



**Precious Metals Market Report with Franklin Sanders and Larry Pratt**

**Date:** April 11, 2013

*Catherine:* A couple more questions, but I'm going to hold them off for Franklin, and before I invite Franklin in, I just want to say one of the reasons that I have been so appreciative that Franklin has continued to do these "Precious Metals Reports" with us is it is extremely important when we talk about money and financial systems to not do it in a way that it disassociated from the real world.

One of my favorite expressions is "atoms and bits." Things exist in the material world. We can create symbols and representations for them that trade in the world of digital bits, – on the Internet or in digital systems. Ultimately we eat and we live in the world of atoms. We need to have financial systems that work in both if we really want to have the kind of liquidity many of us appreciate. That means we need to understand money is simply a tool, and any currency system or any money system is only as good as the governance and leadership that governs it and manages it and the rule of law within the society that applies to it.

Otherwise, just like a hammer is a tool you can use to build a house, you can also use it to hit people over the head. So it is absolutely insanity to talk about financial systems divorced from governance, divorced from law, and divorced from the practical application of how that money system works with our ownership and transfer of land or of food or any of the other important parts of governing and living in our world, which includes the mechanisms and assets that are now targeted to be controlled very, very centrally.

So if we want to understand money, if we want to deal with money, we need to deal with it in the context of all these different control points. There's nothing more that Mr. Global would love than to have us completely disassociate money and not think of it in practical ways that integrate it into the kind of political system we have. If there's anybody who's tried to understand money in that concrete context, it's Franklin.

I was reminded again during dinner why I so appreciate his efforts, because to figure those things out, and to understand it, is very hard. It's hard to go out into the land and work with your neighbors and build a farm, and build a business, and build all these different things, and understand how the money relates to all of them. That's a lifetime of wisdom that he brings to us. And so without further ado, Franklin Sanders, are you with us?

*Franklin:* Let me just start with last Friday, really, the 5<sup>th</sup>, because the 5<sup>th</sup> made a spike bottom, which is analogous to the other bottoms that we've seen over the past six months or so. Both gold and silver rallied up off of that. Then Monday and – well, I



think Monday they rested a little bit, but Tuesday they were up strongly again. And so you had very strong rallies. And then suddenly, gold got hit yesterday really hard and lost 80 percent of what it had gained in those three days.

It was the sort of thing that's very, very demoralizing until you look at a longer term chart. If you look at a 4-month chart, you see that it's just behaving like a normal market. Now, it's not good, and it's dangerous down here because that last low that we saw was \$1,539.40, and if you break that level – say \$1,530.00 or so, then you've broken a level that's held for two years. That would not be good. But the sentiment and the commitments of traders are as favorable as they've been in six – eight – ten years.

From that standpoint, everything is set up for a rally. Both silver and gold on the 5<sup>th</sup> made lows. Silver's at \$26.58, and gold's at \$1,539.40. So as long as we hold \$1,555.00 on gold and \$27.00 on silver, we're really doing okay. The chart is not damaged. They used the same old tricks on Tuesday and Wednesday to break the market that they always use. They had announcements from the big banks that gold – they were lower in their gold estimates for the year. Then you had the Federal Reserve open market committee meetings that made people wonder supposedly whether they were going to end quantitative easing.

Then you had Goldman Sachs issuing a report that they expect gold by the end of 2014 to be at \$1,270.00. This is typical. I just get tired of seeing it because it's the same old tricks that they use all the time. You said something tonight that I thought was very interesting. It's not only the presence of things that we ought to think about and deal with, but the absence of things as well. So the presence of this attack that we saw on gold tells us that the establishment is worried about the gold price rising – so worried that they pulled out all the stops to knock it down.

The absence of what happened – the absence of effect today, which is what you pointed out to me tonight at supper, is extremely important. It did not follow through on the downside. Goldman Sachs has tons of clients that they advise in the futures market, and however many of them sold, it was not enough to break \$1,550.00.

*Catherine:* Well, I don't follow Goldman Sachs. In fact, I'm famous for having written the research department a note saying I thought that they should experience a death penalty as a corporation for what was going on and not to send me the research reports anymore. That's up on the blog.

The thing that was interesting about the Goldman announcement, which I don't remember seeing before, was they said, you know, "It's going to go down to here by this time, and then it's going to go down" – you know, they were showing a consolidation over a year and a half – two years period down to \$1,250.00. The way they did it was a



very strong statement.

It was almost a sort of subliminal threat that says, “Here’s where we’re going to take it down to, and – in this sequence, so you guys better do this, that and the other. You can count on this, and here’s a way to make money.” So it was very strong, and I expected to see some market response and was amazed to see essentially none.

*Franklin:* But the absence of a response is a response, too. It tells us something. It tells us that clearly there is huge bidding support for gold around \$1,550.00 and below, and the same thing for silver at levels below \$27.00. So somebody’s buying down there, and it’s somebody big enough to push the market back up or enough somebodies big enough to push the market back up. In addition to that – in addition to the commitments of traders being very, very positive and sentiment being very, very positive – and by that I mean the sentiment is negative, and whenever most people are negative markets are about to turn – the premiums on physical silver remain high.

Silver – 90 percent silver coin just keeps on gaining. The wholesale offer rate is \$2.55 over melt today, so that’s huge – \$2.55 an ounce over spot. So all those things point together to me to underlying strength in the market. Also, when the gold broke, the silver didn’t break very much, and that was a little bit surprising, too. That was mirrored in the gold/silver ratio, and the ratio actually fell the day that gold fell so hard. So generally, the following ratio is hard to tag these things day-to-day because sometimes they’ll give a false signal.

But generally speaking, a falling ratio does not go with a falling market. The ratio moves the opposite way than the market. Just a brief look at stocks, that – there’s no end in sight, and I don’t know – when a market gets in a craze like this, there’s no real way to predict a top, just like with Bitcoin there was no way to predict it would get to \$260.00 and then crash, because you’re dealing with a crowd phenomenon, and the crowd is crazed one way, and what will make them panic and go the other way? Well, you can’t really tell beforehand, but there’s some item.

But you can see – I put up a chart of the Dow Jones Industrial Average, and you can see that megaphone formation, or “jaws of death” as I like to call it – it’s like an animal with its mouth open getting ready to snap shut – and eventually, it will snap shut. I put up an apple chart that shows another megaphone formation, and you can see what happened once it got to the bottom of that formation. But the stocks can go higher for three or four more weeks. It’s just hard to tell. Another thing that makes me think gold and silver have turned – that is have made a bottom – is to look at the stock markets in gold and silver – and these are very strange charts.

They’re very gappy charts. Charts don’t normally look like these charts look. But it’s



pretty clear to me – I thought that they had made an island reversal, where a market gaps up, trades sideways for a few days, and then gaps back down. But apparently, they haven't. They certainly look like they've topped. And it's interesting that the stocks – that both senior indices have made new highs recently, and that has not translated to new highs in the Dow in gold and the Dow in silver. So that in itself is a bullish sign because that Dow in gold and Dow in silver tend to be more sensitive to turns in the market, even in the individual markets themselves.

Finally, racing through the markets here, I want you to think about the U.S. dollar index. If you look at the charts, you can see that it's rolled over. It's made a rounded top, and it's broken the uptrend line. If it goes below about \$82.00, then the dollar – then gravity will take over. On the other hand, it might still – even from where it is – might simply come down to \$82.00 and bounce and go on back up to \$84. There are a lot of reasons in the world like European banking crisis and what the Japanese are doing to their currency to make you think the dollar might go up.

Certainly, if we got an outburst of panic like we got in 2008, then you'd see the dollar go up. People are going to run into dollars. I think the dollar's broken, and it appears looking at the yield on the ten-year treasury bond, which moves opposite to the bond, and the bond is sort of a proxy for dollars because that's where people run when they want to go into dollars – that – the bond appears to have topped or at least stopped going up, which means the yield is rising, which means there's not as much demand for dollars.

So unless the dollar turns around from \$82.00 here pretty soon or \$81.80, then you have to assume that the dollar is going to cheapen a lot. It's hard to imagine how anyone thinks that that or that quantitative easing is going to help the economy. But the propaganda effort that's taken over is that the Dow Jones Industrial Average and the S&P 500 are a proxy for the performance of the U.S. economy, which is of course not true. And they have been floated higher on a sea of new money, so it's not economic strength that's carrying them higher; it's all that new money. And that's all I've got to say about that.

*Catherine:* One of the things I wanted to talk about – because I spend a lot of time with clients talking about whether or not they want to rebalance in or out of gold and silver, and I wanted to just walk through a framework as to how somebody thinks about this. I know we certainly have plenty of people who listen to the “Precious Metals Market Report” who got into precious metals quite early and have now lived through what has been a much longer consolidation since 2011 than we thought about. And you're sitting here, and you're thinking, you know, “Should I stay in high balances of precious metals?” or, if you don't have big positions, you know, “I thought I'd missed it, but is this now the time to finally get in?”

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So I just wanted to talk through a framework I use and think about this in terms of how you manage your risk. To me, the real big question, Franklin, is, “Will the primary trend reassert itself or not?” And by “primary trend,” I mean the primary trend up in gold and silver and the ability of gold and silver to protect you against debasement of the global currencies, including the dollar. If you’d asked me that question this week, I would have said, “80/20 – 80 percent chance it reasserts; 20 percent chance it doesn’t, and the 20 percent chance is scenarios I never” – as you know, I never underestimate the power of Mr. Global to slow burn a price up or down if that’s in his sort of political advantage to do.

So I’ve always believed Mr. Global wanted a managed rise. What I say to people is, “Look, if you’re concerned that the primary trend might not reassert, you know, you figure out what you think the odds are – so I say 80/20. My guess is you’ll say 90/10 or something higher than me – and then decide, okay, well, if it turns out to be the 20% [or whatever your % estimate is], how much are you willing to rebalance out of now, and how much are you willing to let ride and see if that – you’ll be comfortable if the 20 percent happens and you can live with that?” The one thing I do say is that if you come out of precious metals, you’ve got to go into something.

If you look at all the charts, it’s a lot more attractive to leave stocks and go into precious metals right now than to leave, as you said, precious metals and go into equities, to go into cash, to go into a lot of things. The thing I try to underscore is we are watching – we’re coming into a real change in paradigm where we can get radical changes in currencies. We can get radical changes in the federal budget, in federal tax policy – all sorts of things can happen, especially if gun ownership or enforcement – local enforcement is compromised by a system of drones, and we’ll talk about that after we listen to Larry.

When you’re coming into that kind of paradigm shift, as you and I were talking at dinner, you want to make sure that you have lots of real assets because anything can happen. Chris Powell used to always talk about a radical debasement where you wake – you know, you go to bed and gold’s at \$1,550.00, and you wake up the next morning and it’s \$3,000.00, and they’ve just completely marked the debt to market. Don’t you wish you hadn’t sold your gold at that point? So we need to understand we’re coming into a paradigm shift.

In those kinds of paradigm shifts, we can see whole asset classes get totally wiped out — real estate, cash, equities, precious metals – who knows. The thing that – the reason I like to have a framework like this – this week I was calling it “confiscation by mind control” because if you’re the Secretary of the Treasury, and you’re the head of the Federal Reserve, and there’s real stress within the institutional gold inventories, and there’s tremendous pressure because the insiders know what’s coming, and so they want





to accumulate as much gold as possible, and do it quietly, what's the best way?

I mean, yes, you can go get legislation, or you can announce a national emergency and confiscate, but then everybody's going to hoard. Everybody's going to buy. Everybody's going to want. How do you bring in the most gold the fastest? This is how you do it. And if you look at your ability with the ability to buy bonds and print money and use the Exchange Stabilization Fund. This is a far cheaper way to confiscate. So my fear is not that I wake up tomorrow with gold at \$1,250.00, as Goldman said, for 2014.

My fear is I wake up tomorrow and I don't have the tangibles I need or the precious metals to trade for tangibles that I need to survive that radical change in paradigm. Anyway, so that's my framework. You got any?

*Franklin:* You had a very elegant way of explaining how I stay out of bar fights.

*Catherine:* Yes?

*Franklin:* You know how to stay out of bar fights, right? Leave the bar before the fight starts.

*Catherine:* Oh!

*Franklin:* And that's exactly what you're talking about, is get out of the bar when you see that the fight might break out, and – because it's too late after they do it. And these surprise parties – governments are notorious for throwing these surprise parties over a weekend when you can't get to your bank, you can't take any protective action at all. So I think you've got to take your action now while there's not a fight going on in the bar; otherwise, you just won't be able to do it. You'll just be one of the unnumbered victims in the net. So I think you're right.

I think another thing that you and I talked about at supper tonight was the 1980s saw an increasing level of abstraction in financial products. Everything was turned into some sort of derivative – some sort of financial derivative, and then derivatives of derivatives on top of derivatives so that the level of abstraction increases and increases and increases until finally you've got literally derivatives that nobody understands – nobody except the people that are selling them. So if I believe – and I do believe that the wealth of the world comes from the things being taken out of the ground, then there has to be some connection to reality with whatever my investment is.

Now that might be something like gold and silver where you actually hold the physical stuff in your hand, or it might be owning a company that produces something that real people want to buy, eat, consume, use and so forth, but there's a real production going on

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there. If I buy Goldman Sachs, what am I buying? I'm buying a part of a company that deals in abstractions – who deals in unrealities. And so I want to stay as far from that end of the spectrum – of the reality spectrum as I can. I want to stay as far away from the abstract spectrum and get closer to the reality spectrum.

*Catherine:* Right – and that means living with risk. That means living with things going up and down and up and down and up and down. And what I'm watching is an individual who's not used to – I grew up at a firm on Wall Street where we lived with wild risk. We – you know, it was oil and gas. It was mining. It was very concrete industries and people who were used to thinking of everything as a Monopoly board. And I didn't understand the idea of everybody counting their money every 24 hours or 30 days in terms of dollars and the extent to which you could get played that way.

And I'm not saying, "Don't look at your wealth," or, "Don't be willing to value it in different kinds of currencies," but we need to think of ourselves as players in the game of economic warfare and not get tricked at the micro level.

*Franklin:* But let me say something about risk, okay. You know, I don't know how many airline pilots or professional pilots that you know, but they are people who take tremendous risks every day. I mean, think about it. Would you climb into the cab of an airplane and try to pilot it anywhere? I certainly wouldn't. And yet, they know – they're very good investors, in my experience, and I've done business with a lot of them. And the reason they're very good investors is they can analyze the risk, and they can see through – they can see far enough into the future – they realize – they can weigh the odds and say, "This thing outweighs – the potential for this to succeed outweighs the risk that it will fail."

And so they're very good at weighing those risks. So I don't want to accept the kind of risks – you were talking about your uncle at supper who'd bought in 2009 shares of Whole Foods. Well, if you knew anything about the food market – the trends in the market – that was not a risk. That was a sure thing. That was shooting fish in a rain barrel. That's the kind of "risk" that I want to take, and that's the way I feel about gold and silver, because I know the forces that are working in their favor. So that's – that's a different take on risk.

*Catherine:* Right – but every asset that we can invest in has political risk, and gold and silver have the political risk that the price can be driven down. And if you're going to hold gold and silver, you've got to be able to manage that, and you've got to make sure whatever your position is you can live with that. So I always call it my "cow moments," when they drive the price down, and I go back to the cow pasture behind my house, talk to the cows, and they look at me and say, "What's – you know, you need to chill out here." Okay, we've got a ton of questions coming in, so let me ask some.



“Does Mr. Global and the central banks actually want to accumulate gold and silver, even if there is a rise in price, so they will find this acceptable?”

*Franklin:* Well, I know that central banks are buying gold and have been buying gold at increasing rates for about ten years – nearly ten years. And so it’s just – it’s like every other sphere in the world. Watch what people do, not what people say. However much they talk gold down and say, “It’s a barber’s relic,” and all that sort of stuff, nonetheless they’re putting their money in it.

*Catherine:* Right. Another question, “Since powerful players want the metals to go lower, what keeps them from raising margins and causing the markets to go lower significantly?” Excellent question.

*Franklin:* I’m sorry. Could you repeat that?

*Catherine:* “Since powerful players want the metals to go lower, what keeps them from raising margins and causing the markets to go lower significantly?”

*Franklin:* Well, that would take an egregious breach of the rules that they’ve already set up for themselves, and I mean they – they raised margins a lot in 2011, but a lot of people didn’t understand that they were just raising the margins in accordance with the rises in the price, and futures markets always do that to protect the market makers. So I don’t see as much significance in the raising and lowering of those margins as other people may. It’s just – it’s what they do, and I don’t expect them to play fair anyway, so I’m not terribly surprised by it. But I think the methods of controlling the market are a lot more indirect or a lot less direct than manipulating margins.

*Catherine:* Right – and the other thing I would say is I think right now there is tremendous concern about the stress in the institutional inventories and agreements between different institutions. And so whatever way you need to bring in gold, you need to not put more pressure on those institutions. So you want to bring in precious metals from retail, but you don’t want to create more stress in those institutional relationships.

*Franklin:* Right – and let me make a point – let me make that one little point here.

*Catherine:* Okay.

*Franklin:* You have no idea how thin the physical gold and silver markets are. When I say – you do.

*Catherine:* Oh, yes.



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*Franklin:* But I'm saying your listeners don't realize how thin they are. I knew somebody who had like not a very big order – like a \$15 million order, and he literally could not enter that order without moving the market.

*Catherine:* Right.

*Franklin:* Even in smallish tranches. So it's a very thin market.

*Catherine:* One of the things that's interesting – I don't know if you've looked at the inventory that's come out of the GLD inventory? It's pretty scary, and you wonder where in the world is all that going? Somebody's taking a lot of inventory out, and if you look at the size of it, you almost wonder if it isn't swaps where people are bringing in their shares and trying to engineer swaps, which in theory you're allowed to do. But it's pretty scary. You wonder where all that inventory is disappearing to. A couple of questions about banking in Hong Kong, which I'll handle either next time or email directly.

Then one on gun control, which we'll do after we listen to Larry. And then, “After Cyprus, I wanted to get my gold out of safety deposit box. I live outside the U.S. and can't transport my gold here. What's the best option for physical storage in the U.S. but outside the banking system, or is it gold money?”

*Franklin:* Well, it's not gold money, which I like, by the way. I can give four different suggestions for storage, but you know any storage is subject to all of the problems of storage. Down in New Orleans, there's a place called The Security Center, and you can look at [www.SecurityCenterNewOrleans.com](http://www.SecurityCenterNewOrleans.com). They have storage, and they actually offer the service of going into your box, if you empower them to do that, and they can receive deliveries on your behalf and make shipments on your behalf. There's another one that offers similar service out in Idaho, [GoldAndSilverVault.com](http://GoldAndSilverVault.com). I don't know much about them.

They're fairly new, last three or four years. Security Center has been around for 30 years, probably. And then there's CNT Depository in Bridgewater, Massachusetts, which I have visited, looked at. It's now a COMEX-approved depository, and it offers fungible storage – that is segregated storage. That's the highest on my list. There's also DDSC and – in Delaware, and most of the IRAs in the country are stored with them. And they do an incredible job.

I'm not terribly enthusiastic about them because they can be very slow to move, and we've done a lot of IRA swaps where it would take 30 – sometimes 45 days or even 60 days to get them all completed, and that seemed like an awful long time to me. But they are another choice: Delaware Depository.

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*Catherine:* Right. I think Delaware Depository does most of the IRA-related business, is my experience. A couple more questions – we can't handle them all because there's a lot coming in. One question about what we think of the analysis of the folks at King World News. You want to take that? I'm delighted to take that.

*Franklin:* Why don't you take that because I don't really listen to them that much.

*Catherine:* Okay – so my answer is I don't listen to King World News, and in my experience it's designed to be exciting and entertaining, but is not particularly useful and certainly is not related to being smart about managing your money. They do have some good people on. One of the questions was about Jim Sinclair, who I like very much, but Jim is someone who doesn't agree with my slow burn analysis, and so he's often much more optimistic about where the price of gold is going. He looks at things more through a market analysis whereas I look at things as very much a political analysis.

But I have a lot of respect for him. And there's some – you know, James Turk, other good people who go on King World News, but King World News is not a source that I listen to and is not a source I would recommend. Okay, why don't we take time now to listen to the recording of Larry Pratt? And for those of you who want to stay with us, as soon as the recording is over, Franklin and I will connect the dots back between gun ownership and the gold and silver market and protecting your financial assets and maybe take a few more of these questions before we call it an evening. So without further ado, Justin, let's hear from Larry.

## ***Beginning of recording with Larry Pratt***

*Catherine:* It's my privilege to have joining us on the *Solari Report*, Larry Pratt. Larry is the Executive Director of Gun Owners of America. He's been the Executive Director for over 30 years. Gun Owners of America is a national membership organization. It has over 300,000 members, and it's dedicated to promoting the Second Amendment, freedom to bear arms – to keep and bear arms. Gun Owners of America lobbies in Washington and is involved as well in the state issues. Larry is an author. His most recent book, *On the Firing Line: Essays in the Defense of Liberty*, is available at his website for Gun Owners of America.

Larry has also held elective office in the state legislature of Virginia where he resides, and Gun Owners of America is based in Springfield, Virginia. He also directs a number of public interest organizations, including serving as Vice Chairman at the American Institute for Cancer Research. And perhaps most importantly, in my opinion, he has emerged as the most eloquent spokesperson for representing people like you and me who are interested in the importance of freedom and the rights to bear arms. So Larry, it is a real privilege to have you on the *Solari Report*.



*Larry:* Well, thank you so much. It's really good to be with you. I appreciate that. What a nice introduction.

*Catherine:* Well, the current administration won the election, and they got have the bit in their teeth and are off and running with gun control. Maybe if you could describe to us what finally emerged from the President's proposal, and then what your position has been, and sort of if you could give us a sense of what's happened since then.

*Larry:* Well, the President made a speech in which he outlined some 23 things that he wanted to see accomplished in the area of firearms, all of which were unconstitutional, none of which have legislative authority, and I'm not sure that he wouldn't try to move on all of them because he doesn't seem to be a man bothered by absence of constitutional authority or congressional authorization. So we've got our hands full. He's given us a list of what it is he's going to try to take, and I think we've seen from his behavior in other areas that the lack of authorization and authority doesn't serve as an impediment to this man.

*Catherine:* Right.

*Larry:* So we're concerned. We would see that the right to keep and bear arms is under an assault probably like never before.

*Catherine:* One of the things I've been very interested in – I served in the first Bush administration as Assistant Secretary of Housing. One of the things I've been very interested in is what is the impetus to do this? As soon as the election was over, this was front burner, and it certainly felt like promises had been made during the campaign, and one of the things I've wondered is you're watching across the country an enormous change in ownership in real estate, and the extent to which – that this is a financial issue – in other words, if you're going to continue to – if you're going to raise taxes, if you're going to cut expenses, if you're going to start changing real estate and selling an enormous amount of real estate, which is now under federal or central bank control, investors have reason to be worried that tempers could flare.

So one of my questions has been, "What's the push for this?" This is a pretty aggressive push, and it's clearly a priority. What's really driving this at this point in time? Do you have any sense?

*Larry:* Well, the President, by his own admission, really, is a socialist. He's a follower of Saul Alinsky, and he obviously, firmly believes that because he won the election, he can do anything he wants, and he thinks that, as he told Joe, the plumber, "Things go better when we spread them around." Now, he didn't point to any countries where that had been done successfully, but the socialist is really a happy sort of fellow who's able to



continue believing in something even though time after time it doesn't work. He knows that the next time it will because it'll be done by him this time, and all the other times he wasn't available to make it work right.

I've actually heard socialists say that. Senator Kennedy said that to Milton Freedman when he was testifying before Congress, and even a relative of mine has the same opinion. So this is a conceit of the socialist that makes them I think so dangerous because they just know that their ideas have to work, that it's the only just way. And of course, one of those just ways is to have us disarm. I can understand why they're so in favor of disarmament, because when they mess things up the next time we're not going to be any happier than we were before, and they don't want us armed when it gets to be really tough going.

*Catherine:* Right, right.

*Larry:* So I think that explains the issue right there. It's about control. In fact, I have a little weekly show, *The Gun Owners News Hour*, and the announcer in the segue to my coming on says, "And remember, it's not just about gun control. It's about control."

*Catherine:* Right – it's about control. It's funny because my experience with these folks is that I haven't found them to be socialists. I have just found them to be wanting more control. I'll never forget when I first became Assistant Secretary of Housing, I met with a couple of the leaders of a task force in housing who were from the democratic side, and they had come with a commission that proposed that we decentralize a lot more of the housing programs and let the state and local governments run them. And the folks in the Bush administration were proposing more centralization.

And I thought they said, "But I thought you were Republicans. I thought you were for decentralization." And they looked at them and said, "Yes, but we're here now."

*Larry:* Well, you're kinder than I am. I would say that was a socialist mindset. I'm sure they wouldn't call themselves that, because they have an awareness of how unpopular that can be, particularly in many parts of America. But the fact that they believe in a central control, and that they're the ones that can do it – as you said, "We're here now" – that fits the definition – my definition to a T. And in fact, Bush the second even allowed as how he had had to use a little socialism to save capitalism. At least that was his opinion, and that was his statement regarding his stimulus.

And it's amazing that even the Republicans now have all too many bought into the idea that somehow there is a role for government that never was imagined in the – shall we say the Republican model. "But now that we're here, we see that we'll use it responsibly."

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*Catherine:* Well, you – what has happened is you now have generations of people, whether at the local level, or in Washington, who have never worked in a real economy – have never worked in a productive economy.

*Larry:* Freedom is frightening.

*Catherine:* Right – and economic productivity is hard. It takes a lot of time. It takes a lot of practice, and the entire economy has been washed in a sea of government money and government credit. Throughout the country, there are entrepreneurs who have functioned in the market and know what market economics are and how wonderful they can be. But it's a discipline a lot of us have really lost touch with. So I understand exactly what you're saying. The only thing is socialism implies some kind of commitment to the ordinary citizen, and that's not something I see in a lot of these proposals.

*Larry:* That's the theory, but of course in practice the only thing I've ever seen in the way of people being benefited is the leaders of a socialist scheme do very well. They'll live very, very well. In the Soviet Union, they had the country houses, the diamonds.

*Catherine:* Right, right.

*Larry:* They had the limos and the chauffeurs, and everybody else was lucky to take a bus. So that's the socialist reality, and there's not getting around it. The milder cases of socialism that we see in Western Europe are actually now being gradually abandoned. Scandinavia in particular is noteworthy because they are consciously jettisoning many of their socialist schemes because they saw they don't work.

*Catherine:* Right – planned economies don't work. I'm not saying there aren't exceptions, but planned economies generally don't work.

*Larry:* Well, I saw the exception with my own eyes. My wife is Panamanian. And at the time I first began going to Panama, there was a Panama Canal Zone, and the Panama Canal Zone, many Panamanians as well as Americans realized that we're living there in country. This zone is the one place where socialism has ever worked effectively, and that's because it was a small number of people with a virtually unlimited supply of money. You could have your grass cut for you. I mean, you could be kind of low on the totem pole in the Canal Zone structure, and life was large! And it came to an end. Eventually, they ran out of other people's money.

*Catherine:* Well, tell us what – just watching as an observer, you've been in the thick of this. Watching from here in Tennessee, what I see is that the pushback on this effort has been enormous, and the administration has in many respects really been stopped dead





in their tracks.

*Larry:* I am beginning to be cautiously optimistic that their agenda is not going anywhere – not at the federal level, which in some ways was probably the biggest area of danger, but even at the state level. There are going to be some exceptions: Connecticut, California and so forth. But by and large, the states are actually pushing back. There are over half of the states that have told the federal government that at a minimum they won't cooperate in any unconstitutional federal gun control.

And there are some states that have actually gone so far as to say – or sheriffs, if not the whole state government with legislation pending – sheriffs have already said, “We'll arrest you if you come in here and try to confiscate guns.” So the lines are being more and more clearly drawn between the imperial city of Washington and the folks on the other side of the river, as it were. And increasingly, I think there's a self-conscious determination on the part of many – not all, but many in the rest of the country to say, “Federal government, I don't know what makes you think you can do these things, but you're not going to do them in our county, in our state.”

*Catherine:* Well, it's interesting. I'll use myself as an example. If you look at my personal situation in Hickory Valley, Tennessee, several years ago we had the drug gangs come in and do a whole series of home invasions, and all the members of the Hickory Valley Women's Club went out, got their training, got their carry permits, and now the joke in Hickory Valley is the husbands have to sleep with bulletproof vests. And you know, no problems ever since – we have no problems in Hickory Valley.

*Larry:* An armed society is a polite society.

*Catherine:* Right – but the reality is, Larry, if tomorrow we had to turn in our guns, if we turned in our guns what I would tell you is I think the drug gangs would have a field day here, and it would not be safe.

*Larry:* Well, what I'm hearing from so many places in the country, nobody is going to turn in their guns no matter who tells them to do so.

*Catherine:* There is no way I'm going to turn in my guns. There is no way, because if I do, then I have to leave. I can't live here. It wouldn't be safe. And then the question, of course, is where are you going to go? I'm not going to go back to Washington. I think my situation, just from watching the people in my county, is duplicated all across certainly rural America. And if you look at the things that are making us not safe, those criminal elements, in my opinion, are very much tolerated, if not promoted, if not related to the same people who are running the federal government.



*Larry:* It's not a concern to them. They don't care how many of us get knocked off or exhorted. They've got their own security details that you and I pay for. Crime for them is only a distant concept, and so if you and I are having to struggle because we don't have a gun, well, that's just too bad.

*Catherine:* Well, it's interesting. Our theme on the *Solari Report* for 2013 is "Coming Clean," and you know, sort of one of my theories is if you want to see change in the world, just do it in your own life first before you tell anybody else. To me the "Coming Clean" on gun control is if Biden and the President can simply, you know, ask the Secret Service to not carry guns on their protection details.

*Larry:* I think that would be a very convincing gesture on their part that somehow gun control is feasible and is something that they're willing to lead by example. The fact that they don't, of course, tells me that, "Well, that I'm more important than you guys, and I need protection."

*Catherine:* Right – my children are more important than your children. That's the clear message.

*Larry:* We need 14 armed guards at our children's school, but who are you to demand a guard at yours?

*Catherine:* Right.

*Larry:* Hypocrisy is so lovely. And I must say that we at Gun Owners of America do appreciate "Double Barrel" Joe. His instruction to the nation about the virtues of shotguns has just been absolutely entertaining, and the idea of shooting out the front door while it's closed is something that never would have occurred to me. I am just so enlightened by this Vice President of ours. "Double Barrel" Joe is just a terrific guy. I must say I'm glad I'm not on his Secret Service detail, because I don't think that would be much fun.

*Catherine:* No, I wouldn't. When the administration first made the proposals is I did some research to try and find the best statistics on sort of what are the facts of gun use in America. And I finally recommended to the subscribers I think it's called "Point Blank," which is a little bit dated but has – it's by the criminologist in Florida.

*Larry:* Gary Kleck.

*Catherine:* Yes. It certainly fit with my experience and what I knew, but one of the things which is quite remarkable about gun ownership is how effective it is for protecting the honest people.

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*Larry:* The data – when you look at – Kleck, as you say, may be somewhat dated, but he was the pioneer, and his findings have only been corroborated more recently by Dr. John Lott, who after writing a book full of mind-numbing econometric equations and conclusions did finally write some in English that “more guns, less crime.” And it was absolutely predictable with very few outliers that the more guns in a jurisdiction, the less violent crime. And that’s not something that goes well with the liberal worldview because their assumption is that only the government can effectively do anything for us, and certainly in areas as important as protecting life and limb.

But the fact of the matter is the law of every state in our country is that our police are not responsible for providing for personal protection. So you’re on your own, bud! And anybody that thinks that the government is there to help them just doesn’t understand. And it’s not to say that if a cop could help he wouldn’t. But mostly it’s to say cops can’t help because criminals don’t usually strike when the cops are around. So we’re on our own.

*Catherine:* Well, the other thing is if you look – I’m in a very rural county, and if you – we have a fantastic sheriff that we organized several years ago and really made an extraordinary effort to get an excellent sheriff elected, which was an enormous blessing for us. But if you look at his budget and the size of the county and the pressure on him to use his staff to process foreclosures, all across America what you’re seeing is the sheriff’s office has a choice; it can try and protect the citizens with what budget he has, or he can process foreclosures for the banks. And there’s tremendous tensions in terms of use of resources, and there’s no way that they can be – as you said, they can be there quickly enough to protect you.

*Larry:* One of the things that has been – I think almost we could call it a movement is that not any longer are we talking about a sheriff here and maybe two or three others somewhere else in the country in a similar mind, but county after county we’re seeing sheriffs who understand that they’re the top cop in their county, because they’re the only elected police officer in the county. And as such they take precedence over the FBI or frankly even the Secret Service. They are the top cop, and whatever they say goes because they’re the only one that’s been elected.

They’re the only one that has received a direct transfer or extension of authority from “We, the People.” And so we’re seeing sheriffs who as they come to understand this increasingly being willing to tell the federal government, “No, you’re not going to confiscate guns in my county, or I’ll arrest you.” And hundreds now of sheriffs are taking similar positions. They’re also protecting – well, in the case of, I’m happy to say, one of our members, Sheriff Brad Rogers in Elkhart County, Indiana, was approached by a dairy farmer who was and still is producing raw milk, something that the FDA, for whatever reason, loathes.



They – it is something that they want to extricate from the market, and they had been doing inspections and harassing this guy. Finally, since he wouldn't stop producing raw milk, they said, "Well, that's it. If you don't stop by such-and-such a date, we're going to get a court order and confiscate your equipment." And so he went to the sheriff and said, "This is what's happening. Can you help me?" And Sheriff Rogers did go out to look at the property just to make sure he wasn't buying a pig-in-a-poke, as it were. But of course, as any raw milk producer would almost certainly be, this guy was running a very, very clean operation.

And so the sheriff communicated with the attorney for the Food and Drug Administration, who was the one harassing the guy, back in Washington, and said, "If you put a foot on his property, I'm going to arrest you." And the attorney wrote back and said, "Well, if you try that, we'll arrest you."

*Catherine:* They don't have authority to arrest the sheriff.

*Larry:* No, they don't, and he knew that. He knows his constitution quite well. The Food and Drug Administration is not able to derive their authority from the Constitution. Certainly, nowhere in Article 1, Section 8, or anywhere else in the Constitution will we find the words "food" and "drugs." So anyway, he told them that "you don't have authority; and therefore, I'm going to protect this citizen in my county." And when they threatened to arrest him, he just said, "Well, game on," and that was 15 months ago, and they're still not moving against the farmer. He's still producing the raw milk.

*Catherine:* And what's the name of the sheriff, Larry?

*Larry:* Brad Rogers.

*Catherine:* Brad Rogers.

*Larry:* Yes, he's just a wonderful guy. He's homeschooling his kids, and just couldn't ask for a nicer guy. But I'll tell you what, you don't want to mess with Sheriff Rogers.

*Catherine:* Right. I'm very concerned about the use of drones domestically, and one of my concerns about them, particularly if they're fielded by the military of the federal government is the use of those to in any way intimidate the sheriffs.

*Larry:* It seems to be that we're going to have to develop a technology that can deal with the drones. At the moment, they've got the advantage because they can fly higher and wider, but I think the time's going to have to come when we get our own –



you know, the sheriff maybe gets his own missiles.

*Catherine:* No, it doesn't sound over the top to me, Larry. I've worked in Washington.

*Larry:* Drones are over the top, literally and figuratively, and it's got to stop, and I think if we start pulling them down, they'll get the idea that, well, over Fayette County, you just don't mess around.

*Catherine:* No, I don't think it's over the top at all. I would love to see the sheriffs have missiles to take out the drones. Let me talk a little bit about actions and what people can do. I'm a member of the Tennessee Farms Association, and I was at a meeting and discovered that according to the TFA, we have a membership which is now more than 50 percent of the actively voting population in Tennessee.

So you're reaching a critical mass somehow of people who understand. I left Washington in 1998, and I said, "If there's one thing worth dying for, it's the right to bear arms," because this situation you've got a group of people who can always come up with more ways to control, and there's nothing to stop them. They're on a roll. I wanted to also mention I have many wonderful subscribers and clients and investors who have lived in the city in very protected and wonderful environments, and to them they can't even conceive of this issue.

"Why is this a problem? Who needs a gun?" And they're lovely people, and they're very intelligent people, but they really have not either lived through the dangers of what the federal government might be up to. You know, they haven't run into it yet personally, or they haven't had to deal with crime the way certainly people in the rural areas have had to deal with that.

*Larry:* Or on the border – I was at a meeting this morning. I talked to a lady who told me some horrendous accounts of living on the border – along the Mexican border, and the activity of the cartels is so brazen that now they're doing what they had done in Mexico as well, well into the United States, including walking into somebody's house, guns drawn, telling them they've got 15 minutes to leave. They can gather what belongings they can in that time, and before you leave sign with this notary here that you're signing over the house to us. And then the house becomes a safe house for the cartel, and the people are – they get \$10.00 for their house to make it a legal sale.

*Catherine:* And it's very important for everybody listening to understand it has been proven beyond a shadow of a doubt that the Department of Justice has been providing the cartels with weapons.



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*Larry:* That – it was called “Fast and Furious,” at least one of the ways that they were doing that. Fast and Furious was a particular program in Phoenix, but we’re almost 100 percent certain that they were doing the same things in other cities in Texas and probably in Mexico as well. And it’s just unbelievable!

*Catherine:* Well, you don’t have to agree with this, Larry, but my feeling watching Eric Holder at the press conference is, “Wait a minute, I’m dealing with criminals who you’re arming and who are making you money, and I need to protect myself from your syndicates. So I need a gun because – and I’m not going to go along with you taking away my gun because that’s just going to empower your syndicates to do more harm to me.” Which side – these guys are on both sides of the game at this point.

*Larry:* Well, I’ve never heard the intensity of pushback that we’re hearing now and we have been for the last many, many months. People are to the point where I don’t think they’re going to be pushed any farther. And it could well be that some bureaucrat in the next few days or months is going to tell some American citizen what he can and cannot do, and the bureaucrat is going to be told in no uncertain terms, “Get out of my house. Get out of my store. Get off my land, or I’m shooting you.” People are that fed up! The idea that these little tin pot dictators run around assuming that whatever they say is the law when in fact they are lawless, and people are increasingly to the point where they’re going to treat them like any other common criminal.

*Catherine:* The only thing I have to say – and maybe I’ve been out of Washington for long – most of the bureaucrats I dealt with were great people and didn’t want any part of this. You know, now they were going along because they wanted to get paid.

*Larry:* Well, somebody’s writing those orders –

*Catherine:* Oh, yes – oh, yes.

*Larry:* -- about what we have to do and don’t do, and they’re going to have to get somebody to enforce them when people increasingly say, “Well, you’ve written the order. So what?”

*Catherine:* Right.

*Larry:* It’s just an amazing thing – the contempt for government has become palpable, and I really wondered if it would ever happen. Was there ever a point we could be pushed to that people would say, “That’s it”?

*Catherine:* Well, I think the bailouts have done it, because if you look at the financial issues, we’re watching large financial institutions make 300 percent on a defaulted



mortgage, and it's clearly being engineered from Washington and the central banks. So it's gotten pretty obvious, and people can connect the dots to what they're watching locally. The one thing that does concern me, Larry, is that I'm starting to see the respect for the military also decline, and that's a dangerous situation because the military – if you look at what's keeping the entire financial game going, it's the military that holds it up. If the military should lose that respect, then we're in a very different world financially, globally.

*Larry:* I think a lot of people are increasingly concerned that we are on the brink of a time of disorder that has been instigated by the reckless policies of our central government and, to a certain extent, with co-starring roles by other government officials elsewhere. And I think it's reaching a very critical point, and I'm not sure if the folks that are ensconced in their comfy offices in Washington and other government centers really understand just how desperate people are, how disgusted people are. But this isn't a good way to be, and it's not I don't think going to continue much longer without something snapping.

*Catherine:* Right – and I think two of the issues that this is going to come down to – so I was very interested in your Brad Rogers story – is control of the food supply and the right to bear arms. That's what it's going to come down to.

*Larry:* Hey, if you have control of those two things, that's sort of the ballgame, isn't it?

*Catherine:* Yes, it gets back to this question of the taxes and the land is very much driving the push to get the arms rules changed. Well, let's talk about what people can do. I'm a busy family. I've got three kids. I'm working. I'm trying to hold it together. What can I do this week, next week? What can I do to support you and people like you, making sure that the administration's proposals die a quick or slow death?

*Larry:* Gun Owners of America has been organized as a grassroots lobby. We try to facilitate our members being able to get information from us, and then either send off a postcard or an email or the information for a phone call – whatever – to keep the heat on primarily members of Congress, which is our main focus. And that means that everybody that's getting our information can be a citizen lobbyist. Doesn't take a lot of their time, almost no expense, but it really can add up, because if enough people are calling and writing and generally putting the heat on, eventually they see the light. It's as old Senator Dirksen was fond of saying that, "When I feel the heat, I see the light," which is pretty much the way he used to speak –

*Catherine:* It's true – if they get a couple letters or a couple phone calls. I'll never forget during the bailouts, I kept – I like my congressperson very much. It's Marsha

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Blackburn. And I would call her staff and say, “Do not vote for this bailout. Vote no. Vote no!” And finally they said, “We’re not even taking names and addresses. We’re just – we’re overwhelmed. And she voted no on the bailouts twice. But they absolutely do respond when the heat comes in. So it makes a difference.

*Larry:* And as you and I vote no, she was under enormous pressure within the Beltway to go along with the bailout. And it’s almost impossible to understand how that can happen, except for those of you listening, keep in mind that inside the Beltway is like being in a hermetically sealed room. There are no inputs that enter the room other than those that are strictly controlled, and you just have no sense of the reality of the world outside that room.

*Catherine:* Right – and that pressure can be so terrifying.

*Larry:* Absolutely. Now, when you get outside the room, and you look back, you say, “What was I afraid of?”

*Larry:* But it’s like the guy behind the curtain in the *The Wizard of Oz*, and they finally discover that the wizard is just this little old guy behind a curtain cranking out this smoke and everything and it was all smoke and mirrors.

*Catherine:* No, I’ve been – but those guys, when they turn on the heat, it’s, “The entire global financial system will crash, and it’ll be your fault,” and the pressure can be very intense.

*Larry:* Well, “We had to have the bailout right away, because if we don’t get it tomorrow, the financial system is going to collapse, and the end of the world will be at hand, and we’ll all die!”

*Catherine:* Right – and here’s the interesting thing, because when the bailout got turned down the first time, it was almost as though the rule of law had been asserted. And of course, what a financial system needs more than anything is the rule of law. Without the rule of law, the whole thing goes to chaos, so it was really funny. It was the American people who reminded everybody, okay, what it is that a financial system needs to go because as soon as they approved the second, and the money started flying out the door, you know – we all see where this went.

*Larry:* Absolutely.

*Catherine:* Okay so keep us going. What else can we do?

*Larry:* Well, if folks will go to [GunOwners.org](http://GunOwners.org), they can get on our alert list.

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They'll get an alert from us saying, "This week is" – I have to confess, they probably got one every day because the battle has been so intense, and each time something comes it'll have an email embedded in it that can be sent off to the appropriate member of Congress. And it really has kind of revolutionized lobbying since we work independently – heavily on the grassroots, our members, to impact the Congress, the fact that we can now communicate electronically and get a feedback the same day makes a huge difference in the way we can deal with what they try to get away with here in Washington.

So the GunOwners.org, it's a free service. Just get on that alert list, and the information that comes I think will be stuff that you're not going to get on the evening news.

*Catherine:* Right. Okay, well, Larry, thank you very much for joining us.

*Larry:* Thank you for having me. It's been great to be with you.

*Catherine:* I look forward to seeing – I've signed up at Gun Owners of America, so I look forward to getting the alerts.

*Larry:* And spread the word out there at Hickory Valley. It sounds like you're almost in paradise! Tennessee, right?

*Catherine:* Yes, we're in west Tennessee. I'm outside of Memphis.

*Larry:* I didn't know you had any valleys that far west. All right.

*Catherine:* I'm not sure that folks from east Tennessee would consider this a valley, but in west Tennessee, it's a valley.

*Larry:* Okay. Well, you can – if you think it's a valley, you go ahead and call it that.

*Catherine:* Anyway, you keep doing – you keep doing our work for us, and we will keep supporting, and we appreciate it very much – everything you're doing –

*Larry:* Well, thank you so much. It's really nice of you, and look forward to being with you again sometime.

*Catherine:* Okay. Have a great day.

*Larry:* You, too. Bye-bye.

***End of recording with Larry Pratt***

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*Catherine Austin Fitts:* The other thing I wanted to mention, our movie tonight is *Innocents Betrayed*, which is a documentary, a relatively short one, made by one of the most effective gun ownership organizations, Jews for the Preservation of Firearms, the one I was the most familiar with when I worked in Washington.

I thought long and hard about recommending it to you because it's very tough stuff, and it goes through many of the examples of government genocide over the last 100 years, particularly of populations who have been disarmed and the relationship between allowing yourself to be disarmed in genocide.

And I think it's well worth watching because many of us have enjoyed living in a society where we were, or certainly felt, valued, and now as that changes I think it's important to understand the history, not just because of governments, but we're living in a situation now where large corporations are able to field very significant private security forces who have been known to behave in ways to act above the law with impunity, so I would recommend that to you as well.

Well, Franklin, before we end this evening, let's just talk a little bit about the relationship between the right to bear arms and having a well-armed population and our ability to protect our financial assets. What say you on that subject?

*Franklin Sanders:* Well, I've always thought that the reason that the federal government has not devolved into a complete tyranny yet is that there are 400 million guns in the United States, and they don't know where they are. I think it's no more secret than that, and so what's hidden behind all of this push for gun control is not their concern about the poor victims of this shooting or that shooting, but simply that they want to know where the guns are so they can pick them up when they want to.

People may think it's not a pleasant subject, but the simple fact is that just the existence of those guns and their weapons and their unknown location is an enormous counterweight to tyranny. And a counterweight of tyranny, you have to stop and think that also means it is a tremendous force in favor of the rule of law because what is tyranny but the destruction of the rule of law, so... you know what I mean? You can't separate the things. They all go together. That's just the way it is.

*Catherine Austin Fitts:* Right. I think many people associate gun ownership as protecting our concern that the government is going to physically march us off to camps, and that's really not a concern of mine. It's very expensive to keep people in camps. It's much more economically intelligent to sort of harvest them in place in their neighborhoods.

We had a great interview on the first quarter of the *Solari Report* with historian Neil Howe, who is an expert on demographics and has worked with the Concord Coalition, which is a



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group of private citizens focused on the budget issues. And one of the things he said when we were preparing is he said, “We have \$100 trillion of unfunded liabilities. Exactly how is this going to get sorted out?”

And the reality is if you look how it’s going to get sorted out if we’re disarmed, it’s very different from how it’s going to get sorted out if we’re not disarmed. In other words, we’re talking about a leadership group that’s got to figure out who’s going to pay for \$100 trillion of unfunded liabilities, or whose obligations are going to get abrogated. And it’s easy to say that if you have no power and no skin in the game, guess who’s going to get rolled because that’s what this is going to come down to. Whose got the power?

*Franklin Sanders:* I wish that I could hang out with Larry Pratt more often because I find him extremely encouraging because he sees more resistance in the American people than I do. You and I both know the cost of resistance, and I think that’s one of the things that makes me very quiet and very contemplative when people begin to talk about resistance. I understand the cost.

I don’t want to see things come to violence, but if it does it just has to because there are some things that are worse than violence, and one of those things is slavery. One of those things is letting your children descend into slavery – but there has to be a determination – the will to be free must live in the hearts of people. You can’t put it there. If it’s not there to begin with, you can’t put it there.

And so that’s the big question that puzzles me. How many people in the United States are willing to fight? And let’s be clear. I’ll be perfectly clear about it. When your rights are overrun, when they’re determined to lead you into tyranny and destroy your rights and your children’s rights, steal your property and the rest of it, then you have a duty and an obligation to defend yourself. You have a duty to your children, if nothing else.

*Catherine Austin Fitts:* You have a duty under the Constitution to establish and reassert the rule of law. That is our obligation as citizens. What I keep trying to get back to, and one of the reasons I wanted Edwin Vieira to join us on the *Solari Report* and talk about his research, is what the financial system needs, and what we all need, is a lawful system where everybody is obligated and can be enforced to obey the rule of law. And so whatever we do, we have to get back to that place. That’s where we’re trying to get to.

So you’ve got a group of people who are functioning in a lawless way. How can we hold them accountable and get them back into a lawful paradigm?

To me it’s very funny because I was out in California with Caroline Casey, whom I love, and she said – we were on a panel and she said something very negative about these high testosterone young men who were promoting guns, and I turned to her. I was shocked, and

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I said, “Well, I guess you want our taxes to go up much faster.” And she looked at me, and she said, “What does that have to do with guns?” And I thought, “This country is in for an enormous education.”

Okay, well, we didn’t get a chance to talk about Bitcoin, and that’s a long subject, so we’ll delay that for another day. But I think maybe if we could just take two minutes on Bitcoin – as I said, I’ve made quite an effort to warn people to avoid Bitcoin. I know, Franklin, you have too, and we were certainly gratified this week to realize that a lot of our subscribers had succeeded in avoiding it.

I do think there is going to be a very concerted push by the venture capital community to promote things, whether Bitcoin, or things like Bitcoin, or what I call “crypto currencies.” I think it’s a very dangerous political development and a dangerous financial development because we’re talking about if you had currencies that are not grounded, and if you move your bank deposit out of something that’s insured and something for which a bank is liable to, into something for which no one is liable for and nobody is accountable for, you’re talking about another layer of disassociation, and Franklin described earlier what the dangers are of that.

So it’s something I’m going to be talking a lot more about on the *Solar Report*, but I’m going to keep saying it. Beware. Beware. Beware because I don’t see how you’re going to bribe the border guards with your Bitcoins.

Franklin, do you want to add anything?

*Franklin Sanders:* Well, yes. I think reality is your best friend. It’s not nice to try to fool Mother Nature or mother market, and when you see a market – the chart told me a month and one-half ago. Somebody showed me a chart of Bitcoin, and I said, “Well, that’s in a blow-off right now. There’s no way you can buy that because it’s in a blow-off,” and it was about \$140.00 then. So I think the first thing is that.

And the second thing is this was – I think Bitcoin was driven by an ideology – and you can call it free-market ideology or libertarian ideology, whatever you want – and however praiseworthy or valuable those ideas may be, they’re not valuable unless they’re put into practice by adults. And by adults, what I mean is by people who understand all the checks and balances necessary to make a financial business work.

I say that as a person who has stumbled into a lot of trouble trying to do something similar 30 years ago, so this was not – I understand how attractive it is to say, “Ah, this is just sort of anarcho-capitalism, where only so many can be made.”

You had to suppress the suspicion, and I think virtually certain knowledge, that anything

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that's done on a computer can be undone by a computer and probably has a back door that probably the government can get into.

So I think all of those things were warning signs that ought to have flashed and told people, "Wait. Just put the brakes on. This is not a place to put very much money."

*Catherine Austin Fitts:* Right. This is a very risky place, and it's also a place where you're prototyping and helping the virtual currencies emerge that Mr. Global wants to really control.

Okay, well, Franklin, thank you very much. We're going to be back with you in a month. A lot's going to happen in the next month, so hold on. [

*Franklin Sanders:* I'll keep my powder dry. How about that?

*Catherine Austin Fitts:* Yes, perfect. Keep your powder dry.