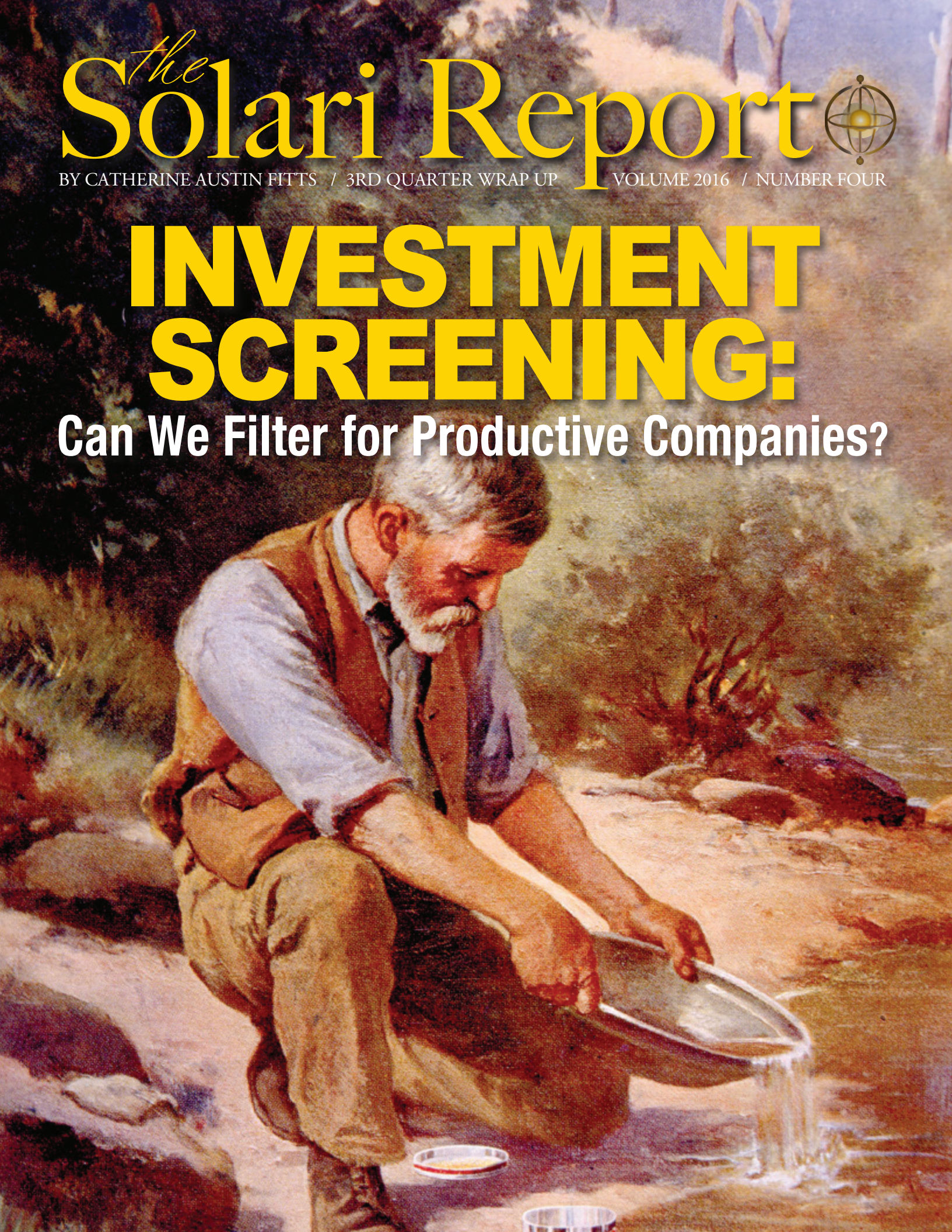


The Solari Report

BY CATHERINE AUSTIN FITTS / 3RD QUARTER WRAP UP VOLUME 2016 / NUMBER FOUR

INVESTMENT SCREENING:

Can We Filter for Productive Companies?



The Solari Report 3rd Quarter 2016 Wrap Up

Investment Screening: Can we filter for Productive Companies?

by *Catherine Austin Fitts*

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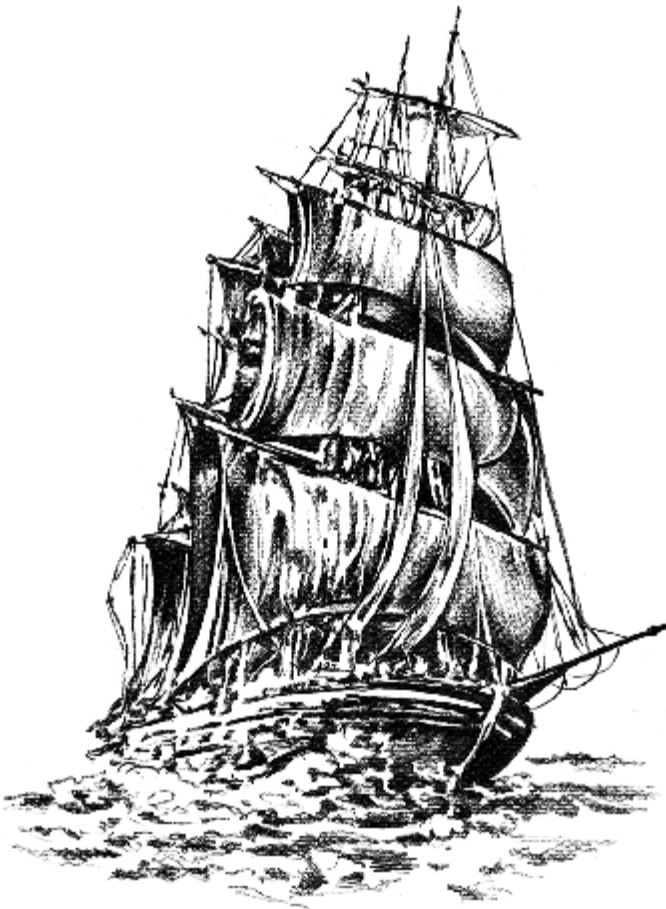
Disclaimer: Nothing on the Solari Report should be taken as individual investment advice. Anyone seeking investment advice for his or her personal financial situation is advised to seek out a qualified advisor or advisors and provide as much information as possible to the advisor in order that such advisor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

NOTE: For additional material available in the online version of this Wrap Up, visit the www.Solari.com website and use the search function to locate the items.

Introduction

“Cut and run or cut-and-run is an idiomatic verb phrase meaning to “make off promptly” or to “hurry off.” The phrase originated in the 1700s as describing an act allowing a ship to make sail quickly in an urgent situation... The phrase is used as a pejorative in political language, implying a panicked and cowardly retreat...”

— WIKIPEDIA



These six words or phrases at hand capture the essence of the news during the last three months:

1 Cut and Run. The signs are significant that insiders are moving monies out of the system. The biggest story of the 3rd Quarter was the announcement from the US Department of Defense Inspector General that DOD had undocumented adjustments for the fiscal year 2015 of \$9.3 trillion, or \$30,000 for every man, woman, and child in America.

2 Monica Lewinsky II. Just as the Monica Lewinsky scandal and the related impeachment proceedings distracted Americans from noticing that trillions were flowing out of the federal government in fiscal 1998, the first year of the financial coup d'état, sensationalism and disinformation related to the US presidential campaign have distracted us from the DOD Inspector General announcement and the related symptoms of “cut and run,” including the sale of Monsanto, the divestment by Lockheed Martin of its IT business, phony accounts at Wells Fargo, and the US-German politics related to Deutsche Bank.

3 Crazy Man vs. Criminal: In a recent editorial, Peggy Noonan wrote that America's choice is coming down to Crazy Man vs. Criminal. The campaign becomes crazier and more criminal the closer we get to Election Day. One of the biggest losers of the 2016 campaign is the corporate media, of which all credibility is sinking now to a new low.

4 Constitution: Can we protect the US Constitution from assaults from all sides? If we want to protect it, we must enforce it. First and foremost, we must insist that monies and assets that have gone missing be identified and returned.

5 War: The birthing pains of a multipolar model are upon us. The tensions between the United States and Russia are rising, with negotiations in Syria suspended right after the end of the 3rd Quarter. A global economic slowdown contributes to these tensions. Jack Ma, founder of Alibaba, said it best in the 3rd Quarter: “Wars start when trade stops.”

6 Uncertainty: The number of future scenarios grows daily. Some days anything looks possible. Each of us must make personal decisions and move forward regardless of uncertainty.

Our 3rd Quarter Wrap Up will be presented throughout October in four parts:

- **News Trends & Stories, Parts I and II.**

We begin a fascinating discussion with Dr. Joseph P. Farrell, of the top news trends and stories. In the first week in part I, we will look at Economy and Financial Markets and Geopolitics, including a serious discussion of “cut and run” and the growing signs that insiders are pulling significant money and assets out of the US government and spinning out and cashing out of major investments and liabilities. The following week in part II, Dr. Farrell and I will cover Science and Technology and The Big Questions. Make sure to check the full listing and links on the News Trends & Stories section.

- **Financial Market Roundup:** In the third week, we will combine a written Blockbuster Chartology from master technician Rambus with my Equity Overview. Make sure to see the charts in our Financial Market Roundup section.

- **Investment Screening: Can We Filter for Productive Companies?** Finally, in the fourth week, we present our central and biggest topic. I look at the investment

screening industry and ask whether it is possible to filter for fundamentally productive companies. In August, investors in private prison companies found their stock price down by almost 50% as a result of changes in government policies. Wells Fargo stock is down by 18% this year, in part because of a scandal related to falsification of accounts. As the debt-financed growth model comes to an end, investors in companies that are not primarily productive face a new set of risks. As discussed in our 2nd Quarter Wrap Up, productivity growth is essential to a more peaceful, prosperous global economy.

We anticipate an adventurous 4th Quarter at Solari. In October, I will be on the road in Pasadena, Tucson, Austin, a Sunday *Brunch with Catherine in Dallas*, and a week in Boulder with a quick stop in Denver on my return to Tennessee. Best of all, I will be in Tulsa on October 15th for the Launch Party for the Joseph P. Farrell Pipe Organ Crowdfund. You will be hearing more about that when we launch in November. I am back to Europe in late October for several weeks, and then I head to Montana.

Everywhere I go, I have the opportunity to meet Solari Report subscribers. You are a constant reminder of how many wonderful people are in our world.

On behalf of the entire team at the Solari Report, I wish you a free and inspired 2016!

—Catherine Austin Fitts



Catherine Austin Fitts

“**One of the biggest losers of the 2016 campaign is the corporate media, of which all credibility is sinking now to a new low.**”

I. Investment Screening: Can We Filter For Productive Companies?



“The ducks are squawking! I must feed them!”

— LUIS S. MENDEZ, HEAD OF CAPITAL MARKETS, DILLON READ & CO

1. Introduction

After many years of inquiries, I have committed to create an investment screen based on the Solari Model. I have worked on it intermittently during 2016, with plans to offer it in 2017.

The creation of a Solari screen responds to subscriber, client, and colleague requests. Too often, an investor opens a statement, finds a stock he cannot live with, and calls to ask that it be sold. Or the investor worries that he or she owns stock in companies that will not successfully navigate the current environment. Hopefully, these risks can be reduced or avoided if investment advisors choose from a list of pre-screened companies.

The investment community offers countless screening options – the field is crowded. Why create and maintain one more? In part the request for a Solari Screen is in response to risks I cover in the Solari Report. This includes the risks created by:

- Covert cash flows, the black budget, and machinations of the deeper state, including the enormous shift of G-7 capital through the “financial coup d’état” since 1997;
- Changes underway as a result of new technology and globalization, or what I and my colleagues on the Solari Report refer to as the shift from Global 2.0 to Global 3.0; and,
- The end of the debt-financed growth model.

A Solari Screen allows me to integrate these factors into an analysis and underwriting of individual companies, ideally in a manner that makes life easier for an investment advisor focused on picking stocks and timing buys and sells in a manner essential to investment performance – something that a screen in and of itself does not do.

Before I finalize my efforts, I want to look at the universe of screening. I also want to give Solari Report subscribers an overview of this aspect of the investment universe and share some thoughts about screening to help you navigate it.

The Golden Rule, “do unto others as you would have them do unto you,” sounds great. However, it breaks down quickly in highly centralized systems that sorely lack financial transparency, particularly for government and covert resources. We are all busily financing genocide and cruel treatment of each other with so much going on that is invisible. As the emperor Vespasian quipped regarding the Roman urine tax, “Pecunia non olet” or “Money has no smell.”

Since John Wesley sermonized on the “Use of Money” to the Methodists in 1744, and the Quaker Philadelphia Yearly Meeting (my ancestors, I would note) banned the financing of slavery in 1758, we have been grappling with a necessary financial appendix to the Golden Rule: “Finance unto others as you would have them finance unto you.”

As invasive technology leads us into a culture that feels progressively more inhuman, it is worth thinking about how to extend the Golden Rule to the question of “from whom and what we profit.”

How do we effectively respond to a world in which “crime that pays is crime that stays?”

What is Screening?

Almost all investments are screened. Common screens include investment characteristics, industry sectors, and location.

A mutual fund, ETF or individual portfolio is typically screened for one or more investment characteristics, such as these:

- Type of Asset: Real estate, commodities or securities
- Liquidity: Liquid (such as securities) or illiquid (such as private equity or venture capital)
- Type of Securities: Stocks or bonds
- Income Profile: Dividends vs. Growth
- Taxation Status: Tax-Exempt
- Size of Company Market Value: Large, medium or small cap



Design for the new Solari One Oz. Silver Coin coming in 2017.

“**How do we effectively respond to a world in which “crime that pays is crime that stays?”**”



Industry sector of the underlying business or organization is also a common screen. A portfolio may focus on one or a few sectors, or may seek balance across all sectors. Morningstar describes 11 primary sectors for its “Morningstar Global Equity Classification Structure:”

Cyclical:

1. Basic Materials
2. Consumer Cyclical
3. Financial Services
4. Real Estate

Defensive:

5. Consumer Defensive
6. Healthcare
7. Utilities

Sensitive:

8. Communications
9. Energy
10. Industrials
11. Technology

As securities markets grow globally, increasing numbers of screens organize around places. This increase includes continents (e.g. North America, Asia, Latin America), regions (e.g. Middle East & Africa), countries (e.g. US Domestic) or areas of economic development (e.g. Emerging Markets). As global liquid markets develop, this permits investors to “trade places” and align portfolios with regional growth rates and geographic contribution to global GNP.

Screens involving the wider impact of a company on society and the environment, as opposed to return to shareholders as the sole financial criteria for performance, are often referred to as ESG screens. ESG stands for “environmental, social, and corporate governance.”

Wikipedia: Environmental, Social and Corporate Governance

https://en.wikipedia.org/wiki/Environmental,_social_and_corporate_governance

The “social” encompasses the more traditional socially responsible investment.

Wikipedia: Socially Responsible Investment

https://en.wikipedia.org/wiki/Socially_responsible_investing

Wikipedia: Social Finance

https://en.wikipedia.org/wiki/Social_finance

Depending on classifications, this may or may not include morally responsible investment supported by religious groups, including Christian and Islamic finance.

Wikipedia: Christian Finance

https://en.wikipedia.org/wiki/Christian_finance

Wikipedia: Islamic Finance

https://en.wikipedia.org/wiki/Islamic_banking_and_finance

A deep dive into ESG criteria lands one in a world of complex opinions regarding what is and is not moral or responsible and what an individual company can do about it. Many of these opinions are sincere. Some are motivated by “Soft Revolution” politics being used for a variety of political and strategic purposes.

The application of these opinions works in a variety of ways, including:

- **Positive Screens:** Screens that seek companies, which achieve positive results according to the specified criteria, such as clean energy or women friendliness.
- **Negative Screens:** Negative screens filter out “bad dogs,” which tolerate anything so long as it does not include the designated stinkers, which traditionally have included companies that make and market weapons, alcohol, or tobacco.
- **Shareholder Activism:** This screen involves an investor using shareholder status through the proxy annual voting process or other influence with the company and shareholders who lobby for policies such as best practices in governance or employee compensation. Shareholder activism is sometimes combined with positive or negative screens for maximum effect.

Wikipedia: Activist Shareholder

https://en.wikipedia.org/wiki/Activist_shareholder

- Targeted Investing: Targeted investing includes economically targeted investments (ETIs), community investing, impact investing and mission investing

Wikipedia: Impact Investing

https://en.wikipedia.org/wiki/Impact_investing

Mission Investing

<https://www.missioninvestors.org/mission-investing>

In my experience most targeted investing are forms of private equity, venture capital, or other forms of illiquid or restricted investments. Although screens are a positive or negative response to an existing universe of companies or investment opportunities, targeted investing is generally more proactive in creating startups or supporting small or early stage companies and investments.

The word “sustainable” is sometimes applied to some or the entire ESG universe or used as a synonym for ESG responsible investment. I am not quite sure how to explain a working definition of “sustainable.” I think the intention is to signify that the impact on the whole is positive – otherwise the system cannot last.

Strategic sustainable investing

https://en.wikipedia.org/wiki/Strategic_sustainable_investing

Perhaps if we achieve fundamental transparency regarding the basic outlines of our real governance systems, governmental and tax-exempt resources, and the nature of the invisible technology and weaponry operating in and around our planet, I might be able to understand what is and is not sustainable. Until then, I will leave it to others to wrestle with a working definition.

ESG Screening: The Size of the Universe

Two recent studies have made a serious attempt to define the size of the ESG universe:

2014 Global Sustainable Investment Review by the Global Sustainable Investment Alliance

http://www.gsi-alliance.org/wp-content/uploads/2015/02/GSIA_Review_download.pdf

Report on US Sustainable, Responsible and Impact Investing Trends 2014 by The Forum for Sustainable and Responsible Investment and the US SIF Foundation

<http://www.ussif.org/trends>

The 2014 Global Sustainable Investment Alliance included representatives from Europe, Asia, Australasia, Canada and the Forum for Sustainable and Responsible Investment for the United States.

For purposes of classification for their Review, they emerged a classification of “sustainable investments” to include the following:

1. **Negative/exclusionary screening:** the exclusion from a fund or portfolio of certain sectors, companies, or practices based on specific ESG criteria;
2. **Positive/best-in-class screening:** investment in sectors, companies or projects selected for positive ESG performance relative to industry peers;
3. **Norms-based screening:** screening of investments against minimum standards of business practice based on international norms;
4. **Integration of ESG factors:** the systematic and explicit inclusion by investment managers of environmental, social and governance factors into traditional financial analysis;
5. **Sustainability-themed investing:** investment in themes or assets specifically related to sustainability (for example clean energy, green technology or sustainable agriculture);
6. **Impact/community investing:** targeted investments, typically made in private markets, aimed at solving social or environmental problems, and including community investing, where capital is specifically directed to traditionally underserved individuals or communities, as well as financing that is provided to businesses with a clear social or environmental purpose; and



“

I am not quite sure how to explain a working definition of “sustainable.” I think the intention is to signify that the impact on the whole is positive — otherwise the system cannot last.”

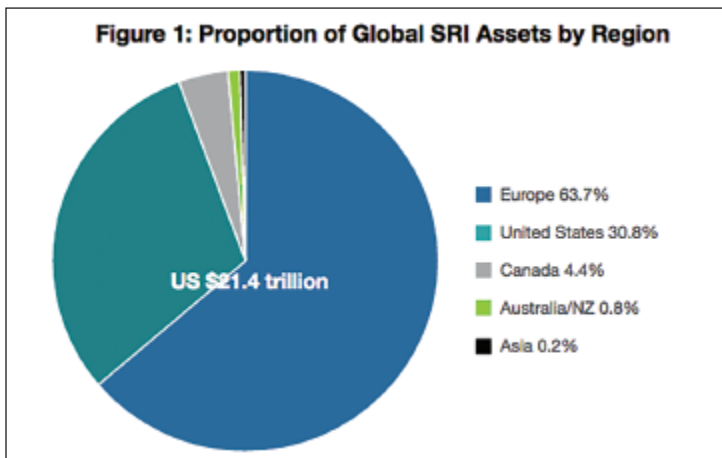
7. Corporate engagement and shareholder action: the use of shareholder power to influence corporate behavior, including influence through direct corporate engagement (i.e., communicating with senior management or boards of companies or both), filing or co-filing shareholder proposals, and proxy voting guided by comprehensive ESG guidelines.

– From: 2014 Global Sustainable Investment Review, Page 6

They describe global sustainable assets as rising from “\$13.3 trillion in 2012 to \$21.4 trillion at the start of 2014.” By their classification system, the proportion of such investments has grown to 30.2% of all professionally managed assets in the regions covered:

	2012	2014
Europe	49.0%	58.8% ⁴
Canada	20.2%	31.3%
United States	11.2%	17.9%
Australia	12.5%	16.6%
Asia	0.6%	0.8%
Global	21.5%	30.2%

Source: 2014 Global Sustainable Investment Review



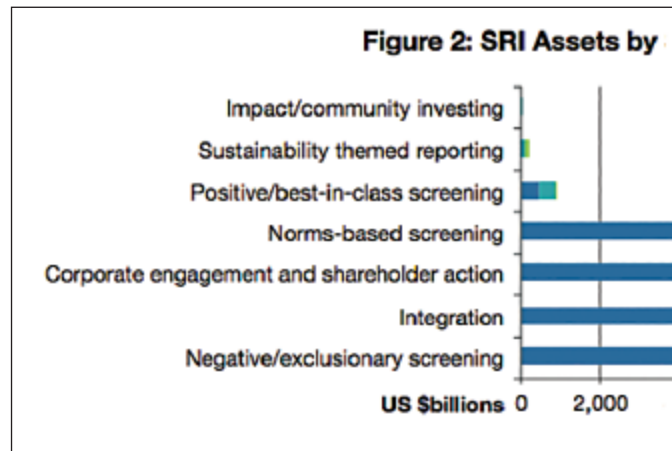
Source: 2014 Global Sustainable Investment Review

	2012	2014	Growth
Europe	\$8,758	\$13,608	55%
United States	\$3,740	\$6,572	76%
Canada	\$599	\$945	60%
Australia/NZ	\$134	\$180	34%
Asia	\$40	\$53	32%
Total	\$13,261	\$21,358	61%

Note: Asset values are expressed in billions.

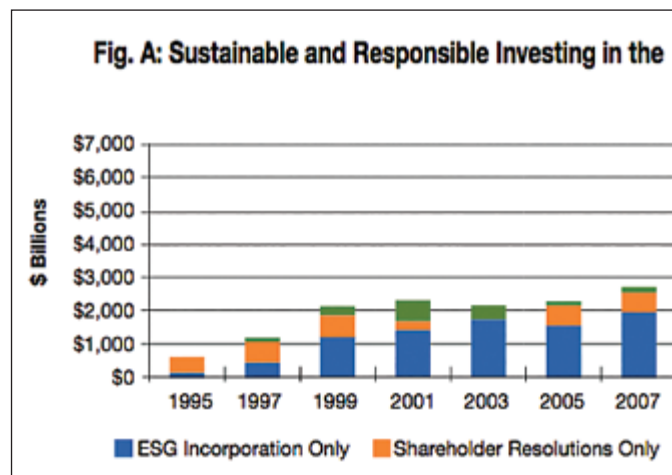
Source: 2014 Global Sustainable Investment Review

European investors are the leaders in incorporating ESG criteria. Negative screening and integration of some ESG criteria into traditional analysis represent the predominant ESG global strategies.



Source: 2014 Global Sustainable Investment Review

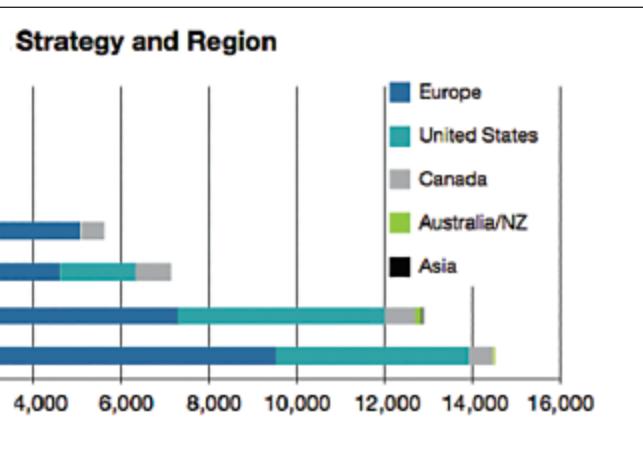
In 2014, the Forum for Sustainable and Responsible Investment and the US SIF Foundation also published its report for the United States, “Report on US Sustainable, Responsible and Impact Investing Trends 2014” Their report includes a wealth of documentation regarding socially responsible investment in the U.S. They document SRI-managed asset growth in the U.S. as follows:



Source: US SIF Foundation

A birds-eye view of the screening universe indicates that attention to ESG criteria was growing as of 2014. The Forum for Sustainable and Responsible Investment plans to publish their “Report on US Sustainable, Responsible and Impact

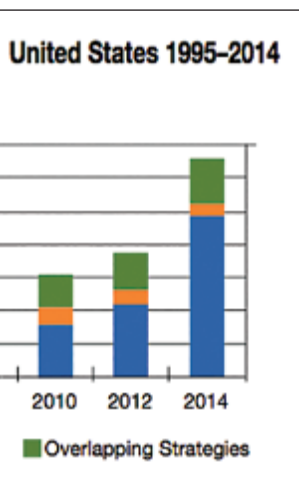
Investing Trends 2016” in mid-November 2016. You can access it on their website at <http://ussif.org>. It will be interesting to see if and how the growth has continued.



The Deeper Issues

One of the challenges faced by investors interested in applying ESG criteria is that you run the risk of “fighting the model.”

In our current economic model, “the central banking – warfare model,” economics are driven by central bank and government policies that reflect a significant investment in ‘control by force and superior intelligence’ based on invasion of privacy and individual rights. Central banks and governments are bureaucracies that represent private investors – whether represented by secret societies and/or the leadership of significant intergenerational pools of capital – that are not transparent and enjoy high-margin returns on warfare, financial fraud, and other forms of organized crime. In short, the privilege that accrues to



the few who dominate by force and secrecy and enjoy legal immunity represents a significant tax on the general population.

Another way to say this is that the size of the total pie is ‘sub optimized’ by design. The system goal is to ensure the control and command of

resources by an invisible elite. Despite what we learned in economics class or business school, the global economy is not run on a basis designed to optimize the whole. We should beware designing ESG criteria on the assumption that “everyone wants things to work.”

We are in a period where new powerful technology and weaponry are being applied with criminal means to serve centralization. They are making the rich richer, but shrinking the total pie, and a growing population is debasing the environment. The reality is, however, that the powers that be can continue to centralize far longer so we can remain solvent, trying to reverse the flow with socially responsible investment.

This reminds me of Reg Howe’s excellent opening in his essay “The Golden Sextant,” as he described the harm done to the economy and society by fiat currency and unsound central banking practices:

A recent book entitled Good Money touts “SRI” – socially responsible investing – , or how to do good (socially) while doing well (financially). But whatever the legal currency – dollars, marks, yen, francs, or pounds – in which practitioners of SRI make their investments, they cannot make bad money good. SRI cannot repeal Gresham’s law. Properly understood, good money is good, not because of the motives of its owners, but because of its own intrinsic character. Truly good money will produce far more social benefits than any amount of bad money spent with good intentions.

– Reg Howe, The Golden Sextant

<http://www.goldensexant.com/goldensexant.html>

Another one of my favorite quotes along this line is from GATA Treasurer Chris Powell: “fiat currency has done far more environmental damage, than all the mining companies have ever dreamt of doing.”

In both instances, Messrs. Howe and Powell are looking to address the root problem and are concerned that SRI investing runs the risk of addressing only the symptoms. The solution is to bring sufficient transparency to root causes in order to support SRI efforts.



“
Fiat currency has done far more environmental damage, than all the mining companies have ever dreamt of doing.”

– GATA Treasurer
Chris Powell

“
One of the reasons I welcome the opportunity to develop a Solari Screen, is that I can use the Solari Report to bring transparency to the deeper issues. Consequently, the two efforts reinforce each other.”

In this environment, real change requires addressing (i) fundamental governance structures, (ii) central bank policies, (iii) government credit, spending, regulation and enforcement as well as (iv) actual policies related to transparency of tax payer resources, respect for individual privacy and fairness in the application of the law.

One of the reasons I welcome the opportunity to develop a Solari Screen, is that I can use the Solari Report to bring transparency to the deeper issues. Consequently, the two efforts reinforce each other.

Real transparency is essential to the successful application of ESG criteria. As Robert Axelrod has described in *The Evolution of Cooperation*, individuals and markets will shun criminal players if they can see them clearly. In other words, when we create the conditions of real transparency, then investors will be more likely to shun individuals and companies that behave immorally, unethically, or illegally.

Hamilton Securities & US Pension Funds

When I started Hamilton Securities Group in 1991, I was persuaded that new technology would have a dramatic impact on the circulation of equity capital. We could then finance places and neighborhoods with private equity rather than government investment. Part of the challenge was to determine how digital and information technology could benefit the daily economics of a family, a business, or a municipality. To do so, we started to build databases of government credit and investment as well as software tools, to help us analyze public and private investment at a county and community level and to simulate opportunities to improve performance on both taxpayer and private investment returns.

During this period, we entered into a joint venture with the U.S. Department of Labor to build a database of pension investments that integrated ESG criteria, including economically targeted investments (ETIs). The joint venture included an advisory board of top state, corporate, and union

pension leaders. One of our goals was to help the pension leadership make recommendations to the US Department of Labor regarding policies related to ETIs. As we listened to more of their strategic concerns, another goal was to understand what could ensure that the US pension funds achieved the returns necessary to provide for baby boomer retirements, particularly in light of the globalization underway.

One of our conclusions was that government policies needed to change if communities were to be successful – indeed there was an extraordinary opportunity if they did, including for the pension funds. Without such changes, ETIs would simply make matters worse. If government policies were designed to ensure that communities failed, asking the pension funds to lose money in those places was only going to make matters worse. If we intend to destroy a local economy, there is no point destroying additional retirement savings along with it.

I later described this in an article published in 2002:

One response to negative government investment returns is to pressure private investors and lenders to step into the breach in communities with economically targeted investments.

We need to be careful about asking private investors to dispense with performance standards to subsidize low or negative returns on government investment where that avoids dealing with the real problem and even compounds the real problem.

Often the real problem is not that some investors are optimizing too much. Rather, it is either that government is optimizing too little, or some private investors are manipulating government investment and central banking policy to lower total economic returns in order to help themselves inflate their private investor returns in questionable or criminal ways, frequently at the expense of other private investors.

Total economic returns are low or negative. The solution may not be to invest more capital at the situation or to take reduced returns. The solu-



tion may require illuminating total economic returns and dealing with the drain on fundamental economic productivity of “net energy minus” investments and players.

How do we get rid of the people and enterprises that intentionally drive total economic returns into the negative? Better yet, how do we make money doing it? More bluntly, how do we start to price and delete evil from the system? Is this deletion not a better approach than codependent cleaning up in a way that supports and facilitates the continuing existence of evil?

In some situations, more capital investment can break up a monopoly position or shift the state of play in economic warfare. In other situations, however, more capital investment simply subsidizes an already harmful situation. Providing easy access to expensive housing and consumer credit to low-income communities, as a temporary replacement for savings and income, has certainly helped no one save the people profiting on depopulation, gentrification, and fraud at the expense of both communities and global investors.

Fifty years of belief that more capital is always good has produced an economy highly dependent on organized crime, government subsidy, and credit with negative total economic returns. Indeed, the rise in organized crime and the proliferation of ETIs are connected. A review of the website for the Federal Reserve Bank of New York will show a series of community investments. Any reasonable estimate of the organized crime and corrupt government credit and subsidy flows that “run” (or disappear) through these neighborhoods would bolster the public relations logic of “doing good” with a tiny trickle of the potential profits.

ETIs essentially function as bribes or payoffs that cause more damage in a place by moving it even further from fundamental economics and real productivity. This truth may hurt. However, it is impossible to sustain a positive total economic return without it.

In addition, ETIs are also used to promote the

brand and social respectability of dirty players, thus moving us away from the conditions necessary for “tit for tat” players to emerge as those who attract capital. Crime pays. It is socially respectable.

Finally, ETIs are also used as a way of shutting off capital to local players. In 1999, I had lunch with the general counsel to the chairman of an important Congressional committee overseeing community development. He told me in no uncertain terms that my ideas for providing small business access to equity capital would not be permitted. In fact, the only capital that would be allowed to flow into minority neighborhoods would go through national not-for-profit tax shelter pools. [CAF Note: these investments were often marketed to SRI funds] This preference meant that small business people would be shut off from access to credit while do-gooders “helping” the neighborhood would be granted a monopoly position.

ETIs, in short, were being used as part of a toolkit to control and manipulate the cost of capital within a place at the cost of honest small business people and ethical entrepreneurs.”

I described our last report to the pension fund advisory board in 1997 in my online book *Dillon Read & Co Inc. and the Aristocracy of Stock Profits*, as follows:

The Hamilton Securities Group had a subsidiary charged with taking our data as it developed on individual transactions and portfolio strategy assignments and using it to develop a new approach to investment. We sought to help investors understand the impact of their investments on people and places and on a wider society as a strategy to identify opportunities to lower risks and enhance investment returns.[83] This included understanding how to reduce the dependencies of municipalities and small business and farming on debt and increase their ability to finance with equity. Indeed, easy, subsidized access to equity financing is one of the reasons that large companies have grown so powerful and taken over so much market share from small businesses. Access to equity investment for



“**... the only capital that would be allowed to flow into minority neighborhoods would go through national not-for-profit tax shelter pools... This preference meant that small business people would be shut off from access to credit while do-gooders “helping” the neighborhood would be granted a monopoly position. ”**

I. INVESTMENT SCREENING: CAN WE FILTER FOR PRODUCTIVE COMPANIES?

small business and farms would result in a much healthier economy and much more broad-based support for democratic institutions.

We were blessed with an advisory board of very capable and committed pension fund leaders. In April 1997, we had an advisory board meeting at Safeguard Scientifics where the board chair led a venture capital effort. I gave a presentation on the extraordinary waste in the federal budget. As an example, we demonstrated why we estimated that the prior year federal investment in the Philadelphia, Pennsylvania, area had a negative return on investment. It was, however, possible to finance places with private equity and then reengineer the government investment to a positive return and, as a result, generate significant capital gains. Hence, it was possible to use U.S. pension funds to increase retirees' retirement security significantly by investing in American communities, small businesses, and farms — all in a manner that would reduce debt and improve skills and job creation. This access was important inasmuch as one of the chief financial concerns in America at that time was ensuring that our retirement plans performed financially to a standard that would meet the needs of beneficiaries and retirees. It was also critical to reduce debt and create new jobs as we continued to move manufacturing and other employment abroad. If not, we would be using our workforce's retirement savings to finance moving their jobs and their children's jobs abroad.

The response from the pension fund investors was quite positive until the President of the CalPERS pension fund — the largest in the country — said, "You don't understand. It's too late. They have given up on the country. They are moving all the money out in the fall (of 1997). They are moving it to Asia." He did not say who "they" were, but he did indicate that it was urgent that I see Nick Brady — as if our data that indicated that there was hope for the country might make a difference. I thought at the time that he meant the pension funds and other institutional investors would be shifting a

much higher portion of their investment portfolios to emerging markets. I was naive. He was referring to something much more significant.

The federal fiscal year starts on October 1st of each year. Typically the appropriation committees in the House and Senate vote out their recommendations during the summer. When they return from vacation after Labor Day, the various committees reconcile and a final bill is passed in September. Reconciling all the various issues is a bit like pushing a pig through a snake. Finalizing the budget each fall can make for tenseness. When the new bill goes into effect, new policies start to emerge as the money to back them starts to flow. October 1st is always a time of new shifts and beginnings. In October 1997, the federal fiscal year started. It was the beginning of at least \$4 trillion going missing from federal government agency accounts between October 1997 and September 2001. The lion's share of the missing money disappeared from the Department of Defense accounts. HUD also had significant amounts missing. According to HUD OIG reports, HUD had "undocumentable adjustments" of \$17 billion in fiscal year 1998, and \$59 billion in 1999. The HUD OIG refused to finalize audited financial statements in fiscal year 1999, refused to find out the basis of the undocumentable adjustments or to get the money back and refused to disclose the amount of undocumentable adjustments in subsequent fiscal years.[84] The HUD OIG continued to invest significant resources in persecuting Hamilton during this time.

– From "Financial Coup d'Etat," *Dillon Read & Co Inc. and the Aristocracy of Stock Profits*

This discrepancy, of course, raises the questions why a pension fund such as CalPERS — one of the largest in the world — continued to buy significant amounts of US mortgage securities if its president knew a "financial coup d'etat" and housing bubble were underway. If central control mechanisms are overriding fiduciary law on this scale, how can socially responsible investment make a difference?



As described in *Dillon Read & Co Inc. and the Aristocracy of Stock Profits*, Hamilton was closed as a result of a lengthy period of litigation with the federal government. During this period, I was approached by one of the leaders of the SRI industry and invited to speak at a conference on SRI investing.

When I arrived, I discovered that the sponsors of the conference were large financial institutions that I associated with engineering the housing bubble and related mortgage fraud as well as laundering narcotics-trafficking revenues. The various SRI industry representatives made it clear that they were not comfortable discussing this. I left with the clear impression that the goal of SRI investing was to affirm the overt leadership of the people and institutions running the covert economy on a highly profitable basis. The criminals had the socially committed marketing their stocks while avoiding any interference with the “power lines.”

Then I discovered that one of the leaders of the LBO industry described in *Dillon Read & Co Inc. and the Aristocracy of Stock Profits* was financing an effort to promote B Corporations – the idea being that honest people should take on more liability and complexity. My notion is that we must take the advantages away from criminal players. The worst thing we could do is to add additional requirements and liabilities onto the lawful players!

By 2005, I decided to share some of my thoughts on SRI investing in a Solari Audio Seminar:

Beyond Socially Responsible Investing: Is SRI Hazardous to Our Wealth?

<http://solari.com/outreach/telesem/BSRI1495.htm>

Reviewing SRI Mutual Funds and ETFs

My next encounter with SRI investing was reviewing mutual funds and ETFs owned by investment advisory clients, as well as reading about various approaches by pension funds and sovereign wealth funds when their experience arose in the process of market reviews for the

Solari Report.

I found a wide variety—from funds doing extraordinary things (check out the history of the very fascinating Norwegian sovereign wealth funds here –

https://en.wikipedia.org/wiki/Government_Pension_Fund_of_Norway)

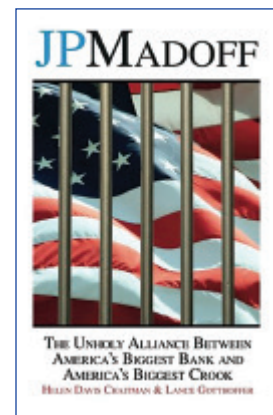
to funds that clearly were designed to create pure packaging to make the irresponsible look responsible. To a certain extent, some of the irresponsibility was part of the “Soft Revolution” tactics that we have discussed and followed on the Solari Report.

For example, during the 2008-9 financial crisis, I was reviewing a mutual fund in a SRI company prospectus that covered all their funds. The fund next to the one I was reviewing was designed to invest in companies that were good to women. I could not believe my eyes! When I looked at the top 10 holdings, most would have been my candidates for the companies most harmful to all humans – including women. If you had asked me to compile a list of the top 10 companies most harmful to women, many would have been on my list.

By assessing the companies using their official description of their business and judging their policies toward women, based on expensive packages of personnel policies that I would describe as inconsequential in comparison to the impact of their real actions in the marketplace, the SRI community had come up with a way to affirm and flow SRI capital to the leaders of the housing bubble and financial crisis.

Pardon my French, but if your financial entrapment scheme results in thousands, even hundreds of thousands of foreclosures, what do I care if you hire and promote 50 women and minorities from Harvard Business School, or you start a minor lending program for women-owned businesses with a very small percentage of the profits of your predatory loan scams?

Case in point – JP Morgan Chase was one of the largest holdings of that SRI fund. I challenge you to read Helen Chaitman’s *JP Madoff* or look at the long history of fines against JP Morgan for



“Grossly oversimplified, make money by adding value. Don’t adopt a business model that makes money shrinking the pie... Don’t engage in organized crime and activities that broadly diminish human productivity.”

criminal activities on her website (or listen to her interview on the Solari Report) and explain to me how an SRI analysis could conclude that JP Morgan was a socially responsible investment because of its policies toward women.

It was clear, however, that interest in ESG criteria and governance was growing. As corporations became more and more important to managing global assets and operations, the investment community had a growing need to pay attention to ESG responsibilities.

If a decision had been made for corporations to rule an important percentage of the world’s assets and operations, they needed to do it wisely. It was part of trying to get this new model of corporate leadership accepted.

Clearly we have a long way to go.

The Solari Model

After reviewing our results at Hamilton, I came to the conclusion that the ideal approach for investors was relatively simple.

A company has an impact on its economic ecosystem. I call it the “Total Economic Return.” That impact can be positive or negative. It can translate the resulting flow of revenues and profits into a Return to Shareholders. That Return to Shareholders can be positive or negative. The difference between the Total Economic Return and the Return to Shareholders I refer to as the “Return to the Network.”

Clearly this framework is conceptual. Although we can measure Return to Shareholders, we have no hard analytics to measure Total Economic Return and Return to the Network.

The goal of a company governance and management system should be to achieve excellence at their strategic goals (make cars, sail ships, operate trains etc.) in a manner that optimizes long-term shareholder value. That is, I agree with the traditional investment view. However, I believed that both companies and investors should maintain an investment in tracking and estimating their Total Economic Return for the purpose of both identifying opportunities and improving risk

management. We added one constraint – never intentionally engage in activities expected to have a Negative Return to the Network.

Grossly oversimplified, make money by adding value. Don’t adopt a business model that makes money shrinking the pie. As one of my colleagues says, “Are we going to bake pies, or steal each others pies?” Don’t engage in organized crime and activities that broadly diminish human productivity.

This notion of looking at Total Economic Return was something that made sense for large pension investors who were increasingly making investments in one part of their portfolios that conflicted with the assumptions embedded in investments in other portfolio parts. American money was increasingly taking on the “multiple personality disorder” implicit in our centralization of wealth.

For example, note my letter to the *New York Times* in 1999, regarding private prison companies.

March 7, 1999
Letters to the Editor
New York Times
letters@nytimes.com

Ladies and Gentlemen:

Thank you for Tim Egan’s article on prisons. It was an excellent summary of the growth in the US prison population over the last two decades. A welcome follow-up might be an exploration on how the money works on prisons.

The federal government has promoted mandatory sentences and taken other steps that will increase the overall prison population to approximately 3 million Americans as recently legislated policies finish working their way through the sentencing system. This means that approximately 10-15 million Americans will be under the jurisdiction of the criminal justice system from arrest, to indictment, to trial, to prison, to probation and parole.

The enactment of legislation ensuring the growth of prisons and prison populations has been a bipartisan effort. Republicans and Democrats alike appear to have found one area where we can build consen-



sus for substantial growth in government budgets, staffing levels and media attention. Indeed, during this period, the number of federal agencies with police powers has grown to over 50, approximately 10% of the American enforcement bureaucracy. This is further encouraged by federal laws permitting confiscation of assets such as homes, cars, bank accounts, cash, businesses and personal property that can be used to fund federal, state, and local enforcement budgets.

One way to look at the financial issues involved is to view them from the vantage point of the portfolio strategists of the large mutual funds. We have approximately 250-280 million people in America. The question from a portfolio strategist standpoint is what productive value will each one be creating in companies and communities and how does that translate into flow of funds that then translate into equity values and bond risk.

The prison companies are marketing one vision of America with their prison and prisoner growth rates, while the consumer companies are marketing another. The two are not compatible. CCA's assumptions regarding the growth in arrests and incarceration cannot be true if Fannie Mae's, Freddie Mac's and Sallie Mae's assumptions about homeownership and college education rates are true. We, the people, cannot refinance our mortgages or buy homes or raise our children and send them to college if we are in jail.

Meantime, the municipal debt market is also facing conflicting positions. If prison bonds are a good investment, then some general obligation bonds may be in trouble. We, the taxpayers, cannot support the debt: we are no longer taxpayers. We have become prisoners. Whatever we are generating in prison labor, it is certainly not enough to pay for the \$154,000 per prisoner per year costs indicated for the full system by the General Accounting Office.

It would be very illuminating to get the rating agencies and the 10 largest mutual funds together in one room for an investor roundtable to discuss pricing levels on the investment of our savings that is internal to their portfolios and ratings. We would compare equity valuations and growth rates of:

- Companies who make money from the American people losing productivity
- Companies who make money from helping the American people grow more knowledgeable and productive.

We are investing in two different visions that cannot both come true.

We could then calculate which was going to succeed, and what the integrated pricing level would be. Better yet, what could happen that would make the most money for the investment community. The question is which vision is best for us, the equity investors of America? And why are investors assuming both can or will win as they price their stocks and bonds?

It is critical to look at prison policy from the standpoint of maximizing return on equity investment. It would be a terrible thing, while I can no longer pay taxes or buy a house or send my son to college because I am in prison, if my vested pension benefits were wiped out by the time I re-entered society. It is bad enough that my life savings are being invested in companies that make money from promoting that my family and me should be arrested and incarcerated. It would be worse if my family and I were broke because companies that make money from loss of productivity turned out to also be a bad investment.

Such a roundtable might make for a great New York Times article. If you are willing to take it on, Solari would be happy to assist your staff by contributing background analytics on how the money works in prisons.

Sincerely Yours,
Catherine Austin Fitts
President
Solari, Inc.

Although my comments were prescient, the NY Times did not take up my offer. It was part of learning to publish my opinions on my own website – leading to the creation of the Solari Report.

Seventeen years later, in August 2016, after the Department of Justice announced that it was not



“ It is critical to look at prison policy from the standpoint of maximizing return on equity investment. It would be a terrible thing, while I can no longer pay taxes or buy a house or send my son to college because I am in prison, if my vested pension benefits were wiped out by the time I re-entered society. ”

going to renew Bureau of Prisons contract with private prison companies, the stocks of the two largest prison companies dropped almost 50% in the first hour of trading.

The private prison industry is one example of many private companies that depend on government funding of a function at an expense level significantly higher than the most economic ways to deliver that function. As described in my online book, *Dillon Read & Co Inc. and the Aristocracy of Stock Profits* <http://dunwalke.com>, there are two prison systems involved – one for the incarcerated and one for the taxpayers funding the first.

Now that the debt-financed growth model cannot continue, we must look at the fundamental productivity of companies. Can they endure the changes ahead, including cutbacks in government spending?

Investment Screening: Can We Filter for Productive Companies?

Can we filter for productive companies? The answer is most certainly, “Yes.” However, doing so is truly an art, and not a science.

First, we do not have transparency on how our global governance and financial system work. Nor do we have reasonable disclosure of covert cash flows and assets. We know that trillions have gone missing in a global financial coup d’état but we don’t know where the money went or how it is being reinvested. Consequently, we lack information to understand how the economics of an individual company or industry really works. I can estimate, sometimes with some degree of confidence, however, there will be surprises.

Second, we can be confident that company products and services are productive, make money for the shareholders, and add value in the general economy. However, such a company can still be targeted by economic warfare by government (e.g. the coal companies) or by covert operations (e.g. Chipolte) in a manner that significantly harms productivity. Productivity is not necessarily protection against growing political risks,

particularly from the unproductive.

Third, for the Solari Screen, I will be looking for companies that have a significant fundamental business. They make money in the marketplace. I am not concerned with their ESG policies or compliance. I am concerned about:

- **Excellence in governance and management:** I am looking for companies of which the investors, board of directors, and management reflect the experience, knowledge, and networks required by the business, customers, and constituencies they serve. They have leadership that can produce excellence in their core mission.
- **Lawfulness:** I am looking for companies with a fundamentally lawful business model. That model does not make them perfect, nor mean that they do not make mistakes or that a duly authorized officer of the corporation does not break the law. It does mean that the company has not adopted a model that depends on intentional, institutionalized criminality.
- **Risk:** I am looking to avoid what I call “real stinkers.” They may play by the letter of the law, however, they have a reputation for playing dirty or working overtime to make highly questionable or highly unethical practices technically legal. These folks are likely to get caught eventually or experience serious consumer and investor blowback. At some point, they have too many enemies and too many liabilities not to get in trouble. Monsanto is a recent case in point.
- **Private:** I prefer companies that make money in the private markets as opposed to dependence on a high degree of government purchases or contracts that come with a heavy degree of political risk. The exception is state-owned companies in international markets where this risk is a common, seasoned practice, and a hybrid public-private partnership can reduce political risk.

By definition this may leave out a significant number of ESG criteria. Consider this a positive



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The answer is most certainly, “Yes”.
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”

screen. I am looking for companies with high productivity that contributes to the productivity of the general population in a manner that supports enduring performance for shareholders.

Define “Real Stinkers”

A company that is a “real stinker” likely fits Justice Potter Stewart’s characterization of pornography: “I know it when I see it.” However, since there is wide variation on ESG criteria, I anticipate varied opinions on what does and does not generate a Negative Return to the Network

Several months ago, Jason Worth helped me compile a list of companies with business models intentionally designed to profit from a Negative Return to the Network.

As I prepare the Solari Screen, we welcome your input to this work in progress. Here it is:

Negative Total Economic Return: Examples By Industry Sector

■ BASIC MATERIALS

- Manufacturers of genetically modified products and other food substances, which are marketed without adequate disclosure and cause cancer, obesity, infertility, and other maladies from their consumption.
- Manufacturers of seeds that do not germinate or reproduce beyond one planting cycle.
- Metals and mining firms that use covert operations to obtain or exploit mining properties or excessively damage the environment, or do both.
- Manufacturers of chemicals, pesticides, and nanoparticles that cause harm to plants, animals, and the environment or are used in global spraying operations

■ CONSUMER (Staples and Discretionary)

- Corporate media and publishing companies promote propaganda or engage in material omission of news information vital to a free and transparent society, or do both.
- Entertainment, media, social media, and telecommunications companies that engage

in surveillance capitalism that compromises individual privacy, rights, and sovereignty.

- Entertainment, media, social media, and telecommunications companies that engage global hacking networks to compromise competitors systems, performance, and profitability.
 - Entertainment, media, social media, and telecommunications companies that engage in systemic mind control or utilize entrainment technologies to distract or confuse the population, generate overconsumption, predatory lending, and create addictions, or do all of these.
 - Manufacturers of products, such as slot machines and other gaming devices that utilize entrainment technologies to exploit users and create addictions without their tacit awareness or consent.
 - Companies that abuse animals for profit.
 - Agricultural and other firms, which rig markets, bribe officials, and violate anti-trust laws.
- ### ■ FINANCIAL SERVICES
- Financial institutions that launder drug money and engage in financial fraud.
 - Financial institutions that routinely manipulate markets for financial gain.
 - Financial Institutions that engage in predatory lending activities or seek to keep consumers in a cycle of never-ending debt, including those which target students and young people, or do all of these.
 - Financial services firms that collude with intelligence agencies to aid in the centralization of control and the extraction of “illegal taxes” by criminal means.
 - Investment and asset management firms that launder ill-gotten gains into acquisitions and control of strategic resources.
 - Debt collection firms whose business practice include failing to properly notify defaulted lenders in order to get uncontested court



“A company that is a “real stinker” likely fits Justice Potter Stewart’s characterization of pornography: “I know it when I see it.” However, since there is wide variation on ESG criteria, I anticipate varied opinions on what does and does not generate a Negative Return to the Network.



I. INVESTMENT SCREENING: CAN WE FILTER FOR PRODUCTIVE COMPANIES?

judgments, utilizing falsified documents, and failing to obey consumer protection laws.

- Financial institutions that engage in reckless behavior, which have required trillion-dollar bailouts from the public sector.

■ REAL ESTATE

- Private prison firms that lobby for and profit from the over-incarceration of Americans and illegal immigrants.
- Real estate companies that use covert operations and violence to create or evict tenants.

■ HEALTHCARE

- Pharmaceutical and medical companies that:
 - Focus attention on “treatments” with their ongoing revenue streams rather than “cures” that limit profits;
 - Have been known to distribute toxic vaccines;
 - Falsify testing data to obtain FDA approval;
 - Promote junk science;
 - Lobby governments to minimize or destroy health freedom or mandate private expenditures.
- Testing companies that compromise privacy.
- Biotechnology companies that create technology to facilitate transhumanism or promote slavery through implantable devices.

■ UTILITIES

- Power and water suppliers that make it difficult or impossible for consumers to opt out of smart meters or electrical services or go off-grid.
- Utility firms that promote green energy, climate change, or other legislation primarily to impose regulations which reduce competition for their services or justify unnecessary price increases on their customers.

■ COMMUNICATIONS SERVICES

- Telecommunications companies and internet service providers that:

- Spy on web-surfing activity and email content of their users,
- Sell data about their users’ activities and behaviors to third parties, or otherwise compromise privacy and security, or,
- Provide government agencies with data on users without legitimate court orders,
- Engage in activities described above under Consumer

■ ENERGY

- ◆ Oil and gas exploration firms that use covert operations to obtain or exploit drilling properties or refuse to remediate their excessive damage to the environment or that do both.

■ INDUSTRIALS

- ◆ Defense and surveillance firms that:
 - Promote war and engage in torture,
 - Profit from the compromise of national sovereignty (i.e. missing money),
 - Engage in mercenary activities that violate the principles of national sovereignty and the monopoly of force by a sovereign within its jurisdiction, or
 - Organize, implement or participate in false flag events,
 - Participate in global spraying,
 - Manufacture and/or implement invisible weaponry that engineers weather warfare or “natural disasters.”
- ◆ Government contractors that manipulate the government contracting process for their gain at the expense of taxpayers.

■ TECHNOLOGY

- Social media firms that:
 - Spy on the web-surfing activity and email content of their users,
 - Sell data about their users’ activities and behaviors to third parties, or otherwise compromise security, or
 - Provide government agencies with data on



users without legitimate court orders.

- Software companies that offers backdoors.
- Manufacturers of voting machines that can corrupt the outcome of fair elections.
- Government contractors that manipulate the government contracting process for their gain at the expense of taxpayers.
- Knowingly deliver entrainment technology, subliminal programming, and other technologies designed to create addictions, and increase usage and profitability, or otherwise engage in activities described above under Consumer.

■ ALL SECTORS

- Firms that manipulate and lobby legislatures in order to pay little in taxes or receive unnecessary government purchase orders or subsidies;
- Firms involved in slave trafficking or whose executives or contract managers are engaged in slave trafficking or pedophilia;
- Firms that use illegal tactics, including covert operations, such as violence and assassination, or control files to silence and manage its employees, to lobby for new laws and regulations or to target or weaken competitors or regulators;
- Firms complicit in accepting and laundering criminal proceeds or governments cheap capital arbitrage.

This list is a work in progress. Suggestions are welcome.

A strict application of these criteria in a negative screen would disqualify many large companies in the top holdings of the most popular SRI funds. It would also not disqualify the securities of many companies often disqualified by SRI investors, such as gun manufacturers, some tobacco companies, and alcohol producers

Conclusion

As I review the world of ESG, including screening, I am reminded of the title of a wonderful dialogue between James Hillman and one of my

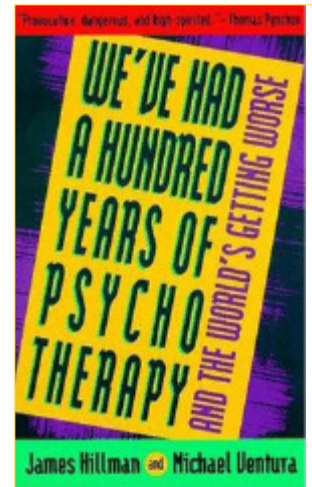
favorite essayists, Michael Ventura, *We've Had a 100 Years of Psychotherapy – And the World's Getting Worse*.

After a review of the growth of ESG-related investment to date, it looks as if an inhuman corporate model continues on the rise. Unfortunately, the rush of globalism has contributed to a lack of accountability and a cross-border freedom for a wide range of corporate shenanigans. Ditto, invasive invisible technology and weaponry.

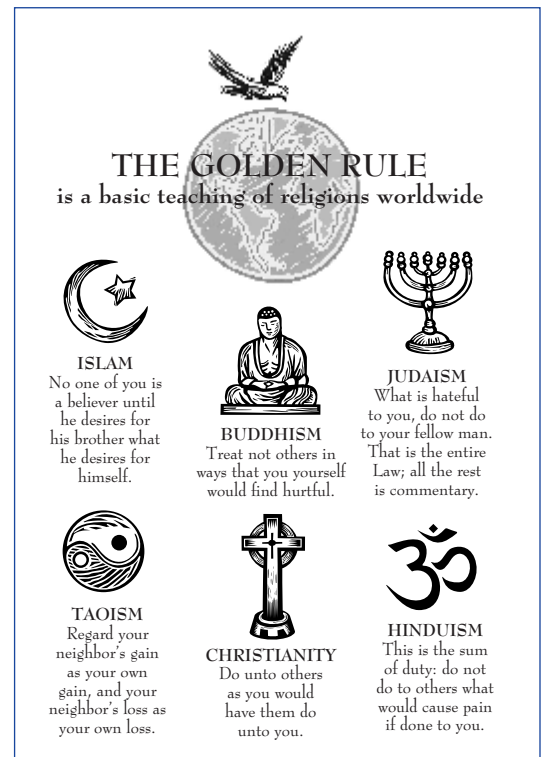
Nevertheless, I believe that a combination of transparency and broadly based application of the Golden Rule to finance and investment can make a difference. We have the benefit of decades of hard work of committed proponents of SRI and good corporate governance from which we can draw. This gain occurs despite the occasional mess created by the Soft Revolution spinmeisters to use ESG criteria for irresponsible purposes and the waste created by an absence of transparency that investors need if they are going to successfully apply ESG criteria on an economic basis. This is in no small part thanks to an increasingly useless, if not dangerous, corporate media which is why more than a few of these companies do not qualify as productive companies in my book.

So, I am a believer, but a discerning one. If you are a creator or consumer of ESG-related services, I hope this Solari Report inspires you to be a more discerning one too.

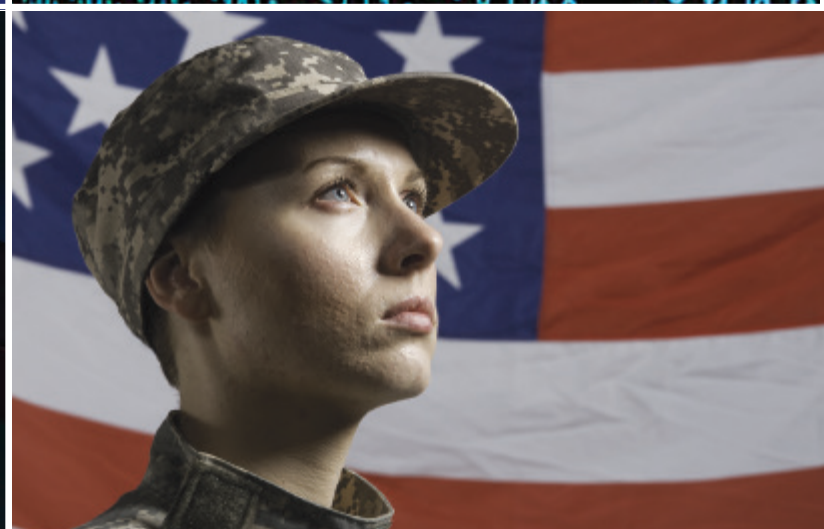
“The Golden Rule”
is a basic teaching of
religions worldwide.
From Catherine's book,
*Prayers For The
Year 2016*



“ I believe that a combination of transparency and broadly based application of the Golden Rule to finance and investment can make a difference. ”



II. News Trends & Stories



ECONOMY & FINANCIAL MARKETS

Brexit & Financial Re-engineering's

- Global Central Banks Are All-In: QE Running At Record \$180 Billion Per Month (And Rising)
- Theresa May Tells UN the UK Will Not Turn Inwards After Brexit Vote

Global Slowdown

- 28 Hanjin Ships Complete Cargo Discharge

Global 3.0 Rising

- Automation May Replace Millions of Jobs in Tennessee
- Why Apple Bought Turi: Acquisition Reflects Tech Giant's Broader Push into AI and Machine Learning
- Uber Launches Groundbreaking Driverless car Service

Surveillance Capitalism

- European Commission Proposes the Creation of a Bitcoin User Database
- Facebook Recommended that this Psychiatrist's Patients Friend Each Other

Financial Hot Potatoes

- **Negative & Low Interest Rates**
 - Global Debt With Negative Rates Reaches 12 Trillion
 - Divided Fed Holds Fire, Signals 2016 Rate Increase Still Likely
 - The 35 Year Bond Bull is on It's Last Legs
- **Productivity: The Health Care, Education & Government Re-engineering Cock Up***
 - Global Debt With Negative Rates Reaches 12 Trillion
- **Productivity: The Health Care, Education & Government Re-engineering Cock-up**
 - Productivity Declines 0.5%, Down 3rd Consecutive Quarter, Longest Losing Streak Since 1979
 - Dear Silicon Valley: Forget Flying Cars, Give Us Economic Growth
 - Rotten to the Common Core Publishes
 - Texas Judge Blocks Obama Transgender Bathroom Policy

- University Festoons Campus With Absurd 'Ze, Zir, Zirs' Pronoun Posters
- Prison Stocks down 48%
- Health Care Records destroying Health care

- **US Budget Hot Potato**

- U.S. Army Fudged its Accounts by Trillions of dollars, Auditor Finds
- Lockheed Martin Cuts and Runs
- Koch Brothers and ALEC Push for a Constitutional Convention
- Oklahoma's U.S. senators don't want women to register for the draft
- Trump Tells Ryan He's for Cutting Social Security
- Justice Department Plans to Stop Using Private Prisons

- **Pension Fund Hot Potato**

- Puerto Rico's Warning for States, Cities: You Might Be Next
- Pensions: Bills Would Address Multiemployer Plans, Savings

- **Commodities & Oil**

- 'The Real Battle Is, Who's Going to Own the Energy Supply?'
- Putin Pushes for Oil Freeze Deal With OPEC, Exemption for Iran
- How The Cost Of Energy Is Going To Zero

- **Flows**

- "Central Banks Now Own \$25 Trillion Of Financial Assets"
- US Companies are 'Hoarding' a Record \$2.5 Trillion in Cash Overseas
- UnAnswered Questions About Wells Fargo: Are Phony Mortgages on the Fed Balance Sheet?

- **Volatility, Uncertainty**

- Fewer People Are Starting Their Own Businesses
- The Kauffman Index of Startup Activity
- DOJ Squeezes Deutsche Bank and Volkswagen Deutsche Bank: No Plan to Pay \$14B Justice Department Settlement



PLEASE NOTE: All the news articles listed in this section can be accessed by going to the online version of this Wrap Up at: www.Solari.com then use the search function to locate the items.

The Future of Food

- Russian State Duma Bans Import and Production of GMOs
- DARK Act Compromise Could Preempt Vermont's GMO Label Law
- The Burrito Index: Consumer Prices Have Soared 160% Since 2001
- FDA Declares Veggies 'Unapproved Drugs'
- Bayer acquisition of Monsanto: Heroin, Nazis and Agent Orange: Inside the \$66 Billion Merger of the Year

GEOPOLITICS

Are We Sovereign?

- To the Governor's Desk: Sweeping Vermont Privacy Bill Passes; Would Hinder Several Federal Surveillance Programs
- Orwellian CA Bill: Reporters Can't Post Undercover Videos
- Warning: CDC Wants to Quarantine and Force Vaccinate Americans for Suspicion of Infectious Disease

The Shift to a Multipolar World

- Turkey Foils Coup Attempt
- The Real Secret of the South China Sea
- Obama Tries to Sneak Through TPP in Lame-duck Congress
- Toward a Global Realignment – Zbigniew Brzezinski
- The Broken Chessboard: Brzezinski Gives Up On Empire

The Drums of War

- Putin's Warning: Full Speech at St Petersburg International Economic Forum 2016
- Jack Ma: Wars Start when Trade Stops
- Game of Drones: Inside the Killer Robot 'Arms Race' Where the World's Five Leading Superpowers are Secretly Preparing for an All-out Futuristic War
- 'Unbelievable' that US Strike on Syrian Army was Mistake – Fmr MI5 Agent

The Silk Road Grows

- Interview: G20 to Pave Way for more China-Egypt Infrastructure Deals

- Putin Jumps Into the Race to Build a Hyperloop
- India's Ascent: Five Opportunities for Growth and Transformation
- China-Europe Freight Train Adds New Route to Russia's Chelyabinsk

EU: What's Next?

- 'This is the Beginning of a New Europe' say Merkel, Renzi and Hollande
- How Long Will It Take for the ECB to Own All Sovereign Debt of Spain, Germany, France?
- US Faces Major Setback As Europeans Revolt Against TTIP
- Angela Merkel Signals She May Back Down from Open-door Refugee Policy After Disastrous Berlin Election

Monica Lewinsky II - The Shriek-o-Meter Dials Higher as the Players Cut and Run

- The Clinton-Wikileaks Feud
- Bond King Predicts Wikileaks Will Take Down Hillary Clinton
- FBI disclosures document felonies by Clinton and Staff
- Clinton calls American's deplorable: Stay Calm and Do the Math
- Hillary Clinton Faints Outside of 9/11 Event; Doctors Claim Pneumonia
- Lead Attorney In Anti-Clinton DNC Fraud Case Mysteriously Found Dead
- Two Prominent Anti-Clinton Activists Found Dead in Two Days; Mainstream Media Blackout
- Wikileaks' Assange Hints Murdered DNC Staffer Was Email-Leaker, Offers \$20k Reward For Info
- Hillary Clinton Leverages Media in Ecuador to 'Reconsider' Julian Assange's Asylum in London
- WikiLeaks: Intruder Tried To Break Into Julian Assange's Quarters
- Legal analysis of Clinton e-mails.

Assassination & Covert Operations Get Obvious

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An in-depth look at the News Trends & Stories

An interview with Dr. Joseph Farrell

3RD QUARTER WRAP UP PART ONE

Catherine Austin Fitts: Ladies and gentlemen, welcome to 3rd Quarter Wrap Up: *News Trends, and Stories*. We've had quite an explosive news process for the last three months. Our wonderful Top Picks editor has weekly compiled all the Top Picks. We've posted hundreds of what we believe are the top stories of each week, and then synthesize, collect, and talk about them throughout the quarter looking for the most important patterns.

It's a time-consuming, serious process, and it helps me tremendously in seeing the bigger picture. I value it, particularly when I look at the trends and stories next to the financial charts and what's happening in the money.

We're going to talk about *News Trends and Stories* – as we regularly do – in two parts. Part one is going to be the Economy, *Financial Markets and Geopolitics*. Part two will be *Science and Technology* and *The Big Questions*.

All the stories are linked within the trends on your web presentation, and I would encourage you to log in at www.Solari.com and go to the resource center. This will also be at www.GizaDeathstar.com. So whether you access from Giza Death Star or from Solari, it helps to follow along with all the trends and to be able to link

through to the stories. Of course, a full transcript of our discussion will be at both websites as well as the hard copy, if you are getting the hard copy. When the hard copy is accessible, it will be available at the store.

Needless to say, one of the favorite parts of my year is quarterly chewing through news trends and stories with Dr. Joseph Farrell, who joins us today.

Joseph, it is such a pleasure to have you.

Dr. Joseph Farrell: Hello, Catherine. Thank you for having me back.

Fitts: I think one of the reasons I don't feel overwhelmed by this list is because, "Joseph's big brain will be here to help."

Farrell: Like I told you before we started, I'm kind of tap-dancing here, folks.

Fitts: Well, we've talked through most of these already, so I think you're really on top of this. Reading your website and listening to your vid-chats, I know you're on top of this.

Before we start, one of the biggest requests from subscribers is to ask, "When can we have an opportunity to meet Dr. Joseph Farrell?" Lots of people want to meet you. So before we begin, I want to point out that we are going to be having a dinner on October 15th. We decided that given all the different directions we're coming



Dr. Joseph P. Farrell

from, we would meet at a midpoint in Tulsa, Oklahoma. We are having a dinner at Kilkenny's Irish Pub from 7pm – 11pm October 15th. That is a Saturday evening and you're going to be there, I'm going to be there, and we're going to be talking about your new organ.

Now this is my idea; don't blame this on Joseph! We are going to be launching a crowdfund to get you an organ – a real, live, big, honking organ – but it has virtual pipes which is why it is called a virtual pipe organ. But I want to make it clear that the organ is not virtual; it's quite substantial.

We're going to celebrate the crowdfund on October 15th and you will see more about this when we have the webpage for this crowdfund available.

If you want to meet Joseph, here is your chance to do it. You can learn more about the event at the website www.Solari.com. It's on the home page, with Joseph looking like *Phantom of the Opera* right in front of the organ.

Farrell: That's a great logo!

Fitts: That is a great logo. So, it's October 15th in Tulsa from 7-11pm. Come on out if you want to get the chance to talk with Joseph and me in person.

Okay, last 2nd quarter we ended with Brexit happening the day before the end – big bang, boom! You and I had a great deal to talk about. It was a fascinating discussion. It was so good that we put the whole transcript into a hard copy, which is the first time we've done that. We said, "Everybody has got to see this."

We ended the 2nd quarter with Brexit and now we have a combination of events that I think are very much Brexit-like, and I refer to them as "cut and run plus Monica Lewinsky II."

Farrell: Couldn't be more aptly phrased!

Fitts: We are watching more and more signals and symptoms that have major players pulling money out, whether legally or illegally. We can hear a giant sucking sound of Wells Fargo phony accounts and related things, or the \$6.5 trillion gone missing from DOD.

If I had to pick one story for the 3rd Quarter, it would be the US Department of Defense Inspector General announcing that \$6.5 trillion was missing at the end of the year. They made \$2+ trillion in adjustments during the year and we're now up to \$9.3 trillion in one year.

The mind boggles, but if you look at that combination, with a new effort to hold a Constitutional Convention and balanced budget amendment, it looks like we are seeing a "cut and run."

You probably were too sensible to be part of this, but I lived in Washington, DC when the Monica Lewinsky impeachment was going on. It helped to cover up the tearing down of internal financial controls and the pulling of trillions of dollars from Federal accounts – the financial coup d'état started right at that point. The scandal and theft happened together.

It was amazingly orchestrated, and it was the most powerful shriek-o-meter we had seen until that point. About a month ago, we started to see this explosion of problems about Clinton's health – Clinton is a hologram; she really died, etc. The shrieks got louder and louder and I thought, "I've seen this someplace before. Where have I seen this?"

Farrell: Yes.

Fitts: I realized, "Oh, this is Monica Lewinsky II."

Farrell: Yes.

Fitts: I've always said that the campaign distracts us against the real stuff, but I've been struggling to figure out the pattern. What are they distracting from? I think it's the cut and run.

Farrell: I happen to agree with you. You put the two stories together. Global central banks are all in, and Theresa May tells the UN that the UK will not turn inward after the Brexit vote. Well, there is another story. The German government is not going to bail in Deutsche Bank, so its stock will continue to tumble, and that's huge.

This follows the German government telling the population, "Stock up and brace yourself. Some-



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We are going to be launching a crowdfund to get you an organ – a real, live, big, honking organ – but it has virtual pipes which is why it is called a virtual pipe organ.”

thing big is coming.” This might be it.

At the same time, I today got an email from one friend in Germany, about the latest advertising campaign of Commerzbank, the other large German bank. Its logo is to the effect of, “Deutsch Bank, we’re the real German bank, and we’re here on your side.”

In other words, they are preparing people for a potential bank collapse. I have tried to follow this Clinton health campaign business, and I agree with you. I think it distracts us from what is really going on – the financial crisis.

It was interesting to me, even in the debate last night, that Trump wouldn’t go to the health issues all that much. He kept hammering away at the financial thing. So, yes, I think something big is in the works. I am in agreement with you; they are pulling money out. They may accelerate their plans to “roll it over,” as you say, into Global 3.0. That’s the way it feels.

Fitts: I’ve started to use the expression “cut and run” when Lockheed spun its IT division out before the \$6.5 trillion missing was announced. They announced that they were going to spin it in January; they spun it out in July. The DOD announcement came in August.

If you look at the date of the announcement of the spinout, it was the first date after the calendar involving their 2015-year. That was the soonest that they could do anything if the bankers wanted to keep control through the Federal fiscal 2015, but announce the missing money after their calendar year was over.

That just shrieks “cut and run” but there is something that you brought up with the Germans, and I think that this is very interesting. We have suggestions that some American banks may help Deutsche Bank’s pain on the derivative side. That’s a big question mark. At the same time we have the Department of Justice putting a huge squeeze on the Germans. It is claiming a \$14 billion fine on Deutsche Bank, and their DOJ is going hard after Volkswagen, indicting one executive on criminal charges although we know that GM killed 125 people with the faulty

ignition switch and we hardly heard a peep about them.

Farrell: Right.

Fitts: They are squeezing the Germans on Deutsche Bank and Volkswagen at the same time Bayer is buying Monsanto at a 44% premium. If they’re going to institute a balanced budget amendment, we know what will happen to farm subsidies. Given what has happened with commodity prices, the farmers can’t afford to buy seeds anyway, before anyone messes with their farm subsidies.

If you see who the Monsanto insiders are, it’s easy to discern that somebody wants to get taken out before the election.

Farrell: Yes, I agree. And I agree with the analysis about Bayer and Monsanto, too. They really are putting the squeeze on the Germans. We’ve discussed this many times – and often off the record – that this is also somehow looking to be a real behind-the-scenes war on Germany. There are so many details.

We had the recent announcement that the Germans are tripling the size of their military. Well, when Germany triples the size of the military, I stand up and notice. This is a bit of *déjà vu*.

Fitts: That says two things: first they don’t anticipate the US honoring agreements or pulling back. They expect a pullback or a collapse. But also, if they want the euro to survive, they’re figuring that they need a Northern Europe centralized military to survive.

Farrell: Yes, and it’s interesting too. I did a *News & Views* last week about the United States army participating in war gaming contests in Germany with Denmark, Holland, Poland, Estonia, and a couple of other Central European nations like the Czech Republic. But the result of the war-gaming exercises for Americans were not too positive. We didn’t even place; we were beaten out by Denmark and Poland. The Germans actually won the war games contest. This doesn’t bode well; something is going on behind the scenes.

The other serious matter Lockheed cutting and



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running and spinning off its IT tech division. This is a huge story. Our hypothesis of a Break-away Civilization – or rather Richard Dolan’s – is, in fact, true. They really are breaking away. They are severing all of their dubious connections before the storm hits.

There is a lot going on here.

Fitts: People always say to me, “You can’t get the money back.” I say, “Yes, you can, because you can assert common law right of offset.”

In fact, I was involved in litigation when the Department of Justice asserted common law right of offset to technically regain an opportunity cost – not even a cash loss. So the precedence legally exists to get back, if not all the money, at least a significant amount because the contractors are liable.

Think about it. If you’re Lockheed and the largest seller of weapons and weapons systems to the Department of Defense, it’s convenient to run the DOD payment and accounting systems.

Farrell: Absolutely. It’s quite convenient.

Fitts: Here is what is amazing. ALEC is the association of state legislators. If you watched the documentary *Hot Coffee*, you know how ALEC was used to get tort reform throughout the country. If you want to get something through the 50 states, ALEC is where Bill Gates greases the process.

Anyway, the Koch brothers and the conservative groups are reported to have been financing a push for a balanced budget amendment and a Constitutional Convention. They have 28 states, and need only six more. Their process has been going on steadily throughout the year while everyone else has watched Monica Lewinsky II.

This is frightening to open up the Constitution – and it depends on how you do it – and if you do a budget balance amendment, it is one process. If you do that plus open up the Constitutional Convention, it’s another thing.

Here is what is interesting, Joseph: Under the Constitution you cannot spend money unless it’s been envisioned in an appropriation process. If

the Department of Defense had \$9.3 trillion of undocumented adjustments last year, that’s not legal under the Constitution.

Farrell: Right.

Fitts: Just like all the other missing money since fiscal 1998 are not legal under the Constitution so we survive outside of Constitutional protection. Why do you need to change the Constitution if you don’t have to obey it?

Farrell: Precisely. I can’t warn people enough about the dangers of a Constitutional Convention. Granted the current system is not perfect; do we want to take the chance of having a convention? Remember that the Philadelphia convention in 1787 was oligarchs getting together. They were tasked with revising the Articles of Confederation, not coming up with a new Constitution – which is what they delivered.

Constitution Convention could scuttle the whole of civil liberties and give us something that we don’t want. Do we trust this political class in this country – the Koch brothers and the Bushs and the Clintons and the Soros’s and the Rockefellers etc.? Do we trust that political class to come up with a Constitution beneficial to the people? Well, I know what my answer is – a big, whopping No.

Fitts: Let me bring up several things: NBC recently ran a spot on why our children will soon be microchipped while central banks working on cryptocurrencies and their own form of bitcoin. So we have digital fiat currency combined with chipping people. Does that sound like anything you know?

Farrell: Yes. It sounds like the Beast system in the *Book of Revelation*, absolutely. Even if they were to attempt to put into place such a system, they would create vast underground economies. We will see the rise of local and regional currencies almost overnight. I, for one, will not go into a system like that because doing so surrenders our personal sovereignty and freedom. When you do that, economies break down. In a system like that, do we trust these people? Well, most of us would say, No. Their bad record is too clear.



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If you watched the documentary *Hot Coffee*, you know how ALEC was used to get tort reform throughout the country. If you want to get something through the 50 states, ALEC is where Bill Gates greases the process.”

The other problem I have with a new this Constitutional Convention idea is that all these balanced budget amendments mean nothing to the central banking welfare warfare model. This is the other problem.

The one time in American history I know that the Federal government budget was balanced was under Andrew Jackson. What did he do? He did not renew the charter of the central bank.

Fitts: Yes, and he got shot.

Farrell: Yes. This was the only time we've had a balanced Federal budget. What did the banks do as a result of this? They started printing private bank notes.

In other words, they themselves went to the option of local and regional currencies. They created a currency crisis in the country.

I'm extremely skeptical of calls for a Constitutional Convention. If politicians were to pull off another Philadelphia Convention and give us a whole new Constitution, there would be regions of the country that simply wouldn't accept it. That would be the beginning of a real national crackup.

I think we need special district attorneys in the states to look at each Federal mandate and tie all of the mandates up in litigation. Use the current system, and use it for the benefit of the people and the local state governments rather than trust this political class to come and save the day. I just don't trust them.

Fitts: Let's do the numbers. A good conservative would not say that we need a Constitutional Convention or a balanced budget amendment; he would say, "There is \$21.2 trillion missing from the Federal government. Where is it now, and how do we get it back?"

We heard on the debates last night, "We have \$20 trillion of debt."

Wait a minute. There is \$4 trillion missing from federal accounts between 1998 and 2002, \$8.5 trillion missing on foreign wars through Iraq, Iran and other Middle Eastern wars, \$6.5 trillion at the end of last year for the DOD, and then

\$2.8 trillion documentable adjustments during the year. That's \$21.2 trillion of documentable adjustments, plus \$27 trillion on bailouts; that's \$48.2 trillion. You say, "Wait a minute. You take \$48.2 trillion and then say that you want to balance the budget? You can't balance the budget without getting that money back." That's how you balance the budget.

Let's say you and I had a joint bank account, and we had \$1,000 in it. If you took the \$1,000 out without my agreement, and then said, "We need to balance the books. We can't spend any money because there is nothing in the account," that is a balanced budget. It is saying, "Okay, we stole all the money. Now we can't afford to spend money on the things you've been promised. We have to be fiscally responsible, and not spend money on you."

Does that make any sense?

(Call is interrupted)

Farrell: I'm sorry, guys. Everything went down – my computer, my phone, everything. I had to reboot.

Fitts: So we were right about cut and run.

Farrell: Right, and after it went down I heard this 'boom' off in the distance like a transformer had exploded, which I don't think happened because the electricity is still on. The boys at Fort Mead aren't too happy with us! Anyway...

Fitts: It's always good to have positive feedback.

Farrell: Do you know what happened to Michael Savage on Monday? He's a talk show host who talked about Hillary's health. Well, the owners pulled his station. They pulled his live commentary and ran a rerun on his New York affiliate, and he kept going. Then they yanked all of his other stations in the country.

Fitts: Oh, my God!

Farrell: Yes, they are getting blatant. Anyway, to pick up where we were, you were going over the numbers.

Fitts: Let's start again and look at the numbers. If you listened to the debates last night, I believe Trump said we have \$20 trillion of debt. Well,



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I WANT MY MONEY BACK!



look at the undocumented adjustments between fiscal 1998 and today, what we have counted and is publicly documented is \$21.2 trillion. You add the \$27 trillion of bailouts that is \$48 trillion dollars that has been handed out.

If we have a pot, and take out \$40 trillion dollars and say, "You know something? We have no money left, just debt. We need a balanced budget amendment so that we can abrogate all the contracts that we've promised to you guys."

My attitude is, "No, we don't need to keep paying money into a system that just stole \$48+ trillion." We don't need to keep paying taxes into something that stole \$50 trillion, let alone that is going to abrogate its obligations to us. I don't need a balanced budget amendment. I need to know where that missing money went and get it back. And I can get it back because I can get back the equity ownership of the assets purchased or created with it.

I don't have to get cash. I can get back \$50 trillion worth of assets. A good conservative wants to know where the money is and to get it back.

Farrell: Exactly. I'll tell you something. This was the subtext, I think, that was going on in the Clinton/Trump debate on Monday night.

Fitts: Yes.

Farrell: This was the subtext. You will notice that what Trump kept harping on was running the numbers. He even said at one time, "I'm a numbers guy," if I remember correctly.

Fitts: Do you remember when he said, "Look, we spent \$6 trillion on Iraq. We could have fixed the country up twice for that amount of money. And what do we have to show for that \$6 trillion? Nothing. Then you go to Europe and Dubai, and they are first world countries. We look like a third world country when we could have fixed ourselves up with that \$6 trillion. What do we have to show for all your waste of money?"

That was a politically safe, correct way of saying, "You just stole \$50 trillion. We have nothing to show for it. The country looks like a third world country in different places. We certainly don't

compare to Europe or parts of the Middle East, and certainly not to parts of Asia. It's time we held you accountable for that." I couldn't agree more.

Farrell: I agree with him, too, but the debate has real subtext between the two candidates. I think Trump knows something, and I think that the others know that he knows it. This has been the bellwether of his whole campaign. He has turned the campaign into a referendum.

I've said over and over that I don't view this election as simply an election; it's a referendum on concepts. The concepts are: Do we want more of Mr. Global or his globalism, or do we want to take control of our economic future and reassert our sovereignty over it? It's really a referendum about that.

Fitts: I think it's a referendum about centralization, which has a negative return on investment versus a system that has a positive return. I think Trump is an equity guy. I don't think Trump or anybody is against globalization as long as it has a positive return on investment. But what we're doing is centralizing in a way that has a negative return on investment. Everybody knows negative returns on investment end in depopulation or death for most people.

Farrell: Yes, exactly. And Mr. Global's agenda are centralization and depopulation. Well, as I pointed out, depopulation as a meme has been pressed by the central banking wealthy oligarchy since the Republic of Venice. Malthus or Rockefeller didn't invent it. Of course, the depopulation estimates are always wrong because estimating occurs in terms of a closed system of economics and finance when the reality is that technologies change. As technologies change, the financial system must change with them.

They're operating with an old paradigm, and this is the problem. It's coming unglued, and they don't know what to do.

Fitts: The thing that most concerns me when I put together all the stories for cut and run is health freedom. The "Zika psyop," has no explanation other than that elites need to lower life

expectancy to deal with the exploding retirement costs.

After the election the state, local, and private pension funds and social security or all these things will need funding. Elites want the balanced budget amendment – they’ve just stolen the \$50 trillion that was necessary to keep retirement systems commitments.

Farrell: Yes.

Fitts: It’s been Puerto Rico or Detroit. It’s been the outliers who have blown up first, but now we’re moving in on the things that are considered to be financially dependable.

Farrell: Right. The other part of your hypothesis is that if you’re conservative, you don’t necessarily want a balanced budget amendment; you want to know where the money has gone.

I would say we must punish the criminals – no more *too big to fail, too big to jail*. Criminals must go to prison, and we know the likely top criminal on the list.

These people have to go to prison because we can’t have a functioning economy without rule of law. This truism means no more *privileged class*. You can’t run an economy that way, particularly a global one. This is the lesson that Mr. Global has yet to learn, and why elites are panicked.

Fitts: The unipolar vision has failed. In the third quarter Brzezinski wrote an article declaring that fact, and how we had better get on with the multipolar world. I almost fell out of my chair, Joseph.

Farrell: I did, too. This is a 180-degree reversal of what he’s been saying, and you notice that he said it without any apologies for having messed everything up in the first place.

Another interesting detail is how Russians and the RT have denied a privileged class for big bankers; these bankers have to be prosecuted.

In other words, Russia is on to the game. I think there is going to be some sort of international push to make bankers accountable. So look for the international court at The Hague

and the like.

The United States is not a party to that Hague treaty, but there will be some action from countries like Venezuela that have been raped financially. I think you’re going to see Brazil take part. The coup d’état against President Rousseff will lead to a whole new international action, but not necessarily effective, but you’re going to see these countries pointing out the flaws in the Western system.

Fitts: There is an article this morning in the Wall Street Journal about the falling revenues of Goldman Sachs in Asia. I think that probably reflects, not just a global slowdown, but also a real pushback against the Americans in the marketplace.

It’s what one of the Republican candidates said early on in the debates, that our friends no longer respect us, and our enemies no longer fear us. I suspect that has contributed to falling revenues for Goldman.

Farrell: Right. They just don’t want to do business with us anymore, and we can’t blame them.

Fitts: I think this cut and run makes people look at the failure of the unipolar vision, the switch to the multipolar world, and they think, “I’m nervous about this so I’m going to cut and run.”

One thing coming up at the beginning of October is that the Yuan will enter the SDR system. Some of the fear porn folks are marketing this as the world’s next crisis, which is not the case. It is, however, clearly a signal of where we are going in the long run.

Farrell: Right. I don’t think it’s a crisis. I think it’s going to inject an element of stability into the system. The source of the instability that we’ve been dealing with since the first Bush administration is a group of people using wealth and power and influence within the central banks, the IMF, etc. I think the Chinese participation is going to inject balance back into the system, and it’s going to inject some stability.

In China, it is not necessarily government debt but corporate debt that has ballooned and mush-



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roomed enormously. That's one thing to watch very definitely as to how the Chinese government is going to handle that.

I really think that the days of Mr. Global are drawing to a close – days of getting everything his way and overthrowing governments and arriving on jets and saying, “We came, we saw, and he died,” and cackle and laugh. Things just can't keep going on. I'm looking for at least some stability from this Chinese participation in the SDR.

Fitts: When you listen to the G20 meetings, the folks are much more interested in creating growth than in controlling top-down. As the economy slows down globally, the friction increases from the controls. You have expenses going up from all the centralization rules and complexity, and creating more friction.

Somebody said to me the other day, “No growth except growing friction.” That friction is making the whole system unbearable for the people trying to create more growth.

One other thing matters before we leave the multipolar world: the Transpacific Partnership and the other trade agreements – the services agreement and the European agreement – what do you think is going to happen, Joseph?

Farrell: I think they're dead. I really do. As far as the European agreements are concerned, France and Germany have both signaled that they're dead. I think they were well on their way before Brexit happened.

Regarding the Transpacific Agreement, what we have is a case of corporations trying to use copyright law to shut down free speech. They were just handed a huge defeat in courts in India.

I think the revolt is spreading there as well. The Philippines are now courting Russia and China, and that story is big. Of course, the Philippines government is basically a puppet government – a satrapy, in effect – of the United States.

Whatever they may do to President Duterte will not change the course for the Philippines. He is expressing the outlook and opinions of the Phil-

ippine deep state. Again, I think this is a large thing.

For the moment, I think it's dead. I noticed in the Presidential debate that Trump pointed this out about Hillary, “Are you for or against it?”

“Well, I'm against it,” she said. But, no, she's not. The record is very clear.

I think it's dead. They may be thinking that getting Hillary into office will revive it. I don't think so. I really don't. It's clearly an agreement to benefit American corporations, and I can't see Indonesia, Malaysia, India, or even Australia or China for that matter, going along. I just don't see it.

Fitts: Obama had indicated that he wanted to pass it in a lame duck. So between the election and the inauguration he would pass it, at which point it's all on him and she doesn't have to implement it.

I still think they're going to make a major push to do so.

Farrell: They might, yes.

Fitts: Now Congress had said that they won't play, but we'll see how many arms get twisted.

Farrell: Exactly.

Fitts: Another thing – just to keep going through the summaries that investment in space will continue to grow, as you agreed, and, boy, have we seen it.

Farrell: Yes.

Fitts: I thought we were ahead of the curve, but what has unfolded this year is explosive.

Farrell: Yes, it is. It is expanding so fast now that it's hard to keep up with it. NASA is pushing ahead with an outer space test of the EmDrive, which is interesting because four or five years ago NASA and certain scientists said, “The EmDrive is a hoax.” Now they've decided, “Well, no. There is something going on here, and now we need to test it in outer space.”

You've Musk saying that he wants to go to Mars. The real problem now, Catherine, is that it's that extended human stay in outer space gives



is osteoporosis. It atrophies muscles and bone structure. The researchers must find a way to sustaining a human presence in deep space.

Well, the Russians already know the remedy is to create a strong electromagnetic field that reproduces climate conditions on Earth so that you don't subject yourself to all of these health issues in outer space. All of that is very interesting, that you would have these announcements coming out of Russia, and then NASA saying, "We're testing the EmDrive."

There have also been stories of putting human beings into suspended animation for space travel, and waking them when they arrive. They're talking about all these things that they've known for a long time and they're just cluing us in. The technologies that they're bringing online publicly have existed all along, and they will take us into space.

Fitts: The Russians are embarrassing them into admitting that they have to have it?

Farrell: Oh, yes. This is precisely what I think is going on. Russia is playing an interesting game and uncanny game. They're chess players, and when they make a statement in the press through their state-controlled media they're responding to deep, themes and memes in Western society. It's uncanny how accurate they are.

Now, recently President Putin has appointed a new advisor, Anton Vaino, whose academic specialty is predictive programming analysis models. There is a physics component in his thinking. The Russians, in other words, have their hands on some physics and analysis technology, and now the advisor reports directly to President Putin.

I expect Russia to retell these kinds of stories often. It's going to be interesting to watch.

Fitts: It's almost like we're converging here on Asimov's *The Foundation*.

Farrell: Exactly. I think the Russians know, and the West has had similar knowledge for a long time. The Russians are pushing it out into the open.

Fitts: Brzezinski's article indicates that our competitors have gotten closer on military technology, and a few accomplishments in the advanced technology can flip the whole global model. He describes things very calmly, but if the Chinese and the Russians get a leg up on new advanced technology, the financial model can flip. If the Chinese get dominance in the South China Sea, they could flip the whole currency model.

Farrell: Yes, and I think Brzezinski is asking "What are we getting for our money?" Well, we're getting the F-35 fighter, which has so far been a trillion-dollar boondoggle. It still doesn't work. We're getting the USS Gerald Ford, the United States' navy's multibillion-dollar aircraft carrier. It has electrical systems that don't work. We're getting the F-22 Raptor that doesn't work as advertised.

We're spending money for things not working well. The Russians have just demonstrated in Syria and the Donald Cook incident, jamming capabilities that they have that can knock our put systems out at little cost to them.

In other words, the Russians, in particular, have invested money wisely in modernizing their military. What I'm suggesting is that all that money that has been awash in the black budget and in the hidden system of finance is no return on investment. It's not a wise return anymore.

Fitts: Right.

Farrell: It's not boding well for the US military, and I think you see a pause and an attempt to backtrack a bit in the Middle East and elsewhere. They realize that we might be picking a fight with the wrong people.

Yes, I think Brzezinski's subtext is that even that part of the system is not giving us the return on investment we need.

Fitts: It's funny. One of the themes that came up for me more in the 3rd quarter than in the 2nd quarter is this question: "Are our minds our own?" And how much are we being influenced by entrainment, propaganda, and hidden technologies or techniques?



“**“What are we getting for our money?” Well, we’re getting the F-35 fighter, which has so far been a trillion-dollar boondoggle. It still doesn’t work. ”**”



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Mind control technology is here. Mind manipulation by entrainment is a largely unexplored area, but another way to rig markets economically and financially.”

I get more and more concerned. When I talk with individuals and subscribers about the struggles that they're having with their family and friends – in all sorts of issues, including managing time and money – you hear more and more stories about people getting tricked into doing things counter to their interest. They behave against their own self-interest again and again. I've been in the Bay Area, and seen people aggressive in ways wholly suicidal. It's not rational.

Anyway, I was very pleased to see the new website, www.BiggerThanSnowden.com where Nick Begich and Dr. John Hall and whistleblowers of hidden technology get together and pull everything together. When you look at the credibility and the quality of the people and all their work on the subject, you realize, “Whoa!”

Farrell: Mind control technology is here. Mind manipulation by entrainment is a largely unexplored area, but another way to rig markets economically and financially

Fitts: Right.

Farrell: Mind manipulation influences people's decision-making, their purchasing, and so on, distorting the market.

In other words, the technology is murderous . It's not giving analysts any ability to understand where markets are going. I'm not seeing evidence that these technologies are used widely outside of the West. In other words, I don't think that even the communist Chinese government resorts to these technologies with its own population to the extent we see in this country. It's the same thing in Russia.

I have members on my website who live in Russia, and some of them are expat Americans. They moved to Russia, of all places! And they tell me that things are different there. People are more expressive, more intelligent, and more individual than people here.

Fitts: When I was in Germany, Switzerland, and Austria this summer, life was just humane.

Farrell: I can believe it. It is. Ultimately this push of Mr. Global to centralize and control is

self-defeating. Mr. Global is killing his own macroeconomic picture.

Fitts: Right, killing all the life force.

Farrell: Exactly. He is killing creativity.

Fitts: You and I have talked a lot about productivity. One of the most infuriating things that happened in the 3rd quarter was Alan Greenspan complaining that productivity growth was slowing, which meant he couldn't pay our retirement obligations.

I thought, “Wait a minute, Alan! You just stole \$50+ trillion dollars, and you're telling me productivity growth is the problem? Excuse me.”

Farrell: Exactly.

Fitts: You and I just did a recording on productivity in the 2nd Quarter Wrap Up. I'm not going to repeat all of that, but I strongly encourage people to read that because the balance budget amendment is about to slam into the destruction of productivity used to centralize the control of the economy. In the 3rd quarter the Department of Justice announced that it would not renew bureau prison contracts with private prison companies. The next morning their stocks were down by almost 50%, which is a reminder not to own companies dependent on highly unproductive processes. At some point, when the debt growth model is over, they will be cutting something. Low productivity 'somethings' are the first to get cut.

Another example was the committee of faculty and students at Vanderbilt who announced new sets of pronouns for sexually fluid people.

Farrell: Yes, I am so glad you included that because I want to go directly to it,

Any time you hear language being tinkered with as a political agenda, you're dealing with Gnosticism. When I was professor teaching theology in the seminary, I did not teach Gnosticism as a set of systems. I taught Gnosticism as a set of techniques to engineer the hollowing out and overthrow of institutions designed to protect and preserve culture.

Fitts: Wow!

Farrell: One of the key things in any gnostic system is to tinker with language, signal your subservience to the agenda. You signal your raised consciousness by adopting the new, which is always an artificial language, designed, in turn, to break down common discourse, civilization, and culture.

We are creating a Tower of Babel, so to speak, to break down culture and break down discourse. Ultimately the result is lost productivity.

Fitts: Right.

Farrell: If you think it's trendy to be transgender and to use this type of language, I'm more concerned about language than whether people are transgender. I do not care less whether they are one thing or another, but language itself is a different matter. We use it to communicate, to cement our contracts, to negotiate, and to create.

When you break down the language, you are interfering at a very, very fundamental level. I wholeheartedly urge people – especially at Vanderbilt – to stand up and say, “No.”

I even did a blog on my website, about the fact that when I started my PhD, I was offered a full scholarship at a major American university – the whole thing paid. But in order to do this, I was told that I would have to take a class in the use of gender-inclusive language. I just said, “No.”

That is one of the major reasons I went to Oxford. I wanted a place where I had the freedom to argue what I wanted in the diction and language that I chose, which is the standard diction and language of ordinary English.

Fitts: Good decision.

Farrell: Yes. This is something that people must understand. These changes are not harmless. Bolsheviks did this inside Russia with the Russian language after they took over, and introduced a period of cultural shock and change that they were able to manipulate and control. This was part of their revolution.

People need to be very, very cautious.

Fitts: We just saw the announcement that the U.S. Navy is requiring all personnel to go through

transgender training by the end of 2017. Do you know what an enormous investment that is?

Farrell: It's an investment in terms of time as well.

Fitts: What the Navy needs to do is make sure that it can outwit the Donald Cook situation.

Farrell: Exactly, this is militarily suicidal. You don't use the military for social engineering. The sad fact is that since before World War II, even before World War I, the US military has been used by progressives in this country as a social engineering test bed.

I don't care if people are transgendered, but the military is not the field for social engineering agendas, especially if you are Mr. Global and planning to confront Russia or perhaps even fight a war with Russia. I can guarantee you that people in the Russian army or navy or air force get no sensitivity training; they get training in tactics, operations, and military things.

Fitts: Right.

Farrell: We just saw the results of American operational training in the US army in Germany. We didn't even place. We came behind Denmark and Poland. That's not good.

Fitts: That's not good. Another place where productivity has come down is technology from the black budget, and black budget money pours into Silicon Valley and lowers the cost of capital. The folks in Silicon Valley don't realize it, but theirs is arguably the most subsidized industry in the history of the world. Yet they are producing things that do not increase productivity growth. In fact, they harm productivity because they improve surveillance capitalism and centralized control, contributing mightily to shadow work, negative return on investment, and the destruction of privacy. and I could go on and on.

I'm beginning to see just a hint and a whiff of people getting frustrated. You saw the one big article from the editor of *MIT Technology* write, “Dear Silicon Valley, forget flying cars. Give us US economic growth.”

People are starting to realize that much really



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clever stuff is not contributing; it's draining.

Farrell: It's not a contribution, and it's a drain, and I will tell you that the automated cars business is just another way to control the population. And the cars have not worked too well, with people dying because the automated car doesn't know what a guardrail is. Elites want everybody driving automated cars so that they can control people more readily.

Good luck with that! I don't have a quarter of a million dollars to spend on an automated car.

Fitts: Having people try to run me off the road several times during the litigation, do you think I'm ever going to get into a driverless car?

Farrell: No. Do I trust these people? No, not as far as I can throw them, thank you very much.

They are exactly right. They need to start giving us something that contributes to human productivity and not to the surveillance state. The surveillance state is killing the economy in so many ways.

Fitts: Right. I couldn't agree more.

Last but not least, I do want to touch on one of the exciting things that happened in the last quarter – your book on Common Core. I was quite eager to have it published because I was quite proud; I wrote the forward. I wanted to publish it.

Farrell: Thank you for that, by the way.

Fitts: If you ever doubt how dreadful Common Core is, here is your proof! Joseph, you did a great job of tearing it apart.

Farrell: Yes, Common Core is bad as far as I'm concerned and as far as my coauthor was concerned. Even though I wrote about 50% of the book, the scaffolding, order of argument, and principal concepts come from my coauthor. He was the one who pointed out to me that Common Core through the assessment process was a vast expansion of the surveillance state. As I dug into this, I thought, "It's a nightmare on steroids."

Common Core tracks you from kindergarten

through high school. Now we hear talks about "lifetime learning accounts." That's the latest. You just have to laugh!

Fitts: Lifetime learning about you!

Farrell: Exactly. With all these euphemisms, and they're just not playing anymore because everybody sees through them. They want to keep you in school all of your life to update the assessment. As far as I'm concerned, the whole Common Core individually adaptive standardized computerized test is a loyalty test: Are you loyal to the standard official narratives?

In other words, imagine your SAT question, "Who killed President John Kennedy? Jack Ruby, Lee Harvey Oswald..." Tests never get into deep analysis and discussion of an event. They reinforce an official narrative and control the information.

Fitts: At your heart, you are an Oxford scholar so your approach is much nicer. I look at Common Core, and it says to me, "Are you available for pedophilia, and where can I access your calendar to book you?"

Farrell: Exactly! That puts it in a nutshell. What they're doing, Catherine, is tracking you, and building up a profile of people. The other bottom line is that Common Core – the assessment process itself, the tests, the questions – remain proprietary information. Any information given to the government by these corporations is what they want you to learn, gutting real education.

I don't care what technocrats say. Now this technology in the classroom is producing a generation of technology addicts with problems of socialization, with being able to carry on a conversation, and producing a generation of narcissism and psychopaths, who are stupid. They're reinforcing stupidity, not education.

Fitts: There is a new article in the *Wall Street Journal* that I posted in Top Picks this last week. It will be on the list for the 3rd quarter *News Trends and Stories*. Two very successful physicians – one from Mass General and the other from Cambridge Hospital – said that patient healthcare records have destroyed patient health



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and the relationship between the doctor and the patient, which I believe is true.

Farrell: Absolutely.

Fitts: But you're seeing a pushback.

One of the stories I wanted to bring up in the economy is *Economy and Financial Markets* as well as *Geopolitics*. I wanted to mention a little bit about Wells Fargo because I am fascinated.

We just finished bailing out a huge housing bubble and now we have a new housing bubble underway as some parties claim, and have Wells Fargo saying it created 1.5 million phony accounts and 500,000 phony credit authorizations.

Farrell: Gee whiz!

Fitts: But nobody on the Senate floor is saying, "Wait a minute. Did you create mortgages and auto loans for those same phony accounts?"

Farrell: Exactly!

Fitts: We know the profit is not in creating an account, right? The money is in the loans. That is where fraud has occurred, and there are lots of stories of fraud at all the big banks, including Wells Fargo. Nobody is asking that question, except for me.

I did a commentary called *Unanswered Questions about Wells Fargo* and I pointed out that the Fed now has – because of quantitative easing – purchased \$1.7 trillion of mortgage-backed securities. I want to know whether that \$1.7 trillion consists of phony mortgages!

Farrell: Absolutely. It is the same old pump and dump that ran prior to the bailouts.

Fitts: Right. I don't think it ever stopped.

Farrell: I'm agreeing with you. Elites are running pump and dump schemes and trying to prop things up, but a fiction like this lasts for only so long. The longer it continues, the more the danger because when the bubble bursts, the damage is all the greater. It needs to be addressed now.

I go back to what some Russians said recently, I think within the last couple of weeks. They said that big banks and fraud they perpetrate need to be brought out into the light, and the people

responsible need to go to jail.

I'm suggesting is that if Congress will not address this scandal, I suspect that you're going to see various countries around the world increasingly band together to demand explanations from some big banks. They may be able to boondoggle the US Congress through control files, but I don't think that they can succeed with the Kremlin or Beijing. I genuinely want to warn people. I suspect that you're going to see some international pressure build on these banks.

The problem, geopolitically is that attention will show the US Government the corrupt front for these interests that it is.

Fitts: Here is the interesting thing: We are trying to keep the Germans from getting together with the Russians. The Russians ban GMOs. The Duma ban was a big event in the 3rd quarter. At the same time that we're squeezing the Germans on Deutsche Bank and Volkswagen, and suddenly a German company comes in at a 44% premium, taking everybody out at Monsanto. And you wonder whether Russians forced us to do that. The GMO thing is seriously, seriously stalled.

Farrell: It is seriously stalled. Even in Europe there is opposition within Germany and within France and Hungary – those three countries particularly – against GMOs. Like you, I'm wondering exactly why Bayer decided to do this. I'm also mystified that Bayer had so much cash on hand.

I'm wondering exactly the same thing: What is going on here? It's going to be interesting to see how it plays out. I think that if you look at the United States and Germany, it appears that there is some sort of tug-of-war going on between these two countries regarding Germany and the course it wants to take.

Fitts: Right.

Farrell: I don't expect Merkel's government to last much longer, quite frankly. She is backpedaling.

Fitts: Oh, she's been delivered quite a blow in



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the recent elections. Maybe we should talk a little bit about that.

Farrell: The Christian Democratic Union is her political party, and the other big one is the Social Democrats. It's important for people to remember that Merkel was a protégé of the former Chancellor Helmut Kohl. Of course, this means that she, like Kohl, has huge connections and backing from the big German chemicals firms – Bayer, BASF, and so on. Just think of IG Farben when you think of Angela Merkel.

Fitts: Exactly.

Farrell: She has been the lynch pin of the European refugee policy. Of course, it is hugely unpopular in Europe – in the Netherlands and in France and in Sweden and in Germany, provoking a backlash and formation of political parties that appear to want to defend their borders and their culture. I put it in those terms, Catherine, because there are two elements within these political parties.

One element, which I think represents the majority, are just angry Germans who are looking at all of the rapes and other things happening in their country and, the fact that the refugees are being given special privileges and advertisements are being run on German TV for German women to adopt the hijab and make everybody feel welcome and multicultural.

Fitts: Who is running that?

Farrell: I am not sure, but I think it's the German government. There has been the inevitable reaction from Germans, the birthplace of the Reformation. This is just not going to happen. They're pushing back against this, and they delivered Angela Merkel in Berlin a huge local election defeat when these parties won the election. They delivered her a sound drubbing.

Within these parties are fringe fascist elements that worry me. This movement in Europe against the refugees and to defend European and national culture, we see in France with Marine Le Pen and we see in the Netherlands with Geert Wilders. This pushback isn't going to go away until she goes away and the policies change.

Now she is backpedaling as a result of election defeat. Maybe her policy wasn't really all that good. This is too little too late, Angela. I think her government is in danger. I don't think the CDU will be returned to power, even in a coalition government.

What I'm looking to see happen in the next major German national elections is I suspect the SPD will take power in a coalition government, and the SPD will try to try to tighten these refugee policies and make immigration much more difficult. That's my best guess.

The other problem is that Germans can see that much of that policy is driven, not so much in Berlin but in Washington, and more importantly, in Silicon Valley.

Fitts: Right.

Farrell: George Soros was behind much of this dislocation. and there is your fascist connection.

If Merkel does somehow stay in power, her government will be weak, and she is going to be much less the commander in chief of the European Union than she has been.

I really expect the same thing in France. There are big rumblings in France. Holland's government is in trouble for the same reasons. He is now trying to front a candidate to take the wind out of Marine Le Pen's sails. I don't think he can succeed. This website members in France are telling me.

Those two countries are fed up. Ultimately, what this means is they are fed up with Washington. That is the biggest news.

Fitts: I think they are all fed up with destruction of productivity and wealth.

Farrell: Exactly, and you can't blame them. This damage is coming out of Mr. Global, but for Europeans, that means Washington. To a certain extent, they are correct.

I think we are looking at the long-range dissolution of NATO. I've pointed this out in our last talk. Rheinmetall and Nexter, are huge German and French armament firms that recently merged. I believe they've merged is to

standardize military equipment, to create their trans-European military under Franco-German leadership, which means the end of NATO. This way European sidesteps and bypasses NATO, and bypasses Washington and Mr. Global.

Fitts: One other thing – Let’s come to the election because we are going to publish this in the first two weeks of October, and the election is November 8th.

I saw a new survey of global investors, and it’s a poll of their top 10 - 20 risk issues that concern them. Their number one risk is the US election. I think it’s what Peggy Noonan called, “We have a choice between a criminal and a crazy person.”

The criminal understands elite policies of the syndicate whereas the other candidate does not. We all know that the first candidate, if need be, will start World War III with Russia to protect syndicate interests. I don’t think most people are completely aware of how bizarre the syndicate is.

Either way, I think that their concern is that we are coming into unpredictable change that we don’t understand. It may just be grief that they are starting to realize the party is over, and we’re not going to keep centralizing, because it means destroying the living systems and the real wealth on the planet.

The one thing that I can say about this election, other than being Monica Lewinsky II, we have a choice between the criminal syndicate and change. Investors are concerned about change. I would argue that they should be concerned about the real fundamentals..

What do you think is going to happen?

Farrell: In the election, I honestly don’t know. I still think people think Trump won the debate overwhelmingly – which shocks me – people think that Trump won, and sometimes by very wide margins.

Fitts: Last night I went to look at a website that ranked 20 polls, and I went through all of them. Trump had won anywhere from a little to a large margin, even on websites that I would consider Democrat.

Today when I looked at CNN and the major press, it was, “Oh, Clinton really won.”

Wait a minute. That’s not what any of the polls last night showed, so it was very strange.

Farrell: Well, they are living in make believe – the mainstream media. I don’t see or sense all that much support for Hillary other than from the oligarchs who view Trump as such a wild-card. But I don’t think that means that they are enthusiastic for Hillary.

Fitts: Right.

Farrell: But, I think there is real danger that if they sense a Trump victory, that they might pull some sort of fast one. The more basic problem is geopolitics and international markets. If Hillary gets in, the Russians have already signaled, as far as Russia is concerned, they will hunker down and brace themselves for a war.

Fitts: Right.

Farrell: That is a very real possibility, and I can tell you, that if that happens I do not think that the United States would win. If we managed to avoid nuclear weapons I don’t see Europe going along with us. I just do not foresee support from Germany. We would need the support of the two European powers, and I don’t see the support from Germany, or France.

I think we would be isolating ourselves much more than we are now. And we would have to forget Japan too.

Fitts: Right.

Farrell: I really don’t see that. We’re trying to stabilize the Pacific, and go to war with Russia. Neither Australia nor New Zealand nor the Philippines nor Indonesia would side with us.

The neocon faction of the American deep state might want war, but it cannot coerce all our allies into going along.

The alternative is Trump. I think that he might actually win. If that happens, geopolitically I think you’re looking at a more stable world. I really do. I don’t think that he is interested in confrontations with Russia because he’s a cost-benefit analysis type of person, and he is not



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going to see any benefit for the cost of a war with Russia in any bottom line.

I think that if there is a Trump victory, you are going to see a change – as he has indicated. You would see a change in Russo-American relations, and he will deal with Islamic terrorism in a way that the neocons don't want. I think Trump is cagey enough to realize that our alliance system is in tatters, and the relationship has to be repaired.

It's anybody's guess. Let me put it this way: I think Peggy Noonan is right. We have a choice between a criminal and somebody whom we don't know. But between the two, I view Hillary as the much more dangerous candidate. She is an inveterate liar, she is a criminal, she has no real sense of the fine balance of things, and she is just in it to continue her racketeering operation. I view her and that whole crowd as the much more dangerous candidate – not just for foreign policy, but also for domestic politics.

We'll have the past 15-16 years with her, and the infrastructure in this country will continue to decline and crumble. Trust in the economic system will hit absolute bottom. As far as productivity, who wants to produce under a system like that?

Fitts: Let me pose this to you: The CDC came out with a new rule making. They're inviting comments, and the comments close on October 18th. It looks like the CDC wants to get it up by the inauguration. It will allow the CDC to say it worries that you might have been exposed to a virus, and next to round you up and put you in a camp and inject God-knows-what into your body.

Farrell: Yes.

Fitts: You are basically talking about Auschwitz here?

Farrell: Yes, exactly. I don't put it past these people. I don't.

Fitts: That is a very sobering piece of information.

Farrell: It indicates that the United States has become a police state. It is a *de jure* if people

haven't awakened to realize that is. The political left is both the Democrats and the Republicans. Our one-party system in this country has a party of the hard left and the party of the soft left. We don't have a genuine party of the right or a conservative party.

What scares them about Trump is that he has remained the Robert Taft wing of the Republican Party, and they have no control over it. That scares them. They are facing an opposition party for the first time in a very, very long time, and moreover, a party that has much more direct popular appeal than anything I've seen in support for Hillary.

It's really not just a referendum on nationalism versus globalism; it's also a referendum on the elites versus the people.

Fitts: Sovereignty?

Farrell: Exactly.

Fitts: That's it for Economy and Financial Markets as well as Geopolitics. Before we close part One, do you have any thoughts of summary for the 3rd quarter? If we were going to summarize what the 3rd quarter meant to you, what would you say?

Farrell: Well, my one word is uncertainty. Looking at what is going on in this country, particularly with the election, I try to imagine myself as a person with money to invest, what would I do now. I would be hedging my bets as much as I could. I would have my bailout bag and my bailout airplane ticket and everything ready to go, but you can't have an economy functioning in that sort of doubt.

I'm very uncertain. To put it bluntly, I'm uncertain even though I don't have any kind of money to invest. I'm vaguely uncertain even as to my own little business. What am I going to do in terms of a Hillary presidency? I know that she is going to come after the alternative media in this country in a major way and try to shut it down because it's has opposed her.

In other words, I'm looking at having to self-censor just to be able to maintain an income, and

that is a restriction on free speech. Therefore, that is a restriction on creativity. Therefore, that is a restriction on productivity – the human productivity that we talked about the last time.

By the same token, if Trump gets in, I still don't know what to do because I don't know exactly how he is going to be able to influence this behemoth of an out-of-control government.

Fitts: Trump, I cannot tell you about, but I've been dealing with the Clintons for 18 years, so I can give you a briefing. Maybe we should do a Solari Report on how to deal with the Clintons.

Farrell: Listen, that would be good because I don't think many of the foreign listeners, other than perhaps the British, have a real clue as to how deep their corruption really is, going all the way back to their Arkansas years. The whole business with Mena and Barry Seal and Terry Reed and the deep connection of the Bushs and the Clintons and most people are unaware.

Maybe a review would be good, and I'm very serious.

Fitts: I know, but sometimes on the Round Up – our team gets together for the Round Up twice a week – I'll say, "Okay, on this story are we willing to spend \$2,000 on hacking costs to do this? Are we willing to do \$5,000? What is our price point?"

We have to price it; it's a practical issue. Some stories are so good that I say, "I don't care if it's going to cost \$5,000. I'm going to do it."

Farrell: Yes.

Fitts: It's all part of the financial equation.

There are two things that I would do. I agree with you that uncertainty is significant and risk is rising. The two things that I always do is pray because I believe that if I'm where the Big Guy wants me, I'll be fine. The other thing is: I'm going to be in Tulsa on October 15th. The one thing that I can tell you without any uncertainty is that you and I are going to have a blast.

Farrell: I agree. Whenever we get together with these groups we always have these wonderful, unscripted conversations. I'm serious! They go off

in 1,000 different directions, and those conversations are a part of human productivity because when you start listening to other people's take on things, you start to realize, "Oh, I hadn't thought of that," and you start pooling the ideas together. This is when great things happen.

I look forward to every conference and all of these get-togethers like we're having in Tulsa. I love those things because I love to listen to people's ideas and bounce things around.

Fitts: Right. I particularly like it when I'm not the designated driver.

Farrell: Me too.

Fitts: So, ladies and gentlemen, you can learn more on our website. October 15th is dinner from 7-11pm in Tulsa, and I think you're going to really enjoy it if you can make it.

Joseph, that is it for Part One. Thank you very much, and I look forward to Part Two the following week.

Farrell: Thank you for having me back.

3RD QUARTER WRAP UP PART TWO

Fitts: Ladies and gentlemen, welcome to The Solari Report. This is the *3rd Quarter Wrap Up: News Trends and Stories*. We had a great conversation with Dr. Farrell last week on part one, which was *Economy and Financial Markets* and *Geopolitics*. This is part two, and we're to talk *Science and Technology*.

If you haven't listened to that earlier conversation, let me say it was good. It had a lot of, what Joseph would call "high-octane speculation." I encourage you to go back and listen. We will have the transcripts on the Solari website.

We have a web presentation with links to all the trends and stories. We encourage you to access that web presentation, and we'll have the full transcript in the pdf and hard copy, so stay tuned.

Well, Dr. Joseph Farrell, welcome back to The Solari Report.



Farrell: Thank you for having me back, Catherine.

Fitts: We are going to talk about *Science and Technology* as well as the *Big Questions* tonight, but beforehand I just want to point out that we are having a dinner in Tulsa, Oklahoma, on Saturday. I'm really looking forward to it, and it's not too late to get tickets.

Farrell: I am too. Like I said last week, the conversations at these get-togethers are really stimulating. Everybody chips in ideas and points of view. A synthesis and an analysis emerge greater than anyone could come up with all by himself. I always look forward to them. That's really why I like going to conferences and speaking – not for the conference itself so much, but for the conversations off to the side. Yes, I'm really looking forward to it.

Fitts: If you look at who has signed up to this point, it's some of the highest IQs in the network.

Farrell: How many people are there up to now?

Fitts: Well, we have room for only 40. That is my concern. As soon as we fill up we'll put a notice out, but that's a good size. It means that we really can have intimate conversations. I'm looking forward.

Let's just dive in: *Science and Technology*. As I said in our summary last week and in our Annual Wrap Up, Space, *Here We Come*, space investment will grow. I remember thinking when I recorded before with you, "Oh, we're so far ahead of the curve." And wow! Look at the explosive developments this year. The growth in Asia is vast. Whether it's G7 or the G20 investment, new activity in space is growing.

Farrell: Yes, by leaps and bounds. It's to the point, that we can barely keep up with it. It started a few years ago. Now something is new every week. The trickle is a running stream at this point, always increasing.

Fitts: Right. It's noticeable because I've been working on a screen of space-based companies, and updating our worldwide Annual Wrap Up list of space companies. We've been culling to

identify all the publicly traded stocks of companies active in space. I took my first culling and did a back test.

I was doing a culling of screen force – Solari-model companies, which are companies that have a positive total economic return. I did a quick back test, and they perform at the market index, in alignment with the S&P.

Then I did the space companies, and they were 200%. They were double the S&P, and I see no more significant proof.

Obviously, the figure includes many defense companies. It combines defense and space, but the message delivered to me is that this investment is serious.

As you and I described in part one, Lockheed did a cut and run on its IT division with the Department of Defense. That means that Lockheed is keeping space investment and letting government contracts go.

Farrell: Yes, and that shift is huge. Conventional financial analysis cannot account for all this money. We speculate that it's going into space investment. The Lockheed story confirms our hypothesis that to prop up hidden finances, companies have collateralized space. The speculation certainly predicts how these companies get collateral and starts new space projects. So I view the story as big.

Fitts: I have to tell you how grateful I am to you for this insight. I remember how in 2012 I went to see you after leaving California, and I was just frustrated trying to understand the financial community, which kept refusing to look at the space aspect of the economy.

Something didn't make sense. Some finance writers were saying, "The world is going to collapse; the world is going to end." I was saying, "No, that is not happening. We're shifting money, and it's being reinvested. Something is happening. I have to integrate this hidden system. I have to integrate space. I don't know how to do it."

Many people who cover that topic are out in la-la land. You're not out in la-la land, and Rich-



ard Dolan isn't out in *la-la* land. There are some good people, but to connect it to the economy, I needed somebody like you who says you're not an economist and you say you're not a financial person, but you are very good at math.

If Trump says that he is a numbers guy, in your own way you are too, even though I know you don't think of yourself as that kind of person. But you can make sense of the economy, and you're very good at making sure that the asset side and the liability side match up. You keep the balance sheet straight, and you see where disinformation skews the balance sheet.

Anyway, you were the person who really helped me integrate space with traditional analysis in the financial markets, and I just feel like that has made an enormous contribution, not just to what I do at The Solari Report, but also to my sanity.

Farrell: Well, thank you. I had to do it to keep my own sanity because the financial analysis from so many people just does not make sense.

Fitts: Right.

Farrell: I've said many times, "I remember my thinking all the way back to when Nixon took us off Bretton Woods, that there was to be a financial collapse any day now." We've been hearing this for so long that I thought, "This expectation is like a rapture prediction. There is something wrong, some factor that we're not considering."

The one definite factor is that so much money is not accounted for, that it must be going somewhere. The circuit isn't confined to investment on Earth. It's going somewhere else.

Fitts: Right. Whatever that place is, it's big. You cannot understand the economy without looking at it.

Farrell: I agree.

Fitts: One of the reasons to ask whether or not we will have a controlled demolition of the US politics and economy next year is clearly that Mr. Global does not want chaos messing up his space program.

Farrell: No, I don't think so. I agree whole-

heartedly.

Fitts: Right. If there is anything supporting the slow burn, it's protecting that space program.

Farrell: Absolutely. Just look at the collateralization model that I've been proposing. If indeed they made a deal with the major corporations and primary banks back in the late 1940s to create a hidden system of finance and to create technologies to get us into space, then bankers must have wanted some collateral. The model has always been the Venetian bankers: "We'll give you a loan to create your ships to go buy spices, but the collateral is going to be our stake in whatever you bring back."

This model now reappears with space. You see not only the commercial companies starting up in a major way – Elon Musk and Richard Branson and Robert Bigelow etc. And you can see other countries wanting to get into space: China in particular, but also India, Germany, France, Japan, and Brazil. They sense that the economic game is moving there now.

Fitts: Right.

Farrell: I noticed in your outline that you have the headline, *Chinese Scientists Study Viability of Manned Radar Station on the Moon*. That is very important because people do not realize that existing international treaties bar all nations from having any permanent base, military or otherwise, on the moon, nor to profit from one. However, treaties allow you to have permanent facilities there for research. Research, as far as I can recall, is left deliberately undefined. So you can claim to do research in just about anything, and under the guise of "research" you can harvest the colossal wealth of the moon, which is worth not trillions, but quadrillions of dollars.

And the Chinese can say, "We want to build a radar station," but they are really saying "We are building a research base."

Fitts: Right.

Farrell: In other words, we can see quadrillions of dollars in outer space and see quadrillions worth of derivatives. You put together the assets and liabilities and you come up with profits. So,



“If there is anything supporting the slow burn, it's protecting that space program.”

something is going on in space.

You have pointed out how the first commercial interplanetary mining mission is getting ready. It's prototyping to go into space and to get something valuable and useful to bring it back. The blocking fact, however, is that commercialization of asteroid mining, mining the moon, and so on cannot be viable with chemical rockets. That technology is too costly and risky.

Again we're also looking at a bit of theatre here, because the companies are still presenting the public face of reusable rockets, while we are told that NASA is testing this EmDrive thruster and has faster-than-speed-of-light warped drive studies underway. DARPA wants us to be warp-capable. But that's *Star Trek*, folks. They want warp-capability in 100 years. That's the real game.

In other words, space investment calls for investment in exotic technologies. Lockheed, as you pointed out, is going after those space assets. There are such technologies in the wings, I'm quite certain. They are secret because they are proprietary.

Fitts: Even though government money financed them!

Farrell: Exactly. Even though government money financed them, they are proprietary technologies. The hidden story behind the merger of Rheinmetall and Nexter in France is that these private companies in Europe would have the technological capability of going out into space and getting goods, and defending their space.

We need to remember that talk about space commercialization means ultimately the militarization of space. We have to defend it.

Fitts: Right.

Let's turn from space to health freedom because our members and subscribers must understand where the economy will grow, where investments will grow, and where opportunities will occur. If you have a child or grandchild going to school, what curriculum do you want the child to have and what opportunities? For very practical rea-

sons, I want to really put space on people's radar.

When it comes to health freedom, it involves a whole series of areas, which can financially wipe out a family. We can see whether a heavy schedule of vaccinations makes your kid get autism and you're out \$5 million present value, not even including the destruction of the human and intellectual capital in the family.

Regarding EMF sensitivity, Jason Bawden-Smith has a new book coming out called *In the Dark*. We're going to publish it in early November. It's about EMF radiation and what it's doing to people. We've seen many reporters really censored about EMF. With 5G coming [5th-generation mobile networks] we're concerned about mind control and the like.

This is an area where, if you look at our members' or subscribers' time and money, they can lose a lot it here. I'm really concerned about making sure that people know how to protect themselves. Step one is just bringing transparency.

Talk to us about health freedom. What are the things that most concern you? What do you think we need our audience to understand and prepare for?

Farrell: Well, I agree with you that forced vaccination is one issue. Quite bluntly, people are just going to have to stand up and say, "No," and insist that there be an open and genuinely free discussion of the health risks. Scientific papers document and demonstrate these connections between heavy schedules of vaccines that they give little infants; they are out there. You have to be blind not to see them.

If I were a parent expecting a child, or had a child recently, I would be thinking in terms of practical financial security, of being cautious about falling for all these vaccine scares. We've just got to get out of this mentality.

There is a place for vaccines; I do not doubt it. The problem is that the vaccines now are so polluted with things not there to promote health; they're there to make you sick and dependent on big pharma. So caution is number one. I would



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be very, very cautious about vaccination.

Number two, I think that people must recognize electromagnetic entrainment technologies really exist. Years and year ago Lieutenant Colonel Tom Bearden – and he’s been riding this bandwagon for so long that I think people need to start paying attention to him – said that it was possible to use your computer and your television to send signals through the electrical grid of your home or anywhere else to induce illnesses, even heart attacks.

These technologies, incidentally, were researched heavily in the old Soviet Union. It’s only after its collapse that many of these things have come to light. They are real. People must see we’re not talking science fiction. No, we are not.

You can go online and research all the patents for technologies to do an EEG of the brain remotely; they don’t even have to attach electrodes. They can map your mind remotely.

It’s to the point now they have translators that can read the conversation in your mind remotely. They can use microwaves to project voices into your head using a basic technology known for almost a century now, called a “beat frequency,” and can entrain your mind.

There are so many ways to do this, and the physics is basic. The ways to entrain exist, and people need to understand.

Personally, I can tell you that I took the conscious decision about a year and a half ago, when I made another move, to cut down my time online. My daily routine was to get up, go through emails of the day, and do other things online, spending hours every day online.

Now I’ve changed my routine. I let the emails pile up. I go through them one day a week now. I have reduced my time online time dramatically. I have other computer systems offline on which I do my writing. I’ve limited internet time as much as I can, so I have more energy now, and greater clarity of thought.

People need to start taking the practical steps to reduce these influences on their minds – the hard influences and the soft influences as well.

Advertising is certainly the one that we know most. I’ve cut my cable. I pay for it just to get internet, but I do not hook it up. I’m not sitting and watching five minutes of program and 10 minutes of commercial. I have rejected addictive technologies.

Fitts: Right.

Farrell: We should cut down the time and education costs too. I just put a blog on my website about the health costs of introducing toddlers to tablet-like technology at ages three or four. In Britain, teachers are complaining about tablet addiction. They deal with students who cannot function socially. They cannot carry on a conversation because they do not play with other children and do not read stories with their mothers or dads.

Practical things affect not only our health, but also our social health and our educational health. People must realize that technology isn’t the panacea that some people may say it is; it needs limitation.

Fitts: When 5G comes out, our ability with virtual reality and holograms and everything else will be amazing. I put an example up at www.MagicLeap.com, which has on its homepage a beautiful whale jumping out of a school gym floor and slapping down with the water bursting out. It’s so real, Joseph, that it takes your breath away. But you realize, “Oh! It’s make believe!”

When they say that holograms flew into the World Trade Center on 9/11, it’s possible.

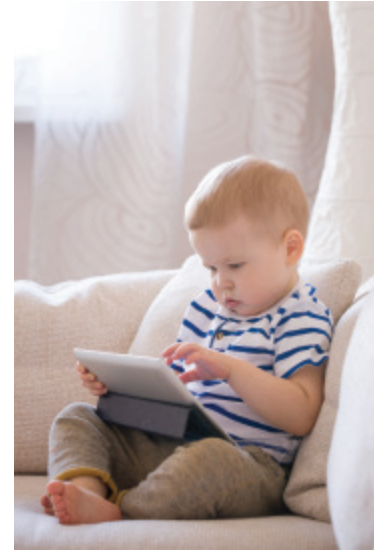
Farrell: Yes, it gives pause.

Fitts: I think that 5G has the potential to take addictions to a whole new level.

Farrell: Oh, yes.

Fitts: Parents and grandparents really need to think about addiction.

Farrell: They need to think, but movies already exist about virtual reality and its addicts. When I cut myself off from daily internet I discovered myself in withdrawal for the first week – quite literally. None of us needs internet 24/7. We need to pick up some books and get information



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that way.

Fitts: I want to talk about the Zika because I've been trying to figure it out. The latest information from Brazil is that Zika has not caused birth defects. In other words, we really don't have a Zika problem; what we've got is a Zika PsyOp proposing we spend billions of dollars spraying with chemicals that we know will kill bees – and harm humans – and will justify letting out GMO-engineered or genetically modified engineered mosquitoes. For all I know, it may be just a way to enforce vaccination.

Farrell: Yes.

Fitts: What do you think is going on here?

Farrell: I think it's a PsyOp, another excuse for them to spray people, and to release all more unpleasant things. Of course, it has already killed much of the bee population in Florida, where people and bees are being spraying.

For the past decade we have watched these health scares. Do you remember SARS, and bird flu and swine flu? This is going to be the next big epidemic, and you had better go get your flu shot now.

Fitts: Here is what is interesting: I don't know if you realize that we had Dr. Dady Chery on The Solari Report, who has a fabulous book on events in Haiti. She describes a food self-sufficient population, with pigs as their primary protein staple. Swine flu was used as an excuse to eradicate the entire pig population. Haiti went from food self-sufficiency to dangerous dependence on imported food, and farmers lost their livelihood and had to go work in these "free trade zones" making money for the Clinton created interests

It's frightening because you're talking about real control and asserting it through a back door of food system.

Farrell: They have done similar things in various localities in this country. It can be against the law to have a home garden. This is the point where you just have to stand up and say, "No. Take a hike. It's my property."

Fitts: Where is that?

Farrell: Oh, I've heard about this in various localities all over this country. In either Columbia or Venezuela – one of the two; I forget which – the government has prohibited home gardening. This is clearly a ploy to get control of the food population and take it out of the hands of the local farmer or somebody growing tomatoes in his backyard.

Zika is clearly a ploy, and what really intrigued me about it was the pattern of swine flu, bird flu, SARS, and the whole tapestry that they roll out every year. But Zika was different because now saboteurs have gotten clever; they made it a women's issue as well.

It's clear what they're up to. Folks, if you are hearing opinions on the mainstream media, think of it as a story coming from the old Soviet Pravda.

Fitts: Right.

Farrell: Unfortunately, we really must start thinking this way. We might as well be dealing with Dr. Goebbels and Third Reich propaganda. We must question all these stories.

We must develop the habit of mind that if we hear a story on the mainstream news, we ask – "Is it true?"

Fitts: Do you know what I used to do in Washington? Whenever I saw a name on the bill, I would invert it to figure out what the bill really promoted. So, if it was called, "Make communities wonderful," it was really, "Harvest communities and take control of them."

Farrell: Exactly. Start inverting and you can tell what saboteurs are up to. Our habitual, instinctive, and intuitive first question should be: "Is it true?"

We have to make this question a habit. We have to question every single story when it first appears. Is it true? If it is not, then what might it mean? We have to start thinking, like it or not, because we no longer have any real media.

I find it very interesting that the Washington Post has recently said, "We can't refer to ourselves as media anymore." Well, if that doesn't



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say it all, what does? Apparently, Dr. Goebbels has his share of stock in the Washington Post.

Anyway, we just have to start thinking in terms of particularly the mainstream media being a propaganda organ, and is it true? It's the same thing, quite frankly, for the alternative media. Is it true?

Fitts: Right. I find problems across the board.

Farrell: Absolutely. I do, too.

Fitts: I don't participate with social media except for Twitter, and if anything is a populist tool, it's Twitter. But the funniest tweet of the quarter was the story announcing that NIH had approved crossbreeding human DNA with animal DNA. Somebody sent out a tweet saying, "Will somebody just please nuke us now?"

Farrell: A possibility may occur – that our cousins out there somewhere may be looking at this earthly disaster and thinking, "It's time we go down there again and put a stop to all of this."

Fitts: Right. This brought on the flood the last time.

Farrell: That is exactly what I'm thinking, too. To a certain extent, the power elites after World War II would have known those speculations. In my opinion, the elites would probably have investigated them and figured out, "If we go down this path, we had better be prepared for a potential intervention. If we're going to prepare for that, we had better be able to hold our own."

In other words, I'm suggesting that the elites have planned even for that eventuality, whether or not successfully. We must see everything now with a skeptic's eye. We must.

This is why I keep saying that we must own the culture. Owning the culture means, not only knowing that aspect of the culture that you want to preserve and hand down, but it's a component of our culture. Our Judeo-Christian- Enlightenment-Humanist heritage and culture place the individual as sovereign over his own mind. So, we must be critical of everything we meet in the information sphere.

Fitts: Right. That is one reason I want to see

your pipe organ; you're going to invite the sacred back into our world.

Farrell: Absolutely. It's the oldest keyboard instrument, preceding the harpsichord and the clavichord by hundreds of years. It's the oldest keyboard instrument, and keyboard instruments – in turn – generated our modern Western tonal system of music.

It is intimately bound in a deep way with our culture.

Fitts: I don't know if I told you this, but one of my great allies was saying, "Why are you helping Joseph get an organ?"

I said, "Because I want to support his writing."

He said, "What does an organ have to do with his writing?"

I said, "Because Joseph writes these incredible pieces, but it takes his life force out of him. He needs a way to build it back; that's the pipe organ."

Farrell: That is true, very true. I have missed playing for many years.

People always ask me, "Why is it that you connect dots so well? I have said consistently that it is because I grew up playing the organ and learning a kind of multi-track music."

The organ is a multitasking instrument; it's not something you want to try to learn if you dislike multitasking. It teaches you to recognize a pattern in different contexts and to recognize how the pattern changes.

Fitts: If you observe the footboard and the keyboard and the whole thing, it's an ecosystem fractal instrument.

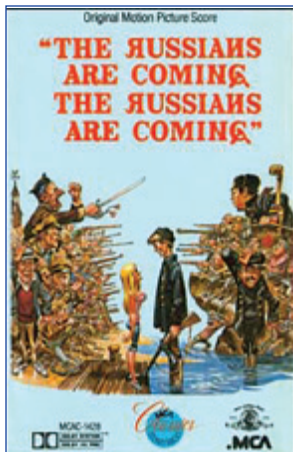
Farrell: Yes it is. Precisely.

Fitts: Cyber insecurity gets worse and worse. We're betting the ranch on reengineering everything with systems, and every quarter the systems get more insecure. Warfare is automating the physical zone and then moving online with a passion. Do you have any thoughts on cyber insecurity other than the fact that it is rising?

Farrell: Oh, yes. Absolutely I do. I was stunned



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when the debate host for the Trump-Clinton debate last Monday raised the question of cyber security.

Fitts: Lester Holt.

Farrell: Right. Lester raised the question of cyber security. I've heard all these complaints that, "Oh, he was attacking Trump."

No. I think what he was doing was attacking Hillary with her email scandal with a subtle slap in the face. I listened to both candidates, and neither really seemed to understand, as if neither had a clue.

I just blogged about this. I have blogs coming up this week on the whole cyber security issue because there have been Pentagon and NSA advisors – William Binney being one, but there are many others coming out – talking about massive cyber-attacks on the internet, like a military operation reconnaissance exercise. They are reconnoitering the strong points and weak points on the whole internet. This is the pattern that analysts are seeing.

I'm thinking, "Okay, if that is the case, that means that somebody is trying to figure out how, either to take the whole thing down in a cyber-attack, or to strike a blow and take it over in a cyber-attack." Either way, it doesn't look good.

But the most interesting thing is how analysts are not too sure. A lot could be coming from China, and I have no doubt that it is. Some are saying that it is coming from Russia, and no doubt some Russians are busy mapping the internet and everybody else. They think it's coming from China, and they think it's coming from Russia, but they're not sure.

I'm thinking, "Well, it could be an entirely different group or groups doing the reconnaissance."

Fitts: What I'm thinking is treaty compliance.

Farrell: Exactly. I think that cyber security is a major issue because we have seen so many hacks recently. There is the business with the hack of the Democratic National "Soviet" – pardon me – "Committee." Of course, the first people

blamed were Russians. Can that be true when no evidence shows that Russians were behind it.

Fitts: The Russians killed Bernie Sanders!

Farrell: Right, the Russians killed Bernie Sanders. The Russians are helping Donald Trump. It's always the Russians.

At the time, I thought, "Would the Russians be that stupid, first of all to get caught, and, second of all, to risk appearing like they were trying to interfere in the internal politics of an American election in a way so direct?"

Fitts: Here is what I have found. When I put that story up that I thought was going to cost me \$5,000, the hackings come from 30 to 50 different countries. It's clear to me that the chief hacker or hackers are in the United States. My bet is it's major media, with hackers all around the world.

It is very interesting because apparently Clinton said "Russians"; she didn't say "Russia." Trump didn't pick up on the difference, but I've dealt with a lot of hacks coming from Russia, which may just be bouncing through systems, or they could be hackers who are hired, and God knows who is writing their checks. I always want to know, not who pulled the trigger, but who paid for the bullet.

Farrell: Right. When you're hacking, you cover your tracks by using a multitude of IP addresses and other things. Just because you find IP addresses in Russia doesn't mean that the Russians are behind it all.

Fitts: Exactly.

Farrell: The thing that amazes me with cyber security we now have the banks playing around. You've put this in the topics for discussion so I may as well raise it now. You have the central banks playing around with their own version of bitcoin and blockchain to move us into a digital currency.

On the other hand, you have someone visibly showing us that he can hack into the Federal Reserve, into Sony, into the Democratic National Committee, and probably into the Republican

National Committee.

In other words, think twice before you join this rush to the cashless society. You could be hacked overnight and lose everything. Don't buy this central banking meme of more secure systems. On top of this, we've seen something else happen. It is space related as well: China launched the world's first quantum communications satellite. Well, what is quantum communications?

Essentially, you're using the phenomenon of entanglement to encrypt information. If you do not have the key, you cannot crack a communication from point A to point B. So, the Chinese are taking first steps of a secure system of international financial clearing.

Meanwhile, we've seen articles recently about the insecurity of SWIFT – the big financial clearinghouse in Brussels. What amazes me is how the pattern of hacks suggests that someone is trying to map the internet – for whatever purpose – and that same someone wants to show people that the entire cyber system is insecure.

In addition to mapping the Internet, I think that someone is trying to show that this system has so many holes. Someone is waging a PsyOp and a psywar against Mr. Global by all these hacks demonstrating a destructive capability that cannot reassure to Mr. Global.

Fitts: Right.

Farrell: I think this is a big issue. I think it is – along with space – perhaps *the* issue that we have to look at very carefully because it is only going to increase. That is my prediction. I would try to keep your savings accounts and so on out of the major banks for that reason. They are prime targets for these groups. They are leaking sieves. Your local credit union isn't going to be so much a target of these types of things.

Fitts: Right. This is another argument for decentralization.

Farrell: Exactly. This has the feel of an operation, whoever is behind it, to wreck and disorder the internet, but also to publicize how centralized systems are not secure. Somebody wants to drive the system out of the internet center into

regional and local centers. Time will tell.

Fitts: Economy – is it open or closed? You and I have talked a lot about who owns the debt and, is it other humans, or is there somebody else – other civilizations – owning the debt?

I published my unanswered questions about Wells Fargo and started asking whether Wells Fargo is also creating mortgages on those accounts that the Fed is buying. Suddenly – voila! An article comes out saying, “Former Wall Street banker suggests global debt may not be owned by humans,” which story spreads widely.

Farrell: I saw it!

Fitts: I interpret the story to mean the elites don't want me asking questions about Wells Fargo and mortgages before the election.

Farrell: Exactly.

Fitts: But here is the funny thing: I thought, “You're trying to make me out to be crazy. Not a problem. I'll take it because your numbers don't add up and mine do.”

Farrell: Exactly.

Fitts: I'm prepared to have this conversation with people who really want to know how money works.

We've seen a couple of big presentations recently. Steven Greer recorded a four-hour conversation last year, a sort-of history of the national security state. If you don't understand this, it's not a bad history. Then Richard put out a summary, and he did a very good interview on the day after disclosure and where this all fits into global geopolitics.

You're seeing more and more synthesized presentations for the sophisticated audience, helping them understand the history since World War II in a way that they could grasp.

Do you see any more understanding in your audience about this question of whether the economy is open or closed?

Farrell: Yes, I do. In fact, it's almost a steady subject of conversation on my website and in our so-called vidchats. Increasingly I think people



“
Think twice before
you join this rush to
the cashless society.
You could be hacked
overnight and lose
everything.”

are opening to the idea that this money is going somewhere. So, is it going off-world in the form of a tithe or tribute? Or is it going off-world in the form of commerce, or both?

Fitts: Right.

Farrell: If we return to space being collateralized after World War II, and companies now getting products from space, our search raises the question of tribute and tithe: So much debt in the system – who really owns it?

Let me put it this way: If Dr. Greer and Mr. Dolan and some people in ufology are correct and there has been some sort of covert, high-level, secret contact with someone off-world, then we have to open the possibility that there might be trade covertly conducted. We have to ask if someone else might be servicing our debt that we may not even know.

It's not a new idea; I pointed it out at the last Secret Space Program conference that the idea has been around since Charles Fort. The real question is whether the financial system is open or closed?

In one sense, that means that the system is open. But it also means that you're dealing with a much larger closed system and still dealing with a debt model. That is very disturbing because, as I've attempted to point out in the banker series of books, if you're dealing with the physics that allows you to tap into the energy of space-time – the zero-point energy – you have essentially an open system of energy.

Fitts: Right.

Farrell: In that system, in that physical possibility, you really do not need a debt-based system of finance.

Fitts: Other than to control.

Farrell: Precisely.

Fitts: It's interesting that the way they've kept debt buoyed up is by bringing the energy price down. The latest headline in *The Economist* is, "Solar panels have fallen in price by 80% since 2010."

We know the price of fossil fuels was brought down by fracking technology whether we like it or not. Technology continues to drop the price, and we know, given the available technology, it could go much lower. That means that the economy could keep slow burning despite all the debt.

The energy price is headed towards almost zero, but we know that the question of openness or closure is going to constantly bring us back to the question of the energy model and why is the energy model enforces central control when energy should be free?

Farrell: I'm glad that you put it in those terms. If we are moving toward a new energy paradigm – be it fusion or the DARPA 100-year project to make the United States warp-capable – people need to see that the new technology is engineering the fabric of space-time itself to draw energy: a virtually inexhaustible energy supply.

We're not just talking about propulsion; we're talking about energy supply. Therefore we are talking about a system of finance.

So, if the price of energy as we know it keeps dropping, we are tapping into so much energy that the cost/benefit ratio is astronomical. We are getting a huge return on any investment.

The dropping price of energy asks the question – "Why do these people keep their hands on the control mechanism? Why do they keep insisting on a debt finance model out of sync with this energy system?"

The answer is that they have to have a system of controls because they don't want anybody getting this technology that could weaponize it. The very simple reason is that if they weaponized this type of technology, forget about hydrogen bombs and ICBMs; they have something that can take out a star. So, they have to maintain systems of controls, which go back to our model.

If someone off-world is exercising control, it could be for precisely this reason: Someone off-world does not want this little monkeys on this planet to get out and start blowing things up. That is one reason. Or, you might want to keep that technology for yourself and say, "We will



“

I pointed it out at the last Secret Space Program conference that the idea (of off-world control) has been around since Charles Fort. The real question is whether the financial system is open or closed?

”

blow you up if you don't follow the rules.”

In these next 100 years, we are entering a physical and cultural shift for which your children and grandchildren must prepare.

Fitts: It's interesting. I have a wonderful subscriber who sent me an email this week. Franklin had put something in his daily email saying that climate change was hogwash. She said, “Oh my God! If he says that about this, how can I trust anything he says?”

I said, “Wait a minute. I sent out a link to my book review on Naomi Klein's book *This Changes Everything*, which is my definitive statement on why climate change is hogwash and you need to pay attention.”

It's one of those arguments where, if you listen to guys who are concerned about climate change and you listen to the guys who are saying that it's all hogwash, I would say that the first group has a lot of integrity amid so many material omissions, so they don't make sense. Then the other guys saying that it's hogwash want to make sure that it doesn't get misused politically, so they're just saying whatever they think will work.

It's basically a zero integrity conversation. I tried to write that piece just to give readers enough information why they should see zero integrity on both sides, no matter how good they sound. You have to get into this issue of space and whether we are open or closed. That, of course, is hard for people.

Farrell: People must understand that we now have technologies that can engineer systems on a planetary scale. Weather is such a system.

So what do you have? We can manipulate weather, and now you have the elite trying to bring “weather derivatives” into world financial systems.

The Elites have a technology to manipulate. They are manipulating a new market that they themselves have created. Weather derivatives are handy to have for people with technology to manipulate the weather.

That much admitted, the whole climate change

issue changes immediately because humans make what we're injecting into climate.

Fitts: Right.

Farrell: We're changing the climate.

Fitts: If humans created climate change, do they mean to so with global spraying?

Farrell: Yes, it's spraying and things like HAARP and similar. Absolutely, the technologies are there.

Fitts: I certainly didn't write that in the 3rd Quarter, but I just keep bringing it back because once you've created the framework on this issue, you just need to keep repeating it.

To see the big picture clearly, you have to bring in many of these different threads to understand why the current conversation is lacking in integrity on both sides of the discussion.

Quickly, I want to talk a little bit about wild cards and inspiration. You've written much about the CERN collider. I think the CERN Collider is one of the big wildcards in the global reality. Maybe you could just bring us up to date. What happened in the 3rd quarter on the CERN Collider?

Farrell: You're going to have to fill me in there. I have not followed the CERN story for months. I've been trying to focus myself on cyber security and things like that, so bring me up to date and I'll reply.

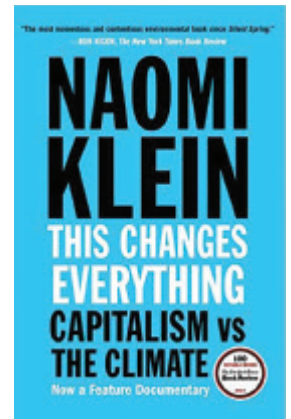
Fitts: I think we are seeing something that has the potential to manipulate systems worldwide.

Farrell: Oh, I understand what you're getting at.

Fitts: Between HAARP and what they're doing with weather and CERN, we are talking about systems to manipulate the entire planet.

Farrell: Yes. Let me give the Cliff Notes version of what I think has been going on with CERN. It has been a subject of discussion in my book, *The Third Way*, and it's been a big subject of discussion in my website members' vidchats.

First of all, CERN is the world's largest consumer of internet bandwidth. People need to understand this. When you think “internet users”





CERN is at the top of the list. We will get into the reasons for this.

It is very important for people to understand, and I want to remind people that I'm just a hack from South Dakota. I'm not a particle physicist, I'm not a plasma physicist or anything else. I'm just looking at this as a rank amateur with an interest in physics.

But when you look at the CERN Collider, it is actually five particle accelerators, the last of which is the 27-kilometer circular accelerator that is buried underground in rock. The important thing is that CERN is doing particle physics. In other words, we spend billions of dollars to whirl what are fundamentally little mathematical packets of information in this huge machine and collide them to see what we get.

To draw an analogy, we are taking two hand-made Swiss watches and slamming them together and looking at the debris and saying, "Oh, this looks like it might have come from a clock." That is what the physicists are telling us.

I suspect a deeper physics project here. Point 1 is that the magnetic fields of the collider itself are, in some cases, eight times the local magnetic field strength of planet Earth itself. So, we are dealing with gigantic, man-made magnetic fields.

When tinkering with magnetic fields that alter the local field strength of the planet, we should see some kind of planetary resonance effect. It could affect, not only the planetary dynamo in the center of the planet, but also conceivably affect the magnetosphere itself.

The second point is to ask, "How do you determine that is the case?"

Well, the way when the collider is actually functioning, is to look for data correlations. Is there a dip in the magnetic field strength of the magnetosphere in the Northern Hemisphere of the planet?

Lo and behold, when you dig for such things, you find dips. Are there any effects of dips, in turn, on solar activity because the magnetosphere of the sun and the earth are coupled? They do in fact touch each other in space. We are looking at a

planetary machine, not a particle physics machine.

The third point is electrical circuitry, no matter how simple or complicated. One of my favorite heroes in physics is a Hungarian electrical engineer named Gabriel Kron. In the 1930s he pointed out back, that you could take the tensor calculus of Einstein's unified field theory and use it to describe the anomalies that electrical engineers discovered in things like transients, phase creep, etc, in large networked electrical systems, and particularly in rotated ones.

That's to say that ordinary electrical circuitry can be described mathematically only in higher dimensional mathematics. He is really meant that any ordinary electrical circuit – no matter how simple or how small – is actually a hyper-dimensional machine, touching other dimensions.

Now magnify that to the scale of CERN and you're dealing, therefore, with a hyper-dimensional physics machine on an enormous scale.

Fitts: When I look at CERN, I have questions. One is, "Are we bringing down the walls between two dimensions intentionally?"

Farrell: That is one thing I think possible. There are a number of people – Anthony Patch probably being the most prominent – who are looking at CERN in Biblical terms, such as creating portals for *the devil* to come through.

I don't look at it that way, but his point is also mine. We are dealing with a hyper-dimensional machine, and the CERN staff has admitted publicly it is looking for higher dimensions.

The staff is telling us that this machine is not simply about physics; it's something else.

There is yet another level to CERN: being a sovereign entity. It's like the Bank for International Settlements and, in a certain sense, is a cosmology cartel. It can negotiate loans and financing all on its own, and no sovereign nation has any say, although Germany has the heaviest interest in CERN.

CERN, because of this sovereignty, can control the flow of information; it can classify things all on its own. I think this control indicates a

deeper project.

Now let's go back to the internet. CERN creates literally billions of particle collisions every picosecond. That in turn means that CERN is generating so much information in a minute of its operation that it exceeds all previous human knowledge.

Fitts: Wow! It's creating its own field.

Farrell: Precisely. It's creating an information field that, in turn, has computers programmed to select interesting collisions, which they present to scientists to analyze. The first information filter for CERN is a computer.

Most scientists working with CERN are not physically in Switzerland; most are scattered all around the world and getting their results through the internet. This means, theoretically, that you could have several filters that we never hear of at work in the computer programs pulling information for scientists to analyze.

I am suggesting that a secret filter pulls the really interesting things, not having anything to do with particle physics, but having more to do with hyper-dimensional torsion field effect or gravity effect, and presenting it to secret committees of scientists to analyze.

CERN really is huge. In quantum mechanics, you have the observer effect. It goes to the Heisenberg uncertainty principle. You cannot measure the position and velocity of an electron at the same time. That is to say, prior to running an experiment, we already determine the outcome by determining what to look for. Do you follow me?

Fitts: Yes.

Farrell: So, physics is observer based. Now let's magnify to the macro scale. If physics is observer based – and you've done interviews with Dr. William Tiller, because he's getting into the same phenomenon – then we ask, can consciousness directly and without any physical connection to a system influence the state of the system itself? The answer is, "Yes, it can."

Fitts: Yes, of course.

Farrell: Now let's amplify it to the CERN scale. Let's imagine that we doing physics experiments and we recognize that consciousness may play a role in physical reality far beyond what we envision. When the CERN staff runs experiments, it is also secretly using their computer filters, running what I call data correlation experiments.

Further, when CERN is turned on, do we notice any increase or decrease in certain types of human activity? Do we notice changes in moods, emotions, financial markets, decisions, and so on

Given how such enormous computers with enormous algorithms filter data, the possibility exists that CERN could run a social engineering physics experiment on data correlations of planetary effects of changes in the magnetosphere. I think CERN is running such a gigantic experiment.

If that experiment is really the fact, then science is about replication. The CERN problem is that we trust the people running CERN to tell us exactly what it finds. But when CERN is sovereign, it has no need to tell us everything.

It is possible that CERN is not telling. So China wants to build its own bigger facility. I suspect that China thinks along the same lines – "We want to build our own machine and to find out for ourselves."

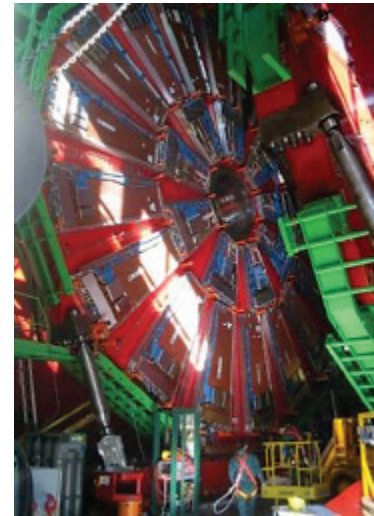
Other countries want the same thing. Russia does, and Germany wants to build a bigger one just for itself. So, we are dealing with a planetary machine, with a planetary physics experiment, with a planetary social engineering experiment, and research into consciousness, physics, and higher dimensional workings.

Fitts: We must do an interview just on CERN.

Farrell: Yes. It's worthwhile.

Fitts: Absolutely. Now let me turn to inspiration, because the 3rd quarter was an uncertain period when someone might say to you, "Please just nuke us now. End the pain." But there was inspiration too. In fact, some of the movies I'm using this month are really inspired me during the quarter.

Rather than picking out the ones that inspired



“**CERN creates literally billions of particle collisions every picosecond. That in turn means that CERN is generating so much information in a minute of its operation that it exceeds all previous human knowledge.**”



“
The series *Black List* has James Spader playing an international criminal waging war against the cabal within the American government. I find that series interesting.”

me, why don't I ask you first: "Where did your inspiration come from in the 3rd quarter? What really inspired you?"

Farrell: In the 3rd quarter, it was music. I'm not a movie watcher, although I've been watching a television series and noticing interesting. The series *Black List* has James Spader playing an international criminal waging war against the cabal within the American government. I find that series interesting.

Fitts: Yes.

Farrell: If you're not familiar with the series, you can watch it from the start to catch up.

More and more memes are coming out in the popular media, and I have to wonder if someone is trying to send messages, or is someone trying to expose Mr. Global in the guise of fiction? It's hard to tell.

Fitts: I think the media try to hold onto market share, and this is their only way.

Farrell: That may be true. They play to what people are thinking. Who knows?

In terms of inspiration, it's usually music. I've been listening recently to organ pieces that I used to play – organ symphonies of Evita and Vierne and of course J.S. Bach. I get inspiration from music – much more than from visual media.

In terms of reading, I've come across an interesting book about the Medicis in Florence and how banking and arts have been connected since the Renaissance. This is fascinating, how the arts can drive certain memes into society.

Fitts: Absolutely.

Farrell: They use art to remold it, and that just got me thinking about music again. The CIA is well known for sponsoring modern art, music, and the rock phenomenon in this country. I'm not saying that rock music is bad; far from it. But it's an indicator of why our modern American culture looks so barbaric. So much of our art is ultimately inhumane art.

Fitts: I'm going to use my words, not theirs. What the financiers told me on Wall Street was that we

couldn't build a market until the art and culture had come together. For example if we want to globalize the economy, you needed to develop world music and get the different artists together.

One of my favorite music videos is Sting with Branford Marsalis. He assembled musicians from different traditions and parts of the world to do his fragile tour. His vision was that their music and his yelling and screaming would come finally together, and the differing musicians would understand his vision and beautiful, differing traditions would come together.

As the tour evolves, something happens. They reinvent what they're doing and take it to a whole new level that he had never planned. They created a something whole and new. It was quite remarkable. We say, "Oh, they're trying to build the global field so the global money can run."

Farrell: Let me propose a question here, and I don't even want to suggest an answer. I don't even want you to try to answer it. I propose this question for the listeners. The question is: Why is the music of J.S. Bach so universal?

I have a recording of his orchestral suite recorded in Japan in the 1980s, played by a Japanese Kodo orchestra. We can go online and find Korean, Japanese, Chinese, and Malaysian children learning to play the violin and learning his pieces? Why is his music so universal and so adaptable to almost any instrument?

There are reasons for it. I'm asking for a specific philosophical, esthetic reason. Why is that?

Fitts: That's a great question. Can I add to it?

Farrell: Sure.

Fitts: I told you that during the litigation I was dealing with chaotic forces trying to push massive incoherence and to drive me crazy. Bach was the one thing I had, no matter where or what I was doing, that could bring me back to coherence. I consumed a huge amount of Bach, just coming back to coherence. No matter what and no matter how bad it was, I could come back to coherence with Bach.

Farrell: Why is it that way, and why did that

time period with those people – Handel, Scarlatti, and Carl Phillip Emanuel – become a benchmark?

There are reasons, but it was the beginning of modern Western tonal music. Like Leonard Bernstein, I see a direct line of musical continuity from Bach to the Beatles. Why is it that modern “classical” music does not have that same appeal? Are specific reasons.

Fitts: Here is what I want you to promise: Once we finish funding your organ and the organ is set up, you will tell us the answer.

Farrell: I will try. It will take me a long time to recover skills. I’ve said that I couldn’t play Chopsticks right now. I haven’t played a keyboard steadily in the last 30 years.

Fitts: I just mean that part of what we get for funding the organ is an answer to the question.

Farrell: Oh, yes. Yes, I fully intend to. In fact, I want to make a video to show the harmonic series on a pipe organ and how the harmonic series and the pipe organ are so intimately connected. Again, the pipe organ is the oldest keyboard instrument, almost a millennium now.

The first examples were in Byzantium. It’s the oldest instrument, intimately tied to the rise of modern Western tonal music.

Fitts: You did a wonderful webinar in the 3rd quarter on the organ, and it has great pictures of you and your family as a young man. I encourage everybody to sign up for Giza Death Star and listen.

Farrell: It would be even more fascinating to demonstrate with stops on a keyboard, and show that the organ is the rise of modern Western music. Composers in that era wrote so much for it. But it is also at the time in Western history when some people began to think independently for themselves. This is why music is important. It teaches us to recognize patterns and permutations in all contexts, all at the same time, and making sense. That is the real key. Having it make sense is the key. I was planning once I get back into practice, to show people how it wires the mind.

Fitts: Saturday night dinner, October 15th in Tulsa. Check it out. You can access information from www.GizaDeathStar.com and www.Solari.com.

I want to mention that many things inspired me in the 3rd quarter, but one was a video under Vimeo “famous shorts” or something. Our subscribers send in fabulous stuff.

It was about two guys in China. One was blind and the other had no arms. They were bemoaning what was happening to their village environment, and so they decided to replant trees and reverse the environmental harm.

The first year I think they planted 800 trees. One is blind, and the other armless. One guy would have to climb up, but he was blind. The armless guy would stand at the bottom and tell him what to do.

They planted 800 trees, and I think only two lived. But they persisted, and they planted over 10,000 trees. They wanted to leave a legacy to their village. They were focused on long-term legacy, which is of course the right way to think. And they made no excuses. They did not sit and say, “Wait a minute. You’re blind and I have no arms.” Instead they sat saying, “Well, what can we do?”

You perceive it and think, “If they can build a forest, I can keep ‘turtling’.”

Farrell: Exactly.

Fitts: It is on the website. You can link to it from the *Trends and Stories*. I can’t wait until our Annual Wrap Up. It is going to be a doozy! In fact, our annual theme will be “The Global Harvest and its Intersection With Financial Markets.”

Now that the effort to control the planets and GMO foods look like they are failing, thank God! Maybe we can have more rational conversation.

Farrell: Catherine. Thank you for having me back.



“
I see a direct line of musical continuity from Bach to the Beatles. Why is it that modern “classical” music does not have that same appeal?”

III. Financial Markets Roundup



“The world we live in is vastly different from the world we think we live in.” – NASSIM NICHOLAS TALEB

Overview

The 3rd Quarter began with the shock of Brexit and continued to climb a “wall of worry” as the equity bull market continued. Concerns about the US Presidential election kept the cash balances growing. Let’s see if we have a definitive direction coming into the inauguration. Whatever happens, be prepared for more volatility.

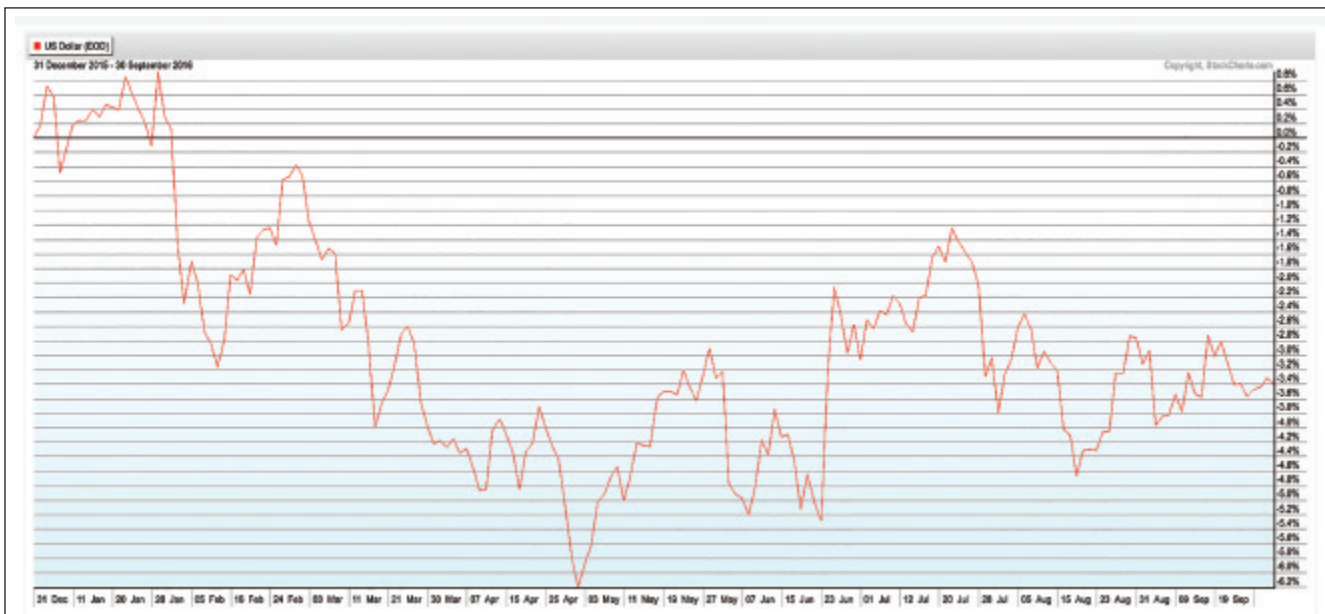
Market Overview

	12/31/15	03/31/16	06/30/16	09/30/16	% Change
S&P 500 (GSPC)	2,043.94	2,059.74	2,098.86	2,168.27	6.08%
DJIA	17,425.03	17,685.09	17,929.99	18,308.15	5.07%
Russell 2000 (IWM)	111.33	109.67	114.02	124.21	11.57%
MSCI EAFE (EFA)	57.55	55.99	55.82	59.13	2.75%
MSCI Emerg. Mkts (EEM)	31.92	33.98	34.36	37.45	17.32%
Barclays Agg Bond (AGG)	106.29	109.56	111.99	112.42	5.77%
DAX (^GDAXI)	10,743.01	9,965.51	9,680.09	10,511.02	-2.16%
iShares China Large-Cap (FXI)	35.05	33.53	34.22	38.01	8.45%
China Small Caps (HAO)	24.18	22.42	22.18	24.92	3.06%
PowerShares India ETF (PIN)	19.30	19.10	19.51	20.73	7.41%
Gold (oz.)	1,060.00	1,237.00	1,320.75	1,322.50	24.76%
iShares 20+ Year Treasury Bond (TLT)	118.53	129.05	138.13	137.51	16.01%
US Dollar Index	98.69	94.63	95.96	95.42	-3.31%
Commodities-Reuters/Jeffries CRB Index (\$CRB)	176.27	170.52	192.57	186.32	5.70%
Baltic Dry Index (\$BDI)	478.00	429.00	660.00	888.00	85.77%
iShares 7-10 Year Treasury Bond (IEF)	104.31	109.38	112.48	111.88	7.26%
iShares US Aerospace & Defense ETF (ITA)	117.23	116.22	124.57	129.06	10.09%
Consumer Discretionary Spdr (XLY)	77.26	78.52	77.76	80.04	3.60%
Consumer Staples (XLP)	49.57	52.41	54.82	53.21	7.34%
Industrial Select Spdr (XLI)	52.11	54.85	55.70	58.38	12.03%



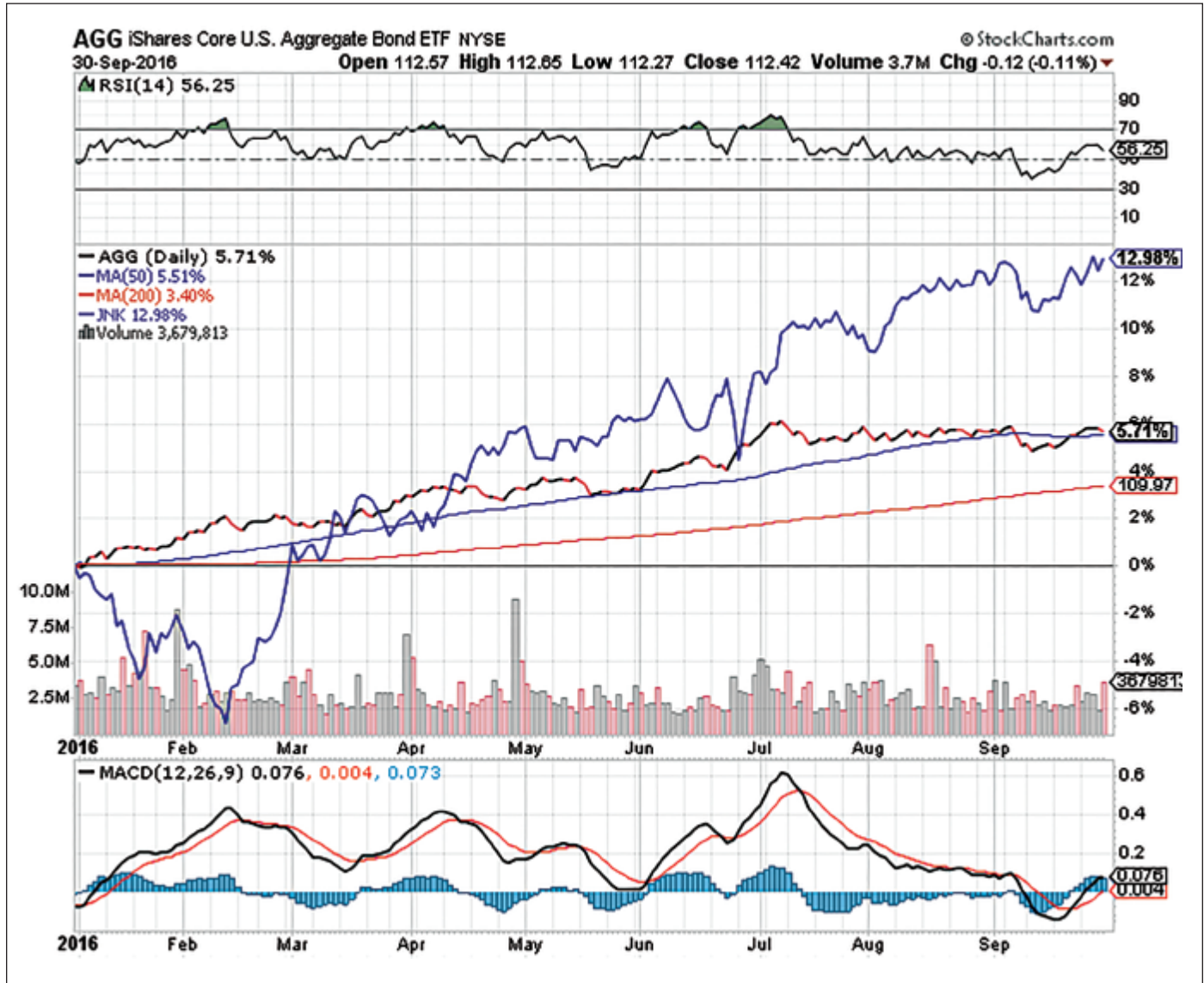
[This chart reflects prices adjusted for dividends; charts following may not.]

US Dollar Index

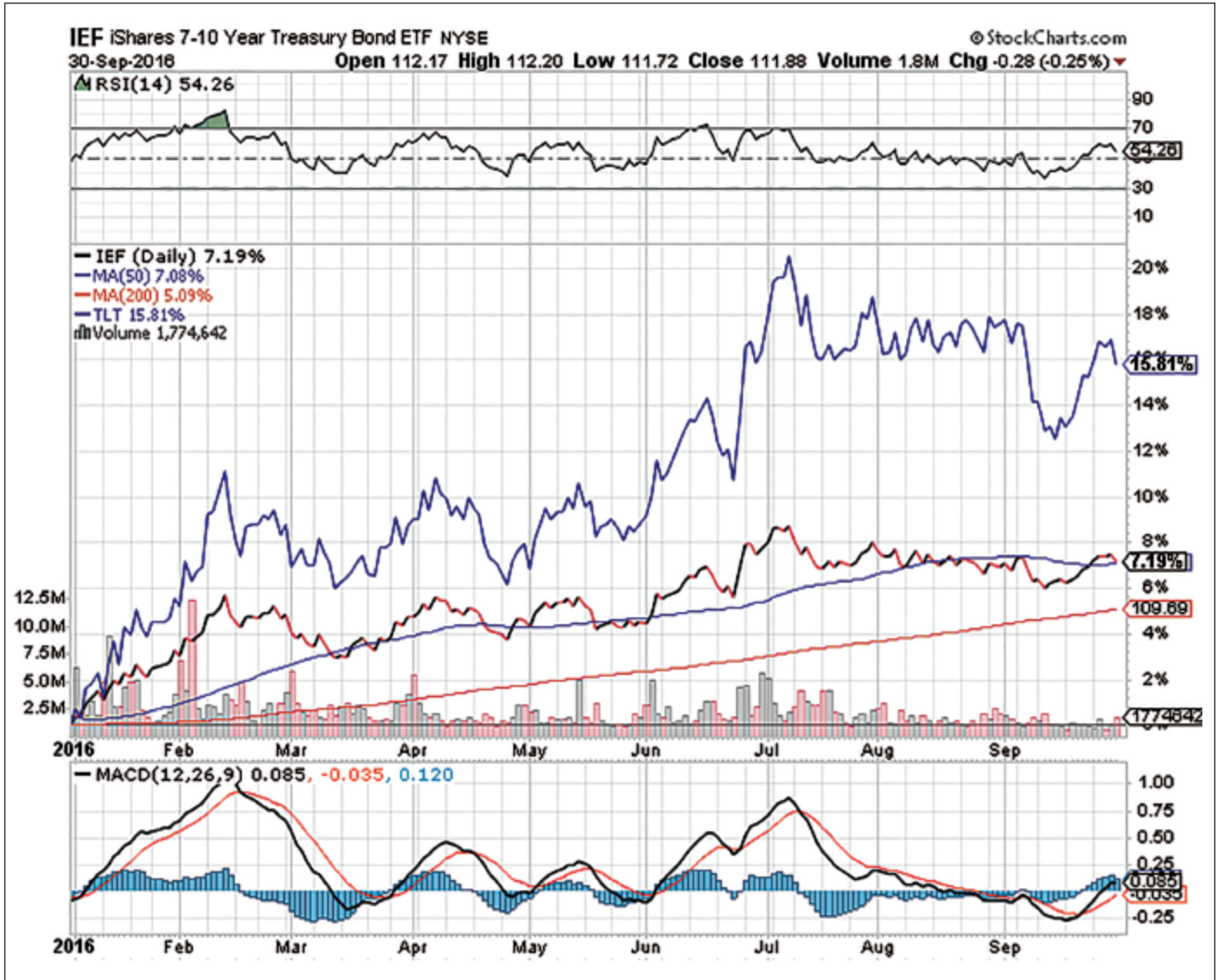


FIXED INCOME

AGG (US Bond Aggregate), JNK (High Yield Bond ETF)



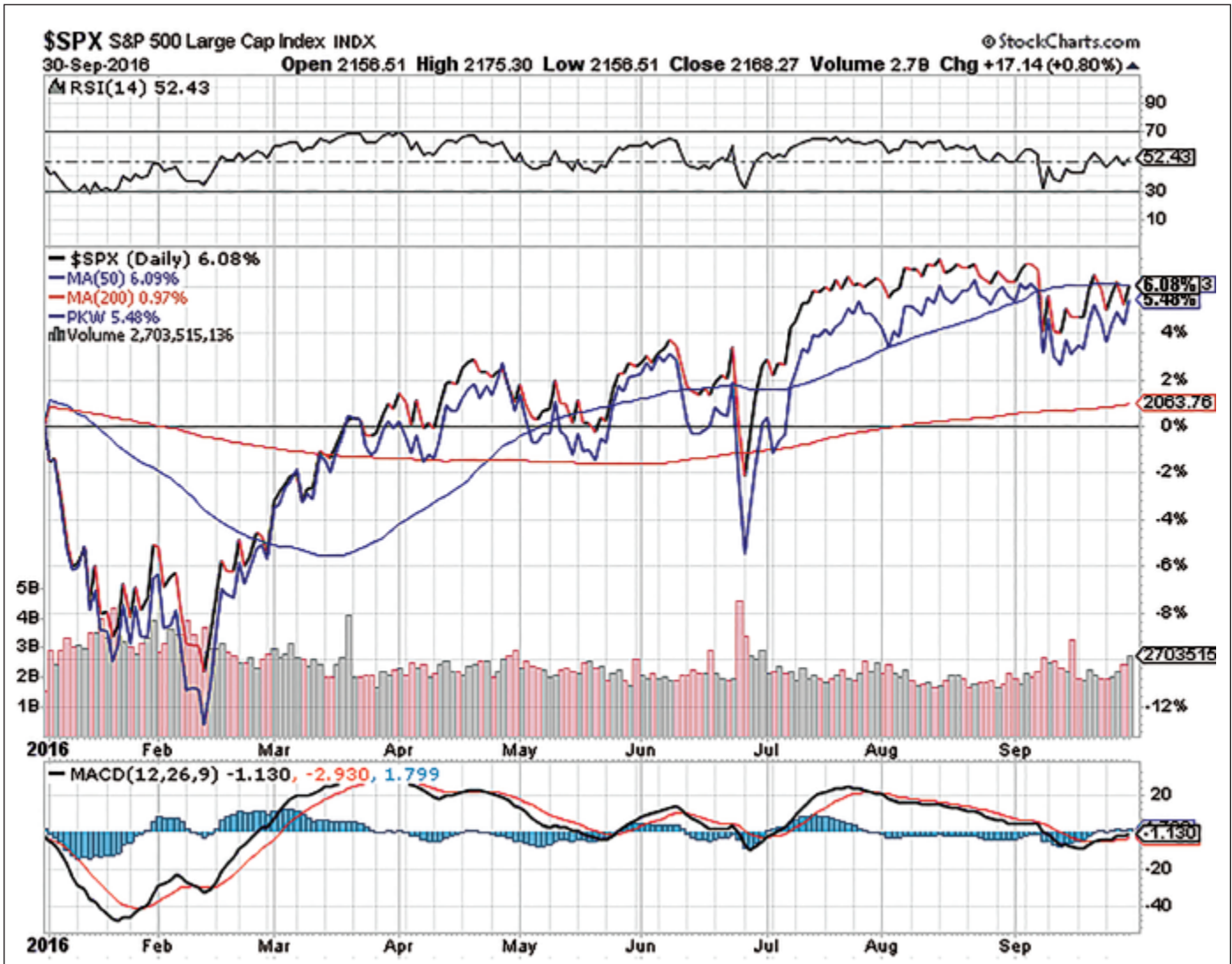
IEF (5-7yr Treasury ETF), TLT (20 yr. + Treasury ETF)



EQUITIES

NORTH AMERICA

SPX (S&P Large Cap), PKW (Buybacks)



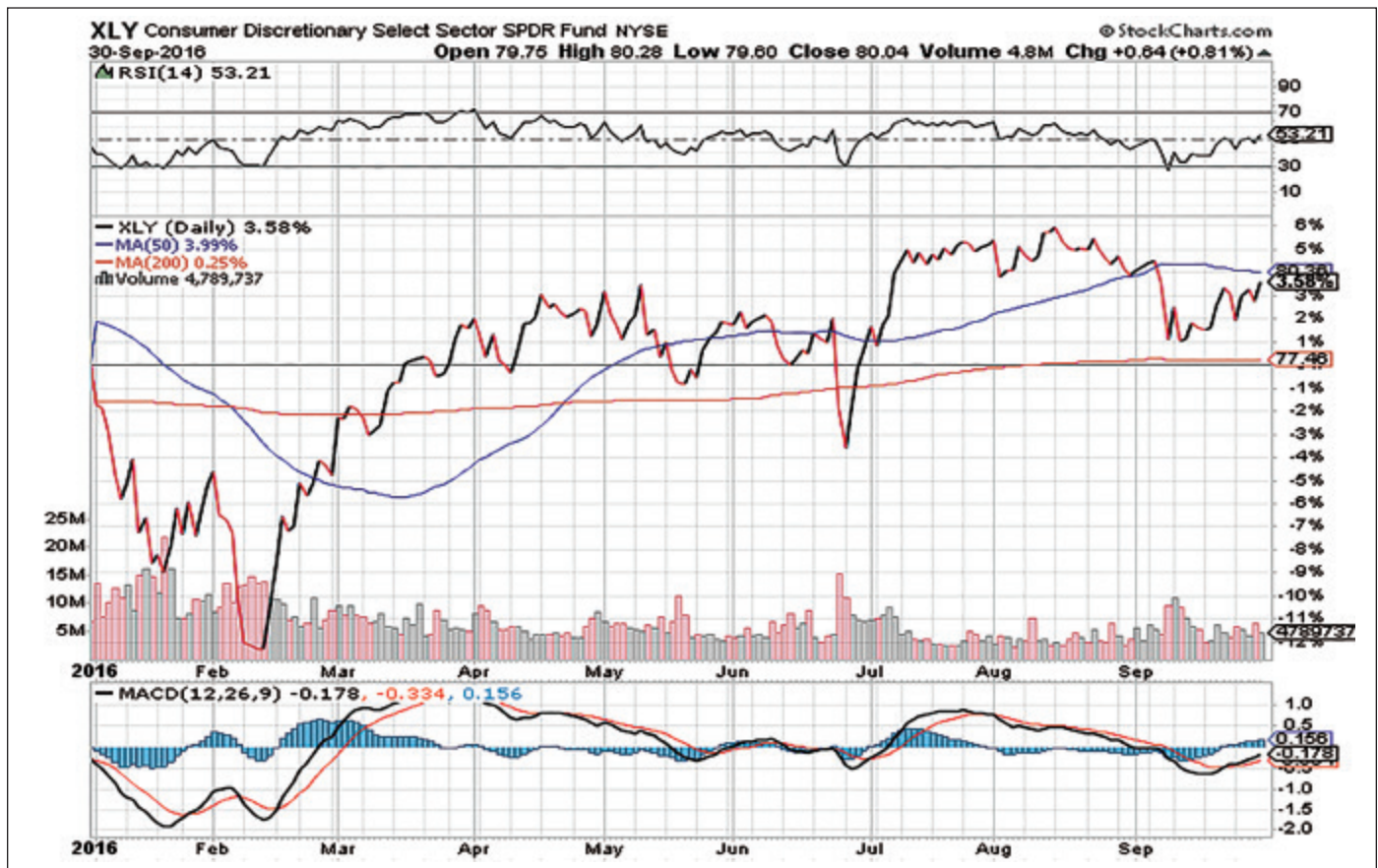
SCHA (U.S. Small Caps), SCHM (U.S. Mid Caps), SCHX (U.S. Large Caps)



US Aerospace & Defense (ITA)



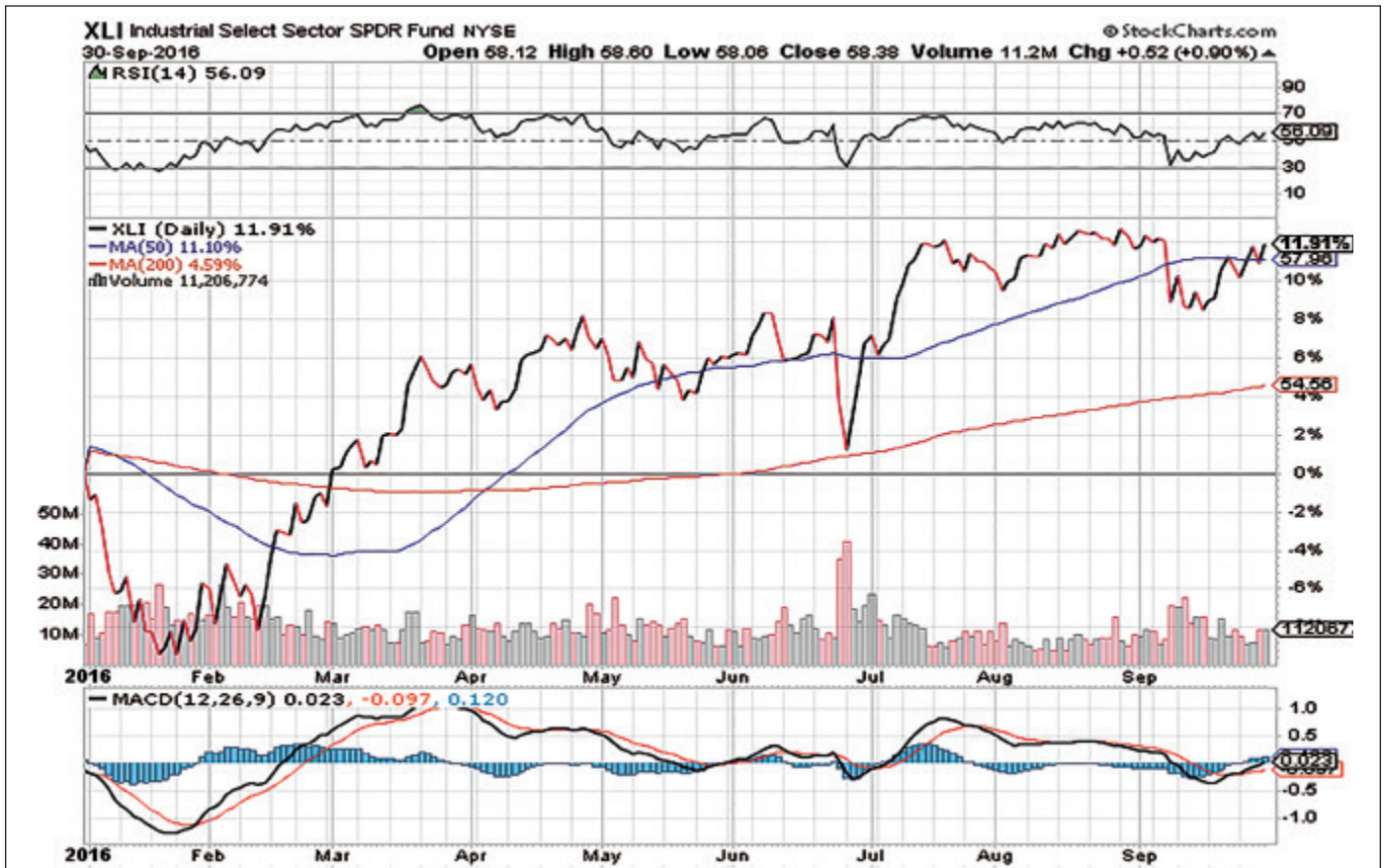
Consumer Discretionary (XLY)



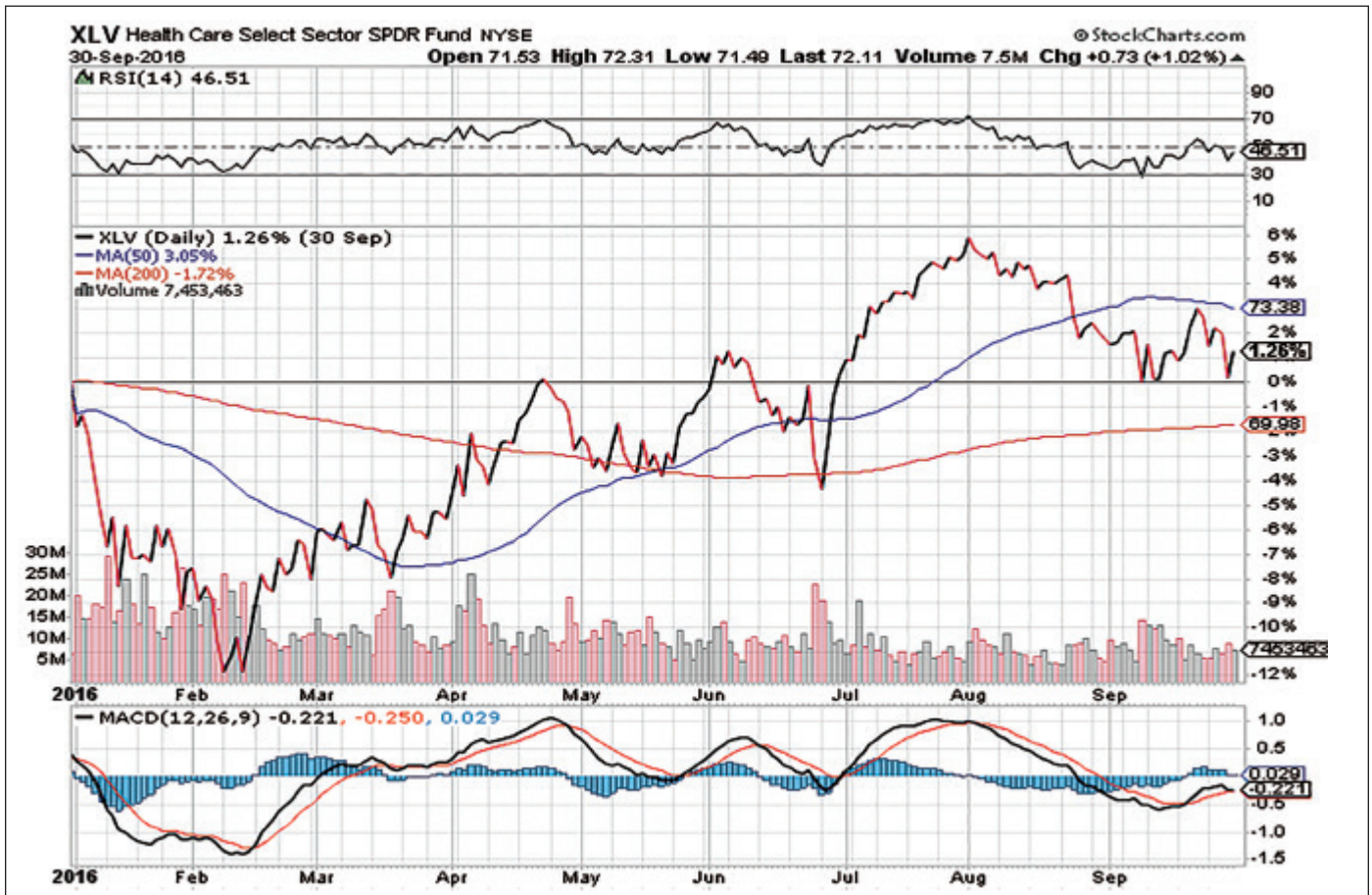
Consumer Staples (XLP)



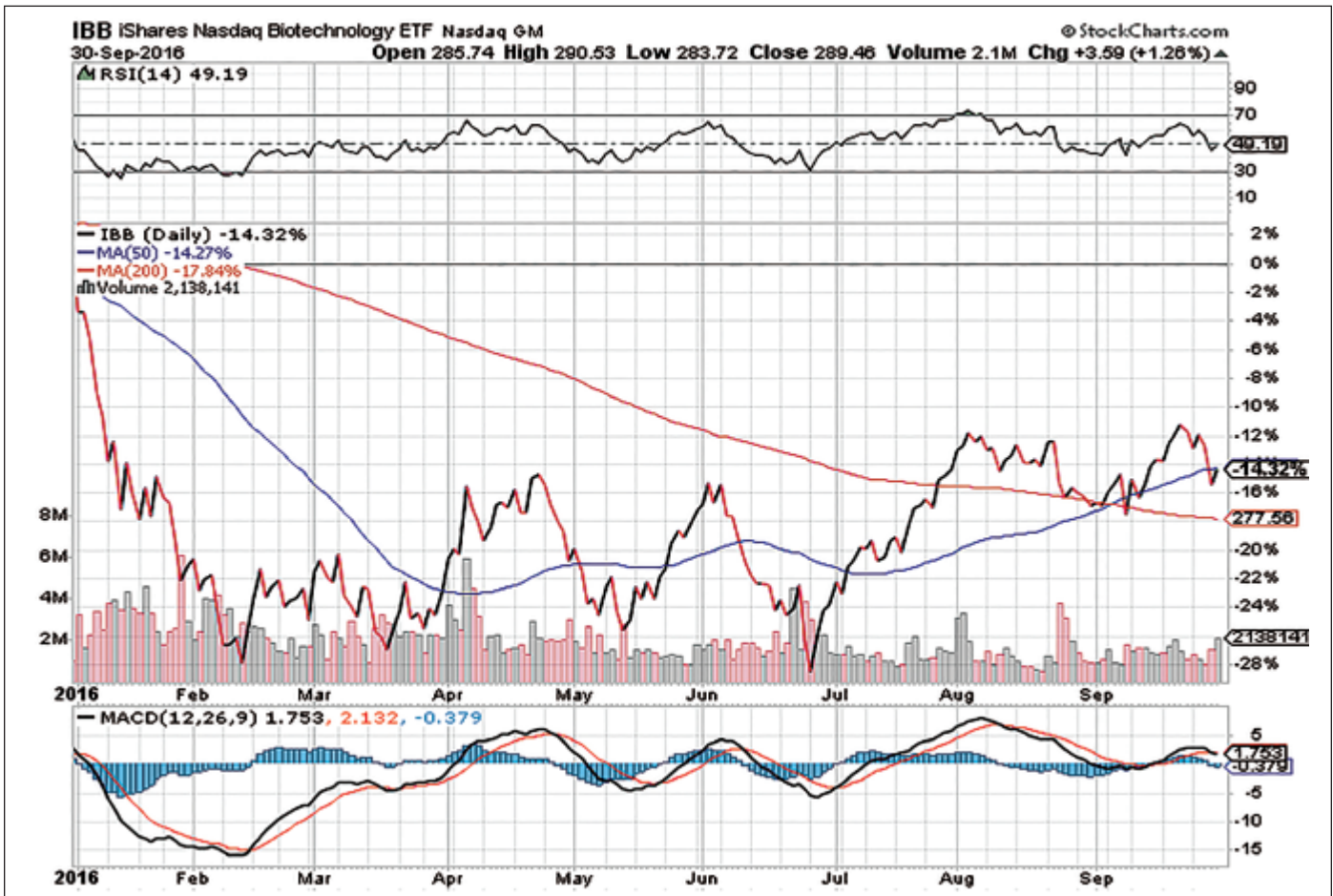
Industrial Select (XLI)



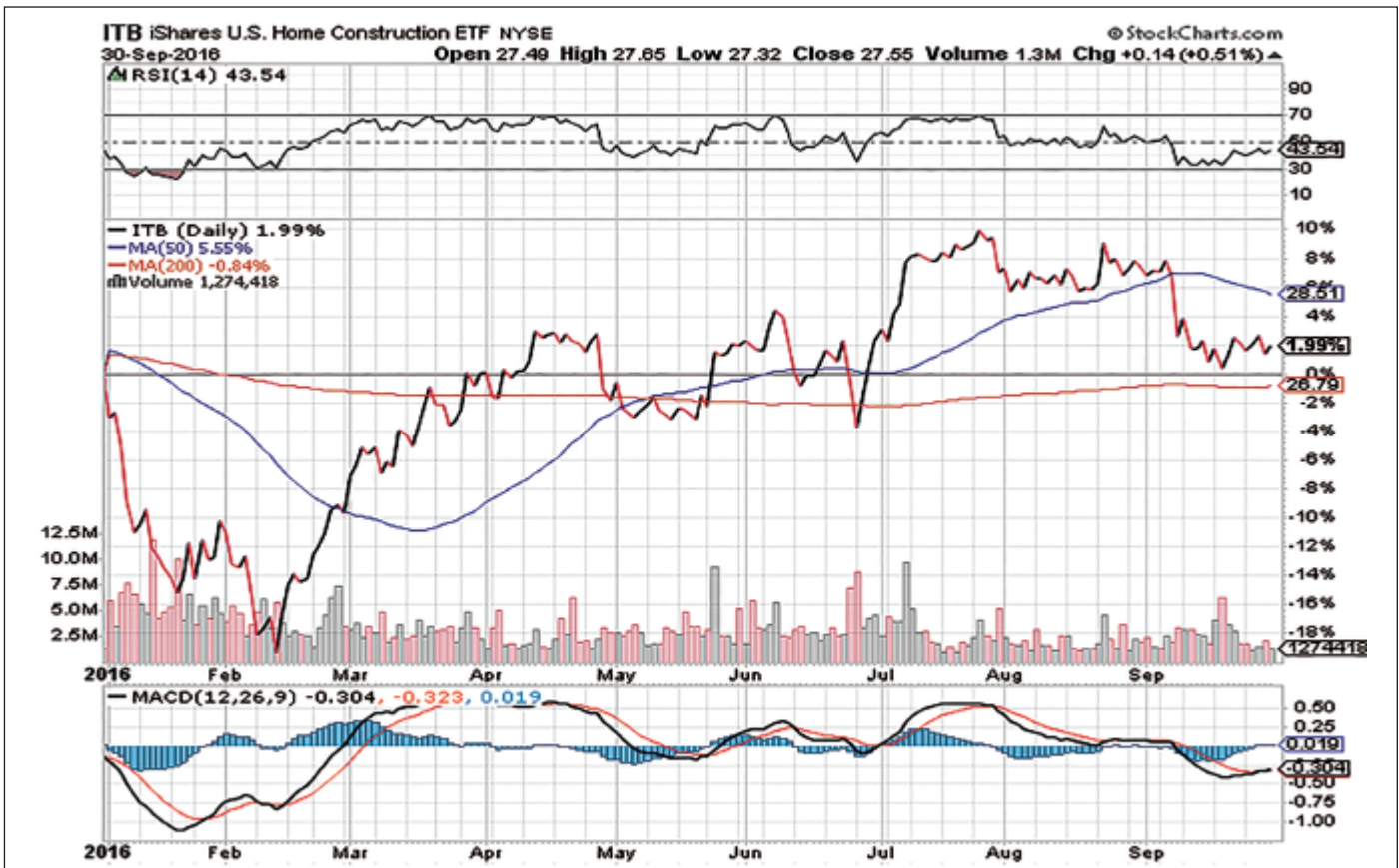
Health Care (XLV)



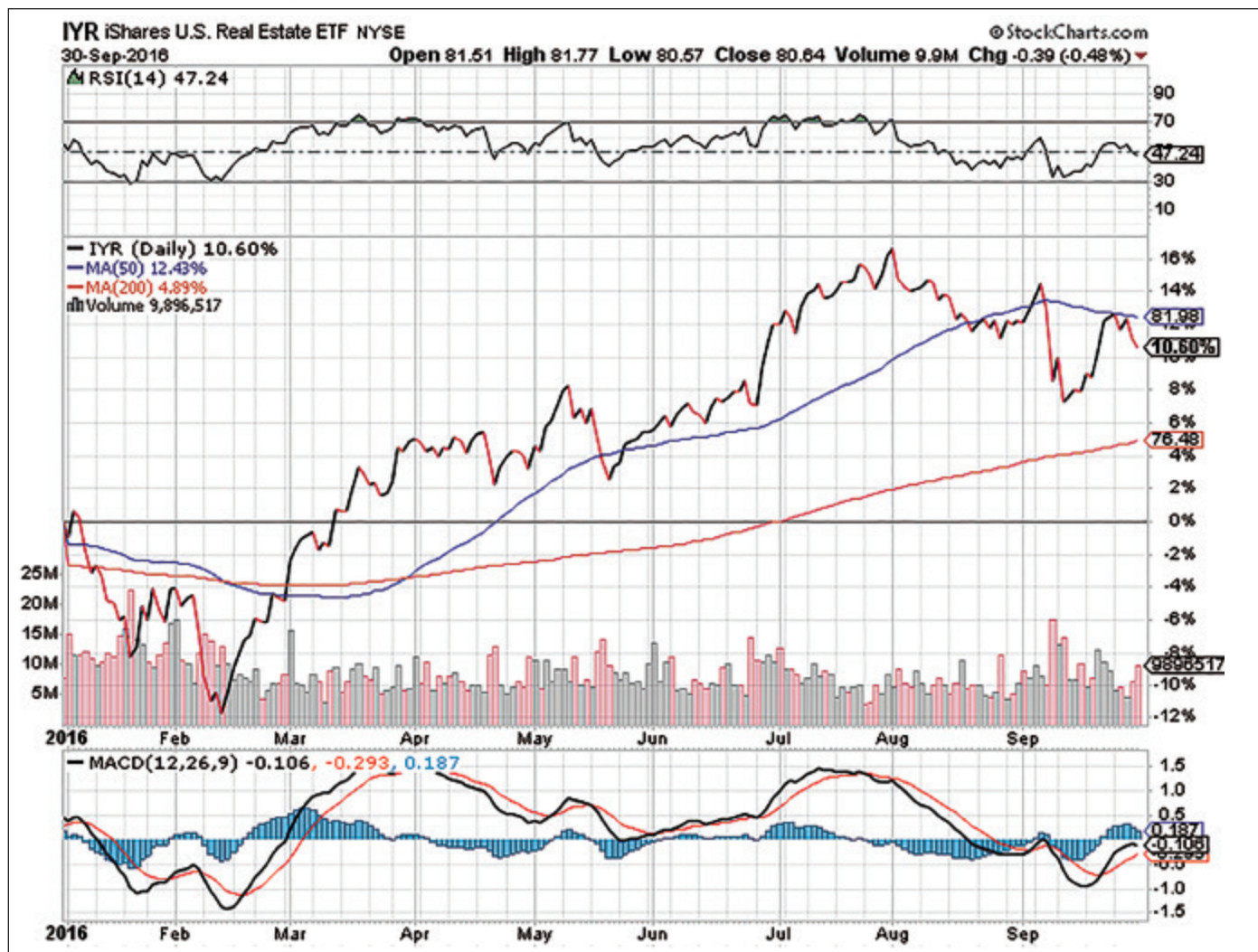
IBB (Biotech)



ITB (U.S. Home Construction)



IYR (U.S. Real Estate)





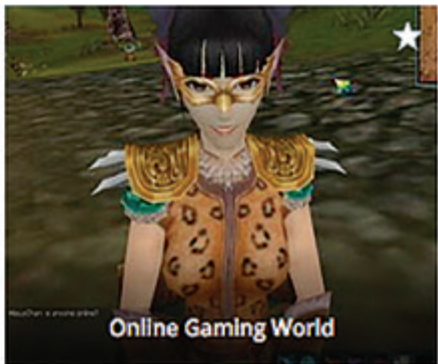






U.S. Equities: 1, 3, 5 Year Sector Performance

Sector	TR	09-30-16	-0.10	4.32	-1.22	4.82	10.34	8.98	17.55
<u>US Cyclc Sup Sec</u>	TR	09-30-16	-0.10	4.32	-1.22	4.82	10.34	8.98	17.55
<u>US Basic Materials</u>	TR	09-30-16	1.09	13.49	-1.00	3.77	24.50	5.92	11.76
<u>US Consumr Cyclcl</u>	TR	09-30-16	0.30	3.67	-0.35	4.35	8.85	9.53	19.16
<u>US Financial Services</u>	TR	09-30-16	-0.18	1.37	-1.86	7.28	6.80	8.21	18.33
<u>US Real Estate</u>	TR	09-30-16	-1.82	11.01	-1.62	-1.06	18.65	13.25	14.80
<u>US Dfnsw Sup Sec</u>	TR	09-30-16	-1.28	5.09	-0.57	-0.84	12.66	13.64	17.35
<u>US Consumr Dfnsw</u>	TR	09-30-16	-0.08	8.35	-1.45	-2.47	15.91	13.27	15.58
<u>US Healthcare</u>	TR	09-30-16	-1.47	0.84	-0.25	1.53	9.43	14.16	20.58
<u>US Utilities</u>	TR	09-30-16	-3.64	16.02	0.53	-5.81	18.20	13.16	12.29
<u>US Snstve Sup Sec</u>	TR	09-30-16	1.37	13.54	1.61	7.36	20.58	10.13	15.02
<u>US Commun Svc</u>	TR	09-30-16	-0.94	13.69	0.60	0.42	19.23	11.79	17.82
<u>US Energy</u>	TR	09-30-16	4.87	19.23	3.40	3.55	18.01	-3.32	5.74
<u>US Industrials</u>	TR	09-30-16	1.06	10.90	-0.20	4.45	18.37	10.01	17.56
<u>US Technology</u>	TR	09-30-16	0.87	12.69	2.46	13.14	22.34	16.08	17.15

Motif Investing

Motif offers an interesting picture on what's up and what's down!








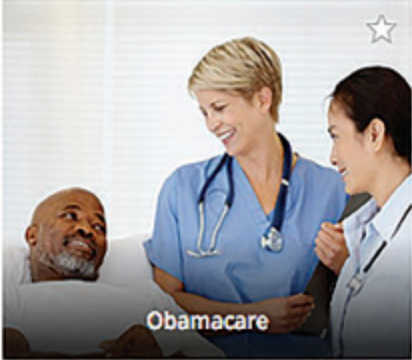

HIGHEST EARNERS

 <p>Precious Metals</p> <p>One month return $\uparrow 2.50\%$</p> <p>Created by: motif</p>	 <p>Shale Oil</p> <p>One month return $\uparrow 7.30\%$</p> <p>Created by: motif</p>	 <p>Online Gaming World</p> <p>One month return $\uparrow 7.00\%$</p> <p>Created by: motif</p>
 <p>Social Networking</p> <p>One month return $\uparrow 6.20\%$</p> <p>Created by: motif</p>	 <p>China Internet</p> <p>One month return $\uparrow 5.00\%$</p> <p>Created by: motif</p>	 <p>Energy Takeout Targets</p> <p>One month return $\uparrow 6.70\%$</p> <p>Created by: motif</p>
 <p>Robotic Revolution</p> <p>One month return $\uparrow 4.20\%$</p> <p>Created by: motif</p>	 <p>High-Yield Dividends</p> <p>One month return $\uparrow 1.30\%$</p> <p>Created by: motif</p>	 <p>Casino Gambling</p> <p>One month return $\uparrow 7.90\%$</p> <p>Created by: motif</p>

Motif Investing

Motif offers an interesting picture on what's up and what's down!

LOWEST EARNERS

 <p>Bear International Market</p> <p>One month return -5.20%</p> <p>Created by: motif</p>	 <p>Bear US Sectors</p> <p>One month return -3.20%</p> <p>Created by: motif</p>	 <p>Bear US Market</p> <p>One month return -2.20%</p> <p>Created by: motif</p>
 <p>Drug-Patent Cliffs</p> <p>One month return -4.90%</p> <p>Created by: motif</p>	 <p>Wall Street</p> <p>One month return -2.90%</p> <p>Created by: motif</p>	 <p>World of Sports</p> <p>One month return -4.60%</p> <p>Created by: motif</p>
 <p>QE Japan</p> <p>One month return -2.00%</p> <p>Created by: motif</p>	 <p>Obamacare</p> <p>One month return -0.80%</p> <p>Created by: motif</p>	 <p>Hot Retail</p> <p>One month return -5.80%</p> <p>Created by: motif</p>

EFA (International Developed)



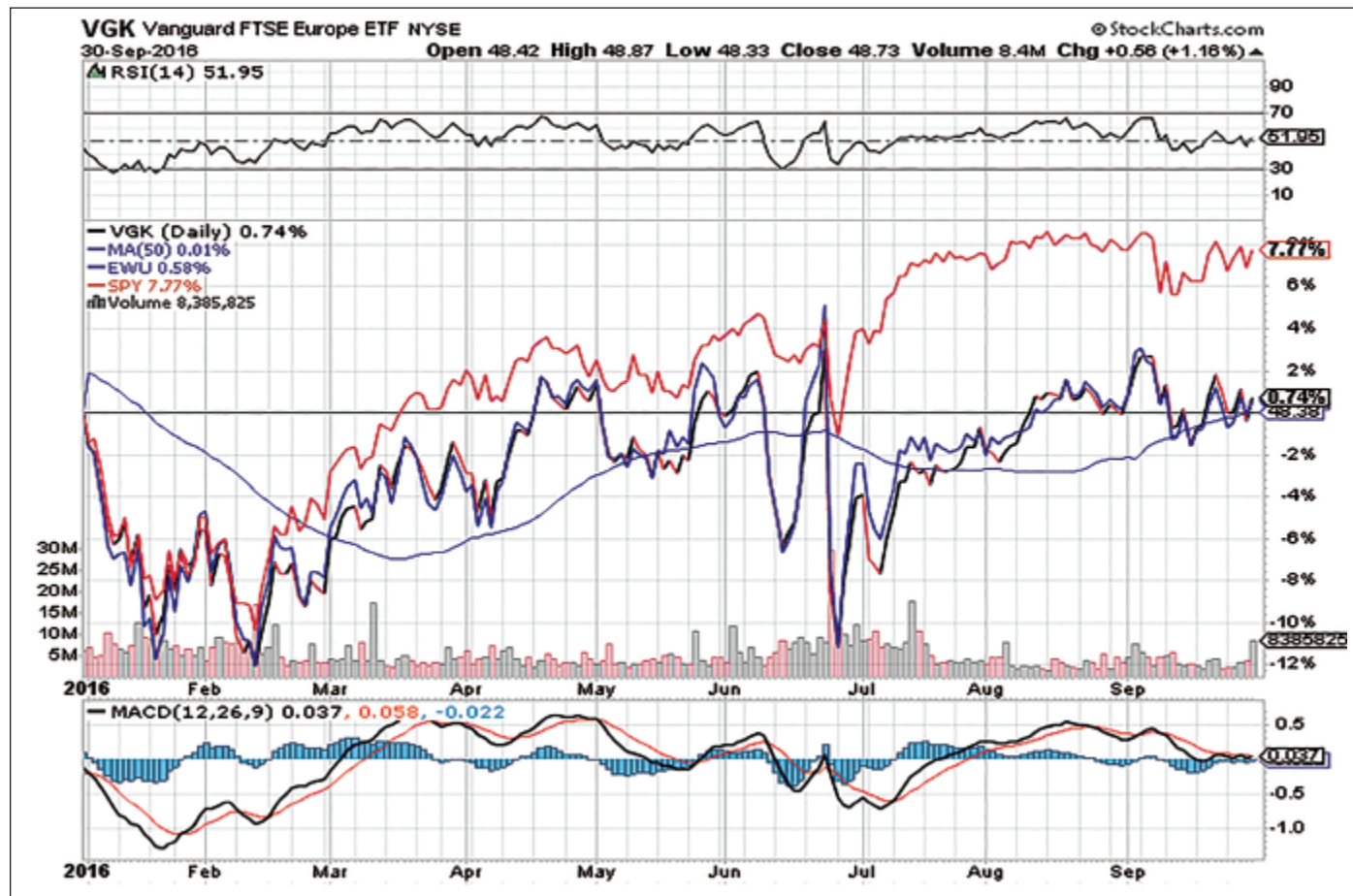
EUROPE / DAX (Germany)



VGK (FTSE)



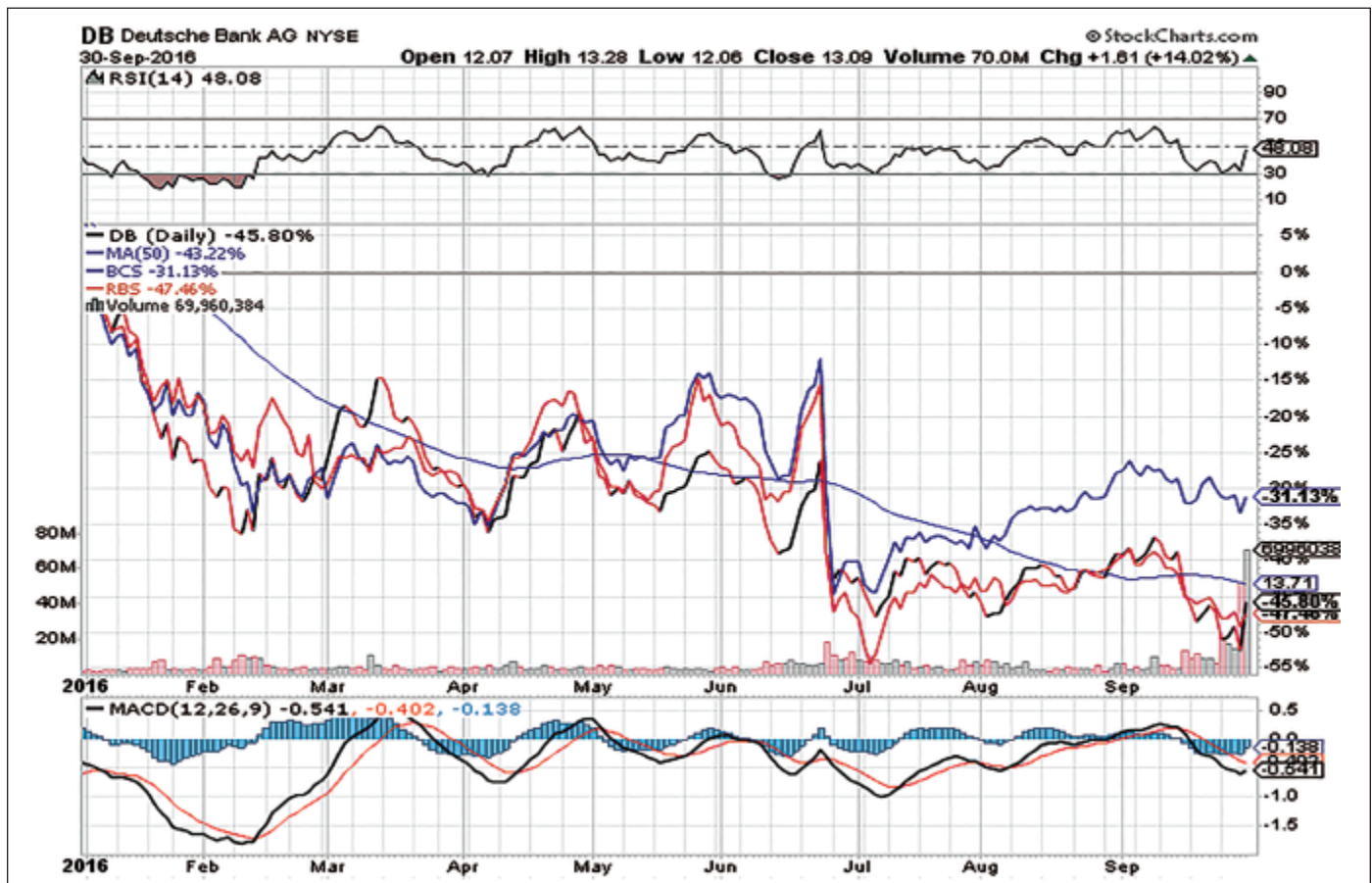
VGK(FTSE), EWU (UK), SPY (S&P)



EUFN (European Financials), KBE (US Financials)

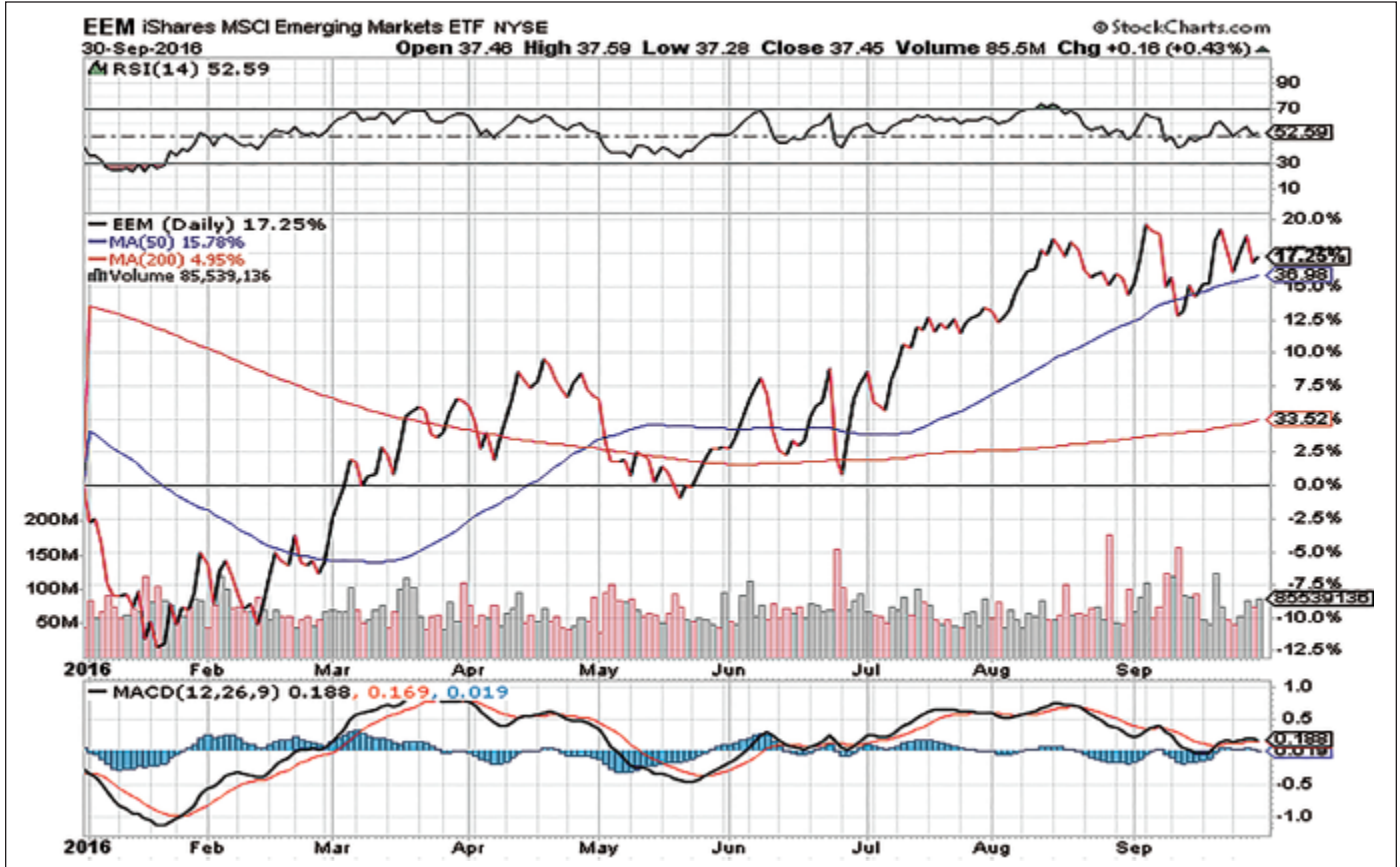


European Financials: DB (Deutsche Bank), RBS (Royal Bank of Scotland), BCS (Barclays)



ASIA

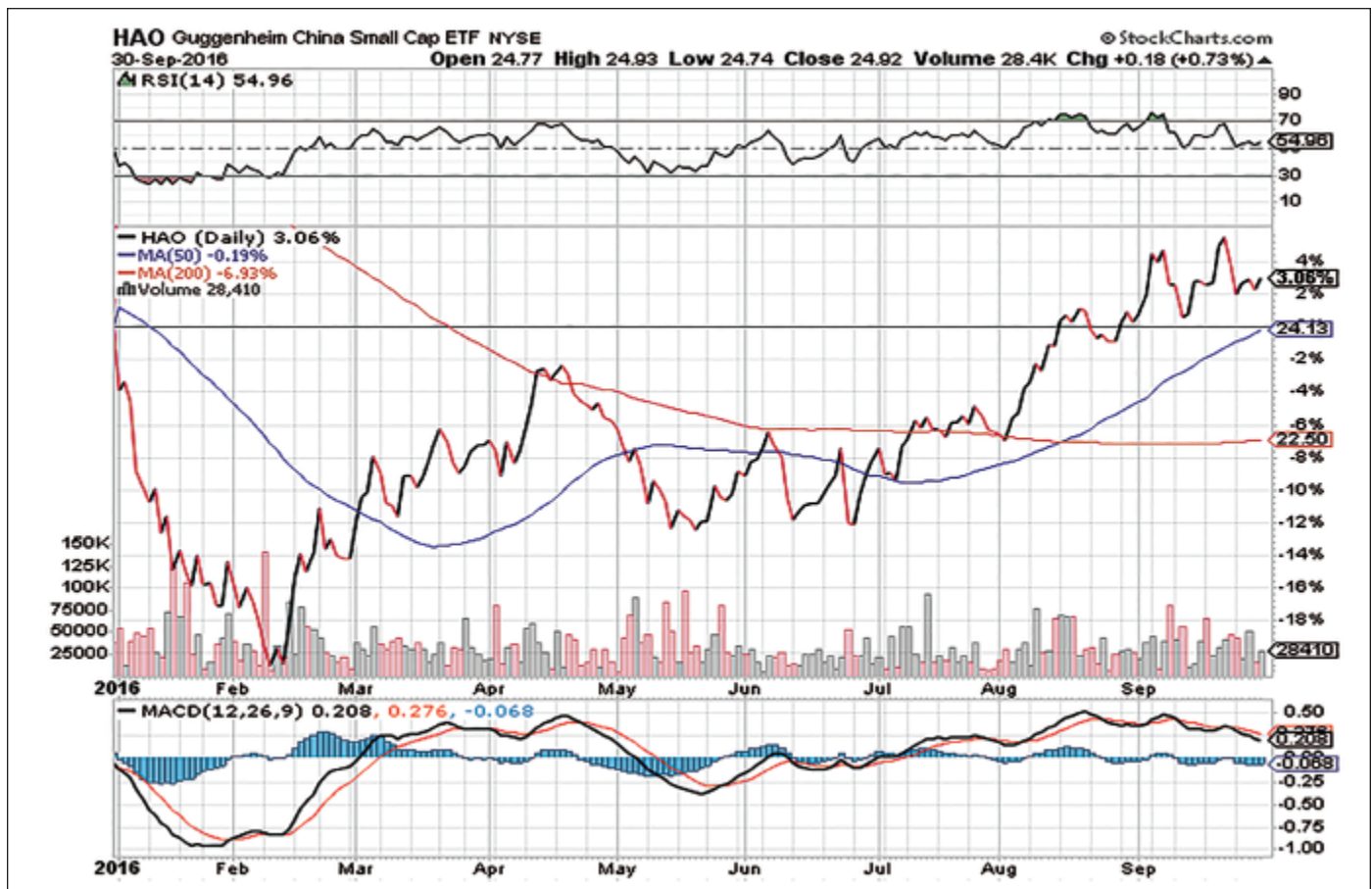
EEM (Emerging Markets)



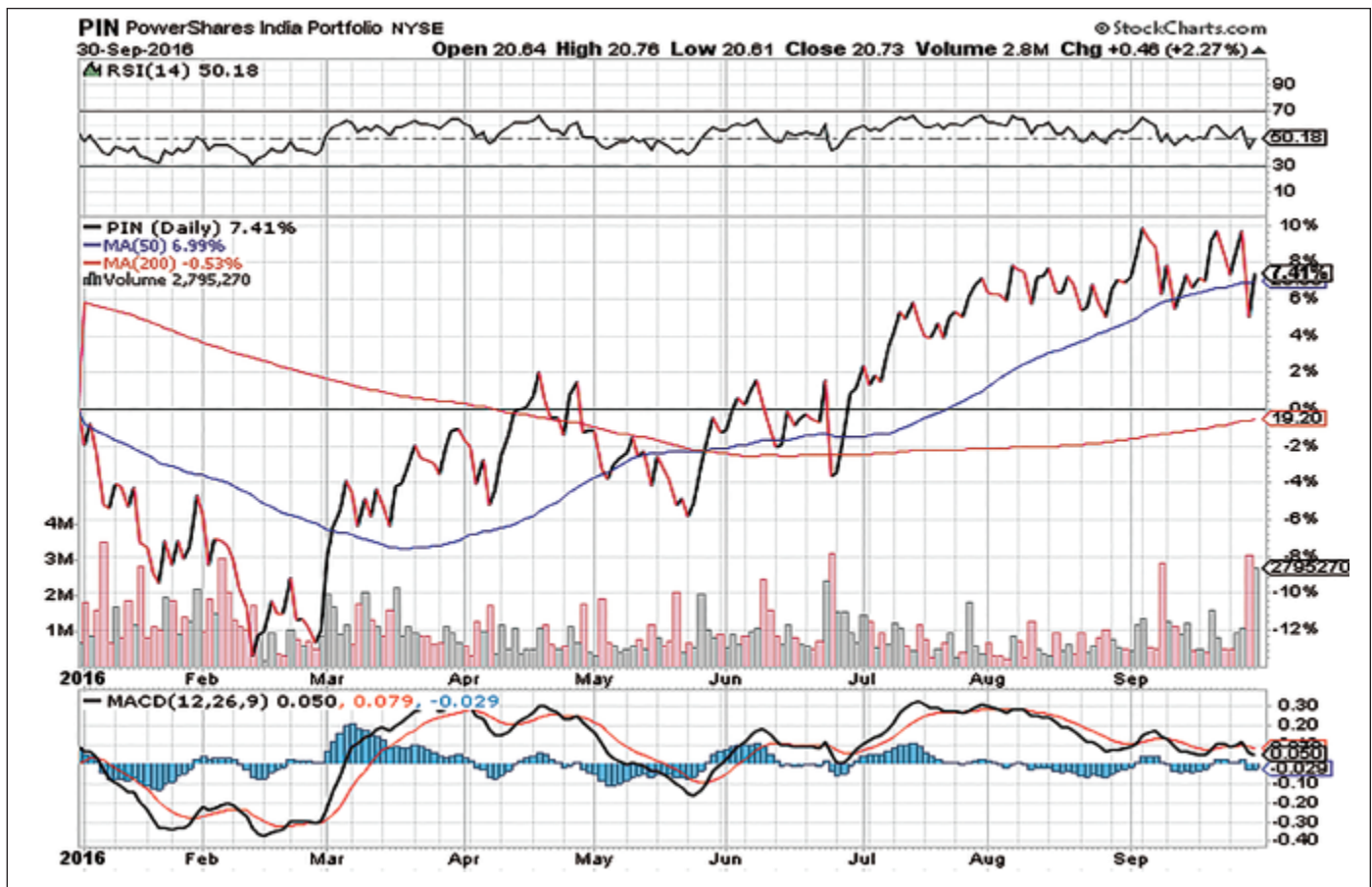
FXI (China Large Caps)



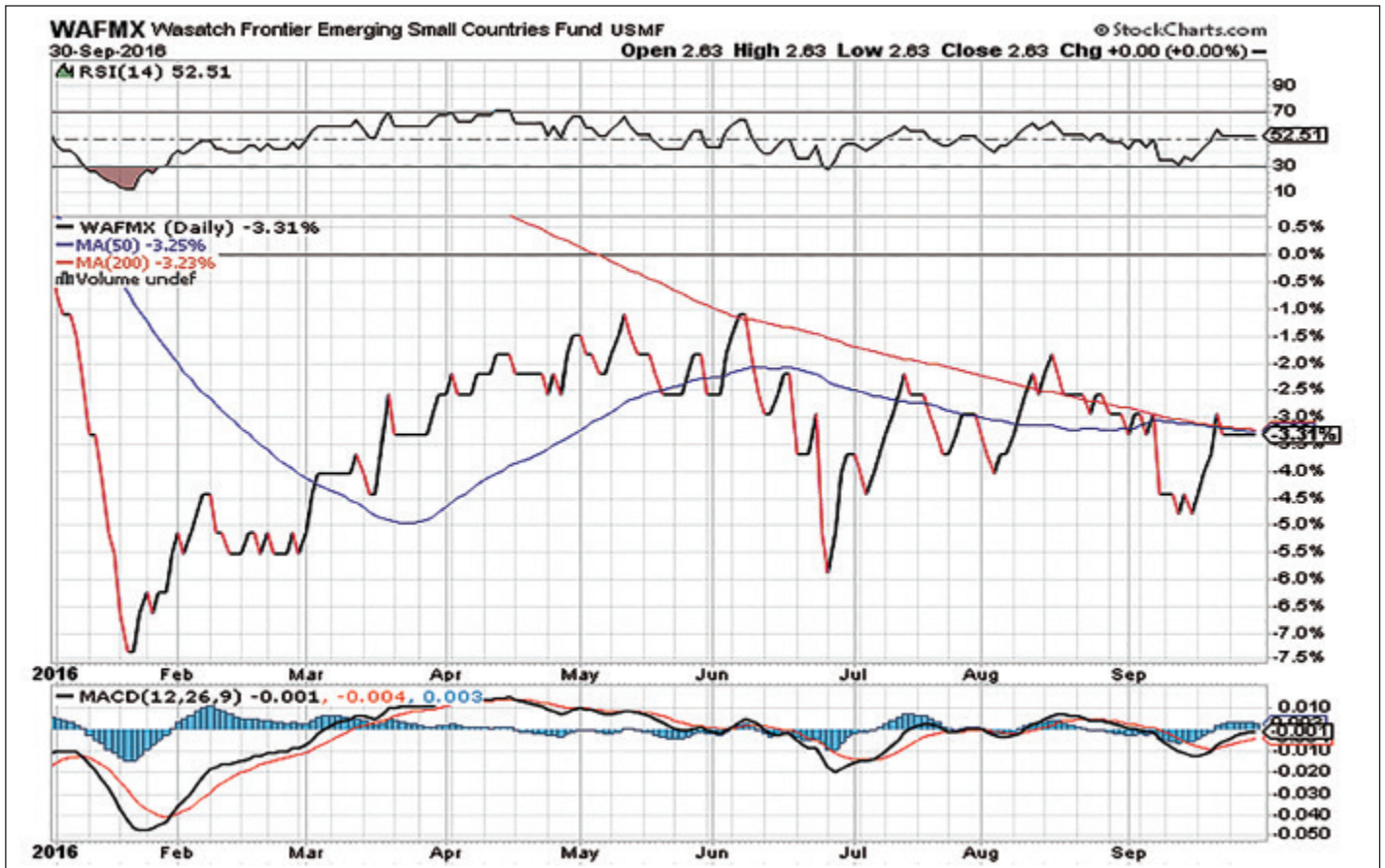
China Small Cap (HAO)



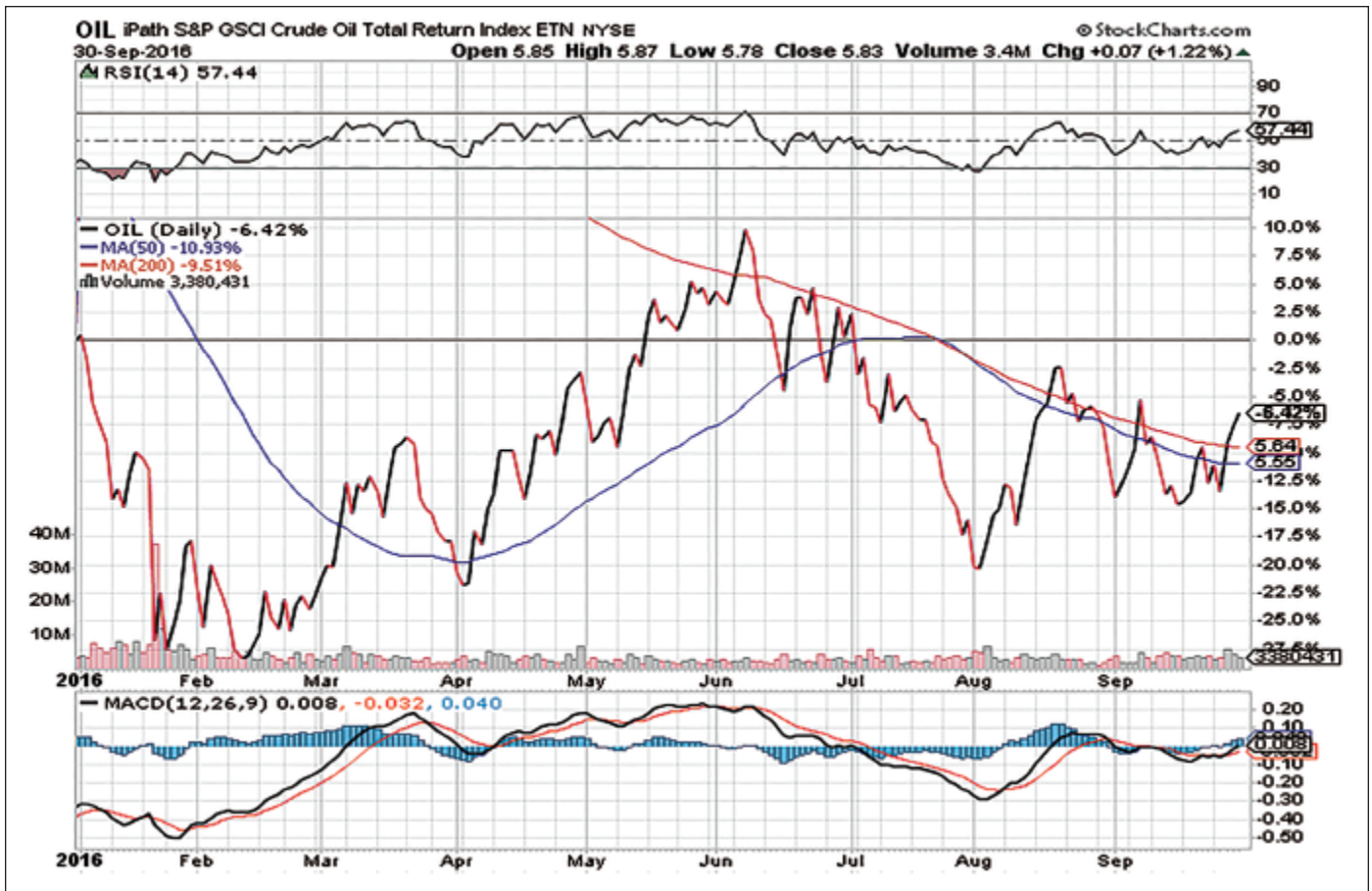
PIN (India)



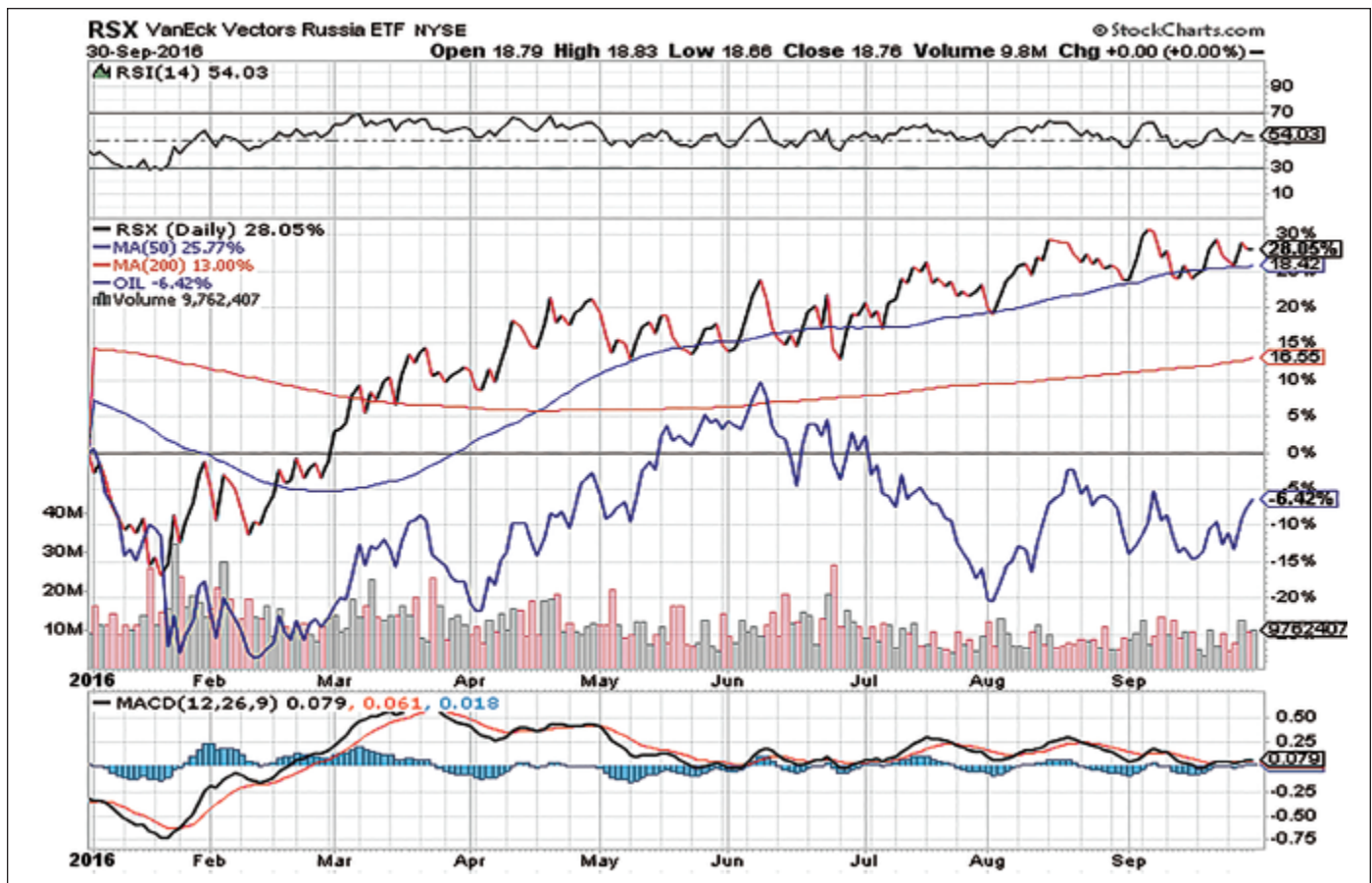
WAFMX (Frontier Markets).



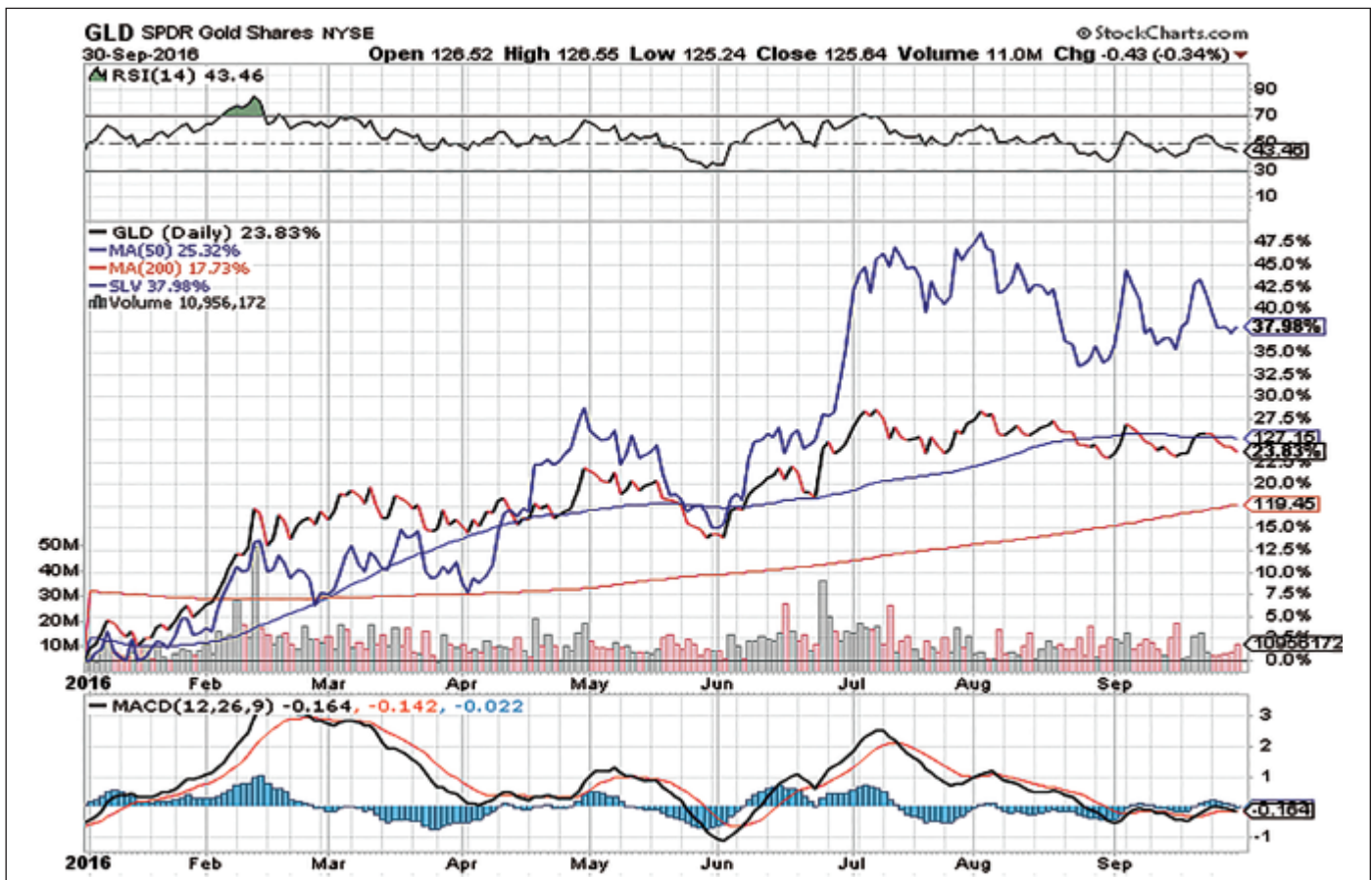
Commodities / OIL (Crude Oil)



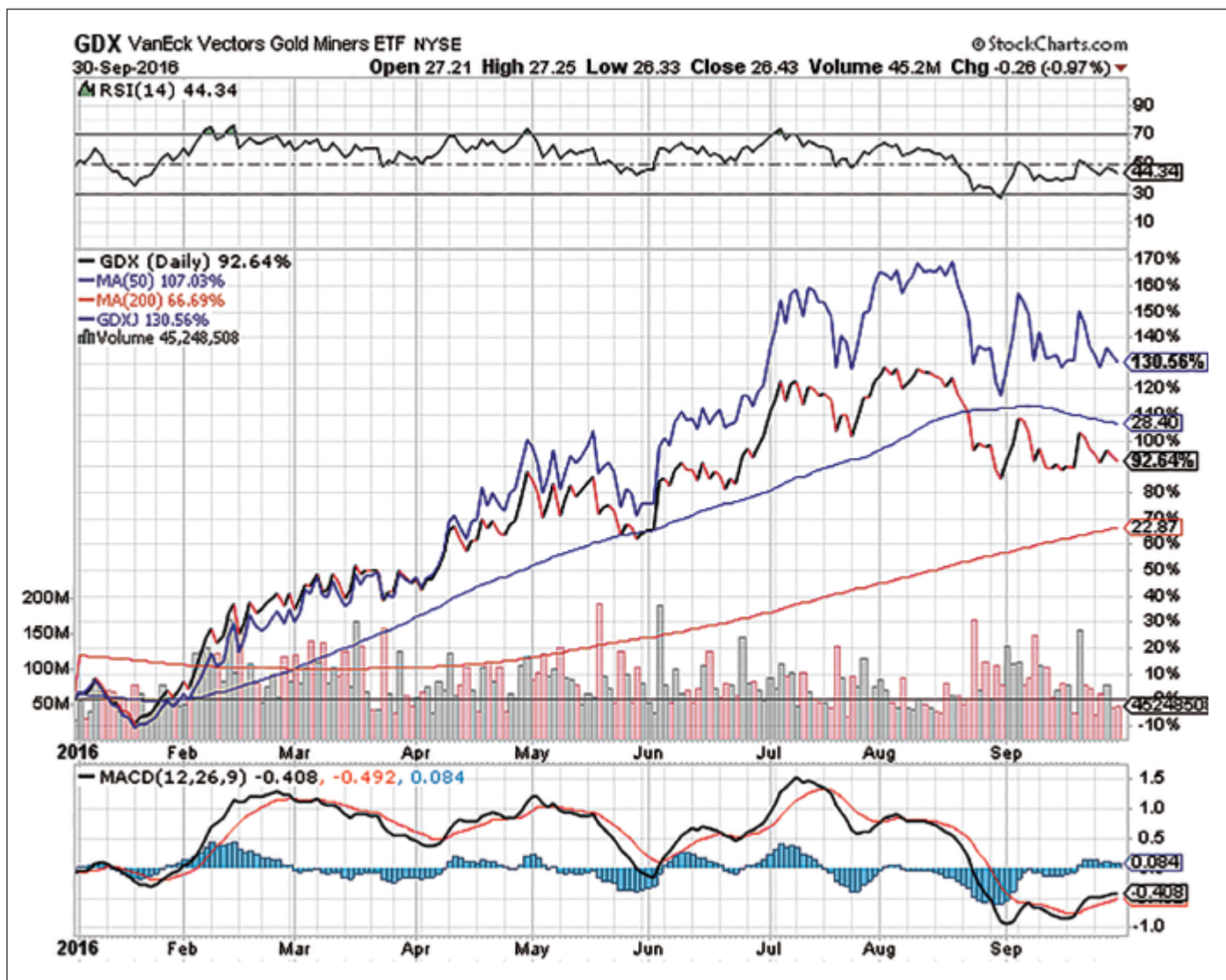
RSX (Russia), OIL (Crude Oil)



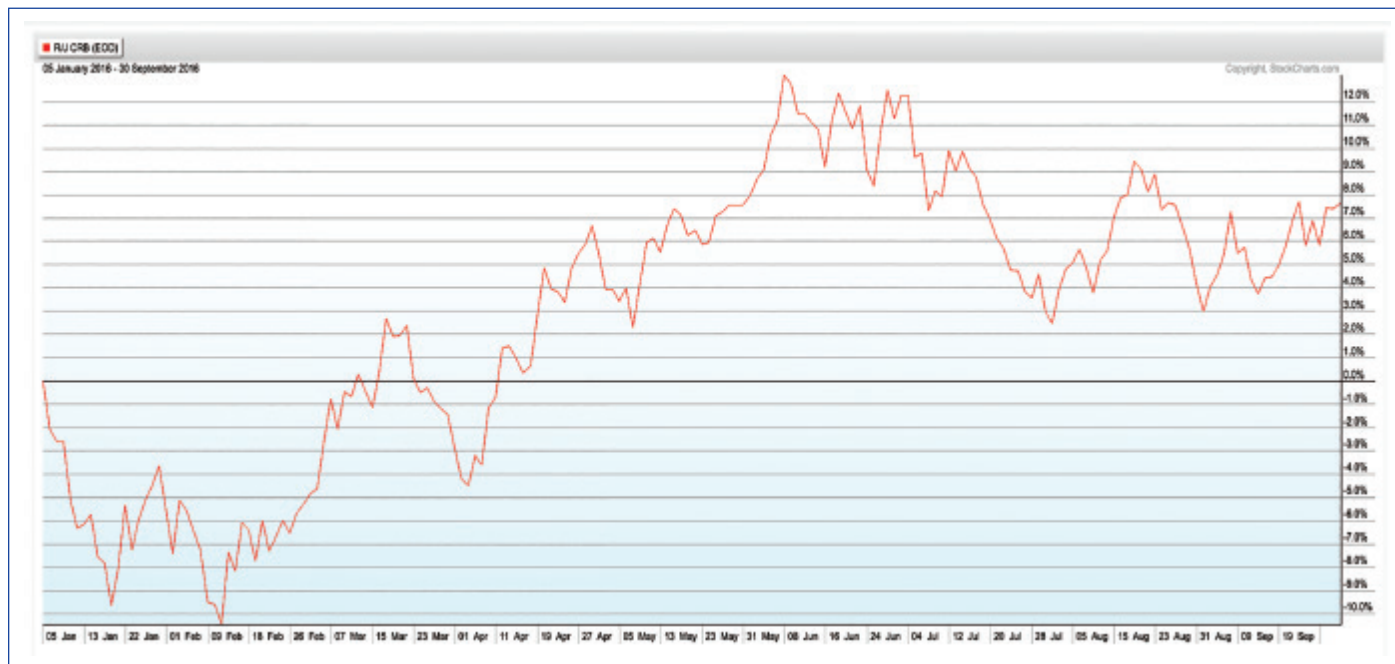
GLD (Gold), SLV (Silver)



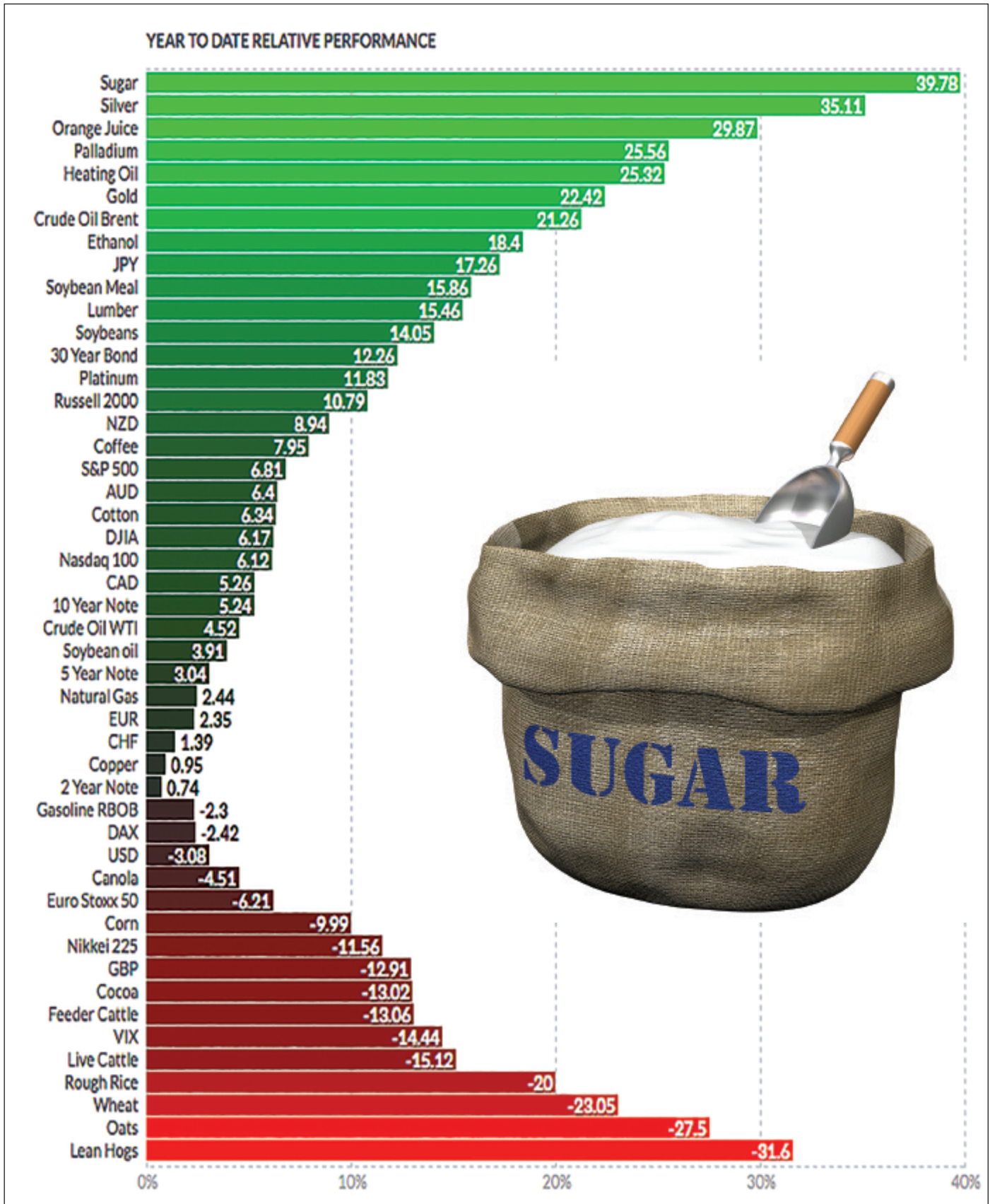
GDX, GDXJ



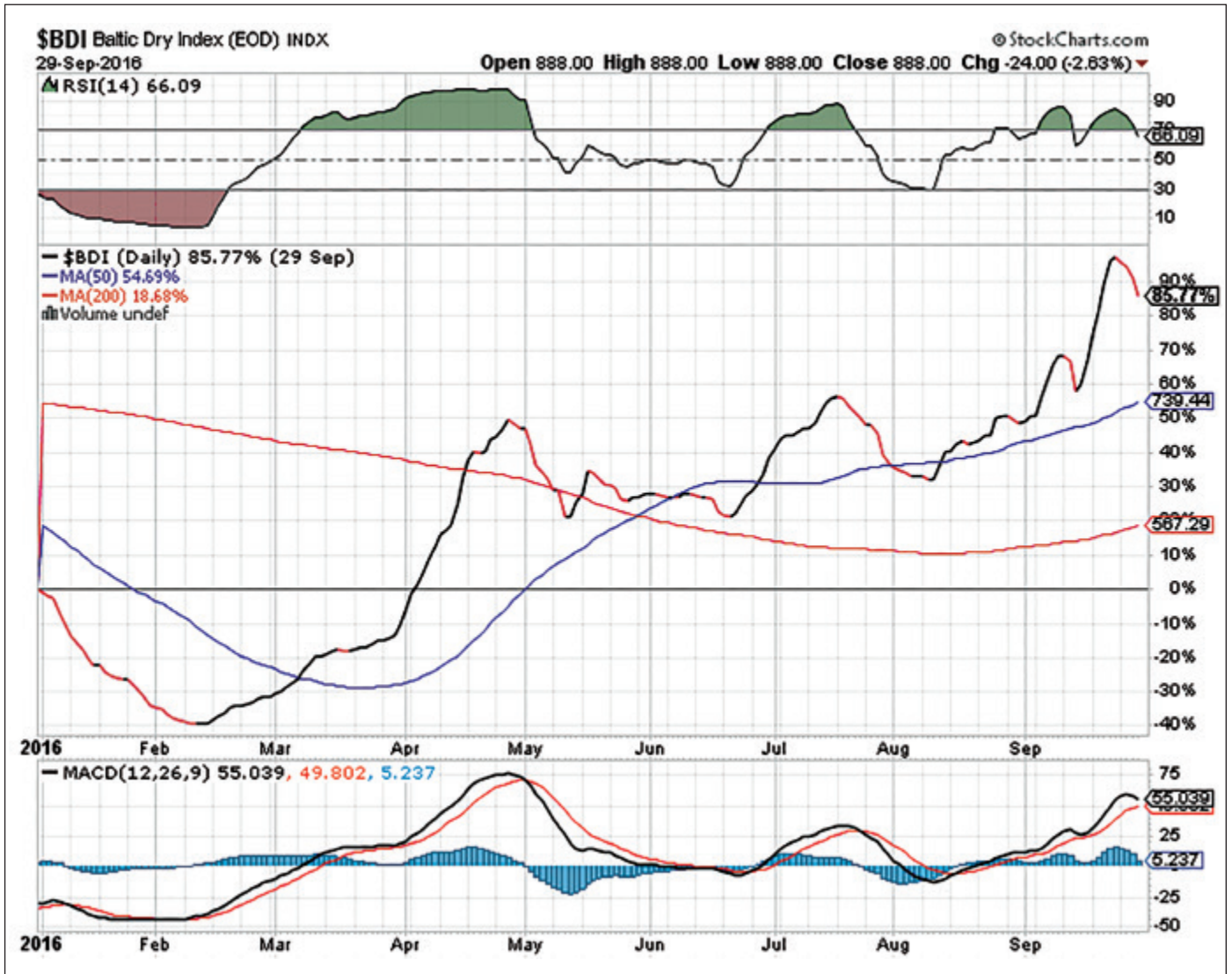
CRB (Commodities Index)



YTD Commodities Performance



Baltic Dry Index



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Global Investment Takes Off

SPACE:

HERE WE GO!



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