Central Bank Stimulus
Quantitative Easing 5.0
with
John Titus

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The Solari Report
Guest: John Titus

Web Page: BestEvidence

Summary: Covid-19 is providing the justification for a wide range of financial institutions and municipalities to transfer paper onto the Fed's balance sheet. This new round of Quantitative Easing actually started last September with intervention in the repo market. The air cover provided by Covid-19 and its support to the US dollar has been nothing short of miraculous. Indeed, the financial patterns suggest the timing is more than a coincidence. In the face of this remarkable central bank stimulus, M2 money supply is up 21% and M1 money supply is up 33% year-over-year. But that has not translated into hyperinflation, as the demand destruction of Covid-19 has put a miraculous lid on money velocity.

Indeed, we must ask the question, "Is there anything this virus cannot do?" Can Covid-19 really provide a $60 trillion “get out of jail free card,” relieving the financial establishment of significant civil and criminal liabilities?

Some of the best coverage of the extraordinary action taken by the Federal Reserve since this new round of Quantitative Easing began is from John Titus at his channel BestEvidence.

John joins me on The Solari Report to talk about the unprecedented intervention of the Federal Reserve in the economy and global financial markets and—with a 2020 federal deficit approaching $5 trillion—the U.S. debt spiral. If you are sick of listening to Tony Fauci calibrate the inflation-deflation seesaw and justify Quantitative Easing 5.0 with fake science, this is one Solari Report you will not want to miss!

Bio: John was a successful attorney in Chicago when shocked by the bailouts in 2008-2012. He started publishing his commentary with his own videos—and the rest is history. Still a practicing attorney, John started a new round of videos when the Fed started rolling out Quantitative Easing 5.0. He has become one of the best "go to" voices on what the Federal Reserve is really doing—and what it means to you and me. Check out his channel; you will not be disappointed.
Topics of Discussion:

I. Background on Current Events

A. Fiat money & debt growth model - "Mommy - Where Does Money Come From"
B. Basic nuts and bolts of Fed-Treasury federal credit mechanism
C. Dependency of the money supply on a few banks
D. Financial coup d’état - bailouts and missing money
E. Banker immunity established during the financial crisis
F. Increase in global debt since 2008-12 bailouts/Dollar bear trap

II. US Plandemic Stimulus: Just a Bigger Bailout?

A. Background:

1. Fed policies and actions since its pivot last year

B. Actions :

1. Interest Rates
2. Bond Purchases
3. Lending Facilities
4. Use of the Exchange Stabilization Fund
5. Swaps (including global ‘tit for tats’)
6. Lower Interest Rates
7. Impact of plandemic
8. Dollar Bear Trap

III. Dollar System & Index

A. Treasury:

1. Tax Changes
2. CARE ACT
B. Economic Impact:

1. Global GDP  
2. US China Trade Deficit  
3. FANG/Monopoly Roll Up for small business  
4. Inflation-Deflation

C. The Push for Global Government and Centralized Digital Financial Transaction Control

IV. Is this a "Cut and Run?"

A. The plan to deal with debt spiral and unemployment after US Presidential election

C. Austin Fitts: Ladies and gentlemen, welcome to The Solari Report. It is my absolute pleasure to introduce you someone I have very long been a huge fan of, but we have not had him on. I have been remiss in doing that.

His name is John Titus. He did an incredible series bringing real disclosure to the financial situation during the bailouts, and then after a break, he is back. It will never be safe for the central banks again because he is doing an amazing series. You can find him at Best Evidence on YouTube, and it’s a pleasure to welcome him to The Solari Report.

John Titus, welcome.

John Titus: Thank you so much for having me, Catherine. It’s a very great honor. I have been a long-time admirer of your work – much longer than you have admired mine, rest assured.

Fitts: I went in again and watched your video, Mommy, Where Does Money Come From? When you unpacked the balance sheet and you had the numbers going up and down, I said, “Wow! That’s incredible! I didn’t even know you could do that.
Titus: When I got into video, I didn’t have a camera. The ‘light bulb’ went off in 2013 when I realized, “I don’t need a camera to make a video; I can just do it with motion graphics.” That is what you are seeing. I’m self-taught in this and I don’t know what I’m doing, but I watch a lot of YouTube videos, and that is motion graphics, and that is what you are seeing in that video.

Fitts: My impression of your work is that you are a person who thinks you can learn anything. I used to have a partner when we started Hamilton Securities, and our attitude was, “Okay, nuclear waste. How do we get the Nuclear Waste for Dummies book?” We really thought we could learn anything. That is what I love about your work; you just dive right into the hard documents.

First, I want people to get to know you. If you could take a moment, describe your background, how you became so irritated with what was going on with the financial crisis, and then take us to your current ‘mafia-cracry’.

Titus: I grew up middle class in Raleigh, North Carolina. I majored in electrical engineering, and received a Master’s in electrical engineering. Then I got a law degree because it was obvious in the early 1990’s that manufacturing was going abroad. After law school, I joined a firm in Chicago that was a very small boutique firm. I was lawyer #9, and that firm had just prevailed as the longest litigation in the history of the United States Federal Courts. It was a polypropylene litigation on behalf of Phillips Petroleum in a five-way interference.

When I joined that firm in 1994, there was only one lawyer in the firm who was even alive when that litigation began in 1952. Everybody else was born after that. So, you know from your own litigation history that litigation can take a life of its own. There is no reason that litigation can last 100 years. This one lasted 40-45 years, and these lawyers won.

When I joined this firm, I did not know that people like this existed. They were very smart; they were smart, and they worked hard, and they told the truth.

I did not work on that litigation – to be clear. They had a plenty of other things going on, which is why I was brought in. I worked on the electrical aspects, not the petrochemical part.
Their theory was that if you had to lie, you were doing something wrong. You weren’t researching enough, you weren’t spending enough time, you weren’t working hard enough, or – ‘God forbid’ – you weren’t smart enough, and you were shown the door. They thought, as you were saying, that we can learn anything. We can become better at it than those so-called ‘experts’. They laid a huge emphasis on the clarity of writing and the clarity of presentations.

The first ten years of my career was spent at that little boutique. We later merged into a big global firm, but that was where I ‘cut my teeth’, and that has lasted a long time.

Their whole thing was, “You need to prove your case brick by brick. It doesn’t matter how long it takes, but no hand waving. You have to get into the ‘nuts and bolts’ no matter what it takes.” That is what they did, and that is how they won.

**Fitts:**  Tell us about how the financial crisis really inspired you to go public with this.

**Titus:**  I was asleep in front of the television until 2008. When the bailouts happened, when TARP passed on October 3, I had never been angrier in my life. I’m not kidding. I was so angry that I didn’t even understand why I was so angry; I was shaken with anger.

**Fitts:**  I think that one of the reasons you were angry is that you understood. Very few people really understood what was happening and what it meant. You did; you had a deep comprehension of what it all meant.

**Titus:**  I did, and I didn’t. It took me four years to cope with my own anger, and ultimately, I came to the implications of the bailouts that there was no rule of law. That was the big problem. That was brought home to me in late 2012 when HSBC admitted to perpetrating all these crimes, and nobody got prosecuted; nobody went to jail.

Just so your listeners and readers know, it is legally impossible for a corporation to commit a crime without, not only employees, but high-ranking employees committing crimes. It’s not just garden-variety crimes, but systematic, huge crimes. Only then do you get to prosecute the corporations.
That was when the rule of law went ‘bye-bye’ because the Department of Justice came out and said, “We can’t prosecute HSBC because there is a doctrine in the US Attorney’s manual called collateral consequences, and if we prosecute HSBC it will be ‘Chicken Little’; the sky will fall and life as we know it will end.”

That was a very dangerous precedent. It’s one thing to say that the rule of law doesn’t really exist because it’s all done by people. It is quite another thing to come out and say that the principle is invalid because of collateral consequences. Then you have taken away people’s argument to hold your ‘feet to the fire’ and say, “What about the rule of law?” The rule of law is the trump card.

They are now saying that it’s not the trump card, and that is where we are today. That is where all this action with the plandemic is coming from.

Fitts: I have never seen as clear of a presentation – or any clear presentation – on the meaning of what the Department of Justice did. You’ve really outed exactly what happened and how it happened and what this means. To this day, I’m surprised that it hasn’t been more clearly communicated to the general population what this is and what it means.

Titus: It’s a very dangerous thing, and I lay that out. I spent a year on a presentation on a feature-length film, if you want to call it that, called The Veneer of Justice in a Kingdom of Crime. I think I finished that in May of 2016. It lays out the history, and really picks up with that great PBS show, Frontline, where Martin Smith does a show called The Untouchables. He does an incredible job with that.

The Veneer of Justice, which I did, picks up where he left off and says, “Hey, we need to talk about collateral consequences here.” That is actually what that video is about.

Then I spent another year doing a follow-up to that called All the Plenary’s Men where I explain, “Okay, since our rules don’t govern, don’t think that there are no rules that are determining outcomes; there are. Those rules are simply coming from the Bank of International Settlements,” and I lay all of that out.

Fitts: You don’t have those up on Best Evidence?

Titus: They are. I only have a total of 12 or 13 videos on that channel, and they are rather easy to find if you just go back far enough.
Then you took a hiatus, and came back. When did you start making your new ones? Was it when the repo market started to go wild?

**Titus:** It was a couple of months ago. There were two phases. I started thinking, “I’ll do a series called *Mafiacracy Now,*” and I did about four or five episodes a year ago, in 2019. The last one that I did was the one that you referred to, *Mommy, Where Does Money Come From?* That one really ‘took it out of me’ because it took a good deal of energy and time to figure out how to present documentary information in a video with a live person. That is easier said than done.


Then I took about a year off and am up in Chicago now. I ‘fired back up,’ and now I am trying to cover events in real-time. In terms of my goal in all of this – and this is going to sound insane for so many of your listeners and readers who don’t know – my model is Edward Gibbon. I want to do *The Decline and Fall of the American Empire* in real-time. If I fall short of that goal, fine, at least I’ve tried. That is what I am trying to do.

**Fitts:** One of the things that I want to make sure that you pick up on is if you go into *Solaris,* we have a section called ‘*News Trends & Stories*’ and there are ten categories. We collect all the headlines that we think are relevant. It’s somewhat of an open-source intelligence. I use that to roll up into weekly ‘*Money & Markets*’ coverage and then quarterly coverage on what are the most important trends and what are the most important stories.

We had so much ‘flying out’ of the Fed and Treasury in terms of stimulus, that we created a new category called ‘*The Stimulus Tracker*’ where we pile up all the headlines related to both the central bank and Treasury stimulus because it’s coming to hot and furious.

We put it in a TablePress, and one of the things that I discovered from 2008 to 2012 is that if you don’t keep a chronological record of all this, you will go ‘crazy’ later on. They are so good at doing the amnesia memory wipe where they have the neuralyzer. Everybody has these memory wipes.

So, I want to make sure that you know about that. If you can use it, if it can ease your burden, I’m hoping it will.
Titus: Thank you very much. I’ve been panicking internally. There is so much to parse through that I can’t do it.

Fitts: We have a wonderful team member who is in charge of keeping it updated, and he screamed at me two weeks ago, “You have to get John Titus on.”

So, he’s your devoted fan. If you want to send him headlines to pour into, that would be great.

Titus: I do this by myself, and it’s hard. That’s why I don’t do that many videos. It takes me a long time.

Fitts: We can keep the database updated for you, and you can certainly have access to it.

Titus: That would be great.

Fitts: You are in Chicago, and are you still doing legal work? Are you still representing clients?

Titus: Yes, but I have scaled back my practice. One of the other reasons I think I was so angry about the bailouts was that I had been weaned on the notion that there is a level playing field, and if you get where you are in life, it’s due to your own merits. With the bailouts, we learned that, no, some people are really favorites, and they are going to get bailed out, and you are not. That really affected my identity.

I had my identity so wrapped up in career success and money that to hear the system really was rigged all along, I think was what triggered my anger, and I needed a spiritual rebirth to come to grips with my own anger. Then to free myself of the bondage of thinking that all these material things are important, that was a separate process.

I’m there now. So, yes, now I do legal work, but it is very much dialed back to where I can do videos like I want to do.

Fitts: Let’s turn to a little background on the current stimulus flooding. I call it the ‘plandemic’ rather than the pandemic. The plandemic stimulus is just another round of bailouts. So let’s look a bit at it.
You did this video on where money comes from, which I think is a great introduction to the fiat currency model and the debt growth model. We’re not going to try to explain the model here, but I would encourage people to watch it who don’t understand why it is such a disadvantage when one group of people can print money out of thin air. They have as much money as they want at a zero cost of capital.

**Titus:** And they lend it out at 0% interest.

**Fitts:** Right, while we are paying 15.99% on average on our credit cards.

So it’s interesting. I recently reviewed a book on central banking, and it said that you know a society is going to fail when they make usury legal. They went back and gave numerous historical examples. I hadn’t focused on that, but here we are.

Clearly, we are in a model that I would describe as not sustainable, and it is hugely destructive of productivity. The unproductive have found a way to increasingly subsidize the cost of everybody else. Their solution for every time they are ready to collapse is to double down.

I don’t know if you want to say anything quickly about the model.

**Titus:** The one thing that I leave out of *Mommy, Where Does Money Come From?* is that there are really two monetary tanks in the US. That is what I failed to understand for so long. The tank that I am talking about in *Mommy, Where Does Money Come From?* is our tank – the money tank where all the money is generated by loans in commercial banks.

There is a second tank called reserves where all the money there comes from the Federal Reserve. Unless you understand that – and I’m working on a video on that now which I think is going to really drive home the point – you don’t comprehend how the system really works and how you are being fleeced.

The single-tank model is why many people called for inflation during quantitative easing and it didn’t happen.

The other thing that I will say about the *Mommy, Where Does Money Come From?* and the bank money is that the ability of people to lend money out at interest is one problem, but the more that I read financial history and monetary history, the more that I understand there is a second and maybe even more significant problem.
When you have debt-based money, then at their leisure the money creators have the ability to contract the money supply at will and cause depressions.

**Fitts:** They can cause fake scarcities.

**Titus:** That happened in 1920 and 1929, and that is what is going on now.

**Fitts:** Exactly. It’s a domestic game and it’s a global game because they are trying to put all of Asia in a bear trap.

One of the things that I thought was very interesting in the round of stimulus that we have seen in recent months is that they took the reserve requirement to zero, and nobody even said a thing.

**Titus:** No one ‘bats an eye’. That is a big difference between the 2008 and now. Where are the bloggers talking about this?

**Fitts:** It’s unbelievable.

**Titus:** It is incredible, isn’t it?

**Fitts:** I saw an article saying that the lobbyists were pushing for a 0% reserve requirement, and I was outraged and publicized it in *Money & Markets*. Then I realized, “Oh my ‘God’! They got it with no discussion! There have been no articles”.

I keep saying that we are in ‘Never-Neverland’, but then it gets worse.

What that means is that in theory, the commercial banks can create money out of thin air to infinity.

**Titus:** That’s right. I will confess that I don’t know why they dispensed with that requirement because as businesses fail – which is going to happen if they have zero revenue because they are closed – loans are going to go bad and money is going to get destroyed. So, I just don’t get the whole thing.

Many times, what I’ve noticed from watching the criminals in action is that something that doesn’t make sense on Monday might make sense on Friday.
**Fitts:** If you can package all the bad loans and sell them to the Fed at par; remember the Fed has now authorized itself to buy up essentially junk loans and junk paper and junk bonds. So, you can pull them all together and sell them to the Fed, and then the Fed can ‘eat’ them.

**Titus:** That is one move, but we’ll see. I am really looking forward to getting into your site and parsing through some of that data.

**Fitts:** I had a deputy who would say that HUD was where mortgages went to die, but it was that game. They would roll up all the bad papers, stick it into us, and then we would eat it.

I want to walk through the ‘nuts and bolts’ of the Federal credit mechanism because there is much misunderstanding here. I don’t think that people understand how it works. I just want to review it.

The New York Fed is sort-of the lead ship in the Fed system. It serves as the depository for the US government. So, the US government has a bad bank that’s the New York Fed, but it’s all the owners of the New York Fed who provide those services. So it’s JP Morgan Chase, it’s Citibank, and it’s those big banks that are members of the Fed and own its stock.

I remember in 1999 when I sent an email to all the heads of PR at all the banks, including the New York Fed member bank, and I said, “Who owns your shares, in what percentage, and who runs your databases and systems, and do your members have access to your data and database and systems?”

They wrote back and said, “All of that is confidential.”

We know the big New York Fed member banks own the Fed, but then they serve as the depository. They also serve as the primary dealer, so they market the securities. They also do the big money creation. One of the things you pointed out in *Where Does Money Come From* is that there are three banks who control over 30% of the money supply.

**Titus:** That is very dangerous and is what gives them the ‘gun to the head’.

**Fitts:** That is part of it. They have so many guns to the head that it’s hard to decide. It’s as if you have 20 machine guns.
But the New York Fed is also the agent manager for the Exchange Stabilization Fund, reporting not to the bureaucracy of Treasury, but directly to the Secretary of Treasury.

If you FOIA anything at Treasury related to the Exchange Stabilization Fund, they can say that they don’t have it because they don’t; it’s at the New York Fed.

**Titus:** It’s in the same building; the ESF is in the New York Fed building.

**Fitts:** It’s a Treasury fund, but the bureaucracy at Treasury has no involvement.

**Titus:** The ESF was created in 1934 or 1935, and it has had no oversight from the beginning. So when you see the ESF involved in anything, it is there because they want opacity for whatever reason. Whenever you see the ESF, you should be thinking, “Okay, black box. There is something going on in the black box, and they don’t want me to know what it is, so it’s going on over there.”

Why wouldn’t you do that from the Fed since the Fed is privately owned? The reason you wouldn’t do that through the Federal Reserve is that the Federal Reserve provides reserves, and commercial banks transact in reserves. They don’t transact in bank money. So when you see the ESF, the ESF is a Treasury organization, and it is able to transact in our money, which is bank money. So when you see the ESF, it means that rather than getting secrecy via Federal Reserve, which is only going to hide the bodies with reserves, you are now going to get secrecy in bank money. That is what that means. That is how I look at the ESF.

**Fitts:** Right, but you have brought authority to intervene in all of the markets. It means that private banks can intervene in all the private markets using the Treasury credit and using the Treasury assets.

**Titus:** Correct.

**Fitts:** I call it the mother of all slush funds.

**Titus:** That is a great way of putting it. You’re not going to find out what is going on.

**Fitts:** What you see in terms of these operations, is whenever somebody says, “Well, why doesn’t the Department of Justice enforce against JP Morgan Chase?” it’s because they are controlled by JP Morgan Chase; their check is controlled by JP Morgan Chase.
In other words, the governmental financial operations are totally dependent on it and controlled by these entities including their ability to finance their operations.

**Titus:** That is right. That is something that took me a long time to understand. I’m relatively new to this compared to you. I’m 12 years in to figuring out, “Wait a minute. The civics book is incorrect.”

I’m figuring out that when it comes to sovereignty, the most important power is the power to create money; that is a sovereign power. It is in the Constitution.

Let me take a step back. There has been a historical debate over the centuries essentially on which is more important: Do you want guns or would you rather have money? Various people have taken various positions. Machiavelli said, “You want the guns.” He didn’t actually say ‘the guns’; I think he actually said ‘the iron’ or whatever the term was back then.

He was writing before the central bank of England was created; the Bank of England, in 1694. After that, you had people like Jefferson saying, “No, central banks are way more dangerous than standing armies.”

So when you come to sovereign powers and the splitting of sovereign powers, the power of money creation is – in my way of thinking – the most powerful sovereign power there is. It’s the ultimate sovereign power.

So when you say that JP Morgan controls the Justice Department, I would totally agree with that because JP Morgan Chase is, not only a commercial bank able to create bank money, but it is part of the Federal Reserve and thus has extensive control over the creation of reserves. So, they get all their bases covered.

Of course, the DOJ, which is really back to the ‘iron’ or the ‘force of the gun’s, answers to JP Morgan Chase. JP Morgan Chase has the monetary power.

**Fitts:** I also think that if you look at the entire derivatives market, it’s all a US government position. JP Morgan Chase and some of the others are managing it, and they can’t afford to. It’s not like they can say, “We’ll take it back and have Treasury do it.” They don’t know how to do it. They are completely dependent.

**Titus:** Right, they farmed it out.
Fitts: So, there is another aspect to this which has become more and more important: The Federal government doesn’t have financial sovereignty, but it also doesn’t have information sovereignty.

Titus: That is a big problem.

Fitts: So, you don’t have people internal to the government. The President can’t have a private conversation with the Prime Minister of Australia without 17 intelligence agencies listening and leaking it all to the Washington Post. So, you don’t have information sovereignty.

I have to say that the Five Eyes system has changed some the balance of power between JP Morgan Chase and AT&T. So, there is a definite Telco defense contractor aspect to power, and then there is the central bank power. But they don’t have information sovereignty and they don’t have financial sovereignty.

We just had the Pentagon admit that three UFO videos are real. So now they are admitting that they don’t even control the air space.

Titus: The sovereignty issues is a real issue. I think that you and I will both agree that if you don’t have sovereignty: if the government – which is ultimately ‘we the people’ if you read the first three words of the Constitution – if we the people don’t have sovereignty, that means that there has been a coup d’état. So, then the question is: When did the coup d’état take place?

I think that I have heard you say that it was in the late 1990’s, and it had been affected by then. I’m not really sure about that. It was perfected in 2012 once you had the collateral consequences doctrine. The collateral consequences are the formal recognition that certain banks have criminal immunity. If you have criminal immunity, you are de facto sovereign. Even the President doesn’t have criminal immunity.

The bankers have a legal privilege criminal immunity that not even the President has. If you have criminal immunity, you are able to replicate at your leisure any sovereign power you choose to because you can’t be prosecuted.

Fitts: Here is what I would say: The financial coup started in October 1997.
I had the President of CalPERS say to me, “It’s too late. They’ve given up on the country. They are pulling all the money out starting in the fall,” and that fall – which was the beginning of fiscal 1998 – is when the money started disappearing from DOD and HUD, and it kept disappearing and disappearing. In the meantime, they were running around the world doing shock doctrine in Russia, in Eastern Europe, etc., but they are sucking money out.

I believe that to suck that money out they had to engage in massive securities fraud. The reason you are absolutely right about perfecting it is that it wasn’t until they were able to put that securities fraud back to the Federal government, the taxpayers, and use the Fed to do it from 2008 to 2012. They basically ‘tore up the trail’. Then as soon as they put the immunity in, they are in the ‘cat-bird seat’.

They have stolen the money, they have torn up the fraudulent securities they use to steal the money, and now they are free to ‘rock-n-roll’, and they keep stealing.

If you look at the money that has disappeared since 2012, I was thinking, “Okay, they clean up the mess, and that’s it.”

No, they kept on stealing. So, the money missing from the Federal government is up to $21 trillion. If you thought that was a large amount, so far on the plandemic, it appears that it’s up to $10 trillion if you look at both the central bank and Treasury.

Before I get there, I want to mention one thing: Dr. Skidmore is from Michigan State University, and he came in to do a complete survey on the missing money – something that I had never done. He offered to have a group of graduate students of Michigan State University go through all the DOD documents. I think at that point, I had the number up to about $12.5 trillion.

He was a skeptic, so they went through the documents. He kept calling me and saying, “Oh my God! We found another trillion.”

It went up to $18 trillion. Then we wrote the report, and finally, they kept going. It went up to $21 trillion. But that was 2015. It looked like in the last year of Obama, they did a huge cut-and-run, but there was $6.8 trillion in one year. It was the largest amount in a year yet.
We published the report. There was plenty of attention, and I won’t bore you with the details, but you could see that they were extremely concerned. They kept saying, “We are doing an audit,” which is something that they have said for two decades, and then they can’t do it.

Before they finalize the audit, they created this Federal Accounting Standards Advisory Board Statement 56, which basically says, long and short, “We can keep secret books. And not only can we keep secret books in the 24 covert agencies, but we can keep secret books in about 150 different related corporations and entities in combination with the classification laws, and all the contractors and banks that work for us can also keep secret books.”

Once you get into it, it goes on and on and on, but I basically said, “It’s over.” Whatever the financial coup is, there is no sovereignty, and now they are saying, “Look, we can do whatever we want. We don’t have to justify anything to you or tell you anything about what we are doing; we have complete secrecy.”

So that brings us to last September. We had Powell come in as Fed Chairman, and you can tell that they have a vision of what they are going to do. They are going to raise interest rates, they are going to tighten up, and suddenly, they hit a wall in the repo market, and the next round of bailouts began last September with the remote markets.

Why don’t we start there, and why don’t you tell us a little about all the different fun and games they’ve been having since the big Fed pivot in 2019?

**Titus:** That starts with the New York Fed and the repo market where the New York Fed starts to come into the overnight lending market and bailing out banks. So they would lend out $20 billion at 5pm, and that gets paid back in theory at 9am by a financial institution. That is happening; that’s a big deal, but it’s not that big. But it does start before the pandemic – before anyone has heard of COVID or any type of virus. That has been going on for a few months.

Then the pandemic hits, and the Fed really goes crazy and starts in with all of these programs. So basically, the two biggest ones are buying US Treasurys from banks, which isn’t so much a problem because Treasurys are already backed by the full faith and credit of the United States government. It also begins buying mortgage-backed securities again. Remember, it let many of those roll off its balance sheet in an attempt to taper. The market throws a ‘hissy fit,’ and so the Fed is now back doing that.
But there are all of these other things on the balance sheet that are so curious. They are coming from 2008 like the Money Market Mutual Fund Liquidity Facility. There is money going into that.

The most curious one I’ve seen recently is Maiden Lane. That was the vehicle set-up in the wake of Lehman Brothers.

**Fitts:** That was so ugly!

**Titus:** What is that still doing on the balance sheet? That is question number one. Why are you now pumping money into it? That is question number two. More recently, why did you just change its name to something else? You don’t see the name Maiden Lane on there.

There is so much going on with the balance sheet right now. You figure that there is some tectonic shift that you’re not telling me about, and we need to parse through the data, and we need to do so in an intelligent way. Where in my videos I am trying to explain, “Let’s be clear on which type of money we are talking about,” because what the Fed is now doing – as I am reading it – is only dealing with reserves; they can’t really deal with bank money.

That is why, when you see a discount window; a discount window is a simple operation because a commercial bank like JP Morgan Chase transacts in reserves. So they can borrow reserves. The Fed can print up reserves – click, click, click on the computer – and credit JP Morgan with reserves. JP Morgan sells an asset to the Fed in exchange for the reserve money.

When you deal with a noncommercial bank – let’s say a hedge fund – and a hedge fund wants to sell a mortgage-backed security to the Fed, it can’t do that directly because a hedge fund transacts like you and I do in bank money, and the Fed doesn’t do that.

What you need now are three parties. You need the seller of the asset, which is the hedge fund. So they transfer the mortgage-backed security to the Fed. The Fed then transfers reserves to the commercial bank, and then the commercial bank creates new bank money and transfers that bank money to the hedge fund. So it’s a three-way operation with everything balancing out.
Now when you see this explosion of data on the Fed’s balance sheet, I don’t relish this task at all. It’s going to be a big pain to go through and figure out who is doing what because of the two monetary tank system.

Until I can get my ‘arms around’ which tank is being drawn on, and how the noncommercial banks are being used with intermediary commercial banks to affect the XYZ transaction, I can’t really speculate on what is going on. I just know that something massive is going on in conjunction with what you are talking about with the FASAB change.

These new rules and new regulations coming in to dispense with transparency are really making this a hard job, but I am bound and determined to do it.

**Fitts:** One of the things to look out for is as I always said, “I could have told them that Epstein was a dead man as soon as they adopted FASAB 56 because it means they can launder whatever they want however they want.”

If you look at appointing BlackRock to run the Fed’s bond portfolio, I’m assuming that they are doing that because they want to free the Fed from any last disclosure obligations.

If you look at how big an operation is, and if you are the market, you can’t tell if BlackRock is doing it for index fund ‘A’ versus the Fed portfolio. If it’s at the Fed, the dealers will see much more about what is going on. You park it at BlackRock, making it that much harder to figure out what is going on.

**Titus:** That makes total sense to me. Remember back in 2008, 2009, and 2010, the Fed lost a Freedom of Information Act case against a person named Mark Pittman of Bloomberg. He won on summary judgement in the southern district of New York.

**Fitts:** Right, and I’ll be blunt: I think it cost him his life.

**Titus:** I think that is probably right. He died at age 51. As someone who is 54, that hit a little close to home, and I think that was a big wrench.

When you say, “BlackRock has been brought in,” to the extent that the Fed can, it wants to siphon off work to BlackRock because BlackRock is not a government institution. 
The Fed is a hybrid, as you know. So, the board of governors is subject to the FOIA requirements, whereas a New York Fed is not. But the Fed doesn’t want to take the chance. We all know that BlackRock isn’t subject to FOIA. So, what you are saying makes total sense: Forget it!

Fitts: I have another theory that I wish to ask you about. It’s such a no-brainer if you’re an investment advisor to say, “Look, shift completely out of the bond market. You are better off in stocks related to real assets or real assets and living with the volatility than dealing with the credit and liquidity problems that could hit the bond market.” That’s very obvious.

That is a real problem because how are you going to hold up the bond market if you can’t hold up the junk portion? If things cycle down and you get a real debt spiral, the Treasury is going to ‘suck’ up all the money, and the thing that will implode the fixed income markets will be in the lower credit area.

Suddenly, we have the Fed buying up all the lower credit area. What a coincidence! Does that make sense to you?

Titus: That’s above my paygrade, and I’m serious. My financial training is essentially zero. I have to read a million documents to get a paragraph’s worth of knowledge. So, I can’t make ‘heads or tails’ of that.

What I can tell you is that to the extent that the Treasury is now involved in the Fed’s balance sheet and the printing of this money – which is bank money – more and more bank money is created because people aren’t working and you are sending that out. But people aren’t working.

The problem that you have is a large amount of bank money dollars floating out there against no productivity. So now, I do think that we face the prospects for massive inflation.

In other words, in 2008, in many ways with the QE and our money printing, I think was a ‘head fake’ in a way to get people used to the idea that we can print money and it won’t cause inflation. No, you can’t; it depends on which money you were talking about.
**Fitts:** They’ve had a couple of different ways of dealing with deflation, one of which was that globalization meant massive labor deflation, which really helped you offset deflation. That is somewhat over, and technology helps with deflation. There are other things that can help with deflation, but you’re running out of big offsets, which is why I think you’re seeing what you’re seeing right now.

This kind of shock treatment is a way of engineering a sudden deflation.

**Titus:** That’s what depressions have been – sudden contractions.

All these things, regardless of how much money is missing and where the money is going with depressions and whatnot, they are all control games. When you say that $21 trillion is missing or $29 trillion is missing, it’s not that they want that money, because they have the ability to print the money; it’s that they don’t want you to have that money. It’s really a power grab far more than it is a money grab. They don’t need the money; it’s a power grab.

What we are seeing with these wild gyrations in the market and these sudden contractions in credit and sudden contractions in money, is simply a power grab. It’s just dressed up in dollars.

**Fitts:** Let me bring up one other thing because we are watching a significant abrupt drop in the US-China trade balance.

Two years ago, it would have been $40 to $50 billion a month of trade deficit with China. It’s dropping down. In March, it was $11 billion. My guess is that April is going to be half of that if not less.

One of my questions is: Did the Chinese decide that they weren’t going to take dollars all of a sudden?

**Titus:** I don’t know. That seems quite draconian to me. Maybe they didn’t.

Here is what I think China communicated clearly: JP Morgan is not controlling us; we are going to control ourselves. In a debt-based system that is interest-based that is geometrically progressing, you can’t have that. You have to grab more and more and more and more. You have to have more wars and bigger projects and everything else.
With all of these recent Fed actions and Treasury actions, the aroma of desperation is quite distinct. It’s a big power struggle, and China is not going to give in.

**Fitts:** At the end of the year, every investment banker and every investment I talked with – whether in Europe or Asia or America – basically said that S&P is ‘long in the tooth’, and it’s time to rebalance to Europe and the emerging markets. The dollar is finally headed down; it’s over.

Then suddenly, the plandemic happens, and it was one of the most miraculous saves I’ve ever seen. It was a miracle! Everybody is ‘flying back’ in the dollar, and when I did the *Equity Overview* earlier, the long Treasury ETF was up 31%.

If somebody had asked us to bet that it could happen 12 months ago, I daresay I would have bet a large sum of money that it was impossible. So, I would say that whatever is going on, it was exceptionally miraculous for both the dollar and the S&P.

**Titus:** Right, and that is one thing that you will see in the Fed balance sheet, too, are the swaps. The foreign currency swaps are way up. That is purely in response to this sudden newfound demand for dollars in Europe. Imagine that!

**Fitts:** Here is the thing: Coming out of 2008, the way that they came out was to have the world (particularly Asia) borrow massive amounts of dollars. I think part of what they are trying to do is throw China into a dollar bear trap.

**Titus:** Meaning what?

**Fitts:** You cut off their ability to earn dollars, but in the meantime, they have to pay you the dollars on the debt.

If you look around the world, we are looking at a giant entrapment by the people who control the system.

Let me say one thing, and then we can turn to small business: Mnuchin and Powell have put the Exchange Stabilization Fund as a backstop on a number of these facilities that the Fed is not authorized to do. So, the Fed doesn’t have the authority to do all this crazy business with the bank loans and the small business loans and all these other things. So what they have, has limited their liability by the Exchange Stabilization Fund. My interpretation of that is they basically all got a big put to the taxpayer. Do you think that is fair to say?
**Titus:** I think that is exactly right.

**Fitts:** One of my character flaws is that I get overly frustrated when people come up with crazy theories about what is going on at the Fed. One of the few times in the last three months that I’ve lost my temper is when I receive emails that say, “Don’t worry. It’s all fixed. Trump has taken over the Fed.”

Have you dealt with any of this yet?

**Titus:** Yes. I was in an interview where that was brought up, and I said, “That is the most ludicrous theory I have ever heard.” I’m not kidding; that is just absolutely ‘bananas’!

**Fitts:** Apparently, Michael Tellinger made a whole new video about how it’s all fixed because Trump has taken control of the Fed. I respond when I get those emails – because I’ve gotten several of them this week – “Total BS,” and I refuse to address it.

**Titus:** You have to pick your battles, and that one is so stupid that I refuse to waste time on it.

**Fitts:** The reason I want to go through the ‘nuts and bolts’ of how the credit mechanism works is that I think it reflects how somebody might think and understand how this system works as mechanical roles and responsibilities. Who does what, how does the money work, and how does the money flow? They just don’t have any kind of understanding of the ‘nuts and bolts’. That is why I really want them to watch some of your videos. I think that you do a very good job of laying that out. The more that we can help people understand those ‘nuts and bolts’ and how it works mechanically, the less they will get mislead by this.

**Titus:** That is what I am trying to do. One of the reasons I do videos is to educate myself. As you know, when you try to teach something, you learn something; I’m learning as I go.

My next video will be on the split circuit or two-tank monetary system, which is a big part of the shell game. I do try to lay it out in a ‘nuts and bolts’ layout. I’m not hand-waving, I have to go in and learn it.
Fitts: Let’s turn to the economic impact. We don’t need to talk a great deal about the CARE Act or the tax changes, but I did want to mention Dr. Larry Lindsey. He was somebody who I had plenty of respect for when I worked in the Bush Administration. To his credit, he was fired by the second Bush along with Paul O’Neill.

He gave a speech recently that was fascinating. One of the things he talked about was that he expects the deficit for 2020 at the end of the year to be $5 trillion. He said that inflation over the next ten years is going to be astonishing.

I think there are ways that they can bring inflation down. So, I think that there are games they can play. But here is what I wish to tell you that I thought was really interesting: He said that in the Democratic states especially, they have rigged the unemployment compensation so that it is approximately 30% more on average than what people were making at work, so they won’t want to go back to work. Then they are planning on rolling that in July and rolling it again in October in front of the election.

After the election, if the Democrats can win, they are planning on converting it to a universal basic income. So if you look at all of the things that they have done to destroy small business, it’s the last attack on small business in creating complete dependency.

Titus: Now you have to pay people $25 an hour to show up for work or else they are going to stay home and make $20 an hour.

Fitts: What Lindsey says is, “If you think inflation is bad now, ‘you ain’t seen nothing yet!”

Titus: I totally agree with that. It’s okay to have more money and print a sea of money as long as you have the productivity to back it up. You have the business output. But if people are sitting at home and twiddling their thumbs and they’re on Twitter and Facebook and watching YouTube videos all day, they’re not working and they’re not producing anything.

You can’t have a huge sea of money without productivity. You are going to have massive inflation if you do. That is why I completely agree with Lindsey, but maybe for a different reason. We are going to see huge inflation if this nonsense continues.
Fitts: He’s talking about a universal basic income of $30,000 to $36,000 a year. If you have the entire population not working, and you are doing it by printing, then the question is: Where are you going to get the economic value?

Titus: You’re not; that’s an unsustainable model. People have to produce; they have to produce food and goods and services to be consumed. Otherwise, what is the money chasing?

Fitts: I don’t spend much time listening to it, but I continue to hear these various Washingtonian characters who have invariably spent their whole lives drawing a government check explaining how it’s no problem and how we can just print all the money

Titus: No, that’s not good.

Fitts: JP Morgan Chase says Global GDP in the 2nd quarter is down 40% for the US. Goldman came out and said it was down 25%, and then JP Morgan said it was down 40%. We saw a survey by the Chamber of Commerce saying that 2/3 of business say that if this keeps up for six months, they’re gone. So, six months from now we could have 1/3 of the small businesses that were existing when this started.

In the meantime, the Department of Justice has become a monopoly creator. What they do is liquidate small businesses and foreign businesses into monopolies.

Titus: That is spot-on.

Fitts: I call them the ‘Sheriff of Nottingham’. They are shutting down small business and then using their ability to listen to everybody on Zoom globally to ‘suck everything up into fangs’ in the big monopolies.

Titus: Every industry is the same. Every industry has five or six competitors or companies, and that’s it. The only counterbalance to that is small business. And they are going to wipe that out?

Fitts: I was at the Aspen Institute in 2017 for a conference on cryptocurrencies, and then sat in with a billionaire venture capital person on one of the panels that Griffith and I were on. He was there to make sure that we didn’t get too much done.
He had these incredible dead eyes. It was like, “Sweetie, I’ve been up in the spaceship, and I know what is really going on. You don’t.”

He looked at me afterwards and said, “I buy all these small businesses so I can figure out how to reengineer and do everything with software and automation and robotics.” He said, “Every business in this economy we can roll up into AI and software and robotics, and we don’t need people. And that is what we are going to do.”

**Titus:** That is horrifying, but I believe it because if you look at the history of depressions, the 1920 depression was about crushing farmers. The 1929 depression, also intentionally created, was about crushing industrialists. This one is about crushing small business and buying up small businesses for pennies on the dollar. That is what is going on, and it is happening in real time.

What ‘blows me away’ more than anything else is Oliver Wendell Holmes, Jr., the great American jurist of the early 20th century saying, “Even a dog knows the difference between being tripped over and being kicked.”

**Fitts:** That’s great!

**Titus:** You have to remember, though, he said that before the advent of television. Now we have a situation where the dogs still know they are being kicked, but the people do not because they are asleep in front of the television. You have to go to Richard M. Nixon for the TV era, and his quote was, “The American people won’t believe anything unless it’s on television,” and that is totally true.

**Fitts:** Did I ever tell you *The Sopranos* TV show story?

**Titus:** I haven’t heard it. Tell me.

**Fitts:** I came out of watching the corruption at HUD, and I was litigating with the Department of Justice and watching the housing bubble skyrocket. I was trying to warn people about what was going on with the securities fraud and everything. I was speaking in New Zealand and also speaking in Europe and America. It was as if nobody could hear – like there was a force field.

In 2001 or 2002, *The Sopranos* TV show came out with a series of four shows on HUD’s single-family foreclosure corruption. If you look at the basic patterns of fraud that built up into the securities fraud, it was the basic pattern that I used to always describe.
I had a roommate from college at the University of Pennsylvania. I was driving down the highway, and my old roommate called me and said, “Fitts! Have you seen The Sopranos TV show?”

I said, “Yes.” This was somebody who had stayed with me when the physical harassment got really bad in Washington before I sold and left. So she knew all about how bad it was.

She said, “It’s unbelievable. I guess what you are saying is true.”

I said, “Wait a minute. I was the Assistant Secretary of Housing; I was the lead financial advisor to the Department of Housing and Urban Development; I was a partner and member of the Dillon Read board on Wall Street, but yet you don’t believe me until it’s on The Sopranos TV show?”

She said, “Yes, that’s right.”

**Titus:** I totally believe that story.

**Fitts:** That’s when I said, “In America, fact is fiction, and fiction is fact.”

**Titus:** It is amazing. People actually think when they watch a TV show that they know about a subject. They know about pandemics because there have been all these movies on pandemics. The amount of pseudoscience is just unbelievable right now.

**Fitts:** Here is what I would say: I spend my entire life talking to Solari subscribers on our network, and they are all totally ‘hip’, but you have people from many, many different backgrounds. Many of them are just not interested in finance; they are busy doctors; they are nurses; they are schoolteachers; they have families, and their hands are full.

One of the reasons I hope everybody watches your videos and follows you is that I think you do a marvelous job of making this much more interesting, much more understandable, and we are all going to have to start getting our minds around how the money works. That’s how most of us are getting played.

I know nothing about science, but as the plandemic took off, I’m watching the financial patterns. Most of the time, the financial patterns will explain what is going on.
Titus: Of course. “Buy the rumor, sell the news.”

Fitts: The miracle of the CEOs and Congress getting out at the high in January and February and then the miraculous dollar save in March, I said, “No.”

Titus: I want to go back to something that you said about China, which really resonated. From reading financial history, I can tell you there are basically two ways to destroy a currency. One is to lose a war. I don’t think China will lose a war – certainly not with Russia on its side. The other way is to borrow money in a foreign currency and watch helplessly as that currency rises against your own.

Fitts: Our edge here is that they owe us a wealth of dollars. If you can bring the trade deficit down, then it’s harder to earn dollars. Then, of course, you’ve got the war over the food supply.

Tell us a little about what you are doing next.

Titus: The very next episode, which I think you should watch, is going to be very entertaining, and will bring home the notion of these split circuit monetary systems. Then I am going to turn to a massive misconception about quantitative easing. The next step is to try to do what you were talking about, which is to get my ‘hands around’ the data of the Fed and the Treasury, and try to make sense of what is going on there and see if I can spot patterns. That is why I am so happy to hear that data is at Solari.

Fitts: After we are done here, I am going to send you a few things. I want to make sure that whatever we have that can make your production lighter, easier, and more fun can be accessed by you. I’m a great believer that transparency can shift everything.

Titus: I totally agree. Speaking of transparency, another thing that I want to cover is some monetary history in the US that I don’t think people know. I find it increasingly difficult to track down books that tell the truth about when certain events were happening, and I want to expose that and bring the light to it.

Fitts: Do you have Edwin Vieira’s Pieces of Eight book on monetary history?

Titus: No. I have to confess that I am not likely to get it because I have some questions there.
**Fitts:** We’ve done an abundance on monetary history. I’ll send you those links if they are of interest to you.

I agree with you. The more history we have on the monetary history, the more you can see this pattern over time.

**Titus:** Yes, and this is the key thing: Being able to detect patterns by looking over time. Unfortunately, it’s getting harder and harder and harder to find books about the Depression and about 1920 or whatever it was before.

Google is not a friendly organization to history. I’m serious.

**Fitts:** They are the neuralyzer. We’ve had tremendous problems over the last three months with books being censored off Amazon or books disappearing in the mail or books being censored in a variety of ways.

There is a very sneaky censorship going on. One of the things that I’ve said to everybody is, “If you want a book, get it now.”

I just ordered ten books that I’ve always wanted, and I realized that I need to get them now.

**Titus:** History is being erased.

**Fitts:** I want to ask you one last question about a cut-and-run. If you look at the stimulus that has come out during the previous three months, it appears that we are in danger of a cut-and-run. When this is over, you will have exhausted the dollar capacity, and we are in for either a radical reengineering of the US government or a real implosion of the US government. This could go in many different ways, so I don’t want to prophesize which way it will go. That is not my business.

I think that the question is: Can you come out the other side and still have a working Federal credit mechanism with debt going right up the S-curve?

**Titus:** I doubt that, but I’m not in the business of prophecy.

I think that the prudent thing to do is to assume the worst-case scenario, and I think your worst-case scenario should be that the US government and the United States as a nation may not emerge from this intact.
Fitts: It’s sad to say, but there it is.

Titus: It is sad. One of my main missions in doing *Best Evidence* and *Mafiacracy Now* is to lay a record. It’s simply to lay a record so that if we don’t make it to the other side, maybe somebody on the other side picks it up and says, “Ah, this is what went wrong.”

Fitts: It’s interesting. When the Soviet Union came apart in 1989 and 1990, what a glorious opportunity there was. I would say that we have completely ‘blown it’.

But somebody has certainly gotten off with a great deal of money and resources.

Titus: For sure. The currently configured monetary system I don’t think is long for this world. I think that is one of the reasons we are seeing the gyrations that we are seeing. We are witnessing the last stages of a geometrically progressing system in a finite world.

Fitts: Right now, I am writing an article called *State of the Currency*, and I will send it to you when it’s done. If you look at it, they are trying to extend and keep the old system going, and they are trying to bring in the new. If you look at the new system they are bringing in, I don’t think it will work. It will make it a very interesting process. I believe it is dependent on the rest of us to say, “If it hopefully fails, what next?”

I will tell you that one of the most hopeful things that I have seen in recent history is Rupert Sheldrake’s new video. It’s an interview where he basically does a dialogue on the last 400 years of science. He describes this evolution of a material-less model where you create a group of people who are hyper-materialists. As a result of being a hyper-materialist, they look at the world and the economy and man as a machine. It becomes increasingly divorced from actual reality.

I realize in watching this that part of what we are watching is the materialist economy that makes no sense. It’s constantly on the lookout for more subsidy to keep itself going because it makes no sense. This is their last desperate attempt to lock everything up so that they can keep themselves going.

I don’t think it’s going to work, but a few billion people could die if it fail.

Titus: That is a dark possibility, but it is a possibility nonetheless, I’m sorry to say.
I have to be honest. There are days where it’s hard to see a good outcome from all of this.

**Fitts:** I’m still an optimist. I don’t know if you’ve ever heard this story. When I created Hamilton, I left the Bush Administration. I said, “These guys are going to get a hold of the technology and kill us all. We need another plan.”

So, I went to work to figure out how bottom-up you could create wealth and productivity in communities; basically, equity for local places and optimization of total equity in place. I discovered that the wealth potential was so enormous. I had totally underestimated how much this centralizing government money had suppressed the real productivity and wealth potential. We once had a small club and had to vote on how much the existing wealth was verses what could be possible if freedom could really prevail if you had civilization. We decided that the current wealth was 1-10% of what was possible. That was before we understood half of the technology that exists.

So, the thing that keeps me an optimist is that I know as an engineering matter – unless there are risks I’m not aware of, which is always possible – the potential for economic wealth if we are capable of civilization, is just fantastic.

**Titus:** That is exactly right. One of the things about the $21 trillion or $29 trillion missing is really a testament to it. They can steal all this money because the system is so productive in its innate form.

**Fitts:** Isn’t it incredible!

**Titus:** If you left it alone, the wealth would be mind-boggling.

**Fitts:** So $24-29 trillion was the bailouts and $21 trillion is the missing money. That takes you up to $50 trillion. You throw in $10 trillion for the plandemic, and that is $60 trillion. There are many ‘spooky people’ who tell me, “You don’t know half of it.”

**Titus:** I have to wonder: Do you remember the story from June of 2009 about the two Japanese businessmen in Chiasso, Switzerland? They look in their luggage and find $134.5 billion in bearer bonds. You read a story like that, and think, “What in the world is this? Am I on drugs? What is really going on here? How much money is out there?”
**Fitts:** We attended a conference in 2014 where I reported on the ‘Black Budget’, and Joseph Farrell detailed the ‘Hidden System of Finance’, including the Japanese with the bearer bonds. If you look at what they’ve been able to do since they created the 1947 and 1949 acts with this secret money in a variety of different forms. That was before the $60 trillion in globalization, and it’s a fantastic amount of money. I always say that it’s like the person who is supporting two families with one paycheck, and one family doesn’t know the other family exists.

We financed a whole new civilization out of one budget secretly.

**Titus:** When I look at the dual tank monetary system – the bank money versus the reserve money – it begs the question: Why are we limited to two forms of dollars? Is there a third tank?

**Fitts:** As soon as you have that video, please come back so we can talk about that.

**Titus:** Catherine, this video is going to be so ‘up your alley’, you are not going to believe it!

**Fitts:** I can’t wait! John Titus, thank you so much for everything you do. Thank you for being on Earth at this time, and certainly thank you for joining us on *The Solari Report*. It’s just a real privilege to know you.

**Titus:** My pleasure, Catherine, and the honor is all mine.
MODIFICATION

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