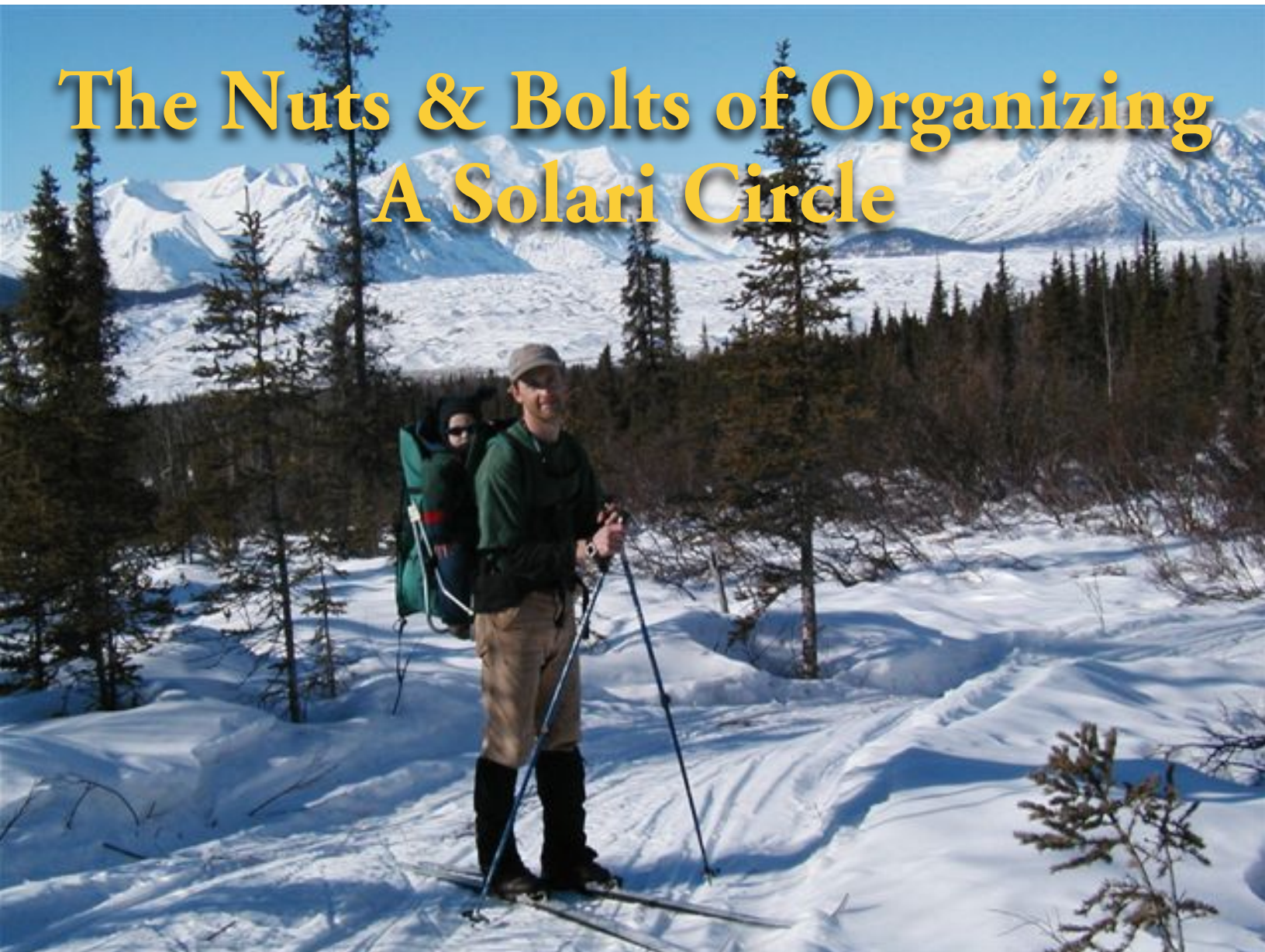




The Solari Report

March 19, 2009

The Nuts & Bolts of Organizing A Solari Circle





The Nuts & Bolts of Organizing A Solari Circle

March 19, 2009

C. Austin Fitts: Welcome to The Solari Report. Today is Thursday, March 19, 2009. I'm Catherine Austin Fitts, and I'm delighted you could join us this evening.

I'm very pleased to have the opportunity to introduce Michael Allwright. Michael is someone I met in 2007 when I went up to Alaska to speak at Bioneers.

Michael is a very confident project manager at an architectural engineering firm in Anchorage, Alaska. He's been in Alaska with his wife and family for about 14 years, coming up from California.

I started a Solari Circle in 2005, and Michael started a Solari Circle in Alaska – the Alaska Solari Circle. He and I have been in cahoots ever since, and he has agreed to join us tonight. Are you with us from your greenhouse, Michael?

Michael Allwright: I am here in my warm greenhouse in Eel River.

C. Austin Fitts: Let's just speak for a minute or two about the Alaska Solari Circle and then my Solari Circle, and then dive on in.

Michael Allwright: Great! Well, as you said, the Alaska Solari Circle was started in November of 2007, following your keynote and workshop at Bioneers in Alaska. It essentially started as an invitation to continue the conversation that you began at your keynote in the workshop there.

I sent an email out to the Bioneers list saying, "Hey, let's get together and talk about all this amazing stuff that Catherine presented."



There were about 15 people who showed up, and we gathered regularly for a few weeks that turned into a few months. Over time, there were about seven of us who finally stuck together and decided to form a Solari Circle based on that continuing conversation.

We're a fairly diverse group of folks – people who work at the university, we have a craftsman, we have retired folks who used to work in the government, and people who work in the medical industry. Aside from the craftsman who had some experience in real estate and also as a business owner, amazingly enough we all had minimal financial experience. I mean, it was all basically our own individual experience around 401ks or working with brokers on how to invest here and there. So it was really a group of individuals who knew very little and were really inspired by what you had to say at the workshop.

Our group is really place-based. We're all in or around Anchorage. We gather on a weekly basis to primarily work on education and action – educating ourselves and looking at what we can do within our community.

C. Austin Fitts: Although for the members who have liquid securities portfolios, you've gone through all your portfolios related to what you're learning and what you're doing.

Michael Allwright: Absolutely. As part of an ongoing coming clean exercise, we went through each individual member's portfolios to look at ways that we could shift from the tapeworm bubble economy into more of a real economy. For those assets that couldn't be moved out, we looked at ways of putting them into things that looked safer on the near-term horizon.

C. Austin Fitts: I started my Circle in 2005, and there weren't enough people here in Hickory Valley who wanted to do it at the time, although part of the idea for doing Circles was inspired by one of my neighbors who came over one day and said, "I don't think social security is going to be there for us; we need to make alternative plans. Could you put together a group?"

So we tried to find one, and finally I really felt the need to not be alone in understanding the environment and doing plans. So I put together a group of people around North America, and we meet by phone once a week. After doing



simulations for a year, we put together a formal legal structure and started to invest together. So we've pooled capital, and we have a brokerage account and are doing liquid investment. We have been together since then, so we're going on four years now.

Now that we've talked about our Circles, why don't we talk about what is a Solari Circle?

Michael Allwright: 'Terrific. I think what's out there – as you always say – is conspiracy that is focused on financial education and action and investment with the purpose to really reduce our individual and collective risks and build the wealth for the Circle members in a way that allows us to really invent this transformation that you were just talking about earlier.

C. Austin Fitts: I was really shocked. I had spent my career on Wall Street and then in Washington, and I was very used to people forming conspiracies, including ethical conspiracies.

I came from a world where if you didn't like something, you gathered a group of people and you threw in some money and you took action. It was very easy. Then when I ended up leaving Washington and living around the country, I discovered that there was a real reticence about coming together and collaborating and using real money. It was almost as if people had been taught to turn their power over to their broker or financial planner and not exercise it themselves.

Michael Allwright: I think one of the things that I have found to be really powerful in the Circle is this development of intimacy around finances. A number of us have talked about how creating this group to support each other in understanding and empowering ourselves around our finances has been an incredible asset. That conspiracy, even if it's just the few of us, has really built strength around that.

I came from a world where if you didn't like something, you gathered a group of people and you threw in some money and you took action.



C. Austin Fitts: Right. In the 1990's I financed my first community venture fund. So what I was hoping was that communities would organize. Right now if you look at the capital in any community, all the money is going up to Wall Street, and then it's only coming back in certain ways. The question was: Let's start to circulate capital because the big businesses were taking over and stripping communities, and small businesses were going under and small businesses had such a high cost of capital. Part of it was we were sending all our capital to Wall Street, and it's not coming back. So our own businesses are starved.

I thought, "Let's do venture funds." Then we ran into political opposition against that. I stepped back and said, "Where is the politically feasible pathway to make circulating equity local possible?"

The first thing I discovered was I can't even begin to think about local investment if I've got all my money in a 401k or IRA in a brokerage account and I don't think it's safe. So the first thing I have to do is get my money safe. Then the second thing I need to do is I need to understand a lot about a lot of things before I can even think about circulating money other than just shipping it to Wall Street. Nobody can do that alone; it's too much stuff.

The funny thing is that for many years I went from place to place, and I would give speeches. What I found is that the people most passionate about making these kinds of changes were the ones least involved with finance or money. So you had the people most committed to change who were the ones who didn't have the tools. The idea of the Circle was they needed a vehicle to come together.

You couldn't do a business fund or a venture fund among the businesses unless the citizens in those places willing to shift their capital had a way of organizing and learning and doing this in a way that was sound and healthy for them.

Part of the Circle was to be that building block. I stepped back and I said, "You can't do a venture fund. You need this other building block," which is part anthropology and part safety and part risk management and part something else.



Michael Allwright: Exactly. All of that, for us, has been possible. Again, we've just been doing the education and are moving into action and are looking towards getting into actual investment. A lot of what we've done has been based on being able to come together as a group, building that intimate trust so that we're not doing it alone and we feel safe doing it together. It also allows us to look forward to some really exciting opportunities.

C. Austin Fitts: Right. In our culture, we never talk about our money.

Michael Allwright: No, and it's amazing. It's just been a really powerful experience in many ways around that – to see other Circle members and experience it myself. It is so powerful to go and talk about our finances and not feel alone, especially in today's climate. It is just really scary. If I hadn't done this a year ago, I can't imagine where I would be now and how tuned out I would be because I would be so full of fear and lost in the jungle about what is going on right now.

C. Austin Fitts: Right.

Michael Allwright: But as a group, we have really been able to come together and support each other in the learning process to understand what is happening and to take power around that. It's just been fabulous.

C. Austin Fitts: The three phases to doing the Solari Circle or the three scopes are: 1) Coming together and coming clean, 2) Education and actin, and 3) Investing.

We're not going to go into investing tonight, although we've created a library and we've posted links including two documents. I just want to briefly describe those before we go into the organization section.

Two documents related to investment: One is an LLC structure, and the terms and conditions of it are very much like the first ever Solari Circle. It's really designed for liquid investment, but it's an operating agreement for an LLC that does liquid investment as essentially an investment group together.

The second one is one that hasn't been tried but that I've developed with my



attorneys. If anybody uses it, you need to see your own attorneys and get it for your state because every state is different. It's a structure that could be used to pull capital if you wanted to do non-liquid investment, which is typically what the local investors do. You can do local liquid investment, but there is a lot more opportunity, I think, on the non-liquid side.

Michael, you pointed out something to me which I think is important. You found reading those, if I'm not mistaken, useful to helping you think through some of the organizing issues in the ways that you organized the first two phases even though you weren't going to do investment because they brought up some of the issues of running a group that deals with money and also some of what you're going to need if you ultimately do go to investment.

Michael Allwright: Yes. For us it was a terrific exercise to go through. We were kind-of at a point where we were at the point of, "Okay, we've gone through education, we're kind-of getting into action now." Some of us thought we were ready to get into doing some investing, and it was like, "Let's go through this LLC structure."

We'll talk about this in a little bit, but we really didn't have a "Terms of Agreement" and a structure for how we operated together at that time. We thought, "Maybe we could use that to provide some structure to our group, too," and we got into it. It was an amazing eye-opening experience for some of us.

C. Austin Fitts: Right, and I should note that there are kinds of investments you can do, and angel groups do them where there's no shared agreement or legal structure. You just look at things and individuals write a check or they don't. I mean, it's much more loose. So you don't have to go to this kind of formal structure to start dealing with money. We'll talk about that a little bit later.

Michael Allwright: I think that's where we landed. We realized, "We don't need this structure." We're glad that we did this because it showed us a vision for what could happen in the future and a way to initiate some investment, but later. We realized that we still had more education to do.



C. Austin Fitts: Right. For somebody who has never done investment together, particularly the LLC for non-liquid, it's like a whole bucket of cold water.

Michael Allwright: It woke us up!

C. Austin Fitts: Let's talk about coming together and coming clean. The first question, of course, in coming together is your membership and identifying the optimal group. A Solari Circle is 12 people or less. We're trying to develop intimacy.

Your group is seven, and the first ever Solari Circle was 10. So I would love to hear what you think is the optimal size.

Michael Allwright: Yes. We are seven, and sometimes during meetings we are four. I think that when we're together as the full group, there is a lot more synergy and a lot more energy. It's nice sometimes when it is just a few folks, too, because we can do a little bit more checking in and have some more individual conversation.

Fewer than seven, I think you miss out on some opportunities for synergy. If some people don't show up, then you do get into the lower numbers. For me, I think having fewer than seven could make it difficult to break through some inertia.

We're actually at a point now where we are looking to open up our group to some folks who we have identified in order to grow our group and bring in some fresh and innovative ideas and some energy.

I think that being seven to ten is probably a good number, but it's really going to be unique for each group. If you can only find five people to get together and do this work with, then five people is the perfect number.

We're actually at a point now where we are looking to open up our group to some folks who we have identified in order to grow our group and bring in some fresh and innovative ideas and some energy.



C. Austin Fitts: Right. I think the thing to underscore is the advantages of not being alone.

Michael Allwright: Absolutely.

C. Austin Fitts: It makes a tremendous difference.

Michael Allwright: And I also think that there are some risks in being too big if what you're doing is inviting people that you may not know so well or that others may not know so well.

C. Austin Fitts: Right, and there is a spectrum. There are two models. One is where you start with people you know but don't know well, and the other is you start with people you really trust very thoroughly because you're going to be sharing information which is private information. It's confidential information and it needs to stay that way. The more that a group of people can trust each other to keep that information either among themselves or whoever they as a group agree to share it with, it is very, very important. So if you don't have a strong bond, you want to build that strong bond. That's another reason to stay in the education phase until you're confident about that.

Michael Allwright: Absolutely. And that gets to establishing a well-defined 'Terms of Agreement' once you have identified the people in your group. You know that 'Terms of Agreement' would include things like privacy clauses and how you work and relate to each other, both in the group and outside of the group.

C. Austin Fitts: Right, and I think there are a couple of critical issues. One is: Are you going to have people who are just in your place? Are you going to meet in person, like your Circle? Or would you rather do it by phone?

Do you want to network with people in your network who are in different places, and do you want to have phone meetings? I think those are two of the critical issues.

The other critical issue is: Do you want people who are interested in liquid investment, or people who are interested in non-liquid investment?



For example, some people are just interested in local investment, which is going to tend to be non-liquid. Perhaps I should define ‘liquid’ versus ‘non-liquid’. Liquid would be something that is easily bought or sold at minimal transaction costs. So a bank CD or a stock or a precious metal coin is liquid. Non-liquid is private equity investment into a local small business or something that is not easily transacted, or to transact it could change the value of the transaction. The transaction fees could be significant, like a piece of real estate, which is more liquid than private, but not as liquid as a bank deposit.

So it’s good to know what kind of investments you’re interested in. If the Circle is successful and goes where it goes, where is that going to be?

Michael Allwright: What’s really important is setting the intention of the group early on.

C. Austin Fitts: Right.

Michael Allwright: I would say that even before you want to talk about liquid versus non-liquid, decide if we’re an education and action group that is eventually going to move to liquid/non-liquid investment, or are we a group who is going to stay in education and action and not move into investing? I think that there could be some groups that decide really what they want to do is just focus on education and action, or spend a longer period of time than other people who may want to move more quickly into investing.

You really need to identify that intention early on so that you don’t have half of the group wanting to hold back and stay within education and action and inciting a different feeling out of the other half who is really chomping at the bit to move into investing.

C. Austin Fitts: One of the things we found was that there were people who were financially sophisticated who were very literate in finance and were frustrated with people who weren’t financially sophisticated.

Michael Allwright: Exactly.

C. Austin Fitts: What was interesting was the people who were financially



not sophisticated had their feet planted on real ground. So if you're trying to get back to a world where you're investing in real assets, the financially unsophisticated people would say, "Well, I don't understand where that goes and how that works."

What you would discover is that the financially sophisticated person was used to running around in a bubble and really didn't know where things were going and what they were doing.

So if you could get financially sophisticated people who were patient with the people who weren't and then financially unsophisticated people who understood how the real world worked who were patient with the financial people, and you could get that integration going, then you had a much more powerful result.

Michael Allwright: Sure, and I think that goes a lot towards talking about having diversity of experience within your group, too. As I mentioned before, our group has a number of folks who are all professionals – if you will – and have a certain level of savvy in working with other people and integrating across a fairly diverse array of experiences. But many of us were financially illiterate. It would have been really helpful to have some people who were financially literate to up our game a little bit.

It's not just people with diverse experiences – whether it's project management or investment or accounting – but also people with real world experience who can really bring a lot of value to a group.

C. Austin Fitts: Meetings. You know that one of my theories is that you need to have dinner, but there are obviously a lot of different ways that you can do meetings. One is in person, and one is by phone. Then you know it could be weekly or biweekly or monthly. I know you've come to a different kind of pattern because you're doing a dinner meeting, and then you're doing a coffee meeting.

Michael Allwright: Yes. We originally were meeting evenings for the first six months or so, and then we moved it because it was challenging. It was fabulous because we would get together and three hours would just fly by and we would



go, “Wow! This has been great, but I suppose we ought to go home to our families and get on with things,” which is really easy to do.

We went to meeting every other week for two or three hours at a member’s home, and she would graciously make dinner for everyone – fabulous food – and then the other two alternate weeks we would meet for an hour at a local health food store that has a cafeteria area. We would sit for an hour and basically do more of a check-in whereas the evening sessions have been more around going out and doing activities or having a guest speaker or listening to audios or something that allows us to spend more time and really immerse ourselves in a topic.

C. Austin Fitts: So the moral of the story is that it pays to have a great cook in your Circle.

Michael Allwright: Totally. Catherine, I cannot tell you how important having food is.

C. Austin Fitts: I agree.

Michael Allwright: It allows people to come in and sit down. There is something about the breaking of the bread with each other that really grounds a meeting, and when it’s fabulous food, all the more.

C. Austin Fitts: It’s interesting that a lot of the ideas that are coming back from various Circles about local investing, most of them center around food.

Michael Allwright: Right.

C. Austin Fitts: We have one Circle in upstate New York. The CSA wanted to produce more boxes of food, and the food coop wanted to buy them. So the Circle came up with a deal where they would finance the memberships, and then the food coop would buy and market it for them. It was quite intriguing, but a lot more of the ideas come up around food.

I think bearing arms is important. If you look at the history of totalitarianism, one of the most dangerous things that people can do is to give up their right to bear arms.



How did you determine roles? You have a pretty flexible structure. Who is responsible for what?

Michael Allwright: We don't really have roles. That was one of the things that was not necessarily challenging, because I think it really fit our dynamic. I was maybe the post-facto leader just because I was the one who got the ball rolling, but someone would take notes and share them. Sometimes we would send them out to each other, and sometimes people were taking their own notes and capturing the things that were really relevant to them. Again, one of the things that we were looking towards when we went through that LLC structure was, "Maybe we'll get some structure out of this."

After it went through, we decided, "No, we're not there, and we still don't really need this structure."

So we don't need a lot of structure, but what we do want is an agreement that we will revisit every three to six months how often we meet, where we meet, and just do a check-in to see how things are going with folks. So it's a lot less structured than things that I have done before and that others in the group have done.

We were kind-of amazed at the point where we actually did it. I think it was actually a year into it where we did sit down with the Terms of Agreement and say, "How did we get through a whole year without having this sort of structure?" It was odd to some of us who are a little more structure-oriented, but it was successful.

C. Austin Fitts: I always talk about the importance to the Circle being designed so that it gives each member energy. I think one of the things I've discovered is that it takes time to really learn and understand each other and get to the point where you really share about what is draining your energy and what would really appeal to each member. It takes time.

Michael Allwright: Yes, it does. I just remembered something else. In Alaska, summers are typically a time where everyone is outside doing something – gardening, hiking, boating. It's a very active time of year. But we set out and made a commitment that we would stick to our meetings for a six-month



period. That commitment was really important, and I think it allowed us to take that time to get to know each other better and to work through our own people styles to get to know one another.

C. Austin Fitts: Yes, it's really an investment; it takes time.

Michael Allwright: You are absolutely right. What needs to happen during these meetings is it needs to be fun, it needs to be something that gives people energy, it needs to be something that saves people time that is not more of a drag on people's time, and it needs to be something that really engages people's interest in what is going on.

C. Austin Fitts: Right.

Michael Allwright: That means making sure that the group is diverse enough that you bring in people who are interested in different things and that you – fairly early on – also decide what things you want to look at. For our Circle, we are very interested in self-sufficiency and food safety.

Alaska imports about 97% of its food. That's shocking to people who live up here and don't know that or hear that for the first time. If we were to have another 1964 quake that took out the airport and the port and the roads, we only have a few days' worth of food on hand in the stores to feed 375,000 people who are just here in Anchorage.

C. Austin Fitts: That's pretty scary.

Michael Allwright: It's very scary.

C. Austin Fitts: Right.

Michael Allwright: But it's not really a tangible until it happens because you can go down to the store and still buy fresh, organic, leafy greens in January and it doesn't register with people that when they then go outside at 10° below, that is not something that came from our local farms. It's not something that we would normally be producing if it wasn't for the oil economy that facilitates us.



So we're focused on trying to get more self-sufficient – both individually and as a group. So having that as a focus really helps with keeping people's energy and people engaged. It's terrific.

C. Austin Fitts: Part of the Solari Circle is applying the basic Solari philosophy, and there is this section after you formed the Alaska Solari Circle that we recorded 'Positioning your Assets for Growth in Uncertain Times'. The first part of that walks through the seven core principles of the Solari philosophy. I'm not going to repeat that here, but two of them are: The concept of total economic return, and then intimacy. Both of those are part of getting out of the bubble and getting back into real things, and really understanding where your money goes and what it does and its impact on human and living things and using that knowledge to really find opportunity.

One of the things I always encourage, now that we have the position recorded, is one of the ways to kick off a Circle is to go through the audio seminars and learning the basics together. In fact, that is one of the reasons why we did the transcript. We found that groups like to read through them together.

The other thing is I encourage people, if one person has a Solari Report, to have the whole Circle listen to it together. That is one way to access The Solari Report that is more economic.

Michael Allwright: Right. One of the things that we did early on together was we had planned on listening to some of the audio seminars as a group. Individuals had listened to some of them, and we found that because of the different ways that people learn and communicate and work together that it was actually more efficient for us – and this was what we did with the positioning – to take the write-up and walk through it. That allowed folks who want to stop and ask a question and get clarity around a concept, in the middle of it, to do that and do so comfortably.

For myself, I know I like to listen to things all the way through and get a big picture overview, and then go back to the details. But doing activities in a variety of ways to accommodate different people's learning styles is very important. Ironically, and I was just talking with the Circle yesterday, one of the people said, "You know, I really think it would have been helpful if we had



listened to those audios.”

Absolutely. I think absolutely taking every other time to listen is terrific. And what we’re doing now is we’re listening collectively as a group to The Solari Reports, and then having conversations.

C. Austin Fitts: Part of what I find – both with individuals and Circles – is it’s almost as though sending your money to Wall Street and participating in the bubble and not knowing where it goes or what it does or understanding it in a concrete and grounded way is all part of an entrainment. It’s almost like you’re trying to win your mind out of a cult. To integrate the knowledge emotionally, it takes time.

So don’t think that you can just listen to it all and say, “Okay, now I’m going to switch and do it,” because you’re talking about a very deep cultural change.

Michael Allwright: You can’t. It’s over time, and you’ve talked before about this idea of coming together and creating a field.

C. Austin Fitts: I think you’re withdrawing from a field and building a new one.

Michael Allwright: Exactly. That is exactly what we’re doing, and we’re doing that around food, having a good time, providing support to each other, and really helping each other understand that concept of what the bubble economy is and getting to understand what the tapeworm is and what that other field is about in a way that is safe and secure and allows us to collectively create a new way of being together.

C. Austin Fitts: Right. So money goes from something you put in the money machine and – cha-ching – you get more money out (or you get less money out) to money is a tool you use to create and build your world.

Part of what I find – both with individuals and Circles – is it’s almost as though sending your money to Wall Street and participating in the bubble and not knowing where it goes or what it does or understanding it in a concrete and grounded way is all part of an entrainment



Michael Allwright: That's right, and you talk about different types of wealth. I mean, just the concept of wealth being something other than the money that you put into your 401k. I mean, that is a whole lesson in itself, and you can listen to audio seminars or speakers forever, but until you actually begin the process of transforming your wealth and money into the new economy, you don't get it; it takes action to do it.

C. Austin Fitts: Right, and that brings us to coming clean because in 1998 there was an article. If my subscribers haven't read it, there is a wonderful article called *Coming Clean* up on the Solari website. I think I linked to it from the blog post on *The Nuts and Bolts of Organizing a Solari Circle*.

It's a process that I started for myself in 1998 where I was sitting in my mansion in Washington writing a check on JP Morgan Chase private banking. I said, "Why am I banking at the bank that is doing all this crash? I think I need to come clean."

What I didn't understand is that coming clean is a journey that is never over.

Michael Allwright: That's right.

C. Austin Fitts: There is always more opportunity, and I felt, Michael, a tremendous urgency to come clean. So I had this, "Should I? Ought I? Is it bad to do this?"

Finally I realized that I needed to come clean and I needed to sequence things in a way that gives me energy.

Michael Allwright: Yes.

C. Austin Fitts: In fact, as you come clean, the less dependent you are and the less connected you are financially or energetically to corrupt players, the better you feel. I mean, life gets safer and it's so energizing to come clean. But it does take a while, and it's complex, and everybody is different.

Michael Allwright: And everyone is doing it at a different rate.



C. Austin Fitts: Right.

Michael Allwright: It's amazing that even now some of our members are still banking at Wells Fargo.

C. Austin Fitts: Yes, and I want to talk to them about that.

Michael Allwright: I guess it's an important thing. Somebody had put on the blog that you have to set your principles. I can't remember exactly what it was, but it was essentially drawing the line in the sand for what people have to do in order to become members. We weren't like that.

You do what you need to do that gives you energy, and we will go through this journey together. If you want support in getting out, we're going to be here for you, but we're not going to kick you out because you still bank at Wells Fargo. What's more important is to have you engaged and participate in this other stuff that we're doing.

C. Austin Fitts: Right, and people come clean in different ways at different times. The sequence is very differently.

Michael Allwright: Absolutely, and coming clean is something that we are still doing. We did some exercises at the beginning. We went through part of it.

C. Austin Fitts: You went through the whole article step by step?

Michael Allwright: We didn't go through the whole article step by step. We went through pieces of it and picked out parts of it. One of the ones was going through and we collectively talked about how many hours we spend doing 'wasteful things' like watching television or reading mysteries or commuting, and we came up with 120 hours for the seven of us for a week.

C. Austin Fitts: Isn't that amazing!

Michael Allwright: Yes, 120 hours a week that we could be doing different things.



C. Austin Fitts: For seven people, that is three staff years. That's the equivalent of three people working full-time.

Michael Allwright: On moving into the real economy. Yes. It was powerful. It was a really powerful moment for us when we recognized that, and even to look at my 20 hours or whatever it was and realize, "I can be using that time differently."

Just to go through the process of thinking about how we spend our time and how we might use that differently was a really powerful experience.

C. Austin Fitts: You can go through health, you can go through food, you can go through deposits, investments, donations, and all of your purchases. Every aspect of your life is an opportunity to come clean.

Michael Allwright: And like I said, it's still ongoing. Individually, we are all still working through different aspects of the 'coming clean' process.

C. Austin Fitts: To me, one of the most challenging things whenever I go through the 'coming clean' process, what I like to do is identify my risks. What is my risk associated with health, with food, with water, with energy? A lot of that is where I am dependent on centralized systems. It's very terrifying. That's why I don't like to do it alone.

It's funny because the Circle has gotten me going on so many different things that I never would have got going on because it's just too terrifying to look at it. I'm like Scarlett O'Hara, "I'll think about it tomorrow."

Sometimes it really helps to get the fear put into you because that gets you off your duff and gets you going on a whole bunch of things you never would have done without the Circle.

Anything else before we go to Education and Action? Is there anything else you wanted to say on Coming Clean, Michael?

Michael Allwright: No. I think that wraps it. Again, I think the emphasis is on doing it early, starting it early, identifying certain aspects that you want to do



as a group that are going to be empowering for folks, and then recognizing that you're not going to necessarily go through all of them as a group – unless that's what the group wants to do. But it is a continual journey, and it is something that you can even go back to now and again and check in and say, "Hey, remember when we did this a year ago and we had 120 hours? Where are we now? How are we doing?"

C. Austin Fitts: Have you done another count?

Michael Allwright: No, we haven't. I just had that idea.

C. Austin Fitts: Okay. We want to hear how you did.

So moving into Education. Step one is defining what everybody wants to learn, and every group is different. What 12 real estate brokers are going to need to know is very different from what 12 peace activists are going to want to know. So it's very, very different.

How did your group define what they wanted to know?

Michael Allwright: Because we started out with the background of Bioneers and understanding the shared principles that we came from, and in talking about what each of us cared about and what was important to us, we came to recognize that food security was a big one here in Alaska. We talked about shared risks. Food for us is a huge one, and to become more self-sufficient – especially as this outpost that is Alaska – and food sufficiency rose to the surface above other things like technology.

Other aspects tie into those two, but those were really the common thread that tied a number of our interests together.

C. Austin Fitts: My impression of Alaska Solari Circle is you also had within

So moving into Education. Step one is defining what everybody wants to learn, and every group is different. What 12 real estate brokers are going to need to know is very different from what 12 peace activists are going to want to know. So it's very, very different.



your group a tremendous hunger to just get a good map of what was going on.

Michael Allwright: We did, and we haven't gone through a mapping resource exercise, but we have talked around it. We understand certain aspects of the resources that are coming into and going out of not just Anchorage, but the state.

One of our planned guest speakers is the executive director of the local university's economic group.

C. Austin Fitts: Right. You have a fantastic group there in Anchorage.

Michael Allwright: We would love to have him come in and talk to us about what it is. I've been in touch with them off and on over the year, and occasionally I will get a report from them. They do a terrific job of summarizing all that. All the information is out there. It's just amazing that when you take the time away from your mystery novel and you spend it doing a little bit of research about the economic resources in your community, you can find it. It's typically out there.

C. Austin Fitts: I have a friend who lives in a fairly prosperous neighborhood, or what is thought of as a fairly wealthy neighborhood, up in Ohio. Her church started a group for people who had been laid off or were unemployed and were looking for work, and this group is exploding in size.

One of the things that I said to her is, "There are no jobs; we're going to have to create the jobs."

So rather than sit around and talk about how you find jobs, you guys ought to start mapping out your local financial ecosystems.

I addressed this when I spoke to Bioneers in Alaska. When you look at the state money pool – the pension funds and in Alaska we have something called the Permanent Fund which invests the oil profits that are to go to all of the citizens, so the citizens are the beneficiaries – between the Permanent Funds and the pension funds, Alaska is shipping huge amounts of money to Wall Street and taking huge losses on it. I mean, that's what we're seeing.



All this capital that hasn't been available for communities or local small business has been literally going down the drain in big corporate and bank stocks. If you look at the whole system of a county or a region, the reality is if we pull up all our capital and send it to Wall Street and it never comes back, there are no jobs. So somebody has to dig in. This group is full of incredible professionals. Somebody has got to dig in and start reengineering that money back.

Michael Allwright: Yes, and here in Alaska it's even more of a heartache that we're taking so much of our natural resources – actual physical wealth – and shipping it and turning it into paper and digital assets that have no basis in reality at all.

C. Austin Fitts: Right. You're selling the real economy and buying into the bubble.

Michael Allwright: Right. Exactly.

C. Austin Fitts: One of the things I'm scheduled to do sometime in late spring or summer is a Solari Report called Mapping Local Financial Ecosystems, and that is really to help folks who have never grappled with, "Okay, how do I sit down and find the data and find all the information and start looking at it?"

It's amazing. If you go to the Solari blog under 'Get Data' you will see a whole bunch of links that will get you started if you don't want to wait.

I'll never forget going over the Franklin Sanders' farm. Here's Franklin who is so knowledgeable about money and the economy, and I'll get him on websites that show how the money works in his country or in the state of Tennessee, and he's just floored. He can't believe it. He's like, "What? What?"

If you could get enough people in a place literate about where all this money is going and how it works, there is incredible opportunities. If you get enough prominent citizens walking in, a government official can't say, "I want to spend four times more than it costs." You can't do that. It's not politically feasible and it's not legal.



Michael Allwright: You bring up an important topic: How does a Circle go about becoming knowledgeable? What are some of the tools that are out there? Of course, the Solari website has been absolutely critical to our education on the real economy, but there are a number of other sources. Some of us follow GATA and some of us are regular Kitco junkies. So the internet, of course, is a huge resource.

C. Austin Fitts: Right. I think one phase of starting a Circle is really talking about what are the best sources of news, and what we found in our Circle was first we talked about what are the best sources. We shared sources and we started looking at all of the sources. Then what we realized over time was that different people were reading different things, and we looked to each other to be a source.

Michael Allwright: Right.

C. Austin Fitts: So now once a week we have a fabulous Treasurer, Paul Ferguson, and he gives a Money & Market report on the Circle. Then we go around the Circle and everybody reports about what they're seeing in their economy in their place, and they're reading different things. So we've started to see each other as sources.

Michael Allwright: That's terrific.

C. Austin Fitts: It's wonderful when that happens because ten people all reading and actively watching what is going on in their place and then sharing gives tremendous knowledge. Now they're all sending me their great sources for the blog. So when you look at the Top Picks, you're definitely seeing the first ever Solari Circle go to work.

Michael Allwright: That's a great example of getting a regional sense for it, and I think for us the individuals all bring in information based on our own interests. So we're able to educate each other in areas that we may not otherwise be getting information.

C. Austin Fitts: Right, and it's different points of view.



Another thing that I wanted to mention – and I don't think you have done this, but we did it – and that is creating a mock portfolio.

Michael Allwright: We did actually create a mock portfolio.

C. Austin Fitts: Oh, you did? Okay.

Michael Allwright: It was an excellent exercise to go through. We used the quadrant methodology, and I think we did \$100,000 instead of a million. Or maybe we did do the million.

We walked through the global liquid, global non-liquid, liquid local, and non-liquid local, and set up an investment portfolio. Just in doing that, it was a terrific education.

C. Austin Fitts: Right. You learn a lot about working with money together, but there is no risk.

Michael Allwright: Exactly. For those who didn't necessarily know how a bond worked or what a CD was, and different pools of money of which you can invest, and the struggling with the concept of local versus global. It's not actually 'global' in the bubble economy sense of it, but it's global/local.

C. Austin Fitts: Right. It's lots of other locals.

Michael Allwright: Right.

C. Austin Fitts: It's interacting with enterprises and people all over the world without going through big centralized governments or corporations or banks. So you're doing local, but you're doing it relationally. So it's lots of local instead of just your local.

Michael Allwright: It was really funny because I remember specifically when we were going through what local non-liquid could be, it was like, "Well, it's a

We walked through the global liquid, global non-liquid, liquid local, and non-liquid local, and set up an investment portfolio. Just in doing that, it was a terrific education.



farm in Costa Rica.”

One of the members got really excited about that and started looking for real estate in South America.

C. Austin Fitts: Let’s all get together and get a hideaway.

Michael Allwright: Exactly!

C. Austin Fitts: I’ve always believed that the hideaway is a great way for Circles to interact because people are worried and want to have a second place, but they don’t want to all buy one. So the idea of a group of people getting together and pooling a hideaway, to me, makes tremendous sense. I’m waiting for that to happen.

Another thing I wanted to mention is Economics 101 as a curriculum. I wrote it a long time ago for my local pastor. He has high school kids, and he asked me to write a curriculum for his high school kids. So I had no idea how to write a curriculum, but that never stops me.

I wrote it, and I realized after I wrote it that this is what most adults in America need because we never got this education. It’s really on understanding economics and using your local area to understand economics. That’s a tool that is up on the Solari website as well.

You said this before, Michael, but I want to stress again the importance of building your vocabulary.

Michael Allwright: Absolutely.

C. Austin Fitts: I think it’s so important because many people in America will talk to their broker and will talk to different people in the financial community, and those people end up using so many words. I’m guilty of this because I’m from the financial world. There are so many words that you don’t understand, and if a conversation is allowed to continue when people don’t understand the fundamental words being used, then it kind of falls apart.



Stopping and taking time to learn definitions is great. There are a variety of different glossaries you can use – printed glossaries and dictionaries for financial terms – but this is where I think Wikipedia has made an enormous difference.

I have an attorney who goes crazy every time I say that because he says, “It’s not precise...” but I think it’s wonderful.

Michael Allwright: If all you are going to it for are general terms, then I think it’s a fairly safe resource.

C. Austin Fitts: Right. I think it’s pretty good.

Michael Allwright: In terms of building your vocabulary, there are really two areas that people who are new to this financial world need to build. This is what we found. One area is getting a better understanding about all of the bubble economy terms so that we can understand some of the vehicles and the way that the bubble economy is being manipulated and worked. Then the other is creating the vocabulary to understand and build the real economy.

Some of us in the Circle struggled with, “Should we go take a class and understand finance? Should we take some sort of an introductory finance class?”

Then we realized that wouldn’t be vocabulary.

C. Austin Fitts: There is so much misinformation threaded through. It’s so programmed that I just think that for a group of people like the Alaska Solari Circle it’s faster and less expensive to do it yourself.

Michael Allwright: Yes, absolutely. That’s what we have found, too.

C. Austin Fitts: When you invited people to come speak, people are pretty eager to come address a group of seven.

Michael Allwright: Yes. Again, we have a long list of ‘To Do’s’ and one of them is to actually have some of the local bank representatives come and tell us



about their banks so that we can figure out – for those who still need to move into a local bank – how to do it and which one to pick.

C. Austin Fitts: I don't know a banker in this world who if you told them you had seven accounts ready to move would not love to roll out the boardroom for you.

Michael Allwright: Not only seven accounts, but potentially one group account, too.

C. Austin Fitts: Right. So taking action – and this is always an area for me where there are thousands of potential actions. It really comes down to where your heart is and what you're interested in and whether you're place-based or, like us, phone-based.

After you've come clean and you've gotten educated – and we know the education goes on forever.

Michael Allwright: Sometimes the curve is steeper in parts than others.

C. Austin Fitts: Right. Let's talk about some of the actions that a Circle can take before the big investment step.

Michael Allwright: Developing economic resilience is a big one that we're working on. Really we look at that both personally and as a household or as a group. Then, as an example, going out and doing what you mentioned before – buying up tangibles and laying in a good stock.

C. Austin Fitts: And that's a much bigger job than I ever thought.

Michael Allwright: It is, especially if you're like us and you live in a small house. I think the first step is going to be to actually clear out some room under the house in order to store some of this stuff, but then doing it as a group, too.

One of the things that has come up is one of our members has a shed in their backyard, and we're talking about converting that.



C. Austin Fitts: Right. There's a group where one did it, and then the second one started to do this. It's kind of like the hundredth monkey effect. Finally they said, "Hey, listen. Why don't we buy a shed, and why don't we aggregate our purchases so we can get much better prices and buy wholesale?"

Now they're off and running.

Michael Allwright: To then go from the group to the community, we came up with a few ideas of activities that we would like to do or at least look into. One of them is the idea of a community cold house – a community root or vegetable storage. That's something that a Solari Circle could do as an action.

C. Austin Fitts: We got a really good question on the Precious Metals update with Franklin Sanders. Someone had talked about how much higher the transaction costs were for buying precious metals in small amounts – which is a very good point.

One of the things I said, which I've always believed could really get going, is a Circle is very appropriate to help people learn how to invest in precious metals, particularly if they don't have a lot of money. Learning how to invest in precious metals, I find, is a new and strange world, and there's a lot to learn, and it's fun to do it together.

The other thing is there is something called a 'partnership' or 'hand' which can be very powerful. It's really a way of saving together, and it was brought to America by a lot of the different immigrant groups. What they do is you have around ten people, and let's say you meet once a week. You create a number that you're going to save. Let's say you're going to do \$25 a week or the equivalent of \$100 a month.

Ten people come together with \$100 a month, and you put it in the pot. Then one person takes it. It's a way for people to aggregate money to buy a car or a down payment on a home or things like that. It's very important to trust each

The other thing is there is something called a 'partnership' or 'hand' which can be very powerful. It's really a way of saving together, and it was brought to America by a lot of the different immigrant groups.



other and to have somebody be the designated banker because obviously if one person gets the \$1,000 and doesn't show up for the next nine months, everybody suffers.

So you need a high degree of ethics and competency. What has been found with a lot of groups who did this is over time you have the magic of compound interest working for you because your money is in your network instead of sitting in the bank. Believe it or not, in the securities and financial industrial, Float, which is the interest earning on balances, is one of the greatest sources of revenue.

I was on Wall Street for eleven years, and of those eleven years Float was the biggest source of our earnings. Of course, we weren't reporting fraud honestly, but Float is a very important ingredient in building wealth. These kinds of savings clubs can be very powerful.

If you combine them with precious metals, then what it allows you to do is if you're buying \$100 a month, you're paying very high transaction costs. If everybody can pool this way and one person gets a coin, then you're going to pay much lower transaction costs and you're going to have a group of people to help you really learn and get savvy about a new area that I think is only going to grow in importance.

It also applies to self-sufficiency things. I mean, imagine you all get together and put \$100 in the pot, and then you can start to buy farm equipment or other things that normally would seem overwhelming. I just bought a generator, and it's expensive.

There is a way of aggregating purchases or other things which, when you combine it with a savings club, and another one that is very important, which is paying down debt. I don't know whether the Alaska Solari Circle looked at that.

Michael Allwright: No, we haven't. What I like about all these things that we're talking about is it's action that is before finance. You don't actually have to create an LLC to do it, and you don't have to get into the potentially more complicated investment tools in order to do this.



C. Austin Fitts: Right. If you look at Angel Networks, they just get together. They share information and knowledge, but when they write checks, they each just write their own check and individually have a business relationship with whatever business they invest in. So there's no pooling of capital whatsoever.

Michael Allwright: Right. One of the things that we did do to take action is some scenario planning. That was an activity that we did as part of our coming clean and moving our individual assets out of the tapeworm economy and into a more real economy.

C. Austin Fitts: Right, and you know if you've listened to Position Your Assets, I describe seven areas of opportunity and seven scenarios. I think it is so important – if you are going to manage your time or your money – to do scenario planning and live emotionally in your imagination through what that world would look like.

I have to say that scenario planning by yourself is impossible, and a lot of these scenarios are scary. So doing it with other people is so much more wonderful.

Michael Allwright: For us as a group, it took us about three weeks to really go through each person's individual portfolio using scenario planning to do that. "What if this, and what if that? Let's look into putting some here and some there based on this scenario, and some here and some there based on that scenario. That looks good."

Then we talked about it afterwards, "Where is our fear?" There was a lot of fear that kept bubbling up in the conversation about these different scenarios and what that looked like. To be able to do that in a group, it got dark at one point.

C. Austin Fitts: Right.

Michael Allwright: Dynamically it was difficult, but as a group, at the end we were able to pull it back together and realize that we'd gone into that very dark and scary place and we had prepared for it, and now we don't have to worry about it. It doesn't have to be in the back of our mind all of the time that it would be if we hadn't walked down that road together.



C. Austin Fitts: I don't know if you've done disaster recovery planning, but I've done disaster recovery planning with my Local Sustainability Circle here in the county. Sometimes we deal with money, but generally we're dealing with very local sustainability issues. Doing a disaster recovery plan in a group – in a Circle – is so much better because you have to get into things that are very dark.

I live in a tornado area, so doing it with others made a huge difference to me. One of the things that I've found is that it's invaluable for not having to worry about things, but also just managing your assets properly. I really encourage disaster recovery planning because it just works. It really works.

On taking action, do you have any other comments that you wanted to make or ideas you wanted to discuss before we close, Michael?

Michael Allwright: No, I think that was it for taking action. We're really looking forward to doing more education and getting a deeper understanding of what it's going to be like to move on to the next step. I think a lot of these things that we've talked about in terms of taking action have been fun and fairly easy to do, and they have been very beneficial for us both individually and collectively. They didn't require that structure or the complexities of actually getting into group finance.

C. Austin Fitts: As we close, let me just ask you: As we've watched the financial centralized systems become more and more unreliable and also become more and more grabby in terms of power and control, has the dynamic or energy of the Circle benefitted from the message coming back from the environment saying, "You really need to do this"? Has the logic of what you're doing become a lot more compelling as the environment changes?

Michael Allwright: Absolutely. I mean, we got into this in November 2007, and things were still rosy. The outlook was still terrific as far as anyone knew. It has been quite a journey to walk through these times together. I think that we've all grown a deep appreciation for the community that we've developed and we also see this as even more of an imperative not to just develop and grow and strengthen our Circle, but also to increase the length of our tendrils out into our community and really begin to be actively involved in what we see



around us.

C. Austin Fitts: Right, and I really believe that if you look at so many of the actions the Circle can take, if you have lots of Circles self-organizing within a place, then the options grow exponentially because they make each powerful. There are more things that they can do with each other and encourage each other and team up to do.

Michael Allwright: Yes, and I really just want to say before we close that this can seem scary and frightening to take the step towards organizing with other people and talking about your finances and exposing a part of yourself that our society does not look favorably upon. It's not something that is a learned behavior in the US.

I think it's really important that we take the courage to do that and really commit to doing it, and recognize that we don't have to be financially savvy to do it. My experience before this was I had a 401k and I had a couple of other little investments in some land. I did not have a vocabulary nor the background to do this.

After going through over a year now of this process, I'm totally blown away. I'm trying to get somebody to help us go through some due diligence on a 300 acre dairy farm. A year ago I never would have thought that this was something that I would be able to do or something that I would be interested in doing.

C. Austin Fitts: What was so powerful to me was that you said, "I'm looking for somebody to help me do due diligence on recapitalizing a local dairy farm."

So I wrote an email to the group in Vermont. There is a wonderful organic farming group in Vermont. I just said to Willy, "Could you help the guy up in Alaska?" and – wham! Now he's got somebody with decades of experience who is just fantastic. The excitement from him about helping you was wonderful.

I think when local investors and local farmers start to realize that they can get in cahoots, that's when things are going to get pretty fun.



Michael Allwright: And it's developing that network, and not being afraid to take the steps to put a Circle together, and then just sticking with it. It's really important, and it really pays off huge dividends.

C. Austin Fitts: It does. In summary, I would just like to give a warning which is: This is a decision to do a Circle that takes a steady and regular investment. You are building a new field, so it takes time and it takes investment and it takes a faithfulness. You're learning to work with people in a way that you may not have worked with them before. So this is not something to take lightly.

When you do it, you want to organize it in a way that really gives you energy. So you need to think long and hard about what it is that is going to give you energy and who is going to give you energy and organize it accordingly. I think if you do that, you will be very gratified of what can come out of it.

So, Michael, before we close is there anything else you would like to say in summary?

Michael Allwright: No. I think that was it.

C. Austin Fitts: Well, we appreciate everything that you are doing in Alaska, and we appreciate everything the Solari Circle is doing. Thank you so much, Michael, and have a wonderful evening.

Michael Allwright: Thank you. It's really been my pleasure, and thank you for creating the opportunity for folks to participate in Solari and grow their own Solari Circles. It's terrific. Thank you very much.



DISCLAIMER

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