Good evening. Welcome to the *Solari Report*. Today is Thursday June 16, 2011. I'm Catherine Austin Fitts, and I'm delighted you could join me this evening.

Tonight, the first part of "Unpacking Financial and Investment Advice."

....Now let me just say – this is why I'm doing this series. I have spent a lot of time since – well, in the 1990s, I was an investment banker, and then as I entered into litigation with the federal government and started to speak publicly about the corruption and was doing radio shows, people came to me and said, "Oh, you have to help me. I've heard what you said. Now translate that into what it means for my personal finances and investment. What should I do?"

And I would say to them, "Well, you know I'm not a financial planner. I'm not an investment advisor. You need to talk to your financial planner or investment advisor about that." And they would come back and say, "They don't understand what's really going on. You need to help me."

And finally, in 2004, someone pretty wonderful said to me, "Look. I absolve you from having any expertise in financial planning and investment advisory. You need to just be my investment advisor and do the very best you can, and I absolve you of having to be an expert." And so I said, "Okay, well, here we go."

And so I started to look at their entire situation, and I came back to them after going through all of their financial statements and their brokerage statements saying, "Oh my God. I can help you tremendously," because the financial system had become a place of economic warfare.

One of the things to understand about our financial system is it's really quite incredible. There are a lot of amazing people. There are a lot of great products. There are lots of great services, but it's also full, as we all know, of fraud, incompetence and just mind-bending complexity. And that's one of the things I discovered in 2004 was the complexity had reached a point where it was extremely hard for a very intelligent, well-educated person, who wasn't trained in the financial system, to navigate their way around it.

The other thing is our educational system typically does not provide basic literacy to help you understand and navigate, and that has made it much easier for the financial system to manipulate and harvest and steal from people. So the first thing you want to do is take the time to become literate and make an effort to help those in your family – if you have children or grandchildren – to help them learn because the sooner you start learning it, the younger you start learning it, the easier it is to avoid many of the traps that happen.

Now, I wanted to introduce a mental tool that I use when I look at any financial situation, whether it's at the household level, the community level, the national level, or the global level. I have a little mental matrix in my head. And there are sort of three frameworks. One is who or what – so who did it, or who controls, or who governs – and what is it and how does it work? So I divide knowledge into who stuff and what stuff.

And then there's the micro level and the macro level. So the micro level is my balance sheet or my household balance sheet or the money in my community and how the money works around me, or at the macro level could be at the state or the national or global level. So at the micro level, there's personal financial issues, and so, for example, do I want to get a mortgage to finance my house? And at the macro level, there's the financial system for housing, so there's Fannie and Freddie and FHA and all the government regulation. And then there are the global financial markets and global interest rates and supply and demand of money at the macro level that has a tremendous impact on what happens to me at the micro level.

So there's who and what. There's micro and macro, and then there's covert and overt. Think of our world as Disney World, and there's a world upstairs with Minnie and Mickey and all the beautiful houses and everything working perfectly. And then underneath the ground, there's this whole other parallel universe of people who are managing and organizing and doing all sorts of stuff that's nontransparent, and you have covert cash flows and overt cash flows. And the reality is the economy is both the covert and the overt, and the covert and overt run through the micro and they run through the macro.

Part of understanding covert and overt is understanding who and what manages at the covert side and the overt side. So, for example, if you come to the county where I live, the illegal drug business and mortgage fraud is a very important part of the economy, but that's all covert, but at the same time, navigating the economy locally, I find it's very useful to have an estimation of who or what is doing what on the covert side and keeping that in mind when I'm operating on the overt side.

So, again, this mental matrix – when I look at anything, of who and what and micro and macro and covert and overt – another way I talk about it is financial ecosystems – how do the financial ecosystems around a particular place or situation work – and the more you can build your literacy of the financial ecosystems, personal finance will be at a micro level, but if you look at the whole economy and can understand how that relates to your micro level, the more powerful you can be.

Okay, so there's lots of great information on the economy, and I'm going to be going through some of the different experts. We're going to talk after I go through what I call my "takeaways," but two I just want to mention now is – a website that I use a lot for financial planning is the American Institute of Economic Research. I had their president on the *Solari Report* last year talking about one of their really excellent financial products, "If Something Should Happen," a little workbook to help you plan, including for some of the death and disability and some of the hardest things to manage in a family context.

The other thing is there are great books. If you look at the For Dummies series or the other books like that, there are great books for personal finance and finance at the micro level, and I would encourage you to get them. A lot of understanding personal finance comes down to learning about 200 or 300 words and learning how to apply them to your situation. If you take the time to just pick them up one by one – I'm a great believer if every time I see a word I don't understand, writing it down – there's a tremendous amount at the personal finance level of very good stuff that you can get.I would encourage you to reach out and look for it.

I want to talk about nine takeaways, and these are the takeaways – if you look at all the experience I've now had since 2004 – because I've been doing investment advisory work and working with clients and working with subscribers on the *Solari Report* and getting a flow of questions – there are nine takeaways of basic principles that I think we all need to know when it comes to managing our financial affairs.

One of my focuses today is on digesting financial information from a variety of sources.I want to go back to basics and look at these nine takeaways. If you practice these nine takeaways in a way which is good for you, I think you'll avoid a lot of the mistakes and pitfalls that I've watched over the last seven years.

Takeaway Number 1 is that you are the governor of your money.

I'm Catherine Inc. If you're Judy Inc. or Harry Inc., you're your own board of directors, and you can hire and fire your bankers. You can hire and fire your financial planners. You can hire and fire your insurance company, your depositor, your investment advisors, but the one thing you can't outsource is your governance. Only you can govern. You are responsible.

There are times that governance has to get delegated in the event of the disability or death, and at that point there's no more important decision as to who you can trust to govern because you're asking somebody to literally care and understand your assets to the extent you will. And so, except in those events, you've got to be the governor of your money, and I assure you that you're more than capable to govern, and you can learn whatever you need to learn to do so and be successful at it.

Part of that is making sure if somebody makes something too complicated for you to understand, you need to hold them responsible to speak to you in English because I can assure you there's no aspect of the financial system, whether who or what or micro or macro or covert or overt, that you can't understand. I can assure you. You're more than capable to govern, and it's a matter of taking the time and paying attention, and if you're willing to do that, it's going to work. And part of that is simply finding a way in which it's fun for youYhat starts with understanding. You're completely unique. Your situation is completely unique.

One of the things that drives me crazy is I'll see people get on the internet or get on TV and listen to somebody who's very good, who's giving some great advice, except it doesn't apply because their situation is different. So, for example, Franklin Sanders, who is a great source of wisdom about finance and investment, may advise you that you should always own some physical coin at home.However, if you're 93 and you live in the South Bronx, then perhaps keeping all your precious metals in a depository is not such a bad idea. So it drives me crazy when I hear across-the-board formulas or rules that result in really stupid results when misapplied to different people in different places and situations.

What you need to understand is you're completely unique, and somebody speaking at a media level can talk in generalities, but not all generalities apply to you or apply in the way that you've envisioned. You're absolutely unique.

That brings me to Takeaway Number 2, which is how you as the board of directors govern your assets depends on your missions and goals.

Money is a servant. It's a tool, and it's there to serve.The question is what goal, what mission, is it trying to serve? So let me just use myself as an example. I went to Wall Street. One of the reasons I went to Wall Street was I wanted to learn how the system really worked. I worked on Wall Street, and I loved working on Wall Street. I made a lot of money, and one of the things I discovered was to really understand the system you had to understand government.

So I left Wall Street and went into the Bush administration, knowing that it would be a very expensive proposition, and it was. My net worth dropped by about $1 million for the experience of working in the Bush administration. And I won't bore you with all the details of why it was that expensive, but it was. I decided that what I would do is take that knowledge and do something about it, and that's when I started Hamilton Securities.

I'll never forget. Somebody that worked with me on Wall Street, after I started Hamilton, said, "Oh, you used to be so rich, and now you're so poor," and I said, "Don't be ridiculous. My equity in Hamilton is worth much more than I've ever been. I'm worth more now than I was then." But she thought of money as something that was liquid. She didn't see the equity in Catherine Inc. She didn't understand the value of private equity.

Te point of Hamilton was not to make money, although that was one of the performance metrics. The goal was to figure out how we as investment bankers and software developers could help decentralize the society in a way that would create wealth, both for everybody else and for us. I remember one of the bankers there couldn't relate to my mission statement, so he changed it to "end poverty, get jet," the idea being if we ended poverty we'd create so much wealth we could afford to get a jet because we'd get a piece of it. The whole point of it was to make an important contribution.

Hamilton did very well. It was making a lot of money. It was on its way to being very, very successful. Then the litigation happened, economic warfare. It's the reality of life. I made a decision that I was going to take my personal fortune, and spend it to work my way through the litigation instead of quiting and giving up My attitude was, "I'd rather live free and live with integrity than be a part of genocide, so I'm going to work my way through this and solve it."

When the litigation was over, we got quite a lot of money in the settlement, My attitude was, "Okay, now I'm going to build Solari," because the hardest decision I ever had to make during the litigation – and it was a decision I had to make many, many times – was do I really want to stay alive? And the answer was, "Yes, I want to stay alive, and the reason I want to stay alive is that I want to do something," and that something was to build Solari. It's what I'm doing now. So when we got the money in the settlement, I used the money to build Solari.

Now if you look at the financial advice I got from financial planner types and my wonderful CPA at the time, it was completely contradictory instead to how I have invested my moneyThe reason is because my money serves a goal. It serves a goal of what it is I want to do in this world and what I want to contribute, and financial performance is a performance metric, but it's not the goal.

Now, some people have a goal of wanting to be very, very rich. In fact that is their mission, their goal. That's fine. And then they would manage their money very, very differently than I have, and both of those are fine.

I wanted to give you an example, again, of this strategic purpose issue. When I was on the board of Sallie Mae back in the early '90s, I went to a strategic planning mission, and all day long the management – some of which are the people who then took over Sallie Mae and turned the student loan industry into probably one of the biggest scams the world has ever seen – they were talking all day about how the goal was to make money, and I didn't say anything. I felt very uncomfortable throughout the meeting.

And finally the CEO said, "Well, Catherine, you haven't said anything. I think everybody should talk. Is there anything you would like to contribute, or what have you thought of the day?" I took a deep breath, and I said, "My problem is I can't relate to a goal of making money." I said, "I think the purpose of an enterprise is to build a great car or to help students get education and that our financial results is a performance metric of whether or not we're doing a good and efficient job of meeting that goal, but I can't possibly – I don't think when you tell employees you're here to make money, I don't think you get a good result. I don't think they understand what that means."

And the CEO, after I finished, almost bit my head off, and what was funny is most of the rest of the board suddenly stood up and started agreeing with me. And it was a perfect example of the difference in strategic mission of money being the goal or the servant.

As an aside, if you're contemplating you or anybody in your family getting a student loan, I strongly recommend you read a book I just finished called *The Student Loan Scam: The Most Oppressive Debt in U.S. History – and How We Can Fight Back* by Alan Collinge. It's a great book to help warn you about the dangers and the pitfalls of student loans.

But as we saw what happened with Sallie Mae, that group of people, some of them went on to basically turn Sallie Mae into a money-making machinery that never served the fundamental mission of what the organization was created to do, which supposedly was to help people get an education. Instead, it was used to help bankrupt a whole generation of kids in a way that is terribly, terribly harmful to the long-term equity values of this country and the whole planet.

It's a perfect example of the strategic question of what is it you want your money to serve. And the bottom line is you need to build financial wealth to serve you and your family and your purpose, as opposed to just make money. The goal of the thing is not to get more money. It's for you to have a successful life according to how you define it.

Takeaway Number 3 is that the primary asset is You Inc., not just financial assets.

So my primary asset is Catherine Inc. and yours is David Inc. or Mary Inc. or Judy Inc. If you look at a balance sheet of you and your assets, it includes your tangible assets, such as your home base or your gold and silver, as well as your financial assets, such as your bank deposits and your brokerage accounts. But it also includes your human capital, which is your health, your energy, your living capital, and your intellectual capital, your knowledge, your skills, your creativity, and the same that you access through your network.

So I find so many of my clients and subscribers focused on whether the Dow Jones is going up and ignoring whether the equity value of You Inc. is going up. It's very important that you make sure that your investment of time and money maintains a balance of wise reinvestment in your human and intellectual capital as well as your tangible and financial assets. And, indeed, envision a world in where your investments in one gives energy to the others and vice versa.

It's one of the reasons why I spend so much time focusing on health because looking at your investment and financial choices on an integrated basis is critical. If you look at the financial decision, "Do I do renewable energy, solar energy, geothermal, whatever, or do I stay on the utilities," so many people will tell me it's cheaper to stay on the grid, except if you look at an integrated basis and you take into account the kind of privacy risks and health issues that Blake Levitt described in our Solari Report interview, in fact, on an integrated basis that may not be true at all. And that's why it's so important to look at the living capital and health issues and integrate them into your financial decisions.

Human and intellectual capital is another reason why it's very important to think about the pros and cons of learning how to start and build, operate enterprises and have entrepreneurial skills, if not for yourself, for your kids, helping them learn how to get those. Not being dependent on the corporate system for income is a real blessing.It's a lot of work and takes time to do it. And so particularly when it comes to raising kids or grandkids, thinking about how to help them do that now is important.

So, again, think about You Inc. and what you can do to increase the value, not just of your liquid assets, whether tangible or financial,but how you can get the equity value of You Inc. going up.

As a subscriber, you can access all of the *Solari* audio seminars, and two of the audio seminars that go into this in a very, very wonderful way. One is called "Coming Clean," and the other is "Building Real Wealth," which is one of my favorites. It's one I did a while back with Franklin Sanders, and it's very, very good.

One thing to think about: when you do your financial budgets, as many people do, I would also recommend doing a time budget and a knowledge plan. If you look at your time, what you will find is there's a great deal of our time that goes into activities that really don't build up our knowledge or our health and really aren't productive and really come down to the category of bad habits. And the more we can change our personal habits, the better off we can be.

I put up another commentary on the blog today about how harmful TV is and how it can cause you to die younger – new study out – but I really do say if you want to be financially successful, throw out your TV. It wastes your time. It harms your health. It fills you with entrainment technology. If you want entertainment – I'm a great believer in entertainment – watch documentaries and movies that build up your literacy about how the world and the economy really work, and there are a lot of entertaining ones that do. It's one of the reasons I cover them in Let's Go to the Movies.

Let me mention what a knowledge plan is. If you literally sit down and make a list of all the knowledge you want – so in the financial area, make a list in the categories and who and what and micro and macro you want to learn, and then over time go about it in a systematic way. A knowledge plan, especially if – let's say you watch two hours a week of TV and you're willing to give up one of them or cancel one of them and reinvest that in building your knowledge. An hour a week of reading books that really help build up your personal financial skills or your investment skills, over a lifetime that one hour can make a huge difference.

One of the things I wanted to mention, in fact: If you said to me, "I'm only willing to read one book to help me with financial planning. What would it be," I would have you read *The Road Less Travelled* by Scott Peck or some of the Steve Covey books because in fact a lot of personal success with money really comes down to taking responsibility, being mature, handling problems well, getting along with people, and living effectively with discipline, aka, good personal habits. A lot of this comes down to good, basic, common sense.

Takeaway Number 4: Change and economic warfare are the paradigms.

A lot of the difference between me and other people who talk about personal financial issues or investment issues is that I look at the world from a prism of economic warfare. We're in a period of incredible change.That change is going to accelerate. One of my favorite quotes was a hockey player who was short, named Wayne Gretzky. A reporter was asking him why he was such a successful hockey player, given that he was so short. He said, "I skate to where the puck will be."

It's very important, in a period of great change, to understand the long-term trends and skate to where the puck will be. And that's my view of the world, and it tends to be very different from people who come at things from the corporate system or who are looking at the world the way it used to be five or ten years ago.

When I walk into a grocery store, I'm trying to figure out how to buy food that's real food and not poison.There's a big difference. When I arrange phone service, I anticipate the danger of all sorts of hidden fees and service charges that shouldn't be there. When I deal with credit cards, I know that there are all sorts of games, and they make me vulnerable to identity theft, which is very dangerous, so I have arranged to freeze my credit. When I go into a hospital, I know that unless somebody I love and can trust, who can watch over me, if they don't have a durable healthcare proxy I'm in real serious physical danger.

The way to think of this is the reality in the court of law. A person should be innocent until proven guilty. In the financial medium, the financial system, you should assume, that everyone and everything is guilty until proven innocent by you or someone you know and trust.

Now I'm sorry it is that way. I wish it weren't that way. But we're going into a world where in fact it is that way. So it's the opposite premise of what it is in a court of law. It is really "buyer beware", and you can assume the worst kinds of behavior and intent from all sorts of large corporations and enterprise.

We had Bob Sullivan on the *Solari Report* last year to talk about identity theft, which is a very important topic. It took me over two years of reading and research to find Bob. I was very sensitive to having somebody trustworthy to talk about that topic. In the process, I read his books. They are a great education on many of the little risks that consumers face at the micro level and can overcome with good financial literacy and knowledge and paying attention. I encourage you to read them because part of building wealth is simply not allowing your wealth to be drained, and a lot of that drain comes in 1,000 little cuts.Bob is the master of identifying them, describing them and digging them out.

Another part of operating in the economic warfare paradigm is that you need to operate on the theory that there are no secrets from the government and private intelligence agencies. That means you need to understand the risks of having a control file or working with others who do. You need to understand the ease with which you can be caught if and when you break the law. Surveillance of all the economic and financial activity and data is deeply invasive. I'm always shocked at people who think that they can break the law and get away with it, particularly the tax laws. The odds are not in your favor.

For example,if you buy coins from a precious metals dealer and then sell them back and make a big profit and think that you don't have to report taxes on that, you just basically gave that dealer extraordinary control over your life. You just created a control file that can be used to blackmail you.

It's very interesting. I point out to you, and it's up on the blog. Quebec Revenue investigators are doing a sweep and doing investigation of many firms in the Quebec area, including Kitco, which is a popular firm forprecious metal investors buying coins through the Internet. And Kitco has announced that they've put themselves in receivership, just so they can continue to operate while this investigation is going on. I suspect there's going to be a lot of digging to see who has and has not been paying taxes. Whether or not the Quebec Revenue investigators are cooperating with U.S. and IRS investigators, I have no idea.It's a perfect example of the kind of situation that's going to be increasingly happening. My recommendation to you is never, ever, ever break the law because you need to assume that there is no privacy.

Another aspect of this economic warfare paradigm is what I call "entrainment technology and subliminal programming," aka mind control, whichis much more prevalent and much more invasive than most people recognize. I've talked before about when I was on Wall Street. In 1984, I overheard a conversation that I wasn't supposed to hear about the use of what I now call entrainment technology combined with subliminal programming on TV.It scared me absolutely to death. I went home, and basically that was the last time I ever really owned and watched a TV, and for many, many years I wouldn't allow one in the house.

When I went into the Bush administration, I had somebody help me decorate my house in Washington who went and bought a TV without my permission and basically said, "Look. You have to have a TV if you're going to work in the Bush administration." And the minute, the day I left the administration, I gave away the TV.

If you look society-wide, that kind of technology is being used elsewhere.Let me give you some examples. When I first started to investigate Enron in about 2000, I started to read stories of presentations to analysts where the analysts would come out of the presentation absolutely, completely enthusiastic about Enron. And if you looked at what was said, or you looked at the transcript, it didn't make any sense. I couldn't fathom why anybody was really excited about Enron. You'd think, "What had happened to these people?"

It was interesting. I was out in Hawaii, and I got a presentation from a scientist who sat me down in front of a big, wide TV screen and gave me a detailed briefing on how entrainment technology and subliminal programming work. And shortly after that, I went to one of the gold conferences in New Orleans. I walked into the ballroom just as Dick Armey was speaking. I just got hit with a wave of this sort of sense of pleasure and wooziness. I realized, "Oh my God. They're using entrainment technology," because it's the same kind of feeling I would get from some of the TV shows the scientist had shown me, and it was very strong.

I went in, and I sat down next to somebody I know is a pretty grounded person, and I thought, "Oh my God. I really have to be very disciplined in how I listen to this," because it's very hard to stay focused. You just felt so happy and good. It was kind of like being on a drug.

So Dick Armey finished speaking, and then the next speaker was George Tenet, who used to be head of the CIA. I put my head down to look at my pad of paper to write some notes – I was taking notes on what he was saying – and suddenly I felt a rush of pleasure, and I dropped my pen and I started clapping and saying, "Isn't he wonderful," to the guy next to me. And I looked at myself and I said, "What am I doing? He's not wonderful, and what he's saying doesn't make any sense." It was quite amazing.

And interestingly enough, they asked for questions from the audience, so I thought, "Well, this is my opportunity." And Tenet had been talking about the importance of coordinating between intelligence and enforcement agencies, and so I got up, and, of course, he knows who I am, and I asked for the microphone, and I said, "Thank you for taking my question, Mr. Tenet. My name is Catherine Austin Fitts. Can you explain why the Air Force stood down four times on 9-11?" And he turned bright red, and you can tell he just go furious.

There's a rule in political speaking that if you get a question you don't want to answer, you simply are unbelievably gracious to the person who asked it and then proceed to answer a totally different question. You just skip and do a non sequitur. So our training was that in a situation like that, I would say, "Oh, Catherine, it's nice to hear from you. That's such a great question," and then proceed to answer something completely gobbledygook different. But whatever you do, you're gracious.

Well, of course, I guess Tenet had never had the training because he turned bright red and then finally said, "Well, my dear," very sarcastically, "I ran the CIA. You should ask that of the Air Force," which completely contradicted his whole presentation on the importance of coordination. And of course, 1,000 gold investors said, "Oh my goodness. What is he afraid of" and proceeded to go out and buy more gold.

But my suspicion, my guess, is that one of the reasons he wasn't prepared for that question was because they were using entrainment technology, and they expected a very friendly, supportive crowd. From experiencing it, I can understand why they expected that. This stuff is really real and it happens.It gets combined with financial and investment information as it did in New Orleans.

I also think it happens on phones. I believe it happened to me during the litigation. They can use it on phones to make different parties sound or seem a lot more attractive. From watching some of the investors' things that have happened, my guess is it's also happened in that context. So somebody's pitching you on an investment during a phone conversation, and the entrainment technology is being used on the phone.

One of the TV series we covered on Let's Go to the Movies was the TV series *La Femme Nikita*>There are a couple of very good shows in that series where they go into this kind of entrainment technology and how it's made to make one person fall in love or be attracted or trust another person. Interestingly enough, that TV series is a very good primer in all sorts of technologies of covert operations, including entrainment technology.

Another aspect of economic warfare is that we can be dealing with some pretty sophisticated dirty tricks, including mind control. That's part of what we've got to be concerned about. I'm going to be talking about it again next week in the investment context because one of the things I've become increasingly concerned about is the use of this kind of technology to pump and dump the market and to encourage people to invest in things, including through the Internet. It's not just TV. It's Internet as well.

Takeaway Number 5: Nothing is more important than the quality of the people you do business with.

I'm going to say this again because if I could get one thing into your spirit this week, it would be this. Nothing is more important than the quality of the people you do business with.

In a war – and remember my paradigm is economic warfare – it is not a good idea to give your personal financial data or your money or your assets to somebody who is your enemy or who is loyal to your enemy. So you've got to ask the question are they competent and do they have an integrity, and are they in a position to do a good job for me, and in addition, are their interests aligned with mine? Do they make money, and are they financially dependent on corporations and governments who do not have their interests aligned with you whatsoever?

These things are not a function of price, so when you tell me, "Oh, well, I can get a quarter of a percent more from a CD at that bank," what I'm telling you is that bank is not your friend.

I'll never forget. I had somebody come to me not that long ago who was persuaded by the pitch of a group of money managers that these were the people for him. Well, if you looked at their resumes, their pitch was, "Oh, America's collapsing, and you need to reposition yourself, and the bubble's over and you need to reposition yourself." Well, when you looked at the resumes of the people in the group, they were all the people who were leading the bubble, so they're just on to the next sort of game.These are the last people you need to be associated with.

It's very, very important to say to yourself, "Who's the governor, and who's the manager of this institution," whether it's a bank, whether it's anybody you're doing business with. And you need to really think about the quality of the people and how their interests align with you.

If you go to our Bank Intimate page at the Solari.com website, where we talk about how to find a good local bank, you'll notice the priority I give to who governs and who manages, and checking out the quality of the people. One dead giveaway is if they speak to your fear or your greed, then they're probably not for you. If they speak with calm, and they speak to your intelligence, and they give you the information you need to independently assess, if they're people who leave you more powerful intellectually as well as better off financially, those are the people you want to do business with. You want to stay away from people who manipulate emotions. That's a rule of thumb.

The quality of the people you do business with is critical. It's much more critical than price.It's much more critical than all kinds of whiz-bang products. I cannot stress this enough. Be very, very careful who you associate with yourself and who you let touch your data or your money.

Takeaway Number 6: One of the keys to making money is not spending it and not losing it.

We're going to talk about this a lot more next week during the investment part. But every dollar you spend is a dollar that can be invested and can grow. We're moving into an environment where the choice of doing things for yourself versus earning more income, paying taxes and then paying someone else to do it for you is changingThat has profound implications for how you invest your time and grow your skills.

Now it makes economic sense to learn basic homebuilding and repair, auto and mechanical repair, gardening, other skills, in addition to financial literacy. And part of this is a switch between intermediation and disintermediation.

Once upon a time, we were small farmers. We did everything for ourselves. We didn't have any financial assets, or very few. Now we work for a large company. We shop at the company store. We invest our savings in the company stock or the company bank, and as a result, we've been intermediated. In many ways that kind of intermediation is very, very efficient, where you can trust it and where you can trust quality and where the economics work.

What's happening is, now in this period of change, that's reversing. I once had a wonderful client who was complaining that the yields in the stock market were falling, and the cost of her water bill was rising. And I said, "Well, it's simple. Just sell your stock and build a well." That's a perfect example of starting to disintermediate the intermediation.

Another example is getting a self-sufficient energy system. A lot of these things occur where the system stops being trustworthy.So when you start to look at food or energy or transportation, all sorts of other things, suddenly it makes sense to take the time to learn how to disintermediate and to organize with others to disintermediate. So you organize with a group of your neighbors to suddenly start going down to the terminal market and buying food on a wholesale basis or teaming up with a farmer and helping them start a CSA.

If you listen to the audio seminar, which is in your – if you go to the very bottom of the control panel, you'll find a link to the complete collection of our audio seminars. I go into this in a lot of depth in the audio seminar "Positioning Your Assets for Growth in

Uncertain Times," including showing before-and-after financial statements, that y help you see the dynamic in one family and household.

Takeaway Number 7: Manage to the long-term trends.

It's much more important doing a good, simple job of skating to where the puck will be, as I talked about before, than reacting to every new development in the market today. Again, we're going to talk about this more next week, but let me focus you on some of the long-term trends.

If you look at the transcript that we did for the year-end wrap-up for 2010 that we did in January, it's up in your control panel, it does a great job of overviewing the long-term trends.I encourage you to read it again because it's still very timely. It's not out of date at all.
Let's look at some of the big ones. The biggest one is switching from financial assets to real things. We've printed lots and lots of paper, lots and lots of bonds, lots and lots of currency, lots and lots of derivatives. There's still about the same amount of real land and plant equipment, so we haven't begun to develop more real things the way we've been printing paper and we continue to print paper. As I said during Money and Markets, I think we're coming into a new QE, a QE3, and what that means is we're going to go through a fundamental reset between the value of financial assets and the value of real things.

My big prophecy for this year is that toilet paper's going to have a 11-times better yield than money markets. That's a fundamental change in going from financial assets to real things, and that's why that's one of the reasons I recommend so much stockpiling because, in fact, if you look at all the nonperishable assets that you're going to use a year or two from now, it's very economic for you to simply stockpile them than to put the money in the bank. So No. 1, switch from financial assets to real things.

No. 2: the politics set the boundaries on the optimization of the value of assets and the optimization of financial markets. So probably the most important variable to the pricing of most financial assets is suppression of technology and the law and regulation impacting themanagement of strategic prices. Remember, the goal is control, not to make the guys who run everything richer. The leadership has more money than you can possibly imagine. Not to say that they don't need more, but their goal is control, and as a result, what we're watching is a very centrally managed kind of situation with very centrally managed valuations.

So people, for example, always say to me, "What is it that could get you to recommend that we sell all of our gold and silver?" Well, if they unsuppress the energy technology that's in the closet, watch out. You could see gold and silver values fall a great deal, and you could see a tremendous boom in all sorts of equity markets. Another example is mining. A great amount of stuff has been done to shut off new gold mining capacity coming on line. If that were to change, then suddenly we could see a big shift in the supply pipeline.

So remember the boundaries are set by politics. If you want to skate to where the puck will be, you need to see any upcoming changes in those boundaries.

The third trend is that the slow burn rules. I find so many clients and subscribers focused on all sorts of scare and wild-card scenarios, collapse scenarios, and not appreciating that our real risk is the slow and steady harvesting of the outsiders, including through another very important long-term trend, debasement of the currencies. Debasement in the slow burn is our primary risk, and it's one that radically changes the economics of a lot of traditional investments. We'll talk next week about life insurance and annuities. There is 100 percent chance that you are running the risk of debasement. I would hate to see you spend a lot of time and money protecting against a wild card scenario when you need to focus on the 100 percent guarantee that you've got a real risk to manage with slow burn and debasement.

Take a look at the transcript from the yearend wrap-up because I think it will really help.Focus on the probabilities, not just the wild cards. If you look at the probabilities of your risks, it's the slow burn. It's debasement. It's car accidents. It's illness. It's death. It's drops and interruptions of income. These are the things that happen in all lifetimes, no matter what, despite what the central planners may or may not be doing.

Don't let the bad news freeze you up or stop you from taking action and moving forward. The future is created and built. It does not come to those who give up or plan on it not being there. I have a wonderful little magnet that I keep at my desk with a quote from John Cage.It says, "Begin anywhere," and that's what I turn and look at whenever I get too much negative and frightening news from the Internet. Just keep acting and going towards the future that you want to build.

Takeaway Number 8: There is no away.
As I said, globalization's happening. The growth is elsewhere, and so we all need to adapt to that. At the same time, what I call the "tapeworm," the corruption is global. It's everywhere.If you look at the centralization, it's globally organized and managed.

Now different places are different. There are cultural differences, and the tapeworm is a lot less invasive in some places than others, but I can assure you this is a global phenomena, and the idea that you can leave here and go someplace else and get away from it is basically just not the case.

There are some wonderful services on the Internet – International Living, Sovereign Man – and they have lots of very useful information about how you can start to live globally, invest globally, learn globally, and I find them very useful. At the same time, I find that they sometimes feed the hope that there is a real solution, that you can just get away.

I'll never forget. When I was litigating with the federal government, somebody suggested I move to Panama, and I said to them, "Are you crazy? If you think the Bush cabal can torture me in the United States, just wait till you see what they can do to me in Panama where they have far more power and I have no institutional, family, personal relations history." So the ability of certain interests to be lawless, they can be lawless anywhere, and so it's a little bit harder for them to be lawless with someone like me in the U.S. than it is in the middle of Panama.

You need to ask yourself, when you're considering a global move, "Will this make me more powerful? Will it increase my personal power?" Going to someplace where nobody knows you and you're a complete stranger does not necessarily increase your personal power at all. At the same time, having global options does give you more options. You need to be careful. I know a lot of people who have moved abroad and ended up very, very unhappy, so this is something you need to take the time and research carefully.

One of the experts I'll talk about next week is Peter Schiff, who I think has done a remarkably good job of sort of sussing out how to go global in terms of investment in ways that make sense. Peter and I don't always agree, but I think he has a pretty good understanding of the fundamental dynamics and where to find the good economics around the globe.

Takeaway Number 9: Start a Solari Circle.

Developing financial literacy and personal financial knowledge and skills can be heavy goingSome people like to learn alone. Some people find it a lonely endeavor. If you feel like it, if it will help make it more fun or make the learning go faster, I would gather a group of people who can meet regularly, once a month, once a week – depends on how you want to do it – and you can meet in person or by phone. It's a way of learning together. You can read books together. You can watch documentaries together. You can listen to the *Solari Report* together. There are lots of different things you can do that help the practice of becoming more knowledgeable in this area, just effective for you.

Let me tell you this story. I'm part of a group called The First Ever Solari Circle. We meet once a week by phone.I'll tell you when it started. In 2005, I was working with someone who wanted to buy a world bond fund. For weeks we looked for a world bond fund that was good.Finally they bought one that had 15 percent of its holdings in Indonesian sovereign debt. About a week later, it dropped 15 percent overnight in value for no reason. There was massive insider trading – it was a closed-end fund – and there was no explanation. Nothing in the market had changed. There was no change in interest rates. We called the sponsor and couldn't get any information as to what had happened. It was astonishing.

Now 15 percent of the principal was in Indonesian sovereign debtThat's also how much it had fallen. And then a week or two after this happened, the tsunami in Indonesia happened.The only logical explanation I could discern from this was that the tsunami – that they had had inside information. They knew that there was going to be a tsunami a week before it happened.

I'm a pretty happy person, but I'll never forget being very depressed and thinking, "How in the world can you manage money and do financial planning in a world where a group of people can trade a tsunami a week ahead of time?" This was the beginning of the issue of disaster capitalism. How do you manage your life and assets in a world where these kinds of things can be induced?

I said, "You know I can't do this alone." So I ended up organizing a group of people who have been meeting by phone since 2005. We've been together for almost six years.Every week we get together and we talk about what's going on in "Money and Markets." The members are all over the country. They have tremendous insights from their place as to what's going on. It's a wonderful way fof not being alone in looking and understanding the madness of the kinds of change that we're dealing with.

If you go back into the archive of *Solari Report*s, we have one on how to start a Solari Circle that I did with the help of a member, somebody who started a Solari Circle up in Alaska. We also provided the documents. We have an account at a discount brokerage firm. We do investment together.I find that it really helps you focus on – when you sit down and say, "Okay, where do we put the money now," it focuses the mind and brings you to clarity.

We've been sort of dealing with investment for many years.It's very interesting to get together with a group of people and try and craft the rules and regulations of how you're going to govern a pot of money together and share responsibility for the investment of your money.

A Solari Circle doesn't have to involve investment. It can be simply a financial education club or action club where you do shopping together. You can organize to do a variety of different things that will save you money together. It can be whatever you want it to be, but the advantage of doing it is you don't have to be alone. And then there are other people who bring different points of view and help do some of the intellectual heavy lifting. If you prefer working with people and learning in a group and learning with other people – you can watch documentaries and movies. It helps to lighten the load.

Don't struggle with this alone. If you want to work with other people, find ways of organizing with others and start a Solari Circle. I encourage you to listen to that *Solari Report* we did long ago.

Those were my nine takeaways.These nine takeways are sfundamental principles that can help you deal with lots of financial advice in this environment.

Now I want to go through a group of experts and give you my sense of who can give you what. I want to just give a warning that my goal here is to help you succeed, and it's not to be fair to the experts I review. I've read and reviewed a surprising amount of their work, but I have not read and listened to everything. Some of them have done thousands of radio shows. I couldn't possibly listen to everything.

Because I have a favorable or unfavorable impression of them doesn't mean that I agree or disagree with everything they say. It's rare that I agree with everything that someone says. But that said, here goes.

Let me talk about who I recommend for financial planning, information and advice. The first is a group called The American Institute of Economic Research. Their website is www.AIER.org. They have great basic financial planning books and tools, very good basic research on the economy. I'm not as keen on their investment books.I'll talk a little bit about that next week.

I had their president on the *Solari Report* last year, and he offered a discount. If you just type in Solari in the discount code, hopefully you'll still get that discount if it's still operating. It's worth getting a membership and staying in touch with their information. I find it very useful. It's not expensive. They're very, very reasonable. They're not anywhere near as entertaining as some of the popular folks like a Dave Ramsey, but it's very great, basic stuff, and it's very reasonably priced.

To give you just a list of some of their great books, they have a book called *Driving Bargains* to help anybody who owns and buys a car; *How to Avoid Financial Tangles*, great information, including on the legal system and what the costly mistakes are people make and how to avoid them; *How to Read a Financial Statement* for people who haven't had a good basic accounting class, which I can't recommend to you enough. Very useful on just sort of the basics of how to read the information; *If Something Should Happen*, which is what we discussed last year, a wonderful workbook on how to organize your financial and legal affairs in case you can't manage them self; *Money and Marriage*, a very good planning tool. It's so important that the two people in a marriage understand and have a shared vision on how to manage their money.

Anyway, so great ones – they cost $10.00 or $12.00. If the Solari discount still works, you can get them for even less. So American Institute of Economic Research – I would certainly start with *How to Avoid Legal Tangles* and *If Something Should Happen*. They're just great financial planning tools for just the basic issues and risks you've got to manage in any life. So that's No. 1.

No. 2, of the popular financial planning commentators, my favorite is Dave Ramsey. I just finished watching his DVD Cash Flow Planning: The Nuts and Bolts of Budgeting.If you're somebody who dreads budgeting – a lot of people know how to do budgeting and so this wouldn't be relevant to them – but if you dread it, it's a marvelous introduction to budgeting. It will help you get going.

Ramsey calls his university The Financial Peace University.I like it because he understands that the goal of this is peace, a lot of focus on how to do these things so that you get happy homes and families.He looks at money as a servant, not the goal. It's very down-to-earth, lots of basic, practical advice.

Ramsey is a person who likes people.He likes his audience. If you look at his business, yes, he's on popular radio, so we have to be pretty careful about talking about some of the things I talk about on the *Solari Report*.If you focus on what he can talk about, he does a pretty good job of helping people succeed. His goal is to help his listeners and the people who watch his stuff to be successful in life.He's got a lot of useful information to do that.

My third one, as you know, is Franklin Sanders of *The Moneychanger*. One of the reasons I love Franklin is if you look at my little matrix of who and what and micro and macro and covert and overt, he can connect all the dots. I can talk with Franklin about everything and anything at a household level, at a community level, at a global markets level. His paradigm is the same as mine – economic warfare – so he's as deeply suspicious of everybody and everything as I am.

He has an amazing understanding of the history of the economy. We just finished doing the Top-Ten Dates in the History of Precious Metals in American History, and once we get the full transcript up and the MP3, it's really worth reading because what you realize is these economic warfare games of pumping and dumping and debasement have been going on for centuries, and it really helps put it in perspective.

Franklin did the "Building Real Worth" audio seminar with me. It's one of my favorites, and it focuses on the importance of building up your human and intellectual capital, and if you feel like it, in building up enterprise and entrepreneurial equity. And I encourage you to listen to it.

Four and five, I described Bob Sullivan and the *For Dummies* books earlier in our talk, but also, for basic personal financial planning, a lot of the For Dummies books introduce you to the terminology, and Bob Sullivan does a great job of helping you with a lot of the micro risks at the sort of economic warfare level. So I encourage you to read Bob

Sullivan's books as well as any in the For Dummies series of financial planning that might be interesting to you.

No. 6, under the recommended list is Elizabeth Warren. She's not a financial planner. She's a professor at the Harvard Law School. She's become quite famous now because of her work in Washington and the controversy over whether or not she'll be appointed to run the new consumer agency. She wrote a book in 2003 called *The Two-Income Trap: Why Middle-Class Mothers and Fathers Are Going Broke*. It's very well researched, excellent, valuable research on what is happening to families and household budgets in America.It helps you step back and see the statistical pitfalls of what anybody trying to manage a household budget is dealing with.

She has a book on financial planning – *All Your Worth: The Ultimate Lifetime Money Plan.* I haven't read it, so I can't tell you whether it's good or bad, Her basic research into what is going on is very valuable background to anybody grappling with financial planning in this kind of environment. Anyway, so Elizabeth Warren worth picking up on.

Another one I like – and I always get soundly criticized for recommending this guy – is Robert Kiyosaki, who is the author of *Rich Dad Poor Dad*. I like the book *Rich Dad Poor Dad* because it does a good job of stressing the importance of investing in You Inc. and the cultural habits that build equity. He often gets criticized for being a fraud. He has a tremendous amount of products that I haven't read or looked at and that can be very expensive. *Rich Dad Poor Dad* is very good at covering some very important basics, and so he's somebody I do like. He's been warning about the risks in the system and the economic warfare problem for a long, long time and from very early on.

A couple that I don't recommend: In preparation for this, I read Pat Robertson's book *Right on the Money: Financial Advice for Tough Times*. Sam Smith has a tagline at *The Progressive Review* that reads "The news, while there's still time to do something about it," and throughout Robertson's book, I wanted to scream, "Where were you, pal?" Robertson's creating a product for an audience, and I think it's best to stay with people who are more focused on financial planning and less conflicted.

If you look at somebody like Dave Ramsey, his bread and butter is on helping people, and his interests are aligned with his customers. Robertson has a TV network to run, and his interests and political activities mean that he's less aligned.

Another one is Suze Orman.She's another one I don't recommend. She's one of the most prodigious financial planning authors. She's a very hard worker, and from reading her material, my guess is she's got quite a good research operation. She invests a lot of time and effort in preparation and packaging. The material can be very well written and organized. Whenever I mention that I'm going to talk about her, there's a market research firm that dials in and listensMy guess is it's because this is a machinery that's watching and listening for ideas from many, many sources.

I first read Orman because one of our network members, who I respect, recommended her material to me and was very keen on having me read her because she said she was very good at understanding our emotional issues with money and helping us heal from them. And I read several books and listened to several tapes – this was many years ago – and realized that what Orman was doing was basically helping us work through our emotional issues at a micro level and sort of historically, so how I first got burnt and beat up about money, and then basically the solution, after we finished going through those emotional issues, was to basically channel our money back into the same players who had caused the problem at the macro level.

So we end us saying, "Okay, well, my father or mother was the problem, and my solution is I'm going to invest in Wall Street," not realizing that basically the reason mother and father were acting so strange was because they'd been beat up or harvested by the Wall-Street-engineered system. So if you look at the wider world, and you look at who and what on a macro and a micro level, and you look at the covert and the overt, what was happening was that she was doing a great job of managing the energetics so we all channeled back into the tapeworm at the end of the day. It was pretty appalling, and I found it pretty depressing.

Then I watched *Maxed Out*, which is a documentary we did in *Let's Go to the Movies* earlier in the *Solari Report*.One of the things they point out is the extent to which Orman is conflicted because she's apparently working, they say, for the credit scoring companies and promoting credit scoring. These are serious corporate conflicts of interest, and they claim she hasn't disclosed them.

So you see a person pitching to Main Street and working for corporate America, and in a period when literally it's become impossible to be faithful to both because, as we know, the fraudulent inducement of America is underway and, of course, credit scoring is an important part of that.

Now if you watch her work since then, as the economy has deteriorated, she keeps sort of morphing and becoming progressively more populist. So in her video – she did a video in 2005, "For the Young, Fabulous and Broke" – she says you should definitely get a student loan so you can get an education because it's important to build human and intellectual capital, but by 2011 in *The Money Class: Learn to Create Your New American Dream*, she's warning of the danger of student loans. And, again, it's too little too late.

Now I find her work to be rich with occasional brilliant insight, well-presented and lots of useful nuggets of what information But she has a TV show and public persona, there are too many potentials for conflicts of interestShe doesn't have the background and experience to see or understand the covert side and ask the question "Who did this and how do we make sure they do not do it to us again?" If she did, she'd lose her corporate support. She'd probably lose her TV show. She'd certainly get fewer book contracts and a lot less promotion in the media.

So, again, you see the challenge of trying to be for Main Street and yet get along with corporate America.It's part of the change we're going through. It makes it hard to do that. Since my goal is to not see you harvested by the tapeworm, I would be careful about somebody who's got Orman's conflicts.

Now one of the questions I get a lot is "Should you see a financial planner?" Having a comprehensive financial plan done is an interesting exercise. Essentially, what they're going to tell you, or what they're going to tell most people above really an extraordinary amount of assets or net worth, that you need more money, which you probably already know. So if you just keep taking the inflation rates up, the message will be spend less, earn more, and invest smarter and never retire. And then they'll probably try and sell you a series of products that I would probably advise you against.

It does give you a sense of what the basic probabilities are about the kind of issues that you need to manage from birth to death You can probably sort through all of that yourself with workbooks from www.AEIR.org and some of the other things we talked about. If you want to go through the exercise, it certainly can't hurt you. I also think it's something you can do for yourself if you want to. And there are a lot of great financial planning software tools, so you can sit down and play with them yourself.

Next week we're going to focus on investment advice. I'm going to be talking about another round of experts, including more about the gold buzz in the financial blogosphere. We're going to put these up in chapters and with the transcripts so you can study them and go back. If you have any questions, please let us know, and I'll make sure to cover them next week.

It helps to do this with some of the audio seminars that I've mentioned. Again, if you go to the very bottom of the old *Solari Report*s, at your control panel, you'll find a link to the complete collection. And the one in particular that I recommend the strongest is "Positioning Your Assets for Growth in Uncertain Times" and "Building Real Wealth," but there are some other ones that can help you. I'll talk more about them next week on Part 2 about investment.

In closing, what I want to stress is the same thing I said when I started. You can understand and master all things financial. You can use that information to understand the world around you and to plan ahead to see, anticipate and to manage the risks that happen in life. If there are any aspects you want us to cover on the *Solari Report*, I'm happy to call up and try and get any particular financial planning expert on or cover any subject. I'm happy to do that.I'm happy to spend as long as it takes to do that.

I want to stress again that you are the governor of your life and your assets. In closing, I wanted to quote a stanza from Walt Whitman's "Song of Myself" that you see me post or mention many times. It applies to financial advise as well.

"Stop this day and night with me, and you shall possess the origin of all poems.
You shall possess the good of the earth and sun. There are millions of suns left.
You shall no longer take things at second or third hand, nor look through the eyes of the dead, nor feed on the specters of books.
You shall not look through my eyes either, nor take things from me.
You shall listen to all sides and filter them from yourself."

In closing, next week, "Unpacking Financial and Investment Advice, Part 2." We're going to focus on investment advice. So ladies and gentlemen, until next week with "Unpacking Financial and Investment Advice, Part 2," please remember: Don't worry about whether or not there is a conspiracy. If you're not in a conspiracy, then you need to start one.

Good night and good luck.

[End of Audio]