

# 2013 2nd Quarter Wrap-Up

*Looking Back,  
Looking Forward*



## The Solari Report

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# *The Solari Report 2nd Quarter Wrap-up*

*Date: July 4, 2013*

## INTRODUCTION

**Catherine Austin Fitts:** Welcome to the *Solari Report*. Today is July 4, 2013. I'm Catherine Austin Fitts and I'm delighted you could join me this evening. For our American subscribers, happy Fourth of July. I hope you're enjoying the day with family and friends and fireworks.

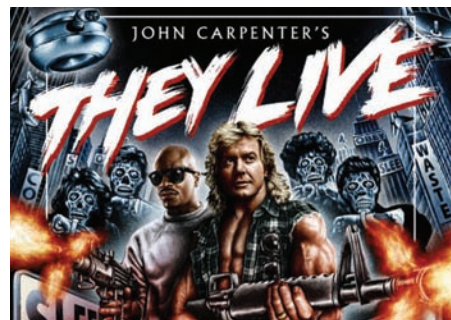
Tonight is the 2nd Quarter Wrap-Up. The wrap-ups are a time when I like to look back and forward and help you stay focused on the primary trends. Staying focused on the primary trends is essential for taking action and not being distracted by the *noise*. There's plenty of noise and a lot of it can be very misleading unless you connect-the-dots. So with the quarterly and annual wrap-ups, I want to keep bringing you back to what's really important.

Our theme tonight is "The Invisible Reinvention." I'm asking you to put your sunglasses on. When John Rappoport and I discussed our top movies—we did a whole series on movies and documentaries to help you understand your world—the one movie both John and I picked was a sort of B-grade science fiction movie called *They Live* by John Carpenter. In it, there are two worlds going on and you can't see the covert world unless you put your sunglasses on. I once had a client say to me, "I get it—you have a pair of sunglasses." So we're going to put on our sunglasses and see the invisible reinvention that's occurring right before us.

Our governing system on planet Earth is invisible. There are a great deal of secrets and much of the day-to-day management rolls out through the financial and regulatory system in invisible ways. And we're in the middle of what is a really, really big change and turn. I call it "the empire draws capital home-ward." We started to talk about it last week. Justin created a *Just a Taste* video which is up on the Solari blog that gives you a snapshot, or just a taste, of that analysis.

Let me step back. In my blog post, *Financial Coup D'état*, I discuss a process where we passed the Uruguay Round of GATT in the 1990's. In doing so, we changed the trade rules. We instituted the World Trade Organization. We shifted enormous amounts of capital out of North America, Europe, and the

### *The Invisible Reinvention: Put On Your Sunglasses*







developed world into the emerging markets in a process which I've described as the "re-balancing of the global economy."

As this happened, we invested tremendous amounts of money in the emerging markets with our military following that money. As I said before, nobody ever moves investment where they can't enforce. Part of what has allowed this to happen was the big satellite systems roll out around the planet.

As we've done this, emerging markets (and what's called the BRIC nations) have become more and more powerful. So we've seen lots of stories in the last two years about the G-20 flexing its muscles versus the G-7 or the G-8. Now we're watching a return homeward with the G-7 literally pulling the plug, withdrawing, and bringing capital back home. What I call the "Wal-Mart carry trade" is being diminished.

For many years, we've been selling treasury securities to China. These sales have funded lots of government checks, and everybody who gets those government checks goes down to Wal-Mart to buy things. Wal-Mart sources it in China, and then China buys commodities from Brazil and other countries. So you literally have, on the asset side of the balance sheet, the equivalent of a carry trade going on. And that carry trade is being diminished as the G-7 nations have experienced lower growth and workouts, especially with Europe being a very big client to China. So we're seeing deflationary pressures emerge.

Justin, our audio-video producer, has outdone himself with the slides for tonight's report. So, if you're listening tonight through the webinar software, I encourage you to take a look at those slides.

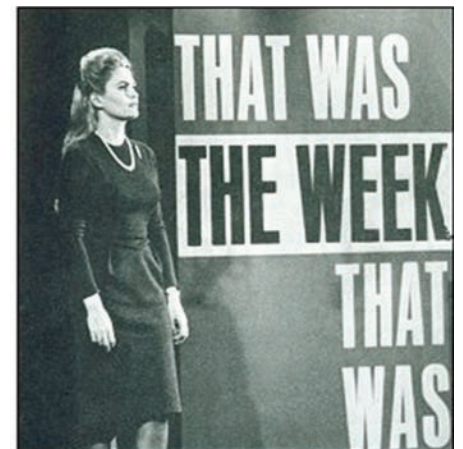
Remember, tonight's *Solari Report* is a single piece because I'm doing a wrap-up. We have a new format, and we've been operating that way over the last month, where our interviews are pre-recorded and posted on the blog by 6:00 PM Thursday night. Then, the *Solari Report* consists of me doing *Money and Markets*, *Let's Go to the Movies*, *Hero of the Week*, *Ask Catherine*, and other pieces. If you want to hear the interview, just go to the blog and click on the pre-recorded audio file. The interviews will, with rare exception, not be done live.

Okay, top ten stories.

### **Story 1: That Was the Week that Was**

Many people call it the week from hell, but April 15th is tax day and it's always a hard day for people in America who struggle to pay their personal income taxes. The corporations have already filed as of March 15.

### *The Empire Draws the Capital Homeward*



## The Solari Report 2nd Quarter Wrap-up



This year, it was *quite* a week. April 15th fell on a Monday and, sure enough, we started off with the Boston Marathon bombings. Then that same day, we saw an enormous drop in precious metals prices with gold dropping \$140.00 in one day. Gold burst through the 1530 technical support line which (for technical traders) is a very, very big drop and which opens gold up to dropping all the way down to \$1,100.

Two days later, this was followed by an explosion at a west Texas fertilizer plant, then more problems in Boston as the pursuit of various suspects occurred and an MIT police officer was shot. And as this was going on, the Internet control bill—CISPA—was passing through Congress. Traditionally, a lot of the university crowd in Boston where Harvard, MIT, and Boston University are located were critical players who were lobbying against CISPA. The bill passed the House but was stopped in the Senate.

On April 19th, as the manhunt continued in Boston, we saw an extraordinary sort of lockdown on different parts of the city with the public transportation system and many businesses and public institutions shutting down. For a city such as Boston, it was a very chilling moment.

Later that week we had gun legislation shot down by Congress, a very big loss for the administration who had been pushing for gun control. Then mid-western storms flooded Chicago, the corporate media announced the discovery of life-supporting planets, and a 7.0 earthquake hit China's southwest region.

So this was a week where you thought, "What more could possibly happen?" And it was an important moment for this turn in capital for a variety of reasons we'll see later. You're really watching a shift in power and money in *major* ways.

Now, tax week has always been a difficult week in America. In fact, it was during the week of April 15th that we witnessed the Oklahoma City bombing, the Virginia Tech massacre, and the Columbine High School shooting. So we seem to have these kinds of events happening around April 15.

What does all of this mean to you? These kinds of events, it seems, are accelerating. When they happen, it's important to know that things are never what they seem to be and that you cannot be too careful. If these kinds of things are going on, it's not a bad time to take a vacation and get out of town.



Marcio Jose Bastos Silva / Shutterstock.com



## Story 2: Deflationary Forces or the Asset Class Doghouse

For many, many years we've been in an inflationary mode—although it's been a *slow-burn* kind of inflation, certainly not hyperinflation—and we've really turned to a much more deflationary kind of scenario. As the capital started to move out and the sort of global “glow” began to diminish, we saw many of the emerging markets trade down as precious metals got pushed down hard. Of course, precious metals dropped the most, more so than the emerging markets.

For months in 2012, we saw a divergence between commodities and the S&P 500. Usually those kinds of divergences are hard to explain. For several years, commodities had been trading up with the S&P almost in tandem. As central banks had been intervening, commodities and equities had been trading up together. Generally, if commodities trade down it's an indication of slower growth. So, it becomes difficult to imagine corporate earnings going up, up, up when commodities are going down in a manner indicating slower growth. There are instances where lower commodity prices, of course, mean better earnings for companies: as coffee prices come down, Starbuck's does better.

But generally, lower commodities prices indicate slower growth. So it was surprising to see the strength of this divergence starting last year and really opening up this year, especially with the slam-down in precious metals prices.

What we're watching in precious metals—in addition to slower growth globally, particularly in the emerging markets where people tend to be buyers and holders of precious metals—is an extraordinary effort by the G-7 to use laws and regulations to lower prices and to restrict ownership and control. We have the French passing rules that you can't mail precious metals. In Europe, we have increases in the VAT tax on silver. And we're also seeing the Dodd-Frank suitability rules roll out in the United States.

I told the story of a brokerage firm that called me and said, “I want any account with more than 20% precious metals stocks out of here in two weeks. Get them out because it's deemed not to be suitable under the Dodd-Frank rule.” We have also had increases in the margin requirements and this always suppresses prices because it “pulls the rug out” on leverage by a variety of different parties.

We'll discuss this in detail next week when James Turk and Franklin Sanders join us for the Precious Metals Market Report. One of the reasons this is happening is the following: as the financial system readies itself for re-balancing and capital shifts back into the developed world and North America, there is a real effort to cover the shortages in the central banks and the bank-



*Precious Metals Market Report  
with James Turk  
and Franklin Sanders*







ing system's gold inventories. This is one way to quickly bring in a lot of inventory for those institutions to cover their positions.

The bond market was a major focus for Chuck Gibson and I on our most recent equity markets overview. If you haven't listened to this report, I encourage you to do so. For many decades, we have been the beneficiary of a long decline in interest rates which, of course, means strength in bond prices and the bond market. It's very hard to believe that interest rates could go lower. We see various parties—including Bill Gross, manager of the largest bond fund in the world—saying that the end of the bond bull market is upon us.

Then, of course, we had Ben Bernanke announcing several weeks ago that the Fed was going to stop buying mortgage paper (\$85 billion a month) and we had what the market referred to as a “taper tantrum” as interest rates spiked and people got very worried. In the last two months, there have been record withdrawals from bond funds as a result, and prices have dropped 5 to 10 percent on bond funds and rates.

What we're seeing is a bit of an overreaction. But, there is no doubt about it: it's difficult to imagine that the long bond yields can continue down. We see interest rates on the long end sneak up and that's going to have an impact on mortgage rates and the housing market.

One way or another, the long bull in the bond market is over, and that's having an impact because the bond market has financed sovereign governments and municipal governments around the world and allowed this tremendously cheap run of capital. And this has enabled corporations to re-engineer their balance sheets. A surprising amount of corporate earnings have come from the re-engineering of balance sheets and from being able to arbitrage cheap debt with other investment opportunities.

As the capital pulled back, we saw the emerging markets drop. Not surprisingly, we saw riots in Brazil, Turkey, and Egypt. Some of that was a result of this capital being pulled back and the drop in commodities prices, because emerging markets are very closely tied to the well-being of commodities. A lot of what these countries were providing was the natural resources to support global growth.

The best investment sometimes—or so it seemed in the second quarter—was bullets. So, lead, in bullet form, seemed to be rising dramatically in price.

### Story 3: Tax Havens in the Crosshairs.

Many *Solari Report* subscribers have voiced concerns that, in the process of trying to balance the federal budget, Congress might change the rules related





to IRAs, 401(k)s, and retirement funds. I'm not saying that this can't happen, but the reality is that there's a lot more money in offshore tax havens than there is in onshore 401(k)s and IRAs. So offshore money, whether in the emerging markets or the tax havens, is much, much bigger. And if you're going to shift capital, you definitely want to have something to say about tax havens.

In recent years, we've seen a targeting of Switzerland and the Swiss financial system by the U.S. Department of Justice. As a result, the Swiss have come almost all the way back *into the fold*. It's very interesting. Now all but one of the Swiss money managers I work with are SEC registered, and the last one is considering registration. The reality is that the Swiss have very much come into the U.S. fold, although they have not approved the final bank deal they were expected to approve during the second quarter. We'll see what happens in the third quarter.

In May, the G-7 held an emergency meeting with the finance ministers in London and announced that they were, essentially, targeting tax havens. My blog post, *Make Way for the Killers and the Great Tax Haven Roundup*, explains this meeting in greater detail. Following the meeting, an announcement came from the G-7 on that Saturday. Literally, on the following Monday we saw new scandals involving the IRS and then Attorney General Eric Holder was targeted. The drumbeat to push Holder out continues and I would not be surprised to see him go in the third quarter. In fact, I'm surprised he made it through the second quarter.

Now that the model has sort of been "worked out" on Switzerland, there will be a tremendous effort by the G-7 to get the tax haven money system much more *in the fold*. What this will mean to you is, if you have funds in offshore havens you'll want to make sure that you are compliant with U.S. law. For example, if you have gold deposits, make sure that you file your FBAR forms. If you don't know what the FBAR is, do a search on the Solari blog or go to the IRS web site.

Expect insecurity in a variety of the offshore havens, so be discerning and make sure that you're with a strong firm. Don't be surprised if you have to move from certain brokerage firms. Or you may even get kicked out. If you watched what happened in Switzerland, the process was very painful.

After the emergency G-7 meeting, we saw the G-8 meet. Of course, the difference between the G-7 and the G-8 was that Putin got to come. He showed up in London carrying his own water and food, obviously not feeling welcome. We also had the Bilderberg meeting and the mother-of-all North American meetings is coming up towards the end of July: the Bohemian

## Meetings and More Meetings



## Bohemian Grove



Saturday  
July 13th





Grove. I'll discuss that meeting later this month.

What you're seeing in these meetings is an effort by the developed world to re-balance homeward. I don't think this changes the fundamental re-balancing of the global economy. It's just the pendulum swinging back and forth as things adjust and money is pulled back into North America.

### Story 4: The Gun Campaign Moves to Trench Warfare

The Obama administration lost their big push for federal gun control in April. And after losing the big one in Congress, you started to see lobbyists fan out at the state level. I think we're going to see a lot more happening with trench warfare, either on a regulatory basis in the federal government or coming through the states.

What this means to you—if you feel as I do—is that you want to make sure you own a firearm and that you're trained in its use. It would also be a very good idea to join or to support a state firearms association. I'm in Tennessee and we have an excellent firearms association. It has done a great job of working at the state level and I think that's where a lot of the particulars are going to play out. One reason why is because states are different and populations are different. Cultures are different. So, a lot of this will be figured out and decided at the state and local level.

### Story 5: Bail-Ins Are Coming

I said it in the first quarter: Cypress rang the bell. I continue to be amazed at how many people ask me, "What's a bail-in?" Well, we all know what a *bailout* is. A bailout is when a bank or a financial institution is troubled and the central bank and Treasury move in and provide the resources to make sure all the deposits are respected and all the creditors are respected. The taxpayers or the central bank "pick up the tab" so-to-speak. And we all pick up the tab through, among other things, debasement of the currency.

Now, a "bail-in" is when you don't necessarily go through the bankruptcy process, but a process is created by the regulators (be it the central bank or the equivalent of the Treasury line) and the creditors are written *down*—some or all are swapped for equity. And the depositors who are not insured are written down or swapped for equity. So there is real financial (or certainly *more* financial) accountability than there was in the bailouts.

It's very interesting because you see so many people in the financial blogosphere who are terribly critical of the bailouts. Well, in Dodd-Frank we required the U.S. regulators to come up with a process of resolving troubled

#### *Gun Campaign goes to Trench Warfare*



#### *Bail-ins Coming*





banks without doing a bailout. And it was the same in other places with similar processes happening. So, of course, everybody is coming up with ways of doing *bail-ins*. The first prototype, if you will, of a bail-in was in Cypress. We saw bail-ins in Cypress, although I would say we also saw a game of economic warfare that was more like a financial “hit.”

The Fed and the Bank of England published a document in December outlining how they plan to do bail-ins. The EU recently published a paper on how they plan to do them. I believe the Fed, through quantitative easing, has pulled in a lot of the troubled and fraudulent mortgage paper. If you look at stock prices, the leading sector in the S&P 500 in the first half of the year was the big financial institutions. They’ve gotten those stocks back to pre-bailout levels.

So my read on this, whether it was the incredible monetary pumping in Japan, or the EU, or by the Fed, is that we’ve seen lots of “juice” go into the financial system in order to clean up balance sheets and to get ready for bail-ins. I think Cypress was a prototype and that bail-ins are coming, if not this year certainly next year. I think a lot of the bringing in of the gold inventory was an effort to get the unallocated positions and shorts in the central banks and the banking system to the point where they can take bail-ins.

I had a marvelous European subscriber write me a note the other day and, with their permission, I am going to read it to you now.

You asked me to convey to you what you might put on your second quarter wrap-up that would be most useful for my point-of-view. I think there is no doubt that the most important thing is the reality and danger of impending bail-ins, including the background history and legality of it.

I think it is really hard for us Americans to get our arms around this potential threat.” Actually, they said potential horrendous threat. “Even though we understand it intellectually, we don’t really believe that they would do it to us. We have deeply ingrained, trusting attitudes towards banks that we can’t easily reconfigure emotionally. It takes time, and we may not have much time.

Even I, as aware and sophisticated as I am, have been stunned and immobilized for several weeks since I got the demand for the asset pledge for my trusted European bank. Only on Friday did I take the first steps towards liquidation and removal from the banking system. I can’t tell you how many times my affluent friends have told me that their bank account rep talked them out of something important that they wanted to do that was not in the bank’s interest.



The first prototype of a bail-in was Cypress.



Over here the Cypress example, which is now being called a template for the other banks, shook up a lot of people. Apparently, the EU governance has just formalized this template. It is coming. We have been warned.

I think your admonishment for us gold investors, that they may hold down the COMEX price for far longer than we can imagine, and so, therefore, not to bet the ranch, as you put it, on the bounce back in gold pricing, is very good advice. I know you've written and spoken a great deal on this topic, but saying something about getting your bullion out of the banking system and where to put it would be helpful. These are all very practical topics about how to protect one's self in treacherous times.

Another topic that is more broad, but that interests me very much, is that having lived in Europe since 2008 I've come to realize how deeply U.S.-centric the English language media is and what a huge problem this is for Americans. The bias is inevitably in the interest of U.S. government policies and U.S. corporate interests.

For example, almost without exception, every piece of news the Americans receive, that I'm aware of, about the European country I live in is inaccurate or misleading and negative. Another example is how the EU is reorienting itself away from the U.S. and towards the East. Americans seem to believe that things are bad in the U.S., but they are worse over here. This is not necessarily true.

How do you find out that you have been brainwashed and that there are completely different worlds out there, physically, emotionally, economically, of which you have almost no awareness? Traveling helps, but not so much if you see everything through the Western lens. Reading can help if you can find nontypical English-language reporting in essays, either original or translated. Living abroad is hugely rewarding if you can swing it."

Okay, what does this mean to you? It's extremely important, and I think the Cypress example is worth studying, that you not give up your core position in either gold and silver or cash held outside the banking system. You need to have resources that you can put in your pocket and walk away with. We can't necessarily assume that we won't get a freeze-up in the banking system. It could happen in Europe and it could happen in the United States.

It is very important to understand whether or not you (or your business) are



**The EU is reorienting itself away from the U.S. and towards the East**





keeping deposits that are not insured. It's important to understand this to make sure that you're at a bank which is very strong. If we do get bail-ins, you may need to be in a position to shift all your assets. I would expect the dollar to remain strong. But, make sure that your bank is strong, that *they* know who you are, and that *you* know them. At this time, you really want to have a direct, personal relationship with your banker.

Think about what bail-ins could look like and what happened to the people in Cypress. And make sure that you're prepared to think through how you're going to deal with those circumstances. Because I agree with our subscriber: bail-ins are coming.

### Story 6: Drought, Food, and Weather Warfare

I always beat the drum on every wrap-up, and certainly on the annual wrap-up, about the importance of what's happening to the climate, particularly to drought. I'm in Texas now and I just drove from San Francisco down to Southern California and then across Arizona and New Mexico. I was right next to where the fires were happening in Arizona and the dryness and drought I saw everywhere were extraordinary.

This is why it's so important. Every year the earth bursts forth a new harvest of plenty—fruits, vegetables, livestock rows—and this harvest is a source of enormous wealth. Think of it as an annuity that the earth just *gifts* to us every year. To the extent that the gift is not coming in, our economy is dependent on it doing so. So where the drought impinges on this, it can have a dramatic impact on our economy.

Because so few people work in agriculture now (less than one percent of the population), many, many people don't see the connection between the loss of income in the agricultural industry and how this translates into wider deflation and problems in the economy.

One reason I think we're shifting back to North America is that part of the effort to build a global, centralized governance process involves the control of food. And what we watched in the second quarter was a tremendous backlash in Latin American and Europe regarding American efforts to push control of food and seed supplies through global trade organizations. Those efforts are turning very ugly and mean. I wouldn't be surprised if this is one of the reasons for the decision to "pull back our horns."

Of course, the questions continue as to what the *global spraying program* really is and whether or not we have the capacity to manipulate weather for a variety of reasons—including using weather as a weapon. I did an interview with

### Drought, Food, and Weather Warfare





Michael Murphy, who's now making his third film on global spraying, and these questions keep coming up again and again.

Another big concern is the bee population continues to be under pressure and bees are disappearing. We saw the introduction, or at least the publication of a story, that someone has come up with bee “drones” to pollinate the crops. Sort of a frightening thought, little mechanical bees running around.

What this means to you is pretty obvious. Nothing is more important than ensuring that you have good, local supply chains for water and food. Farmland continues to be a good investment. The cost of high-quality food has continued to go up over the last five years. One of the best performing areas in the equity markets has been high-quality, high-margin food companies, so don't be surprised to see this as an investment category, whether it's in the private equity area (farmland) or in the liquid area. Food companies can do, *very well* when they have inelastic demand for what they have to offer.

### Story 7: The North American Story: Growth and More Growth

As I've said, I think something very big is happening and it is a transition from *financial coup d'état* and the re-stabilization of the banks via bailouts into a new phase. An effort has been made to position North America to handle enormous amounts of manufacturing for many years.

If you visit the *Solari Report* resource library on energy, you'll find several interviews with Jim Norman on the *Oil Card*. We discuss the extraordinary efforts in the U.S. with fracking and new drilling technology to bring the price of oil and gas—and the *availability* of oil and gas—to the fore in a way that brings the cost of manufacturing down significantly. Forty percent of the cost of manufacturing is the energy price. It's much more important to make energy competitive than labor, particularly now with the new fabrication technology and robotics.

So, if you're going to have a revival of manufacturing in the United States, you need to bring the energy price down. They have done so and I believe you are seeing extraordinary technologies emerge from the laboratories. These have been rolled out with the black budget and applied to the creation of a high-precision, distributed manufacturing capability in North America. I cannot stress the importance of this enough.

The person who really helped me focus on this insight (and I want to make sure he gets the credit) is Dr. Joseph Farrell, who joined us for an interview on the *Solari Report* covering *The Breakaway Civilization*. On my trip to

### Growth and More Growth



## The Solari Report 2nd Quarter Wrap-up



Texas, I stopped and spent ten hours talking with him in California. We had a long dinner on Saturday night and then talked the next day, an extraordinary conversation. We discussed all the different developments going on to build manufacturing capability in North America.

Again, I want you to focus on several things. One is *fabrication technology*. One is *material science*. And another is *robotics*. We did an equity overview last year with Chuck Gibson on the *View from Silicon Valley* in which we covered many of these developments. And I try to cover them consistently on the Solari blog. Coming together, these technologies create a whole new kind of high-precision, distributed manufacturing capability in North America. These are the kind of manufacturing capabilities that you don't necessarily want to outsource to places like China where there are geopolitical tensions and where you want to maintain tight control. You don't want them in one place—you want them distributed and decentralized.

I think some of this relates to space ships and to space travel. Over the last year, we've seen many private entrepreneurs promoting space travel and space mining. The opportunities in space, with these kinds of manufacturing technologies and the drops in energy prices, can absolutely become a reality.

I told this story previously on the *Solari Report*, but I'm going to tell it again to stress its importance. I met with an activist in Switzerland two years ago who received a grant from the Office of Naval Intelligence to work in minority neighborhoods. He told me that over 400,000 robotics engineers would be needed in North America within ten years – and that it was critical that young people, including those in minority neighborhoods, become interested in all of this.

You wonder: why would the Office of Naval Intelligence be interested in robotics? Well, it's the Navy, I believe, that oversees many of the questions about what we're going to do in space.

I was at the Maker Faire in San Francisco during the second quarter. My read of what's going on in the Maker movement is that there is a tremendous top-down push to encourage the popularity of 3D printers and to get kids using 3D printers. If you look at some of the best performing stocks in the second quarter, the 3D printer companies have gone to the moon.

We've seen a slight correction in the equity markets after Ben Bernanke triggered the taper tantrums. I would have expected the 3D printer manufacturers to trade off more. But they didn't. They just kept going up.

There was a real push and a real popularity in 3D printing at Christmas-time in 2012. We had a 3D printer in our Solari Christmas card. We saw an effort



The Solari 2012 Christmas card





to bring 3D printers down to the kind of price points you used to see on PCs when they first started to go retail —a real push to get kids interested in 3D printers at Christmas.

For a year or two, I had been wondering if these efforts would simply help people *make their own stuff*. Then I realized talking with Dr. Farrell, “No, this is so you can start to seed and build a significant, high-skilled workforce for this kind of manufacturing infrastructure.” So kudos to Dr. Joseph Farrell for helping me to coalesce those thoughts.

Now, it’s important to understand that when you have this kind of explosion in new technology, it can shift tremendous value across many different industries. One of the things it will do is bring back the importance of real estate, farmland, and land valuations. That’s one of the reasons—as I discussed on last week’s housing interview—that I believe you’re going to see more and more pressure to withdraw Fanny, Freddie, FHA credit, and interest and mortgage deductions from real estate. The private markets don’t necessarily want the competition from federal credit and the federal budget for those resources. There’s going to be plenty of demand for real estate between what’s going on economically and the growth of the population.

It wouldn’t surprise me to see a lot of the new manufacturing move into the old industrial areas such as the Ohio “Rust Belt,” Detroit, and Pittsburgh. I talked in last year’s Wrap-Ups about my trip to Detroit and Ohio: there’s a lot percolating there. It depends on where you live, but you certainly want to make sure that you, and the children you love, begin to learn about this technology and look for opportunities as these things develop locally. If you’re in one of those industrial areas, I would absolutely keep an eye out for what’s going on and whether or not it’s going to present real estate or other opportunities in the local business community.

We’re also watching a real blossoming of alternative energies. There was a big piece published in *Foreign Affairs* during the second quarter saying we need to encourage all different forms of renewable energy. It didn’t throw weight behind any particular form of energy, it just said, “Let’s do everything. Let’s try everything.”

One of the biggest developments, of course, has been the drop in solar prices. This was engineered by efforts in China to take the lead in solar panel manufacturing. During the second quarter, we saw Europe throw tariffs on Chinese solar panels. We’re beginning to see a tipping point where solar becomes competitive against coal. It’s going to take another year or two for that to be realized, but as it happens it will be devastating for the coal industry. And we’re finally going to see solar have the potential to grow significantly in size.





There has also been more discussion about breakthrough energy technologies. The breakthrough energy group that came together in Holland last year is going to hold a conference in Boulder, Colorado this October. I will be attending this conference and you can link to more information about it on the Solari blog.

So, there is a great deal happening in the energy area, with traditional oil and gas and fracking technology, and with solar energy beginning to break through the cost barrier in competition with coal. And, finally there is more talk about breakthrough energy. We'll see what happens.

Another aspect of this growth story is an explosion of new technology in both IT and biotech. Some of it is very centralizing and controlling, and some of it is wonderful. We noted in the second quarter that Google banned someone with Google glasses from one of their own meetings!! As I've said before, there is good and bad in this. But it's absolutely coming.

One of the dampening forces in the North American growth story continues to be the *fiscal cliff*. We saw the sequestration happen without too much pain as it rolled through the economy, and now we're seeing much better figures in the short-run on the deficit. So, if anything, we probably have short-term relief for 2013, but the long-term questions continue to be very significant because we have retirees growing in numbers and the baby boomers signing up to get their Social Security and Medicare checks. If you look at any projection on the healthcare budget...well, there is simply no way it can work. Of course, Obamacare is getting closer to implementation. I would say that there is definite shock in the economy and among all the different industries that have to comply with Obamacare and the people who have to contemplate paying for it.

We've seen the Obama administration providing some regulatory relief in delaying implementation of some of the provisions, but the healthcare problem has not been solved. That's because you can't solve it with insurance or with the healthcare industry. You have to solve it on the front-end by eating fresh food and adopting a healthy lifestyle. And if you look at the food supply and the lifestyle in America, there is no way we can fix this problem on the back-end. It has to be fixed it on the front-end.

Something has to give, but we just keep kicking the can down the road. And on this one, we've kicked the can further down the road. It's not a 2013 problem, but it's coming. This means you should do everything possible to prepare to function without Social Security and Medicare. I'm not saying that they're going away. The best thing would be to practice preventative healthcare.

### *Fiscal Cliff: Short Term Relief/Long Term Questions*





## Story 8: NSA Old News Made New News

**Catherine:** *Welcome to my world of 1998.* I'm always stunned when the NSA story rolls out in the mainstream news media as it has with the Edward Snowden revelations. What's happened with the Snowden story is that we've gotten a giant corporate media education in many facets of NSA surveillance. And this surveillance has been operating for quite some time. So this realization is dawning on everyone. As one person said, "We've all been imbued with the *'I Spy'* consciousness." It is finally occurring to everyone that everything we say and do is tracked, listened to, recorded, and sort of managed with artificial intelligence. And that includes using this information, as I have said previously, for economic warfare and inside-trading operations.

This realization encompasses many of the things I wrote about in my *Databeast* article. If you haven't read it yet, I encourage you to do so. These are the sort of things I got a giant education in when I was engaged in litigation with the federal government in 1998. I know you've heard Franklin Sanders and me say in response to this story, "Well, welcome to our world."

There is no doubt that the invasiveness of information systems has become quite extraordinary, whether through the phone system, the Internet, the media, or now through smart meters on our homes. And these are very chilling issues. If you look at the corporation that ran and provided the database technology to the Nazis during the Holocaust (as Edwin Black has written about), it is the same corporation which appears to be the lead contractor on the U.S. Census. This corporation has also provided much of the software for smart meters and it does a lot of IT work for U.S. government agencies that have very rich information databases. If you look at the potential for aggregating this data then and using it for a variety of purposes, the whole thing is quite chilling.

There is real concern in Europe that we are listening to everybody—including people in Europe and Asia who are supposedly our allies—and then using this information to compete and basically "dirty-trick" these people in the marketplace. I posted a blog commentary from William Blum on this topic.

So, this conversation about the NSA and what we're doing with this data for economic warfare purposes is very chilling and it's permitting a kind of global control that is essential if you run the reserve currency.

Let me quote an interview that came out of Germany this morning by a German banker. He said, "Since 1997—2004, the U.S. was changed from an income-driven economy into an economy whose economic performance is determined by political control of asset prices. The principle of the free market is in substantial parts connected to this. This is the core cause of all our

*The NSA:  
Old News Made New*







crises that we currently encounter.”

Well, I have talked for many years about, as various people in the financial world have predicted, collapse. I have said, “No, the dollar is not going to collapse. We’re going to continue to *slow burn* and the dollar is going to be strong.” And one of the reasons the dollar is going to be strong is that we are running a taxation system through the balance sheet. This is what the German banker is referring to when he talks about the “political control of asset prices.”

As we print dollars, then swap them for natural resources, and then continue to debase the dollars as they go down in value, *that* is a taxation system through the balance sheet. This is made possible by a global enforcement bureaucracy, both through the military and the intelligence apparatus. Part of what makes this work is the kinds of information systems that give certain people superior intelligence about what everybody and everything is doing.

If you’re going to assert political control of asset prices, you have to have this kind of intelligence, a sort of real-time dynamic intelligence. That’s how it’s being used. Again, I would refer you to my article, *The Data Beast*

So there’s a “double-bind” here. Americans want the dollar to be strong. They want their bank deposits to have value and they want their treasury bills to have value. But on the other hand, the infrastructure is engaging in these invasive activities to make sure that the dollar remains the reserve currency and that it doesn’t collapse.

So, if there is a single capacity within the intelligence and military agencies that maintains the dollar as the reserve currency, it is these kinds of intelligence gathering and surveillance systems. And I think this gets us back to the *red-button problem* I’ve talked about so many times: we are running a system that operates through and by force and we are financially dependent on that force. And it is difficult to face the people who are operating that enforcement system and say, “We don’t want you to do this any longer because of the hypocrisy.” In effect, people don’t want to push the red button.

But it’s a “Matrix moment” for many of us. I put up a poster on the Solari blog that said, “How can pedophiles, serial killers, and rapists operate when they’re listening to everything we say and do?” That’s a very good question. In theory, those people should not be able to commit those crimes.

This reminds me of a magical moment I had in 1998. I was dealing with very significant physical harassment and surveillance and I kept trying to hire security firms who would show up, do a background check, and say, “Oh, no. It’s much too dangerous. We can’t help you.” And here I was, a very wealthy,

### The Slow Burn



People don't want to push the red button.



successful person. I had been an Assistant Secretary of Housing. I'd been a partner in a Wall Street firm and, yet, there was no one I could turn to. I was the target of constant criminal behavior: I was being followed, my house was broken into repeatedly, my car was run off the road—all kinds of things. And there was no one I could turn to. It was very, very lawless and what I discovered was that the folks I was dealing with had the ability to act outside the law with impunity...and there was nothing I could do.

At the time, I had a black Corvette and I was sitting in traffic on New York Avenue watching this really crazy beggar. He was a sort of crazily dressed, African-American beggar walking up and down the sidewalk in the middle of traffic on New York Avenue. I suddenly froze and realized that if they could do what they were doing to me, they could certainly prevent that beggar from doing his crazy act on New York Avenue. And that was when I realized, “Oh, if he's there, it's because they *want him* to be there.” And the bell rang and that was my Matrix moment.

So it's the right question to ask. How can the pedophiles, serial killers, and rapists operate if we have total information awareness? It's a very good question and it's one that we all need to think about.

What it means to you is that there is no privacy. I often have people tell me, “Oh, I don't have to pay taxes. I bought those coins with cash.” Wrong! There are no secrets. It's one of the reasons I'm always saying never, ever, ever break the law. You need to be very careful and good with your compliance and your paperwork because there is no privacy. It's just the way the world is.

I remember at one point that I used to worry about this, and in 1998 I was very worried about the surveillance. Someone called me and said, “They have video cameras inside your house.” Well, who knows if it was true or not, but it was certainly chilling to have somebody tell you that.

I went to church that Sunday, and my pastor had worked up a whole head of steam, and he said, “You know, you're worried about what other people think. You just need to worry about what God thinks.” And I realized, “Oh, if I just worry about what God and I think about my behavior, I don't need to worry about anybody else.” So, if you just worry about that, and you worry about being compliant with the law and your paperwork, you really don't need to worry about what anybody else says or does or thinks.

### Story 9: A New Model Emerges

I continue to talk about all the different aspects of the Solari model. If you look at where the North American growth story is going, there are more than



*A New Model Emerges*



a few signs we're moving to some version of the fundamental economics I have talked about. One is *place-based equity vehicles*. It's something Dr. Farrell and I had the opportunity to talk about.

It wouldn't surprise me if one of the goals of the *Trans-Pacific Partnership*, which is about to go into its next round of negotiations this month, is to basically set up the conditions to override local rules so that you can create place-based equity vehicles. The folks doing this, the capital investors, are going to feel comfortable with these conditions. They're going to want a lot more freedom from the sort of thicket of state and local regulation.

I'm not saying this is a good idea. I just think it's coming. And there is going to be real pressure to move to more private equity, both through crowd funding and place-based equity models.

The long-term bond market bull is over, and we need to shift to equity. This is a very big shift and it's going to have to be a global shift. And it's going to be new not just for America, but for the whole planet. As a rule, Americans tend to have more history investing in equity, whether it's local business or the stock market.

But, expect more movement, and one piece of that is absolutely going to be *crowd funding*. The pressure is on the SEC to have the crowd funding rules out by the end of the third quarter. There are more than a few indications that it's going to be difficult for them to accomplish this. But, I continue to think that there will be a great deal of money rolling through the crowd funding vehicles, and some of it's going to be good and some of it's going to be bad. Don't be surprised if we see the same kind of fraud that came through the tech bubble.

The reason I keep bringing up crowd funding, even though we're months away from implementation of the regulations, is I believe that every person listening to this call is going to be touched by the process, whether it's people coming to you and encouraging you to invest in small amounts (which will be very easy with the Internet), or via the entrepreneurs in and around your life. Or you may be using it as a vehicle. So I want to keep bringing you back to this and focusing your attention on it because I think it's part of the movement to a more equity-based financial system.

### **Story 10: Russia Flexes Her Muscles**

One of the things that finally started the shift of capital back to North America and the developed markets was Putin's return to the premiership in Russia. He certainly flexed Russian muscles, and he encouraged the BRIC



*Russia Flexes  
Her  
Muscles*



nations to do the same.

Putin has irritated enough people that the Council on Foreign Relations' *Foreign Affairs* magazine wrote a lead article in the second quarter entitled "Putin's Self-Destruction." It seems that he certainly intends to be the "stinker" on the global stage. After what happened to Russia in the '90s, the Russians very much do not want to be under the thumb of the global central banking warfare model: they intend to stay a sovereign nation. And if there is anyone who has a lead on the most sophisticated weaponry, apart from the United States, it is Russia.

Coming out of the KGB, Putin is a very interesting person on the world stage because he's a player in his own right. When you see the G-8 meetings or the G-20 meetings, Putin is one of the few people who has his own power base. He's not just appointed by folks behind the scenes.

The Moscow Exchange launched their precious metals exchange just last week. And, of course, the Russian Central Bank positions in gold are growing. So if there is anyone who's taking advantage of the lower prices in gold and precious metals, it's Putin and the Russians.

*Those are the top ten stories. Now I just want to say a few words about your story, which is what all of this means to you.*

Something which has been underscored for me by the push-down in precious metals prices is the extent to which many people in our networks were depending on gold and silver to "be there" in a worst case scenario or in a *collapse* scenario. As I have said many times, I give very small odds to the collapse scenario. I think collapse is a selective and sequential process—it's not a big-bang process.

Throughout history, we've certainly seen areas around the world and populations collapse. But, I don't think a collapse of the dollar, or the military industrial complex, or the *Breakaway Civilization* is a likely event. If anything, you're going to see a growth scenario in North America with new technology coming back and the need to build (in Joseph Farrell's words) "a very high-precision, distributed manufacturing base." And this will be made possible by a blossoming of domestic energy from different sources. So, don't bet the ranch on collapse.

Having a core position in gold and silver will be very useful. But nothing will be more important than your investment in building a future that *we want to see*. There are places where we can align with the powers-that-be, I believe. So, I think this shift out of a debt-and-bond model and towards an equity model is a very positive one.



**If there is anyone who's taking advantage of the lower prices in gold and precious metals, it's Putin and the Russians.**



## The Solari Report 2nd Quarter Wrap-up



There is a great deal of new technology becoming available that will make life much better; and not simply for people in North America but for people all around the world. I see companies every day that are taking this technology and doing wonderful, very practical applications with it—in the field of healthcare, in the field consumer goods, and elsewhere. It's thousands and thousands of things.

So, remember that the best protection in a world that's changing is not to prepare for the worst-case or the collapse-case with dehydrated food and gold and silver. You want to be part of the *solution*.

We had a wonderful interview with Neil Howe in the first quarter and he talked about *The Fourth Turning* and what a dangerous time it was. But it's also a time where you have an opportunity to provide leadership into the Fourth Turning. We all need to be part of real solutions and “jumping the curve” on the Fourth Turning. If you haven't listened to that interview, it's a wonderful one. To me, there is not enough time to both protect yourself against all the risks, which are manifold, and to be part of being a leader and providing leadership on real solutions.

Now real solutions are different for everybody. What I can do as I travel around is different than what you can do if you live in Hong Kong, or what someone else can do if they live in London or Tulsa. We're all different and we have different skills and interests. But you want to be contributing to real solutions. And that's one of the reasons we made 2013 the year of *coming clean* on the *Solari Report*. Because the one thing I can do—and this gets us back to the *red button* problem—is reduce my dependency on getting checks from the machinery and become more economically resilient, more self-sufficient, and healthier. By coming clean myself, I can reduce the pressure on the military industrial complex to go out there and steal more to keep my checks coming.

So part of this is simply coming clean in our own right and doing what we can to say, “Where are the opportunities for me to be a leader and to provide a contribution, including one that will mean a job or an income for me?” And I assure you that they are there. So you want to focus on where the strength is coming from and where the growth is coming from, because the economy is changing. And, yes, there are many worlds that are dying. But there are also many worlds that are being born and there are a lot of good, exciting things happening.

The big unanswered question is the same as always: Who's really running things and why are they behaving the way they're behaving? I think one of the things that's going to come up—because this is the 50th anniversary of

## Federal Finances and The Reinvention Of Everything



## Focus on the Opportunities





the Kennedy assassination and it's also a time when more and more people are talking about breakthrough energy technology—is a question that must be asked and answered: Who owns and operates all the UFOs that are flying around and which people keep seeing? What's the story on space travel?

We have Gary McKinnon, the man who hacked into the DOD websites and databases, finding (he says) records of star fleets run by the Navy that are sailing around the galaxy. We have, as I said before, Silicon Valley entrepreneurs suggesting that we send private spaceships off to go mining in space. We have the Russian premier, as he turns power back over to Putin, saying that if you want to understand what's happening with ET's on planet earth you need to watch *Men in Black*.

So, we have all sorts of conversations about this. What I will tell you as a financial person, and one who's worked in government, is that the *black budget* is the driving force behind how the economy is managed globally. And you want to look at how much money is going into the black budget. I just saw a videotape of one commentator predicting that the black budget now costs \$1.7 Trillion annually. That number is reasonable. It would not surprise me.

Now, the secrecy is a very challenging thing for everybody. The secrecy is challenging for all of us who are grappling with the kind of financial fraud that is being used to finance the black budget.

There was a great study several years ago from a group of reporters at the *Washington Post* on *Top-Secret America* and the extent to which it's out of control. When you're operating with this kind of secrecy, you're operating without market systems or the transparency that can permit optimization. And it's *very, very difficult* to hold things together and to keep things from sort of exploding into a ridiculous bureaucracy that just grows and grows and grows without any kind of performance metrics. And I think holding that kind of effort together without some cultural glue, without a spirit and a philosophy of what you're trying to accomplish, is very, very difficult.

So, the cost of the secrecy is becoming very expensive. It's always been very expensive, but it's reaching a tipping point. And I think there's going to be a lot more conversation about this. Every time someone tries to deride me for bringing this up, I say, "Look, I can't prove that new energy or breakthrough energy technology exists. But I'll tell you something: those UFOs are *not* gassing up at Exxon." So I want to know.

Somebody's got anti-gravity. Somebody's got amazing propulsion technology. Somebody is doing something that is other than fossil fuel, and it's time we know about it. Because if you look at the financial model on the planet, the financial fraud is exhausting us. It's financing all sorts of invisible tech-





nology transfer and development, and we're not getting the benefit of that technology.

I think a little bit is going to be sneaking out with the fabrication technology and the material sciences, and that's because the black budget guys need – as Dr. Joseph Farrell brilliantly described – a very high-precision, sophisticated distributed manufacturing capability. So they're going to have to let some of the technology out so that we can proceed to make the tools and equipment that they need.

We have operated for decades with enormous amounts of material omission. We're all sitting here trying to manage our time and our assets without talking about the most important financial issue before us, which is *where is this \$1.7 trillion a year going* and why do we have this enormous fraud infrastructure to finance it? To me, this reached a breaking point a long time ago, but I see it reaching a breaking point in many other people's minds. So, I'm hopeful that we can inspire an honest conversation.

### 2nd Quarter Highlights

Let's turn to highlights. It was a great quarter. Our equity overview in April with Chuck Gibson was on this "ending" of the bond market. I think that was a very important study. I encourage you to go back and read the transcript with the charts. We had some great material from Jon Rappoport. He walked through the story of Hamilton Securities with me in April. It's a story that many people have wanted me to sit down and discuss. And then one of our subscribers said, "What is a limited modified hangout?" So Jon did a report on that and, of course, a great piece on the NSA and Edward Snowden.

Water is an interest of mine and we have a lot of subscribers interested in water. In one of my favorite times on the *Solari Report* this year, we had a wonderful Norwegian scholar on to talk about the history of water and the growing importance of water. I asked, "Are there any patterns you can discern about how people use water to bring cooperation and peace? What models do people use that really work in terms of how they manage water?" And he replied that every situation in every place is different.

One of the things you soon discover about a decentralized world is that every place is different and every culture is different. And there's nothing like a scholar who recognizes that.

We had Rainey Reitman from the Electronic Frontier Foundation on because what you're seeing and understanding with the NSA story is critical to economic health and well-being—as are the issues of who controls the Inter-

*Highlights from  
the 2nd Quarter*







net. Is it free and how are the digital systems used? And the issues of the equivalent of property rights are now moving into the whole Internet and digital system area and are being battled out as we speak. These are very important issues, so we're going to be covering this subject more.

Finally, we just completed a *Solari Report* on the housing markets. I talked about why housing in America is going to look very different than it has in the last 50 to 100 years. If you want to listen, this report was posted last week.

### 2nd Quarter Hero

Our hero of the quarter is a wonderful group called [www.StopBigBrother.org](http://www.StopBigBrother.org), a group of local citizens in Iowa City, who went to task and got an ordinance passed that would ban different kinds of surveillance technology for traffic enforcement. They got the vote. They got the Iowa City Council to vote an ordinance not permitting drones. So we see municipal ordinances outlawing drones. That's a great thing, something everybody should think about. They were not able to get rid of all the traffic enforcement cameras, but they tried.

I think it's an example that is very inspiring, and if you're so inclined you might consider taking action for your area.

### Ask Catherine:

*"What's your preferred suspicion for the party behind the gold manipulation? Fed, Chinese agents?"*

I think it was the G-7 central banks and treasuries acting in a concerted effort. As you watched—both among the G-7 and outside in the G-20—you saw central banks starting to ask the U.S. to send their gold inventories back. You had a referendum movement in Switzerland pushing towards getting the Swiss Central Bank to pull their gold back.

The problem is, if all the central banks pull their gold back, not everyone has enough gold to be able to do this. We saw the U.S. saying it would take many years to return the gold to Germany when Germany asked for their gold back. So I think the G-7 banks said, "Okay, if we're coming into a position where we have to shrink the financial system, we're going to have to do bail-ins. So, how do we get ready? One of the ways we can do this is to cover our shorts, both in the central banking system and in the banks to bring in that gold."

### Our 2nd Quarter Hero:

Stop  
Big  
Brother  
.org







So this is a very institutionalized, organized, top-down effort to drive the price down and to bring in as much inventory as possible. Think about it. The way to cover your gold shorts is to *make money* covering your gold shorts. You short gold. You drive the price down. You make a profit. You use that money to buy gold cheap. It makes a lot of sense.

That's why, when people say they're always worried about confiscation, I can't conceive of why you'd be worried about confiscation. The central banks and the treasuries can bring in far more gold *far faster*—and on a much more profitable basis—by doing it this way. Confiscation would be very expensive: they'd have to pay market prices and the overhead would be terrific. And the political battle would waste their time. So this is confiscation by market-profitable means.

*“Is the real reason why the Egyptian people are overthrowing their government once again because of the fact that their people are experiencing severe economic hardship? If so, our media is doing a good job of not reporting on this. I'm guessing they don't want to spread the notion that if you're not happy with the economic condition of your life right now that you should rise up and overthrow your government.”*

I think the driving forces here are deflationary forces. We have falling commodity prices and money pulling back from the emerging markets. I don't underestimate politics and social media manipulation and all of that going on because there's no doubt Mr. Global is turning over a whole generation of dictators we've supported and putting in new people. So, yes, I do think intelligence agency operations are at work. But I think the driving force would be the deflationary forces working on the economics.

*“Would you talk a bit about the increase in lender insurance? FHA now makes it forever. Forget the 78 percent loan devalue. Insurance stays on and rates are going up, up, up.”*

As I said earlier, we see reports that FHA is now in trouble. They've been a source of tremendous liquidity during the last few years as we were cleaning up all the problems in the housing market and the fraud from the bailouts. And so, FHA is probably tapped out. But more importantly, we see reports of Congress interested in privatizing Fannie and Freddie and pulling in their horns.

The reality is that housing prices have grown over the last five decades from an enormous investment of federal credit into individual housing in supporting the home ownership rate. I don't see how that kind of federal credit support continues, so I expect it to be diminished and the tax benefits that go into housing probably diminished. If you look at what's been driving the





price of housing up, it's very much inflation, and the federal credit and the tax benefits, and simply building bigger houses.

So, as I said in the housing interview, don't be surprised if the federal credit withdraws and the tax benefits get chiseled away. And then we'll see the size of housing going down. We've seen the growth of the tiny home movement and I think that's in anticipation of these changes.

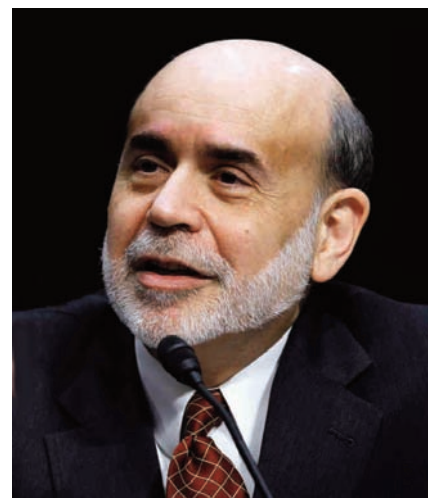
Will Bernanke be able to even try and taper his QE policies before he leaves? If Bernanke does step down in January 2014 and Yellen takes his place, does she not have a more aggressive QE policy? If QE doesn't stop, how can either the bond or stock market go down?"

A lot of this depends on how much capital is being pulled back into North America. It is absolutely possible. By this coming January, Bernanke should have pulled most of the fraudulent paper off the big banks' balance sheets. So, the banks should be able to go through a tapering without too much trouble. They're no longer dependent on the retail market in the United States to do well.

The question is, how much additional capital is coming in and will that give enough lift to the economy to successfully transition from Fed capital to returning capital? This is much like a football team passing the ball from one player to another. Will it work? I think so. When that happens, it's going to be painful, and it could be painful in the bond market between a tapering of monetary infusions and what we have to do in the fiscal area. The bond market could have some very painful years, so we have to be prepared for that.

But can it happen? Yes. Will Yellen probably take over from Bernanke? I think if a decision were made today, the answer would be yes. She's certainly been accommodative in terms of monetary policy and I think she can be expected to be accommodative. The reality is that if you look at both monetary and fiscal policy, we're locked into an inflationary policy, at least to keep liquidity floating in the financial system. But don't be surprised to see bail-ins proceed and the financial system shrink. We do not need as big a financial system as we have.

We received a comment from the European subscriber asking for options for storing precious metals. Several years ago I wrote an article which you can find in the *Special Reports* section of the Subscriber Resource Area. Or you can search for *Options for Storing Your Precious Metals* on the blog. There are a number of ideas there.



**By this coming January, Bernanke should have pulled most of the fraudulent paper off the big banks' balance sheets.**



## Let's Go to the Movies

I had the opportunity to watch a wonderful BBC series when I was staying in California with friends. It's a series called *Wallander*. The latest series is done by the BBC, but there is an earlier version. There are nine shows in the new BBC series and, unfortunately, they have not produced anywhere near as many as I would love to watch.

The show is about a Swedish detective, Kurt Wallander, a deeply moral man who is very committed to his job. In each show, he confronts a violent and very perverted murder of some kind. He struggles to face the extraordinary perversion and evil that he's dealing with in these different murders. He is committed to finding the killer and bringing illumination, truth, and justice to the circumstance.

The cinematography is beautiful. The writing is beautiful. And the acting is extraordinary as you watch this deeply moral man struggle to maintain his balance in the face of what's happening in the world. It's very inspiring because through the power of his intuition and his humanity, he seems to make sure that things come out right.

This man's struggle is like the one we now face with the way the world is going—we are each experiencing that dynamic. Watching Kurt Wallander struggle with it reminds us that we can do it and that *we can make a difference*. This is a man, who makes an extraordinary difference in his world. It's inspiring to watch and it's also great entertainment.

That's it for the 2nd Quarter WrapUp. I hope this has been useful.

Ladies and gentlemen, good night and good luck!



*Let's Go  
to the  
Movies!*



*Please remember,  
don't worry about  
whether or not there is  
a conspiracy. If you  
are not in a  
conspiracy, then you  
need to start one.*



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