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The Solari Report

January 28, 2021

**2020 Annual Wrap Up:
The Going Direct Reset –
The Central Bankers Make
their Move
with
John Titus**



Summary: In this report, we complete the publication of our *2020 Annual Wrap Up* with the theme: *The Going Direct Reset* with John Titus.

As a reminder, the Going Direct Reset was approved at the G7 central bankers' meeting in Jackson Hole on August 22, 2019. It is sometimes confused with The Great Reset promoted by the World Economic Forum, which, as we will see, is not where the real power lines can be found.

The Going Direct Reset is about the reengineering of our financial system. The U.S. dollar reserve currency system is aging, and plans are underway for a new global financial system aimed at increasing centralized global control through the use of digital technology and telecommunications and the end of liquid currencies as we know them. Our recent publication, *The State of Our Currencies*, is recommended background for this presentation.

In our discussion, John summarizes the Going Direct Reset, outlining the timeline and Federal Reserve actions that unfolded after the plan was approved. As John has said about the Fed's Quantitative Easing interventions and the takedown of the economy since the announcement of the Going Direct Reset, "This is a very engineered event." **John's full written presentation is published at the web presentation, with a wealth of charts and graphs, descriptions, and a full chronology.** We have also added an update from Rob Kirby on the derivatives market during this period.

This is an outstanding presentation from John Titus about the forces that are rocking our world. You do not want to miss it.

Extensive written materials were added to our *2020 Annual Wrap Up* web presentation, which was published earlier.

Solari Report subscribers can access it [here](#). Use your Solari password to login!

Bio: John was a successful attorney in Chicago when shocked by the bailouts in 2008-2012. He started publishing his commentary with his own videos—and the rest is history. Still a practicing attorney, John started a new round of videos when the Fed started rolling out Quantitative Easing 5.0. He has become one of the best "go to" voices on what the Federal Reserve is really doing—and what it means to you and me. Check out his channel; you will not be disappointed.

He is a lawyer, licensed before the U.S. Supreme Court, who's practiced patent litigation for over 15 years. In 2011-12, he took a break from his practice to make a feature-length film, [Bailout](#), about the real cause of the financial crisis: criminal fraud.

Catherine Austin Fitts: Ladies and gentlemen, welcome to *The Solari Report*. This is Catherine Austin Fitts. John Titus joins me, and this is the *2020 Annual Wrap Up*, and the main theme is The Going Direct Reset.

The Going Direct Reset, as you know, is what the central bankers are up to, which I believe is completely 'driving the train'. John has been tracking what the Federal Reserve has been doing, and I asked him if he would dive in and do the theme on the Going Direct Reset for this *Wrap Up*. I'm very pleased to say that he has. I've been through all of his material, and it 'knocked me off my chair'!

John, welcome to *The Solari Report*, the Going Direct Reset. How do you feel about deep diving?

John Titus: I'm glad I did it. I looked at timelines and punched through documents because when you do that and put that discipline on yourself, you end up seeing patterns that otherwise, I would have missed altogether.

It just convinces me even more that this whole thing is planned out.

Fitts: We are going to follow your lead. Take us through it. Are you going to start with the timeline or the players?

Titus: The players are too much. That will be included in the written materials. I do have a timeline that I will get into on this podcast and this broadcast, and a much longer version will be included in the written materials. But I am basically going to work chronologically through what has happened over the last year to eighteen months. It is going to be very document-driven because I'm a big believer in documents; I don't like paraphrasing.

If it's a headline, that may be a different story. But if it's a document, we need to look at exactly what the player said because those words are very, very

important. I also like to look at graphs and see exactly what was going on and when it was going on – who, what, when. The only way to do that is with documents, so it is going to be a very document-driven presentation with quite a few graphs.

I'm going to get into it. The thing that really kicks off this whole pandemic event is Jackson Hole, Wyoming, where the Kansas City Fed hosts a symposium of central banks every August. August 22, 2019, they had another one, and BlackRock was there. I want to pull up a document here.

This is BlackRock's document. They do a presentation, and you can see from the authors that we have Stanley Fischer and Philipp Hildebrand. You know Fischer and you know Hildebrand.

We will see that name on another BlackRock document later, but basically, he wrote this document. The significance of this is on the second page. If you look at the title of this document, it is *Dealing with the Next Downturn*. So, this document is really a proposal dated August 2019, but it is presented on the 22nd of that year. The full title is *Dealing with the Next Downturn: From Unconventional Monetary Policy to Unprecedented Policy Coordination*.

As I said before, these words have meanings. To a layperson, that doesn't mean anything, but to these people, it has a very specific meaning that we are going to get into.

Fitts: I should say that this followed two meetings of the G7 finance ministers with the central bankers. The meaning of that is they are talking about much tighter coordination between the sovereign Treasuries and the central banks. So, its monetary and fiscal policy are integrating in a much closer and more intimate way.

Titus: That is a big thing because for years and years, we've been hearing, "Independence." So, the Fed would take the role of what was the central bank, "We do monetary policy; we don't do fiscal policy. We don't tell Congress how to spend the money. We don't tell them where to spend the money. That's up to Congress. We determine the interest rates. We are more concerned with the plumbing in this situation."

This document sets up to get a break from that, and they come right out and say it. On the second page is where we get the Going Direct. It's the second bullet that you can see on the screen right now, "An unprecedented response is needed when monetary policy is exhausted, and fiscal policy alone is not enough. That response will likely involve 'going direct'."

This is the money quote right here: "Going direct means the central bank finding ways to get central bank money directly in the hands of public and private sector spenders."

Fitts: In the last few *Money & Markets* is what you've been showing. That is exactly what they are doing.

Titus: That is exactly what they are doing.

I made two videos on this point without knowing that this phrase and this sentence was in this document. They basically say that there are two parts to it: 1) Bypassing the interest rate channel, which is what the Fed normally does, and 2) Enforcing policy coordination so that the fiscal expansion does not lead to an offsetting increase in interest rates.

So, there you have point #2 that the 'camel's nose is under the tent', and the Fed is saying to the central bankers, "Hey, you need to coordinate this with the Treasury guys and the U.S. government to make sure that we don't have inflation." That is just an excuse or a cover story.

The key phrase is the one that I have highlighted in light green, "Directly in the hands of public and private sector spenders."

Normally, when the Fed spends money, they create reserves out of thin air, and they buy assets. But those reserves to circulate are in what they would call the 'public sector'; they don't get into the private sector.

I want to play a video clip that I don't think we've seen here before. I know I've shown it on my YouTube channel, but I don't think we've seen it here. This is Bill Dudley, and he is explaining why reserves are different from regular money

that you and I have in our bank accounts:

Jonathan Ferro: When people say, “We’re flush with liquidity because the Fed is doing this and it’s boosting risk assets,” what do they mean by that, and what are they getting wrong?

Bill Dudley: Well, they have this idea that when the Fed buys T-bills, they are adding reserves to the banking system, and somehow, those reserves are leaking out and leading to greater demand for the stock market. But the reality is that the reserves don’t leak out of the banking system. If someone withdraws their money from a bank when they make a purchase, that money flows right back into the bank.

The banks can’t affect how many reserves there are in the banking system; the Fed determines that. Those reserves are not used for other stuff like buying bonds or buying equities.

There you have it; that’s what he’s saying. So, reserves are in a different circuit. The Fed controls how many reserves there are. They control that circuit, and then there is a second circuit of bank money, and that is the monetary circuit that is used to buy bonds and buy equities. He’s saying that they don’t leak out.

He is saying this in January of 2020 – so a year ago. He went on Bloomberg and said, “No, we’re in the repo market, but you don’t have anything to worry about because reserves don’t leak out.”

Well, it turns out that if you go back to this document, that’s not the case.

Fitts: Between what they proposed in August and then what they wrote up in another document on this in October, weren’t they saying, “We want to get this all organized and ready to go in the event of a downturn?”

Titus: Yes, that is what this is.

Fitts: Did they mention that they were also going to engineer a downturn?
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Titus: No, they left that part out. In other words, these people aren’t stupid.

You're not going to find a 'smoking gun' document saying, "Hey, let's cause a downturn so we can get people vaccinated." They are never going to write that. But the way they slip it in, this document is premised on the notion of the next downturn. That is really the whole thing. So the document is saying, "When there is the next downturn, we need to have the coordination so that the central bank is going to do exactly what Dudley just said can't be done."

Dudley said that the reserves can't get in the hands of the private sector, and this document is saying, "Oh, yes, it can, and it needs to."

Fitts: Let's look at what Dudley was doing: Dudley was trying to protect the whole operation from the notion or the fact that the source of inequality is the Federal credit mechanism, both monetary and fiscal, and it's intentional.

He has to 'cut the cord' between inequality and the machinery that they are using to engineer inequality. That's politics.

Titus: Exactly. He is the 'go-to guy' for that.

Fitts: "There is no gambling going on here."

Titus: I am shocked that there is gambling going on in this here 'casino'.

That is really the Going Direct plan, and they are saying that the Fed is going to come in now, and we are going to get money into the hands of the people as soon as there is a downturn.

Fitts: I don't know if it was in the October document or this document, but there was one point where they made it very clear that they meant 'digital cash', not cryptos.

Titus: That I don't recall.

Fitts: It could have been in the October document. Policy revolution was the June document of 2020, but I'm talking about the policy note that they published from the European money and finance forum dealing with the next downturn. It's the same group. It's published by the BlackRock Investment

Institute, and that is where they talk about it.

Titus: They are getting ready. They are telling the Fed, “Here is what we are going to do.”

Let’s continue our chronology. That was August 22, 2019: During the next downturn, we are going to Going Direct; we will get money right into the hands of the ‘private sector’. What does that mean? Well, it means what Dudley just said; it’s equity investors. That is what that means, but they don’t come out and talk like that.

The next thing that happened was in September; let’s look at what happened in September. This is the overnight lending rate. On September 17th, 2019, the overnight lending rate spikes up. What you are looking at is a graph of the overnight lending rate; it’s a weekly graph. That spike looks like it’s 5.25%, but the actual overnight rate was 10%. In any case, it’s a huge spike.

Fitts: Was the 5.25% the close and 10% the intraday spike?

Titus: The 5.25% is the average intraday rate for that week. That is what you are seeing there. The point is that the overnight lending market seizes up. They are charging a large amount of interest to lend reserves to each other because they are out of reserves. As it turns out, ultimately, the source is that there are problems with the U.S. Treasury bonds; the Treasury bonds are not moving. That’s a problem because that is funding what that document referred to as the ‘public sector spending’. That is where the money is really sourced. It’s sourced from the sovereign that creates the legal right to produce that money, which is the U.S. government, even though it produces bonds, not money.

If you have a problem with your bond, you have a big problem. There was a big problem, and that is what happened in September.

Then the New York Fed jumped into that market, and they became the lender of last resort. They tried to clean everything up. They stayed in the market for several months, and that is why Dudley showed up on Bloomberg to say, “Oh, no. Everything is okay here. We’re not doing this to ‘juice’ the stock market at all.”

Fitts: Here is what is interesting: If you say, “Okay, the Fed is only expanding its balance sheet to buy Treasuries and monetize the debt,” and you look at all that money going into the government, it flows through the Treasuries into the Treasury Department and then it’s spent by Congress. If you look at where all that spending is going, it probably is not the stock market. So, the spending is very much driven by what props up the stock market.

If you are going into a Presidential election, the primary source of campaign contributions will be capital gains increases. If you are a politician and want to raise all the money for the Presidential election, you will use the Treasury spending to stimulate the stock market and real estate capital gains as much as possible.

Titus: That’s right, but remember that we are back to: How is Hildebrand going to turn out to be right? How is this Going Direct plan going to work? How are you going to take reserves in the public sector and get them into private hands? That is a departure from all prior Fed policy. We’re going to get into how that happens.

What you just said is totally valid. When the Treasury borrows money from the Fed like that and they spend it and Congress spends it, it goes into banks and it gets in that way. However, what we will see in this case – if you follow the Hildebrand Going Direct plan – is a ‘double-whammy’. You get the spending that you are talking about, and the reserve is going into private hands.

Let’s go to the next item on the list, which is from Reuters on January 16, 2020. It’s a bit before Dudley was on TV. The title is, *Foreigners Sold U.S. Treasuries for 4th Straight Month in November*. So, that September problem really wasn’t spontaneous; there were two prior months of bad sales.

Fitts: If we go back ten years, the government was financing its operations by selling Treasuries around the world. The biggest buyers are retirement funds and pension funds. So pension funds, sovereign wealth funds, and governments around the world are buying Treasuries. Now we are seeing that we are still selling them to pension funds, but basically, the Fed has taken over and we are financing the government operations, not from existing global capital, but by

just printing money.

Titus: Exactly. “You go ahead and hoard your money; this one’s on the house.”

Fitts: That’s why the double-down is so over the top.

Titus: It is, and the problem with the Treasury market does not go unnoticed for the powers that be, that I’m going to show you in this screen next, which is insider sales of stocks. This is from February 6, 2020, *Red Flags Emerge in U.S. Stocks with Insiders Rushing to Sell*. The article essentially gets into how insiders are selling stocks at a rate five times greater than they are buying stocks, and that we haven’t seen this since 2017. So, the ‘rats are getting off the ship’ here.

There is another article. I’m not going to put it up, but it says that there are CEOs leaving in droves.

Fitts: Right, they have to leave to get their money out.

Titus: There was a gang who left in January. That was interesting because there was really nothing going on with the so-called pandemic in January.

Fitts: Right after Biden was sworn in on January 20th, one of the Republican Senators under investigation for stock sales in February after the pandemic briefings announced that the Department of Justice had taken a pass and found nothing wrong. I wonder what that deal was!

Titus: Gee, what was that deal?

There is another article about how 200 CEOs resigned in January of 2020. I don’t have a graphic for that article.

Then what I want to look at for the next item is the stock market. The bond market is experiencing problems and the repo market has had problems. The New York Fed is ramping up more and more money. Then it starts to ‘rear its head’ in the stock market.

Dudley was on Bloomberg on January 29th, and guess what happened right after that? You couldn't script this stuff any better. I'm going to put up a graph that is two charts in one. The S&P and stock market is in green, and the Fed assets (the Fed balance sheet) is in blue. I've flagged some dates along the way.

Regarding the gray bar on the right: If you look at Fed data, any time you look at a Fed graph, they always mark off recessions with gray. I've done the same thing here.

You can see the Fed assets are sitting at \$3.5 trillion going into the gray, and then they 'rocket up' over the course of the next few months. Actually in a few weeks, they went up to \$7 trillion. It doesn't take that long.

The data to note here is not the Fed data; it's the S&P data. That is February 19th, and I've it marked there; that's the stock market. It hits a peak, which I'm quite sure is an all-time high, and then it goes 'off a cliff'.

Fitts: What was interesting was that it was down at the bottom 35%, and a major correction – which we've been long overdue for a major correction – is 35%. If you go further, then you are considered to be beginning to enter a bear market. That is the logical conclusion.

It's interesting that they just touched 35% and then started bouncing back up.

Titus: Also, you will notice that once the plummet of the stock market began, the Fed wasted no time wrapping up that balance sheet. In other words, if you think back to the pandemic, you think, "Oh, yeah, the pandemic happened. Then the progress came out. That is when the Feds starting ratcheting up the balance sheet." But that is not what happened. The Fed was ratcheting up its balance sheet long before the programs; the CARES Act hadn't been passed yet.

If you look at the bottom of the stock market – that dip – it's on March 25th, and the CARES Act passed on March 27th. So, that was the timing, but by that time, you could already see that the Feds added \$1 trillion to their balance sheet. It really takes \$1 trillion or maybe \$1.5 trillion to reverse the stock market going down.

Fitts: Although, one of the things that I think about when I look at that chart is whether or not that trillion was being stockpiled somewhere.

Titus: We are going to get to that. Remember, Dudley just said, “The reserves don’t get into the stock market.” He wouldn’t lie to us, would he? That’s ‘crazy talk’!

It actually does get into the stock market, which we will see.

The last date to take note of is the June 3rd date. The reason I flagged that is that the Fed’s response to the pandemic is basically over in May; June 3rd, they are done. They’ve stopped exchanging the balance sheet.

Fitts: But they’ve teed up the Treasury to do extraordinary fiscal stimulus. So, from then on, you see extraordinary fiscal stimulus, and the private equity firms show up with significant amounts of money to do vulture capitalism.

Titus: For sure they’re doing that!

That is a graph that you can look at, and there is a great deal in it. It’s like one of those statements, “People want money.” There are many things you can figure out from that statement, and many things you can figure out from that graph. It’s a very telling graph as to who the Fed is serving. It’s not the public; they don’t care about the public.

Fitts: When I looked at that chart and some of the others that you are about to show, I thought a great deal about C.J. Hopkins writing the essays from 2018 to 2019 describing the global capitalist war on populism. So, when I look at the August 2019 decision and then I look at the chart that you just showed, I see a decision to basically reassert control. It’s both an economic war and a political war, but primarily sweep the populous out of any political power. If you combine it with some of the other things going on, that is exactly what you are watching; you are watching centralized global capital – essentially the central bankers reasserting a tighter central control.

Titus: Yes, and there is plenty of job-owning going on during this time. We

don't have time to get into all of it, but there is a lot of action going on during this time.

There are a couple of stock market triggers that go on in this. The circuit breakers get hit and they get turned on. The Fed came out March 9th and said, "We are going to take the repo market from \$100 billion a night to \$150 billion a night." So they were getting serious.

The WHO declared a pandemic on March 11th, and the *Wall Street Journal* came out on March 11th and said that the bull market in the stock market was over, which was interesting because it wasn't.

Then the Fed came out on the 12th, and this is really when the 'jawboning' about, "It's all the pandemic."

The Fed said, "We have to do all of these measures," even though they've already been expanding the balance sheet. They said, "We have to do all these things because of the virus."

It's not really the virus, though, is it? It's really the lockdowns that are supposedly necessitating this. And even that story, as we know, really isn't true. The real reason for the Fed being in there is that there is turmoil in the Treasuries, and now it has spilled over to the equities. That's why they have gotten involved.

So that is where we are. CalPERS lost a large amount of money by March 19th, the stock market bottomed out on March 22nd, and on March 27th, the CARES Act was passed. That is obviously a big deal, but I want to bring up a chart of programs under the CARES Act because, like the 2008 crisis, you get this 'alphabet soup' of programs. There are so many, and that is not accidental. It's just a 'blizzard' of programs, and there is so much confusion.

They were just hoping that nobody parses through and looks at what is going on with these programs. But when you do, what you will see is this. This is basically a summary of the emergency lending programs.

You will notice about this right 'off the bat' is that many of them were created

and announced before the CARES Act passed. Most of them, in fact, were announced before the Act ever passed. They knew.

You have the Fed announcing programs before Congress passes the program. So, the Fed really is stepping into fiscal policy here before our eyes; they've already done it. This should be Congress doing this.

These are Fed programs, and the first three – the Commercial Paper Funding Facility, the Primary Dealer Credit Facility, and the Money Market Mutual Fund Liquidity Facility – are retreads from the 2008 crisis. They're not really new programs; they are old programs. Those aren't Main Street programs.

The Fed will take care of the monetary powers that be – the banks and the financial companies. They are taking care of their friends first, and then they will get around to the Main Street programs.

I've highlighted the Main Street programs here in green. So, what you are looking at is the Primary Market Corporate Credit Facility. That is where companies like Apple (which is not really a Main Street program; I'm giving them the benefit of the doubt) and other big companies are selling bonds directly to the Fed.

The Secondary Market Corporate Credit Facility is where groups of companies are selling ETFs. So if smaller companies want to raise money, they sell it into the bond market, and ETFs get created. That is what this is.

Then TALF, the Term Asset-Backed Liquidity Facility, is not really Main Street. It is kind-of Main Street, but there is plenty of abuse in it. There is plenty in the others, too, as you will see in a bit.

On the Main Street Lending Program, on June 15th, and the Municipal Liquidity Facility, the one at the bottom, on May 26th, all of these didn't even get operational. Look at the earliest date for the Secondary Market Corporate Credit Facility, and that is May 12th.

Fitts: You wonder the extent to which this is really designed for a press release.

Titus: Exactly. This is really the Feds saying, “We’re doing everything we can to help you,” so they will start creating credit.

There is one program on here that is not highlighted, and that is the Paycheck Protection Program (PPP). The Paycheck Protection Program is what saved Main Street, no doubt about it. I’ll get to a graph of that shortly, but I know people who have benefitted from that; I know these people personally. They said, “Our business was going to go out of business, and we got a loan from the PPP, and it might be forgivable, and that is really what saved us,” but that didn’t come from the Fed; that came from the Small Business Administration. They are the ones who ran that program.

Fitts: One of the reports that I received from France had a similar program, and getting the money required putting detailed financial information into the Amazon Cloud.

Titus: What do you know?

Fitts: I wonder who got that data.

Titus: The point back on this chart is that Main Street is definitely coming in second here.

Fitts: I would say it another way: Main Street is the target. Look at that \$1 trillion that the Fed put out before the downturn started, or the DOD announced \$35 trillion missing. Wherever the money was ‘sloshing’ in from – whether it was DOD, which would have come from monetization of Treasuries; back to the Fed – it came in from someplace. When you tell millions of businesses that they can’t open up and you shut off their income, then they are in trouble and they are going to have to sell. Even though the PPP helps to keep some of them afloat, it doesn’t keep the weak ones afloat, and there are many who can’t make it anyway.

Titus: That PPP Liquidity Facility is not directly to Main Street; that is to banks who, in turn, go to Main Street. The Fed issues reserves, and it’s somewhat like a power adapter. The Fed has to go through a bank to get the

juice to Main Street; it can't do it directly.

Fitts: One of the other things that I want to show on that chart is what is absolutely unprecedented. The big institutions have always run tremendous amounts of things for the Federal government, and that has been handled very secretly. It's always the New York Fed Member Banks or the Fed Member Banks, but here we are watching unprecedented privatization by the Fed and delegation to money managers.

The extent to which these companies are being given access to intelligence, access to programs, and the ability to make decisions that advantage their friends, is absolutely unprecedented.

Titus: Yes, and that is exactly what I was going to back into another way from another angle. You see all those private companies, and most of those private companies are really just government programs because Congress passed this; Congress authorized this. These are programs from the CARES Act. So how do you get rid of transparency? You see it right there in the center column: Exchange Stabilization Fund (ESF). They are using a special purpose vehicle. All of these Main Street programs have a 'yes' under that column because the Exchange Stabilization Fund (the slush fund for black ops) is involved, and they can say, "No, you don't have any right to get to that information."

It's complete secrecy.

Fitts: I want to point out that the ESF is managed by the New York Fed for the Secretary of the Treasury, and the Treasury civil servants do not have access to the information.

Titus: Right. If you looked at a government org chart, it would say, "Oh, the ESF is part of the Treasury." Well, guess what? The ESF isn't physically located in the Treasury; it is physically in the New York Fed. That's where it is – right by the Bloomberg terminals in the New York Fed. That's really all you need to know.

I want to look at one other thing: Just to keep everything in perspective about what the Fed is up to, I want to look at a balance sheet of the Fed – just a

comparison. This is just a snapshot from a spreadsheet I've 'cobbled' together quickly, but it says a lot.

You have two columns: February 25th of 2020, and December 30th of 2020, two different reporting dates of the Fed. You can see the balance sheet has really exploded up from \$4.1 trillion to \$7.3 trillion. Then in the right column, I have growth. All I've done there is identified the five or six biggest contributors to the growth in the Fed's balance sheet. You see, number one, far and away the biggest, is U.S. Treasuries at \$2.2 trillion, followed by mortgage-backed securities.

Just with those two, you are seeing \$2.9 trillion on securities.

Fitts: It was remarkable during that period, the total return for the year on the long Treasury ETF went over 30%. I remember staring at it and thinking, "Who would have thought this could happen this year?"

Titus: Yes, and then if you look at the Main Street's part of the Fed's balance sheet down on the bottom, the Paycheck Protection Program (lending to the banks that lend to Main Street) is \$50 billion, and that is the biggest one.

Fitts: It's tiny relatively, but there is a lot of pork that can fly out with that, and the pork in a Presidential election is critical.

Titus: It's large amounts of money that buys many votes. \$1 billion goes a long way on Main Street, but it underscores that if that is plenty of money on Main Street, look at the other amounts in the Treasuries and the mortgage-backed securities. Just consider mortgage-backed securities; That's about \$670 billion. That is over ten times what any of those programs paid. That is a 'lot of dough'.

Fitts: It's very interesting. In the October 2019 paper that they published on the Going Direct plan, it was astonishing that they had a section called 'Political Challenges'. They talked about the danger to the central banks losing their independence and control, which is a euphemism for private ownership.

In other words, what they want is to stay private, and to stay secret. They see

the populist effort as really putting them in danger – both on the secrecy point and the ownership control. They express in that paper some real fear.

If you look at all the different scandals that were showing up in independent media when they talk about the swamp, all of them ultimately lead back to the central bankers, even though the independent media hasn't figured that out yet. But if you follow the most dangerous ones back, you can tell that they are scared.

Titus: And they should be. That's many people.

When people get together and act in unison, they are powerless; they can't do anything. It's just like what happened with the protests in Italy.

Fitts: Ron Paul had gotten people to understand that this problem goes back to the central banks, and it goes back to the monopoly of printing money. They are private; they are not governmental entities, and if you look at the games that are going on, they are quite frightening.

After reading the 'Political Challenge' I honestly believe they were much more concerned that people were going to show up and ask for their \$21 trillion back or the bailout money back.

Titus: I don't know if the private part is that well understood. I think, far and away, most people believe that the Fed is part of the government.

Fitts: The secrecy part is.

Titus: Yes, that part is known. Bernie Sanders was also instrumental in that. That was the one time you saw the power of a bipartisan effort. That produced the GAO on it in 2010 or 2011 where the names of the Commercial Paper Funding Facility recipients were revealed.

Fitts: I think that these people were more afraid of Bernie Sanders than of Trump.

Titus: I think they were even more afraid of Mark Pittman.

Fitts: I totally agree with that-absolutely.

Remind us again who Mark Pittman is.

Titus: Mark Pittman was a reporter for *Bloomberg*. He took an interest in the Fed very early on. In 2008, the Fed had created these lending facilities. Pittman submitted an FOIA request to the Fed and said, “Hey, what is going on? Who is getting all of this money? This is hundreds of millions of dollars.”

The Fed tells him plan of plans Pittman and *Bloomberg* take the Fed to court over the FOIA lawsuit, saying, “You’ve got to give us an answer.”

The Fed denied it. They battled it out, and Mark Pittman and *Bloomberg* won that suit. They won it at the district court, they won at the appeals court, and the Supreme Court denied cert (Petition of Certiorari). That became the law of the land.

Now the Fed is a ‘multi-headed’ entity. Pittman’s piece of the case was the Board of Governors, but there was enough information in the Board of Governors, which really is the public part of the Fed.

Fitts: The one that they are more afraid of is the New York Fed.

Titus: The New York Fed and the FOMC. Really any of the twelve regional Federal Reserves are the private banks printing the money. So if you look at the Fed’s balance sheet, technically that is the sum of twelve different balance sheets.

Fitts: Right, but the New York Fed is the depository for the U.S. government, so any ‘funny business’ in any government account is happening through the New York Fed or its member banks as agent.

Titus: The New York Fed is the only one that trades, and the New York Fed is the only permanent member of the Federal open market committee that decides policy. I think that the president of the New York Fed is automatically the Fed vice chair. There are all sorts of special dispensations for the New York

Fed; after all, it is the Fed.

When we talk about ‘the Fed’, it’s the New York Fed: let’s be real.

Pittman won that lawsuit, and that produced a lot of information. It was a bipartisan effort for sure.

I want to look at one more graphic that I referred to earlier, and it is the Small Business Administration. This is PPP lending, but it’s not lending through the Fed; this is lending directly from the government. The Fed might be funding a few banks who are part of this.

Fitts: Yes, but they are funding the Treasury; the Fed is funding the Treasuries. The Treasuries money is going into Treasury, which is funding the SBA, which is doing this.

Titus: Right, but the Treasury has to initially go out and send the bond to the Fed.

The Treasury says, “I owe you \$1 billion plus interest, and you give me my own money.

Fitts: It’s insane.

Titus: What is going on there? I don’t want to get sidetracked on that, but I get upset about it.

Fitts: It’s called a kickback.

Titus: It’s called usury.

Fitts: Yes!

Titus: It’s risk-free money that you are getting interest on. It really p***** me off! I’m going to let that go and look at this PPP chart.

Look at the top bar there with the color codes, and look at the level of

participation. Look at how huge the percentage of small businesses receiving loans is! It starts at less than 25%, but then most of the states you can see are somewhere between 25 and somewhere north of 40%. That is a huge program.

Fitts: It looks like you are putting the heartland into a debt trap; it looks like you are going after the farmland.

Titus: It really does. I know people who took PPP loans, and it was like, “Those loans are forgiven.”

The problem with debt is that the creditor rules.

The second thing to look at on this chart is at the bottom.

Fitts: Depending on how they structured the databases and the information on that, part of what they are after is the data. In an environment like this, if you have the data on all of those businesses, then you’re going to know how to get them.

Titus: Yes, and look at how widespread this is. This is reporting by May 6th, so we’re not done by ‘any stretch’.

The total number of loans; you are looking at four million loans. The amount of loans, are way ‘north’ of \$500 billion. You can see with the average loan size that this really looks like a Main Street program, but it’s not. The Fed isn’t doing this; this is the government.

I know the government gets a ‘bad rap’, but you have to remember that given a choice between the government and the Fed, I’ll take the government ‘all day long’. At least you get transparency.

Fitts: You get some transparency.

Titus: They have to answer FOIA requests. Does the New York Fed have to answer those? No. That’s why Pittman had to go to the Board of Governors.

Fitts: If you look at the DOD’s FOIA responses on the missing money, they

are basically stonewalling.

Titus: Right, they are; that is true. But the fact is that in theory, if I take it up with the DOD or whoever – a legitimate bona fide government organization or agency – and I submit a FOIA request and they deny it, I'm going to court, and I'm going to win. That's a 'layup'. But with the Fed, that is not the case. You bring a FOIA to the New York Fed, and they don't have to answer it at all; the law is clear on that.

Remember, at the same time that Pittman won his case against the Fed Board of Governors, Fox News lost their case against the FOMC and I think against the New York Fed. They were just 'sh** out of luck'.

That is really where the help is for Main Street, and it came from the Small Business Administration. It gets back to the point where all of the Fed involvement in these Main Street programs really looks like 'confetti' to make it appear like they care about Main Street, and it gives them cover for all the printing they've done, but in reality, they didn't help Main Street at all; they helped their stock-owning buddies, and they helped their cronies, and helped them first. They didn't help Main Street; the Small Business Administration helped Main Street.

All of those programs, in many ways, serve more as a cover story than anything else.

Fitts: Let me mention a couple of other things which fit in with this, and that is when they engineer their balance sheet to hold interest rates really low, they destroy savers.

McKinsey did a study about five years ago showing the subsidy that savers gave to the government by engineering interest rates down and allowing the government to borrow all the capital and spend it in the ways that it does. So, the first thing they are doing is basically draining savers by their mechanics. The second thing they are doing is engineering within that system.

Savers get no return on their capital, but insiders get to borrow at very low rates or finance in the stock market at very high PE's where the average American is

paying 16-17% on their credit card. So, they've engineered a usury arbitrage which is very, very harsh on the very businesses that they say are helping with the PPL.

Titus: There is a third thing, and that is when there are ultra-low interest rates like that, they are propping up junk debt. They are making things that would have been 'zombified' a long time ago and would have gone to the graveyard a long time ago. It's attractive. People are thinking, "I'm getting no return on my savings account; I might as well put it in a junk bond; I might as well put it in the 'garbage can' bond."

Fitts: Every year on *The Solari Report* I've talked about this ETF with a tickered JNK for 'junk'. Every year I say, "How can anybody have the courage to put money in this? This is just foolishness," and then it does well.

Titus: They have no alternative.

Fitts: They are pumping it up; they are just pumping up this 'crap'.

Titus: Yes. The other thing they do with ultra-low interest rates is make it easy because the powers that be and the big boys have access to the low- interest rate credit. They are making it easy for them to borrow money and to take over productive businesses.

Fitts: Right, so it is economic war; they are driving your returns down. You are getting nothing on your savings; you are paying 16% on your credit card, and they are shutting down your business as 'non-essential', and then going in with my free money to buy your market share.

Titus: Really, there are two sectors in the economy: One has been selected to survive, and the other has been targeted with elimination. The one that has been selected to survive is the financial sector of the economy. The Main Street sector – the productive sector and the real GDP sector – they don't care about. They will be taken over and asset-stripped.

Fitts: Right, but I also think it's not only the financial sector; I think it is certain portions of the financial sector. So, for example, I'm always telling you

about the Santelli-Sorkin war. I think it was CNN or NBC – I’m not quite sure which because I never watch TV.

Sorkin and Santelli were fighting. Santelli was saying, “Why should a church or a small business shut down when there are 500 people over at Costco? It’s the same virus.”

Sorkin said, “No, the science proves that Costco is safe, but the small businesses are not. That’s what the science says.”

So, I assume that the study that Sorkin was quoting was that Mr. Global has these spray cans, and he only sprays the magic virus on the small businesses. It has become that obvious that if it’s traded on the New York Stock Exchange, it’s protected from the magic virus, and if it’s not, it’s fair game.

Titus: That’s a great way of putting it.

I want to take a step back, since we’ve touched on this: The financialization of the economy versus the real economy and what is going on here. I want to look at this graph that will also help us see what is going on here in comparison to the 2008 crisis. Can you see that one? It’s the Labor Force Participation Rate.

This graph goes back to 2003. The first gray bar is the great financial crisis of 2008, and the pandemic is on the right. You can see the labor participation rate—right when the TARP bailout passes, to the minute, that is when the powers that be said, “You know what? We are choosing the financial economy over the regular economy.” Look at that decline! There was never a recovery. At best, the labor participation rate bottomed out in early 2016, and it held steady before we got ‘pounded into the sand’ with this pandemic. That’s a very instructive graph.

The whole recovery story is completely false, and the reason it’s false is that the financial economy has been selected. They pick winners and losers; that is what that bailout was.

Fitts: The other thing is the financial sector is actually a roll-up of the productive economy and its economic war, but it’s not choosing a productive part of the economy. One of the reasons the productivity rates are falling is that

they are using massive amounts of central bank QE and government stimulus to make up for the destruction that comes from constantly choosing the least productive part of the economy to win.

Titus: So, what we've come to with the pandemic is that the 'snake is eating its tail'. I want to show you one other graph just to give you a sense of the truculent damage to the real economy going on right now. This is the graph of Initial Claims, Weekly Unemployment Insurance; look at that!

It goes back to 2003. You can see the two gray bars offering a comparison between the crisis now and the crisis of 12-13 years ago. Look at the peak of initial claims back in 2008 and early 2009. There were not even 400,000 claims. Now look at the peak over here on the right during the pandemic; it's 6.9 million.

Granted, that is a quick spike. It's like a quick shot in the arm, but the real tell there is on the dotted line I drew. You can see the decline in initial claims during the pandemic. It's never come back to even below the peak of the 2008 crisis. We are in the midst of a serious crisis, and we are being propped up by large amounts of government money.

Fitts: I don't even think it's a crisis; I think it's a war. I think it is intentional.

Titus: I could surmise as much.

Fitts: This is a fundamental reengineering of the economy.

Titus: I want to look at one more graph, which is a 2008 to now comparison. This is the 10-Year Treasury Note Volatility; it is very similar volatility.

In other words, the thing going on here is when there is a problem in the U.S. Treasury, which is really the source of the money, that is your crisis. So, the peak is really March 20th of 2020. Interestingly, the peak volatility in 2008 was a couple of days after Bernie Madoff turned himself in. I'm not sure what to make of that.

Those are comparisons of then and now. But as the crisis goes on, Main Street

is hemorrhaging, and what you see from the Labor Force Participation Rate and the Initial Claims graphs is that in the meantime, guess who is benefitting like crazy during this? Look at this. This is a slide I prepared from an article about the crisis, and this is only as of April 10th:

Between March 18 and April 10, as the U.S. employment rate approached 15%, the combined wealth of America's billionaires increased by \$282 billion – nearly a 10% increase. After a brief decline, the combined wealth of U.S. billionaires is greater than their 2019 levels.

They are better off now than they were the previous year.

Fitts: I've seen subsequent estimates that have it much higher now, but essentially, what you are doing is consolidating income into the publicly-traded stocks, which then drive up the capital gains, which drive both the billionaire capital gains and the political contributions.

Titus: Really, the point of that slide – and I know you are right that the \$282 billion is less impressive than the later numbers, where you get \$1 or \$2 trillion – was the date. Nothing had been done on Main Street. They hadn't 'lifted a finger' on Main Street, and these people are already making money from what the Fed did by following BlackRock's advice. It's very stark in that slide. April 10th, they were already making money. It's unbelievable.

Fitts: That is why I am very curious where that \$1 trillion went in February.

Titus: I want to explain briefly how Bill Dudley is wrong and how Hildebrand is right about us needing to get the central bank money into the hands of people in the private sector. What I'm going to put up right now is a frame from a video I did; I did two videos. One is called *QE is the Greatest Sham Ever*, and there was another one that I did.

This is a frame from one of those videos, and you are seeing three columns representing three balance sheets: The central banks' balance sheet on the left, commercial banks in the center, and non-banks (you and me) on the right.

The two left columns, the central banks and the commercial banks, are sources

of money, and they have the right to create money out of thin air. The central bank Federal Reserve creates reserves. Those are represented by white marbles in that tray. Commercial banks create what we use as money, electronic money, and that is bank money. It is represented by three red marbles.

We non-banks don't deal with white marbles; we only have red marbles. We go to our ATM machine, we debit our account, and are taking out those electronic red marbles, not white marbles. The white marbles are really money for the commercial banks. Our money, the red marbles, are a liability to the commercial banks.

So, how is it that the Fed can get white marbles into the hands of the regular economy? How do they get a white marble over to you and me or the 'Nullity Group', as I have it here? How do they do that?

The answer is that the Nullity Group will sell. You see that \$500 Treasury in the Nullity Group's balance sheet. They will sell that to the Fed, and the Fed would then owe Nullity five white marbles. But Nullity is not going to take five white marbles. They think, "These are like 'Chuck E. Cheese' tokens to me. What is this? I want red marbles."

So the way that it works is the Fed says, "Okay, Nullity. You will send over to the Treasury (the \$500) and give us that asset, and we will put that on our balance sheet. What we will do is transfer five white marbles to your bank, the Jolly Jester Bank, and then that creates an imbalance temporarily on the Jolly Jester Bank's balance sheet because it has five extra white marbles on the asset side, and it needs to balance that out. To balance it out, the Jolly Jester Bank will create (because it can create these out of thin air) five new red marbles and put them in your account. And everybody's balance sheet balances out.

That is really the trick; it's a three-way transaction with the white marbles and the red marbles. They are really using the bank as a conversion mechanism or a laundry mechanism to the private holders of assets. But the real driver here is that the Treasury is a low-yielding asset, and when Nullity or whoever sells that asset to the Fed – and there are publications to talk about this – their motivation for doing that is they want to put money into a higher yielding asset. This goes back to what we were saying; this is propping up very junky assets.

So Nullity says, “You know what? We can dump \$500 of Treasuries, and we will replace it with \$500 of Facebook stock or Tesla stock,” and that is really how that game works. That is what Hildebrand is saying in the Going Direct document. He is saying that when you take the public money, the reserves, and you get it into the hands of both, they go through the commercial bank to do that.

I lay that out in the video, *Quantitative Easing is the Biggest Sham Ever*. That is how that game works.

Fitts: I’ll never forget coming out of the bailouts when the market started to ‘take off’. I predicted that this was what was going to happen, but I discovered that all of the Zurich money managers that I was working with were unbelievably bullish on stocks because the Swiss National Bank had announced they were buying stocks.

For a central bank to start buying hundreds of billions of stocks for the reserves, you were as if, “What is going on?”

Titus: In other words, what they would normally spend the reserves on would historically be Treasuries – and only Treasuries. But in 2008, they started buying mortgage-backed securities. They’ve gone ‘hog wild’ buying equities.

I want to show you a graph that shows that Hildebrand’s plan, or the Going Direct plan, is actually working. So what are we looking at here?

I would call them ‘Reserves’, but it’s really Fed Digital Liabilities. That is what we are interested in; that’s what reserves are. It’s an IOU from the Fed to commercial banks. That is really bank money, and our money. Most of that is coming from our checking accounts.

If you look, you can see that during the pandemic, the Fed’s balance sheet explodes upward. They created \$2.87 trillion of new reserves and new electronic liabilities. You can see the lump it creates in M2. You have to keep in mind that the blue scale goes from zero to \$6 trillion, and the green one goes from \$3 trillion to \$21 trillion. So, there is a bit of compression on the right side; it’s a

3:1 compression.

In other words, at first you look at it and say, “Not all of the blue money made it to green money,” but actually, if you look at the numbers, more of it made it. So, you can see that the Fed increased reserves by \$2.87 trillion, and it shows up in new bank money to the ‘tune’ of \$3.76 trillion.

Some of that was going to come from the green trend line going up anyway, but not all of it; it is basically a 1:1 ratio.

What you are looking at is the Going Direct plan. This is the graph of the Going Direct plan being implemented, and I lay this out in excruciating detail in *QE Is the Greatest Sham Ever* and my other video. I’ll write about it in the written presentation.

You might ask, “Doesn’t this always happen? What’s new about this? Doesn’t it always work this way?”

If you look back to 2008, you can see in this graphic that the answer is ‘no’. The digital liabilities go up from zero to well over \$1 trillion, and there is a bit of a bump in M2, but barely, and it goes right back down. It regressed to the mean almost immediately. So we are in new territory. That right side is the Going Direct plan. The center gray bar showing the 2008 crisis has nothing going on there.

This graph is really the Going Direct plan being implemented by the Fed, and you see it in black and white (or green and blue).

So that leads me to the next point: There is another big difference between the 2008 crisis and the crisis now, and that is that the current crisis is really war; it’s not an economic crisis.

Fitts: It’s not a crisis because I would say that the central bankers got together and said, “We have to jump the curve. We are going to lose control. So rather than lose control and do this the long, slow, hard way, we are going to jump the curve and reinsert and short-circuit it in a couple of phases.”

The first Going Direct phase is with digital cash; it's not with crypto. But obviously, where they are going with the Going Direct is with the crypto.

Titus: Yes, and to be clear to your subscribers, digital cash is what we are talking about right now with the graphs. The blue and the green are digital cash.

Fitts: I think that one of the reasons they used digital cash in all of their discussions was that we know they approved their crypto action plan in July 2019 before they came in and did this. But in all of their written materials, they are saying 'digital cash', not cryptos. The crypto track is separate with the BIS, etc.

I think that is because they don't want people to see the trap before they close it. In other words, they are doing the development of the crypto side. It's many different tracks, and it's happening in these different tracks. It is all happening through companies that, if you look at the stock positions in those companies, they control.

They have all these different companies and all these various industries building the different train tracks that they need for the smart grid, etc., but they are not going to bring it back around until they are ready to 'throw the whole trap'. Going Direct will go from the Going Direct plan that Hildebrand describes here to the Going Direct that they can do with central bank digital cash.

Titus: And that is where they are headed with this, to be sure. You are exactly right; digital cash is the first step.

Back to the 'war' point versus the 'crisis' point, on working on this project and working with you on this, my 'holy s***' moment was the next graph.

There is a phrase in law that sticks with me; 'abiding conviction'. This is where I got my abiding conviction that this was all totally planned. I would make an argument that Hildebrand's plan was implemented. I had graphs showing that, but I was still doubting myself – until I saw this. I thought, "You've got to be kidding me!"

Fitts: What this graph says to me is this is a declaration of war on the

independent producers. This was an offensive war on Main Street, and it was planned.

Titus: Yes, and I will pull up this graph. This is the 'University of Michigan Consumer Sentiment: 2003-present'. This is totally and completely planned.

Let's walk through this: In the 2008 crisis, what happened? People lost confidence; it started declining. While the real economy is still working – and the economy is the real economy – people started tightening up. It started dropping 'off the cliff', and people weren't spending money as much; the people drove the crisis.

By mid-2008, you started to see \$144/barrel oil and all the rest, and it's, "Katie bar the door!" But the leading indicator in that crisis, without a doubt, as this graph shows, was consumer sentiment. I remember this. I was best friends with a comedian named John Fox. Fox was around all during 2007. I said, "Why aren't you on the road? Why are you in the neighborhood so often?"

He said, "Because no one is spending any money," and that was how I knew that there was big trouble coming.

Again, it was consumer sentiment; it was consumers driving the economy, not the other way around.

Then you look at the pandemic here, and even after all of what happened in 2008, consumer sentiment trended up for years. For over a decade, it was trending up. Then – whammo! – 'out of the blue', the consumers got 'clocked in the back of the head'.

It was completely engineered; totally engineered. In other words, the document where you see the real bank money and the central bank money, and you see how they are in lockstep with each other as per the Going Direct plan, that is not an accident; this thing was engineered.

They got out in front of it. They short-circuited it and made it happen so that they could implement all of these programs.

Fitts: So this was a turn-down, not a downturn.

Titus: That is a great way of putting it: It's a turn-down, not a downturn. You got it.

Then we come to our next document. This is the second Hildebrand document and the second BlackRock document, and this is called *Policy Revolution*.

Fitts: This is the June article, correct?

Titus: Yes, this is June 2020. Remember, by this time, the Fed is basically done printing money, the billionaires are fine – they are becoming trillionaires – and Main Street programs are yet to gear up. We saw that on the chart of the Fed. At least the Main Street programs that the Fed is running have yet to start up. The Fed doesn't 'give a damn' about Main Street.

Here we are with another document by BlackRock and Hildebrand. It's the same team – the usual suspects. The second bullet point is really what we are looking at here:

There are three main aspects to this revolution. First, the new set of policies are explicitly attempting to Go Direct.

But notice there is a subtle change of language here. I pointed this out before, and we highlighted it when we were talking about the Going Direct document where these people were as if, "We need to get the money into private hands." This time it's not private hands; this time it's, "We need to deliver liquidity to households and businesses.

"So now that the 's*** has hit the fan', we need to make clear that the people are getting the money. We are worried about the households and businesses. It's not just private sectors. If we only said 'private sector', that might lead people to believe that we were trying to benefit our cronies with gifts and whatnot in the stock market." So they have massaged the language here.

Second, there is an explicit blurring of fiscal and monetary policies.

The Fed is now seizing control because they are buying these assets. They are now starting to boss around Congress. You saw this a great deal. I wondered about this in 2020 when they said, “We don’t decide fiscal policy, but Congress needs to do this, and Congress needs to do that.”

Congress began to answer to the Fed. Then we have the scariest. This is basically a template for our neo-liberal future, which has happened in foreign countries and is now ‘coming home to roost’:

Third, government support for companies comes with stringent conditions, opening the door to unprecedented government intervention in the functioning of financial markets and in corporate governance.

Fitts: This means technocracy, and what this means is ESG to implement climate change, and what this means is if the CIA tells Apple and Amazon that they are going to purge Parler (unbiased social media), they have to do it.

Titus: In other words, the Fed says, “We decide things now. We are going to run this stuff. We make these decisions.”

Fitts: It’s interesting because the Fed can dictate economic policy implemented through the companies, literally skipping the government but staying hidden.

Titus: This is the Federal Reserve itself. They are telling Congress what to do. Those lines have been blurred. “We, the private Fed, are using government power to impose stringent conditions on you, the people, who, by the way, are the ones who are the sovereign who has given us this authority to print money, but we are going to control the money now, and we are going to put conditions on your money.”

Fitts: That is the beauty of it. The Fed is saying, “We have the right working through corporations to destroy free speech and other Constitutional powers,” but as they do it, we all have to realize that we don’t need them; we don’t need private central banks to handle the monetary policy.

One of the reasons they are so engaged in projective identification is they don't serve a useful purpose.

Titus: That is exactly right. Thomas Edison wrote an op-ed for the *New York Times* back in 1921. He said, "The Treasury can just print the money directly. If you are going to print fiat money, print fiat money. Don't print a bond and then sell the bond at interest to a private entity that does nothing and charges interest."

He said, "The element that makes the bond good makes the bill good also." In other words, just print the bills without interest. Why are you handing the Fed any interest at all?

Fitts: Here is the question: The Federal government has seriously violated their financial management laws over the last 25 years. If you look at all the secrecy in and around the Fed and their operations, and all the money siphoned off, and all the secrecy around the Treasury operations and all the money siphoned off, that is the big question: Where is all of this money going? That is what I call the 'financial coup'. But you have an enormous drain of trillions and trillions of dollars.

What the miracle is: Look at how wealthy this society is that it has been able to finance that drain. That is what is unbelievable.

Titus: That is unbelievable. You parasites can steal all this money, and we are still standing up.

Fitts: That tells you that if you just ejected the parasites, imagine how wealthy we could be!

Titus: Unimaginable!

Fitts: It's amazing, and it is a huge reason for optimism. I would like to point that out.

Titus: We have to get ourselves together and act collectively and protest. You're right, it is.

I'm done with the document portion of this, but there are some more points to cover that follow up on how Going Direct is being implemented and how the Fed and these private banks have really taken over everything.

All of the written materials that I've done, by the way, are in the timeline. You pointed this one out.

This document is Jim Cramer in June of 2020.

Fitts: When Jim Cramer said that, I said, "What more proof do you need?"

Titus: This was June 4, 2020, and he was on CNBC. He was on 'Mad Money' and said, "I think we're looking at a V-shaped recovery in the stock market, and that has almost nothing to do with a V-shaped recovery in the economy." Wow! So even Cramer is saying that they are totally separate from each other now.

He went on to say, "This has been one of the greatest wealth transfers in history."

Fitts: Yes, and what I perceived Cramer saying is, "These people declare war on these people, and they stole what is one of the greatest wealth transfers in history."

If you look at war by these means, it is much more profitable than if we dropped a nuclear bomb on somebody and took over their country. You are talking about an act of war and a theft of wealth that is absolutely unprecedented. For Jim Cramer to basically underscore and document it, that showed me how blatant it was.

Titus: There is plenty to think about with that Cramer quote and his motivation for making it.

For him to come out and say that, Cramer is a Goldman person.

Fitts: I think Cramer loves the markets; he loves the stock markets. Cramer gets on TV, and he raps; he's seeing it for what it is, and he does it in a very

entertaining way.

Titus: Yes, he is good at what he does.

Fitts: I don't think there was anything intentional in this; I think he was just 'off the cuff' admiring the hubris. He was astonished and admiring what they had accomplished.

Titus: The audacity of this is astonishing.

Fitts: Right, it is. When you realize that this is one of the greatest bank robberies in history and it's condoning the financial coup, which was one of the longest bank robberies in history, so far, they've gotten completely away with it. Most people don't see it for what it is. It's quite remarkable. They think there's a virus.

I'm not saying that there isn't a virus, but it's quite remarkable.

Titus: It is totally remarkable, and it's in broad daylight. That comes to another point that I want to make: This comes from the Fed back to Congress about, "What are we doing? How are we implementing these programs?"

I read those, and I want to pull from it one of three articles about some program. Congress put some questions to the Fed in these reports. There is a question from Congress to the Fed on May 18th regarding the Secondary Market Corporate Credit Facility:

The Fed has hired the firm BlackRock to serve as an investment manager for this facility. How is the Fed ensuring BlackRock is acting in the best interest of the Fed and the public?

That is a great question, and a worthy question. On June 8th, the Fed came back and answered the question. This goes back to the theft that is going on in broad daylight. I'm not going to read the whole answer, but here is an excerpt:

The Federal Reserve Bank of New York (FRBNY) is the sole managing member of the CCF. [CCF is an acronym for some special vehicle.]

Pursuant to the IMA [some agreement], BlackRock acts as a fiduciary to the CCF in performing investment management services.

So, you just told me that the Fiduciary duty of BlackRock is to the New York Fed, and the New York Fed is a private bank. So when Congress asks you, “What are you doing to ensure that you are acting in the best interest of the Fed and of the public (because they are two different entities), the answer is, “We have a fiduciary duty to the Fed, and to the New York Fed in particular. Do you get it?”

Fitts: Right, “We have a fiduciary duty to the private owners of the New York Fed.”

Titus: It’s right there in the open on a public document, and no one says ‘peep’ about it.

They just told you that they are running these funds and these programs for their buddies. Do you not understand that?

Fitts: Let me bring up a point: I was in a meeting with a wonderful fellow recently. He stood up and held up Klaus Schwab’s book on The Great Reset and said, “This is the plan.”

I said, “No, it’s not. This is not the plan. This is a separate conversation that is a distraction that keeps you from knowing what the real plan is.”

What you (Titus) are describing is the plan.

Titus: There are all of these green initiatives and the climate initiatives, as well.

Fitts: There is a whole series of things on the governmental side that relate to building out the smart grid and repositioning real estate. That is how I would describe it.

When it comes to bringing things to your town and your state and your county, there are all of these different initiatives involved. But if you look at the ‘central train tracks’, this is it.

Titus: Back to the control issue and how the Fed has taken more and more control, in the U.S., Federal Reserve notes are legal tender. What that means is that if someone owes you a debt of \$100 and they offer you legal tender to retire that debt and you don't take it, you do so at your own peril because they have offered legal tender. You either have to take it, or you wave bye-bye to the validity of that debt. That is a very important concept in money; it is very central.

Federal Reserve notes and coins are the only legal tender in the U.S., believe it or not.

Fitts: One of the reasons precious metals investors in the United States love the 90% silver is that it's legal tender.

Titus: Absolutely. There are notes from 1890 printed by the Treasury. It's a big deal. Legal tender is a very important concept, and it is one that the Fed has struggled with.

Remember that Federal Reserve notes are an obligation of the U.S. government. There are transcripts from 2009 where they talk about issuing Fed bills. They say, "If we, the Fed, step into the shoes of the government and issue these obligations ourselves, the books of the U.S. and the U.S. government have to be consolidated with our books."

So, there would be a huge 'beam of sunshine' coming down into all the New York Fed and we could see everything – and they don't want that. So that discussion of Fed bills was scotched instantaneously, and you never heard it again; it never came up again.

So, they are very sensitive about the issue of legal tender. The Fed's name is on the top of the Federal Reserve notes, but if you trace the Federal Reserve notes, the Fed doesn't print those notes; technically, they are printed by the Treasury; they are printed by the Bureau of Engraving and Printing. I think that is the Fed's 'hook' saying, "We don't really print those. We're not issuing these liabilities."

So, by way of that background, I was a little astonished. There is an August 13th document, *The Federal Reserve Bank of Boston Announces Collaboration with MIT to Research Digital Currency*. So, the Boston Fed announced a multi-year collaboration with MIT to develop central bank digital currency. I think you are the one who alerted me to this.

Fitts: Part of the question was this: When they did the deal with the BIS on the innovation hubs, how would they keep the central bank digital currency initiative off to the side so no one would notice? I think that is how they did it; they had Boston and MIT working together. You know the Harvard Corporation people are in there somehow somewhere.

Titus: There is a member of the Fed, Lael Brainard, and she has been on the Board of Governors since 2014. She gave a speech about central bank digital currencies on the same day that the Boston Fed and MIT collaboration was announced. Brainard said, “It is important to understand how the existing provisions of the Federal Reserve Act with regard to currency issuance apply to a CBDC and whether a CBDC would have legal tender status.”

Are you kidding me? They are coming right out and saying, “We are taking over the monetary functionality of this government through CBDCs.” That is how I’m reading this; that is what this is.

Fitts: And I would like to mention that one of the faculty advisors to that Boston Fed-MIT venture is going in as Chairman of the SEC now. Biden has appointed him.

Titus: Gary Gensler.

Fitts: Yes. So, you will have a person who has been working on the CBDC at MIT go in as head of SEC, which is already running commodities future trade and domestic financial treasury.

Titus: We talked about him in *Money & Markets* just recently. He’s not a friend of bitcoin and these cryptocurrencies. I think now you can start to see why.

Fitts: The regulators are starting to move in. I don't think the bitcoin 'pump' is over because they're not ready to go with central banking.

Titus: The regulators are moving in at the behest of the Federal Reserve and the private banks that own them.

Fitts: Please help me out here. I get the most frustrated throughout the year when I struggle with adult fairytales, which are used to constantly entertain people away from the truth. One of the most common adult fairy tales over the last year is that Trump has taken control of the Federal Reserve.

Have you heard this?

Titus: You know Shawn of SVP? He called me and asked me about that, but I never heard that.

Fitts: I just heard it.

Titus: He told me this four or five months ago.

Fitts: I shoot it down every month.

Titus: I said, "What?"

He said, "That's what they are talking about with QAnon. The Fed is taking over, and the Treasury is taking over the Fed."

Fitts: The central bankers just threw Trump out of office.

Titus: I said, "In other words, you are telling me that the private bankers who have the right to create money out of thin air and lend it out at interest forever, just gave up that right to the public. That's what you just told me. That is the most asinine, ludicrous thing. Don't ever tell me that again. That is without a doubt the dumbest theory I've ever heard."

Central bankers and private banks are going to give up their power to print money?

Fitts: You described in the last hour a process by which the central bankers got together and approved a plan to throw Trump and every other populist out of office. And it worked.

Titus: I just described an assassination attempt on Main Street.

Fitts: They just rocked and destroyed Main Street, threw Trump out, bankrupted millions of independent producers, and are going to tell me that Trump is in control of the central banks? I was told that two days ago.

Titus: I've never heard such ridiculous statements.

There are crazy things that happened. If someone has the documents to bear that out or interviews, I'm 'all ears'. But I've been through the record rather thoroughly. I inspected this record, and I've never seen a shred of evidence to suggest that is true.

Fitts: I've seen a tremendous amount of evidence to suggest the opposite.

What I want to stress by bringing this up is it is unbelievably important to follow the money. Follow the money at the Fed level; follow the money at the Treasury level; follow the money at your own town.

Ultimately, this shows up in your town, your county, and your state. It works down to the bodies and to the molecule.

I really want to interest our subscribers in following the real money.

Titus: As a lawyer, I will tell you to follow the documents. Be very wary of unsubstantiated rumors. They might feel good and sound good and come from an authoritative source, but if you don't have the documents, be cautious.

Fitts: If you hear a rumor, you can look at the market prices; you can look at the financial flows; you can dig for the documents. If there is something to it, you can find it. The transactions will match up with the rumor. But if you hear a rumor and the financial transactions and the money doesn't match up, if reality

continues to diverge away from the rumor, then the rumor is not true.

Titus: Then you have to reject it. When I say ‘documents’, I mean documents in the sense of the Federal Rules of Civil Procedure and videos – the record. Follow the record. What is that telling you: Rumors are basically hearsay; they don’t count.

Fitts: When Trump put out his last recommended budget for the next fiscal year, and when I went to the White House and read the White House budget, it was quite shocking.

Titus: Why?

Fitts: They were radically reengineering a great deal of things that was very contradictory to what the Trump supporters were telling me about what Trump was doing. All you had to do was read the budget. It’s not like it’s a secret document.

Titus: What do you think about Trump getting rid of the ban on people going into lobbying positions directly from the government? That was his last official act.

“All that s*** I said about not going into lobbying...”

Fitts: We’re not going to pardon Ross Ulbricht, we’re not going to pardon Snowden, we’re not going to pardon Assange, but we are going to make sure that my whole team can get jobs as lobbyists.

Titus: That really is it. We’ve come to the breaking point with the central bank digital currencies. You and I did a *Money & Markets* about that October meeting with the IMF on cross-border payments. That will be a big deal, but that is a whole other ‘can of worms’.

The pandemic really ends, and the next episode is going to be CBDC (Central Bank Digital Currency).

Fitts: We are going to keep talking about this. Every other *Money & Markets*

you will be joining us. Then in the 2nd *Quarter*, I want to do the CBDC. I think it will take a while; they are far from ready to go.

I think that Powell and the Fed are doing everything they can to keep what they are doing away from that effort so that the trap is not connected in people's mind until they are ready to throw it, and they are not ready to throw it.

Titus: They have many issues to resolve. This could take years, and it probably will.

Fitts: That was excellent! I want to bring up a couple more things. We have a written presentation, and we will have it up on the web. Why don't you just walk us through the different pieces of what you are going to have in the written presentation?

Titus: There is a main piece, which is a narrative piece. I'm writing that now. It was very helpful to go through this and walk through the documents. I've been through all the materials, and looking at all the evidence. I want to put together a good story and a good presentation.

The ecosystem of documents around that main narrative are the timeline, a player's list, and I also added in all the institutions that you wanted. The player's list is an easy reference.

I also wrote a debt money premier because the hardest thing about understanding the monetary system and financial information isn't learning what is going on; it's unlearning the misinformation. It's a real problem.

Fitts: I agree.

Titus: I keep thinking back to the piggy bank thing, "Where are you going to get the money?"

You don't 'get' the money; you print the money.

The debt money premier that walks people through things like for every asset there is a liability, which creates a system. That is why we have reserves on the

one hand and bank money on the other hand. So that is the third piece.

The fourth piece is a catalog of my videos that I've done on best evidence. As it turns out, by doing this exercise, I refer to those videos a great deal. If you want to understand this and you want to deep-dive it, watch this video or watch that video.

The videos are really tied together; they tell a story. They are my own journey. I thought this was a financial crisis, and then I realized that it was a legal crisis. Then I realized it was a coup, and on and on. So that was the fourth piece.

I haven't done that many videos. I think it's less than 20 total videos; this is only a guide.

Fitts: I think of it this way: Learning how the monetary and fiscal system works by mapping the swamp.

Titus: Yes.

Fitts: There are three pieces that we will add to the work that you have done. One, I asked Rob Kirby to do a piece on what was going on with derivatives because there is no doubt that they are using interest rate swaps to drop the interest rate. So that is in there.

I also had '*Food for the Soul*', Nina Heyn, do something on movies and documentaries about periods of economic change. When you are in the middle of a war like this, it is helpful to go back and see how they dealt with it.

We always do a '*Food for the Soul*' on art. So, I also had her do a wonderful column on all the greatest artistic pieces showing Jesus throwing the moneychangers out of the temple. It's so interesting. If you go back and look at the story of the crucifixion, it is all there.

She did a great piece. Obviously, artists have been very interested in how we throw the moneychangers out of the temple for centuries. So that will be in the Going Direct website.

Titus: I can't wait to see that! People ask me, "Would you ever direct a fictional movie?" I always tell people, "The only one that I would ever do would be my version of Jesus throwing the moneychangers out of the temple, and you would not forget that story when you saw my version of it."

Fitts: I spent an entire period in the 1990's driving from community to community, and I would visit churches. I would church-hop to understand what was going on in America and see what the churches were up to. I came to the conclusion that so many churches at the front had Jesus on the cross with the blood dripping down, and I'm convinced that it is a subliminal message that says, "If you mess with our money, you will die early and poor and never have kids and be married. This is what we will do with you, so don't mess with our money."

Titus: By the way, when you see the blood dripping, you will die slowly too, and painfully.

Fitts: Exactly. I think that is the subliminal message from your central bankers.

Titus: The moneychangers caught up to him.

Fitts: That is part of it. In the '*Get Ready, Get Ready, Get Ready*' for our scenarios for this year, we have a vertical access which is Culture and a horizontal access which is Finance. The vertical one is Human or Inhuman, and the horizontal access is 'They Print' or 'We Print'. What this is coming down to is – and I think that you really see it by going through your work and the Going Direct discussion –are we going to concede a monopoly for printing money to this group when we don't need them?

Titus: Right, you don't need them.

Fitts: We can't. So the question is not only, "What are they doing," but, "How are we going to return money creation and money circulation to a responsible function that is decentralized?" How are we going to do that?

Titus: The only thing that they bring to the table is 'skim'.

Fitts: You have to give them credit. If you look at what they've pulled off in the last year, this is war.

Titus: It's not hard to pull that off when you can print money out of thin air and lend it to everybody else.

Fitts: During the litigation, primarily it was the central bankers versus me. When people used to say, "Who is on the other side of this fight?" I would say, "All the money in the world."

Titus: It's true, and these people are quite candid. Neel Kashkari says, "We can print as much as we want. There is no limit to how much we can print," and they are right.

Fitts: I think that Neel Kashkari (President of Federal Reserve of Minneapolis) must give Jerome Powell nightmares.

Titus: I think you are probably right.

Fitts: He's the Trump of the Federal Reserve System. He keeps opening his mouth and saying too much.

Titus: It's Kashkari and Bullard (Jim-President of Fed of St. Louis).

Fitts: Before we finish, I did want to circulate one unsubstantiated rumor. During this period that you and I have been working on this, Mark Skidmore wrote a fantastic piece about the Thrift Savings Plan at Treasury and the very unusual patterns of Treasury securities trading. That account is beyond bizarre.

We published it, and then I got an email from someone about two weeks ago saying, "There is an unprecedented number of civil servants resigning from Treasury right now."

I have not been able to confirm that, but what I said to him was, "They probably want to get their money out of the TSP." If you are getting your money out of the Federal retirement plan, you have to retire.

Titus: That is scary.

Fitts: If anybody knows anything or can confirm or deny that rumor, I would appreciate it.

John Titus, this has been a real perception-altering experience for me working with you on this because, when I looked at the markets and the numbers and what was going on, it was obvious that they had done this. But it is one thing to know it, and it is another thing to see the proof.

I think that you have ‘nailed it’, and I have to tip my hat to you. When you first showed me the documents, I said, “Wow!”

Titus: As you know, it was not a solo effort. I had plenty of help from you along the way doing this. I couldn’t have done it without you.

Fitts: I can see why you were a successful litigator. I will never forget when they showed up with the new brilliant lawyer on the other side. Once he figured out what was going on, he quit, but I thought he was there to stay. I remember that line from the movie about the slaves. They showed up with an incredible lawyer on the other side, and he said, “Oh, I see how this is going to work.”

John Adams said to him, “Do you understand what the Supreme Court is?”

He said, “Yes, this is where they finally kill me.”

I’m glad I’m not on the other side of you in a court of law.

Titus: I learned a lot doing this. It was great! Thank you for the opportunity.

Fitts: Every time we deep-dive into one of these themes, the truth is revealed.

John Titus, thank you again. Have a wonderful day. Ladies and gentlemen, thank you for joining us on *The Solari Report*.