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# The Solari Report

August 29, 2019

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## Deep State Tactics 101- Part V with Carolyn Betts, Esq.



Catherine Austin Fitts



Carolyn Anne Betts



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**C. Austin Fitts:** Ladies and gentlemen, welcome to The Solari Report. This is Catherine Austin Fitts, and I am joined by the amazing Carolyn Betts, Esquire, who is my attorney and general counsel for all of my companies as long as I can remember.

There are many things that you need to know about Carolyn concerning her resume. She is a Bryn Mawr girl, and she has a distinguished academic record. Then she received her MBA and worked in the brokerage and securities world. She knows a great deal about business and securities. She then went to law school, working her way up to a partner at a Washington law firm, and decided to leave the practice of law and become an investment banker at Hamilton Securities where she distinguished herself.

When the firm became embroiled in litigation, I asked her if she would convert back to being an attorney and handle what was one of the largest portfolios of different legal expertise anyone could possibly imagine. It was an astonishing intellectual achievement for mortgages, to real estate, to politics, to litigation, to criminal law, to black budget law, and taxes and on and on.



What you need to know about Carolyn are two things: 1) She saved my life. 2) She was the one who found the missing money.

You will hear people when they interview Dr. Skidmore say, “It really wasn’t Dr. Skidmore who found the missing money; it was Catherine Austin Fitts.”

The reality is: No, it actually wasn’t Catherine Austin Fitts; it was Carolyn Betts.

The last thing that I will say is that she has a remarkable sense of both history and humor. So, Carolyn, with that, thank you for joining me on The Solari Report, and once again, thank you for saving my life.

**Carolyn Betts:** You’re welcome.

**Fitts:** Is there anything else that you want to say? If we can find it, I am going to publish your resume as a link.

It is very rare for an attorney to have such extraordinary breadth of experience. I didn’t know if you wanted to say anything about your background, but it is an amazing intellectual achievement.

**Betts:** I think much of it has to do with being ADHD. I like shiny objects, and whenever I see something interesting, I want to know how it works and take it apart, and go into agonizing detail about what is consistent and what is inconsistent and where the weird things are. So, that is why it was very interesting working with Solari.



I've done everything from evictions to testifying before Congress.

**Fitts:** When you think about it, and when you look at your securities in business, you've done it all the way down from the micro community level to the top of the global financial system.

**Betts:** Except that I did it the opposite way; I started at the top and went down.

**Fitts:** Welcome to the club!

I want to begin with an **overview of what happened to Hamilton Securities** so that people can get a picture of the legal framework in which we had our “Outward Bound Program” and Deep State Legal Tactics. But first, let me say that if you go to [www.DillonReadandCo.com](http://www.DillonReadandCo.com), the online *Dillon Read & the Aristocracy of Stock Profits* book, in the resource center under ‘Hamilton’, there is a large litigation section with tens of thousands of pages of legal documents and information – much of which was either written by Carolyn or overseen by Carolyn.

If you want to know more or you want to understand more about anything that we are saying, it is there. We will put a link in the Subscriber Links, too; it's [www.DillonReadandCo.com/Gideon](http://www.DillonReadandCo.com/Gideon). Gideon became our project management name for everything associated with the litigation because it was a very immersive process.

You had 18 audits and investigations including the state litigation, and at one point, you had 12 tracks of litigation in both the Federal and state court. Then you had all the physical harassment and surveillance.



You had a smear campaign and a whisper campaign. It was coming at you 360-degrees. One of the challenges of doing legal work was that you were having to do the legal work in the midst of an unbelievably violent and incoherent environment. Is that fair to say, Carolyn?

**Betts:** Yes, and you are also looking at what the law is, which is the overt world, and trying to figure out why things are happening that are not overt; they are hidden. You are trying to live in a world where you are speaking about the overt while understanding the covert. It's challenging.

**Fitts:** I would say, "We decided to pick a fight with all the money on the planet," because you were up against everybody. You were up against left, right, Republican, Democrat; it was everybody.

You were bubbling the US economy and sucking a large amount out, including from HUD, and everybody was making money – except for us, the honest people.

I think one way that I would make it easier to simplify for the listener is to say that if you were going to steal this much money from HUD in Washington, you needed to get the honest people out of the way. So we had to go, and the government officials we were supporting had to go.

How do you get rid of people? -You have a 'phony-baloney' scandal.

I cringe when somebody introduces me as a whistleblower. I say, "No, I was the target of a whistleblower. Whistleblowers are not necessarily what you think they are."



The Harvard endowment, if I remember correctly, directly owned a big portion of the properties that were financed by these loans, and they were possibly going to lose a great deal of money if the private sector bought these loans and then enforced them. They essentially had no equity, and HUD kept turning them over.

**Fitts:** They were getting a large fee flow from the property management.

**Betts:** Right, but if they were sold into the private sector, the game is over. We were expecting a lawsuit. We did the sale, and called it the ‘partially-assisted sale’. Nothing happened, except something did happen, but we didn’t know about it.

There was a private *qui tam* suit that was under seal. A *qui tam* suit is a Federal false claims act suit, and is basically a whistleblower knowing something that other people don’t know about someone defrauding the government, and then files a suit on behalf of the government. The person who is the whistleblower is called a ‘relator’. The whistleblower is basically suing someone on behalf of the government and receives a piece of the action if there is money collected.

We’ve heard all sorts of legitimate whistleblower cases, and many of them involve drug firms and similar things. But this one was under seal and was supposed to be under seal for a fairly short period of time, but it was extended for a number of years.

**Fitts:** Four years.



Describe the *qui tam* and the construct of the private lawsuit and the public lawsuit under seal, and the construct that they used to squeeze us legally.

**Betts:** At Hamilton, we were a HUD contractor, and we were a cross-cutting financial advisor advising HUD about their portfolio strategy and very large transactions in mortgage loans that, at some point, we understood were not ‘kosher’. However, in the beginning, we assumed that they were legitimate government-insured mortgage loans or properties that were supported with Section 8 financing for the rents or both.

We were working on the Mark-to-Market program where we were advising HUD about how to get out from under this situation where government guarantees were guaranteeing the mortgage payments on properties where the rental income was also paid by HUD. It was not a market-based system at all.

We started selling mortgages into the public markets – Goldman Sachs and those kinds of big money firms that were interested in buying the mortgages, packaging them, and reselling them as mortgage-backed securities. We got into a portfolio that was government-subsidized, where the rents were government-subsidized – at least part of the properties.

We knew there was going to be blowback from somewhere. My understanding – and we’ve never talked about this – was that we were expecting a lawsuit, basically a temporary restraining order being filed by somebody who didn’t like it, such as the Harvard endowment. The Harvard endowment, if I remember correctly, directly owned a big portion of the properties that were financed by these loans, and they were possibly going to lose a great deal of money if the private sector bought these loans and then enforced them. They essentially had no equity, and HUD kept turning them over.



**Betts:** So we did not know. The way they hid the whistleblower suit was by another suit that was somewhat a ‘mirror suit’, but was public. It was against HUD and us.

**Fitts:** I think it was only against HUD, and that the public lawsuit was against HUD.

**Betts:** But we were investigated because we were a contractor for HUD. So, we received subpoenas and had to produce documents, but thought that we were producing them for the public suit.

**Fitts:** Right, but the trick on the private suit was this: If you are a target of a *qui tam* and if you are subpoenaed for that *qui tam*, you have to be told. What they did – and I think this was illegal – was circumvented the requirement by delegating the subpoena power to the HUD IG and had them do all the subpoenas. The pretext, of course, was this other lawsuit. But the goal was that you have two lawsuits – one in the Star Chamber. It’s only supposed to be under seal for 60-90 days unless they can put forward real evidence, and they could never find any evidence of wrongdoing.

**Betts:** We found that out later.

**Fitts:** The first judge said, “I’m not going to renew this because you have no evidence of any wrongdoing; this is a fishing expedition.” Then he was diagnosed with fast-acting cancer and died.

**Betts:** That was Judge Richey.



**Fitts:** Then the former General Counsel of the CIA was appointed as his replacement judge, who found a way to extend it for many, many years, despite the fact of no evidence.

In the meantime, you have two courts and the government taking the opposite position in both courts. In one court they are saying, “The sky is blue,” and in the other they are saying, “The sky is not blue; it’s green.” You literally have at the very top of the Department of Justice coordination so that they can keep opposite positions going into courts, one behind seal and one open.

**Betts:** And then there was a third case. Our contract with HUD was cancelled after the *qui tam* was filed – that we didn’t know yet – which was for approximately \$20 million a year. Ordinarily, the government doesn’t just cancel a contract and say, “Bye-bye.” If they did that very often, the contractors would be a little hesitant to enter into a contract with HUD. But our contract was cancelled immediately.

**Fitts:** Let me just say that it was cancelled for convenience. You can cancel for default, or you can cancel for convenience.

**Betts:** Convenience were the ones that you generally had notice on.

**Fitts:** We were not cancelled for default. They didn’t say that we defaulted or that we didn’t perform; they just cancelled for convenience.



**Betts:** Right, and then they refused to pay us what was in the pipeline. They leaked to the press that we were under criminal investigation, which was not true.

**Fitts:** As far as we know.

**Betts:** We were never aware that there was any criminal investigation.

**Fitts:** We were aware that the criminal division turned it down. They were asked to look at it, and they turned down moving on it.

**Betts:** The leaks about our being under criminal investigation, if I remember correctly, were coming out of HUD.

**Fitts:** They were designed to destroy the firm.

**Betts:** Right, but HUD was our client, and we were ‘throwing ourselves on the grenade’ to protect HUD.

**Fitts:** Sometimes people think that the government is one place or that HUD is one place. During the HUD loan sales, we led loan sales for \$10 billion. I don’t know if you remember this, but during the HUD loan sales, the Deputy Assistant Secretary was running the loan sales, and she had a meeting with the HUD IG because they wanted to sell defaulted mortgages that the HUD IG was doing enforcement actions on.

The HUD IG took the position, “If you leave it in the portfolio and don’t sell it, then we have a better chance of getting cash from the developer because the developer still controls the cash flows.”



The Deputy Assistant Secretary pulled out the statistics that we had prepared and proved that we were losing a certain value on the property every year. So, on a \$1 million property you could lose \$100,000 to \$200,000 per year as it remained there-not taken care of.

The HUD IG said, “Yes, but we don’t care about the FHA fund; we only care about the money we get. So, if we are doing an enforcement action for \$25,000, we don’t care if the fund loses \$100,000 or \$200,000; we care about the \$25,000 because we get to spend that money by the appropriators.”

That is when we started to refer to them as the ‘Sheriff of Nottingham’ because these people were making money, and, in fact, the person who brought the whistleblower lawsuit was working a contract where he was referring enforcement actions to the ‘Sheriff of Nottingham’, so that they could make money.

Everybody was in the business of making money on neighborhoods failing.

**Betts:** And he was also servicing the loans while they were in portfolio. So, when HUD sold them in our loan sales, he was losing business.

**Fitts:** They made money on things not working. That is what it was appearing to be. Of course, Harvard endowment made a large amount of money on things not working because they could charge huge property management fees.

So, we have these two lawsuits that go on, ultimately, forever.



**Betts:** And then our lawsuit against HUD to try to recover the money that they owed us.

**Fitts:** That was the third lawsuit.

**Betts:** And that lawsuit was in the Court of Claims.

**Fitts:** We filed a lawsuit saying, “Give us our money back.”

I don’t know if you remember this, but we first hired a wonderful attorney who we hired to do Court of Claims. He is the person on the litigation who really did a fabulous job.

He said, “I know first and foremost what you care about is your reputation.”

I said, “I couldn’t give a damn about my reputation. Get the money. That is all I care about.” In my world, you get the money and you have a good reputation. If you don’t get the money, you have a bad reputation.

He said, “You care about what the people think?”

I said, “I couldn’t care less what the people say about me. Look at all these people who are completely corrupt liars. I don’t care about what they say or they think. Get me the money.”

**Betts:** The important thing at that time was that we lost our source of income. We would have had to drop many clients —



— because there were conflicts of interest in representing the government and people who were doing business with the government. So, we gave up our private business partly because we were so busy with HUD work. So, when HUD cancelled the contract for the convenience of the government and said, “Sorry. It’s over now,” we wanted to go out into the market and raise some money so that we could go on in a different capacity. They were leaking to the press that we were under criminal investigation, so we couldn’t raise money.

The whole idea was to put us into bankruptcy. Once you are in bankruptcy, somebody else is controlling your assets – which includes your intellectual capital and all your documents and everything. So, the most important thing to us was to avoid bankruptcy.

So, any little suit – like by a taxi firm that we owed money to that we didn’t pay because we had no money at that point – was a real problem. A creditor can force you into bankruptcy. So, we had all these little lawsuits everywhere.

**Fitts:** If you add in the state, it ballooned to 12 lawsuits. That doesn’t count the fights with the creditors.

We were very lucky, though. If you look at the traditional attacks of creditors, the only person who really attacked hard was the subcontractor who made the mistake. That makes me think that it wasn’t a mistake. It took me many years, but I have come to believe that they were intentionally trying to set us up.



**Betts:** You are talking about AT&T – Bell Labs.

**Fitts:** Yes I am. Someday I should write a book about my personal experiences with that wonderful company.

So, we proceeded to go through this very immersive process, and we will discuss this when we get to **‘Tactics’**. We dealt with a commercial litigation section of the Department of Justice on both the *qui tam* and on the Court of Claims case, and it’s a squabble about money.

The second thing is that we had these various investigations. I think at first, the *qui tam* was under Holder at the DC attorney’s office. But if you look at the backdrop, we were dealing with three or four different parts of the Department of Justice as well as the HUD IG’s office, and globalization was happening.

In other words, the World Trade Organization started, and they were bubbling the housing market ‘like crazy’. I remember you and me looking at this. I always tell this story: Before we were fired, we were working on the strategic plan for FHA. It was the same time that the Assistant Secretary of Housing’s office published the Freddie and Fannie requirements to do mortgages in low-income communities.

If you looked at their projections, they were going to be issuing within Freddie, Fannie, and FHA, more mortgages than there were houses in those neighborhoods.

I looked at the numbers and was stunned. I said to the controller at that time that people were going to have to be refinancing their mortgages three and four times a year from prison to make these numbers.



She turned and said, “Shut up! This is none of your business.”

**Betts:** One of the things that I was working on at Hamilton was the assumptions for the budget. This is definitely a dry subject, but I have a mind that likes detail. For some reason, the woman who was a budget person with OMB or such, couldn’t do it. She put me on it – who knew nothing about the process into it – and I worked on writing the assumptions for the budget. This was when there was welfare reform.

Basically, HUD was assuming welfare reform as something that would affect its budget. So, the whole idea was that we were pro-transparency and were pro-taxpayer. We weren’t taking nonsense from people who had ulterior motives. We were trying to make everything transparent. If we couldn’t change their budget so that it made sense, at least we could write the budget assumptions so that it would be clear and point to the money.

When you read in the assumptions-I am one of those people who reads financial statements and looks at the footnotes. That is the first thing that I look at.

**Fitts:** By assuming that there was no welfare reform when there was welfare reform, the Clinton Administration was putting the owners in a position when welfare reform hit to throw the tenants out of their homes. In other words, there wouldn’t be any money or vouchers to take care of them, as required by law. So, the private developers would throw them out of the building because they weren’t getting checks. Then they could take everything to market rate. So, it was a squeeze on poor people with enormous profit potential for the landlords.



They knew what they were doing. I don't know if you remember this, but the person who was running the HUD account, Carlton, came to my house. One of the reasons I would send you is because I knew they were going to lie to us. I said, "We need to send somebody over who will dig through the lies and not take the lie, and they can really nail them. Betts is the only person who can really do that."

We would send you when we expected them to lie to us so you got the whole thing and figured it out.

They wanted us to assume there was no welfare reform among other things, and not put it in the footnotes.

Carlton said, "Look, if we don't do this we could be fired."

I said, "Carlton, first of all, it's illegal under contract law for us to make their budget. So, I'm not going to do the budget for them. I'm not going to say that Hamilton has reviewed and approved the budget. I have no problem making the budget tool for portfolio strategy reasons, but I'm not going to do their budget. It's illegal. That is number one: I am not going to break contract law."

The other thing was that I wasn't going to make it possible for them to throw hundreds of thousands of people out on the street, including children, and get away with it. I wasn't going to do that. I said, "If that means that we get fired, we get fired."

Carlton is yelling at me. Finally, I turned to him and looked at him and said, "How many black children should go homeless so that we can keep our contract? I want to know."



He said, “Don’t be like that!” It was like a ‘guy-girl thing’.

**Betts:** Carlton was African-American.

**Fitts:** And he was a Christian. He was a very ethical, competent, capable man. But he was so busy trying to keep the contract and keep everything together that he wasn’t thinking.

So, I said this to him a couple of times, “Carlton, listen to me. How many children should go homeless so that we can keep our contract?”

It was as if the trance was broken, and Carlton looked at me and said, “Why am I doing this?”

I said, “I don’t know. It seems to me that we are smart people and we can get other work. If the company fails, I will do something else. We don’t have to do this.”

He said, “You’re right. We don’t have to do this. I’m not doing this.”

It was like, “Phew! I get it!” Then he left.

**Betts:** You have to understand that you were not allowed in the building. You had been the FHA Commissioner under a Republican Administration, and we were working for the Clinton Administration. So, it wasn’t on the front page of *The Washington Post* that that was part of our contract. I don’t know whether it was literally in the contract or not, but you were not allowed to go into the building.



**Fitts:** Do you know why? What the orders had been was, “If she comes in the building, then she will know what we are doing.” And they were breaking the law.

**Betts:** So, we would be sent into the building because there would be meetings. We would take a cab to Southeast, the HUD building. So, you would give us order. You would give me orders to ask them questions and pin them down, and they would call and complain about me. You would say, “I understand, I understand.”

**Fitts:** I would say, “She is so difficult to deal with. I’ll have a talk with her.”

**Betts:** And I was doing exactly what you said. I was in a room full of people, showing that they were doing things that made no financial sense.

**Fitts:** What they were doing was illegal. At that point, Cuomo was Secretary. Our days were clearly numbered as soon as Cuomo became Secretary. That was the problem.

**Betts:** Can I say that I liked Henry Cisneros? He did a good job, and he was definitely thrown to the wolves over something that was silly.

**Fitts:** Cisneros really tried to run HUD. It’s impossible to run HUD clean, but he tried to run it relatively clean. It was under Cuomo that the money started to go.



I think they put Cuomo there because they wanted to pull all the money out with globalization starting, and that was his job.

**Betts:** If I remember correctly, Senator D’Amato was the one who said that Andrew Cuomo was the only person he would confirm as Secretary of HUD. So, ask yourself about that. He was a Republican, and Andrew Cuomo was the only one he was willing to confirm.

**Fitts:** They tried to nominate several other people, and there were dirty tricks to knock them out. Then they put Cuomo in.

We all knew that it was only a matter of time until we as a contractor had to leave HUD because the worm had turned.

**Betts:** I also would like say what the allegations were in the lawsuit. We were accused of insider trading and passing secret information to favored bidders in the loan sale.

I can tell you the way that the loan sales were conducted: They went into a hotel room in Washington – and I don’t remember which one it was– and this was when they had phones rather than cell phones. We had hard wired phones, and they had one phone leading into this hotel room. The bids were brought in, and the people from HUD and the people from the accounting firm and the people from Hamilton were all in a room where they could see each other.

**Fitts:** So, you would have needed a very large group of people from HUD, Hamilton, and the accounting firm together to be conspiring to do that.



**Betts:** Right, and the bids would be delivered over a period of time by Goldman Sachs and all the other bidders. They would be opened, and then the accounting firm would be running their models. We would be giving the figures to AT&T/Bell Labs to determine because they were very complex bidding procedures. Small-scale investors who wanted one small apartment building could essentially bid for only their apartment building in this massive pool of loans that GE Capital would have put a bid on for the entire thing.

We had an optimization model that compared all the bids and found the combination of bids that got the highest price.

**Fitts:** One of the things that we did that shifted the market was: Traditionally when you made a \$1 billion loan sale, you would target either the real estate market, the mortgage market, or the securities markets. We decided to use AT&T/Bell Labs optimization technology to allow all three markets to bid together at the same time, and it blew the lid on the prices. So, you had several large funds who had raised substantial real estate capital funds before we announced the bids. When we announced the bids and everybody realized the optimization model, it literally shifted the market.

**Betts:** The people who were bidding on the large portfolios – anybody who was willing to bid on everything – was going to be paying less per unit. They were basically buying wholesale.

The person who was interested in a particular apartment building might be a landlord or other investors, and they are bidding retail or something close to it.



So, you want to get the most retail investors that you can, but sell the whole portfolio. We couldn't sell the entire portfolio to just a group of real estate people.

**Fitts:** So, one thing that we did is take the cost of buying and get disclosure on the portfolios down dramatically so when the RTC was doing \$1 billion bids, Hamilton did some due diligence. It cost about \$150,000 just to do the due diligence to bid. We paid one of the accounting firms to do all that and make it accessible through Bloomberg and the internet. So, for \$50 you could be in Singapore and lob in a bid. We completely opened it up.

**Betts:** One of the things that we were accused of was giving inside information about the properties to the people who would be bidding, except they were getting all the information that there was; it was all disclosed. There was no inside information.

The only thing that was inside information was how much the other bidders were bidding, and we were opening up the bids in front of 20 people in a room.

**Fitts:** I do believe now that it is possible that the PROMIS software teams at the Department of Justice and the CIA were going in through the bank account at the Federal Home Loan Bank in Atlanta and viewing the deposits coming in and giving that information.

**Betts:** Because they had to put a deposit down of a certain percentage of what their bid was.



**Fitts:** The one thing that I missed is not knowing at that time about PROMIS software, and I missed the fact that the Department of Justice had a group of contractors, and the CIA had access. One of the allegations made to me by a former CIA employee was that the DynCorp group at DOJ had falsified evidence to get the *qui tam* going.

They falsified something that would indicate that I really was laundering money into offshore accounts and all that kind of ‘ya-ya’. But I realized later on that if the Department of Justice, DynCorp group, and the CIA were accessing the deposit information in the bank accounts, they could have been engineering above-market bids through Goldman Sachs, particularly if Goldman had been bidding on behalf of the Exchange Stabilization Fund. The reason I think that is a distinct possibility is because I think there was so much fraud in some of those mortgage files that they were willing to pay above market through the Exchange Stabilization Fund to get control of the files. I should just say that.

It’s none of the government people who we were working with who were in the room taking the bids, but it would have been the government people at the Department of Justice.

If that was true – and I don’t know that it was, but it is logical – the Department of Justice and the CIA were attacking us for what they were doing. That is called projective identification, and as you and I know, that goes on considerably.

**Betts:** The other thing that the lawsuits were about had to do with the mistake by AT&T/Bell Labs.



That had to do with an assumption that the bidders were supposed to bid as a percentage of a specific number that was calculated for each loan. There were two different numbers that we could have had them base their bid on, and we picked one of them, but the instructions in the documents that told them how to bid said the opposite.

So, AT&T/Bell Labs, when they were running the optimization program, were doing it under one assumption, and the bidders actually had used a different assumption.

**Fitts:** We caught it and fixed it, and they told us that they had fixed it, and that they had made a mistake.

**Betts:** They made a mistake, and then the person who was in charge at AT&T/Bell Labs had a heart attack.

**Fitts:** Didn't he have a bicycle accident, too?

**Betts:** I don't know, but he was gone.

**Fitts:** It was very mysterious. Then we had been told that everything was fixed and perfect.

**Betts:** And then there were two more sales where they did the same thing.

**Fitts:** This was the equivalent of 11 years 'dancing on the head of a pin'. When the government expert finally looked at this and calculated what the impact was, he said that the AT&T mistake had no cash impact on the government.



**Betts:** It certainly had a de minimis, even from what we were able to figure when we looked at it and realized that there had been a mistake. The amount of the difference in government proceeds was less than what might happen from one day to the next by reason of changes in interest rates. It was just so de minimis that it made no difference.

**Fitts:** Right, but the government said the amount of money that was calculated was the opportunity cost, and that was what they said we owed them. They used it as common law ‘right of offset’ against the money that they owed us, which was \$2 million. So, to this day I continue to say, “I know how to get back the \$21 trillion. We are going to assert a common law ‘right of offset’. I know how to do it because the Department of Justice taught me all about it.”

We can get into that later. There was no doubt that we were dealing with a multiple-year fishing expedition to try to find something, and they were never able to find anything. That is a real testament to the quality of the administrative leadership. We had a very fine CFO at Hamilton, and we worked hard to be really perfect because I had been in government and I knew that if we were going to do these things, they had to be perfect.

I just want to say one thing before we leave this. When the optimization technology and the bid process was announced, I had to call the person who ran the real estate portfolio at Harvard on another thing. It had nothing to do with this.

I had agreed with him that I would represent them, not HUD. Then they tried to cheat me at the closing and so the deal blew up. So, the reason I was working at HUD was because they had tried to cheat me.



When I didn't let them, I had to find something else. I would have never started Hamilton if I hadn't done a deal with them. They agreed that they would give me a retainer, and that was the basis of how I was going to pay all the expenses. So, I started a company based on a handshake.

**Betts:** The insidious thing was that there was so little money involved. The amount that they wanted to cheat you out of was so little compared to everything else. It was even minimal money to them.

**Fitts:** We made \$2 billion in pure profits for HUD from the loan sales. I don't know how much I would have made at Harvard, but we could have made a lot of money. To think that this whole mess evolved out of them trying to cheat us at the Harvard Club in New York at breakfast.

In any case, that is a Pug Winokur story, and we will discuss that later.

So, I called Mike Eisenson who was running the real estate portfolio at the Harvard endowment on something else. We had just announced the whole bid process. We would do these design books and make them public. So, the whole process and everything was totally transparent.

Mike picked up the phone. I apologize, but I am going to use the words he said. He picked up the phone – and he is a very calm, mind-mannered guy – and he screamed, “F\*\*\* you!” It was mean and ugly.

I said, “Hello, Mike.”



He is such a calm, intelligent, mild-mannered man. He said, “I hate this optimization model.”

I said, “Why? It’s genius. It’s great!”

He said, “The only way that I can win is to bid higher.”

I said, “That’s the idea. Isn’t that my job?” meaning, “I would have been working for you, but now I am working for HUD.”

He was very upset. He knew that he was going to be subject to competitive standards. He said, “We like to win based on being smarter than other people.”

I think that one thing is that if you look at how much money they made from HUD after they got us thrown out, that is probably Mike’s definition of ‘being smarter than other people’.

So, let’s go through the tactics. The reason we are doing *Deep State Tactics: The Series* is because I want people to understand all the different types of tactics that get used. One thing after we finished the litigation – which was an 11-year process, and after the taxes, a 14-year process – I should say that you were intimately involved in ‘saving our bacon’ on the taxes. After we went through that whole process, I bugged you and bugged you and got you to publish an article called *Anatomy of a SWAT from a Legal Standpoint*. We will have the link in the Subscriber links. You wrote it under the pseudonym Lucille Compton.

**Betts:** That was my grandmother’s maiden name.



**Fitts:** Since you had a law firm practice to do, it is a real collection of many of the legal tactics. It's very, very good and we will put that up on the website also.

**Betts:** We collaborated on the article. The thing that was such an incredible observation on your part was the analogy of a train. You have many people, and everybody is going in the same direction for different reasons. They are getting on the train and getting off the train. They're not communicating with each other; they just know that they want to go in a particular direction, and the other people want to go in the same direction.

It's not like some big conspiracy that everybody knows the same things and they are working together and collaborating with each other; they are just getting on and off the train for their own particular reasons.

**Fitts:** We put up a website with all the documents, and all the opposing team would come in and use our website. That is how we figured out what they were up to. I think it was because we were the only place that brought an integrated whole to the entire thing.

One of the different tools that you invented to help us with the whole process was chronologies. In fact, plenty of chronologies in independent media came out from your first chronology. I don't know if you remember that. You did the first chronology, and you talked the 9/11 group into doing a chronology.

**Betts:** Yes, we did the 9/11 one soon after that. The great thing about chronologies is that you see things together that happened close in time, and you start relating things that you otherwise would never think of together. It leads you to some interesting theories.



**Fitts:** I have come to the conclusion that there was a project management team at the CIA, but I'm sure that it turned over in the process of those 14 years.

### **Selected Enforcement Tactics used on Hamilton Securities:**

Let's go down the list. The first has to do with the Silk Road. I know you're not familiar with the Ross Ulbricht case, but I was watching the documentary about the really prosecutorial abuse against Ross Ulbricht, and what happened to him. They were able to get control of all the digital and paper documents, and he didn't have a copy. So, they were able to falsify a case.

I watched *The Good American*, which was about Bill Binney's case, and they tried to get complete control and couldn't; he is too smart, and he was able to keep a copy. As you know, when they seized our offices, we were able to keep a copy.

I watched Ross's documentary and I thought, "There but for the grace of God go I," because we were able to keep a copy.

I think that the first thing that they try to do is assert control of all paper and digital records, and it's with that kind of control they can start inventing reality – a phony reality.

**Betts:** In my practice, since this time, in regular cases I have advised clients about keeping records. Let me tell you that the scanner is my favorite gift of all time that you gave me for Christmas one year. I scan everything, and I put it in the computer. Then from the title of it – even if it's a PDF – you can do a search and pull it up.



**Fitts:** I'm telling people to have copies of everything, and store them in different places. Have them in different jurisdictions; have a copy, and keep a copy, and archive your records. Make sure that you control that copy.

Reality is documented, and he who documents defines reality and writes history. So, document, document, document.

**Betts:** That is what saved our lives. We had great documentation, and we posted it for other people to see, which also helped us.

**Fitts:** You are at the interview at the Department of Justice – the one with Tony Alexis. It was many years after this started that they finally pulled me in to interview. They had the HUD audit team there and were there to interview me.

One of our attorneys was there and you were there. So, it was our general counsel and the *qui tam* litigation attorney. The HUD people didn't understand the program well enough to ask questions. So, the Department of Justice's attorney was a man named Tony Alexis, and he had just been filing all the information that was full of lies. It was probably based on what the whistleblower was saying.

Whenever they would ask a question, I had to literally stop, back up, and teach them about the program and how it worked. Then I would say, "The question that you want to ask is this," and then I would reengineer the question, and then I would answer the question. This went on for hours and hours.



There was one person from the HUD IG office who I knew who was a good man. He was so embarrassed. His head was in his hand the complete time, and he was shaking his head. He was sitting across from Tony, and he was watching this occur.

They had a woman auditor, and they had already turned over one or two teams. Every time a team would come back and say, “They’re clean,” they would fire them and put on a new team.

So, we ended the interview, and I was there so I heard Tony say to the attorney, “I am so sorry. This is so embarrassing. I am going to recommend that this *qui tam* is unsealed right away.”

At that point, we knew that it existed. He said, “I am going to recommend that we unseal right away. I’m just really sorry about how out of hand this has gotten.”

So, we had hired an attorney in Dallas who was a black budget expert. All of our attorneys knew nothing about black budget litigation. You and I called him, and said, “Good news! They are going to unseal. It’s all over,” and we told them the full story.

They said, “No, they’re not. They are going to demote that man. Just watch. He is going to get demoted, and they are going to move a new person on who is the hitman.”

So, we got together with you and the whole team, and said, “What are we going to do? We have to do a website. We are going to do the same thing that Gary Webb did. We are going to build a website because the only way to ‘blow this out of the water’ is with complete transparency.”



So we started, and for the next four months we built the website. It was from September to January, and it took us four months because we had to get all the lawyers to approve it. It is all still up at the Dillon Read story and in the Subscriber links. Boy, that was a job!

**Betts:** You just won't believe what you will forget. It's like when you have a baby and you think you are going to remember when they took their first step and when they first talked, and you don't write it down, and when somebody asks you when they are 25, you have no idea. You forget things.

If you write it down at the time it happens or soon thereafter, and you keep the documents and put them in a safe place, then the truth will be out.

**Fitts:** One of the reasons we did that is because right before we started to do that, a reporter had called us and said, "I want to do this story." She was an independent journalist. So, I put together two boxes of documents and shipped them to her. She called me and said, "You're not going to believe this. Soon after I got the documents, I got a call from a firm in New York. I had this proposal to start a new company, and last year I was turned down by everybody. All of a sudden, (I think it was) Goldman Sachs (or another firm that was a bidder on the HUD loan sales) wants to invest \$750,000 or so; I can't write this story. I'm going to ship the documents back."

That is when I said, "We have to get these documents online because I'm not doing this. I'm not shipping out two boxes every time and getting switched out."



So, we put them all up online, and sure enough, Tony Alexis was moved off the case and assigned to the sex crimes unit, which I was assured was a major demotion. And who comes on as the new person, but a man named Rudy Contreras who we started to nickname ‘the hitman’.

I bring up Rudy Contreras’ name because it turns out that Rudy Contreras became a judge on the FISA court, and he is the person who approved the surveillance of the Trump campaign.

**Betts:** The benefit of reviewing this many years later is that you can see where people ended up. It’s all very consistent with the roles that we thought they were playing. The people who did the dirty work have some rather ‘plum jobs’ now.

**Fitts:** Crime pays.

So, let’s go to Tactic B: In the Anglo-American juris prudence history the whole idea is that somebody who is accused has the right to refute the accusations formally before irreparable harm is done. In fact, what we know is that the job here was to destroy the target’s reputation, their financial resources, and their human resources.

Remember when they tried to scare everybody in my family to get them to stop talking to me? You are trying to destroy all their different resources, whether it’s people or money, before you have to put forward any evidence of wrongdoing. So, it’s the complete reverse.



**Betts:** Actually, the big scandalous thing at the time about you – because you were not married – was they were trying to persuade people you were a lesbian. That was intended to be something that people would judge you on, even though they wouldn't admit it and therefore, would judge you as a liar or think badly of you.

It doesn't really matter that you are not a lesbian - back then, that was a big deal and it was a smear.

**Fitts:** I couldn't figure it out. They knew that I was dating somebody who had worked at HUD. So, they knew all about who I was dating, and that was bothering them.

**Betts:** And it was a man.

**Fitts:** Right. So, I knew that they knew I wasn't a lesbian and the question was: Why are they doing this?

The Deputy Assistant Secretary who was running the loan sales was an admitted lesbian. So, the idea was that would help create the intimation that something wrong was going on. But I called somebody who used to work for the HUD IG's office, and said, "Why are they doing this? It doesn't make any sense. They know I'm not a lesbian. What is the point?"

They said, "Oh, in the District of Columbia all the juries are black, and they are all Christians. They are very homophobic. If you can persuade them that somebody is a lesbian, then you can get an indictment without any evidence of wrongdoing."



I said, “Oh, okay.”

He said, “It is standard operating procedure. If you don’t have any evidence on somebody, that is one of the ways that you can get an indictment.”

I don’t know if you remember this. We had a very open office, and during the investigation they would take all the employees out separately and interview them. When they came back, they were deeply paranoid. They were quite shell-shocked and paranoid.

The employees would come back to the office, and one of the last employees that they interviewed was Robin. Do you remember Robin?

**Betts:** Yes. She was fabulous.

**Fitts:** She was fabulous. Her office was part of the trading floor. She was on the trading floor, she came in, and nobody said what the conversations were.

Robin was very aggressively an out gay lesbian, she was very attractive, and was young and full of energy.

Robin walked in and said, “Oh my God! You gotta listen up to this! They tried to persuade me that Fitts is a lesbian! I said, ‘Honey, trust me! I know! I’m a lesbian, and I know she’s not a lesbian. I’ve told her 1,000 times that she should become a lesbian because she would be so much happier as a lesbian, but she’s not a lesbian.’ This went on for the whole interview! They didn’t want to know about the loan sales, and they didn’t want to know anything else.



All they wanted me to do was have me persuaded that Fitts is a lesbian. I was like, ‘Honey, I’m a lesbian. I know she’s not a lesbian.’ What the f\*\*\* is up with this?”

So, she was screaming this out to the entire firm, and everybody started talking. What came out was that almost all of their entire interview was the HUD IG’s office trying to persuade them that I was a lesbian and that I was having a sexual relationship with the Deputy Assistant Secretary who was running the HUD loan sales.

**Betts:** The ironic thing is that the person who you had been dating was out of the IG’s office.

**Fitts:** He had been in the IG office, and they knew it. This describes it perfectly: We had a bankruptcy attorney because we were trying to figure out how not to file bankruptcy. When they seized our offices, he went into the Hamilton office while they were in there. Then he came over to another law firm where we had an attorney who was fighting the seizure thing. He walked in – and he’s a tiny Jewish man whose family was German-Jewish – and he was ‘shivering like a leaf’. His hands were shaking, and his whole body was shaking. He looked like he had some kind of disorder. He was scared to death and I thought he was going to ‘pee’ on the floor.

I said, “What’s the matter?”

He said, “My family left Germany to get away from these people, and now they’re here. Where do I go?”



He was so scared. Eunice did a Solari Report on ‘Cleaning Up the Office’, and she described how they urinated and defecated on the floor.

**Betts:** In addition to leaving rotting sandwiches and putting out cigarettes on the carpet.

**Fitts:** Lovely people.

**Betts:** These are the people from the FBI and the Inspector General’s office who took over our offices and were working there for some period of weeks. Those are the people who did that to the office.

**Fitts:** It was only a week. We will get into that later because it comes up again, but one of the highlights of that week was with a person from the FBI. After we had spent millions of dollars backing up our systems and giving them copies, we finally said, “We’re not doing it again.”

They figured that it would cost us \$100,000 to \$200,000 every time they would do one. So, it was just a way of draining our resources. We said, “No, you do it. If you want another one, you do it. We ‘go naked’. You do it.”

So, this man from the FBI – a fabulous person, and I still have his card – was there for a couple of days. Finally, it got so bad that Elliott would have to take him on walks because he would get so angry at the Department of Justice people; he couldn’t stand them.

**Betts:** Elliott was our IT guy.



**Fitts:** He would say to Elliott, “How can you deal with these people? How can you maintain your temperament? How do you not lose your temper?”

Elliott would have to take him on walks to calm down. So, when this man was leaving, and he was the head FBI IT person on the seizure of the office, he gave me his card and said, “Look, lady, I don’t know exactly what is going on here, but these were the greatest systems I’ve ever seen. Whoever the criminal is here, it’s not you. I know it’s not you. So here’s my card. If you ever need a really great IT guy, I am very interested in talking to you about a job at your next company.”

It was rather funny.

One thing that I would like to say is that the process of attacking and destroying your resources and your reputation is that if they can’t get an indictment and they can’t falsify something and trap you, they want you to commit suicide.

I don’t know if you remember this, but I would say, “I’m very happy. I’m not going to commit suicide.”

I was really worried about being ‘suicided’. The other thing was that they wanted to force you into an unfavorable settlement, and that is what they tried to do in 1998. That was the big decision that I had to make because they did two big ones, and they had failed. The sex thing had failed. That’s when they dug in and got really mean, and tried to do a settlement where essentially I agreed to no money.



In the world of investment banking, if they get to keep the money, you are guilty whether you are really guilty or not. So I said, “No.”

They had clearly stolen our software and they had stripped all the assets out and destroyed our business.

**Betts:** One of the other tactics is to ‘scare the hell’ out of the people who you are relying on. I will never forget when a threat came over the fax machine when we were still at the office, and it was from the Department of Justice. It said that any employee who assisted in obstruction of justice could be indicted.

**Fitts:** And so, the CFO walked off.

**Betts:** I was standing there as an attorney who is technically not yet an attorney in the attorney capacity. That was meant to scare people like me off, and it worked for some people.

**Fitts:** Right, but if it had worked for you, I wouldn’t be here.

**Betts:** I was too stupid to be scared.

**Fitts:** You believed in the law.

**Betts:** I knew for a fact that there was nothing there. I understood enough about the loan sales that I knew how they worked. From bottom to top, I knew exactly how they worked. I knew that there was nothing there – which is crazy because it took ten years to explain to some people and convince them (including our attorney) that there was no there there.



I was there, but there was no there there. How you can stretch that out for eleven years is beyond me.

**Fitts:** Except that we saw them do it.

So, our third item is **falsifying evidence or smears**. It was a former intelligence operative who told me this, and I tend to believe it. The way they got this going was that the PROMIS software group at the Department of Justice and DynCorp had falsified evidence to indicate that there was money laundering occurring on the loan sales.

I would think that it is fairly easy with the PROMIS software system, if you are running that, to create ‘phony-baloney’ offshore accounts and get something going.

One of the things that made this situation very difficult was that we made a huge investment in a team of investigative journalists at the *Washington Post* to tell the true story, and then they pulled the story the day before it was supposed to run. It was a major investment of our time at a very critical time.

One thing that those investigative reporters said was, “Look, in an office that leaks like a sieve (referring to the HUD IG) why won’t they give us a shred of evidence of wrongdoing?”

They said that the whistleblower had sent them enough documents to go from the floor to the ceiling in their office. So, he had 17 people working for him who were just mailing packages and making all these accusations – to the Hill, to Congress, and to the reporters.



She said that every reporter in Washington had gotten a copy of this information. We had 17 people full-time for a couple of years just mailing all the info and trying to get something going. So, it was a major smear operation.

Her attitude was, “The HUD IG’s office leaks like a sieve. Why won’t they give us anything?”

The only thing that I can think of is that something was behind national security law.

I don’t know if you remember this, but there were many articles in the newspaper saying that we were accused of laundering money. The CFO, who was one of my favorite employees, was very, very capable. We had a policy at Hamilton that you had to have two signatures to sign every check, and I never signed any checks. It was usually the CFO and the secretary. So Pat Phillips would generally sign all the checks. All the financial statements were posted monthly on the internet for the employees. I would get angry at the employees because they would never read them. They were too busy, and they didn’t care.

**Betts:** People only wanted to read them if they were denied them.

**Fitts:** Right! But everybody either knew how the money worked or they could if they wanted to.

One day the CFO came in and asked, “Can I see you?”

I said, “Sure.”



We went into the conference room, and he said, “This morning I woke up, and I thought, ‘Maybe she is laundering money.’ And then I thought, ‘If she is laundering money, she doesn’t sign any checks and there are no wired transfers other than the ones that I make, which means that for her to be laundering money I would have to be laundering money.’ I know I’m not laundering money. So why am I worried that you are laundering money?”

I said, “I don’t know.”

He said, “How could they convince me that there is money laundering when I am in complete control?”

I said, “I don’t know.” That was the power of the media. It was amazing. You should have seen the look on his face.

**Betts:** They make you doubt yourself even when you know for sure that there is no there there.

**Fitts:** So, we had the first falsification. My bet is that the DynCorp group or the PROMIS group at the Department of Justice were involved. I should say that DynCorp at that time had the lead investor, Pug Winokur. He was on the Harvard endowment board and had been on the board of the real estate company at Harvard that tried to cheat me at the closing.

It was interesting because I had an agreement with them for one deal, and I held them to that contract. I had a signed contract. I almost couldn’t complete that contract because I was poisoned and I was in bed for six months. I had to do the deal from bed.



To get the final sale done, I had to get out of bed and fly to the bank that finally bought the deal.

That deal closed, and that was the money that made sure that I could keep Hamilton alive until we started to be really successful. So to this day, I've always thought that there was something there to that allegation.

I brought that up because DynCorp comes up many times as you go through the financial coup, but now again with Epstein. As you know, I think that the money coming out of HUD was laundered into many different places, but one of them was the Epstein operation.

The second real effort to falsify evidence was the lesbian scheme, and the third was the obstruction of justice that they tried to do when they seized the office. So, they seized the office, and we had a shredding service that we were not using because under the subpoenas, we just didn't want to throw anything out. So, one of our problems was that our garbage was backing up in the hallway in our building. The shredding bins were downstairs, and they were empty.

**Betts:** You have to understand that we were at 1 Dupont Circle, which is above a CVS pharmacy. We had the whole 2<sup>nd</sup> floor. The operation was the CVS store on the first floor and us on the 2<sup>nd</sup> floor.

**Fitts:** And a whole hallway full of garbage bags.

The HUD IG General Counsel, Judith Heatherton came in, and according to the later affidavit, which we have up on the website, —



— got the property manager to show her where the shredding bins were. She got a garbage bag, and had some HUD personnel with her. Then she took files from our accounting files, which were upstairs in the file drawers, and poured garbage into the shredding bin and then put the accounting papers on top of it, and started taking pictures.

The property manager was quite a savvy man who knew what she was doing. He said, “You can’t do that.”

She turned to him and said, “Shut up! This is none of your business,” which must have been a popular line at HUD.

So, we asked Eunice Boston to join us. When they left a couple of days later we got the obstruction of justice letter that scared the CFO to quit. It is clear that what they were doing was falsifying evidence to make an obstruction of justice charge because they couldn’t find anything wrong.

In the letter they say, “We caught you throwing out accounting documents. We stopped you just in time.”

**Betts:** But my recollection is that didn’t actually get filed until we already knew that she had done this.

**Fitts:** The letter came in before we got the affidavit.

**Betts:** She filed something in court that accused us of tampering with the accounting files, but that wasn’t filed until after we found out that she had been taking pictures.



**Fitts:** Yes, but I think that she sent the letter and then she filed something. She didn't know that we had the affidavit.

In any case, Eunice joined us. If you listen to 'Coming Clean' with Eunice Boston, Eunice came and spent days cleaning up this mess. There was urine and feces on the floor, and I personally paid for this cleaning.

My feeling was that whatever was going on, the property manager and the landlord didn't deserve to be left with this. So, we had to clean it up.

Eunice joined us with a whole crew, and it was really like cleaning out this demonic energy. It was very frightening.

The property manager came in on Monday, and he thought that he was going to have to clean it up. He was so shocked and touched. He said to Ozzie, "While they were in the building, they tried to falsify evidence. Bring your lawyer; I want to give your lawyer an affidavit."

When you think about it, this man was a refugee from El Salvador, so he had seen dirty politics before. It was incredibly courageous of him. I think that he was really touched. He had a great relationship with Ozzie, but who didn't have a great relationship with Ozzie?

So, we brought our attorney in, and he gave him an affidavit and explained what had happened. We have it on the website.

**Betts:** We filed that, and my recollection was that it was after we filed it she made some accusations against us, saying that we had ——



— destroyed the documents, but we had already filed this affidavit from our property manager. He wasn't anybody to us concerning there was nothing in it for him to be on our side; he was just an honest person.

**Fitts:** So, our attorney gave that affidavit to the special masters who were overseeing the court process for the discovery and who had our documents, and they said to him, “Oh, that's SOP.”

I said to the lawyer, “What is SOP?”

He said, “I don't know. They just said it was SOP and laughed.”

So, I called somebody who had been in enforcement and I explained the situation and then asked, “What is SOP?”

He said, “That is Standard Operating Procedure. If you have no evidence of wrongdoing, you just falsify and frame them on an obstruction of justice. It's SOP.”

I said, “Oh, I didn't know that. Thank you.”

**Betts:** Martha Stewart learned that later.

**Fitts:** One last thing that I would like to say is that when they did seize the office, we had a company that was extremely valuable. The employees were shareholders and the software was worth a great deal. That is one of the reasons it was stolen and never given back. When we finally got all the digital files out, the most valuable pieces were stolen forever. The Department of Justice paid a ———



— software company that was known to be a leader in some of the software that we were making – as a competitor – to be their manager of the litigation files. So, they were paying them to strip it.

Everything that you have worked for for many years that is very, very financially valuable is ‘going down the tube’, and you are in a puzzle palace where everybody is trying to destroy you. The question is: How do we keep our morale up and get the work done? There is a tremendous work demand to just get the work done.

We came up with a game where we decided that, yes, the equity value at Hamilton was gone, but the movie rights still had value. Every time they did something, the worse they were, the more the movie rights would go up in value.

It became like a game. What I remember is a fight broke out because there were two people who wanted Meg Ryan to play them, and Meg Ryan was you. We finally decided, “No, Meg Ryan had to play Carolyn Betts in the movie.”

**Betts:** We would sit around and speculate who should portray the different people at HUD; the lawyers and all of them. It was a lot of fun.

**Fitts:** They would come in and do something really evil to try to depress us, and then we would laugh and say, “The movie rights just went up.”

**Betts:** I think that the attorneys didn’t have as much of a sense of humor. They just couldn’t figure out what we were doing.



**Fitts:** Let's go to the next tactic: **Secrecy.**

They are trying to construct a false reality. To do that they have to keep many reality secret. They have to maintain one part of the litigation under seal, and they need to use multiple agencies to put out the subpoenas.

My favorite one was when we finally got the *qui tam* unsealed.

**Betts:** The *qui tam* was finally unsealed, and there were four or five hearings that would ordinarily have someone transcribing what was going on in court so that later you could buy the transcripts and see what had happened during these 'secret' hearings.

When we went to get the transcripts, the ones that were the most important to us happened to not exist. They seem to have disappeared.

**Fitts:** They were disappearing documents.

It's amazing what an incredible effort there was to use secrecy to completely reinvent reality.

**Betts:** And when you don't know what they are pandering in terms of what reality is, how do you fight it? There were rumors about you and what you did, and you didn't even know what those were.

**Fitts:** It took me a long time to figure out what the goal was. It was a bit like, "You want to get the honest people out of HUD. You want to have a housing bubble."



It all started to make sense when you discovered the \$59 billion missing from HUD. So, why don't you describe your discovery? That was March of 2000.

**Betts:** I was somewhat of a nerd and intended to go into the GAO website, which then was the General Accounting Office, which they have since renamed the General Accountability Office for whatever reason.

**Fitts:** It's because they weren't doing accounting anymore.

**Betts:** Maybe. That is one of those dry areas that people don't generally look at. It's like footnotes to financial statements. You find out all sorts of things by going in and reading.

There were GAO reports about testimony by the HUD Inspector General, Susan Gaffney. At the time, I had a 3-year-old, and when we would go by HUD we would drive on the southwest freeway. We would drive by the HUD building, and Christian would say, "Eww. Susan Gaffney!"

He had no idea, but he knew that she was the enemy and that building was HUD. One time he said, "Mama, who is HUD?"

**Fitts:** Remember the program office had asked for an audit of the loan sales. The auditor came back and said, "It's great! They are doing a great job!"

**Betts:** They were in the Rocky Mountain field office.



**Fitts:** They tried to get Susan Gaffney to change her report, but she wouldn't. They ran her out of government, but Gaffney buried the audit. So, it's all part of the secrecy.

Gaffney was a 'piece of work'.

**Betts:** I was sitting at a computer reading the GAO reports, and I saw that Susan Gaffney had testified that they have made \$59 billion in unaccountable adjustments to the HUD books. I mentioned it to you. I said, "They said that there was \$59 billion in unaccountable adjustments."

**Fitts:** Which is bigger than the entire budget.

**Betts:** You said, "No. Are you serious?"

I said, "I must have misunderstood. It must have been 'million'. Pardon me."

Then I went back and looked at it again, and I said, "It's right here-\$59 billion."

Back then, \$59 billion was a large amount of money. I remembered when we were working at HUD where there would have been a \$1 million discrepancy, and it caused quite a stir in the CFO's office. That was \$1 million, and this was \$59 billion.

**Fitts:** Remember that Cuomo was there. So, we found this right after the person who was Chief of Staff to the Appropriations Chairman in the Senate said, "HUD is being run as a criminal enterprise."



**Betts:** You went to the Senate and had an interview with the Chief of Staff to the Appropriations Committee; she worked for Kit Bond. You came back to the office and told us that she said that HUD was a criminal operation.

**Fitts:** They pulled \$59 billion out of HUD in one year.

The opening balance that year that was missing was \$17 billion. The reason I say this is because in 1997, and this is in the Dillon Read story, we were working with a group of the top pension fund leaders in the country. The President of CalPERS said to me, “They’ve given up on the country. They are pulling all the money out starting in the fall,” the fall of 1997, which was the beginning of the fiscal 1998 year.

I thought that he meant the pension funds were reallocating more equity to the emerging markets and more bond money to the emerging markets. But when we saw this \$59 billion we realized, “Oh no! They mean they are pulling out!”

Remember, with globalization you’ve run the dollar up and you’re sucking out using the housing bubble, trillions of dollars and reinvesting it globally. It made sense. “Okay, you’re going to pull all the money out of the Federal government,” but you realized they were basically engineering a financial coup d’état. What was amazing at that time was that everybody was too busy talking about Monica Lewinsky’s blue dress, and they didn’t care about the missing money.

**Betts:** If I remember correctly, that is what the excuse was for not publishing the article about Hamilton. They said it was because the Monica Lewinsky case was there.



**Fitts:** Right, although when the *Insight Magazine* articles came out about the Hamilton case, Susan Gaffney was fired by the Bush Administration.

**Betts:** But that was because of sexual grounds. Wouldn't you know it? It was reverse sex discrimination or something like that.

**Fitts:** Never underestimate the power of Susan Gaffney's imagination to create fake complaints.

**Make-work and fishing expeditions** are the next tactic. There is no doubt that an enormous effort was made, particularly with the subpoena discovery and 18 audits and investigations to create massive amounts of make-work. I think that this is where the spiritual warfare training helped because the fight was not what the fight was about.

You had one fight going on, but the way that they achieved their goal was to bury us and make work. I don't know if you want to say anything about make-work because you were fabulous at it. You did a great job.

**Betts:** I pretended – or maybe even thought sometimes – that it was real. So, I approached it the way I would if I were helping a client where they misunderstood, and people in the government didn't quite understand what had really happened.

**Fitts:** Most of the investigators or auditors that we were dealing with had no idea. They thought that it was a legitimate thing.



I remember when I first arrived at HUD as Assistant Secretary, I went into the Undersecretary's office. I was in his office, and he called one of his assistants and said, "I want this company destroyed. Call the IRS and get them audited. Call this person and get them audited. I want investigations here and there. Bury them in work. I want them destroyed."

He had ordered all these different agencies to hit the target company. He was a D'Amato guy. I remember watching that, and it was one of the reasons we were so thorough and careful. I said, "Someday I may have to withstand that."

**Betts:** It got to the point that it was so ridiculous they did an investigation of how much money you gave to a political campaign, and it was around \$2,000. It was as if, "You're investigating this? What is there to investigate?"

**Fitts:** **Target, fire, assassinate, turnover participants;** they threatened our attorneys with disbarment. The auditor who turned in an honest audit was threatened and run out of government because she wouldn't go along with their script. The prosecutors were demoted who wouldn't continue, so they got replaced by the 'hitman cometh'. The judge who refused to extend the seal got fast-acting cancer. We saw numerous judges recuse themselves because they were clearly scared.

**Betts:** One of them had someone hit a relative of their family by a car.



**Fitts:** My favorite was the person who did the obstruction of justice frame and was so aggressive and always threatening the lawyers with disbarment. When the whole thing failed and the team fell apart, the HUD IG was fired and the IG Counsel had to get another job and the lawyer who represented the whistleblower left to private law, and the HUD IG Counsel who did all the falsification of evidence went to work running the ethics committee for the DC bar. You couldn't make this up! There you go.

As we were saying, crime pays! Plum job.

**Betts:** But the opposite thing happens, too. The people who were going to help us suddenly received book contracts and fabulous new jobs. Money flew from the sky, and they didn't have to work anymore.

**Fitts:** That's true. Many people were bought away.

I would say to people, "This is how I bless people – you get bought away." There was a fair amount of buying away. One of the lawyers acquired a big partnership increase. We'll be careful on that one.

**Point dirty hitmen** is the next tactic. You get dirty judges, dirty prosecutors, dirty auditors, and you use control files and personnel benefits to manipulate, threaten, and command loyalty.

One of my favorite lines was from Sporkin. Stanley Sporkin was the former General Counsel of the CIA. The book on the Nugan Hand scandal is by Rodney Stich. They had codes in the file.



So, a bank account belonged to a codename, and then they had the key in the lawyers behind attorney-client privilege. So according to Rodney, his allegation was that Sporkin's code was 'slimy affirm'. I thought that fit.

My favorite one was when Sporkin ruled against us, and he insisted that he had never received the filing that the law firm had sent us by hand by a messenger. So, I knew that he was lying and I could tell that he was lying. You could usually tell when Sporkin was lying because he lied considerably.

The lawyer was so upset that he insisted on sending me a copy of the receipt, proving that Sporkin's office had received it and had signed for it before the hearing at least a couple of days before. I was just laughing because I knew. I said, "You don't need to send me this receipt; I know you're telling me the truth," but it was inconceivable to him that a judge would do that to him.

Another favorite one was when we were arguing jurisdiction against our lawsuit. We filed a lawsuit against the whistleblower – finally. It was filed in a state court, and Sporkin had it moved to a Federal court. The law in a recent Supreme Court case said that it had to be in the local court.

Our attorney, with his voice cracking, said, "But your honor, that's the law. You can't do that."

Sporkin said, "I disagree with the law. If you have a problem with that, take it up with Congress."



**Betts:** Which makes no sense whatsoever.

**Fitts:** It went on and on and on because I wouldn't settle. They kept trying to force me into a settlement, and I wouldn't settle because I wanted to force them to put up any evidence of wrongdoing. I wanted to hold them accountable.

It was, "Fine. Put the evidence down."

So, it was going on and on, and at one point I literally saw Sporkin put his head in his hands. I could just feel him saying, "Oh, God! I can't do this anymore." It's as if he was worn down and sick of it. But what was interesting was when we launched the website, he resigned from the bench. Do you remember that?

**Betts:** I didn't make the connection, but yes, I remember.

**Fitts:** He resigned from the bench, but there was something else going on; I will put up a link. We finally did a 'hot seat' on Sporkin with plenty of disclosure on him, but I think that there was something else going on as well. There were two cases, one of which was ours. When we put up that website, it all came down to transparency, transparency, transparency.

**Betts:** Sporkin was put in Google prison by you.

**Fitts:** We should explain 'Google prison'. I was in the office, and was just astonished at what Pug Winokur was up to as an investor in a variety of companies, both DynCorp and Enron, and on the board of the Harvard endowment and the Harvard Corporation.



If you saw what they were up to, it was just astonishing to me. At one point, we helped Kelly O’Meara write a big article about sex slave trafficking by DynCorp, and it was some rather hard-core information.

One day I was in the office, and threw up my hands and said, “That’s it! I’ve had it! I’m putting Pug Winokur in Google prison.”

You turned to me and asked, “What is Google prison?”

I said, “I think I just invented it. I can’t get the Department of Justice to enforce against Pug Winokur and hold him accountable for his actions, but I can make it transparent.”

**Betts:** And guess who the big users of Google are? The youths. The students at Harvard were really interested in finding out exactly what was going on with the Board of Overseers and Pug Winokur, and Harvard holding a big piece of the HUD portfolio.

So, when you posted it and told a couple of people who were Harvard students who were interested in exposing things, and you gave them the links to the website that you posted, you had a great deal of free research going on there.

**Fitts:** So, what we did was build a website just with links to all the data. “Here is Pug Winokur, here is his company, here are his affiliations, here are his investments, here are the companies on the board with him, here are links to all the SEC documentation. So, it’s just raw data. It’s just all factual, raw data.”



One of the students at Harvard called me and said, “This can’t really be true.”

I said, “Yeah, it is.” He couldn’t fathom the whole thing. He later became part of something called ‘Harvard Watch’, which is a group of law school students who absolutely nailed Harvard on Enron.

Pug was sitting on the board of Enron and testifying, “We had no idea that there was a problem.” In the meantime, Harvard was making a fortune shorting the stock.

**Betts:** They were finding this out from what you were posting on the internet?

**Fitts:** No; they found it out from what these students found. They took everything that we had, and went with it.

**Betts:** They got plenty of information from us.

**Fitts:** They did, but they did much original research and did a fabulous job.

Highfields Capital was, at that time, the number one vendor in the Harvard tax returns. When a group of protestors had taken over the Harvard president’s office during a protest, they had discovered that Highfields Capital was one of the top speed dials on the president’s phone.

When Highfields was shorting the stock, they realized that ——



— the Harvard endowment or the president saying they didn't know what was occurring, wasn't true. So, they dug up plenty of tremendous original research.

The problem is that when much of this is done transactionally through many different businesses and investments, it's hard to see the world whole. What we were able to do by putting all the documentation together along with what the law students were able to do, is bust through the complexity.

**Betts:** You have to understand that this was cutting edge back then. We are talking about it today, and people would think of that now. But back then, people weren't doing these things.

**Fitts:** Right, and a big nod to Gary Webb and the *San Jose Mercury News* because they got it going. They were the leaders who did this. They gave us the idea, and we did it, and then it spread.

Here is the **magic story**: The students at Harvard watched through this huge explosion of information about Pug Winokur, and then the Scoop Media people did a whole series on Pug Winokur, basically showing the different relationships. It was because of Enron that it really exploded because there was so much interest.

The reason I had been looking at Enron was that I believed Enron was laundering some of the money that they were pulling out of HUD and DOD because it was DynCorp and Lockheed; it was the same contractors who were both on the board at Enron and running the IT systems at HUD. That's why I keep telling everybody who is researching the Epstein case, —————



“Look into Pug Winokur and DynCorp for heaven’s sakes. That has to be intertwined, especially with the Clinton Foundation.”

In any case,, we built this website with all the documentation, and Harvard Watch happened. The collection of documents was called ‘The Pug Winokur Data Dump’. We built it and grew it, and then I got a call during the Enron case from Jim Norman. Jim Norman was the oil and gas editor at *Business Week*. Then he went to *Forbes* and he wrote the PROMIS story and was fired for it. Then he went to *Platts Oilgram News*. He is a very capable, astute, intelligent, experienced reporter; a quality person.

There are several interviews with him on The Solari Report. He has done several books, and the one called *The Oil Card* is fantastic.

He called me and said, “This morning I woke up and said ‘That’s it. I’m going to write an article about what Pug Winokur is up to. I think it’s going to take me a year because I have to dig out all the SEC documents. This is going to be really hard work, but I don’t care. I’m going to do it.’ Then I got online and did a search and realized that it’s not going to take me a year; it’s going to take me a week because you and the Harvard Watch guys have made all of the documents accessible.”

That was the advantage.

**Betts:** I was part of that. We went on the SEC’s site. Most people don’t know how to find information about companies through their filings with the SEC, but that is something that I used to do.



I did those filings, so I know what an S1 is and I know what a 10Q is and all that, and I know how to read the footnotes.

We would pull out the things that we wanted people to read so they would understand it, and therefore save them all that time and make it possible for articles to be written that otherwise would have taken far too much research time.

**Fitts:** I'll never forget when Enron came along and one attorney who you and I both know very well said, "You know, I watched the testimony of Enron, including Pug Winokur. Five years ago, I would have believed everything they said. Now I watch it, and I know exactly what is going on. All you have to know is you are watching the mob. If you understand that this is a mob operation and Harvard is just another mob, then you understand how this works."

She said, "Now I understand."

**Betts:** The other thing about Enron is that I remember before it collapsed, you taught me from your days at Dillon Read that you can't best the market. You had a partner at Dillon Read who would say, "Why am I so lucky?" to people who were besting the market because it meant that there was something illegal going on.

**Fitts:** Or it meant that there could be something illegal going on.

**Betts:** Often that would be the case. You were trying to figure out how Enron was making all the money. You would read descriptions of what they were doing with these futures, and it made no sense.



If you've been in the markets and seen how things work in financial institutions, and then somebody is making money 'hand over fist' doing something that you can't understand, it's, "What is this?"

**Fitts:** They had a floor where the only people who could go there were 19 former FBI and CIA employees. It was secret access. I think they were just laundering money; I don't think there was any real business.

**Betts:** Meanwhile, the major money magazines were publishing articles about how this was the 'second coming of Christ', and that somehow Enron was making new markets. The fact is that none of the reporters could possibly have understood what they were doing because they weren't doing anything legitimate. Because it was so complex, they were able to convince them that there was something there that was a big secret, and they had the corner on the market.

**Fitts:** I kept saying, "Look, I can understand very complicated financial transactions. So explain to me how this works," and no one could explain it to me.

OK, we have covered **'Target, fire, assassinate, turnover, participants of point dirty hitmen, whistleblowers, and snitches'**. So basically, they had a private snitch who was getting paid money through a variety of mechanisms, including contracts and contractors.

The snitch was suing the government multiple times, and they kept giving him contracts and funneling him money, and our attorneys kept saying, "Wait a minute. He didn't win that. How can they possible settle and give him money?"



Next is **‘Using private litigation to run fishing expedition and squeeze’**. They had multiple tracks of public and private litigation, and they were trying to get us to make a mistake on the subpoena discovery and the discovery between the different things.

In other words, if we are dealing with a complex track of litigation with the government or investigations with the government – and remember 18 audits and investigations, 12 tracks of litigation, including private and public litigation – all that they need is one discrepancy between all those different processes and they have us on obstruction of justice. It is very, very tricky.

**Betts:** The thing is that their job is pretty hard because we were telling the truth. If you are telling the truth, your story is going to be consistent across the board.

**Fitts:** Right, but you can’t make a mistake. When you have this many investigations and audits, it’s really easy to make a mistake. You need a really good general counsel.

**Betts:** Plus, there is always a parking ticket.

**Fitts:** That is what they were looking for – a parking ticket.

**‘Keep economics hidden or secret’**. It was very important for them to not have people understand how profitable the loan sales were for the taxpayers. They needed to somehow make out that something was being done that was bad for the taxpayers when, in fact, they were trying to destroy the people who were good for the taxpayers so that they could go back to taking money out the back door of HUD.



They tried very hard. I don't know if you remember this. They tried to persuade people that the loan sales were bad for communities and the taxpayers. They tried to bury the profits and say that the profits weren't true. The General Accounting Office, then the General Accountability Office, came out and did an audit of the loan sale profits and said, "No, the \$2 billion us understated; the profits were really greater."

**Betts:** One of the purposes of doing the loan sales was to be able to book the amount, and to use the amount of credit that would go into later formulas in order to justify things that they shouldn't be doing because we made so much profit for the government on the loan sales. They used those assumptions, even though they did away with the loan sales.

**Fitts:** That was such a dirty trick. They continued to use a fake assumption on their budgets.

**Betts:** It had to do with calculating credit subsidy.

**Fitts:** Right, which is a very big deal for generating money for the government. It's basically fake accounting.

Next is '**Use African-American women attorneys to front**'. This was a big one. HUD was dropping SWAT teams into poor neighborhoods and rounding up innocent children and 'stuffing' them into prison. This was part of the 'prison stock' story and part of what was happening in globalization.

Basically, all these teams were being led by African-American attorneys or women attorneys, and it was all designed to make it look ——



— like it was socially responsible. For some reason, if you have a black or female face on it, it's socially responsible.

It was amazing how many people were lining up for promotions to do it. They had no problem.

**Betts:** Yes, but on the other hand, we were women. When our team was at its smallest, it consisted of three people. There was you, Ozzie, and myself. Ozzie was from Montserrat, which is a Caribbean island that was destroyed by a volcano.

It makes it harder to set people up when they are different from you. This is the whole thing about diversity. They knew how to set up a white person who wanted to keep his possessions. We weren't white businessmen in ties and white shirts who they could do that to. It was sort-of an advantage for us to be different from what they were used to setting up.

They were also using the D-Team, or was it the E-Team?

**Fitts:** We used to call it the C-Team, and Gaffney was definitely the C-Team. That's what I kept saying.

Somebody would complain about something Gaffney had done, and I would respond, "Listen, we are blessed. They sent the C-Team. If they had sent the A-Team, we would be in trouble."

I also want to mention the 'white guys in ties budget'. I don't know if you remember that. One of my tactics, having seen the HUD Undersecretary order a firm to be destroyed, is for any critical part of the operation –



— whether it was on the loan sales, or the operation governance and management of Hamilton and how we managed our money – I would get a big, important partner from a DC accounting or law firm to bless it and certify it and review it. We had a budget, and it was called the ‘White Guys in Ties’ budget.

I hate to say this, but we were basically hiring many Masons to say that it was okay. It would drive the CFO crazy.

**Betts:** He was one of them.

**Fitts:** Yes, but he was far above the normal caliber. He would laugh because the audit committee members of the board would say, “This is an awful lot of money,” and he answered, “This is the White Guys in Ties budget. You can’t touch it.”

In fact, when the litigation started and they kept trying to find a way to get us, they would have to take down a ‘White Guys in Ties’ on all these different issues.

**Betts:** In his background, he had been with one of the big eight or big six accounting firms, which is the big three now.

**Fitts:** It turned out we had to deal with a huge ‘rat’ at that accounting firm.

**Betts:** The other thing is that we had friends who were women and African-Americans in agencies in strategic positions who would feed us information.



**Fitts:** We had numerous ground people.

**Betts:** They might not out front look like they were helping us, but we would get information from them. They would make decisions that were definitely in our favor.

There were some angels out there, but there were many more women and minorities.

**Fitts:** There was a multitude of angels, but there were men, too.

**Betts:** One of our attorneys was one of those angels.

**Fitts:** Next is ‘**Use prominent citizens and officials for whisper campaigns**’. It would happen for 14 years straight, and it still happens, that someone will say, “Look, I’ve had a call. This call is from the very top. It’s higher than the White House. You’re really guilty.”

I said, “Really? Did they say what the evidence was that I was really guilty of?”

This whisper campaign went on for years and years, and it would reach me in Hickory Valley.

I had my family talk about the fight over the cell tower and say, “Trust me. I’ve had it from the highest authority. She was really guilty and at fault for what happened in Washington.”

That’s one of the reasons I forced them into court, because it was unbelievable; it never ended.



So, you have lowlife whistleblowers making all these allegations, and then you have the government attorneys making these allegations, but then you have very prominent people from the top with the whisper campaign saying, “It’s really all true.” It’s a bit of a squeeze play.

Next is **‘Make it a whole life attack’**. Go after family, friends, bank accounts, sources of credit and income, engineer mass betrayal and targeting, and make it a profitable sport for everyone around you to help.

There are hundreds of stories of making it a whole life attack. Are there any that you want to point out?

**Betts:** I remember that there were so many instances. I had a friend who lived in Alexandria. She was a contractor for the Army Corps of Engineers, her background was in math and she was a contractor.

She told me one day, “Carolyn, don’t call me. I’ll call you if I want to talk to you because I don’t want men in black cars hanging out around my house.”

**Fitts:** According to her, when you came over, men in black would show up.

**Betts:** Yes, men in black cars. I was completely unaware of that, but people don’t want to touch you when they hear these things. It doesn’t even matter whether you were guilty or not; you are associated with it. It’s as if you have cooties.



**Fitts:** Do you remember the time of the ‘click, click’ with the FBI on our phone call when we were talking about a manicure?

I was calling you from Virginia. It was after I sold the house and we were talking about the best place to get a manicure. I stopped because I had a feeling, and I was aware of it. I said, “Can you imagine how depressing it would be? You work hard, you go to law school, you want to make the world safe from organized crime, you get a job at the FBI, and you wake up and discover yourself on a Saturday morning listening to the two of us talk about where to get a manicure. Do you have any idea how depressing that would be?”

The phone went, ‘click, click’.

I said, “Did you hear that, Carolyn?”

You said, “No, I didn’t hear that.”

I said, “Guys, she didn’t hear you. Could you do it again?”

Then the phone went, ‘click, click’.

**Betts:** This very much reminds you of the NSA spying on *The Good Fight*.

Do you want to tell the story about how we called in the security firm and wanted to know whether we were being attacked?

**Fitts:** I talked about that in a different Deep State Tactics. We called three security firms, and all three said that it was too dangerous to work for us.



**Betts:** And they advised you to get canaries.

**Fitts:** One person felt really bad for me. They would be very eager because, at that time, I was still very wealthy. So, they would be very eager to work for me. Then they would say, “I’m sure that there is no problem, but we have to do a background check.”

Then they would come back and say, “No, we can’t do it. It’s too dangerous.”

This man took pity on me. As he was leaving, he turned around and said, “Lady, buy birds.”

I was concerned about the electromagnetic weapons that they were using on us. He said, “Don’t worry about the electromagnetic weapons.”

I asked, “Why birds?”

He said, “The electromagnetic weapons are not the problem. The problem is that they are going to use low-grade biological warfare. They are going to drill holes in the walls,” which in fact happened.

**Betts:** Yes, we found a hole in a wall.

**Fitts:** We found several down in the gym. So he said, “If the birds die, get out of the house.”

In fact, we did buy birds, and the birds started falling off their perches. It wasn’t funny.



So, they made it a whole life attack.

**Betts:** This is a good time for me to explain why I left Washington. I was a single mother and had a child through artificial insemination. He had no father, and I was living within a mile and a half of the CIA in Alexandria, Virginia on Braddock Road. I was renting a house because, as part of this whole Gideon thing, I had lost my house. So, I rented another house, and one day when things were bad, I was packing up.

Somebody came to the door who was an older woman. She said that there had been a complaint filed with Child Protective Services about my son. The complaint was that I had been leaving him alone in the house. He was probably seven years old at the time, and I was quite ‘freaked out’ because I knew that DynCorp was a contractor to the Alexandria, Virginia Jobs & Family Services, which was the welfare department.

They were actually a contractor to the same department that was doing this investigation. When I went to pick up my son, it turned out that they had appeared at his school. He was a seven-year-old, and they called him on the loudspeaker. To a child, that usually means that his mom is there. They put him in a room alone with a woman he didn’t know. They always say, “Don’t go away with strangers,” and this stranger started asking him personal questions about his mother.

He was completely ‘freaked out’. Then he came home, and that woman was in our house asking me questions. Ultimately, my landlord terminated my lease. It was a year lease, and I had paid a large amount of money upfront, and it was terminated for no reason. I had paid money upfront, and I never missed a lease payment.



It was a very expensive lease, and I paid to move from a four-bedroom house into a three-bedroom house. Then the lease was terminated.

The real estate business is like that. They are used to getting rid of people in buildings that are condominiumizing. They do things like call Child Protective Services.

I believe it was through the landlord that had happened. But the ironic thing is that the woman who was the Child-Protective Services worker had experience in the housing industry. When I told her what I was doing for a living, and that I was up against HUD, she knew right away. She actually helped me get my things stored. She told me about a program that was for homeless people to put their possessions in. The City of Alexandria would pay to store the possessions of these people who had been evicted, and I had a four-bedroom house full of things. They couldn't fit it all in the van they sent, so it was put in storage.

I called a friend who had been a former romantic interest, and he had been in military intelligence. I called him and told him what had happened.

They had gotten to my minister, too, and had done a loving intervention to tell me that I was going to leave town.

I asked my friend, "If you were in my position, would you leave town?"

He said, "Carolyn, I would be on the next plane."



So, my son went to second grade on a Friday, which was a regular day, and we moved to Cincinnati on Monday. We packed what we could, and a friend who was Iranian, who was the one person who had taken us in after we lost the house, agreed to allow me to leave things in her garage. The Alexandria Eviction Program was storing the rest of our things. We packed up the Volvo station wagon and drove to Cincinnati.

**Fitts:** I remember I called you and I said, “You have to get out now. Today.” I was sure.

**Betts:** The minister at my church was trying to adopt a child who was her significant other’s great-niece. So, she was involved with the same agency that was doing child protective work. They were talking about getting an ‘in loco parentis’ documentation in case somebody took my son away from me.

I was thinking, “The minister of my church is talking about them taking my child away for no reason whatsoever, and she was trying to get me to sign something so that the people in my church could take custody of my child!” It wasn’t going to happen. Those are the kinds of dirty tricks they played.

**Fitts:** If you look at when they move in on a whole life target, the ability they have to call somebody up and whisper in their ear and get them to believe them is astonishing. You saw it in many cases, but you certainly saw it in that.

Another one that I would like to mention is **‘Integration of other tactics’**. In other words, it is the smear, whisper campaign, surveillance, physical harassment, and social service moving in on you. In a technocracy they have so many different ways.



When you are dealing with highly expensive, complex litigation, it's one thing to manage highly complex, serious litigation, but doing it while social services is moving in on your child is another thing.

The key to the legal tactics here is that you have to be able to engage in massive whole system warfare while you are doing the legal.

**Betts:** And you had non-lethal weapons aimed at you. I was told that I had a psychic contract on me by some alphabet agency in New Mexico that was causing me physical symptoms. These are not things that you tell people because they don't believe you; they think you've gone off the 'deep end'.

**Fitts:** We dealt with an abundance of physical harassment. My favorite story is about the person from the CIA. I was getting out of a taxi cab in front of my house on Fraser Court. It was really a mini-mansion in Washington. I had two copies of *The Dark Alliance* by Gary Webb that had just come out. He was trying to listen to what I was saying to the cab driver, and he slowed down so much on his bike that he fell over. We had to help him up, and you should have seen the look on his face. It was hysterical.

**Betts:** You have to get the flavor for this. We were in, what is like, a mini-mansion that is actually in an alley behind the Church of Scientology.

**Fitts:** Right, it is in the middle of the block.

**Betts:** It was this fabulous space that Oprah Winfrey's decorator had something to do with when you sold it. But there would be ——



— these people bicycling through the alley who looked like Vietnam veterans or homeless people. We never knew whether they were spies or CIA or whatever.

**Fitts:** You had a large group of stringers. I became convinced that it was the CIA when I went on the board of the Arlington Institute and Jim Woolsey ‘freaked out’ when he had to sit next to me. That is when I looked at him and said, “It’s the CIA.”

He never thought that he would have to face me sitting in a board room. I’ve never seen a man so uncomfortable for two hours straight. He couldn’t look me in the eyes.

**Betts:** This was the former Director of the CIA.

Then Ozzie’s car ended up getting towed away. Was it on a parking ticket?

He was from Florida, and had a BMW with tinted windows because it was so bright in Florida. He looked like an African-American.

**Fitts:** Ozzie Blake had been the facilities manager at Hamilton. It was thanks to Ozzie that we got the affidavit from the property manager. That was his relationship.

I would describe Ozzie as a strategic genius. To a certain extent, you and I were women, and we just didn’t see the play the way that Ozzie did. He could see the covert dirty tricks coming. I think he had a gift.



I don't know if it was because he was a man or because he was black or just because he was a genius, but Ozzie was amazing. He was the person who got the computer out at night. He said, "We have to go in, and we have to get that computer out and get our servers out."

This was after they seized our office and backed up everything. That night we went in and got our servers out, and we took them to the law firm so that they were behind attorney-client privilege.

The next day they came in, and the HUD person said, "Where are the servers?"

Ozzie said, "We took them last night." Ozzie was the one who got us to go in, and he warned us about this, and he was right.

The man said, "Wait a minute. I'm under strict orders. You may not have a copy of the knowledge."

Ozzie said, "You are too late. Those are our servers, we own them and they are at the law firm. If you have a problem with that, talk to the lawyers."

They then seized his car; he had parking tickets on his car. I said to him, "Ozzie, you may not get that car. We are going to buy three cars, and you can have one. You will have a Solari car. They are going to put drugs in the car or plant something in that car, and you are going to go to prison. You do not get that car. Ever."

He didn't.



**Betts:** Presumably it was auctioned off at the DC auction.

**Fitts:** It was rather funny because I knew that one of the policemen who we were dealing with said, “I don’t believe in conspiracy theories.”

I don’t know if you remember that.

**Betts:** They weren’t theories; they were conspiracies.

**Fitts:** We were dealing with multiple a day.

There is a wealth of resources behind this, and they are going to be in the Subscriber link. Before we go on to our favorite stories, is there anything under ‘Tactics’ that you think that we should mention pertaining to what the deep state tactics are, whether it’s getting rid of the honest people, or keeping things secret, or turning reality into official reality, or turning it upside down? Is there anything else that we need to talk about in ‘Tactics’ that were unbelievably effective?

**Betts:** In getting control, we had, what was called, ‘The Community Wizard’, which was an unbelievably sophisticated GIS-based program. This was when GIS mapping of things by zip code or satellite was in its infancy. We created this for HUD so that we could map out money on a census-blocked basis.

**Fitts:** Actually, we paid for it; it wasn’t for HUD.

**Betts:** We allowed them to use it for their own internal purposes. The good people at HUD loved it. They thought it was great because it allowed them to put together things that were from different servers.



They were able to really see on a neighborhood basis what was going on.

When HUD seized our computers, they unhooked all the ‘links’ – whatever the computer term is for that – and basically took apart the program so that it couldn’t be put back together again.

**Fitts:** When we got it back, they had stolen the most valuable parts. I took it to several people, including the Internet Archive and the Free Software Foundation, and everybody was too scared to touch it.

I don’t know if I ever told you this, but early on some man called me – and not somebody who I trusted or thought was a reliable source – who said, “The CIA is going to start a company called Google and they are going to use all of your software.” Then Google came out with Google Maps.

**Betts:** One of the other things is that they steal your things, and then they actually use it and make money on it. I guess Google is an example, but Andrew Cuomo fired us, and then he used a watered-down version of what our software was that didn’t have some of the more important aspects of it, and put it in and took credit for it himself. It was not anywhere near as powerful because we were mapping out where the money was.

People think that there is no money in poor neighborhoods, and you can see that government money is just pouring into these neighborhoods. If you can actually map out the money, you can reengineer the money. This is why we were so threatening to the system and the powers that be who were making money off those money flows that people don’t know are there.



**Fitts:** You have numerous people making money on poverty.

**Betts:** Carlyle comes to mind.

**Fitts:** I don't know if you remember it, but when they were seizing our office, Carlyle was suddenly raising unfathomable amounts of money for their China Fund. One of the former Dillon Read people who was recruited by Carlyle to help with the China Fund showed up at our office. I think he just wanted to check out what was going on for Carlyle.

This money was mysteriously showing up at Carlyle at the same time that it was mysteriously showing up at the Clinton Foundation. Carlyle was a relatively new firm without much of a track record. I was thinking, "How is Carlyle getting billions to invest in China? Where is all this money coming from?" I still have a very big question about where that money was really coming from.

**Betts:** I'm taking liberties here, but one of the reasons we are talking about these things is because once you can see how those things work in a particular situation, it's as if you can't ever forget what you learned. You can look around and question the official reality about the explanations for why things that your 'gut' says aren't right. I can't tell you how many times my 'gut' said, "Wait a minute. That doesn't make any sense."

I thought, "I must be too stupid to understand it." Then later on, I would see that my 'guts' told me correct.



**Fitts:** We had a feeling for how the money worked, so we understood the Federal budget and we understood how the money worked county by county in a conceptual way. We knew how much money there was. Then we saw the \$59 billion start to be pulled out.

We not only understood how things could work, but we understood why they weren't working and how much money was involved. I think that it is very hard to make sense of it. One of the reasons I published *Dillon Read & Co. and the Aristocracy of Stock Profits* in 2006 was because I said, "I can't let this phase of my life come to an end without people understanding what really happened and why."

In other words, if you don't understand that there was a financial coup, then nothing makes sense. Once you understand the financial coup, everything makes sense.

**Betts:** I've never quite understood how this works, but I know that you often told me that your CIA people – and I don't know whether they were former CIA or the spooks or whatever – would call you up and tell you things. There are good people who are out there trying to stop some of the really insidious things that are going on. They don't necessarily come out and become a whistleblower, but they sometimes divulge information.

You had pipelines, which I found fascinating, explain what direction to go in to do research and figure out what was happening.

**Fitts:** We had many people helping us.



Next we are going to turn to **selected stories** because we have an abundance of stories and many favorite stories and I would like to tell the stories to our subscribers.

### **Selected Stories:**

In the process of going through the Deep State Tactics, we have told some of the stories that we had listed under our favorites. This is a little like the Bible; there are thousands of stories.

We talked about the social services in Virginia, we talked about the men in black and we talked about the squabble about who got to be played by Meg Ryan.

Pick out one of your favorite stories.

**Betts:** It's a bit grim.

**Fitts:** It's **Grimm's Fairy Tales**.

**Betts:** When I would go to work – which was at your house – we had an office in the first floor where the gym was and the garage was.

**Fitts:** And the dock for the Corvette.

**Betts:** It was really quite something and was a beautiful house. I would go in in the morning and you, of course, lived on the second and third floors. You had a housemate who was a friend of yours from Wharton.



**Fitts:** She was from the University of Pennsylvania. Gaye had moved in because she said, “You’re not safe, so I’m coming.” So, she had the guest room.

**Betts:** You would regale me with stories about how they were using nonlethal weapons and she was sleeping in closets. We were doing all this research on shortwaves and long waves and electromagnetic weaponry and various other things.

There were two things that happened. One was that the dog was getting the same sickness that the people in the house were getting.

**Fitts:** At the exact same time. We would all get diarrhea together.

**Betts:** The other thing was that you and Gaye were losing teeth and losing crowns. I went to my dentist and said, “What would make people have crowns just fall out?”

He said, “Well, it will happen in an earthquake.”

I made the connection, “Oh, like rays coming into the house.”

**Fitts:** The other thing was that the cabinets would come off their hinges.

**Betts:** There were vibrations that we as humans couldn’t feel, but the dog was acting rather strange. I think that the dog was able to perceive more in terms of sounds than we could hear. That was totally bizarre.



**Fitts:** One of the reasons I was sure that it was a government contract was because they were precisely at nine at night until five in the morning. I would wake up when it would stop.

**Betts:** They didn't want to pay overtime!

**Fitts:** All of their behavior was like a cost-plus contract.

I got the three Pathfinders, and we went to a system where I would live in four places on an unpredictable schedule because I said to you, "They are going to have to go in for a contract reauthorization to try to do all this surveillance in these places." We chose the places to bust their budget, and I think it worked. I think at that point, all the different 'fixes' had failed, and somebody said, "I'm not going to spend ten times as much money."

**Betts:** You have the people on the C-Team, as you always said.

That was the other thing. I think that your theory, which probably made a lot of sense, was that they sent the C-Team in because we were women and a man from Monserrat, and they didn't need the A-Team. They seriously miscalculated because they didn't know that we went to Wharton and Bryn Mawr.

**Fitts:** Did we talk about the **rat on the doorstep**?

**Betts:** That was also one of the rather creepy things. The entrance to the house was in an alley.



We were right in downtown Washington, and this was an old carriage house and stable that had been converted into a mini-mansion in the middle of the block.

**Fitts:** I had hired security for the Austrian Embassy to design a security system because we were having so much trouble with break-ins, and we were clearly being harassed. I thought, “I will put cameras on everything with this big security system.”

**Betts:** Every time somebody would try to come serve you, we could see them through the camera and we wouldn’t answer the door.

**Fitts:** Was it you who found the rat? Who found the rat?

**Betts:** I don’t know, but it was totally grossing me out.

**Fitts:** I think I opened the door to walk the dog, and there was a dead rat sitting on the front porch.

**Betts:** Which would have been pleasant with the dog, too – dogs with dead rats.

**Fitts:** I’ve always wondered what the message was.

**Betts:** I don’t know, but it reminded me of the horse head in *The Godfather*.

**Fitts:** Of course, we had the break-ins.

**Betts:** And Ozzie’s car getting towed away.



**Fitts:** That was so funny because I always have these intuitions, and I hate to say it when I get these intuitions, but 90% of the time I am right. Ozzie's car got picked up and towed for parking tickets. I knew that if Ozzie went to get that car, they were going to plant drugs in it and they were going to try to arrest Ozzie.

I said, "Ozzie, you have to let go of that car." That is when I agreed that we would lease three cars for Solari and Ozzie would get one.

**Betts:** I kept saying, "I don't need a car; I have a car." I was driving a Pathfinder, and they were exactly alike.

**Fitts:** We were spinning them around so that one time I was going to that place on this car, and we would spin them around.

**Betts:** You were going from Philadelphia and New York and Washington.

**Fitts:** I had an apartment in Northern Virginia. So, I was doing Tennessee, Northern Virginia, New York, and Philadelphia.

**Betts:** You would go to these different places. Of course, if you are spying on somebody or trying to follow them around, it is hard to do, particularly if you don't know the schedule.

**Fitts:** It's just more expensive because we never committed to a schedule. "On Tuesday, it must be Northern Virginia."

**Betts:** Then you're trying to follow somebody, and there are three identical cars.



**Fitts:** They could have done it, but the idea was to bust their budget and I think it worked.

**Betts:** The other thing that I always remember is that we were in DuPont Circle, which is a fascinating place to live. We were sitting out on a terrace having coffee or lunch, and something had just happened. I said, “Catherine, look up.” She looked up and turned around, and there was a tractor trailer truck that said, “GOD” on it. I said, “We are going to be fine.”

**Fitts:** At DuPont Circle at that time, people were dropping like flies. A Starbucks intern who had worked at the White House and was being called to testify was killed in a professional hit. The bookstore across the street had been subpoenaed for Monica Lewinsky’s reading habits. A HUD intern had disappeared. There was a person in Capitol Hill who was killed. Everybody in Washington was being ‘Arkansas-ded’. It was the impeachment time.

We really wondered whether we were going to be next. It was a time when you had a reason to be concerned for your life. Of course, we had people following us and breaking in. I’ll never forget – and I don’t know if you remember this – the one houseguest who was followed and approached was told, “If you stay there with her, you will go on the list and we will follow you, too.”

So, he came back and said, “It’s not safe to be your houseguest.”

**Betts:** Somewhat like my men in black cars.

**Fitts:** Exactly. One of my favorite stories, of course, was ——



— the first day of the last trial. In the *qui tam* case, they worked for years to try to get me to settle because, after all the different efforts to frame us that didn't work, they were never able to find anything. They couldn't find anything when I was at HUD, they couldn't find anything at Hamilton, and so we got into this war where all that they could do was try to get me to settle and try to wear me down. That is when all the poisoning started.

The electromagnetic weapons were bad, but then the poisoning started. So, it really became 'dug in'. Our *qui tam* attorney didn't believe that they didn't have evidence of wrongdoing. He always believed there had to be something. This could not go on this long because it went on for years, and there were headlines and there were stories and fights and accusations. They were assuming that there was something.

We went to the last trial, and at this point, you were already in Cincinnati. I was talking to you by phone. Three times on the eve of trial they had cancelled. So, our attorneys had prepared the whole case, and then they cancelled. The last time they cancelled the judge said that his daughter was in a car accident. So, it was getting very 'dicey'.

It was odd because I heard him describe it on the speaker phone. In my opinion, he was lying. The thing got very, very 'dicey'.

In the meantime, the whistleblower-the private individual-is turning over attorneys. At one point, I went to a deposition with the whistleblower and the people from HUD and the Department of Justice, and they were openly cavorting. They are a team, and they are openly cavorting.



So finally, he got a new attorney. We went to the last trial, and the judge was angry. The Department of Justice and the HUD IG attorneys were there, and this private person was scared. They showed up on the first day, and I refused to settle. I had been poisoned about eight times by this point in the whole process. With the poisoning in 2004, in my opinion, I barely lived.

We arrived, and they were required to put forward their case. After the first day, our attorneys were as white as a sheet. They kept turning to me and saying, “They have absolutely nothing.”

I said, “I’ve told you that for eight years. They have absolutely nothing.”

**Betts:** And I had told them that. I was there and I said, “There is nothing! This is all ‘ya-ya’.”

**Fitts:** I said, “I’ve told you that for eight years.”

He said, “I just couldn’t believe that they would go this far with nothing.”

I said, “That is why I didn’t settle. I didn’t settle because I needed them to come into court, and I needed to prove to you and the world and the whisper campaign and the smear campaign that they have absolutely nothing.”

It was embarrassing because everybody was angry. The judge was angry, the lawyers were angry at each other because ——



— somebody was going to have to rig it, and nobody wanted to take responsibility to be the ‘fall guy’.

On the last day of that trial, everybody came from HUD and the Department of Justice. They were all looking at me as if, “Why can’t we get you?”

The three attorneys – the Department of Justice, the HUD IG, and the whistleblower’s attorney – were all fighting about something. At this point, none of them trusted each other, and they were fighting in front of us in the open courtroom.

One said to the other, “You don’t know that’s true.”

He said, “Yes I do. I have a document. Fitts says it’s true.”

Then the three of them said, “Well, then it must be true.”

My attorney looked at me, “You are the only person who they all trust.”

**Betts:** Well, you had been telling the truth for eight years.

**Fitts:** It was longer than that. Remember that he only came in a couple of years into it. The insurance company refused to pay our attorney, so we lost our attorney and had to bring in a person who had to be educated from scratch.

**Betts:** The initial attorney who they wanted us to take was an ambulance chaser.



**Fitts:** We said, “We will represent ourselves.”

**Betts:** We are talking really complex finance material here, and they assigned us an attorney. I guess we had the right to reject him or not. I asked what his hourly rate was, and it was \$150 an hour. I thought, “I don’t think so!”

**Fitts:** I never even looked at his resume. You looked at it and said, “We’re going to represent ourselves.” So, we rejected him.

That brings me to the **famous conference room briefing**. Do you remember the conference room briefing?

The office was seized, and they started coming after us with state litigations. I had been refusing the attorney of the insurance company because they were trying to ‘stuff in’ the ambulance chaser. So, they offered another attorney, and this was after meeting with them and the insurance company representative and all the different attorneys who were going to represent us at all these different states where they were coming at us with state litigations.

So, it was you and me on one side of the table, and on the other side of the table were 12 men, all in \$1,000 suits. Our job was to brief them on everything because they were all new.

The lawyer that the insurance company was trying to ‘stuff’ and assert his dominance kept telling me that Hamilton Securities was going to take this position and that position. I kept saying, “No, it’s not. I’m the President of Hamilton Securities. I own the majority voting shares, and the reality is that I’m not taking that position.”



We were having a bit of an ego tiff, and you were sitting with me and affirming everything that I said.

At one point, the court acclaims attorney said, “I think that the subcontractor is to blame, and we can blame them.”

I said that I had a verbal agreement with them. I had a contract with them, and if there was a political problem, it was our problem, not their problem. They priced it accordingly.

He said, “I think that you could interpret the contract differently.”

I said, “Yes, but I gave my word and I can’t interpret my word differently because I know what my word was; I was there.”

The insurance company attorney said, “We disagree with you. If you don’t do what we say, we will drop representation. If you don’t have representation in all of these states and in the *qui tam* case, you are going to go to prison. So, you have to do what we say.”

Do you remember that?

**Betts:** No, I don’t.

**Fitts:** Really? So I reared back, and I said, “You’ve never worked with me before, so you need to learn a little about what it’s like to work with me. I am obedient to the laws of God, and there is nothing that you can do or say that will get me to change that. If you are going to drop representation” – which at that point I didn’t realize was an unfair insurance company practice, so what he was proposing to do —



— was illegal-“If I am going to prison, I am going to prison to organize the last group of entrepreneurs that I need to run the government because if I’m going to prison, it’s only a matter of time before this government fails.”

The next thing that I said was, “Why did any of you become lawyers? You don’t believe in the law. We believe in the law, but you don’t.”

They all looked at their feet like little children.

**Betts:** You would think that our attorney would have remembered that, but he was constantly surprised.

**Fitts:** Here is what was interesting: Several months later he told me that was the moment he realized that we could win and that we would win.

I said to him, “You ordered me to do something where if I did it, it would persuade you that we were going to lose? Why would you want me to behave like a loser?”

I found the whole thing baffling. I think that one of the most gratifying results of the whole experience was that I came into that experience believing that the law was somewhat of a joke; it was only this game of rules and people played it. But the covert people rigged whatever they wanted, and the law really didn’t matter.

It was through that process that I discovered, “The law really matters, and they can’t just rig everything the way that they want.



They can try, but the world is full of lawyers and people who believe in the law.”

I don't know if you remember this, but we FOIAed the FBI, and they gave us this audit report that said, “We have done a complete audit, and there is nothing wrong here. There is nothing there.”

Our attorney turned it into Sporkin, and Sporkin read it and said, “They gave you this?”

You could tell that somebody was going to get their head lobbed.

**Betts:** You mean you followed the law that says that you are allowed to obtain it?

**Fitts:** You could see what Sporkin was thinking: How am I supposed to jam these people if the FBI is giving them these documents that say that they are innocent? What am I going to do? They are making my job hard.

I knew that the FBI or somebody was going to get a call, and somebody was going to get their ‘head chopped off’. Sporkin was going to race back and call the FBI, “How dare you do this?”

The people at the FBI let it out. They knew what they were doing. They are not incompetent.

**Betts:** Frankly, what we found was that the FBI people were very ‘straight arrows’.



**Fitts:** All of our dealings with the FBI were superb. The FBI was great.

If you look at the criminal division, they were straight arrows. The SEC didn't mess around with us; they were 'straight arrows'. The FBI was great; they were 'straight arrows', but it was Eric Holder and the DC attorneys' office.

**Betts:** Wasn't there some kind of branch called 'Integrity' that was the real problem?

**Fitts:** Right, they were a problem, but who knows what that story was.

**Betts:** Let's review something because I want people to understand. We talk about our lawyers, and then it sounds like we weren't on the same page.

If there had not been an error somewhere that we could have blamed this whole thing on – and this entire thing did not happen because there was an 'error' by AT&T/Bell Labs. We made a claim on our errors and omissions insurance. That's how we got our attorneys paid because we didn't have any money to pay attorneys.

**Fitts:** Well, we had plenty of money to pay attorneys, but all the make-work ran it out.

**Betts:** We had a law firm from Jenner & Block in Chicago, and there was a conflict with the General Counsel of HUD whose husband was a partner at Jenner & Block. It was a very tight-knit group.



So, the insurance company is the one who selects the attorney who is going to be representing you. Of course, there were times when there is a conflict. Our attorney, even though he was supposed to be representing us, was taking instructions from people who were paying him.

**Fitts:** And it was the world's most corrupt insurance company.

**Betts:** We found out later that that insurance company actually had contracts in the government. Weren't they involved with PROMIS software?

**Fitts:** What I believe is that they were running all the risk positions on the black budget. They were managing that.

**Betts:** And they were the ones who were insuring us against the work that they were doing.

**Fitts:** We were insured by the mob. They bid low on the last round, and I think that they bid low to get in there. They were a 'piece of work'.

**Betts:** The other attorney was fabulous. He was the one who we hired.

**Fitts:** He was outstanding.

**Betts:** He was working on the Court of Claims case for us going against HUD to try to get our money back.



**Fitts:** Here is what was happening: When we were litigating in the Court of Claims, we won that case, and we won it big. There was no reason not to win it big because our case was irrefutable.

**Betts:** The judge in the Court of Claims essentially said that it was not a default on our contract, but rather there was an error somewhere, and we were not liable. There was no default.

**Fitts:** This was all basically the government stealing the money that they owed us and then trying to abrogate their contract. It was all on the theory that somehow money had been lost in opportunity costs, and, of course, the government expert was saying that they hadn't lost any money.

The important thing to understand was that the loan sales made a fortune for HUD, way beyond expectation, and we weren't paid a percent of the profits.

**Betts:** There were headlines in respected journals saying, "HUD finally does something right."

**Fitts:** That was my favorite one. It was in *Baron's* and it said, "HUD Finally Does Something Right for the Taxpayers," and the great line from that article was, "Having your mortgage serviced at HUD is like leaving your car for servicing on the side of the South Bronx Expressway."

So, we were waiting for the Court of Claims decision, and the insurance attorneys who were supposed to be representing us came to us. I was sitting at the law firm preparing the *qui tam* case, and they came running in.



They said, “The insurance company wants to propose a settlement. If you don’t agree, you will be collared.” A collar is where their liability is then limited to the amount that you could have settled for.

So, I was there, and this is what I love about being an intuitive person because I could feel it. I said, “Oh my God! We have won in the Court of Claims, and they are trying to stop the decision from coming out. We’ve won. They are scaring me with this collar so that they can stop the decision from coming out.”

This was big because this decision said that Hamilton was right, and Hamilton was clean. Remember, we had the GAO Report. So, Hamilton with the GAO report said that Hamilton made HUD a fortune and got paid none of it. So, the Court of Claims decision is going to be devastating for them.

I had a feeling. So, when they said, “You have to agree to this right away,” I said to them, “No.” At this point, we had hired an insurance company attorney to police the insurance company attorneys because they kept engaging in, what is called, ‘unfair and deceptive insurance practices’. So at this juncture, I was much more knowledgeable. I said, “That is unfair and deceptive practices not to give me an opportunity to read this, understand this, and consult with my insurance company attorney.”

**Betts:** Which, of course, is going to take a little time.

**Fitts:** So I read the complete decision. I asked many questions, and they were ‘going crazy’. I was reading carefully, and played this out for about an hour. Finally, I said, “I accept the settlement proposal,” —



meaning that they can't put me in a collar now that I've accepted.

So, these people hurriedly left like a race car. They came back ten minutes later all in a state of depression. They probably got yelled at because it was too late.

As they ran to their office to pick up the office and call the court, the decision was being faxed in.

**Betts:** Is that the work of God?

**Fitts:** That is the work of God because they couldn't put the collar on me, but they didn't stop the decision. It was just a miracle.

I remember picking up the phone and calling you and saying, "You are not going to believe this!"

There were many miracles. Remember when they tried to steal the tax refund?

**Betts:** Oh yes!

**Fitts:** So, this an **Arthur Anderson story**. After Price Waterhouse did his 'dirty work' – and there is a whole Price Waterhouse story here – Arthur Anderson came in as our next auditor. We signed an agreement. We had a \$500,000 tax refund coming that year. Arthur Anderson could receive it and take their fee, which was \$35,000, before they could remit the rest to us.



It turned out that they had a deal with the bank to steal it. The bank had already stolen our auction proceeds, which we discovered later.

**Betts:** We auctioned off all these beautiful things. People we knew were saying, “Oh, I want the Braun coffeemaker.” We had all these really cool high-end items

**Fitts:** There was a pool table.

**Betts:** Right, and we had a pinball machine and other beautiful things.

**Fitts:** So, we found out later that the bank had stolen our auction proceeds, but Arthur Anderson had a deal with the bank that they were going to steal the tax refund.

I got the tax returns, but they hadn’t checked the box where they went to Arthur Anderson. So, I called the partner and said, “I’m signing these tax returns, but it doesn’t check the box where they send them to Arthur Anderson.”

He said, “Oh, we put that into a separate side document.”

I said, “Okay. I just wanted to let you know.” It was after that I discovered they had a deal to steal the tax refund.

I was in New York, and Ozzie called me. He said, “You are not going to believe this, but the eagle has landed.”

He can’t say on the phone what happened. I said, “Oh, you had better FedEx the eagle to me.”



I still had the account in New York at a different bank, and I deposited it there. So, we had the money. Then it was a matter of determining how to keep the bank from grabbing it. That is where you came in because you figured out how to do it.

**Betts:** The attorney was looking to me, and I guess I don't quite know why he was looking to me.

**Fitts:** It's because you were the person with a business and securities background.

**Betts:** He said, "Do you think that we can keep it?"

I said, "If there is one infirmity in there, I say 'go for it', and I believe that there is. They don't have a perfect lien."

That's all it took, and he was willing to go forward.

**Fitts:** At that point, we knew that they were guilty on the auction proceeds.

**Betts:** Yes, and they had failed to file a document with the tax people – with the Federal government and the IRS – that they would have filed if things were on the up and up. It was something that isn't that important, but you know if they did things right, they would have filed it, and they did not file it. That tipped me off.

**Fitts:** I don't know if you were there, but the *qui tam* attorney was there. We had a meeting with the bank president and the account officer who ran our relationship. They had hired two partners —



from Arnold & Porter, who were very dirty in this. They were two workout individuals from Arnold & Porter, the firm where John Hawkes was a senior partner.

**Betts:** They were the original counsel for the whistleblower.

**Fitts:** But his dad was in Treasury. There is a whole John Hawke story and a whole Pug Winokur story that we probably won't get into now.

So, they hired these two workout lawyers from Arnold & Porter, and their job is to scare me. I walked into the meeting, and they said, "We're going to get you," and they were talking like mobsters. I just started to laugh.

**Betts:** You worked on Wall Street! You think these men are going to scare you!

**Fitts:** I have people breaking into my house, and I have people trying to run me off the road, and I have nonlethal weapons.

Do you remember when I drove in and they had that huge weapon sitting in the window late at night? And some person saying, "Buy birds so you don't die from low-grade biological warfare."

So, the bank president and the VP were trying to do a "Mutt & Jeff – a good guy/bad guy". I was laughing so hard that I was crying. I was thinking, "You think I'm afraid of you? Oh my God!"

So, the VP comes out to the hallway after I went to the ladies' room. . . He is running the 'nice guy' routine and says, ——



“I told Bob not to call those guys in. I said that she had people showing up at her house with guns and sh\*\*! They’re not going to frighten her!”

**Betts:** You have to understand that the people at Arnold & Porter in Washington are used to genuflecture. They are top of the heap in scary people in Washington, and you were just laughing at them.

**Fitts:** They had an empty suit; we had the money, they had broken the law, and we had them. There was nothing they could do.

I don’t know if you remember the bank president who went to Las Vegas to some conference. He was walking down the street, and stepped on a grate. The grate fell through, and he fell down into the sewer and broke his leg. You almost wonder what was really happening.

Shortly thereafter, they sold the company to BT.

So, the bank negotiations were definitely interesting.

Continuing on about understanding all the people who really believed in the law, we talked about the auditor from HUD who refused to rake her audit and turn it around.

**Betts:** She was out of the Rocky Mountain field office.

**Fitts:** She left government and got a job in the private sector, and then later gave us an affidavit.

**Betts:** Because the IG, who was basically her boss, was lying.



**Fitts:** Right, and he had buried the audit. But we kept running into all these people who really believed in the law. That is when I started to realize that the law is real. It's a real living, breathing thing that you can count on.

**Betts:** There are many people who are willing to break the law or use the law to do things that aren't 'kosher', but they have to be able to do it without admitting that they are breaking the law. When you make it transparent, they are not going to say, "We are just going to break the law," so you get them in a corner. They can't admit that they are breaking the law.

**Fitts:** Our Court of Claims attorney was Claude Goddard, who was magnificent. He was a great attorney and a great human being. I watched you and Claude throughout that period practice law, and it made me appreciate how hard and complicated law is. To do a good job at the law and arguing the law, is very hard work. I watched how much hard work it took to win that Court of Claims case. Claude did a magnificent job.

Of course, whenever we would get to a rocky place in the *qui tam*, I would say, "Claude, I know you're not being paid for this, but would you come over and help?" and he would show up at the meeting, and would get it reorganized and framed.

I started to see the law as a real craft and a beautiful thing that really can work, but it has to be a living, breathing part of the culture. The thing that makes the law beautiful and alive is people believing in it and committing to hold to the practice of it.



**Betts:** And to have faith in it that you will be okay if you follow and do the right thing. I think that many people are pressured into thinking that integrity is not something that is going to save them, so they cut corners or they agree to do things that are not ethical.

**Fitts:** You have to be patient. If you look at the patience that we had to exercise, we really had to be patient.

**Betts:** And there is a level of faith; you can't see it right in front of you.

**Fitts:** It's a faith walk; it was a spiritual faith walk.

I have to say that I went into the process not believing in the law, and I came out of the process having discovered the law and really believing in the law. It was as if I found a whole new world.

**Betts:** Another thing that I've found in my practice since then, is that you always characterize this as spiritual warfare. I know that you took spiritual warfare classes at these warehouse buildings that were painted this unbelievable shade of blue on Rhode Island Avenue in DC.

**Fitts:** It was the Bible Institute.

**Betts:** It is a very African-American thing, and here are these white people coming in. That is where our offices were. We had a used tire business across the driveway.

**Fitts:** I loved that office! That was a great office.



**Betts:** There was a man urinating on the building one day when I looked out the window. It was definitely an interesting place, but it was a very safe place. They were protecting us.

You were taking spiritual warfare classes, and so we were very much characterized. We would read the Bible, and there is a great deal of faith and spiritual belief that is involved. You can't do it alone. You have to have the wind at your back and have something that is protecting you. If you believe in that, then you can do things that other people think are crazy risks.

**Fitts:** I don't know if you remember this. We used to have something called '**The Solari Beauty Tool**'. Do you remember the Solari Beauty Tool? We did it at Fraser Court.

We made a list of everything that we could do that would cheer us up that was cheap. So, it could be candles or music or whatever. Then when it got really bad, we would pull out the Solari Beauty Toolkit and say, "What can we do?"

**Betts:** And we cleansed the office. The office had been trashed by the IG's team after they took it over. Eunice had come in with her business and cleaned it up. But when we left, we went through an exercise of cleaning the keyboards with Q-tips. It was a spiritual thing of cleansing the office before we left it. That was a very spiritual experience for me.

**Fitts:** We had a prayer service at the end to totally bless the office. That is when the property manager came in the next morning and gave us the affidavit. I would have gone to prison if he hadn't done that; that's what I think.



I want to talk about the **magical \$100**. Do you remember the magical \$100?

**Betts:** I remember the \$100 that disappeared.

**Fitts:** No, that was \$4,000 that disappeared.

**Betts:** Was it that much? And we never found it.

**Fitts:** It disappeared, and was very strange. I think it was done so that we would turn against each other, and I would assume that either you or Ozzie had stolen it. That is my theory.

**Betts:** It was cash, wasn't it?

**Fitts:** Yes. I think that they wanted the little piece of evidence on the partner at Drinker Biddle. That's a whole other story.

The magical \$100 is the \$100 that we kept sending back and forth. To win something like this, you have to reduce to eating peanut butter and jelly.

**Betts:** And it really was peanut butter and jelly.

**Fitts:** So, we were having our utilities turned off because we couldn't pay our utilities bill; we were having our phones turned off because we couldn't pay the phone bill, but you and I had about \$100. We kept sending it back and forth because my utilities were good for another two weeks. So if I had \$100, I would send it to you so that you could keep yours going, and then you would send it back.



**Betts:** I had a credit card that had an interest rate of 48%.

**Fitts:** Chase would always send us that when they had us in a corner with a 30% interest rate.

**Betts:** As soon as you ran out of credit on one, they would give you another one. I had \$80,000 on credit cards.

**Fitts:** I remember, but we extinguished it when we settled the litigation and I got the money. I paid out bonuses. That was the magic tax story. I think I told this already, but I didn't want to pay all the money. I wanted to give money to you and Ozzie as fast as possible, but I wanted to know what the tax liability was before I paid all the money out because I wanted to make sure that I had enough money for taxes.

I called my CPA and said, "I want to file the taxes right away; I don't want to wait until the tax deadline."

She called me back a day or two later and said, "You're not going to believe this. Your files have disappeared.

**Betts:** Oh, we believed it!

**Fitts:** Welcome to Solari world.

There were many, many other stories. We have to tell the **Kemp tapes**.

The attorney who worked for the insurance company said to me, "We want you to record all of your recollections." This was after ——



the obstruction of justice frame. The three frames failed. The lesbian thing failed, whatever the PROMIS software thing was failed, and then the obstruction of justice failed.

The attorney said, “We want you to record all your recollections of working in the Bush Administration.”

I thought, “Why would anybody want that?”

I had six 90-minute cassettes, and I recorded ‘blah-blah-blah’. I made a list of everything except for the two dicey stories, which I told later but not then; I held them back.

**Betts:** For those of you who are under 40, that is what you would think of as a CD or streaming. That’s what we did back then; we recorded on cassette tapes.

**Fitts:** I made a list, and then I spoke into a recording machine.

**Betts:** While driving through snowstorms?

**Fitts:** One was in a rainstorm. I had a black Corvette named Fred. There was a loading dock in Fraser Court where I would drive in next to the gym. The first one was recorded in the rain in Fred on the New York State throughway, so the quality was a little rough on the first one.

We turned them in, and Ozzie asked me if he could listen to those. I said, “Why would you want to listen to that?”

He said, “I’m curious.”



He came back and said, “That was absolutely fascinating.”

Then the Jordans wanted to listen because Ozzie told them about that, and then it spread. We ended up making hundreds of copies. Finally, I said, “Put it up on the internet.”

**Betts:** It’s up on the website somewhere.

**Fitts:** If you do a search for ‘Kemp tapes’ you will find them all. It’s only me speaking in chronological order. It was interesting because all the people who were focused on the black budget securities fraud at HUD and mortgage fraud at HUD acquired them and started coming to me and telling me the stories, “You were cleaning up. Here’s what that was.”

I got vast amounts of information about mortgage fraud from all these ‘spooky people’ who had worked for the intelligence agencies doing all the fraud. They would just show up and start telling me stories.

You never knew if these people were reliable or not. At the same time, you knew what you had experienced and what you had cleaned up, and they were giving you logical stories of what had created that particular thing.

I started to get this fantastic flow of information from the Kemp tapes. What I learned many years later and what I have been told, is that there was a group at the CIA whose job was to figure out how to take me down. Their job was to take down Hamilton and take me down. With the money being moved out of HUD, ——



— it was their job to get the honest people out and then move the money out of HUD.

There was a group from the CIA that was part of Global Business Network that called me before the fight started. They said, “We are really interested in what you are doing at Hamilton. Can we come over and visit?”

It never occurred to me that they were there as an advanced team to figure out how to destroy my company. They came over, and brought with them a woman named Carmen Medina. They said, “We are in the strategic planning group, but we can’t tell you where Carmen is from, and we can’t tell you what her job is; it’s all secret.”

I said, “Okay.” So, I started to show them on the monitor the software tools that we were making and our theory about making places wonderful and reengineering the money. Carmen got angrier and angrier. Finally, she burst out, “You know what your problem is? You don’t know where evil comes from!” I said, “But I’m willing to learn. I want to do a good job at this. It would really help me if you could explain to me where evil comes from.”

She wouldn’t talk; she just froze up. I thought, “This is really strange. I am a taxpayer, and I am paying her salary. We are all paying her salary so that she could learn where evil comes from, so that she can keep it secret from us, and then hate us because we don’t know. She is angry at me because I don’t know, but she won’t tell me. What kind of deal is this?”



After the litigation started and things got really messy and we were run out of the office, Carmen kept contacting me. Carmen and I went on a walk on the National Mall. She had all sorts of questions. It was interesting because Carmen had this image of me, and then she kept being surprised and finding out, “Oh, you’re not like I thought.”

At one point, Carmen apologized. She had been on the Latin American desk. She said, “I wasn’t part of the drug dealing.”

I said, “Carmen, I didn’t say that you were; it’s a big place.”

I am now wondering if Carmen’s job was part of the project management team. We all know the story of me going to the Arlington Institute where they tried to persuade me that aliens existed and lived among us. Jim Woolsey, the former head of the CIA, was so discombobulated and afraid to see me or talk to me or sit next to me. I realized that the CIA was definitely my problem. He would have been the man who made the decision to start this. That is when he was there. He would have been the person to turn the switch.

I was in the office-this was when we were at Fraser Court- and I received an email from Carmen, which was a copy of George W. Bush’s speech (who was then Governor of Texas) about education and being an education leader. She said, “What do you think of this speech?”

I said, “It’s terrible.”

**Betts:** You didn’t know that she wrote it, right?



**Fitts:** I still don't know if she wrote it, but if you look at how upset she was that I said it was terrible, she clearly had something to do with it.

I won't even mention why a government employee at the CIA was writing George W. Bush's speech in helping him to become President. She wrote me back and said, "If you were writing a speech to become the education President, what would you say?"

So, I wrote this long email back, "I would say this, this, and this."

About a week or two later, you were reading one of the leading controlled papers, and you said to me, "I think you had better read this."

It was one of George W. Bush's speeches. He had given another speech on education, and it essentially had a whole paragraph lifted from my email. I sat in the office and said, "Did I get paid for this?"

**Betts:** How many times did you have your ideas stolen by the government for free?

**Fitts:** Constantly.

Many years later, I was told that the reason the Kemp tapes were recorded and the reason I was asked to record them was because this group at the CIA had decided, "We can't get her for anything at Hamilton, and we haven't been able to frame her, but we control the executive branch. Let's frame her for something that she did as Assistant Secretary because we control."



After the tapes arrived over there, and they listened to them, and they were like, “Oh my God! We can’t open up this can of worms! We can’t touch this!”

**Betts:** Basically, it was as if you were a fly on the wall listening to Jack Kemp and the General Counsel talk about breaking the law and things like that.

**Fitts:** It was very interesting. At the moment that those tapes circulated and within a month of recording them, that was the end of Jack Kemp’s political career. It was over. When Bush became President, he and the General Counsel had no jobs. They didn’t get in; they were out forever.

Somebody said to me, “By recording those tapes, you destroyed their political career.” I didn’t destroy their career in the private sector, but their political career.

I said, “It wasn’t my idea. That was not my idea.”

What I now believe is that the other team wanted those tapes. If that is the case, things turned out differently than they expected.

One of the things that I was trained to do was never, ever talk out of school. I would never have recorded that material and I would never have told the story otherwise.

**Betts:** This was definitely talking out of school.



**Fitts:** Yes, because those people were breaking the law all the time.

My favorite line, of course, was from the General Counsel when he said, “F\*\*\* them, Jack. F\*\*\* them. By the time they win in court, we will be gone.”

He was talking about honest businesses who hadn’t done anything wrong, but they were planning on jamming them.

**Betts:** Are you going to tell them what Carmen Medina’s job is now?

**Fitts:** I kept telling the story of the woman from the CIA who said that I was stupid because I didn’t understand where evil came from. So, I finally decided a couple of weeks ago to go online and see what Carmen was doing now.

It turns out that she did a great job writing speeches because she was promoted to a high position in the CIA after Bush became President. She is Deputy Director of Intelligence, and now is working for one of the big accounting firms, and has a new job title. Are you ready?

**Betts:** ‘Visionary’ and ‘Analytical Thinker’.

**Fitts:** I took one look at that, and said, “I am so glad that I got kicked out of Washington!”

I have no idea what Carmen was doing at the CIA. I only know about my interaction with her. But if I can just intuit from my interaction with her: If you look at the pathway she took to earn the title ‘Visionary’, wow!



**Betts:** I'm reading from her credentials online, and it says, "Her areas of expertise include developing rigor in analytics, navigating the emergence of new global norms, developing the transparent and collaborative future culture of work, and supporting diversity."

Are you kidding me?

**Fitts:** You have all these people who rose to success on the wave of financial coup d'état, right? \$21 trillion is a massive movement of money. They advanced as \$21 trillion steadily disappeared from the US government. All the people who were onboard to help became 'Visionaries'.

**Betts:** I am guessing at \$300,000 a year.

**Fitts:** I don't know what the pay grade is for 'Visionaries'. Maybe Carmen will tell us when she gives us her presentation on where evil comes from.

Carmen, if you are reading this, we invite you onto The Solari Report to explain evil to us and how to do the 'vision' thing.

Do you have any more stories that you feel like telling? I know that there are millions of stories in the naked city.

One thing that I want to discuss – and it's not a specific story – is on several occasions both of us were put through a squeeze where we had to decide between our possessions and our character. You lost your house, and I had to liquidate my house and use it to pay 401k's and insurance. I remember when I had to give up the disability insurance which I had paid on for decades.



We went through this process. Somebody once told me about a game where you cut up pieces of paper. You take 40 pieces of paper, and write all of your possessions on the pieces of paper. You write down everything that you value. Then you go through a mansion, and in every room you have to give up one piece of paper. It's a way of saying what is important.

We literally came down to the last room and had to choose between our possessions and things that are invisible – whether it's your faith, your belief in the law, your desire to have integrity. We had to throw all the items overboard and didn't care as much about them.

**Betts:** I remember specifically when I was at the law firm in Washington. This was many years ago, so the money was worth much more then than it is now. I remember talking with the other people in my office about, “How could anyone live on less than \$100,000 a year in Washington?”

If I tell you what fraction of that I learned to live on and still have joy in my life; if you had told me that back then I couldn't have conceived of it.

**Fitts:** We went from having \$1 million a month cash flow to nothing – just like that! We had to handle hundreds of hours a week of legal compliance making the equivalent of \$2,000 a month per person.

**Betts:** I went for a whole year without any income. You learn quickly what is important in life and who your friends are. That's another gift.



The people who stand by you are not necessarily the ones that you expect. It isn't necessarily your relatives. That's one thing that became very clear.

Sometimes people you never even noticed do the most incredible things.

**Fitts:** I was very lucky. I had an uncle who was beyond fantastic.

**Betts:** Your poor uncle! You have to talk about that.

**Fitts:** When they were trying to seize the office, we had to hire a private attorney because they had scared off our other attorneys. Some of them had dropped out or quit. I had to hire an attorney with my own money, so I sold my share of the family farmland. We have a family farm in the White Mountains. The picture is in the Dillon Read story. I sold my share of the farm back to my uncle to get the money to keep attorneys fighting over the office.

An auditor from HUD IG called him 'out of the blue' and said, "You are helping your niece, and you need to know that she is a criminal.

I had warned my uncle, Robin Willets. He was a man of impeccable integrity, was an extraordinary human being, and I had warned him that they might hassle him.

The person said, "She is a criminal. You shouldn't help her. We want copies of all the financial records on the farm." Their theory was that I had been entertaining government officials at the farm.



**Betts:** Their vision of ‘the farm’ was like it was the Fraser Court building that had the Braun appliances and all that. Did the farm even have indoor plumbing?

**Fitts:** It had one bathroom, but everybody used the outhouse. This was a very rustic farm!

I had warned Robin. Robin said, “I’m happy to share all the financials, but I need you to send me a letter so that I can have it checked by my attorney. I want this process to be formal and official. But I’m happy to share everything, and I can begin to prepare it. Just send me a letter.”

So a week later, Robin is in his home at night in Portsmouth, New Hampshire. The doorbell rang at nine o’clock at night. He went to the door, and there are four people from the HUD IG and the FBI with a subpoena. This is specifically designed to scare my uncle.

**Betts:** And this was at night, and hours away from Washington.

**Fitts:** Robin had a conference call with the entire family, and they were discussing whether everybody should exclude me because my cousin in New York had her phone clicking now because I occasionally stayed there when I was in New York. Everybody was saying, “We will be targeted, so we should drop her.”

Robin, God bless him, is the retired dean of the University of New Hampshire Business School and a professor. Robin said, “All these years she has helped everybody” At that point, I had lent or gifted \$250,000 to many people in the family.



He said, “She has always been there for everybody else, and she has always stood up for everybody else, and she has always been someone who we can count on. So, no, I’m not going to drop her.”

Robin stood, and that was one of the reasons we were able to get through that period and they weren’t able to cut off our representation during the time they were in the office. It was quite miraculous.

I am probably ‘boring everybody to death’ on The Solari Report saying, “Only associate with people of integrity,” but when you are in a situation like this, you learn the value of only associating with people of integrity.

Let’s turn to the **merger of intelligence enforcement and organized crime**. You’ve done some marvelous pieces for The Solari Report, and you’ve done Special Reports.

For many years at Hamilton, we were talking about how to refinance places and make them wonderful. Since then, we have focused much more on the risk issues of why they are not wonderful. If there is no law and the Federal finances are as draining as they are, you can’t make places wonderful. You have organized crime running the country.

What we have watched and what you and I dealt with is the integration of intelligence enforcement with organized crime. Part of that is an economy that is deeply dependent on the profits of war and organized crime and surveillance capitalism.

**Betts:** If you are missing an understanding of any of those pieces, your ability to analyze risk is greatly decreased.



**Fitts:** Exactly. The last Special Report that you authored was *Caveat Emptor*, which is the lead piece in *The Real Game of Missing Money, Volume I*. So, tell us a little about *Caveat Emptor* – why you wrote it and what you felt when you finished.

**Betts:** I think that I felt the same way when I embarked on it. I was quite outraged when I read about this new financial world that made a mockery of something called a government audit. Basically, it said that the US government – and to some extent government contractors when working for the US government – could hide behind the excuse of Federal secrecy and not report money going between accounts in the government. Basically, that means that the bank's safe door is open, and there is no accountability.

I graduated from law school in 1984. The classes that I did the best in, I received book awards. That means that you are top in the class. The classes that I received book awards in were Agency & Partnership and Property and Oil & Gas and Securities. So, I was very focused on the risks of agency – somebody who is an employee or an attorney to a client or in a fiduciary relationship. I really understood the backbone that the law is built on regarding the integrity and the financial, and I understood the principles of property – who owns what and exactly how you share the ownership and transfer the ownership and all that.

When I recognize that, - you asked me to write an article about the risks in the securities market primarily for people who are investing their money and what the risks are of having a government that can hide any amount of money that they want-the sky is the limit.

**Fitts:** You just took the majority of the US securities market dark.



**Betts:** What can you count on? The securities markets are held together by audits. If you can't count on the audits of the New York Stock Exchange listed firms when you are investing, you don't invest. It's unheard of, and is so shocking.

The fact that it was not on the front page of every major media site when they did this is shocking. It really wasn't reported much at all, other than the *Rolling Stone* man.

**Fitts:** He did a very good job.

**Betts:** I love Matt Taibbi. He has such a good sense of humor when he writes about these things. This is dry material.

**Fitts:** They are adopting an administrative policy, FASAB 56, that they say can supersede the financial management laws and regulations and the Constitution. So, they are adopting an administrative policy that says, "We can ignore the Constitution on all the financial management laws, and we can do it without Congress approving it other than the General Accountability Office approving it on behalf of Congress."

So, it's quite extraordinary.

**Betts:** You are trying to imagine, "Who are the people who are going to know the truth?" I'm not clear. You have Deloitte & Touche auditing HUD's books. Are they going to be 'inside the tent' and understand what the real numbers are?



Imagine being an auditor and saying, “What am I allowed to know, and how am I going to certify something if I don’t know it?”

**Fitts:** My favorite thing was listening to you. FASAB 56 was proposed, and then the agencies commented, and the SEC basically had no comment.

**Betts:** Imagine this. The audits come from the SEC; they originate what the integrity of an audit is.

**Fitts:** So the SEC is saying, “The government is going to take the US securities market dark. We have no comment on that.” Huh?

Then HUD says, “Oh, yeah. We need this.”

Why does a domestic housing mortgage agency need secrecy?

**Betts:** We know the reason for that.

**Fitts:** So, let’s talk a little about what is next for Carolyn. You are in private practice here in Cincinnati, Ohio. It’s fair to say that in your day-to-day dealings on behalf of your clients, you have to handle a whole sea of corruption because this is not only in Washington. As I always say, “The swamp is from sea to shining sea.” You are seeing this everywhere.

**Betts:** I have a client who had a motorcycle business. He was operating the largest motorcycle kit bike business in the country, if not the world, out of a pole barn in Brown County, Ohio. That is two counties away from anything that is civilized. He lost \$10 million.



He was making \$4 million a year at this business operating out of a barn. He was put out of business by the same hedge fund, Cerberus, that was involved in the bailout of Chrysler and GM.

**Fitts:** I should point out they are the firm that owns DynCorp now.

**Betts:** Talk about full circle! I came to Cincinnati, and my client is somebody who was ‘screwed’ in Brown County, Ohio. If I call that ‘Hillbilly land’, I hope that some people will forgive me. These are people who pay cash for everything; they have gold bars in their safes.

**Fitts:** Like me in Hickory Valley, I’m one of those people now, Carolyn.

**Betts:** The idea was that he was in a position to bring down the motorcycle industry because Cerberus bought a company that was selling illegal motorcycle parts, and people were being killed because they were not being inspected.

There was a house committee that did an investigation, and they closed it. They said, “We can’t do this. It would bring down the motorcycle business, so we’ll just ignore it.” This is what I got used to in Washington, but somehow it followed me to Cincinnati, and the same things are going on here, too.

**Fitts:** The documentary for this Solari Report is going to be *Hot Coffee*. I wanted you to watch it, but I don’t know if you ever did. It was made by an attorney on tort reform, and I go back to this quote that we started off with which was attributed to Karl Rove in 2004, “We’re an empire now, and when we act, we create our own reality.



And while you're studying that reality – judiciously, as you will – we'll act again, creating other new realities, which you can study too, and that's how things will sort out. We're history's actors... and you, all of you, will be left to just study what we do."

It's about how an effort was made to go state by state and literally turn the tort reform laws upside-down. It's frightening when you see the level of covert operations and force that was used to do it-it's frightening.

The reality is that we have this force. I call it 'transnational organized crime', and it is integrating with government and it is integrating with venture capital, and it is integrating with business. It's essentially destroying the rule of law in many, many places. That is the challenge before us.

One of the reasons I wanted to stop doing investment advisory is because I kept telling people, "If there is no law, we have a political problem. You can't solve that with a financial solution."

**Betts:** My client in Brown County went to the prosecuting attorney in Brown County and told her about this \$10 million fraud. He was defrauded by his major supplier. She looked at him and said, "We can't go after them. They're too big."

They're too big, so they can break the law. What way of living is that? If you are over a certain size, you can do whatever you want because you are 'too big' for anybody to go after.



**Fitts:** You've known my theory all along, and that is the story of Gideon, and the Midianites are going to kill each other. If there is no law, how are they going to function?

I came to Cincinnati to cheer you up.

In parting, do you have any last thoughts or words that you would like to communicate about Deep State Tactics? Let's be blunt: There is no one outside of the intelligence agencies; no attorney who knows more about deep state tactics than you. I'm telling you that there is no one.

**Betts:** I will say that it is really wonderful to be in a room with people I can actually talk to about what happened. I live in a very conservative, small city. People here don't believe that those things happen.

I'm very far away from it now. I'm into the ordinary workday world of evictions and drug convictions and children being taken from their parents for drug addiction and that sort of thing. I have been at the highest levels.

Kelly O'Meara, who was with *Insight Magazine* and wrote all these big articles about HUD and corruption in the government, told me one time that Robert Rubin knew who I was. I said, "I'm nobody to Robert Rubin," who I guess was Treasury Secretary or maybe he had left by then, but he is a household name.

I said, "He doesn't know who I am."

She said, "Oh yes he does."



I just think of myself as some regular old person. It's been an interesting career.

**Fitts:** Dan Hawke was the whistleblower's attorney.

**Betts:** Who then went to SEC enforcement.

**Fitts:** So, Dan Hawke is walking into court telling all these lies. His father, John Hawke, just happens to be the Assistant Secretary of Domestic Finance for Rubin. So, I always assumed that it was Rubin and the Treasury people who were an integral part of getting this thing started. They needed to pull the money.

If you are going to move all the money out of the country starting in the fall, then you need to start sucking it out of HUD, and you need to get the honest people out. So, John Hawke figured that his son was going to make his bones by engineering this, and Dan Hawke is now a partner in good standing at Arnold & Porter where 'daddy' was a partner.

**Betts:** Oh, he left the SEC? Good for him!

**Fitts:** I dip back into all of this, and I am very grateful that I live where I live, and I can do what I do now. I would not want to be in the middle of the Midianites, especially now. I told you earlier, I think that Epstein was dead the minute they passed FASAB 56 because now with this whole layer of securities fraud and money laundering, they don't need those people anymore; they can go direct.



**Betts:** We will lose the same amount of money or more; it's just that it is going to be through a different means.

**Fitts:** The fees are going to be much lower.

Carolyn Betts, thank you so much for joining us on The Solari Report, **Deep State Tactics 101, Part V: Legal**. It has been a memorable experience.

Ladies and gentlemen, thank you for joining me on The Solari Report. Please remember: Don't worry about whether or not there is a conspiracy. If you're not in a conspiracy, you need to start one. Goodbye and good luck.

## MODIFICATION

Transcripts are not always verbatim. Modifications are sometimes made to improve clarity, usefulness and readability, while staying true to the original intent.

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