal Reserve and Financial System
   C. Health Care
   D. Military Modernization/Defense
   E. Midterm Elections and the Swamp Drama
   F. Justice
   G. Regulation
   H. Tax
   I. Trade and Tariffs
   J. The Neocon Problem
   K. The Deep State in Control

IV. The Shift to a Multipolar World
   A. The Big Picture
      · Eurasia and the Silk Road
      · Australia
      · Africa
      · The War in the South China Sea
      · Fortress America
      · Latin America
      · Vatican
      · Space Force
      · Europe: Brexit and Italy—Will the EU Come Apart?
      · U.S.-China Rebalance and the Trade Wars
      · The Middle Eastern Bog
      · Hot Spots
   B. Global Powwows
   C. Technocracy—Will Technology Continue to Centralize Control in a Multipolar World?
   D. The Rise of the Asian Consumer
   E. The Future of the “Midianite Thing”

V. The Deep State and National Security Public-Private Control
   · The Breakaway Civilization
   · The Big Investment Pools and Investors

VI. Migration and Immigration
   · North America
   · Asia
   · Europe
“I’m always interested in finding the new trend. If you love pizza every day, after 22 years of eating pizza, you want to try sushi.”

~Jean Pigozzi

CULTURE

I. A Commitment to Transparency

II. Mind Control and Sovereignty

III. Morphogenic Fields and Change

IV. Divide and Conquer and the Weaponization of People

V. Embracing Complexity and Uncertainty

VI. Artists, Scholars, and Others Leading Cultural Revival

VII. Additional Risk Issues
   A. Transhumanism
   B. The Asian Invasion
   C. Kavanaugh: Free Speech and Due Process
   D. The Cost of Secrecy

SCIENCE, TECHNOLOGY, AND SPACE

I. AI and Quantum Computing
   A. The Cloud Rush
   B. Quantum Navigation

II. Cybersecurity
   A. Blockchain
   B. Internet of Things
   C. Net Neutrality
   D. Data Laws and Regulation

III. Health Freedom
   A. Food and Water
   B. Vaccines
   C. 5G and EMF Radiation
   D. Sunshine and Oxygen
   E. Nanoparticles and Smart Dust

IV. Robots and Robotics
V. Biotech, Genetics, and Superhumans

VI. Environmental Applications

VII. Advanced and Invisible Weaponry
   · Disaster Capitalism
   · Autonomous Weapons

VIII. CERN and Particle Accelerators

IX. Space
   A. Space-Based Economy
   B. China, Russia, and U.S. Space Deals
   C. Creation of Space Corp in U.S.
   D. Impact of Increased U.S. Appropriations
   E. Asian Space Race

X. The Future of Energy
   A. Drop in Renewable Prices
   B. Drop in Oil Prices

TAKE ACTION

I. Take Action, Begin Anywhere, Change Yourself

II. Local Finance: Local Currencies, Local Venture Capital, Local Traded Equities, and Crowdfunding

INSPIRATION

Dr. Joseph P. Farrell Digital Pipe Organ Crowdfund

UNANSWERED QUESTIONS

I. The Governance Mystery
   · Who Is Mr. Global?
   · Where Are the $21 Trillion (and Financial Coup Proceeds)?
   · What Are Mr. Global’s Goals?

II. 9/11 and False Flags

III. Antarctica

IV. Interdimensionality and Time Travel

V. The Doubling of the Knowledge Curve

VI. Geophysical Risks
Top Ten Stories: Part I

“Secrecy, once accepted, becomes an addiction.”
- Edward Tiller

Part I includes our stories for our first two categories: economy & financial markets and geopolitics.

ECONOMY & FINANCIAL MARKETS

“The [Federal Accounting Standards Advisory] Board determined that options other than those permitted in this Statement [FASAB 56 proposing federal agencies keep secret books] may not always adequately resolve national security concerns…. Without this Statement, there is a risk that reporting entities may need to classify their entire financial statements to comply with existing accounting standards, which would likely result in the need to classify a large portion of the government-wide financial statements.”
- Federal Accounting Standards Advisory Board, August 2018

“No Comment”
- U.S. Securities & Exchange Commission on FASAB proposal that U.S. federal government, the largest issuer of securities in the world, be allowed to maintain secret books, March 2018


The successful push for secret books and secret financial markets was the most important story of 2018. The secrecy trend was foreshadowed in 2017, when the Harvard Corporation began taking steps to “go dark”—reducing transparency and getting rid of individuals knowledgeable about the financial coup. In 2018, after the Department of Defense (DOD) admitted that it was incapable of producing an audit, the Federal Accounting Standards Advisory Board (FASAB) quietly introduced a policy that negates any pretense of oversight by making it legal for government agencies and affiliate entities to have secret books. Secrecy combined with AI are also destroying the pricing mechanism. These moves signal a thriving breakaway civilization and hidden system of finance—and implementation of a new model that not only protects the perpetrators of the financial coup from liability but facilitates further flows out the back door for disaster capitalism and control by private corporations. (Gee, Harvard is buying up land and water in California….) Who knew that the Federal government could usher in a meaner and more aggressive fascist model through changes in an obscure accounting policy?
Negroponte given power to waive SEC rules

FASAB Statement 56: Understanding new government financial accounting loopholes

SEC comments: FASAB Exposure Draft: Classified activities. Questions for respondents due March 16, 2018

WSJ subscription: Harvard endowment to lay off half its staff

In “radical overhaul” Harvard endowment to fire half, close internal hedge funds, outsource asset management

UPDATE 2-Harvard to overhaul investment management, slash endowment staff

Harvard borrows Yale model

Harvard endowment reports “disappointing” 8.1 percent return

The black budget: The crossroads of (un)constitutional appropriations and reporting

The Pentagon spent nearly $1 billion on an audit—and failed

Amazing facts and figures from the Pentagon’s failed audit

Pentagon fails its first-ever audit, official says

Massive Pentagon agency can’t complete audit—again

Federation of American Scientists: Financial accounts may be “modified” to shield classified programs

Federation of American Scientists: Accounting Board okays deceptive budget practices

Regulators propose ending appraisal requirement on some home sales of $400,000 and below

Appraisers accuse federal regulators of recreating housing crisis conditions

John Bogle pens WSJ op-ed warning index funds becoming too big


Pay attention to Solari’s economic storm warning, because the deep state—which we think has stolen $50-plus trillion, has all the technology, and now has secret books—is raising interest rates to make more money on its stolen money. How clever is that! After all, they are the ones who have the cash to pay newly issued Treasury securities. The insiders who helped engineer the financial coup also are free to print more money at any time or give themselves more government contracts. As they continue to centralize control and engineer a recession and inflation, the civilian economy will feel the squeeze between revenues and expenses. The rest of the world continues to try to establish an alternative system that the U.S. can’t control.

Berkshire Hathaway reveals stake in JP Morgan as Warren Buffett raises bet on the US banking system

SWIFT CEO to step down in June

Germany urges SWIFT end to US payments dominance

Fed defies Trump, Wall Street by raising rates

How latest Fed rate decision affects rates on credit cards, mortgages, savings accounts

The economy “rigging” that impacts Americans…

How taxpayers subsidize America’s biggest employer and richest family

The gathering storm in the Treasury market


ECB sees global economic slowdown in 2019
The Real Game of Missing Money

- BIS warns of “perfect storm” for global economy
- Is a recession coming? CFOs predict 2019 recession, majority expect pre-2020 market crash
- Freddie Mac rolls out new loan program for manufactured housing

Story #3: Piratization Prep: The Deep State Utilities Build Out Their Platform

Contrary to what hope porn would have us believe, the swamp is in full blossom. Throughout 2018, we watched an unprecedented “in-your-face” move to reengineer and centralize the Federal government’s digital infrastructure using the deep state “utilities”—especially Amazon and Lockheed Martin. Consider Amazon’s set-up: It has the 17 U.S. intelligence agencies happy together in the Amazon cloud; it has consolidated its retail business with the purchase of Whole Foods; it owns The Washington Post; and its new dual headquarters will be located in proximity to the CIA, Treasury, and the New York Fed. In addition, the pending $10 billion DOD Jedi contract looks like it may go to...Amazon. Then, we have Amazon’s strategic satellite deal with Lockheed—which happens to be the U.S. government’s number-one contractor and was the lead contractor at the Federal Aviation Administration when 9/11 happened. Lockheed also ran information and payment systems for HUD and DOD during the financial coup and managed the neat trick of spinning out its IT division to escape liability for the missing money.

- Amazon to pick NYC, Northern Virginia for split “HQ2”: source
- Google reportedly plans to significantly expand its New York City presence
- As shutdown looms, House votes to empower Federal CIO, improve agency services
- Federal CIO office cyber lead is leaving government
- GSA to consolidate 24 multiple award schedules into one
- Amazon Web Services and Lockheed Martin team to make downlinking satellite data easier and less expensive
- The DOD is defending its JEDI procurement—and AWS has joined that defense
- Government denies Oracle’s protest of $10B Pentagon JEDI cloud RFP
- GAO dismisses IBM’s JEDI protest
- DOD says bids for $10B JEDI deal must be hand-delivered
- “We are coming”: Chilling Blackwater ad triggers fears of Trump seeking to privatize Mid-east wars
- Erik Prince’s plan to privatize the war in Afghanistan

Story #4: Cash Is King: Stocks, Bonds, Commodities Drop Together

Atypically, stocks, bonds, and commodities were all down together in 2018. With no pricing mechanism, what to do? You need to make wise decisions about where and how you invest your time, money, and other resources. Invest in what you know and believe to be real. There are thousands of good companies that are not corrupt and are producing basic things that everybody needs. Also remember that seven billion people are a mighty force; the deep state may be trying to harvest us, but we can still focus on doing something productive.

- Cash is king
- More than half of S&P 500 stocks are now in a bear market
- Bizarre direct bid collapse continues in today’s tailing 5Y auction
The Solari Report / 2018 Annual Wrap Up / Part Two

- Why is every asset down in 2018 (& 3 questions for 2019)
- No more drama: Commodities investors seek a return to fundamentals
- Corporate bond woes worsen as spread hits widest in four months

Story #5: IOT Profits and the 5G Launch

From a market, operational, and control point of view, the deep state is 100% dependent on having 5G and the Internet of Things up and running. The health effects of EMF radiation are not on the leadership’s radar as a concern but may be one of the reasons that they seem to prefer robots. All of us are going to have to learn about EMF radiation and take it seriously. Consider hiring a professional to assess and remediate EMF and dirty electricity levels in your living and work space—this can make a big difference.

- 2018 roundup of Internet of Things forecasts and market estimates
- Satellite 2018 Conference: Remarks of David J. Redl, Assistant Secretary of Commerce for Communications and Information
- C-Band Alliance increases to 200 MHz its FCC proposal for spectrum repurposing in the U.S. to support nationwide 5G deployment
- C-band spectrum reallocation: Too lucrative to ignore?
- The LibreRouter project aims to make mesh networks simple and affordable
- 5G is finally starting to feel real
- AT&T’s 5G network is live, if you’re in the right city

GEOPOLITICS

“For the West in general, Trump's decision [to withdraw troops from Syria] has significance far beyond Syria or Iran. It signals the end of America’s role as world policeman—the end of what might be called the Pax Americana dependency culture.”

~ Melanie Phillips

“The state’s exclusive claim to violence to uphold its rule of law is, according to many, the very essence of statehood. For instance, in 1919, the eminent German sociologist Max Weber defined the state as “a human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory.” This definition remains widely used today, and states that cannot maintain a monopoly of force and endure civil war or frequent violent crime are routinely described as “weak,” “fragile,” or “failed” states.”

~ Sean McFate, The Modern Mercenary: Private Armies and What They Mean for World Order

Story #6: Deep State Secrecy—Censorship, Coup by FASAB, Climate Confusion, and Culture Wars

Physical, mental, and emotional manipulation—electromagnetic and cultural—are being used to promote transhumanism and create chaos, confusion, and bad maps. Look at the effort to get young people to adopt a false map about climate change so that they will embrace socialism and central control (while never hearing a peep about weather warfare or global spraying). The culture wars and cultural “peer pressure” are another brilliant tactic to keep people from noticing that their money is being stolen and their human rights destroyed. However, the protests that are happening all over Europe—cultural, not political—show how strongly people feel about preserving and “seed-banking” their culture. Watch out for manipulation of language—an insidious technique
to cut people off from Western European culture. The business community’s substitution of “hu-
man resources” for the word “personnel” is another example of linguistic sleight-of-hand, signaling
a modern version of slavery. In this light, be cautious about DNA testing, which, in a legal sense,
transfers ownership of the DNA to whomever obtains the sample.

- 1987: Senator Inouye exposes the shadow government
- 2017: Schumer warns Trump: Intel officials “have six ways from Sunday at getting back at you”
- Class action lawsuit for targeted individuals
- Report: Huber and Horowitz investigations deep state cons constructed by DOJ…
- Rand Paul blasts “deep state” for shutting him out of CIA briefing
- Ron Paul: Why the Senate vote to end Yemen war is so important
- Christian group demands tech giants stop censorship or face tidal wave of lawsuits
- Apple permanently bans Alex Jones from entire platform
- An intelligent conversation about the environment
- Scientists will begin geoengineering experiment and try to block the sun
- Russia, China, and those ionospheric heaters and other stuff: Part one
- China and Russia band together on controversial heating experiments to modify the atmo-
sphere
- Ocasio-Cortez: “Inevitable” global warming governance will create “economic, social, and
racial justice”
- Climate change could trigger next global recession, 415 investment funds warn
- “#FakeMoos”: CNN wants Americans to start eating insect burgers to save the planet
- Stanford frat told to take down “offensive” American flag, hangs much bigger one
- Dutch man, 69, who “identifies as 20 years younger” launches legal battle to change age
- In a first, transgender woman competes in Miss Universe competition
- Mayor De Blasio signs law establishing “third gender” for NYC birth certificates
- Congress is trying to use the spending bill to criminalize boycotts of Israel and other countries

Story #7: 9-11 West: Are Thermal Warfare and Disaster Capitalism Spreading Across the U.S. and EU?

This was the second most important story of 2018. Thermal warfare on American citizens is happen-
ing—the U.S. equivalent of the Phoenix Program—and it is taking place with the concurrence and
approval of the U.S. government and its contractors. (How could the fires have happened without
the U.S. military, which controls the air space, either standing down or facilitating?) Did the Admin-
istration make a deal with the tech industry to clear out land for high-speed trains and Silicon Valley
North? Is there an intent to transform the state and consolidate the national security infrastructure
that is already in place in California? Or are the fires a way to clear out mortgage fraud? Or both? At
any rate, all signs indicate that thermal warfare and other forms of lawlessness are going to spread
across the country and throughout the G7. Disasters also dramatically increase the government’s
ability to spend money without accountability. The tearing up of rules and standards in the middle
of a disaster is frightening to watch.

- All California wildfire evacuation orders have been lifted
- Paradise photos: Butte County GIS maps
- Insurance claims at $9 billion from California fires
- Death toll from summer forest fire near Athens rises to 99
- “The whole town is gone”: Dramatic drone footage reveals scale of fire destruction in para-
dise, CA
- PG&E rate proposal would raise typical bill more than $10 a month
- Camp Fire up close
List of missing in California’s deadliest wildfire drops sharply
The CA fires: Strangeness squared
WSJ subscription: Inflated home appraisals drain billions from government insurance fund
Berkshire Hathaway reveals stake in JP Morgan as Warren Buffett raises bet on the US banking system
Troops sent to help tackle Saddleworth Moor fire are stood down – live updates
Wildfires burn across Eastern Australia in sweltering heat wave
California’s biggest utility provider spikes after regulator eases fears of bankruptcy following deadly wildfire (PCG)
California Senate Bill No. 901 Wildfires, CHAPTER 626: Approved by Governor September 21, 2018. Filed with Secretary of State September 21, 2018
The Phoenix Program
“We are coming”: Chilling Blackwater ad triggers fears of Trump seeking to privatize Middle East wars
Erik Prince’s plan to privatize the war in Afghanistan

Story #8: Midterms: GOP Wins Senate, Dems Win House, Trust in Voting Systems Continues to Deteriorate

The split midterm election results will exacerbate partisan politics. This means more paralysis of overt government, greater covert control, and more infighting between deep state factions. One telltale sign that the midterm “blue wave” was engineered: All 60 freshman congressmen—including young supporters of socialism and transhumanism—went to Harvard for their week-long briefing. Since when is the deep state in charge of congressional orientation? With national elections now functioning as high-powered, expensive surveys, will the “silent majority” simply give up on the process? Perhaps, but they will not give up their guns—over a million people have refused to comply with the recent New Jersey law banning large capacity ammunition magazines. There are also growing indications that the Clinton-Bush marriage of convenience may be breaking up and that Trump has made a deal with the “Bushies”; look at Trump’s appointments to the Supreme Court, the Fed, and as Attorney General. Meanwhile, the Clintons’ pay-to-play backers—some of the most powerful people on the planet—want their money. Are the Clintons being set up for a fall?

 Democrat lawyers are descending on Florida”: Republicans blast recount effort
Democrats won the House, but Trump won the election
Republican Kevin McCarthy voted to lead minority…
The Democratic blue wave was real
US midterms 2018
At Harvard, Rashida Tlaib blasts comments by former Trump advisor Gary Cohn
What we must do now: Abrams, Georgia and something extraordinary (expert analysis proving 340,134 voters were wrongly purged)
Deceptive online tactics used in Alabama race…
LinkedIn cofounder funded Democrats’ “Russia-Inspired” smear campaign against Judge Roy Moore in Alabama — and Facebook allowed it

In addition to the secret books of government, and the genocide in California, and moving the deep state utilities into position to further reengineer the Federal government, we see the Department of Justice apparatus being used to lawlessly try to destroy Julian Assange. Is this because the deep state systems are not yet secure, and somebody has a way in?

Emergency meeting called over fears for the physical safety of Julian Assange
Story #9: Trade Wars and the Rise of the Asian Consumer

China is building its consumer markets, financing the Silk Road, and downsizing its Treasury positions. It is also moving fast in the military, space, and tech arenas. This represents direct competition with the U.S. on every front—on-planet and off-planet. In addition, Asia and Europe both have larger consumer markets than the U.S., and they are in cahoots, leaving the U.S. as “odd man out.” However, the Chinese Communist system is doing a poor job of inspiring trust and solving its culture problem—and Chinese leaders appear to know it. Ultimately, culture might be a deciding factor in whether China succeeds or fails at promoting the yuan as an alternative global reserve currency.

- China cuts tariffs on more than 700 goods amid open-trade drive
- Trump Administration may push big changes to H-1B lottery system
- Nearly 160 million people want to move to the U.S.
- Tijuana Mayor calls for arrest of caravan organizers – “It’s a Federal crime” (VIDEO)
- U.S. pledges billions in aid to develop Central America, curb migration
- Surge at U.S. border pushes some evangelicals to help asylum seekers
- Watch Trump’s heated meeting over border security with Democratic leaders
- Pakistan, China, Afghanistan trilateral talks underway in Kabul
- Huawei’s CFO arrested at U.S. request, sparking outrage in China
- Averting world conflict with China
- Panda plays: China lowers auto trade tariffs – the dance continues….
- US will hold off on raising China tariffs to 25% as Trump and Xi agree to a 90-day trade truce
- G20 summit: World leaders reluctantly bow to Trump on trade amid showdown between US and China over tariffs
- The United States-Mexico-Canada Agreement, or USMCA, will replace the current NAFTA agreement that governs trade in North America
- G20 draft communique avoids explicit anti-protectionist pledge
- 2nd Quarter 2018 Wrap Up: The Rise of the Asian Consumer

Story #10: Brexit: The Endless Agony

We are witnessing a messy Brexit process. If Theresa May were to address it as a fait accompli and execute a hard Brexit, it would likely leave her in a position of strength. In fact, a hard Brexit might be the only thing that can save her government at this point, but May does not appear to have the stomach for it. Her inability to make progress is jeopardizing the benefits of Brexit—offering the worst of both worlds. In the end, perhaps the crown will exercise executive power. The Queen wanted Brexit—likely for reasons of culture and also to protect offshore havens and Commonwealth secrecy—and she could be the one to go down in history as having engineered the Brexit.

- Power vacuum points to no-deal Brexit
- Financial Times subscription: What 2018 told us about Brexit
- Theresa May clings on as Prime Minister after winning vote of no confidence
- Watch again: British PM Theresa May delays parliament vote on Brexit
- Theresa May’s Brexit deal in peril as ministers found in contempt of Parliament for first time
- EU, UK approve Brexit divorce deal; now comes the hard part
- Emergency briefing defence and security: David Ellis
Top Ten Stories: Part II

Part II includes our stories for the categories of Culture, Science & Technology, Space, and Food & Health.

CULTURE

“The number one challenge of robotics is: How do you create legal and financial and accounting systems to manage it? You are talking about new systems for every county, every state, every country globally. From a legal and financial standpoint, it is a huge challenge to do. The way to simplify it enormously is to take the human system and fit the robots into the human system. The beauty of that is you have the state and local and payroll taxation system that the deep state is financially dependent upon. They don’t want to lose that. If you can set it up so that a robot can be a citizen and a robot can have a birth certificate, you can slip it right through the payroll system. This will save you decades of controversy and nightmare and work.”

-Catherine Austin Fitts

Story #11: Gender X: Adapting Human Labor Law and Taxation for Robotics

Transhumanism is blurring the lines between human, cyborg, and robot. “Gender X” is the drumbeat—a convenient cover for the integration of robots into the human labor system for regulation and taxation purposes (allowing faster rollout of robotics) and a distraction to keep people from paying attention to efforts to prototype and test the integration of digital technology into humans. The Gender X issue also represents an effort to untether people from their traditions and history. This linguistic agenda may seem harmless, but it is not. In response, we need to remember that “where two or more are gathered, there am I”—there is a powerful magic that comes from connecting with our ancestors, our families, and the divine.

- Joseph P. Farrell: French President Macron has lost his mind
- Robot tax—A summary of arguments “for” and “against”
- Robots or jobs? The tax law’s uncertain impact on communities
- Germany approves third gender, “diverse,” for official documents
- Gender “X”: New York City to add third gender option to birth certificates
- Who are the rich, white men institutionalizing transgender ideology?
- Huge rise in school-age girls seeking gender reassignment prompts UK govt research
- “We will get regular body upgrades”: What will humans look like in 100 years?

Story #12: Gates Apologizes for Common Core Failure

There are money games going on in education—outsiders dictate policy, while our local taxes pay for their experiments. In this context, Bill Gates’ apology for his Common Core failure is a big win, illustrating what citizen pushback can accomplish. What does it mean that Gates is standing up and apologizing for spending $400 million to tinker with American children’s brains (and get them online 24/7)? Our guess is that he wants in on the DOD Jedi or other contracts and wants to avoid the political pushback on tech companies.
The Real Game of Missing Money

- Betsy DeVos: Common Core is dead at U.S. Department of Education
- With new focus on curriculum, Gates Foundation wades into tricky territory
- Bill Gates admits his Common Core experiment is a failure

We can also celebrate this story as a Joseph Farrell victory—Dr. Farrell’s book, *Rotten to the (Common) Core* (coauthored with Gary Lawrence), was one of the definitive Common Core critiques. That book made it clear that the U.S. educational system has been “rotten” for a very long time. We’ve had Harvard Presidents using standardized testing to triage the “elite” and “non-elite,” and an Educational Testing Service that cooperated with MK-Ultra. We need to keep “owning the culture” while making headway with the other threats—such as bad food, vaccines, and mind control—that are driving our children into a state of non-competitiveness and ineffectiveness. High-integrity allies, time in nature, prayer, and beautiful music are things that can help combat mind control and lift all of us into a higher mind.

- Marine Corps Commandant: “Less than 30% of young men and women” qualified to join military
- A dark consensus about screens and kids begins to emerge in Silicon Valley

**Story #13: Bill Binney’s Great Encryption Teach-In**

If every young person in America and the G7 were to learn how to do encryption, says Bill Binney, we could drive the deep state crazy with millions of encryption systems. Although it is probably impossible for a digital system to have complete integrity, we need higher-integrity systems than we have now. And let’s not forget to have young people also learn about analog codes and ciphers.

- The Tor Project, Inc: Tor program would disguise your communications
- Current commercially available programs…go through NIST for testing. When you give it to NIST, that’s actually giving it to NSA.
- ExposeFacts: For whistleblowing, journalism and democracy

**SCIENCE AND TECHNOLOGY**

“When it comes to shaping the future of artificial intelligence, the single most important factor will be the actions of human beings.”

~ Kai-Fu Lee

**Story #14: Transhumanist Pile On**

Food safety rules have been used to control the food system and drive small farmers and grocers out of business, but as that happens, food gets more and more unsafe. And now...we have lab-grown meat. Do we trust sellers like Amazon/Whole Foods to clearly label lab-grown meat as such? Other over-the-top stories this quarter included lab-grown human brains, gene-edited babies, birth from a transplanted uterus, a transgender man becoming Miss Spain, and an opioid a thousand times more potent than morphine. Not to mention a disturbing Gender X children’s clothing line. Prepare yourself to maintain human culture in the face of headlines that are trying to make you incoherent.
• In a first, transgender woman (Miss Spain) competes in Miss Universe competition
• “Reverse sex robots” with REAL BRAINS could be granted human rights
• Regulators face food fight over lab-grown meat
• Food Navigator: Cell-based meat firms said to agree on terminology, will form trade association
• Can lab-grown human brains think?
• An opioid that’s one thousand times more potent than morphine is approved at height of opioid addiction crisis
• “The whole town is gone”: Dramatic drone footage reveals scale of fire destruction in Paradise, CA
• The childrens clothing brand from Dajjal (& Céline Dion)
• In a first, a woman with a uterus transplanted from a deceased donor gives birth
• Chinese researcher claims first gene-edited babies

Story #15: The Challenges of Having an Intelligent Conversation About the Environment

Weather warfare, which goes back decades, is coming out into the open. Secretary of Defense William Cohen first admitted as much in 1997, and now countries like Russia and China are not even trying to hide it. There is a Wikipedia entry for Beijing’s Weather Modification Office—an official unit of the Meteorological Bureau “tasked with weather control.” So, anyone who discusses climate issues without making reference to the technologies that enable weather warfare and manipulation of the atmosphere is not only disingenuous but is committing egregious material omissions.

• An intelligent conversation about the environment
• Russia, China, and those ionospheric heaters and other stuff: Part one
• Russia, China, and those ionospheric heaters and other stuff: Part two
• China and Russia band together on controversial heating experiments to modify the atmosphere

Story #16: The Fake Science Problem

Corporate fake science has been killing or crowding out real science for a long time. By conducting and reporting false science and making everything more complicated than it needs to be (while keeping effective technologies secret), corporate science can control everything and rake off billions in profits for the problems it manufactures. (It’s the same playbook as in finance!) The physics establishment has been hiding a breakaway “off-the-books” physics since the days of Einstein, and the gatekeepers of biology and medicine have been doing the same. Consider the cover-up of Royal Raymond Rife’s research: Rife’s frequency instruments were curing cancer in the 1950s and—even more threatening to the status quo—his paradigm-changing microscopes could observe the live viruses that he believed caused cancer. If viruses are a reaction to toxicity, as Sofia Smallstorm suggests, then the solutions are pretty simple: reduce your toxicity and boost your oxygen, no pharmaceuticals needed.

• The Rise and Fall of A Scientific Genius, The Forgotten Story of Royal Raymond Rife
• Prominent doctors aren’t disclosing industry ties in publications
• Cardiac stem cell treatment pioneer fabricated 31 studies, Harvard & Brigham conclude
SPACE

“Being alive on the planet is a great privilege and must be pursued with gusto!”
~ Elana Freeland, Under an Ionized Sky: From Chemtrails to Space Fence Lockdown

Story #17: Vodafone and Nokia Awarded Contract to Build 4G Network on the Moon

A seemingly “little” story about corporate contractors building a 4G network on the moon has just “outed” the space-based economy. It tells us that someone wants planetary communication on the moon. Why? Is someone already there? An even bigger story this year was the Space Force announcement. Is this something new, or does the call for a Space Force represent a slow trickle of disclosure about the secret space program that already exists? Is the Space Force a strategy to “kick up the speed” and ensure U.S. dominance in space, both for weaponry and offshore financial havens? What does it mean that the four-star general who is now the Chairman of the Joint Chiefs of Staff told soldiers a few years ago to expect “hybrid armies” and “little green men”?

- Vodafone and Nokia join PTScientists to put 4G mobile phone network on moon
- Forrester Reports: IEEE indicates SpaceX Starlink constellation will generate hundreds of fragments… Scottish investor for SpaceX…
- Remember that General’s “little green men”…
- US may scrap plans for independent Space Force—reports
- Inside the Pentagon, disagreements deepen over how to create a Space Force
- NASA reveals plan for permanent moon base: “We want lots of humans in space”
- Mattis: US needs “offensive weapons in space” for defense

FOOD AND HEALTH

“It is simply no longer possible to believe much of the clinical research that is published, or to rely on the judgment of trusted physicians or authoritative medical guidelines. I take no pleasure in this conclusion, which I reached slowly and reluctantly over my two decades as an editor of The New England Journal of Medicine.”
~ Marcia Angell, MD, “Drug Companies and Doctors: A Story of Corruption.”
NY Review of Books, Jan. 15, 2009

Story #18: Quantum Biology Blossoms

The thinkers delving into “future science” are showing us that how the human body works and what makes it healthy or unhealthy are quite different from what we have been taught. There is an energetic reality that speaks to another way of looking at biology and life. The good news is that this intellectual revolution could usher in a solution to the health care mess—wonderful health care on an economic basis. Check out the information available through Solari’s powerful Future Science Series with Ulrike Granögger, the Wellness Series with Brigitte Mouchet, the Food Series with Harry Blazer, Jason Bawden-Smith’s work with mitochondria, and Sofia Smallstorm’s newsletters.
· Future Science: The Wave Genome—Quantum Holography of DNA with Ulrike Granögger
· Truth about viruses exposed—Live w/ Sofia Smallstorm
· Is 5G the asbestos of the 21st century?
· Our wireless tech is unsafe, and these 5 US government agencies have tried to warn us
· Subscriber recommendation: Stop EMF radiation with environmental assessment
· Biosludged—download the full documentary
· Are we on the cusp of a breakthrough in Ebola treatment?

Story #19: FDA Moves to Regulate Lab-Grown Meat

If grocers can increase their profit margin on a steak from 1% to 99%, will they? What could possibly go wrong? We need to redouble our efforts to find good, local sources of grass-fed meat.

· Regulators face food fight over lab-grown meat
· Food Navigator: Cell-based meat firms said to agree on terminology, will form trade association
· Lab-grown seafood and lab-grown meat aren’t that different
· Sustenance—teaser 1
· Resilience in practice
· Successful crowdfunding for agricultural pursuits; crowdfunding success stories
· Solari Food Series: Dr. Miguel Altieri—Father of Modern Agroecology

Story #20: Bayer Jeopardized by Monsanto Lawsuit

On its surface, Bayer’s decision to buy Monsanto makes less and less sense and belongs with “unanswered questions.” In addition to the multiplying Roundup lawsuits, Vietnam announced that it is going to sue Monsanto for the damage caused by Agent Orange. How did the Germans let this happen? Was it the dumbest corporate decision ever, or was there a backdoor deal somewhere in the mix to protect Bayer from liability? It makes even less sense when we remember that Bayer has decades of practice with corporate shenanigans, being one of the largest surviving spinoffs of IG Farben.

· Bayer slumps after judge upholds Monsanto cancer verdict, reduces damages
· Tanzania orders destruction of Monsanto/Gates’ GM trials due to illegal use for pro-GM propaganda
Take Action, Inspiration, and Unanswered Questions

“Life is an unanswered question, but let’s still believe in the dignity and importance of the question.” ~Tennessee Williams

TAKE ACTION

Story #21: Agrihoods Take Off

Interest in agrihoods (housing developments with a farm) is exploding—and the farms are growing healthy, fresh foods.

- Farm-fresh housing in Silicon Valley: Innovative plan to combine housing, farmland nears vote
- “Agrihood” Springbrook Farm will offer food-centric lifestyle in Alcoa
- 12 Agrihoods taking farm-to-table living mainstream
- Solari Food Series: An Urban Homestead with Harry Blazer and Anais Dervaes

Story #22: Texas Opens Gold Depository

It looks like the gold standard is going to be the deep state’s “double-down.” With $50 trillion from the financial coup d’etat, the ability to print money, large-scale land acquisitions, and the power to operate with secret books, why not convert it all to a gold standard so that no one can debase it or steal it back? Interesting that the state with the highest percentage of black budget profits just opened its own state gold depository.

- Texas Bullion Depository open for business
INSPIRATION

Story #23: RFK, Jr.’s Great Year

Robert F. Kennedy, Jr.’s year was very inspiring, with a big vaccine lawsuit win and the successful Monsanto lawsuit. Something also gave him the confidence to openly say that a conspiracy killed his father—a courageous thing to do.

- RFK, Jr. proves HHS is in violation of the “mandate for safer childhood vaccines” as stipulated in the Vaccine Injury Compensation Act
- Robert F. Kennedy, JR: Vaccine Big Pharma has Total Legal Immunity
- Millions Against Monsanto, You Have the Right to the Truth - by Robert F. Kennedy, Jr.

Story #24: The Dr. Joseph P. Farrell Virtual Pipe Organ Crowd Fund

Participation in the pipe organ crowd fund was an extraordinary journey in support of culture and raising our cultural IQ. The journey continues.

- The Dr. Joseph P. Farrell Virtual Pipe Organ Crowd Fund

4th Quarter Solari Heroes:

- December 13th: Elizabeth Blackburn
- December 6th: Carolyn Rose Hunt
- November 22: Bill Niman
- November 15: California Firefighters
- November 8: Erwin Bach
- November 1: Dr Grégoire Courtine and team at École Polytechnique Fédérale de Lausanne (EPFL) in Switzerland
- October 18: Russian Scientists Discover Bacteria that Neutralizes Nuclear Waste, Bob Dean, Oathkeepers & the Call to Action, Chuck McCorkle
- October 11: Kelley Ashby, Senator Rand Paul’s wife
- October 4: US Senator Grassley (R-Iowa)

Food for the Soul Series:

- Food For the Soul: At The Movies … At Other Countries
- Food for the Soul: Trapped Queens
- Food for the Soul: Museum Gardens
- Food for the Soul: The Oscar Race Has Started
- Food for the Soul: MAGRITTE – known and unknown
- Food For the Soul: Fondation Louis Vuitton
UNANSWERED QUESTIONS

Question #1: Who is Mr. Global and what is the governance structure on Planet Earth?

“Mr. Global” is our proxy for intergenerational pools of capital (think Rothschilds and Rockefellers)—folks who believe in corporate governance and slavery. For decades, Mr. Global was the secret “club” of people who were critical to the design, implementation, and cover-up of the JFK assassination, but now that group is dying. With David Rockefeller, Zbigniew Brzezinski, and George Bush, Sr. passing from the world stage, who is going to run the deep state?

Question #2: Where did Mr. Global put the $21 trillion (and the $24+ trillion)?

The most likely answer to the question of the missing money is—space, high tech weaponry, private endowments, and underground. All are expensive. It’s like the man who has two families. If we look at the Federal budget, we are financing two “families” out of one budget—and trying to get one to pretend that the other doesn’t exist.
## Trump Administration Report Card

“There are advantages to being elected President. The day after I was elected, I had my high school grades classified Top Secret.”

- Ronald Reagan

<table>
<thead>
<tr>
<th>Category</th>
<th>CAF’s 2017 Grade</th>
<th>CAF’s 2018 Q2 Grade</th>
<th>CAF’s 2018 Q3 Grade</th>
<th>CAF’s 2018 Q4 Grade</th>
<th>CAF’s 2018 Grade</th>
<th>Farrell’s 2017 Grade</th>
<th>Farrell’s 2018 Q2 Grade</th>
<th>Farrell’s 2018 Q3 Grade</th>
<th>Farrell’s 2018 Q4 Grade</th>
<th>Farrell’s 2018 Grade</th>
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<tr>
<td>Vision</td>
<td>B-</td>
<td>C</td>
<td>B-</td>
<td>B-</td>
<td>C+</td>
<td>B-</td>
<td>C-</td>
<td>C</td>
<td>B-</td>
<td>B-</td>
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<tr>
<td>Recruiting a Team</td>
<td>B-</td>
<td>D+</td>
<td>D+</td>
<td>D+</td>
<td>D+</td>
<td>C</td>
<td>D+</td>
<td>D-</td>
<td>D+</td>
<td>C-</td>
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<td>Building a Team</td>
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<td>D-</td>
<td>D</td>
<td>D</td>
<td>F</td>
<td>C</td>
<td>D-</td>
<td>D-</td>
<td>D</td>
<td>D-</td>
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<td>Accomplishments to Date</td>
<td>B+</td>
<td>B+</td>
<td>B+</td>
<td>A-</td>
<td>B-</td>
<td>B</td>
<td>A-</td>
<td>A-</td>
<td>A-</td>
<td>C+</td>
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<tr>
<td>Effort</td>
<td>B</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>B+</td>
<td>—</td>
<td>A</td>
<td>A</td>
<td>A-</td>
<td>B+</td>
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<tr>
<td>Communication</td>
<td>C+</td>
<td>C+</td>
<td>C+</td>
<td>B-</td>
<td>C-</td>
<td>C+</td>
<td>B-</td>
<td>B-</td>
<td>B-</td>
<td>C-</td>
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<td>War Games (Mapping the Swamp)</td>
<td>C-</td>
<td>B</td>
<td>B</td>
<td>B+</td>
<td>B+</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B+</td>
<td>B</td>
</tr>
<tr>
<td>Building Bottom-Up Support</td>
<td>D</td>
<td>C+</td>
<td>C+</td>
<td>B-</td>
<td>C-</td>
<td>C</td>
<td>C</td>
<td>C</td>
<td>B-</td>
<td>C</td>
</tr>
<tr>
<td>Introducing Important Change</td>
<td>B</td>
<td>B-</td>
<td>B-</td>
<td>B</td>
<td>B</td>
<td>C</td>
<td>C</td>
<td>C</td>
<td>C</td>
<td>B</td>
</tr>
<tr>
<td>Building Bridges Internationally</td>
<td>C-</td>
<td>C-</td>
<td>C+</td>
<td>C+</td>
<td>C</td>
<td>—</td>
<td>C-</td>
<td>B-</td>
<td>B</td>
<td>C</td>
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<tr>
<td>Building Bridges Domestically</td>
<td>F</td>
<td>D-</td>
<td>C-</td>
<td>C</td>
<td>D</td>
<td>D</td>
<td>D</td>
<td>C</td>
<td>C</td>
<td>C-</td>
</tr>
<tr>
<td>Managing the Executive Branch Bureaucracy</td>
<td>C-</td>
<td>C-</td>
<td>C</td>
<td>C</td>
<td>D</td>
<td>C / C-</td>
<td>C-</td>
<td>C</td>
<td>C</td>
<td>D</td>
</tr>
<tr>
<td>Grand Strategy for America and Our Role in the World</td>
<td>Too Early To Grade</td>
<td>Too Early To Grade</td>
<td>Too Early To Grade</td>
<td>C</td>
<td>C</td>
<td>A-</td>
<td>B-</td>
<td>C+</td>
<td>B-</td>
<td>C</td>
</tr>
<tr>
<td>Managing the Federal Budget and Contracting Budget</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F</td>
<td>F</td>
</tr>
<tr>
<td>Staying Physically and Emotionally Healthy</td>
<td>B-</td>
<td>B-</td>
<td>B-</td>
<td>B+</td>
<td>B+</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B+</td>
</tr>
<tr>
<td>Growing in the Job</td>
<td>B-</td>
<td>B-</td>
<td>B</td>
<td>A-</td>
<td>A-</td>
<td>B / B-</td>
<td>B-</td>
<td>B</td>
<td>A-</td>
<td>B+</td>
</tr>
</tbody>
</table>
Top News Videos, Part I

UP 844 Highball @ 75mph: Pulling the 2010 Lionel Collectors Club northbound to Cheyenne July 26, 2010

2014: The origins of oil falsely defined in 1892

Punchline at minute 7:20: Chuck Schumer: Donald Trump captured by hard right | Rachel Maddow | MSNBC

Why Big Oil conquered the world

Britain is losing our military to European control

Mark Robinson: 2018 NRA-ILA Leadership Forum

Future top 10 country projected GDP ranking (2018-2100)

Rand Paul’s wife calls out Dems amid threats, intimidation

SSP reality and illusion. Richard Dolan and Joseph Farrell

Richard Lighthouse—Special investigators (Stop 007)

An Evening with Tucker Carlson: America’s elites are on a ship of fools

Trump clashes with Jim Acosta in testy exchange

Navarro warns Wall Street on interference in China trade talks

China’s AI news anchor

Why Louisiana stays poor

Steve Bannon | Full address and Q&A | Oxford Union

Video: Emergency briefing defence and security: David Ellis, November 20, 2018

Randy Credico exclusive tell-all with Abby Martin on Wikileaks & Roger Stone

Stephen Cohen on cancelled Trump-Putin meeting at G20 summit

Tillerson blasts Trump as “undisciplined”

Full Rand Paul: “Risk to our national interest to be involved with the Saudis” | Meet The Press

“We are coming:" Chilling Blackwater ad triggers fears of Trump seeking to privatize Mideast wars

NOTE: For links to videos and additional material available in the online version of this Wrap Up, visit the 2018 Annual Wrap Up at https://hudmissingmoney.solari.com as well as the www.Solari.com website and use the search function to locate the items.
Top News Videos, Part II

Prof. Olle Johansson on WiFi: “Irreversible sterility within five generations”

Phil Robertson: This is the reason his show was canceled

2014: Net neutrality: Last Week Tonight with John Oliver (HBO)

Stephanie Seneff, PhD on glyphosate (Roundup) poisoning

2016: Nothing is real: How German scientists control Putin’s face

Minute 7: Chuck Schumer: Donald Trump captured by hard right | Rachel Maddow | MSNBC

2017: Meet the Chinese billionaire who opened shop in Ohio (HBO)

2017: How NSA tracks you (Bill Binney) [improved audio]

Tucker: Facebook is destroying America and its kids

Animated map: Visualizing 2,400 years of European history

Burned out Northern California fire victim questions directed energy weapons

Truthstream Media: The power of your intentions (the rice experiment)

“I AM THE MAJORITY!” Full gun rights speech *MUST WATCH*

Truthstream Media: Fake fake news is a danger to our fake democracy

Exclusive, full, & unedited: Interview of Lavrov to BBC

~195~ New proof about $21 trillion missing, Big Oil hiring fake activists, & more

Royal wedding: Full ceremony of Prince Harry and Meghan Markle | BBC News

Clifford Carnicom presents at 3rd Annual Stop Geoengineering Summit 2018

America Restored: Former NSA technical director Bill Binney speaks to Tomi Collins (data claimed to be Russian data tested)

Robert F. Kennedy, Jr. on vaccines. WARNING: Blue Pill junkies should avoid this show

What is an ideal outcome of Trump-Putin meeting? Russian FM tells Larry King

Chris Wallace interviews Russian President Vladimir Putin

Food (R)Evolution: How vertical farming will help feed the world | Mike Zelkind | TEDxCincinnati

EP 7 – SuperDads – Dr. Jack Kruse, neurosurgeon: Understanding how nnEMF is child abuse

Truthstream Media: A talking cricket, a self-writing quill, and the coming hive mind

The Rise of the Asian Consumer

Del Bigtree: What is really going on?!
Richard Dolan live: The new censorship—hate speech and InfoWars

Ex-CIA official to Trump supporter: We’re done. Get out! Philip Mudd erupts in rage during CNN discussion on security clearances…

Whistleblower Dr. Judy Mikovits: 11 minutes that blew me away

Greg Hunter interviews: Catherine Austin Fitts – We’ve reached “never-never land” accounting

Truthstream Media: Scientists want to turn consciousness on and off like a light switch

Julian Assange’s last words—"Intelligent evil dust, it’s everywhere in everything”—cut off air

Senator Patrick Colbeck testifies against 5G: Hearing 2018

Dr. Sharon Goldberg testifies at Michigan’s 5G small cell tower legislation

Truthstream Media: The still-unsolved mystery of the Eugene signal

Truthstream Media: Human 2.0 is almost here: The transhumanism agenda just went mainstream

The Rise and Fall of a Scientific Genius: The Forgotten Story of Royal Raymond Rife

Russian plans for space: News from the Nefarium, Nov 8, 2018

The children’s clothing brand from Dajjal (& Céline Dion)

Truthstream Media: It’s official: We’re living in the prequel to “Blade Runner”

Dolce & Gabbana apologizes

Dolce & Gabbana facing fallout from alleged racism in China | Squawk Box Europe

NASA’s Voyager 2 enters interstellar space

Dreamland: America’s opiate epidemic and how we got here 5 0

“This PLANET WILL BE THEIRS.” David Jacobs on the Richard Dolan Show

Truth about viruses exposed: Live w/ Sofia Smallstorm

**VIDEOS REMOVED BY YOUTUBE SINCE INITIAL POSTING ON SOLARI:**

2017: Exclusive interview with fire captain on origins of CA fires

Paradise lost # 51 – The fire embers are programmable swarming nanobots!!!!

Kerri Rivera and Dr. Seneff: Chlorine dioxide destroys glyphosate

NOTE: For links to videos and additional material available in the online version of this Wrap Up, visit the 2018 Annual Wrap Up at https://hudmissingmoney.solari.com as well as the www.Solari.com website and use the search function to locate the items.
Financial Markets Round Up

“What, me worry?”
~ Alfred E. Neuman

Fixed Income

“Caveat emptor (/ˈɛmptɔːr/; from caveat, “may be beware”, a subjunctive form of cavère, “to beware” + emptor, “buyer”) is Latin for “Let the buyer beware”. Generally, caveat emptor is the contract law principle that controls the sale of real property after the date of closing, but may also apply to sales of other goods. The phrase caveat emptor and its use as a disclaimers of warranties arise from the fact that buyers typically have less information about the good or service they are purchasing, while the seller has more information. The quality of this situation is known as ‘information asymmetry’. Defects in the good or service may be hidden from the buyer, and only known to the seller. A common way that information asymmetry between seller and buyer has been addressed is through a legally binding warranty, such as a guarantee of satisfaction. But without such a safeguard in place the ancient rule applies, and the buyer should beware.”

~ Wikipedia, “Caveat Emptor”

U.S. Dollar Index
The Real Game of Missing Money

Fixed Income
U.S. Bond Aggregate (AGG), High Yield Bond ETF (JNK)

5-7 yr. Treasury ETF (IEF), 20 yr. + Treasury ETF (TLT)
Equities

“Professional investors are wrestling with four big concerns, what I call the Four Horsemen of the Investing Apocalypse:

- The Fed keeps on raising interest rates and shrinking its balance sheet, ultimately causing a nasty recession in the US and an outright depression in emerging markets.
- China drops the trade war atom bomb by letting the yuan devalue sharply, sparking a global credit freeze that makes the 1997 Asian financial crisis look like a mild autumn day.
- Italy and its populist government play hardball with Germany and the ECB in a way that Greece could not, leading to a Euro crisis that dwarfs the 2012 crisis.
- Inflation, particularly wage inflation, gets away from the Fed, as their monetary policy tightening forces corporations to increase their risk-taking.”

–Ben Hunt, “You Don’t Have to Dance Every Dance,” Epsilon Theory, December 2018

S&P Large Caps (SPX), Buybacks (PKW)
The Real Game of Missing Money

U.S. Small Caps (SCHA), U.S. Mid Caps (SCHM), U.S. Large Caps (SCHX)

U.S. Aerospace & Defense (ITA)
Consumer Discretionary (XLY)

Consumer Staples (XLP)
The Real Game of Missing Money

Industrial Select (XLI)

U.S. Financials ETF (IYF)
U.S. Pharmaceuticals

Biotech (IBB)
## Motif Investing Highest Earners (1-Year Returns)

<table>
<thead>
<tr>
<th>Motif Name</th>
<th>Index</th>
<th>Return 1 Mo / 1 Yr</th>
<th>Valuation</th>
<th>Volatility</th>
<th>Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software as a Service</td>
<td>1919</td>
<td>▲ 1.01% ▲ 28.42%</td>
<td>VERY HIGH</td>
<td>VERY HIGH</td>
<td>0.1%</td>
</tr>
<tr>
<td>20 Stocks - CRM, WDAY, NDW, ULTI, OKT...</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repeal Obamacare</td>
<td>2647</td>
<td>▲ 1.33% ▲ 26.82%</td>
<td>MEDIUM</td>
<td>MEDIUM</td>
<td>0.6%</td>
</tr>
<tr>
<td>20 Stocks - LH, DGX, HOLX, CHE, NHC...</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bear US Sectors</td>
<td>464</td>
<td>0.30% ▲ 25.37%</td>
<td>—</td>
<td>VERY HIGH</td>
<td>0.5%</td>
</tr>
<tr>
<td>5 Stocks - REW, DUG, SKF, 5MN, SRS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech Takeout Targets</td>
<td>2302</td>
<td>▲ 0.79% ▲ 22.02%</td>
<td>VERY HIGH</td>
<td>HIGH</td>
<td>0.4%</td>
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<tr>
<td>25 Stocks - EVBG, CYBR, GLOB, BL, SPSC...</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimally Invasive Surgery</td>
<td>2547</td>
<td>▲ 1.57% ▲ 16.27%</td>
<td>VERY HIGH</td>
<td>MEDIUM</td>
<td>0.6%</td>
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<td>16 Stocks - MDT, HOLX, ISRG, CNMD, AN...</td>
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<tr>
<td>Cyber Security</td>
<td>2475</td>
<td>▲ 0.79% ▲ 13.81%</td>
<td>VERY HIGH</td>
<td>HIGH</td>
<td>0.2%</td>
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<tr>
<td>20 Stocks - CHKP, PANW, SYMC, FTNT, OK...</td>
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<tr>
<td>World of Sports</td>
<td>2063</td>
<td>▲ 0.75% ▲ 13.36%</td>
<td>HIGH</td>
<td>MEDIUM</td>
<td>1.3%</td>
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<td>20 Stocks - NKE, VFC, COLM, LLU, PLNT...</td>
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<tr>
<td>Digital Dollars</td>
<td>3611</td>
<td>▲ 1.02% ▲ 11.66%</td>
<td>HIGH</td>
<td>MEDIUM</td>
<td>0.6%</td>
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<td>20 Stocks - V, MA, AXP, PYPL, WP...</td>
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<td>Bear International Market</td>
<td>327</td>
<td>0.90% ▲ 10.57%</td>
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<td>VERY HIGH</td>
<td>0.6%</td>
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<td>5 Stocks - EEV, FXP, EPV, BZQ, EWW</td>
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<tr>
<td>Kings of K Street</td>
<td>2830</td>
<td>▲ 0.63% ▲ 10.14%</td>
<td>VERY HIGH</td>
<td>MEDIUM</td>
<td>0.7%</td>
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<tr>
<td>20 Stocks - EHTH, FII, P, MMS, EBS...</td>
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## Motif Investing Lowest Earners (1-Year Returns)

<table>
<thead>
<tr>
<th>Motif Name</th>
<th>Index</th>
<th>Return 1 Mo / 1 Yr</th>
<th>Valuation</th>
<th>Volatility</th>
<th>Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frack Attack</td>
<td>499</td>
<td>▲ 0.82%</td>
<td>▼ 43.18%</td>
<td>VERY LOW</td>
<td>2.0%</td>
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<tr>
<td>19 Stocks - HP, LBRT, PTEN, RES, SOI...</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Shale Gas</td>
<td>286</td>
<td>▼ 0.94%</td>
<td>▼ 41.84%</td>
<td>MEDIUM</td>
<td>0.9%</td>
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<tr>
<td>19 Stocks - COG, EQT, RRC, AR, DVN...</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Takeout Targets</td>
<td>418</td>
<td>▲ 0.27%</td>
<td>▼ 34.30%</td>
<td>HIGH</td>
<td>5.1%</td>
</tr>
<tr>
<td>20 Stocks - OGE, MUR, GEL, GLP, DCP...</td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>China Internet</td>
<td>2260</td>
<td>▼ 1.13%</td>
<td>▼ 32.43%</td>
<td>HIGH</td>
<td>0.2%</td>
</tr>
<tr>
<td>20 Stocks - BIDU, NTES, ID, PDD, CTRP...</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shale Oil</td>
<td>727</td>
<td>▲ 0.64%</td>
<td>▼ 31.45%</td>
<td>HIGH</td>
<td>0.6%</td>
</tr>
<tr>
<td>20 Stocks - PXD, CXO, FANG, APA, JAG...</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Emerging Markets Consumer</td>
<td>1231</td>
<td>▼ 0.25%</td>
<td>▼ 28.23%</td>
<td>HIGH</td>
<td>0.8%</td>
</tr>
<tr>
<td>25 Stocks - INI, NTES, BABA, JD, YUMC...</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Online Video</td>
<td>815</td>
<td>▲ 0.07%</td>
<td>▼ 28.17%</td>
<td>VERY HIGH</td>
<td></td>
</tr>
<tr>
<td>13 Stocks - HUYA, NFLX, IQ, BIDU, ROKU...</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthy and Tasty</td>
<td>809</td>
<td>▲ 1.20%</td>
<td>▼ 27.45%</td>
<td>VERY HIGH</td>
<td>0.6%</td>
</tr>
<tr>
<td>12 Stocks - USNA, FDP, HAIN, CVGW, SFM...</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Casino Gambling</td>
<td>1781</td>
<td>▲ 1.54%</td>
<td>▼ 27.11%</td>
<td>LOW</td>
<td>3.5%</td>
</tr>
<tr>
<td>18 Stocks - LVS, MGM, WYNN, GLPI, MLC...</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Dr. Copper</td>
<td>608</td>
<td>▲ 1.37%</td>
<td>▼ 26.53%</td>
<td>MEDIUM</td>
<td>2.7%</td>
</tr>
<tr>
<td>11 Stocks - NEM, SCCO, BHP, TRQ, ABX...</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
U.S. Home Construction (ITB)

U.S. Real Estate (IYR)
International Developed (EFA)

EUROPE / Germany (DAX)
European Financials (EUFN), U.S. Financials (KBE)

European Financials: Deutsche Bank (DB), Royal Bank of Scotland (RBS), Barclays (BCS), Paribas (BNPQY)
ASIA

China Large Cap (FXI)

China Small Cap (HAO)
Frontier Markets (WAFMX)

![Graph of Frontier Markets (WAFMX) showing stock performance and technical indicators.](image)

- **MACD (12, 26, 9)**: -0.017, -0.015, -0.001
- **Volume**
- **Daily**: -10.49% (31 Dec)
- **MA (20)**: 10.03%
- **MA (200)**: -18.72%
- **RSI (14)**: 49.72
Commodities

“Let me tell you my story once again of the devil and the farmer. The devil goes to a Midwestern farmer and he says, “OK, if you sign this contract and give me your soul, I will triple your profits, your meager profits that have always been a struggle for you. And I will do it for 100 years for you and your descendants.” The farmer is desperate, so he signs. The profits are tripled and all is well. Now footnote 21 of the contract—there are always footnotes with the devil—says the farmer will lose 1% of his soil every year. Because that's what farmers are all losing anyway, big deal. So he signs, and 100 years later there's no soil at all left for his great-great-grandchildren. He has given up soil as well as his soul....

The expected value of the deal with the devil was $5.5 million. The no-deal farmer up the road who stuck it out the hard way had a present value of only $2 million. As I've noted before, at least when the starving crowds arrive from Chicago, the farmer dies rich. As currently configured, every MBA ever produced would sign that contract, or fail the course. That is capitalism. Ask Milton Friedman once again. A corporation's responsibility is to maximize profits, not to waste money attempting to guess how to save our soil.”

- Jeremy Grantham, GMO

Crude Oil (OILNF)
Russia (RSX), Crude Oil (OILNF)

Gold (GLD), Silver (SLV)
The Real Game of Missing Money

Mining (GDX), Junior Mining (GDXJ)
<table>
<thead>
<tr>
<th>Commodity</th>
<th>Relative Performance</th>
</tr>
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<tbody>
<tr>
<td>VIX</td>
<td>28.38</td>
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<tr>
<td>Cocoa</td>
<td>17.8</td>
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<tr>
<td>Wheat</td>
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<tr>
<td>Palladium</td>
<td>12.87</td>
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<tr>
<td>Corn</td>
<td>6.7</td>
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<tr>
<td>USD</td>
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<tr>
<td>JPY</td>
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<tr>
<td>Feeder Cattle</td>
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<tr>
<td>Live Cattle</td>
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<tr>
<td>Natural Gas</td>
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<tr>
<td>CHF</td>
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<tr>
<td>2 Year Note</td>
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<tr>
<td>Nasdaq 100</td>
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<td>5 Year Note</td>
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<tr>
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<td>10 Year Note</td>
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<tr>
<td>Soybean Meal</td>
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<td>Ethanol</td>
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<td>EUR</td>
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<td>S&amp;P 500</td>
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<td>Soybeans</td>
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<td>Orange Juice</td>
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<td>Soybean oil</td>
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<td>DAX</td>
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<td>Heating Oil</td>
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<td>Crude Oil Brent</td>
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<tr>
<td>Gasoline RBOB</td>
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</table>
Baltic Dry Index

Disclaimer: Nothing on The Solari Report should be taken as individual investment advice. Anyone seeking investment advice for his or her personal financial situation is advised to seek out a qualified advisor or advisors and provide as much information as possible to the advisor in order that such advisor can take into account all relevant circumstances, objectives, and risks before rendering an opinion as to the appropriate investment strategy.
And the Winners Are...
2018 Hero of the Year

"It is in truth not for glory, nor riches, nor honours that we are fighting, but for freedom—for that alone, which no honest man gives up but with life itself."
- Declaration of Arbroath

Jon stood on the stage alone. He was wearing a three-piece white suit with a pink shirt. Contrasted with his jet-black hair and tall, stern demeanor, he cut an imposing figure that night. He began to speak about the corruption of medical science and the truth of vaccines—he spoke forcefully and without hesitation for well over an hour. No notes. No slides.

It was spellbinding. There were more facts, figures, profound insights, and pure unadulterated truths packed into that oration than I thought was possible. It was intellectual luxury—the equivalent of eating an entire box of the finest Swiss chocolates. Intense. Delicious. Rich.

I have heard stories of what it was like to hear Mark Twain and the greatest orators of an age. To be in the audience for one of these performances transforms you. It changes your life. This was the first time it had happened to me.

It was in Mexico, at night, long ago. It was the finest speech I have ever heard. Ever.

Why is it that one of the finest orators of our age is not speaking at the great universities and the think tanks, whereas retired politicians whose only claim to fame comes from having given away our money are paid $1 MM in speaking fees?

The answer is because Jon Rappoport is on our side. He has always been on our side—completely, utterly, and without equivocation.

I have read almost everything Jon has ever written and listened to much of what he has recorded. For years, I pestered Jon to package his interviews into what is now his Matrix Revealed collection.

Over a period of years, Jon interviewed insiders and allowed them to “tell all” anonymously. His goal was to unpack the nuts and bolts of how our “official reality” is crafted and controlled. In many rereadings of these interviews, I have never found one imperfection. If you have operated within the system—on Wall Street and in Washington—you invariably find such imperfections. It is what gives away sloppy reporting or disinformation.
Jon’s reports are flawless. Real. Detailed. Fascinating. His ability to unpack the details of how the “Matrix” works and to teach the power of our imaginations immediately unleashed inspiration in my heart and possibilities in my mind. I kept insisting to clients and subscribers that they read Jon Rappoport.

I did a Solari Report with Jon on his new collection, including his interviews—*The Matrix Revealed*—when the collection was ready. I was in a hotel, with three options for both phone and Internet. During the live recording, all three phones went down, as did the room’s electricity. I stayed live as I kept migrating access. The interruptions did not all happen at once—so the audience never knew. But it confirmed that someone important agreed with me about the significance of Jon’s collection.

A subscriber called me the next week and said, “All my life, I have been going to these conferences where people told me I could invent my world. But I never believed them. After listening to you and Jon describe how other people are inventing my world for me, I realized, you know, I *can* invent my world.”

Jon does that to people.

I used to stay at a friend’s house in the San Francisco Bay Area who would read Jon’s latest column almost daily and howl with laughter. It was this exact same inspiration. The power of Jon’s insights made “freedom ring.” I invited my friend to come see Jon speak at the Secret Space Program 2014.

Jon at Secret Space Program 2014 -
<https://www.youtube.com/watch?v=_noA7-qY26A>

When I came back to the house that evening, my friend was sitting at his kitchen table grinning from ear to ear. I asked him what he was smiling about. He said, inspired by Jon’s speech, “I am imagining my next big thing.”

For many years, one of my dreams has been to look up and see on my bookshelves a leather-bound *Complete Works of Jon Rappoport* next to my Oxford six-volume edition of the *Complete Works of William Wordsworth*. In my view, that is where Jon’s writing ranks and belongs—with the great works that endure through the ages.

If you want to help make that dream come true, head over to Jon’s site, *No More Fake News*, and buy and download his books, audios, and interviews, packaged in three digital collections. We invest in our freedom and our future each time we archive, learn, teach, pass on, and preserve these priceless contributions.

The Solari team chose Jon as the Solari Report Hero for 2018. No words can express the inspiration and power that Jon and his work have given our team, our subscribers, and our network.

May God bless you, Jon Rappoport, as you have blessed all of us!

2018 Documentary of the Year

The Solari Report 2018 Documentary of the Year is The Minds of Men by Truthstream Media: https://www.themindsofmen.net/.

Several years ago, I realized that mind control was replacing the financial system as the primary control system in the developed world. I needed to find a way for The Solari Report to provide more coverage on mind control, including the history of mind control, its application, its uses, and the science and technology behind it.

I decided that the first step was to find out who was producing reliable materials on mind control. I discovered that Melissa and Aaron Dykes at Truthstream Media were deep diving the topic. Not only were they producing a series of enormously compelling and insightful videos, they were also doing serious research on the history, the administrative infrastructure, and the engineering and science involved.

This was outstanding and original work. Rather than trying to duplicate it, I determined that I should do everything possible to republish and support their efforts.

I have been a fan of Truthstream since its inception—in part because Aaron came to Hickory Valley with a colleague to film an interview with me in one of his past media incarnations. He and his colleague arrived in an early morning snowstorm. I made them breakfast. And then we talked for most of the day. Aaron's authenticity and intelligence were evident. Then he partnered with Melissa, whose passion for the truth takes your breath away.

Truthstream Media just keeps getting better and better. Now, with the launch of The Minds of Men as their first full-length documentary, Melissa and Aaron have catapulted themselves into the forefront of up-and-coming documentary makers.

Aaron and Melissa describe The Minds of Men as representing “a 3+ year investigation into the experimentation, art, and practice of social engineering and mind control during the Cold War—a mind-bending journey into the past that gives startling insight into the world we are living in today.”

An added bonus—the film is rich with documentation. Check out the resources and sources provided after the closing credits. There is some very serious investigative reporting behind this effort.

Do you want to understand your world in 2019? The Minds of Men is a must-watch.

Melissa and Aaron are working on a sequel. I invite you to join with Solari in becoming a member of the community that provides regular support to Truthstream Media at https://www.patreon.com/truthstreammedia.

While you are there, please say thanks for their powerful and courageous contribution to your free and inspired life!
The Real Game of Missing Money

2018 Movie of the Year

“Dick Cheney ought to be in jail for war crimes. And if he were and accountability were really achieved in this country, we wouldn’t have to listen to him except through prison bars.”

~Colonel Lawrence Wilkerson

The winner of The Solari Report 2018 Movie of the Year is Vice.

Adam McKay, director of The Big Short, explores the intersection of psychopathy and politics in Vice—his movie about Dick Cheney. Christian Bale’s performance as Cheney is inspired, making him a serious contender for Best Actor at the Oscars this year.

I worked in the George H.W. Bush administration. I did not work with Dick Cheney. I did work with people associated with the Republican Neocons.

They were quite literally nuts. They got pleasure from destroying things. They were thugs. They were incapable of dealing with facts, let alone complexity. Don’t believe me? Watch Charles Ferguson’s documentary, No End in Sight: Iraq’s Descent into Chaos. Then watch Vice.

Some of the people who dealt with Cheney considered him a criminal—or worse. Colin Powell’s Chief of Staff, Lawrence Wilkerson, was one. I have the greatest respect for Wilkerson.

Let’s hope some courageous prosecutors take note, including of the fact that Cheney’s wife was on Lockheed Martin’s board as some of the $21 trillion went missing from the federal accounts at DOD and HUD, while Lockheed was running significant information and payment systems for the government.

It’s never too late to stop the United States’ descent into lawlessness.

Congratulations to Adam McKay and his producers, actors, and team for a courageous and entertaining movie. Bravo!
Let’s Go to the Movies

A chronological list of all the movies and documentaries we’ve discussed on The Solari Report:

2018-12-13 Live Foods For Winning Energy Without Drugs
2018-12-13 How to Get Well, Stay Well, and Never Be Sick Again
2018-11-29 A Good American
2018-11-22 The Blind Side
2018-11-15 Crazy Rich Asians
2018-11-08 As It Is In Heaven
2018-11-01 Dare to Be Wild
2018-10-18 The Mists of Avalon
2018-10-11 Dark Money
2018-10-04 The Spider’s Web – The Second British Empire
2018-09-20 Elvis Presley – The Searcher, Part 1 & 2
2018-09-13 Haute Cuisine
2018-09-06 The Horse Boy
2018-08-23 Wagner
2018-08-16 David Tong’s Presentation on Quantum Fields
2018-08-09 Battlestar Galactica
2018-08-02 Trump – An American Dream
2018-07-19 The Power of Your Intentions by Truthstream Media
2018-07-12 Why Beauty Matters by Roger Scruton
2018-07-05 Videos on Pork Industry
2018-06-28 Red Obsession
2018-06-21 Elon Musk on Artificial Intelligence
2018-06-14 Nobody Speaks: Trials of a Free Press
2018-06-07 Goodbye Christopher Robin
2018-05-24 Abacus: Small Enough to Jail
2018-05-17 Elana Freeland – Under An Ionized Sky – Book Tour
2018-05-10 The Patriot
2018-05-03 BBC Interviews Russian Foreign Minister Sergey Lavrov
2018-04-19 Battlestar Galactica
2018-04-12 Take Your Pills
2018-03-29 Wilkerson on Israel
2018-03-22 The Rise of Vertical Farming
2018-03-15 The Good Fight
2018-03-08 Fraction Magic
2018-02-15 Rotten the Documentary
2018-02-08 The Americans
2018-02-01 Secret Ingredients
2018-01-17 American Made
2018-01-11 The Crown
2018-01-04 Wormwood
2017-12-03 The Tax Free Tour
2017-11-30 Dark Tower
2017-11-01 As it is in Heaven
2017-10-12 PBS the National Parks
2017-10-06 Deep Web
2017-09-23 Top Secret America – From 911 to Boston Bombings PBS
2017-09-21 911 Explosive Evidence
2017-09-07 The Putin Interviews
2017-08-26 Ric Burns: The Pilgrims
2017-08-25 Vaxxed The Stories
2017-08-15 No End in Sight
2017-08-05 Jane Jacobs vs Robert Moses
2017-08-13-17 The Circle
2017-07-26 Kingsmen II: The Golden Circle
2017-07-26 Fight at Chuckee Cheese
2017-07-19 The Founder
2017-07-13 Billions
2017-07-05 Battle at Kruger
2017-06-22 The Truth About Cancer
2017-05-27 The Rockefeller
2017-05-24 Reasonance-Beings of Frequency
2017-05-18 The Eagle
2017-05-03 An “Introduction to Bit Coin and Blockchain Technology”
2017-04-20 Meet John Doe
2017-04-05 Zero Days
2017-03-23 Hidden Figures
2017-03-15 Citizen Architect
2017-03-09 The ESF and its History
2017-03-02 NSA Whistle Blowers
2017-02-23 Harry and the Snowman
2017-02-14 Great Composers: J.S. Bach/td>
2017-02-04 The Franklin Scandal and Cover Up
2017-01-30 The Whistle Blower
2017-01-23 Sir James Goldsmith’s 94 Globalization Warning
2017-01-19 Designated Survivor
2017-01-06 Vaxxed
2016-12-15 The Ramen Girl
2016-12-08 Weiner
2016-12-01 Sherpa
2016-11-24 City of Gold
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<td>2016-11-17</td>
<td>The 4 Best Principles</td>
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<td>2016-11-10</td>
<td>The Forgotten</td>
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<td>2016-11-03</td>
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<td>The Corporation</td>
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<td>2016-10-20</td>
<td>Dark Horse</td>
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<td>Pelé: Birth of a Legend</td>
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<td>The Night Manager</td>
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<td>Jason Bourne</td>
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<td>2016-03-31</td>
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<td>Undoctored: The Hidden Story Behind the AMA's Plot to Destroy Chiropractic</td>
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<td>2016-02-18</td>
<td>Going Clear: Scientology and the Prison of Belief</td>
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<td>2012</td>
<td>Life and Debt</td>
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<td>Hunger Games</td>
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<td>2012</td>
<td>Shark Tank (TV show)</td>
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<td>Under Our Skin, The Tick Slayer</td>
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<td>As It Is In Heaven</td>
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<td>Hot Coffee</td>
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<td>2012</td>
<td>World Peace and Other 4th Grade Achievements</td>
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<td>2012</td>
<td>I Am</td>
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<td>Buck</td>
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<td>2011</td>
<td>Crack the CIA</td>
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<td>Water: the Great Mystery</td>
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<td>Die Hard With A Vengeance</td>
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<td>The Femme Nikita</td>
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<td>The Oiling of America</td>
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<td>We Become Silent: The Last Days of Health Freedom</td>
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<td>2011</td>
<td>Default: The Student Loan Documentary</td>
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<td>They Live</td>
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<td>The Truman Show</td>
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<td>Full Signal</td>
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<td>The Listening</td>
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<td>The Hand That Rocks the Cradle</td>
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<td>National Treasure</td>
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<td>2011</td>
<td>The Girl With the Dragon Tatoo</td>
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<td>The Crash Course</td>
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<td>Eliot Spitzer: Client 9</td>
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<td>Daniel Estulin in EU Parliament</td>
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<td>The Art of the Steal</td>
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<td>Buy Local – Surf Global</td>
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<td>My Fair Lady</td>
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<td>Burzynski: The Movie</td>
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Best Books for 2019

“Let us remember: One book, one pen, one child, and one teacher can change the world.” - Malala Yousafzai

These are the books that repeatedly come up as recommendations in conversations with our subscribers as they ask for good sources on important topics.

PERSONAL FINANCE & DEVELOPMENT

- **Meditations** by Marcus Aurelius: Catherine started reading *Meditations* inspired by several references to Secretary of Defense James Mattis traveling with it. Was this the 21st century *Catcher in the Rye*? It turns out to be a treasure trove of inspiration and sound advice.

- **Family Wealth: Keeping it in the Family—How Family Members and Their Advisers Preserve Human, Intellectual, and Financial Assets for Generations** by James Hughes: Hughes outlines the steps to success and wealth preservation for wealthy families. His ideas can help families that want to be wealthy get there too.


- **The Power of Habit: Why We Do What We Do in Life and Business** by Charles Duhigg: Duhigg maps out what science tells us about how we form habits and how we can change them. You will never look at organization quite the same after reading it. And you will be much smarter about management and leadership, and inspired by some of the stories of leaders who got it right.

- **Unbeatable Mind: Forge Resiliency and Mental Toughness to Succeed at an Elite Level** by Mark Divine: Divine is a retired U.S. Navy Seal who offers his philosophy and methods for developing maximum potential through integrated training. He proposes forging deep character and resiliency drawing on years of practice in martial arts, physical training, yoga, and exercising leadership in dangerous environments. If it feels as if you are living in a war, warrior training by the best can help.

- **Seven Habits of Highly Effective Teens** by Sean Covey: This is a great introduction to basic skills that will help young people learn how to navigate life.

- **The Parents Guide to Texting, Facebook, and Social Media: Understanding the Benefits and Dangers of Parenting in a Digital World** by Shawn Edgington: The digital neighborhood is a dangerous place for kids. Make sure the children you love are safe in managing their cyber lives.
INVESTMENT

- *Behavioral Investing: A Practitioner’s Guide to Applying Behavioral Finance* by James Montier: Montier does a masterful job of documenting the intersection of psychology and investment. The result is actionable intelligence that can help you protect your investments from bias.

- *Value Investing: Tools and Techniques for Intelligent Investors* by James Montier: Montier unpacks the cold, hard facts of investment history and what it means to investment process and strategy. This book will make you a more intelligent, disciplined investor.

THE GLOBAL ECONOMY

- *The Oil Card: Global Economic Warfare in the 21st Century* by James R. Norman: Read this book and listen to our interviews with Jim Norman. You will not understand the role of energy in our economy until you do.

- *AI Superpowers: China, Silicon Valley & the New World Order* by Kai-Fu Lee: Comparing China and the U.S., this thoughtful book looks at the application of deep learning AI in business, enterprise, and the economy, emphasizing how quickly implementation of AI technology is moving.

- *Unbalanced: The Codependency of America and China* by Stephen Roach: This is my top pick for understanding the U.S.-China economic relationship and the rebalancing of the global economy.

- *Black Money* by Michael Thomas: When I called Bill Hamilton to talk to him about the relationship of PROMIS software to mortgage fraud, he told me to read Black Money and call him back. This is a fiction beach reading introduction to how digital systems turbocharged fraud and money laundering.

- *Creature from Jekyll Island: A Second Look at the Federal Reserve* by G. Edward Griffin: Griffin looks into the machinations of the Federal Reserve and its political and economic impacts.

GEOPOLITICS

- *Trading with the Enemy: An Expose of the Nazi-American Money Plot 1933-1949* by Charles Higham: I keep recommending Higham’s well-researched history of WWII as it does a remarkable job of helping subscribers understand the real governance system running our planet.

- *IBM and the Holocaust: the Strategic Alliance between Nazi Germany and America’s Most Powerful Corporation* by Edwin Black: Black’s investigative thriller of IBM’s critical role serving Nazi Germany throughout the war provides more insight into the real governance system running our planet.

- *The Devil’s Chessboard: Allen Dulles, the CIA, and the Rise of America’s Secret Government* by David Talbot: Talbot has written the best book about the Kennedy assassination to date. He nails those responsible while weaving a fascinating story of American history. If you want to understand the U.S. “deep state,” this is not to be missed.

- *Mary’s Mosaic: The CIA Conspiracy to Murder John F. Kennedy, Mary Pinchot Meyer, and Their Vision for World Peace* by Peter Janney: Beautifully written and thoroughly researched, Mary’s Mosaic is an essential read—not just to understand the Kennedy years and the Kennedy assassination but also to understand how America became a prisoner of
its intelligence and black budget complex.

- **Technocracy Rising: The Trojan Horse of Global Transformation** by Patrick Woods: Technology is being used to centralize control. Woods provides significant documentation that makes the invisible shift in power visible.

- **The Essential Saker II: Civilizational Choices and Geopolitics: The Russian Challenge to the Hegemony of the AngloZionist Empire**: This new selection of The Saker’s writings is an outstanding way of understanding the transformation to a multipolar world.

- **The Half Has Never Been Told** by Edward Baptist: You can’t understand slavery until you understand how profitable it is and the conditions that made it possible to exist and to outlaw. Let’s keep it that way.

- **The New Rules of War** by Sean McFate: It’s important to understand modern techniques and philosophies of conflict in order to track current geopolitical trends.

- **The Modern Mercenary: Private Armies and What They Mean for World Order** by Sean McFate: The United States’ sponsorship of private intelligence, security services, and armies has blossomed with extraordinary expenditures for services in the Middle East. This has created a significant private capacity to bring force to bear and to wage war.

**THE COVERT SIDE**

- **Under an Ionized Sky: From Chemtrails to Space Fence Lockdown** by Elana Freeland, foreword by Clifford Carnicom: Freeland documents who controls the most powerful secret technology and is using it to reengineer everything—from war to our DNA. This is an essential read for understanding the real governance structure, where our tax dollars are really going, and why climate change is a cover story for something much more disturbing.

- **People of the Lie** by Scott Peck: Peck’s classic provides powerful insight on identifying, understanding, and managing people who do evil.

- **The Secret of Secret Societies: Liberation of the Planet in the 21st Century** by Jon Rappoport: Rappoport takes you into the inner sanctum of power and how reality is created.

- **Secret, Don’t Tell** by Carla Emory: Mind control has been going on for centuries. Emory starts in the 1400s and brings you down through history. This is one of the best books for understanding the core technology at the heart of rigging the global financial markets and just about everything else.

- **Microcosm and Medium: The Cosmic Implications and Agenda of Mind Control Technologies** by Dr. Joseph P. Farrell: In a departure from most books on mind control, which focus on techniques and technologies, Dr. Farrell argues that mind control of any sort has cosmological implications.

- **The Franklin Cover Up: Child Abuse, Satanism and Murder in Nebraska** by John DeCamp: To understand how a “control file” system is used to govern America, it is essential to understand pedophilia. One of the best documented cases is the Franklin scandal. Several people gave their lives so that this story could be told. Unfortunately, the slave trade continues in America on a covert basis.

- **Political Ponerology** by Andrzej M. Lobaczewski: *Political Ponerology* is “a science on the nature of evil adjusted for political purposes.” The author describes himself as a Polish psychologist who—with many other colleagues—found meaning living through Nazism and then Communism by studying how evil happens and triumphs in a wider political and economic system.

- *9/11 & the New World Order* by Mujahid Kamran: Kamran dives into the history and culture that would allow an event like 9/11 to happen.

**CULTURE**

- *The Field: The Quest for the Secret Force of the Universe* by Lynne McTaggart: McTaggart explores the work of physicists, biochemists, and other scientists searching for evidence in their respective fields that there is a force, that she calls the Field, which connects all beings and matter at a fundamental level. And our involvement with and connection to this Field can explain many things that, heretofore, have either been unexplainable or considered not possible, including things of a psychic nature.

- *Emily Post’s Etiquette, 19th Edition: Manners for Today* by Lizzie Post and Daniel Post Senning: The deterioration of civil discourse is profound—many of us have lost our appreciation of the good things we attract when we treat other people humanely. Emily Post said that “Etiquette requires the presumption of good until the contrary is proved.” That is good advice—and there is lots more in this updated edition from the Emily Post Institute.

**MAKE AMERICA GREAT AGAIN**

- *Dillon, Read & Co. Inc. & the Aristocracy of Stock Profits* by Catherine Austin Fitts: If we are going to make America great again, we need to understand what has been destroying it. This is Catherine’s case study of how the U.S. prison-industrial complex made Washington and Wall Street rich while bankrupting American communities and taxpayers.

**SPACE**

- *UFOs for the 21st Century Mind* by Richard Dolan: Who’s really in charge? Dolan is one of the best minds on the planet to help you sort out the unanswered questions of outer space and its connections with covert finance and operations.

- *The Ringmakers of Saturn* by Norman R. Bergrun: Dr. Bergrun reveals that NASA’s Voyager I (1980) and II space probes took photographs of an estimated 7000-mile-long elliptical (cigar-shaped) craft docked in the rings of Saturn.

**FOOD & HEALTH**

- *Nourishing Traditions: The Cookbook that Challenges Politically Correct Nutrition and the Diet Dictocrats* by Sally Fallon & Mary Enig: If you have not discovered Sally Fallon’s cookbooks, you are in for a treat!

- *In the Dark: New Ways to Avoid the Harmful Effects of Living in a Technologically Connected World* by Jason Bawden-Smith: EMF Radiation is a major challenge. Environmental scientist and businessman Bawden-Smith is our go-to source for trustworthy information on both the science a layperson can understand and practical advice.

- *Your Brain on Porn: Internet Pornography and the Emerging Science of Addiction* by Gary Wilson: When you get online, you need to understand the powerful technology people use to make money. Online pornography is not just pornography – it is entrapment by public and private intelligence agencies used to create control files on you and the people
you depend on. The truth of pornography and pornography as a political control mechanism is one of the hard truths we need to face.

- **The Complete Guide to Fasting: Heal Your Body Through Intermittent, Alternate-Day, and Extended Fasting** by Jimmy Moore and Dr. Jason Fung: If you want to be inspired, watch Dr. Fung’s videos and read this book. I literally could not put it down and finished it in one sitting the day it arrived. This is hard science combined with practical, well-presented advice. I was so impressed with Dr. Fung’s analysis that I started fasting the next day.

- **Genetic Roulette: The Documented Health Risks of Genetically Engineered Foods** by Jeffrey M. Smith: Smith analyzes the health dangers of GMO food.

### COMMUNITY

- **A Comprehensive Annual Financial Report** for your state and local county or municipality and their latest budget, financial statement, and bond official statement.

- **Follow the Money: A Citizen’s Guide to Local Government** by Lyndee Kemmet: This is an introduction on how to understand your local municipal budget process as well as how to get involved.

### STATISTICS

- **The World Almanac and Book of Facts 2019**: Each year I use the new *World Almanac* to review the basic statistics of life on Planet Earth. You can, too!

### SOLARI 2017 & 2018 BOOK REVIEWS

**2018:**

- **Plague: One Scientist’s Intrepid Search for the Truth about Human Retroviruses and Chronic Fatigue Syndrome (ME/CFS), Autism, and Other Diseases** by Kent Heckenlively and Judy Mikovits, PhD: *Plague* tells the shocking story of a career government scientist who got dragged off in shackles and imprisoned after she tried to publish her discovery of a retrovirus linked to illnesses such as chronic fatigue syndrome (CFS) and autism—and posited retroviral contamination of vaccines and other profitable biological products.

- **Ship of Fools: How a Selfish Ruling Class Is Bringing America to the Brink of Revolution** by Tucker Carlson: Although Carlson underestimates the intelligence of the people at the very top, he provides an informative and entertaining reminder that the culture wars have gotten too serious to ignore.

- **AI Superpowers: China, Silicon Valley & the New World Order** by Kai-Fu Lee: Comparing China and the U.S., this thoughtful book looks at the application of deep learning AI in business, enterprise, and the economy, emphasizing how quickly implementation of AI technology is moving.

- **Microcosm and Medium: The Cosmic Implications and Agenda of Mind Control Technologies** by Dr. Joseph P. Farrell: In a departure from most books on mind control, which focus on techniques and technologies, Dr. Farrell argues that mind control of any sort has cosmological implications.

- **The Secret Knowledge: On the Dismantling of American Culture** by David Mamet: Successful playwright and author David Mamet offers a brilliant and often funny defense of Western culture and values—although he does not appear to understand the role that
government subsidy and corruption play in shaping our economic and financial picture.

- **China Rx** by Rosemary Gibson and Janardan Prasad Singh: This book describes the sobering extent to which American pharmaceuticals have become completely dependent on Chinese ingredients—with disturbing implications for quality control and safety.

- **Bad Blood** by John Carreyrou: A breathtaking journalistic accomplishment, *Bad Blood* traces the rise and fall of Theranos and its founder Elizabeth Holmes. However, it leaves unanswered the deeper question of who really wanted access to the blood records of millions of Americans.

- **The Papacy** by Abbé Guettée: *The Papacy* helps explain how the Church of Rome’s corrupt impulse for power and centralization divided Christianity in two, with profound implications that continue to this day.

- **Under an Ionized Sky** by Elana Freeland: Powerful secret technology is being used to reengineer everything—from war to our DNA. This is an essential read to understand the real governance structure, where our tax dollars are really going, and why climate change is a cover story.

- **The Complete Guide to Fasting** by Jimmy Moore and Dr. Jason Fung: This surprisingly hard-to-put-down book offers hard science combined with practical, well-presented advice.

- **The Essential Saker II: Civilizational Choices and Geopolitics: The Russian Challenge to the Hegemony of the AngloZionist Empire** by The Saker: This new selection of The Saker’s writings is an outstanding way of understanding the transformation to a multipolar world.

2017:

- **The Crypto-Terrestrials** by Mac Tonnies: Tonnies’ cryptoterrestrial hypothesis proposes that extraterrestrial beings are actually mysterious and secretive races of earthly origin. These races have existed upon Earth for at least as long as humanity, and present themselves as extraterrestrials or occult beings.

- **Glow Kids** by Nicholas Kardaras: *Glow Kids* analyzes video game and technology addiction and its potential psychological impact.

- **Weapons of Math Destruction** by Cathy O’Neil: O’Neil examines the impact of artificial intelligence on decision-making.

- **Follow the Money: A Citizen’s Guide to Local Government** by Lyndee Kemmet: This is an introduction on how to understand your local municipal budget process as well as how to get involved.

- **Hess and the Penguins** by Dr. Joseph P. Farrell: Dr. Farrell looks at the story of Rudolf Hess and its inconsistencies.

- **Adults in the Room** by Yanis Varoufakis: Greek finance minister Yanis Varoufakis documents his efforts and struggles in seeking a win-win scenario in the EU’s Greek austerity measures.

- **The Attention Merchants: The Epic Scramble to Get Inside Our Heads** by Tim Wu: An analysis of the history of media and news and techniques used to capture people’s attention.

- **Bailout** by Neil Barofsky: This is a look into the bank bailouts by the Special Inspector General for TARP.

- **The Fourth Turning: An American Prophesy, What the Cycles of History Tell Us About...**
America’s Next Rendezvous with Destiny by William Strauss and Neil Howe: Strauss and Howe look at generational cycles that span 80-100 year periods. These cycles tend to follow predictable patterns that could potentially be applied to future generations.

- The Field: The Quest for the Secret Force of the Universe by Lynne McTaggart: McTaggart explores the work of various physicists, biochemists, and other scientists who have stumbled across or purposefully searched for evidence in their respective fields that there is a force, that she calls the Field, which connects all beings and matter at a fundamental level.

- Irresistible: The Rise of Addictive Technology and the Business of Keeping Us Hooked by Adam Alter: Alter is an associate professor at New York University. Irresistible is a light review of what Alter calls “behavioral addiction.”

- Shattered: Inside Hillary Clinton’s Doomed Campaign by Jonathan Allen and Amie Parnes: Throughout the U.S. presidential campaign of 2016, reporters Jonathan Allen and Amie Parnes spoke with numerous members of the Clinton campaign on the understanding that the conversations were off-the-record until after the campaign. Now, they have published a tell-all tale.

- Titanic: A Perfect Crime by Patrea Patrick: This is a novel that describes one of the theories of how the Titanic sank.

- Gotcha Capitalism by Bob Sullivan: Gotcha Capitalism, according to the book’s author, Bob Sullivan, represents the latest evolution in capitalist business tactics designed to extract the most profits possible in the form of “sneaky fees.”

- The Reporter Who Knew Too Much by Mark Shaw: Earlier this year, the New York Post reported that the Manhattan District Attorney’s office had opened an investigation into the death of Dorothy Kilgallen, who died 51 years ago while investigating the death of President John F. Kennedy.

- Dark Money by Jane Mayer: In U.S. politics, “dark money” is money given to social welfare and trade association not-for-profit groups and funneled to think tanks with a goal of influencing elections and government policies. Spending by organizations that do not disclose their donors has increased significantly and is having a powerful impact on American politics.

- Tracking Mr. Global by Thomas Hupp: Hupp writes about the topics and sources that would best inform the seeker of truth about governance.

- Hooked: How to Build Habit-Forming Products by Nir Eyal: This book examines the attributes of modern technological products and services that make them so compelling that users form a habitual relationship with them and use them over and over.

- Esoteric Hollywood: Sex, Cults and Symbols in Film by Jay Dyer: Dyer has published a significant new review of the relationship between Hollywood, geopolitics, the CIA, and the covert world told through the prism of twenty movie reviews that take you deeper than most readers are used to going.

- Technocracy Rising—The Trojan Horse of Global Transformation by Patrick Wood: Wood documents the Orwellian combination of invasive digital technology and covert operations and finance to build a new form of centralized governance to succeed where communism failed.
Donations

“Giving back to the communities and institutions that helped us achieve success is a value we share and a privilege we embrace.”

~Dinesh Paliwal

We believe in doing what we can to support those around us who make a difference in this world or can do with a helping hand. We are here today because others did the same for us. Here are most of the people and opportunities we donated to in 2018. We hope our list inspires you to help others, whether it is a prayer, a kind word or donation. If you are looking for great people and projects to support, we hope this list offers you opportunities worthy of your generosity. Keep giving!

Donations

- Autism Action Network 2018: Call the White House: Investigate US Attorneys, evidence cover-up in landmark vax/autism trial
- Alan Collinge – Student Loan Justice PAC
- Architects & Engineers for 9/11 Truth
- Boat repairs for Philippine Fishing Family
- Campaign for Liberty
- Charles Hugh Smith
- Christ Our Hope Prison Bible Ministry
- Christopher Mann Biodynamic Scholarship Fund
- Courage Foundation: Burpees for Vets Join the Challenge!
- Deadline for net neutrality
- Keep Empire Files Going
- Federation of American Scientists
- Firefighters Support Foundation
- Electronic Frontier Foundation (annual donation)
- Fight for the Future: A nonprofit working to expand the internet’s power for good
- Dr. Katherine Horton: Stop 007
- GeoEngineering Watch
- Henrietta Lacks Foundation
- Holistic Management
- Institute for Responsible Technology
- In These Times
- Laura Pressley Election Contest and Lawsuit
- Nafeez Ahmed Insurge Intelligence
- NAGR – National Association for Gun Rights
- The Nicholas Gonzalez Foundation
- Oathkeepers: Need Armed Security Volunteers for Small Town in FL Panhandle
- Funding SUSTENANCE MOVIE: To save our planet, we must know it
- Time for Tribe home study course: Building long-term intimate, bonded, loving communities
- The Urban Homestead
- Michael Fields Agricultural Institute
- Nicholas The Voice: Are You Ready to Slow Down, Listen with an Open Heart, and Find Yourself in another Form of Awareness? Nick Begich
- Orphanage Kenya Project | Waisenhaus
- Richie Allen Show
- Richard Mack
- The Last Refuge (Conservative Tree House)
- Organic Consumers Association: Defending your right to safe, healthy food and a clean environment
- Clemency for Ross Ulbricht, Serving Double Life for a Website
- House Fund, Simpson Senior Services, Simpson House
- TN Firearms Association
- The National Health Federation: Health Freedom News
- The Saker – Bird’s Eye View of the Vineyard
- Vax Rights Atty Legal Defense Fund
- Veterans Community Project – Chris Stout
- We Need Heat in Our Public Schools
- World Mercury Project: Renamed in 2018 as Children’s Health Defense
- “Help WikiLeaks Fight the DNC”

**Individuals:**
- Save Our Farm- Ann Watson
- Help Me Record an Album! Izzy Hagerup
- Katie’s Memorial Fund
- Ralph Ring Paradise Lost
- 25 homeless individuals and families

And more privately…
In the 1st Quarter of 2018, Robert Dupper and I decided to take a road trip from the Netherlands to Basel to film a discussion with Thomas Meyer on The Future of Europe. This discussion was one of the first throughout the year that explored the importance of culture. After discussing Chartres and the great cathedrals of France, I asked Thomas how people who are intent on preserving our culture and a human civilization can find each other. He then said something that inspired numerous subscribers to reach beyond their normal networks and connect with one another throughout the year: “We have to pierce the tunnels of loneliness with the conviction that there are other people, and one has to trust that one is led to them.”

This was a year of breakthroughs—of finding each other, of new doors opening, and of worlds emerging as we connected.

The year 2018 began with me writing The State of Our Pension Funds for the 2017 Annual Wrap Up with the very capable assistance of Jason Worth. If trillions of dollars are going missing through the federal credit mechanism, it is important to understand where that money has been coming from—the primary source is U.S. pension funds. As the funding ratios on U.S. pension funds continue to fall—as they have done since 9/11—the day of reckoning moves closer. I wanted to make sure that when that day comes, citizens and retirees see the big picture of how their assets relate to the financial coup—sufficient to assert both legal and political rights. It’s hard to be opposed to things you are actually financing.

The 2017 Annual Wrap Up included my News Trends & Stories discussion with Dr. Joseph Farrell, organized with the formidable preparation of our News Trends & Stories editor, Brad Eddins. This process of tracking the deeper trends and analyzing the news on a quarterly basis is an essential source of ongoing insight about what is happening and where we are going.
While I was in the Netherlands during the 1st Quarter, we published our first episode of our Future Science Series by Ulrike Granögger: *Muons and Neutrinos – Excitement and Excitation* (see https://science.solari.com). Developments in science are often the most significant news of our time.

As we published Ulrike’s first presentation on neutrinos and *The State of Our Pension Funds*, the Solari website went down. The damage was so great that we decided to complete the new site we had been working on rather than repair the old. Thanks to all the subscribers who continued to support us during that time and great work by the Solari Team, we launched a new site a month or so later. The new site contained the most recent content. Throughout the remainder of the year, we continued to fill out a library with all the content from the initial solari.com launch. Subscribers now have access to a very rich archive of over 400 Solari Report interviews and thousands of posts and articles.

One of the needs I identified at the beginning of the year was the need for briefing papers regarding the laws that created and defined the U.S. federal credit—including both monetary and fiscal policy. Dr. Mark Skidmore had published his report on the missing money in the fall of 2017. We created a website (https://missingmoney.solari.com) for his report, the underlying documentation, and historical articles and other materials on the phenomenon of what is now $21 trillion of undocumented adjustments in accounts at the Department of Defense and the Department of Housing and Urban Development. However, as Dr. Skidmore and I spoke with interested researchers and reporters, it became clear that they also needed to understand the legislative and legal history to make sense of what was happening. Explaining this history was an enormous task. Throughout the year, The Solari Report sponsored attorneys Michele Ferri and Jonathan Lurie in writing a series of seven briefing papers describing the legislative and legal history of the U.S. financial accounts, including one paper that specifically described FASAB 56 after the policy was issued in October 2018. This entailed an investment of resources throughout 2018 that was significant—but essential if a wider audience of investors and reporters are to understand what is happening in the United States, let alone turn things in a more positive direction.

As our new website launched, I headed to Sydney, Australia to spend time with Jason Bawden-Smith before our two events with forty remarkable Solari Report subscribers in Uluru and the Australian Outback. Jason’s encouragement and support made these two weeks possible, as did the organizational support provided by Trina Bawden-Smith. Ulrike joined us for the first week, as did Charles Gowing, a brilliant Australian subscriber who continues to help me understand the Space-Based Economy, the theme for our 1st Quarter 2018 Wrap Up. Richard Dolan was our lead speaker and was joined by his wife Tracey Garbutt Dolan—indeed, they had a wedding ceremony overlooking Uluru in the first week!

One of the defining events of my year was standing atop the Attila rock formation—thanks to a helicopter ride to the top arranged by Jason. As I wrote in the 2nd Quarter 2018 Wrap Up, “For as long as I live, when I look back at my time in the 2nd Quarter of 2018, I will be standing on the top of Attila in the Australian Outback. I will feel the long sweep of human destiny across many centuries and among many stars.”

Throughout this time, my attorney Carolyn Betts and another member of the Solari Team were doing an incredible job responding to a state audit of my investment advisory company. The increased costs of regulation were one of the reasons I decided to stop providing individual investment advice and focus on screens provided to other investment advisors.
From Australia, I traveled to New Zealand with Louis Boulanger who had joined us in Uluru and had arranged for me to speak in Auckland about the global financial system. While in Auckland, I had the opportunity to interview attorney and professor Amy Benjamin on secrecy—one of our most popular interviews of the year—and then hang out with Mary Evans at her marvelous Heron’s Flight vineyard on the North Island.

Heading back to the United States, I stopped in the San Francisco Bay Area to have a marvelous afternoon gathering with subscribers at Court Skinner’s home in East Palo Alto. Michele Ferri and Jonathan Lurie joined to brief us on the latest developments in net neutrality. We had spent a great deal of time ahead of the event trying to find a restaurant where we could have a lunch at a reasonable price. In the end, we gave up and decided it was time to shift subscriber events from sit-down meals to afternoon gatherings. This format allows for much richer discussions and networking by members. Unfortunately, we had a person trying to record the event, and the result was more serious terms and conditions for our events—designed primarily to protect our subscribers from the occasional interloper.

A wonderful development that resulted from our gathering in California was that I reconnected with Brigitte Mouchet, founder of Healoha, and invited her to launch the Solari Wellness Series (https://wellness.solari.com). After working with hundreds of families regarding their finances, I am convinced that wellness literacy can be a very important contributor to improved finances—not to mention a free and inspired life! Consequently, I wanted someone to host this topic on The Solari Report who had a specialized focus. I am very excited about Brigitte’s contributions over the last year.

After a number of serious Wrap Up themes, including Control 101, the State of Our Pension Funds, and the Space-Based Economy, I thought I would choose a lighter topic for the 2nd Quarter 2018 Wrap Up. What I discovered in the process of researching The Rise of the Asian Consumer was that many of our subscribers in Europe and North America did not understand the enormous shift of economic and political power to Asia that began with the creation of the World Trade Organization (WTO) in 1995 and is ongoing to this day. As a result, I spent quite a hot summer in Europe finishing up what turned out to be one of our most important Wrap Ups to date.

Thanks to Thomas Meyer, I headed to Sofia in Bulgaria in July to join Thomas and his group at the Sofia Opera House to see Wagner’s The Ring. This was the first time I had seen the full cycle—it was an extraordinary experience. It was also on this occasion that Thomas defined “hypermaterialist”—capturing a phenomenon many of us are struggling with. The term refers to members of the human race for whom the concept of an immortal soul is inconceivable, whose reality is defined by corporate media, and who seem overly keen on the acquisition of “stuff.”

Next, I traveled to Romania, where two wonderful subscribers had arranged for Jason Bawden-Smith and myself to see Bucharest and some of the beautiful countryside in the Southern Carpathian mountains. Jason and I had a memorable afternoon and evening by the swimming pool watching Croatia and France compete in the World Cup games—it felt like all of Europe and much of the world were watching with us.

Following the time in Romania, I headed first to Zurich and then to Austria’s Bregenz Festival to hear beautiful music with Ulrike and colleague Nicole Paratte. Then off we went road tripping to see the cathedrals and monasteries of Europe, including four days at Chartres. Along the way, we
watched *The Wave Genome*, Ulrike’s second episode for the *Future Science Series*—if you have not watched it, you must see it!

**Alastair Thompson**, publisher of Scoop Media who is now working in Europe, joined me in Chartres and off we went to Normandy and Brittany, including a day at Mont-Saint-Michel during the celebration of the Assumption of Mary in August.

Then I headed to southern France to join **Vanessa Biard**—entrepreneur, journalist, and political commentator. In the process, we visited the Salvador Dali museum in Figueres and the Cathar castles, road tripping from Perpignan to Toulouse. I then headed back to the Netherlands for more time in Stavoren, working with Robert Dupper.

Returning to Hickory Valley in early September, I headed by car to North Carolina, where I joined Dr. Skidmore and his wife **Kate** for a wonderful dinner with **Greg and Betty Hunter**. The Skidmores and I then headed to the Biltmore in Asheville for a wonderful lunch with subscribers who had traveled from around the region.

Some time in Hickory Valley gave me the opportunity to begin our **3rd Quarter 2018 Wrap Up: Megacities and the Growth of Global Real Estate Companies**. I had wanted to invest research time in this topic for several years, and writing in the 2nd Quarter about growth in Asia made me realize that now was the time. Special thanks to Jason Worth for his excellent work on real estate company stocks in the *Megacities Wrap Up* as well as on space stocks in the earlier **1st Quarter 2018 Wrap Up**.

I next headed back to the Netherlands to attend a workshop on the Book of Enoch taught by Ulrike—and to spend time with **Jeroen van Straaten** and on their plans for Breakthrough Energy and Secret Space Program conferences. Stay tuned for exciting developments in Spring 2020. Then I headed to Switzerland to spend some time with Thomas Meyer and his family before returning to the United States. Thomas launched his first salon in Basel for subscribers of his magazines *Der Europäer* and *The Present Age*—it was a remarkable event.

Life is what happens when you were making other plans. I had not planned for the U.S. federal government to take itself and the majority of the U.S. securities market dark during 2018—but it did so when it adopted FASAB 56 in October. No one noticed, because coverage of the brutal assassination of a *Washington Post* reporter and the teenage sex stories of a Supreme Court Justice nominee was filling up digital screens and airways. In the meantime, the missing money story was experiencing an unprecedented level of “modified limited hangouts” and disinformation.

I decided to change the topic of the **2018 Annual Wrap Up to The Real Game of Missing Money**. I set to work with attorney Carolyn Betts to write *Caveat Emptor: Why Investors Need to Do Due Diligence on U.S. Treasury and Related Securities* and to assemble the comprehensive document before you. This significantly increased the Solari Team’s workload and extended the publication deadline. That said, I believe it is essential that this material—and particularly the facts that citizens, pension fund beneficiaries and trustees, and investors need to assess their political and credit risk issues—be organized and published in hard copy.

Throughout the year, I had the help and support of numerous critical allies. These included **the Saker**, who joins me for quarterly Solari Reports on *The Emerging Multipolar World*, and **Rambus**,
who provides technical analysis for our quarterly *Equity Overviews* as part of the financial section on each *Annual* and *Quarterly Wrap Up*.

*Food for the Soul* author **Nina Heyn** decided to emerge from her nom de plume “Your Culture Scout” and to celebrate the Year of da Vinci, the 500th anniversary of da Vinci’s passing, the “All the Rembrandts” exhibition, and other exhibitions celebrating the 350th anniversary of Rembrandt’s death by filming with Robert Dupper and me in Milan and Amsterdam during the 1st Quarter of 2019.

The year 2018 also marked several goodbyes. First, **Harry Blazer**, who has done an outstanding job on our *Food Series* as well as a two-part series on the Deep State, is moving on. We wish him the best of luck in his new venture. If you have not yet done so, make sure you check out the *Food Series* at https://food.solari.com——it will stand the test of time.

We also want to say farewell to **Dr. Laura Thompson**, who passed away in the 1st Quarter of 2019 after a long illness in 2018, and say prayers for her loving husband **Jon Rappoport**, who we chose as Solari 2018 *Hero of the Year*.

One of the most significant collaborations of my life has been with **Ben Lizardi** of Lizardi Communications, who designs the *Wrap Up* covers and graphics and organizes the PDF and hard copies. Ben is a strategic genius on many topics—including communications—and has taught me as much about integrity as anyone I have ever worked with. Ben will be retiring in 2019. This 2018 *Annual Wrap Up* will be his last *Wrap Up* for The Solari Report. I cannot imagine life without Ben’s laughter and wise counsel. I am hoping we will stay in cahoots.

I am also grateful and excited that Robert Dupper will be assuming Ben’s responsibilities in addition to doing his usual brilliant production of our audio and video work.

We had many fine guests join us on The Solari Report during 2018. I want to thank them as well as our subscribers, who sent many great ideas and suggestions for guests, documentaries, stories, and books. Our subscribers’ comments, questions, recommendations, support, and connections with other subscribers have made this emerging intelligence network come alive to take on a life of its own.

I want to give a final nod to The Solari Report team. You did an incredible job under challenging circumstances, while juggling responsibilities of raising and caring for children and family members; staying immune to colds brought home by kids; working around mass shootings and local crime, wildfires, tornadoes, and floods; and managing high strangeness on our digital systems. These times call for extraordinary teamwork and inspired leadership. The Solari team did not disappoint! One reason we enjoy our work is that we appreciate how lucky we are to work for our subscribers.

On behalf of the entire Solari team, I wish you the joys of creation as we move into 2019—and a new chapter in our free and inspired life. As Thomas Meyer inspires us to do, let’s find one another on the road ahead.
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